

Investment and financing planning

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Developing investment projects pipelines

- Investment planning as special activity
- Few problems:
 - It is not possible to determine costs of unclear environmental policies
 - Policy efforts related to projects management are episodic, taking care of the pipeline but not covering complete policy of the sector
 - This process has to be constantly repeated: special efforts are usually designed for short financing periods and do not provide a complete picture of the sector concerned
 - A relationship with the negotiations process is not established



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RENA/ ECRAN approach

- To shift the focus from project identification activities as a special effort to strategic planning activities
- Currently such priorities are driven by the need to implement tasks related to the EU accession
- If strategic planning activities are designed right, they will deliver information for investment planning



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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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Approach

- **Stepwise approach in developing investment and financing plans**
- **Guide**



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Essential elements of an environmental investment plan

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



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Essential elements of an environmental financing plan

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- Funding sources and expected allocations by year;
- 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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Chapter 5

INVESTMENT AND FINANCING PLANNING PROCESS

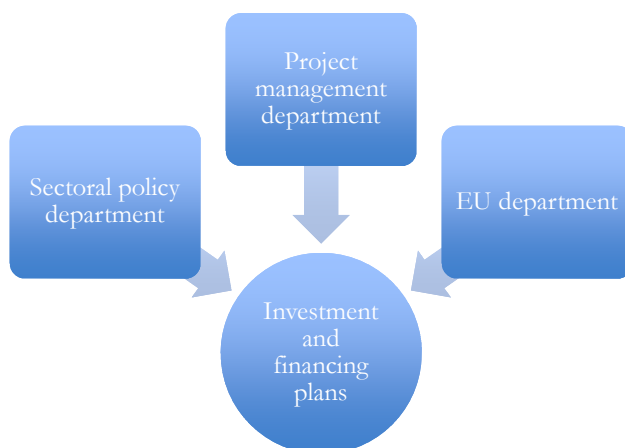


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1. Establishing teams



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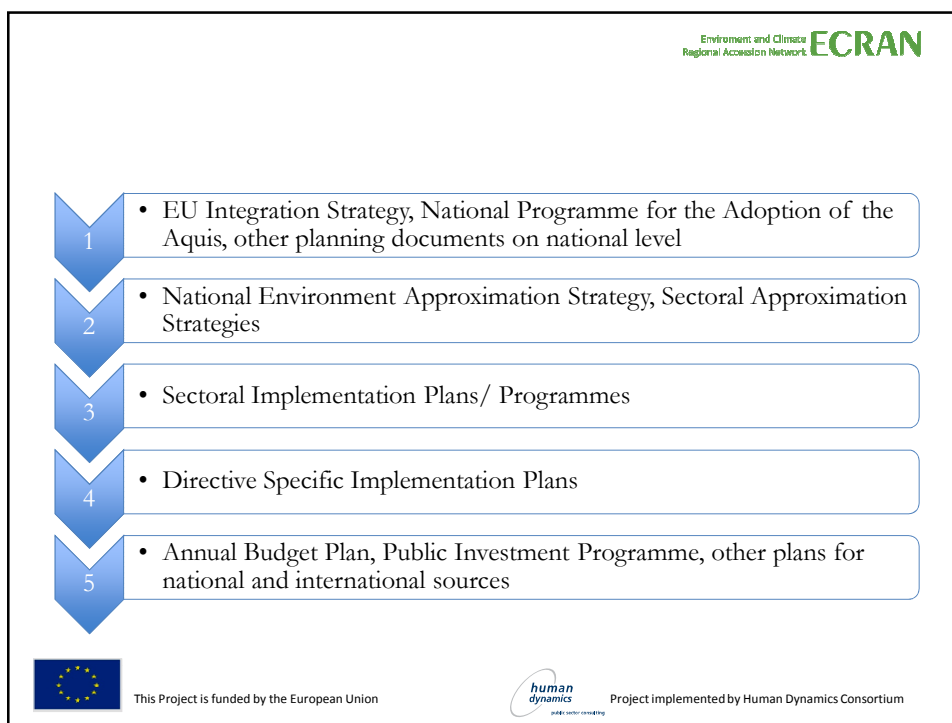
2. Mapping environmental policy documents



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3. Evaluation of policy documents and identification of gaps

- RENA essential elements could be used as a checklist
- It should be done for all sectors where investment projects are expected
- If such screening reveals that some information is missing, gaps should be identified and noted
- As practice shows, in most cases strategic goals are usually available; what is missing is clear implementation action plans and resource planning

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4. Meta planning

- If there are gaps in the planning process, it is important to identify how these gaps will be closed
- Directive specific implementation plans may be an example of such documents which provide policy considerations, identify infrastructure needs at the project level, include financing commitments, and are necessary for the negotiation process
- In this case cooperation between the identified three key institutions may be easily ensured as DSIPs are serving needs of all three partners



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5. Development of DSIPs

- DSIPs are very much related to investment and financing planning
- Development of DSIPs is required for all directives where transitional periods have been requested
- Experience of other countries may be taken into consideration when starting development of DSIP
- A decision on the need of a transitional period may be taken after DSIP has been developed and situation has been analysed to the required extent



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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 fuel	2011								2006				
Inciner. W. (old)					2005								
Inciner. W. (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. S.								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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5. Development of DSIPs. Heavy cost directives



- Urban Wastewater Treatment
- Drinking Water
- Landfills
- Packaging
- VOCs terminals
- LCP (IED)
- IPPC (IED)



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<div> <div>DSIP Landfill</div> <div>Environment and Climate ECRAN Regional Accession Network</div> </div>											
Costs of elements of RWMS infrastructure to be established during the period 2013 – 2028											
	Region	Landfill	Transfer station	Collection system	Source separation	Secondary separation	Composting sites (on landfill site or other)	Recycling sites (+ bulky waste sites)	Closure of non-compliant landfills	Documentation and supervision	TOTAL
1	Subotica	6.75	2.72	1.76	2.22	1.00	0.21	1.11	23.00	2.71	41.48
2	S. Mitrovica - Sabac	0.00	0.00	1.20	1.70	1.00	0.21	0.74	14.90	1.38	21.12
3	Novi Sad	7.50	1.36	2.56	4.15	0.00	0.21	2.95	20.64	2.76	42.12
4	Sombor	6.75	2.04	1.76	2.02	1.00	0.21	1.48	16.19	2.20	33.65
5	Pancevo	0.00	0.00	0.64	0.94	1.00	0.21	0.74	6.03	0.67	10.22
6	Zrenjanin	6.75	0.00	1.04	1.43	1.00	0.21	1.48	6.15	1.26	19.31
7	Vrsac	6.00	2.04	0.64	0.80	1.00	0.21	1.48	8.59	1.45	22.21
8	Indjija	0.00	2.04	2.00	2.21	1.00	0.21	2.58	18.64	2.01	30.69
9	Kikinda	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.11	0.92	14.03
10	Valjevo - Kalenic	6.75	2.04	2.48	3.00	1.00	0.21	1.85	7.54	1.74	26.60
11	Petrovac na Mlavi	6.00	0.00	0.96	0.81	1.00	0.21	1.85	2.02	0.90	13.74
12	Lapovo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.89	0.27	4.16
13	Uzice	0.00	5.45	2.08	2.90	0.00	0.21	3.32	7.58	1.51	23.03
14	Nova Varos	6.00	0.68	0.64	0.84	1.00	0.21	1.48	1.12	0.84	12.81
15	Pirot	0.00	0.68	0.80	0.80	1.00	0.21	1.48	2.84	0.55	8.34
16	Zaječar	6.75	4.77	1.92	2.14	1.00	0.21	2.58	14.04	2.34	35.75
17	Niš	7.50	2.72	2.08	2.93	1.00	0.21	1.48	8.51	1.85	28.27
18	Prokuplje	6.00	0.68	0.80	0.77	1.00	0.21	1.48	4.72	1.10	16.75
19	Loznica	6.00	0.00	0.96	1.25	1.00	0.21	1.48	5.99	1.18	18.06
20	Smederevo	6.75	0.68	1.44	1.86	1.00	0.21	1.85	17.88	2.22	33.88
21	Beograd	12.75	1.36	3.36	9.44	3.00	0.21	5.17	17.71	3.71	56.70
22	Kragujevac	7.50	0.00	1.44	2.19	1.00	0.21	1.85	6.56	1.45	22.19
23	Jagodina	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.78	0.40	6.19
24	Kraljevo	6.75	0.68	1.44	2.12	1.00	0.21	1.85	4.84	1.32	20.20
25	Kruševac	6.75	0.00	1.76	2.02	1.00	0.21	2.58	3.58	1.25	19.15
26	Vranje	6.75	2.72	1.28	1.17	1.00	0.21	2.58	2.45	1.27	19.44
27	Leskovac	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.14	0.29	4.43
Total all regions		126.00	32.69	35.04	49.69	23.00	4.72	45.39	248.45	39.55	604.51
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6. Summarising information into an investment and financing plan

- When DSIPs or other sub-sectorial planning documents (implementation plans, master plans, etc.) are developed, coordination of needs among sectors should be considered
- Identifying investment demands and financing possibilities across the sector
- Key policy decisions will be needed to distribute resources among sectors and to ensure that they are sufficient to develop the required infrastructure on time (the end of the transitional period if relevant)



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Financing planning

	2014	2015	2016	2017	2018	2019	2020	Total 2014 - 2020	2021	2022	2023	2024	2025	2026	2027	Total 2021 - 2027
Beneficiary contribution																
EU grants																
Other grants																
State budget																
Municipal budgets																
Total available financing																
Total costs																
Gap																



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Financing planning

- Environmental Investment and Financing Plan
 - Depending on status of investment planning in the country, may take from 1 to 4 years
- Environmental Financing Direction
- Main principles for implementation of environmental infrastructure projects



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Environmental Financing Direction

- Demand for environmental finance
 - Drinking water and waste water treatment
 - Waste management
 - Remediation of contaminated sites
 - Preparation of investment projects
 - Total indicative demand
- Supply of environmental finance:
 - Public
 - National sources
 - Assistance funds
 - Loans
 - Private
 - Own resources
 - Tariffs
 - Loans
- Yearly amounts for environmental financing



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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



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THANK YOU FOR YOUR ATTENTION!



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