



Northern Corridor



Co-financed by the European Union
Trans-European Transport Network (TEN-T)

**Riga City Council
City Development Department
Riga Northern Corridor Development Office**

Riga Northern Transport Corridor Project



**Meeting on development of PPP projects in Baltic States
Riga, January 29, 2009**

Northern Corridor Project Mission



To develop successful, highly competitive investment project in line with the world's top quality standards (technical, legal, financial) – a project which is as **beneficial** as possible **for municipality / state** and, at the same time, **attractive for potential (private) partner.**

Most likely the project will be implemented as **a municipal / state PPP project.**



Northern Corridor Project Challenges



Riga Northern Transport Corridor – the first PPP project in region of such scale.

- Ambitious investment project, where **costs** greatly exceed municipal budget;
- Numerous **first-time technical solutions** for our region considered – including tunnel, high bridge and other...



Northern Corridor Ambitious Project



New inner city highway – fast connection between the east and west of Riga city:

- Length of the new highway – **27 – 30 km**;
- Estimated investment costs ~ **€ 1.6 to € 2.4 billion** depending on chosen technical solutions;
- 10 – 12 multilevel **junctions** to link to arterial streets and roads;
- Designed to avoid negative impact on city's rich historical and natural **heritage**;
- Major **crossing** of 0,42 km wide Daugava River, possibly retaining access for shipping.



Northern Corridor Objectives



- Substantially **improve efficiency of the transport system** both in Riga City and the Greater Riga region;
- **Reduce congestion** in the historic centre of Riga (UNESCO World Heritage site) and on the existing city centre bridges;
- **Improve environmental conditions** in the city centre;
- **Support economic development** on local, regional on national scale;
- **Improve transport access to Riga port**;
- **Integrate Riga City** and Riga port **into the TEN-T network**.



Northern Corridor Overview

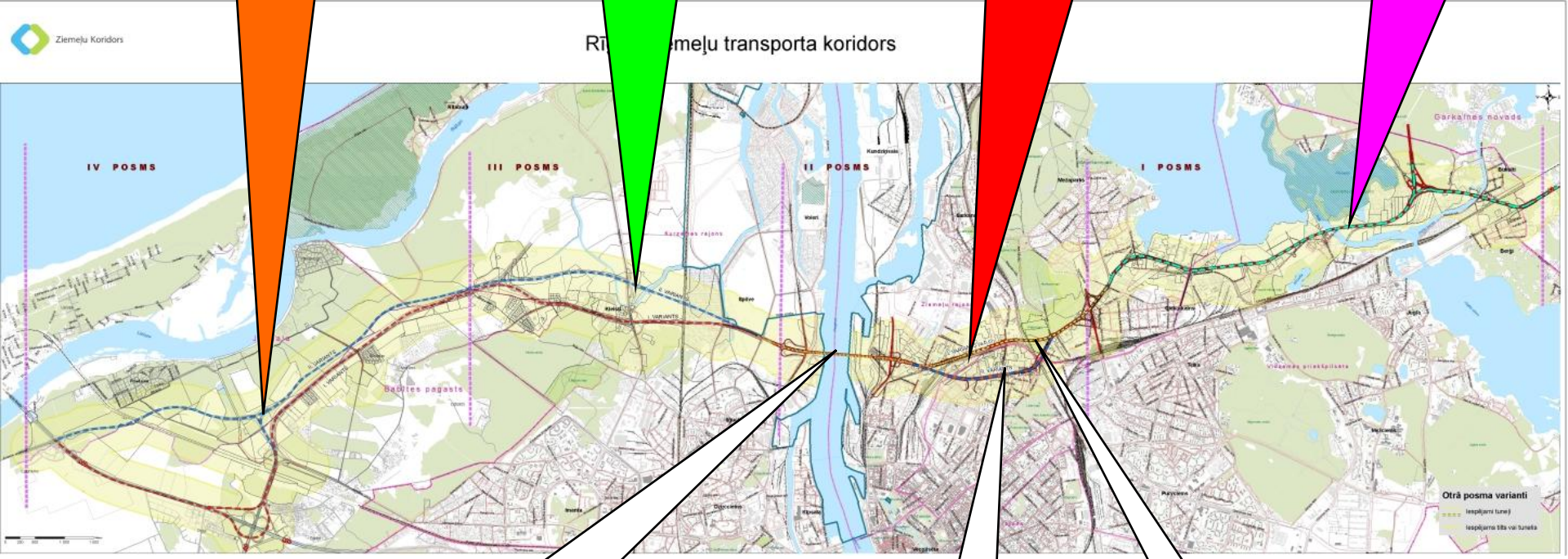


Segment 4
9 km

Segment 3
5,5 km

Segment 2
5,1 km

Segment 1
8,7 km



Current Activities

Northern Corridor project is in **active preparation stage**, the main activities are:

- **Outline design, environmental impact assessment, geotechnical investigations** – on-going segment by segment, to be completed in 2010;
- **Transport and financial investigations**, including detailed traffic demand investigations - done;
- **Cost – Benefit analysis**, providing the information on expected benefits for the city and country in comparison to the expected amount of investment – done;
- **Legal analysis for PPP financing option** including identification of necessary legislative adjustments – done, adjustments in process;
- **Acquisition of properties** – preliminary assessment has been made.



Northern Corridor Financial Benefits



Value of Time Savings, Accident Savings, Emissions (PVB)	€ 2,5 billion
Value of Costs (PVC)	€ 0,9 billion
Net Present Value (NPV)	€ 1,6 billion
Internal Rate of Return (IRR)	14%
Benefit : Cost Ratio (BCR)	2.8
Additional Benefits to the Wider Economy	€ 1,9 billion



Northern Corridor & PPP Market Our Experience



The feedback is positive - in relation to the scheme and the approach to development of Northern Corridor project:

- Project is generally recognized as a project with **a strong rationale, sensible objectives**, and as one, which will be **well-prepared** before the formal tender process begins;
- Potential partners appreciative of the **thorough** and **professional approach** that is being taken to the overall development of Northern Corridor project.



Funding?

...current trends

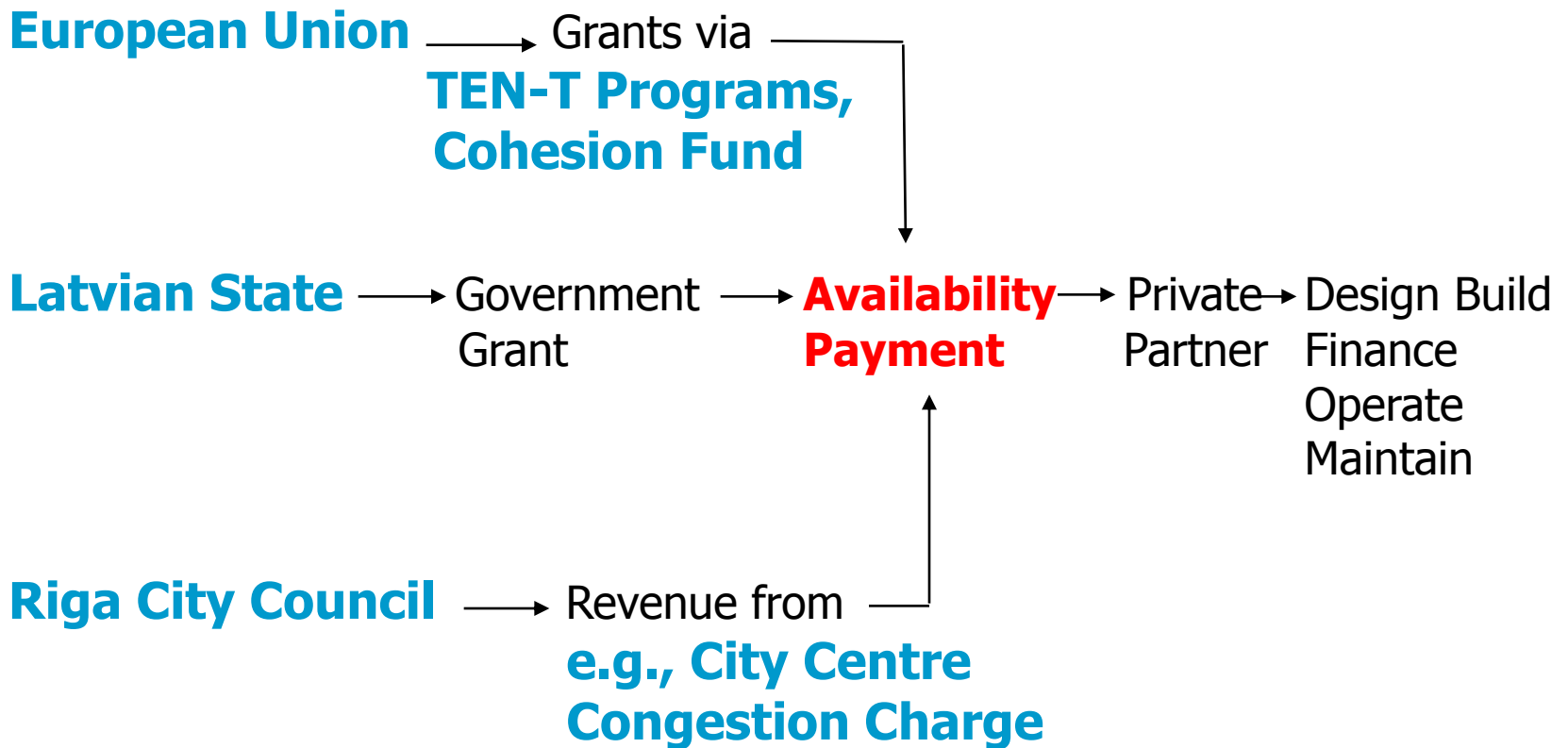
Funding for PPP projects is very difficult at present but can be expected to become easier over next years.

However, there is less funding available than in recent years – this makes competition among PPP projects even more tough and **places a premium on well-prepared projects with a sound economic and social rationale.**



Possible

Financing Structure



Support

from the European Union



- Project of **TEN-T program (2005 – 2009)** for technical investigations, total financing – **€ 7,6 million, EU grant 50%**.
Aim – prepare investment for Segments 1 and 2.
- Project of **TEN-T program (2007 – 2010)** for technical investigations, total financing – **€ 11,0 million, EU grant 50%**.
Aim – prepare investment for Segments 3 and 4, prepare PPP tender.



World Class

Advisors



Financial – **PricewaterhouseCoopers**

Legal – **Lovells / Sorainen**

Technical & Traffic – **Faber Maunsel | AECOM**



Ziemeļu Koridors



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Implementation Programme



- 2005 – 2011** – investigations, draft design, environment impact assessments;
- 2009 – 2012** – acquisition of properties;
- 2012 – 2013** – PPP tender procedure, PPP contract;
- 2013 – 2014** – detailed design (by private partner);
- 2014 – 2018** – construction of the Northern Corridor;
- 2019 – 2041** – operational period of PPP concession;
- 2041** – handback of infrastructure to municipality.





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Thank you!

