

## NDEP News

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### In this issue:

- Third NDEP Assembly of Contributors held in London in early December
- NDEP Steering Group meets in Moscow
- Nuclear Operating Committee discusses Strategic Master Plan
- NDEP at Northern Dimension Senior Officials meeting
- NDEP meets with Swedish business leaders
- Project updates: the St Petersburg South-west Wastewater Treatment Plant (SWTP), Murmansk District Heating, and Komi Municipal Services Improvement, St Petersburg Northern Incinerator plant

### Plus:

- NDEP projects in brief
- Also note...

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### Third NDEP Assembly of Contributors held in London in early December

The NDEP Assembly of Contributors met in London on 6 December 2004. The EBRD, as the NDEP Support Fund Manager, hosted the gathering, which was chaired by Mr Hugues Mingarelli of the European Commission.

“NDEP is certainly one of the most positive attempts I have known over the last few years in the international community which puts institutions and countries together and which has a clear commitment” – said Mr Jean Lemierre, President of the EBRD, in his opening address to the Assembly members.

The Ministry of Finance of the Russian Federation headed the Russian delegation and was represented at the Assembly by Mr Dmitriy Pankin, Deputy Head of the International Financial Relations, State Debt and State Financial Assets Department. It also included Mr Sergey Antipov, Deputy Head of the Federal Atomic Energy Agency and representatives from the Russian Ministry of Foreign Affairs, Ministry of Economic Development and Trade and the Russian Academy of Sciences.

Mr Pankin confirmed that Russia, as the main beneficiary of the Fund, remains fully committed to the NDEP work programme.

The need for urgent replenishment of the non-nuclear window of the NDEP Support Fund was brought to the Assembly's attention as €48 million so far pledged has been practically fully committed and there are no funds left for new projects. The chair asked all NDEP donor countries to state in writing their position on this matter by 15 February 2005.

Some of the key outcomes of the Assembly with regards to environmental side included the approval of a €5 million NDEP grant financing for the €30 million Murmansk District Heating Project. The Nordic Investment Bank is the lead IFI for this project.

On the nuclear window side, the Assembly approved the Strategic Master Plan. The SMP is a comprehensive report identifying and characterising decommissioning objects and facilities in the north-west Russia as well as priority tasks. The Assembly also approved the EBRD's proposal for a way forward which includes preparation of a set of urgent projects and the establishment of the management team for the second phase of the SMP.

The Assembly formally approved contribution agreements from Germany and Canada and a €0.5 million donation from Belgium.



*NDEP Assembly of Contributors met for the third time in London on 6 December 2004*



## **Steering Group meets in Moscow**

The NDEP Steering Group – made up of representatives from the EBRD, EIB, European Commission, NIB, World Bank and the Russian Federation – gathered on 3 November 2004 in Moscow. The meeting chaired by NIB and kindly hosted by the Russian Government's Ministry of Finance (MinFin) was the first one ever to be held in the Russian Federation. In addition to Steering Group members, representatives from donor countries attended the meeting as observers.

The Steering Group examined the status and progress of all NDEP projects and discussed the need for additional funding for non-nuclear projects, which has become a significant issue for the NDEP implementing agencies in order to continue the development of new projects.

In representation of the Russian Government's Ministry of Finance, Mr Dmitriy Pankin noted the appreciation of the Russian Federation for NDEP as an effective multilateral effort that has mobilised close to €900 million for environmental projects in north-west Russia. In addition, he reiterated the importance of replenishing NDEP's resources for non-nuclear projects.

Regarding the NDEP nuclear window, Steering Group Chair Jón Sigurðsson, President and CEO of the NIB, expressed that the Strategic Master Plan has paved the road for action and the roll-out of projects in the near future.

Discussions were also held on the possibility of organising a seminar with the Russian Ministry of Finance on the topic of how public-private partnerships can bring solutions to infrastructure finance issues. The Steering Group's next meeting will take place in February 2005.

## **Nuclear Operating Committee discusses Strategic Master Plan**

The NDEP Nuclear Operating Committee (NOC) held its third meeting at the EBRD headquarters in London on 5 November 2004. The NOC groups donor representatives in nuclear clean-up and decommissioning assignments.

The NOC welcomed the progress made by the EBRD with the NDEP nuclear window and endorsed the Strategic Master Plan prepared by Russian Institutes in a good co-operative effort with the EBRD and the Expert Advisory Group. The NOC also approved the EBRD's proposal to proceed with the preparation of urgent projects identified in the SMP and the second phase of the SMP. The focus of the second phase will be to convert the SMP into an overall decommissioning plan and schedule for the north-west Russia and development and implementation of major infrastructure projects.

During the meeting, presentations were made on other bilateral and multi-lateral projects to ensure adequate levels of coordination in the establishment of priorities.

The NOC was also briefed on the ongoing Strategic Environmental Assessment (SEA) of the nuclear window. In compliance with its new environmental policy, the EBRD has commissioned a consortium of consultants to carry out an assessment, which will include a process of public consultation. The consortium is led by NNC (UK) and includes Belgatom (Belgium), the Russian International Centre for Environment Safety and the Mining Institute of the Russian Academy of Science. This is the first strategic assessment conducted by the EBRD under its new policy. Its recommendations will be considered in the development of an overall decommissioning and rehabilitation programme for north-west Russia.

## **NDEP at Northern Dimension Senior Officials meeting**

NDEP participated at the Northern Dimension Senior Officials' Meeting held in Brussels on 21 October 2004. The meeting was convened by the Dutch EU Presidency.

The purpose of the meeting was to assess the implementation of the Northern Dimension Action Plan, to review progress made to date, and to identify areas where more action and support are needed. Environment and nuclear safety issues were mentioned as priority areas in the coming years.

The chair's report following the meeting pointed the importance of ensuring continuity in the environmental programmes launched in the Northern Dimension. The report also noted the important role of international financial institutions in large infrastructure projects.

There was wide agreement of the positive outcomes to date of the partnerships established under the auspices of the Northern Dimension, including NDEP, and how these could be used as models for future cooperation.

Finally, brief discussions were held regarding the fourth Northern Dimension Ministerial Conference in 2005, which would aim to establish priorities on the follow-up to the Second Action Plan and on the issues to be addressed after 2006.

## **NDEP meets with Swedish business representatives**

NDEP participated in a seminar highlighting business opportunities for Swedish environmental companies in Russia. The event was organised by the Swedish Ministry of Foreign Affairs and the Swedish Trade Council and took place in Stockholm on 18 November 2004. Close to 40 companies and government representatives attended the seminar.

NDEP presented some of the business needs of NDEP projects and how these could be potentially met by Swedish environmental firms. Participants at the event were also briefed on the types of co-financing opportunities available through NDEP.

The seminar was opened by Ambassador Bo Jerlström, who emphasised the importance of project exports for the Swedish economy and wellbeing of its business sector.

The seminar helped NDEP underline the importance of activities in north-west Russia and raised awareness of business opportunities existing in the region.

## NDEP Project updates:

### Komi Municipal Services Improvement

*The NDEP grant agreement for this project was signed on 19 November 2004 in the amount of €3.7million. The EBRD loan in the rouble equivalent of €10 million was signed at the same time. The total project cost is €21 million. The first phase of this programme will provide a financing to the water utility, Vodokanal, of the City of Syktyvkar in the Republic of Komi. The project will rehabilitate water and wastewater infrastructure and services in the municipality and at the same time strengthen the water utility's financial and operational performance. The Republic of Komi and the City of Syktyvkar approved the project structure and support agreements in September 2004.*

### St Petersburg South-west Wastewater Treatment Plant (SWTP)



Aerial view of the SWTP as of late November 2004

*The construction of the wastewater treatment plant is progressing according to the original time schedule and will be completed as planned in July 2005. The NDEP funding for this project is used to cover plant equipment costs, which include: main wastewater pumps, aeration blowers, sludge dewatering centrifuges, steel pipes. Supply contracts have already been signed earlier this year with Nijhuis Pompen BV, HV Turbo Oy Ab, Westfalia Separator Umwelttechnik GmbH, Onninen Oy respectively. The accumulative value of contracts signed is €5,561,171. The deliveries of the equipment have started.*



View of the construction site at SWTP

### Murmansk District Heating



Murmansk district heating system is in dire need of an upgrade

*On 6 December 2004 the NDEP Assembly of Contributors approved €5 million grant co-financing for Murmansk District Heating project. The Assembly also underscored the need to engage on this project given the urgent need to improve the district heating services and reduce air pollution in Murmansk, the world's largest city located within the polar circle. Studies predict significant reductions of emissions to air each year thanks to upgrades to the pipeline and distribution systems. Once implemented the project will have significant cross-border effects.. The project has strong local support. The total project cost amounts to €30 million.*

### St Petersburg Northern Wastewater Treatment Plant Incinerator

*The NDEP grant agreement for this project was signed between the EBRD and St.Petersburg Vodokanal on 17 December 2004. The NDEP Support Fund will provide investment co-financing of €6 million and a TC grant of €350,000 for the €90.4 million incinerator project. EBRD and NIB are providing loan financing of €38.18 million for the investment.*

## 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	Under Construction
• St Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€90.4 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	Loan signed
• Kaliningrad District Heating Rehabilitation	EBRD	€21.8 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	Approved
• St Petersburg Neva Direct Discharge Closure Project	NIB	€200-300 million	To be determined	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 loans signed

### Also note...

- EBRD President Jean Lemierre visited Finland on 25-26 October 2004. Mr Lemierre met with the Finnish President, Prime Minister and other senior government representatives as well as with members of Finland's business community. Current and future NDEP activities featured heavily on Mr Lemierre's agenda.
- NDEP participated in the second joint meeting of the Task Force for Implementation of the Environmental Action Programme for Central and Eastern Europe (EAP TF) and the Project Preparation Committee (PPC), which took place in Tbilisi, Georgia on 20-22 October 2004. The issue of replenishment of NDEP resources for non-nuclear projects was raised.
- Mr Sergey Storchak was appointed Head of the Russian Ministry of Finance's Department for International Financial Relations, State Debt and State Financial Assets in September 2004. Previously, he was sovereign debt obligations director of the Russian Vnesheconombank, and held other positions at MinFin and at the Ministry of Foreign Affairs.
- Visit **NDEP's website in Russian** at [www.ndep.org/RUS/](http://www.ndep.org/RUS/). The site includes all information available on the English site, including newsletters and general information about NDEP. For a hardcopy of the **NDEP brochure** write to [info@ndep.org](mailto: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, 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 €200 million.

For more information, visit [www.ndep.org](http://www.ndep.org), or contact Timo Hokkanen at [hokkanet@ebrd.com](mailto:hokkanet@ebrd.com)