

NDEP News

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Message from Philippe Maystadt, President of the EIB, new NDEP Steering Group Chair



It is an honour for the EIB to take over the Chairmanship of the NDEP Steering Group on 1 July 2003 and we were particularly pleased to welcome Steering Group members in Luxembourg for a meeting already on 3 July. Our predecessors in the Chair have done an excellent job during the establishment of the NDEP. It is our aim to continue this high quality work and the focus on concrete beneficial effects for the environment in northwest Russia. Being by definition a joint undertaking, the NDEP framework is a dynamic process, depending on the ideas and contributions of all its members, and we rely on the continued input and support of everyone involved. EIB is looking forward to steering the NDEP boat over the next year. I wish all of us every possible success.

Message from Ewald Nowotny, Vice-President of the EIB



I would like to congratulate the initiators and all those responsible for the production of the first issue of the NDEP newsletter in April 2003. The NDEP newsletter is an excellent communication tool, for those directly involved in the NDEP process as

well as for those who are interested in becoming associated with the NDEP in the future.

A challenging year lies ahead of us. The signature of the MNEPR Agreement (Multilateral Nuclear Environmental Programme in the Russian Federation) on 21 May 2003 in Stockholm activates the NDEP's nuclear window and it triggers the payment of previously pledged contributions to the NDEP Support Fund. (See story on page 3.)

An activated nuclear window widens the NDEP scope considerably. The Steering Group must address this increased prioritisation challenge in order to keep the momentum of the NDEP project pipeline – for the first nuclear projects and for the non-nuclear environmental projects.

We at the EIB are conscious of our responsibility as Chair of the Steering Group. During the Steering Group meeting on 3 July, the many important topics discussed proved how essential it is that we meet on a regular basis. We also look much forward to becoming more directly involved in project implementation, notably in St Petersburg with the southwest wastewater treatment plant and the flood protection barrier and also in Kaliningrad.

With my term at EIB drawing to a close, I regret that I will not personally be able to accompany the NDEP throughout the year of EIB's Chairmanship. However, I am pleased to have been part of its very beginning and successful initial growth. I wish my successor as Vice-President of the EIB, Sauli Niinistö, former Finance Minister of Finland, as well as all the NDEP participants the very best!

Steering Group meets in Luxembourg

NDEP Steering Group members, comprising representatives from the European Commission, the Russian Federation, the EBRD, the EIB, the NIB and the World Bank, met on 3 July 2003 in Luxembourg to discuss the Partnership's progress and future plans.



EIB Vice-President Ewald Nowotny (centre) flanked by Ann-Louise Aktiv (EIB) and Timo Hokkanen (NDEP Fund Manager). Mr Nowotny chaired the meeting.

The meeting marked the EIB's new chairmanship of the NDEP Steering Group. For the next 12 months, the EIB will convene Steering Group meetings and lead the coordination among its members.

The meeting's chair, Ewald Nowotny, EIB Vice-President, congratulated all concerned on the MNEPR signing, since it allows the allocation of grant funds for projects under the NDEP Support Fund's nuclear window. He emphasised the need for the Steering Group to move on fast in order to respond to the high expectations of the Russian Federation and the contributors to the NDEP Support Fund.

The Steering Group discussed the status of projects in the NDEP pipeline. The Steering Group as a whole agreed to recommend the Archangelsk Municipal Services Improvement project for approval by the NDEP Assembly of Contributors.



The Steering Group agreed to meet again in September.

The project would aim to improve the quality of drinking water, water supply and wastewater

collection infrastructure and services in the Russian city of Archangelsk, which has a population of 370,000 inhabitants.

In addition, the Steering Group discussed the implementation of NDEP nuclear window projects, particularly in light of the recent contributions pledged from Canada, France and the United Kingdom, all of which have been earmarked for nuclear waste management projects. (See next story.)

The Steering Group's next meeting will take place in September 2003.

Canada, France and the United Kingdom are new contributors to the NDEP Support Fund

Canada, France and the United Kingdom have recently pledged contributions of €20, €40 and £10 million respectively to the NDEP Support Fund, which now stands at over €170 million. The funds have been earmarked for NDEP nuclear projects.

Canada's Prime Minister Jean Chrétien announced his government's €20 million pledge on 30 May 2003 at the G8 summit held in Evian, France.

"Canada is very pleased to participate in the Northern Dimension Environmental Partnership. It will enable us to utilise the IFIs' extensive experience on nuclear issues while making a concrete contribution to securing and safely managing nuclear and toxic wastes from the dismantlement of nuclear submarines in northern Russia," said a senior official with the Canadian Department of Foreign Affairs and International Trade.

"Submarine dismantlement is a priority concern for the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction and Canada is pleased to join other contributors and the IFIs in this important effort."

Canada is the first non-European donor to contribute to the NDEP Support Fund.

The French government joined the NDEP Support Fund with a pledge of €40 million. The pledge was also made in the context of France's participation in the G8 Global Partnership. A senior French official expressed his country's desire that the NDEP Support Fund becomes "the central player in this priority area for the G8 Partnership." He further underlined France's expertise in the civilian use of nuclear power, which he hopes can lend support to the Fund's activities.

The government of the United Kingdom announced a £10 million contribution to the NDEP Support Fund during Russian President Vladimir Putin's state visit to Britain in late June 2003.

In a recent communiqué from the UK's Foreign and Commonwealth Office, Foreign Secretary Jack Straw expressed his "delight" in cooperating with Russia on dealing with its nuclear legacy.

Other countries are also expected to announce contributions to the NDEP Support Fund in the near future, following the signing of the Multilateral Nuclear Environmental Programme in the Russian Federation on 21 May 2003 in Stockholm. (See next story.)

Historical MNEPR agreement signed

Senior officials from 11 countries, the European Commission and EURATOM signed the Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR) agreement on 21 May 2003 in Stockholm, Sweden. The agreement was designed to provide a legal framework for international donors working with Russia on radioactive waste management, spent nuclear fuel security and reactor safety. The MNEPR signing was a pre-condition for several contributors to release funding for the NDEP nuclear window.

MNEPR signatories include Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, the Russian Federation, Sweden, the United Kingdom, the United States, the European Commission and EURATOM. The MNEPR addresses several important legal questions associated with western assistance in the Russian Federation, such as access to sites, tax exemption and liability.

"Co-operation translated into practice" An update from the St Petersburg southwest wastewater treatment plant construction site

Construction works at the NDEP co-financed St Petersburg southwest wastewater treatment plant show the project's collaborative approach is right on target.



The plant is the most important environmental project in the Baltic region.

To implement the €190 million project, a special purpose construction company, SWTP Construction

Ltd, was set up to conduct the works. In addition to the NDEP grant, IFI loans and other contributions from Nordic donors, the project benefits from financing from the European Commission and the city of St Petersburg.

SWTP is currently refurbishing 14 unfinished water treatment units and building several additional units as well as purchasing plant equipment. Upon completion, the plant will handle 330,000 cubic metres of sewage a day. The plant's financing, construction and operation follow Russia's first public-private partnership (PPP) scheme in the water sector. The works began in early April and are expected to be finished in August 2005.



The construction works are running on schedule.

"There is a great deal of goodwill from all involved. Many did not believe this would happen," said Matti Rantala, SWTP's managing director. Rantala has over 27 years of experience managing water and wastewater projects all over the world. SWTP brings together the best of Nordic technical know-how and resources from NCC International (Sweden), Skanska East Europe (Finland) and YIT Construction (Finland).

Rantala liaises with all project financiers, including NDEP, on matters concerning how project funds are spent. While this may be perceived as a cause for additional delays, this approach is proving successful at meeting the standards demanded by all project partners.

"There's a Nordic way of doing things, a Russian one, and an IFI one," adds Rantala. "This is new for everybody and it took a long time to make it work, but we now feel quite comfortable with the project schedule.

"The project is one of the most important investments in the Baltic Sea area and certainly the most important environmental project in the Baltic region," concludes Rantala. Seventy per cent of SWTP's employees are Russian and the remaining come from Finland and Sweden. SWTP also hires local sub-contractors.

NDEP website launched

NDEP has recently launched www.ndep.org. The site contains information about NDEP's origins and aims as well as extensive up-to-date information on all NDEP projects. The site is constantly updated and visitors can keep abreast of the latest NDEP activities and news. All comments are welcome using the feedback facility on the site or by sending a message to info@ndep.org.

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	€581 million	€1 million	Signed
• St Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€52.6 million	€6.35 million	Approved
• Municipal Environment Investment Programme in the Leningrad Oblast	NIB	€23.2 million	€4 million	Approved
• Komi Municipal Services Improvement Project	EBRD	€30.5 million	€5.9 million	Approved
• Kaliningrad District Heating Rehabilitation	EBRD	€20.8 million	€7.3 million	Approved
• Novgorod Cross Municipal Rehabilitation	NIB	€66 million	€5 million	In process
• Kaliningrad Solid Waste Management Project	NIB	€47 million	€9 million	In process
• Archangelsk Municipal Services Improvement Project	EBRD	€25.3 million	€8.2 million	In process
• Murmansk District Heating Project	NIB	€20 million	€7.5 million	In process
• St Petersburg Neva Wastewater Collector Project	NIB	€200 million	€1 million	In process
• St Petersburg District Heating Programme	EBRD	€74.1 million	€26.1 million	In process

Heads up for... upcoming events

- **The Ministerial Conference on Environment and Sustainable Development in Northern Europe** will be held in Luleå, Sweden, on 28–29 August 2003. On its first day, the conference will bring together the Nordic Council of Ministers and the Barents Euro-Arctic Council. On the second day, a new start for regional initiatives will be launched with a meeting of environment ministers from the Baltic Seas States (CBSS). These meetings follow the Johannesburg Summit in 2002 and the Kiev Conference in 2003. The discussions will deal with the European Commission's Action Plan for the Northern Dimension 2004-2006 and work progress in Baltic 21, the regional Agenda 21 for the Baltic Sea Region.
- The **NDEP Steering Group** will hold its next meeting in September 2003. 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 NDEP projects in the pipeline, the status of contributions and other NDEP institutional arrangements.

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, Canada, Denmark, Finland, France, the Netherlands, Norway, Sweden and the United Kingdom are the sponsors of the NDEP Support Fund, which currently stands at close to €190 million.

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