

**PROSPECTS FOR PRIVATIZATION
— SOLID WASTE COLLECTION —**

DOMINICAN REPUBLIC

REPORT BY

Wesley D. Boles

CENTER FOR PRIVATIZATION

1750 New York Avenue, N.W.
Washington, D.C. 20006

Project No. 27

December 20, 1986

Prepared for the
**BUREAU FOR PRIVATE ENTERPRISE
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**



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This report was prepared under
AID Contract No. DPE-0008-C-00-5808-00
between the Agency for International Development
and Analysis Group, Inc.

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B. Project Objective

The purpose of the mission was to review available information with respect to the collection and disposal of solid wastes in Santo Domingo, Dominican Republic. From this review a scope-of-work was to be written designed to analyze alternatives to methods of privatization and to lead to a feasibility study providing the City of Santo Domingo with specific analyses and recommendations for negotiating a contract with private companies.

C. Executive Summary

The Dominican Republic, with a population of 6.2 million, occupies the eastern two-thirds of the island of Hispaniola. While it has made substantial progress since the mid-1960's in economic development, the country has faced an economic crisis since 1982. A large foreign debt, very poor market conditions for its traditional export commodities and a decline in investment capital have contributed to the current problems.

Continued government budget deficits, balance of payments problems and maintenance of unrealistic price controls and exchange rates have led to pressures from the IMF and other international donors to change economic policy. A stabilization program begun in January 1985 freed the exchange rate so that the Dominican peso is now convertible at a market established rate which has been about 3 pesos to one U.S. dollar since early 1985.

Politically, the Dominican Republic has just completed its sixth successful Presidential election and appears to have established a base of democratic traditions. In the 1986 election, Dr. Joaquin Balaguer returned to office after an eight year absence. His party, the Partido Reformista Social-cristiano, has shared power with the Partido Revolucionario Dominicano which is considered a socialist party, while the "Reformista's" are regarded as more conservative.

Government power in the Dominican Republic is concentrated in the central government with little in the way of financial resources or authority left to local government. Santo Domingo is not a municipality but for administrative purposes is considered part of what would normally be a province, in this case called the National District. Thus, the Ayuntamiento del Distrito Nacional (ADN) covers a broader area than the actual city of Santo Domingo but most of its attention is focused on the city itself. The population of the district is probably close to 2.5 million, 85% of whom live in Santo Domingo.

The budget resources for the ADN for 1986 amount to \$RD31 million (U.S. \$10.5 million), of which some 30% is spent for street cleaning and solid waste disposal. This service is a legal obligation of the local government and its department responsible for the service employs more than 3,500. Nevertheless the service is widely regarded as inadequate and in view of Santo Domingo's position as showcase for the Republic and main point of entry for foreign tourists and investors, there is pressure on the new ADN government to improve it. The new chief executive of the ADN, or Sindico, Rafael Subervi, is a member of the PRD party, and thus a political rival of the national administration. His ability to finance capital improvements and better services are constrained by lack of a tax base. The ADN has no form of property or income tax merely a series of nuisance taxes and is dependent upon the central government for some 60% of its current revenue.

Solid waste generation runs approximately 1,200 tons daily. Disposition is by open dump although there is some recycling.

User fees are collected by the municipal water company as add-on fees to water service bills. The amount collected and turned over to the ADN presently amounts to RD\$3 million (U.S.\$ 1 million) annually, or one-third of the amount spent. Better service will require greater financial resources made available to the local government, but means of increasing the user fee tariff and the collection yield appear difficult. Private billing of user fees is an option which has not been considered heretofore.

Critical issues include:

1. The need for the ADN to choose a course of action. Options may be:
 - a) Maintain status quo.
 - b) Seek international donor aid.
 - c) Contract out or franchise a portion of the service.
 - d) Contract out or franchise all of the required service.
2. How can the ADN finance improved solid waste service:
 - a) Continuing fee collection through CAASD.
 - b) Transfer fee collection to the Electric Company.

c) Collect the fee itself.

d) Franchise the service, leaving fee collection to the franchisor.

3. Relationship between the ADN and the Central Government.

4. Recommendations:

The recommended best solution is to franchise the entire service. The recommended second best solution is to contract out the entire service with the contractor paid by the ADN. A third, and perhaps most practical, recommendation is for the ADN to franchise part of the service as a pilot program to test the feasibility of privatization.

Recommended follow-up is dependent upon the ADN's decision to consider privatization of its municipal waste management services. The basic objective of the follow-up would be to provide the ADN with the technical assistance needed to develop terms of reference to attract private concerns to bid or express interest in providing services. Technical assistance to be supplied should include a review of the legal framework governing the ADN's service role and fees, and assessments of the technical, financial, and economic aspects of alternative privatization scenarios.

D. Country Assessment

The Dominican Republic is a working democracy in the midst of developing its economy while at the same time strengthening its democratic institutions. Occupying two-thirds of the island of Hispaniola, the current population probably exceeds 6.2 million, and continues to grow at a rate of 2.9% per annum. For the past twenty years the country has experienced a strong migration from rural areas to the cities, principally Santo Domingo, the capital, so that the population of the metropolitan area of Santo Domingo now exceeds one-third of the national total.

While the Dominican Republic is organized in democratic fashion, with an elected President and national congress, political authority is heavily concentrated at the national level, with little autonomy and even less financial resources left to the provincial and municipal levels. Executive power is further concentrated in the office of the President, with few decisions of consequence made by anyone other than the President.

The Dominican economy is generally open and there is at present a dynamic private sector. However, starting in the mid-1960's, the Dominican Republic undertook to promote rapid industrial development following a pattern very common in Latin America, import substitution and government intervention. From the period 1968 through 1974 economic development policies were quite successful as relatively high world prices for commodities and expanding world demand generated ample export earnings from Dominican sugar, coffee, cacao and minerals to finance imports of consumer and capital goods and the beginnings of industrial development. The national gross income rose at an average annual rate of 11.5%. A technically trained workforce and an urban middle class came into being as the Dominican Republic evolved away from its historic condition of a rural, agricultural economy.

The first "oil shock" of 1974 brought a significant increase in the cost of imports and slowed progress in further developing the Dominican economy. Nevertheless, the Dominicans were able to maintain their trade accounts in rough balance and to achieve economic growth rates averaging 5% annually until 1979. The second "oil shock" followed by a general collapse in commodity prices in 1981 led to sharp balance of payments deficits, escalating foreign debt, inflation and stagnant local industries. Since 1982 the Dominican economy can be considered to have been in a state of crisis.

Foreign debt totals approximately U.S.\$3.0 billion, of which \$2.7 billion is public and \$300 million private. Very low prices together with decreasing sugar import quotas for the United States and Europe have had a severe impact on the trade balance, but declines in prices of other commodities and the termination of bauxite shipments have also contributed. The reaction in 1982 of the then current government was to increase government spending in the form of subsidies and industrial assistance programs which understandably contributed to rapid inflation and to deterioration in the value of the national currency.

Discussions with the IMF led to stabilization plans, including cutting out price subsidies. A sudden increase in domestic petroleum prices triggered rioting in the spring of 1984 which was put down by the military at the cost of several dozen lives. By the end of 1984 the Government was confronted with an inefficient and underutilized industrial base, rising unemployment, capital flight, corruption and increasing popular dissatisfaction. Economic growth in real terms went from 3% in 1983 to 1% in 1984 and to zero growth in 1985.

Under pressure from U.S. and international lending agencies, the Dominican Government in January 1985 deregulated the Dominican peso, permitting under most circumstances convertibility at a rate set by the market. For the past nearly two years it has traded with the U.S. dollar at approximately 3 to 1. Efforts have been made to reduce subsidies of certain basic food items and to improve the efficiency of public enterprises. Laws to promote foreign investment and to permit temporary import of components to be assembled have been put into force. Non-traditional exports, duty free export assembly zones and tourism projects have been promoted with considerable success. Growth in non-traditional exports, however, has not yet matched the decline in export earnings from sugar, the D.R.'s most important single export earner. Foreign exchange earnings from tourism have risen substantially and now exceed the current amount generated from sugar exports.

The decline in petroleum prices coupled with an increase in coffee prices may allow the Dominican Republic to achieve a balance in its trade accounts in 1986. However, total foreign exchange earnings are not expected to enable the Republic to service its foreign debt obligations. Further discussions with the IMF and further pressures to reduce government spending, particularly with respect to state owned enterprises, should be expected.

Given the rapid increase in population, the real standard of living in the Dominican Republic has declined in the past three to four years. Unemployment is severe, estimated to range around 30%. Per capita income is under U.S.\$900 per year and economic growth this year in real terms may not exceed 2%, if that. The state is heavily involved in the economy, owning the national electric power utility (Corporacion Dominicana de Electricidad), most of the sugar estates and mills (Consejo Estatal de Azucar) and through its holding company, (Corporacion Dominicana de Empresas del Estado (CORDE)), majority and minority holdings in more than fifty enterprises, including the national airline, a major cement works, etc. Import quotas and restrictions in favor of local manufacture are still maintained as well as export taxes on traditional products.

The elections of 1986 brought the return to the Presidency of Dr. Joaquin Balaguer and of his party, Partido Reformista Social-Cristiano, ending eight years in power for the Partido Revolucionario Dominicano (PRD). The PRD is basically a socialist party inclined towards statist solutions to economic and social problems. In addition, President Salvador Jorge Blanco was widely perceived to have lost control of much of government and to have permitted an even greater than normal degree of government corruption.

The basic posture of the new, "Reformista" government has been one of austerity, better management and perhaps a shrinking of the state's role in the economy. The Vice President, Carlos Morales Troncoso, has not been politically active, but instead is noted as a leading industrialist, member of the group which bought out Gulf & Western's interests in the Dominican Republic.

E. Enterprise Assessment

The level of basic municipal services provided the residents of metropolitan Santo Domingo has not been satisfactory for many years, but during the eight year period (1978-86) the rate of deterioration accelerated. The single most important cause for this decline has been the rapid increase in the population served unmatched by any comparable increase in financial resources available to the municipality. What may have been a population of 400,000 during the revolution of 1965 has now increased to a minimum of two million, possibly to 2.5 million. None of the public services, be it trash collection, water, drainage, streets, public lighting, traffic control, schools or health facilities has kept pace.

As noted, the PRD lost the presidency to Joaquin Balaguer as a result of the 1986 elections. The party, however, retained control of Santo Domingo with the new municipal chief executive Dr. Rafael Subervi Bonilla, formerly Secretary of Tourism under PRD President Jorge. Dr. Subervi is publicly well liked, appears to be a reasonably able public administrator and has exhibited a strong desire to improve public services in Santo Domingo. He brought with him a number of key assistants from the Secretariat of Tourism and has already achieved improvement of the city's administration.

Given Santo Domingo's role as showcase for the Dominican Republic and the strong national interest in promoting tourism and foreign investment, there is considerable pressure to beautify and clean up the city. Dr. Subervi's problem is that he probably has only a few months to show significant progress, despite extremely limited financial resources, before the national government intervenes to resolve the problem with credit accruing to Dr. Balaguer and the "Reformista's". The central government has already taken steps in this direction with street paving and storm drainage projects now underway in Santo Domingo under the aegis of the State Secretary of Public Works.

Unlike the rest of the country, which is administratively divided into provinces with their respective municipalities, Santo Domingo is juridically not a municipality but an integral part of the National District, a land area of roughly 40 miles by 20 miles, and therefore resembles more an American county rather than a city, but there is little other difference between it and the other Dominican provinces. The Ayuntamiento del Distrito Nacional (ADN) has eighteen branch offices (delegaciones) many of which are within the Santo Domingo urbanized areas with others in smaller communities such as Boca Chica, east of the airport. Despite this juridical base, most of the Ayuntamiento's attention (including the problem of solid waste disposal) is focused on the Santo Domingo metropolitan area. The executive branch of the Ayuntamiento is called the Sindicatura, and Dr. Subervi's title is "Sindico". The legislative branch is called the Sala Capitular and its elected members are referred to as "regidores". The PRD is the leading party in the Sala as well.

Street cleaning and disposition of solid wastes are legal obligations of the Ayuntamiento and form one of the key responsibilities assigned to Dominican municipalities in their organic law. General health is a responsibility of the national government. Within the ADN, street cleaning and solid waste disposition is assigned to the Direccion General de Limpieza y Aseo Urbano. The Department has an array of equipment, limited facilities and something in excess of 3,500 employees. The newly appointed director, William R. Castellanos Badui, is a young civil engineer with little experience in this field. There is also little in the way of support staff or middle management.

Rolling stock includes a number of compactor trucks, roll-off trucks, dump trucks and a varied collection of containers, tractors, small trucks and push carts. A list of equipment is in Appendix 1.

While streets are swept and trash collected the service is erratic and inadequate. Disposition of wastes is to two open dumps. The first, at Guaricano in the northern outskirts of the city, had been receiving some 80% of the total but now receives it all since the second, at Cancino in the northeast outskirts, is closed owing to lack of equipment.

Some of the rolling stock represent fairly recent gifts from friendly governments like Japan, Sweden, Italy and the Republic of China. The bulk of the compactor trucks, however, date from 1978. The department does not come close to modern waste management standards with respect to training, equipment, support facilities, maintenance, supply, utilization or supervision.

Little is done now in the way of separation of solid wastes, although informal scavenging operations do take place, recycling glass, metal, paper and plastic. A new recycling plant using mechanical separators is now coming on stream adjacent to the dump at Guaricano. The plant represents Dominican private investment coupled with Spanish technology. The investors have an agreement with the ADN to process wastes and to share profits from the sale of the recycled materials. After the salvageable materials have been removed, the remaining wastes are aerated for several days and then added to the dump. This is a pilot project with a design capacity of only 100 to 150 tons daily. The ADN is putting in an electronic scale at the entrance of the plant to monitor tonnage although no tipping fee is planned.

Since the total solid waste generated in Santo Domingo is estimated to exceed 1,200 tons daily, the recycling plant will process only a small portion of the total. The waste stream contents are high in organic food wastes, high in moisture content, but low in caloric value and compactibility. No information was available as to the breakdown of waste generated by source, e.g. residential or commercial.

Common receptacles range from 55-gallon drums to small plastic bags obtained from grocery stores. Waste generation per capita is estimated at 650 to 800 grams daily, or more than 1,200 tons. At any given time there are significant quantities of visible litter, uncollected piles of garbage and other debris scattered throughout the city to an extent that vitiates any attempt by health authorities to undertake rat or other vector control programs

In response to the inadequate level of the public service, a variety of supplemental, "privatization", schemes to dispose of trash have been developed. These include:

- a) in very poor areas, residents pay small amounts of money to individuals with push carts who collect garbage from each household and remove it to a central dump and scavenging area nearby;
- b) hotels and industries use their own trucks or those of maintenance contractors to haul trash to the dump;
- c) two neighborhood associations, Los Prados and San Geronimo, contributed 20,000 pesos toward the purchase by the ADN of a 30,000 peso small compactor truck which it committed to service in the two neighborhoods.

- d) householders, neighborhood associations and, reportedly, supermarkets make "extra" direct payments to ADN employees to assure service;
- e) owing to lack of equipment, the ADN itself is contracting with the owners of some 60 dump trucks at a cost of 200,000 pesos monthly to haul solid wastes to the dump.

Inadequate though it may be, street cleaning and trash collection represent nearly 30% of Ayuntamiento expenditures. The total ADN budget for 1986 is 31 million pesos (U.S.\$10.5 million), of which 9 million pesos (U.S.\$3 million) is budgeted for for these services. In simple terms the ADN is attempting to provide municipal services to its residents on a budget of less than U.S.\$5.00 per person per year, which very largely explains why the level of service is low.

Technical, administrative and financial assistance is provided Dominican municipalities by an autonomous government agency of the central government, the Liga Municipal Dominicana. Under the auspices of the LMD, some 20% of the internal taxes collected by the central government (exclusive of income, export and import taxes) are distributed to Dominican municipalities in proportion to population. The Distrito Nacional is not linked to the Liga Municipal, but by virtue of a special law, receives from the LMD 27% of the amount disbursed to the municipalities. In 1986 this is expected to amount to \$RD 18 million (U.S.\$6 million), or 58% of the total ADN budget. The remaining 13 million pesos (U.S.\$4.5 million) derives from a variety of fees and nuisance taxes including rents from city-owned markets, cemeteries and parking lots and taxes on hotels, bars, restaurants and property transfer.

There is at present no property register, system of assessment or property tax levied. The municipalities have no recourse to income taxes nor direct taxes on transfer of goods. One or more of these potential revenue sources may be tapped in the future, but not without changes in legislation, both national and local, as well as changes in public attitude: developments which should not be considered likely in the short term.

Absent an extra and continuing subsidy from the central government, the only practical solution for funding municipal services is user fees. A system of user fees for water and trash services in Santo Domingo has been in effect for some time. Responsibility for potable water, sewers and drainage for the Santo Domingo metropolitan area (not the entire national district) was transferred to a decentralized municipal enterprise, Corporacion de Acueductos y Alcantarillados de Santo Domingo (CAASD).

The ADN has established a user fee schedule for trash service and has entered into an agreement with CAASD to collect the trash fee along with the water service fee in return for a commission of seven per cent. Unfortunately, water service is also extremely poor and non-payment of water bills is widespread. In addition, the trash user fee schedule in effect is badly out of date and even if CAASD were able to collect from all 100,000 plus of its accounts, the amount would be inadequate to provide the level of service necessary. In practice, it does less than that, generating around 250,000 pesos a month, or about one-third the budgeted expenditures, and even these payments are often delayed owing to administrative problems at CAASD.

Technically, the problem of adequate waste management can be solved. A major study undertaken for the Ayuntamiento by Dominican engineering consultants and completed three months ago, laid out a detailed program of investment, operations and financial projections to provide street cleaning, waste removal and operation of a sanitary landfill. The study projected initial investment in the range of 12 million pesos (U.S.\$ 4 million), a headcount of less than 1,200 people and an operating, administrative and amortization cost of approximately one million pesos monthly. This sum, spread over the 350,000 households comprising Santo Domingo, totals 3 pesos (U.S.\$1) per household per month. Taking into account the possibility of cross subsidization of the services through differential user fees based on socio-economic neighborhood classifications and much higher monthly fees for large users like hotels or supermarkets, there would appear to be an adequate revenue base from which to generate the needed level of income user. In fact, in 1985 the Sala Capitular approved a recommendation to the Sindico establishing just this type of user fee schedule for trash collection, but for a variety of political and administrative reasons the recommendation has not been implemented.

The critical issues then are not technical, but political and administrative. Precedent exists for both user fees and contracted services. The question is how to bring either or both to the level required.

F. Critical Issues

A basic given in the review of options available to the Ayuntamiento is that it is neither legally nor politically likely that the ADN can walk away from its requirement to provide street cleaning and trash collection services. Thus the option of abandoning the field to purely private solutions is not considered valid.

1. Choice Among Alternative Courses of Action:

a) Maintain the status quo.

Advantages: requires no investment, no troublesome change in present user fee collection procedure, no public employee layoffs. **Disadvantages:** without substantial improvement in human and physical resources, service will further deteriorate.

b) Seek International Donor Assistance.

Advantages: could provide capital investment at little or no cost to Ayuntamiento, would require no immediate change in the user fee or employment structure.

Disadvantages: does Santo Domingo's solid waste collection service rank sufficiently high among the priorities of prospective international or bilateral donors that funds would be forthcoming and in sufficient amounts to resolve problem? Without major restructuring and upgrading of human resources and technical support, the present system is incapable of using new equipment efficiently or of maintaining it. The result would most likely be merely an expensive and short run palliative.

c) Contract Out or Franchise a Portion of the Service. The ADN

could choose to contract out or franchise selected residential areas of the city or selected classes of users, e.g. large commercial establishments and industries.

Advantages: a reduced need for capital investment on the part of the Ayuntamiento, a reduction in the need to contract with private truck owners and the concentration of the ADN's limited resources to a much smaller area with presumably better results. In addition to likely offering better service to the areas to be served by private firms, franchisors might be charged franchise fees which could compensate the ADN for any added administrative burdens.

Disadvantages: 1) no guarantee that the ADN would provide much improved service even in a reduced area; 2) the likelihood that the ADN would continue to service the poorer areas of the city which without substantial improvement of service would offer no resolution of public health problems; 3) the question would likely remain of who would attack the problem of closing the present open dumps and developing a modern sanitary landfill at a new site, further from the city's water supply; 4) the problem of payment since even partial privatization assumes either more efficient collection of user fees or letting a franchisor collect for its services, and; 5) the possible lack of sufficient economy of scale to attract major companies, leaving the field to smaller, less well prepared contractors or franchisors.

d) Sole Service Contract or Franchise to One Vendor.

Advantages: if a well qualified vendor were selected, it could resolve the problems of capital, technology and management skills and provide an adequate level of service, without major investment on the part of the ADN. Under some circumstances it could also reduce the ADN's subsidy of this service, freeing up funds for other uses.

Disadvantages: The implication that the present municipal employees would be dismissed, costing the ADN a source of patronage and political support; cost, assuming an investment in the range of U.S.\$7 to \$10 million, the requirements for amortization of investment, working capital, operating expenses and satisfactory return on investment might exceed the capability of the ADN to assure payment, whether by government agency or by private sources. There are also questions of foreign exchange availability either to pay foreign vendors of critical equipment or repatriation of profits to possible foreign investors. Any need by the ADN to seek support from the central government could also raise prospective political questions.

2. How To Finance Improved Solid Waste Service.

The critical issue is fundamentally how to increase the current yield from user fees for this service by a factor of four or five. There are a number of options.

The first is to continue with collection by the water company (CAASD). This prospect is not promising, since trash collection user fees will continue to be tied in to the level of water service and also to a needed increase in water service fees to a realistic level. This is not likely to occur quickly and reliance on this mechanism will probably not generate the funds needed. It is also understood that CAASD would like to be relieved of this burden.

The second would be to transfer the collection service from CAASD to the Corporacion Dominicana de Electricidad (CDE). The arguments in favor are that the CDE has far more effective collection methods, including the sanction of cutting electric service to non-payers, that its bills are far higher than the water bills so that trash service fees will be unlikely to attract much public attention and that its customer base is far broader than that of CAASD so that far greater yields can be expected. This option is favored within the ADN and has been mentioned by a number of would be contractors as a means of securing the necessary financing. However, the CDE is not linked to the Ayuntamiento, being a decentralized national enterprise, and reportedly is uninterested in adding Santo Domingo's trash service user fee to its already considerable problems. CDE's involvement would require a decision at the level of the President and preliminary indications have failed to show any interest on the part of the Presidency to get involved at this time.

A third option would be for the ADN to collect the user fees itself. This option is widely discounted within the ADN itself, as its current capability to collect and administer fees is very limited, although improving. Conceivably the ADN could undertake to collect user fees from commercial and industrial establishments, which number somewhere between 18,000 and 20,000, particularly if collection were confined to those with more than 5 or 10 employees, but even this might be unduly expensive. The interest of the ADN in setting itself up to collect residential user fees is non-existent.

The fourth option would be to franchise the services and allow the collection of fees directly from users. Theoretically this is perhaps the best solution, but it is untried and raises a number of concerns. The usual sanction for non-payment available to a purveyor of services is to withhold the service. There is a question as to whether this would be permissible owing to the ADN's legal obligation to clean the streets and remove trash. Alternative sanctions could come from ADN ordinances outlawing litter and leaving uncollected trash in front of one's property for more than 48 hours, for example. These would require new legislation and an enforcement mechanism which in turn raises a question as to the ADN's willingness and ability to undertake such an initiative.

However, assuming good service, it could well be that peer pressure and the need to conform to neighbors' expectations would enforce payment by those who might otherwise be inclined not to pay, but this is an untested concept. A further question involves potential participating private enterprises, especially foreign corporations, none of whom currently operates in Latin America on this basis, but instead provide waste management services under contract to public entities. Such firms would no doubt have to consider carefully the implications of the added administrative costs and projected payment experiences in determining whether to enter into a franchise arrangement or not.

3. Relationship between Ayuntamiento and the Central Government.

The issue is whether the ADN has authority in reality to resolve its fiscal problem with respect to trash services without the concurrence, if not the strong support, of the central government. Another issue is whether the central government will respond favorably to the needs of the ADN or elect to develop a solution directly between it and a potential contractor ignoring the ADN in a fashion analogous to the street paving and storm drainage projects.

4. Recommendations.

The recommended best solution is to franchise the entire street cleaning, waste collection and disposition service to a single enterprise, whether of local, foreign or mixed ownership, with the franchisor responsible for direct collection of user fees. This could offer a means of providing Santo Domingo a self-financed, adequate level of service and relieving the ADN of its need to subsidize the service.

This does represent, however, a radical change from the present. It also represents a relatively high level of investment (U.S.\$7 to \$10 million) which may prove difficult to finance in one step, particularly in view of the limited experience in Santo Domingo with collecting fees directly from users of municipal services.

The recommended second best solution would be to contract out the whole service, but to retain collection of user fees with the ADN. On the one hand this would be administratively simpler for the contractor who would receive payment directly from the ADN, but would require that the ADN resolve its current problems with respect to user fee levels and efficiency of collection. It might also require some form of payment guarantee to the contractor from the central government.

A third recommendation, and perhaps the most practical, if neither of the first two proves acceptable, would be to contract out or franchise part of the service as a pilot program to demonstrate feasibility. One approach would be to franchise service to specific neighborhoods with the franchisor collecting directly from users. The sanction for non-payers could be the need to rely on the municipal service. Another approach might be to franchise service to large commercial users like hotels, restaurants and supermarkets who have heavy requirements and are believed to be very willing to pay for effective service. A third option might be to franchise the development and management of a sanitary landfill with the franchisor paid through tipping fees from both municipal and private haulers. Yet another approach might be to separate street cleaning from waste collection, with the ADN retaining street cleaning and contracting out or franchising waste collection.

These recommendations can be further refined, but the critical factor remains the willingness and ability of the Ayuntamiento to choose and carry out a course of action.

G. Accomplishments.

Contact was established with key personnel in the Ayuntamiento and with other community members interested in the waste management problem. Substantial information was obtained with respect to the current set-up. A briefing was held for the U.S. Ambassador and A.I.D. Mission chief and the preliminary findings and recommendations were found broadly acceptable.

H. Recommended Follow-Up.

Recommended follow-up action must, of course, follow a decision by the Ayuntamiento to pursue further the possibility of privatization of municipal waste collection and disposition and an indication of which of the options listed above is preferred. Assuming continued interest in privatization, the basic objective for follow-up would be to provide the Ayuntamiento with the technical assistance necessary to develop terms of reference which effectively attract bids or expressions of interest from qualified private concerns. A recommended scope-of-work for follow-up activities includes:

1) a review by local counsel of the existing legal framework governing the ADK's obligation to provide waste collection services, set user fee tariffs and its need to seek central government approval for selected actions in order to provide the ADN guidance as to its scope of authority.

2) services of a sanitary engineer to assess equipment and manpower needs under alternative scenarios of partial or complete privatization taking into account volume and characteristics of solid waste generation in terms of geographic dispersion or segregation by class of user.

3) services of a financial analyst to evaluate the financial conditions of the current municipal street cleaning and waste collection department and assess financial aspects and feasibility of privatization including analysis of one or more pilot project proposals. Also, to assist in determining terms and conditions for franchise or contracting out of part or all of the service.

4) services of a developmental economist to assess economic consequences, fiscal implications and social acceptability of alternative forms of privatization.

It is recommended that the follow-up team be provided a copy of the technical report on waste collection provided the Ayuntamiento in September to serve as an information base for further analysis.

I. Appendices.

1. List of equipment currently owned by the ADN and a partial list of citations of pertinent Dominican legislation.

2. Trip chronology.

3. Additional relevant data such as the original USAID cable setting forth scope of assignment and a sample waste management contract used in the U.S.

Appendix 1.

Inventory of Equipment Assigned to Department of Cleaning.

Compactor Trucks	- 58
Dump Trucks	- 45
Roll-Off Trucks	- 10
Tank trucks	- 4
Metal bed trucks	- 6
Asphalt delivery trucks	- 2
Well drilling trucks	- 5
Tractors with heavy equipment trailers	- 2
Trucks for lubrication	- 1
Buses	- 4
Small vans	- 2
Signal truck	- 1
Tractors	- 10
Rollers	- 5
Power shovels	- 12
"Jeeps"	- 4
Motorgraders	- 3
Ambulances	- 2
Hearse	- 1
Mobil Compressor	- 1
Asphalt spreaders	- 2
Pick-up trucks	- 43
Automobiles	- 18
Motorcycles	- 61

With respect to the compactor trucks, only 10 were said to be operating normally, 37 in need of daily repairs and 11 were classified as needing major repairs. Only five of the roll-on, roll-off trucks are in operation. Problems with the bulldozers assigned to the dumps at Guaricano and Cancino are such that Cancino is not presently in operation.

Citations of Pertinent Dominican Laws

1. The Organic Law of the Ayuntamiento del Distrito Nacional No. 3456, dated December 21, 1952.
2. The Law of Autonomy No. 5622, dated September 14, 1961.
3. Municipal Resolutions:
 - a) Resolution 34/74, dated August 28, 1974 setting waste collection user fees.
 - b) Resolution 1/1975, dated January 15, 1975.
4. Law 180 of Dr. Hector Garcia Godoy's Provisional Government, dated April 14, 1966, municipal service fees (arbitrios) from the National District as from other municipalities will be submitted beforehand to the National Council for Development through the auspices of the Technical Secretariat of the Presidency for review and recommendation of the Executive.

Appendix 2.

Trip Chronology/Professional Contacts

A meeting was held in Washington, D.C. November 3, with Mr. Robert Morris, Director of Public Affairs, of the National Solid Wastes Management Association, to review voluminous literature available regarding the privatization of waste management in North America.

From November 5 through November 13, research and review was carried out in Santo Domingo, the Dominican Republic. Meetings were held with officers of the local municipal government, with concerned U.S. government officials, and with local engineering and legal firms. Physical facilities, including the open dump and recycling plant at Guaricano, were visited as well as substantial parts of the poorer areas of the city where garbage collection is particularly a problem.

Individual professionals consulted during the visit were:

Ramon Santiago de Windt, Secretary General, Ayuntamiento del Distrito Nacional.

Luis Elpidio Madrigal, Auditor, ADN.

Martha Alt. Burgos, Treasurer, ADN

Willian R. Castellanos Badui, Director, Municipal Cleaning.

_____ Amado Guzman, Director, Planning, National Office of Planning and Budgeting.

James Finch, Attorney, Kaplan, Russin, Vecchi and Heredia Bonetti.

Roberto Castillo Tio, President, ICMA, and member of municipal council.

Daniel Bodden T., President, Society of Engineers of the Caribbean.

Jorge Alberto Jesses, President, CEAMSE, Buenos Aires, Argentina.

Alex L. Gonzalez, Manager, Venezuelan and Caribbean District, Waste Management International, Caracas, Venezuela.

Fernando Del Toro, Vice President and General Manager, Southwest Trading, Inc., Mayaguez, Puerto Rico.

Members of the Embassy and U.S.A.I.D. staff who were helpful in the performance of this review included Mssrs. Peter Bittner, Ken Lanza and Douglas Crowe of Private Sector Programs, AID staff members William Smith, Henry Welhouse, Lee Hougen and Benito Enriquez, Embassy staff members Arlen Wilson and Bainbridge Cowell as well as AID Mission Director Bassford and Ambassador Kilday.

Appendix 3.

Additional Documents

Copy of Telegram from US AID Santo Domingo dated October 16, 1986, number 13134.

Copy of recommendation from Sala Capitular to Executive proposing creation of a new, mixed enterprise to collect trash in Santo Domingo, dated September 17, 1986.

Memoranda relative to municipal waste service from Ing Roberto Castillo Tio.

MOTION
COPY

Department of State

INGOMING TELEGRAM

PAGE 01 SANTO 13134 1618472
ACTION AID-00

5425 050716 AID9642

SANTO 13134 1618472

5425 050716 AID9642

ACTION OFFICE PRE-16
INFO LAEM-0: LADP-04 LADR-03 GC-01 UCLA-03 PSC-01 GCCN-03
PPR-01 RELO-01 LACA-03 /029 AA 4B16

5. USAID APPRECIATES EXPEDITIOUS ASSISTANCE PROVIDED BY
PRE/M. MCLUHLIN

RECEIVED OCT 20 1986

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-----131210 1618462 '08

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FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC PRIORITY 9934

DR.

UNCLAS SANTO DOMINGO 13134

AIDAC

4

FOR: P. HAIRE, PRE

E.O. 12352. N/A
SUBJECT: PRIVATIZATION SERVICES UNDER AID PROJECT WITH
CENTER FOR PRIVATIZATION

REF: (A) TELCON PBITTNER/GJOHNSON 18/02/86, (B) SANTO
DOMINGO 12734 DTD 18/7/86, (C) TELCON KLANZA/PBITTNER
18/16/86, (D) TELCON KLANZA/PHAIRE 18/16/86

PER REF (B) AND PURSUANT TO TELCON (D) USAID/DR
WISHES TO STRESS THE HIGH LEVEL OF PRIORITY ATTACHED TO
REQUEST FOR ASSISTANCE IN THE PRIVATIZATION OF GARBAGE
COLLECTION SERVICES.

2. MISSION WOULD APPRECIATE CONFIRMATION REGARDING
THE AVAILABILITY OF TECHNICAL ASSISTANCE CONTRACTOR, DR.
STEPHEN SAVAS, UNDER THE CENTER FOR PRIVATIZATION
CONTRACT WITH PRE. AS INDICATED IN TELCON (D), THE
ARRIVAL OF DR. SAVAS DURING THE WEEK OF OCTOBER 20, 1986
WOULD BE APPROPRIATE.

3. THE WORK TO BE CONDUCTED BY DR. SAVAS WILL INCLUDE
A THOROUGH REVIEW OF INFORMATION RELATING TO THE
COLLECTION AND DISPOSAL OF GARBAGE IN SANTO DOMINGO.
FOLLOWING THE REVIEW, DR. SAVAS SHOULD PROVIDE A
DETAILED SCOPE-OF-WORK DESIGNED TO ANALYZE ALTERNATIVES
TO METHODS OF PRIVATIZATION ALONG WITH CONCOMITANT
FINANCIAL EVALUATIONS. THE DETAILED SCOPE-OF-WORK
WRITTEN BY DR. SAVAS WILL BE USED TO DIRECT A FOLLOW-ON
FEASIBILITY STUDY TO PROVIDE THE CITY GOVERNMENT OF
SANTO DOMINGO WITH SPECIFIC ANALYSES AND RECOMMENDATIONS
FOR NEGOTIATING A CONTRACT WITH PRIVATE COMPANIES.
IT SHOULD BE EMPHASIZED THAT USAID REQUESTS THAT DR.
SAVAS BE INFORMED OF THE MISSION'S INTEREST IN PROVIDING
TECHNICAL DIRECTION, AS APPROPRIATE, DURING THE PERIOD
OF WORK. AS DISCUSSED IN TELCON (D), THE INITIAL WORK
IS TO BE SCHEDULED FOR ONE WEEK WITH POSSIBLE EXTENSION
SHOULD, IN THE VIEW OF USAID, ONE BE REQUIRED. WE WANT TO
STRESS AGAIN THE IMPORTANCE OF BEGINNING THIS CONSULTANCY
ON THE EARLIEST ARRIVAL DATE POSSIBLE.

4. USAID REQUESTS CONFIRMATION BY TELEPHONE OR CABLE ON
THE FOLLOWING POINTS:

- A. AVAILABILITY OF DR. SAVAS FOR WORK IN THE D.R.
- B. ARRIVAL OF CONTRACTOR DURING THE WEEK OF OCTOBER
20, 1986.
- C. UNDERSTANDING AND AGREEMENT ON TECHNICAL ASSISTANT
CONTRACTOR'S ACTIVITIES.
- D. PRE'S PAYMENT FOR THE CONTRACTOR'S SERVICES.

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OUTGOING
TELEGRAM

PAGE 01 STATE 333773 6376 055385 A106453

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DRAFTED BY AID/P-5 PS PAIRE SI-0119;
APPROVED BY AID/P-5 PS WADPERSON
AID/LAC/OPS (DRAFT) AID/LAC/PS WILLIAMS (INFO)
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AID-C

E.C 1235C N/A
TAGS:
SUBJECT: PRE PRIVATIZATION PROJECT (1940-0085)
PRIVATIZATION SERVICES

REFS: A) BRITNER G. JOHNSON TELECON 18/2; B) SANTO
DOMINGO 12736; C) HLANZA OLEVINTOV TELECON 18.21

1. AFTER THOROUGH CONSIDERATION INFO PROVIDED IN REFS,
PRE WOULD LIKE TO PROPOSE WESLEY C. BOLES, IDENTIFIED BY
CENTER FOR PRIVATIZATION (CFP), TO UNDERTAKE
RECONNAISSANCE VISIT OF ABOUT TWO WEEKS TO PERFORM TASKS
OUTLINED IN REFS. DETAILED SCOPE OF WORK FOR THIS
ASSIGNMENT WILL FOLLOW BY SEPTTEL. SCOPE WILL
SPECIFICALLY INCLUDE PREPARATION OF SCOPE OF WORK FOR
ANY FOLLOW-ON ANALYSIS, DESIGN OR IMPLEMENTATION
REQUIRED TO FACILITATE PRIVATIZATION.

2. BOLES HAS BEEN AN INDEPENDENT BUSINESS CONSULTANT
FOR THE PAST FIVE YEARS; PROMOTING TRADE AND INVESTMENT
BETWEEN THE U.S., HONDURAS AND BELIZE; DOING FEASIBILITY
AND SITE SELECTION FOR COMPONENT MANUFACTURING IN THE
CARIBBEAN REGION, INCLUDING SITE REVIEWS AND ANALYSES IN

HAITI, THE DOMINICAN REPUBLIC, BARBADOS AND ST. LUCIA.
BOLES HAS ALSO WORKED ON TRADE PROMOTION WORK FOR THE
LATIN AMERICAN CHAMBER OF COMMERCE OF NEW ORLEANS.

3. BOLES HAS ALSO CONCLUDED A VARIETY OF MARKET
ANALYSES, BUSINESS PLANS AND STRATEGIES FOR CLIENTS
INVOLVED IN TRADE PROBLEMS SUCH AS TEXTILE AND STEEL
QUOTAS; GSP ELIGIBILITY, AND MEETING QUALIFICATIONS
UNDER THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT.

4. PRIOR TO HIS BECOMING A CONSULTANT, BOLES WAS FOR
OVER TEN YEARS A SENIOR EXECUTIVE WITH AMF, INC.
POSITIONS INCLUDED DIRECTORSHIP OF AMF'S ELECTRICAL
PRODUCTS GROUP; AS INTERNATIONAL PLANNING SPECIALIST
WITH THE BOWLING CENTER OPERATIONS GROUP; AS DIRECTOR OF
INTERNATIONAL BUSINESS DEVELOPMENT AT CORPORATE
HEADQUARTERS. IN THESE CAPACITIES HE CONDUCTED
INTERNATIONAL MARKETING; SET UP LOCAL DISTRIBUTION
NETWORKS; ASSESSED TECHNOLOGICAL TRENDS AS AFFECTING
EXISTING PRODUCT LINES AND IDENTIFIED POTENTIAL
ACQUISITION CANDIDATES IN TERMS OF PRODUCT, RESOURCES,
AND FIT OR CONGRUENCE WITH VARIOUS GROUPS. HE ALSO
CONDUCTED TEN YEAR FINANCIAL PROJECTIONS OF REVENUE,
COSTS, DISCOUNTED CASH FLOW, RETURN ON INVESTMENT, ETC.

5. AMONG BOLES RECENT CONSULTING ASSIGNMENTS WERE

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APPLICATIONS OF PRIVATE AND INVESTMENT PROMOTION AND ECON-
DEVELOPING AND DEVELOPING COUNTRIES FOR A FURTHER STUDY OF
SOLID WASTE MANAGEMENT SERVICES. IN HIS WORK HE
BECAME PARTIALLY RESPONSIBLE TO THE NATIONAL GOV-
OPTIONAL AND LEGISLATIVE BUREAU TO RESEARCH TO CHECK
ON CAPITAL INVESTMENT DECISIONS AND COLLECT ON
TRANSPORT AND DISPOSAL FUNDS AND TO FORMULATE WITH
POSSIBLE USE OF SOLID WASTE AS FUEL SOURCE FOR POWER
GENERATION. ACCORDINGLY, IT IS BELIEVED THAT BOLES ON
THIS INITIAL RECONNAISSANCE VISIT SHOULD BE A GOOD SOURCE
OF OPTIONS AND CHOICES AND THE COSTS RELATED TO PERFORMING
THERETO INCLUDING POSSIBLE BILLING AND FINANCIAL MORE
COMPREHENSIVELY THAN SOMEONE WHOSE ONLY SPECIALTY WAS
SOLID WASTE MANAGEMENT.

6. BOLES, WHO IS FLUENT IN SPANISH, HOLDS A GRADUATE
DEGREE FROM COLUMBIA UNIVERSITY, NEW YORK. HE
FOREIGN AFFAIRS AND COMPLETED HIS UNDERGRADUATE WORK IN
INTERNATIONAL RELATIONS AT COLUMBIA. HE WOULD BE PREPARED
TO FINANCE ALL THE COSTS OF HIS INITIAL RECONNAISSANCE
AND BASED UPON HIS KNOWLEDGE OF GOVERNMENT OFFICIALS AND
MISSE ON COULD DETERMINE THE NATURE AND PACE OF NEXT
STEPS.

7. ACTION REQUESTED: ADVISE WDC ON CONCURRENCE,
COUNTRY CLEARANCE BOARD CANDIDACY; IF AFFIRMATIVE,
BOLES COULD SCHEDULE ETA 4 OR 5 NOVEMBER. WH REPEAD

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17/9/86



Ayuntamiento del Distrito Nacional

SANTO DOMINGO, D. N.

17 de septiembre, 1986.

Licenciado

Luis José Chávez
Presidente del Ayuntamiento
del Distrito Nacional
SU DESPACHO

ASUNTO: Anteproyecto de resolución para la creación de la Corporación Municipal de Limpieza Urbana con la participación del sector privado en la modalidad de empresa mixta.

Distinguido licenciado Chávez:

Cortésmente se presenta el proyecto indicado en el Asunto, con las siguientes motivaciones:

CONSIDERANDO: que tanto las dificultades financieras, económicas, técnicas, administrativas, gerenciales y políticas han impedido solucionar el problema de la recolección, transporte y disposición final de los residuos sólidos desde hace más de 30 años, agravándose la situación desde que la ciudad superó el millón de habitantes;

CONSIDERANDO: Que el ADN debe realizar la gestión de los residuos sólidos bajo las formas avanzadas de administración moderna, que garantice la salud pública independientemente de los cambios gubernamentales;

CONSIDERANDO: Que sólo la eficiencia administrativa y de gestión garantiza la obtención de financiamiento para adquirir los recursos que permitan solucionar el problema de la basura con la participación del sector privado de la vida nacional;

CONSIDERANDO: Que el ADN puede dedicarse eficientemente al cobro y pago de los servicios de recolección y disposición final de los residuos, así como efectuar una adecuada supervisión con la participación de la comunidad;

CONSIDERANDO: Que la contaminación ocasionada por el manejo, recolección, transporte y disposición final de los residuos sólidos es una grave amenaza para la salud pública y provoca la alteración de sistemas ecológicos en detrimento de la economía nacional y del armónico desarrollo de la sociedad;

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Ayuntamiento del Distrito Nacional

SANTO DOMINGO, D. N.

Pág. No.2.-

VISTA la experiencia de países donde el problema de la basura ha sido solucionado;

CONSIDERANDO: que es necesario disponer de una institución con el debido aval técnico y económico, que se encargue de planear, programar y ejecutar todo lo concerniente al manejo, recolección y transporte de los residuos propios de la actividad humana, el ADN dicta lo siguiente:

ARTICULO PRIMERO: DE LA CREACIÓN DE LA EMPRESA MIXTA.

Se crea la Corporación Municipal de Limpieza Urbana (COMLURB), con carácter de organismo autónomo, institución con personalidad jurídica y patrimonio propio, con la finalidad de lograr el ordenamiento y vigilancia del manejo, recolección, transporte y disposición de los residuos sólidos del Distrito Nacional, para evitar la contaminación de los suelos, fomentando el reciclaje de los productos aptos para el aprovechamiento del país, con el fin de garantizar la salud pública en todo momento.

Dicha Corporación estará sujeta a las prescripciones de esta Resolución y a los Reglamentos que dicte la Sala Capitular el Consejo de Administración.

ARTICULO SEGUNDO: OBJETIVO DE LA CORPORACION.

La COMLURB tendrá como objeto administrar y prevenir la contaminación por los residuos sólidos, investigación de fuentes de contaminación de residuos sólidos, construcción y operación de obras necesarias para el control de la contaminación y demás actividades relacionadas con la gestión de los residuos sólidos, elaborar reglamentos y normas técnicas tendentes a garantizar el mejoramiento de la calidad de vida de la sociedad.

Atentamente,

~~ING. ROBERTO CASTILLO TIO~~
Regidor-PRD

ANEXO: Anteproyecto de creación Corporación Municipal de Limpieza Urbana (COMLURB), constituido por 23 artículos.

REUNION CELEBRADA CON EL CONSULTOR DE A.I.D.

FECHA: 7 DE OCTUBRE DE 1986

LUGAR: OFICINA DEL SECRETARIO GENERAL DEL AYUNTAMIENTO DEL DISTRITO NACIONAL, SR.
RAMON DE WINDT,

PARTICIPANTES:

REPRESENTANTE DEL SINDICO: SR. R. DE WINDT.
DIRECTOR DE LIMPIEZA: ING. CASTELLANOS.
REGIDOR A.D.N. ING. R. CASTILLO TIO.
REPRESENTANTE CONSORCIO
TEI DE BARTOLOMEIS SOINCA. ING. D. BODDEN.

ASUNTOS TRATADOS:

1. PRESENTACION
2. PLANTEAMIENTO GLOBAL DEL PROBLEMA RECOLECCION , DISPOSICION FINAL DE LOS RESIDUOS SOLIDOS. ASPECTOS ADMINISTRATIVOS Y GERENCIALES DEL SISTEMA DE COBRO. ALGUNOS ESTUDIOS REALIZADOS.
- 3' SE ESTABLECIO UN PROGRAMA TENTATIVO DE TRABAJO.

REUNIO NO. 2.

FECHA : 8 DE OCTUBRE DE 1986

LUGAR: DIRECCION DE LIMPIEZA. ESTACION NO. 2

PARTICIPANTES: LAS MISMAS PERSONAS QUE PARTICIPARON EN LA NO. 1 CON LA EXCEPCION DEL SECRETARIO GENERAL.

ASUNTOS TRATADOS:

1. GENERALIDADES: QUEDO ESTABLECIDO, QUE NO SE DISCUTIRIAN LOS PROBLEMAS TECNICOS EN VIRTUD DE QUE EL A.D.N. DISPONIA DE SUFICIENTE INFORMACION Y ESTUDIOS BASICOS.
2. SE REVISARON LAS POSIBLES OPCIONES DE COBRO:
 - 2.1 COBRO POR MEDIO DE LA CORPORACION DEL ACUEDUCTO Y ALCANTARILLADOS.
 - a) Existe dificultad en el cobro, porque el servicio es malo. Actualmente se cobran 250,000 pesos mensuales por concepto de pago de basuras conjuntamente con el servicio de agua potable. En terminos globales, el ADN gasta cerca de un millon de pesos mensuales.
 - b) Hay debilidad de fiscalización por parte del A.D.N.
 - c) Diferencia de costos en los servicios.

- d) El 70% del servicio de agua es por bombeo.
- e) El servicio de agua potable, mayormente, es un servicio no medido.
- f) La cobertura del servicio no abarca todo el Distrito Nacional, porque los acueductos rurales del Distrito Nacional corren por cuenta del INAPA.
- g) Se hace notar que el Síndico es el presidente del Consejo de Administración de la C.A.A.S.D.

2.2. COBRO POR MEDIO DE LA CORPORACION DOMINICANA DE ELECTRICIDAD.

- a) Habría mayor cobertura en el servicio.
- b) El usuario dominicano, es más efectivo en el pago de la energía que en el pago del agua potable.
- c) El control de usuario es mejor. La C.D.E cuenta con una mejor estructura administrativa.
- d) Cubre todo el Distrito Nacional.

2.3. ORGANIZACION MUNICIPAL.

- a) En principio se descartó esta posibilidad. No se analizó en profundidad.

2.4 PRIVATIZACION DEL COBRO:

- a) No se profundizó en el análisis; pero se consideró que sería una de las últimas opciones a considerar.

2.5 UTILIZANDO MECANISMOS ESTATALES:

- a) Impuesto sobre la Renta para una parte de los usuarios.
NO hubo consenso en este aspecto. Es una opción que debe ser analizada con mayor profundidad.
- b) Utilizando una combinación de de los mecanismos antes descritos.

MARCO DE REFERENCIA
SOLUCION PROBLEMA DE LA BASURA
DE LA CIUDAD DE SANTO DOMINGO

1- INTRODUCCION:

El Ayuntamiento del Distrito Nacional desde hace 20 años, se ha venido planteando la Solución al Problema de la Recolección y Disposición final de los Residuos Sólidos.

La carencia de recursos, los aspectos políticos y el desenfoque de la problemática ha sido causa de la postergación de la solución de un problema tan complejo.

La gestión municipal que acaba de iniciar (1986-1990) tiene el propósito de resolver el problema de la basura, para ello cuenta con el apoyo del Consejo de Regidores, donde se están promoviendo iniciativas tendentes a garantizar el pago de cualquier compromiso financiero.

La estrategia para lograr la capacidad de pago, es la siguiente:

- 1.- Pago del servicio de basura por medio de la Corporación Dominicana de Electricidad.*
- 2.- Creación de una Corporación Municipal de Limpieza Urbana, empresa mixta donde el Ayuntamiento y el sector privado participen, como forma de garantizar y dar continuidad a los componentes técnicos- administrativos y financieros y minimizar así los efectos de los cambios políticos cada 4 años.*

II INVERSIONES REQUERIDAS

En términos generales, el ADN, requiere hacer una inversión que puede variar de 7 a 10 Millones de dólares. Para disponer de toda la Infraestructura Tecnológica, Administrativa y Gerencial que le permita implementar soluciones estables con el debido factor de seguridad.

Obviamente que se pueden establecer etapa en la inversión de manera de establecer una política de flujo de efectivos.

III FUENTES DE FINANCIAMIENTO

3.1.- Mercedes Benz de Argentina:

Está preparando oferta para el suministro de todos los equipos y al mismo tiempo la operación de la limpieza y disposición final de los Residuos Sólidos.

El Financiamiento consiste en el Crédito del Gobierno Argentino al Gobierno Dominicano.

3.2.- Agencia Internacional de Desarrollo:

Existen conversaciones preliminares, que plantean la posibilidad de que la Agencia Internacional de Desarrollo participe en el Financiamiento de la Solución al Problema de la Basura. Se ha planteado la conveniencia de la Gestión Privada.

3.3.- Sector Privado de Puerto Rico:

El señor SEIN, de Puerto Rico ha presentado oferta técnica-económica para la solución del problema de la basura.

OFERTA TECNICA:

OPCION No.1:

Camiones Internacionales con cajas
Marter de 20 yd3 con motor de 210 H.P 45

Camion Internacional con caja de
25 yd3 5

OPCION No.2:

Igual que la anterior pero con Camiones Marca Ford.

También contempla Equipos complementarios, como Barredoras,
Máquinas para limpieza de Alcantarilla, etc.

Las condiciones de Financiamiento se encuentran en proceso
de elaboración.

3.4.- Sector Privado de Miami:

Empresarios de la Ciudad de Miami contemplan la
posibilidad de presentar oferta de suministro y operación
del Sistema de limpieza y disposición de la basura de una
parte de la ciudad con la posibilidad de extenderse a toda
la ciudad, siempre y cuando el A.D.N., demuestre capacidad
de pago.

3.5.- Empresa Italiana C U F R A F I N:

En 30 días presentarán oferta de suministro y ope-
ración del sistema.

Se inclinan por la idea de una Empresa Mixta.

IV. PERIODO DE PAGO:

El A.D.N., está interesado en conocer propuestas para pe-
riodo de repago de 4-8 y 13 años con amortizaciones semes-
tral.