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The Northern Dimension Environmental Partnership (NDEP)

The Northern Dimension Environmental Partnership (NDEP), was created in March 2001 by the IFIs active in the Northern Dimension Area: European Bank for Reconstruction and Development (EBRD), Nordic Investment Bank (NIB), Nordic Environmental Finance Corporation (NEFCO), European Investment Bank (EIB) and World Bank. EIB joined the NDEP, when their mandate was extended to environmental loans in Russia.

The NDEP's main objectives are to promote and finance environmental investments and projects for the management of spent nuclear fuel (SNF) and radioactive waste. The main environmental threats concern the Baltic and the Barents Sea, the quality of drinking water, air pollution and radioactive waste. **The initial focus of the NDEP action will concentrate on municipal services concerning water, sewage, district heating and waste management.**

The main features of NDEP

- Focus on North-western Russia with special efforts towards Kaliningrad;
- Strong Russian involvement and ownership;
- Special focus on nuclear waste in Northwest of Russia;
- Co-ordination of IFI resources through a Steering Group and assigned project leadership;
- An integrated, long-term programme approach involving investments as well as promotion of awareness, environmental standards and sector reform;
- Mobilisation of resources for grant co-financing of key investments through the NDEP Support Fund.

There are two main pillars of the NDEP: 1) an organisational structure with the Steering Group and the Assembly of Contributors, 2) a funding mechanism, the Support Fund and the Manager at EBRD.

The Steering Group will co-ordinate the work of addressing the region's environmental problems, including as regards nuclear waste. It consists of the European Commission, the Russian Federation and the IFIs active in Northwest Russia. The Steering Group has so far identified 12 potential environmental projects with an estimated aggregated investment cost of about €1.3 billion as well as 16 nuclear waste management projects with an estimated total cost exceeding €500 million. The portfolio covers water, solid waste, energy efficiency and nuclear waste. The Chair of the Steering Group will rotate on annual basis among the IFIs, presently EBRD is holding the chairmanship.

The Assembly of Contributors is the governing body of the NDEP Fund. It will decide ultimately on grants in the financing of projects as well as monitor and review regularly the progress of the project development. The biggest contributor- EU- will initially chair the Assembly's 1st session on 15, November, 2002.

The NDEP Support Fund will catalyse environmental investments by mobilising grant co-financing for leveraging loans from the IFIs. The grant funds will have a multiplying effect on environmental investment in the area as they will make possible larger IFI loans that will finance the major share of the investments. The NDEP Support Fund will have two windows, one for nuclear safety and one for environmental projects. The Board of Directors of the EBRD approved the rules on 11 December 2001. The Fund has become operative with contributions from Denmark, Finland, the Netherlands, Norway, Sweden, the Russian Federation and the EU, totalling €10 million. Contributions have been earmarked partly for each window. The Fund will be managed by the EBRD.

An inaugural pledging conference for the Support Fund took place in July 2002 in Brussels. The conference brought together all potential donors to the NDEP Support Fund. It was co-chaired by the President of the European Bank for Reconstruction and Development, Jean Lemierre, European External Affairs Commissioner Chris Patten and the Deputy Prime Minister and Minister of Finance of the Russian Federation, Alexei Kudrin.

The Steering Group met on 20 September 2002 and prepared an initial list of proposals to the Assembly of Contributors of the Fund, which will decide on 15, November, 2002, on a consensus basis, the first allocations of grant funds to specific projects. The Steering Group will work closely with the Assembly to oversee the implementation of projects, with the lead of each individual project to be allocated to one of the IFIs concerned.

The following projects are on the list for **NDEP priority environmental investments** in Russia

- **EBRD as the lead IFI**
- Arkhangelsk Municipal Water Services Project;
- Komi Municipal Water Services Project;
- Kaliningrad District Heating Rehabilitation Project;
- St Petersburg District Heating Project;
- St Petersburg Northern Incinerator;
- St Petersburg Flood Protection Barrier (in co-operation with the Nordic Investment Bank)
- **NIB as the lead IFI**
- Murmansk District Heating Project
- Novgorod Cross Municipal Rehabilitation Project
- Leningrad Oblast Municipal Environment Investment Programme
- St Petersburg South-western Wastewater Treatment Plant
- St Petersburg Direct Wastewater Discharge Closing Project
- Kaliningrad Solid Waste Management Project

The project development of the **nuclear clean-up projects** is depending on ratification by Russia of the MNEPR 'Multilateral Nuclear Environmental Programme in the Russian Federation'. Primary projects include

- Andreeva Bay; Infrastructure reestablishment including Building 5, Removal of SNF and radioactive waste
- Removal of SNF from vessels Lapse and Lotta
- Interim storage facilities for SNF and radioactive waste
- Repository at Novaya Zemlya
- Retrieval and conditioning of the waste at Murmansk RADON facility
- Reactor compartment store at Saida Bay