

ECRAN National Roundtable on Cost recovery

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STRATEGIC PLANNING AND INVESTMENTS WORKING GROUP



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Main tasks

- Task 2.2.2 Strategic planning
- Task 2.2.3 Cost recovery and tariff setting (or economic/financial analysis)
- Task 2.2.4 Capacity building for IPA project fiche preparation



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Task 2.2.2 Strategic planning

- Strategic planning task is being implemented by three subtasks:
 - Meta-planning and country specific discussions
 - Regional training on the role of planning documents in approximation process and management of the process for chapter 27 using approximation policy documents
 - Combined regional trainings between the Strategic Planning Working Group and sector specific Working Groups



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Meta-planning and country specific discussions

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- National roundtable “Developing meta plan for Chapter 27”, June 9th 2015, Skopje
- The only country which organised this discussion



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

- The subtasks include:
 - Two regional trainings on economic-financial analysis and cost recovery combined with other ECRAN sector specific Working Groups (waste management, water management etc.)
 - Tailor made/national round table discussions and/or trainings



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Combined regional trainings on economic-financial analysis and cost recovery

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- Two regional trainings on economic-financial analysis and cost recovery with:
 - Water Management Working Group.
 - Waste Management Working Group.
- First combined regional workshop with Water Management Working Group on Economic Analysis in Accordance with WFD took place on 21-22 October 2014 in Skopje
- Second regional workshop with Waste Management Working Group on Cost recovery in waste sector took place on 18 - 19 March 2015 in Tirana



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National roundtables on cost recovery

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- Topics for national roundtables have been identified using outputs of combined trainings for Water sector and Waste management sector
- Special CBA training program has been elaborated with following objectives:
 - to 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



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Task 2.2.4 Capacity building for IPA project fiche preparation

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- 2nd (final) workshop planned for beginning of 2016
- Proposed, that the workshop could be organised in EIB headquarters (because of JASPERS)
 - Loan support to environmental infrastructure,
 - JASPERS role in meeting heavy investment EU requirements,
 - Development and implementation of investment projects in water sector,
 - Challenges developing infrastructure for water sector,
 - Development and implementation of investment projects in waste management sector,



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IPA cont.

- Challenges developing infrastructure for waste management sector,
- Roundtable. Managing investment projects,
- IPA II framework: new developments,
- Establishment of sector based approach,
- Developing road map for sector approach,
- Roundtable. Towards sector approach,
- New PRAG,
- Roundtable. Managing IPA II.



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ROUNDTABLE



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Waste Framework Directive Article 14

- In accordance with the polluter-pays principle, the costs of waste management shall be borne by the original waste producer or by the current or previous waste holders
- Member States may decide that the costs of waste management are to be borne partly or wholly by the producer of the product from which the waste came and that the distributors of such product may share these costs



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Landfill directive. Article 10

- Member States shall take measures to ensure that all of the costs involved in the setting up and operation of a landfill site, including as far as possible the cost of the financial security and the estimated costs of the closure and after-care of the site for a period of at least 30 years shall be covered by the price to be charged by the operator for the disposal of any type of waste in that site.



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Main principles

- The Polluter Pays Principle - costs of pollution should be borne by those who cause it
- The User Pays Principle - costs related to the use of a natural resource or the treatment of pollution should be covered by revenue generated by users



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Cost recovery

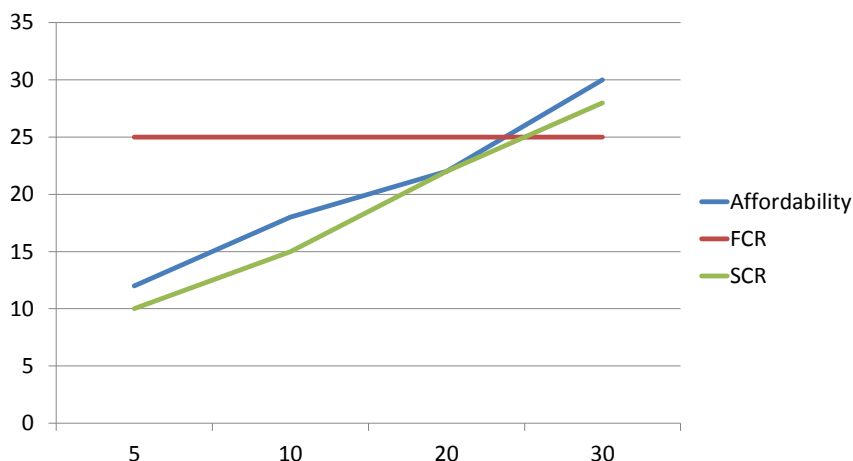
- Service charges shall cover full costs of the services provided
- Tariffs in long term shall reflect the costs associated with providing the service, including:
 - Operating and maintenance,
 - Capital,
 - Replacement,
 - Financing costs.
- In short term, tariffs at least shall reflect operating and maintenance costs



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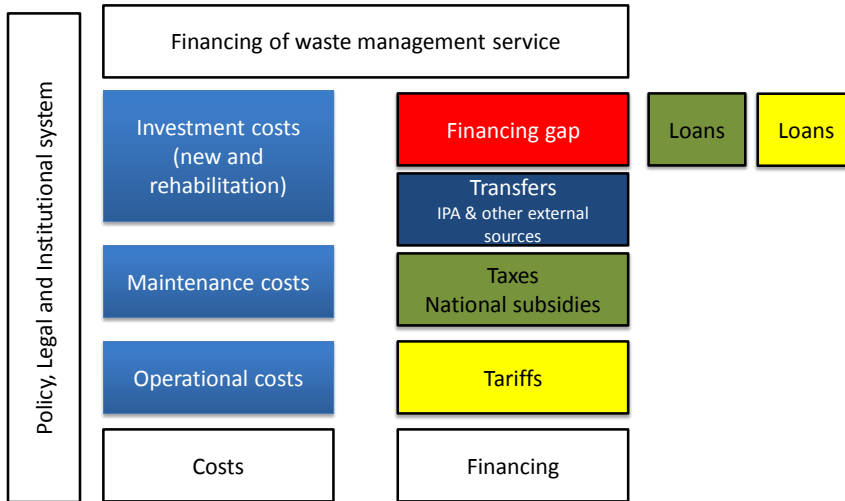


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Financing costs of project implementation



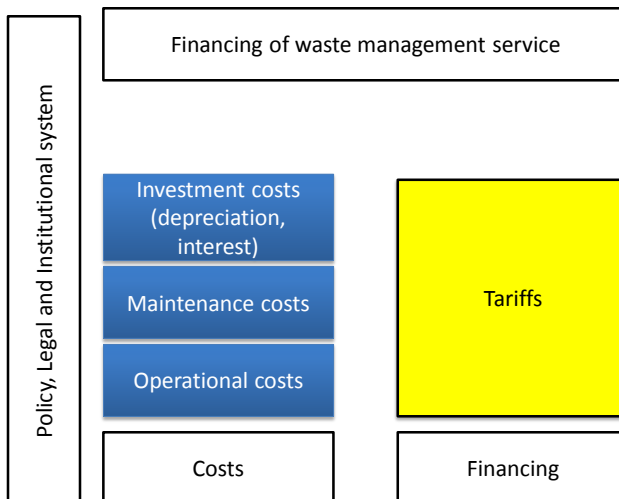
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Financing costs of policy implementation 1



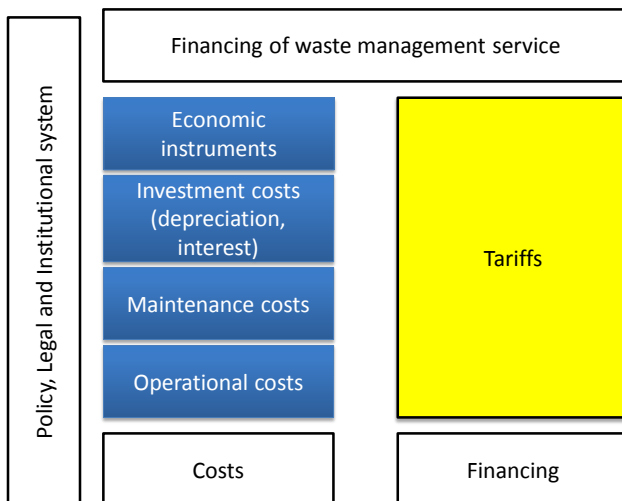
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Financing costs of policy implementation 2



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Landfill taxes / charges

- 19 Member States have a tax
 - Taxes vary from €3 to €107.49 per tonne
 - Gate fees vary from €17.50 to up to €155.50
 - Higher landfill charge = less waste to landfill
 - All MS with charge < €40 landfill 60% of waste
-
- USE OF ECONOMIC INSTRUMENTS AND WASTE MANAGEMENT PERFORMANCES. Final Report, 10 April 2012

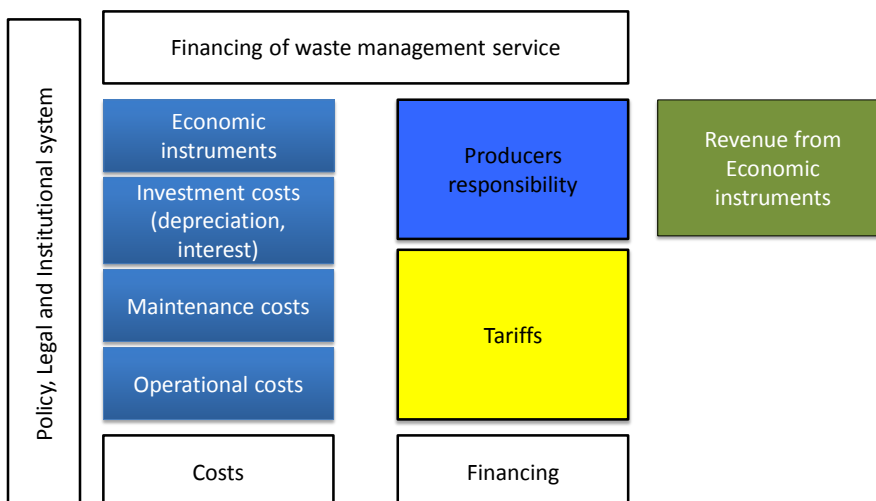


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Financing costs of policy implementation 3



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Some conclusions from regional workshop 1

- Financial support (national, EU grants, municipal subsidies, ...) does not solve the long-term and continuous operation of the system. The main source of financing – waste management tariffs
- There is no single model for cost recovery and how the cost recovery system shall be established. Very much depends on national situation, traditions, waste management goals, market maturity, etc.
- Some countries have national methodologies for setting tariffs for municipal waste collection management



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- Polluter pays principle implementation step by step starting with O&M costs and later adding investment costs (affordability and political acceptability):
 - From Minimum Cost Recovery to Full Cost Recovery
 - Through sustainable cost recovery
- Regional solidarity principle:
 - municipal waste management tariff should not depend on the distance to the regional waste management facilities
 - price should be the same for all municipal waste holders of the region if they have the same scope and quality of the services



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- (In case of regional organisations) It is important, that municipalities continue being involved into collecting tariffs. In this way municipalities:
 - Are better informed about the situation
 - Can influence on waste management services
 - Can better implement their responsibilities on waste management.
- Regional authorities may support municipalities in implementation of their functions:
 - to present the calculation of tariffs for MWM to municipality and collect them after approval of the council of municipality



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Agenda 1

- Two days roundtable 17 - 18 November 2015
 - First day – Cost recovery in waste sector:
 - Developing municipal solid waste management sector in the country
 - Cost recovery and tariffs setting. MS experience. Estonia
 - Cost recovery and tariffs setting. MS experience. Italy,
 - Cost recovery and tariffs setting. MS experience. Lithuania
 - Roundtable: how to approach the cost recovery system



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Agenda 2

- Second day – Cost recovery in water sector:
 - Developing water and waste water management sector
 - Cost recovery system in water sector
 - Cost recovery and tariffs setting. MS experience. Romania
 - Cost recovery and tariffs setting. MS experience. Croatia
 - Cost recovery and tariffs setting. MS experience. Lithuania
 - Roundtable: how to approach the cost recovery system



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Roundtable: several questions to answer

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- What is the tariffs setting system used in RS?
How the system is established?
- What is experience of several EU Member States for tariffs setting?
- Is there a need/ room for improvements?
- What could be next steps?



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Thank you for your attention!



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