

## NDEP News

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### NDEP Assembly convenes in London



(from left) Mr Vince Novak, Director of the EBRD Nuclear Safety Department, Ms Betsy Nelson, EBRD Vice President, Mr Boris Iarochевич, Assembly Chair and Head of Division at EU EEAS, Mr Alistair Clark, Managing Director, Environment and Sustainability Department, EBRD

The NDEP Contributors held their annual meeting on 20 November 2015 in the offices of the EBRD in London. The European Union, the largest contributor to the Fund, chaired the meeting attended by delegations from Belarus, Finland, Germany, Netherlands, Norway, Russia and Sweden. The financial institutions included the EBRD, EIB, NIB, NEFCO and KfW.

EBRD Vice President Ms Betsy Nelson pointed out good progress in both windows of NDEP activities. Regarding the nuclear safety projects, the facilities at Nerpa shipyard required for safe recovery of nuclear materials from the Lepse ship should be ready before the end of

2017. The removal of the highly enriched spent nuclear fuel from the Papa-class submarine reactors, which was successfully completed in May 2015, has significantly reduced the threat to the environment and increased nuclear security. There has also been good progress at Andreeva Bay where some 22,000 spent fuel assemblies are currently stored, but in poor conditions. The key objective is to allow for the commencement of the removal of the nuclear fuel from the site in October 2016.

Regarding the non-nuclear window, Ms Nelson highlighted good progress in implementing projects, especially in Kaliningrad where works on the construction of a new wastewater treatment plant have resumed and are due for completion in 2016. The Vice President thanked Russia for fulfilling their commitment to the Fund after Russia paid a EUR 5 million instalment in 2015 to NDEP's non-nuclear account. Ms Nelson also thanked Belarus for their second EUR 1 million pledge to NDEP as part of the country's activities to improve the cross border impacts of the rivers flowing from Belarus to the Baltic Sea.



(from left) Mr Oleg Kryukov, Director for the State Policy, ROSATOM, Mr Andrey Bokarev, Director of Department for International Financial Relations, Ministry of Finance of Russia, Mr Igor Kapryin, Deputy Director, Ministry of Foreign Affairs of Russia

On behalf of Russia, Mr Andrei Bokarev, Director of the Department of International Financial Relations at the Russian Ministry of Finance, expressed appreciation for the work of the Partnership in improving the ecological situation in the north-west of Russia. Taking into account the remaining environmental challenges in the region, Russia expressed its support for extending the life of the Fund and continuation of project work in Russia.

The Chair of the Assembly, Mr Boris Iarochевич, the Head of Division at the European External Action Service of the European Union highlighted that, despite a difficult geopolitical environment, NDEP is working and



delivering concrete projects to benefit the wider population. He said that it is important to raise the visibility of the partnership to show these achievements to citizens in partner countries and within the European Union. Mr Iarochevitch expressed satisfaction regarding the progress of the Kaliningrad project and looked forward to successful implementation of more NDEP projects in the coming year.



*(from left) Mr Sergey Aleinik, the Ambassador of the Republic of Belarus to the UK, Mr Mikael Bente, Deputy Director, Ministry of Foreign Affairs of Sweden, Ms Anna Tufvesson, Program Manager, Swedish International Development Cooperation Agency (Sida)*

Representing Belarus, Mr Sergey Aleinik, the Ambassador of the Republic of Belarus to the UK, confirmed the country's new pledge to the fund and readiness to support additional investments for wastewater treatment and energy efficiency in Belarus.

The Assembly examined the progress reports of the projects under implementation and agreed to extend the operation of the fund until 2022 to allow sufficient time for project implementation in the non-nuclear window.

The next Assembly meeting is planned for 25 November 2016 at the EBRD in London.

## **New NDEP projects in Belarus**

The Assembly of Contributors has approved three new projects for Belarus. Combined grants of EUR 7.21 million will be used by the EBRD to improve wastewater treatment in Lida and Polotsk. Both projects will achieve full compliance with HELCOM and EU standards for wastewater treatment. Under the new Belarus Water Framework, the EBRD aims to lend up to EUR 40 million to water and wastewater companies in Belarus with a prime focus to reduce pollution to the Baltic Sea.

In Lida the investment of EUR 10.2 million will focus on ensuring proper wastewater collection and an upgrade of the treatment plant. Pressure sewers will be reconstructed between the pumping stations and the treatment plant to secure continuous pumping and flow. For the plant, there will be an upgrade of equipment and treatment processes including control of the industrial wastewater quality. Once completed, the phosphorous discharges will be reduced by 31.3 tonnes per annum, and nitrogen by 120 tonnes per annum.

In Polotsk there is currently no wastewater treatment plant and the city of 85,000 relies on treatment provided by a local chemical plant. The agreed priority investment plan, totalling EUR 13.2 million, will construct a wastewater treatment plant, a new main collector and an upgrade of pumping stations. There will be financial and operational improvements thanks to better

efficiency. Most importantly for the Baltic Sea, the phosphorous and nitrogen reductions will be 93 and 267 tonnes per annum respectively. This is a good example of the 'low hanging fruit' the NDEP can pick up to improve the ecological state of the Baltic Sea.



*Current wastewater treatment facilities in Lida*

The NDEP Assembly also approved a NEFCO proposal for energy efficiency improvements in district heating systems in Minsk. This is a small-scale pilot project which will have a good demonstration effect for the whole city. The overall investment of EUR 5.8 million will show how to enable the district heating system to have a demand-side focus. The NDEP grant of EUR 1.02 million will finance individual heating substations to help the residents control their heat supply independently of the centralised system.

## **Kaliningrad Wastewater Treatment Plant commences operation**



*Kaliningrad Wastewater Treatment Plant, December 2015*

On 18 December 2015, the new Wastewater Treatment Plant in Kaliningrad started operations, reaching about half of its capacity. The Governor of the Kaliningrad Oblast, Mr Nikolai Tsuganov attended as the plant was opened. The plant is required because about 150,000 cubic meters of wastewater flow everyday directly to the Baltic Sea without any treatment. Enabling even half of this volume to be treated will be a major improvement in the environmental status of the Sea. The plant is expected to operate at full capacity in 2016.

All the international stakeholders including NDEP and Sida continue to monitor progress. The next project committee meeting, to evaluate the progress and plan next steps, will take place in mid-March 2016 in Kaliningrad.

## Interview with Mr Paavo Lipponen, Former Prime Minister of Finland

Mr Paavo Lipponen (photo right) met with the EBRD President and held a Board information session at the EBRD on 23 February 2016 to present the potential future orientation for the Northern Dimension



### **You have sometimes been referred to as the founder of the Northern Dimension, what is your current role and involvement?**

I was personally involved as Prime Minister of Finland in the creation of the Northern Dimension as one of the EU external policies. This was important for Finland when joining the EU as a new member. The ND Action Plan was agreed in 1999 on the basis of which NDEP was set up. Since 2006, the renewed ND cooperation has been confirmed as a permanent policy of the EU, Russia, Norway and Iceland as equal partners.

Although I am now retired, I have been asked to work on the Arctic cooperation in particular on the environmental side. The ND has been immensely successful in transcending political boundaries, boosting international cooperation and achieving concrete results. I believe that the same model of cooperation can be extended to the Arctic region and also included in the framework of NDEP. In 2015 I prepared a report on "A Strategic Vision for the North" for the Confederation of Finnish Industries which was endorsed by the current Prime Minister of Finland. Also in 2015 I was asked to write a memorandum to the European Commission President Jean-Claude Juncker on "EU Arctic and Northern Dimension Policy", which will form part of the Commission's communication on the Arctic. I am thankful for being set on this mission which today brings me to London. The EBRD is an important milestone in my journey to achieve the set tasks.

### **It would be interesting to hear from your perspective why you think NDEP has been so successful**

To start with I believe that the concept of NDEP itself was simply ingenious. We have brought together all the major players, contributors including Russia and Belarus, and the key IFIs all on equal footing with great commitment to improve the environment through real investment projects delivering real results. St Petersburg is now treating all its wastewater in accordance with the EU and HELCOM standards thanks to all the NDEP co-financed investments with Vodokanal.

Another stroke of genius was giving the management responsibility of the fund to EBRD. The EBRD was well placed to reach key agreements with Russia to establish the fund. Over the years the Russian contribution to NDEP has increased from €10 million to €60 million and

Russia is the largest contributor to the environmental window of the fund. Russia has been very forthcoming and their good cooperation is highly appreciated.

On a practical level, NDEP has a light and transparent structure, with no bureaucracy and a flexible approach. There is a good cross-section of highly competent IFIs which work in harmony to high international standards to promote environmental investments.

### **What is the next phase for NDEP?**

We have a temporary pause but we need to continue in Russia and Belarus with wastewater treatment projects. The next phase for NDEP is to move to energy efficiency projects and tackle the serious problem of black carbon in the Arctic. The main source of black carbon is the outdated heat and power plants in Northern Russia which use coal and heavy oil with little efficiency. There are about 1,800 of these outdated heat and power plants in the Russian Barents Region alone. The particles land on the Polar ice and cause it to melt. The impact is direct and two thousand times stronger than CO<sub>2</sub> emissions. NDEP provides a tried and tested framework to successfully tackle this environmental problem.

### **How can we address the huge investment needs in the Arctic given the current geopolitical situation?**

Surprisingly there is huge interest from the business community to invest in the Arctic. The oil prices are down which limits financing of investments but win-win investment opportunities are there. My impression is that interest in Arctic cooperation is growing.

For NDEP in particular I would suggest to start exploring a dialogue on energy efficiency. This can be done in an exploratory manner to invite ideas and commitments from all donors including Russia. On this basis, the NDEP will be able to re-start once the geopolitical situation has changed. We need to work in a spirit of continuous dialogue especially in the environmental sphere which ideally should be kept outside of politics.

## **Northern Dimension Steering Group highlights achievements of NDEP**

The 24<sup>th</sup> meeting of the Northern Dimension Steering Group took place in Reykjavik on 21 January 2016. The four equal partners of the Northern Dimension, the European Union, Russia, Iceland and Norway, convene throughout the year to discuss common priority areas and joint cooperation in the Northern Dimension Area.

The ND Steering Group highlighted the success of NDEP in delivering concrete environmental investments over the past 14 years. *"It would be important to the Ministers of the ND countries to take stock of the many projects that NDEP had completed since the last ND Ministerial meeting in Brussels in 2013"*, stated Iceland as chair of the Steering Group. The extension of NDEP until 2022 was welcomed by the ND partners. It was acknowledged that the partnership is a well-placed initiative with great potential to deliver further environmental improvements in the north-west of Russia and Belarus.

## 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	Completed - in operation
6. Kaliningrad District Heating Rehabilitation	EBRD	21.8	7.3	Close to completion
7. Archangelsk Municipal Water Services Project	EBRD	25.5	8.2	Completed
8. Novgorod Water and Wastewater Rehabilitation	NIB	23	3	Completed – in operation
9. St. Petersburg Neva Programme	NIB	563	24	Full completion in 2016
10. Kaliningrad Water and Environmental Services	EBRD	110	10	In operation – full completion in 2016
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	Completed
15. Petrozavodsk Water and Wastewater Rehabilitation	NEFCO	32	5	Under implementation
16. Ten Suburban WWTP in St Petersburg	NEFCO	16	3.75	Completed - in operation
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. Vologda District Heating	EBRD	17.8	2	Under implementation
20. Gatchina Wastewater Treatment Plant	NEFCO	2.5	0.39	Under implementation
21. Vyborg Wastewater Treatment Plant	NEFCO	6.5	1.25	Approved by Assembly
22. Kaliningrad District Heating Phase 2	EBRD	22	5	Approved by Assembly
23. Solid Waste Management in St Petersburg	KfW	18.4	3.7	Approved by Assembly
24. Gatchina District Heating	NEFCO	4	0.5	Approved by Assembly
25. Vitebsk Wastewater Treatment Rehabilitation	EBRD	21.2	2	Under implementation
26. Grodno Water/Wastewater Treatment Rehabilitation	NIB	25.1	2	Under implementation
27. Brest Water and Wastewater Treatment Rehabilitation	NIB	18.4	2	Under implementation
28. Lida Water and Wastewater Treatment Rehabilitation	EBRD	10.2	3	Approved by Assembly
29. Polotsk Water and Wastewater Treatment	EBRD	14.6	4.21	Approved by Assembly
30. Energy Efficiency for District Heating in Minsk	NEFCO	5.8	1.02	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 close to €348 million.

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

**NDEP Secretariat: Ewa Manik**, EBRD, One Exchange Square, London EC2A 2JN, UK - Email: [ManikE@ebrd.com](mailto:ManikE@ebrd.com)