

NDEP - Northern Dimension Environmental Partnership

The Northern Dimension Environmental Partnership (NDEP) is a result-focused partnership responding to calls from the Russian government and the international community for concerted action to tackle the most pressing environmental problems and nuclear safety risks caused by radioactive waste in the Northern Dimension Area. NDEP promotes co-ordination between Russia, donors and international financial institutions (IFIs) to make it easier to raise funds for priority projects. 2011 marks the 10th Anniversary of NDEP's work towards a cleaner and safer environment in northern Europe.

Historical Background

The concept of Northern Dimension was developed under the Finnish Presidency of the European Union in 1999. The first Northern Dimension Action Plan was subsequently adopted at the Feira European Council in June 2000. It focused on four priority sectors: care of environment, nuclear safety, fight against organised crime and special questions of the Kaliningrad region.

In March 2001 the International Financial Institutions (EBRD, NIB, EIB and WB), the EU, Sweden, Finland and Belgium met in Helsinki when a decision was made to establish a Partnership for Environment in the ND Area (NDEP). The first Steering Group meeting took place in Stockholm on 12 September 2001 chaired by the NIB. Through 2002 the Rules of the Fund and project pipeline were developed and the first meeting of the NDEP Assembly of Contributors took place in London on 15 November 2002. The initial contributions to establish the Fund came from Denmark, Finland, Netherlands, Norway, Russia, Sweden (EUR 10 million each), while the EU contributed EUR 50 million.

Purpose of NDEP

The NDEP has two windows of activities: environmental and nuclear safety.

In the **environmental window**, NDEP grants are intended to complement the loan funding from IFIs and help to leverage extra local and international resources. The grants offer an incentive for environmental projects that may not be otherwise financially viable. The project pipeline is developed by the IFIs and in consultation with the recipient country and donors.

In the **nuclear safety window**, NDEP grants are designed to fully cover the investment costs. Nuclear safety projects are developed in close cooperation with the Russian authorities and Russian and international experts. For this purpose, the NDEP Support Fund has a special nuclear “window” coordinated by the Nuclear Operating Committee.

Geographic Scope of NDEP

NDEP supports projects in the Northern Dimension Area, which covers a broad geographic area from the European Arctic and sub-Arctic areas to the southern shores of the Baltic Sea, including the countries in its vicinity, and from north-west Russia in the east to Iceland in the west.

In particular the focus of activities is the Baltic and the Barents Seas area. So far the north-west Russia has been the main beneficiary, however in 2009 Belarus joined the NDEP and a number of priority projects for wastewater treatment to benefit the Baltic Sea has been developed.

Environmental Challenges of NDEP

The **environmental window** of the Fund is focused on improving the ecology of the Baltic and Barents Seas area. These seas are especially sensitive to environmental degradation due to low temperatures, and the Baltic Sea in particular has low salinity and shallow waters. The Baltic Sea ecosystem is threatened by eutrophication, which leads to the spread of marine dead zones. Excessive amounts of phosphorous and nitrogen from poorly treated wastewater and agricultural waste cause excessive growth of algae in the sea waters. Decomposing algae consumes all the oxygen in the water, producing dead zones in which living things cannot survive. Since the 1900s the Baltic Sea has changed from a clear water sea into a green marine environment full of noxious algal growth. NDEP projects will help to reverse this process. Other challenges concerning low energy efficiency, poor management of municipal and agricultural waste, which add to the pollution in the region, are also included in the NDEP programme.

The **nuclear safety window** is concerned with the spent nuclear fuel and radioactive waste generated by the Russian Northern Fleet present a legacy of dangerous environmental hazards on an international scale. The area around the White and Barents seas has the largest unsafe storage sites of nuclear waste and spent nuclear fuel known in the world. So far over 120 nuclear-powered vessels have been withdrawn from service. Although most of them have already been dismantled and decommissioned, the problem of how to deal with over 50 tonnes of nuclear waste and spent nuclear fuel left on the shores of ex-coastal maintenance bases remains. This is a major concern on an international scale that is addressed through the NDEP Strategic Master Plan. Andreeva Bay is a case in point, containing by far the largest nuclear inventory. Approximately 22,000 fuel assemblies are kept in leaking containers and deteriorating buildings. Around Gremikha on the Kola Peninsula, spent nuclear fuel is still stored in open-air pads. This is also the case for vessels moored in Murmansk and Severodvinsk shipyards, some of which are in danger of sinking. Contaminated land and aquatic areas pose a major risk to the population and environment of Russia and its neighbouring countries.

Governance of the NDEP Fund

The **Assembly of Contributors** is the main governing body of NDEP responsible for the overall NDEP programme. It convenes annually and makes decisions on grant allocations from the NDEP Support Fund.

The **Steering Group** is the driving force behind the development of environmental projects. It is made up of the IFIs active in the region. These include the European Bank for Reconstruction and Development (EBRD), the Nordic Investment Bank (NIB), the European Investment Bank (EIB), the Nordic Environment Finance Corporation (NEFCO) and the World Bank. The European Commission and Russia are also members of the Group. The **Nuclear Operating Committee** serves the same function regarding the nuclear project pipeline.

Status of Contributions

At the start of 2011 the NDEP Support Fund stands at EUR 308.1 million with EUR 149.4 million allocated for environmental projects and EUR 158.7 million for nuclear safety projects. The funds come from the European Union and 12 donor governments: Russia, Belarus, Belgium, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden and the United Kingdom. So far 77% of the funds in the environmental window have already been allocated to concrete projects while in the nuclear safety window 97% of the funds have been committed.

Environmental projects

In 2011 there are 22 projects (19 for north-west Russia and 3 for Belarus) totalling over EUR 3.3 billion of investment. The NDEP grants allocated to these projects amount to EUR 115.1 million and have helped to leverage EUR 660 million in IFI loans.

The environmental window projects are design to bring improvements in the following priority sectors: **water/wastewater treatment** in St Petersburg, Leningrad Oblast, Syktyvkar in the Komi Republic, Archangelsk, Kaliningrad, Vologda, Sosnovy Bor, Novgorod, Petrozavodsk, Pskov and Murmansk in north-west Russia and also in Vitebsk, Grodno and Brest in Belarus; **solid waste management**: municipal solid waste in Petrozavodsk and agricultural solid waste in Leningrad Oblast and **district heating rehabilitation**: in Kalinigrad, Murmansk and Vologda.

Nuclear safety projects

With funding from NDEP, a Strategic Master Plan (SMP) has been developed as a comprehensive programme identifying and characterising the decommissioning objects and facilities in north-west Russia. It was supported by an extensive Strategic Environmental Assessment commissioned by the EBRD, the first to be conducted in Russia. Recognising this groundbreaking achievement, Russia adopted the SMP as the basis for the management of the whole nuclear programme in north-west Russia.

So far the Assembly has approved funding for 10 projects in the nuclear safety window totalling EUR 153.4 million which include: Decommissioning of the Floating Maintenance Base “Lepse” currently moored in Kola Bay near Murmansk. Lepse, Decommissioning of Building no. 5 in Andreeva Bay, formerly used as a wet storage facility for spent fuel from nuclear submarine reactors, Transportation system and storage of spent nuclear fuel at Andreeva Bay, Defuelling of Papa-class nuclear-powered submarine currently moored near Severodvinsk, urgent projects in Gremikha, Enhancement of the radiation monitoring and emergency response system in Murmansk and Archangelsk region and safe storage of reactor cores at NIIAR. .

Benefits of the NDEP Environmental window

- High leverage effect of NDEP grants for IFI loans and overall investments; grants also crucial for mobilising national funding from local and federal sources
- Significant amounts of pollution reductions with which have cross-border impacts. Once implemented, the current NDEP projects will cut the amount of phosphorous discharged to seas by 2,000 tonnes of phosphorous, nitrogen by 5,700 tonnes and BOD by 32,300 tonnes year. The total annual reduction needs identified by HELCOM under its Baltic Sea Action Plan are 15,250

tonnes of phosphorous and 135,000 tonnes of nitrogen per year. There are additional reductions in air emissions from district heating system.

- High cost efficiency of NDEP projects e.g. to achieve the same amount of phosphorus reduction in any Nordic countries, the projects would be about three to five times more expensive
- Prevention of further deterioration of municipal systems and services and associated adverse environmental and social impacts
- NDEP projects are implemented to the highest international standards and follow the policies and guidelines of the IFIs.
- Transfer of modern project and investment planning, financing and management skills
- Paradigm shift from budgetary funding to self-financing through full cost recovery

Replenishment of the NDEP environmental window

2011 marks the 10th Anniversary of the NDEP, which has been often acknowledged by the Northern Dimension partners as the most successful amongst the ND partnerships and an example to follow. At the request of Russia, the NDEP Fund has recently been extended to continue its operation until November 2017. In order to fulfil its potential by co-financing ever-growing pipeline of projects, a new replenishment round will be initiated to coincide with the NDEP's 10th Anniversary.

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