

## ACCOUNTING CHAMBER OF UKRAINE

### INTERNATIONAL CO-ORDINATED AUDIT OF CHERNOBYL SHELTER FUND

#### **Background**

On April 26, 1986, the worst accident in the history of civilian nuclear power occurred at the Chernobyl Nuclear Power Plant in Ukraine, where an explosion destroyed the core of reactor Unit 4 containing approximately 200 tons of nuclear fuel. The explosion and heat from the reactor core propelled radioactive material as much as six miles high, where it was then dispersed mainly over 60,000 square miles of Ukraine, Belarus, and Russia. Smaller amounts of radioactive material spread over Eastern and Western Europe and Scandinavia and were even detected in the United States.

Chernobyl disaster is of continuous concern for the international community which provided both legal and funding framework.

Nevertheless twenty years after the accident, the medical, social and economic consequences of the disaster still have not been overcome.

#### **Audit General Information**

Audit objective - establishment of actual state of affairs regarding legal, organisational and financial support of decommissioning the Chernobyl Nuclear Power Plant (CNPP) and transforming destroyed CNPP Unit 4 into an environmentally safe system by fulfilling Shelter Implementation Plan

Participating SAIs - SAIs of Ukraine (Audit Co-ordinator), Germany, Netherlands, Poland, Russian Federation, Slovak Republic, Switzerland, United States of America and European Court of Auditors

Form of Audit completion - Joint Report

Year of Audit completion - 2008

Method of Joint Report's delivery - mass-media publications, dissemination of Joint Report and summary of audit findings and recommendations among both national authorities, EUROSAI community, concerned international organizations and institutions.

#### **Main Joint Conclusions**

1. There exists some 7-year schedule delay in SIP implementation. Completion of the Project's final major and most visible component - New Safety Confinement - was postponed from initial 2005 till 2012.
2. The estimated cost to complete the Chernobyl Shelter Project is currently \$1.2 billion or 58,3 % higher than originally planned due mainly to escalating prices for labour and materials.

3. Little progress was shown regarding sound and efficient management of international technical assistance funds allocated to the CNPP decommissioning and transforming its Unit 4 into an environmentally safe system.
4. Participating SAIs deem activities of the European Bank for Reconstruction and Development (EBRD) which administrates the Chernobyl Shelter Fund as not open and transparent enough.
5. CSF Assembly of Contributors' control is rather formalized since majority of its members is not provided with complete information on the Fund activities and payments.

## **Main Joint Recommendations**

1. Establish specific performance benchmarks for the project that need to be met before additional pledges of funds are made in the future.
2. EBRD should provide the Assembly of Contributors twice a year with a comprehensive integrated report containing a detailed cost estimate and including a schedule for project completion.
3. Present independent validation of the cost estimates for the construction phase as soon as the detailed shelter design has been defined.
4. Provide a gradual transfer of the Western consultants' functions and responsibilities to Ukrainian experts.
5. Without questioning the expertise of the analyses done so far, enlist the support of another organization (independent audit institution) - outside the Chernobyl management structure - to undertake an independent review, including future cost revisions.

### **Volume structure of CSF Grant Agreements**

