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(GC(39)/1)

THE FINANCING OF TECHNICAL ASSISTANCE AND THE FINANCING OF SAFEGUARDS

Report by the Board of Governors

1. In resolution GC(XXXVIII)/RES/11, the General Conference last year, *inter alia*, requested the Board of Governors to re-establish, with no financial implications, the Informal Working Group - open to all Member States - on the Financing of Technical Assistance and to report on actions taken to the Conference at its thirty-ninth session.
2. Similarly, in document GC(XXXVIII)/DEC/16, the General Conference (again in 1994) decided to request the Board of Governors to re-establish the Informal Working Group on the Financing of Safeguards.
3. The Board re-established both Working Groups at its post-GC session in September last year and the two groups met separately over several months and reported to the Board at its June 1995 session. After a debate on both issues, the Board requested the two Working Groups to continue further consultations including in joint session with a view to achieving a consensus on the issues. The Board further decided to revert to the issues at its pre-General Conference session in September this year.
4. The Board reconsidered the two issues on 12 and 13 September 1995 and decided to transmit a joint report of its deliberations on both issues to the General Conference. The summing-up by the Chairman of the Board on the two issues is set out below:

"It seems to me that the Board wishes to recommend a target of US\$ 64.5 million for voluntary contributions to the Technical Co-operation Fund (TCF) for 1996 and that it agrees that the Indicative Planning Figures for 1997 and 1998 shall provide for target increases of at least US\$ 3.5 million in each of these years.

"Further, I believe that the Board wishes to recommend to the General Conference that it:

- (a) urge all Member States to pledge and pay in full their shares of the targets for voluntary contributions to the TCF and urge the Agency to take due account of the extent to which Member States have paid their TCF target shares when determining the allocation of resources for TC projects and for the procurement of equipment and expert services for TC activities;
- (b) urge that all Member States, in approving future Agency budgets and contributing funds for the activities of the Agency, seek to avoid the creation of an imbalance among the main activities of the Agency; and
- (c) note that the question of predictable and dependable pledging and payments to the TCF will be kept under review.

"With regard to the financing of safeguards, I take it that the Board wishes to recommend to the General Conference:

- (a) that it adopt the formula proposed by the Chairman of the Informal Working Group on the Financing of Safeguards as contained in the Note by the Secretariat dated 13 June 1995 (copy to be attached to the summary record of this meeting), with the proviso that no shielded country shall be obliged to contribute towards any increase in the safeguards budget beyond zero real growth; and
- (b) that it decide that the formula shall be reviewed at an appropriate time in order to determine a formula for safeguards financing beyond the year 2000, the review to include consideration of changes in the contributions of shielded countries and other relevant issues.

"It is so decided.

"In the light of what has been decided regarding the financing of technical assistance, I take it that the Board wishes to recommend the adoption of draft resolution B in Annex VI to the budget document (GC(39)/4) with a figure of US\$ 64.5 million inserted as the target for voluntary contributions to the TCF for 1996.

"It is so decided.

"What we have decided regarding the financing of safeguards should, I believe, be fully reflected in a draft resolution to be submitted to the General Conference for adoption.

"It is so decided.

"Next, we have to agree on a report to the General Conference. The two issues - i.e. the financing of technical assistance and the financing of safeguards - were initially discussed separately, but of late they have come to be discussed together, and furthermore the decisions which we have just taken deal with them both together.

"I therefore suggest that we have a single report to the General Conference on the two issues setting out the decisions which we have just taken. The positions of individual countries and groups will, of course, be reflected in the summary records of our discussions on these issues (in June and at the present session), which will also be transmitted to the General Conference.

"It is so decided.

"Finally, I wish to express to Ambassadors Akao and Doshi the Board's appreciation of their skill and indefatigable efforts in chairing the two Informal Working Groups and facilitating the resolution of these important issues through consensus in a spirit of friendliness and compromise. "

The summary records of the Board's discussions on the items at its June and September sessions are in the Addendum to this document.

