

**Fourth HELCOM BSAP Stakeholder Conference
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Session: "Economic Perspective of the Protection of the Baltic Sea"

A Reflection on IFI's Work to Protect the Baltic Sea

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Looking back

- The Baltic Sea a priority for the IFIs since the early nineties
- Responsible for the preparatory work on the Hot Spots
- The water sector was the first focus for the work of the IFIs
- Cooperation with donors - a key to the successful implementation

Challenges encountered

- Implementation of the Polluter Pays Principle
- Lack of
 - creditworthiness
 - local financing
 - project experience
- Increasing tariffs reduced water consumption - resulting in oversized plants

Change in the role of the IFI's

- The EU expansion in 2004 - new large programs for financial support
- The recipient countries soon took over the responsibility for preparation and implementation of projects
- IFIs rely more on the competence of local finance institutions
- In non-EU member countries investments are still prepared on a project by project basis

The BSAP

- Critical factors and bottlenecks identified in the work on reduction of eutrophication
- Overheating of the construction sector - no more an issue
- Additional resources for training and for increasing the number of bankable projects
- Financial, institutional, legal issues most difficult in non-EU member states

Possibilities ahead

- Close cooperation and improved efficiency in use of funds
- NDEP Support Fund
 - "How to finance a municipal project" - a complex procedure
- "Cost effective solutions to reduce nutrient emissions to the BS"
 - "Low hanging fruits" - need prioritisation

Looking forward - TA Fund for the BSAP

- A vehicle for project preparation and bottleneck removal
- **Objective:**
To successfully implement an increased number of cost efficient projects reducing the negative environmental pressure on the Baltic Sea

Targeted directly to the BSAP

- The proposed fund would be
 - governed by the donors
 - open for use by other finance institutions
- NIB and NEFCO as administrators
 - responsible for quality assurance
- Supportive feed-back
- By now Sweden the only country having committed funds

World economic crisis - and the BSAP

- Competition for scarce financial resources tougher than ever
- All countries around the Baltic Sea severely affected
- Hard to get the environmental issues back on the top of the agenda
- A certain delay in the time schedule seems inevitable

Finally...

- The IFIs still have the will and the resources available for co-financing of environmentally cost efficient and well prepared investment projects in line with the BSAP!

Thank you for your attention!

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