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(GC(XXVII)/683)

FINANCING OF TECHNICAL ASSISTANCE

Report by the Board of Governors

1. In 1982, the General Conference, by resolution GC(XXVI)/RES/402, requested the Board of Governors to continue to report annually to it on the actions taken with regard to the implementation of its resolution GC(XXV)/RES/388, by which the Conference in 1981 requested the Board to:

- (a) take the necessary measures so that technical assistance is funded through the Regular Budget of the Agency or through other comparably predictable and assured resources,
- (b) take appropriate steps so that technical assistance funds are increased in order to respond adequately to meet increasing financial requirements for the maximum possible number of technically sound projects and to enable progress in technical assistance to keep pace with the progress in other main activities of the Agency, and
- (c) report to the General Conference at its twenty-sixth regular session and annually thereafter on the actions taken with regard to the implementation of these requests and on the actions proposed for the following years.

2. Pursuant to General Conference resolution GC(XXVI)/RES/402, the Board considered the matter of technical assistance financing at its sessions in February and June 1983[1].

3. The Chairman of the Board, reporting to the Board in June on consultations he had held with delegations between the Board's February and June sessions, stated that, since the previous session of the General Conference, there did

[1] The summary records of the Board's discussions on this matter are reproduced in the Annex.

not appear to have been any change in the fundamental attitudes of delegations - on the one hand, concern among delegations from developing countries about the sufficiency, predictability and assuredness of resources for the Agency's technical assistance and co-operation programme, which several believe should be financed from the Regular Budget, and, on the other, the belief of other delegations that contributions to the Technical Assistance and Co-operation Fund should continue to be voluntary.

4. The discussion during the Board's June session confirmed the description of the situation given by the Chairman in his report.

5. The Board, having taken note of the Chairman's report, agreed to continue its efforts directed towards implementation of General Conference resolution GC (XXV)/RES/388.

A N N E X

Summary records of the discussion on the item
"The financing of technical assistance"
at meetings of the Board of Governors
held in February and June 1983

RECORD OF THE 604TH MEETING (held on 24 February 1983)

THE FINANCING OF TECHNICAL ASSISTANCE

22. The CHAIRMAN, referring to the fact that a consensus had emerged during discussions in the Agency's policy-making organs on the practical aspects of the question, if not on principle, recalled that indicative planning figures had been recommended for 1984, 1985 and 1986, following an earlier consensus on indicative planning figures for 1982 and 1983 which had subsequently become targets for voluntary contributions in those two years. Also, he noted the sincere concern of several delegations, from developing countries, about the long-term availability of funds for the technical assistance and co-operation programme, which they believed should be financed from the Regular Budget, and the equally sincere concern of others about the voluntary nature of contributions to the Technical Assistance and Co-operation Fund.

23. In the light of the consensus he had just referred to, however, he proposed that discussion of those concerns be postponed, it being understood that the Board would take the matter up again in time for the preparation of a report to the General Conference.

24. Mr. MIR SHAWKAT ALI (Bangladesh) said he would like to see the Technical Assistance and Co-operation Fund increased and as far as possible incorporated into the Agency's Regular Budget.

25. Mr. KOREF (Panama) agreed with the Chairman's proposal. In addition, he supported the Director General's appeal to Member States to pay their Regular Budget contributions as early as possible. He hoped that voluntary contributions for the implementation of footnote a/ projects would increase.

26. Mr. SHASH (Egypt) stressed the importance of resolution GC(XXV)/RES/388, which had been confirmed by resolution GC(XXVI)/RES/402; technical assistance should be financed through the Regular Budget or through other comparably predictable and assured resources, and funds should be increased in order to permit the financing of as many technically sound projects as possible. The consensus referred to in the report of the Board contained in document GC(XXVI)/699 was a step in the right direction. He was convinced that that consensus on indicative planning figures would be implemented in the same spirit of goodwill which had led to it.

27. His delegation welcomed the intention of the United States Government to ask Congress to approve an increase in that country's financial contribution to the Agency's promotional activities.

28. Mr. KHAN (Pakistan) was prepared to endorse the Chairman's proposal. He was, however, perturbed to see the ever-widening gap between the funds allotted to technical assistance and those for safeguards. That imbalance could only mar the credibility of the Agency.

29. His delegation hoped that by the next session of the Board ways would have been found, through consultations, of effectively implementing resolution GC(XXV)/RES/388 and, in particular, of financing technical assistance through the Regular Budget or through other comparably predictable and assured resources.

30. The CHAIRMAN said that if there were no objections he would take it that the Board wished to refer the matter in hand to a subsequent session.

31. It was so decided.

RECORD OF THE 610TH MEETING (held on 10 June 1983)

THE FINANCING OF TECHNICAL ASSISTANCE (GC(XXVI)/RES/402; Draft report circulated to Board Members)

73. The CHAIRMAN recalled that at its February meetings the Board had decided to return to the question of the financing of technical assistance in time for a report to be prepared for the next session of the General Conference. That important question had been discussed by the Agency's policy-making organs and a consensus had been reached, if not on principles, at least on the practical aspect of the matter, with indicative planning figures recommended for 1984, 1985 and 1986; that followed an earlier consensus on indicative planning figures for 1982 and 1983, which had subsequently become the target for voluntary contributions in those two years.

74. The Board was, of course, aware of the genuine concern of several delegations from developing countries about the long-term availability of funds for the Agency's technical assistance and co-operation programme, which they believed should be financed from the Regular Budget, and of the equally genuine concern of other delegations regarding the voluntary nature of contributions to the Technical Assistance and Co-operation Fund. Consultations which he had held since February had revealed no change in those positions since the previous session of the General Conference. It was evident, however, that the search for an assured and predictable source of funding for the Agency's technical co-operation programme must continue.

75. Mr. HAWAS (Egypt) recalled that the General Conference had adopted resolution GC(XXV)/RES/388 by consensus at its twenty-fifth session in September 1981, following long negotiations in which his delegation had taken part. That resolution had been reinforced by resolution GC(XXVI)/RES/402, also adopted by consensus, at the twenty-sixth session of the General Conference, which had requested the Board to report annually on the action taken to implement resolution GC(XXV)/RES/388. When resolution GC(XXV)/RES/388 was adopted, there was general agreement among Agency Members from various groups that technical assistance resources should be predictable, assured and sufficient. It was for that reason that resolution GC(XXV)/RES/388 requested the Board to take the necessary measures

for technical assistance to be financed from the Agency's Regular Budget or through other comparably predictable and assured resources. It had also asked the Board to ensure that the resources allocated to technical assistance increased in a way that responded to growing financial requirements for the maximum number of technically sound projects and in a way that enabled technical assistance to expand at the same rate as the Agency's other main activities. His delegation therefore considered the consensus reached on the indicative planning figures for 1984, 1985 and 1986 (US \$22.5, 26 and 30 million respectively) to be a step towards the implementation of the above-mentioned resolution. Like many other delegations, it considered that those figures were a minimum and that they should be raised if they proved insufficient. Furthermore, his delegation expected the Administrative and Budgetary Committee to fix in May 1985 indicative planning figures for 1987, 1988 and 1989. Meanwhile, he was open to any suggestions and was prepared to support any other procedure which might prove a more effective way of implementing resolution GC(XXV)/RES/388.

76. Mr. MALU wa KALENGA (Zaire) regretted that it had not been possible to reach agreement on such an important question. Referring to the draft report being considered by the Board and, more specifically, line 9 of page 2 of the French text, he pointed out that it was not just "some" countries which insisted that technical assistance be financed from the Regular Budget but that it was rather a "majority" of third-world countries which insisted that technical assistance could only be financed in a sufficient, predictable and assured manner from the Regular Budget. He therefore proposed that the draft report be amended accordingly.

77. Mr. CHITUMBO (Zambia) said that the Governors from Egypt and Zaire had accurately stated the position of the developing countries concerning the financing of technical assistance. Despite the adoption of targets for contributions to the Technical Assistance and Co-operation Fund, many footnote a/ projects had not been funded. The necessary resources could only be obtained on a predictable and assured basis from the Regular Budget in accordance with General Conference resolution GC(XXV)/RES/388.

78. Mr. GROZA (Romania) expressed his satisfaction at the results obtained by the Agency in recent years in the field of technical assistance. In that connection, he stressed the need for the Agency to be provided with the necessary resources for the technical co-operation programme in accordance with the targets agreed upon for the next three years.

79. Mr. B.W. LEE (Republic of Korea) also stressed that technical assistance should be financed from the Regular Budget in order to make the financing of it more predictable and assured. It was clear from the Director General's statement on item 3 of the agenda that technical assistance funds were still insufficient to finance all technically sound projects. In that connection, his delegation urged the Secretariat to make greater efforts to obtain resources from the developed Member States.

80. He himself considered that technical co-operation between developing countries was just as important as co-operation between developed and developing countries. His country was prepared to play an active role in the Agency's technical assistance and co-operation programme not only as a recipient but also as a donor. In that context, his delegation was pleased to announce that from 1984 his Government planned to participate as far as its capabilities allowed in the implementation of a number of technically sound footnote a/ projects.

81. Mr. KENNEDY (United States of America) pointed out that other Governments, including some of the major donors to the technical assistance and co-operation programme, believed that the system of indicative planning figures was the best method of ensuring predictability in the financing of technical assistance. By its very nature, technical assistance was a voluntary matter, and his Government was opposed in principle to such assistance being financed from Regular Budgets. Furthermore, voluntary financing should not be equated with lack of predictability. The Agency's experience proved that the opposite was true, since at least 90% of the target for voluntary contributions had been attained in each of the previous ten years. In addition, indicative planning figures permitted planning in advance of the annual budget cycle. Finally, since 1980 the targets for the Technical Assistance and Co-operation Fund had increased by between 16 and 20% annually, and that was significantly higher than the overall budget growth.

82. It had been said that the system of indicative planning figures did not allow "assured" resources to be obtained. He pointed out that if other income was added to the total amount of voluntary contributions, almost 100% of the target had been achieved (98% in 1982, for example). When compared with that of other international organizations, the Agency's record in the payment of voluntary contributions and the implementation of requested projects was excellent. Eighty per cent of footnote a/ projects had been financed in recent years. His delegation did not know of any other mechanism that could provide more reliable financing. Member States which paid their voluntary contributions did so because of the importance of the technical assistance programme for the Agency and its Member States and because of the high reputation it enjoyed for efficiency.

83. It was true, however, that some Member States had not pledged their fair share of the target. According to the Agency's accounts (document GOV/2113), 39 Members, or more than a third of the total number of Member States, had failed to pledge a voluntary contribution by 31 December 1982. Their share would have amounted to US \$417 600. Twenty-eight of those countries had benefited from new technical assistance obligations in 1982 worth more than US \$3 million in all. In conclusion, his delegation urged all Member States to pledge and to pay their full share of the target. He was convinced that the system of indicative planning figures was operating smoothly and that it could not be improved upon in a way that would provide funds on a more secure basis in the future.

84. Mr. HOSSAIN (Bangladesh) said that his country had always favoured a balance between the regulatory and promotional activities of the Agency. That should be reflected in the budget of the organization. Unfortunately, although the total amounts allocated to safeguards and technical assistance were approximately equal, there was some doubt about the predictability of the resources assigned to technical assistance. His delegation therefore proposed that, to achieve a balance, both safeguards and technical assistance should be financed from the Regular Budget as well as through voluntary contributions.

85. Mr. VAN BARNEVELD KOOY (Netherlands) noted with satisfaction that the practical implementation of resolution GC(XXV)/RES/388 was based on a wide consensus among the Agency's Member States. In 1980, agreement had been reached on a system of indicative planning figures. Such figures had been

fixed in advance for two years (as had been the case again in 1982), and each year had seen a very substantial increase both in absolute and in real terms. Since 1980, the system of indicative planning figures had been working in a manner that was satisfactory to all parties: in the first place, the resources were predictable, which would not be the case if they were included in the Regular Budget drawn up from year to year; secondly, the figures reflected significant growth in real terms (the Fund had increased even more quickly than the Regular Budget); thirdly, pledges of contributions had reached a satisfactory level; and lastly, the burden of financing was equitably shared as voluntary contributions followed the pattern of the scale of assessments for the Regular Budget. Thus, while fulfilling the aims of General Conference resolution GC(XXV)/RES/388, the system of indicative planning figures had proved an effective tool for financing technical co-operation and his delegation was in favour of retaining it.

86. Mr. KHAN (Pakistan) supported the suggestion by the Governor from Zaire that the word "some" should be replaced by the words "the majority" on page 2 of the draft report before the Board.

87. Technical assistance was one of the two most important parts of the Agency's activities and those who had contributed generously to the Technical Assistance and Co-operation Fund should be thanked. Priority, however, might be given to ensuring that the technical assistance and safeguards programmes were treated equally, and he would like to be convinced that equality of treatment had actually been achieved. It had been said that the volume of resources allocated to technical assistance had grown rapidly over the years, but that was in fact only true of the last four years - the picture was quite different if one took the last 10 or 15 years. While the technical assistance funds had increased tenfold or elevenfold since 1970, those for safeguards had risen by a factor of 28. As matters stood at present, the gap between those two aspects of the Agency's activities was widening. He was merely requesting that the two programmes be treated identically. The system of indicative planning figures had undoubtedly produced good results but it was no substitute for financing technical assistance from the Agency's Regular Budget.

88. Mr. KHESTOV (Union of Soviet Socialist Republics) said that resolution GC(XXV)/RES/388 requested that technical assistance be financed either from the Regular Budget or "through other comparably predictable and

assured resources"; that provision had been implemented satisfactorily. Indicative planning figures provided financing which was as assured and predictable as inclusion in the Regular Budget. One might even say that that system, which provided precise estimates for three years in advance, was more assured than the system of budgeting, which was implemented on an annual basis.

85. There was therefore no doubt that operative paragraph 1 of resolution GC(XXV)/RES/388 had been implemented correctly and the same applied to paragraph 2. If the targets for contributions for the past two years or the indicative planning figures for the next three years were examined, it would be seen that the total amounts had risen sharply. The Governor from Pakistan had himself quoted figures which showed how rapidly technical assistance funds had increased, although it was always possible to claim that not enough had been done.

90. The amendment to the draft report proposed by the Governor from Zaire introduced a questionable change into a perfectly satisfactory text which accurately and impartially reflected two opposing points of view: that of the recipients, who always requested more, and that of the donors, who always felt that they had given enough. To introduce here the concept of majority and minority could only create further difficulties.

91. Mr. RUGGIERO (Italy) said that, for practical reasons as well as on grounds of principle, his country felt that the present arrangements for financing technical assistance were the most satisfactory. The amendment to paragraph 3 of the draft report proposed by the Governor from Zaire was inapposite. It was the Chairman who was entrusted with the task of reflecting as accurately as possible the substance of the Board's discussions, and he had evolved a formulation which avoided confrontation. Adopting that wording would show a very welcome spirit of understanding.

92. Mr. SULLIVAN (Canada) also favoured retaining the present system for financing technical assistance which had a number of advantages: in particular, as several Governors had pointed out, it enabled a very high level of contributions to be achieved. In addition, he supported the view of the Governor from the Soviet Union that the concept of majority or minority should not be introduced in paragraph 3 of the draft report.

93. Mr. MALU wa KALENGA (Zaire), agreeing with the view expressed by the Governor from Italy that it would be simplest to leave it to the Chairman to reflect the substance of the discussions as accurately as possible, withdrew his proposal. However, he wished to put the following question to those countries that were in favour of maintaining the existing system: if the present system for financing technical assistance was so satisfactory, then why were the Agency's safeguards and nuclear safety activities as well as its administrative and other expenditures included in the budget instead of being financed through voluntary contributions?

94. Mr. LOOSCH (Federal Republic of Germany), replying to that question, referred the Governor from Zaire to Article XIV of the Agency's Statute.

95. The CHAIRMAN proposed that the Board approve the statement he had made at the start of the discussion and that it should transmit the draft report before it to the General Conference with the word "some" in line 9 of paragraph 3 being replaced by the word "several".

96. It was so decided.

97. The CHAIRMAN also suggested that the summary records of the deliberations on that matter, both in February and at the present meeting, be transmitted to the General Conference.

98. It was so decided.

