



About Resource Mobilization Plan

Resource Mobilization Plan

One of the activities within the framework of the LIFE+ project “RIGA AGAINST FLOOD” was the development of Resource Mobilization Plan. Study and analysis of possible sources of funding for the implementation of flood prevention measures were carried out as a part of Flood Risk Management Plan cost-benefit analysis, performed by “Baltkonsults”, Ltd. The Resource Mobilization Plan presents the summary of the results and main conclusions.

SOURCES OF FUNDING

The main sources of funding for flood prevention measures in Riga City are the following:

- State and municipality budgets;
- External funding (for example, EU funds, other financial instruments);
- Loans from EU or other regional sources of funding (for example, The World Bank, European Investment Bank).

State and municipality budgets

There is no unified state-level financial instrument for implementing flood prevention measures in Latvia; neither does the legislation envisage financing the initial flood prevention measures from the state budget.

At the state level a “National Flood Risk Assessment and Management Programme for 2008-2015” was developed (ratified on 20 December, 2007 with the Cabinet of Ministers’ order No 83). Among other issues, it identifies flood prevention measures and their approximate costs, and indicates Riga City Municipality as responsible for their implementation.

The law “About Municipalities” determines that the implementation of flood prevention measures is one of the municipality’s autonomous functions. Thus, the Riga City municipality budget is advised as the main source of funding for developing and maintaining flood prevention infrastructure in Riga City. It is the safest source of finance; however, it is also the most limited, since a lot of main municipality functions have to be financed from it.

Funding from the municipality budget will be necessary also in case if the development of flood prevention infrastructure receives EU funding.

European Union funding

For the programming period of 2014-2020 the activities that could attract EU funding for developing flood prevention infrastructure have not yet been identified.

In order to promote the implementation of flood prevention measures for Riga City for co-funding from Cohesion policy funds, it is, first of all, necessary to update “National Flood Risk Assessment and Management Programme for 2008-2015”, extending its term of validity until Year 2020 and revising the measures and their priorities that are to be implemented within the framework of the programme.

European Commission Environment Programmes

Even though EC Environment Programmes include the support to various flood prevention measures, generally the funding from these financial instruments is not envisaged for the development of the initial flood prevention infrastructure. On special occasions certain financial instruments can be used for creating some elements of infrastructure; however, the main aim of such activities is not the creation of flood prevention infrastructure.

European territorial cooperation programmes

European territorial cooperation programmes, which can be applicable to Riga City from the territorial aspect and which include activities for public infrastructure investment projects, are the following:

- Central Baltic Sea region cross border cooperation programme INTERREG IVA;
- Estonia – Latvia cross border cooperation programme;
- Transnational cooperation programme of the Baltic Sea region;
- Estonia – Latvia - Russia cross border cooperation programme (implemented within the framework of European Neighbourhood and Partnership Instrument (ENPI)).

However, it is not possible to attract funding for creating public infrastructure in any of the above mentioned European territorial cooperation programmes for the 2007-2013 planning period.

Other sources of funding

In order to create flood prevention infrastructure in Riga City, a loan from EU or other regional sources of funding, for example, European Investment Bank, can be considered as one of the possible sources of financing.

Terms for receiving such a loan and repayment are formulated for each project individually, taking into account its scope and needs.

FUNDING MODELS

Traditional funding

The implementation of flood prevention measures is usually financed from the state or municipality budgets, which are formed from tax payments (real estate, trade, income, and others), other income and state/ municipality income redistribution.

Payments from the beneficiaries of flood prevention measures' implementation

Financial participation from beneficiaries is possible on condition that they are aware of the benefits (informative campaigns), and in the recent years there is more public involvement in financing flood prevention measures and greater variety of financing schemes.

Public and private partnership (PPP)

Theoretically flood prevention measures for Riga City could be implemented as PPP project(s); however, taking into account that the management costs of flood prevention measures are relatively low and necessary competences for maintenance are relatively simple, it is more cost-effective to apply the traditional public procurement. Public procurements are more suitable for construction projects with modest management requirements as it is in case of flood prevention measures. Elsewhere in the world, it is comparatively rare that PPP models are applied to financing flood prevention measures.

Application of funding models for the implementation of flood prevention measures plan for Riga

It is only possible to prepare a detailed plan of funding for each territory when the terms and conditions of all possible sources of funding are known (including terms of EU Cohesion policy funding for the programming period of 2014-2020). Also an in-depth study of each territory, preparing multi-criteria analysis, is necessary, because as a result of the study, the priority situation or model of funding of flood prevention measures plan may change, for example, in case the territory under question belongs to a private owner. Thus, it is only possible to implement the priority flood prevention measures (identified and validated by cost-benefit analysis) from the municipality or state budgets, until the exact other possible sources of funding are identified.