



International Atomic Energy Agency

GENERAL CONFERENCE

GC(XXXV)/958/Add.1
30 August 1991

GENERAL Distr.
ENGLISH

Thirty-fifth regular session
Item 15 of the provisional agenda
(GC(XXXV)/952)

THE FINANCING OF TECHNICAL ASSISTANCE

Excerpts from the summary records of the discussion in the Board of Governors on 14 June 1991 under the item "The financing of technical assistance" are reproduced in the Attachment.

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A T T A C H M E N T

EXCERPT FROM THE RECORD OF THE 756TH MEETING
(held on 14 June 1991)

THE FINANCING OF TECHNICAL ASSISTANCE (GC(XXXIV)/RES/539)

108. The CHAIRMAN said that an item on the financing of technical assistance had been placed on the agenda pursuant to resolution GC(XXXIV)/RES/539, in which the General Conference requested the Board, as on earlier occasions, to report to it annually on the actions which had been taken with regard to the implementation of resolution GC(XXV)/RES/388 adopted in 1981.

109. As agreed in September 1990 during the Board's meeting following immediately upon the General Conference, he had held consultations on that subject. Since agreement had been reached on the Indicative Planning Figures (IPFs) which were to serve as a basis for the TACF targets for 1990, 1991 and 1992, those consultations had focused on the wider aspects of resolution GC(XXV)/RES/388 and the results thereof were summarized in paragraphs 4 to 7 of the draft report which he had circulated informally, and which might serve as a basis for the Board's report to the General Conference.

110. Mr. ALER (Sweden) said that his delegation had not been able to take part in the consultations on that issue and he therefore wished to make a few comments on the draft report submitted to the Board. With respect to paragraph 5, he thought that, on the whole, the system of IPFs was working well. However, its success relied on all governments honouring the understanding inherent in the system, namely that they would pledge and pay shares of the target corresponding to their base rates of assessment.

111. In the current situation it was inevitable that an element of uncertainty remained. In particular, he felt that Agency programmes which provided support to developing Member States in the field of nuclear safety and radiation protection should not be dependent on voluntary contributions to the TACF. In the draft budget for 1992, the estimated level of contributions from the TACF for programmes related to nuclear safety, waste management and radiation protection amounted to some \$10 million. The support provided to developing countries through those programmes should be financed from the Regular Budget. In that context, he recalled the remarks made by the Governor from Germany to the effect that all high-priority programmes related to nuclear safety should be financed in that way. The other parts of the technical co-operation programme should continue to be financed via the IPF system. In addition, he urged that greater support be given through extrabudgetary contributions.

112. With respect to paragraph 7, he did not think that safeguards could be financed on the basis of voluntary contributions and did not recognize any interdependence between technical assistance and safeguards in the Agency's programme. Safeguards were an obligatory activity for the Agency and had to be financed from the Regular Budget except where they were financed through firm pledges of extrabudgetary contributions.

113. Ms. LACANLALE (Philippines) said that 10 years had passed since the adoption of resolution GC(XXV)/RES/388. Although some measures had been taken to implement that resolution, the situation was not entirely satisfactory. The uncertainties inherent in the voluntary nature of the

financing system meant that new efforts had to be made to comply with the spirit of the resolution, i.e. by ensuring that technical assistance was funded either through the Regular Budget or from comparably predictable and assured resources.

114. She pointed out that the two main statutory responsibilities of the Agency were safeguards on the one hand and, on the other hand, the promotion of the peaceful uses of nuclear energy essentially through the technical assistance and co-operation programme. In the course of its statement on the financing of safeguards, her delegation had said that it would prefer that issue to be discussed with other outstanding questions, including the financing of technical assistance. She was therefore able to support any proposal which aimed at consultations on that basis.

115. Mr. CHIKELU (Nigeria) said that the issue in question had engaged the attention of the Board and the General Conference for several years, which showed the importance most Member States attached to the technical assistance and co-operation programme. Assured and growing financial resources were required to implement a large number of technically sound projects, particularly in developing Member States. It was thanks to technical assistance that the vast majority of Member States could benefit from the peaceful uses of nuclear energy.

116. The IPFs, which had been adopted in 1988 as a basis for fixing the targets for contributions to the TACF, covered the period up to 1992. Therefore, it was important that the question of the IPFs for subsequent years be examined seriously without delay, together with more general aspects of resolution GC(XXV)/RES/388.

117. The Nigerian delegation continued to be of the opinion that the technical assistance and co-operation programme, which was of vital importance for the majority of Member States, should be financed entirely or in part (at least 25%) through the Regular Budget, like other main activities of the Agency such as safeguards, nuclear safety and radiation protection. Finally, the Board should take due cognizance of the need to ensure a reasonable and equitable balance between the regulatory and promotional activities of the Agency.

118. Mr. AL-TAIFI (Saudi Arabia) said that the financing of technical assistance through voluntary contributions was neither satisfactory nor realistic. In the first place a certain number of Member States were opposed to it, and then, as was stated in paragraph 122 of document GOV/2509, the gradual decline in the percentage of the target for the TACF that was actually met by pledges had been causing concern for a number of years.

119. If the Agency was to be a credible organization, the resolutions of the General Conference had to be respected. In 1991, the Conference, in resolution GC(XXV)/RES/388, had stated that technical assistance should be financed through the Regular Budget of the Agency or from other comparably predictable and assured resources. However, as the reports which were submitted to the General Conference through the Board each year clearly showed, no progress had as yet been made. He therefore hoped that the Board would turn its attention to that problem. The proposed setting up of an informal working group to examine the question of the financing of technical assistance would be a good start.

120. Mr. FORTAKOV (Union of Soviet Socialist Republics) reiterated the view of his delegation that voluntary contributions in local currency were a reliable and sufficiently predictable source of financing for technical assistance. Moreover, a large part of the Regular Budget was used directly or indirectly for activities which helped promote nuclear programmes in the developing countries, for instance via research contracts, programmes on hydrology, agriculture, and so on. It should also be remembered that the technical assistance programme was one of the few Agency programmes which benefited from a constantly increasing budget. All that showed that resolution GC(XXV)/RES/388 had been successfully implemented.

121. Ms. TALLAWY (Egypt) stressed once again that due attention should be given to the problem of the financing of technical assistance and co-operation activities, because that was a matter of considerable importance to developing countries. The Egyptian delegation was one of those requesting that consideration be given to the idea of financing all or part of technical assistance and co-operation activities through the Regular Budget in future in order to give them the importance they deserved among the Agency's activities. In accordance with the Agency's Statute and its objectives, those

activities should, both as a matter of principle and by virtue of their symbolic importance, be financed in that manner. The Egyptian delegation was therefore in favour of setting up a working group to examine the question of the financing of technical assistance. Whatever consensus the members of the Board might reach, Egypt would support it. However, she felt that the moment had come to look at the issue from a new angle.

122. Mr. PABON GARCIA (Venezuela) said that his delegation was concerned over the fact that the financing of technical assistance continued to be dependent in large measure on voluntary contributions to the TACF - contributions which, though they had increased substantially, could not guarantee that the financial resources required to implement technical programmes of great importance to the developing countries would be available in the long term and at the appropriate time.

123. The Venezuelan delegation was convinced that the success of the Agency's technical assistance and co-operation activities was dependent on the availability of assured and predictable financial resources, and he reiterated his view that those activities should be financed through the Regular Budget or from other comparably predictable and assured resources. There was also a clear need to rectify the lack of balance between the promotional and regulatory activities of the Agency in order, principally, to reinforce technical assistance, and to ensure greater responsiveness to the needs of developing countries. In addition, the lateness of contributions to the TACF made it essential that a mechanism be found which would ensure that the Department of Technical Co-operation had the necessary funds to carry out its activities.

124. Mr. WILSON (Australia), endorsing the comments made by the Governor from Sweden concerning paragraph 7 of the document, requested that the position of his delegation be noted for the record, namely that safeguards should not be financed from voluntary contributions.

125. Mr. LOOSCH (Germany) said that he found the draft report of the Chairman to be very fair, and he was perfectly agreeable to its being submitted to the General Conference together with the summary record of the Board's discussion on the matter. With respect to the substance of the issue,

he reiterated his view that the financing system for technical co-operation based on the IPFs yielded results at least as good as the Regular Budget. The TACF (both the targets and the actual contributions) had increased much more quickly than the Regular Budget, and, in contrast to the Regular Budget, the TACF had never known a cash flow crisis. With respect to the late payment of contributions, he asked whether the obligations laid down in Article XIV of the Statute constituted a better assurance than pledges of contributions. Moreover, associating himself with the comments made by other Governors, he pointed out that, since the Agency's inception, considerable funding of technical assistance had derived from the Regular Budget.

126. All that being so, technical assistance should continue to be financed through voluntary contributions; the best course would be to maintain the system adopted 10 years earlier, namely the IPF mechanism, while once again appealing to all Member States to pledge contributions and to pay them in a timely fashion, if possible in convertible currencies, so that they could be used to respond to any needs which might arise within the technical assistance and co-operation programme.

127. With regard to procedural matters, he was not convinced of the usefulness of setting up a working group. If Governors could not arrive at a consensus it was doubtful that a technical working group could do more.

EXCERPT FROM THE RECORD OF THE 757TH MEETING
(held on 14 June 1991)

THE FINANCING OF TECHNICAL ASSISTANCE (GC(XXXIV)/RES/539) (continued)

1. Mr. KATZ (United States of America) said the current system for providing technical assistance funds worked exceptionally well. The increase in funding for technical assistance projects over the last few years far exceeded any augmentation in the budget for assessed contributions, which remained at essentially zero real growth. The IPF system had enabled the Secretariat to plan its technical co-operation programmes confident that the necessary resources would be available when needed. He endorsed the remarks made by the Governor from Australia and would join in a consensus to forward the draft report circulated by the Chairman to the General Conference.
2. Mr. AYATOLLAHI (Islamic Republic of Iran) said that Article II of the Agency's Statute placed the areas of safeguards and technical co-operation on an equal footing as the main objectives of the Agency's work. It was therefore reasonable to expect the budgets for those two areas to be funded from the same source, be it from the Regular Budget or from extrabudgetary resources.
3. Mr. de LA FORTELLE (France) said that his delegation attached great importance to the financing of technical assistance and thanked the Chairman for his report on the subject. France deeply regretted that the Chairman's consultations had not made it possible to achieve consensus and had serious reservations about the establishment of a working group, even an ad hoc one. Technical assistance was an integral part of the Agency's activities and its financing was essential to the promotion of the peaceful use of nuclear energy as well as of safeguards. His delegation therefore hoped the Chairman would continue his consultations with a view to finding an effective solution that would be acceptable to all. That approach was, in his delegation's view, preferable to the establishment of a working group, for it had better chances of succeeding.

4. The CHAIRMAN said that he assumed that the Board wished to intensify its efforts directed towards the implementation of General Conference resolution GC(XXV)/RES/388 and that it wished to submit to the General Conference, as its report pursuant to resolution GC(XXXIV)/RES/539, the draft text which had been circulated informally to Governors, together with the summary record of the discussion at the Board's present session.

5. It was so decided.

6. The CHAIRMAN said he wished to inform the Board on the situation of the TACF. The target for voluntary contributions for 1991 was US \$49 million. As at 31 May 1991, the amount pledged had been \$28 709 671, and the amount actually paid \$9 224 173, leaving \$19 485 498 as the balance outstanding on the pledged amount. There was clearly a long way to go before the target figure would be reached, and the capacities of the Department of Technical Co-operation were being stretched to the limits. Because funds were provided late, it was difficult to maintain the desired implementation rate. He would raise those and other problems again at the forthcoming session of the General Conference.