

## **INTRODUCTION**

### **GENERAL**

1. In accordance with Article XIV.A of the Statute, the Board of Governors hereby submits to the General Conference the budget estimates for 1998. The Board requests the General Conference to adopt the draft resolutions set forth in Annex I.
2. The preliminary programme and budget proposals for 1998 were presented in document GC(40)/10, the Agency's Programme and Budget for 1997-1998. Since the programme for that biennium has already been considered by the Policy-making Organs, the present document focuses on changes in the programme for 1998. At the same time, the budget for 1998, for which only preliminary estimates were included in GC(40)/10, is now revised in the light of necessary programme changes and adjustments resulting from anticipated savings and efficiency gains. The estimates in the tables show the changes compared with the 1997 budget. The detailed comments on programme changes refer mainly to changes compared to the original proposals for 1998 but where appropriate a comparison is also made with 1997.
3. This document follows the structure of the Agency's Programme and Budget for 1997-1998 (GC(40)/10) and is presented in two parts. Part I provides the main information required by Member States, namely a description of substantial changes proposed to the programme submitted in document GC(40)/10 and concise budgetary information. The annexes contain the draft resolutions, a summary of planned outputs, lists of symposia and seminars, budgetary information on the Agency's laboratories, a list of "additional high priority activities", summary tables of budget estimates, the staffing table for 1998 and the organizational chart. Part II provides detailed programme and budget information of the type required by programme managers. It is an internal document, but will be made available to Member States upon request. In line with past practice the document is issued in English only.

### **CHANGES IN THE PROGRAMME**

4. Summary table A gives a comparison of the 1998 revised estimates with the 1997 budget estimates and also with the preliminary estimates for 1998 by programme and major programme, identifying savings and efficiency gains separately from programme increases or decreases.
5. The Secretariat reviewed the programme and budget proposals for 1998 to ensure, as far as possible, that all high priority activities of the Agency are appropriately funded, and to identify savings and efficiency gains - over and above the very significant gains already incorporated in the 1997 and preliminary 1998 budget estimates. The review was conducted against the background of comments by Member States at meetings of the Board of Governors and at the regular session of the General Conference on the programme and budget for 1997-1998. It also benefited from the ongoing programme of PPAS evaluations and other internal and external

sources of advice. Special emphasis was given to those areas identified by the External Auditor as offering scope for savings.

6. The 1998 programme and budget review process involved the following:

- A review of the 1998 programme was undertaken concurrently with the assessment of 1996 programme implementation and the fine tuning of plans for 1997. This process made it possible to evaluate more exactly the budgetary requirements and the possibilities of achieving economies.

- Various internal mechanisms were used to examine components of the programme and budget proposals:

- (i) The Computer Co-ordination Committee (CCC) reviewed the IT plans of programmes and advised on the scope for savings through the adoption of Agency wide guidelines on the replacement rate for IT equipment and on standards.
- (ii) The Human Resources Advisory Group (HRAG) reviewed staffing proposals.
- (iii) The Research Contracts Committee (RCC) reviewed new proposals for co-ordinated research projects.
- (iv) An arrangement was established to review and co-ordinate procurement activities with a view towards promoting cost savings.

- A senior management review of all proposals was made in the light of the foregoing specific reviews.

7. The review process was able to identify savings and other cost reductions of over \$4.4 million which are needed for redeployment in priority areas as discussed below. An important source of imposed efficiency gains and savings is in the area of equipment and supplies (including IT hardware and software) - this is expected to be achieved by improved procurement practices, including better co-ordination to ensure cheaper bulk purchases, and some reduction in volume. The cuts average 5% across the board but vary significantly from programme to programme. Unique equipment which can be acquired from only one or a very small number of vendors, mostly safeguards related, had to be exempted from these cuts. In Major Programme 4 (Nuclear Verification and Security of Material), initiatives have been taken to review inspection information processing and to speed up the introduction of remote monitoring technology and more generally to make wider use of unattended equipment. While these initiatives have the potential for generating economies it is too early to make assumptions about the net benefits to be realized in 1998.

8. While potential efficiency gains were identified, so too were a number of areas needing additional resources to meet new obligations. In Programme S, General Services, substantial cost increases are imposed on the Agency as a result of a revision of the sharing ratios of the VIC

operating costs: a rise from 45.5% to over 50% in the Agency's share will be offset through rigorous expenditure cuts in joint VIC operating costs. It should also be noted that the savings in the VIC operating costs of past years resulted in large part from a deferral of maintenance and repairs. UNIDO is proposing a 10 years general replacement and renovation plan to which the Agency's annual contribution would be \$1.8 million. This proposal has been included by the Agency as an additional high priority activity for which no regular budget funds are proposed at present.

9. The 1997 budget had foreseen in some areas an expansion of activity which necessarily implied a commitment over a number of years. This was particularly the case in Safeguards, where the Agency's growing obligations under safeguards agreements has required an increased number of posts which were only partially funded for 1997 but will need to be fully funded in 1998. A similar situation applies in some other areas, e.g. co-ordinated research activities, where the full annual costs of activities initiated in 1997 will only be incurred in 1998.

10. With regard to the efforts to strengthen areas of high priority, the following resource increases may be noted for Major Programmes compared with the preliminary estimates for 1998: an increase of \$168 000 for Major Programme 1 in Programme C, Comparative Assessment (an increase of \$270 000 partly offset by decreases in Programmes A and B); an increase of \$44 000 for Major Programme 2, Nuclear Applications; and an increase of \$294 000 in Major Programme 5, Management of Technical Co-operation for Development. In addition, the savings achieved within programmes have in many cases been redeployed for additional activities within these programmes.

11. The Department of Technical Co-operation will be restructured during 1997. The new structure will comprise two programme divisions, divided along regional lines, and a division responsible for planning, co-ordination, evaluation and procurement. A new programme structure for Major Programme 5, Management of Technical Co-operation for Development, to reflect these changes, is used in the relevant programme tables. These changes are cost neutral. [The new organizational structure is reflected in the staffing table (Table 68) in Annex VII.]

12. In the Department of Nuclear Energy, a split of the Division of Nuclear Power and Fuel Cycle into its two components is envisaged. This organizational change would have no programme implications and would also be cost neutral.

## MAJOR CHANGES IN PROGRAMME REQUIREMENTS

13. Major Programme 1 — Nuclear Power and Fuel Cycle
- In Subprogramme A.3, Advanced Reactors and Applications, three new CRPs on water cooled reactors, gas cooled reactors and coupling of nuclear reactors and desalination systems are foreseen. \$85 000
  - Programme C has been strengthened to match the expanded demand for comparative assessment of sustainable energy options. To this end, a new project C.4.03 (formerly an additional high priority activity) provides assistance to Member States in the economic assessment of alternative nuclear power strategies, including costBbenefit analysis of nuclear power plant upgrades and planned lifetime extension in comparison with other options for meeting electricity demand. \$269 000
  - In Subprogramme C.2, allocations have been increased for new tasks in respect of Project C.2.02, Health and Environmental Impacts from Solid Waste from Energy Systems and Other Sources, and for strengthening database activities. \$ 82 000
14. Major Programme 2 — Nuclear Applications
- The project on Aquaculture in D.3.04 will be activated once adequate extrabudgetary resources are available. (\$125 000)
  - In Projects E.4.01 and E.4.02, activities will be strengthened by increasing regular budget funds to enable the projects in the areas of nutrition and environmental pollution monitoring to continue at least into 1998 (co-ordinated research activities). \$115 000
  - Funds for Subprogramme F.3 will be increased to acquire multi-purpose equipment for use in particular as part of the Agency's contribution to the Global Programme of Action on protection of the marine environment from land based activities. \$200 000
15. Major Programme 3 — Nuclear, Radiation and Waste Safety
- In Subprogramme I.4, it is planned to convene an International Conference on the Study of the Radiological Situation at the Atolls of Mururoa and Fangataufa. \$25 000

- In Subprogramme I.5, the Radiation Monitoring Laboratory provides services to the Safeguards and Safety programmes and to experts under the Technical Co-operation Fund, on a cost sharing basis. The pattern of use of these services has changed and the sharing ratios had to be revised, resulting in increased charges for Safeguards and for Subprogramme I.5 (in respect of the monitoring of non-safeguards staff under the regular budget) and a decrease for the Technical Co-operation Fund (in respect of the monitoring of experts). \$ 58 000
  - In Subprogrammes J.1 and J.3, additional temporary assistance will be required in respect of safety assessment of waste facilities, restoration of contaminated environments and decommissioning of nuclear installations and in respect of direct assistance to Member States in these areas. \$ 96 000
16. Major Programme 4 — Nuclear Verification and Security of Material
- In Programme L, the staff cost increase has been adjusted X the person-years of unfilled posts have been increased by 3, to 10, compared to the preliminary estimate of 7. In addition, six inspection assistant posts are converted into Professional inspector posts. However, the person-days of inspection (PDI) will be kept at the level of 11 000. (\$237 000)
  - The equipment and supplies needs have been reassessed and reduced. (\$841 000)
  - A mass spectrometry technician is needed in the Safeguards Analytical Laboratory. \$56 000
  - The share of Safeguards in the cost of the Radiation Monitoring Laboratory is increased, as explained above. \$150 000
  - Contract services are required for L.1.06, Development of a Safeguards System for a Large Reprocessing Plant in Japan (JNFL). \$300 000
17. Major Programme 5 — Management of Technical Co-operation for Development
- Further enhancement of the IT systems is planned. \$120 000
  - The technical co-operation area will be strengthened by the addition of a technical writer, for whom a post will be provided, and by additional temporary Professional assistance. \$164 000

18. Major Programme 6 — Policy-making, Co-ordination and Support

- |   |  |                        |
|---|--|------------------------|
| • | In Legal Activities, expansion is planned in the programme for basic legal infrastructure development in Member States to meet the expanding requirement of a range of Member States in this area and for translation of records of Diplomatic Conferences to be held in 1997. | \$250 000<br>\$200 000 |
| • | Management Services will be strengthened by the addition of a Professional post - thereby providing increased in-house capacity to identify administrative efficiencies.   | \$80 000               |
| • | The technical infrastructure of Computer Services will be enhanced (MS Exchange, LAN harmonization, upgrade of network capacity).  | \$400 000              |
| • | While very significant savings have already been made in printing costs, the production of CD-ROMs requires some additional funds.   | \$80 000               |

**EXPECTED EFFICIENCY GAINS**

19. The attached table shows total reductions to original estimates (savings and other economy measures) amounting to almost \$4.5 million. They consist of the following:

- |                                 |  |             |
|---------------------------------|--|-------------|
| •                               | <u>Major Programme 1</u><br>mainly in equipment, supplies and non-staff travel   | \$263 000   |
| •                               | <u>Major Programme 2</u><br>mainly in equipment and supplies and laboratory operating costs  | \$146 000   |
| •                               | <u>Major Programme 3</u><br>mainly by reducing and downgrading meetings, and in translation and printing   | \$383 000   |
| •                               | <u>Major Programme 4</u><br>mainly in travel, equipment and supplies, general operating expenses, data processing fixed costs and laboratory operating costs   | \$472 000   |
| •                               | <u>Major Programme 5</u><br>mainly in travel, equipment, supplies and general operating expenses   | \$126 000   |
| •                               | <u>Major Programme 6</u><br>mainly in VIC operating costs (over \$1.6 million), Information Management, through consolidation of mainframes and other savings (over \$700 000), Publishing (\$171 000) and various other savings | \$3 073 000 |
| Total expected efficiency gains |  | \$4 463 000 |

## **CHANGES IN ADDITIONAL HIGH PRIORITY ACTIVITIES**

20. In the Programme and Budget for 1997B1998, the concept of “additional high priority activities” is used in order to highlight the fact that a number of activities within the programme to be approved were considered to be of high priority but could not be accommodated within the expected level of Regular budget funding. Additional high priority activities are again included in this document with a view to attracting extrabudgetary funds. To the extent that savings may be achieved in programme implementation, it may also be possible to fund such activities from the relevant appropriation of the Regular budget. The additional high priority activities are shown in the tables presenting the resources by programme, subprogramme and project, and are referred to in the subprogramme narrative. A summary table is included as Annex IV.

21. The list of additional high priority activities contained in document GC(40)/10 has been reviewed. The following are the major modifications to that list:

- Expert advice received has shown that the project in D.3.04, on Improving Productivity of Freshwater Aquaculture, requires substantial resources. The project cannot therefore be started under the regular budget as originally foreseen. Extrabudgetary funds are now being sought.
- In Subprogramme E.1, a new project is proposed on mosquito eradication using the SIT.
- In Subprogramme E.3, an activity is proposed to develop laboratory procedures for: (i) transmitting traceable dosimetry standards in radiation protection and diagnostic X rays, including mammography, from Primary Standard Laboratories to the IAEA/WHO Network of SSDLs, and (ii) monitoring the dissemination of these standards to users in Member States.
- In Programme N, Management of Technical Co-operation for Development, an electronic filing system is proposed to enhance implementation by facilitating the handling of the experts roster.
- In Programme R, Administration, a new computerized accounting system will be required. The present system is outdated and does not allow programme managers to fully benefit from the “harmonization” of the programme based accounting system with the budgetary estimates.
- In Programme S, General Services, the IT plans for Records and Communications Services foresee the introduction of an imaging enabling system which would facilitate the distribution and retrieval of information.
- UNIDO has established a buildings maintenance and replacement programme for the next ten years - the Agency’s annual share would be about \$1.8 million.

## **CHANGES IN ANTICIPATED EXTRABUDGETARY RESOURCES**

22. In general, the dollar amounts for extrabudgetary resources are tentative and represent the best estimates that can be made at present. Within Programme D (Food and Agriculture), the FAO contributions are merged with the Agency’s regular budget funds in order to emphasize the unified nature of the programme activities. In all summary tables (with the exception of Annex II, Summary of Output by Subprogramme for 1998), the FAO amounts are shown separately as extrabudgetary resources in order to present a clear picture of the regular budget increases or decreases in real terms.

23. The following changes are foreseen to the preliminary estimates of extrabudgetary resources for 1998:

- ▶ In Programme C, Comparative Assessment of Energy Sources, a pledge for a considerable sum has been received for work on the comparative assessment of energy sources. Funds are also expected for Subprogramme C.1, Energy Demand Analysis and Supply Options.
- ▶ A decline is foreseen in respect of funds for work on WWER and RBMK reactors in H.1.04 and also in contributions for operational safety reviews.
- ▶ In Programme J, Radioactive Waste Safety, there will be a reduction in the number of cost free experts.
- ▶ In Programme K, Co-ordination of Safety Activities, there will be a need for extrabudgetary resources if the Secretariat is required to assume additional functions in connection with the safety conventions.
- ▶ In Programme L, Safeguards, there is a decrease of \$343 000 in the total extrabudgetary funds forecasted.
- ▶ In Subprogramme Q.3, Public Information, extrabudgetary resources are above those originally foreseen.

## **PROPOSED BUDGET FOR 1998**

### **Regular Budget**

24. The budget estimates for 1998 have been based on an exchange rate of AS12.70 to the United States dollar, the same as used for the 1997 estimates. In line with the split appropriation and assessment system, the US dollar is used only so as to present the estimates in a single currency, even though the estimates are to a large extent Austrian Schilling based and only to a small extent linked to the US dollar.

25. For 1998, the total regular budget estimates amount to \$221 370 000, of which \$216 474 000 are foreseen for Agency programmes and the balance of \$4 896 000 represents reimbursable work for others (see Table 1). The latter amount has to be covered completely by income in respect of the services provided to other international organizations or other Funds.

### **Comparison with the 1997 Programme Budget and the 1998 Preliminary Estimates**

26. While the preliminary estimates for 1998 showed an expenditure increase of about \$1 million over 1997, the present estimates for 1998 have been reduced to the 1997 level in real terms. There is even a small expenditure decrease of \$34 000. In nominal terms there will be a further decrease of \$190 000. As explained below under "Price Increases", General Service salaries, which had been overbudgeted for 1997, will be adjusted downwards, resulting in an overall price reduction of \$190 000 for Agency programmes.

27. The steps taken in order to achieve regular budget estimates at no growth compared to 1997 and a reduction in real terms compared to the 1998 preliminary estimates have been described above under “Major Changes in Programme Requirements” and “Expected Efficiency Gains”. Table A at the end of the Introduction presents the comparison with both the 1997 budget and 1998 preliminary estimates. Both comparisons are important: the comparison with 1997 shows the increases or decreases over the past, while the comparison with the preliminary 1998 estimates reflects the changes in the plans for the second year of the programme biennium.

28. In the paragraphs describing resources and major programme trends in individual programmes, expenditure increases or decreases are stated in real terms, i.e. at 1997 prices, as shown in the various tables.

## **OTHER BUDGETARY MATTERS**

### **Comparison with Actual 1996 Expenditures**

29. To facilitate comparison with the budget estimates for 1998, actual expenditures for 1996 are presented at the same exchange as the 1997 budget and the 1998 estimates, i.e. AS12.70 to the United States dollar. Consequently, they are not identical with the figures for actual expenditures which appear in the accounts document and the Programme and Budgetary Performance Report (PBPR) for 1996, for which different exchange rates are used. (In accordance with established procedures, disbursements are recorded at the United Nations exchange rate for the month in which they were incurred and unliquidated obligations are reported at the exchange rate for December of the year in question). Actual 1996 expenditures have also been regrouped in accordance with the programme structure proposed for 1998, which is different from the programme structure in the 1996 Programme and Budgetary Performance Report. Actual expenditures are shown only in Part II, the internal document.

### **Output Categories**

30. The principal types of output for Agency programmes are the following:

**Information Exchange:** this category covers the costs of the compilation, analysis, synthesis and dissemination of information. It includes a number of items:

- Major meetings: this item reflects the costs of providing forums for the exchange of information (conferences, symposia, seminars), including the staff costs required for preparing and holding these meetings.
- Databases: this item reflects the costs associated with setting up and maintaining specific databases (such as, for example, the Power Reactor Information System (PRIS)). Included are staff costs, data processing costs and the costs of meetings held to exchange information or to provide database training.
- Publications: this item reflects the costs of preparing technical reports, proceedings, manuals and other publications (including publications in electronic format but excluding Safety Series publications and reports of CRPs). These costs include the costs of staff, consultants and

printing. The costs of advisory group and technical committee meetings held for the purpose of preparing publications are also included.

- One half of the Agency's contribution to the International Centre for Theoretical Physics is also included.

**Research and Development:** this category reflects the costs of co-ordinated and other research programmes, including the costs of administration, staff, laboratory services, consultants, research co-ordination meetings and the preparation of associated reports. One half of the Agency's contribution to the International Centre for Theoretical Physics is also included.

**Support for Technical Co-operation Programmes:** this category reflects the costs of staff in the technical Departments and the Agency's laboratories, together with other related costs, associated with support for the design and implementation of the technical co-operation programme. It also includes the costs of the Department of Technical Co-operation.

**Safety Norms:** this category reflects the costs of preparing Safety Series publications. These costs include the costs of staff, consultants and printing. The costs of advisory group and technical committee meetings held for the purpose of preparing the publications are also included.

**Safeguards Implementation:** this category relates only to the safeguards programme (programme L) and covers all safeguards implementation activities (in Part II of the programme and budget document, intermediate safeguards outputs are mentioned in the project information, including safeguards research and development, standards and databases. The ultimate output is, however, as shown in Part I, "Safeguards Implementation").

**Additional Services to Member States:** this category reflects the actual costs, including associated staff costs, of advisory services and missions, laboratory services, relevant activities of External Relations, Legal Activities, the Secretariat of the Policy-making Organs and Public Information, as well as the costs of administering international legal instruments.

**Administration:** this category reflects the costs associated with executive management and personnel, financial and general services, including the operating costs of the Agency's headquarters.

### **Calculation of Major Items of Expenditure in the Regular Budget**

31. The main item of expenditure is staff costs, which account for approximately 70% of the regular budget. In order to take into account the actual requirements in individual programmes and Divisions as accurately as possible, the projection of staff costs is based on the cost (grade and step) of present incumbents and the forecast of staff turnover. While programme implementation makes it desirable to fill vacant posts with minimum delay, delays in recruitment cannot be completely avoided. The budget estimates reflect as realistic an assessment as possible of the vacancies in the Agency's programmes.

32. Common Staff Costs include various non-salary costs which are related to the employment of a staff member, e.g. contributions to the United Nations Joint Staff Pension Fund and health insurance schemes, dependency allowances, education grant, travel on recruitment, termination, home leave and so on. Also, the Agency's contribution to other Common System bodies such as the International Civil Service Commission (ICSC), the Consultative Committee on Administrative Questions (CCAQ) and the Joint Inspection Unit (JIU) are included. The Common Staff Costs are allocated to individual

programmes and Divisions as a percentage of the salaries (established posts and temporary assistance) disbursed. The percentage applied is 37.8% at an exchange rate of AS12.70. While salaries are Austrian Schilling based, a portion of the Common Staff Costs is not immediately related to the Austrian Schilling: the post adjustment (which maintains the purchasing power of Professional salaries in the event of cost of living increases and exchange rate fluctuations) is not pensionable so that the immediate effect of a post adjustment increase on Common Staff Costs is lower than that on salaries. However, the annual incorporation of post adjustments into the pensionable remuneration has the effect of aligning Common Staff Costs more closely to salaries. Consequently, Common Staff Costs will be taken to be to a larger extent Austrian Schilling based.

33. VIC operations are managed by UNIDO and the costs are shared by the Vienna based organizations. For the Agency, the Division of General Services is in charge of VIC operating costs and of supplies and equipment required for the day to day operation of the organization, and these are charged to the budget of Programme S, General Services. The operating costs of the Agency's Laboratories are, however, charged to the Laboratories' budget. Due to changes in the occupancy of the VIC and the establishment of a cost sharing formula which takes into account both space occupied and staffing figures, the Agency's share in the cost will increase from 45.5% to between 51% and 52% (see Programme S). Direct costs (such as staff travel and travel by consultants and meeting participants, research contracts and specific equipment such as personal computers) are charged to programmes on an individual basis.

34. Shared costs such as translation, printing and computer programming are allocated to individual programmes on the basis of average rates per unit (standard pages in the case of translation, page impressions for printing, and so on) established for each service. Charges to users of translation and printing services have been made on the basis of the utilization planned at the beginning of the budget year and not on actual utilization. Under-utilization is not refunded. Over-utilization has to be absorbed by the providers of the services to the extent possible with existing resources, in order to reduce unit costs.

## **STAFFING TABLE CHANGES**

35. In Part I, a summary table of staffing for 1998 is provided (Table 68). In compliance with requests from Member States, this table shows at the bottom the approved 1997 staffing by grade so that the change for 1998 can be seen in summary. Tables showing details and descriptions of changes and justifications are presented in Part II. Proposals for additional staffing and the reclassification of existing posts have been scrutinized through the internal process established for the purpose of reviewing human resource requirements in the light of programme trends and developments as well as the overall workload and staff utilization.

36. No additional posts will be required in the 1998 programme and budget. It will however be necessary to reclassify several positions: ten unencumbered GS posts will be reclassified to the Professional level and transferred to the respective programmes to be used as new posts. Based on assigned responsibilities, several existing Professional posts will also be reclassified in accordance with the ICSC Master Standard.

## PRICE INCREASES

37. The Agency has, for many years, followed the policy of “semi-full budgeting”, a methodology which has been recognized by the United Nations organization and its various review bodies, e.g. the Joint Inspection Unit. Trends and expectations are taken into account for salaries and related expenditures which depend on index movements. For all other items the actual increases recorded during the past year are recovered.

38. Estimates for future price increases for salaries make use of information provided by ICSC. In addition, the actual movement of salaries in the past year and any differences between budgeted and actual increases are taken into account in establishing the price increase for the budget year.

39. With regard to Professional salaries, the General Assembly has approved a real increase of 0.4% for 1997. In addition, the ICSC assumes cost of living adjustments of 1.3% for 1997. For 1998, cost of living adjustments for Professional salaries of 1.9% are assumed. The Agency’s budget for 1997 includes an adjustment of Professional salaries of 3.2%. Since the total requirements for 1997 and 1998 add up to 3.6%, an upward adjustment of 0.4% has to be made for Professional salaries under price increases for 1998. Owing to the difference in time between the estimates based on ICSC information and the actual increases granted during the budget year and the uncertainties of the forecasts made, it is difficult to make correct budget assumptions. While it appeared during 1995 and 1996 that the Agency would be short of funds in view of the proposals made by ICSC to the General Assembly, it has now turned out that the estimates were overbudgeted owing to the fact that ICSC’s recommendations for Professional salary increases were not accepted and the expected cost of living adjustments were partly offset by changes in the methodology used by ICSC.

40. The situation in respect of General Services salaries is different. The increase of about 3.5% which had been budgeted for in 1996 (but has not become applicable owing to the results of an International Civil Service Commission salary survey) will not be required in 1997 or in 1998. The amount overbudgeted is, therefore, applied as a negative price increase, i.e. a price reduction in the 1998 estimates.

41. Temporary Assistance is adjusted in line with the 0.4% increase for Professional salaries and the 3.5% reduction in General Service salaries.

42. Price increases for staff travel amount to 0.5% and for non-staff travel to 0.7%. For hospitality, a survey of outside restaurants showed an increase of 5%, while there was no increase in the prices of the Agency’s restaurant. The result is an overall increase of 2.3%. Price increases for leased or rented equipment amount to 4.6%. Increases between 2% and 3% are applied in respect of purchased equipment, supplies and materials, contracts and general operating expenses. Increases for Shared Services range from a reduction of 1.7% for Publishing Services to an increase of 2.5% for the Library.

43. As mentioned above, the overall price reduction is mainly caused by the fact that General Service salaries had been previously overbudgeted. The effect is therefore different on different programmes, depending on the expenditure structure: some Major Programmes show small price increases, others show decreases. The overall effect is a reduction of 0.1%.

## **TARGET FOR VOLUNTARY CONTRIBUTIONS TO THE TECHNICAL CO-OPERATION FUND**

44. The provision of technical assistance by the Agency to its developing Member States is financed from the Technical Co-operation Fund (TCF), which receives its income mainly in the form of voluntary contributions, for which a target is set each year. For 1998 a target increase by \$3.5 million is proposed in line with the Indicative Planning Figures for 1998.

## **WORKING CAPITAL FUND**

45. For 1997, the General Conference approved a Working Capital Fund level of \$18 million. The same level is proposed for 1998. This amount is, however, still below the equivalent of one month's expenditures which is generally considered to be an appropriate level.

## **REPORT ON THE BUDGET TO THE GENERAL ASSEMBLY OF THE UNITED NATIONS**

46. In accordance with Article XVI of the Agency's relationship agreement with the United Nations (INFCIRC/11, part I), the budget will be reviewed by the Advisory Committee on Administrative and Budgetary Questions, which will report on the administrative aspects thereof to the General Assembly of the United Nations.

**Comparison of the 1998 Estimates with the 1998 Preliminary Estimates  
and the 1997 Budget**

(at 1997 prices and AS 12.70 to US\$ 1.00)

**Table A**

	Division / Org. Unit	Blue Book for 1997 - 1998		Change Over 1998 Preliminary			Change Over 1997			Revised 1998	
		1997 Estimates at 1997 prices	1998 Estimates at 1997 prices	Savings	Programme Incr / (Decr)	Total Change	Savings	Programme Incr / (Decr)	Total		
A	Nuclear Power	NEPF	4,745,000	4,666,000	(136,000)	85,000	(51,000)	(136,000)	6,000	(130,000)	4,615,000
B	Nuclear Fuel Cycle and Waste Technology	NEPF	5,158,000	5,137,000	(41,000)	(10,000)	(51,000)	(41,000)	(31,000)	(72,000)	5,086,000
C	Comparative Assessment of Energy Sources	NEPF	1,757,000	1,753,000	(81,000)	269,000	188,000	(81,000)	265,000	184,000	1,941,000
		NSNI	376,000	327,000	-	56,000	56,000	-	7,000	7,000	383,000
		NSRW	170,000	170,000	(5,000)	31,000	26,000	(5,000)	31,000	26,000	196,000
	Sub-total		2,303,000	2,250,000	(86,000)	356,000	270,000	(86,000)	303,000	217,000	2,520,000
<b>Major Programme 1 - Nuclear Power and Fuel Cycle</b>			12,206,000	12,053,000	(263,000)	431,000	168,000	(263,000)	278,000	15,000	12,221,000
D	Food and Agriculture										
	Total	RIFA / RIAL / FAO	13,712,000	13,676,000	(65,000)	(125,000)	(190,000)	(65,000)	(161,000)	(226,000)	13,486,000
	Less: FAO Budget Amount		(2,992,000)	(2,992,000)	-	-	-	-	-	-	(2,992,000)
	Sub-total	RIFA / RIAL	10,720,000	10,684,000	(65,000)	(125,000)	(190,000)	(65,000)	(161,000)	(226,000)	10,494,000
E	Human Health	RIHU / RIAL	5,793,000	5,688,000	(13,000)	115,000	102,000	(13,000)	10,000	(3,000)	5,790,000
F	Marine Environment, Water Resources and Industry	RIML / RIPC / RIAL	6,304,000	6,311,000	(37,000)	200,000	163,000	(37,000)	207,000	170,000	6,474,000
G	Physical and Chemical Sciences	RIPC / RIAL	8,651,000	8,741,000	(31,000)	-	(31,000)	(31,000)	90,000	59,000	8,710,000
<b>Major Programme 2 - Nuclear Applications</b>			31,468,000	31,424,000	(146,000)	190,000	44,000	(146,000)	146,000	-	31,468,000
H	Nuclear Safety										
		NSNI	5,462,000	5,399,000	(90,000)	162,000	72,000	(90,000)	99,000	9,000	5,471,000
		NSSCS	44,000	44,000	-	-	-	-	-	-	44,000
	Sub-total		5,506,000	5,443,000	(90,000)	162,000	72,000	(90,000)	99,000	9,000	5,515,000
I	Radiation Safety	NSRW	3,690,000	3,650,000	(145,000)	(32,000)	(177,000)	(145,000)	(72,000)	(217,000)	3,473,000
J	Radioactive Waste Safety	NSRW	1,636,000	1,646,000	(82,000)	308,000	226,000	(82,000)	318,000	236,000	1,872,000
K	Co-ordination of Safety Activities	NSSCS	2,545,000	2,722,000	(52,000)	(106,000)	(158,000)	(52,000)	71,000	19,000	2,564,000
		NSRW	346,000	346,000	(14,000)	10,000	(4,000)	(14,000)	10,000	(4,000)	342,000
	Sub-total		2,891,000	3,068,000	(66,000)	(96,000)	(162,000)	(66,000)	81,000	15,000	2,906,000
<b>Major Programme 3 - Nuclear, Radiation and Waste Safety</b>			13,723,000	13,807,000	(383,000)	342,000	(41,000)	(383,000)	426,000	43,000	13,766,000

**Comparison of the 1998 Estimates with the 1998 Preliminary Estimates  
and the 1997 Budget**

(at 1997 prices and AS 12.70 to US\$ 1.00)

**Table A**

	Division / Org. Unit	Blue Book for 1997 - 1998		Change Over 1998 Preliminary			Change Over 1997			Revised 1998	
		1997 Estimates at 1997 prices	1998 Estimates at 1997 prices	Savings	Programme Incr / (Decr)	Total Change	Savings	Programme Incr / (Decr)	Total		
L.1	Operations	SG	54,351,000	54,916,000	(323,000)	(16,000)	(339,000)	(323,000)	549,000	226,000	54,577,000
		RIAL	4,293,000	4,293,000	(34,000)	56,000	22,000	(34,000)	56,000	22,000	4,315,000
	Sub-total		58,644,000	59,209,000	(357,000)	40,000	(317,000)	(357,000)	605,000	248,000	58,892,000
L.2	Development and Support	SG	16,768,000	17,551,000	(82,000)	(598,000)	(680,000)	(82,000)	185,000	103,000	16,871,000
L.3	Management	SG	2,779,000	2,857,000	-	(14,000)	(14,000)	-	64,000	64,000	2,843,000
	Programme L - Safeguards		78,191,000	79,617,000	(439,000)	(572,000)	(1,011,000)	(439,000)	854,000	415,000	78,606,000
M	Security of Material	SG	282,000	296,000	(5,000)	-	(5,000)	(5,000)	14,000	9,000	291,000
		NSRW	278,000	278,000	(28,000)	5,000	(23,000)	(28,000)	5,000	(23,000)	255,000
	Sub-total		560,000	574,000	(33,000)	5,000	(28,000)	(33,000)	19,000	(14,000)	546,000
	<b>Major Programme 4 - Nuclear Verification and Security of Material</b>		78,751,000	80,191,000	(472,000)	(567,000)	(1,039,000)	(472,000)	873,000	401,000	79,152,000
N	Management of Technical Co-operation for Development	TC	12,379,000	12,379,000	(126,000)	420,000	294,000	(126,000)	420,000	294,000	12,673,000
	<b>Major Programme 5 - Management of Technical Co-operation for Development</b>		12,379,000	12,379,000	(126,000)	420,000	294,000	(126,000)	420,000	294,000	12,673,000
O	Executive Management	DG / DDsG / IA	4,878,000	4,876,000	(23,000)	50,000	27,000	(23,000)	48,000	25,000	4,903,000
P	Policy-making Organs	SEC - PMO	7,065,000	7,065,000	(88,000)	15,000	(73,000)	(88,000)	15,000	(73,000)	6,992,000
Q	Legal Activities, External Relations and Public Information	ADLG / ADEX ADPI	7,008,000	6,829,000	(122,000)	495,000	373,000	(122,000)	316,000	194,000	7,202,000
R	Administration	ADBF / ADPR ADMS / ADEX	12,472,000	12,516,000	(91,000)	121,000	30,000	(91,000)	165,000	74,000	12,546,000
S	General Services	ADGS	22,525,000	22,525,000	(1,782,000)	1,334,000	(448,000)	(1,782,000)	1,334,000	(448,000)	22,077,000
T	Information Management and Support Services	NESI / ADPU	14,223,000	14,023,000	(967,000)	608,000	(359,000)	(967,000)	408,000	(559,000)	13,664,000
	<b>Major Programme 6 - Policy Making, Co-ordination and Support</b>		68,171,000	67,834,000	(3,073,000)	2,623,000	(450,000)	(3,073,000)	2,286,000	(787,000)	67,384,000
	<b>Agency's Programmes</b>		216,698,000	217,688,000	(4,463,000)	3,439,000	(1,024,000)	(4,463,000)	4,429,000	(34,000)	216,664,000