

APROBAT

În ședința Biroului permanent al
Camerei Deputaților
din data de 16.04.2007

Parlamentul României
Camera Deputaților

B.P. Nr. 463 din 13.04.2007

Nr. 463

INFORMARE

privind participarea la reuniunile Biroului și Comisiei permanente ale
Adunării Parlamentare a Consiliului Europei
(Paris, 15 - 16 martie 2007)

La 15-16 martie a.c., la Paris, s-au desfășurat lucrările Biroului și Comisiei permanente a Adunării Parlamentare a Consiliului Europei la care au participat domnul deputat Cezar Preda, vicepreședinte al A.P.C.E. și doamna Nadia Ionescu, secretara Delegației Parlamentului României la A.P.C.E.

Cu această ocazie au fost aprobate calendarul și proiectul ordinii pentru sesiunea din luna aprilie a A.P.C.E. și au fost transmise spre examinare comisiilor de specialitate proiectele de moțiuni și rezoluții inițiate de membrii Adunării. Totodată, Comisia permanentă a adoptat în formă finală, în numele plenului Adunării, mai multe rapoarte și rezoluții, între care raportul și rezoluția privind etica finanțării consumului responsabil elaborate de doamna deputată Grațiana Iordache, fostă membră a Delegației Parlamentului României la A.P.C.E., precum și raportul și rezoluția privind gestiunea deșeurilor solide urbane, elaborate de domnul deputat Cezar Preda, vicepreședinte al A.P.C.E. Ambele rapoarte au fost prezentate și susținute de domnul deputat Cezar Preda și au fost adoptate în unanimitate.

Între celelalte rapoarte adoptate menționăm pe cel al parlamentarului britanic Tony Lloyd referitor la relațiile cu SUA, raport care a suscitat controverse și dezbateri aprinse. Între pozițiile exprimate evocăm intervenția șefului Delegației Parlamentului german și vicepreședinte al A.P.C.E., Joachim Horster, care referindu-se la unele critici pe care raportorul la aduce SUA a subliniat că: "Nu este corect și moral să criticăm și să cerem unui stat care are doar statut de observator la organizația noastră să respecte valori și principii pe care nici măcar unii membri ai organizației nu le respectă.



AS/Per (2007) OJ 1 rev2

Aayoj1R2_2007

8 March 2007

Standing Committee

Revised draft agenda

of the meeting to be held on
Friday, 16 March 2007 (at 9 am)
at the French National Assembly (Room 6217)
126, rue de l'Université, PARIS 7e
Tel: + 33 (0) 1 40 63 62 14
(Métro : Invalides/Assemblée Nationale)

1. Opening of the meeting by Mr René van der Linden, President of the Parliamentary Assembly
2. Exchange of views with Mr Göran Lennmarker, President of the Parliamentary Assembly of the OSCE
3. Examination of new credentials Doc. 11201
4. Modifications in the composition of committees Commissions (2007)3

**This document is the convocation to the meeting for the
members of the Standing Committee**

Copy for information to:

Secretaries of national delegations,
Secretaries of political groups,
Secretaries of observer delegations.

Members who wish to speak in one of the debates on the reports are invited to give their name to the Table Office.

Members who wish to present amendments and sub-amendments on the reports are invited to table them in writing with the Table Office as soon as possible.

5. Request(s) for a current affairs debate* or debate under urgent procedure**6. Agenda**

AS/Per (2007) OJ 1 rev.2

Adoption of the revised draft agenda

7. Approval of the minutes of proceedings of the Parliamentary Assembly's sittings held on 25 January (afternoon) and 26 January (morning) 2007

AS (2006) PV 8 and 9

8. References, transmissions and modifications of references to committees

Consideration of the proposals submitted by the Bureau of the Assembly

AS/Bur (2007) 19

9. Observation of elections

Observation of the parliamentary elections in Serbia (21 January 2007)

AS/Bur/AHSer(2007)1
(subject to approval by the Bureau)*Rapporteur of the Ad Hoc Committee of the Bureau:
Mr Tadeusz Iwiński (Poland, SOC)*

Debate

10. (Possibly) Current affairs debate or debate under urgent procedure**11. Legal Affairs and Human Rights**

a. The United States of America and international law

Doc. 11181

*Rapporteur of the Committee on Legal Affairs and Human Rights:
Mr Tony Lloyd (United Kingdom, SOC)*

Debate

Vote on a draft resolution and a draft recommendation

b. Improving selection procedures for CPT members

Doc. 11182
+ Amendments*Rapporteur of the Committee on Legal Affairs and Human Rights:
Mr Erol Aslan Cebeci (Turkey, EPP/DC)**Rapporteur of the Committee on Equal Opportunities for Women and Men (for opinion):
Mrs Gisela Wurm (Austria, SOC)*

Doc. 11194

Debate

Vote on a draft resolution

* Request by the national delegation of Italy to hold a current affairs debate on "Promoting an international moratorium on the death penalty by Council of Europe member states."

12. Social, Health and Family Affairs

The role of ethical and solidarity-based financing and responsible consumption in social cohesion

Doc. 11120

*Rapporteur of the Committee on Social, Health and Family Affairs:
Mrs Gratiela Denisa Iordache (Romania, ALDE)*

Debate
Vote on a draft resolution

13. Culture, Science and Education

Professional education and training of journalists

Doc. 11170

*Rapporteur of the Committee on Culture, Science and Education:
Mr Rafael Huseynov (Azerbaijan, ALDE)*

Debate
Vote on a draft recommendation

14. Environment, Agriculture and Local and Regional Affairs

a. Electronic waste and the environment

Doc. 11106

Rapporteur of the Committee on Environment, Agriculture and Local and Regional Affairs: Mr Osman Coşkunoglu (Turkey, SOC)

Debate
Vote on a draft resolution

b. Management of municipal solid waste in Europe

Doc. 11173

Rapporteur of the Committee on Environment, Agriculture and Local and Regional Affairs: Mr Cezar Florin Preda (Romania, EPP/CD)

Debate
Vote on a draft resolution

15. Equal Opportunities for women and men

a. Respect for the principle of gender equality in civil law

Doc. 11177

*Rapporteur of the Committee on Equal Opportunities for women and men:
Mrs Svetlana Smirnova (Russia, EDG)*

Debate
Vote on a draft recommendation

b. The situation of women in the South Caucasus

Doc. 11178

*Rapporteur of the Committee on Equal Opportunities for women and men:
Mrs Vera Oskina (Russia, EDG)*

Debate
Vote on a draft resolution and a draft recommendation

16. Other business

17. Next meeting

- Belgrade (Serbia), 24 May 2007



For debate in the Standing Committee — see Rule 15 of the Rules of Procedure

Doc. 11173
5 February 2007

Management of municipal solid waste in Europe

Report

Committee on the Environment, Agriculture and Local and Regional Affairs

Rapporteur: Mr Cezar Preda, Romania, Group of the European People's Party

Summary

Proper management of solid waste is a central pillar of far-sighted, sustainable environmental policies. Inadequate management of municipal waste results in considerable public health hazards and additional costs in both the short and the long term.

Management of solid waste is one of the major challenges currently facing local authorities, especially in large conurbations. Collecting, sorting, processing and recycling solid urban waste in an environmentally friendly manner while taking account of the needs of urban development demands a coherent approach and solutions that are sustainable in the medium and long term.

The member states of the Council of Europe show significant differences in respect to solid waste management standards and practices. It is therefore recommended that a number of minimum standards with respect to waste handling be implemented and the Assembly urges member states to develop an integrated approach to municipal solid waste management in order to contribute to sustainable urban development in Europe

A. Draft Resolution

1. Proper management of solid waste is a central pillar of far-sighted, sustainable environmental policies. Inadequate management of municipal waste results in considerable public health hazards and additional costs in both the short and the long term.

2. Every European generates approximately 1 kg of solid household waste a day and the figures show an upward trend. Management of solid waste is therefore one of the major challenges currently facing local authorities, especially in large conurbations.

3. In this connection, the Assembly supports Recommendation 189 (2006) and Resolution 213 (2006) of the Congress of Local and Regional Authorities of the Council of Europe on local and regional waste management and the siting of landfills and wishes the necessary measures to be taken at local and regional level in terms of the management of municipal solid waste.

4. Collecting, sorting, processing and recycling solid urban waste in an environmentally friendly manner while taking account of the needs of urban development demands a coherent approach and solutions that are sustainable in the medium and long term.

5. The issue of municipal solid waste involves both aspects relating to the services which municipal authorities must provide for the public in terms of hygiene, health and living conditions and also management-related aspects concerning decentralisation, private-sector involvement and instilling responsible attitudes among the public.

6. If their design and siting do not meet the relevant environmental and health criteria, municipal landfills can cause pollution (e.g. contamination of groundwater, air pollution, odours) that may have serious consequences for public health and the environment.

7. Waste that piles up or is not collected on time and illegal dumping present serious risks for health and the environment. As far as waste processing is concerned, unless strict standards are complied with, there is a risk of high-pollution emissions (in particular of dioxin) occurring during incineration.

8. There are significant differences between Council of Europe member states regarding solid waste management standards and practices. Countries with no minimum standards for solid waste management face negative impacts on their environment and economic development.

9. The Assembly therefore urges member states to develop an integrated approach to municipal solid waste management in order to contribute to sustainable urban development in Europe, in particular by:

9.1. ensuring compliance with occupational health and safety standards during the collection, processing and landfilling of all types of waste, in particular by banning any barehanded operations and any recovery of waste from landfills without proper protection and regular health checks for the persons involved;

9.2. establishing regular waste collection systems for all urban, suburban and rural areas (exceptions should only be granted for remote locations with approved, safe individual waste disposal facilities) and including in the relevant legislation phased targets for the provision of municipal solid waste collection systems in accordance with the requirements of European Union Directive No 1999/31/EC on the landfill of waste;

9.3. enforcing compliance with strict standards for landfilling, for instance:

9.3.1. landfills must be fenced and patrolled;

9.3.2. waste accepted at landfills must be recorded;

9.3.3. waste placed in landfills must regularly be covered with suitable material (e.g. construction debris) in order to reduce odour, windblown litter and vermin;

- 9.3.4. adjacent groundwater must be monitored;
- 9.3.5. depending on local hydrogeology, suitable measures for groundwater protection (such as landfill liners and leachate collection) must be put in place;
- 9.4. planning waste management through the development of strategies including the gradual reduction/phasing out of the landfilling of specific waste streams, given their recyclability and/or the impacts related to their disposal (e.g. biodegradable waste);
- 9.5. assigning municipalities responsibility for managing waste from households, businesses, institutions and construction and demolition activities within their territory and enabling municipalities which are too small to provide the relevant services to set up inter-municipal consortia for solid waste management;
- 9.6. facilitating co-operation between European towns and cities to allow information exchanges so that the best solutions in terms both of administrative management of municipal solid waste and of processing technologies are disseminated and used Europe-wide;
- 9.7. encouraging R&D in the field of solid waste processing and recycling.
- 10. The Assembly urges the Congress of Local and Regional Authorities of the Council of Europe to follow up its work on local and regional waste management and to encourage initiatives by local and regional authorities in this area.

B. Explanatory memorandum by Mr Cezar Preda

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I. Introduction¹

This present report intends to gather and convey relevant and comprehensive information on *status, achievements, and shortcomings in the area of Management of Municipal Solid Waste (MSW)* in Europe in order to develop suitable policy initiatives where necessary, appropriate and promising.

The first part gives a *comprehensive overview on the topic "solid waste"*. Including a brief historical overview and some worth knowing 'rules of a thumb' figures, it addresses some principles, case studies, and shortcomings related to the situation in Europe leading to some recommendations to be addressed to the Council of Europe member states.

The second part summarizes the outcome of a *data request on Municipal Solid Waste Management* which was performed early 2006 in the member states of the Council of Europe.

In summary, this document should be seen as the start of a process with significant potential to harmonise information related to waste management and to generally improve the understanding of issues in this industry across nations and at pan-European scale.

II. Solid waste – a consequence of life

Solid wastes are all materials arising from human activities that are normally solid and are discarded as unwanted. Because of their immanent properties, discarded waste materials are often reusable and may be considered a resource in another setting. Solid Waste Management is the term applied to all of the activities associated with the management of society's waste. The basic goal of Solid Waste Management is to manage society's waste in a manner that meets public health and environmental concerns as well as the public's desire to reuse and recycle waste materials.

Slightly adapted from George Tschobanoglous:
Integrated Solid Waste Management, Engineering Principles & Management Issues
(McGraw-Hill, 1993)

From the early days of civilisation, humans have used the earth's resources and disposed of wastes. In ancient times, waste disposal did not pose a significant problem, for the population was small and land available to receive waste materials was abundant. Waste related problems commenced to occur from the time when humans began to congregate in larger communities. The medieval practice of throwing waste into the unpaved streets, combined with a lack of proper handling of faeces, led to a fast breeding of rats carrying fleas which acted as vectors for the bubonic plague: As a consequence, half of the European population was erased in the fourteenth century.

First regulations regarding proper waste collection in Europe date back to the 18th century. Technical standards became implemented in all major cities during the industrial revolution. Recovery - at a significant scale and in an organized way - of waste components suitable for animal feed and further industrial processing (glass, metals, paper, textiles) also dates back to the 18th century and can be found today throughout Europe at all levels.

Starting from last century's mid-eighties, the *3 R Principle: Reduce, Reuse, Recycle* became increasingly implemented in many Central European countries. In the decade to follow, this principle became even more relevant through the strong increase of waste quantities due to significant economic growth (higher living standards, more throw-away-products etc.). This increase leads to a shortage of disposal capacity. This situation was compounded by the rise of the NIMBY (not in my backyard) syndrome which frequently lead to stiff opposition to proposed new waste disposal infrastructure. Concurrently, more and more advanced nations recognised a need to preserve resources and reduce environmental impacts throughout the life cycle of products. Communities developed a growing awareness that significant environmental improvements could be achieved by reducing landfill disposal and recovering resources from 'waste' streams. Fig. 18 shows the chronology of this development for an individual country.

¹ The Rapporteur would like to thank Mr Martin Steiner, TBU Environmental Engineering Consultants Ltd (Austria), for his invaluable contribution in the preparation and drawing up of this report.

i. Sources, types, amounts and composition

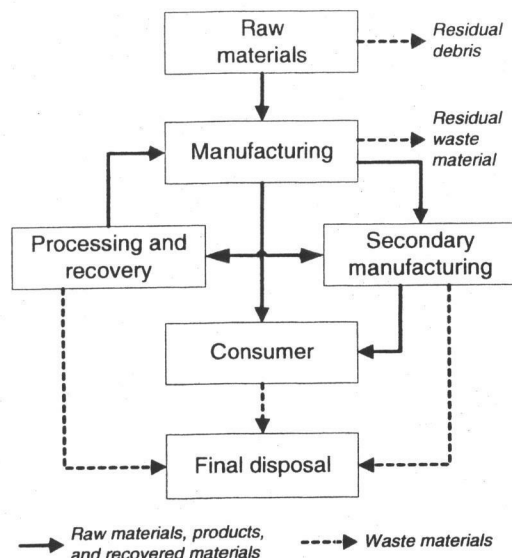


Fig. 1: Materials flow & solid waste generation in a technological society
 (G. Tschobanoglous, further data refer to appendix)

Fig. 1 gives an indication where solid wastes are generated in a 'modern' i.e. industrialized society.

It is apparent that an optimal approach to reduce the amount of solid wastes requiring disposal is *to limit the consumption of raw materials and to increase the rate of recovery and reuse of waste materials*. Although the concept is simple, effecting this change in our 'modern' society has proved extremely difficult.

Therefore, society does *waste management* which has to optimize the various mass flows under consideration of economic, technical, social, and environmental parameters.

Main *sources of waste*, which more or less result in a *waste typology* – from the position of a municipal administration that is usually responsible for its handling – are *households* (usually the majority in terms of amount), *commercial activities, institutions* (from schools over the cemetery to the military), *construction and demolition activities*, and *industry*.

Fig. 2 shows a typical waste classification scheme.

Note that the recently introduced term "biodegradables" has become important as EU legislation requires its reduction over time².

² It usually comprises – no matter if in separately collected streams or in wastes to be disposed of – kitchen & garden waste, paper and part of textiles and "fines" wherever classified as such.

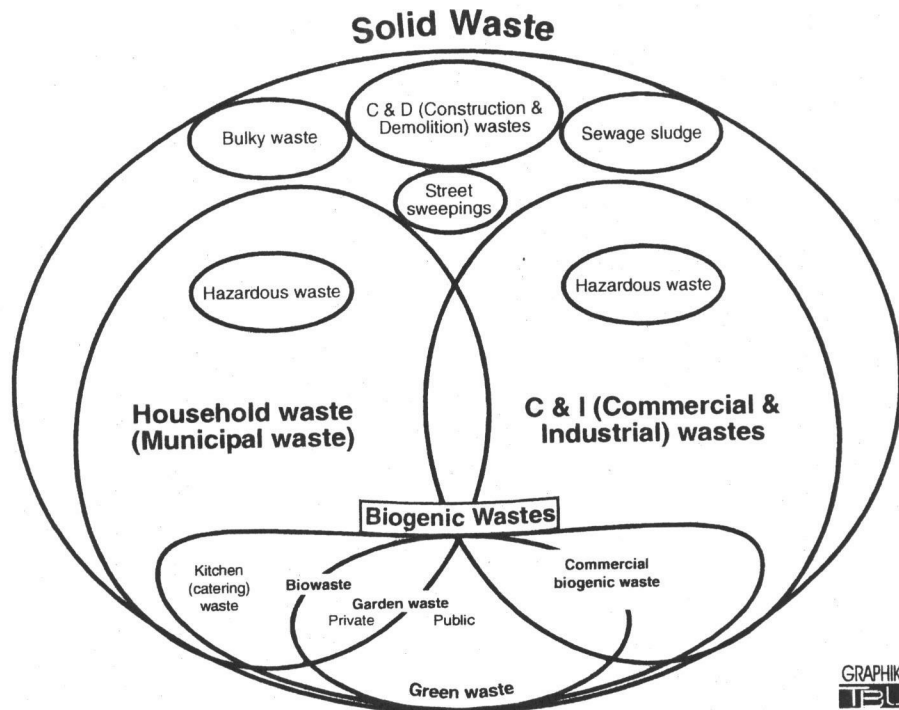


Fig. 2: A typical classification of MSW Municipal Solid Waste

As a rule of thumb, about 1 kg of household waste is generated per citizen and day. In some industrialised countries this value can even be double. However, where this is the case the proportion of source separated materials is also higher thus the quantity requiring disposal can be similar to that of a less developed country. A family of four produces annually about 1 tonne of municipal waste, resulting in required landfill volume of ca. one cubic meter (1 m³). With a typical landfill height of 30 m, a city of one million inhabitants, and 20 % commercial and other waste in addition to its household waste, requires 1 hectare per year for landfilling its waste. This illustrates why technical options with a high potential to reduce the volume of waste for final landfill disposal (eg. *incineration* reducing the volume down to 15 – 20 %) have been and continue to be in high demand for larger urban centres.

Other benefits including a significant reduction of environmental impact potential from landfill emissions such as landfill gas (not all of which can be captured) and leachate are addressed in chapter *Technical issues*.

After some separation of recoverable material at source (this separation is always significantly lower than 100 %) the *composition* of MSW is as follows:

- one third that is *compostable* (kitchen waste etc.);
- one third that is *combustible* (plastics, paper, textiles), and
- one third that is *inert* (glass, ceramics, stones, metals).

In total across these materials there is

- another third of water, contained mainly in the compostable fraction.

Residual Waste (from Households and Commerce) as a whole has the calorific value of brown coal (about 9.000 kJ/kg) provided that none of its components are used as fuel in the stove. If that is the case the calorific value is less than half (and its composition looks like the one shown in Fig. 5 below).

Fig. 3 to Fig. 6 show typical compositions of municipal residual waste, indicating the range found in European household waste bins. The significant differences between the *composition* in areas with (Fig. 3 & 4) and without (Fig. 5 & 6) developed waste management

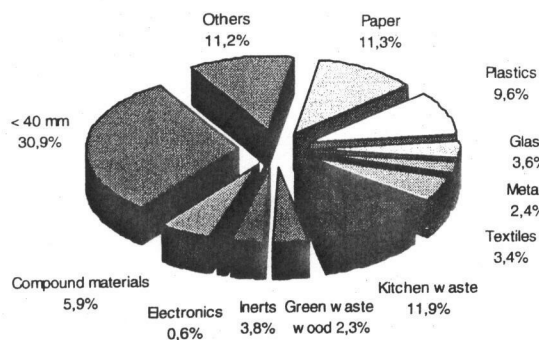


Fig. 3: Central Europe, winter (Styria / Austria, 2003)

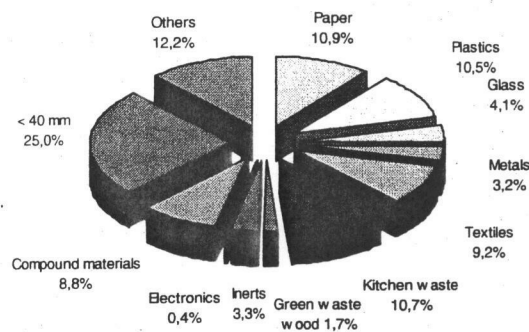


Fig. 4: Central Europe, summer (Styria / Austria, 2003)

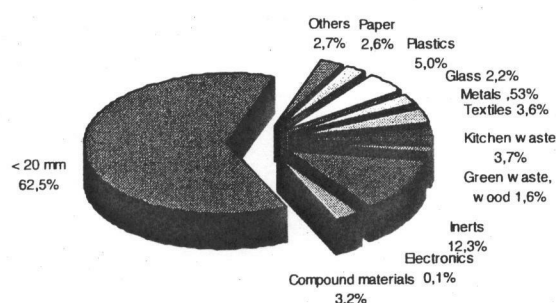


Fig. 5: Eastern Europe, winter, suburban, no district heating (2006)

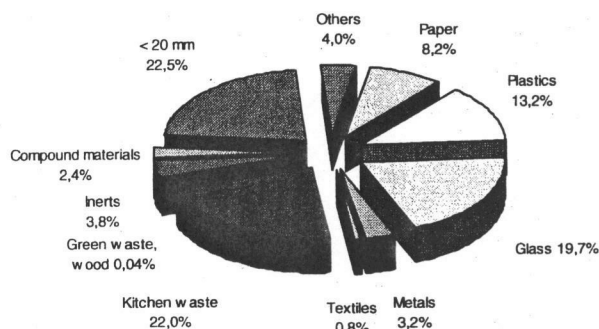


Fig. 6: Eastern Europe, winter, tourism resort (2006)

systems can be less explained with differences in living standards, cultural background etc. than with the extent to which A) certain information regarding "do's and "don'ts in waste disposal³ and B) separate collection systems⁴ are provided.

ii. Why regulate waste management?

Environment and health are public goods where free markets generally fail to provide equitable and sustainable long term solutions.

➤ Resource Conservation

Often represents an important goal in policy programs reflecting public perception. Looking at the matter in its entirety, other issues appear to have more weight such as...

➤ Public Health

In many countries – particularly in Eastern and South Eastern Europe – "scavenging", (searching for recyclables during waste collection and/or disposal, and to herd animals on landfills) is still a common practice. Consequences of this activity are as follows:

- People working without any means of personal protection have a reduced life expectancy
- Treatment of diseases – if done at all – results in high costs. Municipalities often spend a considerable portion of their budget on disinfection measures which are often of questionable merit if not completely useless
- Contaminants enter the food chain (milk, meat).

³ Fig. 5: "Burning plastic waste in your stove damages the chimney of your house and your children's lungs!"

⁴ Fig. 6: The high values for glass and kitchen waste in the given example clearly indicate to separately collect these two fractions which usually are the main "valuables" in waste generated in tourism structures.

Another practice still carried out in some countries is the open *burning of waste during collection* or at landfills in order to reduce volumes and/or have better access to scrap metal. This "casual thermal treatment" causes a considerable negative impact on air quality (eg. *dioxins* get released at high levels under such conditions).

➤ *Quality*

Is a driver for the third "R", Recycling: waste management more and more is not only regarded as a sole technical problem, but also the producer of waste is integrated into the system. This trend can be attributed to the fact that the 'purely technical' systems (i.e. for example to process paper, glass or compost out of mixed household waste) failed. It was proven during the last thirty years that the only way to do the third "R" is to make distinctions between waste streams, and to convince citizens as well as trade and industry to separate refuse at its source.

➤ *Cost*

Proper waste management not only avoids costs regarding health issues in the short term as lined out above, but also avoids unexpected costs of aftercare and remediation in the long term (and is furthermore a pre-condition for a sound economic development: Tourism industry for example requests for certain standards). Unsuitable waste disposal resulting in a "brown site" produces various costs:

- *The value of the site itself will be diminished* which may be of greater relevance in the future as cities tend to grow. Former landfill sites are regularly becoming a planning issue in metropolitan areas
- *Environmental costs* (e.g. groundwater contamination)
- *Loss of investment in infrastructure* that cannot be used
- *Losses of government revenue* (through reduced income tax, property tax)
- *Costs to government through potential liability issues.*

Cost is a main driver in advanced waste management systems for separate collection and treatment. The cost of treatment and disposal of one tonne of municipal waste is about 100 € (German price level). The cost of separate collection and reprocessing (recycling) of paper is about 30 € after taking into account the revenues from the sale of the paper.

iii. *How to steer waste management*

This section provides essential information on waste management strategy, development and implementation. Fig. 7 shows the *principles* of, and Fig. 8 provides a "*how-to*" for designing a successful waste management strategy including its main elements.

Subsequently, a relatively new principle is explained which is now a central component of the solid waste legislation of the European Union.

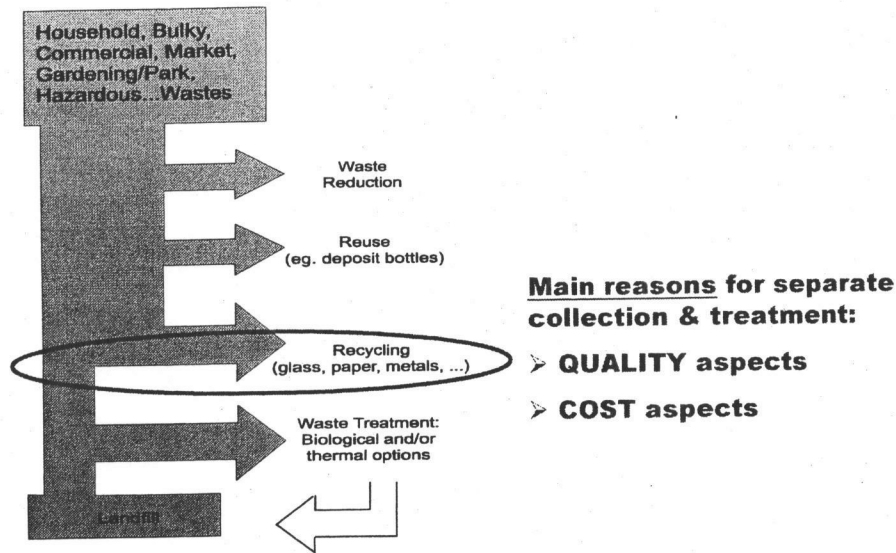


Fig. 7: Hierarchy of a contemporary solid waste management concept

a) *Materials Sorting and Recycling Technologies*

Material recycling is the practice of collecting, transporting and processing of products separated from municipal waste that are no longer useful in their present form and the use of their material content in the manufacture and sale of new products.

Recycling involves four primary activities:

- Collection and transport;
- Sorting and separation;
- Marketing;
- Reprocessing.

Recycling strategies include:

(a) Traditional sorting of recyclable materials into standardised marketable grades of secondary resources, such as newsprint; glass bottles (usually clear, brown, green); steel and aluminium containers; plastic containers of various sorts (PET, PE, etc.).

(b) Two stage sorting: where mixed dry recyclables are sorted into mixed paper, mixed plastic, mixed glass / metals for later separation using specialised sorting equipment.

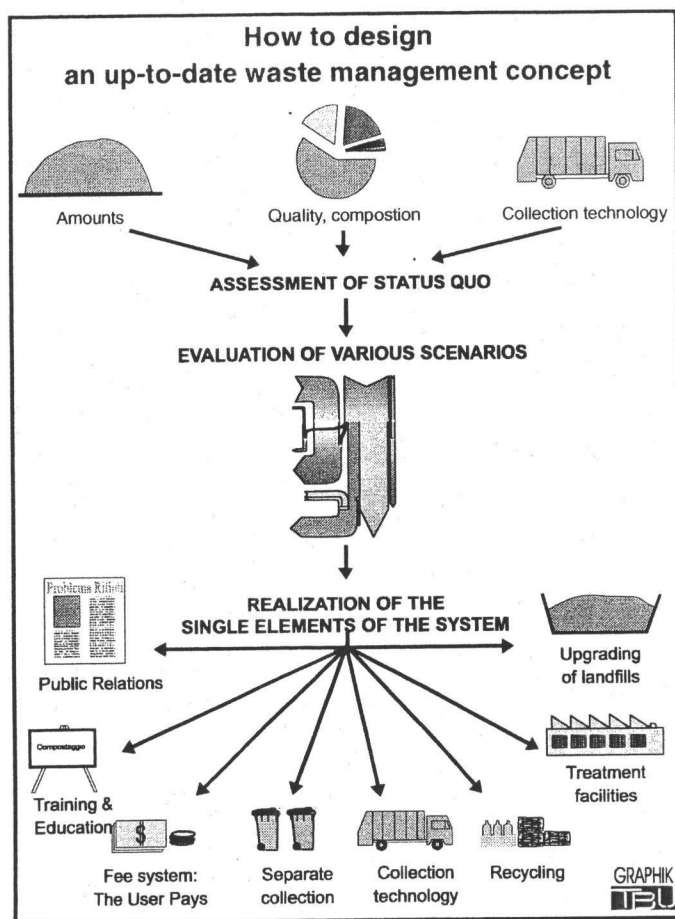
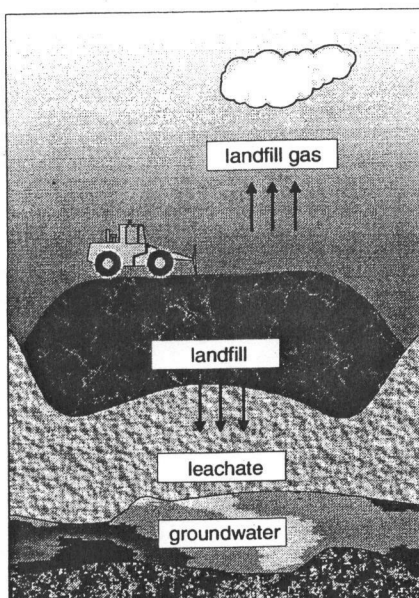


Fig. 8: Procedures and elements of a modern solid waste management concept



The sketch to the left illustrates the *landfill*, an essential component of every waste management system, and its two main emissions, *landfill gas* and *leachate*.

Apart from being odorous with the potential to reduce residential amenity, *landfill gas* predominantly consists of methane, a potent greenhouse gas. *Leachate* contains a range of toxic substances including persistent organic pollutants. Landfill leachate has the potential to pollute ground water reserves thus rendering them unsuitable for human consumption. Both emission types (gas, leachate) can be captured and treated through technical measures (eg. combustion of landfill gas with and without energy recovery). It is noted however, that landfill gas cannot be fully captured which is one of the reasons for the relatively new solid waste management principle adopted by the European Union (see box below).

Since around 10 years, the European Union works toward a reduction (and elimination in the long term) of biodegradable substances from waste prior to ultimate disposal to landfill because these materials are the source of landfill gas and leachate generation.

Fig. 9 illustrates how this important principle fits with existing safeguards that were developed earlier. Each barrier (measure) showed in the figure represents one step in the chronological development of sanitary landfills during the last thirty to forty years in highly developed central European countries. The Caucasian member states of the Council of Europe have, for example, implemented the first two barriers at the most.

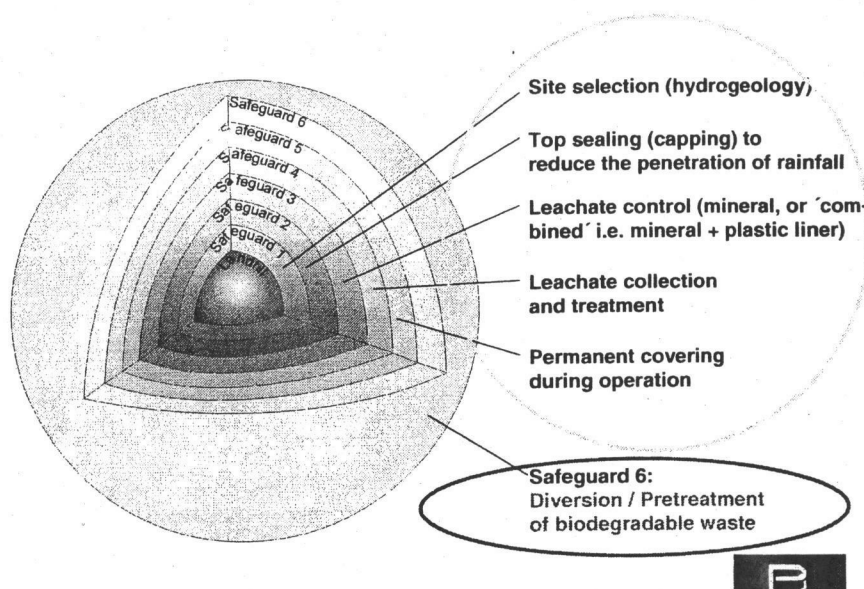


Fig. 9: The Multi-Barrier System for sanitary landfills

This principle was recently transformed into legislation, the EC Directive No 1999/31 („EU Landfill Directive“). In an extensive prescriptive part, this Directive contains *Technical Guidelines* for the construction and operation of landfills and, in a second part, a *phased implementation of reducing biodegradable materials* („Safeguard 6“) as illustrated in Fig. 10.

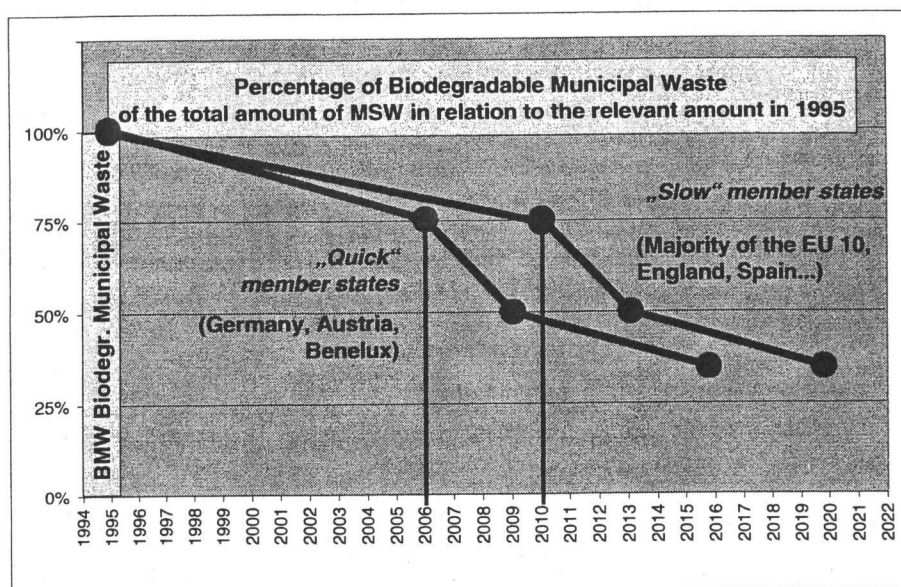


Fig. 10: Targets given by EC Directive No 1999/31 („EU Landfill Directive“)

b) Technical issues

The activities associated with waste from generation to final disposal can be divided into the following phases:

- *storage and collection,*
- *transport,*
- *treatment and*
- *disposal*

All of these phases have certain standards applicable to them.

For *storage and collection*, hygiene issues are of great importance. Standards often reflect climatic conditions, eg. in Southern European countries waste is usually collected at a higher frequency – daily or several times a week – than in colder regions – up to eight weeks in rural alpine areas for example.

For *household waste and recyclables*, containers with wheels and lids (volumes up to ~ 2 m³) are widely spread; *commercial waste producers* commonly use larger containers which get exchanged by a collection vehicle (all containers with wheels get unloaded). Depending on the distance to final treatment and/or disposal, collection is sometimes followed by a *waste transfer system* to bulk up waste for more efficient transportation. This can include also rail and ship.

Main technical requests for household waste collection are *regularity of service*, certain *work protection measures for collection staff* (gloves, good visibility in order to avoid traffic accidents), and *closed vehicles* (to avoid emission of dust and odour).

For the *treatment* of waste, there are two main options (and combinations thereof):

- *Biological treatment,* and
- *Thermal treatment.*

Usually biological treatment options are less costly convenient and thermal treatment options have a higher potential in reducing biodegradable substances. It is noted that this is only a very brief classification.

Mechanical Biological Treatment (MBT)

Biological treatment of waste involves two types of waste stabilisation – aerobic decomposition and anaerobic decomposition. Some mechanical treatment of the waste is necessary before processing and the term Mechanical Biological Treatment (MBT) is usually applied to describe this range of technologies.

Aerobic Mechanical Biological Treatment

Aerobic MBT involves the decomposition of organic materials by microbial activity under aerobic (in the presence of oxygen) and thermophilic (>45°C) conditions to produce stabilised organic matter. Pasteurisation takes place when all of the material has been subject to temperatures in excess of 55°C over a period of at least three consecutive days. Depending on the waste system and process configuration, aerobic decomposition can achieve waste stabilisation, fuel production or a compost product.

Pre-treatment or sorting of the feedstock is an important component of aerobic decomposition. In composting systems there are three objectives for materials separation:

- To recover recyclable or combustible materials as marketable by-products;
- To reduce the levels of visible contaminants (eg, inert materials such as plastics and glass), and
- To reduce the levels of chemical contaminants (eg, heavy metals).

The more homogeneous and contaminant-free the feedstock, the better quality compost will be produced. Aerobic decomposition of source-separated organics produces a moderate to high quality soil conditioner, which can be used in a wide range of markets, including horticulture, viticulture and agriculture, and in specialist landscaping applications such as mine rehabilitation.

There are a number of different treatment types available to achieve aerobic decomposition, as eg. *Open Windrow Composting, Drum Composting Systems, Enclosed Composting Halls* and as a new option the *Dry Stabilate Process*, a MBT process that has the principal objective to stabilise MSW through biological drying with the subsequent recovery of resources through waste separation and the production of a secondary fuel, known as dry stabilate.

Anaerobic Mechanical Biological Treatment

Anaerobic MBT involves the controlled degradation of organic wastes by microbial activity in a reactor in the absence of oxygen. It is a well-proven technology for clean, organic feedstock and is extensively applied in the water industry to stabilise biosolids. It is well established in central Europe for treating source separated solid organic wastes and is also used to process municipal solid waste.

Thermal Treatment

Thermal treatment technologies use the application of heat to decompose the waste and produce a stable residue for disposal. Mixed municipal solid waste has a calorific value of about 9 GJ per tonne and a proportion of this energy may be recovered using these technologies, usually in the form of heat and/or electricity.

Conventional incineration of heterogeneous waste, or mass burn combustion, is the most widely used thermal process. However, separation at source or preparation of fuel from waste for a specific thermal process is becoming more common as this can result in higher energy recovery efficiencies as well as less waste requiring landfill disposal.

New Thermal Treatment Technologies: A number of new thermal conversion technologies are emerging that have the potential for lower environmental emissions, higher levels of energy recovery and better community acceptance than conventional WTE (Waste-to-Energy). None of these attributes has been fully proven, however, due to the lack of full-scale operating plant experience.

Several commercial scale plants have been constructed in recent years and the technology is in transition to commercialisation. The emerging technologies are based on pyrolysis and gasification or combinations of both.

iv. Institutional and economical issues

Primary responsibility for day-to-day waste management commonly lies with local government (municipalities). Regulatory and strategic planning responsibilities are ideally with a higher level of government, either a regional body or a national agency.

Municipalities with less than, say, 10,000 inhabitants are generally too small to fulfil the various tasks (collection, treatment, fee collection, public relations...) cost effectively. Similar to the situation in the water and waste water industry of many European countries, the installation of *Waste Management Groups* (Regions, Boards) made up of a number of municipalities has proven successful. A typical size for such associations is in the order of 50,000 – 500,000 inhabitants.

It is advisable to cover the cost of municipal waste management by charging *fees*. The "user pays" principle should be part of any such fee system. In the economically advanced European countries, the cost of an adequate waste management system is in the order of *one percent of the disposable household income*. The *cost of waste collection* is usually higher than *cost of treatment* (a typical cost split is $\frac{2}{3}$ for collection, $\frac{1}{3}$ for treatment). Typical European treatment costs can be taken from Fig. 15.

Landfill taxes are proven instruments to support the "3 R" principle i.e. they provide financial disincentives to waste disposal and, at the same time, incentives for resource recovery. The survey in

the member states of the Council has shown that such taxes (or levies) are already implemented in several countries (details in the paragraph on economic issues).

As an example, Austria introduced a landfill levy in the early nineties, with a gradual increase in the levy to currently 87 €/t for untreated waste disposed to landfill. This is likely to be the highest waste disposal levy worldwide and has significantly contributed to a range of alternatives such as recycling and waste treatment. Landfill levies represent a useful element of any contemporary solid waste management system (refer Fig. 16). One of the key issues surrounding waste levies is the question of whether the money raised should be used to fund alternative recycling and waste management systems or to complement general government revenue.

The continuing reduction (minimisation) of waste quantities requiring landfill disposal remains to be the key objective of sustainable waste management. In addition waste disposal levies, a number of actions need to be implemented to achieve this goal.

v. *What needs to be done?*

Following a review of waste management in all member states of the Council of Europe, it is recommended that *some minimum standards* be implemented with respect to waste handling.

These minimum standards should include the following:

1. *Occupational health & safety requirements:*

- No bare handed operation with any sort of refuse during collection and treatment / disposal;
- No scavenging at landfill sites without suitable work protection and regular health control.

2. *Collection systems:*

- Installation of regular waste collection systems for all urban, suburban and regional areas (exceptions should only be granted for remote residences where occupants can prove to have a safe individual waste disposal facility);
- Integration of phased targets for the availability of municipal waste collection systems into relevant legal framework (eg. EC Directive No 1999/31: 70 % availability in 2008; 95 % in 2010).

3. *Waste disposal standards:*

- Landfills need to be fenced and patrolled;
- Wastes accepted at the landfill must be recorded;
- Waste placed in the landfill needs to be regularly covered with suitable material (eg. construction debris) in order to reduce odour, windblown litter and vermin;
- Adjacent groundwater bodies must be monitored;
- Suitable measures for groundwater protection (such as landfill liners and leachate collection) need to be in place.

III. **Solid waste – a survey in the member states of the Council of Europe**

i. *General remarks on the information request*

Data was gathered from the national governments of all member states of the Council of Europe via a questionnaire. The information requested herein focuses on *structural-political aspects* rather than on *figures and "hard facts"*. The present initiative is to be understood as a supplement to databases

which are regularly updated and published by various sources ⁵. Therefore, the definitions used herein follow a more "pragmatic" approach, e. g. the term "Municipal Solid Waste" (MSW) refers to material that is being disposed. It does not include separately collected materials as in recognized statistical methodologies.

Despite the foregoing, certain overlaps with other initiatives could not be avoided when requesting information from various national sources. Nevertheless, the high feedback – in terms of number of countries having participated in the survey, but moreover the quality of submitted data – reveals that the approach of this initiative points in the right direction.

At the end of January 2006, the Secretariat of the Committee on the Environment, Agriculture and Local and Regional Affairs submitted the information request to the Council of Europe member states ⁶. Between 15 February and 29 May, replies from 29 member states were received and evaluated. In four cases (Belgium, Bosnia and Herzegovina, Serbia and Montenegro which was a national entity when the request was issued, and the United Kingdom) the responses reflected the internal political situation of these states: For the UK one national authority replied for five political "sub-entities" (England, Wales, Scotland, Northern Ireland, and Gibraltar). Other members' responses were received (or not) from the relevant authority of the existing 'sub-entities'.

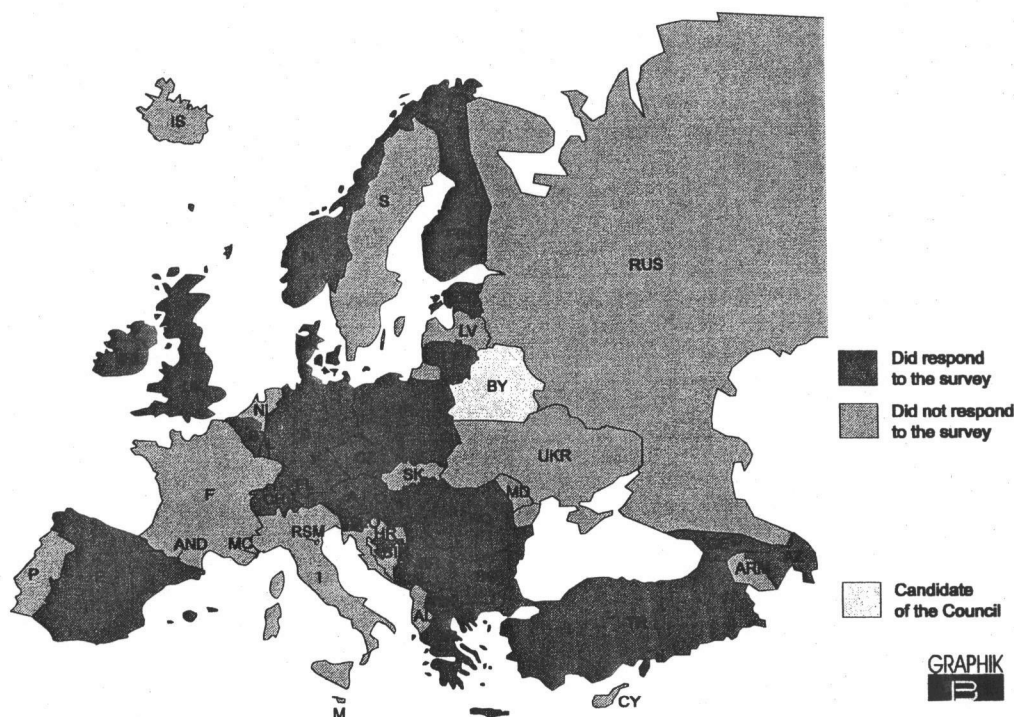


Fig. 11: The member states of the Council of Europe – grouped by participation/non-participation in the survey

⁵ such as EUROSTAT or the UN Statistics Division:

"Waste generated and treated Europe (data 1995 – 2003)", published by the European Commission (EUROSTAT), Office of Official Publications of the European Communities, 2005, ISBN 92-894-9996-6

"Environmental Indicators – Waste – Municipal Waste Treatment" published by the UN Statistics Division under <http://unstats.un.org/unsd/environment/wastetreatment.htm>

⁶ the survey itself considered Montenegro (short form: CG) and Serbia (SR) already as individual countries.

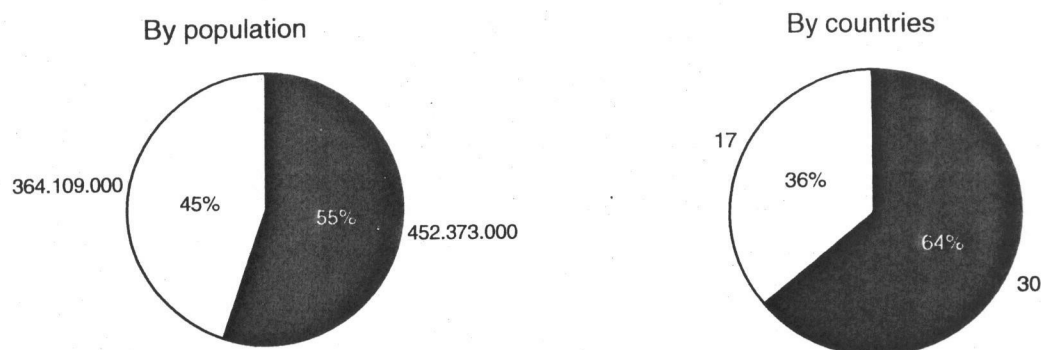


Fig. 12: Survey responses

Fig. 12 illustrates that a population weighted survey response rate of 55 % was achieved. By number of countries, the response rate was about two thirds. This indicates that smaller countries were more likely to cooperate than larger countries⁷: Indeed, if the Russian Federation, Ukraine, France and Italy – all amongst the six largest member states by population had participated then the survey would have covered about 93 % of the total population.

In addition to the above it is noted that the response rate from EU member states was higher than that of other countries.

Another aspect is the *quality* of the responses. The responses of the new EU members were particularly carefully prepared. In terms of quality of responses – accuracy, completeness, plausibility of data, real compilation rather than only referring to websites, providing additional information – the *top ten* countries are (alphabetical order): Austria, Belgium (Flanders Region), Bulgaria, Denmark, Estonia, Finland, Germany, Lithuania, Slovenia, and the United Kingdom.

"The former Yugoslav Republic of Macedonia" has sent back a blank questionnaire (except for the details of the agency involved). For a certain group of countries⁸ the response rate was generally low and provided information scarce and incomplete.

This observation is interesting and can be seen as a first outcome of the survey: most of the requested information *should be* available in these countries because a lot of assistance has been provided by the EU as well as by other international organisations and development agencies; assistance in the form of Institutional Strengthening programs, Technical Assistance addressing precisely the issues asked for in the survey. For whatever reasons the capacity of national authorities (and, probably even more so, regional agencies) who should cope with "*What happens with our waste?*"-questions seems not to correspond with the input which was provided over the last decade.

ii. Results of the survey

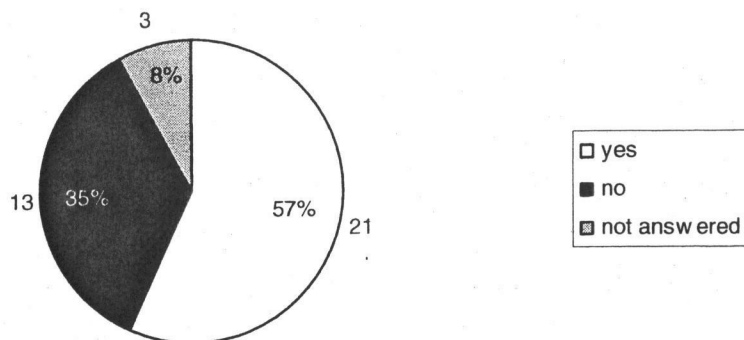
This report provides an overview of the key findings of the survey.

a) Political responsibility, documentation tasks and planning aspects

The question on clear political accountability ("*Are MSW related issues assigned to one single Ministry on national level?*") showed the results below (*figures in this and in the following graphs show countries i.e. "political entities", not population*):

⁷ The average population figure of the member states is represented by the *Netherlands* when calculating the arithmetic average (16,7 million) respectively *Denmark* or *Slovakia* when calculating the median average (5,4 million). The median does not take into account the biggest and smallest value of a sample thus giving a better "typical value" of an unevenly distributed universe.

⁸ Croatia, Bosnia and Herzegovina, Serbia and Montenegro, "The former Yugoslav Republic of Macedonia" and Albania

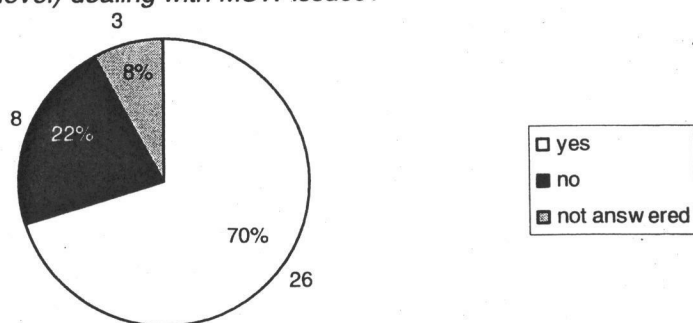


In the majority of the countries (57%) only one ministry is responsible for solid waste related issues. Note that countries like Belgium and Bosnia and Herzegovina with their separate internal political entities have slightly distorted the result: The question says "national level" hence their correct answer regarding one single Ministry was "no".

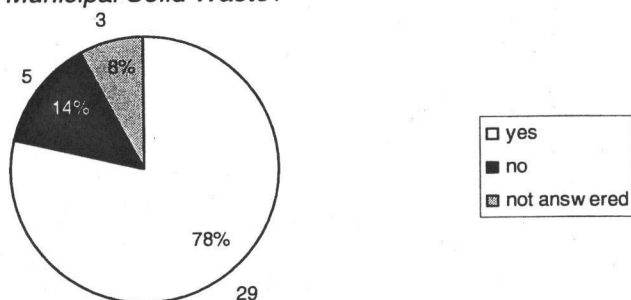
25 years ago the distribution would have been significantly different: Waste was a matter that was dealt with – if at all – partially by Public Health, partially by Water, partially by Mining, and partially by Public Affairs agencies.

The answers to the next two questions,

"Is there an Agency (national level) dealing with MSW issues?"

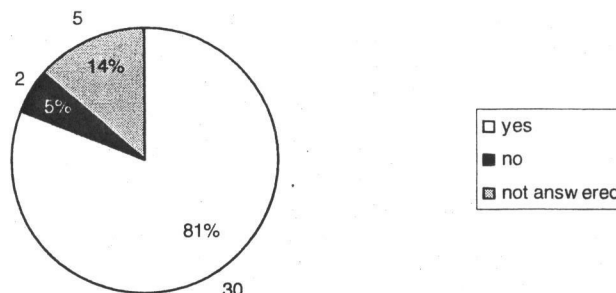


and *"Is there a National Plan on Municipal Solid Waste?"*



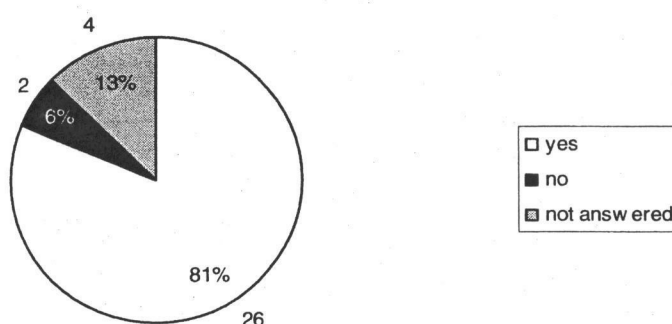
showed an even clearer result. The five entities without a National Plan on MSW are Monaco, Gibraltar, two Caucasian states (Azerbaijan and Georgia) where aspects related to environment still enjoy a much lower political attention compared to Central Europe (the more their cooperation in this initiative is to be acclaimed), and Turkey, which reports that a MSW strategy is currently being prepared as part of a National Environmental Strategy.

The question on regular documentation, "Are MSW amounts reported regularly (i.e. at least annually) to an institution at national level?"



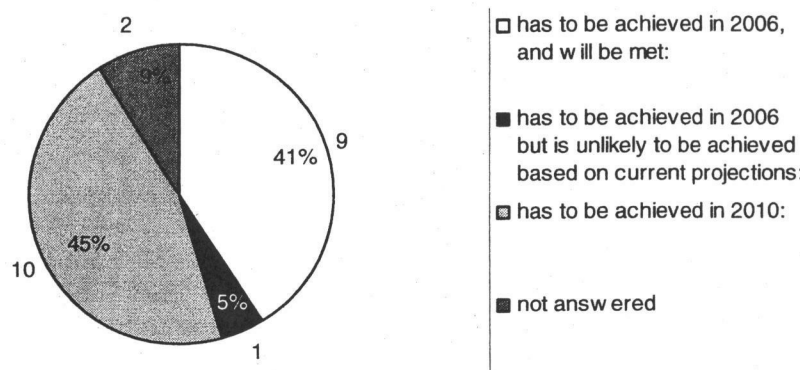
revealed that information on waste quantities as an essential basis for any *planning* is available in most countries, at least to a certain extent.

Planning generally entails the *setting* (and controlling!) of *targets*. The responses to the relevant question "Does this Plan contain time targets regarding the reduction of MSW, or fractions of it?"



reveal that not only EU member states (with obligations such as to reduce biodegradable municipal waste components significantly over time) pursue such goals. (A number of less than 37 evaluated data sets - as in the questions so far - is explained by the fact that a country / entity having available no National Plan on MSW cannot report respective targets.)

The question for EU members "When does your country have to achieve the "first" time target regarding the reduction of biodegradable municipal waste according to EC Directive 1999/31 ("Landfill Directive")?" yielded the following result:



Slovenia declared that it might be unlikely to meet the given time target for reduction of biodegradable municipal waste within this year.

b) Amounts

Fig. 13 shows quantities of MSW plus separately collected materials per capita. The extremely high values reported by Liechtenstein and Monaco can be explained with a high economic activity plus an unknown number of non-residents / floating population which is not registered in these countries. The remaining values make evident that countries with long-established waste management systems show higher portions of separately collected materials compared to the countries in the right third of the graph.

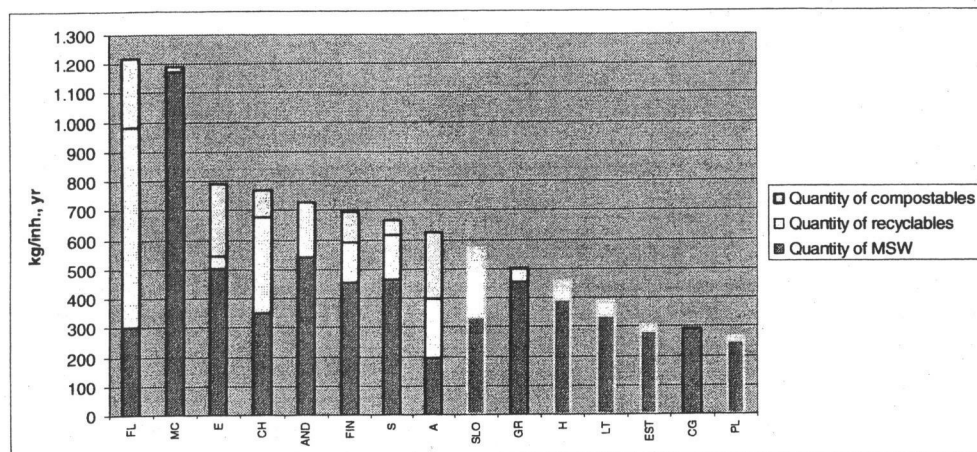
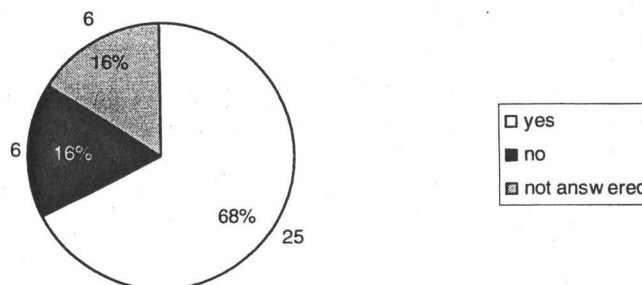


Fig. 13: Result of the information request: "Quantities of MSW, recyclables and compostables"

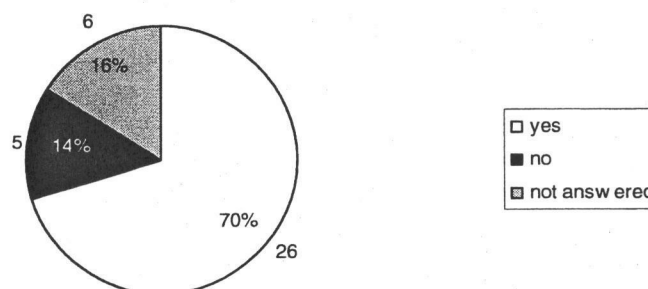
c) Collection and disposal standards

The questions

"Is there a National Regulation on MSW collection?"



and "Is there a National Regulation on MSW treatment & disposal?"



provided similar results. Knowing about certain shortcomings in less developed countries (eg. absence of regular collection schemes, particularly in rural areas), the related request "Estimated quantity of MSW which gets regularly collected" was of high interest.

Fig. 14 shows the result, with the exception of Ireland and Sweden (where remote areas might practice with some well organized, technically appropriate "self disposal"). All values below 95 % have been reported by countries from Eastern and South Eastern Europe. It has to be noticed that the figures represent a country-wide average: Rural areas in these regions might suffer from values down to zero which consequently means that waste disposal happens in a quite "informal" way with all the negative impacts on humans and the environment: Setting waste loads at fire in the open, dumping in watercourses, in forests and alongside streets, etc.

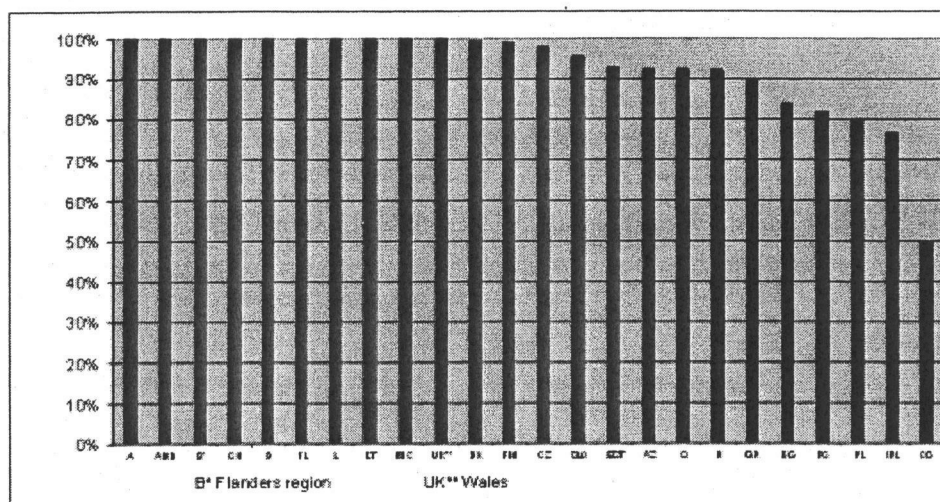


Fig. 14: Result of the information request "Estimated quantity of MSW which gets regularly collected" ("MSW Collection grade")

The result of the request "Estimated quantity of MSW which gets disposed of at approved, engineered & monitored facilities". Fig. 15 points in the same direction.

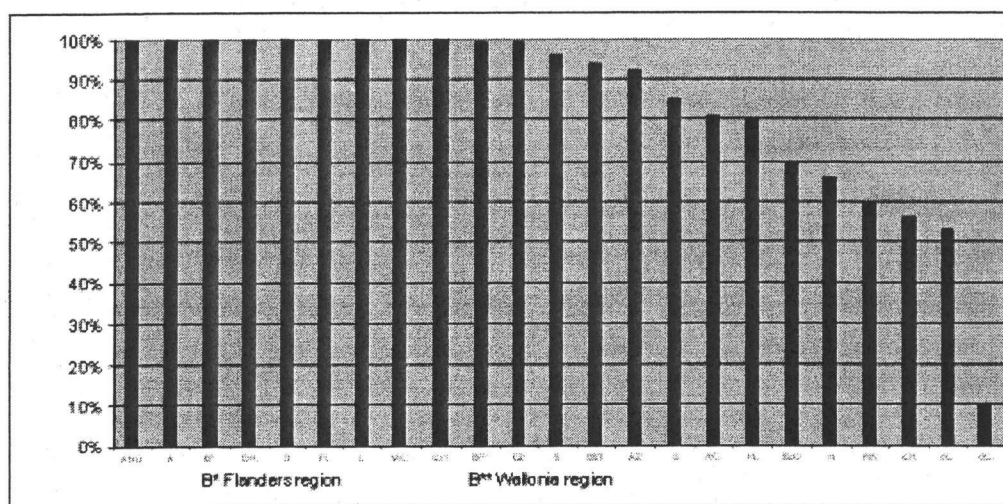
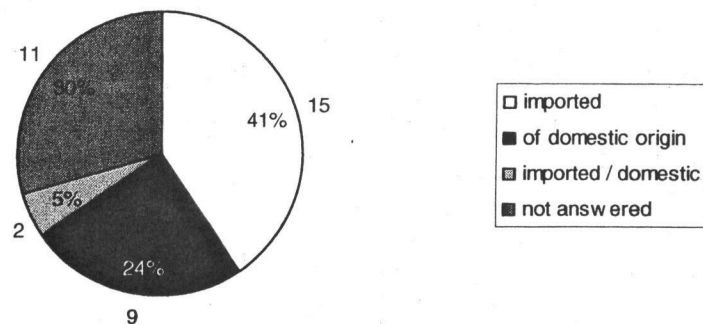


Fig. 15: Result of the information request "Estimated quantity of MSW which gets disposed of at approved, engineered & monitored facilities"

The evaluation of the question "Is there joint disposal in neighbouring countries?" resulted in three "yes": Andorra and Liechtenstein form disposal partnerships with their large neighbours (Andorra with Spain, Liechtenstein with Switzerland), which makes good sense for small countries of this size. Finland reported to maintain some cooperation in waste disposal with Norway and Sweden.

Responses to the question

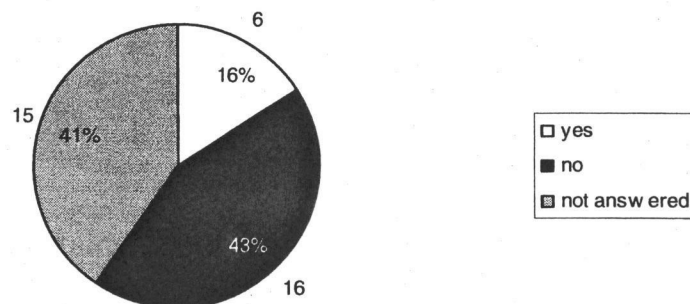
"MSW treatment technology is predominantly..."



shows that 40 % of the countries have to rely on imported technology, about a quarter is self-sufficient.

The related question

"Does your country export MSW treatment and disposal technology?"



shows the result that only a small portion of European countries is exporting technology related to waste treatment.

d) Economic issues

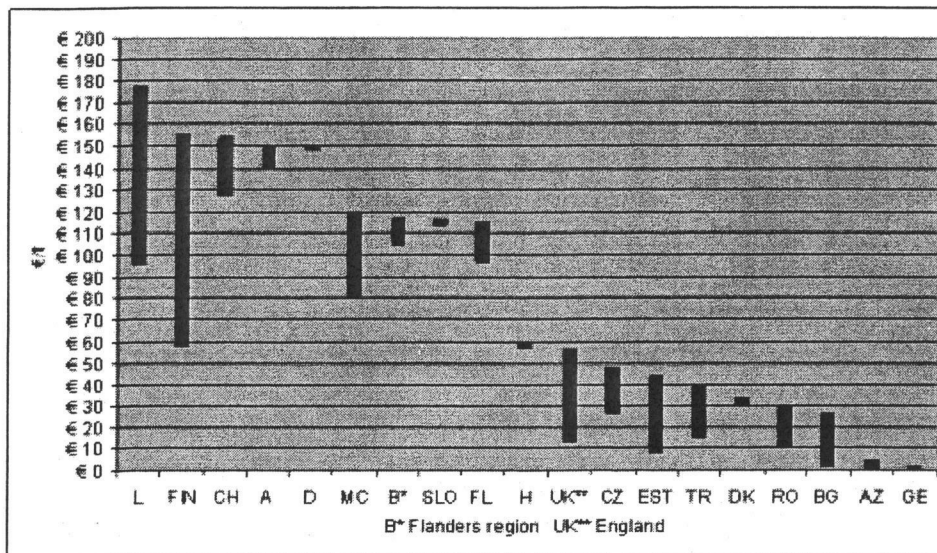


Fig. 16: Result of the information request
"Range of typical disposal costs for MSW (collection excluded)"

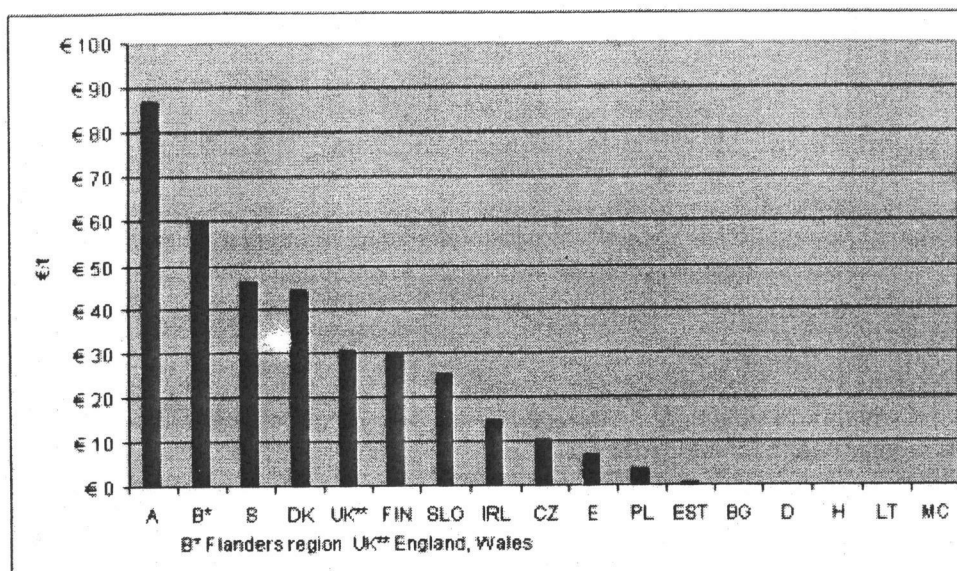


Fig. 17: Result of the information request
"Data on landfill levies (on municipal or national level)"

Main outcome of requested information on economics (Fig. 16 & 17) reflects in the upper graph the higher technical standards on solid waste treatment and disposal applied in Western and Central Europe.

The lower graph reveals that landfill levies as an economical steering tool (in order to foster *treatment* prior to *landfilling*) get applied at present only in EU member states, and by and large only in higher developed waste management systems (Germany is to be seen as a clear exception in this respect).

The example of Austria (Fig. 18), which introduced a landfill levy in the early nineties (with today 87 €/t for untreated waste on landfills it can be regarded as the highest value worldwide), shows that landfill levies potentially represent a useful element of an up-to-date solid waste management system.

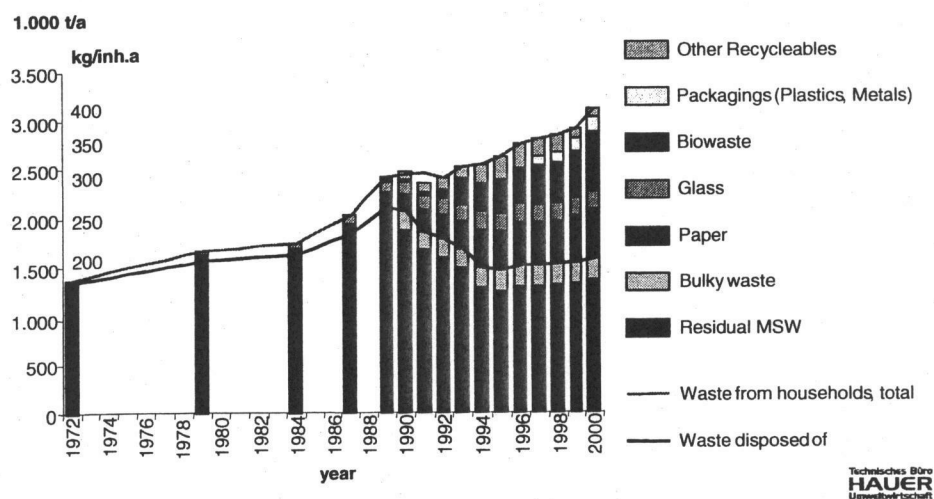


Fig. 18: *The example of Austria: Timewise development of waste amounts to be disposed of (black and grey columns) and separately collected materials*

IV. Conclusions

A proper dealing with solid waste represents a main pillar of far-sighted, sustainable environmental management, and politics. Insufficient management of municipal waste results in considerable health hazards and supplementary costs in both the short and long term.

The member states of the Council of Europe show significant differences in respect to solid waste management standards and practices. Countries without minimum standards in respect to solid waste management face negative impacts on their economic development (with tourism industry as first indicator). It is therefore recommended that a number of minimum standards with respect to waste handling be implemented. The recommendations below should be taken into consideration:

1. **Occupational health & safety requirements:** No bare handed operation with any sort of refuse during collection and treatment / disposal, no scavenging at landfill sites without suitable work protection and regular health control;
2. **Collection systems:** Installation of regular waste collection systems for all urban, suburban and regional areas (exceptions should only be granted for remote residences where occupants can prove to have a safe individual waste disposal facility). Integration of phased targets for the availability of municipal waste collection systems into relevant legal framework (EC Directive N° 1999/31);
3. **Waste disposal standards:** Landfills need to be fenced and patrolled. Wastes accepted at the landfill must be recorded. Waste placed in the landfill needs to be regularly covered with suitable material (eg. construction debris) in order to reduce odour, windblown litter and vermin. Adjacent groundwater bodies must be monitored. Depending on local hydrogeologies suitable measures for groundwater protection (such as landfill liners and leachate collection) need to be in place;
4. **Waste management planning:** Waste management strategies should contain a stepwise reduction/phase-out of landfilling of specific waste streams, related to their recyclability and/or impacts caused by their disposal (e.g. biodegradable waste);
5. **Institutional:** The institutional level which shall be responsible for the management of wastes from households, commercial activities, institutions, and construction and demolition activities is the municipality. Municipalities which are too small to provide the relevant services should be contracted to Regional Associations.
- 6.

* * *

Reporting committee: Committee on the Environment, Agriculture and Local and Regional Affairs

Reference to committee: Doc. 10519, Reference No. 3097 of 6 June 2005

Draft resolution adopted unanimously by the committee on 24 January 2007

Members of the Committee: Mr Walter **Schmied** (Chairman), Mr Alan **Meale** (1st Vice-Chairman), Ms Elsa Papadimitriou (2nd Vice-Chairperson), Mr Pasquale **Nessa** (3rd Vice-Chairman), Mr Ruhi **Açikgöz**, Mr Toomas **Alatalu**, Mr Gerolf Annemans, Mr Ivo Banac (alternate: Mr Miljenko **Dorić**), Mr Tommaso Barbato, Mr Rony **Bargetze**, Mr Jean-Marie **Bockel**, Mr Mauro Chiaruzzi, Mrs Pikria Chikhradze, Mr Valeriu **Cosarciuc**, Mr Osman **Coşkunoğlu**, Mr Alain **Cousin**, Mr Taulant Dedja, Mr Hubert **Deittert**, Mr Tomasz Dudziński (alternate: Mr Dariusz **Lipiński**), Mr József **Ékes**, Mr Bill **Etherington**, Mr Nigel **Evans**, Mr Ivàn **Farkas**, Mr Adolfo **Fernández Aguilar**, Mr György Frunda, Ms Eva Garcia Pastor, Mr Peter Götz, Mr Vladimir Grachev (alternate: Mr Valeriy **Sudarenkov**), Mr Kristiin **Gunnarsson**, Ms Lena **Hallengren**, Mr Poul Henrik Hedeboe, Mr Rafael **Huseynov**, Mr Stanislaw **Huskowski**, Mr Jean **Huss**, Mr Fazail Ibrahimli (alternate: Ms Aynur **Guliyeva**), Mr Ilie **Ilaşcu**, Mr Mustafa **Ilicali**, Mrs Fatme Ilyaz (alternate: Mr Zahari **Georgiev**), Mr Ivan **Ivanov**, Mr Bjørn **Jacobsen**, Mr Gediminas **Jakavonis**, Mrs Danuta **Jazłowiecka**, Mrs Liana Kanelli, Mr Karen Karapetyan, Mr Victor **Kolesnikov**, Mr Gerhard Kurzmann, Mr Ewald **Lindinger**, Mr François Loncle (alternate: Mr Jean-François **Le Grand**), Ms Kerstin **Lungren**, Mr Theo **Maissen**, Mr José Mendes Bota (alternate: Mr Abilio **Dias Fernandes**), Mrs Maria Manuela **de Melo**, Mr Gilbert Meyer (alternate: Mr Daniel **Goulet**), Mr Vladimir Mokry (alternate: Ms Svetlana **Smirnova**), Mr Stefano **Morselli**, Mr Žarko Obradović, Mr Pieter Omtzigt (alternate: Mr Leo **Platvoet**), Ms Gordana Pop Lazić, Mr Ivan **Popescu**, Mr Cezar Florin **Preda**, Mr Jakob **Presečnik**, Mr Lluís Maria **de Puig**, Mr Jeffrey Pullicino Orlando, Mrs Adoración Quesada (alternate: Mr Iñaki **Txueka Isasti**), Mr Dario **Rivolta**, Ms Anta Rugâte, Mr Fidas **Sarikas**, Hermann Scheer (alternate: Mr Detlef **Dzembitzki**), Mr Ladislav **Skopal**, Mr Christophe **Spiliotis-Saquet**, Mr Rainer **Steenblock**, Mr Vilmos Szabó, Mr Kimmo **Tiilikainen**, Mr Nikolay Tulaev, Mr Victor **Tykhonov**, Mr Tomas Ulehla, Mr Geert Versnick, Mr Rudolf **Vis**, Mr Harm Evert **Waalkens**, Mr Klaus Wittauer, Mr G.V. Wright, Mr Mykola Yankovsky, Mr Blagoj **Zašov**.

N.B. The names of those members present at the meeting are printed in bold.

Secretariat to the Committee: Mr Alfred Sixto, Mr Bogdan Torcătoriu and Mrs Marine Trévisan



For debate in the Standing Committee — see Rule 15 of the Rules of Procedure

Doc. 11120
21 December 2006

The role of ethical and solidarity-based financing and responsible consumption in social cohesion

Report

Social, Health and Family Affairs Committee

Rapporteur: Mrs Gratiela Denisa IORDACHE, Romania, Alliance of Liberals and Democrats for Europe

Summary

Ethical and solidarity-based financial mechanisms can contribute to social development in a number of ways e.g. by involving vulnerable social groups in economic processes at micro level in order to develop activities for self-employment or by encouraging financial institutions' responsibility to focus on the ethical reinvestment of saving funds.

In a number of European countries the social and solidarity-based economy is being seen increasingly as a necessary component in the economic and entrepreneurial diversity of our societies.

The Rapporteur stresses the distinct importance of ethical, solidarity-based citizen involvement in the economy as an important prerequisite for social development and cohesion. At the same time, she underlines the importance of dialogue and collaboration between the public authorities and socially committed grassroots initiatives.

In this regard, the Rapporteur welcomes the activities of the European dialogue platform on ethical and solidarity initiatives, a Council of Europe initiative (since 2004) to promote a dialogue between public authorities and civil society.

A. Draft resolution

1. Europe's policies on social protection and social inclusion face major challenges. Global competition, the impact of new technologies and an ageing population shape the long-term policy context; weak growth, high unemployment and persistent inequalities need to be addressed in the short term.

2. Public authorities at national, regional and local level, especially in western Europe, have long recognised the existence and relevance of numerous forms of citizen commitment in the economy such as ethical use of financial resources (ethical finance) or responsible consumption initiatives (fair trade). In a number of European countries the social and solidarity-based economy is being seen increasingly as a necessary component in the economic and entrepreneurial "biodiversity" of our societies. While these civil society initiatives do not constitute an alternative development model in themselves, they are helping to reshape systems of regulation and governance, production and consumption.

3. The Parliamentary Assembly acknowledges the distinct importance of ethical, solidarity-based citizen involvement in the economy as an important prerequisite for social development and cohesion. At the same time, it underlines the importance of dialogue and collaboration between the public authorities and socially committed grassroots initiatives. In this regard, it welcomes the activities of the European dialogue platform on ethical and solidarity initiatives, a Council of Europe initiative (since 2004) to promote a dialogue between public authorities and civil society.

4. Ethical and solidarity-based financial mechanisms can contribute to social development in a number of ways, e.g. by involving vulnerable social groups in economic processes at micro level and thus decreasing the unemployment rate or by encouraging financial institutions to focus on the ethical reinvestment of saving funds. Solidarity-based microfinance initiatives may respond directly to social needs and emergencies by providing funds for activities targeting areas in difficulty or persons who are excluded or in danger of becoming so, such as the unemployed, recipients of basic welfare benefits and social categories experiencing problems integrating (young people, women).

5. The Assembly welcomes in this respect the introduction of some social criteria in the rating of financial institutions (the so-called Basel 2 criteria) which may lead to a greater share of ethical and solidarity-based financial instruments – also by encouraging to set up agreements with associations in order to propose micro-credits for vulnerable social groups.

6. The Assembly also recognises the importance of the activities of European financial networks committed to ethical and solidarity principles, such as *The International Association of Investors in the Social Economy (INAISE)* or *the European Federation of Ethical and Alternative Banks and Financiers (FEBEA)* that promote the implementation of social cohesion programmes by financial initiatives.

7. Considering the proven capacity of the ethical and solidarity-based financial initiatives in some Council of Europe member States to create new work places and, as a consequence, to increase social cohesion, the Parliamentary Assembly encourages member States:

7.1. to recognise the authentic necessity to implement an ethical and solidarity-based finance programme in the South-Eastern European countries and to increase exchanges on good practices between countries and regions;

7.2. to introduce and promote social and environmental criteria in financial products (for instance, in pension funds);

7.3. to further the implementation of microcredit initiatives for vulnerable social groups;

7.4. to promote the Council of Europe's European dialogue platform on ethical and solidarity initiatives.

B. Explanatory memorandum by Mrs Iordache, Rapporteur**I. Introduction****i. Financial mechanisms generating poverty and exclusion in Western and Eastern Europe****a. Micro level**

1. The traditional banking system is quite reluctant to grant credit to population at risk, therefore it excludes a part of the population from economic initiatives such as consumption or entrepreneurship. As a result, it is relatively complicated for someone suffering from a kind of "financial exclusion" to improve his or her own self either by becoming self employed or by accessing some goods that allow him or her to enter the labor market, and thus he/she is reliant on public social benefits.

b. Macro level

2. On the other hand, the financial system as a whole is generating unexpected side effects. For instance, saving money in pension funds with only financial criteria and no ethical criteria may contribute to finance weapon production, polluting companies or enterprises which do not respect ILO norms. But the worst exclusion mechanism related to the conventional financial system is the impact of short-term profit maximization by financial institutions and the consequences of unemployment. The claim for 15% of benefits growth each year by the shareholders is putting unacceptable pressure on enterprises, which are in many cases obliged to close less profitable factories or departments to save profitability.

ii. The specific role of ethical and solidarity-based finance to combat poverty

3. By choosing to save their money in the ethical and solidarity-based finance system, the citizens will choose a system not only focused on profit maximization. Such a system contributes to the development of projects run by excluded people which allows them to enter in the productive economy and avoid financing activities that are not socially or environmentally sustainable.

iii. Where are we with Basel criteria?

4. Furthermore, the recent developments in the international banking regulation standards, the so-called Basel 2 criteria, are leading to the introduction of some social criteria in the rating of financial institutions. This led credit companies to set up agreements with associations to propose microcredit to vulnerable people.

II. The concept**i. Definitions****a. Solidarity-based finance:**

5. The solidarity-based finance system is acting more at micro level, directly in relation with individuals. The main activity of the solidarity-based finance is to grant loans to vulnerable people who are carrying out projects in different fields such as developing economic activities for self-employment, either by granting micro-credit directly, or by guaranteeing the loans granted by traditional banks or finance institutions, or to associations running community or development projects, for instance.

6. Why is it called solidarity-based? The basic principle of the solidarity-based finance is the allocation of a certain percentage of the customers' savings profitability with the implicit agreement of the customer to grant micro-credit loans or other forms of economic support. There is a solidarity-based relationship between the customer and the beneficiaries via the action of the bank. Furthermore, the bank is giving support and assistance to the beneficiaries for them to run their project properly and to maximize the chance of success.

b. Ethical finance:

7. The ethical finance system is intended more specifically to work at a macro level. It is based on an ethical approach of classic finance, avoiding investments in some specified areas of economies or countries such as weapon industry, tobacco, polluting chemicals, or in non democratic countries or in companies convinced not to respect the human, labor and social rights. The aim of the ethical finance system is still to maximize profitability but giving the choice to customer to decide where their money will be invested.

8. However, the frontier between solidarity-based finance and ethical finance is not always very clear and depends on cultural and linguistical contexts. In Italy, for instance, solidarity-based is a concept which is also used by the mafia so that it is able to create confusion and the used name is ethical finance for all levels of intervention.

ii. Advantages

9. Governments could find advantages in supporting solidarity-based finance at two levels:

- First, it is a complement to social inclusion schemes, as it allows people living on benefits to run their own economic activity and to shift from "richness consumers" to "richness producers".

- Second, ethical finance is a more democratic option for the investment of one's money because it allows the choice between a system where the destination of the money is not known and a system where one knows that his money will not contribute to undesirable financial activities (and more democracy should always be considered as a gift for governments).

a. Community level and local development

10. Solidarity-based finance focuses mainly on proximity relations between savers and beneficiaries in the way that they are financing local projects with local money. It contributes to create social links and social cohesion.

b. Financial system

11. Ethical and solidarity-based finance can be seen as an advantage for the financial system itself because it is a reasonable approach of finance, not only based on profits and profitability for shareholders but rather on the use of the money, taking into account economic, social and environmental criteria. Furthermore, it allows access to credit to a broader scope of people, which enlarges the opportunity of banks to sell credits.

12. Finally, it gives better conditions in debt repayment as, if it does not grant loans directly, it guarantees the loans contracted, which gives a smoother position the debtors. Considering the hardest case of being over indebted, solidarity-based finance can also be seen as an opportunity to support over indebted households while lending personal micro-credit with assistance and support.

iii. Level of development (see tables in appendices)

III. Examples of good practices and results

i. INAISE (The International Association of Investors in the Social Economy)

13. INAISE is a global network of socially and environmentally oriented financial institutions.

14. Created in 1989, INAISE has grown rapidly as the movement of social investors and gained importance, volume and visibility in a number of European and non-European countries. Through INAISE, social investors from Norway to South Africa and from Costa Rica to Japan have been joining forces to exchange experience, disseminate information and demonstrate to the world that money can actually be a means to achieve positive social and environmental change.

15. INAISE members, through their investment policy, foster and promote the development of organizations and enterprises:

- Environment and sustainable development: renewable energy such as wind, solar and hydro-energy; energy efficiency; organic agriculture, food processing and retailing; nature conservation; eco-building; clean technology;
- Social economy: co-operatives; community enterprises; employee participation; employee buy-outs; micro and small enterprise creation and development, especially among unemployed, migrants, women;
- Health-care: health centers; community care; clinics and hospitals; programs for the disabled; preventive therapies;
- Social development: social housing; community housing; employment generation; social services, community transport; charities; community groups and the voluntary sector;
- Education and Training: school buildings; training courses; organizational development; alternative schools;
- North-South: fair trade; small-enterprise start-ups through micro credit programs; small business training and counseling; crafts, farming, small scaled-industries;
- Culture and arts: artists, exhibitions, theatre; film; dance; local radios.

ii. **FEBEA (European Federation of Ethical and Alternative Banks and Financiers)**

a. *Federating to concretely develop a solidarity-based European finance*

16. Created in 2001, the European Federation of Ethical and Alternative Banks (FEBEA – Fédération Européenne des banques éthiques et alternatives) is an association based in Brussels governed by Belgian law. Open to member countries of the European Union as well as applicant countries, it gathers financial bank and banking institutions whose aim is to finance social and solidarity-based economies.

17. The entrepreneurs of a solidarity-based economy – whether they are the long-term unemployed creating their own businesses, farmers starting up in organic produce, or directors of insertion enterprises – all have a point in common: they often have difficulty in obtaining financing from the traditional banking system. This is where the FEBEA can help: its members can offer these business managers their expertise and financing.

b. *Creating financial tools for solidarity, together*

18. The FEBEA is a place for exchange, sharing experiences and creating common tools to encourage the development of financial solidarity in Europe. Available to all FEBEA members who wish to participate, these tools are very diversified: guarantee funds ("Solidarity Guarantee"), investment fund ("Solidarity Choice") and also financing companies (European Ethical and Alternative Financing Company), etc.

19. All of these means have one common objective: ultimately, to create a refinancing bank for ethical and alternative financial institutions on a European scale.

c. *The platform and the internet work*

20. Since 2004, the Council of Europe (DGIII) is running a European dialogue platform on ethical and solidarity initiatives in line with the Council of Europe Strategy for Social Cohesion which states that a society is cohesive and human rights are better protected when the stakeholders have a feeling of shared responsibility. Drawing on this idea of shared responsibility, the Council of Europe is currently promoting a dialogue between public authorities and civil society.

21. Therefore, the objective of this platform is to promote a dialogue between public authorities, represented within the Council of Europe by the Committee of Ministers, the Parliamentary Assembly and the Congress of Local and Regional Authorities of the Council of Europe, as well as other intergovernmental bodies and the representatives of citizens' initiatives, in particular finance based on solidarity, responsible consumption and other forms of citizen commitment in the economy which contribute to social cohesion. The Liaison Committee of the INGOs enjoying participatory.

22. The activities of the platform are mainly based on:

- observatory work, gathering all the relevant information, practices and legislations to provide good awareness of the situation,
- promoting exchanges of information and good practices between countries,
- analyzing certain specific themes and developing proposals and recommendations on these themes.

23. The platform is run by a steering committee composed of a representative of all the Council of Europe institutions as well as representatives from solidarity-based economy networks.

24. Those networks have expressed the need to set up a cross sectorial body in order to work together on the main objective of the platform, which is fighting poverty and social exclusion.

25. At the end of every year, a seminar is held in partnership with the autonomous province of Trento (Italy) to present the outcomes of the work and to share the knowledge and different relevant topics, like household over-indebtedness, information and awareness raising, partnership methodologies, and so on.

IV. The impact of this new concept

26. The impact of this concept has multiple aspects.

27. First, we can try to assess the social impact of this concept: using the economy through citizen initiatives as a tool of social policy. This is interesting in itself. By changing the finality of a pure economic scheme, you can turn it into a social policy scheme aimed at local, community and personal development as well as in a mainstream policy on social and environmental rights.

28. Secondly, the financial impact is also to be considered as the profitability performance of ethical finance is comparable to "usual" finance at macro level, and at micro level it broadens the accessibility of financial tools. Economically, the contribution of ethical and solidarity-based finance in year 2000 (invested amounts) was 400 million euros in Great-Britain, 130 million euros for Banca Etica in Italy and almost 7,5 billion euros in USA. Within the 400 million invested euros in Great-Britain, 200 million were devoted to support community development and 131 million to deprived community. The economic and social impact of solidarity-based finance on community support and development seems to be more than obvious.

29. Another important outcome of ethical and solidarity-based finance is the link to be made with the development of responsible consumption and sustainable development. Some financial boundaries still exist between responsible consumption projects and solidarity-based financial institutions, especially in Italy. Furthermore, ethical finance can itself be considered as responsible consumption as it takes into account social and environmental criteria.

V. How to approach an action plan

30. The situations in eastern and western Europe are quite different. In one case, you have established companies, institution and networks and in the other, an almost "virgin" land. It seems obvious that the needs are not the same in each case. In western Europe, there is a need for recognition of the impact of solidarity-based finance in terms of social/societal and economical outcomes and in the eastern Europe, there is a need for an alternative banking system allowing vulnerable people to access the financial market. However, both are related; if there is a recognition of the importance of those activities and support from public authorities, it will also allow the spreading of those good practices in eastern Europe and at the same time open an alternative financial market there.

31. It is also important to raise the awareness of European citizens that they can act in a democratic way in their everyday life, by making a choice between traditional finance system and this alternative, and therefore support the local and community development as well as the respect of international social, labor and environmental standards.

32. The role of all international institutions is important in that perspective, and a cooperation between them would give legitimacy to this alternative finance system as a complement to the traditional system and recognize a citizen-based complement to public inclusion policies.

33. The support of local authorities is also very important because, as solidarity-based finance is basically aimed at local level, the action undertaken should be done in partnership with local authorities as guarantors of the project to maximize the opportunities of success.

VI. Why the Council of Europe should be implicated

34. The role of the Council of Europe could be:

- recognizing the interest of ethical finance
- facilitating its recognition and favorable policies
- recommending concrete steps that should be taken by the governments
- promoting dialogue and proposal through the European dialogue platform on ethical and solidarity initiatives.

VII. Recommendations

- Recognition of the role of solidarity-based finance
- Maximum credit rate (example of France)
- Introduction of social and environmental criteria in financial products (for instance in pension funds)
- Social cohesion European funds with citizens as contribution.

Appendices

a. Solidarity-based financial tools classification

	Investment per project	Created jobs per projects	Investment per created jobs
Microcredit	from 2 000 to 6 100 € +/- 4 000 € (average)	from 1 to 4,3 +/- 1,8 jobs (average)	from 1 300 to 6 100 € +/- 2 900 € (average)
Small credit	from 15 000 to 100 000 € +/- 34 000 € (average)	from 2 to 17 +/- 7,1 (average for the total) +/- 14 (average for social enterprises)	from 1 200 to 8 000 € +/- 4 100 € (average)
Average credit	from 30 000 to 160 000€ +/- 75 000 € (average)	from 1 to 7,8 +/- 3,7 (average)	from 19 000 to 25 000 € +/- 25 000 € (average)

b. Evolution of the activity of solidarity-based finance in France (number of projects)

	1997	1998	1999	2000	Variation 1997/2000
Guarantees accorded by <i>France Active</i>	195	276	270	301	54%
Contribution in fixed-capital (SIFA, FCP IE, paid-in contracts)	30	7	35	66	120%
Honor loans (territorial funds)	140	122	254	242	72%
<i>ADIE</i> loans	1279	1491	1636	2844	122%

c. Evolution of the total Socially Responsible Investment funds assets in Europe

Date	Capitalization (millions Euros)
1992	426
1996	1439
1998	2284
2001	3851

Source : IMA Unitrack Database

FIG 2 : Number of Socially Responsible Investment funds by country in 2000

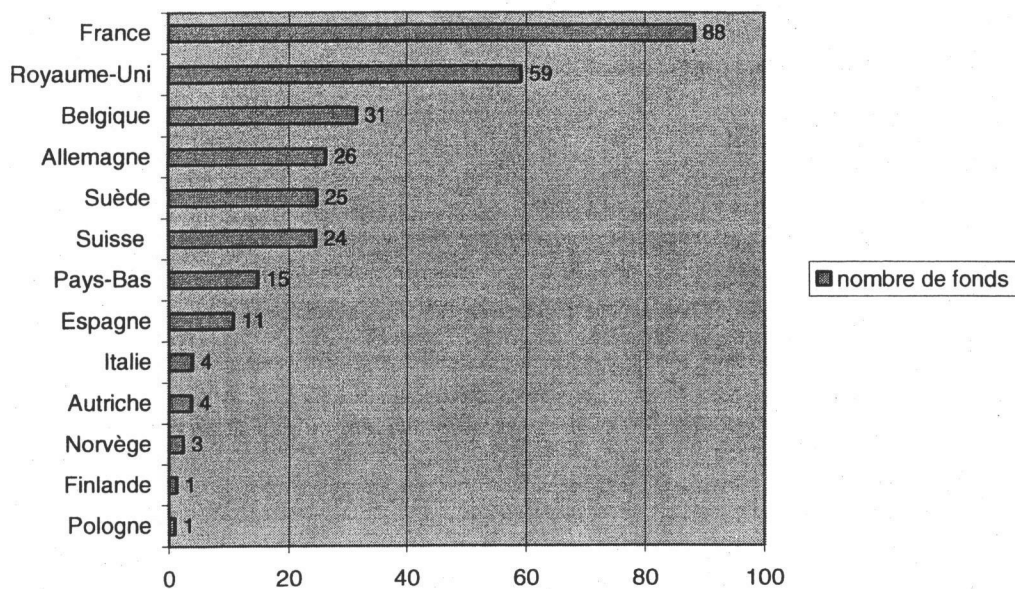


FIG 3 : Socially Responsible Investment funds assets in 2000 in Millions of euros

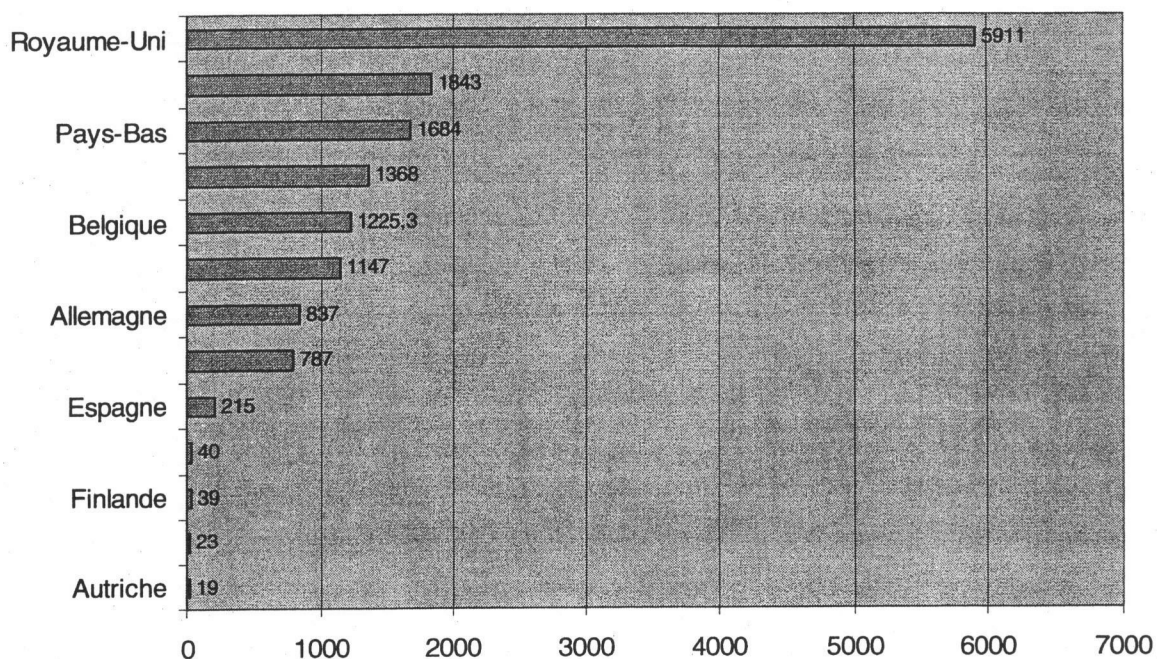
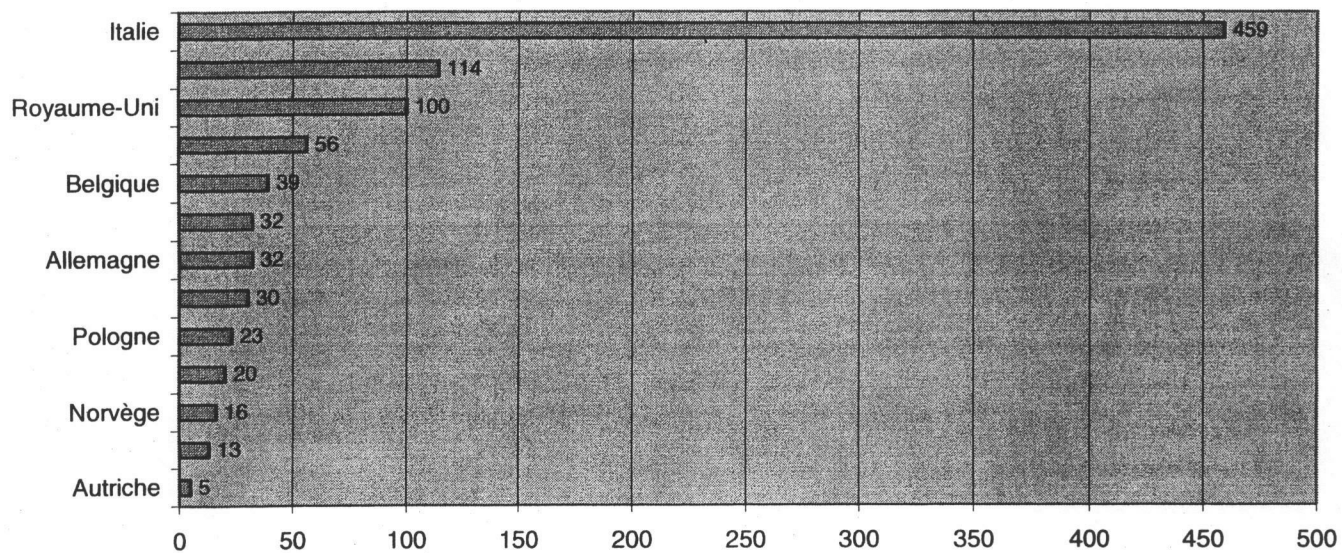


FIG 4 : Average Socially Responsible Investment funds assets by country in million of euros



d. Solidarity-based finance activity indicators in some countries

Country/initiative	Amount in million €
France	
Raised savings	
NEF	44
Dépôt caisse solidaire NPC	4,5
Coopérateur caisse solidaire NPC	0,2
Actionneurs d'autonomie et solidarité	10,6
Total	50,3
Loans granted	
ADIE	10,7
NEF	12,4
Caisse solidaire	2,1
Total	25,2
Participation	
Autonomy and solidarity	1
France active paid-in contracts	0,2
Investment from "FCP Insertion emploi"	3,6
Contribution of the France active investment company	1,6
Total	6,4
United Kingdom	
Social or community development bank	200
Microcredit and deprived community aimed lendings	131,1
Venture capital	73,8
United States	
Social or community development bank	3278,7
Microcredit and deprived community aimed lendings	3762,3
Venture capital	339,3
Italy	
Banca Etica : lendings	56,8
Banca Etica : raised savings	88,8

source: ADIE

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Members of the Committee: **Mr Marcel Glesener** (Chair), Mrs Christine McCafferty (1st Vice-Chair), **Mrs Helena Bargholtz** (2nd Vice-Chair), **Mr Cezar Florin Preda** (3rd Vice-Chair), Mr Vicenç Alay Ferrer, **Mr Jorodd Asphjell**, Mr Miguel Barceló Pérez, Mr Miroslav Beneš, Mr Andris Berzinš, Mr Jaime Blanco, Mrs Raisa Bohatyryova (alternate : **Mr Oleksandr Stoyan**), Mrs Monika Brüning, **Mr Saulius Bucevičius**, Mrs Sanja Čeković, **Mr Igor Chernyshenko**, **Mr Dessislav Chukolov**, **Mrs Minodora Cliveti**, Mr Imrie Czinege, Mrs Helen D'Amato, Mr Dirk Dees, Mr Stepan Demirchayan, Mr Karl Donabauer, Mr Ioannis Dragassakis, Mr Claude Evin, Mrs Sonia Fertuzinhos, **Mr Paul Flynn**, Mrs Margrét Frimannsdottir, Mrs Doris Frommelt, Mr Renato Galeazzi, Mr Jean-Marie Geveaux, Mr Stepan Glăvan (alternate : **Mrs Gratiela Denisa Iordache**), **Mr Igor Glukhovskiy**, Mrs Claude Greff, Mr Ali Riza Gülçiçek, **Mr Michael Hancock**, Mrs Olha Herasym'yuk, **Mrs Sinikka Hurskainen**, Mr Ali Huseynov, Mr Fazail Ibrahimli, **Mr Mustafa Ilicali**, **Mrs Halide Incekara**, Mr Denis Jacquat (alternate : **Mr Alain Cousin**), **Mrs Krinio Kanellopoulou**, Mr András Kelemen, Mrs Katerina Konečná, Mrs Marie-José Laloy, Mr Slaven Letica, **Mr Jan Filip Libicki**, Mr Gadzhy Makhachev, Mr Bernard Marquet, Mr Ruzhdi Matoshi, Mr Paddy McHugh, Mrs Ljiljana Milićević, Mr Philippe Monfils (alternate: **Mme Fatma Pehlivan**), **Mr Donato Mosella**, Mrs Nino Nakashidzé, **Mr Conny Öhman**, **Mrs Vera Oskina**, Mrs Lajla Pernaska, Mrs Adoración Quesada (alternate : **Mrs Bianca Fernández-Capel**), Mr Walter Riester, Mr Andrea Rigoni, Mrs Maria de Belém Roseira, Mr Alessandro Rossi, Mrs Marlene Rupprecht, Mr Fidias Sarikas, Mr Walter Schmied, **Mr Gianpaolo Silvestri**, Mr Hans Kristian Skibby, Mrs Anna Sobecka, Mrs Darinka Stantcheva, **Mrs Ewa Tomaszewka**, Mr Oleg Tulea, Mr Alexander Ulrich, Mr Milan Urbáni, Mrs Ruth-Gaby Vermot-Mangold, Mr Aleksandar Vučić, Mrs Angela Watkinson (alternate : **Mr Nigel Evans**), **Mr Bart van Winsen**, Mrs Gisela Wurm, Mr Victor Yanukovych (alternate : **Mr Ivan Popescu**), **Mrs Barbara Žgajner-Tavs**, N.

N.B. The names of the members who took part in the meeting are printed in **bold**.

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