

Environment and Climate
Regional Accession Network

ECRAN

Environment and Climate Regional Accession Network (ECRAN)

ECRAN Strategic
Planning and
Investments WG
Annual report 2014

February 2015

TABLE OF CONTENTS

ECRAN – STRATEGIC PLANNING AND INVESTMENTS WORKING GROUP (ACTIVITY 2.2).....3

INTRODUCTION..... 3

TASK 2.2.1 ORGANISATION OF ANNUAL WORKING GROUP MEETING..... 5

TASK 2.2.2 STRATEGIC PLANNING 5

TASK 2.2.3 COST RECOVERY AND TARIFF SETTING (OR ECONOMIC/FINANCIAL ANALYSIS)..... 11

TASK 2.2.4 CAPACITY BUILDING FOR IPA PROJECT FICHE PREPARATION 12



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ECRAN – Strategic Planning and Investments Working Group (Activity 2.2)

Introduction

The activities related to Strategic Planning and Investments are of cross cutting nature, complementary and implemented in synergy with the activities planned under other Working Groups established under Environment Component of ECRAN. Main objectives of the Strategic Planning and Investments (SPI) Working Group are:

- Improve strategic planning in the beneficiary countries;
- Enhance regional cooperation and information sharing in environmental investment issues as a key element of the approximation toward the EU;
- Guide the concrete work of the environmental investment activities through identification of training needs for different groups of stakeholders such as policy-makers, utilities, environmental funds etc.;
- Liaise with EC, IFIs, WBIF, bilateral donors, NGOs, etc, to create an environment, which is more conducive for environmental investments. The activities will also provide opportunities for IFIs and bilateral donors to convey relevant messages;
- Strengthen the capacities of the competent authorities dealing with environmental infrastructure investment through capacity building on the most important cross-cutting investment related topics.

Strategic planning and investment WG ToR covers the full period of ECRAN (i.e. October 2013 – September 2016).

Overview of the tasks:

2.2.1 Organisation of annual Working Group meetings

Expected outputs:

- bringing together relevant representatives of the beneficiary countries
- discussing the needs of particular countries and the ways how the ECRAN project could address them best
- adopting work plans and other documents
- exchange of information on progress made in the implementation of the work plan
- exchanging information among all countries on progress in the implementation of the work plan discussing bottle-neck and the ways to solve them

In addition to mentioned above tasks will include coordination with IFI, WBIF and other relevant regional initiatives.

2.2.2 Strategic planning

Strategic planning activities will provide an overview of the overall planning process in the beneficiary countries and the plan for the development of necessary planning documents for the EU accession process.

Following sub-tasks are foreseen:

1. Meta-planning and country specific discussions aimed to assess the national situation in the regions and develop meta-plan (roadmap) for development of all necessary planning documents for EU accession process.



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2. Regional training on the role of planning documents in approximation process and management of the process for chapter 27 using approximation policy documents. The training will discuss how to ensure that approximation policy documents used for process management are updated and used for the process management, what are usual weak and strong points of such documents, relation to national approximation process management documents (NPAA and similar)
3. Two combined regional trainings between the Strategic Planning and Investments Working Group and sector specific Working Groups to assess the situation and agree on strategic planning documents to be developed in the selected sectors.

Expected outputs:

- Three regional trainings
- Meta-plans for each beneficiary country;
- Agreed lists of sectoral policy documents.

2.2.3 Cost recovery and tariff setting (economic/financial analysis)

Implementation of the heavy cost directives inevitably means new infrastructure and a higher cost to construct and maintain this infrastructure. As it has been learned during implementation of Investment Planning activities under RENA, the increase of tariffs which need to cover the investments and operation of infrastructure projects faces big political reluctance.

The subtasks will include:

1. Two regional trainings on economic-financial analysis and cost recovery combined with other ECRAN sector specific Working Groups (waste management, water management etc.).
2. Tailor made/national round table discussions and/or trainings on the structure of costs, financial flows, cost recovery, polluter pays and other principles (up to one round table/training per country). Target group of this national round table discussions/trainings will be designed in line with the topics to be addressed and identified needs of the beneficiary countries. The implementation of the task will be demand driven and will be delivered at the request of the beneficiary countries.

Expected outputs:

- Two regional training on economic-financial analysis and cost recovery;
- Awareness raising materials;
- National round tables/trainings (delivered as requested, up to one round table per country);
- Round tables materials and reports;
- Regional training materials and report.

2.2.4 Capacity building for IPA project fiche preparation

ECRAN is being implemented at the start of the new financial perspective 2014 – 2020. New IPA 2 regulation will be adopted to guide use of IPA resources in beneficiary countries. The goal of the task is to raise the knowledge and skills of the civil servants on how to prepare for and write a good IPA sector fiche for environment. This activity will also provide the opportunity to inform the countries on the content and requirements of the IPA II Regulation and its Implementing Rules.

The task will include two regional trainings prepared in close collaboration with the EC and if possible delivered in Brussels.

Expected outputs:

- Two regional trainings on IPA II Regulation and its Implementing Rules.



During the reporting period tasks have been implemented as presented below.

Task 2.2.1 Organisation of annual Working Group meeting

Activities under this task were organized as foreseen in the Work Plan. Annual meeting took place in Skopje 29th January 2014. Following aims for better integration with specific sectors of the environment, the meeting was organized as joint Annual Meeting of the Strategic Planning and Investments and Waste Management Working Groups. Meeting was attended by 21 participant from all ECRAN countries except of Bosnia and Herzegovina. Following items were discussed and agreed:

- Introduction to the activities expected within the ECRAN project under the Strategic Planning and Investments Working Group;
- Working manner within the Strategic Planning and Investments Working Group including requirements for nomination of participants to the events;
- Cross cutting nature of the Strategic Planning and Investments Working Group: where to focus?
- Discussion on and adoption of the Strategic Planning and Investments Working Group Work Plan for 2014;
- Cooperation among working groups.

ECRAN representatives participated in the 3rd annual EC/IFI workshop on environment issues in the Western Balkans organised by the IFI Coordination Office on behalf of DG Enlargement at European Commission in Brussels on 22 November 2013. This workshop discussed issues arising with respect to environment sector including water resource management, provided possibility to exchange information on new policies and activities.

ECRAN activities were introduced providing presentation on the new Environment and Climate Change Regional Accession Network – ECRAN including general overview of the ECRAN work plan with more details on the work plan for Strategic Planning and Investments WG.

In summary: **Outputs prepared during the reporting period under Task 2.2.1**

No.	Date	Key outputs
1.	January 29 th , 2014	Annual meeting of NCs (Skopje). Minutes of the meeting.
2.	February 2014	Final Work Plan for 2014
3.	February 2014	Decision regarding cooperation with Water Management and Waste Management Working Groups

Task 2.2.2 Strategic planning

Strategic planning task is being implemented by three subtasks:

1. Meta-planning and country specific discussions;
2. Regional training on the role of planning documents in approximation process and management of the process for chapter 27 using approximation policy documents;
3. Combined regional trainings between the Strategic Planning Working Group and sector specific Working Groups.



Subtask 1: Meta-planning and country specific discussions

Meeting with the Ministry for Spatial Planning and Environment of Montenegro took place February 18 – 19. Issues related to meta planning were discussed in particular needs arising after the Bilateral Screening and considering finding of the Screening Report. Following issues were addressed during the bilateral meeting:

- Presentation made on potential meta plan development process for Montenegro and relation with EU negotiations process;
- Method for inventory of the situation and development of meta plan (Screening Report assessment matrix).

Experience of bilateral activities in Montenegro was used to further define agenda and content of presentations for the regional training on strategic planning.

Meta planning idea was further promoted during first regional workshop with Waste Management Working Group on coordination of strategic and investment planning in waste sector held in Skopje 25 – 26 November 2014.

Proposed indicative agenda for the mission regarding national discussion is presented in the table below:

<i>Day 1</i>	
	<ul style="list-style-type: none"> • Identification of the “planning team” (list of institutions and experts responsible for strategic planning regarding Chapter 27) • Meetings with experts responsible for various sectors, identification of existing and planned strategic planning documents • Preparation for round table discussion
<i>Day 2. Round table discussion</i>	
09:00 – 09:30	Introduction to the strategic planning Strategic framework for implementation of sector approach
09:30 – 10:00	Presentation on the national situation regarding strategic planning
10:00 – 10:15	Presentation of ECRAN five steps check list regarding meta-planning
10:15 – 10:45	Discussion (short presentation and moderated discussion) <ul style="list-style-type: none"> • National environmental priorities: <ul style="list-style-type: none"> ○ Priority problems ○ EU strategic documents influencing national priorities ○ Strategies and plans to address national priorities
10:45 – 11:15	Coffee break
11:15 – 12:30	Discussion (short presentation and moderated discussion) <ul style="list-style-type: none"> • Formal requirements for planning documents as part of acquis: <ul style="list-style-type: none"> ○ Foreseen in the acquis as obligatory, ○ Foreseen in the acquis as optional, ○ Depending on the selected way for implementation of requirements



	<p>which may require development of additional supporting documents (i.e., plan foreseen under LCP requirements if postponing targets option is used).</p> <ul style="list-style-type: none"> • Planning documents depending on selected strategy for negotiations: <ul style="list-style-type: none"> ○ Expected transitional periods, ○ Directive Specific Implementation Plans to cover each transitional request.
12:30 – 13:30	Lunch break
13:30 – 15:00	<p>Discussion (short presentation and moderated discussion)</p> <ul style="list-style-type: none"> • Horizontal planning documents to support institutional and sectoral policies: <ul style="list-style-type: none"> ○ Institutional development plans, ○ Environmental Investment and Financing Plans. • Planning of approximation process and relation to NPAA: <ul style="list-style-type: none"> ○ Transposition plans, ○ Implementation plans, ○ Institutional plans, ○ Financing plans, ○ Assessment of NPAA as meta-plan.
15:00 – 15:15	Coffee break
15:15 – 16:00	Developing national meta plan
16:00 – 16:30	<p>Future steps to improve meta-planning</p> <p>Conclusions</p>
<i>Day 3. Shaping national meta-plan for Chapter 27</i>	
	<p>Developing draft meta-plan</p> <p>Meeting experts</p> <p>Presentation of draft meta-plan</p>

Subtask 2: Regional training on the role of planning documents in approximation process and management of the process for chapter 27 using approximation policy documents

As it was foreseen in the Work Plan, Regional Training on the Role of Planning Documents in Approximation Process and Management of the Process for Chapter 27 using approximation policy documents and building on the recent experience of the countries in the accession process was held 18 – 19 March 2014 in Podgorica, Montenegro. Specific objectives of the training included:

- To present information about main needs of the approximation process;
- To present information about the role of strategic planning in organising approximation process;
- To present experience of new Member States and Candidate Countries;
- To identify the list of most important planning documents for the approximation process;
- To discuss and agree possible outline for national discussions.



Regional training was attended by participants from all ECRAN countries except of Bosnia and Herzegovina. Several conclusions of the workshop included:

- Strategic planning has to be considered as a process;
- Essential elements for strategic planning: clear formulation of goals, good quality of information, full participation of relevant stakeholders, identification of priorities, development of action and monitoring of implementation;
- Screening process is very demanding, number of additional needs for planning documents were identified;
- Targeted preparation for screening and negotiations shall start early. Attention shall be paid to planning documents in order to have answers on how and when requirements will be transposed and implemented;
- Just title of the planning document is not sufficient. Substance matters;
- NPAA is the key planning document, having appropriate level of approval, renewal and monitoring mechanisms and can serve as meta plan;
- Sectoral/ sub-sectoral documents are important to ensure leading role of NPAA;
- National perspective and priorities have not to be lost during the accession process;
- Institutional aspects are very important for screening and negotiations, important to identify needs for strengthening of institutional capacities and capabilities. Coordination and guidance of the approximation process is essential. Important to elaborate National plan for strengthening of institutional system, which has to be approved by the Government;
- EU planning documents are influencing development of the acquis. Some aspects are more important in particular periods and important to know where EU is focusing;
- Requirements for planning coming from the acquis shall be carefully analysed. “May” and “shall” requirements for plans in the acquis shall be observed. Selection of implementation strategies may be related with the need to develop additional documents;
- List of planning documents according to EU directives was developed and presented;
- WB tool for situation analysis and priority setting are available;
- Water sector and particularly UWWTD directive is very cost demanding. Good planning including identification of projects, costs, financing sources is essential. Costs very much depend on selected strategy regarding sensitive areas;
- IPPC negotiations require detailed knowledge regarding situation in industries. Coordinating role of the Ministry is important in order all required information would be collected from industries and Implementation plan developed. Information is required installation by installation;
- It is important to use Guidelines for environmental investment and financing planning developed by RENA when preparing investment and financing plans. Financing principles were presented and discussed.

Outcomes of the workshop were used to develop draft outline for bilateral discussion – five steps check list regarding meta-planning which includes:

1. National environmental priorities:
 - a. Priority problems
 - b. EU strategic documents influencing national priorities



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- c. Strategies and plans to address national priorities
2. Formal requirements for planning documents as part of acquis:
 - a. Foreseen in the acquis as obligatory,
 - b. Foreseen in the acquis as optional,
 - c. Depending on the selected way for implementation of requirements which may require development of additional supporting documents (i.e., plan foreseen under LCP requirements if postponing targets option is used).
3. Planning documents depending on selected strategy for negotiations:
 - a. Expected transitional periods,
 - b. Directive Specific Implementation Plans to cover each transitional request.
4. Horizontal planning documents to support institutional and sectoral policies:
 - a. Institutional development plans,
 - b. Environmental Investment and Financing Plans.
5. Planning of approximation process and relation to NPAA:
 - a. Transposition plans,
 - b. Implementation plans,
 - c. Institutional plans
 - d. Financing plans
 - e. Assessment of NPAA as meta-plan

- Subtask 3: Combined regional trainings between the Strategic Planning Working Group and sector specific Working Groups

Two combined regional trainings between the Strategic Planning and Investments Working Group have been agreed during 2014 annual meeting:

1. With Waste Management Working Group.
2. With Water Management Working Group.

During reporting period first regional workshop with Waste Management Working Group on coordination of strategic and investment planning in waste sector was held in Skopje 25 – 26 November 2014.

The main topics presented and discussed included:

1. Main aspects of waste management planning
2. Impacts of technological options for achieving of targets
3. MBT in support of achieving targets. Experience from Italy
4. MBT in support of achieving targets. Experience from Austria
5. Strategic planning and investment: developing waste management system in Lithuania
6. Financing of waste management: impacts on investment policy choices
7. Achieving waste management targets
8. Revising National Waste Management System: experience of Serbia
9. Experience in designing investment projects
10. Planning of infrastructure to support achievement of waste management targets
11. Defining next steps

Few conclusions of the workshop include:



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1. The importance of investments support is often over-estimated, Infrastructure is important, but if other factors do not support the whole process, it does not help much.
12. Proper legislations in place, clear requirements and sanctions for non compliance are essential.
13. Investment process shall be supported by right economic incentives and measures, to promote recycling
14. New Infrastructure shall be supported with cost recovery system.
15. Active awareness campaigns and general environmental education on all levels is essential.
16. Adequate control and enforcement capacity, well-trained and motivated staff is essential to support investment process.
17. Cost recovery and economic instruments for waste management could be covered through last combined workshop among these groups.

In summary: **Outputs prepared during the reporting period under Task 2.2.2**

No.	Date	Key outputs
1	January 29 th , 2014	Selection of Waste Management WG for the combined regional training with regarding strategic planning
2	February 2014	Final agenda for the Regional training on the role of planning documents in approximation process and management of the process for chapter 27 using approximation policy documents
3	February 18 th – 19 th , 2014	Meeting with MN authorities regarding approximation planning documents
4	February 19 th , 2014	PP presentation and Screening Report assessment matrix presented to the Ministry for Spatial Planning and Environment of Montenegro
5	March 18 th - 19 th , 2014	ECRAN Regional training on the role of planning documents in approximation and management of the negotiation process for Chapter 27 (Podgorica) PP presentations from the seminar http://www.ecranetwork.org/Files/Roll_of_Planning_Documents_Podgorica_18-19_March.zip
6	March 2014	Draft outline for bilateral discussion regarding meta-planning on national level (outcome of Podgorica workshop)
7	November 25 – 26, 2014	Regional workshop with Waste Management Working Group on coordination of strategic and investment planning in waste sector (Skopje)
8	December 2014	Identified topics for discussion during national roundtables regarding meta-planning in waste sector (combined training with Waste Management Working Group, Skopje workshop)



Task 2.2.3 Cost recovery and tariff setting (or economic/financial analysis)

Implementation of the task focuses on regional workshops and country specific activities. Roundtables will be organised at national level and implemented under the request of the beneficiaries.

Subtask 1. Combined regional trainings on economic-financial analysis and cost recovery

Two regional trainings on economic-financial analysis and cost recovery combined with sector specific Working Groups have been agreed on 2014 annual meeting with:

1.1. Water Management Working Group.

1.2. Waste Management Working Group.

Regional Introductory Workshop on Economic Analysis in Accordance with WFD took place on 21-22 October 2014 in Skopje.

1st Day presentations have been delivered by Water Management Working Group under Task 2.3.3: Economic analysis (EA) in accordance with the WFD: 1) Recovery of the costs through water pricing, 2) Institutional and policy framework of the utility sector for cost recovery and efficiency. The main topics presented and discussed were as follows:

1. Theoretical background of cost recovery and its application in water pricing.
2. Institutional and regulatory frameworks of water pricing in the EU.
3. Pricing frameworks in selected EU Member States.
4. General and specific requirements of DWD and UWWTD.
5. Establishment of efficient and effective water utility sector.
6. Institutional setup of the water utility.

2nd day presentations have been delivered by Strategic Planning and Investment Working group under Task 2.2.3 Cost recovery and tariff setting. Regional training on economic-financial analysis and cost recovery combined with Water Management Working Group. The main topics presented and discussed were as follows:

1. Water sector financing: structure of sources.
2. Creating cost recovery system: experience of Macedonia.
3. Water framework directive: cost recovery, cost-effectiveness and cost-benefit analysis.
4. Cost benefit analysis.
5. Exercise - Financial analysis of selected project in water sector.

Workshop report is available on ECRAN home page.

Conclusions of the workshop have been used for defining next steps for the Strategic planning and investment WG Issues to discuss at national round tables

Subtask 2. National roundtables on cost recovery

Preparing further for tailor made/national round table discussions and/or trainings on the structure of costs, financial flows, cost recovery, polluter pays and other principles (up to one round table/training per country), following topics have been identified as potentially interesting for discussions:

Water sector:

- Water sector financing system,
- Water sector pricing reform: main components,



- Economic instruments in water sector management,
- Cost recovery: full or sustainable,
- Financial analysis,
- Tariffs methodology,
- Structure of tariffs,
- Affordability,
- Water sector economic regulator,
- Cost Benefit Analysis: practical approach,
- Impacts of cost recovery system on grant share of investment funding.
- It was agreed that ECRAN beneficiaries will approach the ECRAN secretariat for organising national roundtables for topics mentioned above.

Waste management sector topics will be identified after workshop with Waste Management Working Group.

In summary: **Outputs prepared during the reporting period under Task 2.2.3**

No.	Date	Key outputs
1	September 2014	Draft Agenda for the Combined regional training with the Water Management WG. Second day of the training
2	21-22 October 2014	First combined regional workshop with Water Management Working Group on Economic Analysis in Accordance with WFD (Skopje)
3	November 2014	Identified topics for discussion during national roundtables regarding cost recovery in water sector

Task 2.2.4 Capacity building for IPA project fiche preparation

The task aims at covering all the environment policy areas under the sectoral ECRAN Working Groups. The goal of the task is to raise the knowledge and skills of the civil servants on how to prepare for and write a good IPA sector fiche for environment. This activity will also provide the opportunity to inform the countries on the content and requirements of the IPA II Regulation and its Implementing Rules. Planned regional trainings will be prepared in close collaboration with the EC and if possible will be delivered in Brussels in order to enable participation of larger number of EC officials in the role of lecturers. It is aimed to organise two regional trainings on IPA II Regulation and its Implementing Rules.

1st regional training “ECRAN Regional training on IPA II requirements” took place in Brussels, June 10 - 11 2014. Regional training was attended by participants from all ECRAN countries except of Bosnia and Herzegovina.

Main issues addressed included:

- IPA II: new legal framework and its implementation;
- Programming IPA 2. Role of the sector leading institution;
- Programming IPA 2 – Environmental sectors for consideration: nature;
- Programming IPA 2 – Environmental sectors for consideration: waste;



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- Programming IPA 2 – Environmental sectors for consideration: water;
- Programming IPA 2 – Environmental sectors for consideration: urban waste water;
- Programming IPA 2 – Environmental sectors for consideration: nature – LIFE Regulation.

Presentations were made by representatives of the corresponding units of the European Commission and provided distinctive opportunity to get acquainted with the last developments in establishing IPA II instrument and related legal acts as well as developments and expectations in sectoral policies in waste management, water and nature sectors.

Few conclusions included:

- IPA II procedures continues to be developed and it is important to follow all latest documents;
- IPA II will be managed by DG Enlargement and procedural changes are as well related to this transfer of responsibilities from DG Regio;
- Turkey and Macedonia have slightly different requirements for programming than other countries and this have to be noted when exchanging experience;
- Sectoral policies are providing background for programming in particular for heavy investment sectors;
- Waste water treatment remains as biggest priority for environmental investment;
- Landfilling has to be gradually removed from waste treatment options and emphasis placed on source separation and recycling;
- Demands for establishment of NATURE 2000 network has to be not underestimated and time allocated for all related procedures from identification to actual establishment of protected areas;
- LIFE programme is important tool for EU member States but might be difficult and demanding to implement in candidate countries.

In summary: **Outputs prepared during the reporting period under Task 2.2.4**

No.	Date	Key outputs
1	June 2014	1 st regional training “ECRAN Regional training on IPA II requirements”, related materials



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