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Welcome from Jean Lemierre, NDEP Steering Group Chair

This is a very exciting time for the Northwest of Russia. We have embarked on a fully agreed medium-term programme for safeguarding the fragile environment of the Northern Dimension area and dealing with the negative legacy of the past.

The support and commitment of all involved has been remarkable. The EU and donor countries, including Russia, have made the NDEP possible by raising a €110 million Support Fund, which is now operational and has a well defined pipeline and management set up. Other donors have also expressed their intention to join the NDEP in the near future.

Working alongside the Russian authorities, the NDEP has achieved clear rules of engagement with the Russian government, which will expedite delivering on our shared mission of improving the environment in the region. This collaboration – as well as its financial contribution to the Support Fund – signals Russia's momentous commitment to the NDEP's aims.

The cooperation among the International Financial Institutions (IFIs) concerned with the northwest of Russia, namely the NIB, EIB, the World Bank and the EBRD, has been extraordinary. The NDEP marks the first such partnership among the IFIs as well as the EIB's first operation in Russia. The IFIs, the European Commission and Russia, collectively referred to as the NDEP's Steering Group, have established clear partnership rules, with assigned leadership roles among the banks.

Thanks to all our combined efforts, we now have a detailed international framework to deal effectively with the environmental problems of the Russian Northwest.

And the NDEP continues to make progress. The loan agreements of the first two projects have been signed. The first one, which will protect the city of St Petersburg from flooding from the Gulf of Finland, is the EBRD's largest loan ever. The second one, the St Petersburg Southwest Wastewater Treatment Plant, will have a vital environmental impact on the Gulf of Finland. The Steering Group will meet in April to discuss the project pipeline and the status of contributions. And more activities are underway.

Getting to this stage has not been easy and many challenges remain ahead. But I am confident that our continued joint efforts will deliver substantial benefits to the environment and the people of the Northwest of Russia and the Northern Dimension area at large.

Jean Lemierre



NDEP holds First Assembly of Donors

On 15 November 2002, the Assembly of Donors put its stamp of approval to a first phase of NDEP environmental projects, which will be carried out by the EBRD, NIB and EIB.

The first six projects of a €1.3 billion project pipeline designed to safeguard the environment in Northwest Russia were warmly received.



The meeting, held at the EBRD headquarters, was chaired by Director Hugues Mingarelli (*above left*) of the European Commission. The NDEP contributors - Denmark, EU, Finland, Norway, Russian Federation and Sweden - were represented at senior level.

Also shown is Joachim Jahnke (*above right*), the champion of the NDEP concept, who retired as EBRD Vice President at the beginning of this year.



Russian delegates to the Assembly of Donors: Sergey Kolotukhin, Deputy Minister of Finance (right), and Alexander Pavlov (left), Deputy Head of Department.

Second NDEP project to cut Baltic Sea pollution

The NDEP is contributing close to €6 million to a major international effort to help complete the construction of a sewage treatment plant in St Petersburg. The plant is needed to stop the discharge of untreated effluent into the Gulf of Finland.

“This is a much needed project,” said Vladimir Yakovlev, St Petersburg’s governor, of this initiative. “Over 1.2 million cubic meters of untreated sewage are now being pumped into the sea every day. This project is a joint effort by the countries that border the Baltic Sea and it represents a major environmental victory.”



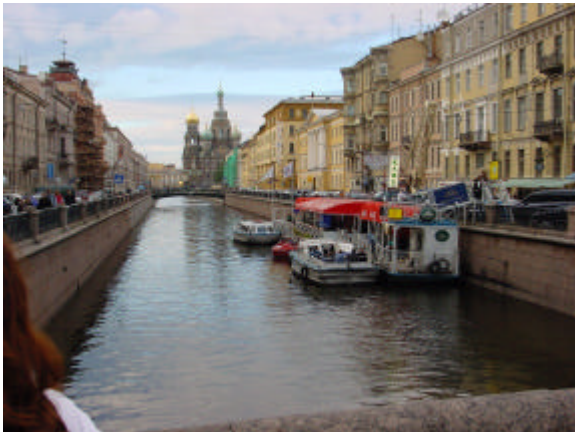
St Petersburg governor, Vladimir Yakovlev, pours cement as construction resumes

Work on the plant was started in 1987, but abandoned due to lack of money. When completed, it will be able to handle 330,000 cubic metres of sewage a day. The project was signed on 21 March.

The St Petersburg Southwest Wastewater Treatment Plant project will be executed through a public-private partnership (PPP). It is based on co-operation among the EU, local authorities, Nordic contractors, international financial institutions and donors. The NIB is leading this effort.

The project’s total cost will be nearly €190 million. The financing will come from the NIB, the EBRD and the EIB. Sweden’s Swedfund International, the Finnish Fund for Industrial Cooperation, and the Helsinki-based Nordic Environmental Finance Corporation are also contributing to this effort. Similarly, the city of St Petersburg is making a major financial contribution. Construction of this plant is the number one environmental project in the Gulf of Finland.

Progress on St Petersburg flood protection barrier



The historic city of St Petersburg will soon be protected from floods threatening to devastate its economy, infrastructure and cultural treasures.

There are floods in St Petersburg at least once a year, so the 24-km barrier, currently 65% complete, is a priority project for the Russian government.

The project's €550 million capital budget was raised with funds from the EBRD, the EIB, the NIB and the Russian government.

An environmental impact assessment (EIA) and an extensive public consultation process were conducted prior to approving the project. The

EIA showed that completion of the barrier would have no significant impact on the environment. It also concluded that the poor water quality in the Neva Bay is due to inadequate municipal and industrial wastewater treatment in St Petersburg. During the public consultation, the public expressed concern over the water quality in the Neva Bay, but agreed with the main conclusions of the EIA and were in favour of completing the barrier.

The project management organisations and the principal consultants are currently being procured. Preparations for the main contracts procurement will proceed shortly. The main construction work is scheduled to start in late 2003.

NDEP management established

Timo Hokkanen is the new NDEP manager. He is overseeing NDEP activities in coordination with nuclear Safety Department. This includes communicating with the contributors, the IFIs, the Russian government and beneficiaries. Timo can be reached by phone at +44-20-7338-7186, or by email at hokkanet@ebrd.com.



At the NDEP fund management team, Timo is joined by Polina Pimenova, who works in establishing the NDEP within the EBRD. Her email is pimenovp@ebrd.com.

NDEP Projects in brief

Project	Leading IFI	Total cost	NDEP grant	Progress
• St Petersburg South West Wastewater Treatment Plant	NIB	€190 million	€5.8 million	Signed
• St Petersburg Flood Protection Barrier	EBRD	€550 million	€1 million	Signed
• St Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€49.4 million	€6.4 million	Approved
• Municipal Environment Investment Programme in the Leningrad Oblast	NIB	€24.8 million	€4 million	Approved
• Komi Municipal Services Improvement Project	EBRD	€30 million	€5.9 million	Approved
• Kaliningrad District Heating Rehabilitation	EBRD	€19.9 million	€7.3 million	Approved
• Novgorod Cross Municipal Rehabilitation	NIB	€66 million	€5 million	In process
• Kaliningrad Solid Waste Management Project	NIB	€50 million	€9 million	In process
• Archangelsk Municipal Services Improvement Project	EBRD	€20 million	€8.2 million	In process
• Murmansk District Heating Project	NIB	€50 million	€15.5 million	In process
• St Petersburg Neva Wastewater Collector Project	NIB	€200 million	€1 million	In process
• St Petersburg District Heating Programme	EBRD	€92 million	€26.1 million	In process

Heads up for... upcoming events

- **The NDEP Steering Group will meet on 11 April 2003** at the EBRD headquarters in London. Steering Group members – senior officials from the European Commission, Russia, the EBRD, the NIB, the EIB and the World Bank – will come together to discuss the project pipeline, the status of contributions and NDEP institutional arrangements. For more information, contact Timo Hokkanen at hokkanet@ebrd.com
- **On 24 April 2003 the Kaliningrad Solid Waste project team** will meet with bilateral donors to raise more funds towards closing the city's 200 dumpsites. The project aims to improve public health by eliminating soil contamination, which pollutes the city's ground water supply. The loan part of this project will finance the construction of a landfill, while grant monies will go towards dealing with dumpsites. The NDEP is contributing €9 million to this effort. For more information, contact Tord Holmstrom at tord.holmstrom@nib.int or Olita Berzina at berzina@ebrd.com
- **Fifth Ministerial 'Environment for Europe' Conference** will take place in Kiev, Ukraine on 21-23 May 2003. The region's environment ministers will gather to assess progress since the Arhus conference of 1998. A common three-year strategy for improving the state of the environment and outlining new approaches and partnerships is expected. For more information, visit www.kyiv-2003.info
- **FIEC 2003 will take place in Helsinki on 11-14 June 2003.** The European Construction Industry Federation (FIEC), the Confederation of Finnish Construction Industries (RT) and the federations of Sweden, Norway and Denmark summon the yearly congress is year's congress. This year's themes are Sustainable Construction and the Northern Dimension. Energy-saving construction technologies will also be discussed. For more information, visit www.fiec2003.net

The **Northern Dimension Environmental Partnership** was developed in response to calls from the Russian Federation and the international community for a concerted effort to address environmental problems in Northwest Russia. The most pressing relate to water, wastewater, solid waste, energy efficiency and nuclear waste.

The NDEP evolved from this initial idea into a fully established partnership whose Support Fund, managed by the EBRD, provides grant co-financing to key investments in environmental and nuclear safety projects in this area. NDEP projects are implemented by the EBRD, the NIB, the EIB and the World Bank.

The European Union, the Russian Federation, Denmark, Finland, the Netherlands, Norway and Sweden are the current sponsors of the €110 million NDEP Support Fund.

For more information, visit www.ndep.org, or contact Timo Hokkanen at hokkanet@ebrd.com or Polina Pimenova at pimenovp@ebrd.com.