


Procedure file

Basic information		
CNS - Consultation procedure Decision	2006/0102(CNS)	Procedure completed
Nuclear safety: 1st instalment of the 3rd Community contribution to the European Bank for Reconstruction and Development EBRD for the Chernobyl Shelter Fund		
Subject 3.60.04 Nuclear energy, industry and safety 3.70.08 Radioactive pollution		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		05/07/2006
		PPE-DE LEWANDOWSKI Janusz	
	Committee for opinion	Rapporteur for opinion	Appointed
	ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Justice and Home Affairs (JHA)	2768	04/12/2006
European Commission	Commission DG	Commissioner	
	Budget	GRYBAUSKAITĖ Dalia	

Key events			
15/06/2006	Legislative proposal published	COM(2006)0305	Summary
05/09/2006	Committee referral announced in Parliament		
10/10/2006	Vote in committee		Summary
24/10/2006	Committee report tabled for plenary, 1st reading/single reading	A6-0374/2006	
14/11/2006	Results of vote in Parliament		
14/11/2006	Decision by Parliament	T6-0476/2006	Summary
04/12/2006	Act adopted by Council after consultation of Parliament		
04/12/2006	End of procedure in Parliament		

09/12/2006	Final act published in Official Journal		
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Technical information	
Procedure reference	2006/0102(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 203-p(1); EC Treaty (after Amsterdam) EC 308
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/38098

Documentation gateway					
Legislative proposal		COM(2006)0305	15/06/2006	EC	Summary
Committee draft report		PE378.540	20/09/2006	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0374/2006	24/10/2006	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0476/2006	14/11/2006	EP	Summary
Commission response to text adopted in plenary		SP(2007)0054	11/01/2007	EC	
Follow-up document		COM(2007)0825	19/12/2007	EC	Summary
Follow-up document		SEC(2007)1701	19/12/2007	EC	

Additional information	
National parliaments	IPEX
European Commission	EUR-Lex

Final act
Decision 2006/908 OJ L 346 09.12.2006, p. 0028-0029 Summary

Nuclear safety: 1st instalment of the 3rd Community contribution to the European Bank for Reconstruction and Development EBRD for the Chernobyl Shelter Fund

PURPOSE : to grant the first instalment of the third Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund.

PROPOSED ACT : Council Decision.

CONTEXT : the shelter enclosing the remains of Chernobyl Nuclear Power Plant (ChNPP) Unit 4 was constructed under exceedingly hazardous conditions shortly after the accident on 26 April 1986. 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. There is a risk of collapse due to seismic disturbance, extreme weather or further deterioration of the structure. It is for this reason that in 1995, the European Commission took the initiative to set up a group of experts from the EU and Ukraine to elaborate and assess a number of alternative solutions to convert the Chernobyl Unit 4 and its present shelter into an environmentally safe condition. The group was joined in 1996 by experts from the US and Japan. The study report, issued in November 1996, proposed a Recommended Course of Action, comprising stabilisation and other short term measures and preparation for long term conversion into an environmentally safe site.

At the beginning of 1997, the G-7 Nuclear Safety Working Group reached an agreement with representatives of the Government of Ukraine to

further develop the above study. In May 1997 an outline plan was finalised, in close co-operation with the international expert group, which became known as the Shelter Implementation Plan (SIP).

The first pledge to the Chernobyl Shelter Fund made by the European Commission in 1997 (US\$ 100 million) was formally followed up by 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". This contribution was effectively funded from the 1998 and 1999 Community budgets. The second Commission contribution (EUR 100 million) was formalized by Council Decision 2001/824/EC.

The Chernobyl Shelter Fund provides a very important tool to assist Ukraine in resolving the problems resulting from the Chernobyl accident. Taking into account that the Community is by far the largest donor to the CSF, its continued participation is essential to the success of the project.

On the basis of the financial overview, the EBRD indicated that a replenishment of the fund, i.e. new commitments by the Contributors, were required before they would be able to conclude a contract for the New Safe Confinement (due to take place in 2006). In order that the Chernobyl projects might continue and brought to a successful completion, the major donors pledged some EUR 173 million at an event in London in May 2005. This figure includes EUR 49.1 million pledged by the Commission.

CONTENT : the objective of the present proposal is to solicit a Council decision for the first instalment of the third Community contribution amounting to EUR 14.4 million. The proposed new contribution will be subjected to the same conditions stated in Articles 1 and 3 of Council Decision 98/381/EC of 5 June 1998 concerning the first contribution of funds (CNS/1997/0235), as applicable. The balance of the pledge (EUR 34.7 million), to be paid over the period 2007-2009, will be subjected to a new decision.

The contribution will be made according to Article II, Section 2.02 of the Rules of the Fund and will be the subject of a formal Contribution Agreement between the European Commission and the European Bank for Reconstruction and Development.

For further information concerning the financial implications of this measure, please refer to the financial statement.

Nuclear safety: 1st instalment of the 3rd Community contribution to the European Bank for Reconstruction and Development EBRD for the Chernobyl Shelter Fund

The committee adopted the report by Janusz LEWANDOWSKI (EPP-ED, PL) approving the proposed decision on the first instalment of the third Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund. The committee adopted just two amendments (under the consultation procedure):

- Article 1(2) should specify that the contribution "shall be financed against available annual budgetary appropriations". This amendment was prompted by the fact that the sums earmarked for commitment appropriations in the 2006 budget were lower than those envisaged by the present Decision, which had not been adopted by the time of adoption of the 2006 budget. As the difference will be covered by a transfer, the committee wanted to preserve Parliament's right to agree on a future transfer;

- the budgetary authority (which includes Parliament), and not merely the Court of Auditors, should be kept informed of all Community-financed operations of the Chernobyl Shelter Fund.

Nuclear safety: 1st instalment of the 3rd Community contribution to the European Bank for Reconstruction and Development EBRD for the Chernobyl Shelter Fund

The European Parliament adopted a resolution drafted by Janusz **LEWANDOWSKI** (EPP-ED, PL) and made two amendments to the Commission's proposal on the first instalment of the third Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund. (For details of the amendments, please refer to the summary of 10/10/2006.)

Nuclear safety: 1st instalment of the 3rd Community contribution to the European Bank for Reconstruction and Development EBRD for the Chernobyl Shelter Fund

PURPOSE : to grant the first instalment of the third Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund.

LEGISLATIVE ACT : Council Decision 2006/908/EC, Euratom on the first instalment of the third Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund.

CONTENT : With this Decision, the Community makes a contribution of EUR 14,4 million to the European Bank for Reconstruction and Development (EBRD) for the Chernobyl Shelter Fund in 2006. The new contribution will be subjected to the same conditions stated in Articles 1 and 3 of Council Decision 98/381/EC of 5 June 1998 concerning the first contribution of funds (CNS/1997/0235), as applicable. The balance of the pledge (EUR 34.7 million), to be paid over the period 2007-2009, will be subjected to a new decision.

The contribution will be made according to Article II, Section 2.02 of the Rules of the Fund and will be the subject of a formal Contribution Agreement between the European Commission and the European Bank for Reconstruction and Development.

The Commission shall administer the contribution to the Chernobyl Shelter Fund in accordance with Council Regulation 1605/2002/EC on the Financial Regulation. It must forward all relevant information to the budgetary authority and the Court of Auditors and shall provide any

supplementary information that they may wish to receive, as regards the aspects of the operation of the Chernobyl Shelter Fund that relate to the Community's contribution. The Commission will submit to the European Parliament and to the Council, on a yearly basis, a progress report on the implementation of the Chernobyl Shelter Fund.

With respect to procurement arrangements relating to grants made from the resources of the Chernobyl Shelter Fund, the Commission must ensure that there is no discrimination between Member States, and may authorise, on a case-by-case basis, procurement arrangements with third countries that are not TACIS partner countries, in the interest of the projects concerning the Chernobyl Shelter Implementation Plan.

Nuclear safety: 1st instalment of the 3rd Community contribution to the European Bank for Reconstruction and Development EBRD for the Chernobyl Shelter Fund

PURPOSE: presentation of a Progress Report on the implementation of the Chernobyl Shelter Fund (CSF).

BACKGROUND: the Chernobyl Nuclear Power Plant exploded on 26 April 1986. Some 200,000 people were evacuated from the vicinity of Chernobyl and a Shelter (referred to as sarcophagus) enclosing the remains of ChNPP Unit 4 was constructed under exceedingly hazardous conditions. However, the shelter was not intended to be a permanent solution. In May 1997, a group of international experts finalized a multidisciplinary construction management programme designated as the Shelter Implementation Plan (SIP), which foresaw remedial work on the Shelter to make it physically stable and environmentally safe. In the same year, the G7 and the Commission and other donors requested the European Bank for Reconstruction and Development (EBRD) to set up the Chernobyl Shelter Fund (CSF) to finance the SIP.

In 2007, ten years after the agreement on the SIP between the G7, the EC and Ukraine, most of its tasks have been completed, enabling the start of the construction of the New Safe Confinement (NSC) which represents the last major construction project at the site.

The initial indicative cost of the SIP amounted to approximately USD 758 million for the period 1998-2005. A first pledging conference was held in New York (1997) to raise the required funds, where a total of USD 400 million was pledged by 25 countries. Council Decision 98/381/EC provided the legal basis for a Community contribution to the CSF of a USD 100 million pledge (see [CNS/1997/0235](#)).

A second pledging conference was held in Berlin, where some USD 320 million were pledged, bringing the total amount close to the estimated cost of USD 768 million. The Community pledged a second contribution of ?100 million which was approved by Council decision 2001/824/EC (see [CNS/2001/0113](#)).

In 2003, the Project Management Unit (PMU) presented a revised schedule and a first cost estimate, based on the actual cost of completed projects, amounting to some USD 1,091 million. However, due to delays, escalation and increases in the prices of labour and materials, a further significant increase relative to the first cost estimate was subsequently announced to the Assembly of Contributors, bringing the total cost of the SIP to USD 1,390 million.

In accordance with Art. 3 of Council Decision 98/381/EC and Art 4 of Council Decision 2006/908/EC concerning the Community's contributions to the EBRD for the CSF, the Commission now presents a report on the use of the funds pledged to the SIP, which presents the progress made, as communicated to the Assembly of Contributors, as well as other information provided by the EBRD.

Schedule for implementation: the next steps planned for implementation of the SIP are:

- December 2008: completion of detailed design for NSC (an arch-shaped structure which will be assembled in a safe area near Unit 4 and then slid across the old shelter): 16 months
- December 2011: completion of NSC: construction 3 years

Cost estimate: as the delays in the tendering process impacted the conclusion of the contract for the NSC, the total cost of the SIP will approach USD 1,390 million (an increase of USD 186 million relative to its previous estimate).

The next important step in the assessment of the cost will be the completion of the detailed design of the NSC, which will provide precision on the quantities and cost of materials actually needed. This is expected to be available by the end of 2008.

Available resources and expenditure: at the end of June 2007 the BERD recorded total contributions of ?739 million to the CSF. In addition, there are a number of pledges (mostly made at the May 2005 London fund-raising event) amounting to some ?100 million, which are yet to be committed as Contribution Agreements and actual payments.

Until 30 June 2007 ?457 million had been allocated under the grant agreements concluded until then. The total value of the contracts concluded under these grant agreements amount to ?356 million, of which ?308 million have been disbursed. The amount of unallocated funds as of 30 June 2007 was some ?300 million.

New pledges: following agreement amongst the donors on the respective contributions, a pledging event took place at the EBRD in London in 2005. The donors pledged the equivalent of ?181.496 million, including ?49.1 million from the Commission, ?22 million from Ukraine and ?10 million from Russia. The first instalment of the Commission's pledge was paid in 2006, and a second in 2007. The remainder of the will be paid over the period 2008-2011.

Conclusion: the SIP management and environmental audits carried out in 2007 confirmed the adequacy of existing management, as well as industrial and health and safety arrangements. However, the management audit pointed again to the need to increase the number of qualified Ukrainian staff in the Project Management Unit (PMU), to replace dependency on Western PMU staff and ensure long term stability of management after commissioning of the NSC.

The schedule for completion of the SIP is currently end 2011. Good management and cooperation of all parties, in particular of the Ukrainian government and the regulators, will be essential for the successful completion of the project.

According to the latest estimates, the existing funds are not sufficient to complete the project. Additional funds will be required to complete the Chernobyl projects financed by the CFS as well as the Nuclear Safety Account. The SIP will, therefore, have to continue relying on the solidarity of the international community, with the determined help of Ukraine.