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Fee and Rebate systems to Foster Ecologically Sound Urban waste Management

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1. INTRODUCTION

Economic instruments have proved to be an effective means to address environmental problems, and particularly to foster source reduction and recycling of municipal solid waste (MSW) (Turner *et al.*, 1998; Hogg, 2002). This paper advocates for the introduction of a new economic incentive to improve MSW management at the local level.

In order to avoid duplication of services and facilities, municipalities tend to group themselves into associations in order to manage MSW. This is a common practice almost anywhere, since it allows municipalities to manage MSW in a more efficient and economic way. In most cases, the cost of these joint operations are allocated to each municipality according to aspects such as the number of inhabitants or the amount of waste carried to each facility.

These allocation criteria very rarely take into account the environmental performance of the different municipalities. Aspects such as the quality of the collection, the intensity of the environmental communication programs, or the degree of participation and commitment of the citizens depend on the environmental practices of local Councils. Therefore it would make sense to adopt a system to reward those municipalities that make more significant steps towards ecological solutions for waste management, whilst penalizing those that do not move in this direction. A possible means to put into place these incentives is a feebate system.

2. FEEBATE SYSTEMS

Feebate systems are aimed at fostering those activities, practices or products that are deemed more environmentally friendly at the expense of those that are less. They do so by means of a simultaneous use of both fees and rebates. The activities that take less care of the environment compared to the average are charged fees and the collected amount is transferred to the most ecological ones in the form of rebates, making them more competitive compared to the initial situation. The more environmentally harming an activity is the greater the fee is, and the friendlier it

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