

NDEP News

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NDEP Assembly of Contributors meets in London

The NDEP Assembly of Contributors, NDEP's main governing body, met in London on 15 December 2003. The EBRD, as the NDEP Support Fund Manager, hosted the gathering, which was characterised by a constructive exchange of ideas on how to move forward the NDEP agenda.



"The Assembly reinforced our confidence that we are on the right path," said Mr Fabrizio Saccomanni, Vice President for Risk Management at the EBRD with

responsibility for the Bank's Environment and Nuclear Safety Departments (pictured left).

Russia's Deputy Finance Minister Sergei Kolotukhin (right) headed the Russian delegation to the Assembly, which also



included Deputy Minister of Atomic Energy Sergei Antipov. Mr Kolotukhin welcomed the Assembly's concerted support to improving the environment of north-west Russia. He also expressed his government's commitment to NDEP and his satisfaction with the progress achieved to date.

The Assembly, chaired by Mr Hugues Mingarelli of the European Commission, welcomed new contributors to the NDEP Support Fund represented by the delegations from Canada, France, Germany, the Netherlands and the United Kingdom.



Left to right: Hugues Mingarelli (European Commission), Jean Lemierre (EBRD President) and Fabrizio Saccomanni

The Assembly approved NDEP funding for an additional project, which is designed to improve water and wastewater infrastructure in Archangelsk.

The Assembly also approved the NDEP's non-nuclear work programme and the establishment of a Nuclear Operating Committee.

Sauli Niinistö appointed as new NDEP Steering Group Chair

He brings to NDEP over 26 years of political experience in the Northern Dimension

Sauli Niinistö, former Finance Minister of Finland and Vice-President of the EIB, recently assumed the rotating chair of the NDEP Steering Group.



“NDEP represents a model for the future,” said Mr Niinistö, who has been involved in politics in Finland and internationally since 1977. “It exemplifies a unique and well-functioning partnership with the Russian government.”

Mr Niinistö is particularly optimistic about the environmental benefits that NDEP can deliver to the Northern Dimension thanks to its multilateral approach.

“The scale is automatically enlarged when you work in a multilateral context,” he says. “This is not only about geographical size but also about the convergence of new ideas and proposals from the various parties involved.”

The NDEP framework is well designed to accommodate a wider scope, points out Mr Niinistö. “NDEP, especially its nuclear window, is bringing in resources from countries beyond the European Union and Russia,” he said referring to the recently announced Canadian and Dutch contributions to the NDEP Support Fund, which have been earmarked for NDEP's nuclear activities. “This gives a wider perspective to our work.”

Mr Niinistö is also confident that “NDEP is bringing Russia in concrete cooperation with EU countries and also, through the active participation of the Commission, with the new members of the EU.”

Mr Niinistö assumed the NDEP Steering Group chairmanship following his appointment to the EIB on 1 September 2003

Third NDEP project will tackle top environmental priority in St Petersburg **Investment co-financed by NDEP, EBRD and NIB**

Treating St Petersburg's wastewater – and preventing it from polluting the Baltic Sea area – has proven a very challenging task for the city's water utility, the Vodokanal. In recent years, stretched finances have thwarted its efforts to upgrade many of its facilities and services.

Sludge disposal facilities are among those needing urgent action. Inadequate sludge disposal can pose serious hazards to public health and cause environmental damage to rivers, lakes and, ultimately, the Baltic Sea.

The city's northern waste-water treatment plant produces about 230,000 cubic meters of sludge every year. The sludge is disposed in a nearby landfill, which is fast approaching its maximum capacity.

“Building an incinerator is the only solution,” says Jaakko Henttonen of the EBRD, who is one of the bankers behind this project. “Its prompt construction will prevent imminent threats to public health and to water bodies like the Gulf of Finland.”



The northern waste-water treatment plant is key to keeping the Baltic Sea waters clean

A new landfill site – located at 250 kilometres from St Petersburg – has been identified but its construction timeline remains uncertain.

“There are always problems with storage and transportation costs. Burning sludge at the site is the most effective and safest way of dealing with the problem,” added Henttonen.

NDEP will provide a €6 million grant which will cover the cost of some of the equipment needed for the incinerator.

“Without this grant it would have been difficult to structure this project as a commercial loan,” says Tomasz Bartos of the EBRD, who is this project's operation leader. “The local Vodokanal would not have been able to afford it.”

Bartos adds that the framework provided by NDEP is very useful for making these transactions happen.

“Our clients in north-west Russia don’t have the capacity to borrow all the needed funds to finance large projects,” he says. “The 10 to 30 per cent financed by NDEP grants is very important.”

But there are other benefits to grant co-financing.

“If we finance a project like this only as a bank loan, the tariffs on users would have to increase drastically. Thanks to the grant, tariffs increase more gradually and less drastically, making the project more socially and politically acceptable,” concluded Bartos.



The incinerator will help deal with the waste-water treatment plant's sludge disposal problem

The incinerator is expected to be operational in one and half years.

NDEP Steering Group meets in Luxembourg

The NDEP Steering Group held its first post-summer meeting on 30 September 2003 in Luxembourg. Steering Group members represent the European Commission, the Russian Federation, the EBRD, the EIB, the NIB and the World Bank.

During the meeting, the Steering Group decided to recommend for Assembly approval the St Petersburg Neva wastewater collector project, which will complement the efforts of other NDEP projects, in curtailing the flow of untreated effluents into the Neva River and the Gulf of Finland. These untreated flows have severe negative environmental impacts on the Baltic Sea area. At present, overloads of nutrients such as nitrogen and phosphorous, contained in untreated wastewater, are affecting the sea's ecological balance and its biological life. A NDEP grant is sought to finance the project's feasibility study, which is fundamental to structuring and implementing the project.



From left to right: Oddvar Sten Rønssen (NIB), Ludmila Kozhanova (Ministry of Finance, Russia), Grammatiki Tsingou-Papadopetrou (EIB) and Sauli Niinistö (EIB.)

Environment Ministers from the Northern Dimension express support for NDEP

The environment ministers of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden as well as the European Commission expressed their continued support for NDEP during the latest Ministerial Conference on Environment and Sustainable Development in Northern Europe held in Luleå, Sweden, on 28–29 August 2003.

“The Northern Dimension Environmental Partnership adds new opportunities for environmental and cross-border cooperation in the Baltic Sea region between the EU countries and the Russian Federation,” read their joint statement issued following the Council of Baltic Sea States (CBSS) summer meeting which took place during the conference.

In light of the enlarged European Union borders, the ministers advocated regional cooperation as necessary for implementing the 2004-2006 Northern Dimension Action Plan, of which NDEP is part.

The ministers also recognised that the Northern Dimension's focus will increasingly be placed on north-west Russia and that cross-border activities ought to get greater importance. They also welcomed the signing of the Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR) agreement as it will lead to renewed, stronger action in dealing with nuclear waste.

The gathering was part of the follow-up to the Johannesburg Summit in 2002 and the Kiev Conference in 2003. The discussions during the conference dealt with the Northern Dimension Action Plan 2004-2006 of the European Commission and the work of Baltic 21 on the regional Agenda 21 for the Baltic Sea Region.

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	Loan signed
• St Petersburg Flood Protection Barrier	EBRD	€581 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	€23.2 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	Loan signed
• Murmansk District Heating Project	NIB	€20 million	€7.5 million	In process
• St Petersburg Neva Wastewater Collector Project	NIB	€200 million	€1.5 million	Steering Group Approved
• St Petersburg District Heating Programme	EBRD	€74.1 million	€26.1 million	In process
• Ladoga Environmental Programme	NIB	tbd	tbd	In process

Heads up for... upcoming events and activities

- NDEP's **St Petersburg Southwest Wastewater Treatment project** recently received the "Municipal Investment for Environmental Development of the Year" award by Project Finance Magazine. More detailed coverage will follow on the next issue of NDEP News.
- A **Russian version of the NDEP website** is now available on 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.
- The **NDEP brochure** is now available! NDEP has put together a short introductory brochure describing its aims and background. The brochure will be available online at www.ndep.org in the coming weeks. To order hardcopies please write to info@ndep.org with your name, title, 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, 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, Germany, the Netherlands, Norway, Sweden and the United Kingdom are the sponsors of the NDEP Support Fund, which currently stands at close to €196 million.

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