



***CHALLENGE FOR A HEALTHIER BALTIC SEA***  
***Seminar by John Nurminen Foundation***

## **Sources of Financing in Municipal Infrastructure Projects**

***9 February, 2010, Helsinki***

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**Baltic states, Poland and Belarus are also part of the Northern Dimension**



**More than 50% of phosphorous load into the Baltic Sea from Poland**  
**► Belarus and Russia need more effective municipal**

*Belarus is part of the Baltic Sea catchment area*



# NDEP in a nutshell

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- International partnership for environmental improvements in the Northern Dimension Area since 2001- initiative by Sweden and Finland – operations extended until 2017 by NDEP Assembly
- Two sectors: **Nuclear and Environmental windows**
- Funds committed; €149.7million for nuclear and €127.4 million for environmental window; EC, Russia, France, Finland, Sweden, Canada, Germany, Denmark, UK, Norway, the Netherlands, Belarus and Belgium as contributors
- **Radioactive wastes a main focus in the Barents Sea Region** – Murmansk and Arkhangelsk regions
- Poor wastewater and waste management major threats for both the Baltic and Barents Seas – **eutrophication a particular Baltic Sea problem**

## NDEP Support Fund in February 2010

Environmental		Nuclear	
€30m	European Union	€40m	
€40m	Russia		
	France	€40m	
	Canada	€20m	
€10m	Germany	€10m	
€18.9m	Sweden		
€16m	Finland	€2m	
	UK	€16.2m	
€10m	Denmark	€1m	
€1.5m	Norway	€10m	
	Netherlands	€10m	
	Belgium	€0.5m	
€1m	Belarus		
€127.4m		€149.7m	
€277.1m			

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# Financial sources (1)

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## Credits - where to borrow from?

- International Financing Institutions:  
**EBRD, NIB, NEFCO, EIB** offer long-term loans
- **NIB Baltic Sea Environmental Facility**  
(EUR 500 million)
- Commercial Banks:  
still short-term lending with various terms

# Financial sources for BSAP (2)

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## International Grants - where to find them?

- **Active bi-lateral programs** (SIDA, Finland, Norway etc.)
- **Multilateral:** NDEP linked with IFI loans
- **European Commission:** EU programmes with national/local counterpart funding, ENPI; EU Baltic Sea Strategy
- **Private foundations:** provision of catalytic seed money and bringing high-level publicity & increased awareness

# Financial sources for BSAP (3)

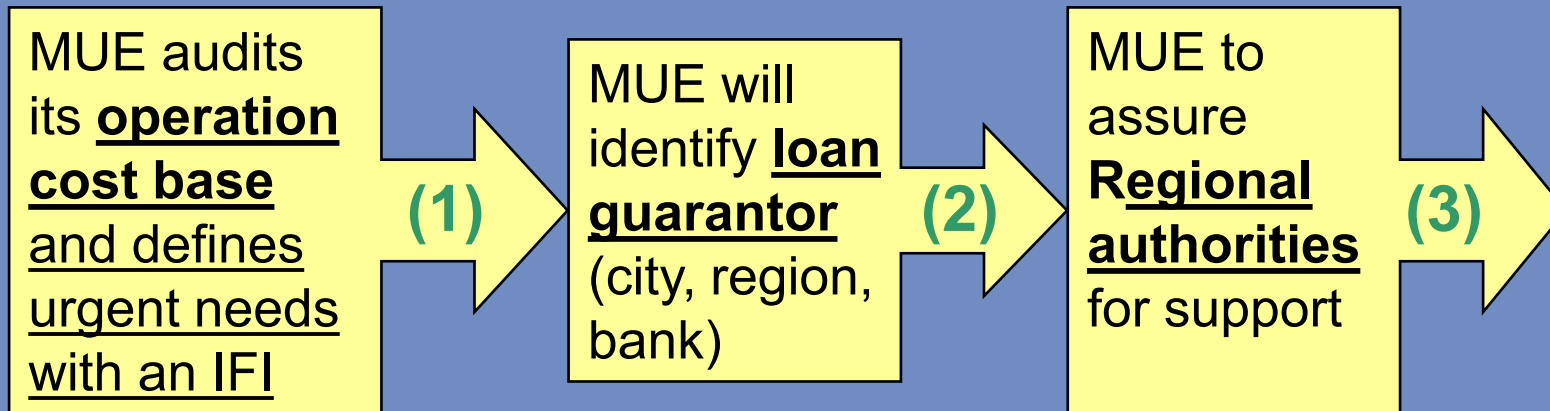
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## National funding sources

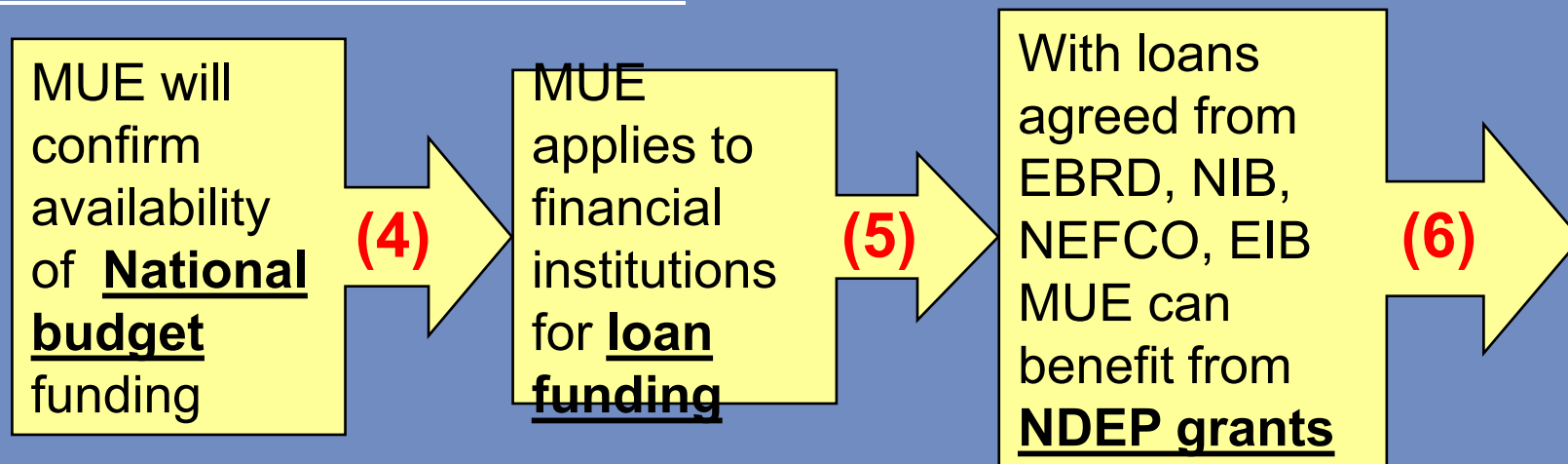
- **National Programmes**  
e.g. Clean Water in Russia and in Belarus
- **Regional Allocations**
- **Municipal Budget resources**
- **Self-financing** based on tariff revenues

# How to finance a municipal project

## Local level



## National and International level



# How to finance a municipal project: Conclusions

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- Committed 'owner' is needed to forge agreements with authorities as well as civil society
- Affordable financial package; focus on critical elements as priorities
- Combination of local, national and international financing is most effective
- International procurement rules will apply for projects with IFI and NDEP funding
- External experienced project adviser and supervision is imperative for successful implementation

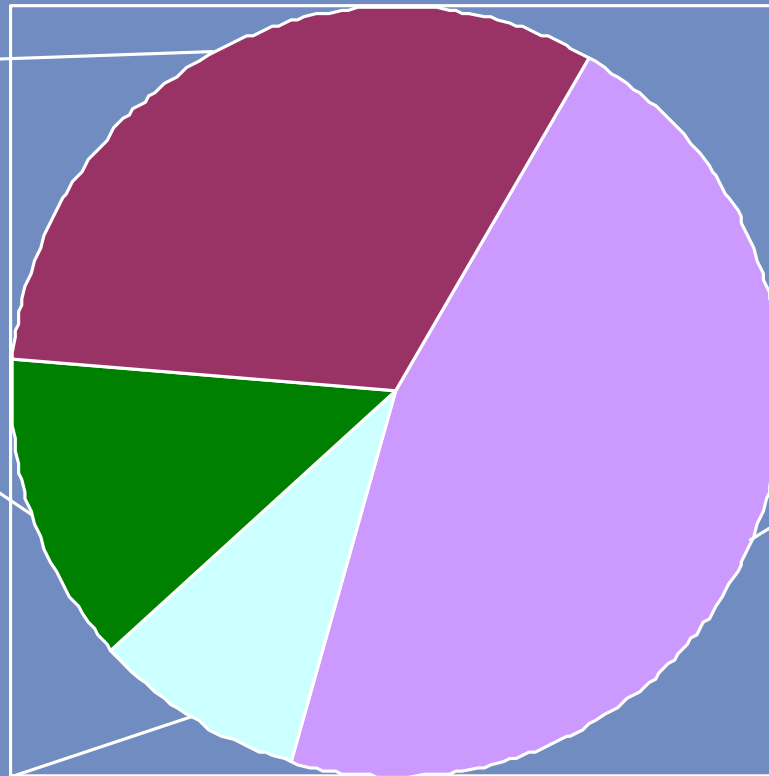
# St Petersburg Neva Program € 186.9m

## IFI Loans

NIB,  
EBRD, EIB  
32%

NDEP  
13%

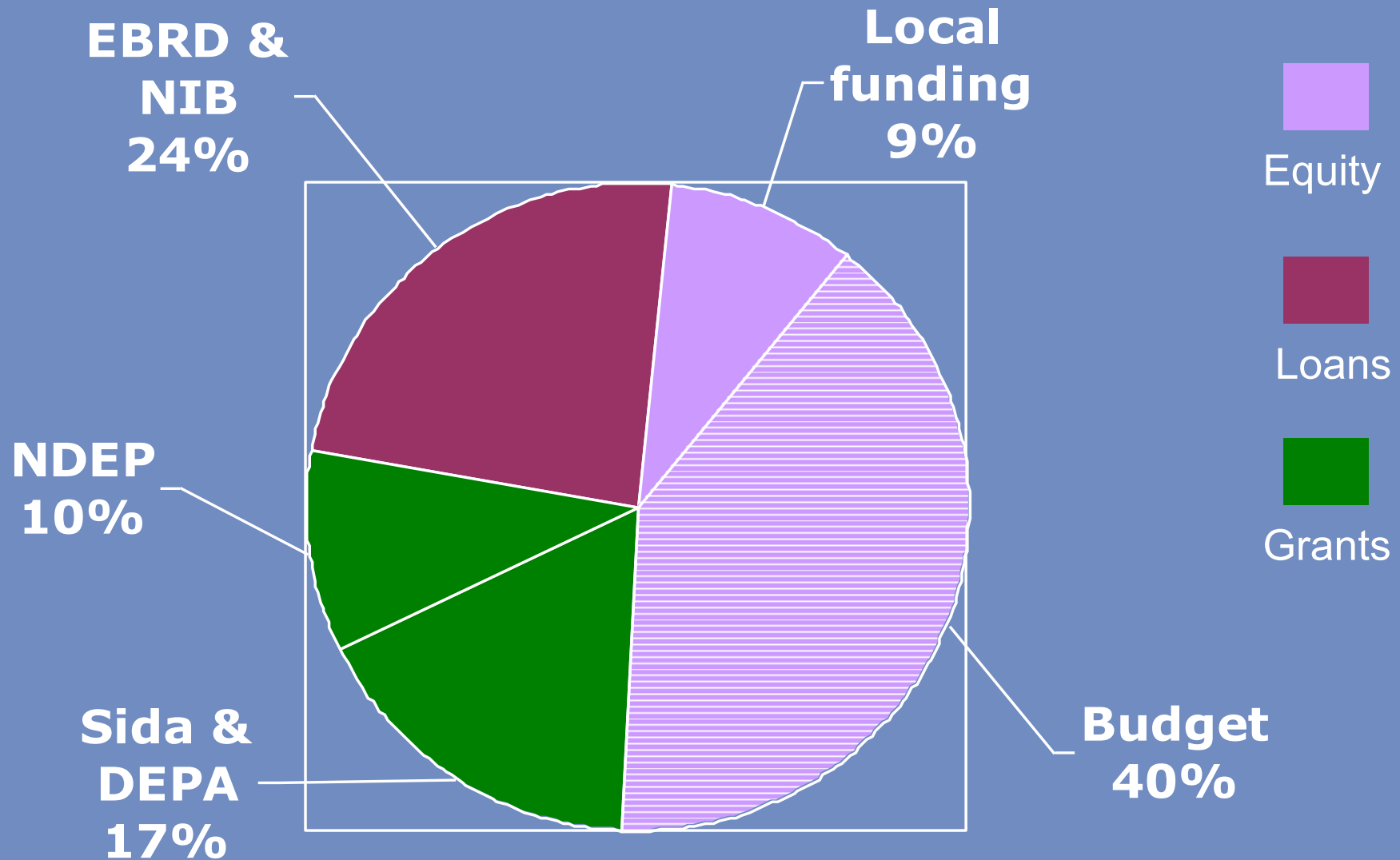
SWE  
FIN  
9%



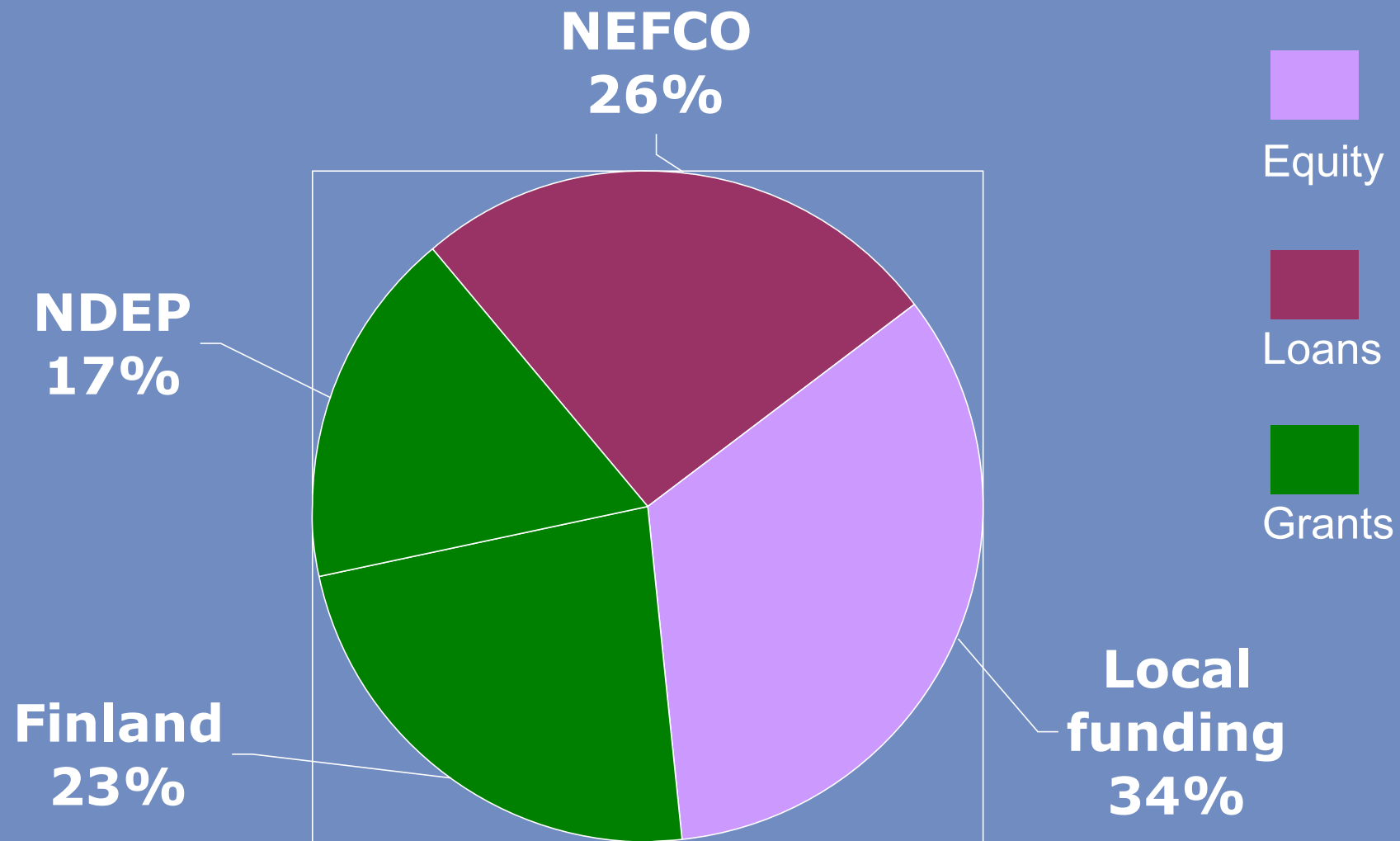
**Russian Funds**  
(Federation,  
City &  
Vodokanal)  
46%

Northern  
Dimension  
Environmental  
Partnership

# Kaliningrad Water and Wastewater Rehabilitation - €100m



# Sosnovyi Bor Municipal Water and Wastewater Rehabilitation € 2.9m



<b>NDEP Projects in February 2010</b>	<b>NDEP Grant</b>	<b>Status</b>
01 StP SWTP	€5.8m	Completed
<del>02 StP Northern Sludge Incinerator</del>	€6.35m	Completed
03 StP Flood Protection Barrier	€1m	Final stages
04 Leningrad Oblast Municipal	€4m	To be extended
05 Komi Municipal Services	€6.035m	Last contracts
06 Arkhangelsk Municipal	€8.2m	Last contracts
07 Vologda Municipal Water & Wastewater	€5.18m	Commenced
08 Kaliningrad Project Implementation Unit	€3m	In operation
09 St Petersburg Neva Collector	€24m	Commenced
10 Kaliningrad District Heating	€7.3m	Commenced
11 Sosnovyi Bor Municipal Rehabilitation	€0.5m	To be signed
12 Novgorod Water and Wastewater Rehabilitation	€3m	Starting
13 Kaliningrad Water and Environmental Services	€10m	Commenced
14 Murmansk District Heating	€5m	Delayed
15 PIU for Agricultural waste in Leningrad Oblast	€2m	To be signed
16 Petrozavodsk Water and Wastewater Services	€5m	To be signed
<b>Total grant allocations</b>	<b>€96.365m</b>	Northern Dimension Environmental Partnership

# NDEP: St Petersburg – a success story



SWTP main pumping station in 2002



SWTP inaugurated in 2005



Northern and SW Incinerators in 2007



Northern Tunnel Collector project now under construction

# For more on NDEP...

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