The Priority Environmental Investment Programme for South Eastern Europe - PEIP

National Workshop:
Developing Environmental Infrastructure Projects in the WASTE Sector in Montenegro
14th May 2008, Hotel ”Queen of Montenegro” Budva, (Becici), Montenegro

Minutes of Meeting

Introductory Session

The meeting was chaired by Ruslan Zhechkov, PEIP Project Manager.

Mr. Igor Jovanovic from the Ministry of Environment and Tourism opened the workshop with brief information on the progress of strategic framework in the waste sector highlighting the need for huge investments in the sector. He also stressed upon the fact that the workshop is in line with the current developments in Montenegro and will be important especially for the utilities. Good cooperation with the REC for CEE was also emphasized.

Ms. Dagmar Kaljarikova from the European Commission drew the attention to the complexity of Chapter “Environment” in the negotiation process. She emphasized that adopting the legislation is less problematic than the implementation of the new laws. It was also noted that the European Commission would continue helping the Candidate Countries and Potential Candidate Countries in preparing investment projects for financing.

Ruslan Zhechkov spoke about the main goal of the PEIP project, namely to help the SEE countries in identifying viable projects and making progress with financing of the investments. The main topics on the workshop agenda were also outlined.

The introductory session was completed with brief presentation of all participants.

Session 1: Strategic and legal framework for the waste sector

Presentation: EU waste legislation, Dagmar Kaljarikova, European Commission
The presentation covered information on the main EU waste policy documents with special focus on the scope and key principles of Waste Framework Directive (WFD). The following articles of WFD were highlighted: Art. 1 (definition of waste), Art. 2 (scope of WFD), Art. 4 (minimum environmental conditions), Art. 7 (waste management plans). The key principles of WFD (self-sufficiency, proximity, polluter pays, producer’s responsibility) were outlined and discussed. The key issues regarding permits, registration and exemption as well as challenges related to waste prevention were also emphasized. Finally, the objectives and key elements of the EU Landfill Directive were also presented.

**Presentation: Priority waste projects on the PEIP list, Ruslan Zhechkov**, Project Manager for PEIP, Regional Environmental Center for Central and Eastern Europe (REC)

The presentation was focused on the goals of PEIP project and envisaged activities and criteria for prioritization. The waste projects on the PEIP list for Montenegro as per the last update from Nov 2007, as well as the proposed new projects were also presented. After presenting the key information about each project on the list Mr. Zhechkov asked the representatives of the respective municipalities/utilities as project proponents to comment on the data and the progress.

**Waste projects from Montenegro on the PEIP list:**

1. **Remediation measures for Mojkovac mining waste disposal site**
   - Progress on securing financing;
   - Total cost – 7.5 MEUR
   - Allocations: Montenegro (2.5 MEUR), Czech (0.9 MEUR); expected from Dutch (0.9 MEUR) and from Czech (0.3 MEUR);
   - Own resources – 3.4 MEUR;
   - Funds not secured – 4.1 MEUR
   - It is state-owned;
   - Remediation study and risk assessment already conducted;

Comment from Mojkovac: the presented information is relevant; project is under way; the financial information can not be verified.

2. **Rehabilitation and remediation measures for the inactive coal pit Borovica, and for the disposal sites Jagnjilo and Grevo**
   - No progress;
   - Total cost – 2.2 MEUR;
   - No own resources;
   - State-owned company;
   - 40,000 benefiting from project implementation;
   - Engineering design exists;

Comment: no changes occurred since November 2007

3. **Closure and remediation of the existing waste disposal site and construction of a new Podgorica landfill along with recycling centre**
   - First phase is finished and part of Second phase are finished
• Total cost – 10 MEUR
• Own resources – 5.7 MEUR
• Funds not secured – 4.3 MEUR
• Soft loan is foreseen.
• 400,000 benefiting from it.
• Feasibility study exists;

Comment: first phase is completed with municipal funds. The design has been prepared.

4. Construction of hazardous waste landfill in Montenegro

• Total cost – 9.17 MEUR – not secured;

Comment: There is no substantial progress on the project. The project is mentioned in the Master plan and proposed for IPA 2009 financing. The FS will show the most appropriate solution for the country. A regional solution with the involvement of the countries in the region (BiH, Croatia, Macedonia) is also an option.

Proposed New Projects:

• **New regional sanitary landfill (RSLF) for Niksic, Savnik and Pluzine municipalities:**
  Total Cost: 3.23 MEUR. Not secured: 1.5 MEUR

Comment: An application is made for EIB loan at the amount of 2,5MEUR. Tender is launched for FS preparation. Preparations started in relation to establishment of public company that will manage the infrastructure.

• **RSLF for Pljevlja and Zabljak municipalities:** Total Cost: 2.0 MEUR. Not secured: 1.0 MEUR

• **New RSLF for Berane, Andrijevica, Rozaje and Plav municipalities:** Total Cost: 4.84 MEUR. Not secured: 4.84 MEUR

Mr. Sinisa Stankovic, Deputy Minister of environment and tourism made the following remarks regarding the situation with the landfills:

The government allocated funds for preparation of technical documentation and analyses (feasibility studies, EIA, detailed designs, etc.) for Budva landfill (covering the municipalities of Budva, Kotor, Tivat). Feasibility study for Berane landfill (covering the municipalities Berane, Rožaje, Andijevica, Plav) is under preparations and results are expected. Funds will be provided for the detailed design preparation and other documentation.

Regarding Niksic landfill the FS and EIA are under preparation funded by the government of Spain. Expected completion of the FS and EIA is July 2008. Tender will be launched afterwards for preparation of detailed design. The legal requirement for public participation procedures prolongs the time for preparation of the project. In December 2008 tender will start for selection of a contractor.
EIB is interested in financing the construction of the landfills and initiated development of feasibility study in this respect. If the findings of the EIB’s FS correspond to the results of the Master plan then the EIB will provide loans for the locations already defined in the plan. In case the FS of the EIB shows that some of the solutions in the Master plan are not feasible then these will not obtain loans from EIB and the government of Montenegro will search for other options for financing (e.g. CEB, KfW, EBRD). Some municipalities (e.g. in coastal region) can contribute with municipal co-financing.

With regards to proposing new projects to the PEIP list the Ministry of Tourism and Environment will coordinate with the Ministry of healthcare and see if some of their projects can be proposed.

**Presentation: National strategic, legal and institutional framework in the waste sector, Ms. Ruzica Brnovic**, Ministry of Environment and Tourism, Montenegro

The institutional set-up at national level in relation to waste management was outlined with key emphasis on the responsibilities of the Ministry of Environment. Additionally, the responsibilities of the key players at local level such as municipalities, utilities, towns were highlighted. Possibilities and conditions for private sector involvement in waste management activities were also outlined.

The main legal and strategic documents in waste management include:

- Law on waste management
- Law on communal activities
- Law on environment
- Master plan on on Republic level (2005)
- Detailed plan and sector feasibility study on waste management (2005)
- National plan on waste management in Montenegro (2008)

**Comment by Mr. Sinisa Stankovic:** Progress is made in separate waste collection. There is a plan for introducing of bins according to the classification of waste (the plan is agreed with the municipalities). Leaflets are prepared for the end users. Promotional campaign to raise awareness among the population is also envisaged. Municipalities are obliged to organzie selective waste collection but problems are expected as this is a new approach for the country.

Question by Ms. Dagmar Kajljaričkova: National Waste Management plan was adopted in 2008. What is the link between the National waste management plan and the Strategic waste management plan?

**Answer by Mr. Sinisa Stankovic:** National Waste Management plan is fully harmonized with Strategic Waste Management Plan.

Sinisa Stankovic: According to the law, the Waste Management Plan is for 5 years. Municipalities are in charge of developing municipal waste management plans together with industrial facilities. Experts from Slovenia are helping with drafting 20 secondary documents needed for the subsequent phases.
Presentation: Municipal waste infrastructure and waste management situation in Montenegro, Ms. Ruzica Brnovic, Ministry of Environment and Tourism, Montenegro

According to the Strategic Master Plan on waste management on Republic level the construction of 7 (8) regional sanitary landfills is envisaged:

- Bar (municipality Bar, Ulcinj)
- Berane (municipalities Berane, Rožaje, Andijevica, Plav)
- Budva (municipalities Budva, Kotor, Tivat)
- Herceg Novi (municipality Herceg Novi)
- Mojkovac (municipalities Mojkovac, Bijelo Polje, Kolašin)
- Nikšić (municipalities Nikšić, Šavnik, Plužine)
- Pljevlja (municipalities Pljevlja, Žabljak)
- Podgorica (town of Podgorica, Cetinje i municipality Danilovgrad)

Presentation: Overview of investment priorities and financing needs in the waste sector. Mr. Igor Jovanovic, Ministry of Tourism and Environment


The implementation of the Master Plan on Waste Management is foreseen in 2 phases:

1st phase (2005-2009) – construction of 8 regional landfills, rehabilitation of landfills, supply of necessary equipment, installation of recycling systems; needed funds: 53,5 MEUR

2nd phase (2009-2018) - rehabilitation of landfills, supply of necessary equipment, installation of recycling systems, etc.; needed funds: 56,0 MEUR

Total funds needed: 109,5 MEUR

Overview of investment priorities:
- Construction of regional sanitary landfills;
- Rehabilitation of existing landfills;
- Pilot projects on selective waste collection;
- Construction of recycling centres;
- Site preparation and installing of equipment for recycling;

The presentation outlined also the costs for: preparation of project documentation the regional landfills and investment costs, rehabilitation of the existing landfills, recycling, equipment.

Q&A

Question: Please confirm that the locations of the regional landfills are defined.

Answer. Yes. The Strategic master plan defines the locations. Only the location of Mojkovac landfill is not resolved yet, but most probably it will be located in Bjelo pole.
Question: If 8 regional landfills are foreseen there is no reason to keep them out of the PEIP list. There is possibility to use IPF for project preparation activities.
Answer: The Ministry of tourism and environment envisaged funds to support municipalities in project preparation.

Session 2: The challenges of waste management

Presentation: Optimization and restructuring of waste management centres (WMC), Mr. Danko Fundurulja, expert, Croatia
The key criteria for selection of the location for the WMC were outlined and discussed in the presentation. These include planning, environmental, financial and economic and technical criteria. It was mentioned that the most important factors for the selection of the location are: capacity of the WMC, area covered by collection and transportation service and the distance from waste producers. Selected examples of Croatian experience were also outlined.

Presentation: Feasibility study preparation, Danko Fundurulja, expert, Croatia
The presentation discussed the key issues related to investment project preparation and feasibility assessment. Different options for financing of WMS and alternative approaches were also discussed.

When choosing options the following aspects have to be taken into consideration:

- available funds on municipal level;
- possibility to take loans;
- possibility to subcontract a private company;
- dynamics of paying back investments;

Q&A

Question: Are regional solutions applied in waste management in Croatia?
Answer: According to the waste management strategy every district should have a WM centre. Other facilities should be closed by 2011 as they do not meet the criteria. From 2016 incinerators can be used (Rijeka, Zagreb). There are 5 types of disposal sites. With regards to financing 50% comes from the municipal budget and 50% from other sources.

Question: Are there legal landfills in Croatia?
Answer: There are 20 legal landfills complying with EU requirements. 50 landfills are in procedure for meeting the EU criteria. Projects for construction of three WMC will apply for financing under IPA. There are outstanding issues regarding the location.

Question: Selective waste collection was a revolutionary measure in Montenegro. What were the results in Croatia when this measure was introduced in Croatia?
Answer: Selective waste collection was initiated in Zagreb in 1988 with introducing bins for separation of waste. In 2000 14% of the waste was selected on a voluntary basis. Croatia applies concession procedures for the different types of waste.
Question: The Ministry of environment and tourism considers allocating funds for separate waste collection. However, problems exist with the security of the containers/bins.
Answer: Metal waste is often stolen as there is an opportunity for getting payments for it.

Question: There is a problem with lack of waste separation facilities in areas with containers for waste separations already installed.
Answer: One solution is to install a recycling plant for selection purposes. Another approach is to reach an agreement with neighbouring municipalities/countries which have such facilities.

Presentation: Financing landfilling and waste management, Mr. Peeter Eek, expert, Estonia, Head of Waste Department, Ministry of Environment

The presentation outlined the economic measures in waste management followed by an elaboration of financial challenges related to the closing to the old dumpsites, construction of new infrastructure, waste recovery issues, costs of waste management for the households (flat fess vs. PAYT), etc. Estonian experience and examples (Tallin case) were also presented. EU Thematic Strategy on the recycling of waste and related requirements on reducing the quantities of certain types of waste in the forthcoming years was also discussed.

Q&A

Question: Is the usage of incinerators a preferable option in Estonia?
Answer: First priority is the waste prevention, then reuse, followed by material recovery and the least desired option is the landfilling. These principles are also applied in Estonia.

Question: What do you think regarding the liberization of the market in the waste sector?
Answer: Rapid privatization in Estonia started; private companies entered the market of municipal waste and households can choose between the different providers. However, there are some negative results out of this practice mostly for logistical reasons (e.g. different trucks use the same roads; difficulties in tracking which household which company chose, etc.).

Question: Please clarify the issue with tariff setting in Estonia.
Answer: Price is defined per emptying a container. Municipalities do not collect fees directly. Price is fixed in the contract of waste collecting company.


The presentation reviewed the key steps in practical implementation of EU Landfill Directive in Estonia, key challenges faced and lessons learned. Special focus was put on the problems with closure of the old dumpsites such as marking of old landfills to digital maps and securing housing restrictions; continuation of supervision after closure and aftercare requirements; financing of aftercare, etc.

Q&A

Question: Estonia will have 5 landfills while its population is 2 times bigger than the population of Montenegro. Montenegro plans the construction of 8 landfills. What are the quantities considered?
Answer: In the waste master plan the construction of 7 (8) landfills is envisaged. Existing landfills have low capacity and do not comply with EU requirements. Priority is given to waste separation, recycling and landfilling. Incinerators are not a suitable option for Montenegro. Considering the number of the population the number of the landfills may seem too high. However, the municipalities are dispersed and the transportation costs are too high. The proposed landfills will be used by several municipalities.

Comment: Incineration can be a better approach than landfiling. 
Answer: Regarding incinerating facility there is a requirement of serving population of 200 000 which is not applicable and feasible in Montenegro as the municipalities are small and dispersed.
Comment: In the 90’s incinerators were considered a bad solution. However, the technology improved and the incinerators can be a good source of energy and reduce the burden of energy deficiency (e.g. Scandinavian experience).

Session 3: Preparation and financing of environmental investments in the waste sector

Presentation: Investment Project Preparation – national perspective, Mr. Igor Jovanovic, advisor, Ministry of Environment and Tourism, Montenegro
The presentation outlined the key requirements and steps in preparation of technical documentation needed for waste infrastructure facilities as per the national legislation.

Question: Is a license needed for operation?
Answer: Yes. A practical example of the procedure was given.

Presentation: Options for financing of waste infrastructure projects in Montenegro under the EU Instrument for Pre-Accession (IPA), Ms. Dunja Nelevic, advisor, Secretariat for EU integration in Montenegro
The presentation outlined the goals of IPA programme, process of allocating funds, administrative set up and procedures. Montenegro as a Potential Candidate Country is eligible for IPA funds under two components: Transition Assistance and Institution Building and Regional and Cross-Border Co-operation.

IPA funds to be allocated to Montenegro in 2007-2010

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<th>Component</th>
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<th>2009</th>
<th>2010</th>
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<td>Transition Assistance and Institution Building</td>
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<td>28.1</td>
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Montenegro is eligible for funds under 2 components of IPA Regional and Cross-border cooperation: Multilateral programmes: Adriatic cross-border programme, Transnational cooperation SEE, MED and bilateral programes with Albania, BiH, Croatia, Serbia:

Information was provided on the recently launched Infrastructure project facility funded by the EU and the possibility for PEIP priority projects to receive financing for preparation of project documentation.
Presentation: Other options for financing of waste infrastructure projects, Ms. Ana Krunic,
Focal point for PEIP, Ministry of Environment and Tourism, Montenegro

EIB and WB activities in Montenegro:
  • Together with WB a project is implemented on sensitive tourism areas.
  • The loan amount is 5 million USD. Part of the funds were used for strengthening technical capacities of the utilities in Budva, Kotor and Tivat. And for recycling equipment for Lovanja Landfill. The remaining 3.9 USD is for construction of sanitary landfills in Bar and Ulcinj.
  • The Podgorica Landfill has already been constructed while the Bar landfill will be financed from the WB loan. In this situation 25 million USD is needed for the remaining five regional landfills.
  • Negotiations with EIB are under way for crediting the landfills with 50-75% of the amount

Minutes prepared by:
REC PEIP project team
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