

Key issues of environmental investment and financing planning

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RENA/ ECRAN approach

- To shift the focus from project identification activities as a special effort to strategic planning activities
- Meta-planning is part of efforts to support investment and financing planning
- If strategic planning activities are designed right, they will deliver information for investment planning
- First of all, will identify projects needed for implementation of EU requirements
- The next stage – investment and financing management

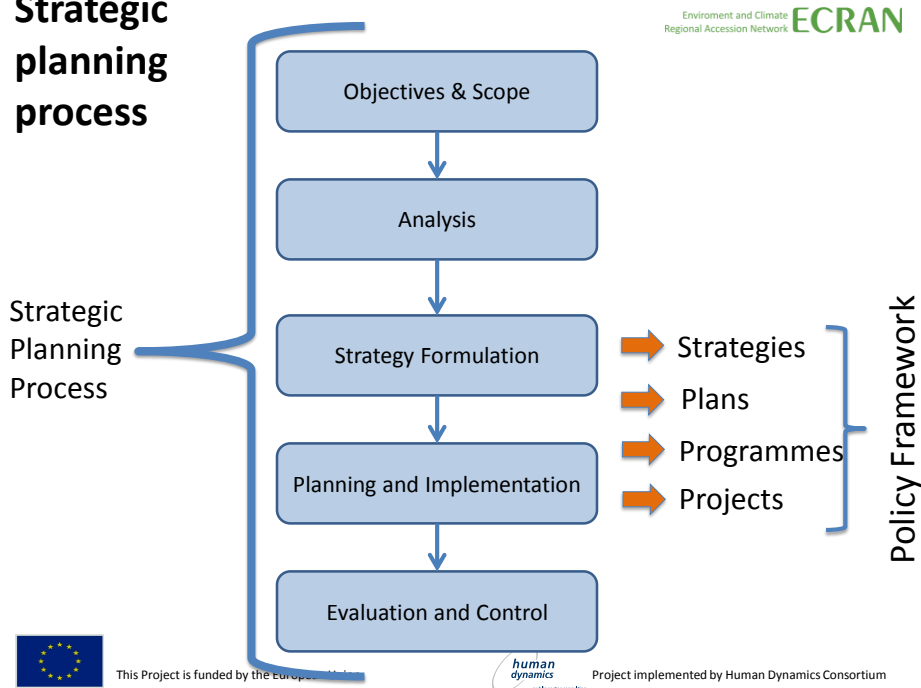


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Strategic planning process



Answering few questions

- Where we want to be?
- Where are we now?
- How will we get there?
- How much it will cost?
- How will we finance/ resource it?
- Who will do what by when?
- How are we doing?



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Answering few questions

- Where we want to be?
- Where are we now?
- How will we get there?
- How much it will cost?
- How will we finance/ resource it?
- Who will do what by when?
- **How do we approach decision making and responsibilities – institutional system?**
- How are we doing?



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Investment and financing plan

- In most cases – part of implementation plan
- Content is not standardized, as long as the plan reflects main elements



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Essential elements of an environmental investment plan

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- Clearly defined objectives (specific, measurable, realistic and time-bound, complying with EU approximation needs);
- State of related infrastructure;
- Needed investment actions to develop new or upgrade the existing infrastructure complying with environmental requirements;
- Cost estimates of achieving the objectives (at project level);
- Criteria for project selection and priority setting;
- Ranked list of projects.



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UWWTD investment costs

Member State ^[2]	Population ^[2]	Investment million ^[2]	Proportion of Total ^[2]	€ per capita ^[2]
Bulgaria ^[2]	7,563,710 ^[2]	€2,135 ^[2]	6.10% ^[2]	€282 ^[2]
Cyprus ^[2]	819,140 ^[2]	€630 ^[2]	1.80% ^[2]	€769 ^[2]
Czech Republic ^[2]	10,506,813 ^[2]	€2,975 ^[2]	8.50% ^[2]	€283 ^[2]
Estonia ^[2]	1,340,127 ^[2]	€245 ^[2]	0.70% ^[2]	€183 ^[2]
Hungary ^[2]	10,014,324 ^[2]	€3,885 ^[2]	11.10% ^[2]	€388 ^[2]
Lithuania ^[2]	3,329,039 ^[2]	€525 ^[2]	1.50% ^[2]	€158 ^[2]
Latvia ^[2]	2,248,374 ^[2]	€840 ^[2]	2.40% ^[2]	€374 ^[2]
Malta ^[2]	414,372 ^[2]	€140 ^[2]	0.40% ^[2]	€338 ^[2]
Poland ^[2]	38,167,329 ^[2]	€11,165 ^[2]	31.90% ^[2]	€293 ^[2]
Romania ^[2]	21,462,186 ^[2]	€10,080 ^[2]	28.80% ^[2]	€470 ^[2]
Slovenia ^[2]	2,046,976 ^[2]	€805 ^[2]	2.30% ^[2]	€393 ^[2]
Slovakia ^[2]	5,424,925 ^[2]	€1,610 ^[2]	4.60% ^[2]	€297 ^[2]
^[2]	103,337,315 ^[2]	€35,035 ^[2]	^[2]	€339 ^[2]

Croatia for water sector about €1050 per capita

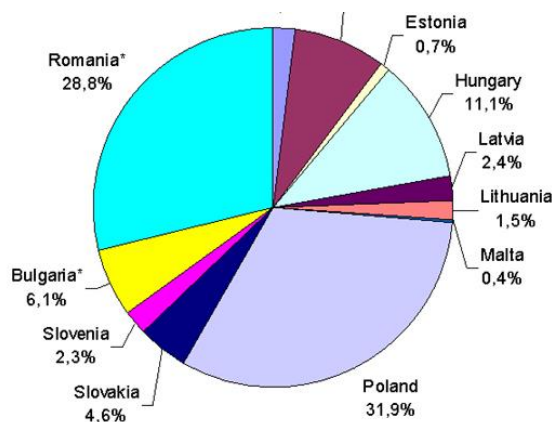


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Investment needs for the implementation of the UWWT directive



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Essential elements of an environmental financing plan

- Financing sources and expected allocations by year;
- Cost recovery potential;
- Distribution of financial resources among sectors;
- Matching investment needs and available or potential financial resources;
- Policy to close the gap if any;
- Clearly defined terms of financing, co-financing requirements, maximum/minimum level of support;
- Affordability criteria to "accept" investments;
- Eligible project types;
- Eligible beneficiaries;
- Well-documented principles, rules and operating procedures for project cycle management.



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Financing Strategy RO (1)

- Total amount needed 9.5 billions Euro
- Financing sources:
 - EU funds 40%
 - National and local budget 30%
 - Loans and PPP 20%
 - Environmental Fund 3%
 - Consumers (Operators) 7%



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Financing Strategy RO (2)

- 2004-2006 ~ 175 millions Euro yearly
- 2007-2009 ~ 400 millions Euro yearly
- 2010-2015 ~ 900 millions Euro yearly
- 2016-2018 ~ 800 millions Euro yearly



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Affordability

Country	Metric	Threshold
Croatia	Average Household Income	2.5 – 3%
Czech Republic	Average Household Income	2%
Romania	Lower Income Group	4%
Poland	Average Household Income	3%
Hungary	Average Household Income	4%
Slovakia	Average Household Income	2.5%
Slovakia	Lower Income Group	4%
Lithuania	Average Household Income	4%
Portugal	Household disposable income	3%
Romania	Household income	4-5 %

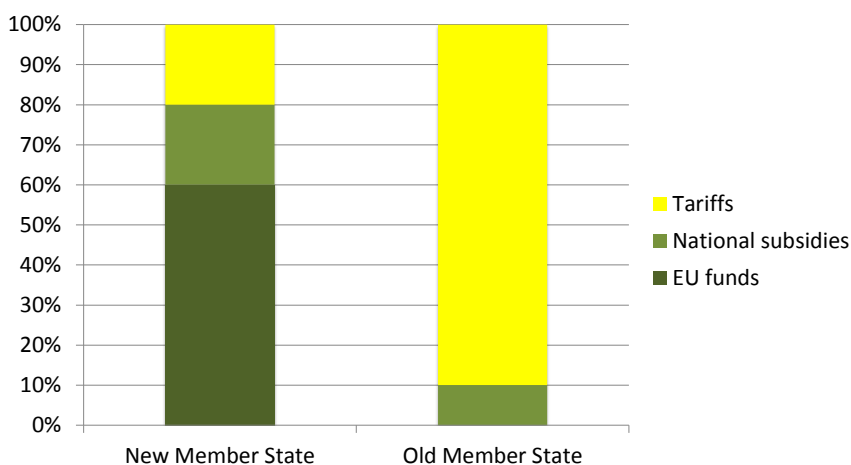


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EU Member State practices. Financing of investment



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Environmental Financing Direction. Serbia.

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- EFD is developed as part of overall effort to improve public sector environmental investment and financing management and is aimed at:
 - Review of progress achieved in cost assessment;
 - Review of situation with environmental financing in particular after the Fund's abolishment;
 - Provide recommendations/principles for environmental investment management;
 - Provide initial considerations regarding long term environmental financing planning.



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Main chapters

2. Environmental financing principles
3. Assessment of available cost estimates on environmental infrastructure
4. Supply of environmental finance
5. Economic instruments in environment
6. Options and recommendations for merging demand and supply
7. Future activities



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Principles

1. Concentrating resources on the most expensive sectors
2. Meeting EU requirements for the lowest cost
3. Public funds allocated for priority public infrastructure
4. Cooperation in order to reduce costs



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Principles 2

5. Staged approach during implementation
6. Sharing IPA 2 funds among priority infrastructure needs
7. Reducing highest impacts on environment first
8. Getting maximum environmental funds by co-financing



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Principles 3

9. Making investments affordable
10. Long term planning to improve investment process
11. Active participation in project preparation
12. Communication and involvement into decision making process, particularly, local level



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Guide: Stepwise approach in developing investment and financing plans

Introduction

1. Identification of investment projects
2. RENA essential elements
 - 2.1. RENA essential elements of an environmental investment plan
 - 2.2. RENA essential elements of an environmental financing plan
3. EU accession process and related costs
4. Transitional periods
5. Investment and financing planning process
 - 5.1. Establishing teams
 - 5.2. Mapping national environmental policy documents
 - 5.3. Evaluation of policy documents and identification of gaps
 - 5.4. Meta planning
 - 5.5. Development of DSIPs
 - 5.6. Summarising information into an investment and financing plan

6. EU funds planning

Recommendations



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Transitional periods

TPs	BG	CY	CZ	EE	HU	LT	LV	MA	PL	RO	SI	SK	HR
VOCs	2009			2006		2007	2008	2004	2005	2009		2007	2016
Sulp. Content	2011								2006				
Inciner. (old)					2005								
Inciner. (new)										2008		2006	
Shipment Waste	2009								2007	2011			
Packaging	2014	2005	2005		2005	2006	2007	2009	2007	2013	2007	2007	
WEEE	2008									2008			
Landfills	2014			2009			2004		2012	2017			2019
Asbestos							2004						
UWWTD	2014	2012	2010	2010	2015	2009	2015	2007	2015	2018	2015	2015	2024
Disch. Dang.								2007	2007	2009		2006	
Drinking Water				2013			2015	2005		2015			
Nitrates													
Birds								2008					
LCP (old)					2004			2005				2007	
LCP (new)	2014		2007	2015		2015			2017	2017			2018
IPPC	2011						2010		2010	2015	2011	2011	2018
VOC solvents													2016
Quality of fuels													2016



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Recommendations

- Management of the approximation process, including meta-planning
- Include investment and financing planning
- Use it for EU assistance planning
- Make good coordination with national financing sources
- Cooperation among units in the Ministry, other Ministries, regional and local authorities



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THANK YOU FOR YOUR ATTENTION!



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