

IAEA Board of Governors

Record of the 1247th Meeting
GOV/OR.1247

Report of the Programme and Budget Committee

Board of Governors

GOV/OR.1247

Issued: August 2009

Restricted Distribution

Original: English

For official use only

Record of the 1247th Meeting

Held at Headquarters, Vienna, on Monday, 3 August 2009, at 10.35 a.m.

Contents

Item of the agenda ¹	Paragraphs
– Adoption of the agenda	1–2
– Report of the Programme and Budget Committee	3–40

¹ GOV/2009/57.

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 FEROUKHI	Chairperson (Algeria)
Mr AINI	Afghanistan
Mr GALANXHI	Albania
Mr KHELIFI	Algeria
Mr CURIA	Argentina
Mr KRUSE	Australia
Mr ORTIGÃO DE SAMPAIO	Brazil
Mr HINTON	Canada
Mr HUANG Wei	China
Mr CODORNIU PUJALS	Cuba
Mr STACEY MORENO	Ecuador
Mr SIRRY	Egypt
Mr SUOMINEN	Finland
Ms MANGIN	France
Mr KEMMERLING	Germany
Mr ASHRAF	India
Mr AL-JANABY	Iraq
Ms NEYLON	Ireland
Mr OGASAWARA	Japan
Mr NORKUS	Lithuania
Mr ARSHAD	Malaysia
Mr DÍAZ	Mexico
Ms MACMILLAN	New Zealand
Ms ALMOJUELA	Philippines
Mr FERUTĂ	Romania
Mr SERGEEV	Russian Federation
Mr MINTY	South Africa
Mr ROSELLÓ SERRA	Spain
Mr KESSLER	Switzerland
Ms DARAMA	Turkey
Ms LAVERY	United Kingdom of Great Britain and Northern Ireland
Mr PYATT	United States of America
Mr WALLER	Deputy Director General, Department of Management
Mr ANING	Secretary of the Board

Representatives of the following Member States also attended the meeting:

Angola, Austria, Belarus, Chile, Costa Rica, Croatia, Czech Republic, Denmark, El Salvador, Holy See, Indonesia, Islamic Republic of Iran, Israel, Italy, Jordan, Kazakhstan, Kenya, Republic of Korea, Kuwait, Lebanon, Morocco, Norway, Oman, Pakistan, Panama, Peru, Serbia, Slovakia, Sri Lanka, Sweden, Thailand, United Arab Emirates, Bolivarian Republic of Venezuela and Vietnam.

Abbreviations used in this record:

NPT	Treaty on the Non-Proliferation of Nuclear Weapons
SAL	Safeguards Analytical Laboratory
TCF	Technical Cooperation Fund

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

- Adoption of the agenda
(GOV/2009/57)

1. The CHAIRPERSON invited the Board to adopt the provisional agenda contained in document GOV/2009/57.
2. The agenda was adopted.

- Report of the Programme and Budget Committee
(GOV/2009/52/Rev.1)

3. The CHAIRPERSON, introducing the item, recalled that, in May 2009, the Programme and Budget Committee had been unable to reach a consensus on the budgetary estimates for 2010–2011. She had therefore entrusted Ambassador Feruță of Romania, one of the Board's Vice-Chairmen, with the task of engaging Member States in informal consultations directed towards the reaching of a consensus.
4. In June 2009, the Board, also unable to reach a consensus, had requested that the informal consultations continue.
5. The Board now had before it Ambassador Feruță's proposal regarding the programme and budget for 2010–2011, and she hoped that the Board would agree on it at the current meeting. At the same time, she recognized that the Board's decision would be coming late, but she was confident that the Secretariat would do its utmost to expedite the release of the budget document for the General Conference.
6. Mr FERUȚĂ (Romania), speaking in his capacity as a Vice-Chairman of the Board, said that his focus throughout the consultation process had been on clarifying the many issues of concern to Member States, considering all possible options and identifying the best possible approach, with the aim of providing Member States with the opportunity to make an informed choice.
7. He believed that the proposal now before the Board represented the best possible response to all Member States' concerns and that, although not perfect, its acceptance and implementation would assist the Agency in meeting the challenges ahead.
8. The CHAIRPERSON, having thanked Ambassador Feruță for his efforts, took it that the Board wished to accept the proposal contained in document GOV/2009/52/Rev.1
9. It was so decided.
10. The CHAIRPERSON accordingly took it that the Board wished to take the action recommended in section C of document GOV/2009/52/Rev.1 — namely, to
 - Approve the proposal as outlined in Section B (together with Annex 1), pending approval by the General Conference of the relevant measures thereof which fell within its purview;

- Recommend to the General Conference, for approval and adoption at its forthcoming (53rd) regular session, draft resolution A (Annex 2) containing the revised estimates for the Regular Budget appropriations for 2010 on the basis of an exchange rate of €1.00 to \$1.00 — i.e. a total Regular Budget for 2010 of €318 263 121;
- Suspend for 2009 the application of Financial Regulation 3.05(e), which prescribed a six-week deadline for the transmission of budget documentation to the General Conference; and
- Request the Secretariat to take the necessary actions on the elements contained in document GOV/2009/52/Rev.1 and to modify document GOV/2009/1 as necessary in order to reflect the Board's decisions, for submission to the General Conference.

11. It was so decided.

12. Mr CURIA (Argentina), speaking on behalf of the Group of 77 and China, said that the Group had made its position clear during the consultation process. It greatly appreciated the efforts made by Ambassador Feruță during that process, but it was not fully satisfied with the outcome. However, it had not wished to block a consensus on Ambassador Feruță's proposal.

13. The Group would monitor closely the way in which the agreed 'package' was implemented in the coming year.

14. Ms LAVERY (United Kingdom) said that her delegation, which was very grateful to Ambassador Feruță, would have preferred something closer to a zero-real-growth outcome, but it welcomed the fact that a consensus had been reached.

15. Her delegation particularly welcomed the moderate increase envisaged for the nuclear security element of the Regular Budget. The United Kingdom, which considered it important that the Agency have sufficient resources for its nuclear security activities, had recently doubled its contribution to the Nuclear Security Fund.

16. The United Kingdom, which looked forward to playing an active part in the discussions within the working group that would be considering the programme priorities and resource requirements for 2011–2013, believed that there remained scope for the Secretariat to organize its work 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 activities really were of high priority and were adequately resourced while lower-priority activities were postponed or dropped. In addition, it would like the Secretariat's budget proposals to be based on a commitment to deliver concrete outcomes, drawing on the principles of results-based management.

17. Mr PYATT (United States of America) said that his delegation had been pleased to join the consensus in support of a real budgetary increase for 2010. It recognized that agreeing to an increase in the budget of an international organization in the midst of a global financial crisis was difficult for all parties concerned, and it was grateful to all other Member States that had helped to bring about what it regarded as a welcome outcome.

18. The Agency's role was becoming increasingly important in the effort to create a world in which nuclear energy was used exclusively for peaceful purposes and nuclear weapons were only a distant memory. Crucial to the success of that effort was a strengthened Agency, well equipped to verify compliance with obligations arising out of NPT and other safeguards agreements, to ensure that terrorists never acquired a nuclear weapon, to facilitate the peaceful use of nuclear energy and to promote the highest standards of nuclear safety.

19. By stabilizing the funding of the Agency's nuclear security activities, the new budget represented an important step towards strengthening the Agency and providing it with the resources it needed in order to send out a strong signal that all Member States were united in the fight against nuclear terrorism. Nonetheless, if Member States wished to move towards a world without nuclear weapons, they could not afford to be complacent.

20. His delegation, which looked forward to participating in the envisaged consideration of future priorities and resource requirements, was grateful to Ambassador Feruță and the Secretariat for their efforts and hoped that the present spirit of consensus would carry over to the General Conference's forthcoming session and to future Board meetings.

21. Ms MANGIN (France), having thanked Ambassador Feruță for his efforts, said that the lengthy discussions and consultations on the budget question had highlighted the importance that Member States attached to the activities of the Agency and the recognition of the need for it to be provided with the necessary resources.

22. Through the consensus that had been achieved, the Agency's resources would be significantly increased, and France was certain that the Secretariat would put the 2010 budget to good use in continuing to carry out its important tasks with its usual professionalism.

23. In the light of the lengthy discussions and consultations that had taken place on numerous budgetary proposals, however, France believed that it was necessary to rethink the way in which Agency programmes and budgets were drawn up. It therefore welcomed the agreement on the convening by the Board of a working group to consider future priorities and resource requirements. It looked forward to participating very actively in the deliberations of that working group, and it was sure that the Secretariat and the next Director General would also have a prominent role to play in the forthcoming comprehensive review exercise.

24. One issue that France would particularly like the working group to focus on was how to ensure that proposed price adjustments were realistic. That issue had arisen frequently in the past, and in France's view the time had come for it to be thoroughly addressed.

25. Mr OGASAWARA (Japan), having thanked Ambassador Feruță for his efforts, said that Japan had decided to make a contribution of up to €2 million for the design of SAL's new nuclear material laboratory. That contribution, along with Japan's earlier contribution for the procurement of an ultra-high-sensitivity secondary ion mass spectrometer, was aimed at modernizing SAL in order to strengthen the analytical capabilities of the Agency, which were essential to the Agency's safeguards work.

26. Mr SIRRY (Egypt), having thanked Ambassador Feruță for his efforts, said that Egypt had consistently argued in favour of providing the Agency with the additional resources necessary in order for it to continue carrying out its statutory functions in a proper manner. Although aware of the constraints that recent economic difficulties had imposed on all Member States, his country was also aware of the need to ensure as far as possible that such constraints did not damage the Agency and undermine its efforts in contributing to the maintenance of international peace and security.

27. Egypt was pleased that the approved 'package' paved the way towards increases in TCF's resources in line with the growth of the Regular Budget. Such increases would help to restore the balance in the activities of the Agency, which had special responsibilities in the area of technical cooperation.

28. His country, which looked forward to the convening of a working group to consider priorities and resource requirements, believed that the modalities of safeguards financing should be comprehensively revisited with a view to achieving an equitable distribution of the costs involved.

29. His country continued to be of the view that the envisaged staggering percentage increase in the resources for Major Programme 3, aimed at regularizing the Agency's nuclear security activities, could not reasonably be justified. When arguing in favour of providing the Agency with additional resources, Egypt had done so with the understanding that the additional resources would be provided in a manner that took account of the Agency's statutory functions and would not accentuate the existing imbalance. As responsibility for nuclear security rested entirely with States and the promotion of nuclear security was not a statutory function of the Agency, Egypt considered that the Agency's nuclear security activities should rely on extrabudgetary resources. The issue was one requiring further discussion.

30. Mr KRUSE (Australia), having thanked Ambassador Ferută and the Secretariat for their efforts, said that the proposal accepted by the Board represented a reasonable compromise. His delegation believed that the result was a good one for the Agency, providing a sound basis for the accomplishment of its mission in 2010 and for the consideration of its needs in the following years.

31. Australia welcomed the envisaged increase in funding for nuclear security activities from the Regular Budget. It also welcomed the establishment of the Major Capital Investment Fund and the generous contributions to it made by the United States and Japan.

32. Mr MINTY (South Africa), having thanked Ambassador Ferută for his efforts, said that his delegation endorsed the statement just made by the representative of Egypt.

33. His delegation, which attached great importance to the Agency's technical cooperation activities, hoped that Board members recognized the special challenge represented by paragraph 7 of document GOV/2009/52/Rev.1 and that the spirit of commitment reflected in that paragraph would persist.

34. Mr SOLTANIEH (Islamic Republic of Iran)*, having thanked Ambassador Ferută for his efforts, said that his country, along with other developing countries, had for decades been dissatisfied with the fact that the Agency's technical cooperation activities were not funded from the Regular Budget.

35. In addition, his country objected to the fact that nuclear safety activities and nuclear security activities were combined in a single major programme. Nuclear safety and nuclear security involved two very different approaches, and they should be kept separate in terms of programming and budgeting.

36. Mr JOHANSEN (Norway)*, having thanked Ambassador Ferută for his efforts, said that Norway welcomed the many positive features of the compromise proposal accepted by the Board. However, it believed that capital investment should not be funded through savings. In its view, the Agency would have great difficulty in coping with future challenges if the policy of zero real budgetary growth continued, and in that connection it believed that operational budgeting and capital investment should be dealt with separately in the future.

37. The CHAIRPERSON said that the Board was clearly grateful to Ambassador Ferută and the Secretariat for their efforts and wished to convene a working group to consider priorities and resource requirements and address the Agency's budget for 2011 and the programme and budget for 2012–2013.

38. She regretted that it had not been possible to agree on a budget going beyond 2010, but hoped that the working group would develop a mechanism that would make it possible to conduct budget negotiations more smoothly in the future.

39. Mr FERUTĂ (Romania) said that he was grateful for the expressions of appreciation for his efforts, in which he had been strongly supported by his own staff and by the Secretariat.

40. Consensus had not been easy to achieve, but Member States had demonstrated great flexibility and a firm commitment to the Agency even at a time of economic crisis. That boded well for the future of the Agency.

The meeting rose at 11.20 a.m.