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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE  
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE  
COMMITTEE OF THE REGIONS**

**on the implementation of the Instrument for Nuclear Safety Cooperation**

**First Report - Annual Action Programmes for 2007, 2008 and 2009**

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## FOREWORD

This report is submitted to the European Parliament and the Council, and addressed to the European Economic and Social Committee and to the Committee of the Regions of the European Union, in compliance with the reporting requirement set out in Article 18 of Council Regulation (EURATOM) N° 300/2007 of 19 February 2007 establishing an Instrument for Nuclear Safety Cooperation<sup>1</sup> referred here below as the INSC Regulation.

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<sup>1</sup> Art. 18 of the INSC Regulation requires that 'The Commission shall examine progress achieved in implementing the measures undertaken pursuant to this Regulation and shall submit to the European Parliament and the Council an annual report on the implementation of the assistance. The report shall also be addressed to the Economic and Social Committee and to the Committee of Regions. The report shall contain information relating to the previous year on the measures financed, information on the results of monitoring and evaluation exercises and the implementation of budget commitments and payments, broken down by country, region and cooperation sector'.

## SUMMARY

The INSC programme continued the nuclear safety cooperation initiated under TACIS with the former Soviet Union, but it had its geographical coverage extended to become global. The main developments on nuclear safety cooperation and assistance provided under the INSC over the period 2007-2009 were as follows.

In **Ukraine**, targeted support was provided to the regulator and the operator. A major achievement was the evaluation of the nuclear safety of the Ukrainian nuclear power-plants (NPPs) under a joint project with the IAEA. The evaluation provided valuable information on the status of the plants, as well as the situation of nuclear waste management and the nuclear regulator in Ukraine and demonstrated the significant improvements in nuclear safety in the recent years.

In **Russia**, projects initiated under TACIS continued under the INSC, but no new projects have been possible since a suitable cooperation framework could not be agreed. Discussions are ongoing to resume cooperation activities with a reduced scope.

In **Armenia**, important projects have been launched concerning the Medzamor Nuclear Power Plant to address urgent safety issues while the plant is operating, however the Commission continues to maintain the position that the plant cannot be upgraded to modern nuclear safety standards and therefore it should be closed down as soon as is practical. Projects provided training of personnel, assistance to the nuclear regulator and development of a waste management strategy in preparation for future decommissioning.

In **Belarus** and **Georgia**, cooperation continued with relatively small projects. However, for Belarus discussions took place to step-up the cooperation with the regulator in order to improve its capabilities in anticipation of the construction of a nuclear power plant in the country.

The Programme was extended to new countries in three regions as follows:

Countries covered by the **European Neighbourhood Policy**: projects were launched in **Egypt, Jordan and Morocco** mainly to support the regulatory authorities.

**South-East Asia**: projects were initiated in the **Philippines** and **Vietnam**.

**Latin America**: projects were launched with the nuclear regulator and the operator in **Brazil**. Contacts were also established with **Mexico** and **Argentina**.

Another important element of the Programme was the extended cooperation with the **IAEA** to support thematic technical activities at country or regional level. These included, inter alia, development of safety culture, capacity building of regulators, waste management, research reactors safety and seismic safety. This element of the programme will remain very important in the coming years.

Significant financial support was provided to the **Chernobyl Shelter Fund** and the **Nuclear Safety Account**, managed by the EBRD on behalf of the donor countries. A G8 NSSG (Nuclear Safety and Security Group) – EBRD Contact Group was created

to closely follow-up the Chernobyl projects. This group is chaired by the Commission.

## 1. INTRODUCTION

In 1991, the Commission launched the Nuclear Safety component of the TACIS programme<sup>2</sup> to address the safety concerns raised by the Chernobyl accident. Between 1991 and 2006, more than €1.3 billion were committed to nuclear safety projects. Details of results under TACIS Nuclear Safety Programmes were made available in a specific report in 2009<sup>3</sup>.

Since 2007, the EU's nuclear safety assistance and cooperation activities have continued under the Instrument for Nuclear Safety Cooperation (INSC)<sup>4</sup>. The INSC has introduced a number of changes compared to the TACIS nuclear safety programme which are worth noting.

The geographical coverage is no longer limited to the former Soviet Union states. It applies to *third countries*<sup>5</sup> worldwide. This allows the Commission's experience gained with ex-Soviet countries to be used elsewhere to address the needs of emerging countries, as well as countries with established nuclear power programmes in need of nuclear safety improvement, in particular those with rapidly expanding nuclear programmes. In 2008, the Commission announced its broad strategy in a Communication to the EU Council and Parliament<sup>6</sup>.

In view of the potential needs for nuclear safety cooperation worldwide, the EU Council proposed a set of criteria to be observed when considering projects with new countries<sup>7</sup>. The Commission took these criteria into account in its revised INSC strategy for 2010-2013<sup>8</sup>, which also includes geographical priorities.

Second, while the TACIS programme focused on nuclear safety *assistance* including, in many cases, supply of equipment ('hard assistance'), the INSC objective is enhanced *cooperation*, with a view to improving nuclear safety without the supply of equipment ('soft assistance'), although equipment supply may be considered in special cases. Partners are also encouraged to take a more prominent role in the definition, management and implementation of these projects.

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<sup>2</sup> TACIS (Technical Assistance to the Commonwealth of Independent States) is the European Commission programme to assist 12 countries of Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan) and Mongolia in their transition to democratic market-oriented economies.

<sup>3</sup> "The TACIS Nuclear Safety Review Report", May 2010, by Italtrend. European Commission, EuropeAid Co-operation Office (AIDCO A4 ) contract N° 172067. (Report presented by the Commission to the INSC Committee).

<sup>4</sup> Council Regulation (Euratom) No 300/2007 of 19 February 2007 establishing an Instrument for Nuclear Safety Cooperation (OJ L 81, 22.3.2007, p. 1).

<sup>5</sup> 'Third countries' are countries outside the EU, excluding those covered by the Pre-Accession Instrument and, in principle, industrialised/high income countries (see footnote 6).

<sup>6</sup> Communication "Addressing the international challenge of nuclear safety and security" (COM (2008) 312 final, 22 May 2008)

<sup>7</sup> Council Conclusions on assistance to third countries in the field of nuclear safety and security, 9 December 2008. [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/trans/104601.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/trans/104601.pdf)

<sup>8</sup> Revised Strategy for Community Cooperation Programmes in the field of Nuclear Safety for the period 2010-2013 ( C(2009)9822 )

The Commission will continue to promote co-financing arrangements, with partner organisations generally providing contributions in kind (staff) or in supplies or works (additional studies, civil works), on the basis of financing plans which are agreed in advance.

Third, the enlarged geographical scope of the INSC, compared to TACIS, has increased the need for international cooperation and coordination of actions with other donors and stakeholders, such as the International Atomic Energy Agency (IAEA).

The present report provides information on the implementation of the Annual Action Programmes for the first three years of INSC, 2007, 2008 and 2009, including projects approved until the end of 2009 and their state of implementation by mid 2010.

Initial difficulties in the transitory phase from TACIS to INSC, due primarily to delays in getting partner countries to sign Financing Agreements under the new format, have meanwhile been largely overcome, with the exception of Russia.

## **2. IMPLEMENTATION OF THE ANNUAL ACTION PROGRAMMES**

The INSC Regulation was adopted on 19 February 2007. The 2007-2013 Strategy and the first Indicative Programme covering 2007-2009<sup>9</sup> were adopted by the Commission on 8 August 2007. The Indicative Programme covering 2010-2011<sup>10</sup> and the Revised Strategy for 2010-2013<sup>11</sup> were adopted in December 2009. Due to the timing of the adoption of Action Programmes, on an annual basis, and the lengthy approval period by the authorities of the partner countries, the actual implementation of most projects under INSC only started in 2009.

### **2.1. Annual Action Programme for 2007 (AAP2007)**

#### **Allocations**

AAP2007 was presented in 2 parts:

- Part I – €18 million – Commission Decision C/2007/441 of 28 September 2007.
- Part II – €58.772 million – Commission Decision C/2007/6422 of 19 December 2007.

#### **Implementation - highlights mid 2010**

The second instalment of the third Commission pledge to the *Chernobyl Shelter Fund* was paid (€10 million) to the European Bank for Reconstruction and Development (EBRD), which manages the Fund.

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<sup>9</sup> Commission Decision C/2007/3758 of 01.08.2007

<sup>10</sup> Indicative Programme for Community Cooperation Programmes in the field of Nuclear Safety for the period 2010-2011 (C(2009)9820)

<sup>11</sup> Revised Strategy for Community Cooperation Programmes in the field of Nuclear Safety for the period 2010-2013 (C(2009)9822)

Contracts were concluded for the improvement of *nuclear safety in Armenia*, corresponding to 90% of the planned amounts (€6.9 million out of €7.2 million).

Contracts for the extension of the on-site assistance in *four NPPs in Russia and Ukraine* were signed (€6 million AAP2007-part I). These cover the finalisation of the large nuclear safety projects which were started under TACIS.

The EC-IAEA-Ukraine joint project concerning the *nuclear safety evaluation of the Ukrainian Nuclear Power Plants* was launched at the end of 2007. This €3.5 million project was co-financed by the IAEA (€0.6 million) and the EU (€2.9 million). The final report was made available during the first half of 2010.

The first contract for the project to complete a *National Maintenance and Management Training Centre for NNEGC Energoatom personnel in Ukraine* was concluded in August 2009 (€5.7 million). One project for the *long term safety management of Ukrainian NPPs* started in 2010 (€2.5 million).

€1.5 million were committed for the *mitigation of the consequences of the Chernobyl accident* in Ukraine and Belarus.

Since the *Russian Federation* did not sign the Financing Agreement for the projects under the AAP2007-part II before the deadline (end of 2008), the respective funds (€8.272 million) were de-committed. These funds could not be used for other nuclear safety projects in the INSC framework.

## **2.2. Annual Action Programme for 2008 (AAP2008)**

### **Allocations**

AAP 2008 was also presented in 2 parts:

- Part I – €23 million – Commission Decision C/2008/3348 of 07 July 2008.
- Part II – €48.255 million – Commission Decision C/2008/7366 of 28 November 2008.

### **Implementation - highlights mid 2010**

The Financing Agreements relating to AAP 2008 Part II, signed by partner countries between July 2009 and December 2009, permitted the implementation of the projects to start in 2010. As in 2007, the Russian Federation was not prepared to sign the Financing Agreement, the Commission decided to reallocate the funds foreseen for Russia (€17.2 million) to other activities. The reallocation of funds was concluded before the end of 2009, when the procedural timeframe would have expired. The funds were used for Ukrainian and Armenian projects and an additional contribution to the Chernobyl Shelter Fund (€10.7million) in anticipation of the next pledge.

The €15 million instalment of the Commission's third pledge to the *Chernobyl Shelter Fund* was transferred to the EBRD.

Contracts were awarded for the continuation of the *assistance to governmental bodies and local stakeholders* involved in the implementation of nuclear safety in

Ukraine (Joint Support Office, Kiev, €3.0 million) and Russia (Joint Management Unit, Moscow, €1.5 million).

### **2.3. Annual Action Programme for 2009 (AAP2009)**

#### **Allocations**

AAP 2009 was again presented in 2 parts:

- Part I – €30.2 million – Commission Decision PE/2009/6607 of 16 September 2009.

- Part II – €43.5 million – Commission Decision PE/2009/9119 of 16 December 2009.

#### **Implementation - highlights mid 2010**

€9.7 million were paid to the *Chernobyl Shelter Fund* representing the last instalment of the Commission's third pledge to the Fund. A further payment was made to the Nuclear Safety Account (€15 million) corresponding to the pledge made by the Commission in 2008. These payments to the EBRD for Chernobyl had been foreseen under AAP 2009 Part I.

Two projects of €1 million each for the continuation of the *support to the Russian Nuclear Operator at Smolensk and Beloyarsk NPPs* were contracted<sup>12</sup>.

The use of the financial means foreseen in the *Global Allocation* began with audits and exploratory missions in Vietnam.

The Financing Agreements related to the AP 2009 Part II were transmitted to partner countries in early 2010. They must be signed before the end of 2010 so that implementation of the projects can start in 2011.

### **2.4. Annual Action Programme for 2010 (AAP2010)**

AAP 2010 was also presented in 2 parts:

- Part I – €7.7 million – Commission Decision PE/2010/3664 of 29 June 2010.

- Part II – €1.627 million – Commission Decision PE/2010/8016 of 29 November 2010.

The progress with regards to the 2010 Annual Action Programme does not form part of the present report.

### **2.5. Use of INSC programme funds 2007-2009**

The situation concerning the use of INSC funds allocated under the AAP's for 2007, 2008 and 2009 is summarised in the following table.

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<sup>12</sup> The respective contracts were concluded under the n+1 rule (contract to be concluded within the year following approval of the Action Programme), without Financing Agreement.

**Use of INSC Programme funds**  
(million €- situation mid 2010)

<b>AAP YEAR</b>	<b>Funds Committed</b>	<b>Contracted</b>	<b>Paid</b>
<b>2007</b>	<b>76.772*</b>	<b>34.224</b>	<b>21.786</b>
<b>2008</b>	<b>71.255</b>	<b>36.461</b>	<b>31.265</b>
<b>2009</b>	<b>73.700</b>	<b>30.200</b>	<b>26.900</b>

Note \*: including €28.272 for Russia which were later de-committed

## CONCLUSIONS

The EU Results-Oriented Monitoring Programme for European Neighbourhood and Partnership Countries<sup>13</sup> presented the following main conclusions on the INSC nuclear safety projects:

- (1) The projects continue to be designed in line with the strategic documents of the Instrument of Nuclear Safety Cooperation (INSC). The relevance is assessed as highly appropriate and compatible with the IAEA 2007 Fundamental Safety Principles.
- (2) The enhancement of the nuclear safety culture through INSC duly incorporates lessons learned from the Tacis Nuclear Safety programme, while properly addressing emerging needs within a mandate no longer restricted to the region of the former Soviet Union.
- (3) The transition to INSC did not cause an interruption in the cooperation with Armenia and Ukraine, while for implementing INSC projects in the Russian Federation, a special basis is only now being established.
- (4) The new initiative to enhance the regulatory oversight through INSC projects is appropriate.
- (5) INSC projects with focus on exchange of know-how and practices are appreciated by partners in target countries.

Projects in the other regions covered so far by the INSC (Latin America and South East Asia) are not sufficiently advanced to draw meaningful conclusions about their implementation.

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<sup>13</sup> Monitoring System of the Implementation of Projects and Programmes of External Co-operation financed by the EU - Result-Oriented Monitoring (ROM) for the countries of the European Neighbourhood and Partnership Instrument. Overview on INSC projects monitored until mid-2010, Report by the INTEGRATION led Consortium (INTEGRATION - ICCS-NTUA (EPU) –ECORYS), November 2010.