

NDEP News

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9th NDEP Assembly of Contributors convenes in London (3 December 2010)

The annual gathering of the NDEP contributors and IFIs took place in London in the offices of the EBRD on 3 December 2010. The Assembly is the time when the two NDEP windows come together to report on their activities throughout the year and to make proposals on new grant allocations to the Assembly as the main governing body of the Fund.



(from left) Mr Gunnar Wiegand, Director of DG External Relations at the European Commission and the Assembly Chair, Mr Alistair Clark, Corporate Director, Environment and Sustainability Department, EBRD

The European Commission remains the largest contributor to the Fund and hence once again chaired the Assembly meeting. Other contributors included high level representatives from Canada, Denmark, Finland, Germany, Netherlands, Norway, Russia and Sweden. Belarus attended as an observer with its First Deputy Prime Minister Mr Vladimir Semashko leading the Belarusian delegation. The IFIs, acting as the NDEP Implementing Agencies, included the EIB, EBRD, NEFCO and NIB. In addition, the KfW Bankengruppe and Vnesheconombank observed the meeting.

“People look with some envy at NDEP as a formula on how to use donor funds to leverage significant investments,” said Mr Gunnar Wiegand, the Director at the European Commission and the Assembly Chair and added that *“to continue its success, NDEP has to evolve and vigorously face new challenges.”* First of all the EU, Russia and other Northern Dimension partners have been emphasizing the importance of energy efficiency as vital for sustainable development and crucial to modernize economies. As it is part of its mandate, the NDEP is encouraged to support energy efficiency projects on a selective basis which are part of its mandate. The second challenge is to continue with extending the geographical scope of the Partnership to include Belarus, and for this purpose, Belarus is urged to upgrade its status to become a full member of NDEP. Thirdly, with the recent progress in the NDEP nuclear window, the volume of disbursements will increase significantly. Finally, there is now a clear need to replenish the resources of the Fund in both windows – which will be a challenge for 2011 when the NDEP will celebrate its 10th Anniversary.



NDEP Assembly of Contributors – 3 December 2010



“The Russian Government pays special attention to projects in Kaliningrad as they include significant federal funds. For the first time at an Assembly meeting we can say that both projects in Kaliningrad are in progress and believe that in one year there will be concrete results,” said Mr Roman Marshavin, Deputy Director at the Russian Ministry of Finance. Russia welcomed good progress on a number of projects in St Petersburg and was pleased with extending the scope of NDEP to new sectors for municipal and agricultural solid waste and energy efficiency. Russia thanked the EIB and NEFCO for successfully chairing the Steering Group meetings throughout the year. Russia informed of their plans to hold the 10th NDEP Anniversary in June 2011 in St Petersburg in conjunction with the Economic Forum.

“The grant agreements for nuclear window proposed today are some of the biggest in the whole history of NDEP and according to our agreement with the EBRD, major work will be accomplished in 2011 in the north west Russia,” said Mr Evgeny Evstratov, the Deputy Director of Rosatom summing up the work of the NDEP nuclear window. He also thanked the donors for their bilateral support, Canada for assistance to nuclear submarine dismantlement at the Far East, France for recovery of spent fuel from a damaged Alfa-class submarine reactor, and the United Kingdom for a number of significant improvements at the Andreeva Bay nuclear legacy site.

In the nuclear window, the Assembly approved further EUR 58.34 million for four projects: EUR 10 million for extension of the Lepse decommissioning project, EUR 35 million for extension of the Andreeva Bay project, EUR 11.8 million for the infrastructure improvements to allow receipt of the Alfa-type Spent Reactor Cores at NIIAR and EUR 1.54 million for support to regulatory work on the Lepse project.

In the environmental window, the Assembly approved new grants totaling EUR 20 million which included: EUR 1.5 million for NEFCO’s Petrozavodsk Solid Waste Management, EUR 6.5 million for EBRD’s Pskov Water and Wastewater Services, EUR 6 million for EBRD’s Murmansk Water and Wastewater Services and EUR 6 million for three new water/wastewater treatment projects in Belarus for Vitebsk, Grodno and Brest to be implemented by the EBRD and NIB.

Mr Vladimir Semashko, the First Deputy Prime Minister of Belarus – heading the Belarusian Delegation – congratulated NDEP on the speed the first three projects had been developed. He also assured of their forthcoming payment to NDEP (subsequently Belarus paid their first instalment of EUR 500,000 on 27 December 2010) and of the approval of the Framework Agreement between the NIB and Belarus (subsequently signed on 31 December 2010).

It was encouraging to see the environmental impacts of NDEP projects. Based on the IFIs’ findings, once implemented, the wastewater treatment projects in north-west Russia will deliver reductions of about 2,000 tonnes of phosphorous per year. The three projects for Belarus alone will cut phosphorous by 340 tonnes per year. In terms of cost efficiency, these projects deliver an excellent value for money. To achieve the same amounts of phosphorous reductions in any Nordic country, the investment cost would have been three to five times higher.

The next Assembly meeting is scheduled for 2 December 2011 in London.

Replenishment of NDEP non nuclear window

The Assembly warmly welcomed new contributions received to the NDEP Support Fund in 2010. The United Kingdom paid EUR 10.2 million for the nuclear window. The European Commission paid EUR 14 million (out of which up to EUR 2 million is for Belarus) for environmental and energy efficiency projects which have cross-border impacts in the Baltic Sea. Sweden contributed EUR 5.1 million and separately EUR 2.1 million for Belarus. Finally Norway paid in additional EUR 0.6 million.

NDEP Support Fund in 2010		
Environmental	Nuclear	
€30m + €14	European Union	€40m
€40m	Russia	€40m
	France	€40m
	Canada	€20m
€10m	Germany	€10m
€18.9m + €5.1m + €2.1m	Sweden	
€16m	Finland	€2m
	UK	€15m + €10.2m
€10m	Denmark	€1m
€1.5m + €0.6m	Norway	€10m
	Netherlands	€10m
€1m	Belgium	€0.5m
€149.2m	Belarus	
		€158.7m
		€307.9m

Status of Pledges and Contributions at the end of 2010

In the environmental window, out of the EUR 149.2 million available, EUR 115 million has been committed to concrete projects. The Assembly agreed to seek replenishment of the NDEP environmental window as EUR 34.2 million balance is not sufficient to continue the activities until 2017. In addition, the Assembly agreed to create a new envelope for Belarus within the non nuclear window of the Fund.

NOC prepares for the Assembly of Contributors (16 November 2010)



Mr Mario Pain, the NOC Chair and Special Advisor from the French Ministry of Ecology, Energy, Sustainable Development and the Sea

The Nuclear Operating Committee met in the EBRD offices in London on 16 November 2010 to review the progress achieved to date and to consider the new proposals for the forthcoming Assembly.

There are currently five on-going projects in the nuclear window. (1) Decommissioning of Building No.5 in Andreeva Bay, (2) Decommissioning of the Lepse ship, (3) Defueling of the Papa-Class Submarine, (4) SNF Transportation in Andreeva Bay and (5) Radiation Monitoring and Emergency Response System in the Archangelsk Region.



Rosatom Delegation to the NOC meeting (from left) Mr. Anatoly Grigoriev, Head of Section, Mr. Evgeny Evstratov, Deputy Director General, Mr. Andrey Kulintsev, Advisor to Deputy Director General

The NOC approved two new project proposals, first presented to the NOC in April 2010 and developed further in cooperation with Rosatom and the FCNRS (Federal Centre for Nuclear and Radiation Safety).

The first proposal was for infrastructure improvements to allow the receipt of Alfa-class fuel at NIIAR requiring EUR 11.8 million NDEP grant. It will address the spent reactor cores which are currently stored mostly in Gremikha. The NIIAR site in Dimitrovgrad has been chosen as the destination for this highly enriched fuel with consequent proliferation and environmental hazards. NIIAR is one of the leading Russian nuclear Research and Development institutes with the necessary infrastructure to deal with reprocessing of spent fuel. The scope of the project includes two major tasks: (1) design and repair of the access rail road to allow transportation of casks containing SNF (each cask will weigh 85 tonnes), (2) construction of accumulation pad to store 14 casks and work related to the management of the project. The project is part of the multilateral cooperation aimed at remediating the Gremikha site supported by the European Commission, France, Italy and NDEP grants which some three years ago helped to upgrade the SNF storage facilities and security of the site.

The second proposal was to support the regulatory and supervision bodies during dismantlement of the Lepse ship requiring about EUR 1.54 million NDEP grant. Some of the designs and technology proposed for Lepse decommissioning are unprecedented and unique and thus pose a challenge for the licensing process. The project will involve leading experts from Russia to provide technical support to the regulatory bodies and leading Western experts with knowledge and experience of the Lepse project.



Alfa class reactor core unloading at Gremikha for further transportation to NIIAR

The NOC also agreed to increase grants for two on-going projects for the Decommissioning of the Lepse ship and for the SNF Transportation System in Andreeva Bay.

The current scope of works of the Lepse project ends with the provision of equipment and associated infrastructure to defuel the ship. The proposed grant extension of EUR 10 million will cover placing the ship on dry land so that the risk of sinking and a major environmental hazard is eliminated. The ship will be put in a special shelter, which will provide a safe containment for defueling on land. Lepse is currently moored in Murmansk and the plan is to move it to the Nerpa Shipyard, dismantle the non-nuclear sections, place the nuclear section in the shelter, remove the nuclear fuel and prepare the contaminated compartments for long term storage at Sayda Bay.



Lepse currently located in the Kola Bay, 2km from Murmansk

The second grant extension of EUR 35 million is to build an enclosure in Andreeva Bay over the dry storage units containing the SNF (DSU shelter) and to provide the enclosure with a special equipment to safely recover the fuel, re-pack it and make it ready for transportation to Mayak reprocessing plant. The purpose of the shelter is to eliminate the environmental hazard and to accelerate the safe removal of SNF.

The NOC meeting was attended by the representatives of the donors from Canada, Denmark, the European Commission, France, Germany, the Netherlands, Norway, Russia, Sweden and the United Kingdom.

Interview with the First Deputy Prime Minister of Belarus, Mr Vladimir Semashko

Mr Vladimir Semashko (pictured right), headed the Belarusian delegation to the 9th NDEP Assembly of Contributors, which also included Mr Guennadi Medvedev, Head of the Foreign Economic Activities Department of the Council of Ministers, Mr Sergey Aleinik, Deputy Minister of Foreign Affairs, Mr Andrey Shoriets



Deputy Minister of Communal Services and Housing and H.E. Mr Aleksandr Mikhnevich, Ambassador of the Republic of Belarus to the UK. A short interview with Mr Semashko made on day of the Assembly follows below.

You were first introduced to NDEP in May 2009 during a round table meeting hosted by the EBRD. How do you evaluate the progress achieved so far?

The progress has been extremely good and swift from both sides. As you know within five months of the first meeting in May, Belarus pledged EUR 1 million to NDEP Support Fund payable in two equal instalments once there are concrete grant proposals. Today, thanks to the excellent project preparation by the IFIs, we have EUR 6 million approved in grant funds for Vitebsk, Grodno and Brest. We have already carried out successful loan negotiations for these projects with the EBRD, NIB and the World Bank. The progress is therefore is a very fast and productive cooperation so far.

What are your future plans for cooperation with NDEP?

We consider Vitebsk, Grodno and Brest as pilot projects which will pave way for more investment to improve the ecology in our country. We also have very well developed projects with the EBRD for Baranoviche and Slonim. We wish to see more projects in this sector in the future in line with our country policy. Belarus is also interested in cooperation with other partnerships and IFIs for investment in infrastructure and transport.

High level visit to NDEP project in Syktyvkar (8 October 2010)

Message from Mr Nikolai Kursakov, the Director of MUE "Syktyvskarskiy Vodokanal":

"I would like to inform you that last week Syktyvskarskiy Vodokanal was visited by the Russian President, Mr. Medvedev and other senior Government officials, including Mr. Abramov, the President's Assistant, Mr. Klebanov, Representative of the Russian Federation President in the Northwest Federal District, Mr. Kudrin, the Minister of Finance of the Russian Federation. They visited our water treatment plant, namely Block No 4 of WTP and facility for hypochlorite production,

construction of which have been completed in the frame of Syktyvkar Municipal Services Development Project with the use of NDEP funds. We would like to thank you for your cooperation and assistance in the Project implementation. We were highly appreciated and this became possible due to your work and participation."



(from left) Mr Nikolai Kursakov, Director of MUE "Syktyvskarskiy Vodokanal" and the Russian President Mr Dmitry Medvedev during a site visit to NDEP project

This EUR 30.2 million project benefiting from EUR 6.035 million NDEP grant will be completed in 2011. The final NDEP contract to supply and modernize two main wastewater treatment pumps is under implementation and with the remaining funds, the company will install the SCADA equipment.

St Petersburg treats 93% of its wastewater

On 13 January 2011, SUE Vodokanal "St Petersburg" celebrated the completion of the third phase of the construction of the Main Collector in an official ceremony attended by the City Governor, Ms Valentina Matvienko and the Consuls General of Finland and Sweden.



(from right) Mr Feliks Karmazinov, Director General of SUE Vodokanal "St Petersburg", and Ms Valentina Matvienko, Governor of St Petersburg

The third phase resulted in closing off 12 direct sources of discharges totalling 57,000 cubic meters a day thus enabling the city of St Petersburg to treat 93% of its wastewater. It is worth noting that in 1978 there was no wastewater treatment in place at all. The Northern Collector is part of the overall on-going Neva Programme totalling EUR 563 million and supported by EUR 24 million NDEP grant.

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
TOTAL		€3.2 billion	€115 million	

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 €308 million.

For more information, visit www.ndep.org, or contact:

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