

# Procedure file

Basic information		
CNS - Consultation procedure Decision	1997/0235(CNS)	Procedure completed
Nuclear safety, Chernobyl: Community contribution to the EBRD for a shelter Fund		
Subject 3.60.04 Nuclear energy, industry and safety 3.70.08 Radioactive pollution		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets		29/09/1997
		PSE <a href="#">ADAM Gordon J.</a>	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ENER</b> Research, Technological Development and Energy		15/10/1997
		V <a href="#">BLOCH VON BLOTTNITZ Undine-Uta</a>	
	<b>ENVI</b> Environment, Public Health and Consumer Protection	The committee decided not to give an opinion.	
European Commission	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2103</a>	05/06/1998
European Commission	Commission DG External Relations	Commissioner	

Key events			
03/09/1997	Legislative proposal published	COM(1997)0448	Summary
20/10/1997	Committee referral announced in Parliament		
26/02/1998	Vote in committee		Summary
26/02/1998	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0076/1998</a>	
03/04/1998	Debate in Parliament		
03/04/1998	Decision by Parliament	T4-0222/1998	Summary
05/06/1998	Act adopted by Council after consultation of Parliament		
05/06/1998	End of procedure in Parliament		

17/06/1998	Final act published in Official Journal		
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Technical information	
Procedure reference	1997/0235(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC before Amsterdam E 235
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/09325

Documentation gateway					
Legislative proposal		<a href="#">COM(1997)0448</a> <a href="#">OJ C 364 02.12.1997, p. 0016</a>	03/09/1997	EC	Summary
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A4-0076/1998</a> <a href="#">OJ C 138 04.05.1998, p. 0004</a>	26/02/1998	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0222/1998 <a href="#">OJ C 138 04.05.1998, p. 0202-0221</a>	03/04/1998	EP	Summary
Follow-up document		COM(1999)0470	12/10/1999	EC	
Legislative proposal		COM(2001)0251 <a href="#">OJ C 240 28.08.2001, p. 0157 E</a>	29/05/2001	EC	Summary
Follow-up document		<a href="#">COM(2004)0481</a>	14/07/2004	EC	Summary
Follow-up document		<a href="#">COM(2007)0825</a>	19/12/2007	EC	Summary
Follow-up document		<a href="#">SEC(2007)1701</a>	19/12/2007	EC	

Additional information	
European Commission	<a href="#">EUR-Lex</a>

Final act
<a href="#">Decision 1998/381</a> <a href="#">OJ L 171 17.06.1998, p. 0031</a> Summary

## Nuclear safety, Chernobyl: Community contribution to the EBRD for a shelter Fund

OBJECTIVE: to make a contribution to the EBRD of ECU 100 million for the Chernobyl Shelter Fund. SUBSTANCE: in the framework of a multilateral funding mechanism to assist Ukraine in transforming the existing Chernobyl sarcophagus into a safe and environmentally stable system, it is proposed that the Community should make a one-off payment of ECU 100 million to the EBRD which will assume financial management of the project (Shelter Implementation Plan - SIP). This amount will be granted to the Chernobyl Shelter Fund of the EBRD over two years (1998-1999 budgets) and will be administered by the Commission in accordance with the usual auditing requirements. The appropriations will be charged to a new budget line created for this purpose and will be taken from existing TACIS appropriations. ?

## Nuclear safety, Chernobyl: Community contribution to the EBRD for a shelter Fund

By adopting the report of Gordon ADAM (PES, UK) on the Community contribution to the European Bank for Reconstruction and Development (EBRD) for the Chernobyl Shelter Fund, the Committee confirmed that a multiannual indicative amount of ECU 100 million should be

earmarked for the period 1998-2005. Part of this amount could be taken from the scheduled TACIS credits up to 1999. The Commission's proposal provided for the whole of the amount to be taken from the existing TACIS financial envelope for the 1998 and 1999 budgets. The Committee insists that it is up to the budgetary authority to set the annual funding in relation to the appropriations available for each financial year. The report calls upon the Commission, before entering any resources into the fund, to evaluate the situation of the contributions by donors other than the EU and only pay when other countries have fulfilled their contributions. The Commission is also called upon to present to the budgetary authority a progress report along with the preliminary draft budget.?

## Nuclear safety, Chernobyl: Community contribution to the EBRD for a shelter Fund

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In adopting the report by Mr Gordon ADAM (PSE, UK) on the construction of a protective shelter at Chernobyl, Parliament confirmed the entry of a multiannual indicative amount of ECU 100 million for the period 1998-2005, with only part of this contribution being taken from TACIS credits provided up to 1999 (and not the whole amount as put forward by the Commission). Parliament considered that it was for the budgetary authority to set the annual funding in relation to the appropriations available for each financial year. It called on the Commission, before entering any resources into the fund, to evaluate the situation of the contributions by donors other than the European Union and not to pay until other countries had fulfilled their contributions. The Commission was also asked to submit to the budgetary authority a report on the implementation of the fund with the preliminary draft general budget. Parliament also stressed that the Commission should ensure that Ukraine was preparing to decommission Chernobyl and close the facility completely by 2000. It also stated that the Community's contribution to the construction of the shelter did not mean that the Community assumed any liability whatever for any resulting damage. ?

## Nuclear safety, Chernobyl: Community contribution to the EBRD for a shelter Fund

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**OBJECTIVE:** to grant the EBRD ECU 100 m as a contribution towards the cost of building a shelter at Chernobyl. **COMMUNITY MEASURE:** Decision 98/381/EC, Euratom concerning the Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund. **SUBSTANCE:** in connection with the multilateral funding mechanism to assist Ukraine in transforming the existing Chernobyl sarcophagus into a safe and environmentally stable system, the Community is to make a one-off payment of ECU 100 m to the EBRD, which will be responsible for the financial management of the project (Shelter Implementation Plan - SIP). This amount will be paid into the EBRD's 'Chernobyl Shelter Fund' in two years (1998-1999). The Community contribution to the fund will be administered by the Commission in accordance with sound and efficient management principles. The appropriations will be drawn from existing Tacis appropriations for 1998-1999, within the limits of the Financial Perspective. Although the contribution comes from the Tacis programme, contracting procedures will be decided by the EBRD rather than complying with Tacis rules. The Commission will take all possible measures to avoid discrimination in the procurement arrangements between operators of different Member States of the Community, regardless of whether the countries concerned have concluded agreements with the EBRD. The Community will not, by virtue of its contribution, assume any liability for any damage resulting from the project. The Commission will report annually on progress in implementing the Fund. **ENTRY INTO FORCE:** 05.06.1998.?

## Nuclear safety, Chernobyl: Community contribution to the EBRD for a shelter Fund

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**PURPOSE:** presentation of the third progress report on the implementation of the Chernobyl Shelter Fund.

**CONTENT:** Following the accident at Chernobyl (26 April 1986), the Shelter enclosing the remains of Chernobyl Nuclear Power Plant (ChNPP) Unit 4 was constructed under exceedingly hazardous conditions. It was not intended to be a permanent solution and, in fact, it is increasingly unstable, it has deteriorated and allows the ingress of rainwater.

In May 1997 a group of international experts from the EU, USA and Japan finalized a multidisciplinary construction management program designated as the Shelter Implementation Plan (SIP) directed towards making it physically stable and environmentally safe. Under the management of the European Bank for Reconstruction and Development (EBRD), the Chernobyl Shelter Fund (CSF) was constituted to finance and implement the SIP. The initial cost estimate of the project (made in 1997) amounted to approximately USD 758 million (1998-2005).

A first pledging conference was held in New York in November 1997 raised some USD 400 million. The Council Decision 98/381/EC of 5 June 1998 concerning the Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund represented the legal basis for a Community contribution to the CSF of a USD 100 million.

A second pledging conference was held in July 2000 in Berlin. Some USD 320 million were pledged carrying the total amount pledged in the two conferences close to the estimated cost of 768 million USD. The Community pledged a second contribution of 100 million euro which was approved by the Council decision 2001/824/EC (see [CNS/2001/0113](#)).

According to Art. 3(2) of the Council Decision 98/381/EC, the Commission now presents its third report on the use of the funds pledged. A first progress report on the implementation of the CSF was published in October 1999 (COM(1999)0470) and a second in September 2001 (COM(2001)0251). The present report updates the information provided in the previous ones based mainly on the progress communicated to the Assembly of Contributors by the EBRD.

**New Safe Confinement Schedule:** during the CSF assembly in Slavutych in July 2003, the PMU presented the revised schedule for the completion of the NSC. The major milestones are summarized as follows:

- Schedule starts with delivery of Conceptual Design Report and Sanitary Compliance Report (December 2003).
- Design activities
  - Detailed design - 1 year
  - Regulatory approval ? 1 year in 2 phases
- Construction Activities: 3 years

- NSC commissioning: third and fourthquarters 2008.

The completion of the project with the commissioning of the NSC by the 3rd quarter of 2008 does not include provision for contingency. The major risks of delays concern the approval and decision process and the availability of resources to execute the project.

**Financial Overview:** during the Assembly of Contributors in London on 2 December 2003, The EBRD made a presentation of the revised cost estimates and current situation of the CSF. The cost estimate of USD 1 059 million was the first one based on actual design work, which will replace the original SIP estimate.

The total sum pledged to the CSF at the conferences of New York in 1997 and Berlin in 2000 amounted to some USD 717 million (?754 million based on the exchange rates of 2000), including Ukraine's in-kind contributions of USD 50 million. Following the pledges, as at 31 October 2003 the contribution agreements between the Contributors and the EBRD amount to some ?615 million. The payments received to the CSF totalled some ?480 million by the end of November 2003.

Although a large part of the fund is still uncommitted, the Bank indicated that there is a possible shortfall when considering the initial pledge of some USD 717 million and the current cost estimate by the PMU consortium for the project, which amounts to USD 995 million. The shortfall would amount to some USD 278 million, plus possibly USD 64 million for potential additional work concerning deconstruction activities.

**Conclusions:** the EBRD reported a good performance of the PMU following its reorganisation in 2002. Phase I of the SIP (stabilization and other short term measures) is complete and Phase II (preparation for conversion into an environmentally safe site) has started. The situation with the nuclear regulator (SNRC) has improved during the reporting period. However regulatory approvals remain one of the major risks as they are on the critical path or are closely linked to activities which have the potential to become critical. It is therefore essential that SNRC continues to be provided with the required level of support to ensure that delays are avoided and a proper regulatory and licensing process is fully implemented.

A co-ordinated approach to the overall waste problem is being developed which requires a strong involvement of the Ukrainian authorities. In particular, a solution for the high level radioactive solid wastes needs to be worked out. For this class of waste it has been proposed to rely on part of the EC funded Industrial Complex for Solid Radwaste Management (ICSRM) project originally dedicated to the decommissioning of the Units 1 to 3. This is under investigation but will, in any case, imply additional cost and delays. **The TACIS Nuclear Safety programme may have to assist in supporting these additional costs.**

The schedule for the completion of the Shelter Implementation Plan, which had been foreseen for 2007, is significantly delayed. The completion of the project, with the commissioning of the New Safe Confinement, is now foreseen for the third-fourthquarter of 2008. The baseline cost of the project did not increase significantly, however, inclusion of required works not foreseen in the initial budget (?28 million), potential additional works (?64 million), addition of escalation, risk and contingency (?194 million), may bring the total to over **1 billion euros**.

Considering that the pledges during the two donors' conferences amount to some UDS 717 million, there is currently a shortfall for completion of the project in the order of USD 278 million (excluding ?64 million for potential additional works). The EBRD will require new commitments from contributors prior to the signature of the contract for the New Safe Confinement, which is currently scheduled for the fourth quarter 2004. However the payment of the new contributions would only probably be required by

2006-2007.