Co-operation with Informal Recycling Enterprises – A European Opportunity for Bulgaria
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With thanks to the DKTI Impact Project of GIZ Serbia, for information and photos from Serbia.
Thank-you for being here (it takes courage)
Thank-you (up to now) for listening, & especially for:
• your doubts
• your fears
• your scepticism
• your hopes
• your good will
• your curiosity
• your questions
1. Ask some difficult but relevant questions
2. Give you a context for the discussion, based on the difference between the service chain in waste management and the value chain in recycling
3. Show you a lot of process flow diagrams of how the relationship between service and value chain works in many emerging economies
4. Put the Bulgarian situation as I understand it into the picture, to show you what your options are
5. Make a suggestion for which options you choose
Semi-formal Scrap Shop, Serbia, 2017
<table>
<thead>
<tr>
<th>High-income Countries 1984-2000</th>
<th>Emerging Economies Anno 2017</th>
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<tbody>
<tr>
<td><strong>Urgent environmental concerns drive innovation in technology</strong></td>
<td><strong>Environmental concerns imported &amp; not a priority for local authorities</strong></td>
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<td><strong>Regionalisation &amp; paid disposal create financial crisis in cities</strong></td>
<td><strong>Donors &amp; finance ministries finance disposal/collection infrastructure</strong></td>
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<td><strong>Recycling a low-cost alternative &amp; environmental triumph</strong></td>
<td><strong>Recycling only interesting to cities when it produces real revenues</strong></td>
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<td><strong>Innovations in source separation/ separate collection &gt; high rates</strong></td>
<td><strong>Informal collection captures 15-20% of highest-value recyclables</strong></td>
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<td><strong>Disposal prices rise- stimulate diversion, recycling, expertise</strong></td>
<td><strong>Disposal price “stuck” at $10/tonne: is no incentive to develop recycling</strong></td>
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</table>
European Informal Operators Visiting Formal Recycler, Novi Sad, 2016
Modernisation: Emerging Economies vs modernised EU countries

Value Chain Recycling Framework

Municipal Recycling framework

- Household
- Service Chain – Municipal Sphere of Influence
- IWB
- Collection
- Disposal
- End-user
- Junk shop
- Processor
- Waste picker
- Value Chain Sphere of Influence

- Service Chain – Municipal Sphere of Influence
- Household
- Buy-Back
- Separate Recyclables Collection
- Waste Collection
- Disposal
- Waste picker
- MRF
Service Chain and Value Chains – They Don’t Touch Each Other

Service Chain – generally public
removal & cleaning
{paid by hour or
service unit)

Household
Collection
Disposal

Increasing Material Value

End-user
Processor
Junk shop
Recycler

Value Chain – generally private
valorisation of dry
recyclables or
kitchen/ garden
organics

Degraded Material Value
In Practice – Collecting in Serbia
Collectors occupy some unique niches and are making some specific contributions.

- Chistota and private waste companies are bringing the “dirty” waste to the landfill.
- Collectors remove recyclable materials that should never be landfilled in the first place.
- Collectors are the circular economy agents.
- Inclusive door to door selective collection would divert materials AND keep collectors off of landfills.
In Serbia, collectors sell to the value chain, to PUCs, & to PROs

• The value chain pays for materials based on their intrinsic commodity value ("real market value")

• PUCs pay for materials they can "sell" to the PROs for traceability, or to the value chain

• PROs pay for traceability, based on EPR laws / EU directives; this is a service chain payment based on the negative value of packaging in the environment
Recycling Containers – in the Chistota (PUC) yard, but why not in the street?
Service Chain – municipality or its private sector agents

Private Formal or Informal Value Chain Traders and Producers

Within Service Chain

Within Value Chain

To Value Chain

Unverified movement from disposal points to recycling

Commingled recyclables

Public/EPR Recycling Container or Sorting

Extended producer Responsibility (EPR)

EPR transactions
Example: Value Chain Recycling in Bulgaria, around 1999-2000

Service Chain – Municipal Sphere of Influence

Recyclables

Eco-Club Terra

NGOs in Recycling

Informal Collectors

Increasing Material Value

End-user

Phoenix

Junk shop

Mobile traders

Recyclables

Informal Collectors

Informal dump collectors

Household

IWB

Collection

Disposal

Waste

Degrading Material

Value

Increasing Material Value

Value Chain Sphere of Influence
What has happened since Bulgaria has joined the EU?

• The recycling rate has gone down (the targets were lower than the actual recycling rate at the time of passage of the first Bulgarian law)

• The mid-levels of the value chain - the small scrap shops and processors - have been eliminated or pushed out of reach of their suppliers

• 90% of materials in Balkan (including Bulgaria) EPR packaging schemes are collected by informal collectors, partially traced (EXPRA, 2014).

• Pre-accession countries are seeking alternatives
EU-Conform Exclusive Recycling in Bulgaria starting in 2019

Extended Producer Responsibility (PROs for Packaging/WEEE)

Service Chain

Value Chain

Increasing Material Value

Contaminated recyclables

Recyclers

Recyclables

Recyclables

Recyclables

Recyclables

NGO Buy-back Recycling

Recycling Yard (Chistota) or Sorting Plant (MRF)

Traced recyclables

End-user

Exporters

Collectors ("stealing")

Degraded Material Value

Waste Collection

Waste Disposal

Waste

Household Waste

• 87% of packages which reach recycling pass through informal hands; 13% is captured by the service chain / packaging schemes. (Associjacija Reciklirane)

• Since 2009, there is a Syndicate of Collectors of Secondary Resources with local boards /members

• After more than 10 years of projects and dialogue, a consensus is emerging that in Serbia, EU-Conform recycling should be inclusive

• GIZ financed detailed research and is now working on this in their DKTI Impact project
Syndicate Leader Saban Salijevic with uniforms donated by GIZ, Nis, 2018
Three Research Teams went to the field

Team 1: technical and quantitative focus, research by observing containers placed by the local authority.

Team 2: sociologists researching in Roma communities, interviewing residents /collectors.

Team 3: governance and solid waste specialists focusing on stakeholder relations in the service and value chains.
Overview of Collecting in Serbia 2017

- Informal Collectors, divided into 80% dump and 20% street/container pickers (IRCs, collectors)
- Door to door collectors (IWCs), on foot/bicycle
- Small mobile and fixed premise traders, (“junk shops” or “scrap dealers”),
- Family members involved via communities
- Informal /semi-formal re-use & flea market operators

These occupations are also present in Bulgaria
Informality in the Serbian Value Chains – Mostly Roma Persons

• Most informal recyclers are Roma,
• 65% are men, of which 50% between 35 and 55 years, & 3 years or more in collecting
• Schooling: from none to finishing high school.
• Preferred materials PET, other plastics, OCC, paper
• Bicycle most common transport for materials.
Collection vehicle, Novi Sad, Serbia, 2017
If you ask a Serbian collector, you might hear the following:

• They choose collecting as their only or highest-paying alternative: it’s dirty but pays pretty well.
• They want to keep doing what they are doing, in a legally acceptable way, not exit to other work.
• They would like their occupation to have a name, be legally recognised, accepted, & respected.
• Then need better infrastructure for storage (within communities), processing, transport.
• A recent development: they are interested in legalising their enterprises and co-operation.
<table>
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<th>Parameter</th>
<th>Belgrade + 12 Cities</th>
<th>Total Serbia (extrapolated)</th>
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<tbody>
<tr>
<td>Total Population (Official)</td>
<td>2,091,614</td>
<td>7,057,000</td>
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<tr>
<td>Registered Roma Population</td>
<td>37,345</td>
<td>147,604</td>
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<tr>
<td>Reported Number of Informal Collectors (all occupations)</td>
<td>13,895</td>
<td>46,881</td>
</tr>
<tr>
<td>Informal Collectors Percentage in Serbian Population</td>
<td>0.7%</td>
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The discourse about Social Payments (in Serbia)

• The assumption and claim that all collectors are ‘abusing’ or ‘cheating’ the social payments system by earning money from recycling is preventing progress on integration or even a civil discussion about how to proceed.

• Under current depressed economic circumstances, ordinary Serbs are resentful that Roma (appear to) enjoy a form of government support which “Serbs” cannot claim.

• A different conversation is necessary.
Krusevac Chistota – not selling PET
Trading recyclables – a reality check

- All recyclables trading is risky and uncertain.
- Commodities markets have steep price fluctuations.
- Serbian collectors earn by selling recyclables: a risky and highly variable source of income.
- They prefer to sell to private “junk shops,” the Chistota recycling yards “are too amateuristic.”
- Service chain institutions are not traders!
- If collectors drop out of the recycling landscape, the entire value chain suffers.
Collector with Workplace in his home, Kochani, Macedonia, 2013
Part 3. Why Might Bulgaria want to think about inclusive recycling?

1. Managing waste well is expensive – emphasizing recycling reduces overall system costs.

2. More people worldwide work in recycling than in solid waste – probably also in Bulgaria.

3. Worldwide, about 1% of the population earns livelihood by informal recycling.

4. The European Union is moving towards a circular economy, which depends on value chains.

5. “If it ain’t broke don’t fix it” – correct the problems with private recycling, don’t kill it!
“Under the US Embassy” 2013 (competent recycling, poor living conditions, Skopje)
Why cooperate with informal (micro private) recyclers in Bulgaria?

1. Collectors are private value chain enterprises, creating wealth in the Bulgarian economy

2. Collectors prefer/trust collecting, not exit!

3. Collectors are capturing most packaging and can deliver traceability to the PROs and EPR systems

4. Informal collectors/recyclers are the base of all value chains in Bulgaria, but they are threatened

5. Informal repair, re-use, 2nd hand operators prevent waste, spread material welfare, and (with WEEE) increase digital solidarity
Formalised material sold by the informal sector to a private processor, Novi Sad, Serbia, 2017
Integration, concepts and definitions

1. Co-operation: mutual intention, practical
2. Inclusion, inclusivity - global political concept
3. Integration: mutual accommodation, institutional
4. Formalisation: unilateral normative economic/legal demand of formal authorities to collectors
5. Legalisation: normative, facts-based, accessible
6. Structural integration: broad
Talking with European Recyclers
They know the markets, the value chain. Their livelihoods depend on valorising materials. Resource efficiency is their expertise - and they can identify problems, leaks, losses, and opportunities. Listen & learn - they know better than you! Change is possible - if it works for them!
Thank-you for your attention!
Thank-you for daring to consider a possible circular future for Bulgaria!

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