



Municipal Infrastructure Support Programme

An EU – funded project managed by the European Agency for Reconstruction



BUILDING TOGETHER FOR THE FUTURE

Talking Points for the Component I Group Work Sessions

Group Work I, April 2, 12:00 to 13:00

How do we address the identified problems? What *results* to we need to achieve with the project?

As per the TOR logframe the results are

Result 1.1 Better Understanding amongst national and local government on the necessary legal, institutional and fiscal reforms needed to promote decentralized municipal/PUC managed infrastructure services	Result 1.2 Increased inter-municipal cooperation on provisional of regional infrastructure services and the establishment of regional services and the establishment of regional PUCs	Result 1.3 Action Plan prepared for the transformation of PUCs in cooperation with national stakeholders
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The implicit problems are

- Inadequate understanding of necessary reforms
- Inadequate intermunicipal cooperation
- Lack of a Strategy, and of a subsequent Action Plan, for PUC transformation

Do we agree that these are the real problems? if yes, what is the root cause and the nature of the problems? How do we address them? Do we agree on what are the “necessary, legal, institutional, and fiscal reforms”?

If we don't agree that these are the /only or main/ problems what /other problems/ are there that the Project should tackle?



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How will the results remedy problems? Should any other results be proposed?

Results 1.1 and 1.3 aim at formulation strategies for subsequent implementation but do not include as yet concrete progress in the transformation process during the life of the project. Can one be more ambitious and expect some concrete actions towards transformation during the coming two years?



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Group Work II April 2 15:20 to 16:30

What *activities* do we have to do in order to achieve the results?

The following are talking points with reference to the activities suggested in the logframe

<p><u>Activity 1.1.1: Policy Seminars on Reform Issues</u></p> <p><i>PURPOSE OF DISCUSSION:</i> TO IDENTIFY APPROPRIATE TOPICS OF SEMINARS AND DELIVERY METHODS</p> <p>Examples of discussion topics:</p> <ol style="list-style-type: none"> 1. Should some seminars/workshops be dedicated to specific topics one at a time: e.g. <ul style="list-style-type: none"> -tariff policy-cum regulation -private sector participation -regionalization of services 2. What is the right target audience or participant? <ul style="list-style-type: none"> -high level only, as suggested in the logframe's reference to "top leaders" -who are the "top leaders"? decision-makers in central government? Mayors? Municipal council members? PUC managers 	<p><u>Activity 1.2.1 Review policy issues for the different services</u></p> <p><i>PURPOSE OF DISCUSSION:</i> TO IDENTIFY DIFFERENCES BETWEEN SECTORS IN REGARD TO ISSUES OF REGIONALIZATION</p> <p>Examples: What are the differences between the three main sectors?</p> <p><u>1. in waste management:</u></p> <ul style="list-style-type: none"> -What are the institutional/ownership alternatives to inter-municipal cooperation when several municipalities use a regional landfill? -ownership issues: should municipalities jointly own/manage assets, (e.g a regional landfill, or should the host municipality be the owner of the regional landfill?) 	<p><u>Activity 1.3.1 Support development of a National Strategy</u></p> <p><i>PURPOSE OF DISCUSSION:</i> TO IDENTIFY STAKEHOLDERS AND THEIR RESPECTIVE CONTRIBUTION IN THE FORMULATION OF A NATIONAL STRATEGY</p> <p>Examples:</p> <p>What is the expected participation and specific contribution of each of the Ministries who are on the Steering Committee? What is the right process to elicit their contribution?</p> <p>Who will approve the Nation Strategy</p> <p>How is the Project to collaborate with IFIs which also have an interest in PUC transformation: e.g. the World Bank and the EBRD?</p>
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<p>-should some seminars/workshop focus on mayors and PUC managers?</p>	<p>-is the merger of municipal PUCs to be encouraged? If so, how?</p> <p>-should concessions/outsourcing to private operators be fostered? for collection and transport? for landfill operations? for both? Also as a means of regionalizing the service under private auspices?</p> <p><u>2. in water and sewerage sector</u></p> <p>-What are arguments for regionalizing the service, e.g. create fewer regional companies?</p> <p>-What is the scope of regional cooperation in the sector?</p> <p><u>3. in district heating:</u></p> <p>is regionalization relevant? Why or why not?</p>	
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<p><u>Activity 1.1.2 Analysis of Institutional reform requirements for difference categories of PUCs in Serbia</u></p> <p><u>PURPOSE OF DISCUSSION:</u> TO IDENTIFY SCOPE OF REFORM ISSUES FOR PUC TRANSFORMATION</p> <p><u>Ownership Issues</u> How will the passage of the Law of Municipal Property impact on PUC financial autonomy, financial sustainability? How will it impact on the “corporatization” of PUCs</p> <p>After the passage of the law, how will municipalities transfer assets to PUCs, if at all?</p> <p><u>Cost Recovery and Tariff Policy</u> Should tariff policy aim at</p> <ul style="list-style-type: none"> • Only recovering current operational cost • Cover depreciation and allow accumulation of funds for investment • Allow for loan service and investment <p><u>Private Sector Participation:</u> identify constraints and opportunities for PPPs in the three target sectors</p>	<p><u>Activity 1.2.2 Review coordination and cooperation procedures and agreements between municipalities and provide recommendations, models</u></p> <p><i>This topic will be discussed in Working Group VI</i></p>	<p><u>Activity 1.3.2 Support preparation of central level regulatory requirements</u></p> <p><u>PURPOSE OF DISCUSSION:</u> TO IDENTIFY RELEVANT REGULATORY ISSUES</p> <p><u>Examples:</u></p> <p>What is the suitable division of responsibility between local and central regulation?</p> <p><u>Regulations at the central level</u></p> <ul style="list-style-type: none"> • Should the Ministry of Finance have to approve price increases (and continue to cap them to inflation?) • Should there be an (independent?) National Regulator for water tariffs • Should there be any restrictions on municipal councils to set the waste fee? • Should PUC’s be required to produce (5year?) business plans, and if so for whose approval? • ??? district heating??? <p><u>Regulations at the municipal level</u> How should municipalities regulate PUC operations, e.g. level of service, responsibilities of PUCs, responsibilities of the citizens, supervision of PUC performance, etc?</p>
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<p><u>Cost Effectiveness, Operational Efficiency, Quality of Services, Competitiveness, Accountability:</u> what is expected of the transformation process in terms of enhanced service provision?</p> <p><u>Accountability, Appropriate Reporting Requirements:</u> as prerequisites of transformation</p> <p><u>De-politicization of Management:</u> How can it be fostered?</p>		
<p><u>Activity 1.1.3 Support Organization of Round Table Meetings</u></p> <p><i>This activity will be discussed in Working Group VI</i></p>	<p><u>1.2.3 Identify Priority Regional Infrastructure Projects:</u></p> <p><i>This activity is linked with activities in Component II; may be deleted from Component I Working Group discussions.</i></p>	<p><u>Activity 1.3.3 Prepare Action Plan for next three years</u></p> <p><i>This of activity will be discussed in Working Group VII: Identification of the processes by which stakeholders will participate in and contribute to the Action Plan.</i></p>
<p><u>Activity 1.1.4 Preparation of Green Paper</u></p> <p><i>This activity will be discussed in Working Group VI</i></p>		



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Group Work III April 3 9:15 to 10:40

Are the activities right to achieve the results? Revisiting both *results* and *activities*

Continuation of Group Work III. Do the activities match results: are there necessary and sufficient to achieve the results? Do some other activities suggest themselves?

Note: It may be more manageable to discuss activities related to intermunicipal cooperation separately in this session and exclude it from the previous session. The Working Group may wish to make a decision on this during the first session.



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Group Work IV April 3 11:45 to 13:00

Assumptions and external risks for implementing activities and achieving the results

General: What are the kinds of risks facing the Project and their importance? Examples:

- Legislative stasis: lack of legislative progress e.g. with regard to Law on Municipal Property, Water Law, Waste Law, etc. What would be impact on delays or indefinite prolongation of legislative stalemate on (i) project activities and on (ii) the expected results
- Opposition at Local Level: lack of commitment of mayors and/or PUC managements to PUC transformation: how can it be mitigated/overcome, how would the degree of commitment impact on results?
- PUCs acceptance of operational and financial targets and their reporting: is this a risk or can it be taken for granted as and valid assumption?
- Opposition to intermunicipal cooperation: what could be its sources and how could it be overcome?

Note: It may not be sufficient in an Inception Report to state assumptions (as prerequisites for success) and risks (as dangers that the prerequisites will not be met): risk analysis also involves the analysis of how the Project will avert or mitigate risks.



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Group Work V April 3 15:10 to 16:20

Indicators and sources of verification

On Indicators: Are the outputs/deliverables foreseen under the Project appropriate indicators towards achieving the results?

The sequence of principal outputs as indicators is

(i) with regard to PUC transformation:

Green Paper = issues and options, without firm recommendations)
Strategy for PUC Transformation = with recommendations and means to implement them
Action Plan for Three Years = recommendations for concrete measures

(ii) with regard to intermunicipal cooperation

Agreements on Municipality – PUC contractual relationship
Model agreements for regional PUCs

Are these indicators appropriate and sufficient to measure progress towards / achievement of results?

On Verification: What are the criteria for acceptable reporting?



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Group Work VI April 4 9:15 to 10:30

Formulating elements of *communication strategy*

General: Participants reaction to the presentation: target groups, media, methods of delivery, dissemination, etc.

Specific: How is communication strategy relevant to activities foreseen under the Project?

<p><u>Activity 1.1.3 Support Organization of Round Table Meetings</u></p> <p>Who will support whom and how?</p> <p>How to organize round tables centered on different topics? What concrete results are expected from roundtables and how are they to be communicated/disseminated to stakeholders?</p> <p>How are round table meetings to be coordinated between consultants working on similar subjects?</p>	<p><u>Activity 1.2.2 Review coordination and cooperation procedures and agreements between municipalities and provide recommendations, models</u></p> <p>What are the obstacles in inter-municipal cooperation? How can they be overcome?</p> <p>What are the lessons/limitations of imported models? from “old” member states? From recently joined transition economies? Are case studies a good learning and communication tool?</p>
<p><u>Activity 1.1.4 Preparation of Green Paper</u></p> <p>What are the processes by which stakeholders will participate in and contribute to the Green Paper and the subsequent Strategy and Action Plan?</p> <p>Example: what will be the role of the Ministries represented in the Steering Committee in consulting on issues and in commenting/approving the Green Paper and proposing subsequent Actions?</p>	



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Group Work VII April 4 12:00 to 13:00

Development of a *stakeholder activity plan*: Who will do *what*, *when*? What support do they need to do it?

Who are stakeholders?

- Decision-makers in the ministries represented in the Steering Committee
- Key experts dealing with PUCs in the ministries represented in the Steering Committee
- Mayors
- PUC managers
- Chambers of Commerce?
- Private sector strategic investors in environmental infrastructure and services?
- IFIs and other donors?
- NGOs? (as representatives of the general public or as interest groups?)
- Other?

What can be their respective contribution to the Project? What resources can stakeholders commit to the Project? How can/should they be delivered?
What is the appropriate phasing of their respective contribution? How are roundtable meetings to be organized and managed?

How are stakeholders to relate to

- (i) the Inter-ministerial Working Group - chaired by the Ministry of Economy and Regional Development and assisted by the World Bank)
- (ii) the Standing Conference of Towns and Municipalities Working Group – chaired by the SCTM, with participation of MISIP, Municipality representatives, COMDEL, Water Associations, Chamber of Commerce, etc.

March 25, 2008