

ARCTIC COUNCIL SAO MEETING
17-19 NOVEMBER 2020, REYKJAVIK ICELAND
MEETING CODE: SAOIS202_2020_RVK_VIRTUAL1

DOCUMENT TITLE

Arctic Council Project Support Instrument (PSI) Update

AGENDA ITEM NUMBER

08

SUBMITTED BY

Arctic Council Secretariat

DOCUMENT FILENAME

SAOIS202_2020_RVK-Virtual1_08_PSI-progress-report-2020

NUMBER OF PAGES, NOT INCLUDING THIS COVER SHEET

6



Arctic Council PSI TF report

Fund Manager's Report to SAO

16 October 2020

Summary

The second and third quarter of 2020 was heavily impacted by the Corona pandemic. Practically all project-related travelling was still on hold. PCOM 13 that was planned for March was instead held in late June and for the first time in remote mode. There were participants who experienced some technical challenges but in the end the meeting went well with progress on several fronts.

Also in general despite the pandemic, some progress can be reported.

A pilot case within the approved - and by SAO strongly supported instrument - the Small Allocation Window, SAW - has been launched and successfully completed regarding the pilot SAW project "Assessment and Demonstration of Phase Out of Fluorinated Aqueous Film-Forming Foams". A proposal for an upscaled continuation is expected to be presented at PCOM 14 scheduled for 24 November, 2020.

Another project that was completed in line with the original time table was the first phase of the Mercury Risk evaluation project. Also in this case we expect a proposal regarding a second phase to be presented for a final investment decision at the upcoming PCOM meeting.

Other proposals expected at the upcoming PCOM meeting are; A revised version of the Community-based BC and Health Assessment, a solid waste management proposal and a new AMBI flyway proposal.

Work is ongoing to obtain Russia's confirmation of the PCOM approved "Arctic Wildland Fire Ecology Mapping and Monitoring" Project (ArcticFIRE), while the Fund Manager make efforts to get contracts in place for the project "P2 Inventory of uses of POPs and Mercury and their Emission Sources in the Murmansk Region", approved by PCOM 13.

Related to earlier approved projects, the FM managed to agree on a consultancy contract within the Green Shipping-Russian Arctic Rivers project, after a successful procurement was carried out. Inception report has been recently approved and the final report is being drafted.

The most voluminous PSI project approved so far, the Murmansk-Ozone Depleting Substances-Fisheries (Phase II) has also proceeded well. It can be noted that considerable efforts will still be needed to get all pieces in the project puzzle in place.

Regarding the overall picture of PSI projects' current status, please see the tables on pages 2-4. Unfortunately there are projects approved at PCOM 13 that are missing in the tables in this report for technical reasons.

Appointment of Project Steering Committee (PSC) members by WG/EG continue to improve, with the current situation presented in the table on page 4. The PSCs in the Green Shipping and the Murmansk ODS project are very good examples of active PSCs, in line with wishes expressed by the PCOM members regarding increased activity in the Committees. Also in other projects we see good activity in the PSCs

As discussed at PCOM 13, PSI is approaching a situation, where all currently available funds will be fully allocated. Ahead of PCOM 14 some 2.7 MEUR is available for new projects. A context for this figure is that two projects, while preliminary budgets for new stages of approved PSI projects are around 7.5 MEUR. And even if 4.4 MEUR of that sum relates to the project Russian railways PCB project approved in 2015 (0.4 MEUR approved and 4 MEUR planned for next stages) it is clear that we approach a situation where

Arctic Council PSI TF report

demand is higher than supply when it comes to PSI funds. A fully updated picture will be provided at PCOM 14.

On the positive side we note that Finland has approved an additional 0.5 MEUR of funds to the Arctic Council Project Support Instrument. Funds that there seem to be a considerable demand for.

Not counting this very recent Finnish contribution, which has not yet reached the Fund Manager's account, the situation with funds provided and available is as follows;

Total funds provided: EUR 13 781 400

Available for new projects, approximately EUR 2 700 000

Project Summary

Row Labels	Project (Country)	PSI AC working groups	PSI Expert group	Disb/alloc	PSI Allocation	PSI Disbursed
1-On-going					5,715,176	741,956
PSI 01/16	Community-Based BC-Health Assessment (Phase 1) (Circumpolar)	ACAP	IPCAP	96 %	137,500	131,587
PSI 01/18	PSI Communications (Circumpolar)	ACAP		48 %	50,000	23,754
PSI 01/19	Mercury Risk Evaluation (Circumpolar)	ACAP	POPs & Hg	100 %	68,000	68,000
PSI 02/16	Obsolete Pesticides - Component 2 - Demo Testing (Russia)	ACAP	Waste	7 %	450,000	31,614
PSI 02/17	Associated Petroleum Gas Flaring - Phase 2 (Russia)	ACAP	SLCP	57 %	500,000	286,400
PSI 02/18	Arctic Migratory Bird Initiative - Microplastics (Circumpolar)	CAFF		65 %	100,000	65,000
PSI 05/17	Green Shipping-Russian Arctic Rivers (Russia)	ACAP	SLCP	0 %	60,000	-
PSI REA	REA Consultants (Russia)			28 %	239,676	68,102
PSI xx/xx	Small Allocation Window (SAW) (Circumpolar)			0 %	100,000	-
PSI 01/20 SAW	AFFF Phaseout in the Arctic (Circumpolar)	ACAP	Waste	0 %	10,000	-
PSI 02/19	Murmansk - Ozone Depleting Substances - Fisheries (Phase 2) (Russia)	ACAP	SLCP	2 %	4,000,000	67,500
2-Contracting					450,000	-
PSI 01/15	Russian Railways - PCB - Component 1 - Feasibility Study (Russia)	ACAP	Waste	0 %	400,000	-
PSI 04/17	Dudinka Municipal Solid Waste - Arctic (Russia)	ACAP	Waste	0 %	50,000	-
	P2 Inventory of Uses of POPs and Mercury ()			0 %	-	-
3-Pending					1,817,000	-
PSI 01/17	BAT in the Arctic (Russia)	ACAP	POPs & Hg	0 %	425,000	-
PSI xx/19	Community-Based BC-Health Assessment (Phase 2) (Circumpolar)	ACAP	IPCAP	0 %	1,392,000	-
4-Completed					1,355,115	1,355,115
PSI 01/14	Karelia - Diesel Black Carbon (BC) (Russia)	ACAP	SLCP	100 %	392,093	392,093
PSI 02/14	Diesel BC - Reindeer Farm (Russia)	ACAP	SLCP	100 %	87,973	87,973
PSI 02/16	Obsolete Pesticides - Component 1 - Feasibility Study (Circumpolar)	ACAP	Waste	100 %	96,975	96,975
PSI 02/17	Associated Petroleum Gas Flaring - Phase 1 (Russia)	ACAP	SLCP	100 %	350,000	350,000
PSI 03/14	Mapping Substituting Solutions for Diesel Power Plants (Russia)	ACAP	SLCP	100 %	31,244	31,244
PSI 03/16	Arctic Migratory Bird Initiative - Two Flyways (Circumpolar)	CAFF		100 %	95,000	95,000
PSI 03/17	Murmansk - Ozone Depleting Substances - Fisheries (Phase 1) (Russia)	ACAP	SLCP	100 %	156,424	156,424
PSI 04/14	Dolgoshchelie Diesel Energy Conversion (BC) (Russia)	ACAP	SLCP	100 %	70,405	70,405
PSI 06/17	PSI Evaluation (Circumpolar)			100 %	75,000	75,000
Grand Total					9,337,291	2,097,071

Arctic Council PSI TF report

1-On-going

PSI 01/16

Community-Based BC-Health Assessment (Phase 1) (Circumpolar)

The Alaskan part of the project (Phase 1) has been completed by the Aleut International Association (AIA) and the Alaska Native Science Commission (ANSC), and approved by ACAP as basis for a Phase 2 to be proposed by AIA; BC methodology developed. VNII Ekologiya's Russian part still pending outreach activities to selected indigenous communities in the Russian Arctic (or may be cancelled).

Activity plan: Finalize Russian part of Phase 1 by VNII Ekologiya (if at all); PCOM application for Phase 2 tabled at PCOM#12 for inter-sessional decision based on further elaborations.
(HGF 20200214)

PSI 01/18

PSI Communications (Circumpolar)

Contacts created with ACAP, CAFF and AC Secretariat. Fact sheets completed for ACAP projects, video completed for ACAP/Tundra project, infographics completed for CAFF/AMBI, Arctic e-newsletter by NEFCO published, information about PSI sent to AC Secretariat for their new website (under development).

Ongoing Q1/2020: Production of fact sheet / publication on fulfilled AMBI project, in cooperation with CAFF.

PSI 01/19

Mercury Risk Evaluation (Circumpolar)

Activity plan: Follow-up on AC website and PSI content, options for updated extranet system for PCOM

Final inception report was provided on time and Phase 1 has been disbursed. ACAP is writing proposal for next phases of the project for the coming PCOM meeting (November 2020).

/AVA, SBL 9 September 2020

Arctic Council PSI TF report

PSI 02/16	<p>Obsolete Pesticides - Component 2 - Demo Testing (Russia)</p> <p>The project was cancelled at the 13th PCOM meeting held on 29 June 2020 by video noting that the supercritical water oxidation technology remains of potential interest for PSI and that cancellation of projects that are not progressing is in line with the PSI Evaluation. / SBL, 22.09.2020</p>
PSI 02/17	<p>Associated Petroleum Gas Flaring - Phase 2 (Russia)</p> <p>ToR for Phase 2 was contingent on update from Gazprom Neft submitted on 25 June, 2019. Clarifications were evaluated by FM and recommendation/ToR for Phase 2 was sent to for final comments/ approval. No comments were received. Consultancy Agreement for Phase 2 was signed on 7 Nov. 2019. Inception report was submitted and approved 4.2.2020. A draft Final Report was approved on 20.5.2020 after a detailed commenting round.</p> <p>Activity Plan: Completion of the Report. Workshop for key stakeholders. 14.7.2020/KAH</p>
PSI 02/18	<p>Arctic Migratory Bird Initiative - Microplastics (Circumpolar)</p> <p>The report is written by experts and it has gone through the review by Arctic scientist.</p> <p>The report will be revised based on comments by Arctic scientists and sent to CAFF Board for their approval (meeting in September). The work is done, and we are waiting for the final disbursement request. / AVA, SBL 9 September 2020</p>
PSI 05/17	<p>Green Shipping-Russian Arctic Rivers (Russia)</p> <p>The Project was under study reservation since FID for EUR 60,000 for Phase 1 was granted at PCOM 8, which was lifted at PCOM#12 following IMC approval. FM launched an RFP based on ToR and shortlist of consultants reconfirmed by PSC, resulting in a contract for Phase 1 signed with winning Aker Arctic Technologies (jointly with PBI Research Institute) in September, 2020. Ultimate beneficiary LLC Volgotrans is to implement and co-finance the following stages (Phases 2-4).</p> <p>Activity plan: Inception report to be addressed with PSC; final pre-feasibility study expected in November.</p> <p>(HGF 20200918)</p>
PSI REA	<p>REA Consultants (Russia)</p> <p>An updated list of consultants and budget for Q2/2020-Q2/2021 to be presented for PCOM approval in March 2020.</p>
PSI xx/xx	<p>Small Allocation Window (SAW) (Circumpolar)</p> <p>This allocation allows Expert Groups to engage resources especially for project initiation and preparation, but also for supervision.</p> <p>Action plan: First allocation proposal was prepared by EG on Waste (Fire fighting chemicals) and has been approved. Accordingly, SAW is now fully operational.</p>
PSI 01/20 SAW	<p>AFFF Phaseout in the Arctic (Circumpolar)</p> <p>Consultant has sent the first version of the report to ACAP EG and Fund Manager. The proposal for the next phase is under work. PSC meeting will be organised soon. 9 September 2020 / AVA, SBL</p>
PSI 02/19	<p>Murmansk - Ozone Depleting Substances - Fisheries (Phase 2) (Russia)</p> <p>Project (Phase 2) approved and endorsed by ACAP and SLCP EG in September 2019, and presented at PCOM at PCOM#12; final FID decision made later in 2019. Project Implementation Agreement signed 31 January with ICSTI as Implementing Agency. Inception Report approved in consultation with PSC, with final work plan, procurement plan and project implementation schedule. List of Beneficiaries approved by FM.</p> <p>Activity plan: Additional main beneficiary Murmanstroy for endorsement by PSC#4 in Sept-Oct?. Registration at State Commission in Sept. Procurement specifics under elaboration.</p> <p>(HGF 20200918)</p>

2-Contracting

PSI 01/15	<p>Russian Railways - PCB - Component 1 - Feasibility Study (Russia)</p> <p>The evaluation of the project is expected to commence in the second half of 2020 once the facilities of the UNIDO-GEF project are officially commissioned and operational. The ToR for the evaluation was shared with the EG on Waste and consultations have been held with EG and potential consultants for the evaluation. / SBL, 22.09.2020</p>
PSI 04/17	<p>Dudinka Municipal Solid Waste - Arctic (Russia)</p> <p>This project concerns Stages 0 and 1 of a 3 step project, which aims to develop a risk assessment, remediation techniques and best practices for remote Arctic permafrost areas to facilitate clean-up of old landfills. In first stage of the project, the adverse environmental impacts of the Dudinka city landfill will be assessed.</p> <p>Activity Plan: The Terms of Reference for Stage 1 (and 0) is written and agreed with ACAP EG. We have Russian confirmation to continue and we are currently contracting with the Research Institute "The Environmental Industrial Policy Centre" /AVA, SBL 9 September 2020</p> <p>P2 Inventory of Uses of POPs and Mercury (I)</p> <p>The project has been accepted by PCOM, details of contracting are under negotiations. / AVA, SBL 9 September 2020</p>

Arctic Council PSI TF report

3-Pending

PSI 01/17	<p>BAT in the Arctic (Russia)</p> <p>Project proposal reviewed and revised by Russian BAT Bureau, however still pending Russian Ministerial (IMC) Review (“study reservation”) to avoid overlapping with BAT Sub-project (#11) on Introduction of BAT under the National Programme “Ecology”; Ministry of Industry and Trade (MinProm) consulted as jointly responsible for BAT with MNRE in Russia. Project will primarily consist of targeted training for BAT objects in the Russian Arctic.</p> <p>Activity plan: The Project discussed, but not endorsed by IMC; MNRE expected to revert with further deliberations in early autumn 2020. (HGF 20200918)</p>
PSI xx/19	<p>Community-Based BC-Health Assessment (Phase 2) (Circumpolar)</p> <p>Based on its Phase 1, this PSI Project (Phase 2 - implementation stage) was approved and endorsed by ACAP and IPCAP, and subsequently proposed for PSI funding in 2019. An initial proposal was introduced for FID at PCOM#12, but it was tabled and revised for FID at PCOM #13 on 26 June 2020. However, it was still not approved; FM and the project proponents were requested to provide a further revised proposal with a reduced budget based on objections from several PCOM representatives. With FM’s facilitation, AIA is expected to deliver such a revised proposal in the early autumn. (HGF 20200918)</p>

Members of Project Supervising Committees

1-On-going	
PSI 01/16	<p>Community-Based BC-Health Assessment (Phase 1) (Circumpolar)</p> <p>There has been no functional PSC for this project in its Phase 1.</p> <p>Note: AIA consultant John Bennett has acted as the project co-ordinator, de facto carrying out several of the PSC functions.</p>
PSI 01/18	<p>PSI Communications (Circumpolar)</p> <p>NA</p>
PSI 01/19	<p>Mercury Risk Evaluation (Circumpolar)</p> <p>Joel Ormala, Senior Adviser, Dept. of Chemicals and Waste, Norwegian Environment Agency Hans Fredrik Veiteberg Braaten, PhD, Researcher, Norwegian Institute for Water Research (NIVA) Marina Subdina, REA Annukka Valkeapää, FM representative</p>
PSI 02/16	<p>Obsolete Pesticides - Component 2 - Demo Testing (Russia)</p> <p>Timo Seppälä, EG Waste, Ulf Bojö, Alexander Boldurev, FM</p>
PSI 02/17	<p>Associated Petroleum Gas Flaring - Phase 2 (Russia)</p> <p>Contact Member of EG SLCP to be nominated. Ekaterina Veselova, MNRE Kari Hämekoski, Alexander Boldyrev, FM</p>
PSI 02/18	<p>Arctic Migratory Bird Initiative - Microplastics (Circumpolar)</p> <p>Evgeny Syroechkovskiy, AMBI Chair, Expert Mark Marissink, CAFF Chair Tom Barry, CAFF Executive Secretary Annukka Valkeapää, FM representative</p>
PSI 05/17	<p>Green Shipping-Russian Arctic Rivers (Russia)</p> <p>Established 10 June 2020 with ACAP (EG SLCP), MNRE and Volgotrans, incl REA; PAME may be added too. Henrik G Forsström, FM Frank Melum, EG SLCP Ekaterina Veselovaya, MNRE Tatiana Popova, Volgotrans (with Alexey Palgov) Marina Sudbina, REA ABO, FM</p>
PSI REA	<p>REA Consultants (Russia)</p> <p>NA</p>

Arctic Council PSI TF report

PSI xx/xx	Small Allocation Window (SAW) (Circumpolar) NA
PSI 01/20 SAW	AFFF Phaseout in the Arctic (Circumpolar) Patrick Huber, ACAP, EG on Waste, US EPA Niall Ramsden, ENRgConsultants (deputy Eleanor Lister, ENRgConsultants) Timo Seppälä, Senior Adviser, Finnish Environment Institute (SYKE), EG Chair Marina Subdina, REA Annukka Valkeapää, FM
PSI 02/19	Murmansk - Ozone Depleting Substances - Fisheries (Phase 2) (Russia) PSC is operational: Helgi Jensson (Iceland) ACAP EG SLCP Sergey Vasiliev, MNRE Enver Akhmedov, ICSTI (with Olga Volgina) Marina Sudbina, REA Rep. for Murmansk Oblast & Russian fisheries sector tbd. Henrik G Forsström, FM ABO, FM

2-Contracting

PSI 01/15	Russian Railways - PCB - Component 1 - Feasibility Study (Russia) Timo Seppälä, Niklas Johansson, Waste EG, Ulf Bojö, Alexander Boldurev, FM
PSI 04/17	Dudinka Municipal Solid Waste - Arctic (Russia) Timo Seppälä, EG Chair Representative from EIPC will be nominated soon Marina Subdina, REA Annukka Valkeapää, FM representative Other members to be nominated later P2 Inventory of Uses of POPs and Mercury ()

3-Pending

PSI 01/17	BAT in the Arctic (Russia) To be appointed
PSI xx/19	Community-Based BC-Health Assessment (Phase 2) (Circumpolar) To be established. Kari Hämekoski, Henrik G Forsström, FM.

INSERT HERE STATUS INFORMATION