



Barents Euro-Arctic Council

# REPORT TO THE MEETING OF THE BARENTS ENVIRONMENT MINISTERS IN ROVANIEMI

OCTOBER 2005

## FROM THE WORKING GROUP ON ENVIRONMENT

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### 1. Introduction

The environmental work of the Barents Euro-Arctic Council (BEAC) started officially in Bodø, Norway, in 1994, approximately a year after the establishment of the Barents Euro-Arctic Council. That was also when the Environment Ministers of the Barents Euro-Arctic Council held their first meeting. After that, meetings of the Environment Ministers have been organized in Rovaniemi, Finland, in 1995, in St. Petersburg, Russia, in 1997, in Umeå, Sweden, in 1999, in Kirkenes, Norway, in 2001, and in Luleå, Sweden, in 2003.

The Sixth Meeting of the BEAC Environment Ministers was held in Luleå on 28 August 2003. The Environment Ministers gave guidance for further work in the fields of industrial pollution, cleaner production, nature protection and conservation of biodiversity, sustainable forestry, climate change and renewable energy, and for regional and local actions.

At the **Sixth Meeting of the Environment Ministers of the Barents Euro-Arctic Council (BEAC)** in Luleå, Sweden, on 28 August 2003, the Ministers adopted a Declaration, endorsed the report from the BEAC Working Group on Environment (WGE) and gave a renewed mandate to the WGE. During its chairmanship in 2001–2003, Sweden produced a "Report on Ministerial exchange of views on the future of the Barents Euro-Arctic region". These documents and the previous Action Programme of the Swedish chairmanship guided the preparation of the Action Programme and the work of the WGE during the Finnish chairmanship in 2003–2005. The commitments of the Joint Communiqué adopted by the Foreign Ministers at the 9<sup>th</sup> Session of the Barents Euro-Arctic Council and the Declaration of the Barents Euro-Arctic 10-year Anniversary adopted by the Prime Ministers were also taken into account.

#### 1.1. Working Group on Environment

In Bodø, in 1994, the Environmental Task Force (from 1999 onwards the Working Group on Environment or WGE) was established to advise the Barents Euro-Arctic Council on objectives, priorities and actions for environmental cooperation in the Barents Region. The purpose of the WGE is to develop and carry out the environmental work under the BEAC. The Ministers of the Environment

gave a mandate to the WGE, and the group was requested to present reports of its work to the Ministers.

The WGE meets 1–3 times per year between the meetings of the Environment Ministers. The chairmanship of the WGE rotates in two-year periods between Finland, Norway, Sweden and Russia. Finland assumed the chairmanship of the Working Group on Environment (WGE) from Sweden at the Sixth Ministerial meeting in Luleå in 2003. Russia is prepared to take over the chairmanship for 2005–2007.

Five meetings have been held under the Finnish Chairmanship, in Vuokatti in March 2004, in Helsinki in September 2004, in Oulu in January 2005, in St. Petersburg in May 2005 and in Helsinki in August 2005. A joint meeting with the Barents Regional Working Group on Environment was held in Vuokatti in March 2004.

At the first WGE meeting in Vuokatti in March 2004 the Action Programme of the Finnish Chairmanship 2003–2005 was adopted. The Action Programme defines actions on three priority areas – cleaner production, NEFCO/AMAP hot spots, and the conservation of biological diversity and sustainable forestry. Other continuing fields of activity are: cooperation on water issues, follow-up to and monitoring of the environmental impacts of the modernisation of Pechenga Nickel Smelting Combine, and oil- and gas-related environmental issues. In addition, cooperation with the Regional Working Group on Environment, for example, on the Barents 2010 project, Local Agenda 21 and ecotourism are highlighted. The priority areas were followed up and discussed at every WGE meeting. In addition, the special theme for the second meeting in Helsinki in September 2004 was water issues and the theme for the third meeting in Oulu in January 2005 was oil- and gas-related environmental issues.

## **2. Priority actions**

### **2.1. Cleaner Production**

The Cleaner Production Task Force (CPTF) was established in 2002 to produce a Policy Document, including an Action Plan on Cleaner Production in a Life Cycle Perspective. This document was adopted at the Sixth Meeting of the Barents Environment Ministers in 2003. The task of the CPTF is to develop and follow the implementation of the Cleaner Production Strategy and Action. The time period for this work is same as the Finnish Chairmanship of the Working Group on Environment, 2003–2005.

In December 2004 an International Conference "Cleaner Production as a Contribution to Sustainable Development" was held in Moscow. The Conference was held under the aegis of the Ministry of Natural Resources of the Russian Federation in connection to the 10<sup>th</sup> anniversary of the Russian–Norwegian Cleaner Production Programme. There were more than 150 participants from Russia, Norway, Finland, Sweden, the United States, Bangladesh, CIS countries, UNEP and the European Union. A proposal was made to arrange this kind of conference every other year. The meeting material, including the recommendations, is available on the Internet (<http://www.ruscp.ru/>).

The Cleaner Production Task Force has held four meetings during the Finnish Chairmanship period: in Vuokatti in March 2004, in Oulu in January 2005, in St. Petersburg in May 2005 and in Helsinki in August 2005. In order to promote the actions of the Action Plan on Cleaner Production each country has developed national action plans. Countries have also reported on how they have progressed in carrying out their national plans. Norway has, for instance, supported training of personnel at installations in the Russian Barents Region through the Russian–Norwegian Cleaner Produc-

tion Centre. Sweden will develop training for universities, businesses and agencies and legislation projects. Finland has implemented projects in the Russian parts of the Barents Region, for example, on environmental management systems (EMS) in some installations and on developing emission measurements in administration. A joint Nordic project to develop training in Cleaner Production and economic matters at universities in the Barents Region is in progress. However, the number of projects generating new cooperation between the countries has been limited.

Cleaner Production training programmes have been carried out in some of the Barents environmental hot spots. However, it has been difficult to generate other than training programmes in private companies on the basis of bilateral donor funding. On the one hand, some of the wealthiest private companies have used their own resources for environmental investments and to implement cleaner production measures. There has been a certain lack of interest in outside funding or borrowing by the private companies. On the other hand, there are limits to the use of budgetary resources for the benefit of the private sector. At the same time, it seems to be clear that official cooperation and measures are needed to promote the implementation of cleaner production in the private sector.

In addition, it has been proposed that the cooperation should focus on promoting the implementation of ISO environmental and production standards such as ISO 14001 and ISO 9001 at production plants. The European Union's Directive on Integrated Pollution Prevention and Control (IPPC) and the Integrated Product Policy (IPP) are important tools for implementing environmental protection. Amendments to national legislation to meet the cleaner production principles and the promotion of the use of financial instruments have been highlighted. Cooperation to enhance university-level education in cleaner production is important for creating a solid base of expertise in cleaner production in the Barents Region. In addition, the need to direct the cooperation towards more comprehensive sustainable production and consumption approaches has been recognized. The impulse for this comes from the global environmental agenda – following the decisions made at the World Summit on Sustainable Development in Johannesburg in 2002.

## **2.2. Barents environmental hot spots**

In order to identify the most severe environmental pollution problems in the Russian parts of the Barents Region, a report "Proposals for Environmentally Sound Investment Projects in the Russian Part of the Barents Region" was prepared by NEFCO and the AMAP and presented at the 2<sup>nd</sup> Meeting of BEAC Environment Ministers in Rovaniemi (Finland) in 1995. In the report, 22 projects (environmental issues and nuclear safety) were identified. The WGE decided in 2002 to update this hot spots list. The second report "Updating of Environmental 'Hot Spots' List in the Russian Part of the Barents Region" was presented at the Sixth Meeting of the Environment Ministers of the Barents Euro-Arctic Council (BEAC) in Luleå (Sweden), in 2003.

In September 2004, NEFCO prepared a review of the status of hot spot projects. It proposed an outline for a short- to medium-term programme of action. In December 2004, the Governments of Finland, Iceland, Norway and Sweden agreed to set up the Barents Hot Spot Facility (BHSF) as a special ad-hoc financing facility, with a capital of approximately €3 million, targeted at project development. NEFCO has been assigned as Fund Manager for the Facility. The BHSF will provide financing for pre-feasibility and feasibility studies and other preparatory actions. The aim is to determine the priorities of the Russian authorities and project owners in order to identify projects that are viable and eligible for implementation, and to mobilise financing for the investments.

To promote the implementation of the hot spot projects, a set of first priority hot spot projects to be developed towards implementation was agreed jointly with the relevant Russian authorities. During spring 2005, the chair of the Barents Committee of Senior Officials (CSO), the chair of the WGE and NEFCO initiated discussions with federal and regional stakeholders. The first meeting was in

Moscow in February 2005. This was followed by meetings in Arkhangelsk, Murmansk, Petrozavodsk, Syktyvkar and Naryan-Mar (Nenets AO) in April–September 2005.

In autumn 2005 the evaluation and compilation of projects and priorities with the Russian counterparts continued. On the basis of the results of these dialogues, the selection of projects and preparation of Terms of References will be started. The next phases will comprise selection of consultants and studies and project development in preparation for implementation. Approval of allocations was granted for a first batch of hot spot projects and issues at the Donors' Steering Group Meeting on 6 October 2005.

In addition to project preparation and implementation it is important to ensure follow-up for the hot spots, regardless of how the implementation is carried out. For some hot spots, key environmental investments are expected to be made mainly by the owner of the hot spot, but most of the hot spots will require cooperation, including consultation, expertise, adequate financial resources and other promotion in order to start environmental improvements. It also needs to be clarified how the pollution levels and effects of environmental performances could be monitored, and how to define the conditions under which a hot spot is regarded as eliminated.

The WGE and the Arctic Council Action Programme to Eliminate Pollution in the Arctic (ACAP) started cooperation on hot spots. Four meetings have been held between the chairs of the WGE and ACAP. In addition, the WGE chair took part in the ACAP Steering Committee meetings in Helsinki in October 2004 and in Stockholm in March 2005 and the chair of the ACAP took part in the WGE meetings in September 2004, in January 2005, in May 2005 and in August 2005. As a result of this cooperation a hot spot project addressing pesticides in the Arkhangelsk Region has now been successfully completed (Hot spot A 10 of the AMAP/NEFCO report). Other areas for possible cooperation are, for instance, the reduction of dioxin emissions in the Arkhangelsk Region, hazardous waste management, including mercury-containing wastes in Nenets, and the survey and development of proposals for rehabilitation of Franz Josef Land.

### **2.3. Conservation of biological diversity and sustainable forestry**

A common approach to strengthening environmental considerations in forestry cooperation in the Barents Region was presented at the Sixth Meeting of the Barents Environment Ministers in 2003. The cooperation and actions in the field of nature conservation and sustainable forestry have been planned in accordance with this document.

In 1999 the International Contact Forum on the Habitat Contact Forum (HCF) was established to coordinate the cooperation efforts in the field of nature conservation. The third meeting of the HCF was held in Kuhmo (Finland) in November 2003. The main goal of the meeting was to discuss nature conservation issues and to develop concepts and strategies promoting further research and protection of different habitats. The focus was on developing the network of protected areas in Northwest Russia, the cooperation between the twin parks along the Finnish–Russian border and the tri-lateral park in Pasvik-Enare.

The fourth HCF meeting took place in Syktyvkar (Republic of Komi, Russia) in September 2005. The main focus of the meeting was on the protection and monitoring of old-growth boreal forests, the development of a representative protected areas network, monitoring and conservation strategies, marine protection, and the role of indigenous and local peoples. Protecting old-growth forests and mires and guaranteeing the functionality of existing protected areas are great challenges. Nature in Northwest Russia faces considerable threats, such as, uncontrolled forestry activities, mining activities and the use of existing oil and gas fields and the construction of new oil and gas fields. Marine habitats are under increasing pressure from industrial and transport activities. It is important

to inform local inhabitants of the problems and get them involved in the conservation work to raise environmental awareness among the population.

In addition, the WGE has followed some nature conservation and forest projects that are being carried out at the bilateral level and/or under the Barents cooperation. The Norwegian–Russian cooperation is aimed at the protection of cultural monuments, at nature conservation in Kenozero National Park and at the traditional cultural heritage in Terski Rayon. The project "Gap analysis – a comprehensive assessment of the representativeness of and gaps in the protected areas network in Northwest Russia" has been launched within the framework of Finnish–Russian cooperation in the field of nature conservation. The Green Belt of Fennoscandia is meant to incorporate the current and planned protected areas on both sides of the Finnish–Russian border.

The Barents Forest Sector Task Force has promoted a Northern European Model Forest Network. The proposed network consists of six model forests of which three belong to the Barents Region (Wilhelmina-Sweden, Rovaniemi-Finland and Kovdozersky-Murmansk). The model forest concept includes a very wide range of issues, most of them linked to production. The WGE proposes including more environmental and socio-cultural aspects in the concept. In addition to the FSTF model forest process, the Silver Taiga Foundation (Republic of Komi), financed by the Swiss Agency for Development and Cooperation (SIDA), carried out the Komi Model Forest Project during 1996–2006. The project covers 800 000 hectares of forest area.

### **3. Other fields of activity**

#### **3.1. Cooperation in water issues**

Clean drinking water is a serious health question for the local people in many parts of the Barents Region in Russia. The drinking water is mostly taken from the surface waters, which are in many places heavily polluted by industrial and municipal waste waters. The major means for reducing the negative health effects resulting from the use of contaminated drinking water are to decrease industrial discharges and agricultural pollution, improve the municipal waste water management, and use ground water instead of surface water bodies for the raw water supply wherever possible.

Many of the problems in the drinking water supply are connected to the capacity of the local administration to control the quality of water and to the management of the municipal utilities. The role of the private sector is an important question for the future development of water and waste water management. There is a clear and urgent need for training and capacity building connected to local water management and for enhancing the capacity of the local administration to enforce the regulations.

In September 2004 the WGE held a theme discussion on water issues. At that meeting, information was shared about policy on the use and conservation of the water resources in Russia, about the internationally financed water projects in the Russian Barents Region and about the bilateral water cooperation projects. In addition, it was agreed to produce a paper on the possibilities of and obstacles to implementing (incl. financing) the water-related projects in the Barents Region.

The report includes examples of successful solutions and proposals for appropriate smaller scale demonstration projects at the regional level. According to the report, the main critical aspects are the financial capacity of the project owner, regional and federal political priorities and the capacity of local institutions. Only local financing supported by the regional and federal budgets, including tariff policies which also consider future investments, is able to improve the sector in a sustainable manner. Most of the projects carried out in the Barents Region have had serious problems in the

implementation process; however, for most of these the problems have been solved and approaches or solutions have been developed that others can apply in similar situations. There are examples of successful projects that could be developed further and/or implemented in other regions, such as the Kola River Environment Programme (promotion of Water User Associations), cooperation between the laboratories, demonstration projects of economical and small waste water systems, and cooperation on water basin management, especially in connection to the transboundary waters. In addition, the use of ground water for drinking water supply needs to be supported and demonstration projects of economical and small waste water systems are needed. Major improvements in water supply and waste water treatment are assumed to be covered under the hot spot process.

The EBRD, World Bank, NIB, NEFCO, NEDP, and EU have financed or have tried to finance water and environmental projects during the past ten years. The experience has been mixed. Only a few projects have proceeded to implementation, mostly due to the lack of commitment at the federal and/or local level. In addition, there are bilateral cooperation projects, which have been supported by neighbouring countries. Although they might not have resulted in major reforms or improvements in the level of service, they have been important tools to maintain dialogue and the transfer of know-how between the organizations and experts in the Barents Region.

### **3.2. Follow-up to and monitoring of the environmental impacts of the modernization of the Petchenga Nickel Smelting Combine**

The main threat to aquatic and terrestrial environments in the joint Finnish, Norwegian and Russian border area is the neighbouring Petchenga Nickel industrial complex, located on the Kola Peninsula in NW Russia. Emissions from the complex comprise extremely high levels of SO<sub>2</sub>, dust and a wide range of toxic heavy metals, primarily copper and nickel.

The modernization of Petchenga Nickel started in 2001 with external financing from the NIB, Norway and Sweden. The project, including the testing period of approximately two years, is scheduled to be finished in 2008. The total emissions of sulphur dioxide (SO<sub>2</sub>) and dust containing heavy metals will be reduced by approximately 90%. These measures will potentially result in considerable changes in the state of the environment.

In 2003 a project "Development and implementation of an environmental monitoring and assessment programme in the joint Finnish, Norwegian and Russian border area" was started. The EU Interreg IIIA Kolarctic Programme, the Nordic Council of Ministers, Finland, Norway and Russia fund it and the Lapland Regional Environment Centre leads the project in cooperation with the Office of the Finnmark County Governor and Gydromet in Murmansk. The long-term objective of the project is to ensure that the monitoring data covering the state of the environment in the region are reliable, comparable and available to local people, environmental experts and authorities across the national borders. The project will provide data to the AMAP. Harmonised monitoring data will be of use in promoting monitoring and research on the recovery capacity of arctic and sub-arctic ecosystems following the modernization of the Petchenga Nickel Complex. The implementation of the project has become complicated because of the insufficient availability of emission data from Petchenga Nickel. The project will end in 2006.

### **3.3. Cooperation on oil- and gas-related environmental issues**

During the past years, the volume of oil and gas production has increased significantly in the Russian parts of the Barents Region, and the scenarios for the future show the trend continuing to increase. In addition, there have been changes in the transport networks and a dramatic increase in oil transportation in the Barents Sea and the Gulf of Finland.

Accordingly, the discussion on the environmental impacts of this development has intensified. The growing volumes of production and transportation of oil and gas will increase the risk of accidental oil spills and may pose severe threats to the environment, as well as to traditional means of livelihood, if these activities are not planned, implemented, regulated and monitored with proper regard for the environment. Thus, the protection of the marine environment is becoming increasingly important.

The Working Group on Environment held a special discussion on oil- and gas-related environmental issues at its meeting in January 2005. The issues below were introduced and discussed.

The Arctic Council is preparing an Arctic Council Assessment on Oil and Gas Activities in the Arctic. The AMAP is coordinating this work and will present its report at the next Arctic Council Ministerial Meeting in 2006. The findings of this report will also have significant implications for the Barents cooperation.

The large-scale civil-military exercise *Barents Rescue 2005* was successfully held in Finnmark in September 2005. The results will contribute to improving coordination and cooperation in addressing environmental emergencies at sea, combining rescue and environmental clean up.

In the bilateral environmental cooperation between Norway and Russia, the cooperation on marine issues was strengthened in 2005 by the establishment of a separate working group, led at the ministerial level, for the protection of the marine environment. The main fields of cooperation are strengthening the knowledge basis for management of the Barents Sea, environmental monitoring and environmental data, protection and management of ecosystems, and regulations and pollution control, related to the marine environment. The bilateral cooperation also covers emergencies and preparedness, as well as energy issues

International cooperation on maritime environmental safety in the Gulf of Finland and the Baltic Sea is developing and expanding significantly as a result of the rapidly increasing volumes of oil transportation. GOFREP – a mandatory ship reporting system – was established in the Gulf of Finland in 2003. This system reduces the risks of accidents by 80%. Additionally, HELCOM has adopted new recommendations related to maritime safety, for example, on the safety of winter navigation in the Baltic Sea area. There are many linkages between the Baltic Sea and the Barents Sea concerning oil transportation issues, for instance, increasing volumes, similarities in the climate conditions, the need to develop oil-combating capacity and early warning systems.

The development of the oil and gas sector in the Barents Region is a cross-sectoral issue with serious environmental implications. This issue has connections to the Committee of Senior Officials, the Energy Working Group, the WGE and the Working Group on the Northern Sea Route. The Barents Industrial Partnership is also an important forum for connecting environmental issues to the economic cooperation agenda. Expert discussion and exchanges of information would be needed under the Barents cooperation and with the Arctic Council and Baltic Sea cooperation fora. (The use of the Arctic guidelines (e.g. by PAME) and the Arctic Environmental Impact Assessment should be promoted.)

#### **4. Cooperation with the Regional Working Group on Environment and local actions**

There has been one joint meeting with the RWGE, in March 2003. In addition, the chairs of the WGE and RWGE have participated in each other's meetings. Future forms for cooperation are under discussion. It has been proposed to have back-to-back meetings more often in order to create more synergies between the groups and to reduce the number of meetings, especially meetings of the regional representatives. Some of the main benefits of increased synergy are the following:

- to guarantee the national back-up for the work of the RWGE
- to identify needs and generate smaller scale projects by the RWGE, which should be coordinated, promoted and screened at the national level, and sources for financing should be found
- to tackle obstacles to project implementation
- to have access to the knowledge and expertise of the regional level experts on local problems and solutions to the problems

The Barents 2010 project has been the main activity of the RWGE. The environmental components of the Barents 2010 programme are water quality and biodiversity. The first phase of this project will be over at the end of 2005 and will include a general overview of water quality and biodiversity in the Barents Region. The WGE has been following especially the water and biodiversity cooperation projects at the local level. In addition to the Barents 2010 project, ecotourism and local agenda 21 have been on the agenda of the RWGE.

## **5. Cooperation with other BEAC working groups and regional councils**

The chair of the CSO has participated in the negotiations with the Russian federal and regional authorities on hot spot priorities (see above 2.2.). The CSO has provided important support to the creation of the Barents Hot Spot Facility and to the promotion of the hot spot process in general. In addition, the CSO and WGE have cooperated closely in identifying the implications of the ACIA recommendations for the Barents Region.

The WGE has followed the work of the FSTF in the development of the model forest concept (see above 2.3) and has promoted discussion on environmental considerations in forestry with the FSTF.

The cooperation with some of the Arctic Council's working groups has been very active. The main issue has been cooperation on hot spots with the ACAP and AMAP (see above 2.2.). In addition, the WGE has started to identify the possibilities for promoting the recommendations of the Arctic Climate Impact Assessment (ACIA) in the Barents Region and has promoted the interlinkages with the work of the Assessment on Oil and Gas Activities in the Arctic (see above 3.3.).

## **6. Cooperation with the EU**

At its meetings, the WGE actively followed the EU issues related to the Barents Region. Especially the development of the EU–Russia relations and the EU's new financing instruments have been on the agenda of the WGE meetings. The Commission has been absent at the meetings of the WGE.

The road map for four Common Spaces between the EU and Russia was adopted at the EU–Russia Summit on 10 May 2005. The environmental issues are under the Common Economic Space (CES) and this space defines the agenda for future EU-Russia environmental cooperation. There are also connections to environmental issues in other chapters, for example, under energy and transport. There are many connections to the Barents environmental cooperation.

The regional councils will have a very important role to play in the future development of the Northern Dimension. The Northern Dimension will be focused more on EU–Russia relations after the enlargement of the EU. The second ND Action Programme could have been more successful. It is important that the future development of the ND will be carried out in full acceptance by Russia. The European Neighbourhood and Partnership Instrument from 2007 will be an important financing mechanism to support the projects, which are connected to the four Common Spaces and the Northern Dimension.



## **7. Information and follow-up**

Finland has established and maintained a web site for the Barents environmental cooperation. The web site has been a practical tool for providing information about the work of the WGE and RWGE and for exchanging information between the working group members. It has also been used to provide general information about the environment in the Barents Region.

During the Finnish chairmanship period an anniversary publication of 10 years of environmental cooperation has been produced. The aim of the publication is to provide a review of the environmental cooperation within the BEAC and to assess the results of the cooperation.