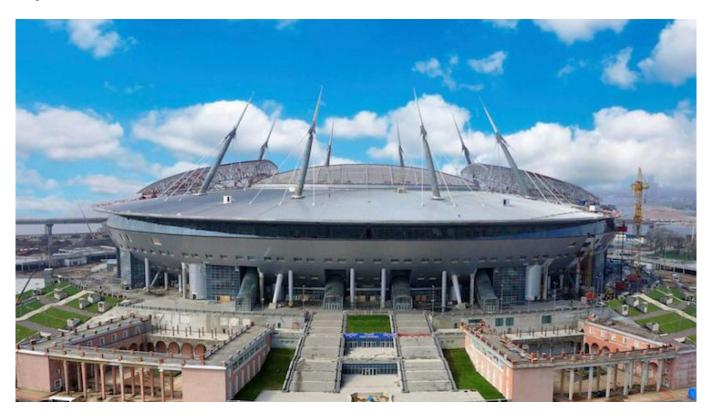


School and Hospital Funding Reallocated to Russian Stadium Construction

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The Zenit football stadium in St. Petersburg will be completed at the expense of school and hospital funding.

The⊠St. Petersburg administration has decided to reallocate funds in the⊠Targeted Investment Program for 2016. Funding for the football⊠stadium will increase by 1.7 billion rubles (\$26.2 million), and⊠landscaping for the stadium site on the western part of Krestovsky⊠Island will receive an additional 888 million rubles (\$13.7 million).

Meanwhile, ■officials will cut 505 million rubles of funding for the construction ■of six schools, 313 million rubles allocated to build seven nursery ■schools, and approximately 1 billion rubles set aside for building ■seven hospitals and clinics, the document said. They will also slice ■140 million rubles in funding from a sports complex for individuals ■with

disabilities, and 150 million rubles from the construction of an⊠athletic facility in⊠Tsarskoye
Selo. Funding will actually⊠
increase slightly for several nursery schools, schools, and⊠public
swimming pools. Governor Georgy Poltavchenko signed government⊠resolution No.689 on Aug. 17. The document has been published on the⊠
city administration's⊠
website.

The⊠stadium will cost 39.2 billion rubles (\$605 million) to build,⊠excluding landscaping and primary access zone costs. The stadium must⊠be operational before the end of 2016 in order to host the⊠Confederation Cup games in the summer of 2017 and the FIFA World Cup⊠in 2018.

In⊠mid-July, the St. Petersburg authorities unilaterally terminated⊠their contract with Inzhtransstroy-St. Petersburg, the general⊠contractor for the project, blaming the company for slow and⊠low-quality work. Officials estimated in July that Inzhtransstroy-St. ☑Petersburg had failed to carry out work for which it received ☑advanced payments totaling 3.6 billion rubles.

VTB⊠and the Bank of Moscow extended bank guarantees totaling 3.8 billion⊠rubles to Inzhtransstroy-St. Petersburg through Jan. 17, 2017.

The municipal construction committee explained that the general contractor had not performed the required work or returned the advance funds, creating a funding shortfall for the stadium's construction.

Administration **\Box** officials said that the projects for which funding was reduced are **\Box** scheduled to open in 2017 and 2018, and that the reallocation of **\Box** funds will not cause delays.

Metrostroy

■has been selected as the new general contractor.

Last⊠week, St. Petersburg Legislative Assembly deputy Boris Vishnevsky⊠wrote a letter to Governor Poltavchenko asking him not to implement⊠the resolution. "It is categorically wrong to complete the stadium⊠by reducing funding to social projects," he said.

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