

# MUNICIPAL SOLID WASTE INITIATIVE

## Financing Readiness

Identifying and securing sources of financing for projects in the municipal solid waste sector is the most critical aspect of bringing those projects to fruition. In many instances, it is also the most challenging. Before seeking financing, proponents of municipal solid waste projects should ensure the city itself, not just the project, is “finance ready.” The Climate and Clean Air Coalition Municipal Solid Waste Initiative (Waste Initiative) developed a Financing Readiness Questionnaire for cities. By completing this questionnaire, cities can enhance their readiness for financing, and will be better positioned to identify and secure financing for their municipal solid waste projects.

### Why Assess Financing Readiness?

- Raises awareness of financing challenges and potential pitfalls
- Identifies financial weaknesses or potential risks that need to be addressed
- Places cities in a position to obtain the most appropriate combination of financing
- Improves the transparency of a city’s financial state, which reduces risk for investors, thereby leading to better deals for cities (e.g., lower interest rates)
- Reduces risk for cities (e.g., lowers risk of defaulting on payments)

### Information and Resources

The following resources contain information relevant for cities financing waste management projects:

- **[Primer for Cities for Accessing Financing for Municipal Solid Waste Projects](#)** – The Waste Initiative developed this primer to help cities make decisions about financing.
- **[Municipal Solid Waste Financing Webinar](#)** – This Waste Initiative webinar provides an overview of the financial readiness toolkit, with a focus on policy and regulation, and gives an overview of the different funding and financing mechanisms available to cities to deliver municipal solid waste infrastructure.
- **[C40 Cities Finance Facility \(CFF\)](#)** – The CFF provides technical assistance to mobilise financing for city-level sustainability projects. The CFF offers assistance with project preparation, capacity development, knowledge sharing, and partnerships between cities and investors; the accompanying Knowledge Library provides a variety of resources related to these topics.

### Accessing the Financing Readiness Questionnaire

The Financing Readiness Questionnaire is among the many tools and resources available on the Waste Initiative’s [Municipal Solid Waste Knowledge Platform](#).

### THE CLIMATE AND CLEAN AIR COALITION MUNICIPAL SOLID WASTE INITIATIVE

unites national and local governments, international organizations, and other partners to reduce emissions of short-lived climate pollutants, such as methane and black carbon, from the municipal solid waste sector.



**CLIMATE &  
CLEAN AIR  
COALITION**  
TO REDUCE SHORT-LIVED  
CLIMATE POLLUTANTS

# Financing Readiness Questionnaire

## Political Environment

1. Who is/are the governmental entity/entities authorising the proposed project (and providing financing, if publicly financed)? If there is only one entity responsible for authorising the proposed project (and potential financing), could the decision be overturned by other government bodies? If there are multiple entities involved, what is the approval process?
2. When is the next municipal or state election and how might these elections impact the project?
3. What is the credit rating of the country and local government?
4. Can the city borrow money directly without permission from other government agencies? If the city cannot directly borrow money without permission, please explain how the city's financing works.
5. If the city can directly borrow money without permission, is the city creditworthy? Can it offer credit enhancements?
6. Is there a track record of success for concessions or public works projects? If so, please list some examples.
7. Are there any other factors related to the political environment that might influence this project?

## Regulatory Environment

1. What laws and regulations exist that might support the development of this project? Examples include regulations on waste management, public health, environmental standards, etc.
2. What are other relevant regulations that would impact this project, such as those relating to land acquisition and use, environmental impact assessments, noise management, energy, electricity, public-private partnerships, etc.?
3. Is there a specific department within the municipality that seeks to issue public and/or private works?
4. What is the review process for proposed projects? What is the typical timeline?
5. Are there regulations to protect project investors?
6. Are there regulations limiting foreign investments?
7. How are laws and regulations monitored and enforced?
8. How are projects monitored during construction to avoid cost overruns, time delays, etc.?
9. How will this project's performance be monitored?
10. Will project revenues be received in the local currency or will there be a law for foreign exchange adjustment? Is there a track record of previous projects?
11. Are there any other factors related to the regulatory environment that might influence this project?

## Legal Frameworks

1. What are the primary sources of law that might influence this project (e.g., codes, statutes, judicial decisions, treaties)? What is their relative weighting of importance?
2. How does the legal structure protect project investors? Are there bankruptcy clauses and, if so, what are they?
3. Are there any limitations on freedom of contract? If so, what are they?
4. Does the contracting authority have rights that override those of the contract?
5. What dispute resolution systems are available? Judicial, non-judicial?
6. What are the relevant engineering and environmental standards?
7. Are there insolvency laws in place? If so, what are they?
8. What are the relevant labour laws?
9. Are there specific, standard concession agreements? If so, what are they?
10. Are there any national public-private partnership laws? If so, what are they?
11. Are there any other factors related to legal frameworks that might influence this project?

## Revenue Streams

1. Have the city's revenues been stable over the last three to five years?
2. Are any of these revenue streams segregated? If so, which ones?
3. What are the anticipated revenue streams for this project?
4. Does the city have fiscal flexibility to change fees and taxes? If so, can they be done in a politically acceptable way?
5. How has the city financed public works projects in the past?
6. Are there any other factors related to revenue streams that might influence this project?

## Financial Modelling and Technical Expertise

1. Has the city conducted any financial modelling analyses for the proposed project? If so, how were the analyses conducted and what were the results?
2. Does the city have its own financial modelling tools in-house and the technical/ engineering expertise to run them?
3. What other technical expertise does the city have that might be necessary to implement this project?
4. Are there any other factors related to financial modelling and technical expertise that might influence this project?

## Bidding Process

1. Does the city have specific bidding and procurement policies? If so, what are they?
2. Do local procurement policies conflict with state and national policies? If so, which policies will be followed for this project?
3. How do investors/developers bid on projects?
4. Are there any other factors related to the bidding process that might influence this project?

## MORE INFORMATION

[www.waste.ccacoalition.org](http://www.waste.ccacoalition.org)

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