

## OVERVIEW

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1. The Agency has been striving with difficulty for over a decade and a half to fulfil its statutory obligations in the face of growing responsibilities and the zero real growth budgetary constraint. It has had to place increasing reliance on extrabudgetary funds generously contributed by some Member States. The Director General has repeatedly drawn to the attention of Member States the extent of the growing shortfall in the funding requirement for the regular programme, and the disadvantages of the increasing dependence on extrabudgetary contributions.
2. While the need for a real increase in the regular budget has been driven particularly by the requirements of the Agency's mandatory safeguards activities, other factors have also contributed to the requirement. For example:
  - (i) The increase in the Agency's membership over the last two decades from 111 to 136 Member States — most of the new members coming from the developing world — has produced calls for the Agency to play an increasingly vital role in enabling these, and other countries, to utilize nuclear technology for their urgent economic and social needs.
  - (ii) Additional programme activities, such as those relating to nuclear technology and safety, have also been requested with increasing insistence by a large number of Member States — as reflected in both Board of Governors decisions and General Conference resolutions.
  - (iii) The growing technical co-operation programme has produced its own demands for additional regular budget support for effective planning and implementation.
  - (iv) The events of September 2001, and the evolving world security situation since then, have thrust the Agency into the position of the leading multilateral organization to assist in preventing acts of nuclear terrorism.
3. The combination of these increasing demands — reflecting the diversity of priorities of Member States — has strained available resources in nearly every area of Agency activity and has led the Secretariat to recommend to Member States that an appropriate increase above zero real growth in the regular budget for Agency programmes can no longer be avoided. Against this backdrop, and following extensive analysis and consultations with Member States, the Board of Governors has accepted that an increase in regular budget resources of \$25.095 million above zero real growth would be appropriate. This increase takes account of measures adopted to enhance efficiency and effectiveness and full redeployment of funds from activities that will be phased out by 2004. Having regard to the financial constraints facing many Member States, however, an increase of this magnitude in 2004 is not possible. It is proposed, therefore, that this increase should be phased in over the four-year period 2004–2007.
4. In the light of this consideration, the budget proposals for 2004–2005 contained in this document envisage an increase in the regular budget, above the 2003 level, of \$14.999 million in 2004 and a further increase of \$4.304 million (or \$19.303 million above the 2003 level) in 2005.
5. The phasing-in of the balance of the increase of \$25.095 million for the 2006–2007 biennium will be subject to the outcome of the following developments and the action deemed by the Board to be appropriate in the light thereof:
  - a review of the modernization, flexibility and cost-effectiveness of the safeguards working methods;

- a review of the needs of Major Programme 6, Management of Technical Co-operation for Development;
  - the Medium Term Strategy 2006–2011.
6. Subject to the foregoing, the programme and budget proposals for 2006 and 2007 when drawn up by the Secretariat in due course may reflect further increases of \$3.758 million and \$2.034 million respectively for those years (or \$23.061 million and \$25.095 million respectively above the 2003 level), reflecting the final phases of the increase of \$25.095 million.
  7. The proposals for an increase above zero real growth do not represent an abandonment of the principles of responsible financial management that the Secretariat has always strived to follow. Rather they should be seen as an attempt to establish an updated budget level that could act as a revised baseline for budget formulation in future biennia once the final elements of the proposed increase have been phased in in 2007.

## DEVELOPMENT OF THE PROGRAMME AND BUDGET

### *Programme formulation*

#### *Structure*

8. The hierarchy used in this programme and budget cycle is: major programme, programme, subprogramme and project. This follows the practice of previous cycles and is in line with the practices used throughout the United Nations system. The term *project* denotes coherent clusters of activities which have an identifiable commencement date and an expected termination date. The implementation of activities will generate the desired outputs. When the cluster of activities is repetitive in nature from one cycle to the next, the term *recurrent project* is used and hence no beginning and ending dates are given. Examples might include: Planning for Meetings of the Policy-making Organs in Major Programme 7 and Verification in States with Comprehensive Safeguards Agreements in Major Programme 4.
9. The activities for the 2004–2005 biennium are contained in seven major programmes, as in 2002–2003. Because of the close links between safety and security activities, the programme on “Security of Material”, which was in Major Programme 4 in the 2002–2003 cycle, has now been moved to Major Programme 3, with a new title “Nuclear Security”. The title of Major Programme 3 itself has therefore been changed from “Nuclear Safety and Protection Against Radiation” to “Nuclear Safety and Security.” This major programme now covers the safety and security of nuclear material and installations, radiation sources and radioactive material whether in use or in waste, as well as the transport of radioactive materials. The title of Major Programme 4 has also correspondingly been changed from “Nuclear Verification and Security of Material” to simply “Nuclear Verification.” This major programme focuses now on the verification functions of the Agency, whether under safeguards agreements with Member States or pursuant to United Nations Security Council resolutions.
10. Adjustments have been made at the subprogramme level in a limited number of areas to make more explicit the results to be achieved or to respond to new developments. This is particularly the case for the subprogramme on International Nuclear Information System (INIS), which has been shifted from Major Programme 5 to Major Programme 1 and included in Programme C entitled “Capacity Building and Nuclear Knowledge Maintenance for Sustainable Energy Development”. This change has been made in the light of reviews conducted by the Standing Advisory Group on Nuclear Energy (SAGNE), the INIS Liaison Officers and the Secretariat. A strong linkage exists between the activities of INIS and those on nuclear knowledge management within Programme C. Changes have also been made at the project level, particularly in projects which do not contain recurrent activities. These changes are highlighted and explained in the sections describing the details of each major programme.

### *Cross-cutting areas*

11. Many of the Agency's activities cut across more than one programmatic area, either because of the structure adopted for the Agency's programme or because of the nature of the issues to be addressed by these activities. In the field of *environment or environmental protection*, for example, activities address a variety of issues, including monitoring and measurement of pollutants, assessment and risk analysis of potential harmful impacts on human and environmental health, and potential remediation options to reduce or mitigate exposures due to radiation or conventional pollutants. *Quality assurance* includes activities to guide the selection of a consistent set of generic quality standards throughout the Agency's programmes and projects, along with the harmonization of the interpretation and the implementation of the standards. *Knowledge management* activities exist in all major programmes, with priorities being set in accordance with the overall objectives stemming from the Medium Term Strategy and recently formulated by GC(46)/RES/11/B on Nuclear Knowledge. Many of the Agency's programmes, including the technical co-operation programme, have been promoting activities that are aimed at developing and sustaining the technical competence needed for applying nuclear technologies and operating nuclear facilities in Member States. Concerning *research reactors*, there are a number of activities that address present problems and concerns, and support the various international programmes and initiatives such as the Reduced Enrichment for Research and Test Reactors (RERTR) programme and return of research reactor fuel to the country of origin. They cover all aspects of safety, utilization, decommissioning, waste management and the fuel cycle.
12. Mechanisms for the required co-ordination and collaboration in planning and implementing activities in the cross-cutting areas have been established, with a clear definition of the roles, responsibilities and accountability of all staff involved. The responsibility for co-ordination in each cross-cutting area has been assigned to a staff member with recognized competence in the field. The co-ordinator, together with the managers and staff in different organizational units, defines, during the planning phase, the outcomes to be achieved, the work plan and the activities necessary for the delivery of outputs, and optimum ways and means of implementation. The mechanism also ensures monitoring of the work in progress according to the agreed work plan, and the adoption of corrective measures wherever necessary. The assessment of the cross-cutting activities will be carried out for quality and timeliness of delivery of the outputs and achievements of outcomes, periodically and at the end of the biennium. This will result in improved planning and implementation of the activities, efficient use of resources, and an effective delivery of products and services to Member States.

### *Consultations*

13. Preparation of the programme proposals and consultations with Member States started much earlier than in the previous biennium. A document on "Planning for the Programme and Budget 2004–2005" was circulated by the Secretariat to Member States over eighteen months ago, on 7 December 2001 (2001/Note 28) for the purpose of informal consultation at the Programme and Budget Committee meeting held on 21 January 2002. The planning document contained, for each major programme, information on expected accomplishments by 2003 and new directions in 2004–2005. In addition to objectives, outcomes were defined for the first time at the major programme level, along with performance indicators to permit the measurement of expected global results and achievements. Activities cutting across more than one programme area were identified and described. Comments and views expressed at the meeting or received shortly thereafter were taken into account in finalizing the planning document, which was issued as GOV/2002/3 and discussed by the Board of Governors at its March 2002 session.
14. Detailed programme proposals for each major programme were then prepared by the Secretariat and issued as 2002/Notes 18–19 for the purpose of consultations with Member States, which were held on 3–5 July 2002. The consultations covered all seven major programmes and

focused on the following essential elements: rationales, outcomes, outputs to be delivered, and changes compared with the 2002–2003 programme and priorities. 2002/Note 20, distributed on 2 July 2002, contained information on projects and activities either phased out or strengthened, as well as information on new projects and activities.

15. The issuance of the Agency’s Draft Programme and Budget for 2004–2005 was preceded by a special briefing for Member States held on 6 November 2002. The document was introduced at the usual Kick-off meeting which took place on 10 December 2002 and was the subject of a more detailed debate at the informal Programme and Budget Committee meeting on 20 January 2003. This meeting was followed by the usual intensive consultation process with Member States individually and in groups, lasting beyond the middle of March 2003. Since it had emerged by then that agreement on the budget proposals for 2004–2005 would likely not be possible in time for the June meeting of the Board, and that further consultations between Member States would be necessary, the Chairman of the Board established an Informal Open-ended Working Group (IOWG) — initially under the Co-chairmanship of the Ambassadors of Australia and Peru and then of Spain and Peru — to facilitate the process with the assistance, as necessary, of the Secretariat. The IOWG held its inaugural meeting on 25 March 2003 and met on a total of 13 occasions to consider the proposals, which eventually extended to a wider spectrum of measures going beyond the scope of the Agency’s programme and budget proposals as such. The IOWG in turn found it necessary to establish a number of sub-working groups to assist it in its task by considering particular aspects of the package. Agreement was finally reached by the IOWG at its meeting on 16 July on a package of measures (described in document GC(47)/INF/7), including a proposal for phasing in the increase in the regular budget, which, it was considered, could command a consensus of the Board of Governors. This package was approved by the Board at a meeting held on 18 July 2003 with the appropriate parts being recommended to the General Conference for approval at its 47th session in September 2003.

#### *Priority setting*

16. A critical part of programme formulation is the setting of priorities. In this connection, the process of prioritization has continued to be refined, as requested by Member States, in order to ensure the most appropriate allocation of resources. Projects have been ranked within each programme, rather than within subprogrammes as was done in the previous biennium. When two or more projects within a programme are of equal importance, they have been assigned the same level of priority ranking and, in that sense, are “ex aequo”, following the procedure used in the previous cycle. The remaining projects within a programme then follow a relative priority ranking.<sup>1</sup>
17. The general prioritization criteria used in the formulation of the programme and budget for 2001 and for 2002–2003 are:
  - statutory responsibilities and legal commitments;
  - decisions of the Policy-making Organs;
  - expressions of priority attached by Member States to various activities;
  - recommendations of standing and other review and advisory bodies;
  - conclusions and recommendations of evaluation panels.
18. These criteria remain valid for the 2004–2005 biennium. In addition, specific criteria have been developed within each programme. They can be found in the narratives of the respective programmes.
19. In certain major programmes (such as 4–7), most of the projects are recurrent owing to the nature of the activities. In this respect, full relative prioritization within a programme is less

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<sup>1</sup> For example, if there are three projects ranked “1”, the next rank assigned will be “4”.

meaningful. Thus, only two levels of priority have been defined in Major Programme 6 (Management of Technical Co-operation for Development). First priority has been given to the formulation and implementation of projects that contribute directly to meeting Member State needs and a secondary level has been given to management functions that support or enhance programme quality and performance. Again, in Major Programme 4 (Nuclear Verification), projects have been ranked on three levels. First priority has been given to projects that respond directly to the Agency's legal obligations. A secondary level of priority has been given to projects that are necessary to support legal obligations and/or enhance the Agency's performance. The third level comprises non-mandatory projects that are carried out at the request of Member States.

## ***Budget formulation***

### *Human resources*

20. The current staffing table of the Agency contains 1791 posts. This figure refers to the fixed term staffing resources which may be deployed for purposes of implementing Agency programmes. The figure does not include medium term and short term temporary assistance. Under the results based programming and budgeting approach, efforts have been made to relate programme and resource requirements more directly. A resource review process was accordingly initiated, under which resource demands for all programmes were subjected to detailed scrutiny in regard to programme priorities. The review process has led to the conclusion that for the 2004–2005 biennium it will be necessary to increase the previous staffing ceiling.
21. The continuing expansion in the mandatory activities of the safeguards programme (Programme N) will necessitate an increase of 27 posts for the biennium after taking account of offsetting savings in staff numbers which may be achievable internally in the major programme (see paragraph 26). For Programme M (Nuclear Security), regular budget funding is proposed for two of four posts required to support implementation of the plan of activities to protect against nuclear terrorism. On the other hand, staff reductions, mostly in the printing service — following strengthening of the co-ordination function in Programme S (Conference, Translation and Publishing Services) will total 15 posts. Taking these reductions and a vacant post utilized from another area into account, there would be a net increase in the staffing table of 13 posts over the biennium. This will result in a new staffing table total of 1792 posts in 2004 and 1804 in 2005. The recruitment and training process for the Programme N posts would begin early enough in 2003 to ensure that staff — that is inspectors — would be on board early in the 2004–2005 biennium.

### *Savings*

22. The Secretariat has indicated before that as a result of savings already achieved in recent years, there is little scope for further significant savings in administrative costs. The report received in November 2002 from the Swiss management consulting firm, Mannet, while advocating further efforts, concludes that the Agency has identified and effected cost savings wherever possible and “consistently held down costs.” It does not identify any significant additional short term savings opportunities. Indeed, Mannet cautions that the reform process should not be driven solely by cost saving objectives — which would eventually result in a reduction in the quality of the programmes and services. The report points to the Agency's deferral of investments due to zero real growth restraints and stresses that savings will come from a change management programme, but not without investment of time and money.
23. The Secretariat has, nevertheless, continued to explore every avenue to achieve efficiency savings and cost reductions. A fundamental re-engineering of printing shop operations will result in new and improved printing methods and enable reductions in the staff resources dedicated to the printing service to be achieved. Annual savings of approximately \$660 000 are

expected to be derived from these changes. The savings have been retained by Agency programmes using the printing service and have been redeployed by them to fund other programme activities.

24. A further reduction in costs of \$332 000 has been achieved as a result of the outsourcing of most of the work of producing the *Nuclear Fusion* journal. However, a corresponding reduction in income derived from reimbursable work for others means that the reduction is not available for reallocation to Agency programmes.
25. One consequence of the re-engineering of the translation and printing areas, however, is that some of the costs previously financed as part of the shared service will now be funded directly by Major Programme 5. The adjustment effectively increases the budget of Major Programme 5 by \$1.215 million, and correspondingly reduces costs charged to the programmes using the services. The necessary transfer of funds has been achieved by a technical adjustment (paragraph 5 of the Explanatory Notes) and consequently is not immediately evident from the budgetary tables.
26. The new resource requirements for safeguards are net proposals after taking account of two factors: changes in deployment of staff and savings from the application of integrated safeguards. Regarding the former, on the assumption that the Member States concerned, Japan and Canada, accept the proposal, additional staff will be redeployed from headquarters in Vienna to the two Regional Offices (Tokyo and Toronto). This redeployment will permit a larger inspection output per inspector and some savings in travel costs. There would, however, be an increase related to the local cost of living. With regard to the second factor, further inspection savings are foreseen from integrated safeguards in the expectation that they will be progressively implemented in the course of the 2004–2005 biennium in a number of Member States, resulting in a total possible saving of seven posts.

#### *Extrabudgetary funds*

27. While an intention of the Secretariat's budgetary strategy at the outset was to seek to reduce the dependency on extrabudgetary funds and, consequentially, uncertainties in the implementation of unfunded activities, the phasing in approach to the regular budget increase has necessitated continued substantial reliance on extrabudgetary funds. Extrabudgetary funding for which commitments have been received is now expected to amount to \$25 261 000 and \$24 273 000 for 2004 and 2005 respectively. These figures represent increases of around \$9.9 million in 2004 and \$8.9 million in 2005 compared with 2003, when the equivalent figure was \$15 327 000.
28. These increases are prompted in particular by requirements for the safeguards programme, where an additional \$6.1 million per year is required for the IAEA Safeguards Information System (ISIS) and a further \$5 million for safeguards equipment in 2004 and \$4.1 million in 2005. The expected amounts for safeguards also include requirements for verification activities in the USA, activities under the Trilateral Initiative, and a number of cost free experts and consultants. It should be noted that the extrabudgetary figures also include voluntary contributions expected for the nuclear security plan of activities, amounting to \$1.9 million per year for 2004 and 2005.
29. Other extrabudgetary funding (\$15 098 000 per year) is expected from United Nations organizations to support Agency activities. These funds include joint activities carried out with the FAO, which form an integral part of the Agency's programme, and the verification and monitoring activities in Iraq under UN Security Council resolutions. Taking these amounts into account, total extrabudgetary funding expected in respect of the 2004–2005 biennium is \$40 359 000 in 2004 and \$39 371 000 in 2005.

### *Unfunded activities*

30. Core activities unfunded in the regular budget (CAURBs) are activities which should, if funding permitted, be part of the Agency's regular budget programme. They comprise activities (a) which are financed from expected extrabudgetary funds, and, (b) activities for which no funding is currently available. CAURBs are included in the programme and budget proposals to draw this situation to the attention of Member States, and with a view to attracting extrabudgetary funds. They are listed for adoption by the Board of Governors so that they may be implemented without further Board approval should voluntary contributions be made available or regular budget savings materialize in the course of the 2004–2005 biennium. Any such activities that are not funded by voluntary contributions or from savings will not be implemented.
31. The Secretariat has modified its approach to the costing of unfunded CAURBs so as to take greater account of past experience as regards actual receipt of voluntary funding. That experience demonstrates that only a fraction of the extrabudgetary funding sought for such activities has, in fact, been contributed in the past. For example, of the \$25.5 million of unfunded CAURBs included in the programme for 2002, only \$11.9 million was received, of which 93% related to Major Programme 4 (Nuclear Verification). The approach adopted, therefore, results in reduced funding levels shown for unfunded CAURBs. This would not, however, preclude receipt of funding contributed or becoming available in excess of the stated amounts which would be duly recorded in the Accounts and allow an increased rate of implementation of the relevant activities.
32. The amounts proposed for unfunded CAURBs total \$8 478 000 in 2004 and \$8 705 000 in 2005. These figures show reductions of over \$13 million per year in 2004 and 2005 compared with 2003 (when unfunded CAURBs, excluding Nuclear Security Fund (NSF) activities, amounted to \$21 910 000), reflecting the impact of several factors:
  - Incorporation of a portion of former CAURBs into the regular budget,
  - The separate presentation of the plan of activities to protect against nuclear terrorism, which accounts for \$9 499 000 per year for 2004 and 2005, and
  - The modified approach referred to in paragraph 31.
33. The overall reduction is, for the most part, accounted for by the requirement for Major Programme 4 (Nuclear Verification), which is approximately \$13.9 million per year less than in 2003. The unfunded CAURBs remaining in that major programme refer mainly to activities which involve a degree of uncertainty (for example, additional funding will be required if reprocessing of nuclear fuel is initiated in India). While phasing-in of the regular budget increase has resulted in an increase above the level originally intended in unfunded activities in some areas, the increase has been tempered by reduced costings for some of these activities.

### *Nuclear security plan of activities*

34. Document GOV/2002/10 envisaged that the plan of activities to protect against nuclear terrorism would have a duration of three years and that the funding foreseen would be \$11.5 million for year 1, \$11.4 million for year 2 and \$10.65 million for year 3. In "The Agency's Budget Update for 2003" (GC(46)/7), it was indicated that 2003 would be the second year of the plan. Of the \$11.5 million envisaged for the first year of the plan of activities, originally thought of as 2002, some \$9.616 million in pledged funding has actually been received to date. The full implementation of the plan of activities requires the establishment of the appropriate infrastructure, for example, recruitment of staff and arrangements with Member States, as well as predictability of continued resources. In addition, much of the voluntary funding has been tied by conditions for use, in particular types of activities, or has been otherwise circumscribed. These factors influence the rate at which the nuclear security plan can

be implemented. The implementation of the year 1 activities will therefore extend into 2003 and it is proposed that 2004 and 2005 respectively will correspond to years 2 and 3 of the plan. It is also proposed, however, that the resources envisaged for the third year should be \$11.4 million rather than \$10.65 million indicated in GOV/2002/10.

35. Having regard to the proposed phasing-in over four years of the required increase in the regular budget, some activities relating to Programme M, Nuclear Security, aimed at supporting implementation of the nuclear security plan of activities cannot be supported from the regular budget increase available for 2004–2005. The Board of Governors has agreed that these activities, which include mainly staff costs and travel — amounting to an estimated \$1.2 million — should instead be funded from the Nuclear Security Fund (NSF). Implementation of NSF activities generally, of course, depends on the required funding being contributed. Unless additional voluntary contributions to the NSF for the support activities which could not be accommodated in the Agency’s 2004–2005 regular programme are received, however, these support costs will have the impact of reducing funding for the activities previously foreseen for the Fund.

#### *Budgetary presentation*

36. The budgetary presentation, which also reflects the requirements of the new results based approach, focuses on information on the resources required to achieve the stated outcomes. The document contains five summary tables of budgetary resources. Table 1 shows 2002 actual expenditure, regular budget resources for each year of the biennium by programme and major programme and comparisons with the previous year, including price adjustments. Table 2 is a summary of income. Tables 3(A) and 3(B) show total resource requirements by programme and major programme for each year of the biennium (the regular budget at 2004 prices). These tables are complemented by other tables, showing for each major programme the regular budget resources, extrabudgetary funds and unfunded activities. The fifth summary table, Table 4, shows 2002 actual expenditure, 2003 adjusted budget, the budget estimates for 2004 and 2005 and the price adjustments for 2004 by item of expenditure. Corresponding information is given in relation to the Agency’s Laboratories and the Shared Services in Tables 5 and 6, while Table 7 summarizes overall staff costs. There are also figures in the programme narratives, enclosed in boxes for ease of reference, summarizing the regular budget resources for each subprogramme and Overall Management, Co-ordination and Common Activities. In order to facilitate comparison with 2003, the figures in 2004 and 2005 in these boxes are at 2003 prices only.
37. The overall presentation is supported by illustrative pie charts. Two of these appear in this Overview. The first illustrates the resource requirements for the total regular programme *for the biennium*, including regular budget and CAURBs. The latter is divided into two parts — CAURBs funded from extrabudgetary resources and CAURBs remaining unfunded. The second pie chart illustrates the total resources to be utilized by all Agency programmes *for the biennium*, including the regular budget, CAURBs expected to receive extrabudgetary funding, activities sponsored by other United Nations system organizations, NSF extrabudgetary resources and technical co-operation programme estimated resources. For the regular budget resources, this pie chart distinguishes funds proposed for regular programme implementation from the funds dedicated to support of the technical co-operation programme (which comprise the funds for Major Programme 6, Management of Technical Co-operation for Development, and the estimated cost of technical support provided by the other major programmes to assist with implementation of the technical co-operation programme).
38. There are additional pie charts — one for each major programme — giving the total resources (regular budget — showing technical co-operation support costs — technical co-operation programme, extrabudgetary resources and NSF extrabudgetary resources, where applicable) for programme execution during the biennium. These charts show the same information at major programme level that the second chart in the summary shows for all Agency programmes. In all

cases, the charts are supplemented with a table showing the annual and biennial composition of the figures in the chart. It should be noted that the regular budget figures in these charts are at 2004 prices whereas in the comparative tables elsewhere in the document the figures for 2004 and 2005 are in addition at 2003 prices to facilitate comparison with the last approved budget, which of course represents the zero real growth level of resources.

## PROGRAMME AND RESOURCE HIGHLIGHTS

### *Major Programme 1: Nuclear Power, Fuel Cycle and Nuclear Science*

39. This major programme is one of the core programmes of the Agency with the primary aim of supporting Member States interested in introducing and promoting the use of nuclear energy for sustainable energy development. Some changes have occurred in the structure for 2004–2005 as compared with the previous biennium. The subprogramme in Programme A (Nuclear Power) on engineering and management support for competitive nuclear power has been split into two subprogrammes in order to clearly distinguish between, on the one hand, the different areas of nuclear power plant operating performance and life cycle management and, on the other, improving quality assurance, technical infrastructure and human performance. It is also envisaged to strengthen activities in the field of innovative nuclear technologies and fuel cycles with the possible establishment of an international project, with the Agency a likely host for its secretariat; in this context a new subprogramme has now been established.
40. In Programme B (Nuclear Fuel Cycle and Material Technologies), a new project on management of materials from different nuclear fuel cycle options has been introduced dealing with the assessment and management of materials resulting from non-customary, advanced and innovative fuel cycles. This project includes support for: the Contact Expert Group in relation to the management of spent nuclear materials in the Russian Federation (partially extrabudgetary); development of a registry to assist Member States in tracking inventories of nuclear fuel cycle materials; and preparation of a report on costs of nuclear fuel cycle materials management, including environmental impacts and their mitigation. It may, however, be noted that the last two activities are partially unfunded.
41. Programme C (Capacity Building and Nuclear Knowledge Maintenance for Sustainable Energy Development) contains four subprogrammes, including two that are new — one on nuclear knowledge management (C.3), covering education, training and personnel development, and the other on the International Nuclear Information System (C.4). A new subprogramme on nuclear fusion research (D.4) has also been established in Programme D, as recommended by the International Fusion Research Council. Support to the Abdus Salam International Centre for Theoretical Physics (ICTP) in Trieste is now the only project under a new Subprogramme D.5 (Support to ICTP).
42. Activities from the previous cycle that have been **phased out** are:  
*Programme A:*
  - Guidance on instrumentation and control software for NPPs with associated licensing requirements.
  - Studies of improvement in the effectiveness of in-service inspection.
  - Studies of configuration and outage management in NPPs.
  - Guidance on the utilization of the Systematic Approach to Training (SAT) methodology for infrastructure development in the area of nuclear power.
  - Guidance on identification of measures to overcome weakened nuclear power infrastructures in countries with economies in transition.
  - Development of user requirements for heavy water cooled reactors.
  - Studies of optimization of the coupling of nuclear reactors and desalination systems.

*Programme B:*

- Guidance on regulations for uranium deposit development and production, and on uranium mining and milling operations.
- Studies of in-pile behaviour of fuel rods and fuel behaviour related to fuel manufacturing.

*Programme C:*

- DECADES Model development, which has been completed. Further development has also been overtaken by new software developments that are more suitable for contemporary energy planning requirements.

*Programme D:*

- Formulation of databases for X ray/gamma ray standards and fission yields.
- Assistance in the repatriation of research reactor spent fuel to its country of origin (USA).

The **new activities** are:

*Programme A:*

- Development of an electronic catalogue of training services.
- Development of an international database on plant life extension costs.
- Co-ordination of case studies and R&D activities related to innovative nuclear technologies.

*Programme B:*

- Analysis and assessment of costs and environmental impacts of materials from nuclear fuel cycles.

*Programme C:*

- Development of a vision, policy and strategy for nuclear knowledge management.

*Programme D:*

- Co-ordination of research on atomic and molecular data for plasma–material interaction.
- Development of data for advanced nuclear facilities.
- Neutron beam technique for residual stress measurement.

43. The regular budget resources (prior to price adjustment) proposed for Major Programme 1 amount to \$23 692 000 for 2004 and \$23 792 000 for 2005, which represent increases of \$400 000 for 2004 and \$500 000 for 2005 when compared with the adjusted budget for 2003. These increases in the budget represent the additional costs that could not be offset by activities phased out. They are related to the incorporation into the regular programme of activities requested by a large number of Member States — as reflected in Board of Governors decisions, General Conference resolutions and recommendations from the Standing Advisory Group on Nuclear Energy, the International Nuclear Fusion Research Council, the International Nuclear Data Committee, the International Nuclear Desalination Advisory Group and different international Technical Working Groups in the nuclear power area.
44. The largest increase — \$200 000 in 2004 and \$250 000 in 2005 — is for Programme A, where \$150 000 have been included for 2004 and an extra \$50 000 in 2005 for activities on innovative nuclear technologies, previously funded from extrabudgetary contributions. The rest of the increase is for strengthening activities relating to continuous process improvement of NPP operating performance, to NPP quality assurance/quality management principles and to technology advances in water cooled reactors for improvements in economics and safety. The knowledge management, part of Programme C, is another important area which benefits from an increase (\$120 000 in 2004 and \$105 000 in 2005). This increase does not impact on the INIS activities transferred to this programme. In Programme D, an increase of \$115 000 is necessary for strengthening activities on research reactor fuel cycle issues, decommissioning and modernization and on utilization of accelerators and instrumentation. In Programme B, resources are reduced by \$35 000 owing to a reduction in Project B.4.02 (Promoting Solutions of Nuclear Fuel Cycle Issues) following discontinuation of a CRP.

## ***Major Programme 2: Nuclear Techniques for Development and Environmental Protection***

45. Major Programme 2 makes a substantive contribution to three out of five areas identified by the World Summit on Sustainable Development: water, health and agriculture. It is also of direct relevance to most of the developing or other countries that do not depend on nuclear power for meeting their energy requirements.
46. Programme E (Food and Agriculture) is now streamlined and structured into three, instead of the former five, subprogrammes, dealing with crops, livestock and food safety. In view of the increasing significance of water resources, activities in Programme G (Water Resources) have been expanded through an increase in the number of projects. Most projects in Subprogramme H.4 under Programme H (Protection of the Marine and Terrestrial Environment) have been revised, with greater focus on the behaviour and transport of radioactive and non-radioactive pollutants in the terrestrial environment, the assessment of contamination, as well as possible strategies for its remediation.
47. Activities from the previous cycle that have been **phased out** are:

### *Programme E:*

- Comparative assessment of different methods of measuring soil water.
- Study of traditional industrial crops and some aspects of mutation induction in bananas.
- R&D on the Mediterranean fruit fly (partly).
- Research involving radio and enzyme linked immunoassays related to livestock production systems (partly).
- End product testing for food contaminants (partly).

### *Programme F:*

- R&D on the Agency's capabilities in dosimetry for brachytherapy sources.
- General economic modelling and cost-benefit analysis of radiotherapy.
- Research on the ageing and infection of human beings, the use of plants as biomonitors and the health impact of mercury cycling.
- Air pollution monitoring in health related environmental studies (partly).

### *Programme G:*

- Development or testing of isotope methodologies for groundwater management.

### *Programme H:*

- Research on, and marine radioactivity studies of, the open deep ocean (considerable and continuous reduction of work).

The **new activities** are:

### *Programme E:*

- Identification and development of crop germplasm with superior resource use efficiency and nutritional value and adapted to harsh environments.
- Studies for the screening of crop germplasm for important nutritional characters.
- Use of molecular methods for improving productivity in smallholder livestock systems.

### *Programme F:*

- Verification and auditing exercises of new calibration services.
- Development of SIT for the control of malaria transmitting mosquitoes.
- Human cell and tissue response to radiation.

### *Programme G:*

- Mapping of fossil groundwater resources, delineation of groundwater protection zones and artificial recharge.
- Co-ordination of research on the impact of climate change on the water cycle and biosphere through isotopic measurements in vegetation as well as in water and carbon cycles.
- Development of a helium isotope analysis facility for water resources management.

*Programme H:*

- Climate change studies using isotopic records in the marine environment.
- Development of radiolabelled toxin assay to rapidly mitigate the effect of harmful algal blooms and to ensure the safety of seafood products.
- Co-ordination of research on the implementation of an environmental decision support system for the assessment of the impact of radiation and pollutants.
- Generic data on transfer parameters in the terrestrial environment so as to more reliably predict radiation exposures and radiation impact on the environment for remediation strategies and sustainable development.

*Programme I:*

- Co-ordination of research on generator technology for therapeutic radionuclides.
- Development of new methods for labelling of small biomolecules with potential for imaging metabolic pathways.
- Development of radiography techniques and digital technology for testing and process control.

48. The new and strengthened activities proposed in this major programme require additional funding compared with the 2003 adjusted budget. The regular budget resources (prior to price adjustment) proposed for Major Programme 2 amount to \$28 930 000 for 2004 and \$29 629 000 for 2005. These figures represent increases of \$1 162 000 and \$1 861 000, respectively for each of the two years. The activities included in the programme address particularly the needs of developing Member States as identified in General Conference resolutions, programme planning conducted with the World Bank's Consultative Group on International Agricultural Research and requests from groups of Member States. The largest increase of \$560 600 in 2004 and \$1 359 600 in 2005 is in Programme F (Human Health), where it is intended to set up the appropriate facilities for the development of SIT for the control of malaria transmitting mosquitoes and for the expansion of facilities at the Dosimetry Laboratory at Seibersdorf in order to provide Member States new types of dosimetry calibration services and training. In Programme E, the increase of \$336 000 is mainly for new activities in mutation breeding for the adaptability of plants to drought and salinity and use of molecular techniques for improving productivity in small holder livestock systems. In Programme G, further strengthening of Member State capability for isotope measurements requires an increase of \$130 000 in 2004 reducing to \$110 000 in 2005. There is a small reduction of \$48 000 in resources for Programme H. Finally, further field testing and innovations in instruments for landmine identification and forensic analytics require additional funding of \$105 000 in Programme I (Physical and Chemical Applications) in 2004.

***Major Programme 3: Nuclear Safety and Security***

49. Major Programme 3 has been broadened to include security activities addressed in 2003 in Major Programme 4. It now comprises four programmes: Safety of Nuclear Installations, Radiation and Transport Safety, Management of Radioactive Waste, and Nuclear Security. The new structure reflects the establishment of strong, sustainable and visible global regimes for safety as well as security, involving the following elements: national and international infrastructures, supplemented by intergovernmental agreements; globally accepted and universal standards as well as guidelines and recommendations for their integrated application; and self-sustaining regional and global networks for sharing knowledge and experience.
50. There is a variety of reasons underlying the transfer of the Nuclear Security programme from Major Programme 4 to Major Programme 3. First, with this change, verification — one of the three pillars of the Agency's programme — becomes the sole, and thereby the sharper, focus of Major Programme 4. Secondly, and very importantly, in order to ensure coherence and consistency of the content of the programmes, this change will take advantage of the synergies that exist between the safety and security functions. The approaches, frameworks and infrastructures involved are mutually reinforcing. For example, the standards, guidelines and

measures to prevent loss, theft and unauthorized handling of radioactive material are important both in terms of security and in terms of safety. The change will have no effect on safeguards shielding — those parts of the budget that comprised the base for shielding certain Member States in relation to safeguards costs will remain so.

51. Activities or projects from the previous cycle that have been **phased out** are:

*Programme J:*

- Revision of nuclear safety standards in operational and engineering safety.
- Development of safety performance indicators.
- Criteria to implement appropriate approaches for the self-assessment of regulatory performance and quality management.
- Enhanced safety of nuclear installations in South East Asia, Pacific and Far East countries.

*Programme K:*

- Operation of the Information System on Occupational Exposure (ISOE) (has been phased out as a separate project but activities remain under project K.4.01).

*Programme L:*

- Completion of safety standards documents on predisposal of radioactive waste.

The **new activities or projects** are:

*Programme J:*

- Implementation of integrated safety evaluations.
- Exploration of a safety compliance check system for innovative and evolutionary reactor designs.
- Implementation of quality assurance in the safety of nuclear installations.
- Support for regional safety network programmes.

*Programme K:*

- Communicating radiation and transport safety issues (project).
- Evaluating risk in the maritime transport of radioactive material (project).

*Programme L:*

- Development of high level safety standards on decommissioning, and review of the existing safety guides.

52. The Agency's safety and security related activities are crucial to the work of the organization and its Member States, and are steadily growing, particularly after the events of 11 September 2001. The strengthening of these activities as well as new activities requires additional funding from the regular budget
53. The regular budget resources (prior to price adjustment) proposed for Major Programme 3 amount to \$21 990 000 for 2004 and \$22 149 000 for 2005, representing increases of \$1 141 000 and \$1 300 000, respectively, for each of the two years of the biennium. In Programme J (Safety of Nuclear Installations), additional funds of \$246 000 are proposed for 2004, increasing by a further \$132 000 in 2005. These increases are for the Nuclear Safety Standards Committee (NUSSC) co-ordinator presently funded from extrabudgetary contributions (cost free expert) and for research reactor safety activities. The increase in 2005 is related to interpretation costs for the Review Meeting of the Contracting Parties to the Convention on Nuclear Safety. The strengthening of activities in Programme K (Radiation and Transport Safety) requires an increase of \$340 000 for both 2004 and 2005. These activities relate to the safety of the transport of radioactive material and to the control of radiation sources. In Programme L (Management of Radioactive Waste), an increase of around \$276 000 in 2004 and \$303 000 in 2005 is needed, mainly for staff costs for safety standards development i.e. the Waste Safety Standards Committee (WASSC) co-ordinator, previously funded from extrabudgetary contributions and for strengthening activities for the development of a globally harmonized approach for the safe disposal of radioactive waste from the nuclear fuel cycle. New

and strengthened nuclear security activities in Programme M (Nuclear Security) require an increase in the regular budget in order to be able to support the implementation of the plan of activities to protect against nuclear terrorism which was approved in principle by the Board of Governors. An increase of \$279 000 in 2004 and in 2005 compared with 2003 to fund two posts is accordingly proposed.

#### ***Major Programme 4: Nuclear Verification***

54. The move of “Security of Material” to Major Programme 3, in recognition of the close linkage between safety and security, allows Major Programme 4 to concentrate on the Agency’s vital nuclear verification functions that derive from safeguards agreements or from United Nations Security Council resolutions.
55. This major programme is focused on establishing and administering safeguards designed to provide credible assurance:
  - For States with comprehensive safeguards agreements of the non-diversion of nuclear material placed under safeguards and that there are no undeclared nuclear material and activities in the State as a whole;
  - That nuclear and other materials, services, equipment and facilities subject to safeguards under INFCIRC/66-type agreements are not diverted or misused; and
  - That nuclear material placed under safeguards in nuclear weapon States is not diverted.Furthermore, through this major programme the Agency will assist the international community in nuclear disarmament efforts.
56. As one of the priorities of this major programme, particular attention will be paid to the implementation of integrated safeguards in States where both a comprehensive safeguards agreement and an additional protocol are in force. An important trend is the increase in verification activities at headquarters, as a result of, inter alia, the growing workload associated with information evaluation and analysis, including open source information.
57. There are several factors that will lead to an increase in inspection efforts. The trend towards building medium term spent fuel dry storages, either on the reactor site or at a facility some distance away, is expected to continue and will require additional resources to verify the transfer of spent fuel to these storages. In relation to the decommissioning of the Chernobyl nuclear power plant, a major campaign of spent fuel conditioning and transfers to dry storage is expected to require significant inspection activities. The Japan Nuclear Fuel Limited (JNFL) reprocessing project will reach an important stage, with hot tests anticipated in 2004. Increased verification activities are expected as of 2005 when commercial operation of the facility is to commence. Verification of the correctness and completeness of the initial declarations by the Democratic People’s Republic of Korea of its nuclear material subject to safeguards may require a significant increase in inspection effort. This will also be the case for new facilities such as conversion and enrichment plants.
58. The promotion of the conclusion of safeguards agreements and additional protocols is considered an important element of the programme activities. Consequently, Major Programme 4 will support intensification of contacts with Member States regarding the conclusion of safeguards agreements and additional protocols as well as the organization of joint regional seminars and workshops to discuss technical and policy issues related to their implementation. The development of safeguards concepts and approaches for the implementation of, and the transition to, integrated safeguards will constitute a major focus. In this regard, State level integrated safeguards approaches for relevant States will be further developed during the 2004–2005 biennium.

59. The regular budget resources (prior to price adjustment) proposed for Major Programme 4 amount to \$100 399 000 in 2004 and \$103 745 000 in 2005, representing increases of \$11 067 000 for 2004 and \$14 413 000 for 2005 compared with 2003. The driving influence in this programme comes from the growing demands for safeguards activities as summarized in the previous three paragraphs. However, these demands also include additional core regular budget funding provisions for requirements such as some equipment and contracts that in previous budgets have been classified as unfunded CAURBs or covered by extrabudgetary funds. And given that a significant portion of the increase is intended for new staffing posts, the recruitment process would begin early enough to ensure that staff, that is inspectors, would be on board early in the biennium. The main components of the increased regular budget relate to staff costs, and equipment and contract costs.
60. The higher staff costs include funding for: (a) the extra posts referred to in paragraph 21; (b) funding for additional staff already provided (without funding) from within the existing staffing table in the course of 2002; and (c) the cost of temporary assistance required to replace staffing resources throughout the programme devoted to the ISIS project. The equipment costs included in the regular budget amount to about \$6.6 million in 2004 and \$8.3 million in 2005 and represent a regular budget increase of less than \$1 million in 2004 and \$2.7 million in 2005 over the 2003 level. The proposed funding is less than the average level of annual equipment purchases since 1997.
61. Regular budget funding for contracts also shows an increase — of \$4.6 million — over 2003 to provide for purchase of satellite images, to cover JNFL's On Site Laboratory operating costs, and for additional IT systems and technical support contracts. It also includes \$2 million to cover part of the cost of the re-engineering of the IAEA Safeguards Information System (ISIS).
62. Extrabudgetary funding envisaged is mostly for the financing of part of the cost of the ISIS project, safeguards equipment, verification activities in the USA, activities under the Trilateral Initiative and a number of cost free experts and consultants who are fulfilling tasks requiring specific skills for a limited period of time.
63. The annual resource requirements for Programme O (Verification in Iraq Pursuant to UNSC Resolutions) are estimated at \$11 715 000 per year for 2004 and 2005. This estimate of the full cost complies with the intent of paragraph 9 of UNSC resolution 1284 (1999), which provides that the Government of Iraq shall be liable for the full cost of the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) and the IAEA in relation to their work under this and other related resolutions on Iraq. The amount represents the best estimate of the full cost of the Agency's mandate in Iraq pursuant to the relevant Security Council resolutions, as already provided in 2001.

#### ***Major Programme 5: Information Support Services***

64. This major programme groups together the various components of Agency-wide information support in order to ensure that information services are available in a timely, cost effective and easily accessible way. In providing information management and outreach activities, the focus is on customer service that efficiently and effectively supports the programmes both within the Secretariat and in delivery to Member States.
65. Media relations and outreach are regrouped within a single subprogramme to emphasize the assertive dissemination of authoritative information on nuclear topics and greater outreach to both public and private sectors. More effective electronic communication methods, such as the Internet and television, are to be used for providing information to, and directly engaging, the general public. More targeted, issue driven print and video products are to be created. Information will be disseminated on the success of Agency programmes in the implementation of nuclear techniques in fields that contribute to the socioeconomic development of Member States, such as food production, human health and the management of water resources. Greater

emphasis is to be placed on communication through the television media, with video material produced to supplement and highlight press releases and Web features. The Agency's web site is being reorganized, as a one-stop comprehensive information source on the Agency and nuclear issues in general.

66. Information and communications technology services have been combined as information and communications technology (ICT). Telecommunication infrastructure maintenance and development is now incorporated into this major programme under the ICT programme. ICT will be increasingly used as a service to Member States and Secretariat staff for training, on-line learning, distant learning, maintenance of records and dissemination and sharing of knowledge. Providing access to updated and consolidated scientific and technical databases that provide a ready source of information for Member States and Secretariat staff remains a priority. The use of ICT services will continue to facilitate the efficiency and effectiveness of collaborative work involving the staff of the Secretariat and their counterparts in Member States.
67. Increased use of audio and video conferencing in 2004–2005 should result in more cost effective meetings. Innovative technologies will be used in publishing and printing, in particular to permit faster delivery, on-demand printing, and more colour productions, all of which are designed to respond to the needs of Member States. Emphasis will be placed on customers and co-ordination of services. Harmonized standards, such as the use of consistent terminology, will be more extensively used in the preparation of documents and an Agency-wide co-ordination of document workflows will be introduced.
68. The regular budget estimates (prior to price adjustment) for Major Programme 5 amount to \$18 251 000 for 2004 and remain at that level for 2005. This figure represents an increase of \$612 000 over the corresponding resource level for 2003. The additional funding is required to cover loss of income under the heading "Reimbursable work for others" following the withdrawal of UNIDO from the common ICT services, for which the costs are largely fixed. Consequently, the loss of income cannot be fully absorbed without seriously jeopardizing the required operations and service levels provided to Agency programmes. It is, therefore, necessary to seek compensation from the regular budget for the reduction in these funds.

#### ***Major Programme 6: Management of Technical Co-operation for Development***

69. This major programme involves regular interaction and co-operation with national authorities in the Member States for the definition of their developmental needs and the identification of appropriate applications of nuclear science and technology that will bring tangible and sustainable benefits. The primary focus of management is continued improvement in the quality of the technical co-operation programme throughout the programming cycle, from the upstream work, through the project design and appraisal stages to project implementation and monitoring, all of which require additional work.
70. The 2002 review of the TC Strategy resulted in the establishment of programme objectives for 2002–2007.
71. Appropriate linkage has now been ensured between the objectives of this major programme and technical co-operation strategic goals, thus establishing accountability for technical co-operation programme performance. In particular, the subprogrammes and projects fully reflect the four strategic objectives, outcomes and performance indicators of the TC Strategy. The central criterion (government commitment and linkage to national priorities) will be given increased importance in the prioritization and selection of technical co-operation projects. The Agency is expected to gain greater recognition as a partner for the cost effective transfer of nuclear technologies that contribute to the resolution of development problems, and partnerships will be strengthened with development organizations in joint planning and priority setting in areas of common interest. This will lead to increased funding for technical co-operation activities,

particularly from non-traditional sources, as well as parallel funding to help resolve development problems. The capacity of institutions in Member States for sustainable use of nuclear technologies will also be strengthened. Technical co-operation among developing countries (TCDC) will be enhanced through, inter alia, better utilization of regional resource centres.

72. In response to the recommendations from several recent evaluations, particularly that of the technical co-operation programme planning process which is briefly summarized in GOV/INF/2002/13, the quality of the programme is expected to be further improved, in particular through greater ownership of Country Programme Frameworks (CPFs) by Member States and use of thematic plans. A detailed assessment of procedures and analysis of options was undertaken in response to comments by both the Standing Advisory Group on Technical Assistance and Co-operation (SAGTAC) and external evaluators about the efficiency and effectiveness of the technical co-operation programme approval process in relation to the traditional biennial planning. It is expected that this will lead to a streamlined management process, rationalized oversight function of the Board of Governors and the Technical Assistance and Co-operation Committee, and greater opportunity for partnership development and resource mobilization.
73. The regular budget resources (prior to price adjustment) proposed for Major Programme 6 amount to \$15 536 000 for 2004 and 2005. This represents an increase of \$320 000 for each of those years above the level approved for 2003. The additional funding is needed to adjust staffing resources to accommodate immediate pressing requirements. Because of the increasing workload for the planning, programming and implementation of the technical co-operation programme and in order to increase efficiencies, the staffing requirements and the streamlining of the work process needs to be further examined.

#### ***Major Programme 7: Policy and General Management***

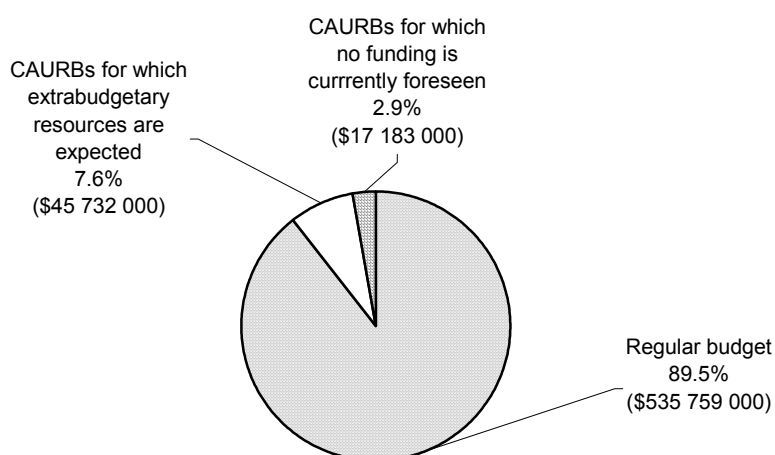
74. Results based management continues to be a guiding principle in the direction, support and oversight of all Agency programmes by this major programme. The revised organizational structure, which was first reflected in the 2002–2003 programme and budget, has been strengthened to facilitate implementation of a coherent, unified one-house approach that generates significant and sustained programme results. Particular attention is given to the co-ordination of cross-cutting areas to ensure that anticipated results are produced in an efficient and effective manner. Self-evaluation has been applied as an important tool to confirm that plans produce the intended results. A change management programme has also been acknowledged as a necessary instrument to eliminate the systematic obstacles to change and to build capacity so that the Agency can become more effective and efficient in meeting its obligations. This matter is targeted for particular attention in 2003. Agency management remains committed to a customer service oriented culture that addresses the internal requirements of the Secretariat as well as the needs and interests of Member States.
75. During 2004, the Agency will analyse its experience of the previous biennium and prepare a performance report that will establish a baseline to guide its efforts in the 2004–2005 timeframe. This report will also serve as initial input to assist senior managers in defining objectives and actions as they develop, together with Member States, the Medium Term Strategy for 2006–2011. Improvements in efficiency are expected from full use of the Agency management information system and from the implementation of a new computerized electronic records management system. Improved human resource planning will increase the efficiency of programme delivery. Training will strengthen the capacity at all management levels to conduct risk management assessment. It should also be noted that considerable effort is required to ensure that the removal of asbestos from the VIC premises does not disturb the smooth functioning of the Agency's operations.

76. The regular budget estimates (prior to price adjustment) for Major Programme 7 amount to \$51 238 000 for 2004 and remain at that level for 2005. This figure represents an increase of \$297 000 compared with 2003 for both years of the biennium. This additional funding is required to cover the major part of the Agency's share of additional mandatory VIC security, and asbestos removal costs. These are increases which have been imposed on the Agency by circumstances beyond its control. The United Nations has deemed it necessary to provide additional security at the Vienna International Centre following the events of September 2001. In the case of asbestos removal, while the Austrian authorities are contributing the major part of the funding needed for the actual removal process, it has been decided that the cost of removing personnel, furniture and fittings to temporary accommodation during the asbestos removal process and returning them to the main VIC buildings, when the work has been completed, should be borne by the organizations concerned.

**Total budgetary requirements**

77. The chart below summarizes the resource requirement for the total regular programme for the biennium. The total requirement of \$598 674 000 contains three elements: (1) the regular budget proposal — \$535 759 000 at 2004 prices, (2) the CAURBs expected to receive extrabudgetary funding — \$45 732 000, and (3) the CAURBs for which no funding is currently foreseen from any source — \$17 183 000.
78. The above required programme funding is supplemented by funds from other United Nations organizations in the amount of \$30 196 000, the details of which are set out in Tables 3(A) and 3(B) and also required funding for the nuclear security plan of activities — estimated requirement \$22.8 million (of which \$3.8 million has already been pledged).

**Resource Requirements for the Total Regular Programme in 2004–2005**

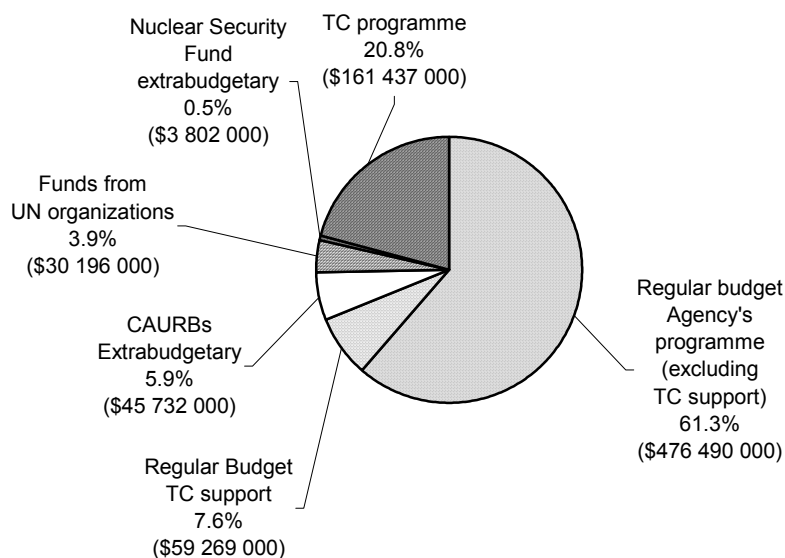


	2004	2005	Total for biennium
Regular budget	265 697 000	270 062 000	535 759 000
CAURBs for which extrabudgetary resources are expected	23 360 000	22 372 000	45 732 000
CAURBs for which no funding is currently foreseen	8 478 000	8 705 000	17 183 000
<b>Total</b>	<b>297 535 000</b>	<b>301 139 000</b>	<b>598 674 000</b>

79. With regard to the overall programme activities of the Agency in the 2004–2005 biennium, the chart and table below illustrate the estimates of resources for implementation from the four major sources of funding available to the Agency — the regular budget, extrabudgetary

resources, estimates of resources for the technical co-operation programme and the amount of Nuclear Security Fund requirements already pledged by Member States. Combined, they represent the total resources the Agency will manage during the two years of the biennium \$776 926 000. The predominant element is the regular budget (including price adjustment), accounting for \$535 759 000, or 68.9% of the total. This comprises \$476 490 000 for regular programmes and \$59 269 000 for support to the technical co-operation programme.

**Total Resources for all Agency programmes in 2004–2005  
(including technical co-operation programme)**



	2004	2005	Total for biennium
Regular budget Agency programmes (excluding TC support)	236 044 000	240 446 000	476 490 000
Regular budget TC support	29 653 000	29 616 000	59 269 000
Subtotal regular budget:	265 697 000	270 062 000	535 759 000
CAURBs extrabudgetary	23 360 000	22 372 000	45 732 000
Funds from UN organizations	15 098 000	15 098 000	30 196 000
Nuclear Security Fund extrabudgetary	1 901 000	1 901 000	3 802 000
TC programme	78 731 000	82 706 000	161 437 000
<b>Total</b>	<b>384 787 000</b>	<b>392 139 000</b>	<b>776 926 000</b>

80. Current estimates of resources for the technical co-operation programme for the biennium are about \$161 437 000. This figure is comprised of approved amounts for the programme from the Technical Co-operation Fund for 2004 and estimates for 2005 (including amounts for the programme reserve and miscellaneous costs), plus estimates of extrabudgetary funds.
81. The extrabudgetary resources expected amount to \$79 730 000, including the funding already committed for the plan of activities to protect against nuclear terrorism — \$1.901 million, for both 2004 and for 2005. The resources for the biennium are divided into two other portions representing: (a) for CAURBs — 5.9% (already illustrated in the previous pie chart); and (b) the aggregate amount available for extrabudgetary activities supported by other United Nations organizations — 3.9%.

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

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