

## NDEP News

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### NDEP Steering Group meets in London

The NDEP Steering Group – made up of representatives from the EBRD, EIB, European Commission, NIB and the Russian Federation – gathered on 28 April 2006 in London. Canada, Estonia, Finland, France, Germany, Latvia, Lithuania, the Netherlands, Poland and Sweden were present as observers. The meeting was chaired by Fabrizio Saccomanni, Vice President of the EBRD.



*NDEP Steering Group meeting 28 April 2006 (from right) Fabrizio Saccomanni, SG Chair and Alistair Clark, Director, EBRD*

The Steering Group reported on the progress made and also analysed the financial situation of the NDEP Support Fund. At the end of April 2006, the total amount of pledges and contributions to the Fund reached €225.8 million. Two thirds of this amount (€149.7 million) is earmarked for the nuclear window and €76.1 remains non earmarked. On the non nuclear side, €56.55 million has already been allocated in grant funding by the Assembly of Contributors. Other proposed commitments amount to €15.6 million. Even with the investment income, there is only just under €4 million left available for new non nuclear projects.

Encouraged by the Steering Group members including Russia and the European Commission, the Chairman proposed to start a new replenishment initiative. He referred to previous successful initiatives by the European Commission, the EIB and NIB which brought in additional €28.1 million by 2005. Countries present at the meeting as observers also supported the idea.

The Steering Group also discussed progress in the nuclear window which has now entered the implementation stage. The next NDEP Steering Group meeting will be chaired by the EIB which takes over the chairmanship from the EBRD on 1 July 2006.

### Nuclear Operating Committee (NOC) takes stock of the progress achieved so far

The Nuclear Operating Committee met in London on 14 June 2006 to take stock of the progress achieved since the fourth NDEP Assembly of Contributors in November 2005. The meeting was chaired by Ms. Sophie Galey-Leruste from the French Ministry of Economy, Finance and Industry and attended by representatives of donor countries from Canada, Denmark, the EC, Finland, France, Germany, the Netherlands, Norway, the Russian Federation, Sweden, and the United Kingdom. Observer countries were Belgium, Japan and the United States.

With the legal and funding frameworks put in place last year, the Fund's activities progressed into the implementation phase. The development of the Strategic Master Plan Phase II (SMP-2) is well advanced and the International Consultant is now in place. The first urgent projects in Gremikha Bay and Murmansk region are progressing well and practically without delay.



The main achievement in the nuclear window was the preparation, in close cooperation with Rosatom and bilateral donors, of a new set of major investment projects totalling at least €70 million. Three new projects were presented at the meeting: (1) Decommissioning of FTB “Lepse”, (2) Decommissioning of Building No 5 in Andreeva Bay and (3) Reconstruction of the railroad bridge in Severodvinsk. Rosatom suggested two other projects, which may be developed further: Dismantling of “Papa” class nuclear submarine and Rehabilitation of solid radioactive waste (RAW) storage facility at FSUE “Zvezdochka”.

The Nuclear Operating Committee also reported on the financial situation of the Fund. As of 30 April 2006, €149.7 million of the contributions to the NDEP have been earmarked for the nuclear window. €98.7 million has been received and €3.7 million has been gained in interest. €19.1 million has been allocated to the Grant Implementing Agreements signed in August 2005. Out of this amount, contracts for a total value of €12.8 million have been signed. So far, disbursements amounted to €1.6 million.

## New Projects in the Nuclear Window

Two new projects have been approved in principle by the donors at the NOC meeting of June 2005:

- (1) Decommissioning of “Lepse” cargo ship and
- (2) Decommissioning of Building 5 in Andreeva Bay.

Compared to the first five urgent projects in Gremikha Bay and Murmansk region, these are big investment projects with preliminary cost estimate of about €30 million each. They aim to eliminate major radiation risks to the population and environment of Murmansk and this part of north-west Russia as a whole.



*Aerial view of the “Lepse” ship (photo by Alexander Raube)*

“The Decommissioning of Lepse Floating Technical Base (FTB) is an extremely challenging project due to its technical complexity” says Nikita Konstantinov, EBRD Senior Project Manager. Lepse vessel which used to service nuclear-powered icebreakers is packed with nuclear waste and spent fuel assemblies. Some of the assemblies are damaged, which makes their removal an unprecedented challenge. “Removing and transporting the spent nuclear fuel and radioactive waste from the vessel to an SNF store or to Mayak nuclear facility for

reprocessing is technically very difficult and also most dangerous task from a nuclear and radiation safety point of view” – added Nikita Konstantinov.

The vessel is currently located in the Kola Bay, 2 km from the northern boundary of Murmansk, a city with a population of about 400,000 people. It is 88m long, 17 m wide with a displacement of 5600 tons. On board of Lepse there are two storage tanks for spent nuclear fuels (SNF) from the icebreakers with a diameter of 3.6 m and a height of 3.4m. Today there are 639 fuel assemblies on board, much of it with damaged fuel elements.

The construction of Lepse as a cargo ship began more than 70 years ago but was not finished before the Second World War. In 1958 it was rebuilt in St Petersburg to serve as a service ship, or FTB for refuelling of the first nuclear powered icebreaker, Lenin. Lepse served Lenin till 1966 and was then reconstructed to also take fuel from the next generation of icebreakers: Arktika and Sibir. In 1988 it was taken out of service and in 1990 Lepse was officially declares as a “laid-up vessel” although the main engine remained operational.

Decommissioning of Lepse was identified as an important task already 20 years ago and the work was initiated by the Murmansk Shipping Company (MSCo) but was abandoned in 1994 when no more funds were available. Lepse was then brought to the attention of the international community and received great support from the European Commission, NEFCO and the governments of Norway and France in particular. Decommission of Lepse as a new NDEP project will build on this extensive joint cooperation of the international community and the Russian experts from Rosatom, MSCo and the Russian Ministry of Transport and on the results of the ongoing TACIS funded project.

**Decommissioning of Building No 5 in Andreeva Bay** is the second project approved in principle at the last NOC meeting. Building No 5 is part of a former coastal base built in the Andreeva Bay in 1960s to service nuclear submarines of the Northern Fleet of Russia. The base was closed down in 1984 but the site remains heavily contaminated and poses a serious risk to the environment.



*Building No 5 in Andreeva Bay*

Building No 5 was a wet storage facility for SNF whereby the spent nuclear fuel was stored by hanging in the pool of water. When leaks developed in the pools the storing of SNF was stopped and the main part of the SNF was transferred to a new site. However there are significant quantities of radioactive materials, possibly also fuel debris, left in the sludge at the bottom of the pools. Therefore, radiation levels inside and outside the building are very high.

The overall objective of the project is to improve the radiological situation in the Murmansk region by removing RAW and SNF debris currently present in the building and transfer it into safe and controlled interim storage conditions. Following decontamination the structure will be eventually dismantled. In this way, the risk for the spread of radioactive materials from the building into the bay will be eliminated. The facility is located in the Kola Peninsula at Andreeva Bay, 80 km west of Murmansk and 45 km from the Norwegian border.

## **Interview with Mr Sauli Niinistö – New NDEP Steering Group Chair**



The EIB took over the Chairmanship of the NDEP Steering Group on 1 July 2006. Sauli Niinistö (pictured left), former Finance Minister of Finland and Vice President of the EIB returns as the NDEP Steering Group Chair for the second time to succeed Fabrizio Saccomanni, Vice President of the EBRD.

***Since you last chaired the NDEP Steering Group meeting in June 2004, the NDEP has managed to secure extra €28 million for the non nuclear window, first nuclear projects have entered the implementation stage and the NDEP flagship project, St Petersburg Southwest Wastewater Treatment plant was launched in September 2005. Are you pleased with the progress achieved so far?***

Yes indeed, I think we can all be pleased with these milestones of success. They confirm the aptness of vision and conviction of those who have initiated and over the years supported the NDEP concept, namely that environmental problems in the Northern Dimension Area can best be solved through a real and effective partnership between the relevant actors. The work accomplished by this partnership is beginning to have very concrete positive effects on the environment in the region as a whole. The NDEP is considered by many as a model for concerted and effective efforts also in other areas. However, it is important for us to realise that the NDEP's achievements so far are indeed only milestones and that much remains to be done.

***Your appointment as a new Steering Group Chair incidentally coincides with Finland's six month EU Presidency which also begins on 1<sup>st</sup> July this year. Do you think that Finland's Presidency will have any implications for the NDEP?***

It is interesting to note that it was Finland who in December 1997 at the EU Council in Luxembourg proposed a Northern Dimension for the policies of the European Union. Together with others, Finland used its first Presidency of the EU Council in 1999 to further promote various aspects of this concept, including notably in the environmental field, thereby preparing the ground for the NDEP. Finland has been one of the strong supporters of the NDEP all along and I believe that it will continue to use all opportunities available – including its current second EU Presidency - to voice its support for the NDEP. You may be aware that for its current Presidency, Finland has declared the Northern Dimension and relations with Russia as part of its list of priorities and that a new political framework for the Northern Dimension is expected to be signed during the coming autumn.

***The former Steering Group Chair, Fabrizio Saccomanni, has started a new replenishment initiative as only €4 million is left in the Support Fund for new non nuclear projects. How do you think the NDEP can attract new donors such as the new EU member states to joint the NDEP Support Fund?***

First of all, let me thank Fabrizio Saccomanni for the excellent work he has done as Chairman of the Steering Group, including this replenishment initiative. The importance of replenishment cannot be overestimated. Without a flow of new funds, the stream of successful NDEP project work would eventually dry up and such a result is clearly not wanted by anyone. It would be a pity if we were to deprive this unique partnership of its life, now that it is fully operational and has proved its worth. What we have to continue to emphasise is the vital role that NDEP has to play also in the future in addressing the environmental problems that are of common concern to all of us. If we manage to convey this message, I am convinced that new donations will be forthcoming. We already have some promising signals, both from existing donors and from countries that have not yet acted as donors of the NDEP Support Fund in the past. It is also encouraging that at the recent Summit of the Council of the Baltic Sea States (CBSS) on 8 June 2006 in Reykjavik, the member states of this organisation, among them some new EU member states, expressed their appreciation for the work done by NDEP so far and noted the need for further replenishment of the NDEP Support Fund, in particular to finance further environmental window projects.

***What is your agenda for the EIB chairmanship of the Steering Group?***

My agenda follows naturally from what I have said earlier. In order to continue the successful work that has been done so far, we need to keep the vision alive of what can be achieved through the NDEP. Building on this, we need to ensure that the replenishment initiative produces concrete and respectable results so as to

maintain the lifeblood of our work. In parallel, we have to continue to identify suitable projects that qualify for support by the NDEP. Last but not least, we have to take great care that the projects for which such support has already been approved by the Assembly of Contributors are appropriately implemented. Thus, we have to work on all elements of the cycle simultaneously. Naturally, this applies both to the nuclear and to the non-nuclear projects. However, as regards the current replenishment initiative, the focus is of course on the non-nuclear window.

**The life of the NDEP Support Fund has been extended till 2012. Do you consider NDEP as a long-term initiative? What is your vision of the Partnership's future?**

I am very pleased that the life of the NDEP Support Fund has been extended until 2012. Given the nature of the environmental problems that we are seeking to address, as well as the complexity of many of the projects that need to be implemented in this regard, we certainly need a long-term perspective. My vision is that, as the list of NDEP achievements grows, more and more actors will become increasingly aware of the further potential the NDEP still offers, namely to make an even more substantial contribution in the future through its very concrete measures for addressing common concerns and threats such as eutrophication, hazardous substances as well as the loss and degradation of biodiversity. The NDEP's success so far should serve as an impetus and motivation for strengthening our efforts so as to realise the maximum potential of this partnership. I am convinced that the NDEP is a winning model.

## **NDEP Programme for Leningrad Oblast**

The Municipal Environment Investment programme for Leningrad Oblast was originally developed by Sida in 1997 followed by a comprehensive feasibility study finalised in March 2001. However, only now this €20 million project, also known as the Short Term or Emergency Investment Programme, is nearing a financial closure. The NIB loan agreement for €5.3 million was signed on 29 November 2005 with Leningrad Oblast. Local funding is envisaged to be in the region of €4.7 million. The Nordic donors and the NDEP Support Fund will jointly contribute over €10 million in grant funding.

Despite the slow start of the programme, some of its activities, funded both by the Nordic donors and local partners, have picked up speed recently with the utility capacity building and energy savings projects bringing tangible results. The Programme Monitoring Unit was established in St Petersburg in April 2006 to monitor and report on the Programme implementation to the Nordic financiers, and to facilitate the coordination between the Programme stakeholders.

NDEP Funding Agreement in the sum of €1.35 million was signed on 31 January 2006 between the EBRD and NIB for Phase 1 of the Municipal Water Supply and Sewerage programme in Leningrad Oblast. The total NDEP grant allocation for this project is €4 million;

decision approved by the NDEP Assembly of Contributors on 15 November 2002.



*Current wastewater treatment facility in Gatchina. The Programme will help to replace the present manual removal of large solid particles from incoming wastewater with automated technology*

The programme will help four towns, which are home to almost 200,000 residents, to comply with HELCOM standards for the quality of drinking water and effluent. Under Phase 1 two cities: Tikhvin and Pikalevo will benefit by improving their supply and quality of drinking water and by upgrading their wastewater treatment facilities. Phase 2 will include additional cities: Gatchina and Kirovsk and will aim at the same level of improvements in water and wastewater treatment as well as district heating modernisation.

## **6<sup>th</sup> Summit of the Baltic Sea States**

The Heads of Government and representatives of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden, and a representative of the European Commission met in Reykjavik on 7-8 June 2006 for the 6th Summit of the Baltic Sea States. The Summit attracted perhaps the largest number of foreign dignitaries ever gathered in Iceland with nine Prime Ministers and two Foreign Ministers attending the meeting.

When discussing environmental protection, sustainable development and maritime safety, the Summit recognised the achievements of the NDEP and acknowledged the need to replenish the non nuclear window of the NDEP Support Fund. This was later noted in the Chairman's Conclusions (point 14) as follows: "The Heads of Government welcomed the results achieved so far by the Northern Dimension Environmental Partnership (NDEP). They appreciated the completion in 2005 of the Southwest Wastewater Treatment Plant in St. Petersburg and the substantial environmental effect of this in the Baltic Sea. They noted the need for further replenishment of the NDEP Support Fund, in particular to finance further environmental window projects."

## NDEP Projects in brief

Project	Lead IFI	Total cost	NDEP grant	Progress
1. St. Petersburg Southwest Wastewater Treatment Plant	NIB	€193.6 million	€5.8 million	Project completed; plant in operation
2. St. Petersburg Flood Protection Barrier	EBRD	€492 million	€1 million	Under Construction
3. St. Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€90.4 million	€6.35 million	Under Construction
4. Municipal Environment Investment Programme in the Leningrad Oblast, Phase 1	NIB	€20.03 million	€4 million	Approved by Assembly
5. Komi Municipal Services Improvement Project	EBRD	€31.8 million	€5.9 million	Implementation started
6. Kaliningrad District Heating Rehabilitation	EBRD	€21.8 million	€7.3 million	Approved by Assembly
7. Archangelsk Municipal Water Services Project	EBRD	€25.3 million	€8.2 million	Implementation started
8. Murmansk District Heating Project	NIB	€29.6 million	€5 million	Approved by Assembly
9. Novgorod Cross Municipal Rehabilitation	NIB	€20 million	€2 million	In preparation
10. Kaliningrad Solid Waste Management Project	NIB	€49.2 million	€10.1 million	In preparation
11. St. Petersburg Neva Direct Discharge Closure Project	NIB	€300 million	To be determined	In preparation
12. St. Petersburg District Heating Programme	EBRD	To be determined	To be determined	In preparation
13. Ladoga Environmental Programme	NIB	€500 million	n/a	Implementation started
14. Kaliningrad Water and Environmental Services	EBRD	€110 million	€10 million	Approved by Assembly
15. Vologda Municipal Water Services	EBRD	€16 million	€3.5 million	In preparation
16. Kaliningrad Project Implementation Unit	EBRD	€3.7 million	€3 million	Approved by Assembly

### Also note...

- 2005 Annual Progress Report on the Implementation of the Northern Dimension Action Plan is available on the European Commission's website [http://ec.europa.eu/comm/external\\_relations/north\\_dim/doc/sec\\_2006\\_729\\_en.pdf](http://ec.europa.eu/comm/external_relations/north_dim/doc/sec_2006_729_en.pdf)
- The drafting group of the new ND Framework Policy which includes the EC, Iceland Norway and Russia meets regularly (latest meeting 12 July in Brussels). The objective is to agree on a new ND policy before the current 2nd Action Plan expires at the end of 2005.
- CBSS committee of Senior Officials meeting (CSO) will take place in Lund, Sweden on 6-7 September.
- Northern Dimension Senior Officials meeting (SOM) will take place in Imatra, Finland on 22 September.
- 5<sup>th</sup> Arctic Council Ministerial meeting will take place in Salekhard Russia on 26 October.
- The NDEP brochure is available on request. Write to [info@ndep.org](mailto:info@ndep.org) with your name, organisation and postal address to receive a copy.

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, waste-water, 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, Belgium, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden and the United Kingdom are the sponsors of the NDEP Support Fund, which currently stands at close to €226 million.

For more information, visit [www.ndep.org](http://www.ndep.org), or contact Ewa Manik at [Manike@ebrd.com](mailto:Manike@ebrd.com)