

NDEP News

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NDEP Steering Group meeting (from right) Mr Alistair Clark, Steering Group Chair and EBRD Managing Director, Mr Konstantin Suslov, Deputy Governor of Kaliningrad, Ms Alla Ivanova, Minister for External Relations, Mr Sergey Mayorov, Acting Minister of Construction and Mr Sergey Melnikov, Acting Deputy Head, City Administration

NDEP Steering Group meeting (4 October 2012)



NDEP Steering Group meeting, Kaliningrad 4 October 2012

The meeting of the International Financial Institutions, Russia and the European Union with observers from Belarus, Finland, Germany, Poland, Sweden and the Nordic Council of Ministers took place on 4 October 2012 in Kaliningrad. It was almost six years to the date when the Steering Group visited Kaliningrad and held its meeting also in the premises of the Kaliningrad Oblast Government.

The purpose of holding the Steering Group meeting in Kaliningrad was to meet with the City and Oblast authorities to ascertain the progress of the NDEP financed projects, in particular the construction of a new wastewater treatment plant. It was indeed re-assuring to learn from Mr Konstantin Suslov, the Deputy Governor that the plant is of great importance to the City and its construction is under constant scrutiny. The Kaliningrad Regional Government and City authorities are currently setting the date for the official inauguration, possibly 23 May 2013 as suggested by the financiers.

The Steering Group reviewed the progress of its whole portfolio of 29 projects, the financial status of the Fund and recent activities in both environmental and nuclear windows of NDEP.

KfW presented information on its first project proposal for NDEP funding to modernize solid waste system in the City of St Petersburg. Once a detailed feasibility study has been completed, KfW will come back to the Steering Group with a more defined proposal at the start of 2013.

The Steering Group noted and encouraged a number of potential new projects currently being developed by the International Financing Institutions based on local initiatives to improve water/wastewater services and energy efficiency.

The Steering Group will hold its next meeting in spring 2013.



NDEP Delegation visits the construction site of the Wastewater Treatment plant in Kaliningrad (4 October 2012)



(from left) Mr Andrey Zakirov, Project Manager, OJSC Mostostroy No 6 and Ms Natalia Matusevich, MUE Kaliningrad Vodokanal



Sludge Dewatering Station approaching completion



The main contractor, Mostostroy No 6, talking to the Finnish, EU, Swedish and NEFCO representatives



A new sedimentation tank now being tested

The main contractor, OJSC Mostostroy No 6 and MUE Kaliningrad Vodokanal provided a guided tour of the plant for the NDEP delegation, who last visited the site in November 2006. Good progress is clearly visible with physical construction exceeding 90% for all the structures. Most of the NDEP and SIDA funded equipment has been delivered on site and but is not yet fully installed.

Despite clear progress, there are some difficulties. For example, the second part of the SIDA financed equipment for the filtration unit cannot be delivered and installed until the supplier receives a detailed specification from the main contractor. Nevertheless the main contractor is positive about overcoming the delays and plans to complete the physical construction by the end of December 2012. The installation of all the equipment should be finished by March/April 2013 followed by start-up and testing.

The wastewater treatment plant was initially designed in 1980s to handle about 500 thousand cubic meters of sewage per day by servicing the city's population as well as local pulp and paper mills. The construction was put on hold and resumed in 1996 through joint efforts of the Swedish Government and the EBRD. A new feasibility study scaled down the required capacity to 150 thousand cubic meters per day and new designs were drawn by SWECO in cooperation with a Russian company LenVodokanalproject. In 2009 full financing of the EUR 50 million plant was confirmed with the Russian funds from the Federal Target Programme to pay for the construction, installation and detailed designs, while grants from NDEP (EUR 10 million) and SIDA (EUR 11.5 million) were assigned to the purchase of equipment. In late 2009, following the Russian procurement regulations, OJSC Mostostroy No 6 was selected by auction as the main contractor. The construction works have been proceeding since 2010.

It will be indeed a great achievement on an international level when the construction of the wastewater treatment plant in Kaliningrad is completed in spring 2013 on time and within the assigned budget.

NDEP site visit to the Kaliningrad District Heating Project



Outside a group heating substation financed by NDEP which provides hot water and heating to a housing estate in Kaliningrad

The NDEP delegation was pleased to learn that the district heating renovation is progressing well and there are plans to increase the scope of investment under the second phase.

NDEP grant of EUR 7.3 million is financing an upgrade of three boiler plants, installation of group heating stations, individual heating stations and fitting of heating mains after decommissioning of small coal fired boiler houses.

A representative of the Russian contractor LLC Shelen, Mr Pavel Makarov, together with Mr Alexander Zapivalov, Technical Director of MUE Kaliningradteploset, showed the NDEP delegation one of the NDEP financed group heating substations. The refurbished station provides hot water and heating to ten buildings with a hundred of flats each. As part of the project about 128 individual heating substations have also been installed allowing the residents to control their heat usage.

The project is also benefiting from EUR 1.7 million of technical assistance funds from SIDA.



Inside the group heating substation, Mr Pavel Makarov of LLC Shelen describing the refurbishment works.

Additional funds from Sweden to finance a training programme for MUE Kaliningrad Vodokanal

On 3 October 2012 MUE Kaliningrad Vodokanal signed a contract with a Swedish consultant SWECO which will provide training for the staff assigned to operate the new wastewater treatment plant. Mr Birger Karlsson, Deputy Director at the Swedish Ministry of Foreign Affairs, confirmed that SIDA will make available SEK 4.5 million for the first phase of training of the managers and staff to help with a successful start and smooth running of the plant. Sweden stressed the importance to fix the date for the inauguration to motivate all the stakeholders to complete the works by May 2013.

The training, which will start in November 2012, will be conducted by SWECO with additional experts from St Petersburg Vodokanal and Ecovod. As explained by Mr Christer Andersson, SWECO Director of International Operations, "running a wastewater treatment plant is not a push-button operation as it takes six months to a year to develop a good operational base". A representative of Ecovod will be permanently based on site while experts from Stockholm will be visiting regularly.

The City and the Oblast are currently studying options to finance the start-up operations.



Contract signing (from left) Mr Alexander Ivashenko, Director of MUE Kaliningrad Vodokanal, Ms Charlotte Gunsell, SWECO Project Manager and Mr Christer Andersson, Director at SWECO



Contract signing (from left) Mr Birger Karlsson, Deputy Director at the Swedish Ministry of Foreign Affairs, Mr Lars Eklund, Head of Division at SIDA, Mr Jan Johansson, NIB

“The Construction of a new wastewater treatment plant is moving at a fairly good pace” - Interview with Mr Nikolai Tsukanov, Governor of Kaliningrad Oblast



On the occasion of the NDEP events in Kaliningrad, NDEP Secretariat had an opportunity to make a short interview with the Governor of Kaliningrad Oblast **Mr Nikolai Tsukanov** (pictured left).

● What are the Governor's expectations and plans with regard to the official inauguration of the wastewater treatment plant in 2013?

First of all I would like to express my words of gratitude for the immense work that has been carried out with a substantial support of NDEP within the framework of Kaliningrad Water and Environmental Services Rehabilitation Programme. Today the work is moving at a fairly good pace. Of course, there are some problems, but I am sure that we will solve them through our consolidated efforts. The project is of great importance to the City and is being constantly monitored by the City's management.

Kaliningrad wastewater treatment plant is the largest municipal infrastructure facility in the region. At present the Oblast Government, in cooperation with the urban district of the Kaliningrad City, is deciding about the date for its official completion next year. This is an eagerly expected event not only by Kaliningrad but also by the residents of the whole Baltic Sea Region. The design capacity of the plant will be above 150 thousand cubic meters per day.

As of today, in addition to the wastewater treatment plant for the City, the Government of Kaliningrad Oblast in cooperation with the European Union and NEFCO has put into operation wastewater treatment plants in Krasnoznamenensk and Baltijsk. Before the end of 2012, we also plan to complete the construction of wastewater treatment facilities in Bagrationovsk, Polesk, Guryevsk, Bolshoye Isakovo of Guryevskiy district and in Ozerki of Gvardeyskiy district. Within the framework of the Federal Target Programme, we plan to allocate 3,8 billion rubles over 2012-2015 for the construction of new wastewater plants in 13 municipal entities in the region.

● What are the Governor's impressions of the international cooperation within the Northern Dimension Environmental Partnership on the territory of Kaliningrad Oblast?

The international cooperation in the environmental sphere with such experienced and reliable partners as NDEP has many benefits. First of all it provides financial instruments to implement large scale project, which

otherwise would not be available to us. Today together with the EBRD and NIB we have rehabilitated the Eastern Wellfield in the settlement Ozerki of Gvardeyski district.

Secondly, thanks to NDEP partners we are accessing new advanced technologies thus benefiting from the wide experience of our neighbours. In this respect we have even more advantageous position as we can rely on the ecological solutions and technologies that have already been applied and tested. This will provide the residents of Kaliningrad Oblast with the best solutions available in Europe today. The funds available from NDEP are used to purchase equipment from leading European manufacturers.

Thirdly, the participation in the partnership allows us to develop good business relationships and helps us to strengthen our relations with neighbouring countries. Implementation of ecological projects on the territory of Kaliningrad oblast, co-financed through NDEP, will improve the environment and the lives of people in the region.

● What are the plans of Kaliningrad Oblast Government with regard to further investments in the municipal infrastructure, particularly in the context of the World Football Championship in 2018?

Kaliningrad is one of 11 cities in Russia where the World Football Cup matches will take place in 2018. For the Kaliningrad citizens this is happy news and an opportunity for the development of sport as well as for the City. This is a new point of growth for Kaliningrad and we have great plans.

From the perspectives of the Northern Dimension Environmental Partnership within the context of the World Cup 2018, there is a potential to invest in the construction of wastewater treatment plants in smaller cities and to improve the solid waste management in the City. Furthermore, the project to improve energy efficiency in street lighting in Guryevsk demonstrated that we need to make progress in this sector. We are keen to use the financial possibilities offered by the Partnership and the vast experience of our European colleagues to develop our region. I am sure that by 2018 Kaliningrad will become a new fabulous European city.

Successful transportation of Lepse (14 September 2012)

Having spent over 20 years in Murmansk harbour with damaged spent nuclear fuel onboard, the Lepse Floating Maintenance Base was successfully towed away on 14 September 2012 to Nerpa shipyard about forty kilometres north of Murmansk in Kola Bay.

The preparation of Lepse for transportation and the transportation operation was funded by the NDEP Grant for the decommissioning of Lepse which totals EUR 53 million. The EBRD Senior Project Manager, Sergey Bocharov witnessed the transportation of Lepse on the morning of 14 September together with representatives of the Atomflot company – the Operator responsible for Lepse, Federal Centre for Nuclear and Radiation Safety

– the Recipient of the NDEP Grant for the Lapse decommissioning project, the environmental protection NGO Bellona and journalists from local and national media.



Lapse leaving Murmansk harbour on 14 September 2012



Lapse arriving at the Nerpa shipyard

Mr Bocharov commented that “The transportation of Lapse to Nerpa shipyard, where the ship will be defueled and dismantled, is an important and practical milestone in the project which addresses one of the most urgent nuclear legacy problems in the North-West Russia. The most difficult tasks, the removal and management of the spent nuclear fuel and radioactive waste located onboard the ship are still ahead, but the preparatory design work is well advanced and the NDEP Donors and the Russian Federation are fully committed to complete the project safely and as soon as possible”.

The story of Lapse goes back to 1934 when it was first built as dry cargo ship. From 1960s onwards the ship was used to perform re-fuelling of the nuclear powered icebreakers until 1981 when it became a storage ship for radioactive waste and spent nuclear fuel assemblies (SFAs). The specialised storage facilities on board of Lapse contain 639 SFAs. Many of the SFAs stored in Lapse are classified as damaged and cannot be removed using standard procedures. The removal of the SFA and radioactive waste from the Lapse storage facilities is a hazardous task and requires specially designed tools, equipment and an infrastructure in which these can be deployed safely.

The preparation for transportation of Lapse included the removal of stored radioactive waste, decontamination of the vessel storage compartments, docking and sealing

all openings and hatches, supply of new towing gear and emergency equipment. Towing was conducted in accordance with the towing design as approved by the Russian Maritime Regulator of Shipping. No personnel were present on board Lapse during towing.

Further dismantlement will be conducted at the Nerpa shipyard where a special shelter will be built on the slipway for conducting the most hazardous operations. The vessel should be placed on a slipway by the beginning of 2014. She will then be cut into sections. Clean sections will be scrapped for re-cycling and the section that includes the SFA storage will be moved inside the shelter where recovery of spent fuel will be conducted safely with the help of specialist equipment which is being developed.

Full details of the transportation will be provided at the next Nuclear Operating Committee meeting on the 7th November.

NDEP Projects in brief (in million EUR)

| Project | Lead IFI | Total cost | NDEP grant | Progress |
|--|-------------|-------------------------|-------------------------|--------------------------|
| 1. St. Petersburg Southwest Wastewater Treatment Plant | NIB | 193.6 | 5.8 | Completed - in operation |
| 2. St. Petersburg Flood Protection Barrier | EBRD | 2000 | 1 | Completed - in operation |
| 3. St. Petersburg Northern Incinerator | EBRD | 90.4 | 6.35 | Completed - in operation |
| 4. Leningrad Oblast Municipal Programme | NIB | 23.2 | 4 | Approaching completion |
| 5. Komi Syktyvkar Municipal Services | EBRD | 31.8 | 6 | Approaching completion |
| 6. Kaliningrad District Heating Rehabilitation | EBRD | 21.8 | 7.3 | Under construction |
| 7. Archangelsk Municipal Water Services Project | EBRD | 25.5 | 8.2 | Approaching completion |
| 8. Novgorod Water and Wastewater Rehabilitation | NIB | 23 | 3 | Approaching completion |
| 9. St. Petersburg Neva Programme | NIB | 563 | 24 | Under construction |
| 10. Kaliningrad Water and Environmental Services | EBRD | 110 | 10 | Under construction |
| 11. Vologda Municipal Water Services | EBRD | 20 | 5.18 | Under construction |
| 12. Kaliningrad Project Implementation Unit | EBRD | 3.8 | 3 | Under implementation |
| 13. Sosnovyi Bor Municipal Water Services | NEFCO | 3.3 | 0.5 | Approaching completion |
| 14. PIU for Poultry Farms in Leningrad Oblast | NEFCO | 3.5 | 2 | Under implementation |
| 15. Petrozavodsk Water and Wastewater Rehabilitation | NEFCO | 32 | 5 | Approved by Assembly |
| 16. Ten Suburban WWTP in St Petersburg | NEFCO | 16 | 3.75 | Under construction |
| 17. Petrozavodsk Solid Waste Management | NEFCO | 8.5 | 1.5 | Approved by Assembly |
| 18. Pskov Water/Wastewater Infrastructure Rehabilitation | EBRD | 27.4 | 6.5 | Under construction |
| 19. Murmansk City Water/Wastewater Rehabilitation | EBRD | 30.1 | 6 | Approved by Assembly |
| 20. Vitebsk Wastewater Treatment Rehabilitation | EBRD | 21.1 | 2 | Approved by Assembly |
| 21. Grodno Water/Wastewater Treatment Rehabilitation | NIB | 21.1 | 2 | Approved by Assembly |
| 22. Brest Water and Wastewater Treatment Rehabilitation | NIB | 18.4 | 2 | Approved by Assembly |
| 23. Vologda District Heating | EBRD | 17.8 | 2 | Under implementation |
| 24. Gatchina Wastewater Treatment Plant | NEFCO | 2.5 | 0.39 | Approved by Assembly |
| 25. Tikhvin Wastewater Treatment Plant | NEFCO | 1.3 | 0.25 | Approved by Assembly |
| 26. Vyborg Wastewater Treatment Plant | NEFCO | 6.5 | 1.25 | Approved by Assembly |
| 27. Novgorod District Heating | EBRD | 23.3 | 1 | Approved by Assembly |
| 28. Gatchina District Heating | NEFCO | 4 | 0.5 | Approved by Assembly |
| 29. Lomonosov District Heating Rehabilitation | EBRD | 15.2 | 2.5 | Approved by Assembly |
| TOTAL | | €3.3 billion | €123 million | |

The **Northern Dimension Environmental Partnership (NDEP)** was set up in 2001 in response to calls from Russia and the international community for a concerted effort to address environmental problems in the Northern Dimension Area (NDA).
The most pressing actions relate to water, waste-water, solid waste, energy efficiency and nuclear waste.

The NDEP Support Fund is managed by the EBRD and provides grant financing to key investments in environmental and nuclear safety projects in the Northern Dimension Area. NDEP projects are implemented by the EBRD, NIB, NEFCO, EIB, the World Bank and KfW.

The European Union, Russia, 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 €337.4 million.

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

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