Introduction

Activities under the DABLAS Task Force Secretariat, led by a new contractor – a consortium between DHV Consulting and the Regional Environmental Center for Central and Eastern Europe (REC) – have got off to an intensive start.

For the past 10 months there has also been an active consultation process with national and international stakeholders. In February 2010, there was a meeting of the Working Group on the future of DABLAS. In this issue we will briefly summarise the findings of both processes.

Articles in this edition include:

• Update of the DABLAS priority list of projects
• Reform of the DABLAS Task Force
• Upcoming DABLAS workshops in Bosnia and Herzegovina, FYR Macedonia and Montenegro
• Joint DABLAS-BSC Regional Meeting on Project Identification and Financing
• Sector Investment Programme Albania Water Supply and Sewage Disposal
• News
• Events
Update of the DABLAS priority list of projects

The process of updating the DABLAS list of priority projects started during spring 2010. In the focus countries – Bosnia and Herzegovina, Serbia and Turkey – a practical approach has been sought and working sessions with the key stakeholders have been held for this purpose.

The purpose of the DABLAS pipeline is:

• to advance the implementation of investment-heavy urban wastewater treatment plants; and
• to attract funding for project preparation and investments, from both national governments and international donors and funding agencies.

Additional benefits are:

• to bring clarity in the national WWTP priorities through the process of updating the pipeline; and
• to inform the process of drafting sectoral national strategies.

The lists of “hotspots” maintained by ICPDR and BSC form the basis for the DABLAS pipeline. More information on the criteria and indicators, as well as on the process of prioritisation, can be found on the DABLAS website.

The list is being updated for all of the DABLAS beneficiary countries, including the non-ICPDR member states, that is, for countries bordering the Black Sea. The list of Black Sea hotspots will be used for this, and cooperation with the Black Sea Commission has been established.

The updated pipeline will be finalised by November 2010 and will be available on the website.
Reforming the DABLAS Task Force

The Development Strategy for DABLAS was presented and discussed at the DABLAS Task Force meeting in November 2009. It pointed out the urgency of closer coordination with international financing institutions (IFIs), serious involvement of beneficiary countries and the effective integration of DABLAS in related EU policy initiatives and recognised environmental bodies such as the Black Sea Commission (BSC) and the International Commission for the Protection of the Danube River (ICPDR).

As part of the DABLAS reform initiative, a working group including IFIs/DABLAS countries/EU member states was established and met in February 2010. As a follow-up, a consultation paper has been shared with the major stakeholders and also posted on the DABLAS website.

The conclusion of the Commission services, taking particular account of stakeholder response to the above-mentioned activities, is that some of the core tasks of DABLAS, such as capacity building and assistance to project preparation and implementation, can be covered in a more targeted and efficient way by other policy and financial instruments, such as the EU Instrument for Pre-accession Assistance (IPA), the Regional Environmental Network for Accession (RENA), the Western Balkans Investment Framework (WBIF) and the European Neighbourhood Policy and its financing instruments (the European Neighbourhood Policy Instrument [ENPI] and the Neighbourhood Investment Facility [NIF]).

However, DABLAS could still serve as a platform for interaction between the Black Sea and the Danube; this interaction has been at the heart of DABLAS since its establishment and will be necessary in the future, contributing, inter alia, to better coherence of EU policies such as the future Danube Strategy and the Black Sea Synergy.
Workshops on developing environmental infrastructure projects on water and wastewater – Bosnia and Herzegovina, FYR Macedonia and Montenegro

Three workshops will be organised jointly by the DABLAS Secretariat in association with Support for the Preparation of Water-Related Investment Projects under the DABLAS Task Force in Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia.

The purpose of the workshops will be to bring together policy makers, project proponents of water and wastewater projects and financiers, and to discuss issues related to financing such projects in a more efficient way.

Dates of workshops:
• Podgorica, Montenegro – 26 October, 2010
• Sarajevo, Bosnia and Herzegovina – 9 November, 2010
• Skopje, fYROM – 11 November, 2010

Agendas will include the following topics:
• Overview of the national strategic priorities in the water and wastewater sectors.
• Lessons learned from project preparations in Serbia, Croatia and Turkey.
• Options for the reform of water utilities.
• Overview of problems and bottlenecks in financing water and wastewater infrastructure projects.
• Options for reform in the water utilities.
• ERM/Solventa experience from project preparation in Serbia, Croatia and Turkey.

Other stakeholders that will be invited to the workshop include the EC delegations, RENA and WBIF. Agendas will be uploaded in advance to the DABLAS website.
Joint DABLAS-BSC Regional Meeting on Project Identification and Financing

At a meeting held in January 2010 with the Ministry of Environment of Turkey it was concluded that capacity building in integrated river basin management through the dissemination of the planning approach to municipalities on the Black Sea coast would be beneficial for Turkey.

A joint DABLAS-Black Sea Commission (BSC) regional meeting on project identification and project financing will take place in Istanbul, Turkey, in the spring of 2011, subject to approval by the BSC member countries.

Selected stakeholders from all neighbouring countries along the Black Sea coast and the Eastern Neighbourhood Countries will be invited to exchange experiences.

Additional ideas for the regional meeting are more than welcome and can be addressed to the contact person.

The agenda will be uploaded in advance to the DABLAS website.
Purpose of the regional meeting:

1. To raise awareness of hotspots among financers by presenting the hotspot list and related DABLAS list. The event will also serve to raise the visibility of the hotspot lists and to present the methodology for their identification.

2. To showcase national approaches to hotspot identification and financing. The countries will have the possibility to present the efforts they are making to finance hotspot projects.

3. To present a DABLAS methodology for pre-appraising project ideas and assessing their potential to be turned into viable projects. Country and IFI experiences in this issue will be shared.

4. To introduce the river basin management concept as well as project identification, prioritisation and implementation.

5. To provide a forum for discussion of issues related to planning and prioritising investments in wastewater treatment. In a context of funding shortages, the planning and prioritising of projects are often underestimated.

6. Countries will be asked to present good practices in river basin management planning (e.g. the Yasirilmak basin in Turkey). This approach is of direct relevance for the prioritisation of investments in wastewater treatment.

7. IFIs and bilateral donors will have the possibility to present their funding priorities for the region as well as to present good practices in financing WWTPs around the Black Sea.
Sector Investment Programme – Albania
Water Supply and Sewage Disposal

In Albania, KfW will coordinate the future investment activities of donors and develop an appropriate financing mechanism for it.

Objectives:
• To establish a transparent and stable funding system for investment packages that have been identified in a transparent manner through a national masterplan.
• To reduce transaction costs for all stakeholders and avoid delays in the realisation of priority investments.
• To respect and strengthen the decentralised structure of the water sector.
• To establish a multi-donor sector investment programme, but not a sector reform programme.

This new arrangement addresses one of the major bottlenecks for efficient funding – coordination between funding agencies.
Present situation vs. future sector investment programme

<table>
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<tr>
<th>PRESENT</th>
<th>FUTURE</th>
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<tr>
<td>• Investment needs are only known for selected (larger) municipalities.</td>
<td>• Investment needs and the potential impact of investments will be analysed in the national masterplan.</td>
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<tr>
<td>• Each donor selects individual projects (1 project = 1 municipality) together with the Albanian Government: selection criteria are often not clear.</td>
<td>• Projects will be prioritised through a national masterplan. Investment applications will be approved by a national programme committee.</td>
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<td>• Blending of grants and loans happens in an ad hoc manner: blending ratios and on-lending conditions are decided on a case-by-case basis.</td>
<td>• Blending of grants and loans will be done on the basis of a clear policy (including transparent on-lending conditions).</td>
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<td>• GoA has to work-coordinate with several consultants who support individual municipalities. GoA has limited information on individual projects.</td>
<td>• GoA will be supported by one consultant who will monitor the individual projects and support the municipalities with procurement.</td>
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**News**

A project on the elaboration of a Hotspot Inventory for the Western Balkans and Turkey was launched by the EC Horizon 2020 initiative in Brussels on 15 September 2010. It complements the Mediterranean Hotspot Investment Programme and aims to support Balkan countries along the Adriatic Sea and Turkey to comply with the Barcelona Convention on the Protection of the Mediterranean Sea against Pollution.

At the meeting the consultant presented its approach to the assignment and sought feedback from related projects in the region. DABLAS was able to share its 10-year experience in hotspot identification and project preparation. The consultant will now prepare its methodology.

For more information, contact Christine Haffner chaffner@gmx.net

The Danube River Basin Management Plan was adopted by the ICPDR on 10 December 2009 and is available on the ICPDR website. The joint programme of measures (JPM) is an intrinsic part of the plan and significant resources are needed to implement most of the measures it contains. Cooperation between ICPDR and DABLAS will explore these possibilities.

An EU strategy for the Danube region is currently being drafted through the coordination of the European Commission. The public consultation process is over and the strategy will be adopted by the Commission by the end of 2010. One of the three pillars of the strategy will be the preservation of the environment and protection against natural risks. The Commission will also propose an action plan and a governance system.

The contract for the Regional Environmental Network for Accession (RENA) was awarded in the spring of 2010 to a consortium led by Human Dynamics from Austria. There will be four thematic working groups, and Working Group 1 is on ‘Strategic Planning and Investment’. The inception phase is to be finalised in September. Further information is available from the website of Human Dynamics.
Events

KfW is organising an international conference "Paving the Way for Accession and Neighbourhood towards a Better Environment in Eastern Europe" on 28-29 October 2010 in Frankfurt/Main, Germany.

For more information contact Gregor Grütter (gruettner@adelphi.de)

DHV/REC and ERM/Solventa are organising workshops on investments in water and wastewater in Podgorica, Montenegro (26 October), Sarajevo, Bosnia and Herzegovina (9 November) and Skopje, FYR Macedonia (11 November).

For more information contact Ruslan Zhechkov (rzhechkov@rec.org)

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