

ECRAN National Roundtable on Cost recovery and CBA in Waste Sector

Introduction to the workshop

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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

- 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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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.
- At least, in short term, tariffs must reflect operating and maintenance costs

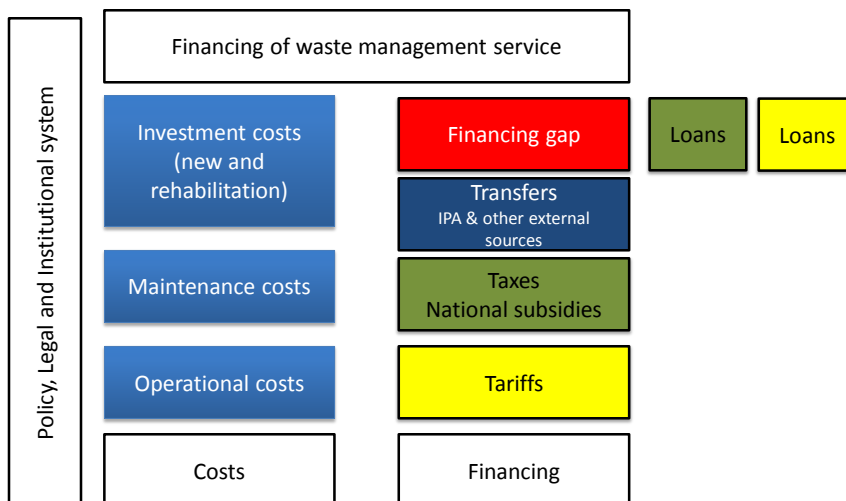


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Financing costs of project implementation

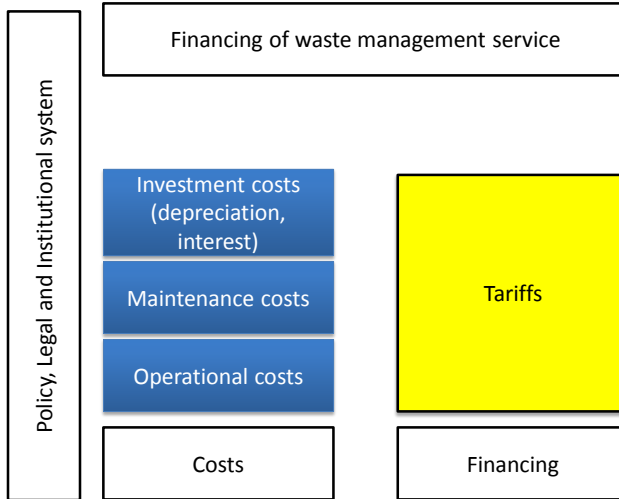


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Financing costs of policy implementation 1



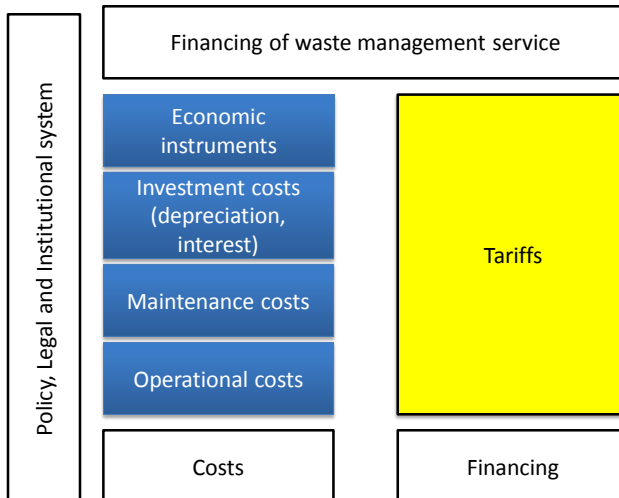
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Financing costs of policy implementation 2



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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

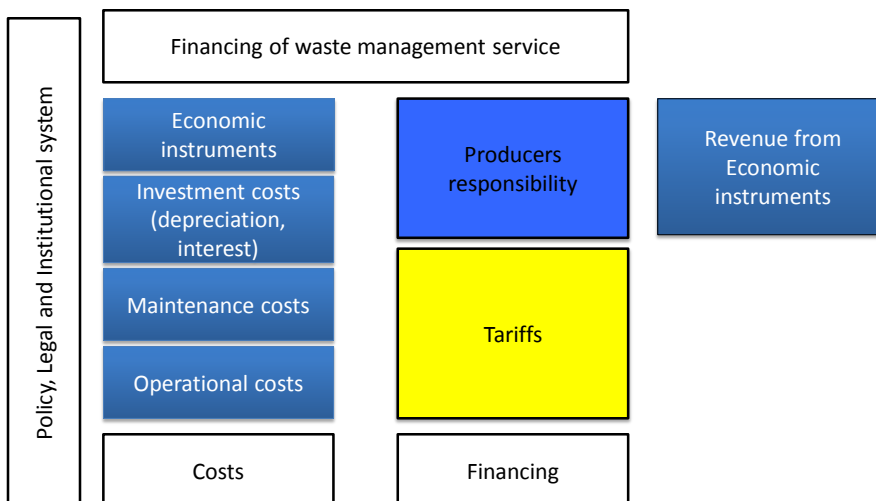


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Financing costs of policy implementation 3



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Some conclusions from Tirana workshop 1

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- 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 it shall be established. Very much depends on national situation, traditions, waste management goals, market maturity, etc.
- Some countries have 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
- 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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- It is important, that municipalities continue being involved into collecting tariffs:
 - They are better informed about the situation
 - Municipalities get more influence on waste management services
 - Better acceptance for people.
- Regional authorities my 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

- Three days workshop - roundtable in Skopje 27 - 29 October 2015:
 - First day – CBA theory:
 - Introduction to CBA,
 - Financial analysis. Theoretical background,
 - Economic analysis. Theoretical background,
 - Sensitivity and risk analysis.
 - Second day – CBA practical application on national cases:
 - Feasibility and option analysis. Practical aspects,
 - Financial analysis. Practical aspects,
 - Economic analysis. Practical aspects,
 - Sensitivity and risk analysis. Practical aspects.



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Agenda 2

- Third 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
 - National roundtable: how to approach the cost recovery system in the country



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Several questions to answer

- What is the tariffs setting system used in Macedonia? How the system is established?
- What is experience of several EU Member States for tariffs setting?
- How do we compare tariffs system in Macedonia to systems in other countries?
- Is there anything to change for improvements?



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Thank you for your attention!



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