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# Environment and Climate Regional Accession Network (ECRAN)

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ECRAN Strategic  
Planning and  
Investments WG  
Work Plan 2015

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January 2015

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This Project is funded by the  
European Union



A project implemented by  
Human Dynamics Consortium

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

**Introduction**

This draft work plan is based on the Strategic Planning and Investments Working Group (SPIWG) ToR and experience accumulated during implementation of the Project during 2014. It aims at proposing activities needed to meet the objectives of particular tasks and sub-tasks. It is presented to the Annual Meeting of Strategic Planning and Investments Working Group national coordinators (NCs) for their deliberation. Please note that many of the dates are only tentative, as the real date will depend on the coordination of work with TAIEX, availability and readiness of particular experts, progress achieved in implementation of related tasks. ECRAN Coordinators of Strategic Planning and Investments WG are invited to discuss and amend proposals provided in this draft work plan. The SPIWG Coordinator reserves the right to change the dates and propose changes in the scope of work if for any reason some of the planned activities would prove as not feasible or economically not justifiable.

This work plan covers period from January 2015 to December 2015.

**Task 2.2.1 Organisation of annual Working Group meeting**

Annual meeting of national coordinators is envisaged for March 18, 2015.

| No. | Date                        | Key outputs                           |
|-----|-----------------------------|---------------------------------------|
| 1.  | January 2015                | Development of draft and final agenda |
| 2.  | March 18 <sup>th</sup> 2015 | Annual Meeting of NCs (Tirana)        |

Coordination of the SPIWG activities with IFIs, WBIF and other relevant regional initiatives will be provided as necessary.

**Task 2.2.2 Strategic planning**

- Subtask 1: Meta-planning and country specific discussions

Meta planning will provide the assessment of the national situation and prepare meta-plan (roadmap) for development of all necessary planning documents for EU accession process with specific focus on waste and water management sectors.

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"> <li>• Identification of the “planning team” (list of institutions and experts responsible for strategic planning regarding Chapter 27)</li> <li>• Meetings with experts responsible for various sectors, identification of existing and planned strategic planning documents</li> <li>• Preparation for round table discussion</li> </ul> |
| <i>Day 2. Round table discussion</i> |  |
| 09:00 – 09:30                        | Introduction to the strategic planning<br>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"> <li>• National environmental priorities: <ul style="list-style-type: none"> <li>○ Priority problems</li> <li>○ EU strategic documents influencing national priorities</li> <li>○ Strategies and plans to address national priorities</li> </ul> </li> </ul>  |
| 10:45 – 11:15   | Coffee break   |
| 11:15 – 12:30   | Discussion (short presentation and moderated discussion) <ul style="list-style-type: none"> <li>• Formal requirements for planning documents as part of acquis: <ul style="list-style-type: none"> <li>○ Foreseen in the acquis as obligatory,</li> <li>○ Foreseen in the acquis as optional,</li> <li>○ 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).</li> </ul> </li> <li>• Planning documents depending on selected strategy for negotiations: <ul style="list-style-type: none"> <li>○ Expected transitional periods,</li> <li>○ Directive Specific Implementation Plans to cover each transitional request.</li> </ul> </li> </ul> |
| 12:30 – 13:30   | Lunch break  |
| 13:30 – 15:00   | Discussion (short presentation and moderated discussion) <ul style="list-style-type: none"> <li>• Horizontal planning documents to support institutional and sectoral policies: <ul style="list-style-type: none"> <li>○ Institutional development plans,</li> <li>○ Environmental Investment and Financing Plans.</li> </ul> </li> <li>• Planning of approximation process and relation to NPAA: <ul style="list-style-type: none"> <li>○ Transposition plans,</li> <li>○ Implementation plans,</li> <li>○ Institutional plans,</li> <li>○ Financing plans,</li> <li>○ Assessment of NPAA as meta-plan.</li> </ul> </li> </ul>  |
| 15:00 – 15:15   | Coffee break   |
| 15:15 – 16:00   | Developing national meta plan  |
| 16:00 – 16:30   | Future steps to improve meta-planning<br>Conclusions   |
| <i>Day 3. Shaping national meta-plan for Chapter 27</i> |  |
|   | Developing draft meta-plan<br>Meeting experts<br>Presentation of draft meta-plan   |



| No. | Date                 | Key outputs   |
|-----|----------------------|---|
| 1   | March 2014           | Draft outline for bilateral discussion regarding meta-planning on national level (outcome of Podgorica workshop)  |
| 2   | September 2014       | Identified topics for discussion during national roundtables regarding meta-planning in waste sector (combined training with Waste Management Working Group, Skopje workshop) |
| 3   | May 2015             | Identified topics for discussion during national roundtables regarding meta-planning in water sector (combined training with Water Management Working Group)                  |
| 4   | May 2015             | Agree on schedule for national roundtables  |
| 5   | June - December 2015 | Delivery of national roundtables for 4 countries  |

- 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

**Subtask 2 completed.** 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 in the period 18 – 19 March 2014 in Podgorica, Montenegro. Outcomes 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
  - 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:

3.1. With **Waste Management Working Group**.

3.2. With **Water Management Working Group**.

**Task 3.1 has been completed.** Regional workshop 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:

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.
2. Proper legislations in place, clear requirements and sanctions for non compliance are essential.
3. Investment process shall be supported by right economic incentives and measures, to promote recycling
4. New Infrastructure shall be supported with cost recovery system.
5. Active awareness campaigns and general environmental education on all levels is essential.
6. Adequate control and enforcement capacity, well trained and motivated staff is essential to support investment process.
7. Cost recovery and economic instruments for waste management could be covered through last combined workshop among these groups.

**Task 3.2. Regional workshop on Strategic planning in water sector.** Combined regional trainings between the Strategic Planning Working Group and Water Management Working Group is preliminary scheduled for 12-13 May 2015 in Podgorica.

Identified specific objectives for the workshop (based on Podgorica seminar experience) include:

- To discuss set of planning documents in water sector related to EU requirements.
- To discuss other planning documents in water sector in order to develop complete set of planning documents for the sector.
- To discuss planning documents related to investment planning.



- To discuss role and place of Directive specific implementation plans in investment planning in water sector (UWWTD, Drinking water directive).
- To discuss prioritisation criteria for setting investment schedules.
- To discuss list of planning topics to be covered for meta planning in water sector.
- To agree on next steps.

| No. | Date                      | Key outputs  |
|-----|---------------------------|--|
| 1   | March 2015                | Draft agenda for the combined regional training with Water Management WG |
| 2   | March 2015                | Final agenda for the combined regional training with Water Management WG |
| 3   | May 12 - 13 2015          | Combined regional training with Water Management WG                      |
| 4   | May 13 <sup>th</sup> 2015 | List of planning topics to be covered for meta planning in water sector  |

### **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.

**Task 1.1 has been completed.** 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.

**Task 1.2. Regional workshop on Cost recovery in waste sector.** Combined regional training between the Strategic Planning Working Group and Waste Management Working Group is preliminary scheduled for 18 - 19 March 2015 in Tirana.

Identified specific objectives for the workshop include:

- To establish common understanding on main terms, definitions and principles for cost recovery in waste sector.
- To provide information on economic incentives for better waste management supporting achievement of waste recycling, biodegradable waste diversion and other targets as required by the EU waste management law.
- To present and discuss legal basis and institutional mechanisms for tariff setting
- To analyse impacts of cost recovery for investment projects and process planning.
- To familiarise with cost – benefit analysis and application of it in waste management sector
- To agree on next steps.

| No. | Date               | Key outputs  |
|-----|--------------------|--|
| 1   | January 2015       | Draft agenda for the combined regional training with Waste Management WG |
| 2   | February 2015      | Final agenda for the combined regional training with Waste Management WG |
| 3   | March 18 - 19 2015 | Combined regional training with Waste Management WG                      |
| 4   | March 18 – 19 2015 | Identified list of topics for roundtables on cost recovery               |

- Subtask 2. National roundtables on cost recovery

It is aimed to organise the 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). The implementation of the round table discussion will be demand driven and will be delivered at the request of the beneficiary countries.

Topics identified for national round tables during workshops with Water Management and Waste Management Working groups include:





Water management 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.

Waste management sector

- Waste management sector financing system,
- Cost recovery system: main elements,
- Setting waste management tariffs: market versus regulated tariff system,
- Tariffs methodology, structure of tariffs,
- Economic instruments in waste management sector,
- Cost recovery: full or sustainable,
- Affordability in waste sector,
- Cost Benefit Analysis: practical approach,
- Financial analysis,
- Impacts of cost recovery system on grant share of investment funding.

Considering interest beneficiaries are showing to the Cost Benefit Analysis, special training program has been elaborated for this topic.

Objective of the training is familiarise with cost – benefit analysis and its application in the sector of environment, increase practical experience in evaluation of Cost-Benefit Analysis of investment projects.

It is proposed, that the first day of training is devoted to more theoretical and dedicated for all participants while the second day will be practical and is dedicated for practitioners/evaluators. The second day work will concentrate on the analysis of an existing project (provided by the country) with discussions, recommendations.

|  |  |
|--|--|
| <i>Day 1 – Introduction (all participants)</i> |  |
| 09:00 – 10:30                                  | Introduction. Feasibility and option analysis. Theoretical background.   |
| 10:30 – 10:45                                  | Coffee break   |
| 10:45 – 12:00                                  | Financial analysis. Theoretical background: <ol style="list-style-type: none"> <li>1. Reference period;</li> <li>2. Reinvestment/residual value;</li> <li>3. Determination of project costs/revenues;</li> </ol> |



|   |  |
|---|--|
|   | <ol style="list-style-type: none"> <li>4. Discounting, calculation of financial indicators;</li> <li>5. Determination of EU grant rate;</li> <li>6. Financial sustainability.</li> </ol>   |
| 12:00 – 13:00   | Lunch break  |
| 13:00 – 14:30   | <p>Economic analysis. Theoretical background:</p> <ol style="list-style-type: none"> <li>1. Fiscal corrections;</li> <li>2. Conversion of market to accounting (shadow) prices;</li> <li>3. Evaluation of non-market impacts and corrections for externalities;</li> <li>4. Calculation of economic indicators.</li> </ol> |
| 14:30 – 14:45   | Coffee break   |
| 14:45 – 16:00   | Sensitivity and risk analysis.   |
| <i>Day 2 – Practical and specific aspects (up to 10 practitioners - evaluators)</i> |  |
| 09:00 – 10:30   | Feasibility and option analysis. Analysis of real project  |
| 10:30 – 10:45   | Coffee break   |
| 10:45 – 12:00   | <p>Financial analysis. Analysis of real project:</p> <ol style="list-style-type: none"> <li>1. Evaluation of assumptions;</li> <li>2. Evaluation of calculations.</li> </ol>   |
| 12:00 – 13:00   | Lunch break  |
| 13:00 – 14:30   | <p>Economic analysis. Analysis of real project:</p> <ol style="list-style-type: none"> <li>1. Evaluation of assumptions;</li> <li>2. Evaluation of calculations.</li> </ol>  |
| 14:30 – 14:45   | Coffee break   |
| 14:45 – 16:00   | Sensitivity and risk analysis. Analysis of real project. Conclusions. Drafting of findings.  |

It is necessary that ECRAN beneficiaries will inform the ECRAN secretariat for organising national roundtables for topics mentioned above as soon as practicable.

| No. | Date           | Key outputs  |
|-----|----------------|--|
| 1   | September 2014 | Identify topics for discussion during national roundtables regarding cost recovery in water sector (combined training with Water Management Working Group) |



|   |                     |  |
|---|---------------------|--|
| 2 | March 2015          | Identify topics for discussion during national roundtables regarding cost recovery in waste sector (combined training with Waste Management Working Group) |
| 3 | March 2015          | Agree on schedule for national roundtables   |
| 4 | May - December 2015 | Delivery of national roundtables for 4 countries   |

### **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.

**1<sup>st</sup> 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;
- 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.

**2<sup>nd</sup> regional training “ECRAN Regional training on IPA II requirements” is planned for October - November 2015.**

Identified specific objectives for the workshop include:

- To receive latest information regarding IPA II requirements and procedures;
- To exchange views and agree on methods how to approach establishment of sector based approach in IPA II planning;
- To discuss possibilities and mechanism to support investment projects management through JASPERS;
- To exchange experiences in identification of technical assistance and investment projects.

| No. | Date         | Key outputs   |
|-----|--------------|---|
| 1   | March 2015   | List of topics and specific objectives for the training discussed during annual meeting |
| 2   | June 2015    | Draft agenda for the second regional training   |
| 3   | July 2015    | Final agenda for the second regional training   |
| 4   | October 2015 | Second regional training on IPA II  |



Summary ECRAN Strategic Planning and Investments WG Work plan 2015

| SPIWG Activity 2.2            | January | February | March  | April  | May   | June   | July | August | September | October | November | December |
|-------------------------------|---------|----------|--|--|---|--|------|--------|-----------|---------|----------|----------|
| Task 2.2.1 Annual Meeting     |         |          | <i>2<sup>nd</sup> Annual Meeting</i>   | Coordinated list of topics for national roundtables cost recovery<br><br>Coordinated schedule for national roundtables |   | Coordinated list of topics for national roundtables meta-planning<br><br>Coordinated schedule for national roundtables |      |        |           |         |          |          |
| Task 2.2.2 Strategic planning |         |          | <i>Draft and final agenda for regional training with Water Management WG</i> |  | <i>Combine regional training with Water Management WG<br/><br/>List of topics to be covered</i> |  |      |        |           |         |          |          |



| SPIWG Activity 2.2   | January                                    | February                                   | March  | April | May                                      | June                                       | July                                       | August | September | October                                 | November | December |
|--|--|--|--|-------|--|--|--|--------|-----------|---|----------|----------|
|  |  |  |  |       | <i>for meta planning in water sector</i> |  |  |        |           |   |          |          |
| Task 2.2.3 Cost recovery and tariff setting (or economic/financial analysis) | <i>Draft agenda 2<sup>nd</sup> seminar</i> | <i>Final agenda 2<sup>nd</sup> seminar</i> | <i>2<sup>nd</sup> regional training combined with Waste Management WG</i><br><br><i>List of topics to be covered for cost recovery in water sector</i> |       |  |  |  |        |           |   |          |          |
| Task 2.2.4 Capacity building for IPA project fiche preparation               |  |  |  |       |  | <i>Draft agenda 2<sup>nt</sup> seminar</i> | <i>Final agenda 2<sup>nd</sup> seminar</i> |        |           | <i>2<sup>nd</sup> regional training</i> |          |          |

