

# General Conference

**GC(47)/INF/13**  
Date: 15 September 2003

**General Distribution**  
Original: English

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## Forty-seventh regular session

Item 9 of the provisional agenda  
(GC(47)/1)

# Specimen Draft Resolution on the Regular Budget appropriations for 2004 at the September 2003 dollar/euro exchange rate

## Note by the Secretariat

### BACKGROUND

1. The Agency's expenditures are based largely on the euro (previously on the Austrian schilling) and on currencies linked to it. Before 1986 the budget was expressed and assessed in US dollars; thus fluctuations in the value of the US dollar relative to the Austrian schilling led to expenditures either exceeding or falling below the budgeted amounts. The resulting need for approval of supplementary appropriations in the event of a drop in the value of the dollar proved to be unsatisfactory.
2. The need for a mechanism to adjust the Agency's appropriations and its assessments of Member States so as to reflect variations in the dollar exchange rate was first accepted by the Board and the General Conference in 1985 when approval was given to a regular budget for 1986 using a "split appropriation and assessment system" with an adjustment formula. This formula, which is part of the budget, has protected the Agency ever since against adverse effects of currency fluctuations. At the same time, it has ensured that Member States' contributions have not exceeded the Agency's resource requirements at the actual United Nations rates of exchange during the budget year.<sup>1/</sup>

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<sup>1/</sup> The United Nations operational rates of exchange are determined by the United Nations in New York every month and are available on the first day of the month in which they apply.

3. In recognition of the fact that most of the Agency's expenditures are linked to the euro (previously to the Austrian schilling), the budget, since 1986, has been calculated and presented in two currency portions — between 1986 and 2001, the Austrian schilling and the US dollar and, beginning in 2002, the euro and the US dollar — and Member States have been assessed for their shares in each portion.

4. Technically, the adjustment referred to in paragraph 2 is achieved through the 'adjustment formula', which has two components, the sum of which gives the appropriations in United States dollars. One component is fixed in terms of United States dollars while the euro portion, when converted to dollars, varies according to the value of the average of the United Nations operational dollar/euro exchange rates actually experienced during the year — which is referred to as parameter R in the adjustment formula. This average exchange rate will determine the final dollar figures for the appropriation sections. Since the exchange rate and therefore the final dollar figure cannot be foreseen, the budget since 2002 has been presented at a rate of €0.9229 to US\$1.00 (equivalent to the previously utilized rate of AS12.70 to one United States dollar). This makes current budgets easily comparable with those of prior years.

### **REGULAR BUDGET FOR 2004**

5. Document GC(47)/3 — "The Agency's Programme and Budget for 2004–2005" — contains in its Annex draft resolution A relating to the Regular Budget appropriations for 2004. Attached to that draft resolution is the adjustment formula described above. With this adjustment formula the resolution adopted on the Regular Budget becomes self-adjusting, that is, if the exchange rate varies, the dollar equivalent changes so that the purchasing value of the total budget estimates is preserved.

6. In order to give the General Conference the Regular Budget appropriation figures on the basis of the most up-to-date dollar/euro exchange rate and to illustrate how the adjustment formula operates, specimen draft resolution A is reproduced on page 1 of the Annex to this document on the basis of a rate of €0.922 to US\$1.00, the United Nations operational rate of exchange for September 2003. On page 3 of the same Annex, division by 0.922 (i.e. the value for R in this specimen draft resolution) of the figures in the right-hand column of the adjustment formula (which reflect budget estimates in euros) and addition of the results to the figures in the left-hand column gives the total appropriations for 2004 of \$268 747 000 (i.e. 50 399 000 + 201 317 000/0.922), as shown on page 1, paragraph 1 of the specimen draft resolution in the Annex.

7. As indicated above, the purpose of this information paper is illustrative. In submitting to the General Conference the budget estimates for 2004 in document GC(47)/3, the Board of Governors requested the General Conference to adopt the draft resolution set forth in its Annex.

## SPECIMEN Draft Resolution

### REGULAR BUDGET APPROPRIATIONS FOR 2004

#### The General Conference,

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 2004<sup>2</sup>,

1. Appropriates on the basis of an exchange rate of €0.922 to \$1.00, an amount of \$268 747 000 for the Regular Budget expenses of the Agency in 2004 as follows<sup>3</sup>:

	<u>United States dollars</u>
1. Nuclear Power, Fuel Cycle and Nuclear Science	24 186 000
2. Nuclear Techniques for Development and Environmental Protection	29 535 000
3. Nuclear Safety and Security	22 419 000
4. Nuclear Verification	102 360 000
5. Information Support Services	18 736 000
6. Management of Technical Co-operation for Development	15 839 000
7. Policy and General Management	52 833 000
Subtotal Agency Programmes	<u>265 908 000</u>
8. Reimbursable Work for Others	<u>2 839 000</u>
TOTAL	<u><u>268 747 000</u></u>

the amounts in the Appropriation Sections to be adjusted in accordance with the adjustment formula presented in the Attachment in order to take into account the exchange rate variations during the year.

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<sup>2</sup> See document GC(47)/3.

<sup>3</sup> The Appropriation Sections 1-7 represent the Agency's Major Programmes.

2. Decides that the foregoing appropriation shall be financed, after the deduction of
  - revenues deriving from Reimbursable Work for Others (Section 8); and
  - Other Miscellaneous Income of \$2 714 000 (representing \$1 877 000 plus €772 000);from contributions by Member States amounting, for an exchange rate of €0.922 to \$1.00, to \$263 194 000 (\$47 978 000 plus €198 429 000), in accordance with the scale of assessment fixed by the General Conference in resolution GC(47)/RES/ ; and
  
3. Authorizes the Director General:
  - (a) To incur expenditures additional to those for which provision is made in the Regular Budget for 2004, provided that the relevant emoluments of any staff involved and all other costs are entirely financed from revenues arising out of sales, work performed for Member States or international organizations, research grants, special contributions or other sources extraneous to the Regular Budget for 2004; and
  - (b) With the prior approval of the Board of Governors, to make transfers between any of the Sections listed in paragraph 1 above.

## ATTACHMENT

### ADJUSTMENT FORMULA IN US DOLLARS

1.	Nuclear Power, Fuel Cycle and Nuclear Science	6 994 000	+	(	15 851 000	/R)
2.	Nuclear Techniques for Development and Environmental Protection	8 791 000	+	(	19 126 000	/R)
3.	Nuclear Safety and Security	4 541 000	+	(	16 483 000	/R)
4.	Nuclear Verification	18 382 000	+	(	77 428 000	/R)
5.	Information Support Services	2 324 000	+	(	15 132 000	/R)
6.	Management of Technical Co-operation for Development	1 924 000	+	(	12 830 000	/R)
7.	Policy and General Management	6 899 000	+	(	42 351 000	/R)
	Subtotal Agency Programmes	<u>49 855 000</u>	+	(	<u>199 201 000</u>	/R)
8.	Reimbursable Work for Others	<u>544 000</u>	+	(	<u>2 116 000</u>	/R)
	TOTAL	<u><u>50 399 000</u></u>	+	(	<u><u>201 317 000</u></u>	/R)

Note: R is the average United Nations euro-to-dollar exchange rate which will be experienced during 2004