

NDEP News

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Assessing progress and looking ahead: NDEP Support Fund moves towards replenishment

In the past 18 months, the NDEP's environmental window has helped get off the ground a number of key projects across north-west Russia.

The cooperative efforts marshalled through NDEP have helped underpin €1.7 billion in environmental investments, which would not have materialised without the commitment of all NDEP partners, including international financial institutions operating in the region, and bilateral donors.

The hard work is paying off. Over 80 per cent of NDEP's funds available for environmental investments are committed to projects bringing significant environmental benefits to the Northern Dimension area. However, much remains to be done to help ensure the common environment of those involved in this partnership is properly safeguarded.

In addition to the seven environmental projects approved by the NDEP Assembly of Contributors, a further six have been identified by the NDEP Steering Group for possible support. While the potential environmental benefits of these projects would be crucial for the Northern Dimension area, the estimated need for NDEP funding surpasses the NDEP Support Fund available resources.

Donors have already expressed support for a possible replenishment of NDEP funds. The largest contributor to the NDEP Support Fund, the European Commission, noted that it is willing to consider an additional contribution, not least given the rapid progress made by NDEP as a successful mechanism for mobilising funds and leveraging loans from international financial institutions.

Steering Group holds last meeting under EIB chairmanship

The NDEP Steering Group – made up of representatives from the EBRD, EIB, European Commission, NIB and the Russian Federation – gathered on 21 June 2004 in Luxembourg for their last meeting under EIB chairmanship. Several NDEP contributors participated in the meeting.

A key discussion item surrounded the current and future NDEP strategy for environmental projects.

The Steering Group decided to continue using the existing selection criteria for new projects. However, the group decided to pay special attention to evaluating the criteria and the share of grant versus loan financing when presenting projects to the Assembly of Contributors. The Steering Group also welcomed NDEP involvement in the private sector.

In addition, the Steering Group endorsed the Murmansk District Heating Project for final approval by the NDEP Assembly of Contributors. They also agreed to give preference to the Novgorod Cross Municipal Rehabilitation project when committing the remaining funds.





The NDEP's Murmansk District Heating Project will enable the local municipality to modernise the services it provides by replacing corroded heating pipes with pre-insulated, energy-efficient materials.

Representatives of the NDEP contributors also attended the meeting as observers. They included officials from the governments of Denmark, Finland, Germany and Sweden. An observer from the Estonian government was also present.

Steering Group members acknowledged and thanked Mr Sauli Niinistö for his leadership while the EIB held the Steering Group's chair. His contribution to the ongoing cooperation among Steering Group members was warmly recognised by all present.

The Steering Group's next meeting is scheduled for October 2004 in Moscow.

NIB sets priorities for its Steering Group chairmanship

Upon accepting the chairmanship of the NDEP Steering Group from July 2004, Jon Sigurdsson, president of the NIB, outlined the principal tasks for the Steering Group for the year ahead.



*Jon Sigurdsson,
President of the
Nordic Investment
Bank*

Mr Sigurdsson stressed the successes of the NDEP environmental window, which has achieved significant progress in 12 of its 13 projects. In his view, these feats are an incentive for revitalizing the ongoing efforts of the Steering Group, including seeking additional resources for NDEP environmental activities.

He also highlighted the development of more projects involving the private sector as an objective for the coming year. NDEP currently focuses on supporting the public sector in Russia, in particular smaller municipalities unable to afford capital-intensive environmental projects. Mr Sigurdsson, however, pointed out that when emissions from the public utility sector in north-west Russia have been contained, the next step would be to look at the environmental impacts of private sector operators, as is being done through the Ladoga Environmental Programme.

Finally, the new Steering Group chair noted that the NDEP nuclear window's strategic master plan, currently under preparation, will provide a roadmap for effective action in the near future.

The chairmanship of the Steering Group rotates yearly. The NDEP operational year runs from July to June.

Nuclear Operating Committee meets in London

The NDEP Nuclear Operating Committee held its second meeting at the EBRD headquarters in London on 2 July 2004.

Mr Sergey Antipov, until recently the deputy minister of the Russian Ministry of Atomic Energy (Minatom), headed the Russian delegation to this gathering. Mr Antipov briefed the committee on the reorganisation of the Russian government and on some of the consequent changes in the responsibilities of the various government agencies dealing with nuclear safety.

Financed by the NDEP nuclear window, Minatom designated three highly regarded Russian academic institutions to develop a Strategic Master Plan to guide NDEP's activities dealing with the decommissioning of nuclear submarines and other nuclear facilities.

A distinguished academic from the Russian Academy of Science, Ashot Sarkisov, is in charge of coordinating the development of the plan across the three institutions. These institutions are the Nuclear Safety Institute of the Russian Academy of Science (IBRAE RAS), the Russian Research Center Kurchatov Institute (RRC KI) and the Research and Development Institute of Power Engineering (NIKEIT).

Once completed, the plan is expected to provide a framework for identifying projects and for the Russian government to make informed decisions regarding the management of spent nuclear fuel and radioactive waste. In addition, the plan will facilitate the evaluation of the safety, security, cost-effectiveness and environmental aspects of each project.

Mr Sarkisov presented a draft interim report of the strategic master plan, which was welcomed by the committee and commended on its thoroughness. The final document is expected to be available in October.

As part of the day's discussions, donors reported on the decommissioning-related activities they conduct on a bilateral level.

Heads of Baltic Sea states welcome NDEP progress

The leaders of 11 countries in the Baltic Sea area welcomed the progress made by NDEP in favour of the common environment.

The fifth Baltic Sea States Summit at prime ministerial level praised the environmental and nuclear windows of the NDEP Support Fund as "successful tools for mobilising resources for priority environmental investments in north-west Russia." The Summit also concluded that consideration be given in due course to an appropriate replenishment of NDEP resources.

The summit brought together the heads of government and representatives of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden on 21 June 2004 in Lauslamaa, Estonia. These countries are members of the Council of the Baltic Sea States. The EU Presidency and the European Commission were also represented at the summit.

Project updates:

St Petersburg South-west Wastewater Treatment Plant (SWTP)



A view of the SWTP construction site captured from a helicopter in June 2004. The SWTP will improve wastewater services for over 720,000 citizens of St Petersburg and will contribute to upgrading the water quality of the Baltic Sea. For more on this project, visit www.swwtp-project.se



St Petersburg Governor Valentina Matvienko recently visited the construction site and was briefed on the progress achieved thus far.

St Petersburg Northern Wastewater Treatment Plant Incinerator



Building a new incinerator for this plant will lessen the environmental risks of transporting and disposing of sludge in large quantities to landfills, which will bring significant environmental benefits to the Northern Dimension area.

NDEP Projects in brief

Project	Leading IFI	Total cost	NDEP grant	Progress
• St Petersburg South West Wastewater Treatment Plant	NIB	€189 million	€5.8 million	Under construction
• St Petersburg Flood Protection Barrier	EBRD	€492 million	€1 million	Loan signed
• St Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€52.6 million	€6.35 million	Loan signed
• Municipal Environment Investment Programme in the Leningrad Oblast	NIB	€23.3 million	€4 million	Approved
• Komi Municipal Services Improvement Project	EBRD	€31.8 million	€5.9 million	Approved
• Kaliningrad District Heating Rehabilitation	EBRD	€20.8 million	€7.3 million	Approved
• Novgorod Cross Municipal Rehabilitation	NIB	€20 million	€2 million	In process
• Kaliningrad Solid Waste Management Project	NIB	€49 million	€10 million	In process
• Archangelsk Municipal Services Improvement Project	EBRD	€25.3 million	€8.2 million	Loan signed
• Murmansk District Heating Project	NIB	€29.6 million	€5 million	Steering Group Endorsed
• St Petersburg Neva Direct Discharge Closure Project	NIB	€200 million	€1.5 million	Steering Group Endorsed
• St Petersburg District Heating Programme	EBRD	To be determined	To be determined	In process
• Ladoga Environmental Programme	NIB	€500 million	To be determined	First loan signed

Also note...

- Visit **NDEP's website in Russian** at www.ndep.org/RUS/. The site includes all information available on the English site, including newsletters and general information about NDEP. NDEP kindly request that you forward this link to any Russian-speaking partners and colleagues who may find information about NDEP of interest.
- For a hardcopy of the **NDEP brochure** write to info@ndep.org with your name, organisation and postal address.

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, 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 €200 million.

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