



**BARENTS EURO-ARCTIC
COUNCIL
WORKING GROUP ON
ENVIRONMENT
Russian chairmanship 2014-2015**

Minutes

Meeting on efforts to exclude objects from the list of Barents hot spots in the Republic of Karelia

With the participation of the Regional Barents Hot Spot Exclusion Group of the Republic of Karelia, the Subgroups on Hot Spot Exclusion and Cleaner Production and Environmentally Sustainable Consumption of the Barents Euro-Arctic Council's Working Group on Environment and financial institutions (NDEP, NEFCO)

8th April 2014

Petrozavodsk, Republic of Karelia

Venue: Hotel Park Inn (hall Pietari)

1. Opening of the Meeting

The Meeting was opened on the scheduled time.
For the Full List of participants see Attachment 1.

2. Adoption of the Agenda

The Agenda was adopted. Maria Dronova was appointed as the Chair of the meeting and Ivan Popov and Ruslan Butovskiy as Secretaries.

3. Opening words

Ms. Dronova – BEAC WGE Chair and Adviser at the Russian Ministry of Natural Resources and Environment – opened the meeting. She stressed that this first meeting on Hot Spots under the Russian chairmanship of BEAC WGE has been organized in a new format – SHE meets with the Regional Working Group on Hot Spots Exclusion of the Republic of Karelia together with the BEAC WGE Subgroup on Clean Production and Environmentally Sound Consumption and international financial organizations. The selected format is aimed at promoting the HS exclusion process, in particular, in such an important area in the Barents as the Republic of Karelia. Ms. Dronova stated that, during last 6 years and in particular, during Swedish and Finnish Chairmanships (since 2010) a certain progress was achieved:

- The methodology of exclusion (Exclusion Procedure) has been developed and proved;
- 6 out of 42 hot spots were excluded from the List using Fast Track mechanism;
- The new assessment of the Barents hot spot List has been completed and the results were published and distributed;

- Almost all HSs have passed Step 2 of the exclusion procedure called S&A (Screening and Analysis);
- The HEGs (regional hot spot exclusion groups) were strengthened and started to play an important role in the HS exclusion process;
- All possible stakeholders (Rosprirodnadzor, executive bodies, HS owners etc.) are involved in the exclusion process;

This results in a complete understanding of the current situation with the environmental hot spots in the Barents region.

The priorities of the Russian Chairmanship are to:

- enhance focus on practical activities – concrete and effective investment projects which have to be implemented with the engagement of the relevant stakeholders;
- continue and strengthen the process of exclusion using the developed methodology and taking into consideration the new assessment report of the Barents HS List;
- identify the most important objects
- extend cooperation with available financial institutions (like NEFCO or Northern Dimension Environmental Partnership);
- promote the Long Track Exclusion mechanism (through Step 3) instead of Fast Track;
- apply a cluster (hub) approach in HS exclusion if found relevant

Next SHE meeting will take place in Stockholm during week 22. The meeting Agenda will be developed soon and distributed for consideration.

Mr. Victor Chikaliuk (Minister of Ecology of the Republic of Karelia) welcomed all participants and stressed the importance of exclusion of HSs from the List. In 2011 and 2013, Karelia excluded two hot spots from the Barents List (K1 – Kondopoga PPM with conversion to natural gas, reduction of air emission of contaminants and K10 – Stocks of obsolete pesticides). All HSs have passed Step 2 (S&A) and some new hot spots are ready for exclusion on a short-term perspective (K4 – Drinking water quality in water supply system of Petrozavodsk and K7 – HPP burning fuel oil and coal in the Republic of Karelia). Most important is to know that most hot spots have introduced modern equipment and definitely improved the environmental parameters. Important factors, which may stimulate the HS exclusion are, for example: providing natural gas for the energy supply of the area (from Vologda to Segezha) and development of the Federal Law for protection of the Ladoga and Onega Lakes.

4. Situation with the hot spots in Karelia

Mr. Victor Valdaev (Head of Ecology Department, Ministry of Ecology of the Republic of Karelia) presented information on the status of environmental protection in the Republic. The Republican program “Environmental protection in the Republic of Karelia for 2012-2014” is under implementation and has produced yearly reports on the state of the environment in Karelia. The main sources of industrial air and water pollution in the region are the mining industry and the pulp and paper mills. He briefly described the situation with the Karelian hot spots, and mentioned that two more hot spots should be ready for exclusion. Some improvements that have taken place at the hot spots are: conversion of the boilers at Kondopoga pulp and paper mill to use natural gas as a fuel (hot spot K1, excluded from the list), conversion of boilers to biofuels in Suojärvi and Olonets heat and power plants, water supply and wastewater treatment projects in Petrozavodsk.

Decisions:

The Ministry for use of natural resources and ecology of Republic of Karelia should prepare and submit to MNRE RF the materials on the hotspots K4 and K7 as soon as possible.

Mr. Oleg Sheinovskiy (Acting Head of Rosprirodnadzor of the Republic of Karelia) made a review of the Karelian HSs. He supported the proposal of the Ministry for use of natural resources and ecology of Republic of Karelia to exclude HS K4 (Drinking water quality in water supply system of Petrozavodsk) and K7 (HPPs burning fuel oil and coal in the Republic of Karelia) from the List. In addition, Mr. Sheinovskiy suggested to eliminate HS K3-1 (Drinking water supply in Louhi settlement of the Republic of Karelia). In most of other hot spots, more environmental activities would still have to be implemented. In Nadvoitsy, major investments have been launched for the reduction of air emissions and already 55 % reduction in the air emissions have been experienced. After completion of the improvements, exclusion from the list should be possible.

Decisions:

Rosprirodnadzor of the Republic of Karelia was requested to submit to the Ministry of Natural Resources and Environment RF the additional information on the most urgent or topical problems, which were not included in the Barents List, but which require study and solutions in the Republic of Karelia.

Mr. Åke Mikaelsson (Programme Coordinator, Swedish EPA) presented the 8-step HS Exclusion Procedure from the Barents List to the participants. He stated that the hot spot exclusion work now has made sufficient achievements and completed Step 2 for almost all of the hot spots, and that the Screening & Analysis reports produced thereby make a very good platform for overview of the situation and further work individual hot spots. SHE plans to continue to use this proven mechanism for HS exclusion but it is now time promoting the Long Track procedure instead of Fast Track and it is therefore important to start implementing Step 3 of the HSE Procedure. Mr Mikaelsson also described that the LT procedure sets the key conditions for the development and implementation of the Action Plan, including possible financial support, and gives the opportunity to apply BAT and BEP at those hot spots where it could be regarded relevant and thus step by step promoting more economic operation and enhanced environmental performance. It was noted, that the compliance with the Russian legislation is the key criterion for the exclusion of a hot spot. The possibility to introduce BAT (Best Available Techniques) and BEP (Best Environmental Practices) is important as an additional tool supporting and strengthening the environmental measures and activities undertaken by the enterprises. Finally, Mr Mikaelsson stressed that the HEGs – in close coordination with the Ministry of Natural Resources and Environment – may appoint some hot spots that they deem relevant to be pilot facilities for implementation of the planned introduction of BAT and BEP in Russian legislation. It was noted that, in case the projects are implemented with international finances, the achieved environmental performance will have to comply with the international criteria.

Mr. Henrik G Forsström presented NEFCO's activities and potential contribution as regards to environmental projects that may promote hot spot exclusion. In fact, all 42 HS need their own 42 exclusion mechanisms also in financial terms. The process should be supported at federal and regional levels. He listed several funding opportunities for the regions and other stakeholders, such as the Barents Hot Spots Facility (BHSF; 7 mln. €) , the Arctic Council Project Support Instrument (PSI; including 10 mln. € from Russia)

featuring VTB Bank (Vneshtorgbank) as the appointed REA (Russian Executing Agency), and NEFCO's other funds for project financing. He demonstrated several good examples of co-operation between the Karelian Republic and NEFCO, which finally may lead to the exclusion of HS K4 and K7 from the List. Other promising areas for co-operation are the participation in the Presidential Programme "Ladoga + Onega" (Great Lakes of Europe); PPP (Public-private partnership), waste water projects, eco-efficient communities and regional partnerships, etc.

Mr. Ewa Manik presented the NDEP (Northern Dimension Environmental Partnership) activities. The instrument has been operational for some 12 years and there are 60 mln. € to be used for new projects by the end of 2017. NDEP is funding primarily the municipalities with combinations of grants and loans under two subprograms: nuclear window and ecological window. Ecological window may include projects on water treatment, solid waste management, energy efficiency etc. In the Barents region, NDEP's NEFCO-led programs for water supply and waste water treatment in Petrozavodsk have proceeded well as has the water programme in Syktyvkar. The water programmes in Murmansk and Arkhangelsk are facing delays and even the possibility of canceling the project as is the solid waste programme in Petrozavodsk. The reason is that the necessary loan guaranties from the responsible bodies of authority have not been obtained. As the financial instruments are crucial for the hot spots process, it was agreed to continue the dialogue in the future work. Ms. Maria Dronova requested NEFCO and NDEP to provide the project proposals on HS projects that can be funded by the abovementioned financial institutions.

Decisions: NEFCO and NDEP, taking in to consideration the materials on S&A of hotspots of the Republic of Karelia and the presentations of the representatives of the Ministry for use of natural resources and ecology of Republic of Karelia, Rosprirodnadzor and hotspots owners, should submit to MNRE RF the project proposals on concrete hot spots of the Republic of Karelia, which can be funded by the abovementioned institutes.

The special presentations were done by Karelian side on the situation with the hot spots, K4 (Water supply in Petrozavodsk, proposed for exclusion from the list), K5 (Sewage treatment in Petrozavodsk) and K9 (Waste dumping ground Gorelaya Zemlya in north Petrozavodsk). Ms Natalya Klemesheva from PKS told about the major improvement in the quality of the water supplied and the on-going tenders for the waste water treatment equipment. The reconstruction of the city waste water treatment plant shall be ready in 2016. Mr Sinyakov from Petrozavodskmash told about the results of the monitoring activities (lowering concentrations with seasonal variations) in the territory of the dump and the existing project documentation for the treatment facility for contaminated water that has been proposed to be built.

Ms. Kaisa Vähänen from the Centre for Economic Development, Transport and the Environment for North Ostrobothnia presented the water management challenges in the Oulu river catchment (Finland) and the water supply system of the city of Oulu. The city faces similar challenges than Petrozavodsk with the high content of humic substances in the raw water. The treatment of raw water with high color value requires lots of (ferrous) chemicals and is costly. To further improve the quality of the supplied water and lower the costs, Oulu plans to significantly increase the amount of ground water instead of surface water for water supply purposes.

LIST OF PARTICIPANTS

Meeting on efforts to exclude objects from the list of Barents hot spots in the
Republic of Karelia (Petrozavodsk, 08.04.2014)

<i>From Nordic countries and financial institutions:</i>	
Anne Berteig	Senior Adviser, Norwegian Environment Agency, Norway
Hanne Aronsen	Senior Adviser, Norwegian Environment Agency, Norway
Jan Thompson	Senior Adviser, Ministry of Climate and Environment, Norway
Henna Haapala	Senior Adviser, Ministry for Environmental Protection, Finland
Emma Nurmi	Finnish Environmental Institute (SYKE), Finland
Tuuli Ojala	International Barents Secretariat, Norway
Åke Mikaelsson	Program coordinator, Swedish Environmental Protection Agency (SwEPA)
Nadezda Maslova	Program coordinator, SwEPA
Henrik Forsström	Senior Adviser, NEFCO
Eva Manik	Analyst, EBRD, Northern Dimension Environmental Partnership (NDEP)
Kaisa Vähänen	Head of Department of water supply and canalization, Centre for Economic Development, Ostrobothnia, Finland
<i>From Russian side:</i>	
Dronova Maria	Adviser, Department for international cooperation MNRE RF, WGE BEAC Chair, SHE Chair
Chibisov Sergei	Head of Department of natural resources management NAO, Clean Production Subgroup Chair
Popov Ivan	Deputy Head of Department of use of natural resources Ministry for natural resources and forest-industrial complex of Arkhangelsk oblast, SHE Co-Chair
Butovskiy Ruslan	SHE Consultant, Program Director of Fund for Sustainable Development
Chikaliuk Victor	Minister on use of natural resources and ecology of Republic of Karelia (MNRE RK)

Kolokolnikova Larissa	Chief Specialist of Department of ecology and use of water objects, MNRE RK, Secretary of regional hotspots exclusion group
Ilmast Tatiana	Chief Specialist of Department of ecology and use of water objects, MNRE RK
Valdaev Victor	Head of Department of ecology and use of water objects, MNRE RK
Sheinovskiy Oleg	Acting Head of Rosprirodnadzor of RK
Kutuzova Alexandra	Department of Rosprirodnadzor RK
Komarov Alexey	Director on ecology and quality, Department NAZ-SUAL, Nadvoitzy
Sinyakov Dmitri	Head of Department of labor protection and industrial safety, OAO "Petrozavodskmash"
Gorbunova Valentina	Head of PTO ZAO "Karelvodokanal", Sortavala
Kondrashova Galina	Head of Department, Ministry of construction, ZKH and Energetics RK
Shukina Irina	Department of Rospotrebnadzor RK
Markov Victor	NEFCO coordinator on hotspots in Karelia Republic
Klemesheva Natalia	Director on investments and development, OAO «PKS»
Androsova Zanetta	Head of department of public communications, OAO «PKS»
Prahkova Anna	Representative of indigenous people in BEAC
Tsygankov Yan	Director, Russian Centre for Clean Production