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(GC(44)/21)

THE FINANCING OF SAFEGUARDS**Revised arrangements for the assessment of Members' contributions towards the safeguards component of the Agency's Regular Budget**

Resolution adopted on 22 September 2000 during the tenth plenary meeting

The General Conference.

- (a) Recalling its resolutions GC(III)/RES/50, GC(XXI)/RES/351 and GC(39)/RES/11 and other relevant resolutions embodying principles for the assessment of Members' contributions towards the safeguards component of the Agency's Regular Budget,
 - (b) Having considered the Board's recommendations made pursuant to resolution GC(39)/RES/11, and
 - (c) Desiring to arrive at permanent and cost-effective arrangements for the financing of safeguards,
1. Decides to introduce the following arrangements for the financing of safeguards, which will end the "shielding" system within a specified time frame:
- A. Three-year adjustment period**
- (i) The revised arrangements for the assessment of Members' contributions towards the safeguards component of the Agency's Regular Budget set forth in resolution GC(39)/RES/11 shall be extended until 31 December 2003.
 - (ii) Subject to sub-paragraph (iii) below, the list of "shielded" Members established for the Agency's 2000 Regular Budget pursuant to operative paragraph 1.(c)(ii) of resolution GC(39)/RES/11 (hereinafter referred to as the "shielded list") shall be frozen with effect from 2000.

- (iii) A State that becomes a Member of the Agency before 31 December 2003 shall, if it satisfies the criteria established for “shielding” in resolution GC(39)/RES/11 as applied for the Agency’s 2000 Regular Budget, be eligible to be included in the “shielded list”. However, it may instead elect to contribute in accordance with operative paragraph 1.(c)(iii) of resolution GC(39)/RES/11.

B. System for phasing out “shielding”

- (i) The “shielded list” shall be divided into four categories on the basis of the per capita gross national product (PCGNP) data used to establish that list. The “shielded” Members shall be assigned to categories on the basis of a comparison of their PCGNPs with the average of the PCGNPs of the 15 Members with the highest PCGNPs (hereinafter referred to as “the average PCGNP”). Subject to paragraphs (iv) and (v) below, the categories of “shielded” Members will remain frozen during the entire period of phasing-out of the current “shielding” system. These categories are as follows:

Category 1: Members with PCGNPs greater than 20% of the average PCGNP

Category 2: Members with PCGNPs from 11% through 20% of the average PCGNP

Category 3: Members not in Category 4 with PCGNPs less than 11% of the average PCGNP

Category 4: Members which in 2000 are least developed countries (LDCs)

- (ii) The Members in each category shall have their annual contributions to the safeguards component of the Regular Budget proportionally increased each year starting from 2004. The annual increases for each of the categories shall result in the termination of “shielding” over the following numbers of years:

Category 1: 7 years

Category 2: 12 years

Category 3: 17 years

Category 4: 25 years

- (iii) Beginning in 2004, actual budgeted amounts for the safeguards component of the Regular Budget shall be used in calculating the shares of those Members which remain “shielded” during the phasing out period.
- (iv) A State which is an LDC and becomes a Member of the Agency after 2003 shall be placed in Category 4 and be incorporated in the phasing-out process from the year its membership becomes effective until 2028.

- (v) A “shielded” Member may at any time decide to become “unshielded” or to be included in a category which provides for the phasing-out of “shielding” over a shorter period of time.

2. Requests the Board of Governors to keep the Agency’s safeguards activities under review to ensure their cost-effectiveness and assess their impact on the Agency’s safeguards budget.