

NDEP News

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In this issue

- NDEP Steering Group meeting in Kaliningrad (23 May 2013)
- Site visit to NDEP financed projects in Kaliningrad (23 May 2013)
- NOC Meeting in London (23 May 2013)
- Signing of the NDEP Grant Agreements for wastewater treatment projects in Belarus (26 March 2013)
- Interview with Alistair Clark on handing over the Chairmanship of the NDEP Steering Group to the EIB
- NDEP visibility at high level events

Plus

- NDEP projects in brief

NDEP Steering Group meeting (23 May 2013)

The EBRD, EIB, NEFCO, KfW, the European Union and Russia held a Steering Group meeting on 23 May 2013 in the offices of the Kaliningrad Oblast Government. Belarus, Finland, Germany, Lithuania, Poland, Sweden, Nordic Council of Ministers and SWECO attended as observers.



(from left) Mr Victor Porembskiy, Minister of Finance of the Kaliningrad Government, Mr Alistair Clark, NDEP Steering Group Chair and EBRD Managing Director

The main focus of the meeting was the status of the construction of the wastewater treatment plant in Kaliningrad. "The site visit showed visible progress and it was positive to learn from the main contractor that there is a strong possibility that the physical engineering works could be finished by August 2013", said Mr Alistair

Clark, NDEP Steering Group Chair and EBRD Managing Director of the Environment and Sustainability Department. Mr Victor Porembsky, the Minister of Finance of the Kaliningrad Government expressed gratitude for the support from the international donors and stressed the importance of the plant for the Baltic Sea region.

Mr Alexander Ivashchenko, Director of MUE KH Kaliningrad Vodokanal agreed that the supervision of the plant needs to be strengthened and informed that so far there is no decision yet about the sources of funding for the commissioning and start up. The international donors offered their support for the necessary training of staff to operate the plant.



(from left) Mr Oleg V Gergel, First Deputy Director of MUE Kaliningrad Teploset and Mr Alexander Ivashchenko, Director of MUE KH Vodokanal Kaliningrad

The Steering Group emphasised that the next demanding challenge for the Kaliningrad Vodokanal, Oblast and the Federal Government will be to ensure that adequate financial and human resources are in place to operate the plant in accordance with the expected standards for wastewater treatment.



NDEP Steering Group meeting (23 May 2013, Kaliningrad)



On a positive note, the Steering Group noted good progress with projects across the whole portfolio. Wastewater treatment investments were completed in spring 2013 in Vologda, Novgorod and Sosnovy Bor. The NIB informed the Group of the plans to inaugurate the Northern Tunnel Collector in St Petersburg in October 2013 which will close off 240,000 m³/day of direct discharges of wastewater once in operation.

The Steering Group analysed the financial situation of the NDEP Support Fund. Having allocated about EUR 123 million to 29 environmental window projects, there is currently a balance of EUR 60 million available for new proposals by the IFIs.

The Steering Group approved a EUR 3.7 million NDEP grant for a KfW proposal to modernize the solid waste management system in St Petersburg. Also the EBRD proposal to rehabilitate the district heating system in Kirishi, a city in the Leningrad Oblast, was approved to benefit from a EUR 2.5 million NDEP grant. Both projects will be submitted to the NDEP Assembly of Contributors for a final approval.

The IFIs informed of a sizeable project pipeline currently under development. NEFCO is working on a number of potential investments for wastewater facilities, energy efficiency and solid waste management in Kingisepp, Karelia, Sosnovy Bor and in small cities in the Kaliningrad Oblast. The EBRD is considering wastewater treatment improvements in Velikiye Luki as well as solid waste management and further district heating modernization in Kaliningrad.

The next Steering Group meeting will be held on 9 October 2013 in St Petersburg and the NDEP Assembly of Contributors on 6 December 2013 in London.

Site visit to NDEP financed projects in Kaliningrad (23 May 2013)

The NDEP delegation re-visited the wastewater treatment plant in Kaliningrad on 23 May 2013 to check on the progress since October 2012. The construction of a new wastewater treatment plant is one of the top priority projects for NDEP. Without it about 150,000 m³/day of raw sewage continues to be discharged to the Baltic Sea without any treatment.



An overview of a new sedimentation tank and a filtration unit on the far left

When last visited, the expectation was to make the plant operational in summer 2013. Unfortunately due to delays, Kaliningrad Vodokanal is currently estimating that the earliest date for the plant to become fully

operational will be around October 2014. The physical construction will be finalised by end of 2013 to be followed by commissioning and start-up which will take about 8 months depending on weather conditions.

In terms of construction, on average about 90% of the facilities have been completed and all the NDEP and Sida financed equipment has been delivered on site. Nevertheless, continued delays with installing the equipment, laying of the cables and visible lack of manpower are of concern. Moreover, the funding for the start up programme and commissioning remains unresolved. All these issues will continue to be closely monitored by the financiers.



Mr Lars Eklund from Sida and Mr Birger Karlsson from the Swedish Ministry of Foreign Affairs talking to the OJCS Mostostroy No 6 the main contractor of the plant



Installation of cable channels. The target is to lay 1800m by end of August 2013.



Inside the NDEP financed UV decontamination unit

To watch a short video from the site visit to the wastewater treatment plant, use the link below

<http://youtu.be/qIjHkGQ0Tbw>

The NDEP delegation also visited a boiler house where the old coal fired boiler last seen in 2006 has been replaced with a much bigger and more efficient gas fuelled boiler (see photo below). In total the project has decommissioned 46 coal fired boiler houses and upgraded two major boiler houses.



A new gas fired boiler house financed by NDEP grant funds

The new boiler house will be providing heat and hot water to about 40,000 residents. It has been supplied by a Russian company at a cost of about EUR 600,000. The boiler house seen on the photo above will be fully covered by bricks and insulation mortar. Dry tests will be carried out in summer so that the boiler is ready to supply heat in the coming winter.



Mr Alexander Gusev (first left), Head of the Project Implementation Unit, MUE Kaliningrad Teploset with the NDEP delegation

The overall progress of the district heating project has been good and the client is considering a second phase of the investment. The corporate development programme has been successfully completed in March 2013 and the loan and grant disbursements are on schedule.

NDEP Nuclear Operating Committee meeting (23 May 2013)

The fifteenth meeting of the Nuclear Operating Committee (NOC) was held on 23 May 2013 at the EBRD's Headquarters in London attended by the European Union, Finland, France, Germany, Norway, the Russian Federation, Sweden and the United Kingdom. The meeting was chaired by Mr Mario Pain, Special Advisor from the French Ministry of Ecology, Energy, Sustainable Development and the Sea.

The NOC was pleased to see that progress is being maintained across all of the NDEP nuclear window

projects and that some key contracts have been signed but agreed that there was still of a lot of procurement to be done which should be expedited by all parties. The key objective for 2013 is to remove Lepse from the water which is a complex task with significant safety issues. The procurement of most of the works in Andreeva Bay has now been completed and the Russian counterparts are aiming to start the removal of the spent nuclear fuel from the site in 2015. The NOC agreed that there is a common objective to improve the power supply at Andreeva Bay which will be further developed by NDEP together with the Russian counterparts.

Rosatom outlined the arrangements for visits to some of the NDEP project sites to be arranged in October 2013. The IAEA CEG plenary meeting will be held in Murmansk on 9 and 10 October and will include a visit to either Andreev Bay or Saida Bay.

The next NOC meeting is planned for 7 November 2013.

Signing of NDEP Grant Agreements for Belarusian wastewater treatment projects (26 March 2013)

NDEP Grant Agreements totalling EUR 6 million to co-finance wastewater treatment rehabilitation in the Belarusian cities of Vitebsk, Grodno and Brest were signed on 26 March 2013 in Minsk. Additional agreements were signed at the same time in relation to grants of EUR 13.6 million provided by Sweden through Sida and EUR 0.8 million by Finland. Moreover, the EBRD and the NIB signed Project Support Agreements for the loan funded components.

The amount of grants came to over EUR 20 million and will support loans from the EBRD and NIB signed earlier in December 2012. The three NDEP projects with investment costs of about EUR 65 million will ensure that wastewater in Vitebsk, Grodno and Brest is treated in full compliance with EU and HELCOM standards.



(from left) Mr Jan Johansson, NIB Senior Manager, Ms Svetlana Beksha, Vice-Chairman of the Executive Committee of the City of Grodno and Mr S. Karpinsky, Director of Grodno Vodokanal

The signing was attended by the Belarusian Ministry of Housing and Communal Services, Ministry of Foreign Affairs and City Administration Representatives and Directors of Vodokanals of Vitebsk, Grodno, Brest, Baranovich and Slonim. The donors were represented

by the European Union Delegation to the Republic of Belarus, Swedish Ministry of Foreign Affairs and the Finnish Embassy in Belarus. Representatives from the Embassies of Poland, Latvia, Lithuania and Estonia attended the signing as observers.



Signing ceremony of the NDEP and Sida Grant Agreements in Minsk (26 March 2013)



Mr Joachim Waern, Swedish Ministry of Foreign Affairs speaking at the event, (from left) **Mr Andrey Shoretz**, Minister of Housing and Communal Services, **Mr Aleksandr Mikhnevich**, First Deputy Minister of Foreign Affairs, **Mr Anatoly Shagun**, Deputy Minister of Housing and Communal Services and **Ms Svetlana Beksha**, Vice-Chairman of the Executive Committee of the City of Grodno

NDEP visibility at high level events

The work of NDEP was acknowledged and highlighted at a number of high level events in spring 2013. During the Baltic Sea Forum in St Petersburg on 5 April 2013 the Prime Minister of Russia, Mr Dmitry Medvedev, emphasised the role of NDEP in the context of many successful environmental projects being implemented in north-west Russia. The Prime Minister of Finland, Mr Jyrki Katainen, described NDEP as a good framework for the Northern Dimension partners to engage for concrete achievements based on excellent results achieved for wastewater treatment in St Petersburg. Similarly Mr Johannes Hahn, the EU Commissioner said in his opening statement that the marine environment of the Baltic Sea is at the core of the EU and Russia cooperation highlighting the work of the EU Strategy for the Baltic Sea, NDEP and HELCOM. Please use the link below to view all the speeches at the event.

http://www.helcom.fi/events/Events/en_GB/BalticSeaForum_April2013/

In May 2013 the Arctic Council held its Ministerial meeting in Kiruna, Sweden and also in June 2013 the Barents Euro-Arctic Council (BEAC) held its 20th anniversary meeting in Kirkenes, Norway. During both these events, the high level officials emphasised the need for greater cooperation between the ND partners and respective Councils for more concrete results in the Barents and Arctic region. In particular, there was a call for greater attention to black carbon, energy efficiency and enhanced utilisation of energy sources in the region.

NDEP is already operating in the Barents region implementing projects to reduce safety risks from spent nuclear fuel deposited mainly on the Kola Peninsula. NDEP also has several projects to improve water quality, wastewater treatment, energy efficiency and municipal solid waste in cities such as Archangelsk, Murmansk, Syktyvkar, Vologda and Petrozavodsk. NDEP will seek closer cooperation with the Arctic Council and BEAC to work towards successful elimination of environmental hot spots in the region.

Interview with the NDEP Steering Group Chair, Mr Alistair Clark, EBRD Managing Director



The Chairmanship of the NDEP Steering Group is rotating on an annual basis amongst the NDEP Implementing Agencies. The EBRD handed over the chairmanship of the Group to the European Investment Bank as of 1 July 2013.

A short interview with Mr Alistair Clark (photo left) follows below.

• Based on your long involvement with NDEP, what is your opinion of the Partnership and what are the lessons learned?

NDEP is a true partnership. We have all learned to work together almost as a family, working through difficulties and sharing each other's successes. It is this sense of genuine partnership that has made NDEP a truly successful initiative. It is also a unique partnership as all the partners, including EU and Russia, are on an equal footing resolving issues through an open discussion in a transparent manner. There are many lessons learned. For example, the beneficiary of the Fund needs to have a role and commitment. This has worked really well with Russia increasing its financial commitment to NDEP based on a number of successful projects which also include a large portion of local and federal funds. Moreover, the partnership has brought the IFIs closer together which in a spirit of good cooperation learn from and complement each other.

• The NDEP Secretariat has always been based at the EBRD Environment and Sustainability Department which you manage. What was the reason behind this and how do you find the cooperation of NDEP with other departments across the Bank?

The NDEP is in its essence an environmental programme. The purpose of the partnership is to improve the environment which will benefit the people in the Baltic and Barents Sea region. The EBRD as the Fund Manager of NDEP represents the interests of the donors, beneficiaries and also the other IFI partners. In order to walk this tight rope of neutrality, the Environment and Sustainability Department of the EBRD, which I manage, was selected as the most appropriate home for the Fund management for both the nuclear and environmental windows of NDEP.

• The NDEP mandate is now extended until 2017 but the projects for smaller municipalities in Russia and activities in Belarus are only getting started by IFIs. How do you see the tasks ahead for NDEP within the set time frame?

The IFIs are now developing a new project pipeline with the focus shifting to smaller and more complex projects and additional emphasis on energy efficiency and solid waste improvements. Considering the project cycle from an initial feasibility study to completion, it may well be the case that the life of the Fund will need to be extended beyond 2017. We are also hoping to develop new activities in Belarus depending on the progress of the recently signed projects.

• NDEP has expanded its financial base by accepting KfW as a new member of the Steering Group. How do you see the role of KfW in the future activities of NDEP?

KfW are a new partner and bring in a long history of working on complex and difficult sectors. Solid waste management is particularly difficult and we look forward to working with KfW to achieve success in this challenging field. Moreover participation of KfW will strengthen our donor relationship with Germany which has been a key NDEP partner from the start.

• What would be your message to the European Investment Bank as the incoming Chair of the Steering Group?

I would say to my EIB colleagues that they will have an eventful year ahead. Already this October, our most committed client, SUE Vodokanal St Petersburg will be celebrating the inauguration of the Northern Tunnel Collector. The Neva Programme has brought together financing from the EBRD, NIB and EIB, the largest NDEP Grant so far, the EBRD shareholder special funds and substantial Russian local and federal funds. There will be much to celebrate this year. Next year, the EIB will have a challenging role to help with ensuring the successful inauguration of a much awaited wastewater treatment plant in Kaliningrad. We wish the EIB the very best in chairing the NDEP Steering Group and keeping the spirit of the partnership going.

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	Completed
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 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 construction
19. Murmansk City Water/Wastewater Rehabilitation	EBRD	30.1	6	Approved by Assembly
20. Vitebsk Wastewater Treatment Rehabilitation	EBRD	21.2	2	Approved by Assembly
21. Grodno Water/Wastewater Treatment Rehabilitation	NIB	25.1	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, 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 €342 million.

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

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