

IAEA Board of Governors

Record of the 1238th Meeting
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Report of the Programme and Budget Committee

Board of Governors

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Record of the 1238th Meeting

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¹ GOV/2009/42.

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.)

Ms KAUPPI		Vice-Chairperson (Finland)
Mr SHOOGUFAN	_____	Afghanistan
Mr GALANXHI		Albania
Mr KHELIFI		Algeria
Ms DONNA RABALLO		Argentina
Mr CAMERON		Australia
Mr VALLIM GUERREIRO		Brazil
Mr SOULAMA		Burkina Faso
Mr WOOD		Canada
Mr WANG Yuqing		China
Ms GOICOCHEA ESTENOZ		Cuba
Mr GARCÉS-BURBANO		Ecuador
Mr FAWZY		Egypt
Mr RAAPPANA		Finland
Mr CARON		France
Mr LÜDEKING		Germany
Ms AMOAH		Ghana
Mr ASHRAF		India
Mr ALSHARIA		Iraq
Mr COGAN		Ireland
Mr AMANO		} Japan
Mr NAKANE		
Ms GREIČIUVIENĖ		Lithuania
Mr ARSHAD		Malaysia
Mr DÍAZ		Mexico
Ms MACMILLAN		New Zealand
Ms LACANLALE		Philippines
Mr FERUTĂ		Romania
Mr KHALIZOV		} Russian Federation
Mr KONDRATENKOV		
Mr AL-TAIFI		Saudi Arabia
Mr MINTY		} South Africa
Mr GUMBI		
Mr DE GUZMÁN MATAIX		Spain
Mr STEINMANN		Switzerland
Mr ÇELIK		} Turkey
Ms DARAMA		
Mr SMITH		United Kingdom of Great Britain and Northern Ireland
Mr SCHULTE		} United States of America
Mr PYATT		
Mr BARROS OREIRO		} Uruguay
Mr LUONGO CÉSPEDES	_____	

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:

Austria, Azerbaijan, Belgium, Chile, Czech Republic, Denmark, Dominican Republic, El Salvador, Estonia, Greece, Holy See, Hungary, Indonesia, Islamic Republic of Iran, Israel, Italy, Jordan, Kazakhstan, Republic of Korea, Kuwait, Lebanon, Libyan Arab Jamahiriya, Mongolia, Montenegro, Morocco, Netherlands, Nigeria, Norway, Oman, Pakistan, Palestine, Panama, Peru, Portugal, Senegal, Serbia, Singapore, Slovakia, Slovenia, Sudan, Sweden, Syrian Arab Republic, Thailand, Tunisia, Ukraine, United Arab Emirates, Yemen and Zimbabwe.

Abbreviations used in this record:

AFRA	African Regional Cooperative Agreement for Research, Development and Training Related to Nuclear Science and Technology
AIPS	Agency-wide Information System for Programme Support
ARASIA	Cooperative Agreement for Arab States in Asia for Research, Development and Training Related to Nuclear Science and Technology
ARCAL	Cooperation Agreement for the Promotion of Nuclear Science and Technology in Latin America and the Caribbean
CPF	Country Programme Framework
CRP	coordinated research project
CTBT	Comprehensive Nuclear-Test-Ban Treaty
Early Notification Convention	Convention on Early Notification of a Nuclear Accident
GEF	Global Environment Facility
HEU	high-enriched uranium
IT	information technology
LDC	least developed country

Abbreviations used in this record (continued)

LEU	low-enriched uranium
MCIF	Major Capital Investment Fund
MDG	Millennium Development Goal
NEPAD	New Partnership for Africa's Development
NPCs	national participation costs
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
NPT Review Conference	Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons
NSF	Nuclear Security Fund
OECD	Organisation for Economic Co-operation and Development
OIOS	Office of Internal Oversight Services
OPEC	Organization of the Petroleum Exporting Countries
P5	The five permanent members of the United Nations Security Council
P5+1	The five permanent members of the United Nations Security Council plus Germany
PACT	Programme of Action for Cancer Therapy
PATTEC	Pan African Tsetse and Trypanosomosis Eradication Campaign
PCMF	Programme Cycle Management Framework
PET	positron emission tomography
RCA	Regional Cooperative Agreement for Research, Development and Training Related to Nuclear Science and Technology (for Asia and the Pacific)
SAL	Safeguards Analytical Laboratory
SESAME	Synchrotron-light for Experimental Science and Applications in the Middle East
SIT	sterile insect technique
TACC	Technical Assistance and Cooperation Committee
TC	technical cooperation
TCDC	technical cooperation among developing countries

Abbreviations used in this record (continued)

TCF	Technical Cooperation Fund
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNSSS	The United Nations Security and Safety Service
VIC	Vienna International Centre
WHO	World Health Organization

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

3. Strengthening of the Agency's technical cooperation activities: Technical Cooperation Report for 2008 (continued) (GOV/2009/27 and Supplement)

1. Mr VALLIM GUERREIRO (Brazil) said that nuclear energy, as a clean and reliable source of electricity, was expected to play a larger role in the world in the coming years, and its non-power applications in medicine, agriculture and other areas had already proved crucial to people's welfare. For those reasons, no society should be excluded from access to nuclear technology for both power generation and non-power applications. Brazil therefore attached great importance to Agency technical cooperation, which was the main instrument of the Agency for achieving its statutory objective of promoting the peaceful uses of nuclear energy throughout the world and a responsibility shared by Member States and the Secretariat. It had long been participating in Agency technical cooperation both as a recipient and as a donor.
2. Brazil attached great importance to the results of the regional project on sustainable integrated management of the Guaraní Aquifer, which was shared by Argentina, Paraguay, Uruguay and Brazil. The lessons learned from that project were proving useful in other partnership initiatives in Latin America and the Caribbean.
3. His country also attached great importance to the partnership established between the Agency and the Latin American Energy Organization (OLADE), from which it and several other countries had already benefited, and to ARCAL, which had proved to be a very sound basis for TCDC.
4. Brazil was concerned about the significant decline in the purchasing power of the TCF due to currency fluctuations. It appreciated the efforts of the Secretariat to mitigate the effects of the decline and hoped that it would continue to seek ways of protecting the TCF's resources, as requested by the Board in August 2008.
5. Mr KONDRATENKOV (Russian Federation) said that the Secretariat was on the right track as regards increasing the effectiveness and improving the quality of Agency technical cooperation, but some developments gave cause for concern — for example, the decline in new TCF resources from US \$83.6 million in 2007 to \$79.9 million in 2008, the decline in the rate of attainment from 95.6% as of 31 December 2007 to 94.7% as of 31 December 2008, and the decline in programme implementation from 74.9% in 2007 to 72.9% in 2008.
6. The Russian Federation, which considered technical cooperation to be among the Agency's most important activities, consistently paid its full TCF target share and collaborated closely with the Secretariat in the implementation of projects financed from its contributions.
7. In 2008, his Government had allocated 240 million roubles to an Agency extrabudgetary fund for financing technical cooperation projects to improve safety at Armenia's nuclear power plant, and it was pleased to note that the implementation of those projects had already started.
8. His Government, which welcomed the successful transfer of spent nuclear fuel from Hungary to Russia by sea in 2008, greatly appreciated the Agency's role in supporting the repatriation of HEU fuel removed from research reactors and the conversion of research reactors to LEU fuel.

9. His Government also greatly appreciated the assistance being provided through the Agency to Iran's Bushehr Nuclear Power Plant within the framework of the technical cooperation project on strengthening the owner's capabilities for commissioning and start-up.

10. Ms AMOAH (Ghana) said that Africa needed highly qualified professionals and a skilled workforce in order to benefit from power and non-power applications of nuclear energy and that her country was pleased with the attention being paid to that need within the Agency.

11. Ghana was also pleased with the number of African countries participating in the AFRA Network on Education in Science and Technology (AFRA-NEST), which it would like to see receiving support from regional and international nuclear education institutions.

12. Ghana, which was likely to face an upsurge in cancer cases unless it developed a comprehensive cancer control programme, was grateful to the Director General and the PACT Programme Office for helping it to obtain loans from the OPEC Fund for International Development and the Arab Bank for Economic Development in Africa for the upgrading and expansion of two radiotherapy centres. It hoped to continue improving cancer management by using imaging techniques such as PET and PET-computed tomography (PET/CT). It also hoped to take advantage of the regional project on strengthening and expanding radiopharmacy services in Africa (RAF/2/008) in establishing good operational standards and quality systems for the preparation of radiopharmaceuticals for scanning cancers.

13. In order to address the problem of water shortages, Ghana had started developing a comprehensive national groundwater resources assessment programme, with the support of the Agency, using isotope hydrology techniques as well as conventional techniques.

14. Ghana, which was establishing the infrastructure necessary for the development of a nuclear power programme, was drawing on the Agency publication *Milestones in the Development of a National Infrastructure for Nuclear Power*.

15. With the Agency's support, Ghana was strengthening its legal and regulatory infrastructure for nuclear energy applications and its radioactive waste management infrastructure and was continuing with the establishment of a nuclear security support centre, which was near completion.

16. Mindful of the fact that the sustainability of nuclear technology-based projects strongly depended on the availability of a sufficient number of nuclear professionals, Ghana was placing strong emphasis on human capacity-building in the nuclear field through postgraduate education and training.

17. Mr NAKANE (Japan) said that his country attached great importance to promotion of the peaceful use of nuclear energy through the Agency's technical cooperation activities, especially in the areas of food and agriculture, human health and nuclear safety and security.

18. Japan was slightly concerned about the low rate of TCF target attainment in 2008 compared to 2007, but, given the good contribution record of recent years, it was looking forward to high attainment rates being achieved again.

19. Regarding the unobligated balance at the end of 2008, Japan hoped that prioritization, within national and regional programmes, would in future be carried out more effectively.

20. Despite severe economic constraints, Japan had consistently paid its full TCF target share in a timely manner, and in 2008 it had accounted for 16.9% of the contributions made to the TCF. Against that background, it was concerned about the fact that 33 non-LDC Member States had in 2008 not paid — or even pledged — their shares of the TCF target. The financing of Agency technical cooperation activities should be in line with the concept of 'shared responsibility', as stated by the General

Conference in 2005 in resolution GC(49)/RES/11, and accordingly all Member States should pay their full TCF target shares.

21. The Agency's Technical Cooperation Reports were useful documents, highlighting the fact that nuclear technology was essential to ordinary life, but the programme descriptions in the draft report under consideration were unclear about types of nuclear technology used and results achieved. The Secretariat could improve the quality of the draft report by elaborating on its results-based management approach.

22. Mr DE GUZMÁN MATAIX (Spain) said that his Government attached great importance to the Agency's technical cooperation activities, which promoted both technology transfer and socio-economic development.

23. Spain was paying its full TCF target shares and had been gradually increasing its extrabudgetary contributions in support of footnote-a/ projects. Also, it was helping the Secretariat by providing experts for missions, organizing training courses and accepting Agency fellows and scientific visitors.

24. In designing the Agency's technical cooperation programme for 2009–2011, the Secretariat had made good use of the PCMF and taken due account of the priorities identified in CPFs, and it had placed strong emphasis on quality and sustainable development. His authorities agreed with the Secretariat about the value of establishing linkages between CPFs and UNDAFs and about the Agency's contributions to the achievement of MDGs through technical cooperation.

25. His country attached great importance to technical cooperation projects for the intensification of food crop production through — inter alia — improved water management and the prevention of soil erosion.

26. It was important that the Secretariat build strategic partnerships with donor countries and regional organizations such that they might play an active role in the implementation of regional Agency programmes. It was also important that the projects in question be of high regional priority, be of high quality and be in line with the Agency's statutory mandate.

27. In the opinion of his authorities, a more proactive approach should be taken in trying to obtain financial resources for footnote-a/ projects.

28. As regards interregional projects, his authorities considered the \$2.1 million disbursed for such projects in 2008 to be very modest given their strategic importance.

29. Spain continued to attach special importance to projects relating to human health, agricultural productivity and food security, water resources management, environmental protection, nuclear safety and nuclear power feasibility studies.

30. The geographical distribution of Agency technical cooperation resources was still not sufficiently equitable, too little account being taken of aspects such as technological and socio-economic development. The resources allocated to Latin America and the Caribbean were inadequate, and more thorough consideration should be given to the question whether to assist countries that were now so highly developed in the nuclear field that they had become suppliers of nuclear technology.

31. His country welcomed the 2008 rate of TCF target attainment but was disappointed with the 2008 programme implementation rate.

32. Spain, which agreed that the financial resources for Agency technical cooperation should be sufficient, assured and predictable and there should be no preconditions attached to them, shared the

concern about the fact that even the central programme elements were not financed from the Regular Budget.

33. Ms GOICOCHEA ESTENOZ (Cuba) said that her country, which was strongly committed to the Agency's technical cooperation activities, was paying its full TCF target shares and the NPCs due from it in a timely manner. Also, in 2008 it had provided the equivalent of \$500 000 as a cost-sharing contribution in support of one of the projects approved for it. The national project implementation rate for Cuba had in 2008 been 80% — higher than the average for recipient countries as a whole.

34. In Cuba, the Agency's projects were closely integrated into high-priority national development programmes, so that they were sustainable and had a considerable impact.

35. In addition to benefiting from Agency technical assistance, Cuba shared the know-how and skills acquired by it with other countries in the region. For example, thanks to project CUB/7/06 (Strengthening the National Environmental Monitoring System in the Marine Ecosystem) Cuba's Cienfuegos Environmental Studies Centre was supporting environmental monitoring activities under way in other countries within the framework of regional project RLA/7/012 (Use of Nuclear Techniques to Address the Management Problems of Coastal Zones in the Caribbean Region).

36. In 2008, Cuba had provided the Secretariat with 29 experts for 53 missions and with eight training course lecturers, and it had accepted nine Agency fellows for training at Cuban facilities. In addition, it had hosted a regional training course, a subregional technical meeting and a meeting of National Liaison Officers.

37. The Division for Latin America, Department of Technical Cooperation, was to be commended for its efforts in 2008 to improve the various delivery indicators and strengthen national capacities for programme management. From the draft report under consideration it was clear that there had been progress as regards technical cooperation impact. Paradoxically, however, the programme implementation rate in the Latin American and Caribbean region had remained relatively low. There was an urgent need to address that issue, looking thoroughly into the difficulties encountered in the procuring of equipment and reagents and into the reasons for denials of shipment of radioactive materials and of equipment containing sources of ionizing radiation.

38. The unjust economic, commercial and financial blockade imposed on Cuba by the Government of the United States was continuing to hamper the Secretariat's procurement efforts for project implementation in her country. The Secretariat's Office of Procurement Services had problems in procuring the equipment needed for projects in Cuba because companies that were based in the United States or in which there was United States capital participation could not sell such equipment for use in Cuba owing to the real risk of sanctions even if the equipment was to be used in an international project. The equipment had to be obtained from further afield, which undermined project execution. Thanks to the success of the Secretariat in finding alternative sources of equipment, however, the rates of project implementation in Cuba had remained high.

39. Despite numerous General Assembly resolutions on the blockade issue and international rejection of the United States Government's policy, the absurd blockade was continuing, with attempts to politicize the Agency's technical cooperation activities. For example, on 10 June 2009, a proposal had been submitted to the United States Congress calling for the deduction from the contribution of the United States to the Agency's budget of an amount equal to what the Agency had allocated in 2007 for technical cooperation with Iran, Syria, Sudan and Cuba. Fortunately, reason had prevailed and the proposal had been rejected by 224 votes to 205.

40. Mr ALSHARIA (Iraq) said that there was a growing interest in his country in using nuclear techniques in important areas such as public health care, agriculture, and water resources management, and Iraq was engaged in building up the necessary national infrastructure.

41. His country, which attached great importance to the Agency's role in the dissemination of nuclear knowledge and the transfer of nuclear technology and in addressing problems relating to denials of shipment of radioactive materials, had undergone major changes since 2008. After decades in which the population had suffered under an unjust and oppressive regime, it was making progress in those areas, where Security Council resolutions 687 (1991) and 707 (1991) allowed it to use nuclear techniques. However, the fact that Iraq was not allowed to use nuclear techniques in other areas was a major impediment to its efforts to develop various sectors of its economy. The policies of the previous regime had left Iraq subject to major restrictions. Once they were lifted, a new era of development could begin.

42. Iraq, which had demonstrated its commitment to nuclear non-proliferation and was fulfilling its obligations under international instruments such as the CTBT and the NPT, was looking forward to recognition of its right to exploit all types of energy, including nuclear energy, in meeting its development needs.

43. Mr STEINMANN (Switzerland) said that contributions to the TCF were at a very satisfactory level. The fact that a number of Member States had not paid the NPCs due from them and that the other resources for technical cooperation had dropped to the level of 2003 and 2004 could be attributed to the monetary crisis affecting the stability of many countries.

44. Switzerland hoped that the payment of contributions to the TCF in the currencies that could most readily be used by the Secretariat would somewhat attenuate the erosion of the TCF's purchasing power.

45. In his country's view, CPFs were essential to the effective implementation of Agency technical cooperation projects and should be developed by all Member States wishing to benefit from Agency technical cooperation activities. When a project combined a nuclear component with a non-nuclear one, the Secretariat and the State concerned should entrust the non-nuclear component to a United Nations institution more competent in the area in question. That would anchor the Department of Technical Cooperation more firmly within the development assistance framework of the United Nations and result in greater recognition of the quality of the Agency's expertise.

46. Ms LACANLALE (Philippines) said that her country welcomed the strong emphasis on human health and food and agriculture in the Agency's technical cooperation programme, as those two sectors were critical in enabling developing Member States to address their MDG commitments. However, with the nuclear power renaissance and with more and more developing countries interested in the various non-power applications of nuclear energy, her country would like to see a strong emphasis also on human resource development in nuclear science and technology.

47. As regards human health, her country believed that Member States in all four technical cooperation regions would benefit from the Agency's Quality Assurance Team on Radiation Oncology (QUATRO), Quality Management Audit in Nuclear Medicine Practices (QUANUM) and Quality Assurance Audit for Diagnostic Radiology Improvement and Learning (QUAADRIL) services.

48. The Philippines, which welcomed the OECD initiative for addressing the problem of the looming shortage of technetium-99m, believed that the Secretariat should encourage all Member States with appropriate facilities to produce technetium-99m or, if necessary, to try developing alternative technetium-99m production technologies and/or radiopharmaceuticals.

49. The Philippines welcomed the Secretariat's efforts to improve the interaction between the Agency and United Nations development organizations at the country, regional and headquarters levels, and particularly the Agency's initial participation in the UNDAF process. The details and results of the Agency's initial participation in that process should be shared with Member States.

50. The Philippines attached great importance to the formulation of regional profiles; they facilitated TCDC without in any way diminishing the value of the partner countries' contributions to the implementation of regional programmes.

51. The Philippines, which welcomed the work of the Secretariat on the development of standardized quality criteria and performance indicators, and particularly its work on designing a periodic progress report module for performance monitoring at the outcome level, believed that there should be proper monitoring of projects at certain points in their implementation and documentation of outcomes. That would not only help in measuring the impact of projects, but also facilitate the assessment of future project proposals, particularly by partner countries. Her country looked forward to the Secretariat's report on the results of testing of the module.

52. With regard to the low financial implementation rate for Asia and the Pacific in 2008, it could not be attributed to the low technical assistance absorptive capacities of developing Member States in that region. The Philippines therefore believed that the level of technical cooperation financing for Asia and the Pacific should be maintained.

53. Mr GUMBI (South Africa) said that his country attached great importance to the role of the Agency in promoting, particularly through its technical cooperation activities, the peaceful utilization of nuclear energy.

54. South Africa believed that the 39 technical cooperation projects currently being implemented within the framework of AFRA would contribute to the attainment of NEPAD's goals and of MDGs.

55. In 2006, South Africa had launched an initiative involving consultations between its nuclear regulatory body and the nuclear regulatory bodies of other African countries with a view to assessing the status of nuclear regulatory infrastructures in Africa and promoting self-assessment by and networking among African nuclear regulatory bodies. During the past two years the Division for Africa and the Department of Nuclear Safety and Security had provided valuable support to that initiative.

56. In the margins of the first regional coordination meeting regarding the AFRA project RAF/9/038, Promoting Self Assessment of Regulatory Infrastructures for Safety and Networking of Regulatory Bodies in Africa, AFRA member countries had held the second meeting of the Forum of Regulatory Bodies in Africa, which had been officially launched on 25 March 2009 in Pretoria. A steering committee had been elected under the chairmanship of Nigeria, and seven thematic working groups had been tasked with developing cooperation in safety and regulatory matters.

57. Mr LUONGO CÉSPEDES (Uruguay) said that, in the area of human health, his country was particularly interested in strengthening its technical capabilities for treating cancer and in improving the academic qualifications of Uruguayan physicians and medical physicists.

58. In the area of food and agriculture, it was particularly interested in techniques that helped to eliminate the effects of agrochemicals and antibiotic residues in produce intended for the domestic market and for export.

59. About 20 years earlier, Uruguay had conducted uranium prospecting operations, and it was now interested in updating the results with a view to possible uranium exploitation. The matter was of

particular importance since Uruguay was interested in launching a nuclear power programme and was currently carrying out nuclear power feasibility studies.

60. The Country Programme Officers appointed by the Department of Technical Cooperation were crucial to the success of projects, and his country was grateful to it for the sensitivity shown in that regard.

61. As regards the mobilization of resources for the technical cooperation programme, Uruguay was satisfied with the level of payment of TCF contributions by Member States. However, it was concerned about the comparatively low rate of programme implementation in the Latin American and Caribbean region. It hoped that consultations between the Department of Technical Cooperation and Member States in the region would lead to an increase in that rate.

62. Mr PYATT (United States of America) said that his country was continuing to support the role of Agency technical cooperation in enabling Member States to utilize peaceful nuclear technology for sustaining and enhancing their scientific and technological capabilities and in contributing to their socio-economic development, while ensuring safety, security and non-proliferation. In 2008, the United States had contributed \$19.8 million to the TCF and provided more than \$4 million in extrabudgetary (cash and in-kind) contributions.

63. His country greatly appreciated the commitment of the large number of Member States that had in 2008 paid their full TCF target shares, and it would like to see all Member States paying the NPCs due from them in a timely manner.

64. His country considered National Liaison Officers to be important partners in the implementation of technical cooperation projects in Member States, and it strongly supported further enhancement of the PCMF for better planning, monitoring and reporting and for better tracking of recommendation follow-up. It would like the Secretariat to provide Member States with a timely briefing on all the reforms carried out in 2008, including those carried out pursuant to OIOS recommendations.

65. The United States would appreciate it if the Secretariat could ensure that the documents with the new project listings were issued well in advance of the meetings of TACC.

66. His country would also appreciate it if the Secretariat developed a system for obtaining, retaining and updating information on past Agency fellows in order that track might be kept of where and how the knowledge and expertise they had acquired were being applied.

67. In his country's view, it would be useful if the Resource Mobilization Team provided Member States with periodic progress reports on the results of its activities.

68. The United States was pleased that through "a synergistic coordinated TC and PACT approach" the Agency had helped in establishing radiotherapy and nuclear medicine facilities in Ghana. It would like to see such an approach, involving other international organizations as well, adopted in support of comprehensive cancer control programmes in Member States.

69. The United States welcomed the assistance with the technological, safety and security aspects of nuclear power being provided by the Secretariat to Member States interested in embarking on nuclear power programmes. In that connection, it attached great importance to continued close coordination between the Department of Technical Cooperation, the Department of Nuclear Safety and Security and the Department of Nuclear Energy. Also, it would like to see recipient Member States with well-established nuclear programmes shifting from being recipients to partners in the Agency's technical cooperation programme.

70. With regard to the Global Threat Reduction Initiative, his country greatly appreciated the Secretariat's assistance with the repatriation of HEU fuel, and it would like the Secretariat to highlight the non-proliferation importance of the activities in question. It also greatly appreciated the Secretariat's efforts in establishing collaborative arrangements with research reactor operators and support organizations for the purpose of reducing the use of HEU fuel. It would like to see continued close cooperation between the Department of Technical Cooperation and the Office of Nuclear Security with a view to ensuring that the security needs of the facilities and countries receiving repatriated HEU fuel were addressed.

71. Concern had been expressed about the provision of technical assistance to States that, on the basis of Secretariat reports, were known or believed to be in breach of their safeguards obligations. In that context, his country appreciated the Secretariat's statement regarding the implementation of United Nations Security Council resolution 1737 and the subsequent Board decision on the Islamic Republic of Iran's access to Agency technical assistance. Iran could best achieve its civil nuclear energy goals by accepting the P5+1 offer. As regards the Bushehr Nuclear Power Plant, the United States shared the interest in preventing nuclear accidents there.

72. Mr CARON (France) said that his country, which agreed that Agency technical cooperation was a shared responsibility, welcomed the partnership strategy that had been gradually developed by the Secretariat with the help of Member States and of other international organizations. It particularly welcomed the recent signing of UNDAFs by the Agency.

73. France, which attached great importance to efficiency in the implementation of the Agency's technical cooperation programme, hoped that the Secretariat would continue to seek greater programme transparency and consistency and to give priority to projects that were clearly within an area of Agency competence. It also attached great importance to the one-house approach in that connection.

74. His country was pleased with the growing interest of many developing Member States in projects relating to the assessment of energy needs and the introduction of nuclear power. The Agency had a vital role to play in helping the Member States in question to establish nuclear power infrastructures. For its part, France had recently informed the Secretariat that it would make a financial contribution in support of footnote-a/ projects relating to those issues in Africa and Vietnam. At the same time, France was of the view that each Agency technical cooperation project relating to the introduction of nuclear power must be designed in a manner consistent with the present and future needs and capabilities of the recipient Member State.

75. France, which attached great importance to Agency technical cooperation in Africa and Latin America, and particularly to projects conducted within the AFRA and ARCAL frameworks, had decided to strengthen its support for two projects relating to the fight against cancer in those two regions. In that connection, it greatly appreciated the partnership approach established within the framework of PACT.

76. His country attached great importance to ensuring that Agency technical assistance was distributed equitably and benefited LDCs. In its view, the Secretariat could do better in that connection.

77. Agency technical assistance in the area of nuclear safety and security would be extremely important in the coming decades. France, which was expanding the nuclear safety and security training offered by it, would like the Secretariat to join in its efforts, which were being supported by experts from other European countries. In July, France would be hosting a seminar on safety culture, with support provided through the Agency's technical cooperation programme. Thanks to such support,

several African lawyers had participated in the courses of the International School of Nuclear Law of Montpellier in August and September 2008.

78. Given the importance of training in the context of the strong renewal of interest in nuclear energy internationally, France had recently established an international master's degree course in nuclear energy open to English-speaking students. It stood ready to consult with the Secretariat on the extent to which the course could be offered to Member States within the framework of the Agency's technical cooperation programme.

79. France was pleased to note that in 2008 the resources for Agency technical cooperation, and particularly the new resources for the TCF, had attained a significant level despite an unfavourable economic context. For its part, France had, besides contributing to the TCF, made substantial extrabudgetary contributions (financial and in kind) in support of footnote-a/ projects — and it was contributing more in 2009 than in 2008.

80. Financing of the Agency's technical cooperation activities was a joint responsibility of all Member States, and the best way of obtaining the necessary TCF resources was to set a reasonable TCF target, bearing in mind the international economic context, so that all Member States could pay their full target shares in a timely manner. In that connection, it was important that Member States with considerable payment arrears, including major emerging countries, meet their commitments vis-à-vis Agency technical cooperation.

81. His country regretted the fact that, because of low project implementation rates, nearly 25% of the resources made available for Agency technical cooperation were not disbursed. It was unacceptable that in 2008 alone €25 million had merely served to increase the technical cooperation resource surplus. Better use could be made of financial resources made available to the Agency than to park them in treasury bonds. France hoped that the necessary efforts would be made to rectify the situation.

82. Mr KHELIFI (Algeria) said that Agency technical cooperation was a vector for the transmission of scientific knowledge and technical skills important in the peaceful utilization of nuclear energy. It was helping to strengthen national capacities in the nuclear field and contributing to the attainment of MDGs.

83. His country considered training in power and non-power applications of nuclear energy to be particularly important for Africa, which was endeavouring to close the socio-economic gap between itself and other regions. It would therefore like to see a continued strong emphasis on training in national and regional technical cooperation projects, but without prejudice to equipment supply.

84. His country was greatly encouraged by the overall amount of new resources for technical cooperation in 2008, and by the 2008 TCF target attainment rate. They attested to the strong support of Member States — including Algeria — for the Agency's technical cooperation activities.

85. Algeria, which attached great importance to the promotion of human health in Africa, welcomed the strengthening of partnerships with institutions such as the GEF and the African Development Bank in support of PATTEC.

86. Algeria also welcomed the conclusion in May 2009 of an agreement between the Agency and WHO on a joint programme to combat cancer. It hoped that the programme would act as catalyst in mobilizing financial resources for PACT, in the financing of which Algeria was participating through the OPEC Fund.

87. With regard to food and agriculture, Algeria would like to see greater efforts being made to enable African countries to benefit from the progress made, using nuclear techniques, in crop production, food preservation and pest control.

88. Algeria remained interested in the possible use of stable isotopes, or any other effective nuclear technique, to combat desert locusts. It would like to see the Agency cooperating closely with the FAO Commission for Controlling the Desert Locust in North-West Africa, based in Algiers, and the Dakar office of FAO's Emergency Prevention System for Transboundary Animal and Plant Pests and Diseases.

89. Algeria, which was contributing to TCDC within the framework of AFRA, was pleased that the plan of action that had emerged from the High Level Regional Conference on Nuclear Energy held in Algiers in January 2007 had reaffirmed AFRA's importance for regional cooperation in the promotion of nuclear applications in science and technology.

90. Algeria greatly appreciated the Agency's technical assistance with the drafting of nuclear legislation, with energy assessment and planning, and with the strengthening of its radiation protection infrastructure and nuclear security arrangements. It also greatly appreciated the Agency's technical assistance with the sustainable management of underground water resources using a combination of isotopic and classical techniques and with the protection and sustainable management of water resources in coastal zones.

91. As regards the financing of technical cooperation, the progress reflected by the financial indicators in the document under consideration should be built on in order to ensure that the resources of the TCF were sufficient and predictable, within the framework of the necessary balance between all of the Agency's statutory activities. At the same time, the efforts of the Secretariat to reduce the impact of exchange rate fluctuations, which had eroded the purchasing power of the TCF, should be pursued with a view to establishing an effective mechanism.

92. For its part, Algeria would continue to pay its full TCF target share and the NPCs due from it in a timely manner and to participate in the financing of a number of projects through other institutions of which it was a member.

93. Mr PARK Chung-Taek (Republic of Korea)* said that his delegation welcomed the progress made in implementing the PCMF, but it was concerned that many stakeholders, including National Liaison Officers and Programme Management Officers, had difficulty in using it effectively. The Secretariat should provide training in the use of the PCMF — for example, at meetings of National Liaison Officers. The PCMF was currently being used in designing national technical cooperation projects, but in his delegation's view it could be used to great advantage also in designing regional projects and implementing CRPs.

94. The Republic of Korea welcomed the Secretariat's efforts to strengthen its partnerships with United Nations system institutions such as UN Country Teams and the UNDG and to participate in the UNDAF process as part of the implementation of the 'One UN approach' proposed in 2005. It stood ready to support those efforts.

95. His country also welcomed the efforts of the RCA Regional Office to establish collaboration with the Clean Air Initiative for Asia (CAI-Asia), the Partnership for the Environmental Management of the Seas of South Asia (PEMSEA), the Economic and Social Commission for Asia and the Pacific (ESCAP) and UNDP. The RCA Regional Office had consulted with the Secretariat on the legal propriety of sharing information from RCA member countries with the CAI-Asia; information-sharing would start in 2010.

96. Mr GASHUT (Libyan Arab Jamahiriya)* thanked the Department of Technical Cooperation for the technical assistance being provided to his country, which was paying its full TCF target share and the NPCs due from it.

97. The Secretariat had been a reliable partner in the implementation of projects relating to a number of different areas and selected in accordance with priorities specified in Libya's CPF.

98. Developing countries were particularly interested in human resources development, and his country would like the Secretariat to circulate information on relevant training courses to developing Member States, so that they might take account of it in preparing their national training programmes. Such information could also be displayed on the Agency's GovAtom website.

99. Libya, which was participating in many regional activities within the AFRA framework, had hosted a number of such activities, and it stood ready to host further ones. In that connection, it would like to see AFRA activities receiving greater Secretariat attention.

100. Mr ARAJ (Jordan)* said that, following the establishment of the Jordan Atomic Energy Commission in March 2008, his country looked forward to regular and more effective cooperation with the Agency. Jordan, which was working on the development of a sustainable nuclear energy programme, had concluded nuclear cooperation agreements with the main nuclear supplier countries.

101. With regard to technical cooperation, Jordan greatly appreciated the Agency's assistance with energy planning, human resources development, and a pre-feasibility study regarding the introduction of nuclear power. It also greatly appreciated the Agency's assistance in defining user requirements prior to the construction of its first research reactor.

102. In support of regional technical cooperation activities, Jordan had hosted many Agency training courses and workshops, and at Jordan University a masters programme in medical physics had been established for physicists from ARASIA member countries. In addition, Jordan was hosting the UNESCO's SESAME project.

103. The Agency's capacity for delivering technical assistance was very strained. Additional financial and human resources were needed, and perhaps also more creative ways to deliver technical assistance.

104. Ms CETTO (Deputy Director General for Technical Cooperation), having acknowledged the expressions of support for the Secretariat, said that all comments made would be taken into account.

105. The Secretariat agreed that the factors affecting the programme implementation rate needed to be analysed in detail.

106. Also, the Secretariat shared the concerns regarding the instability of and the decline in programme resources. Practical suggestions for increasing programme resources in a sustainable manner would be welcome.

107. Mention had been made of the need to develop a new technical cooperation strategy that would take account of current trends. The results of Member States' discussions regarding the future of the Agency, and of the various related internal exercises, would provide important input for the development of a new strategy. It was foreseen that the present technical cooperation strategy would be revised in conjunction with the review of the Medium Term Strategy 2006–2011, to ensure that the objectives of the technical cooperation programme were aligned with those of the Agency as a whole.

108. Requests had been made for greater flexibility in the application of the NPC mechanism. The issue was a difficult one, as the Board's instructions left very little — if any — room for flexibility. However, the Secretariat would do its best to identify obstacles and ways of overcoming them.

109. The Secretariat welcomed the suggestion that the Member States most advanced in the use of nuclear technologies assume greater responsibility and provide more resources for activities benefiting less advanced Member States.

110. As regards the provision of technical assistance to LDCs, the share of TCF resources assigned to projects in LDCs had increased from 17.4 % in 2004 to 18.6% in 2008.

111. As regards the issue of following up on former Agency fellows, the latest fellowships survey had been carried out in 2007, and the next one would be carried out later in 2009.

112. The CHAIRPERSON, summing up, said that the Board had commended the Secretariat on the quality of the draft Technical Cooperation Report for 2008 and had expressed its appreciation for the Secretariat's efforts to strengthen the Agency's technical cooperation activities. Some suggestions had been made for improving the draft document.

113. Several members had stated that technical cooperation activities were an integral component of the Agency's statutory mandate, a means of technology transfer and an efficient tool for accelerating sustainable development. They had also stated that a balance should be maintained among the three pillars of the Agency. The importance of coordination between the technical cooperation programme and all other Major Programmes as part of the Agency's 'one-house' approach had been emphasized.

114. Wide-ranging comments had been made on the Agency's technical cooperation activities — for example, in relation to energy planning and nuclear power development, nuclear fuel repatriation and core conversion from HEU to LEU fuel, human resources development and sustainability, food and agriculture, human health, the SIT, water resources management, the environment, knowledge management, nuclear security and the security of radioactive sources, the building of partnerships, TCDC, the mobilization of extrabudgetary resources, the Agency's contribution to the attainment of MDGs, and the role of the Agency as an important partner in development.

115. The activities carried out within the framework of the regional cooperative agreements had been highlighted and the support provided by the Agency for those activities commended.

116. Several comments had also been made regarding programme delivery — for example, on CPFs, the programme implementation rate in 2008, the prioritization of technical cooperation activities, obstacles to the implementation of some projects and the need for the Secretariat to address them together with the Member States concerned, the progress made in implementing the PCMF and the need to provide training in the use of that tool, the importance of the allocation of sufficient resources to technical cooperation management, the importance of the systematic evaluation of the Agency's technical cooperation activities, and the importance of the roles of Programme Management Officers and National Liaison Officers.

117. Several members had welcomed the steps taken by the Secretariat in support of the United Nations 'Delivering as One' initiative and had called for further such steps. Several other members had expressed misgivings about the application of a unified United Nations approach for development, since it might have negative implications for the financing and delivery of the Agency's technical cooperation programme.

118. Several members had expressed the view that it was time to prepare a new technical cooperation strategy that would reflect new trends worldwide.

119. Some members had raised the issue of regional shares of the Agency's technical cooperation resources and had requested the Secretariat to review the allocation of resources among regions. Several members had urged the Secretariat to ensure that LDCs benefited fully from the technical cooperation programme, in view of their special needs.

120. The Board had again emphasized the need for sufficient, assured and predictable funding for the Agency's technical cooperation activities and had urged all Member States to pay in a timely manner their full TCF target shares and the NPCs and APC arrears due from them.

121. Several members had stated that the financial resources for technical cooperation activities should be increased to match the increasing demands of Member States, and some members had called for a serious study in that regard. Several members had stated that the financing of technical cooperation activities should be based on the concept of 'shared responsibility'.

122. Some members had stated that the Secretariat should continue applying the due account mechanism to Member States that did not fulfil their obligations vis-à-vis the TCF.

123. Several members had expressed concern about the fact that the rate of TCF target attainment had been lower at the end of 2008 than at the end of 2007. It had been recalled that the objective of the rate of attainment mechanism was to bring about 100% attainment of the TCF target.

124. Several members had expressed concern over the significant loss in the purchasing power of the TCF due to exchange rate fluctuations and had stated that the TCF's resources should be protected against such fluctuations.

125. The Board had noted the Secretariat's responses to some of the issues raised during the discussion.

126. She assumed that the Board wished to take note of the draft Technical Cooperation Report for 2008, contained in document GOV/2009/27, and request the Director General to transmit it to the General Conference, after any modifications that the Board considered necessary had been made.

127. It was so decided.

4. Report of the Programme and Budget Committee (GOV/2009/26)

128. The CHAIRPERSON recalled that the Programme and Budget Committee had been unable to make a recommendation on the Agency's programme and budget for 2010–2011, and that Ambassador Feruță of Romania, one of the Board's two Vice-Chairpersons, had been asked to continue consulting with Member States and the Secretariat on the draft programme and budget with a view to bringing about an agreement by the current meetings of the Board.

129. Regarding the question of the appointment of the Agency's External Auditor for 2010–2011, it also had continued to be the subject of consultations.

130. Mr FERUȚĂ (Romania), reporting on his consultations regarding the draft programme and budget, said that an open-ended group had been set up and had met on a number of occasions. The basis for discussion had been the Chairperson's proposal that the budget increases proposed by the Secretariat be effected over two biennia instead of one, and it was his belief that the proposal still deserved consideration.

131. During the consultations, he had directed the focus to four issues — savings, the envisaged Major Capital Investment Fund (MCIF), nuclear security and technical cooperation. After intensive discussions in the open-ended group, he had presented a proposal — worked out with the help of the

Secretariat — that he thought to be worth considering as a basis for negotiation. His proposal preserved the Chairperson's idea of 'stretching' the budget increases proposed by the Secretariat, but over significantly less than two biennia.

132. At the most recent meeting of the open-ended group, he had sought the reactions of Member States to his proposal. As he had expected, some had voiced support for it while others had had misgivings. A number of suggestions had been made that would require exploration.

133. He was disappointed that — as far as he could see — it would not be possible for the Board to agree on the budget during its current series of meetings, but he was confident that the negotiation process would not last much longer. Following the current series of Board meetings he would convene a further meeting of the open-ended group to discuss matters such as the external and internal borrowing of resources for the MCIF. Meanwhile, he hoped that Member States would reflect again on his proposal.

134. Ms DONNA RABALLO (Argentina), speaking on behalf of the Group of 77 and China, said that it greatly appreciated the efforts of Ambassador Ferută to achieve consensus.

135. His proposal envisaged — inter alia — savings measures. In the Group's view, such measures should not be allowed to compromise the Agency's ability to carry out promotional activities. The Group was concerned about the possibility of the Agency's ability to carry out some promotional activities being compromised by — for example — increases in the lapse factor.

136. The Group had problems with the budgetary increases proposed for Major Programme 3 (Nuclear Safety and Security) with a view to regularizing the financing of the management of nuclear security activities, which was at present being financed from the NSF — an arrangement with which the Group was quite satisfied.

137. Furthermore, the Group feared that Major Programmes 1 (Nuclear Power, Fuel Cycle and Nuclear Science), 2 (Nuclear Techniques for Development and Environmental Protection) and 6 (Management of Technical Cooperation for Development) would be so far reduced as to jeopardize the ability of the Agency to fulfil its main statutory mandate — to promote the peaceful uses of nuclear science and technology.

138. It was important for the Group that the final decision on adoption of the budget be coupled with an understanding that the shielding mechanism would be revisited and with an agreement to increase the resources of the TCF in future technical cooperation cycles in a manner matching the increases in the Regular Budget — for example, an agreement (valid for two years) to the effect that as from 2012 the TCF target would, as a minimum, increase each year by an amount corresponding to the average of the actual Regular Budget figure and the zero-real-growth figure, that minimum not being less than the price adjustment figure for the budget as a whole.

139. Mr STEINMANN (Switzerland) said that his country's position regarding the draft programme and budget for 2010–2011 was not determined by a simple desire for zero budgetary growth. Switzerland was in favour of the establishment of an MCIF, and, with the establishment of such a fund, Member States would have to provide the Agency with additional financial resources, and the resulting budget would correspond to something well beyond zero budgetary growth.

140. Switzerland took a global view of the activities of international organizations, irrespective of whether they belonged to the United Nations family, and it allocated its financial resources earmarked for international organizations on the basis of its political or energy-related priorities. The Agency, for whose activities Switzerland had great regard, was therefore competing for Swiss financial resources with organizations such as the International Renewable Energy Agency (IRENA). Moreover, Switzerland was not requesting that the Agency undertake more and more activities. On the contrary,

it wanted the Agency to establish clear priorities and then act on the basis of those priorities, and in that regard there was still room for manoeuvre.

141. As regards financing of the MCIF, Switzerland would like the Secretariat to work out alternative options that took account of — for example — the possibility of using cash surpluses, carrying over to the following year the resources earmarked for investments that it had proved impossible to make and, if necessary, borrowing.

142. His country would continue to participate in the budget consultations in a constructive spirit, but the world economic crisis required that a clear distinction be made between what was desirable and what was absolutely necessary, both nationally and internationally.

143. Mr PYATT (United States of America) said that his country, which greatly appreciated the efforts of the Chairperson, Vice-Chairperson Feruță and the Secretariat, very much regretted the fact that Member States had been unable to reach agreement on the programme and budget for 2010–2011 in time for the current meetings of the Board.

144. His Government continued to believe that the Agency needed a significant real increase in its Regular Budget given its growing responsibilities. At the same time, it was sensitive to the importance of budgetary discipline, particularly in the present economic climate.

145. Member States needed to work together in setting priorities and finding a way to bring the Agency's resources into line with them. The United States, which was in favour of increased resources being provided for high-priority programme areas, believed that budgetary increases were necessary in order to strengthen activities in core areas such as safeguards and nuclear security. At the same time, it recognized the importance of maintaining balance in the Agency's work.

146. Capital investments were urgently needed, particularly in order to maintain the capabilities of SAL and to move ahead with the establishment of an enterprise resource planning system — a system that should result in budgetary savings once it was fully operational.

147. A week before, the United States had notified the Director General that it was increasing its voluntary contribution to the Agency by about 20% — or \$ 10 million — in the current year so as to fund activities not covered by the Regular Budget (for example, certain nuclear safety and nuclear security activities and the procurement of certain safeguards equipment).

148. The Agency's budget was an issue on which consensus was absolutely essential, and the United States was committed to working together with all other Member States in seeking a consensus that addressed all priorities.

149. Mr SMITH (United Kingdom), having thanked Ambassador Feruță for his proposal, said that his Government's position on the Agency's budget had not changed substantially since the Programme and Budget Committee had met. The policy of his Government with regard to international organizations continued to call for zero-real-growth budgeting, and the current global financial crisis had reinforced its wish to see greater effectiveness and efficiency in all international organizations, including the Agency.

150. As announced by Prime Minister Brown earlier in 2009, the United Kingdom was planning to make a number of proposals, under the heading 'Road to 2010', as part of an effort to bring about a successful NPT Review Conference in 2010. One key step on that road would be for the international community to ensure that the Agency had the resources and mandate necessary for fulfilling its role, not least in areas such as safeguards and the security of fissile material.

151. The United Kingdom believed it to be of fundamental importance that Member States honour their financial commitments vis-à-vis the Agency. That was why it aimed to pay its Regular Budget contributions in full and on time, as it had done in the current year despite dramatic detrimental exchange rate fluctuations.

152. Nevertheless, the United Kingdom believed that there remained scope for the Agency's work to be organized more effectively and efficiently. It would particularly like to see the Secretariat investing more effort in setting stricter priorities so as to ensure that higher-priority areas of activity were really of high priority and were adequately resourced, and that lower-priority activities were postponed or allowed to lapse. It would also like to see the Secretariat benchmarking itself against the secretariats of international organizations with a good track record in ensuring that the ratio of overheads to operational costs was minimized. The Secretariat's budget proposals should reflect a commitment to the delivery of concrete outcomes, drawing on the principles of results-based management.

153. As stated in a recent letter from a number of Member States, including the United Kingdom, the best way of moving the budget formulation process forward would be for a further revised budget proposal to be produced, with the 2009 operational budget as the baseline, with a zero-growth scenario as a framework, and with a particular focus on work plan prioritization. Ambassador Ferută's latest proposal represented a move in the right direction, but did not meet the United Kingdom's requirements.

154. In his country's view, there remained considerable scope for budget cuts and efficiency-based savings within the proposed budget, particularly as regards overhead and administrative costs, and the United Kingdom would like to see the Secretariat identifying areas where such cuts and savings could be made.

155. As regards the proposed increases for Major Programme 3, the United Kingdom considered it important that the Agency receive sufficient resources to be able to carry out its statutory functions in the areas of nuclear safety and nuclear security.

156. Nuclear security was an issue of high priority for the United Kingdom and an area where the highest standards had to be met worldwide. That was why the United Kingdom had recently doubled its contribution to the NSF. It believed that a moderate increase in the nuclear security element of the Regular Budget would be justified, but it was willing, in a spirit of compromise, to work towards a consensus on that and other issues.

157. The United Kingdom had sympathy for the proposal to establish an MCIF, but it was of the view that a substantial portion of the necessary capital investments could be covered by other means, such as savings, reallocated programme resources, extrabudgetary resources and borrowed resources. The Agency should take a serious look at the various options with a view to producing a more affordable MCIF proposal.

158. The United Kingdom, which was aware that some Member States wished to see a more direct linkage between increases in the Regular Budget and increases in the TCF target, saw no reason to depart from the understanding reached in 2003 after much painful negotiation. Also, it would not be prepared to go along with a reopening of the agreement reached on shielding.

159. The United Kingdom believed that there was sufficient common ground for it to be possible to move towards an early resolution of the budget issue. An essential starting point would be a revised budget proposal representing something closer to zero growth. The United Kingdom remained willing to engage constructively in the negotiating process, which it hoped would be successfully completed in the coming weeks.

160. Mr DÍAZ (Mexico) said that the proposal presented by Ambassador Ferută on 12 June 2009 contained figures that were still too high for the liking of Mexico, which was in favour of a zero-growth budget. The search for more substantive cost — particularly administrative cost — savings should continue. Strict austerity and greater efficiency were essential. Unnecessary expenditure on, for example, travel should be eliminated. Such measures were regularly taken by national governments in times of crisis.

161. At the same time, Mexico attached great importance to the maintenance of an appropriate balance among the Agency's statutory activities, with due account taken of the interests and needs of Member States. It also attached great importance to budgetary transparency.

162. His delegation would continue to participate constructively in the budget discussions.

163. Mr NAKANE (Japan) said that his country, which attached great importance to the Agency and had consistently supported its activities, believed that the Agency should be provided with sufficient resources to respond to the needs of Member States. At the same time, it was essential that due regard be paid to the severe financial constraints under which Member States were labouring. Those two considerations needed to be reconciled in a balanced manner and as soon as possible.

164. His delegation would continue to participate constructively in the consultation process with a view to arriving at a solution acceptable to all.

165. Ms DARAMA (Turkey), having thanked the Chairperson and Ambassador Ferută for their efforts, said that years of zero real budgetary growth had steadily eroded the ability of the Agency to carry out its main functions. Turkey was therefore in favour of a budgetary increase for 2010 and 2011 that would not impose an excessive financial burden on Member States. In the event of such a reasonable budgetary increase, her country would like to see Major Programmes 1 and 2 benefiting in particular.

166. In the present global financial situation, it was important to prioritize Member States' expectations of the Agency over the short, medium and long term. There was no urgent need for an increase in the operational part of the Regular Budget, but provision should be made for major capital investments. Improvement of the Agency's infrastructures would result in greater effectiveness and in cost savings. Turkey was therefore in favour of most of the proposed capital investments, particularly those for upgrading the IT infrastructure, the Incident and Emergency Centre and the analytical infrastructure needed for verification activities.

167. Turkey, which welcomed the fact that consideration was being given to funding arrangements such as borrowing and cost recovery, would continue to support the efforts being made to arrive at a budget acceptable to all Member States.

168. Mr GUMBI (South Africa) said that his country would like to see agreement reached on a realistic budget that addressed the concerns relating to SAL.

169. The Agency should be provided with the financial resources necessary for fulfilling its mandate, but the Secretariat should step up its efforts to root out waste by — for example — phasing out ineffective programmes.

170. South Africa, which attached great importance to the Agency's technical cooperation activities, for which the resources should be sufficient, assured and predictable, would like to see further consideration given to the question of the voluntary nature of contributions to the TCF.

171. Mr CARON (France), having commended the efforts of Ambassador Ferută, said that the Agency should be provided with the resources it needed in order to fulfil all its statutory functions, to

which France attached great importance. Accordingly, his country had in the past accepted justified budgetary increases. However, it was hard to justify, in a time of economic recession, the fact that tens of millions of euros' worth of Regular Budget and TCF resources were not being disbursed for Agency programme activities but used, among other things, in acquiring various States' treasury bonds.

172. Realistically, no Agency budget could be drawn up without thought being given to the present economic crisis, which was imposing severe budgetary constraints on Member States. Accordingly, it was now particularly important that the Secretariat step up its efforts to achieve cost savings through greater management efficiency.

173. The point of departure of Ambassador Ferută's recent proposal was the Secretariat proposal envisaging a budgetary increase of over 20% for 2010 alone. In France's view, simply 'stretching' that budgetary increase over a longer period without questioning the substance of the Secretariat proposal would not lead to consensus. In fact, it had led to a proposed budgetary increase of 9.8%, without account taken of inflation, which was far beyond what France considered acceptable. It was necessary to proceed on the basis of the programme and operational budget adopted for 2009 with a view to coming up with a coherent zero-real-growth proposal that took account of the Agency's particular priorities for the next two years.

174. There had to be more rigorous prioritization in order to gain the room for manoeuvre essential for the implementation of certain activities that were especially important. Also, further consideration should be given to making what France regarded as indispensable cuts within Major Programme 5 (Policy, Management and Administration).

175. In addition, France believed that it would be useful to have discussions regarding the procedures for establishing the rate of inflation to be used in budget forecasts.

176. France had no fundamental objection to the proposed establishment of an MCIF, but in its view the present circumstances were not favourable and the proposed resource levels were inappropriate. France would like to see efforts made to focus financing on the highest-priority investments, with the others deferred.

177. Finally, serious consideration should be given to internal borrowing as a way of financing the modernization of SAL. The loan, which could be made from unused surpluses available to the Agency, would of course be reimbursed in full, and the funds in which those surpluses had accumulated would not lose a single euro. It was simply a question of good management and in line with what the External Auditor had advocated.

178. Mr LÜDEKING (Germany) said it was important that the Agency, given its important role in addressing many challenges of the day, have sufficient resources to carry out its statutory functions effectively.

179. Germany, which was committed to achieving a viable result in the budget negotiations, would continue to participate constructively in those negotiations with a view to the achievement of such a result within the coming week.

180. What was now needed was a realistic basis for the negotiations that took account of the constraints imposed by the present financial crisis. Unfortunately, neither the original Secretariat proposal nor the subsequent proposal for 'stretching' the desired budgetary increases over four years was acceptable as a point of departure for the negotiations.

181. Difficult choices had to be made, but it should be possible for the Agency to be provided with the necessary financial resources on the basis of a zero-growth budget.

182. As to the proposed establishment of an MCIF, Germany had sympathy for the idea but was convinced that there were other ways of funding major capital investments — for example, from savings, through the reallocation of resources and through internal borrowing. They should be explored further. The Secretariat should reconsider its proposal, among other things with a view to reducing overheads and personnel costs. Across-the-board increases for virtually all Major Programmes, as proposed by the Secretariat, were not in line with today's reality.

183. Ms AMOAH (Ghana), having thanked Ambassador Ferută for his efforts, said that the Agency had not benefited from any real budget increases in the preceding two decades and that the Secretariat was to be commended for its efforts in implementing programmes through the judicious use of scarce resources.

184. Her country understood the reasons for the Secretariat's request for a 20% budget increase for the 2010–2011 biennium, but the present global financial crisis had adversely affected the ability of Member States to respond to that request. It therefore supported the proposal that further consultations be held with a view to reaching a consensus, hoping that the outcome would not undermine the ability of the Agency to implement the programmes on which all Member States had agreed.

185. Mr KHALIZOV (Russian Federation), thanking Ambassador Ferută for his efforts, said that the proposal made by him represented a step in the right direction. Most importantly, it took account of the need to contain the growth of personnel costs at a time when Member States were suffering from severe financial constraints. Also, it rightly envisaged the spreading of the appropriations for certain investments over several budget cycles.

186. As regards the resourcing of the various Major Programmes, Ambassador Ferută's proposal was more balanced than the Secretariat's. Sharp increases in the funding for certain areas of Agency activity might lead to unnecessary politicization.

187. As regards future capital investment in infrastructure, there had been talk of financing it through internal borrowing or through borrowing on the financial markets. His country was ready to consider either option, but only if internal borrowing would not jeopardize programme activities of the Agency and borrowing on the financial markets would not involve additional payments by Member States.

188. Regarding the Agency's accounts for 2008, his country could not go along with the idea of a system of discounts and surcharges recommended by the External Auditor as a means of encouraging Member States to pay their assessed contributions on time. The scale of assessment of Member States' contributions towards the Agency's Regular Budget was derived from the United Nations scale of assessment, which was based on the true ability of States to pay — determined using objective economic and demographic indicators. Introducing surcharges and discounts would undermine the principle that the contributions of Member States should be assessed on the basis of their true ability to pay.

189. Also, his country had misgivings about the External Auditor's recommendation that Member States consider pooling voluntary funding with indicative shares, following the TCF model. Implementation of that recommendation would increase the financial burden on Member States, not all of which were prepared to become donors of additional resources for Agency activities.

190. Ms GOICOHEA ESTENOZ (Cuba), having thanked Ambassador Ferută for his efforts, said that her country was committed to participating in the continuing budget negotiations.

191. Cuba was concerned about the fact that some Member States were advocating a zero-nominal-growth budget for the Agency. Although her country, like many other Member States, had been adversely affected by the global financial crisis, it believed that the ability of the Secretariat

to carry out the tasks required of it by Member States must not be jeopardized — for example, by excessive measures aimed at increasing the Secretariat's efficiency.

192. At the same time, if priorities were to be set, they should be set by Member States and not by the Secretariat.

193. Mr WANG Yuqing (China), having commended the efforts of Ambassador Ferută, said that the growing interest of many developing Member States in nuclear power represented both an opportunity and a challenge for the Agency and raised the question as to how best the Agency could assist those Member States.

194. China, which attached great importance to the role of the Agency, believed that it should be given adequate resources and was therefore in favour of a budget increase in line with real needs.

195. Promoting the peaceful utilization of nuclear energy and preventing the proliferation of nuclear weapons were two important and complementary functions between which an appropriate balance should be maintained. China hoped that the Secretariat would bear in mind that when formulating a revised programme and budget proposal — a proposal that took account also of Member States' ability to pay.

196. China, like many other Member States, was experiencing serious difficulties as a result of the global financial crisis, whose long-term economic effects were hard to predict. It therefore hoped that the Secretariat would listen carefully to Member States and try to make savings through internal management improvements and to increase income by obtaining financial resources from additional sources.

197. Ms VERSTO (Norway)* said that her country hoped that a consensus on the programme and budget would be reached soon. It wished the Agency to have the resources necessary for fulfilling all aspects of its mandate.

198. Her country did not want a postponement of essential capital investments, but it was sceptical about borrowing money in order to finance them. It was therefore in favour of full accrual budgeting and of the establishment of an MCIF whose resources would be available for several bienniums.

199. Promoting nuclear safety was a statutory activity of the Agency, but most of the resources provided for that activity were extrabudgetary, unlike the situation with regard to safeguards. Her country would like to see more Regular Budget resources being provided for the promotion of nuclear safety, as every nuclear programme should have a nuclear safety component.

200. The DIRECTOR GENERAL said that the Secretariat had submitted a realistic proposal for a budget that would enable the Agency to carry out its functions, which were vital for peace, security and development. He and his colleagues, who bore a heavy responsibility, could not, in all conscience, propose a budget unless they felt that it would enable the Agency to address the issues of non-proliferation, safety and security, and development.

201. Member States were currently reaping what they had sown during the past 20 years by adhering to a policy of zero real budgetary growth even when economic conditions had been good and despite the fact that the Secretariat had consistently explained that the zero-real-growth policy was eroding its ability to meet its responsibilities. Three years previously, he had won a minor budget increase by explaining that it would not be possible for the Secretariat to devise a credible zero-real-growth budget. The Agency's financial situation was much worse now than it had been then.

202. Of the Agency's various high priorities, development was as important as non-proliferation and safety and security. He had said a number of times that poverty was the most powerful weapon of

mass destruction, and President Obama had recently referred to the linkage between poverty and insecurity. He did not agree with the view that the Agency's focus should be on non-proliferation and safety and security rather than on poverty reduction, because he believed that poverty reduction was absolutely at the heart of international security.

203. If the Agency were to borrow money outside, as had been proposed, it would have to pay interest. If it were to borrow money internally, as had also been proposed, it would have to forgo the interest being earned on that money. In any case, he believed that borrowing money in order to carry out non-proliferation and safety and security activities would detract from the value of those activities.

204. When such activities were financed by extrabudgetary resources, the Secretariat used cost-free experts who were not necessarily qualified and had not gone through the competitive recruitment process, and there was potentially distortion of the geographical balance in the staffing of the Secretariat. There were currently about a hundred cost-free experts serving in the Secretariat — approximately one eighth of the Agency's staff; that was not a desirable situation for an organization that was supposed to be spearheading efforts in support of peace and security.

205. He did not see how \$60 million could be saved, even if the Agency's staff were cut by half. An external consultant had said that the Secretariat could not achieve further major savings until AIPS was fully operational, but Member States were not prepared to pay for the implementation of AIPS — that did not make sense. Likewise, it did not make sense that Member States were of the opinion both that the Agency's budget would need to be doubled during the next 40 years and that zero real budgetary growth should be maintained. How would the maintenance of zero-real-growth budgeting tally with the view of the Commission of Eminent Persons that the Agency needed \$80 million in order to restore dilapidated infrastructures? He found himself in the difficult position of being unable to validate any environmental sample analyses as SAL did not have the necessary equipment, so he could not come to the Board and report credible conclusions relating to war-or-peace issues.

206. Without the Incident and Emergency Centre, the Secretariat would not be able to notify Member States immediately if a nuclear accident occurred, as it was required to do by the Early Notification Convention.

207. The proposed budget increases could be 'stretched' a little in time, but the numbers would not change. If Member States opted for budget cuts, he would make the implications of those cuts clear, both privately and publicly. He and his colleagues did not wish to bear any responsibility if, in a few years' time, there should be another Chernobyl accident, a nuclear terrorist attack or the discovery of a further clandestine nuclear programme.

208. About 50 countries were thinking of embarking on nuclear power programmes, but they were being supported by only two Professional staff members. As reflected in almost all newspapers, nuclear security was the number-one security priority, yet the Agency had only three Professional staff members working in that area — the extrabudgetary funding for which had so many conditions attached that important activities were influenced by purely political considerations.

209. The Secretariat would of course seek further savings possibilities, but it should be recognized that 'austerity measures' was a misnomer for 'programme cuts'.

210. The Group of 77 had suggested that the shielding mechanism be revised, but, if Member States opened a discussion on that issue, it could degenerate into a discussion of any number of other issues considered important by different countries.

211. Member States needed to set priorities that could be funded in a credible manner. That was something the Secretariat could not do, and it would not like to deceive world public opinion by

creating the impression that the Agency was doing its job when the staff knew that they did not have the necessary money.

212. Mr WALLER (Deputy Director General for Management), responding to points raised by the Group of 77, said that, under Ambassador Ferută's proposal, the vast majority of nuclear security activities would continue to be financed from the NSF. The proposed additional resources for nuclear security in 2010 were intended for the salaries of a small number of people such that a core group of staff would be working in the nuclear security area under an arrangement similar to an arrangement already existing in the technical cooperation area. One problem with cost-free experts was that they could not assume managerial or supervisory duties, so it was necessary to have a small number of staff members who could. The nuclear security activities themselves would depend on the receipt of extrabudgetary contributions from generous Member States.

213. The Group of 77 had expressed concern about decreases in the resources for Major Programmes 1, 2 and 6. Under Ambassador Ferută's proposal, there would be an increase of 10% for Major Programme 1, of 7% for Major Programme 2 and of 9% for Major Programme 6.

214. The representative of the United Kingdom had referred to results-based management. That was an area in which the Agency had been a pioneer among the organizations belonging to the United Nations system. Already the Secretariat had prepared four biennial budgets using the results-based methodology.

215. Regarding administrative costs, the proposed budget increases for most Major Programmes entailed no corresponding increase in the support costs provided for under Major Programme 5. Most of the increase provided for under Major Programme 5 related to the costs charged to the Agency by the United Nations for physical security at the VIC. About 22% of Major Programme 5 was accounted for by the cost of the Buildings Management Service and UNSSS whose budgets were determined by UNIDO and the United Nations respectively.

216. The Secretariat, which had spent a lot of time considering different ways of resourcing the envisaged MCIF, would have preferred that assessed contributions not be required for that purpose, but other funding was not forthcoming.

217. He had been delighted to learn that the United States would be increasing its voluntary contribution to the Agency by about 20%, and he hoped that some of the additional money would be designated for the modernization of SAL. He would be grateful if other Member States were to increase their voluntary contributions.

218. In the Secretariat's original budget proposal, each project had been assigned a certain priority rating, some 60% of them being classed as priority 1. It had been envisaged that the support for those projects would be provided from the Regular Budget, but Member States were free to decide whether any of them should not be supported from the Regular Budget.

219. Regarding transparency, the detailed budget proposals were available on the Agency's GovAtom website. One of the Agency's previous External Auditors had once said that the Secretariat might be overly transparent, spending too much time on providing Member States with information. However, the Secretariat would continue providing Member States with whatever information they required.

220. When talking about borrowing, it was important to bear in mind that cash on hand was not surplus cash — it was money earmarked for programme activities on which disbursements had not yet been necessary. In addition, when borrowing money internally it was important to ensure that sufficient cash was left in the fund drawn upon.

221. Realistically, the only fund with money that the Secretariat could borrow was the TCF, and before using any of that money the Secretariat would have to request permission from the Member States for whose projects the money in question was earmarked.

222. Mr FERUȚĂ (Romania) said that a revised proposal reflecting views expressed in the Board would be prepared.

223. The best possible way of resourcing the MCIF was still being sought. It had been estimated that the interest charge on a sufficiently large external loan would be some €8 million. Technically, it might be possible to borrow from internal funds, but there was a risk of activities for which such funds had been established being adversely affected. However, the internal borrowing option should be examined.

224. He was encouraged by the support that he had received from Member States, and he looked forward to consulting with them on the revised proposal.

225. The CHAIRPERSON, referring to Annex 1 of the report of the Programme and Budget Committee (GOV/2009/26), took it that the Board wished to transmit the Agency's Accounts for 2008 to the General Conference, together with the draft resolution set out at the beginning of document GOV/2009/18.

226. It was so decided.

227. The CHAIRPERSON also took it that the Board wished to take note of the information contained in the Mid-Term Progress Report for 2008–2009 (GOV/INF/2009/2), in the 2008 Programme Evaluation Report (GOV/INF/2009/3), and in the Progress Report on the Implementation of International Public Sector Accounting Standards at the Agency (GOV/INF/2009/4).

228. It was so decided.

229. The CHAIRPERSON, turning to Annex 2 (entitled “The Agency's Draft Programme and Budget for 2010–2011”), said that the Board was not yet in a position to recommend to the General Conference a budget for 2010. In the circumstances, she proposed to ask Ambassador Feruță of Romania to continue his negotiations, with a view to arriving at a consensus soon.

230. With regard to the TCF, she took it that the Board wished to recommend to the General Conference a target for voluntary contributions for 2010 of \$85 million, as indicated in draft resolution B in document GOV/2009/1.

231. It was so decided.

232. The CHAIRPERSON took it that the Board wished to recommend to the General Conference that for 2010 it keep the level of the Working Capital Fund at €15 210 000, as indicated in draft resolution C in document GOV/2009/1.

233. It was so decided.

234. The CHAIRPERSON, turning to Annex 3 (entitled “The Equipment Replacement Fund 2009”), assumed that the Board wished to take the action recommended in document GOV/2009/19 and approve the use of the Equipment Replacement Fund 2009, as specified in paragraph 4 on page 1 of that document.

235. It was so decided.

236. The CHAIRPERSON, turning to Annex 4 (entitled “Appointment of the External Auditor for 2010–2011”), said that the Board was not yet able to make a recommendation to the General Conference. She would continue her consultations on the matter with a view to its speedy resolution.

237. Turning to Annex 5 (entitled “Personnel matters: Terms and conditions of appointment of the Director General”), she took it that, as recommended by the Committee, the Board wished to approve the Terms and Conditions of Appointment of the Director General as set out in the Annex to document GOV/2009/15.

238. It was so decided.

The meeting rose at 1.40 p.m.