

## NDEP News

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# 10<sup>th</sup> Anniversary Issue

A celebration to mark the NDEP's 10<sup>th</sup> Anniversary took place on 16 June 2011 in St Petersburg. The Partnership's success in implementing concrete municipal investment projects was widely acknowledged and its innovative financing structure recognized as a successful model for other multilateral initiatives. The NDEP received a major boost in the form of new pledges announced at the event from Russia (EUR 20 million), Finland (EUR 3 million) and Norway (EUR 0.5 million equivalent). These, together with contributions received in 2010 from the European Union (EUR 14 million), Sweden (EUR 7.2 million) and Norway (EUR 0.6 million), will ensure the continuation of the NDEP's activities for the benefit of the Northern Dimension Area. The following are extracts taken from a number of speeches made at the event.



Paavo Lipponen, Prime Minister of Finland (1995-2003)



(from left) Fernando Valenzuela, EU, Thomas Mirow, EBRD, Dmitry Pankin, Russian Federation



NDEP Anniversary event

### Paavo Lipponen

Prime Minister of Finland (1995-2003)

"The NDEP is a real - one might say the biggest - success story of cooperation between the European Union, the Russian Federation and other countries of Northern Europe. The concept of the Northern Dimension was created during the Finnish and Swedish Presidencies of the European Union in 1999 and 2000 to bring Russia and the EU closer together. (...)

The NDEP financing system is uniquely innovative and I would say this is the least bureaucratic way of dealing with great investment projects. The first ten years are in my opinion only the beginning of the Northern Dimension cooperation. The NDEP activities will now continue until 2017 but I dare suggest that the Northern Dimension partners should consider extending this timeframe to the 2020s. (...)

I very much appreciate the decisively important and active contribution that Russia is making to the NDEP. I would also like to thank the European Union for its positive approach and other countries contributing to the Northern Dimension and its various activities. I think we have a model for cooperation all across Europe and even beyond. NDEP is a partnership of the future."

### Dmitry Pankin

Head of the Services for Financial Markets, Russian Federation

"For many years I was the Russian Federation's representative to NDEP. On behalf of the Russian Government I would like to say that cooperation with the European Union for environmental investment is very important to us. (...)

At present the main challenge for Russia is changing its investment climate. We can call it modernisation. We need to achieve a new model of economic development based on attracting investments and diversifying our economy, away from raw material sectors. In this respect I consider the experience we have with NDEP a good example of bringing together federal funds, funds coming from regional authorities, international banks and other international organisations and institutions. (...)

It is especially important to meet here in St Petersburg where NDEP has been very successful. Not everything has been running smoothly. We had initial problems in Kaliningrad to achieve joint work with local authorities, however these problems have been resolved and we are moving forward. (...)





(from left) Dmitry Pankin, Russia and Evgeny Tselikov, First Deputy Director General of SUE Vodokanal "St Petersburg"



NEFCO and MUE Sosnovy Bor Vodokanal



(from left) Sven Hegelund, Sweden, Hannele Pokka, Finland, Klaus Sorensen, Denmark



(from left) Novgorod Vodokanal and NDEP Manager



(from left) Soren Mortensen, NIB Senior Director, Feliks Karmazinov, Director General of SUE Vodokanal "St Petersburg"

It is important that the Northern Dimension is expanding and will cover not only the traditional water and wastewater projects but also solid waste and energy conservation. The Russian Federation is both the main beneficiary of the NDEP and one of the largest contributors to the Fund. Now the situation is that almost all donor funds have been committed and we need to think how to find resources for future activities."

## **Fernando Valenzuela** **Head of European Union Mission to Russia**

"The NDEP is the flagship initiative of the Northern Dimension with some of the most visible and concrete projects. Those who started the partnership rightly recognised that this region, with extreme pollution in the Baltic Sea and the threat posed by decommissioned nuclear submarines, was at grave risk. People living around these Seas are surely grateful for work accomplished. (...)

Already in the past years NDEP has paid more attention to energy efficiency related projects through improvements to district heating facilities in north-west Russia. Energy efficiency is now an important priority for the EU Russia common spaces framework and the Partnership for Modernisation. No one argues that this should become our only focus in the future but it is important for partners to be able to identify jointly and in a mutually equal partnership new projects which are truly in the common interest in the coming years. (...)

We should not forget that now, as the lifetime of the NDEP has been extended, the Fund needs to be replenished. We are happy to see Russia and other contributors joining the EU partners in this respect."

## **Thomas Mirow** **EBRD President**

"We know that many international institutions have to struggle with the feeling of big bureaucracy and not really providing the message to people that it is on their behalf that such initiatives are taken. However NDEP is really something that many people, not only in Russia, feel that international cooperation has merit and is really changing their lives. (...)

Feeling the impact of overstretched public budgets nearly all the countries will need to consider how to maximize the tax payers' money in terms of concrete investments. I think that NDEP is a very good example of how to do this. NDEP grants of EUR 117 million have helped to leverage EUR 665 million in IFI loans, in loans of international financial institutions, resulting in total investments of about EUR 3.2 billion. To put it a bit differently, on average, excluding the flood barrier, every single Euro of NDEP grant has mobilised EUR 5 of EBRD loans and EUR 12 of private capex. This is a model way of how to invest public money in a smart way. (...)

We have congratulated all those who have been participating in NDEP and foremost of course the donors. But I think it is also right to include our clients, especially Vodokanal St Petersburg who have done a really remarkable job in their own turn- around and by conveying the message to other utilities of what can be achieved through NDEP."

## **Hannele Pokka** **State Secretary, Ministry of Environment, Finland**

"I have very great personal pleasure to congratulate you all who have been working in this Northern Dimension concept. There is no doubt that considerable environmental improvements have been achieved. Municipal wastewater treatment in St Petersburg is expected to reach HELCOM recommendations within a couple of years and the construction of the Kaliningrad wastewater treatment plant is ongoing. (...)

Our cooperation also extends into the far north. We look forward to increased environmental cooperation in the fragile Arctic and Barents regions and I hope that project opportunities will arise also in the Karelian Republic.(...) Dear friends, Finland has found cooperation with NDEP effective and cost efficient and we still foresee numerous environmental challenges to tackle in the future."

## Sven Hegelund

### EBRD Director for Sweden

"NDEP has provided excellent value for money. The NDEP cost of treating one tonne of phosphorus per year is between EUR 32,000 to 52,000. To achieve the same reduction in an average EU city it would cost EUR 310,000. Once implemented, the current portfolio of NDEP projects will cut phosphorus discharges by 2300 tonnes per year. The current target for Russia under the HELCOM Baltic Sea Action Plan is 2500 tonnes of phosphorus reduction per year which Russia is obliged to achieve by 2021. The focus of NDEP should be now on smaller municipalities with inefficient wastewater treatment facilities and also addressing problems of agricultural waste from intensive animal farming."

## Klaus Sorensen

### Consul General of Denmark in St Petersburg

"The Danish 'Green Capacity' initiative for Russia is another platform for international cooperation. It opens up investment possibilities by promoting energy efficiency. On the long run, the 'Green Capacity' will pave way for cooperation with other IFIs and NDEP for concrete projects in the energy efficiency sector in Russia."

## Anatoly Popov

### Deputy Minister, Russian Ministry of Regional Development

"In 2009 the Russian Government launched a large scale federal target programme called 'Clean Water' aimed at modernizing the water sector through improving legislation and management systems and the physical upgrade of water supply facilities. The federal budget funds will be used to stimulate investment through provision of government subsidies and loans. The International Financing Institutions should be more active in seeking out these opportunities on the Russian market."

## Nuritdin Inamov

### Director, Ministry of Natural Resources and Ecology, Russia

"I would like to thank everyone who over the past 10 years has contributed to the work of NDEP to make it one of the most effective multilateral mechanisms for environmental investment. The Russian Ministry of Natural Resources and Ecology is now working on a far-reaching legislative reform to ensure that economic progress is in compliance with ecological laws and constitutional rights of the population. At the same time we are moving ahead with concrete programmes such as the Federal Target Programmes for "Clean Water". There is also a huge scope for investment in the solid waste sector. Russia accumulated over 90 billion metric tons of solid wastes and only a minor part of is currently recycled. NDEP is part of these efforts and its model can be used in other sectors."

## Evgeny Tselikov

### First Deputy Director General of SUE Vodokanal St Petersburg

"Until 1978 there was no treatment of wastewater in St Petersburg and all the municipal and industrial waste was discharged directly into the Baltic Sea. Today we are able to treat 93 per cent of the City's wastewater and we are close to achieving full compliance with HELCOM requirements. NDEP helped us to finance the Southwest Wastewater Treatment plant.

The Neva Programme and the rehabilitation of ten suburban wastewater treatment plants, also financed by NDEP, will help us achieve HELCOM and EU standards by 2015. The Finnish President Tarja Halonen called this a world class achievement. Our company has been received many prestigious national and international awards for its excellence and achievements. (...)

I would like to thank all the foreign partners, the Russian Government, Government of St Petersburg for this successful cooperation. We are proud of our effective work with NDEP."



(from left) Klaus Sorensen, Denmark, Nikolai Kursakov, Syktyvkar Vodokanal



(from left) Evgeny Tselikov, SUE Vodokanal St Petersburg, Esa Ovaskainen, Ecovod, Anatoly Popov, Russia



NIB (centre) and Novgorod Vodokanal



(from left) Sergey Pernikov, Pskov Oblast, Sergey Melnikov, Kaliningrad, Nuritdin Inamov, Russia, Timo Makela, EU



(from left) Timo Makela, EU, Esa Ovaskainen, Ecovod, Jean Patrick Marquet, EBRD

## 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	€2000 million	€1 million	Substantially completed
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 Leningrad Oblast, Phase1	NIB	€23.2 million	€4 million	Approaching completion
5. Komi Syktyvkar Municipal Services	EBRD	€31.8 million	€6.035 million	Under construction
6. Kaliningrad District Heating Rehabilitation	EBRD	€21.8 million	€7.3 million	Grant signed Implementation started
7. Archangelsk Municipal Water Services Project	EBRD	€25.5 million	€8.2 million	Under construction
8. Novgorod Water and Wastewater Rehabilitation	NIB	€23 million	€3 million	Grant signed Implementation started
9. St. Petersburg Neva Closure of Direct Discharges of Untreated Wastewater	NIB	€563 million	€24 million	Grant signed Implementation started
10. Kaliningrad Water and Environmental Services	EBRD	€110 million	€10 million	Grant signed Implementation started
11. Vologda Municipal Water Services	EBRD	€20 million	€5.18 million	Grant signed Implementation started
12. Kaliningrad Project Implementation Unit	EBRD	€3.8 million	€3 million	Grant signed - Under implementation
13. Sosnovyi Bor Municipal Water Services	NEFCO	€3.3 million	€0.5 million	Grant signed Implementation started
14. Project Implementation Unit for Poultry Farms in Leningrad Oblast	NEFCO	€3.5 million	€2 million	Approved by Assembly Grant yet to be signed
15. Petrozavodsk Waster and Wastewater Rehabilitation	NEFCO	€32 million	€5 million	Approved by Assembly Grant yet to be signed
16. Modernisation of Ten Suburban WWTP in St Petersburg	NEFCO	€16 million	€3.75 million	Grant signed Implementation started
17. Petrozavodsk Solid Waste Management	NEFCO	€8.5 million	€1.5 million	Approved by Assembly Grant yet to be signed
18. Pskov Water and Wastewater Infrastructure Rehabilitation	EBRD	€27.4 million	€6.5 million	Approved by Assembly Grant yet to be signed
19. Murmansk City Water and Wastewater Infrastructure Rehabilitation	EBRD	€30.1 million	€6 million	Approved by Assembly Grant yet to be signed
20. Vitebsk Wastewater Treatment Rehabilitation	EBRD	€21.1 million	€2 million	Approved by Assembly Grant yet to be signed
21. Grodno Water and Wastewater Treatment Rehabilitation	NIB	€21.1 million	€2 million	Approved by Assembly Grant yet to be signed
22. Brest Water and Wastewater Treatment Rehabilitation	NIB	€18.4 million	€2 million	Approved by Assembly Grant yet to be signed
23. Vologda District Heating Rehabilitation	EBRD	€17.8 million	€2 million	Approved by Assembly Grant yet to be signed
<b>TOTAL</b>		<b>€3.3 billion</b>	<b>€117 million</b>	

The **Northern Dimension Environmental Partnership (NDEP)** was developed in response to calls from the Russian Federation and the international community for a concerted effort to address environmental problems in Northern Dimension Area (NDA). The most pressing actions relate to water, waste-water, solid waste, energy efficiency and nuclear waste.

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 the NDA. NDEP projects are implemented by the EBRD, the NIB, NEFCO, the EIB and the World Bank.

The European Union, the Russian Federation, Belarus, 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 €317 million.

For more information, visit [www.ndep.org](http://www.ndep.org), or contact:

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