

## NDEP News

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On behalf of the EBRD, as Fund Manager, Vice President **Mr András Simor** commended good progress in both windows of the Fund. Several high value contracts were signed in 2013 within the nuclear window. This excellent progress is thanks to good cooperation with Rosatom and its committed leadership. At the same time, Mr Simor expressed concerns about a delay in the placement of the Lepse ship on a slipway. Referring to the environmental window of the Fund, Mr Simor highlighted the inauguration of the Northern Tunnel Collector in St Petersburg, supported by the largest NDEP grant and also by the EBRD Shareholder Special Fund. The EBRD Vice President thanked Norway for their additional financial contributions to NDEP in 2013. *"I am happy to report that there are sufficient funds available and I would like to thank Russia in particular for their continued commitment and support which is key to the success of this partnership,"* said Mr Simor.

### NDEP Assembly holds its 12<sup>th</sup> annual meeting in London

The delegations from the European Union, Belarus, Denmark, Finland, Germany, Italy, Norway, Netherlands, Russia and Sweden attended the twelfth Assembly of Contributors which took place in London on 6 December 2013. The European Union, being the largest Contributor to NDEP, continued its role in chairing the Assembly.



(from left) Mr Richard Tibbels, the Head of Division at the European External Action Service of the European Union, Mr András Simor NDEP, EBRD Vice President and Mr Vince Novak, Director of the EBRD Nuclear Safety Department



(from left) Mr Igor Kapiryn, Deputy Director, Russian Ministry of Foreign Affairs, Ms Maria Smirnova, Adviser, Russian Ministry of Finance, Mr Denis Morozov, EBRD Director for the Russian Federation

Representing Russia, **Mr Denis Morozov**, the EBRD Director for the Russian Federation emphasized the successful work of the Partnership to improve the wastewater treatment and its great successes achieved in St Petersburg and other cities in the north-west of Russia. Mr Morozov urged the partnership and the IFIs to increase efforts to finance more projects for energy efficiency in the housing sector. *"We are open to a dialogue with all the interested parties within the NDEP taking into account the priorities of the Government of the Russian Federation in the development of infrastructure projects to increase energy efficiency and to maintain the highest possible ecological standards,"* stated Mr Morozov.





(from left) Mr Anatoly Grigoriev, Head of Division at Rosatom, Mr Oleg Kryukov, Director for the State Policy in the Field of RW and SNF Management of Rosatom, Mr Jan-Torjus Thompson, Senior Adviser, Ministry of Environment, Mr Ingar Amudsen, Head of Section, Norwegian Radiation Protection Authority (NRPA)

Also on behalf of Russia, the Director for the State Policy at Rosatom **Mr Oleg Kryukov** acknowledged the concerns about the delay with the Lepse project and assured that the Russian Federation was doing everything possible to ensure that there would be no impact on the overall programme. Mr Kryukov also noted that Lepse is very hazardous and that the priority was to ensure nuclear and radiation safety and security at all stages.

On behalf of the European Union, **Mr Richard Tibbels**, the Head of Division at the European External Action Service of the European Union thanked all the Northern Dimension partners, donors, international institutions for their commitment to NDEP and EBRD for managing the Fund. NDEP remains the flagship partnership of the Northern Dimension and for the EU in particular, a valuable contribution to the EU-Russia bilateral relationship. *“This has been a particularly successful year for the Northern Dimension, beginning with the Ministerial meeting held in Brussels in February chaired by High Representative Vice President Ashton where our work within this Partnership was fulsomely appreciated,”* said Mr Tibbels. He also emphasised the need for the IFIs to develop a future pipeline for the available funds in the environmental window and consider new priorities of the donors.

The Assembly analysed the progress of all the projects under implementation and considered new proposals for funding. The contributors agreed to increase the grant GIA 007 for Handling and Transport of SNF at Andreeva Bay by additional EUR 6 million to improve the necessary power supply at Andreeva Bay. For the environmental window, the Assembly approved two new grant allocations i.e. EUR 5 million for the EBRD proposal for a second phase of the currently on-going Kaliningrad District Heating Rehabilitation and a EUR 3.2 million grant for the KfW project for a climate friendly modernization of the solid waste system in St Petersburg. The Assembly agreed to remove the Novgorod District Heating and Tikhvin Wastewater Treatment project from the approved list as no loans can be signed for the time being.

The next NDEP Assembly is planned for 28 November 2014 in London.

## Substantial value contracts signed in 2013 for NDEP nuclear safety projects

The EBRD was pleased to inform the Assembly that in 2013 the value of contracts awarded to nuclear safety projects was approximately EUR 50 million. This is more than has been achieved in the previous ten years as the total amount of contracts signed, including those in 2013, come to EUR 95.3 million. This also means that in 2014 the nuclear window will reach the limits of its available funding to implement the programmes. *“There has been scepticism about the pace of allocation of money to nuclear funds but we have always been more cautious about whether we will have enough to accomplish everything that the donors expect of us,”* said Mr Vince Novak, EBRD Director for the Nuclear Safety Department.

The NDEP nuclear window projects are focused on three areas of operation. These are Andreeva Bay and Lepse dismantlement both in the Murmansk region and the defueling of Papa-class reactor, which is located at Severodvinsk in Archangelsk region.

In 2013 contracts were signed for the construction of the DSU Enclosure at Andreeva Bay (approximately EUR 25 million), for the manufacture of the retrieval machine to support the recovery and repacking on the SNF in the DSU Enclosure (approximately EUR 5 million) and for the manufacture of the trolleys to transport SNF transfer flasks, canisters and storage/transport casks in the DSU Enclosure and the Accumulation Pad (approximately EUR 0.7 million). Moreover a contract has been signed with NIKIET who are to develop the removal technology for the recovery of the spent nuclear fuel assemblies and fragments in the former pool storage facility at Andreeva Bay.

The remaining signed contracts were for the defueling of the Papa-class submarine reactors at Severodvinsk (approximately EUR 9.4 million) and for the preparation of the infrastructure at Nerpa shipyard to enable the preliminary dismantling of Lepse afloat and her placement on the slipway (approximately EUR 6.25 million).

The timescale for placing Lepse on the slipway (originally December 2013) has been revised due to conditions at the shipyard and is now scheduled in April or May 2014. Moreover, Rosatom has assured the Bank that this delay will have no effect on the overall Lepse schedule.



Lepse ship awaiting dismantlement



## Environmental Benefits of NDEP wastewater treatment projects

The EBRD, NEFCO and NIB carried out an assessment of the environmental impacts of the NDEP non nuclear portfolio of projects once all the investment have been completed.

It has been calculated that the estimated phosphorus reductions into the Gulf of Finland from NDEP projects come to about 1,662 tonnes per annum which means that NDEP projects account for over 50% of HELCOM phosphorus reduction targets for Russia and the transboundary common pool which includes Belarus.

The total combined impact of all the NDEP wastewater treatment projects will result in a phosphorous reduction of about 2,299 tonnes of per annum. This shows a tremendous contribution of NDEP towards meeting the HELCOM targets to improve the ecological condition of the Baltic Sea.

Moreover, NDEP projects show good cost efficiency in phosphorous reduction. On average, the reduction costs achieved by NDEP investments are more than five times cheaper when comparing to costs incurred in reducing the same amount of phosphorous in Finland, Sweden or Germany.

These findings will be compared with the results of a joint study to be launched in 2014 as part of the Gulf of Finland Year by Russia, Finland and Estonia on the concentrations of pollutants.

## Status of Contributions to the NDEP Support Fund at the start of 2014

NDEP Support Fund - 2014		
Environmental		Nuclear
€44m	European Union	€40m
€60m	Russia	
	France	€40m
	Canada	€20m
€13m+ €3m	Germany	€10m
€26.2m	Sweden	
€19m	Finland	€2m
	UK	€25.2m
€10m	Denmark	€1m
€3.8+ €0.6m	Norway	€16.4m+ €1.5m
	Netherlands	€10m
	Belgium	€0.5m
€1m	Belarus	
€180.6m		€166.6m
€347.2m		

In 2013 the contributions to the NDEP Support Fund increased by EUR 5.1 million and the total currently stands at EUR 347.2 million. Germany paid EUR 3 million to the environmental window of NDEP, while Norway added EUR 1.5 million for projects in Andreeva Bay and EUR 0.6 million to increase efforts to implement more energy efficiency investments.

All the available nuclear safety funds will be fully used for the existing approved projects. In the environmental window, there is a balance of about EUR 60 million available for new investments. As requested by the Assembly, the Steering Group will work on a proposal on

how to utilize the existing funds and also about the future of NDEP in terms of possible new sectors and geographical scope.

## NDEP grant to improve wastewater treatment in Gatchina

To follow up on the first phase of the investment carried out by the NIB also within the framework of NDEP, NEFCO signed a loan agreement with Gatchina Vodokanal to carry on with further wastewater treatment improvements. The NDEP grant of EUR 390,000 was also signed on 29 November 2013 in Gatchina. The project will reduce the discharges of untreated wastewater by eliminating 25 tonnes of phosphorous and 42 tonnes of nitrogen per annum.

*"We are very pleased to have this project off the ground. This is thanks to a strong commitment of the City and the client Gatchina Vodokanal. We are also grateful to NDEP and Sweden for the donor support that has paid a vital role in making the project happen. The project builds on excellent results of the NIB-led first phase and the ultimate goal is to ensure full compliance with HELCOM requirements for phosphorus discharges into the Gulf of Finland,"* said Mr Vitaly Artyushenko, NEFCO Representative for Russia.



Site visit to Gatchina Vodokanal (from left) Mr Vitaly Artyushenko, NEFCO Representative for Russia, Mr Jaakko Henttonen, NDEP Manager and Mr Yuri Tsupkaikin, Managing Director of Gatchina Vodokanal

## Update on the NDEP Belarusian projects

Following the signing of the EBRD and NIB loan agreements in December 2012 for the three wastewater treatment projects in Belarus, much of the 2013 was dedicated to making the loans effective. One of the conditions for the effectiveness was a tariff reform to ensure sustainability of the planned investments. Belarus made certain positive regulatory changes and the EBRD loan was made effective at the start of 2014.

To help with the project implementation, there are three consultancy assignments financed by Sweden and Finland for a Project Implementation Unit Support, Project Monitoring and Corporate Development Programme. All three have been procured and are ready to be mobilised at the end of February 2014. The client companies in Vitebsk, Grodno and Brest have just

signed their respective contracts which means that the consultancy assignments can now move on with full speed. In fact the PIU Support Consultant (Sweco and Pöyry) have been on board since December 2013.

## **Interview with Richard Tibbels, Chair of the NDEP Assembly**



*Mr Richard Tibbels, the Head of Division at the European External Action Service, has chaired the NDEP Assembly on behalf the European Union for the past three years.*

*A short interview with Mr Tibbels follows below.*

### ***From the perspective of the European Union, how do you assess the achievements of NDEP since 2001 and what are the lessons learned?***

The EU, as one of the Northern Dimension partners and as the largest contributor to the NDEP Support Fund, highly values the achievements of the partnership. NDEP has been a true success story of the Northern Dimension. It is clear demonstration that the pragmatic approach underlying the ND is the right one: to define concrete issues of mutual interest in the region and find practical solutions to addressing them.

The structure of the NDEP support fund has also proven very effective in what it was built to do. The leverage effect which NDEP grants have had in pooling financing from various sources for large investment projects is truly impressive. Let me pay tribute here to the excellent management of the Fund provided by the EBRD.

NDEP has been successful in ensuring coherence with other actors in the region. For the EU, it is important that NDEP's work is well linked to common objectives such as restoring the healthy state of the Baltic Sea in line with the HELCOM Baltic Sea Action Plan and tackling the environmental hot spots in the Barents region. NDEP's work is also very much consistent with the EU Strategy for the Baltic Sea Region in which "save the sea" is one of the main objectives.

### ***What is the role of NDEP within the Northern Dimension policy and its future work?***

Let me stress that the Northern Dimension is very much – in word and in deed – an equal partnership of the 4 partners (EU, Russia, Norway, Iceland) and that, for the EU, this is definitely part of the secret of ND's success. The EU certainly sees the Environmental Partnership continuing to be of great importance both in the Baltic and European Arctic regions in the future.

### ***Which sectors would the European Union like to promote within the NDEP structure?***

NDEP has been very successful in projects related to water and wastewater treatment. Large-scale projects in St.Petersburg have achieved excellent results, contributing to 98,4% of the city's waste water now being treated, and we expect the Kaliningrad wastewater treatment plant to be operational this year with no further delays. The completion of the Kaliningrad project, will stop 150 000 cubic meters a day of currently untreated waste water flowing to the Baltic Sea. With these major projects nearing completion, there still remains need for action on wastewater treatment in the whole Northern Dimension area, especially in smaller municipalities and scattered settlements.

Energy efficiency has been another sector which has been specifically pointed out by many donors including the EU. To mention one example, black carbon has been recognized as a serious threat to the northern environment and NDEP projects could have a role in upgrading polluting heating infrastructure. Solid waste is an area where there is clearly a big potential for improving management techniques and facilities and where there are significant business opportunities. NDEP will be considering the possibilities for further action to help unlock these potential investments. The work under the NDEP's nuclear window to address the complex challenges of nuclear waste management in north-west Russia is also of great importance to the EU.

### ***Based on the discussions during the last Assembly of Contributors, what are the views of the European Union on the future direction for NDEP?***

The EU has stressed that it is high time to start a discussion on the future focus of the NDEP, building on its current achievements. This was the message given also by the ND ministerial meeting in February last year. NDEP has an important role in the follow-up of the ND ministerial which called for intensifying cooperation in the Baltic Sea region and developing further the ND's contribution to cooperation in the European Arctic area.

The Assembly had an interesting initial exchange of views on the issue in December and tasked the Steering Group to reflect on this in more detail before the next Assembly in November 2014. We hope that all that all NDEP stakeholders - ND partners, donors, as well as the IFIs as NDEP implementing agencies - will participate in this debate. The EU will be ready to take an active part in it.

### ***The European Union pays great attention to the Arctic region. How could NDEP contribute to this work?***

The EU is keen to enhance its contribution to cooperation in the Arctic region where the challenges are becoming ever more acute both in terms of environmental protection and sustainable development. NDEP is of course already playing an important role in the Barents region and we see the Northern Dimension and its Environmental Partnership as one of the instruments through which the EU can – hand-in-hand with the other ND partners – help tackle some of the challenges in the European Arctic.

## 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	Completed - in operation
5. Komi Syktyvkar Municipal Services	EBRD	31.8	6	Approaching completion
6. Kaliningrad District Heating Rehabilitation	EBRD	21.8	7.3	Under implementation
7. Archangelsk Municipal Water Services Project	EBRD	25.5	8.2	Approaching completion
8. Novgorod Water and Wastewater Rehabilitation	NIB	23	3	Completed
9. St. Petersburg Neva Programme	NIB	563	24	Under implementation
10. Kaliningrad Water and Environmental Services	EBRD	110	10	Under implementation
11. Vologda Municipal Water Services	EBRD	20	5.18	Completed - in operation
12. Kaliningrad Project Implementation Unit	EBRD	3.8	3	Completed
13. Sosnovyi Bor Municipal Water Services	NEFCO	3.3	0.5	Completed - in operation
14. PIU for Poultry Farms in Leningrad Oblast	NEFCO	3.5	2	Under implementation
15. Petrozavodsk Waster and Wastewater Rehabilitation	NEFCO	32	5	Under construction
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 implementation
19. Murmansk City Water/Wastewater Rehabilitation	EBRD	30.1	6	Approved by Assembly
20. Vitebsk Wastewater Treatment Rehabilitation	EBRD	21.2	2	NDEP Grant signed
21. Grodno Water/Wastewater Treatment Rehabilitation	NIB	25.1	2	NDEP Grant signed
22. Brest Water and Wastewater Treatment Rehabilitation	NIB	18.4	2	NDEP Grant signed
23. Vologda District Heating	EBRD	17.8	2	Under implementation
24. Gatchina Wastewater Treatment Plant	NEFCO	2.5	0.39	NDEP Grant signed
25. Vyborg Wastewater Treatment Plant	NEFCO	6.5	1.25	Approved by Assembly
26. Gatchina District Heating	NEFCO	4	0.5	Approved by Assembly
27. Lomonosov District Heating Rehabilitation	EBRD	15.2	2.5	Approved by Assembly
28. Kaliningrad District Heating Phase 2	EBRD	22	5	Approved by Assembly
29. Solid Waste Management in St Petersburg	KfW	18.4	3.2	Approved by Assembly
<b>TOTAL</b>		<b>€3.4 billion</b>	<b>€130 million</b>	

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, wastewater, 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 €347.2 million.

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

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