



YMPÄRISTÖMINISTERIÖ  
MILJÖMINISTERIET  
MINISTRY OF THE ENVIRONMENT

Helsinki, October, 2004

**Barents Euro-Arctic Council,  
Meeting of the Working Group on Environment (WGE)**

**Discussion on Water cooperation  
14 September, 2004  
Helsinki, Finland**

**ANNEX TO THE MINUTES OF THE WGE MEETING - DRAFT**

## **1 Presentation on water policies and water resources management in Russia**

Mr Sergey Koskin from the Federal Agency of the Water Resources introduced the policy on the use and conservation of the water resources in Russia. He informed about the strategic goals and the principles of the national water policy and the main socio-economic and ecological problems, which are addressed at the water use policy planning. He gave basic data about the state of the water resources, water management, waste waters and flood risks. The most polluted rivers of Russia are located in the European part and in the Urals. The water pollution has been decreasing in general terms, but the water ecosystems have not been recovering at the same rate.

The National Program on the Development of the water management sector in Russia has been prepared. It includes the main lines on the development of the water management sector up to 2015 (adopted in 2003) and the action plan (adopted in 2004). The National Program "Waters of the Russia – XXI Century" is under preparation. There will be a new version of the Water Codex probably in December 2004. The ownership of the water resources is federal and the administration is based on the catchment areas.

Mr Koskin also informed about the ongoing reorganization of the environmental administration in Russia.

## **2 Presentation of the projects funded by the international financial institutions in the Russian Barents regions**

Mr Jaakko Henttonen introduced the projects funded by the international financial institutions in the Russian Barents regions. The Northern Dimension Environmental Partnership Fund addresses 13 environmental project and ca 20 nuclear project in North-West Russia. The fund consists of grants from the members (€ 10 million/country) and EU (€ 50 million) and loans from the banks (EBRD, NIB and EIB). On the environmental window the most advanced project is the St Petersburg Southwest Wastewater Treatment Plant. The municipal water projects in Arkhangelsk and Komi are aimed at provision of safe drinking water and cutting down the discharges into rivers. (More information about NDEP: <http://www.ndep.org>)

The World Bank municipal water program was launched in 1996, and last year investments have been started. Up to now \$ 20 million has been committed (original budget \$ 124 million). From the

Barents region Petshora (in Komi) was included in the program (loan \$ 5 million). The towns in Murmansk and Karelia did not qualify to borrow due to non-existing local guarantees.

The EBRD is the lead-financier for the NDEP municipal water projects in Arkhangelsk and Komi. The EBRD will finance local projects based on initiatives and mutual agreements with the local administration. The eventual loan is granted directly to the owner, eg. Vodokanals on the base of the local guarantee.

The NIB has not yet implemented projects at the municipal level. The main project connected to environment in the Barents region is the modernization of the Petchenga Nickel smelter. NEFCO is supporting project preparation in several cities in the Barents region. The financing capacity of the owners is often insufficient for major investments.

There are many ongoing direct bilateral donor activities. Donor funds are necessary services for project preparation, and the donor countries have important know-how e.g. on solid waste and waste water management, as well as drinking water improvement.

Mr Henttonen introduced some "lessons learned" from the internationally financed water projects.

- the client has to be very close to the user
- the financing structure of the project has to be approved mutually and it should be included in the budget of the Regions early enough.
- in addition to the municipal administration, it is important to discuss about the projects with the financial administrations of any given Region as well as Federal Ministry of Finance
- administrative and legislative changes complicate the project approval and implementation

Barents region is well known in international financing, but much depends on regional and local authorities. The work of the WGE is very important in this respect.

### **3 Presentation of the regional water projects and initiatives**

Mr Jari Pasanen from the Lapland Regional Environment Centre (LREC) introduced the water component of the Barents 2010 project including both drinking water and surface water. The aim is to prepare the strategy and action plan on the water issues. The preparation of the strategy was started in Svanhovd workshop in last summer and the action program of Regional Working Group on Environment will be updated this year. A description of the state of the waters will be prepared in every Barents region. There will be a meeting with the industrial group at the end of this year, as well as a reference group meeting. (More information about Barents 2010: <http://www.barents2010.net>)

Mr Pasanen presented the LREC's laboratory cooperation in Northwest Russia. This is a long-term cooperation has started in 1989 in Murmansk aiming at even up the differences in methods of the laboratories. Now laboratories in Arkhangelsk and Komi are also included. The aim of the project is to support the inter-regional collaboration in the environmental sector. The long-term objective of the project is to ensure that the monitoring information depicting the state of the environment in the areas adjacent to Finland are reliable, comparable and available to experts on both sides of the border.

Mr Tero Väisänen from the North Ostrobothnia Regional Environment Centre presented the cooperation on the water pollution control and monitoring procedures in River Kola. This Kola Water Quality project is funded (€ 1.4 million) by EU INCO Copernicus II program and it will end this year. The aim of the project is to map the pollution sources in detail and make guidelines for an adequate, cost effective monitoring, taking into consideration EU water directives. During the project the test artificial wetland technology for purifying waste water is tested for the first time under Arctic conditions. This test has been carried out in the Shonguin village and the results have been promising.

## 4 Discussion of the WGE activities on water issues

The discussion was moderated by Mr Jaakko Henttonen. He noted that there are many positive prerequisites for the cooperation. There is a lot of information available and a common understanding on the problems has been formed. This creates a good base for any investment. He asked the participants to comment the discussion paper (annex 1) and to propose on how to proceed with the water projects in the hot spot list.

### 4.1 Hot spots

It was noted that NEFCO has prepared the review on hot spots, which give possibilities to choose the projects with which to continue at a first stage. It enables also the grouping of the projects e.g. under the water theme. It was proposed to concentrate on few urgent issues.

The need to increase cooperation with the Russian Barents regions was emphasized. At the beginning of the hot spot process there was a contact group where the regions were represented. It was noted that it is important to involve the regional governments and administrations, which are responsible for the policy and financial planning and development programs in the regions. For the time being the local administrations have not promoted the environmental projects in the hot spot list. For further prioritization of the hot spots it is important to get the opinion from the Russian Barents regions.

It was proposed to take the experience of the RNCPC's Cleaner Production projects with municipal water services in Karelia and Arkhangelsk. The feasibility studies have been carried out. The most difficult problem is the poor condition of the water pipes. Enormous investments are needed for the reparation of the water pipe network.

The changes in the financing possibilities since the 1995 were taken up. For example the EU financing has been changed dramatically. Exercises should be related to increasing the role of the private sector in Russia. The municipal utilities have many private or semi-private functions.

It was noted by the Russian side that the questions of the tariffs belong to the Ministry of the Economical Development and Trade. The role of the private sector is increasing but this has not necessarily led to improvement in the quality of the services.

The Chair informed about EECCA<sup>1</sup> Component of the EU water initiative, which was launched to support the Plan of Implementation of the World Summit for Sustainable Development. Denmark, together with Russia as a co-chair, has been the lead country. It was noted that it is important to enhance the EU funding in the EECCA region. It is very important to bring the message from the Barents region to EU in order to highlight the significance of the Northern regions, while respecting other initiatives, such as the EECCA region.

### 4.2 Discussion paper

It was emphasized from the Russian side that the drinking water questions are very important for the Russians. It was proposed to extend the experience of small and successful projects, such as the Lovozero project in Murmansk. These kind of projects are often the most cost-effective. It is also important to develop the experience of the pilot projects towards comprehensive projects, for example to take the experience of the Kola River projects in relation of the whole Kola Bay and extend the project idea to other regions.

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<sup>1</sup> States of Eastern Europe, Caucasus and Central Asia

It was underlined that the results of the Barents environmental cooperation have to benefit the local people. The big projects are very important, but the people in the local distant villages should also be taken into account. There are possibilities for efficient, small and short projects, which could directly bring improvements in the life of the local people.

The Russian side proposed to prepare a brochure for the Russians about the possibilities, successful examples and interest and ideas for the water cooperation in future. The methods and available possibilities on water resources management, use and protection should to be presented and demonstrated for the companies.

It was proposed to enhance the capacity building issues at the discussion paper. Also it was proposed to carry out pilot projects where the typical problems of project handling could be tackled and take the advantage of the lesson learned in other regions. The difficulties with the permission procedures in ground water use as drinking water in Monchegorsk were taken up.

## 5 Conclusions

The moderator, Mr Henttonen concluded by proposing to develop further the discussion paper. Two steps should be made in a short-term:

1) To increase the awareness on the water projects (and hot spot list) within federal and regional authorities. He proposed that **the secretariat will prepare a message on hot spots, which the member countries could bring up with their discussion with the Russian authorities.**

2) **To prepare a report on the possibilities and obstacles to implement (incl. financing) the water related projects in the Barents region.** This report should include examples of successful solutions and proposals for appropriate smaller scale demonstration projects at the regional level. NEFCO could be a focal point assisting in this report. The draft should be presented at the next meeting.

The Chair concluded that there is a need to continue the theme discussion on water issues and hot spots between the WGE meetings. The secretariat will come back with requests on these proposals and start the preparations for the "water report" with NEFCO.

### ANNEXES

meeting material and the presentations are available at the WGE's web site:

1. Draft discussion paper on water issues