

## NDEP News

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### 6<sup>th</sup> NDEP Assembly of Contributors



*NDEP Assembly of Contributors – 30 November 2007*

The NDEP main governing body met for the second time this year on 30 November in London in the offices of the EBRD. Delegations from Canada, Denmark, France, Finland, Germany, Netherlands, Norway, Russia, Sweden and UK came to represent the contributing countries, while Belgium, Iceland, Italy, and Poland

attended the meeting as observers together with the NIB, EIB and NEFCO.

The Assembly was chaired by the largest contributor to the NDEP Support Fund, the European Commission represented by Gunnar Wiegand, Acting Director for Eastern Europe, Southern Caucasus and Central Asia.

The EBRD President in his opening speech commended first of all positive developments in the nuclear window where major decisions have been reached, there is a clear vision in the form of the Master Plan and there are projects for implementation. The future, as the President said, is about money. The President also noted great progress on the non nuclear side since the last Assembly and thanked the Russian delegation for good cooperation. "I can see commitment taken by the Commission to continue to support the efforts of the Northern Dimension from a financial viewpoint", said the President and added that hopefully Russia will confirm their commitment soon, as it is important for both to move forward.



*(from left) Assembly Chair, Gunnar Wiegand and EBRD President, Jean Lemierre*

The Russian delegation led by the Ministry of Finance also included Rosatom and the Ministry of Foreign Affairs. Mr Dmitryi Pankin, the Director of Department from the Russian Ministry of Finance agreed that important progress has been achieved in the overall programme whose main beneficiary is the Russian Federation. "We can see progress in all the projects especially in Kaliningrad and the work on the Neva project is on-going", said Mr Pankin. In order to further improve the programme, he proposed to strengthen the cooperation between the IFIs and the various Russian authorities at federal and regional levels.





(from left) Dmitry Pankin, Director at the Russian Ministry of Finance, Victor Kovalenko, Deputy Head of Department at Rosatom, (second row) Andrey Avetisyan, Deputy Director at the Russian Ministry of Foreign Affairs and Irina Kukshinova, Expert from Rosatom

Regarding the pressing issue of replenishment of the NDEP non nuclear window, the European Commission confirmed their pledge of €10 million to be activated once the Russian pledge of €20 million is effective. The Russian Ministry of Finance advised that they had started the official procedures to secure the pledged third replenishment. Sweden and Norway also expressed their intentions to contribute to the Fund.

In a spirit of constructive decision making, the Assembly approved a €2 million grant for Novgorod Municipal and €3.5 million for Vologda Municipal Water Services projects. The donors also approved a €2.2 million grant reallocation from Vorkuta to Syktyvkar within the Komi Municipal Services Improvement project. The Russian Ministry of Finance confirmed funding from the federal and city budgets of around €250 million each for the St Petersburg Neva project and the Assembly agreed to earmark €30 million grant in support of this project to be approved by written procedure once the financing structure is in place. IFI funding in the region of €60 million is envisaged to complete the NDEP structure. Sweden will support the Neva project with an additional €5 million bilateral grant.

In the nuclear window, a €43 million grant for the decommissioning of the Floating Maintenance Base "Lepse" was approved. The beneficiary of the grant, the Murmansk shipping company, will use the funds on preparing the ship for removal of the spent nuclear fuel and of the radioactive waste. The Assembly also agreed for the Nuclear Operating Committee to proceed with preparation of the three new projects in the nuclear window: (1) Enhancement of the Radiation Monitoring and Emergency Response System in the Archangelsk region, (2) Unloading of spent nuclear fuel from nuclear powered submarine (NPS) "Papa" class, and (3) System for the transport and buffer storage of spent nuclear fuels (SNF) at Andreeva Bay.

The Assembly welcomed the Nordic Environment Finance Corporation (NEFCO) as a new member of the Steering Group.

The next meeting of the Assembly of Contributors is scheduled for November 2008.

## NDEP welcomes a new contribution from Sweden

Following their announcement during the Assembly of Contributors on 30 November 2007, Sweden made an additional contribution to the non nuclear window of the NDEP Support Fund in the sum of €1.3 million. This brings the overall Swedish contribution to the Fund to €17.3 million.

The total contributions to the non nuclear window will now rise to €93,676,067. However the current commitments - including the new allocations with earmarking for Neva made by the Assembly on 30 November 2007 - will leave a balance of only €1.5 million available for new projects.

## NDEP Steering Group meeting in Helsinki

The NDEP Steering Group meeting held in Helsinki on 25 October 2007 was kindly hosted by the Nordic Investment Bank and chaired by Johnny Åkerholm, the NIB President and CEO. Estonia, Finland, Germany, Sweden and NEFCO attended as observers.



NDEP Steering Group meeting in Helsinki – 25 October 2007

The main purpose of the meeting was to take stock of the progress achieved so far and to prepare concrete proposals for approval at the forthcoming Assembly of Contributors.

The Steering Group warmly welcomed a delegation from the St Petersburg Vodokanal led by its Director General, Feliks Karmazinov, and Eduard Batanov Deputy Director from the City's Government who presented the St Petersburg Neva Closure of Direct Wastewater Discharges programme. Mr Karmazinov informed the Steering Group that the financing structure was now taking shape with the bulk of the funding to come from the regional and federal Russian sources. However, a €30 million grant from the NDEP Support Fund would be greatly appreciated to complete the financing plan. The Steering Group, fully aware of the importance of the Neva project for the Baltic Sea, agreed to make a proposal to the Assembly subject to further endorsement by the Russian Ministry of Finance.

The NDEP Manager, Jaakko Henttonen, informed of the progress made on Kaliningrad projects since the last Assembly of Contributors in May 2007, which was also one of the preconditions for the third Russian replenishment. He reported that the Northern Dimension

Foundation is operating, currently tendering consultants for the three projects in Kaliningrad and the €3 million NDEP grant is disbursing. The Kaliningrad water project obtained a positive state expert opinion from Rosstroy and consequently a €10 million NDEP grant was signed on 27 September 2007. The district heating project, although approved by the EBRD Board, is still pending final loan agreement from the Russian Government. Once received the €7.3 million NDEP grant is ready to be signed. Finally the concept of the solid waste project is being reconsidered by the Kaliningrad authorities.



(from left) Johnny Akerholm, Steering Group Chair and Feliks Karmazinov, Director General of the St Petersburg Vodokanal

The Russian Ministry of Finance advised the Group of their intention to replenish the NDEP Support Fund in the amount of €20 million, which they were consulting with other federal ministries. If approved, the first instalment of €4 million will be paid in 2009.

The EBRD reported on the progress made in the nuclear window and about the new project proposals to be put forward for discussion at the next Nuclear Operating Committee on 5 November.

The Steering Group agreed to propose four projects for the Assembly's approval and recommend NEFCO to become a member the Group. Next Steering Group meeting will be held in spring 2008.



(from left first row) Johnny Åkerholm, Steering Group Chair, Feliks Karmazinov, Director General of St Petersburg Vodokanal, Eduard Batanov, Deputy Chairman, St Petersburg Government (from left second row) Harro Pitkänen, NIB Senior Director, Charlotta Tallqvist, NIB Senior Manager, Dmitry Karlik, Deputy Director General and Anna Zhukel from St Petersburg Vodokanal

## Nuclear Operating Committee Meeting

The seventh meeting of the Nuclear Operating Committee (NOC) was held on 5 November 2007 in the offices of the EBRD in London. It was chaired by Sophie Galey-Leruste, Director at the French Ministry of Economy, Finance and Industry and attended by the representatives of the following contributors: Canada, Denmark, the European Commission, Finland, France, Germany, the Netherlands, Norway, the Russian Federation, Sweden and the United Kingdom. Representatives of the Nordic Investment Bank (as the NDEP Steering Group Chair), Belgium, Italy and Japan were present as observers.

The EBRD was pleased to report that the Strategic Master Plan Phase 2 (SMP2) had been completed and had been reviewed by the Expert Advisory Group (EAG) on 4 October. The EAG considers the SMP2 a breakthrough in the strategic approach towards the management of nuclear waste resulting from the operation of the Soviet fleet in the north-west of Russia and its utilised approach and methodology correspond to best international practice.

Academician Sarkisov, the scientific supervisor for the SMP from the Russian Nuclear Safety Institute IBRAE presented the results of the report and explained that the SMP was a key document dealing with the decommissioning of the Soviet nuclear fleet that was finalised by the most respected experts in Russia with the assistance of Fluor-BNG as international consultant. The Delegation welcomed and endorsed the SMP as a strong strategic tool for decision making not only of Russia but also of Donors.

On the project side, the EBRD reported that the first urgent projects in Gremikha Bay and Murmansk region are almost completed in a satisfactory way. A review of the physical protection project in Gremikha was positively assessed by representatives of the Swedish Nuclear Safety Authority. Furthermore, at the request of the Russian authorities, urgent project No 5 for Radiation Monitoring and Emergency Response System in Murmansk Region was reviewed by the international and independent IAEA to assess the system in operation. The first assessment was extremely positive.

Regarding Building No 5 in Andreeva Bay, the NDEP Grant Agreement for €2.25 million was signed on 1 November 2007 and the preparation of the first contracts is underway.

Following completion of the TACIS funded feasibility study in September 2007; the EBRD was now in a position to propose a grant agreement for the decommissioning of the Floating Maintenance Base (FMB) "Lepse".

Finally, three new projects ranked as high priority by the SMP were approved by the NOC as proposals to the Assembly and for preparation of grant agreements: (1) Regional enhancement of radiation monitoring and emergency response system in the Archangelsk region, (2) Papa class submarine defueling, (3) System for transportation and buffer storage of SNF at Andreeva Bay.

## The First Senior Officials Meeting of the Renewed Northern Dimension

The first meeting of the Senior Officials of the Renewed Northern Dimension took place in St Petersburg on 21 November 2007, almost a year after the new ND policy was launched at the Summit in Helsinki on 24 November 2006. Delegations of the ND partners: the European Union, Iceland, Norway and Russia took part in the meeting together with the representatives of the Regional Councils in the North, the IFIs and other regional institutions and bodies. The USA attended as observer.

The participants took positive note of the reports on the NDEP achievements and status of contributions presented by the NIB as current chair of the NDEP Steering Group and by the NDEP Manager. The Senior Officials acknowledged the pressing need to replenish the non nuclear activities of the NDEP Support Fund.

The Senior Officials also discussed the ND Partnership in Public Health and Social Well-being and proposed several other initiatives which will be further developed for the First Ministerial meeting of the Renewed ND due to take place in 2008.

## Inauguration of the EU funded Incineration facility in St Petersburg

The Sludge Incinerator Plant (SIP) at the Southwest Wastewater Treatment Plant was put into operation on 25 November 2007 in an official ceremony attended by Sergey Ivanov, First Vice Premier of the Russian Federation, Valentina Matvienko, the Governor of St Petersburg and Marc Franco, Head of the European Commission Delegation to Russia. The main contractor, German company Bamag GmbH, Danish project supervisor, Ramboll s/a and the British Mott Mac Donald Ltd as chief engineer also joined the ceremony

The European Commission financed 80% of the total project cost with a €24.9 million grant provided under the global investment programme (TACIS). Additional loan funding of €5.6 million came from the European Investment Bank and Vodokanal closed the gap with €3.8 million from their own funds.

This is the third incinerator plant in the City and according to St Petersburg Vodokanal; no more sludge will now be deposited to landfills. This will greatly improve the City's sanitation system and reduce pollution to the marine environment of the Baltic Sea. It will work as an integral part of the NDEP supported wastewater treatment plant.

In her inauguration speech, Ms Matvienko referred to previous environmental investments carried out through the Northern Dimension programme and added that today 85% of City's wastewater is treated. She also reminded of the importance of the Neva project when saying, "We have set ourselves the task to finish the construction of the Northern Tunnel Collector to close off the remaining direct discharges of untreated wastewater. We now know that our friends and partners will help us to achieve this aim."



(from left) Feliks Karmazinov, Director General of Vodokanal, Sergey Ivanov, First Vice Premier of the Russian Federation, Peter Spies, Director General of Bamag GmbH (General Contractor), Valentina Matvienko, Governor of St. Petersburg, Vadim Tyulpanov, Chairperson of the Legislative Assembly of St. Petersburg.

## St Petersburg Flood Protection Barrier

The construction of the St Petersburg Flood Protection Barrier is presently well underway and in fact, the barrier would be substantially closed by the end 2008.

All the main contracts for navigation openings, dredging works for approaches to main channels and completion of the dams and sluices are being implemented. The opening date for the main navigation channel has been set on 8 July 2008. The closing of the temporary channel, now in use, is planned to take place shortly thereafter. "The construction work targets at the moment are realistic despite the cold winter and huge size of the project. We look forward to successfully closing the barrier next year with the present good working cooperation with Russian contractors and officials" said Mr Han Bartels, works manager of Boskalis International BV during the site visit in November 2007.

Works on the Southern dam section continue with the last part of the double dual-carriage way tunnel and finally the road completion in 2012. The Russian Federation has confirmed their full financing required in addition to the international funding. The present cost estimate is close to €1 billion including Russian input of €720 million and loans from EBRD, NIB and EIB totalling €277 million.



Construction of the underwater tunnel which will lead vehicle traffic underneath the main navigation channel (photo courtesy of Boskalis International BV)

## 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     | €1000 million  | €1 million     | Under construction                          |
| 3. St. Petersburg Northern Wastewater Treatment Plant Incinerator              | EBRD     | €90.4 million  | €6.35 million  | Project completed - plant in operation      |
| 4. Municipal Environment Investment Programme in the Leningrad Oblast, Phase 1 | NIB      | €23.2 million  | €4 million     | Under construction                          |
| 5. Komi Municipal Services Improvement Project                                 | EBRD     | €31.8 million  | €6.035 million | Under construction                          |
| 6. Kaliningrad District Heating Rehabilitation                                 | EBRD     | €21.8 million  | €7.3 million   | Approved by Assembly Grant yet to be signed |
| 7. Archangelsk Municipal Water Services Project                                | EBRD     | €25.5 million  | €8.2 million   | Under construction                          |
| 8. Murmansk District Heating Project   | NIB      | €29.6 million  | €5 million     | Approved by Assembly Grant yet to be signed |
| 9. Novgorod Cross Municipal Rehabilitation                                     | NIB      | €14 million    | €2 million     | Approved by Assembly Grant yet to be signed |
| 10. Kaliningrad Solid Waste Management Project                                 | NIB      | €49.2 million  | €10.1 million  | In preparation                              |
| 11. St. Petersburg Neva Closure of Direct Discharges of Untreated Wastewater   | NIB      | €700 million   | €30 million    | In preparation                              |
| 12. Ladoga Environmental Programme   | NIB      | €100 million   | n/a            | Under construction                          |
| 13. Kaliningrad Water and Environmental Services                               | EBRD     | €110 million   | €10 million    | Under construction                          |
| 14. Vologda Municipal Water Services   | EBRD     | €18.4 million  | €3.5 million   | Approved by Assembly Grant yet to be signed |
| 15. Kaliningrad Project Implementation Unit                                    | EBRD     | €3.8 million   | €3 million     | Grant signed Implementation started         |

### Also note...

- The NDEP Steering Group is planned for spring 2008
- **17 January 2008** - Seminar on the New Northern Dimension organised by the Norwegian and Finnish Ministries of Foreign Affairs in St Petersburg
- **4 March 2008** - HELCOM Baltic Sea Action Plan Stakeholders Conference in Helsinki
- **5 & 6 March 2008** - 29<sup>th</sup> HELCOM Annual Meeting in Helsinki
- **10 March 2008** - CBSS Political Directors Meeting in Riga
- **12-13 March 2008** – 9<sup>th</sup> Baltic Sea Day Forum in St Petersburg
- **12 March 2007** – final Lenders Meeting for the St Petersburg Northern Incinerator in St Petersburg
- 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 €242 million.

For more information, visit [www.ndep.org](http://www.ndep.org), or contact Jaakko Henttonen at [Henttonj@ebrd.com](mailto:Henttonj@ebrd.com) or NDEP Secretariat at [Manike@ebrd.com](mailto:Manike@ebrd.com)