The Council of the Baltic Sea States is an overall political forum for regional intergovernmental cooperation. The work of the CBSS is realized through network- and project-based activities aimed at improving the competitiveness of the Baltic Sea Region. The Members of the Council are the eleven states of the Baltic Sea Region - Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, the Russian Federation, Sweden as well as the European Commission.

State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)” is one of the key instruments of the Russian state investment strategy. Vnesheconombank arranges financing for projects of state importance in infrastructure and innovations, actively engages in implementing projects intended for developing high-tech exports, enhancing efficiency of natural resource utilization and improving environment. The Bank participates in delivery of the small and medium enterprises (SME) support agenda.

KfW is one of the world's leading promotional banks applying its expertise and strength to sustainably improve the economic, social and ecological conditions of people's lives. KfW takes particular responsibility for the protection of the environment and the climate. Established in 1948 as a public law institution, Among a broad range of KfW's activities the main ones focus on the promotion of small and medium enterprises (SME), financing programmes for municipalities and regional promotional banks, promotion of developing and transition countries.

Modernization of solid waste recycling facilities through Public Private Partnership in St. Petersburg
The swift economic development of St. Petersburg – Russia’s second largest city - poses considerable challenges to the city’s urban infrastructure. Significant portion of the environmental pollution and greenhouse gas emissions derives from the waste management sector. With the “Solid Waste Management Programme 2020” the City of St. Petersburg is committed to address these challenges by combining the forces of the public and the private sector. Sound and feasible financing models prove fundamental in addressing the topics in a sustainable manner.

In December 2012, KfW Bankengruppe and Vnesheconombank (VEB) signed a Loan Agreement targeting to meet just this specific demand. The Loan Agreement on extending local currency counter value of 65 million US dollars is aimed to support an essential modernization of the urban solid waste system in the City of St. Petersburg. In this regard, one specific form of a public private partnership is supported, whereas the final beneficiary is a renowned private urban waste services provider.

Multiple benefits for regional development and further opportunities through the Pilot Financial Initiative

The funding enables the modernization of waste sorting and recycling facilities with the waste services provider. The targeted benefits entail:

- enhancing the waste treatment efficiency;
- enriching the waste treatment quality;
- scaling-up the quality and the quantity of the recyclables;
- enhancement of the secondary resources market.

Thereby the overall investment will contribute to improved environmental, climate and resource protection.

Rolled out in the framework of the Pilot Financial Initiative (PFI) under the umbrella of the Council of the Baltic Sea States, the project provides a tailor-made financing solution with a regional focus on the Baltic Sea and Northwest Russia. It is a successful first step in establishing a broader financing platform to replicate such success stories in Russia and in other Baltic Sea countries. Thereby, the PFI represents a unique opportunity for engagement of other financiers in supporting PPP models for enhancing the environmental, climate and resource protection by modernizing urban infrastructure in the Baltic Sea region.

Ekaterina Galitsyna
Executive Secretary of the PFI Steering Committee; Senior Project Officer
Representative Office in the Russian Federation KfW Bankengruppe
katja.galizina@kfw.de