

IAEA Board of Governors

Record of the 1214th Meeting
GOV/OR.1214

Technical Cooperation Fund targets for the 2009–2011 triennium

Report of the Programme and Budget Committee: Funding of the Agency-wide
Information System for Programme Support (AIPS)

Board of Governors

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Record of the 1214th Meeting

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¹ GOV/2008/32.

Attendance

(The list below gives the name of the senior member of each delegation who attended the meeting, as well as that of any other member whose statement is summarized in this record.)

Mr SKOKNIC		Chairman (Chile)
Mr HOXHA	_____	Albania
Ms FEROUKHI		Algeria
Mr CURIA		Argentina
Mr SHANNON	}	Australia
Mr KRUSE		
Mr LAUNER		Austria
Mr BAZOBERRY		Bolivia
Mr VALLIM GUERREIRO		Brazil
Ms GERVAIS-VIDRICAIRE		Canada
Mr BERGUÑO HURTADO		Chile
Mr TANG Guoqiang		China
Mr HORVATIC		Croatia
Mr GARCÉS-BURBANO		Ecuador
Ms SINEGIORGIS		Ethiopia
Ms HOLOPAINEN		Finland
Mr CARON	}	France
Mr DENIAU		
Mr LÜDEKING		Germany
Mr BAAH-DUODU		Ghana
Mr KUMAR	}	India
Mr KAKODKAR		
Mr AYOUB		Iraq
Mr COGAN		Ireland
Mr GHISI		Italy
Mr AMANO		Japan
Mr DÍAZ		Mexico
Mr AIT SLIMANE		Morocco
Mr OSAISAI		Nigeria
Mr SHAHBAZ		Pakistan
Mr ZMEYEVSKIY		Russian Federation
Mr AL-SUWAYIEL	}	Saudi Arabia
Mr AL-SAUD		
Mr MINTY		South Africa
Mr MARFURT		Switzerland
Mr CHARANASOMBOON		Thailand
Mr SMITH		United Kingdom of Great Britain and Northern Ireland
Mr SCHULTE	_____	United States of America

Attendance (continued)

Mr ELBARADEI	Director General
Ms CETTO	Deputy Director General, Department of Technical Cooperation
Mr WALLER	Deputy Director General, Department of Management
Mr ANING	Secretary of the Board

Representatives of the following Member States also attended the meeting:

Afghanistan, Angola, Belarus, Belgium, Bulgaria, Burkina Faso, Colombia, Côte d'Ivoire, Cuba, Cyprus, Czech Republic, Egypt, Estonia, Greece, Guatemala, Holy See, Hungary, Indonesia, Islamic Republic of Iran, Israel, Jordan, Kazakhstan, Kenya, Republic of Korea, Kuwait, Latvia, Lebanon, Libyan Arab Jamahiriya, Liechtenstein, Luxembourg, Malaysia, Malta, Namibia, Netherlands, New Zealand, Norway, Panama, Peru, Poland, Portugal, Romania, Serbia, Slovenia, Spain, Sweden, Syrian Arab Republic, Tunisia, Turkey, Ukraine, Uruguay, Bolivarian Republic of Venezuela, Yemen, Zimbabwe.

Abbreviations used in this record:

AIPS	Agency-wide Information System for Programme Support
CERN	European Organization for Nuclear Research
CTBT	Comprehensive Nuclear-Test-Ban Treaty
EFTA	European Free Trade Association
EU	European Union
G-77	Group of Seventy-Seven
IPF	indicative planning figure
IPSAS	International Public Sector Accounting Standards
ITER	International Thermonuclear Experimental Reactor
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
NSG	Nuclear Suppliers Group
PHWR	pressurized heavy water reactor
R&D	research and development
TCF	Technical Cooperation Fund

* Speakers under Rule 50 of the Provisional Rules of Procedure are indicated by an asterisk.

1. Nuclear verification: The conclusion of safeguards agreements and of additional protocols (continued) (GOV/2008/30)

1. The CHAIRMAN took it that the Board wished to take the action recommended in document GOV/2008/30 and authorize the Director General to conclude, and subsequently implement, the agreement contained therein with the Government of India for the application of safeguards to civilian nuclear facilities.

2. It was so decided.

3. The CHAIRMAN added that, as the Secretariat had stated in the cover note to the safeguards agreement contained in document GOV/2008/30, the Agency envisaged incurring expenses during 2009 in relation to implementation of that agreement. The Board of Governors in July 2007 had agreed to recommend a supplementary appropriation to the approved Regular Budget for 2008 in the event that verification activities at new facilities in India commenced that year. As such activities would not start until 2009, the Secretariat would instead revise the budgetary estimates for 2009 to include those anticipated costs. Those revised estimates would be submitted to the Board in September and to the 52nd General Conference.

4. Mr KAKODKAR (India) expressed appreciation to the members of the Board of Governors, as well as the Director General, for the important decision just taken to approve the document contained in GOV/2008/30, the agreement between the Government of India and the International Atomic Energy Agency for the application of safeguards to civilian nuclear facilities. In document INFCIRC/731, India had indicated its intention to move forward with its separation plan in accordance with the provisions of the safeguards agreement, after its entry into force.

5. Approval of the agreement was a significant milestone in the long-standing cooperation between India and the Agency. India pledged its support to further strengthening of the Agency's role in promoting international cooperation in the peaceful use of nuclear energy, which was so critical to ensuring a clean and secure energy future. It looked forward to cooperating with the Agency to facilitate implementation of the agreement in accordance with its provisions which, as the Director General had pointed out, should be read as an integral whole.

6. The pursuit of energy security was one of the most pressing challenges for India, whose population accounted for one sixth of humankind and which had experienced an economic growth rate of 9% in recent years. To sustain growth of that order and to lift millions of its people from poverty, India would have to ensure sufficient energy, particularly electricity.

7. Currently, India's electricity generation was based primarily on coal but reserves would be inadequate to meet its needs after 2050. From the economic and environmental standpoint it would be unrealistic to depend heavily on hydrocarbons in the future. India was exploring various alternative energy sources but only nuclear energy had the potential to make a major contribution to satisfying the country's requirements and at the same time to address the global challenges of energy security and climate change.

8. On the basis of robust self-reliant R&D India had built its own vibrant programmes in PHWRs, fast reactors, thorium reactors and related fuel cycle technologies as part of a three-stage nuclear programme. Large scale expansion of nuclear power was currently under way based on those

technologies. As a country which had mastered all aspects of the nuclear fuel cycle, India was ready to engage actively with others to ensure that the global nuclear renaissance would help realize the shared vision of nuclear power as an abundant and secure energy source.

9. India was already an observer at CERN and was partnering several other countries in the construction of the Large Hadron Collider, which was nearing completion. It was also a partner country, alongside others with advanced capabilities in the nuclear field, in the ITER project.

10. India's integration into the global nuclear community was thus a win-win situation for all. Global efforts to promote energy security, sustainable development and effective non-proliferation would stand to gain with India as a partner. Its national export controls were on a par with the best international standards. It maintained a principled and consistent position on nuclear non-proliferation and disarmament. It remained firm in its commitment to realize the vision of the Rajiv Gandhi action plan for universal, non-discriminatory disarmament leading to the complete elimination of nuclear weapons.

11. The safeguards agreement just approved by the Board had been negotiated by India and the Secretariat using the guidance documents adopted by the Board for the purposes of concluding and implementing INFCIRC/66-type agreements. The agreement spoke for itself and India saw no difficulty in implementing it on the basis of what was stated therein. India would implement it in strict compliance with its provisions. In implementing the agreement, India and the Agency would be building on the excellent cooperative relations that existed between them. Finally, as the Director General had indicated, India and the Secretariat had already begun discussions on the additional protocol to the safeguards agreement.

12. Mr SHAHBAZ (Pakistan) said that, in approving the India-Agency safeguards agreement, the Board of Governors had taken a historic decision which constituted an acknowledgement of the new realities. A step had been taken towards accommodating the interests of a non-NPT nuclear-weapon State by evolving an innovative model. It denoted a significant departure from the standard norms pertaining to verification and global non-proliferation. It took into account, inter alia, the imperatives of promoting civilian nuclear cooperation.

13. The global non-proliferation regime must be strengthened and that could be achieved only on the basis of moral and political commitment to its objectives as well as by application of the norms in a non-selective, non-discriminatory and an equitable manner.

14. Pakistan welcomed the assurances given by the Secretariat that the agreement set a precedent and that the umbrella approach could be used for the conclusion of other INFCIRC/66-type safeguards agreements. Approval by the Board of the agreement was confirmation of that assurance. Pakistan believed that members of the Board were fully cognizant of the implications of the new standard that had been set and it was confident that they would apply it equitably and on a non-discriminatory basis.

15. The safeguards agreement had been considered by the Board in the context of the India-United States of America nuclear agreement and was a step towards final approval of that bilateral agreement. Pakistan's position on that deal, as enunciated by its National Command Authority at a meeting to review the country's objective and plans for civilian nuclear power generation, was that that objective would be pursued on a priority basis, especially in view of the increasing oil prices. The Authority had reaffirmed that the NSG should evolve a criteria-based approach to enable Pakistan to access civilian nuclear energy under Agency safeguards in order to meet its growing energy requirements. Pakistan had always fulfilled its international safeguards requirements for its nuclear power reactors and was ready to accept innovative bilateral and multilateral approaches for the establishment of power plants under appropriate safeguards, including nuclear power parks. The Authority had noted that the United States-India nuclear agreement would have implications on strategic stability as it would enable India

to produce significant quantities of fissile material and nuclear weapons from unsafeguarded nuclear reactors. The objective of strategic stability in South Asia and the global non-proliferation regime would, according to the Authority, have been better served if the United States had considered a package approach for Pakistan and India, the two non-NPT nuclear-weapon States, with a view to preventing a nuclear arms race in the region and promoting restraints while ensuring that the legitimate needs of both countries for civilian nuclear power generation were met. The Authority had noted further that, while continuing to act with responsibility in maintaining credible minimum deterrence and avoiding an arms race, Pakistan would not be oblivious to its security requirements or to the needs of its economic development, which demanded growth in the energy sector. The Authority had expressed satisfaction with the current state of Pakistan's strategic deterrence and had expressed firm resolve to meet the requirements of future credible minimum deterrence.

16. Mr DÍAZ (Mexico) welcomed approval of the safeguards agreement that the Government of India had negotiated with the Agency. It showed that Agency safeguards were also as norm for States not party to the NPT, which signified strengthening of the Agency's regime.

17. Safeguards were the only tool that the international community had to prevent the diversion of nuclear materials and technologies. They were essential in order to make any progress in the disarmament process.

18. India was acting responsibly and, in its capacity as an emerging power, was developing a central role in the multilateral sphere. Its decision to work within the framework of the Agency was proof of its commitment to peace and Mexico urged it to adopt other measures to strengthen international security, in particular accession to the NPT and the CTBT.

19. India and Mexico had historically had friendly relations which in recent times had been strengthened with higher level visits and a substantial increase in economic links. Also, in the multilateral forums both countries had worked together to progress on a shared agenda with a view to raising the standards of living of their respective populations.

20. Mr AL-SAUD (Saudi Arabia) stressed the importance of the step taken by the Government of India for the application of Agency safeguards to its civilian nuclear facilities.

21. In that regard he emphasized the need not to transgress the NPT objectives and principles and the importance of promoting the universality of the comprehensive safeguards regime.

22. Also, he stressed the importance of working towards the establishment of a nuclear-weapon-free zone in the Middle East, as had been decided by the 1995 and 2000 NPT Review Conferences.

23. Mr CURIA (Argentina) said that his country had decided to join the consensus on the draft safeguards agreement between the Agency and India.

24. Strengthening of the international non-proliferation regime in all its aspects was essential to maintaining international peace and security. The agreement had complex aspects as a result of the very particular situation of India. Argentina hoped that the vote of confidence extended to India would contribute to strengthening and increasing transparency in relation to India's nuclear programme and also to strengthening of multilateralism as an effective non-proliferation tool.

25. Argentina would continue to advocate not only strict compliance with the NPT but also nuclear disarmament in conformity with the international instruments in force.

2. Technical Cooperation Fund targets for the 2009–2011 triennium (GOV/2008/24/Rev.1)

26. The CHAIRMAN said that, as members were aware, at the June session of the Board it had not been possible to reach agreement on the target figures for the TCF. The Co-Chairs of the Open-ended Working Group, Ambassador Sinigiorgis of Ethiopia and Ambassador Cogan of Ireland, had continued consultations with interested Member States.

27. Mr COGAN (Ireland) recalled that the mandate for the Open-ended Working Group had been to try to achieve a consensus agreement on the amount of the TCF for the three-year period 2009–2011 and to set an IPF for the following biennium, 2012–13.

28. To that end, the Co-Chairs, following discussion with delegations and in the debate at the June Board, had put forward a proposal, contained in document GOV/2008/24 dated 3 June 2008. The main features of that proposal were: that it used as a starting point the level for the current biennium, \$80 million; that it was based on the criteria laid down by the Board in 2003 and 2005 whereby, from 2005 onwards, the TCF targets should be negotiated, taking into account the voluntary nature of the contributions to the TCF, based on changes in the level of the Regular Budget and the price adjustment factor in the corresponding years; that it took into account inflation, based on the international adjustment index; that it took into account the increase in the Regular Budget for the corresponding period; that it added an element for new Member States; that it arrived at a target sum of \$85 million for the TCF for each of the three years, 2009, 2010 and 2011; and that it proposed an IPF for the following biennium of \$87 million.

29. While the Co-Chairs' proposal had not made specific allowance for the loss in purchasing power due to the downward fluctuation of the US dollar in the recent period as that went beyond the criteria laid down by the Board, it had also been proposed, in order to respond to the concerns of many delegations on that point, that the Secretariat be invited to examine that issue and to bring forward to the Board as soon as possible a report including recommendations for possible measures to protect the TCF against the effects of such currency fluctuations in future.

30. It had not been possible to come to a consensus agreement in June, as there had been considerable divergences between delegations' views at that stage as regards the amounts and it had not been possible to bridge the gap.

31. Subsequently, the Co-Chairs and the Chairman of the Board had held a series of intense formal and informal consultations with delegations, both individually and in small representative groups, with the aim of trying to bring the views of delegations closer together to find consensus. That had been a slow and difficult, but necessary, task.

32. In preparing the item for discussion at the current Board meeting, in consultation with a broad spectrum of opinion, the Co-Chairs had identified some welcome signs of movement and flexibility on the part of delegations. They had noted a clear convergence of opinion in the direction of the Co-Chairs' proposal.

33. Consequently, at the meeting of the Open-ended Working Group on 29 July, following a discussion in which the views of all delegations had been sought and many delegations had spoken, the Co-Chairs had put forward a revised proposal, the substance of which was to revise upward by \$1 million the target amount for the final year of the triennium to \$86 million. The other target figures and the IPF figure for 2012–13 remained as in the original Co-Chair proposal.

34. No delegation had objected at that time and that revised proposal had been agreed upon on an ad referendum basis. It had now been put forward for final approval in document GOV/2008/24/Rev.1.

35. It was important to point out in that context that, if one looked at the pattern of change in the target figure for the TCF over the years since the year 2000, the increases had been of the order of 2.4% (2003), 3.7% (2005) and 3.2% (2007). The rate of attainment had also risen steadily from 79.7% at the beginning of the decade to 95.8% in 2007, implying that the available funds had also increased. The target figure now proposed by the Co-Chairs for 2009–2011 would bring an increase of 6.25% over the current limit for the years 2009 and 2010 and 7.5% for the year 2011 — significantly greater than any increase since 2000 and around double the level of increase agreed for 2007–08.

36. It would provide a global amount for the triennium of \$256 million, a major increase (\$18.5 million) over the preceding three years.

37. For clarification purposes only, a minor amendment to line two of the second operative paragraph of document GOV/2008/24/Rev.1 had been proposed by the Chairman of the G-77 and accepted by the Co-Chairs, namely replacement of the phrase “final target figure” with the phrase “actual target figure for those years”.

38. Finally, on behalf of his distinguished Co-Chair, Ambassador Sinegiorgis of Ethiopia, and on his own behalf, he thanked all delegations, especially the spokesperson for the G-77, Ambassador Shahbaz, and the representatives of the Geneva Group for their patience, cooperation and good humour during that lengthy negotiation. In his view, a fair, balanced and progressive result had been arrived at for the TCF which he hoped could now be adopted by consensus.

39. The CHAIRMAN expressed the Board’s thanks to the Co-Chairs of the Open-ended Working Group for their tremendous efforts over several months to find the best formula for reaching a consensus on the matter of the TCF targets for the coming triennium.

40. Mr SHAHBAZ (Pakistan), speaking on behalf of the G-77 and China, expressed gratitude and appreciation to Ambassadors Sinegiorgis of Ethiopia and Cogan of Ireland for their strenuous efforts as Co-Chairs of the Open-ended Working Group on TCF targets and indicative planning figures.

41. The Group recalled that, in accordance with resolution GC(51)/RES/13 and in line with the Group’s long-standing position on the issue, the resources for the TCF must be sufficient, assured and predictable. The Group remained convinced that without adequate financial resources the technical cooperation programme could not achieve its objectives as mandated in Article II of the Statute, namely “to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world”. The Group emphasized that the target figure for the TCF reflected the strong political commitment of Member States towards the technical cooperation programme, which embodied the main statutory vehicle for promoting nuclear technology for the sustainable socio-economic progress of developing countries.

42. The Group recalled the criteria adopted in the 2003 package, according to which the TCF targets should be negotiated based on the changes in the level of the Regular Budget and the price adjustment factor in the corresponding years. The Group noted with satisfaction that the proposals put forward by the Co-Chairs also incorporated additional funds to cope with increasing needs for technical assistance to new Member States of the Agency. In addition, the Group expressed its concern over the significant loss in purchasing power of the TCF due to the steep decline of the dollar/euro exchange rate in recent years, which had not been taken into account. Due consideration of that fact had also been called for by the Director General and the External Auditor, and in previous decisions by the Board.

43. It was on the basis of those objective criteria that the Group had contributed to the consultations on the TCF targets. Its initial proposal to set the target for 2009 at around \$91 million had been

moderate as it had merely incorporated into the Co-Chairs' proposal an adjustment factor with a view to preserve the value of the euro portion of the previous TCF target. The fact that it represented a significant increase in nominal terms in the overall proposed target was nothing but a demonstration of the significant loss of purchasing power of the TCF in recent years due to the decrease in the value of the dollar vis-à-vis the euro.

44. The targets of \$85 million for the year 2009–2010 and of \$86 million for 2011 did not meet the expectations of developing countries. Taking into account the longer period of the next planning cycle, namely three years, there was a need for ensuring parity with the growth in the budget of the Agency and the price adjustments over that period. The Secretariat had already indicated an increase in the Regular Budget on account of additional activities during the coming years. Therefore, the TCF targets should have been set to ensure a corresponding increase every year over the triennium. It would have then reflected due consideration of the agreed principles that formed the basis of arriving at figure for the first year.

45. However, in a spirit of compromise, the Group had signalled its willingness to accept a lower figure for the TCF target as a means to achieve consensus, with the expectation of the concerns of developing countries being taken into consideration in the future. That was a demonstration of utmost flexibility on its part as any figure below \$91 million would by definition represent only a partial adjustment of the purchasing power of the TCF.

46. The Group also expressed its concern about the fact that some delegations had referred to the IPFs as the basis for their position on the funding levels to be adopted for 2009–2011. In that regard, the Group recalled that the IPFs were by definition of a merely indicative nature and were adopted for the sole purpose of providing the Secretariat with a reference for the purposes of long-term planning of future technical cooperation activities. They did not and should not constrain discussions on actual technical cooperation targets, which must take into consideration factors that could not be predicted at the time the IPFs were set.

47. The Group was also concerned with the fact that during the negotiations the possibility of a decrease in the rate of attainment has been used as an argument against setting a higher target. The Group was of the view that the target should be determined by the amount of resources needed by the Secretariat in order for it to be able to deliver the technical cooperation programme as mandated by the Statute. In that connection, the Group urged all Member States to continue their efforts towards attaining the ideal rate of 100%.

48. With those comments, the Group was in a position to agree with the recommendations by the Co-Chairs as contained in document GOV/2008/24/Rev.1.

49. The Group proposed that the Secretariat undertake a yearly review of all the factors that would impact the adjustment of the target, that was to say the increases in the levels of the Regular Budget, inflation and exchange rates, as well as an estimate of additional resources that might be necessary to fund the technical cooperation needs of new Member States, which should be duly reported to the Board.

50. Finally, the Group underscored the urgent need to emerge with a credible mechanism which ensured that resources for the TCF were sufficient, assured and predictable. The Group also took the opportunity to express its appreciation to the delegations that had demonstrated flexibility during the consultations and for the firm support to technical cooperation reaffirmed during meetings of the Open-ended Working Group.

51. Mr DENIAU (France), speaking on behalf of the EU, the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the countries of the Stabilisation and

Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, the EFTA countries Iceland and Liechtenstein, members of the European Economic Area, as well as the Republic of Moldova and Ukraine, said that the EU strongly supported the Agency's technical cooperation mission, as demonstrated by the fact that it was the primary contributor to the TCF.

52. The EU was pleased that a consensus had been reached on the TCF IPFs for 2009–2011 and thanked the Co-Chairs of the Working Group for their efforts in that regard. However, the main concern should not be financial matters, rather the efficiency and effectiveness of the services provided by the Agency to Member States, in particular developing countries. The EU appreciated the Secretariat's consideration of that issue in its 20/20 Vision for the Future report. Also, it had taken note of the External Auditor's proposals on technical cooperation and the proposals contained in the Report of the Commission of Eminent Persons on the Future of the Agency. Over the coming months, the EU hoped to continue an active dialogue with the Secretariat and all Member States — both beneficiaries and donors — on the quality of technical cooperation.

53. Mr BAZOBERRY (Bolivia) said that resources for the TCF should be sufficient, assured and predictable in order to maintain and strengthen implementation of the technical cooperation programme. It was necessary to seek an agreed way in which the Agency's three pillars — safety, verification and technical cooperation on the peaceful uses of nuclear energy — could receive equal consideration and treatment.

54. To determine the TCF targets, many variables had to be considered. Bolivia urged the Secretariat to seek a mechanism to establish clear parameters for determining the budget for the TCF. Also, to offset any negative effects of fluctuations in the exchange rate, measures should be taken to guard against a loss in purchasing power, as recommended by the External Auditor in his report contained in document GOV/2008/9.

55. The Agency made an important contribution towards achievement of the United Nations Millennium Development Goals through its projects to combat poverty and hunger, reduce infant mortality, improve health, prevent diseases and ensure environmental sustainability. That cooperation was of increasing importance at a time when the world was experiencing an energy and food crisis.

56. Mr KRUSE (Australia) noted that the increase in the TCF target figures for 2009–2011 was significant, both in absolute and percentage terms, especially when compared with the IPFs previously agreed for that triennium. Indeed, the increase from \$80 to \$85 million was the largest in the history of the TCF.

57. The outcome was the result of flexibility on all sides. Some major donors had joined the consensus despite the possibility that it might affect their ability to pay in full.

58. Bearing in mind the voluntary character of TCF funding, Australia believed it was important that the target figures were set at reasonable levels, particularly to ensure a high rate of attainment. All Member States had to contribute to the TCF so that the burden did not fall unevenly on those with a strong payment record. Australia hoped to see the high rate of attainment reached in 2007 (95.8%), maintained in future years.

59. Australia strongly supported the technical cooperation programme. It recognized the Agency's important role in assisting Member States in the areas of environmental management, disease prevention, combating hunger and poverty, health promotion and sustainable development, and would continue to contribute to that important work.

60. Mr BAAH-DUODU (Ghana) said that, as a recipient of technical cooperation, his country appreciated the cost-effective manner in which the Agency used its funds. Ghana appreciated that a

slight increase in the figures had been necessary owing to currency fluctuations. As technical cooperation was a very effective tool to promote nuclear technology for the sustainable socio-economic development of developing countries, Ghana urged the Board to approve the recommendations made in document GOV/2008/24/Rev.1.

61. The protracted and contentious negotiations which often preceded agreements on the issue might not be the best way to arrive at a final outcome. There was an urgent need to establish a more effective mechanism for establishing sufficient, assured and predictable funding for technical cooperation.

62. Mr OSAISAI (Nigeria) noted his country's consistent support for the Agency's technical cooperation programme which, through the application of nuclear techniques, helped achieve sustainable economic growth and development. It was important to ensure that the resources for its implementation were sufficient, predictable and assured.

63. Nigeria noted the loss in purchasing power of the TCF due to the decline in the exchange rate of the dollar and supported the External Auditor's recommendation that the Secretariat examine possible mechanisms to protect the TCF against currency fluctuations.

64. The technical cooperation programme was an important vehicle for societal development and gave a human face to the Agency in many developing Member States. Thus, it should be accorded as much importance as the other Agency responsibilities of verification and safeguards. The technical cooperation budget should grow proportionally with other parts of the budget.

65. The cautious path taken to arrive at agreed TCF targets for the 2009–2011 triennium demonstrated Member States' commitment to assured and predictable funding, so that projects budgeted for could be implemented over the specified time frame. It was essential that Member States meet their financial obligations to the TCF in full. For its part, Nigeria would continue to fully honour its obligations and contribute to the TCF in a timely manner.

66. Mr SHIM Yoon-Joe (Republic of Korea)* said that the technical cooperation programme was an important part of the Agency's mandate "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world". The technical cooperation programme represented a partnership between the Agency and its Member States, and between the developed and developing countries. It was his country's view that the programme had always been implemented rather successfully thanks to the joint efforts of all stakeholders.

67. The Republic of Korea believed the increase in the level of TCF targets to be quite substantial, especially considering the IPFs for 2009–2011 that had been agreed in 2006. However, it welcomed the consensus that had been reached and was willing to join it, given the importance it attached to the technical cooperation programme, which had contributed to achieving sustainable development goals through the transfer of nuclear science and technology.

68. The Republic of Korea reiterated its firm commitment to the basic objectives of providing sufficient, predictable and assured resources for the TCF. For its part, the Republic of Korea had paid its voluntary contribution to the TCF for 2008 and would continue its efforts to meet its commitments under the technical cooperation programme.

69. The CHAIRMAN took it that the Board accepted the proposal of the Co-Chairs of the Open-ended Working Group and agreed that the target figures for the TCF should be \$85 million for each of the years 2009 and 2010 and \$86 million for 2011.

70. It was so decided.

71. The CHAIRMAN therefore took it that the Board wished to recommend to the General Conference, for its approval, the target figure of \$85 million for voluntary contributions to the TCF for 2009.

72. It was so decided.

73. The CHAIRMAN then took it that the Board agreed that the IPF for the biennium 2012–2013 should be approximately, but not less than, \$87 million and noted that the actual target figure for those years should be decided by the Board in 2011.

74. It was so decided.

75. The CHAIRMAN further took it that, as also recommended by the proposal of the Co-Chairs, the Board requested the Secretariat to examine possible mechanisms, including a hedging mechanism, to protect TCF resources, to the extent possible, against the effects of currency fluctuations in the future and to report to the Board thereon as early as possible in order to enable the Board to take an early decision.

76. It was so decided.

77. The CHAIRMAN expressed his personal thanks and appreciation to the Co-Chairs of the Working Group for their skilful work throughout the lengthy and intensive negotiations which had resulted in the consensus outcome just agreed. He also expressed his gratitude to all members of the Board, the Agency and the Secretariat for their efforts and flexibility. Although it had taken longer than expected, a fair outcome had been reached.

78. Ms CETTO (Deputy Director General for Technical Cooperation) added her thanks to the Co-Chairs of the Working Group for their enormous efforts and the result achieved. She also thanked Board members for their efforts and spirit of compromise in reaching a consensus on the TCF targets for the next three years. Although difficult to achieve compromise on that matter, it was very important to have the figure early, before finalizing the formulation of the technical cooperation programme. The Secretariat was now confident that it knew how much money was available, as long as the rate of attainment remained the same or even increased. Not only was it important to have a fixed figure, but also to have a figure that was as high as possible.

79. Despite all the efforts made to limit the size of the programme, by asking each recipient country to limit the number of project requests, to downsize requests, and to contribute through government cost-sharing and extrabudgetary funding, the needs still far exceeded the resources. Many well-formulated projects would thus have to become footnote-a/ projects. The Secretariat would continue to do its best to increase the efficiency and effectiveness of the programme, thus helping Member States to achieve the Millennium Development Goals.

80. In response to the Board's request that the Secretariat examine mechanisms to make TCF resources more resilient to currency fluctuations, she said it would take up that task expeditiously.

81. Since 2003, and particularly through the Working Group, members had identified and agreed upon a number of criteria that would provide a good basis for setting targets in the future without the need for cumbersome and time-consuming negotiations. The Secretariat could work together with members to better define those criteria well before setting the new target in 2011.

82. The Secretariat welcomed the suggestion for dialogue on the future of technical cooperation in the framework of discussion of the 20/20 Vision for the Future report and the Report of the Commission of Eminent Persons on the Future of the Agency. Technical cooperation was as relevant

as ever, but needed to undergo review to become more effective, taking into account the changes that had taken place around the world, particularly in the developing world.

83. Mr SHAHBAZ (Pakistan) recalled that the G-77 and China had requested the Secretariat to provide a yearly review of various factors to be taken into consideration when discussing TCF targets. Those included increases in the Regular Budget, inflation, exchange rates and an estimate of additional resources that might be necessary to fund technical cooperation needs of new Member States.

84. Ms CETTO responded that such a review would be provided in the future, but not in the forthcoming two years, for which targets had already been set.

3. Report of the Programme and Budget Committee: Funding of the Agency-wide Information System for Programme Support (AIPS) (GOV/2008/21/Rev.1 and Mod.1)

85. The CHAIRMAN said that, in May, the Programme and Budget Committee had not made any recommendation to the Board as regards AIPS. During the Board's meetings in June, it had again been decided to continue consultations on the matter. In the light of the views expressed, the Secretariat had revised its original proposal, now before the Board in document GOV/2008/21/Rev.1. A modification of the proposal had been issued the previous day, contained in document GOV/2008/21/Rev.1/Mod.1. The proposal focused on the financing of Plateau 1 of the AIPS project, which was the upgrading of the Agency's financial and procurement systems in order to facilitate the adoption of IPSAS by 2010, to which the Board had already agreed. The document proposed use of the 2006 cash surplus for that purpose. The document provided that Member States wishing to opt out of that proposed use of the cash surplus should notify the Secretariat by the end of the working day of 8 September 2008.

86. Mr SHAHBAZ (Pakistan), speaking on behalf of the G-77 and China, said that the Group recognized the importance of implementing the first phase of AIPS for the implementation of IPSAS, approved by the Board in 2007. Any efforts by the Secretariat to identify possible savings that could be made to provide additional funding for AIPS should not in any way affect Major Programme 6, or any of the Agency's other promotional activities.

87. Mr DENIAU (France), speaking on behalf of the EU, the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, the EFTA countries Iceland and Liechtenstein, members of the European Economic Area, as well as the Republic of Moldova and Ukraine, said that the EU fully supported the establishment of AIPS, which was necessary to allow the timely implementation of IPSAS. The introduction of IPSAS was important for the efficient functioning and improved management of the Agency.

88. The EU understood that the Secretariat intended to include funding for Plateaus 2–4 of AIPS in the Regular Budget proposals for 2010, 2011 and 2012, and asked for confirmation of that. On that condition, the EU was prepared to accept the modalities proposed in document GOV/2008/21/Rev.1 on the funding of Plateau 1. The funding modalities proposed to Member States, based partly on an opt-out mechanism and on use of the cash surplus for the project, should not

constitute a precedent for the future, in particular for Plateaus 2–4. The principle of returning any cash surplus to Member States, as set out in the Agency’s Financial Regulations, remained.

89. Mr SHANNON (Australia) said that his country was an unflagging supporter of the Agency’s endeavours to bring greater efficiency to its administrative processes in order to ensure better outcomes for Member States. Australia supported the Agency’s efforts to introduce IPSAS by 2010 as directed by the Board, and the related introduction of AIPS to facilitate the transition.

90. Consistent with its ongoing endorsement of financial and administrative reform within the Agency, Australia supported the measures outlined in document GOV/2008/21/Rev.1, including use of the 2006 cash surplus, to fund Plateau 1 of AIPS and thereby enable compliance with IPSAS within the required time frame.

91. The Australian Government had decided to release the full amount of its share of the 2006 cash surplus to the Agency in order to expedite implementation of Plateau 1. Australia encouraged all Member States that were able, to do likewise. It recognized the generous extrabudgetary contributions that several Member States had already pledged to the AIPS project.

92. His Government’s decision to release its share of the cash surplus had required an exception to be made to the national financial rules, under which assessed shares of cash surpluses must be returned. That difficult decision had been taken on the understanding, outlined in GOV/2008/21/Rev.1, that such a measure would not be regarded as a precedent for future actions.

93. Australia appreciated the efforts made by the Secretariat to find internal savings to facilitate the swift implementation of Plateau 1. It strongly encouraged the Secretariat to continue its search for efficiency gains as a means of financing Plateaus 2–4 of AIPS and had noted the measures it had proposed for the medium-term funding of the next stages of AIPS, as identified in document GOV/2008/21/Rev.1/Mod.1. His delegation looked forward to receiving more detailed information about those measures from the Secretariat in due course.

94. In view of the high priority of IPSAS and AIPS and their benefits to all sectors of the Agency’s work, Australia encouraged the Secretariat to consider areas where lower priority programme activities might be deferred in order to achieve the required savings.

95. Australia was encouraged by moves within the Agency to think strategically about long-term funding for significant capital projects. For too long, the Agency had been required to rely on ad hoc calls for extrabudgetary funding. Member States were put in a difficult situation when presented simultaneously with several competing requests for extrabudgetary funding, often from different parts of the Secretariat and without a clear sense of relative priority. Australia was therefore interested in the Secretariat’s intention to consider the establishment of a special fund for capital-intensive projects such as AIPS, as foreshadowed in paragraph 9 of document GOV/2008/21/Rev.1. His delegation looked forward to further information in that regard, including details of how such a fund might relate to capital management and financing under IPSAS in general.

96. Mr AMANO (Japan) said that his country recognized the importance of the timely introduction of AIPS in order to implement IPSAS by 2010. The introduction of AIPS would further improve the efficiency, effectiveness and transparency of Agency management and would therefore be of benefit to all Member States.

97. It was Japan’s view that the cash surplus should, in principle, be returned to Member States. However, the AIPS project was already a year behind schedule, which seriously jeopardized the implementation of IPSAS by 2010. In that context, Japan had made the utmost effort to resolve the issue through consultations with the Secretariat and concerned Member States. If a consensus emerged on the proposal under discussion, Japan was prepared to contribute €1 million from its share of the

2006 cash surplus, as an exceptional case, for the implementation of Plateau 1 of AIPS. Japan called on other Member States to give positive consideration to that proposal.

98. Japan hoped that the Secretariat would receive sufficient funding through the proposed measures and be able to implement Plateau 1 of AIPS as early as possible. Japan believed that the Secretariat should make plans for the funding of Plateaus 2–4, inter alia through its inclusion in the Regular Budget, in order to prevent a similar financial problem from occurring in the future.

99. Mr DE LA TORRE FERNÁNDEZ DEL POZO (Spain)* said that his country attached great importance to AIPS as it was an essential element for improving the efficiency and productivity of the Agency's activities. Although it was not possible for Spain to use its share of the cash surplus to fund the project, the country's authorities wished to make an extrabudgetary contribution of €217 384, which was equivalent to its share. Provision for that form of funding was offered as an alternative in document GOV/2008/21/Rev.1 and it demonstrated Spain's commitment to implementing Plateau 1 of AIPS at the earliest stage possible.

100. Mr SHIM Yoon-Joe (Republic of Korea)* took note that in documents GOV/2008/21/Rev.1 and Mod.1, the Secretariat focused on Plateau 1 of AIPS. Given that Plateau 1 was the most important step for ensuring the adoption of IPSAS by 2010 and that the transition to IPSAS was already lagging behind schedule, the Republic of Korea hoped that a consensus could be reached on the funding modalities.

101. The Republic of Korea called attention to the need to establish a mechanism for funding Plateaus 2–4 of AIPS through the Regular Budget. Considering the importance of AIPS in facilitating the adoption of IPSAS, it was appropriate that the funding be included in the Regular Budget, to ensure proper planning and timely implementation.

102. Mr WALLER (Deputy Director General for Management), responding to the request of the representative of France speaking on behalf of the EU for clarification with respect to funding in the 'out' years, said that although the Secretariat would submit proposals, it was ultimately up to the members of the Board to make determinations in that regard.

103. He recalled that the Secretariat, in its proposals for AIPS funding in the 2008–2009 budget, had suggested funding for Plateaus 1 and 2 of AIPS through the mechanism of essential investments. That proposal had not been accepted by the Board.

104. The Secretariat strongly agreed that funding of Plateaus 2–4 in the 'out' years should be in the Regular Budget. That was fundamental not only to the implementation of IPSAS in a timely manner but also to the overall efficiency, effectiveness and transparency in all Major Programmes. The Secretariat would make every effort, when formulating and putting forward the proposals for future years for the funding of Plateaus 2–4, to include as much as possible in the Regular Budget, subject to other considerations raised by members of the Board on overall budget levels, other priorities, and so forth.

105. The CHAIRMAN took it that the Board agreed with the proposals contained in document GOV/2008/21/Rev.1 and Mod. 1 thereto.

106. It was so decided.

The meeting rose at 4.55 p.m.