

# THE AGENCY'S ACCOUNTS FOR 2007

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## Report by the Board of Governors

1. In accordance with Financial Regulation 11.03(b) [1], the Board of Governors hereby transmits to the Members of the Agency the report of the External Auditor on the Agency's accounts for 2007.
2. The Board has examined the report by the External Auditor and the introduction by the Director General to the accounts, and also the accounts themselves, and submits the following draft resolution for the consideration of the General Conference.

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The General Conference,

Having regard to Financial Regulation 11.03(b),

Takes note of the report of the External Auditor on the Agency's accounts for the year 2007 and of the report of the Board of Governors thereon [\*].

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[\*] GC(52)/11

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[1] INFCIRC/8/Rev.2



**Fifty Second regular session**

**The Agency's Accounts For 2007**

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# The Agency's Accounts for 2007

## A. Introduction and Financial Highlights

1. I present herewith the Agency's accounts for the year ended 31 December 2007. Part I contains the External Auditor's report to the Board of Governors on the audit of the accounts. Parts II and III contain the Agency's accounts, comprising Statements I to IV and Schedules S1 to S12, respectively. Part IV, entitled "Notes to the Financial Statements", describes the purpose and financing of the Funds and the authority under which they are administered, and the significant accounting policies applied by the Secretariat in preparing the statements and schedules. The notes offer additional information on significant items and events that could have a bearing on the financial position of the Agency, or on funds in its possession or under its control. The Annexes (Part V) present information that under the current United Nations system accounting standards no longer has the status of a financial statement, schedule or note, but is considered useful for Member States.

### A.1. Significant changes

2. There are no significant changes in presentation and format this year. The financial statements include supplementary statements and schedules which reflect the status as at 31 December 2007 of the Unobligated Balances of 2006 Appropriations. These are Statement IV (Supplementary A), Schedules 6 (Supplementary A) and 7 (Supplementary A).

3. The General Fund has 7 new accounts under the Extrabudgetary Programme Fund (Fund Group III):

- **France** – to account for the euro contribution in support of generic design review of ATMEA1 reactor to be conducted by the Division of Nuclear Installation Safety against the Safety Requirements in IAEA Safety Standards.
- **India** – to support the Agency's activities in the field of the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO).
- **Libyan Arab Jamahiriya** – to support the implementation of Libya's work plan activities pursuant to the Coordinated Research Project on "Development Techniques for Small-Scale Indigenous Production of Mo-99 from Low Enriched Uranium or Neutron Activation".
- **Romania** – to support the Incident and Emergency Centre of the Department of Nuclear Safety and Security.
- **Saudi Arabia** – to support the IAEA project to make the GovAtom website navigation and search tools available in all six official languages of the Board.

- **AIPS multi-donor fund** – for contributions in euros to support the implementation of the IAEA’s Integrated Agency-wide Information System for Programme Support (AIPS).
- **Commission of the European Communities** — for contribution in euros to support the IAEA activities under the Extrabudgetary project “EC-IAEA-Ukraine Joint Project on Safety Evaluation of Ukrainian Nuclear Power Plants (NPPs)”.

4. The General Fund has two new accounts under the Technical Cooperation Extrabudgetary Fund (Fund Group IV):

- **The Cooperation Council for the Arab States of the Gulf** – to support the implementation of TC project RAS/4/029 – Strengthening Nuclear Power Infrastructure and Planning.
- **Japan** – to transfer the Japanese contribution to the Nuclear Security Fund for programme implementation of TC project RER/9/085 – Capacity Building for Upgrading Nuclear Security Related National Infrastructure.

## **A.2. Financial highlights**

### **A.2.1. General**

5. As of the end of 2007, the Agency’s total cash holdings in all Fund groups amounted to €191.4 million (2006: €168.9 million).

### **A.2.2. Fund Group I. Regular Budget Fund and Working Capital Fund**

6. Appropriations originally approved in the amount of €283.6 million at the rate of 1.0000 US dollars to the euro were recalculated at €268.0 million using the average rate of exchange of 1.3651 US dollars, in accordance with Resolution GC (50)/RES/6.

7. Cash for the Regular Budget Fund, including the Working Capital Fund (WCF), increased from €46.3 million in 2006 to €55.8 million in 2007. Therefore the cash flow for the year was better than in the previous year. However, of the total cash, the amount of €20.1 million (€18.8 million in 2006 for 2007) represents payments for 2008 made in advance by some Member States.

8. Assessed contributions have increased in comparison to the previous year. The current year’s figure is €62.9 million as compared with last year’s figure of €56.4 million. The main reason is the increase in the 2007 budget in comparison to the 2006 budget. The total unpaid assessed contributions at yearend amounted to €41.8 million compared to €59.3 million at the end of 2006.

9. I am pleased to announce that there was a cash surplus for 2006 amounting to €8.6 million. This was due mainly to the receipt of contributions relating to prior years amounting to €47.5 million.



10. The 2007 excess of income over expenditure of €2.5 million (2006: €3.2 million) consists of the following:

	<u>Millions of Euro</u>	
	<u>2007</u>	<u>2006</u>
Unused balance of appropriations (Statement IV)	0.0	0.1
Surplus (deficit) of actual resources over adjusted estimates (Annex A1)	<u>2.5</u>	<u>3.1</u>
Excess (shortfall) of income over expenditure (Statement I)	<u>2.5</u>	<u>3.2</u>

### **A.3. Fund Group II. General Fund - Technical Cooperation Fund**

11. The Fund's resources increased with total pledges amounting to \$76.6 million (2006: \$72.6 million) against a target of \$80.0 million (2006: \$77.5 million). Cash held was more than last year at \$62.4 (€42.8) million (2006: \$56.3 million). Approximately 16.2% of this cash is held in difficult to use currencies. The Agency is continuing its efforts to reduce these holdings.

### **A.4. Other Fund groups**

12. The cash resources of Fund groups III, IV and VI are shown in Statement II. These resources have increased to €82.8 million from €79.8 million in the previous year. Their resources are based on extrabudgetary contributions from Member States or Member State institutions received before the respective activities are undertaken, or funding agreements with United Nations or other international organizations and agreements with contributors.

(signed) MOHAMED ELBARADEI  
Director General

**STATEMENT OF THE DIRECTOR GENERAL'S RESPONSIBILITIES  
AND  
CONFIRMATION OF THE ACCOUNTS WITH THE FINANCIAL  
REGULATIONS  
OF THE INTERNATIONAL ATOMIC ENERGY AGENCY  
AS AT 31 DECEMBER 2007**

**The Director General's responsibilities**

The Director General is required by the Financial Regulations to maintain such accounting records as are necessary with due regard to the United Nations system accounting standards and to prepare annual accounts showing the income and expenditure of all the International Atomic Energy Agency's Funds during the financial year and their respective financial positions at the end of the year and the status of Regular Budget appropriations of the Agency. He is also required to give such other financial information as the Board may require or as he may deem necessary or useful.

To lay the foundations for the financial statements, the Director General is responsible for establishing detailed Financial Rules and procedures to ensure effective financial administration, the exercise of economy, and the effective custody of the Agency's assets. The Director General is also required to maintain an internal financial control which shall provide an effective examination of financial transactions to ensure: the regularity of the receipt, custody and disposal of all funds and other financial resources of the Agency; and the conformity of expenditures with the appropriations approved by the General Conference, the decisions of the Board on the use of funds for the Technical Cooperation Programme or other authority governing expenditures from extrabudgetary resources; and the economic use of the resources of the Agency.

**Confirmation of the Accounts with the Financial Regulations**

We hereby confirm that the following appended accounts, comprising Statements I to IV, Schedules S1 to S12 and supporting Notes, were properly prepared in accordance with Article XI of the Financial Regulations, with due regard to the United Nations System Accounting Standards.

(signed) MOHAMED ELBARADEI  
Director General

(signed) GARY A. EIDET  
Director, Division of Budget and Finance

Vienna, Austria, 26 March 2008

# PART I

## **Letter from the External Auditor to the Chairman of the Board of Governors**

The Chairman of the Board of Governors  
International Atomic Energy Agency  
A-1400 VIENNA  
Austria

31 March 2008

Sir,

I have the honour to transmit the financial statements of the International Atomic Energy Agency for the year ended 31 December 2007 which were submitted to me by the Director General in accordance with Financial Regulation 11.03(a). I have audited these statements and have expressed my opinion thereon.

Further, in accordance with Financial Regulation 12.08, I have the honour to present my report on the Accounts of the Agency for the year ended 31 December 2007.

Accept Sir, the assurances of my highest consideration.

(signed) Norbert Hauser  
Vice-President of the Federal Court of Audit  
Germany  
External Auditor



# AUDIT OPINION

## CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007

### **To the General Conference of the International Atomic Energy Agency**

I have audited the accompanying financial statements, comprising Statements I to IV (supplementary A), Schedules S 1 to S 12 and the supporting Notes of the International Atomic Energy Agency for the financial period ended 31 December 2007. These financial statements are the responsibility of the Director General. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Common Auditing Standards applied for the United Nations, the Specialised Agencies and the International Atomic Energy Agency. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director General, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

As a result of my examination, I certify that, in my opinion:

- (a) The financial statements reflect properly the recorded financial transactions for the biennium ended 31 December 2007 and present fairly, in all material respects, the Organisation's financial position as at 31 December 2007;
- (b) The financial transactions reflected in the statements, which I have tested as part of my audit, have in all significant respects been in accordance with the applicable Financial Regulations and Legislative Authority;
- (c) The financial statements have been prepared in accordance with the stated accounting policies and procedures set out in note B, which were applied on a basis consistent with that of the preceding financial period.

In accordance with Article XII of the Financial Regulations, I have also issued a long-form Report on my audit of the International Atomic Energy Agency's financial statements containing additional information and comments on the financial statements and this opinion.

(signed) Norbert Hauser  
Vice-President of the Federal Court of Audit  
Germany  
External Auditor

Bonn, 31<sup>st</sup> March 2008



# **REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF THE ACCOUNTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY FOR THE YEAR ENDED 31 DECEMBER 2007**

Comprising:

➤	<b>A Executive summary</b>	<b>(paragraphs 1 - 66)</b>
	<b>A.1 Main audit findings and recommendations</b>	<b>(paragraphs 1 - 57)</b>
	<b>A.2 Scope and approach of the audit</b>	<b>(paragraphs 58 - 66)</b>
➤	<b>B Analysis of the financial statements</b>	<b>(paragraphs 67 - 93)</b>
➤	<b>C Detailed findings for 2007</b>	<b>(paragraphs 94 - 250)</b>
	<b>- covering a comprehensive financial analysis, technical cooperation, information technology, safeguards, accounting procedures, administrative matters, and other material issues.</b>	
➤	<b>D Follow-up on the results of my findings and recommendations last year and in prior years</b>	<b>(paragraphs 251 - 333)</b>
➤	<b>E Other matters</b>	<b>(paragraphs 334 - 340)</b>
	<b>E.1 Cases of fraud or presumptive fraud</b>	<b>(paragraphs 334 - 337)</b>
	<b>E.2 Losses, write-offs and ex-gratia payments</b>	<b>(paragraphs 338 - 340)</b>
➤	<b>F Acknowledgement</b>	<b>(paragraph 341)</b>

## A. EXECUTIVE SUMMARY

### A.1. MAIN AUDIT FINDINGS AND RECOMMENDATIONS

#### A.1.1. Overall results of the audit

My staff and I have audited the accounts and performance of the IAEA.	1. My staff and I have audited the accounts and the performance of the International Atomic Energy Agency for the financial period 1 January to 31 December 2007 in accordance with the financial regulations.
I placed an unqualified opinion on the financial statements.	2. My audit examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole and I have placed an unqualified audit opinion on the Agency's financial statements for 2007.
Areas covered by this report:	3. My annual report includes observations and recommendations intended to contribute to the improvement of the Agency's financial management and control, arising under paragraph 5 of the Additional Terms of Reference Governing External Audit appended to the Financial Regulations. For 2007, my audit work has mainly covered the areas described in the following paragraphs.
Financial issues: Cash Management, International Public Sector Accounting Standards	4. My staff analysed the Agency's financial situation and the effects of late payment of assessed contributions on the financial situation, particularly on the effectiveness of the split assessment system. The report also provides an update on the UN system's decision to adopt International Public Sector Accounting Standards (IPSAS).
Performance issues: Information Technology, Publications	5. In addition, I report on several findings resulting from our regular audit process, such as our examination of budgetary aspects of Information Technology (IT) and a proposal for improvements in the management of publications.
Performance audit of projects financed by the Extrabudgetary Programme Fund	6. After reporting on financial issues in the Nuclear Security Fund (NSF) and in the Extrabudgetary Safeguards (SG) activities, my staff carried out a performance audit in two countries where NSF projects were implemented.
Results of a further field mission concerning Technical Cooperation	7. In my report last year I presented the results of field missions to six countries after full discussion with Management. In 2007 my team carried out another field mission, the results of which support my prior findings.
I also comment on the overall financial situation.	8. In part B of this report, I comment on the overall financial situation of the organization. Part C contains the most important findings of our audit work - including further performance audits - where, in my view, there is room for further improvement and/or which might be of interest to Member States.
Other matters and follow-up	9. My report also includes a follow-up to audit recommendations contained in my report for 2006 and prior years and a commentary on other matters arising from the audit of the Agency's financial statements for 2007 (Parts D and E).
Verification visits by one donor in addition to my regular audit are still on the agenda.	10. In my 2006 report I referred to one donor's condition to carry out separate on the spot checks to verify expenditure concerning projects financed by this donor. I inform Member States about the discouraging development during 2007 and the plans of that donor for coming years (section C.2.1).



## **A.1.2. Summary of findings and recommendations for the Secretariat**

### **A.1.2.1 Financial issues**

11. I reiterate my yearly recommendation to recover long outstanding assessed contributions going back to 1965 urgently (paras. 68-71).
12. The Secretariat should conclude arrangements with contributors which ensure a more steady inflow of cash (paras. 72-74, 102-109).
13. I recommend that the Secretariat should investigate options for a surcharge and discount system to be applied to assessed contributions, because this can have advantages for both the contributor and the Agency (paras. 110-115).
14. I further recommend revisiting the split assessment system in case it proves impossible to make progress in the payment of assessed contributions (paras. 78-84, 116).
15. The Secretariat should continue to work together with me on finding suitable values for the presentation in the financial statements under IPSAS (para. 101).

### **A.1.2.2 Budgetary Matters**

16. I encourage the Secretariat to prepare the budget for 2010-2011 on an accrual basis in order to be able to report on budget compared to actual expenditure under IPSAS (para. 100).
17. I recommend that the Secretariat should monitor the effects of increasing voluntary contributions, particularly their impact on the utilization of regular budget resources (paras. 85-89).
18. I recommend that the Secretariat continues to work on a more transparent treatment of savings due to integrated safeguards, which would allow Member States to decide on their application (paras. 117-124).

### **A.1.2.3. Administrative matters**

19. I recommend that the Secretariat propose to Member States to restrict free distribution of IAEA publications to one copy per Member State. This would significantly reduce the costs of printing services (paras. 149-154).

### **A.1.2.4 Safeguards and Nuclear Security**

20. There is considerable room for improvement in asset management and accounting for inspection equipment. I will follow up on the remedial action initiated by management and keep this issue under review (paras. 137-148).
21. Nuclear Security Projects should provide for effective border controls. The Secretariat should define what it considers to be "effective" (paras. 201-206).
22. The Secretariat should intensify its efforts to encourage all the countries of a region to participate in border monitoring projects (paras. 207-209).
23. Recipient countries of border monitoring projects should contribute as much as possible through national commitment to a full coverage of its Points of Entry (paras. 210-214).
24. The Secretariat should continue coordinating its activities with other donors of border monitoring projects to avoid ineffective investments (paras. 215-220).

25. Radiation Portal Monitors should be sufficiently protected against damages (paras. 221-223).

#### **A.1.2.5 Technical cooperation**

26. The purchasing power of the Technical Cooperation Fund has been reduced by the decreasing US\$ value, because it takes more dollars to buy the euros needed for approximately 50% of the expenditure (paras. 90-91).

27. I encourage the Secretariat to consider a mechanism which ensures that the Technical Cooperation Fund is hedged against shrinking purchasing power as far as possible (para. 92-93).

28. As the Agency has no country offices, the Secretariat should consequently apply the recently formulated policy regarding the National Liaison Officers' role and responsibilities in project implementation (paras. 156-160, 181-183).

29. Contributions in kind should be adequately valued and reported in the Financial Statements (paras. 161-164).

30. The Agency should not support non-nuclear applications, because this type of projects does not belong to the Agency's core activities and is not covered by its mandate (paras. 176-180).

31. I recommend improving the collaboration with UNDP in order to avoid losses of equipment as occurred in one country (paras. 184-186).

32. The Secretariat should take steps to avoid counterpart staff, after having received training by the Agency, taking better job opportunities elsewhere (para. 187-189).

33. Procurement of project equipment from local suppliers or by the Secretariat needs further investigation (paras. 190-193).

34. I encourage the Secretariat to take further steps to verify that facilities, material and infrastructure necessary to implement a project successfully are provided (paras. 194-196).

#### **A.1.2.6 Information technology**

35. In spite of some positive results achieved by the Secretariat I reinforce my recommendation of last year to establish a clear and appropriate IT policy (paras. 226-228).

36. I appreciate the steps taken towards a centralization of common IT services; in some units there has not been sufficient progress (paras. 229-230, 232).

37. Because responses provided by some units to a questionnaire from my staff were late, I am not able to comment on an important organizational issue this year (para. 231).

38. The Secretariat should centralize funding and budgeting of common IT functions in a separate IT Programme and execute it under the responsibility of the Chief Information Officer (paras. 233-237).

39. The Secretariat should establish uniform and Agency-wide mandatory procedures for the handling of the hard disks of desktop and laptop computers in connection with the removal of faulty parts or old computers (paras. 238-244).

40. The Secretariat should establish a procedure in order to protect hard disks and removable media with integrated encryption and monitoring tools (paras. 245-246).

41. The efforts to complete, to centralize and to harmonize the information pool concerning the Agency's IT in the Intranet should be continued (paras. 247-250).

#### **A.1.2.7 Other**

42. The Agency should continue to seek a solution for the problems caused by voluntary contributions being provided under the condition of a special verification by the donor. The Panel of External Auditors of the UN has recently recommended revisiting the verification clause in the relevant agreement (paras. 125-136).

#### **A.1.3. Recommendations for consideration by the Member States**

43. I encourage Member States to provide funding for the Agency-wide Information System for Programme Support in the short term. An upgrade of the management systems is indispensable for a timely implementation of IPSAS (paras. 98-99).

44. I recommend considering the implications of a system of surcharges and discounts applied to assessed contributions in order to protect the Agency against exchange rate risks and to ensure the availability of sufficient funds (paras. 110-114).

45. Alternatively Member States should either pay their contributions when due, or allow the Secretariat to borrow money in the short term (paras. 115-116).

46. I call on the Member States receiving technical assistance from the Agency to ensure that sufficient electronic infrastructure is in place and available to all project counterparts to participate in the Programme Cycle Management Framework (paras. 165-171).

47. Funding of projects by Government Cost-Sharing should not be delayed towards year end, because utilization becomes more and more difficult (paras. 172-174).

48. I encourage all countries in identified risk areas to participate actively in border monitoring projects in order to enhance nuclear security (paras. 207-209).

#### **A.1.4. Recommendations resulting from prior years' findings**

49. With regard to a number of follow up items in this chapter I give an update on the current situation. Remedial action is under way but not yet fully implemented. The most important outstanding issues of prior years are reported hereunder.
50. The requirement of one donor of voluntary contributions to carry out special verifications is not in accordance with the Agency's financial regulations. Further attempts to impose that condition should be considered by the Board of Governors (paras. 125-127).
51. I reiterate the proposal made in my 2004 report to consider introducing a programme support cost scheme for extrabudgetary funds (paras. 259-261).
52. I encourage the Secretariat to further improve and intensify interaction with all institutions that are involved in similar sectors of TC (paras. 265-267).
53. I reiterate my recommendation in my report last year to formulate project contents more accurately (paras. 271-273).
54. A physically secure Agency-wide data centre was created. Fire protection is a highly important basic requirement, but is still missing (paras. 287-290).
55. The Secretariat should define in which cases IT budgeting still has to be carried out at the departmental level (paras. 291-294).
56. Several years after I first drew attention to this, crucial elements of a comprehensive protection system for the Seibersdorf laboratory compound have not yet been fully established (paras. 316-324).
57. The implementation of biennial budgeting still needs formal acceptance by the Member States (paras. 331-333).

### **A.2. SCOPE AND APPROACH OF THE AUDIT**

#### **A.2.1. Scope of the audit**

Principles governing my audit

58. I have audited the accounts of the IAEA for the financial period 1 January to 31 December 2007 in accordance with Article XII of the Financial Regulations and the Additional Terms of Reference Governing the External Audit annexed thereto. My audit has been conducted in conformity with Common Auditing Standards. These standards require me to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. The Agency's management were responsible for preparing these financial statements, and I am responsible for expressing an opinion on them based on evidence obtained in my audit.

Audit of separate funds

59. Upon the request of the Secretariat and based on a separate contract, I have again adopted the previous practice of carrying out separate audits of Funds for which the Agency has management responsibility: the Vienna International Centre Commissary, the Seibersdorf Cafeteria and the Staff Welfare Fund. As of 31 December 2007 I report on the financial Statements of these funds to the Director General. I considered this step necessary in view of the cost of an external audit company experienced in 2007, and the fact that IPSAS will require a decision on a consolidation of these funds in the Agency's financial statements anyway. I carry out this audit charging only for the actual costs we incur.

Audit of the financial statements

60. The financial statements for the IAEA, together with my audit report and the audit opinion, have been submitted to the Director General as provided for by the relevant financial regulation. The Director General has taken note of, and agrees with, the contents of my report.

Performance audits

61. In addition to my audit of the Agency's accounts and financial transactions, I carried out reviews under paragraph 5 of the Additional Terms of Reference Governing External Audit whereby I may make such observations as I deem necessary on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, on the financial consequences of existing administrative practices.

### **A.2.2. Audit objective**

Financial audit to form the audit opinion

62. The main purpose of the audit was to enable me to form an opinion on whether expenditure recorded for the year had been incurred for the purposes approved by the General Conference; whether income and expenditure were properly classified and recorded in accordance with the Agency's financial regulations; and whether the financial statements presented fairly the financial position at 31 December 2007.

Value-for-money audit to give proactive advice

63. In addition, to a large extent I also examined the Agency's performance in order to assess whether expenditures are being incurred according to the principles of economy, efficiency and effectiveness. This enables me to follow my objective of giving constructive advice rather than criticizing after the event.

### **A.2.3. Audit approach**

Substantive testing convinced me of the correctness of the Agency's records.

64. My audit opinion is based on substantive testing of the transactions recorded in all areas of the financial statements. Finally, an examination was carried out to ensure that the financial statements accurately reflected the Agency's accounting records and were fairly presented.

My staff tested the accounting records as necessary.

65. My audit examination included a general review and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on the Agency's financial statements.

### **A.2.4. Audit conclusion**

There were no material weaknesses that affected the audit opinion.

66. Notwithstanding the observations in this report, my examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole. During 2007, in accordance with normal practice, my staff reported additional findings to the Agency's management. None of these matters affects my audit opinion on the Agency's financial statements and schedules, and I have placed an unqualified opinion on the Agency's financial statements for 2007.

## B. ANALYSIS OF THE FINANCIAL STATEMENTS

### B.1. GENERAL

I report on the Agency's financial development over several years.

67. In the following paragraphs I provide information showing trends, tendencies and background information over the years since I started my audit of the Agency in 2004. For that purpose my staff again carried out an analysis of several of the Agency's key figures and their development over these years since 2004.

### B.2. ASSETS

#### B.2.1. Assessed Contributions Receivable

Arrears of assessed contributions decreased in 2007.

68. In 2007, the level of outstanding assessed contributions decreased by roughly 17.5 million euros. Five Member States reduced their outstanding assessed contributions significantly compared to last year. The level of the other arrears is nearly stable. Although some payment plans were concluded and contributions received, I encourage the Secretariat to continue its efforts.

Year	2004	2005	2006	2007
Assessed Contributions Receivable	42,082	44,797	59,357	41,804

**Table 1: Assessed contributions receivable (ACR) in thousands of euros (source: Schedule S 1)**  
(For the purposes of comparison, the values for 2004 and 2005 have been recalculated with the operational rate of exchange between US\$ and euros as at 31 December of the respective year)

There is still a large amount of outstanding assessed contributions.

69. The aging analysis (Note L refers) again shows that the largest part of all ACR (30.4 million euros) is due in respect of the year under review. It can be expected that most of these amounts will be collectable. It is again the still considerable amount of old debts that requires action. Roughly 11 million euros originate from years before 2007. About 4.8 million euros concern years before 2000. Some arrears go back 42 years to 1965.

Measures to collect outstanding assessed contributions are not effective enough.

70. This leads me to the conclusion that measures that could be taken to encourage Member States with permanent arrears of outstanding assessed contributions to pay the amounts still owed by them remain insufficient. Obviously the mere loss of voting rights is an ineffective measure in an organization whose decision-making process is based on consensus.

I recommend making every effort to collect older debts before the introduction of IPSAS.

71. I therefore recommend further efforts to recover at least the older debts. This should be achieved before the introduction of IPSAS. I would like to point out that according to IPSAS, accounts receivable can only be maintained if payment can realistically be expected.

**B.2.2. Cash and Term Deposits**

Liquidity has to be ensured at all times.

72. An organization which relies on contributions and is not allowed to incur any debts has to ensure the timely in- and outflow of cash in order to be liquid at all times. The cash resources of the Agency developed as follows.

Year	Regular Budget Fund Fund Group I	Technical Cooperation Fund Fund Group II	Extrabudgetary Programme Fund Fund Group III	Member States and int. organizations Fund Group IV	Trust Funds Fund Group VI
(1)	(2)	(3)	(4)	(5)	(6)
2004	52,670,408	35,320,917	54,673,776	13,610,367	934,125
2005	66,559,210	49,808,040	65,312,023	19,672,440	1,556,807
2006	46,276,865	42,764,541	58,933,530	18,240,010	2,640,876
2007	65,784,115	42,805,495	61,326,960	18,387,852	3,076,456

**Table 2: Cash and term deposits in euros as at 31 December (source: Statement II)**

(For the purposes of comparison, the values for 2004 and 2005 have been recalculated with the operational rate of exchange between US\$ and euros as at 31 December of the respective year)

The Regular Budget Fund's cash resources are mainly committed.

73. A level of roughly 66 million euros as at 31 December 2007 seems to indicate that the Regular Budget Fund (column I) is financially stable. However, a large portion of these funds (49.2 million euros) is required to meet accounts payable or is already committed for other payments after 2007. In budgetary terms, therefore, these funds are not available for further commitments. Further, approximately 20 million euros originate from advance payments by Member States in 2007 for 2008.

Especially in November/December the Agency's Regular Budget Fund is dependant on timely payments of assessed contributions and is forced to rely on advances.

74. As already reported last year, every year around November/December the Agency's Regular Budget Fund suffers from a lack of liquid funds. It has to rely on advance payments of next year's contribution from some donors to be able to meet its obligations. As long as the outstanding contributions are paid in a timely manner I foresee no problems. However, should major donors fail to pay, the Working Capital Fund (WCF) with an established level of 15.21 million euros, would not be sufficient to compensate for the lack of liquidity (section B.4 refers).

Cash in the Technical Cooperation Fund is also earmarked or held in currencies difficult to use.

75. The amount of cash and term deposits held in the Technical Cooperation Fund (TCF) at the end of 2007 is not freely available, because it is to a large extent committed. Furthermore, a considerable amount of financial resources (16.25% equivalent to 7 million euros) is held in currencies which are difficult to use.

In the Extrabudgetary Programme Fund significant improvements were achieved.

76. In the Extrabudgetary Programme Fund cash is at the same level as in the year before, although voluntary contributions increased by approximately 13 million euros. Upon my recommendation significant improvements in the management of this fund were achieved. The Secretariat now fully budgets for all funds available as at 31 December of the previous year. Secondly, for certain expenditures for SG activities, the Secretariat reached agreement with the donating Member State that it would be permitted to spend money already received. Thirdly, donor conditions on project funds are now considered very carefully and excluded as far as possible.

### B.3. LIABILITIES

Under IPSAS, separation benefits will have to be reported on the balance sheet as liabilities.

77. Although the Agency's liabilities for separation benefits and post-retirement benefits of 63.511 million euros and 142 million euros are disclosed in notes to the financial statements (V and W) in accordance with the United Nations System Accounting Standards, it will be necessary under IPSAS for these liabilities to be reflected on the face of the Agency's balance sheet. In 2006, by General Assembly Resolution 60/255, the United Nations has already recognized such liabilities and these will now be reported as such on the UN's balance sheet.

### B.4. INCOME AND EXPENDITURE

During 2007, my staff gave special consideration to liquidity.

78. During 2007, my staff again considered in detail the effects of cash in- and outflows and assessed whether sufficient liquidity was ensured over the year. They put special emphasis on the effects of late payment on the split assessment system and examined in detail whether exchange rate losses could be excluded, which is the main purpose of this system.

Cash inflows are generally unpredictable and do not serve as a reliable basis for constant monthly expenditures.

79. The annual monthly cash inflow averaged about 20 million euros. However, every year there are some peaks in certain months, while in other periods cash inflows are rather low. Cash outflows also amounted to around 20 million euros per month. The level of cash outflows is relatively constant, since the major outflows are monthly salary payments.

The following chart shows this effect.

80. The following chart shows the constant level of outflows, the extremely volatile cash inflows and the cash balances consisting of cash in- and outflows and balances brought forward from the previous period.

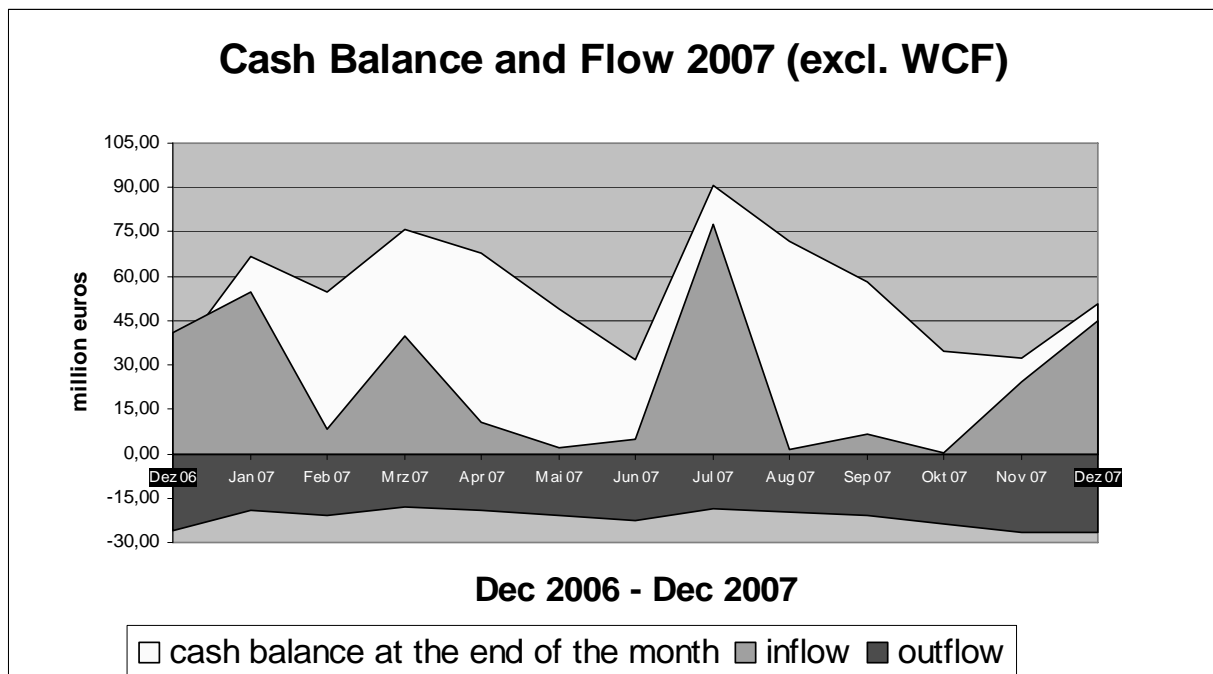


Chart: Monthly cash balances 2007 (source: Secretariat)



Twice in 2007 the Agency had to rely fully on the timely payment of major contributions.

The late payment of material amounts of assessed contributions has effects on exchange rate risks.

A more steady inflow of funds should be achieved.

I make a detailed proposal in this report based on a system of incentives and surcharges.

81. The analysis of this table is similar to that in paragraphs 74 to 77 of my report last year. Also in 2007, around the month of November, resources become scarce and the Agency had to rely fully on the major contributions usually coming at the end of November to be able to pay its December salaries and other obligations. This year the Secretariat also experienced the same problem in May/June, because another major contributor decided to postpone the payment of contributions due. Without the payments in July the Secretariat would not have been in a position to meet its obligations - even if the Working Capital Fund had been utilized.

82. In this report I expand my analysis and comment on the negative effect of the late payment of material amounts of assessed contributions on exchange rate risks for the Agency. This effect was intended to be excluded by the split assessment system.

83. I can only reiterate my recommendation that the Secretariat should try to conclude arrangements with contributors which ensure a more steady inflow of cash - preferably in the currency mix between euros and US\$ as needed from month to month.

84. In section C.1.2 I comment on the effects of early or late payments and make some recommendations for effective improvements in the Agency's financial management. Based on a system of incentives and surcharges, I would expect significant benefits for the Agency in terms of management time devoted to the collection of assessed contributions. I further recommend abolishing the split assessment system if it proves impossible to make progress in the prompt payment of assessed contributions.

## B.5. VOLUNTARY CONTRIBUTIONS

### B.5.1. Income and expenditure

Zero-real-growth requirement leads to attempts to obtain more voluntary contributions.

85. For a number of years the Regular Budget Fund has been subject to zero-real-growth. As demands for the Agency's services have at the same time been growing, the Secretariat increasingly seeks to receive voluntary contributions. The Agency's Member States were responsive and donated considerable amounts of voluntary contributions - especially to the Extrabudgetary Programme Fund, where the increase in income from 2006 to 2007 amounts to roughly 13 million euros.

	2004	2005	2006	2007
<b>Technical Cooperation Fund</b>	49,717,625	62,562,302	60,847,122	60,329,704
<b>Extrabudgetary Programme Fund</b>	39,937,857	33,262,587	29,042,936	42,160,968
<b>Technical Coop. Extrabudg. Fund</b>				
- Member States / Int. Organizations	7,599,980	11,045,253	14,872,011	10,121,146
- United Nations Development Progr.	-69,167	0	0	0
- Trust Funds and Reserve Funds	259,078	687,153	4,437,145	1,595,299
<b>Total</b>	<b>97,445,373</b>	<b>107,557,295</b>	<b>109,199,214</b>	<b>114,207,117</b>

**Table 3: TC and extrabudgetary activities - total income in euros (source: Statement I)**

(For the purposes of comparison, the values for 2004 and 2005 have been recalculated with the operational rate of exchange between US\$ and euros as at 31 December of the respective year)

	2004	2005	2006	2007
<b>Technical Cooperation Fund</b>	48,319,949	61,136,120	66,061,986	60,973,083
<b>Extrabudgetary Programme Fund</b>	28,866,380	31,291,944	31,351,337	37,063,809
<b>Technical Coop. Extrabudg. Fund</b>				
- Member States / Int. Organizations	5,953,584	9,430,799	16,962,882	11,363,934
- United Nations Development Progr.	14,840			
- Trust Funds and Reserve Funds	189,182	244,542	3,390,029	1,162,662
<b>Total</b>	<b>83,343,935</b>	<b>102,103,405</b>	<b>117,766,234</b>	<b>110,563,488</b>

**Table 4: TC and extrabudgetary activities – total expenditure in euros (source: Statement I)**  
(For the purposes of comparison, the values for 2004 and 2005 have been recalculated with the operational rate of exchange between US\$ and euros as at 31 December of the respective year)

Income and expenditure in the TCF decreased, while the Extrabudgetary Programme Fund grew by 44.8%.

86. In 2007 both the level of income and expenditure in the TCF decreased compared to 2006. As the TCF is kept in US\$, while the annual accounts show euros this is at least partly due to the loss of purchasing power in this fund (chapter B.5.2 refers). The trend to increase the level of voluntary instead of assessed contributions continues. Especially the Extrabudgetary Programme Fund experienced an increase in income of approximately 13 million euros (plus 44.8%) in 2007.

Voluntary contributions and extrabudgetary resources are expected to increase, whereas the Regular Budget Fund remains at a more or less static level due to the application of the zero-real-growth principle.

87. Over the past years, funds available for the IAEA's technical cooperation programme ranged between about 60 to 77 million US\$ per year. This value is considerably higher than the contributions received about 10 years ago (40 million US\$). Voluntary contributions and extrabudgetary resources are expected to increase, whereas the Regular Budget Fund remains on a more or less static level due to the application of the zero-real-growth principle. I would like to state that this trend might have a disproportionate effect on the overall level of administrative and support work funded by the regular budget.

Increasing administrative costs lead to further imbalances.

88. Although measures have been taken to improve efficiency, such as the introduction of the Programme Cycle Management Framework (PCMF), increasing administrative costs may lead to further imbalances.

The increasing size and complexity of the TC Programme impact on the utilization of regular budget resources.

89. The reasons for the increase in workload are the growing number of recipient countries (in 1995: 80, in 2006:115) and the increasing size and complexity of the programme. I recommend that the Secretariat should monitor the effects of increasing voluntary contributions, particularly their impact on the utilization of regular budget resources.

## B.5.2. Purchasing Power

The level of TC resources increased in dollar terms.

90. Member States agreed to increase the level of voluntary contributions to the TCF. 74.75 million US\$ were targeted for 2004, 77.5 million US\$ for 2005 and 2006 and 80 million US\$ for 2007 and 2008.

The euro portion, however, is affected by the decreasing US \$ value, because it takes more dollars to buy the euros needed.

91. Approximately 50% of expenditures in the TCF have to be effected in euros and approximately 50% in US\$. The US \$ portion is not subject to any devaluation in purchasing power, because of matching US\$ obligations. The euro portion, however, is affected by the decreasing US\$ value, because it takes more dollars to buy the euros needed.

UN Exchange Rate USD/EUR 2002-2008

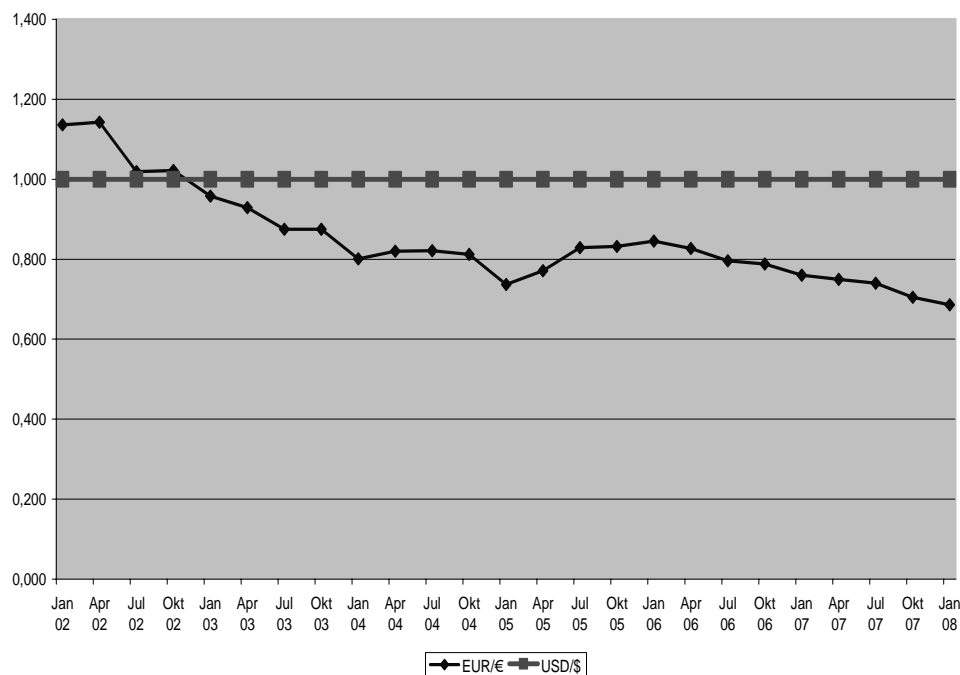


Table 5: Purchasing Power (exchange rate 2008 value at January 2008)

The TCF programme is actually shrinking in real terms rather than expanding.

The Agency should be protected against losses of purchasing power as far as possible.

92. The decreasing value of the US\$ against the euro leads to the result that the TCF programme is actually shrinking in real terms rather than expanding. While at the beginning of 2002 one US\$ equalled 1.136 euros, the Agency received only 0.686 euros for one US\$ in January 2008. As a consequence, the US\$ contributions to the TCF suffered considerable losses in purchasing power between 2007 and 2008.

93. I encourage the Secretariat to consider a mechanism which ensures that voluntary contributions to the TCF are hedged against losses of purchasing power as far as possible.

## C. DETAILED FINDINGS FOR 2007

### C.1. FINANCIAL ISSUES

#### C.1.1. International Public Sector Accounting Standards

The application of IPSAS as of 1 January 2010 was decided by the General Conference.

94. The UN General Assembly decided in 2006 to apply IPSAS as of the year 2010. In my report last year (paras. 85 ff. refer), I encouraged the Governing Bodies of the IAEA to follow the Secretariat's proposal and decide on the adoption of IPSAS from 1 January 2010 on within the year 2007. This decision was taken in September 2007 by the General Conference of the IAEA upon recommendation of the Board of Governors (meetings held in June and July 2007 (GOV/OR.1188, paras 135f; GOV/OR.1189, paras 16f)). I welcome this decision and would like to give Member States an update on developments during 2007.

The adoption of IPSAS by the IAEA is part of the UN-wide changeover.

Except for some special processes the Task Force found reasonable solutions.

I encourage the IAEA to continue to work on IPSAS adoption.

The adoption of IPSAS will lead to IT system changes. Enterprise Resource Planning Systems seem to be the most suitable and effective solution.

I encourage Member States to agree to fund IT system's changes due to the adoption of IPSAS.

Budget preparation needs to take into account the change to IPSAS.

I encourage the IAEA to continue to work together with me on the IPSAS implementation.

95. An UN-wide Task Force is reviewing the IPSAS accounting policies. The system-wide project provides technical expertise towards a correct and harmonized implementation of IPSAS, and develops accounting policies and implementation guidelines. The Secretariat is actively involved in this process and has formed a working group to review proposals to be adopted by the UN system. The Secretariat and the External Auditor's team are also in contact bilaterally on specific accounting policies. We look forward to learning from the early adopters (World Health Organization, World Food Programme and International Civil Aviation Organization) which started implementing IPSAS as of 1 January 2008.

96. It was found that most of the IPSAS have implications on the business processes of the UN, but the Task Force agreed on most of them and found reasonable solutions. However, as some processes in UN organizations, such as voluntary contributions or in kind deliveries, do not occur in the general public sector, we have to find individual solutions for UN entities. These are still under discussion.

97. The Secretariat has also prepared an internal project framework and timetable. Working groups on specific topics are on their way, e.g. on implications for the financial regulations and rules. I encourage the Secretariat to continue to work on IPSAS adoption.

98. It is obvious that for the change over to IPSAS the IT system requirements need to be defined and addressed. The adoption of IPSAS will lead to the need for an upgraded or new financial system environment in the Agency. To have a reliable system in place is a critical success factor for the adoption of IPSAS. According to best practices, integrated solutions like Enterprise Resource Planning Systems seem to be the most suitable and effective.

99. Currently, funding for the Agency-wide Information System for Programme Support (AIPS) is not yet assured. The necessary resources for this, while proposed by the Secretariat, were not provided in the budget for 2008/2009. The Secretariat has to rely on extrabudgetary resources. I would like to point out that an upgrade of the management systems is indispensable for a timely implementation of IPSAS. I encourage the Member States to provide funding for this in time.

100. The change to IPSAS will not only affect the accounting, but also the budget procedures. This includes taking into account depreciation expenses and cash needed to acquire capital assets which will not be recorded in full as expenditure. It will be crucial to have the programme budget 2010/2011 prepared on an accrual basis in order to control and report on budget compared to actual expenditure. This means that the preparation needs to start in 2008. I encourage the Secretariat to act accordingly.

101. I will continue to work closely with the Secretariat and the Panel of External Auditors on the IPSAS implementation. Considerable work still has to be done concerning the budgetary process and accounting procedures up to the first opening balance at 1 January 2010, which will require close cooperation between the Secretariat and my staff to find suitable values for assets and liabilities as the correct basis for future financial results.

### C.1.2. Late payment of assessed contributions

Data in paras. 78 to 84 refer

102. For the discussion and the conclusions drawn in this chapter I refer to paras. 78 to 84 of this report and the chart presented there.

Assessed contributions are considered due and payable in full regularly as of the first day of the financial year.

Member States are not in arrears with their assessed contributions until the end of the fiscal year.

Around the month of November resources become scarce. The Secretariat asks some member states for advances of next year's assessed contributions, which is equivalent to borrowing money.

In the case of late payment of contributions the Agency loses its protection against exchange rate risks.

During 2007 the Secretariat was repeatedly forced to exchange US\$ for euros to be able to meet its euro expenditures.

Interest earned from contributions paid early becomes part of the surplus and is distributed amongst all member states.

Late payments by major donors would jeopardize the liquidity of any organization.

103. Assessed contributions are considered due and payable in full regularly as of the first day of the financial year (normally 1 January) to which they relate. In spite of this regulation, the Secretariat receives only one fourth of its total inflows during the first month of the year.

104. Nevertheless, Member States are not considered to be in arrears with their assessed contributions until the end of the fiscal year. This results in the Secretariat spending a great deal of effort in managing the Agency's cash flow.

105. Especially around the month of November, resources become scarce and the Agency has to rely fully on the major contributions usually coming at the end of November to be able to pay its December salaries and other obligations. To be on the safe side, the Secretariat also asks some member states for advances of next year's assessed contributions, which is in fact equivalent to borrowing money (which is not allowed under the present financial regulations). Much management time has to be devoted to this exercise, which is insofar doubtful as the Agency would not be allowed to borrow money from banks.

106. In the case of late payment of contributions another aspect is important. The Agency loses its protection against exchange rate risks provided by the split assessment system. This system takes into account that 85% of all expenditures have to be paid in euros for staff cost and operational expenditure and only 15% in US\$ for pension fund contributions and termination benefits.

107. During 2007 the Secretariat was repeatedly forced to exchange substantial US\$ amounts to euros in order to meet operational expenditure in euros. However, at the end of 2007 the Secretariat could not utilize the US\$ portion of several large contributions, and had to exchange a surplus of US\$ for euros. The total amount of exchange transactions was approximately 65 million US\$. Thus the risk of exchange losses was exclusively born by the Agency.

108. Late payers enjoy another advantage provided for in the financial regulations: interest earned from contributions paid early becomes part of the surplus and is distributed amongst all member states according to the scale of assessment. So the late payers profit from early payments by other countries.

109. Although a country will not be in arrears if it pays its contributions due until the end of the fiscal year, it is obvious that such a practice applied by the major donors would jeopardize the liquidity of any organization. In some countries late payments may have budgetary reasons. Nevertheless, these countries gain interest advantages compared to early payers.

A principle of surcharge and discount to and from assessed contributions could be applied which would be advantageous to the Member States as well as to the Agency.

The International Telecommunication Union implemented a surcharge for payments after January.

A system of surcharge payments would compensate the Agency for the late receipt of funds.

Alternatively a system of discount and surcharge would be possible.

The Agency would not lose purchasing power; Member States would have the incentive to pay earlier in order to reduce their contributions.

If the practice of late payments is continued the Secretariat should be allowed to borrow money on a short-term basis.

If an agreement by Member States to these proposals is not achievable, I recommend discontinuing the practice of applying a split assessment system.

110. This leads to my conclusion that a principle of surcharge and discount to and from assessed contributions should be applied which can be advantageous to the Member States as well as to the Agency. Member states that pay up to a certain date of the fiscal year could get a gradually decreasing discount of e.g. 0.3% per month. From that day on, contributions would have to be subject to a gradually increasing surcharge at the same percentage.

111. I learned that the International Telecommunication Union, for example, implemented a surcharge for payments after January with reportedly good results. Art. 7 of its Financial Regulations states:

“The rates of interest charged

a) for the late payments of assessed contributions including regional conferences shall be set according to the relevant provisions of the Convention;

b) for the late payment of trust funds, shall be at least six per cent per annum but may be set by the Secretary-General at a higher rate when justified by the conditions of the market ...”

112. Based on this experience I would recommend considering the introduction of a system of surcharge payments of e.g. 0.3% per month in the case of payment later than January of the fiscal year. This would remove the interest advantage of late payers in relation to other Member States and compensate the Agency for the late receipt of funds.

113. Alternatively, it would also be possible to change the financial regulations in such a way that assessed contributions are generally due in July or any other agreed month of the fiscal year. Early payers would get a discount of e.g. 0.3% per month, late payers a surcharge at the same level.

114. The Agency would not lose purchasing power because it would be able to make up for the reduced payments by its own investments and would save considerable management time and effort in receiving outstanding funds. Member States would have the incentive to pay earlier in order to reduce their contributions. This proposal serves both sides.

115. Advance payments of assessed contributions, which are technically nothing other than borrowings, appear to be acceptable to Member States. The Secretariat should accordingly be allowed to borrow clearly available money from extrabudgetary Agency funds outside the Regular Budget Fund on a short-term basis. Under the principle of going concern (also valid under IPSAS), there would be no risk for the TC and other funds; cash management (investments) is already today carried out for these funds as a whole.

116. If an agreement by Member States to these proposals is not achievable I recommend discontinuing the practice of applying a split assessment system because this does not fully meet the intended purpose. It does not make sense that euro-based Member States exchange 15% of their contribution for US\$, as this amount is not sufficient for US\$ payments during the year. The large US \$ share paid towards the end of the year, however, cannot be utilized and has to be changed to euros by the Secretariat. This exposes the Agency again to the exchange rate risk that should be avoided by the system. For consistent cash management - also including a hedging procedure - payments of contributions in euros only would be more advisable.

### C.1.3. Budgetary questions

The Agency's budget 2008-2009 gave rise to lengthy debates about essential investments.

The presentation of the budget document offers some areas for improvement.

It is a mixture between detailed and rather global statements.

The Secretariat described only general savings resulting from integrated safeguards and the application of the additional funds.

Neither the amount of savings, nor how the additional funds were utilized is shown.

A real results-based budgeting would describe the type of savings and the utilization of these funds more precisely as the basis for future budgeting.

Any kind of setoff should be excluded in the budget document.

117. The Agency's Programme and Budget 2008-2009 (GOV/2007/1) gave rise to lengthy debates on the application of the zero-real-growth principle and the Agency's requirement to receive additional funding under the heading of "Essential Investments". As these decisions are made at the political level, I refrain from making any comments.

118. However, the presentation of the budget document offers some areas for improvement. I would like to address them because I think they can contribute to finding a solution which both meets the Agency's needs for additional funding due to its increased mandate, and takes into account that Member States are not willing to increase funding indefinitely.

119. In many places the budget describes in detail for which purposes the Secretariat intends to spend the Agency's money. Other places, however, provide only very global statements. The following paragraph illustrates this.

120. "The implementation of integrated safeguards has resulted in efficiency gains which to date translate to savings of approximately 10% of the inspections. The extent of savings differs in each State, depending on the size of the nuclear programme, the type of facility, the integrated safeguards approaches used and other State specific factors. Savings made so far have been used to finance increasing activities at Headquarters, related to the introduction of new facilities and State evaluations, and additional measures in the field such as complementary access." (Programme and Budget 2008-2009, para. 93)

121. The reader cannot even roughly find out what was the amount of savings. Neither is the basis of the calculation defined, nor whether the Secretariat means the safeguards budget in general or only the part of it concerning the Member States that apply integrated safeguards. Correspondingly, the amount spent for "State evaluations" and for "additional measures in the field" is undefined. Further, the exact purpose for which the savings were utilized is unclear.

122. It would be valuable if the budget described the type of savings and the utilization of these funds precisely. It is my understanding of results-based budgeting that the experience of the past is used for future budgeting. This would have required that the Secretariat identify the amount and the ratio of savings resulting from existing integrated safeguards agreements and apply the formula to new agreements concluded by a number of Member States.

123. I strongly recommend disclosing an estimate of savings coming from these external factors, such as the application of integrated safeguards to the Member States. For expected additional requirements the Secretariat should apply the same method. Any kind of setoff should be excluded in the interest of a transparent budget. It is the Member States who decide whether or not to utilize savings for the proposed purpose.

The Secretariat is working on a more transparent treatment of savings and their application.

124. I recognize that the Secretariat is working on a more transparent treatment of savings and their application for the next budget 2010-2011. I will closely monitor the outcome of this plan and would recommend showing details instead of simply setting off expenditure from savings.

## C.2. MANAGEMENT ISSUES

### C.2.1. Single audit principle

The elected external auditor shall be solely responsible for external audit.

125. Last year I reported on the breach of the single audit principle by one donor of extrabudgetary funds (European Community - EC), who increasingly tries to require separate audits for its voluntary contributions (paragraph 97 f.). According to Art. 12 of the Financial Regulations the external auditor shall be “completely independent and solely responsible for the conduct of the audit”. The rationale for this principle is to protect the organization against possible intentions of Member States to send their own auditors with the mandate to verify expenditures that were incurred in relation to their individual contribution.

The verifications are based on the Financial and Administrative Framework Agreement concluded between the UN and the EC.

126. The verifications are based on the Financial and Administrative Framework Agreement (FAFA) concluded between the UN and the EC. According to this agreement, the donor, in conformity with its own financial regulations, may undertake checks - including on-the-spot checks - related to the operations financed by its contributions.

My recommendation to refuse acceptance was supported by the Board of Governors.

127. Last year I recommended refusing acceptance of a voluntary contribution under the condition of a separate audit exercise, regardless of how the donor may describe it. The Secretariat should bring such attempts to the attention of the Board of Governors for decision. My recommendation was supported by the Director General and fully supported by the Board of Governors.

Update in 2007

128. In the following paragraphs I give you an update on the developments that took place in 2007.

I discussed this issue on three occasions with officials of the EC.

129. Mandated by the Panel of External Auditors, I discussed this issue on three occasions with officials of the EC from the Commission, the budget control committee of the European Parliament and the European Court of Auditors (ECA).

The Commission stated that verifications were required according to their financial regulations.

130. The Commission accepted the primacy of external oversight. Urged by their oversight units they stated, however, that verifications were required according to their financial regulations. The EC announced a considerable increase in the number of verifications planned for the coming years.

A Working Group on FAFA discussed a lower degree of transaction testing.

131. A Working Group on FAFA set up between the UN and the EC aimed at the identification of practical solutions for the conduct of verification visits. They discussed a lower degree of transaction testing during a verification exercise.



A lower degree of auditing by third parties is only a lower degree of violating the financial regulations.

The European Court of Auditors will also be entitled to audit.

This contradicts the EC's own directives asking for integrated controls.

INTOSAI members should put reliance on colleagues' work.

The Panel of External Auditors repeated its recommendation to revisit the verification clause in the FAFA with the aim of preserving the single audit principle.

132. In my view a lower degree of auditing by third parties is only a lower degree of violating the financial regulations. Therefore, I reiterate my recommendation last year to refuse acceptance of voluntary contributions under these costly conditions.

133. The Working Group on FAFA considered an amended version of the agreement, which now states that not only the EC Commission shall be entitled to carry out verifications but also the European Court of Auditors (ECA).

134. This worsens the situation considerably because it contradicts the EC's own statements given in an Action Plan towards an Integrated Internal Control Framework (COM(2007) 86 final) which requires national Supreme Audit Institutions to participate in certifications of EC expenditure due to a lack of resources of the ECA.

135. It further contradicts the understanding of the International Organization of Supreme Audit Institutions (INTOSAI) to put reliance on the results of audits of other INTOSAI members rather than carrying out a second audit.

136. In December 2006 the Panel of External Auditors repeated its recommendation to revisit the verification clause in the FAFA with the aim of preserving the single audit principle. The Panel sent a letter to the Chairman of the General Assembly who conveyed this letter to the UN Controller. He is presently investigating the situation in all UN organizations, the Specialized Agencies and the IAEA.

## C.2.2. Inventory Control for Safeguards Inspection Equipment

My staff noticed that 850 different items at a total purchase value of more than 2 million euros were marked as "not found".

The official number of losses is a total of 10 items.

218 items did not have a status entry for more than two years.

137. My staff have conducted an audit on inventory control of Safeguards inspection equipment. They noticed that at the end of 2007 out of a total of 31,407 items 850 different items of equipment (2.7%) were marked "not found" at a total purchase value of more than 2 million euros. The depreciated value of these items was reported as a total of 87,118 euros. Numerous items were marked as "not found" for several years, even though according to the Agency's rules those items should have been marked as "lost".

138. According to the Secretariat, a total of 10 Safeguards equipment items with a purchase value of 11,220 euros and a book value of 1,484 euros were declared lost in 2007. This is reported in the chapter "losses, write offs and ex-gratia-payments" (paras. 338-340 refer).

139. In many cases, the status of items marked as "not found" was not up-to-date. The "Date Action" entries range from 1998 to 2007. More than 200 items have been marked as "not found" between 1998 and 2005; around 360 items have been marked "not found" in 2006 without a follow-up entry on their status.

Entries in the “not found” list dating back to 2005 or earlier could indicate that inventory control is not applied in an appropriate manner.

More than 500 items marked as “not found” could be regarded as susceptible to theft.

The list of items “not found” includes a high proportion of IT equipment with data storage media.

More than 70 electronic seals dedicated for Safeguards verification purposes were marked as “not found”.

Some Divisions have significantly less “not found” items than others.

Complete and accurate records needed

The Secretariat has confirmed our observations and will take adequate measures.

I see room for improvement in equipment management.

I will follow up on this issue during the year.

140. “Not found” entries dating back to 2005 or earlier might indicate that either the database system EMIS is not updated regularly or that the items marked accordingly have not been retrieved for several years. In this case they might be lost and should have been written off. Even equipment items marked as “not found” in 2006 should either have been located or marked as “not found” for a second time in the course of the 2007 physical inventory-taking. All items marked as “not found” had been procured initially in order to meet a specific demand. The item that has been marked as “not found” for the longest time is a tape drive that had been purchased in March 1998 at a cost of 2,737 euros and marked as “not found” in April 1998 without any further entries regarding its status.

141. More than 500 of the “not found” items were electronic devices that could be regarded as susceptible to theft (cameras, video recorders, computers, printers, flash cards).

142. At least 300 of the “not found” items contain data storage media such as desktop computers, notebooks, external hard disks or flashcards with a purchase value of approximately 400,000 euros (the current value is estimated at 27,000 euros). In some cases items remained in the list over a course of several years without their status being updated.

143. More than 70 items marked “not found” were so called “VACOS Seals” of a purchase value of approximately 57,000 euros. These are electronic seals of vital importance for Safeguards verification purposes such as the sealing of nuclear reactor cores.

144. The amount of “not found” items varies considerably for different divisions: ranging from 100 items “not found” at a total purchase value of approximately 190,000 euros in one division, to more than 340 items once acquired for over 814,000 euros in another.

145. The Agency’s Financial Rules postulate complete and accurate records based on physical inventories and inventory control measures.

146. The Secretariat has confirmed our observations on this subject. The Department of Safeguards highlighted that maintaining an accurate equipment inventory is a matter of utmost priority. It acknowledges that the issue of inventory control remains a significant challenge. The Secretariat stated that it will take adequate measures to ensure that the inventory control within the Department of Safeguards will meet the requirements.

147. I see considerable room for improvement in the Department of Safeguards and other units responsible for equipment management and accounting of inspection equipment. I appreciate the Secretariat’s readiness to give this matter the utmost priority.

148. I believe it is essential that the Secretariat take immediate remedial action in this regard. My staff and I will follow up and report on this issue in my audit report next year.

### C.2.3. Distribution of IAEA publications to Member States

Offset printing was used to produce mass circulation.	149. The Secretariat has used offset printing presses from 1957 until 2004, considering it efficient to produce mass circulation of all publications and to keep significant quantities stocked.
The change from offset printing presses to digital printers has provided more flexibility.	150. In 2004 and 2005, the Secretariat changed from offset printing presses to digital printers. The flexibility provided by the change to digital print-on-demand means that the Secretariat is now able to print publications in the quantities actually needed. Furthermore, by now all IAEA publications are available to Member States online free of charge.
Printing costs depend on the number of pages printed.	151. Whereas the Secretariat owned the offset printing machines, it leases the digital printers. Under the terms of the leasing contracts, the Secretariat has to pay for every printed page.
Up to six hardcopies of each IAEA publication are provided to every Member State.	152. According to the Administrative Manual, Part VIII/2 Nr. 7.1, up to six hardcopies of each IAEA publication are provided free of charge to every Member State. The provision of publications on the Agency's website is a new feature and was not foreseen in the manual.
The Secretariat should restrict free distribution of IAEA publications to one copy per Member State.	153. I recommend that with the consent of Member States the Secretariat should restrict free distribution of IAEA publications to one copy per Member State. This would significantly reduce costs of printing services. Compared to the budget proposal for 2008, savings in variable costs (for postage, print clicks and paper) could already be realized in 2008.
The Secretariat could rationalize staff of the Printing Section and end up with 15 posts.	154. Due to the use of new technologies the number of posts could be significantly reduced since 2001 (from 51 to less than 20). The Secretariat could further rationalize staff of the Printing Section and end up with 15 posts, if my recommendation is implemented.

## C.3. TECHNICAL COOPERATION

Contents of the chapter	155. In this chapter I report on some issues of general importance for the TCF and on the result of a field mission carried out in 2007 to two more recipient countries.
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### C.3.1. Role of National Liaison Officers

Internal and external auditors often have difficulties in finding a counterpart identified to assist in field missions.	156. Unlike some other UN organizations, the Agency has no country offices and, therefore, no staff located in the recipient countries. Therefore, there is neither a counterpart identified to assist internal and external auditors on field missions, nor do auditors find office space and equipment in the project areas.
Considerable management work is needed to get the necessary assistance from recipient countries.	157. Members States do not always see an obligation on their part to accommodate and assist planned audit and evaluation missions carried out by Internal or External Auditors. Sometimes it is difficult to get a reply from the Member States concerning an announced visit. The Secretariat often has to call the permanent missions to find out the status. The planning exercise involves TC, Internal Audit and my staff in writing letters and tracking the responses.

The Agency's Project Agreements need to have a cooperation clause.

The role and responsibilities of National Liaison Officers should be redefined.

The Secretariat has formulated a policy.

158. The Agency's Project Agreements need to have a clause calling on member states to cooperate with the Agency in this area. I recommend redrafting the model agreements in this respect.

159. Additionally, extended responsibilities for coordination of TC in their country should be assigned to National Liaison Officers (NLO). Although as nationals they are likely to observe primarily the interests of the recipient states, they could play an important role in managing and implementing projects. I recommend strengthening the National Liaison Officers' position by formulating his/her roles and responsibilities in Agency projects.

160. I appreciate that the Secretariat has just finalized the formulation of a policy on the NLOs' role and responsibilities. I refer to paras. 181-183 of this report.

### C.3.2. Accounting for Contributions in Kind

Every technical assistance project as well as other activities outside Headquarter includes some types of contributions in kind, which are not recorded and valued.

The Secretariat's arguments: negligible, high administrative costs and difficult valuation.

Transparency of the Agency's accounts and statements require recording such contributions in kind.

The Secretariat will have to deal with reporting on contributions in kind under IPSAS anyway.

161. As the Agency has no field offices, every technical assistance project as well as other activities outside Headquarter, includes some types of contributions in kind, ranging from general local infrastructure to more specific project-related types of local inputs such as office space and equipment, local transportation or secretarial assistance. These contributions by the local authority/counterpart are not provided for through the project budget and thus not subject to national participation cost/programme support cost reimbursement. They are also not recorded and reported on in the accounts. Rough estimates are reported in the notes to the financial statements only.

162. The Secretariat argues that  
(a) the amounts involved are negligible  
(b) the administrative costs involved to arrive at meaningful figures would be very high and  
(c) the determination of a reasonable value would be extremely difficult.

163. I accept the Secretariat's opinion in the majority of cases. However, I think that the transparency of the Agency's accounts and statements require recording such contributions in kind. Continued support by local authorities concurrently often involves more than negligible contributions in kind.

164. Therefore, the Secretariat should acknowledge its obligation to report on contributions in kind in the financial statements. This issue is currently being addressed in the UN-wide discussion on IPSAS. Together with the Secretariat I will continue to look for efficient and cost-effective ways of accurately valuing in kind contributions.

### C.3.3. Training for Programme Cycle Management Framework

Since 2005 PCMF enables all stakeholders to interact online.

Procedures have changed under PCMF. The 2007 - 2008 TC programme runs fully under PCMF.

Training on PCMF has been provided.

The limited available data on training activities indicate some regional disparity.

One third of 2009 - 20 project concepts were uploaded by the Agency.

Limitations on availability of internet access hamper use of PCMF modules and communication.

Member States should work towards the provision of sufficient internet infrastructure. They should support participation in training activities.

165. PCMF was introduced in the year 2005 with the objective of improving the planning, approval and monitoring of the TC programme. It is supported by a web-based IT platform that enables stakeholders in Member States and the Secretariat to interact online and follow steps throughout the programme cycle.

PCMF is being implemented in a phased manner.

166. PCMF involves some changes both in the means and methodologies of TC project formulation and implementation, as well as monitoring and review. As to programme preparation, the former paper format of project requests has been replaced by electronic project concepts to be uploaded into the PCMF system by the Member States. An integral component of PCMF is the Logical Framework Matrix (LFM). It is mandatory for all projects. PCMF has first been used for formulation and implementation of the 2007 - 2008 TC Programme.

167. The Agency has provided training – not only in PCMF but in project design and management in general – through workshops and meetings. Training on PCMF has also been given to relevant personnel in Member States on the occasion of visits or other meetings. Moreover, useful information on the process is available on the TC Department homepage.

168. The Secretariat did not have accurate data on the extent of training on PCMF available since it often took place in an informal setting and as a “by-product” of other occasions and thus was not recorded systematically. Nevertheless the Secretariat gave an overview of such training initiatives it could detect from electronic search. Although these figures alone have limited significance, at first glance the numbers of training events and of participants from the regions seem to indicate some regional disparity.

169. The Secretariat presented the numbers of project concepts that were uploaded by the Member States and by the Agency for the 2009 - 2011 TC cycle.

From a total of 1,080 projects Member States uploaded 724, whereas 356 project concepts from all regions had to be uploaded by the Agency. The highest percentage of Agency uploads, however, pertained to Member States from Africa (87%) and Asia and the Pacific (49%).

170. The reasons for the shortfall in uploads by the Member States have not been closely examined. One reason given is limitations in access to electronic media. Some counterparts do not have steady or sufficient access to e-mail and internet services. Thus communication with the Agency is impaired, which affects project preparation and also implementation.

171. I call on the Member States receiving technical assistance from the Agency to ensure that sufficient electronic infrastructure is in place and available to all project counterparts. Their support and participation in PCMF procedures is important for successful planning and implementation of the Agency’s TC programme. Member States should make personnel available for training activities by the Secretariat. In cases where additional advice or training is needed, I encourage the Member States to indicate their needs to the Secretariat.

### C.3.4. Government Cost-Sharing

GCS represents 42% of the 2006 TC extrabudgetary contributions.

172. The TC programme is partly funded by extrabudgetary contributions. A major part of these funds was paid as Government Costs Sharing (GCS) by Member States to support projects in their own countries. In the year 2006 GCS amounted to 9.4 million US\$ which represents 42% of TC extrabudgetary contributions.

GCS supports the delivery of the TC programme.

173. The examination of 35 projects that were wholly or partly funded by government cost-sharing showed that government cost-sharing is generally a good means to improve funding of the Agency's TC programme and to increase national commitment.

Member States should pay GCS promptly. Late payment reduces the implementation rate.

174. Project implementation with government cost-sharing has in some cases been retarded because the amounts envisaged as government cost-sharing have not been paid in a timely manner. Member States should be aware that payments towards year-end that cannot be utilized in the relevant year reduce the implementation rate of the TC programme.

### C.3.5. Field Missions

Field missions to recipients

175. My team carried out field missions to two recipient countries. I will only give an overview of the main results of these missions. More detailed findings have been presented to the Department of Technical Cooperation.

#### C.3.5.1 Selection of Projects

The Secretariat helps countries in implementing peaceful applications of nuclear science and technology.

176. Pursuant to its mandate, the Secretariat helps countries in implementing peaceful applications of nuclear science and technology. Accordingly, technical assistance shall be designed "to meet needs of research on, and development and practical application of, atomic energy for peaceful purposes ... and to facilitate access to nuclear technologies, equipment and materials for peaceful purposes." It is an essential condition for the approval of projects supported by the Secretariat that they are connected with the use of nuclear technology.

Two projects were not connected with use of nuclear technology.

177. Two of the projects reviewed by my staff were not connected with the use of nuclear technology. In one case, contrary to the original planning, the counterpart used a chemical fluorescent tracer dye instead of radioactive isotopes. In the second case the counterpart used Enzyme-Linked Immunosorbent Assays (ELISA). ELISA is a biochemical technique used mainly in immunology to detect the presence of an antibody or an antigen in a sample. Unlike radioimmunoassay, which uses radioactivity to provide the signal that indicates whether a specific antigen or antibody is present in the sample, ELISA is based on an enzymatic colour reaction. According to both counterparts, no nuclear or radioactive applications were used in the projects.

There is an agreement between the Secretariat and FAO to support non-nuclear techniques like ELISA by the Joint Division FAO/IAEA.

178. The Secretariat informed me that ELISA and other associated non-nuclear techniques have been discussed within the IAEA and with the Food and Agriculture Organization (FAO). There is general agreement between these two organizations that both techniques are related to the nuclear ones and should therefore be supported by the Joint Division FAO/IAEA.

Assistance to Member States using nuclear techniques

If a project is not related to nuclear applications or ceases to be so the Secretariat should terminate or restructure it.

179. The Joint FAO/IAEA Programme assists Member States of FAO and IAEA in using nuclear techniques and related biotechnologies to develop improved strategies for sustainable food security.

180. The support of non-nuclear applications does not belong to the Secretariat's core activities and is not covered by its mandate. The Secretariat should ensure that projects comply with its mandate and the principles for its provision of technical assistance. If a project is not related to nuclear applications or ceases to be so, the Secretariat should terminate or restructure it, or pass the project to other more appropriate sister UN agencies.

### C.3.5.2 Communication and Interaction

Counterparts indicated that they were not formally and promptly informed about the approval and starting point of projects.

NLOs have to inform counterparts about the results of the IAEA appraisal. Because of a lack of common understanding of NLO mandate and duties, the Secretariat reviewed the NLOs' roles, responsibilities and profile in order to develop NLO guidelines and profile.

I encourage the Secretariat to check if counterparts can be directly provided with copies of relevant documents sent to the NLO.

181. Some local counterparts indicated that they were not formally and promptly informed about the approval and starting point of projects as there were too many intermediaries involved in communication with the Agency. For this reason they had problems in coordinating their national financial planning and budgeting for the project with the Secretariat's activities.

182. According to the Secretariat, the NLO has to inform counterparts about the results of the IAEA appraisal. Although the NLO is the primary contact person between the Agency and Member States, roles and responsibilities for NLOs have not yet been formalised. This has led to a lack of common understanding of the NLO mandate and duties and to a wide variation in NLO capabilities and effectiveness. The Secretariat therefore reviewed the NLOs' roles and responsibilities in order to develop appropriate guidelines in 2007. According to these guidelines, the NLO has to interact with project counterparts and the Secretariat in the formulation, design, facilitation and management of projects, using the PCMF website. In particular, the NLO has to assist project counterparts in facilitating implementation actions as necessary and, through the project counterparts, stay up to date on progress, problems and actions concerning project implementation. Furthermore, they have to facilitate projects by making interventions as necessary. Moreover, since the inception of PCMF, the counterparts are involved in all project development phases and usually are informed of the IAEA approvals.

183. I appreciate the steps taken by the Secretariat to clarify the NLOs' roles and responsibilities. I also welcome the Secretariat's efforts to improve project planning and supervision by setting up PCMF. However, particularly in developing countries, counterparts may not be able to access PCMF due to unsatisfactory infrastructure and lack of remote access. With regard to the number of intermediaries between NLOs and counterparts, I encourage the Secretariat to check if counterparts can be directly provided with copies of the relevant documents sent to the NLO. As the impact of the Secretariat's measures still remains to be seen, I will keep track of further developments and continue to report on this issue.

### C.3.5.3 Cooperation with UNDP

In one recipient country, communication with UNDP did not work properly.

The Secretariat continues its dialogue with the UNDP.

The Secretariat should clarify the matter.

184. In one recipient country, communication with UNDP regarding delivery of equipment, customs clearance and payments did not work properly. This led to loss of equipment and to unnecessary expenses. In one case, equipment amounting to US\$ 35,000 was not retrieved from customs. UNDP had effected customs clearance, but neither claimed the equipment nor informed the counterpart accordingly. The items had been auctioned off at customs to a third party.

185. The Secretariat confirmed that it has been experiencing problems with UNDP in one recipient country. It stated that some years ago the Director of OIOS and the Head of Africa Section acquainted UNDP staff with IAEA rules and procedures and tried to gain their collaboration and commitment. Moreover, the Secretariat continues its dialogue with the UNDP.

186. I appreciate the Secretariat's efforts. However, as the situation has not improved, the Secretariat should clarify the matter with UNDP offices as soon as possible.

### C.3.5.4 Lack of Counterpart Staff

Especially in less developed regions, projects were impeded by lack of staff.

The Secretariat has tried to sensitize decision-makers and managers on the dangers resulting from high brain drain.

Counterparts are primarily responsible for the provision of qualified personnel. Nonetheless, I recommend that the Secretariat should develop further plans to improve the situation.

187. Several projects were impeded by lack of counterpart staff. Especially in less developed regions the recruitment of suitable personnel was difficult for counterparts. In both countries my team found that staff had left national institutions, after having been trained within Agency projects, due to better job opportunities in the private sector, or that they had migrated to other countries. In two cases the sustainability of projects was endangered because the local project manager was about to retire and a successor was not found. Only in one case did the counterpart use staff contracts in which employees were committed not to leave the project for a fixed period of time after their training.

188. The Secretariat confirmed these problems and stated that there could be various offers for better jobs within or outside both countries. The Secretariat has tried to reverse the situation by sensitizing decision-makers and managers on the dangers resulting from high brain drain over the past ten years, but has not achieved the expected results. Despite these efforts, the difficulty of retaining skilled staff made it impossible to achieve sustainability in the field, particularly in one of the countries visited which has the highest personnel mobility in the world. In the other country, the Secretariat has associated itself with Government initiatives to attract young scientists and hopes that this will lead to greater success in retaining skills.

189. Selection and provision of qualified personnel is part of the national commitment and a primary responsibility of the counterparts. However, to ensure the effectiveness of funding, the Secretariat should intensify its efforts to activate decision-makers and managers. If projects funded by the Secretariat cannot be provided with the necessary personnel resources and experience, they are unlikely to succeed and sustainability cannot be achieved. Therefore, I suggest that the Secretariat should develop further plans to improve the situation, e.g. by engaging internships or postgraduates through international cooperation with universities. Moreover, it could make it a requirement for the funding of projects that employment agreements include service obligations, repayment clauses or non-competition clauses. The Secretariat should take the age of the local project manager into consideration at an early stage of project planning and take up this question – if necessary – in due time with the national liaison officer and the counterparts.



### C.3.5.5 Procurement

Some items procured by the Secretariat were not suited to the needs of the projects.

In some cases there were no local suppliers for spare parts and maintenance services were not available on-site.

The Secretariat stated that equipment had been purchased locally where possible, but it cannot provide equipment based on whether it is serviceable or not.

I regard the Secretariat's TC procurement as a subject requiring further investigation.

190. Some items procured by the Secretariat were not suited to the needs of the projects or were unsuitable for the conditions and infrastructure of the country concerned. These items were therefore not appropriate for the projects supported.

191. Moreover, in some cases counterparts complained that due to centralized purchasing by the Secretariat, there were no local suppliers for spare parts and maintenance services were not available on-site.

192. The Secretariat maintained that equipment had been purchased locally where possible, notably PCs and accessories. Furthermore, the Secretariat stated that it is bound by general UN rules and regulations and therefore cannot provide equipment based on whether it is serviceable or not. Besides, national counterparts are responsible for maintenance of equipment.

193. I regard the procurement of TC equipment as a subject needing further investigation and plan to give more detailed information on this issue in my next report.

### C.3.5.6 Unused equipment

New equipment items were procured but remained unused for several years.

The Secretariat is monitoring the availability of suitable premises before purchasing equipment.

I encourage the Secretariat to take further steps to verify that facilities, material and infrastructure necessary to implement a project successfully are provided.

194. In several cases new equipment items were procured and delivered but remained boxed and unused for several years, because an appropriate location for the equipment had not been identified in time before the arrival of the equipment concerned. Another reason for equipment remaining unused was lack of experienced staff (para. 187 refers).

195. The Secretariat stated that it is strictly monitoring the availability of suitable premises before purchasing equipment. With regard to staff-shortages and personnel turnover, the Secretariat confirmed problems in both countries. It has already been trying to improve the situation by sensitizing decision-makers and managers regarding the dangers resulting from high brain drain (para. 188 refers)

196. It is part of the national commitment and primarily the counterparts' responsibility to provide infrastructure and facilities that are necessary to carry out a project. However, in spite of the Secretariat's efforts, this does not always occur. It remains to be seen if the realignment of the NLO function and an increased use of PCMF will improve the situation. Nonetheless, I encourage the Secretariat to take further steps to verify that facilities, material and infrastructure necessary to implement a project successfully are provided. At present, in TC PRIDE monitoring of procurement of equipment ends with the status "delivered". There are no further status entries confirming that the equipment has been finally installed and has been put into regular operation. In my opinion, supervision should not end with delivery confirmation, but should also apply to these later phases.

## C.4. NUCLEAR SECURITY FUND PROJECTS

Field Mission to Nuclear Security projects	197. In 2007, my staff carried out a field mission to two countries which are recipients of extrabudgetary funds administered by the NSF. This field mission focused on planning and implementation of border monitoring equipment.
I reacted on the requirement of the donor to carry out separate verification.	198. The background to this performance audit was the requirement of the donor (EC) who stated that it needed to carry out special verifications relating to its voluntary contributions (chapter C.2.1 refers).
As the donation is vital to nuclear security; we decided to take over as much audit work for this purpose as we could.	199. I do not consider this to be in line with the single audit principle. Since the purpose of the donation, however, is vital to nuclear security for the international community, and the Agency's related programme is mainly dependant on those funds, we decided to take over as much audit work for this purpose as we could within the framework of our audit plan.
The results follow	200. The results of the field mission are reported in the following chapters.

### C.4.1. Border Monitoring

In countries which show interest in cooperating with the Agency, Radiation Portal Monitors are installed.	201. Nuclear Security Projects are implemented in countries which show interest in cooperating with the Agency to secure their borders against illicit trafficking of radioactive materials. At the borders Radiation Portal Monitors (RPMs) are installed which detect all kinds of radioactive material if the radiation is above a threshold level. One RPM consists of two detecting units located on the left and the right side of a lane. All vehicles have to pass between them at walking speed.
This sensitive equipment is able to detect small quantities of radioactive material loaded on vehicles, containers or trains.	202. This equipment is very sensitive and able to detect small quantities of radioactive material loaded on vehicles, containers or trains. RPMs could be deployed at border check points, harbours and airports. The minimum costs of the protection of a point of entry (POE) are roughly 100,000 euros for RPMs, plus additional expenses for installation, complementary equipment and training.
In the case of alarms, further examination is carried out to detect the source of radiation. The procedures to be followed by staff are easy.	203. Such monitoring equipment (RPM plus respective hard- and software) is handled by trained staff, either of the country's customs administration or border police. Any alarm leads to further examination with handheld instruments. Depending on the kind of source and the level of radiation, the detected materials are submitted to laboratories for comprehensive investigation carried out by specialists. The procedures for the staff at the borders are easy and are tailored to their technical ability.
The three alarms per day at the border crossing points we visited were handled properly.	204. My staff visited border crossing points where equipment had been installed through the NSF and found proper records of all incidents. In general the books showed three alarms per day, mostly triggered by radiation from transported tiles and fertilizers. Those alarms trigger a routine involving appropriate procedures.

Because it is unclear what the word “effective” border controls in UN Resolution 1540 means recipient states ask for extended assistance. The Secretariat should act upon a proper threat assessment and provide assistance only in accordance with the identified nuclear security needs.

Financial resources and personnel capacity do not allow a full coverage of all POEs where a risk of illicit trafficking exists.

205. UN Security Council Resolution 1540 requires States to develop and maintain effective border controls to detect, deter, prevent and combat illicit trafficking. In this regard, there is no definition of the meaning of “effective” border controls. For example, each state decides on whether to equip both inbound and outbound traffic as part of their security measures. In accordance with the Nuclear Security Series guidelines (No 6), the deployment of radiation detection equipment should be based on the State threat assessment and consideration of several factors. If requested, the IAEA assists in providing part of the required equipment. In such cases, the IAEA, in consultation with that State, reviews the needs and provides the equipment based on defined criteria and priorities. I encourage the Secretariat to continue with the steps initiated in 2007 to develop recommendations for detection at borders, as part of its effort to provide a comprehensive set of nuclear security guidelines.

206. Since the Agency's financial resources and personnel capacity do not allow full coverage of all POEs where a risk of illicit trafficking exists, IAEA cannot fully equip all POEs. The Agency policy is to supply limited amounts of equipment to fill identified gaps when requested to do so by a State and following an assessment of the needs.

#### **C.4.2. Policy for the Region**

The Agency's policy is currently in a developing phase. As a result, not all relevant POEs in an area were monitored effectively, while others had redundant systems.

The Secretariat should encourage all countries in a region to participate in border monitoring projects.

A general regional policy for the Agency would give guidance to all technical officers.

207. The provision of assistance by the Agency to national efforts to improve border detection capabilities is currently in a developing phase (the Nuclear Security Fund was only established in March 2002). As a result, not all relevant POEs in an area were monitored effectively, while others had redundant systems. According to the Secretariat, a policy for regional risk areas, which would give guidance to all technical officers, is currently evolving.

208. Effective control will not be possible as long as one country is cooperative and tries to prevent illicit trafficking, while the neighbouring country does not. Therefore, the Secretariat should encourage all countries in a region to participate. I call for the assistance of Member States to accept and support the Agency's activities in areas where risks have already been identified.

209. A general regional policy for the Agency would give guidance to all technical officers in the different countries. Due to the split responsibilities of technical officers for individual countries, the necessary flow of information is currently not guaranteed.

#### **C.4.3. Policy for the Recipient Countries**

Out of 11 international checkpoints in one visited country only 5 were equipped with RPMs.

210. The lack of a general policy applicable to all POEs, could lead to different interpretations on how to cope with the risks of illicit trafficking of radioactive material in the recipient countries. One country my staff visited had 23 POEs, 11 of them were international checkpoints. Only 5 of these were equipped with RPMs.

It is "effective" if the RPMs cover the only existing road at a checkpoint.

In the recipient's view one more RPM should be installed on an additional lane in order to check the in- and outbound traffic.

I encourage the Secretariat to establish a general policy on how the limited resources can best be used.

The Agency's policy should be supplemented by national investment in further RPMs.

211. At one POE my staff found the RPM installed between the checkpoints of the border police and the customs authority covering the only existing road. All vehicles in both directions had to pass it.

212. The interpretation of UN resolution 1540 by the customs authorities at this POE, in respect of the expression "effective", led them to the perception that one more RPM should be installed on an additional lane in order to check the in- and outbound traffic. About 50 trucks from both sides passed that POE per day during a 12 hours shift. Even if the traffic was expected to redouble in the near future, an additional RPM would not be necessary.

213. As long as there are no RPMs at the 6 remaining international POEs, it will be more effective for preventing illicit trafficking to equip one of those than double RPMs at a single location. I would like to encourage the Secretariat to establish a general policy which defines how the limited resources can best be used.

214. The Agency's policy of only supplying limited amounts of equipment to fill identified gaps and on the basis of a needs assessment should be supplemented by national investment in further RPMs. The Agency is encouraged to continue to provide training and technical assistance.

#### **C.4.4. International Coordination**

In the past, coordination of projects was inadequate because the donors did not coordinate their activities and the recipients accepted anything they were offered.

When an RPM at one POE was handed over, it was noticed that in the meantime another donor had provided the neighbouring country with two RPMs for checking inbound and outbound traffic.

The authorities of the neighbouring country detected radioactive trash on an incoming truck.

215. In addition to the Agency's support, other donors provide the recipient countries with border monitoring equipment on a bilateral basis. In the past, coordination of projects was inadequate because the donors did not coordinate their activities and the recipients accepted anything they were offered. In order to avoid such duplication of effort, in 2006 the Agency established the Border Monitoring Working Group (BMWG) to promote and coordinate international cooperation on detection and monitoring activities at strategic border crossing points.

216. At one POE, which was not equipped on both sides, the Agency provided one RPM to check inbound traffic. When the RPM was handed over, the Agency's technical officer noticed that in the meantime another donor had provided the neighbouring country with two RPMs for checking inbound and outbound traffic. Information on the supply to the neighbouring country was made available to the BMWG. At that time the Agency had shipped the RPM, but had not yet installed it. In my view it would have been advisable to reconfirm the necessity for another RPM at this location.

217. In June 2007 the authorities of the neighbouring country detected radioactive trash on an incoming truck, stopped it and sent it back. Due to the good relationship between these two countries, this POE was being monitored effectively by the already fully-equipped neighbouring country.

In spite of sufficient controls at this POE the visited country asked for a second RPM for outbound controls.

The Secretariat started discussions with other donors to find out which and where monitoring equipment is installed or planned.

The prioritization concept of the Agency should also be applied for border monitoring.

218. Nevertheless, the customs administration of the visited country asked for a second RPM for outbound controls. This might be reasonable taking the country's sovereignty into account. From the regional aspect, however, the Agency should not provide RPMs for checking in- and outbound traffic on both sides of a single POE as long as there are some checkpoints without any RPM.

219. I am pleased to note that in 2006 the Secretariat started discussions in the BMWG with other donors. One objective was to find out which and where monitoring equipment is installed or planned. As a result of these consultations the information collected should enable all parties to reconcile their activities and make the best use of the available funds by setting the right priorities.

220. The Agency has established a methodology to determine which States should be given priority in receiving support in the field of Nuclear Security (Nuclear Security Report 2007, para. 80). I recommend applying this methodology to border monitoring projects also.

#### C.4.5. Risk of Damage to the Monitors

During the field mission my team visited several POEs.

At one POE, the protecting barriers (steel tubes filled with concrete) were placed too close to the RPM.

The Secretariat has agreed to give additional guidance on how to meet the goal of protecting the monitors from being damaged.

221. During the field mission my team visited several POEs to check whether the RPMs are in place, running error-free with the corresponding systems and being handled by staff trained for this purpose.

222. At one POE, a crane truck nearly hit the RPM with its cantilever because the protecting barriers (steel tubes filled with concrete) were placed too close to the RPM. When protecting barriers are placed too close, they will not prevent RPMs from being damaged in loading or by devices sticking out of a vehicle.

223. The IAEA Nuclear Security Series No. 1 "Technical and Functional Specifications for Border Monitoring Equipment" does not give detailed instructions on how to meet the goal of protecting the monitors from being damaged accidentally by vehicles. The Secretariat has agreed to give additional guidance on this matter in the next revised version.

#### C.5. INFORMATION TECHNOLOGY

My staff and I continued to examine the Agency's Information Technology.

The Secretariat implemented many of my proposals; some improvements are still in progress. Some recommendations are under discussion.

224. As announced to the Governors in my reports for the years 2005 and 2006, I continued to examine the Agency's IT. Accordingly, my staff investigated the range of the Agency's IT policy, IT management, IT organization, IT budgeting and IT security.

225. I appreciate that the Secretariat has continued to implement many of the proposals made in my comments on IT in December 2006 and in my report for the year 2006. Some important changes in IT operation and IT policy have taken place. I want to point out that the start of operation of the new data centre was an excellent example of realizing security and economic advancements in the Agency's IT landscape. Furthermore, I notice that since the Chief Information Officer (CIO) has been introduced, a number of positive developments have begun. Some other necessary improvements that have been accepted by the Secretariat were still in progress or should be intensified as regards content and time lapse. In this connection, though I

want to underline the commendable ongoing enforcement of IT policy, driven by the CIO and the strengthened IT committee, extremely long processes were necessary to effect significant changes, and to finalize agreements and definitions concerning IT policy, IT standards and organizational IT issues. There were at least a couple of recommended measures that are still being discussed, e.g. in the area of IT security.

### C.5.1. IT Policy

In spite of some positive approaches a clear IT policy, embedded in an adequate framework was still largely missing.

226. My staff noted that a clear and appropriate IT policy documented in a corresponding IT policy framework was still largely missing. In spite of the efforts made by the CIO, the status of necessary specifications was insufficient. The CIO needs a cross-Agency consensus (via the IT Committee [ITC]) as a precondition to enforce Agency-wide specifications. Even though I very much welcome the approval of a PC lifecycle policy and the concrete approach to making Agency IT projects more transparent, I have to point out that the present procedure for achieving the accepted aim of a sound IT policy framework obviously takes too much time and effort.

The present procedural method is inadequate to existing needs.

227. Deficiencies still exist in connection with, amongst others:

- the description of the existing structures, procedures and systems
- the implementation and application of norms
- the transparency of IT staffing
- the coordination of implementation strategies
- IT security plans and
- economic feasibility studies.

I consider the present procedural method inadequate to the existing needs of achieving a sound IT policy soon. Even though I agree with the statement made by the CIO that “the best approach to building long-term changes in the IT management environment at the Agency remains consensus building”, this approach seems not to be appropriate to all cases of decision-making, especially when there is a need for immediate decisions or a need for a time-efficient enforcement of changes. Although I understand that the Agency’s existing modalities, e.g. the consensus principle, are basic components of its “business culture”, I am of the opinion that in specific cases like this one there is a need to change the Secretariat’s common practices into business “best practices”. Due to the fact that a sound IT policy is a high-ranking management aim in business and government, it has to be achieved as soon as possible, i.e. within a few years, rather than by taking a more long-term approach.

I reinforce my recommendation of last year to establish a clear and appropriate IT policy.

228. Therefore, I reinforce my recommendation of last year to establish a clear and appropriate IT policy documented in an IT policy framework which should be specified in an adequate overall IT plan. As part of the documentation, the recommended IT manuals should be completed and distributed as soon as possible. The realization of all these issues, which has already begun, should be energetically moved forward by appropriate instruments. I therefore recommend empowering the CIO to execute decisions in defined cases by himself. An accelerated procedure for considering proposals made by the CIO, followed by a decision or a vote in the IT committee, could possibly be an alternate or intermediate step.

### C.5.2. IT Organization, IT Operation

My staff examined the current situation of the Agency's IT organizational and operational structures.

I appreciate the steps already taken in some units to centralize common IT services. I noticed that in other units there was no progress.

Delayed answers to a questionnaire led to the result that I am not able to give a comprehensive comment on the Agency's IT organization.

I recommend increasing efforts to harmonize common IT services.

229. My staff continued to examine the IT organization of the Agency. Against the background of the Secretariat's announcement to centralize all common IT services and the implementation of a modern, secure data centre, it seemed to be reasonable to analyse changes and movements in the organizational units that are dealing with IT, apart from the central IT units MTIT and SGIM. Therefore, my team distributed a questionnaire to these units in order to obtain current information on the consolidation of the Agency's IT organizational and operational structures.

230. The result of the data collection was inconsistent. I noticed that some units, e.g. MTHR and MTCD transferred many functions such as server operation, server administration, software development and other common IT services to the central IT units. In my opinion these are important steps towards a more efficient IT operation and I am sure that there will be efficiency gains and also an increase in IT security. However, I noticed that in other units, in particular IT units other than the departments MT and SG, there were no notable changes or movements towards a more centralized operation of common IT services. Obviously in these units there was no willingness to change or no recognition of opportunities in this regard.

231. In addition, I have to state that, despite a generous time limit and tolerant reminders, more than half of the fourteen IT units addressed missed the closing date. Four of them did not respond to my questions while my IT staff were working in the Agency. There was a period of more than six weeks to complete a form of fourteen questions. Responsible, competent staff would need a maximum of about one hour for that. As a consequence, I am not able to make a comprehensive evaluation of the Agency's IT organization at present.

232. I recommend increasing efforts to harmonize common IT services, particularly in departments other than MT and SG. In this connection the measures concerning IT policy I mentioned above are essential. I request the Secretariat to ensure that full collaboration with my team in time and content should be guaranteed in the future. I hope that I can complete my assessment concerning this matter in my next report.

### C.5.3. IT Budgeting

Instead of executing a central IT Programme set up and conducted by the CIO, the Agency insists on the inefficient practice of decentralised funding and budgeting in different programmes.

233. As reflected in my Management Letter dated 6 December 2006, my staff further investigated IT Budgeting. Contrary to my recommendation to execute a central IT Programme established and conducted by the CIO, the Agency insists on the practice of decentralised funding and budgeting of IT expenditures in different programmes within all Major Programmes. Even though a significant portion of the Agency's IT procurement is requested by the central IT unit, MTIT, on behalf of the entire Agency, most of the IT procurement is requested by other units. Hence the Director of MTIT, who is also the Agency's CIO, does not have complete information concerning the Agency's IT budget and IT procurement. This, combined with the fact that the Agency's CIO does not have the authority to administer the IT budget (contrary to best practices for CIO responsibilities), together with the lack of an accepted and communicated Agency-wide IT policy, causes a distinct slowing-down of progress in many important IT matters.

The Secretariat accepted that there is a need for more transparency. Previous procedures did not work satisfactorily.

The CIO initiated a new information and coordination process.

Even though I am sure that a more centralized approach would be the most cost effective way of IT budgeting, I welcome the CIO's planning as a step in the right direction.

I recommend implementing the new instrument in a consequent and comprehensive way. I will regard this issue and will give additional recommendations if necessary.

234. Without any doubt, and as accepted by the Secretariat, there is a need for more transparency, especially in the case of ongoing IT projects. Therefore, I have to point out that the previous procedures of data collection and coordination of IT projects in the Agency, e.g. the requirements of SEC/NOT/1915, did not work satisfactorily. As a consequence, there was a risk of developing and operating IT systems in an inefficient way. Moreover, there was no chance for the management to achieve a sound IT landscape embedded in an overall IT policy.

235. The CIO pointed out that it is necessary to get a broad overview of spending on IT by collecting budget data in an efficient way. Therefore, he initiated a new information and coordination process: for IT projects over a threshold of 100,000 euros an inventory should be taken and updated annually. Based on this data collection, the inventory should result in an analysis, so that management can obtain information of, for example trends, policy lapses, and redundancies, as well as best practices.

236. Even though I am still sure that a more centralized approach would be the most cost-effective way of IT budgeting, I welcome the CIO's planning as a first step in the right direction. A significant advancement of the Agency's IT budget transparency will be possible if this approach is followed consistently. Then, a broad transparency can enforce awareness of the necessity of coordination in different IT units.

237. I therefore recommend implementing the new instrument as soon as possible in a consistent and comprehensive way. The collection of information should be introduced as an obligatory step within the budgetary process that implies "no data – no money". I encourage the Secretariat to consider whether the limit of 100,000 euros can be decreased to get a broader overview of the IT projects after having adopted this process for a while. The data acquired should be used in a profitable way; as a first step the results of data analysis can be discussed in the ITC, later the analysis could be the basis for customizing concrete decisions within the ITC or through the CIO. As this issue should become a key element for IT budgeting and for the whole IT policy too, I will continue to audit it and will make additional recommendations if necessary.

#### **C.5.4. Information Security – end of computer lifecycle and spare parts**

The Basic Supply Agreement includes basic installation of hardware and software and transfer of user data from old PCs to new PCs.

238. Since October 2007, there is a policy on Personal Computer Lifecycle for the Agency. It describes and sustains the central responsibility of MTIT for issuance, review and maintenance of standard PC hardware configuration, software configuration and security. The Secretariat has one supplier for standard PCs. The Basic Supply Agreement No. BSA095/2006 includes delivery of desktop PCs and of replacement parts, removal of faulty parts and trade-in of the desktop PCs at the end of their lifecycle. The supplier has to remove faulty parts after delivery of replacement parts. The agreement also includes basic installation of hardware and software, and transfer of user data from old PCs to new PCs. According to the Secretariat, these two options are "best practices in many UN organizations". Moreover, "Outsourcing is an option that all UN organizations are actively encouraged to consider to secure potential cost efficiencies" and "The transfer of user's data is a productivity enhancer..."



SGIM is aware of the information security risk regarding local data storage mediums for all information not restricted to classified information.

The Basic Supply Agreement includes no specific requirements or mandatory technical procedures for the supplier.

It is possible that during the lifecycle of computers confidential information or other information in need of protection are stored on hard disks.

If hard disks are removed from the Agency's premises, it must be ensured that the data mediums are sanitized from all stored information.

Many studies of IT Security Companies and many Computer Magazines show that the inherent risk is not a theoretical one.

The Secretariat should establish concrete and Agency-wide mandatory procedures for the handling of hard disks of desktop and laptop computers.

239. I welcome the concrete and mandatory procedures in SGIM for the handling of hard disks of desktop and laptop computers and removable media in the department of Safeguards. I also welcome the decision to include hard disks of Xerox photocopiers in the shredding programme of SG. Both, "media sanitization in Safeguards" and "Secure Use of Xerox Photocopiers" were last presented and discussed Agency-wide in the 19th ISPSG session on 7th September 2007. So SGIM is aware of the information security risk regarding local data storage mediums for all information not restricted to classified information.

240. In MTIT, there is a procedure document for the standard installation of hardware and software. But the above-mentioned agreement includes no specific requirements or mandatory technical procedures for the supplier, neither for the transfer of users' data, nor, in the case of removal of faulty parts or old computers, regarding locally stored information. In the Administrative Manual Part VI/3, there are rules for disposal of all obsolete and/or surplus property. In cases of "sale after bidding", "gift or sale at nominal prices" and "surplus sale to staff", the items are removed from the Agency's premises.

241. On each hard disk of each computer all user profiles of all users who had been logged into this computer during its whole lifetime are stored, except the "My Documents" folder, which is relocated to a network drive in accordance with an administrative policy. Furthermore, every user is able to create folders up to the capacity of the hard disk. Everybody is able to export and save information from all applications and network drives for which he has his own login data or knows another user's login data. So it is possible that during the lifecycle of computers confidential information or other information in need of protection will have been stored on hard disks.

242. If hard disks are removed from the Agency's premises, even if wrongly, or in case of the trade-in of old computers, it must be ensured that the data mediums are sanitized from all stored information, at least when confidential information has been stored during their lifecycle. I admit that individual checks are neither practicable nor efficient. Moreover, an organization such as the Agency should act on the assumption that confidential information or other information in need of protection has been stored, and therefore it should define a mandatory procedure.

243. Many studies by IT Security Companies and many Computer Magazines show that the inherent risk is not a theoretical one. Equipped with free available or elementary functions and tools, it is easy to recover information, even if the data media mentioned have simply been cleared. Various reports concerning hard disks bought at internet warehouses and information recovered from them underline the need for adequate information security measures.

244. I reiterate the recommendation made in my Management Letter on IT, dated 6 December 2006. The Secretariat should establish concrete and Agency-wide mandatory procedures for the handling of hard disks of desktop and laptop computers in case of removal of faulty parts or old computers. The procedure should cover removable media.

Encryption of hard disks and removable media should be incorporated as well as monitoring the use of removable media as a whole.

The Secretariat should establish a procedure to protect hard disks and removable media with integrated encryption and monitoring tools.

245. In this respect there is a close relationship between information security on data media during the whole lifetime of computers, notebooks and removable media. Therefore, encryption of hard disks and removable media should be incorporated as well as monitoring the use of removable media as a whole. That a real risk exists is substantiated by the fact that in the Agency there are lots of “not found” marked data storage media in EMIS (paras. 137-148 refer).

246. I recommend that the Secretariat enforce its efforts to establish a procedure to protect hard disks and removable media with integrated encryption and monitoring tools.

### **C.5.5. Information on the Agency’s IT available to staff in the Agency’s Intranet**

I miss easy access to necessary information in OASIS.

The user satisfaction survey performed in May and June 2006 underlined my findings.

MTIT should conduct a review of the IT-related information in OASIS.

Completion, centralization and harmonization of the information pool should be continued.

247. For the Agency it is necessary to have well-informed staff. Currently each staff member, especially a newcomer, has to search for all possible keywords to find the information needed. There is no transparent way to find all these documents in the Agency’s intranet (OASIS) easily. I appreciate steps taken by MTIT to renew the website concerning ‘IM/IT-related Policies and Directives’. In my Management Letter on IT, dated 6 December 2006, I recommended that all information regarding IT and IT security should be easily accessible to all staff members from one point in OASIS.

248. Results and numerous comments regarding OASIS in the user satisfaction survey performed in May and June 2006 underlined the need for regular updated information and pointed out that it is difficult to find information.

249. Regarding the Agency’s response to my above-mentioned recommendation in 2007, MTIT should conduct a review of the IT-related information in OASIS. My staff found that further steps are necessary. For example, for the terms of reference of the IT Committee there are two different versions in OASIS which seem to be current and these can be found by searching in two different ways.

250. I recommend that the efforts to complete, to centralize and to harmonize the information pool concerning the Agency’s IT (procedures, standards, guidelines etc.) in the Intranet should be continued.

## **D. FOLLOW-UP ON THE RESULTS OF MY FINDINGS AND RECOMMENDATIONS LAST YEAR AND IN PRIOR YEARS**

### **D.1. FINANCIAL ISSUES**

#### **D.1.1. International Public Sector Accounting Standards**

I recommended recognizing ASHI in the Financial Statements.	251. In my report last year I recommended including After Service Health Insurance (ASHI) in the Agency's implementation proposal and timetable for the implementation of IPSAS and linking this with the recognition of capital assets.
Recognition of the liabilities associated with ASHI is within the overall scope of implementing IPSAS.	252. The Secretariat informed me that the recognition of the liabilities associated with ASHI is within the overall scope of implementing IPSAS. MTBF has developed a detailed project plan for the implementation of IPSAS covering 2007 until 2010.
I will follow-up the implementation of IPSAS.	253. I appreciate the Secretariat's efforts and will follow-up the implementation of IPSAS.

#### **D.1.2. Outstanding Assessed Contributions Receivable**

At least the older debts should be obtained before the implementation of IPSAS.	254. I reported that outstanding assessed contributions were still at a high level. I therefore recommended further attempts to obtain at least the older debts. Particular efforts should be made before the implementation of IPSAS.
The Secretariat constantly reminds Member States of their indebtedness.	255. In the meantime one Member State has cleared all arrears of assessed contributions originating from 1990. Furthermore, the Secretariat currently has payment plan agreements with five Member States of which four are operational. As the Secretariat is aware of the implications of IPSAS in this area, the Contributions Unit constantly reminds Member States of their indebtedness to the Agency.
I encourage the Secretariat to intensify its efforts.	256. I welcome this measure as an improvement, but would like to point out that there still remains a considerable number of Member States for which there is not yet an adequate solution. Therefore I encourage the Secretariat to intensify its efforts to obtain outstanding assessed contributions.

#### **D.1.3. Income and Expenditures – Liquidity**

I recommended that the Secretariat investigate how to ensure a more even distribution of cash inflows.	257. I pointed out that the Agency's cash outflows were at a roughly constant level, while the inflows differed considerably from month to month depending on Member States' payments. I therefore recommended that the Secretariat investigate how to ensure a more even distribution of cash inflows during the course of the year.
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The Secretariat is in regular contact with Member States.

258. The Secretariat is in regular contact with Member States who are in arrears with their contributions to the Regular Budget Fund. For my proposal to introduce a system of surcharges/discount I refer to paras. 102-116.

## **D.2. ADMINISTRATIVE ISSUES**

### **D.2.1. Extrabudgetary Programme Fund**

I reiterated the proposal to consider introducing a programme support cost scheme for Extrabudgetary Funds.

259. I reiterated the proposal made in my 2004 report to consider introducing a programme support cost scheme for Extrabudgetary Funds (paras. 81-84), as these were still administered by staff and resources financed from the Regular Programme Fund. In the absence of a programme support cost mechanism, the burden of administering Extrabudgetary Funds grows at the expense of the Agency's core activities. A programme support cost mechanism is already provided for in Financial Regulation 108.02 and confirmed in INFCIRC 370/Rev.2.

A policy proposal will be implemented in 2008.

260. The Secretariat informed me that a policy proposal has been developed and is planned for implementation in 2008.

I appreciate the efforts made.

261. I appreciate the efforts made and will follow further developments.

### **D.2.2. Publications**

Proceedings Series were published at an average of more than 15 months after the particular conference.

262. I mentioned that the time between an IAEA conference and the publication of the related conference documentation by the Secretariat often exceeds one year and encouraged the Secretariat to examine thoroughly the processes and procedures concerning the Proceedings Series workflow in order to publish in a more timely and efficient manner.

The workflow for the Proceedings Series has been re-designed.

263. The workflow for the Proceedings Series has been re-designed. Early consultations with manuscript originators on a regular basis and the elimination of proof-reading procedures have been fully implemented. Moreover, a proposal for the comprehensive restructuring of the publishing and printing areas is currently being reviewed by MTHR.

I appreciate the steps taken by the Secretariat.

264. I appreciate the steps taken by the Secretariat to improve the workflow for the Proceedings Series. The consolidation of all publishing coordination processes will shorten the lead time of publications considerably.

### **D.2.3. Technical Cooperation**

#### **D.2.3.1 Interaction with UN organizations and other institutions**

Coordination of international activities in developing countries had improved.

265. In my report last year, I stated that the coordination of international cooperation activities in developing countries had improved. I encouraged all parties involved to do their utmost to improve interaction with UN organizations and other institutions.

The Secretariat expanded its cooperation activities.

266. The Agency has discussed the impact of the "One UN" and system-wide coherency approach. First steps towards better coordination have been taken. TC Regional Divisions are following up on the Agency's participation in various coordination mechanisms (United Nations Development Assistance Framework on country Level, UN Reform and

The Secretariat should continue its improvement in interaction.

partnerships with UN system organizations and NGOs). Some progress is said to have been made.

267. I welcome this development and encourage the Secretariat to further improve and intensify interaction with all institutions that are involved in similar sectors of TC.

#### **D.2.3.2 Series of TC projects**

TC support in recurring projects based on similar project requests should be assessed more critically.

268. In my last two reports (for the years 2005 and 2006) I already addressed the need to raise awareness among recipient countries that TC support cannot be continued indefinitely. I recommended that recurring projects based on similar project requests should be assessed more critically. Furthermore, the instruments necessary to achieve this should be established in an appropriate timeframe.

New procedures for TC programme draw particular attention to that point.

269. The Secretariat stated that PCMF project screening criteria explicitly include consideration of previous projects and require extra justification for new projects in areas that have already received support. In addition, the guidelines for the 2009-2011 TC programme will draw particular attention to this point within the screening process.

I will follow up on compliance with the guidelines.

270. I will follow up on compliance with the above-mentioned guidelines.

#### **D.2.3.3 Project Title and Design**

Projects should be formulated more accurately as regards content and designed realistically.

271. TC projects were not always completed within the envisaged timeframe and with the planned objectives achieved. The title and description of TC projects were not always consistent and did not in all cases reflect the projects' contents. I recommended that projects should be formulated more accurately as regards content and designed realistically. Implementation should be consistent with the project's formulation.

The Secretariat referred to the PCMF which facilitates consistent formulation and screening of project concepts. Training will be provided with the introduction of the next phase of PCMF.

272. The Secretariat referred to the PCMF IT application which - together with improved guidelines and training - helped to ensure that all project concepts were screened according to a common set of criteria and that projects were designed transparently by project teams and agreed upon by the relevant Technical Departments and the Department of TC before being submitted for approval. All projects had to contain a LFM and a work plan. The PCMF monitoring system, planned to be released in 2008, was designed to ensure adherence to planned timeframe and reporting on progress in project implementation. As requested by Member States, a comprehensive training programme in project design would be organized in 2008 for all stakeholders including National Liaison Officers.

I reiterate the recommendations of my report last year.

273. I reiterate the recommendations of my report last year and will follow the Secretariat's announcements and their effects on TC projects.

#### **D.2.3.4 Country Programme Framework**

TC projects should relate to an area of defined need as described in the Country Programme Framework.

274. TC projects should relate to an area of defined need as described in the Country Programme Framework (CPF). Therefore, I still consider it essential that CPFs are in force for all recipient countries. All CPFs not yet finalized should be signed soon.

CPFs are an essential requirement for receiving TC support.

I welcome progress already achieved and encourage the Secretariat to continue its efforts in getting CPFs signed.

275. Although CPFs are not mandatory for Member States they are considered an “essential requirement of participation” in the TC programme and as such included as a screening criterion in PCMF.

276. I appreciate that the number of CPFs has increased and will follow up on further developments. I encourage the Secretariat continuously to pursue the finalization and signing of outstanding CPFs by Member States with national TC programmes.

#### **D.2.3.5 Project Progress Report**

In many cases Project Progress Reports were not provided properly or were missing.

The Secretariat has taken measures to enforce regular submission of PPRs that will be followed in 2008.

I reiterate the recommendations of my report last year.

277. Our field missions and the 2005 review of TC projects revealed deficiencies in project monitoring, as in many cases Project Progress Reports (PPRs) were not provided properly or were missing. A more systematic approach on submission of PPRs was envisaged in PCMF Phase III. I suggested that the Secretariat should take into consideration all possible measures in cases of non-compliance.

278. The Secretariat and Member States supported my position. The Secretariat announced that a draft standard template has already been created in PCMF to facilitate submission of reports by Member States and generate automatic reminders to enforce submission. In addition, Programme Management Officers, in their interaction with Member States, will emphasize the importance of comprehensive and timely reporting. These steps are planned to be followed in 2008.

279. I reiterate the recommendations of my report last year and will watch developments closely.

#### **D.2.3.6 Compliance with TC-procedures**

I suggested that the Secretariat’s support should focus on nuclear technology items. GCS should not be allowed as a means of using the Agency as a “procurement service”.

The Secretariat examines procurement of non-nuclear equipment on a case-by-case basis.

The Agency should handle the provision of non-nuclear goods as restrictively as possible.

280. The role of TC is to make a contribution to sustainable development goals through the development and transfer of nuclear science and technology. TC projects do not always comply with this role, in that in some projects general purpose goods, such as ordinary digital cameras or office equipment, were supplied by the Secretariat. GCS has sometimes been provided solely for the procurement of equipment. I recommended that the Secretariat’s support should focus on nuclear technology items. For other procurement services I considered an examination on a case-by-case basis to be essential. I suggested that GCS should not be allowed as a means of using the Agency as a “procurement service”.

281. The Secretariat affirms that, in general, assistance should relate to nuclear applications and radiation. However, there might be cases in which it was necessary to provide non-nuclear items as part of the equipment package for use of the nuclear component. This was being examined on a case-by-case basis within the framework of the financial regulations and rules of the Agency.

282. The Agency should handle the provision of non-nuclear goods as restrictively as possible. I will follow up on this matter.

### **D.2.3.7 Inadequate Project Files**

TC project files did not always provide all relevant information for an assessment of the project.

Efforts are being made towards electronic filing and filing directives.

The planned project document will improve consolidation and assessment of projects.

I will follow up on the process.

283. TC project files did not always provide all relevant information for an assessment of the project. This was partly due to different modes of operation and responsibilities among the several sections involved. The Secretariat plans to move away from paper files to electronic files. The capacity to upload files is to be expanded. I welcome the conceptual design to install one source of project-related information. Nevertheless, it should be ensured that filing directives are in place in order to guarantee a comprehensive database.

284. Efforts are being made to prepare the TC Departments IT system for electronic filing although some operations will have to remain on paper. A more sophisticated filing system, including filing directives, is planned for 2008.

285. The introduction of a conventional project document is planned with Phase IV of PCMF. It will permit better consolidation and effective utilization of project data and information.

286. I will follow up on the process of developing a filing system, together with guidelines and the introduction of a project document.

### **D.2.4. Information Technology**

#### **D.2.4.1 Creation of a single data centre**

I welcomed the decision to create a single data centre in a secure area.

The creation of a single physically secure data centre is underway.

Fire protection as a highly important basic component of a modern Data Centre is lacking.

I encourage the Secretariat to implement phase III and will follow developments.

287. In my report last year, I welcomed the decision to create a single data centre in a secure area. As it could be implemented in conjunction with the asbestos removal, there was a unique opportunity to make this move. I recommended that a plan be established to ensure the security of the highly confidential safeguards data.

288. The joint SGIM/MTIT project to initiate the creation of a single, physically secure Agency-wide data centre is underway. My staff visited the new facility where project phase II is realized. Phase III is expected to be realized in 2008. It will include some final work on the equipment, some final moves inside the new Data Centre and some additional security measures, particularly for the SG part of the Data Centre.

289. A fire protection system as an important basic component of a newly built Data Centre is lacking. Beside a fire detection system there are only some fire-extinguishers placed around the Data Centre. Up to the realization of phase III this lack involves a strong risk for stored information and for IT operation as a whole.

290. I highly encourage the Secretariat to introduce phase III of the project and to implement it urgently. I will follow developments.

#### **D.2.4.2 IT Management - Leadership and Responsibilities**

The introduction of an independent and empowered CIO has been necessary.

291. I also welcomed the decision to introduce the post of a CIO. I considered his independence essential in order to fill the role of a central authority for IT and IM issues. Moreover, the CIO should have the power to control the IT budget.

DIR-MTIT is filling the CIO role.	292. The DIR-MTIT position filled in June 2007 is also filling the CIO role. Moreover, the CIO is a member of the Programme Coordination Committee and chairs the IM/IT committee.
Specific departmental business needs will continue to be budgeted and managed by individual departments.	293. The Secretariat emphasizes that resources for the development and implementation of IM solutions wholly specific to departmental business needs will continue to be budgeted and managed by individual departments. However, all significant IT projects will be subject to the review process of the strengthened Agency-wide IM/IT committee.
There was no precise definition of significant IT projects. The Secretariat did not ensure that all such projects will be subject to the review process of the IM/IT committee.	294. The Secretariat has not defined in which cases it would be necessary for individual departments to budget and manage their departmental business needs themselves. This lack of clarity weakens the CIO's importance and should be eliminated by the Secretariat urgently. Moreover, it is unclear how the Secretariat will ensure that all significant IT projects will be subject to the review process of the IM/IT committee.

#### **D.2.4.3 IT Organization, IT Operation**

There was no specification to what extent centralization was envisaged.	295. I reported that the Secretariat did not clearly specify to what extent it will centralize IT organization and what specific exceptions (e.g., for SGIM) it will operate.
The Secretariat announced the centralization and its documentation.	296. The Secretariat announced that it will centralize all common IT services. DDG-MT and DDG-SG are to prepare a work-plan to document centralization and consolidation of common IT services.
I will follow the process of centralization.	297. I will follow the process of centralization and, if necessary, continue reporting on this issue next year.

#### **D.2.4.4 IT Policy**

The Secretariat should formulate a clear and appropriate IT policy.	298. In addition to partly existing regulations, e.g., in SGIM, the Secretariat should formulate a clear and appropriate IT policy. I did not consider the Information Management/Information Technology (IM/IT) Medium Term Strategy sufficient in itself. It needs to be supported by specific guidelines and made obligatory for all staff dealing with IT.
The Secretariat undertook to consolidate IT policy.	299. The Secretariat stated that important gaps and deficiencies in IT policies will be addressed by the ITC or its working groups in 2007. Policies should be incorporated into the Administrative Manual. Work to consolidate IT policy into the Administrative Manual is under way.
I will follow the implementation.	300. I consider that there is still much work to be done and will follow the implementation.

#### **D.2.4.5 Focus of IT Security**

Current rules, regulations and procedures dealing with IT security focus only on external attackers and intruders.	301. Current rules, regulations and procedures dealing with IT security focus only on external attackers and intruders. In my Management Letter on IT dated 6 December 2006 and in my report last year, I recommended that the Secretariat should extend its own activities, audits and potential penetration tests in order to identify internal attackers and risks as well. Staff should be informed that the supervision activities would be extended. The Secretariat agreed to my findings and proposals.
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While a methodology was included in the specification of a penetration test, it has not been performed.

302. On behalf of the Office of Internal Oversight Services (OIOS), in 2007 a contractor performed a penetration test in order to examine the effectiveness of security measures in place to prevent the unauthorized external and internal penetration of the Agency's network. Beside the external risk assessment, the contractor was to assess vulnerability and risks of application services internally available, servers and internal network security. OIOS prescribed the methodology "Social Engineering" in its statement of work for the penetration test. OIOS was very interested in the execution of this methodology within the Agency and in its outcomes. In the course of the review of the contractor it was decided that additional time was needed to complete the testing of the Agency's network, servers and files. As a result "Social Engineering" was not performed. Finally, some development has taken place in this respect in 2007.

The Secretariat should follow my recommendations.

303. I invite the Secretariat to follow the recommendations made in my Management Letter and my report of 2006. I will watch developments closely and, if necessary, present the results in my next report.

## **D.2.5. Other**

### **D.2.5.1 Voluntary contributions for safeguards equipment**

I encouraged the Secretariat to ensure that in future the unencumbered balances of prior years are used first.

304. Extrabudgetary Funds received in prior years for SG equipment could not be spent without prior agreement by the donor and this increased the cash balance. The donor finally agreed to spend all the amounts credited during the last six years. I encouraged the Secretariat to ensure that in future the unencumbered balances of prior years are used first for the procurement of SG equipment (paras. 129-133).

The unencumbered balances have not been spent yet.

305. The unencumbered balances have not been spent yet. The Secretariat assured me that as of August 2007 the donor has again approved the consolidation of the funds.

Funds of previous years are now put together with current funds.

306. I appreciate that the Secretariat agreed with the donor to combine unobligated funds from previous years with current funds.

### **D.2.5.2 Member States Support Programmes – valuing contributions in kind**

I recommended developing a method for valuing in kind contributions.

307. I recommended developing a method for valuing in kind contributions as soon as possible. Under IPSAS, a valuation of in kind items will have to be carried out in any case.

The Secretariat confirmed that it will comply with the relevant IPSAS.

308. The Secretariat confirmed that it will comply with the relevant IPSAS (23) which governs the accounting and reporting of in kind contributions.

I will follow up this issue during the implementation of IPSAS.

309. I appreciate the Secretariat's efforts and will follow up this issue during the implementation of IPSAS.

## D.3. RECOMMENDATIONS FROM PRIOR YEARS' FINDINGS

### D.3.1. Buildings Management Fund

UNIDO still claims to have a receivable of 6.6 million euros from IAEA for Buildings Management Services.

Harmonization among UN Agencies' accounting practice will be achieved in the adoption of IPSAS.

IPSAS will not provide for a solution for the question as to whether the Agency owes the amount claimed.

310. I reported that UNIDO had recorded a receivable of 6.6 million euros from IAEA for Buildings Management Services (BMS), while IAEA showed no corresponding liability. UNIDO asserted its right to receive these funds for future BMS activities. According to IAEA financial regulations management was not prepared to pay UNIDO as long as the service is not yet rendered.

311. The Secretariat is of the opinion that harmonization among UN Agencies' accounting practices will be achieved in the system-wide adoption of IPSAS and therefore maintains its current accounting practices.

312. What UNIDO in fact claims is a prepayment of future expenditure, because its regulations require that obligations can only be incurred when the funds needed have been received. The current discussion on IPSAS does not provide a solution for this problem as advanced payments will also be possible under IPSAS. Although I continue to agree with the Secretariat's position not to record this as an account payable to UNIDO, the Secretariat should again take up negotiations with UNIDO concerning the financial balance of payments into the BMF.

### D.3.2. Procurement

I recommended taking advantage of the synergy effects of the merger of two procurement offices as soon as possible.

Migration to a single procurement system has been prioritized.

I appreciate the Secretariat's efforts.

313. After merging two procurement offices, a single procurement software system still had to be chosen. In this context I took note of the study for AIPS. I recommended taking advantage of the synergy effects of the merger as soon as possible.

314. According to the Secretariat, migration to a single procurement system has been prioritized under the AIPS project line and every effort is being made to ensure that this project moves forward as expeditiously as possible once the requisite funding has been obtained.

315. I appreciate the Secretariat's efforts and will follow the introduction of the new structure.

### D.3.3. Security at the IAEA Seibersdorf Laboratories

Several years after my first warning, crucial elements of a comprehensive protection system for the Seibersdorf laboratory compound have not yet been fully established.

Three major items still remained unsolved.

316. In my last three reports (for the years 2004, 2005 and 2006) I have reported on dangers arising from the security situation of the IAEA's laboratory compound in Seibersdorf. Although my team noticed some progress in the physical protection of the Seibersdorf premises, crucial elements of a comprehensive protection system have not yet been fully established. The Secretariat shares my concerns about weaknesses, but has not yet carried out the necessary steps to eliminate identified security risks.

317. The three major protection items I specified as unsolved in 2006 still remained open in 2007.

The access control is still inadequate.

318. The access control for all personnel to the Agency's laboratory compound is provided through the Austrian Research Centre (ARC) main gate. The screening of car drivers and car passengers entering the ARC area remains deficient. The Secretariat shares this point of view and has announced negotiations with the Austrian Ministry of European and International Affairs. Up to now, there have not been any notable results.

The perimeter fence has not yet been completed.

319. The perimeter fence around the Agency's premises has not yet been completed. Despite several meetings between the Agency's and Austrian representatives (from ARC and authorities), a final solution even in 2007 has not yet been found. Among other things, the Secretariat points out that there are problems in defining the boundaries of the Agency's compound. The Secretariat has announced that the new fence is expected to be completed by autumn 2008.

14 parking places in front of the Safeguards Analytical Laboratory still create a considerable risk.

320. Fourteen parking places in front of the Safeguards Analytical Laboratory (SAL) are still in use. Therefore, the danger of placing explosive devices in cars parking very close to the building is still present. The Secretariat is conscious of this security risk. However, it has pointed out that the parking places are restricted and only used by IAEA-SAL staff. Further, it has noted that SAL is contiguous to an internal ARC road. Even if parking in front of the SAL building is prevented, the road remains less than 5 meters away. This would not provide sufficient stand-off distance to mitigate the effects of even a small vehicle-borne explosive device. The Secretariat has announced entry parking barriers which are to be installed in the first quarter of 2008.

The combination of these three deficiencies creates unacceptable risks.

321. The inadequate access control for vehicles at the main gate combined with the incomplete perimeter fence and the parking situation in front of the SAL creates unpredictable and unacceptable risks. The Secretariat pointed out that more efficient security measures can only be implemented after the installation of a United Nations Security and Safety Service controlled checkpoint in connection with the full perimeter fence. The identification of one more source of danger originating from a contiguous internal ARC road does not absolve the Secretariat from its obligation to eliminate the risk arising from the 14 parking places in front of the SAL. It rather presents more possible sources of danger that the Secretariat has to deal with.

High security standards should also be applied in the Seibersdorf laboratory premises.

322. An efficient access control for all persons entering the IAEA premises, as well as a complete perimeter around it and parking places at a safe distance from offices, should be a common standard at the IAEA Seibersdorf Laboratories as well as at the Vienna Headquarters. It is unacceptable that it takes years to eliminate deficiencies concerning security. Once weaknesses are identified they must be remedied without delay.

More efforts are needed to close the remaining loopholes.

323. The main reason for the considerable delays in implementing the measures to improve the physical protection of the Seibersdorf laboratory compound appears to be disagreements between the Agency and the ARC. I consider it essential that vigorous efforts again be made to eliminate the deficiencies mentioned above.

I will examine security measures announced for the first quarter of 2008.

324. According to the Secretariat, measures to improve the security situation at the IAEA Seibersdorf Laboratories will start in the first quarter of 2008. In 2008, I will examine these steps and their effects on the security situation.

### D.3.4. IT Personnel

It was unclear how many personnel are functioning in IT positions.

The Secretariat agrees it is important to establish a clearer definition for the terms "IT" and "IT-related". This is an ongoing effort and will be gradually expanded as positions become vacant.

I continue to recommend reviewing all job descriptions.

325. I discovered that it was unclear how many personnel are functioning in IT positions. As a consequence, these costs could not be assessed accurately. As there is still an inaccuracy in the number of IT and IT-related staff, I recommended reviewing all job descriptions in conjunction with the implementation of my recommendations regarding IT organization.

326. The Secretariat agrees it is important to establish a clearer definition for the terms "IT" and "IT-related", as staff merely producing or consuming information do not necessarily hold IT or IT-related positions, assuming they are not also creating and/or administering software, databases or websites, or serving in a help desk function. In the Secretariat's opinion this is an ongoing effort and will be gradually expanded as positions become vacant.

327. I continue to recommend reviewing all job descriptions immediately and at regular intervals.

### D.3.5. Assessed Programme Costs / National Participation Costs

I suggested an evaluation of the NPC process.

An evaluation will be carried out as soon as the responses to invoiced amounts for completed projects can be included.

I welcome the steps the Secretariat has taken.

328. I appreciated the success achieved with the implementation of the National Participation Costs (NPC) mechanism, but still considered an evaluation of the process after an adequate period to be necessary.

329. The Secretariat informed me that the payment of outstanding NPCs is followed up regularly and will be a discussion point for Member State meetings at the General Conference. As an evaluation can only be comprehensive if the responses to invoiced amounts for completed projects are included, it probably will not be carried out before 2009.

330. I welcome the steps the Secretariat has taken and will follow the development.

### D.3.6. Introduction of Biennial Budgeting

The implementation of biennial budgeting still needs formal acceptance by the Member States.

My appeal last year to change the statute resulted in only one more ratification.

Also under IPSAS biennial budgeting is possible.

331. In my Audit Report for 2004, I already noted that the Agency aims at aligning its budgetary cycles with those common within the UN system. The Agency has taken the necessary steps to introduce biennial budgeting.

332. The amendment to Article XIV.A of the Statute to allow biennial budgeting has been approved by the General Conference in 1999 and must be ratified by two-thirds of the Member States (96 out of 144; status March 2007) in accordance with their respective constitutional processes, before it enters into force (Article XVIII.C (ii) of the Statute). Although more than eight years have passed since the General Conference resolution, it is still not in force due to a shortfall in its ratification by Member States.

333. The implementation is not affected by the adoption of IPSAS, because IPSAS accounting policies only require annual reporting but not annual budgeting. I recommend again that efforts be made by Member States to complete the ratification process.

## E. OTHER MATTERS

### E.1. CASES OF FRAUD OR PRESUMPTIVE FRAUD

11 allegations of abuse of commissary privileges or irregularities in procurement were reviewed.	334. In 2007, OIOS completed its review of 11 allegations concerning abuse of VIC Commissary privileges (six cases) and irregularities in the Agency procurement of goods and services (five cases). After a preliminary review of these allegations, OIOS decided to open investigations in eight cases.
There were five cases of possible abuse of Commissary privileges.	335. OIOS concluded that there was evidence of abuse of VIC Commissary privileges by staff members and by non-staff members in five cases and in one case there was a forgery by a non-staff member to gain access to the VIC Commissary. OIOS reported the findings on the VIC Commissary-related cases to Management and to the missions or employers concerned who took immediate and effective remedial actions.
There were two cases of irregularities in procurement cases.	336. The reviews of three procurement cases that were started in 2006 were completed in 2007. In these cases OIOS did not find evidence of fraud or presumptive fraud, but in two cases there were irregularities.
Investigations in two procurement cases with similar findings continue.	337. In the review of a fourth procurement case that started in 2006, OIOS identified a number of indications of fraud and presumptive fraud. This case has similar findings to another case, the investigation of which started in 2007. These two investigations are still ongoing.

### E.2. LOSSES, WRITE-OFFS AND EX-GRATIA PAYMENTS

Items reported as stolen or damaged	338. A total of seven SG equipment items purchased at a cost of 7,710 euros with a book value of 4,022 euros were reported as stolen during 2007. Further, 11 non-expendable items at a cost of 22,320 euros and a book value of 4,101 euros were reported as stolen. Two items with a purchase cost of 2,052 euros and zero book value were reported as damaged.
Receivables written off	339. Receivables amounting to 25,604 euros were written-off in 2007. They include, at approximately the same level, travel receivables, Agency sales claims, insurance claims and ad-hoc invoices.
There were no ex-gratia payments.	340. No ex-gratia payments were made during 2007.

## **F. ACKNOWLEDGEMENT**

341. I wish to record my appreciation for the cooperation and assistance extended by the Director General, management and staff of the International Atomic Energy Agency. I am very grateful for their assistance during the whole external audit process.

(signed)

Norbert Hauser

Vice-President of the Federal Court of Auditors  
Germany  
External Auditor

## PART II

### Statements

#### **Text of a Letter dated 26 March 2008 from the Director General to the External Auditor**

Sir,

Pursuant to Financial Regulation 11.03(a), I have the honour to submit the accounts of the International Atomic Energy Agency for the year ended 31 December 2007, which I hereby approve. The financial statements have been prepared and signed by the Director, Division of Budget and Finance.

Accept, Sir, the assurances of my highest consideration.

(signed) Mohamed ElBaradei  
Director General





**STATEMENT I**

**STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES**  
for the period ending 31 December 2007

(expressed in euro)

	G E N E R A L F U N D												
	REGULAR BUDGET FUND AND WORKING CAPITAL FUND			TECHNICAL COOPERATION FUND		EXTRABUDGETARY PROGRAMME FUND		TECHNICAL COOPERATION EXTRABUDGETARY FUND		TRUST FUNDS RESERVE FUNDS AND SPECIAL FUNDS		T O T A L	
	Schedule/Note	2007	2006	Schedule/Note	2007	2006	2007	2006	2007	2006	Schedule	2007	2006
<b>INCOME</b>													
Assessed contributions	S1	262 885 898	256 414 059									262 885 898	256 414 059
Voluntary contributions		-	-	S8	56 036 647	58 034 097	-	-	-	-	-	108 390 218	105 548 245
Assessed programme costs		-	-	S9a	376 892	549 785	-	-	10 346 660	4 437 145	-	376 892	549 785
National participation costs		-	-	S9b	2 473 229	643 933	-	-	-	-	-	2 473 229	643 933
Other/Miscellaneous income		-	-		-	-	-	-	-	-	-	-	-
Revenue producing activities	N - E. (a)	669 042	662 887		-	-	-	-	-	-	-	669 042	662 887
Funds reserved under inter-organization arrangements		-	-		-	-	-	-	(566 627)	(1 544 894)	-	(566 627)	(1 544 894)
Jointly financed activities	N - E. (b)	2 629 267	2 651 700		-	-	-	-	-	-	-	2 629 267	2 651 700
Interest income		5 116 199	4 234 559		1 435 981	1 641 420	-	-	341 113	478 189	-	8 639 819	8 238 817
Change in cash surplus euro valuation		(1 286 230)	369 755		6 955	(22 113)	-	-	-	-	-	(1 286 230)	369 755
Currency translation adjustments		507 169	570 808		-	-	-	-	-	-	-	516 954	548 695
Other/Miscellaneous		-	-		-	-	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>		270 521 345	264 903 768		60 329 704	60 847 122	42 160 968	29 042 936	10 121 146	14 872 011		384 728 462	374 102 982
<b>TOTAL EXPENDITURE</b>		267 992 499	251 171 688		60 973 081	66 061 986	37 063 809	31 351 337	11 363 934	16 962 882	S7	378 555 985	368 937 921
Provision for unbudgeted balances of appropriations		-	-		-	-	-	-	-	-	S4	-	10 560 011
<b>EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>		2 528 846	3 172 069		(643 377)	(5 214 864)	5 097 159	(2 308 401)	(1 242 788)	(2 090 871)		6 172 477	(5 394 958)
Prior period adjustments		5 441 043	(1 194 336)		720 397	592 699	-	-	-	-		6 161 440	(601 637)
Reserve for uncollected contributions	N - G. (a)	(5 884 790)	1 035 529		-	-	-	-	-	-		(5 884 790)	1 035 529
<b>NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>		2 085 099	3 013 262		77 020	(4 622 165)	5 097 159	(2 308 401)	(1 242 788)	(2 090 871)		6 449 127	(4 961 058)
Savings on or cancellation of prior periods' obligations	S4	-	2 830 471		1 639 070	1 412 306	887 128	270 688	142 116	489 855		2 677 977	5 009 474
Savings on unbudgeted balances of 2004 appropriations brought forward	S4	-	244 046		-	-	-	-	-	-		-	244 046
Transfers to reserves	N - I	4 172 709	609 901		-	-	-	-	-	-		4 172 709	609 901
Transfers from reserves		-	(1 501 221)		-	-	-	-	-	-		-	(1 501 221)
Net increase (decrease) in Working Capital Fund	S2	(152)	456		-	-	-	-	-	-		(152)	456
Credits to Member States	S5, N - H.	(6 691 637)	(5 090 168)		-	-	-	-	-	-		(6 691 637)	(5 090 168)
Change in cash surplus euro valuation		-	(423 294)		(2 435 043)	(3 806 383)	(4 422 130)	(5 020 266)	(826 800)	(1 344 475)	N - B.2	(7 683 973)	(10 171 124)
Currency translation adjustments		-	-		14 915 258	21 931 500	45 899 988	52 957 967	7 328 970	10 274 461		114 697 667	130 980 655
Fund balance, beginning of period		44 015 877	44 332 424		-	-	-	-	-	-		2 537 574	1 484 303
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>		43 581 896	44 015 877		14 196 305	14 915 258	47 462 145	45 899 988	5 401 498	7 328 970		2 979 874	2 537 574

(signed) GARY A. EIDET  
Director, Division of Budget and Finance

STATEMENT II

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES  
as at 31 December 2007  
(expressed in euro)

	G E N E R A L F U N D						T O T A L						
	REGULAR BUDGET FUND AND WORKING CAPITAL FUND		TECHNICAL COOPERATION FUND		EXTRABUDGETARY PROGRAMME FUND		TECHNICAL COOPERATION EXTRABUDGETARY FUND		TRUST FUNDS RESERVE FUNDS AND SPECIAL FUNDS		FUND GROUP VI		
	Schedule/ Note	2007	2006	Schedule/ Note	2007	2006	2007	2006	2007	2006	Schedule	2007	2006
<b>ASSETS</b>													
Cash and term deposits		65,784,115	46,276,865		42,805,495	42,764,541		61,326,960	18,387,852	18,240,010		3,076,456	2,640,876
Interfund account		-	(243,985)		-	243,985		-	-	-		-	-
Investment in commissary		808,879	808,879		-	-		-	-	-		-	-
Accounts receivable	N - K.												
Assessed contributions receivable													
from Member States	S1 & N - L.	41,804,166	59,357,277		783,513	1,248,376		-	-	-		-	-
Voluntary contributions receivable		-	-		2,284,729	2,921,172		-	-	-		-	-
Assessed programme costs receivable	S9a	-	-		571,366	293,729		-	-	-		-	-
National participation costs receivable	S9b	-	-		4,063,019	4,566,634		1,626,377	545,126	898,716		32,247	-
Other	N - M.1.	14,645,648	9,082,943										
<b>TOTAL ASSETS</b>		123,042,808	115,281,979		50,508,122	52,038,437		62,953,337	18,932,978	19,138,726		3,108,703	2,644,708
<b>LIABILITIES</b>													
Contributions received in advance	S1, S3	20,702,693	18,778,332		908,253	2,431,469		41,805	-	-		-	-
Unliquidated obligations	N - N.	49,167,333	28,625,352		32,389,171	31,290,513		12,750,063	13,284,502	11,796,262		128,829	107,134
Provision for revaluation of balance sheet	N - P.	6,198,770	10,095,287		-	-		-	-	-		-	-
Provision for unbilled balances													
of appropriations		152,092	10,560,011		-	-		-	-	-		-	-
Provision for Phase II Security Enhancement	N - Y	1,588,808	1,912,654		2,284,729	2,921,172		-	-	-		-	-
Uncollected assessed programme costs	S9a	-	-		571,366	293,729		-	-	-		-	-
Uncollected National participation costs	S9b	-	-		158,298	186,296		2,699,324	246,978	13,494		-	-
Accounts payable	N - O.1.	1,651,216	1,294,466		36,311,817	37,123,179		15,491,192	13,531,480	11,809,756		128,829	107,134
Other		79,460,912	71,266,102										
<b>TOTAL LIABILITIES</b>		79,460,912	71,266,102		36,311,817	37,123,179		15,491,192	13,531,480	11,809,756		128,829	107,134
<b>RESERVES AND FUND BALANCES</b>													
Uncollected assessed contributions	S1	11,372,755	17,257,545		-	-		-	-	-		-	-
Other reserves	N - I	4,782,610	609,901		-	-		-	-	-		-	-
Working Capital Funds	S2, S3	15,210,608	15,210,760		-	-		-	-	-		-	-
Commissary Working Capital	N - K.	808,879	808,879		-	-		-	-	-		-	-
Surplus (deficits)	S4	11,407,044	10,128,792		14,196,305	14,915,258		47,462,145	5,401,498	7,328,970		2,979,874	2,537,574
Fund balances		-	-		14,196,305	14,915,258		47,462,145	5,401,498	7,328,970		2,979,874	2,537,574
<b>TOTAL RESERVES AND FUND BALANCES</b>		43,581,896	44,015,877		14,196,305	14,915,258		47,462,145	5,401,498	7,328,970		2,979,874	2,537,574
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>		123,042,808	115,281,979		50,508,122	52,038,437		62,953,337	18,932,978	19,138,726		3,108,703	2,644,708

(signed) GARY A. HEDET  
Director, Division of Budget and Finance

## STATEMENT III

STATEMENT OF CASH FLOW  
for the period ending 31 December 2007

(expressed in euro)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net excess (shortfall) of income over expenditure (Statement I)	6 449 127	(4 961 058)
(Increase) decrease in contributions receivable	18 376 780	(12 914 936)
(Increase) decrease in other accounts receivable	(5 382 221)	(3 070 052)
Increase (decrease) in contributions received in advance	396 849	4 325 698
Increase (decrease) in unliquidated obligations	24 828 830	(9 347 520)
Increase (decrease) in accounts payable	367 855	416 234
Increase (decrease) in other liabilities	(14 628 282)	4 330 051
Less: Interest income	(8 639 819)	(8 258 817)
Currency exchange adjustments	1 286 230	(369 755)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>23 055 349</b>	<b>(29 850 155)</b>
<b>CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES:</b>		
Plus: Interest income	8 639 819	8 258 817
Currency exchange adjustments	(1 286 230)	369 755
<b>NET CASH FROM INVESTING AND FINANCING ACTIVITIES</b>	<b>7 353 589</b>	<b>8 628 572</b>
<b>CASH FLOW FROM OTHER SOURCES:</b>		
Savings on or cancellation of prior periods' obligations	2 677 977	5 009 474
Savings on unobligated balances of 2004 appropriations brought forward	-	244 046
Increase (decrease) in provision for uncollected assessed programme and national participation costs (TCF)	(358 806)	(1 509 185)
Transfers to reserves	4 172 709	609 901
Transfers from reserves	-	(1 501 221)
Net increase (decrease) in Working Capital Fund	(152)	456
Credits to Member States	(6 691 637)	(5 090 168)
Change in cash surplus euro valuation	-	(423 294)
Currency translation adjustments	(7 683 973)	(10 171 124)
<b>NET CASH FROM OTHER SOURCES</b>	<b>(7 883 882)</b>	<b>(12 831 115)</b>
<b>NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS</b>	<b>22 525 056</b>	<b>(34 052 698)</b>
<b>CASH AND TERM DEPOSITS, BEGINNING OF PERIOD</b>	<b>168 855 822</b>	<b>202 908 520</b>
<b>TOTAL CASH AND TERM DEPOSITS, END OF PERIOD (Schedule S12)</b>	<b>191 380 878</b>	<b>168 855 822</b>
consisting of:		
Fund Group I - Regular Budget Fund and Working Capital Fund	65 784 115	46 276 865
Fund Group II - Technical Cooperation Fund	42 805 495	42 764 541
Fund Group III - Extrabudgetary Programme Fund	61 326 960	58 933 530
Fund Group IV - Technical Cooperation Extrabudgetary Fund	18 387 852	18 240 010
Fund Group VI - Trust Funds, Reserve Funds and Special Funds	3 076 456	2 640 876
	191 380 878	168 855 822

(signed) GARY A. EIDET  
Director, Division of Budget and Finance

## STATEMENT IV

STATEMENT OF REGULAR BUDGET APPROPRIATIONS  
for the period ending 31 December 2007

(expressed in euro)

Description of major programme	Appropriations				Expenditure				Balance
	Adjusted /a	Transfers /b	Revised	Disbursements	Unliquidated obligations	Unliquidated obligations for shared services	Total		
1. Nuclear Power, Fuel Cycle and Nuclear Science	26 036 000	-	26 036 000	23 859 545	1 701 641	474 814	26 036 000	-	
2. Nuclear Techniques for Development and Environmental Protection	29 919 000	-	29 919 000	25 692 763	3 358 520	867 574	29 918 857	143	
3. Nuclear Safety and Security	21 564 000	11 421	21 575 421	19 959 897	1 304 513	311 011	21 575 421	-	
4. Nuclear Verification	103 850 000	-	103 850 000	85 438 123	15 394 747	1 314 171	102 147 041	1 702 959	
5. Information Support Services	15 669 000	-	15 669 000	13 444 260	211 706	1 788 895	15 444 861	224 139	
6. Management of Technical Cooperation for Development	15 040 000	( 11 421)	15 028 579	14 543 612	318 685	91 878	14 954 175	74 404	
7. Policy and General Management	50 840 000	-	50 840 000	43 582 766	6 564 804	677 521	50 825 091	14 909	
Transfers to the Equipment Replacement Fund 2009 /c	<b>262 918 000</b>	-	<b>262 918 000</b>	<b>226 520 966</b>	<b>28 854 616</b>	<b>5 525 864</b>	<b>260 901 446</b>	<b>2 016 554</b>	
<b>Sub Total</b>	<b>262 918 000</b>	-	<b>262 918 000</b>	<b>228 537 520</b>	<b>28 854 616</b>	<b>5 525 864</b>	<b>262 918 000</b>	<b>( 2 016 554)</b>	
8. Special Appropriation for Security Enhancements	2 500 000	-	2 500 000	1 436 624	1 008 608	-	2 445 232	54 768	
<b>Appropriation Budget</b>	<b>265 418 000</b>	-	<b>265 418 000</b>	<b>229 974 144</b>	<b>29 863 224</b>	<b>5 525 864</b>	<b>265 363 232</b>	<b>54 768</b>	
9. Reimbursable work for others	2 543 000	-	2 543 000	2 581 399	-	47 868	2 629 267	( 86 267)	
<b>T O T A L</b>	<b>267 961 000</b>	-	<b>267 961 000</b>	<b>232 555 543</b>	<b>29 863 224</b>	<b>5 573 732</b>	<b>267 992 499</b>	<b>( 31 499)</b>	

a/ General Conference Resolution GC(50)/RES/6 of September 2006 - revalued at the UN average rate of exchange \$1.365 to 1 euro.

b/ Based on the decision of the Board of Governors on document (GOV/1999/15) an amount of €1 421 was transferred to Major Programme 3 "Nuclear Safety and Security" in order to cover cost of emergency assistance provided in Japan and Chile. To cover this advance, year-end unencumbered balances in the Regular Budget of Major Programme 6 "Management of Technical Cooperation" were used.

c/ Based on the decision of the Board of Governors on document (GOV/2005/22) of 29 March 2005 the balance of € 016 554 was transferred to the Equipment Replacement Fund.

d/ This amount represents € 296 444 relating to the Agency's Shared Support Costs, € 273 858 to the Agency's Seibersdorf Laboratory and € 430 to the IAEA Marine Environment Laboratories, Monaco.

(signed) GARY A. EIDET

Director, Division of Budget and Finance

**STATEMENT IV (SUPPLEMENTARY A)**

**STATEMENT OF UNOBLIGATED BALANCES OF 2006 APPROPRIATIONS  
for the period ending 31 December 2007**

(expressed in euro)

Description of major programme	Unobligated balances of appropriations brought forward	Disbursements	Expenditure		Total	Balance
			Unliquidated obligations			
1. Nuclear Power, Fuel Cycle and Nuclear Science	549 401	461 420	87 826		549 246	155
2. Nuclear Techniques for Development and Environmental Protection	2 203	1 853	-		1 853	350
3. Nuclear Safety and Security	44 238	44 238	-		44 238	-
4. Nuclear Verification	8 614 846	1 315 665	7 123 253		8 438 918	175 928
5. Information Support Services	462 641	185 963	222 700		408 663	53 978
6. Management of Technical Cooperation for Development	353 053	158 372	189 787		348 159	4 894
7. Policy and General Management	379 977	195 091	177 256		372 347	7 630
	<b>10 406 359</b>	<b>2 362 602</b>	<b>7 800 822</b>		<b>10 163 424</b>	<b>242 935</b>
Transfers to Equipment Replacement Fund 2009 /a	-	242 935	-		242 935	( 242 935)
<b>Sub Total</b>	<b>10 406 359</b>	<b>2 605 537</b>	<b>7 800 822</b>		<b>10 406 359</b>	<b>-</b>
8. Special Appropriation for Security Enhancements	153 652	1 560	-		1 560	152 092
<b>T O T A L</b>	<b>10 560 011</b>	<b>2 607 097</b>	<b>7 800 822</b>		<b>10 407 919</b>	<b>152 092</b>

a/ Based on the decision of the Board of Governors on document (GOV/2005/22) of 29 March 2005 the balance of €242 935 was transferred to the Equipment Replacement Fund 2009.

(signed) GARY A. EIDET  
Director, Division of Budget and Finance



## PART III

## SCHEDULES





## SCHEDULE S1

REGULAR BUDGET FUND  
STATUS OF CONTRIBUTIONS TO THE REGULAR BUDGET  
AS AT 31 DECEMBER 2007

(expressed in euro)

Member State	2007				Prior years		Total outstanding at €0.686	Advance payments and credits for 2008 c/
	Assessed	Advance payments and credits a/	Payments	Total	Outstanding at €0.686	Payments and credits in 2007 b/		
Afghanistan, Islamic Republic of	3 990	51	3 939	3 990	-	62 791	185	
Albania	10 008	102	9 906	10 008	-	-	116	
Algeria	145 034	-	145 034	145 034	-	-	2 386	
Angola	1 986	-	1 986	1 986	-	-	50	
Argentina	1 814 099	-	-	-	1 814 099	1 698 557	-	
Armenia	4 061	4 061	-	4 061	-	67 338	9 301	
Australia	4 215 154	4 215 154	-	4 215 154	-	-	4 789 856	
Austria	2 273 085	47 442	2 225 643	2 273 085	-	-	53 622	
Azerbaijan	9 944	419	9 281	9 700	244	-	244	
Bangladesh	19 934	355	19 579	19 934	-	-	536	
Belarus	33 888	712	33 176	33 888	-	-	568	
Belgium	2 826 944	56 586	2 770 358	2 826 944	-	-	66 942	
Belize	1 964	-	1 964	1 964	-	1 890	2 199	
Benin	3 935	-	-	-	3 935	8 095	-	
Bolivia	17 708	-	-	-	17 708	48 765	-	
Bosnia and Herzegovina	5 985	151	5 834	5 985	-	-	-	
Botswana	23 844	355	23 489	23 844	-	-	3 787	
Brazil	2 890 360	-	-	-	2 890 360	2 031 831	-	
Bulgaria	31 955	-	31 955	31 955	-	-	41 792	
Burkina Faso	3 990	134	1 948	2 082	1 908	7 188	-	
Cameroon	15 740	-	-	-	15 740	26 800	-	
Canada	7 447 809	7 447 809	-	7 447 809	-	-	7 979 797	
Central African Republic	1 967	-	-	-	1 967	10 904	-	
Chad	1 967	-	-	-	1 967	2 793	-	
Chile	423 028	-	-	-	423 028	135 674	-	
China	3 933 826	41 494	3 892 332	3 933 826	-	-	11 334	
Colombia	296 022	6 270	289 752	296 022	-	-	5 753	
Costa Rica	57 059	-	-	-	57 059	261 336	-	
Côte d'Ivoire	19 676	-	-	-	19 676	130 379	-	
Croatia	71 898	60 952	10 946	71 898	-	-	105 571	
Cuba	80 671	-	-	-	80 671	69 842	-	
Cyprus	104 505	5 766	98 739	104 505	-	-	2 007	
Czech Republic	352 277	-	352 277	352 277	-	-	-	
Democratic Republic of the Congo	5 902	-	-	-	5 902	183 246	-	
Denmark	1 901 767	1 901 767	-	1 901 767	-	-	2 032 501	
Dominican Republic	66 899	-	-	-	66 899	771 788	-	
Ecuador	35 742	-	35 742	35 742	-	-	635	
Egypt	231 673	-	231 673	231 673	-	8 391	28 212	
El Salvador	41 319	-	-	-	41 319	322 065	-	
Eritrea	1 970	118	-	118	1 852	-	1 852	



## SCHEDULE S1 (continued)

Member State	2007			Prior years		Total outstanding at €0.686	Advance payments and credits for 2008 c/
	Assessed	Advance payments and credits a/	Payments	Outstanding at €0.686	Payments and credits in 2007 b/		
Monaco	8 220	-	8 220	8 220	-	-	201
Mongolia	1 997	51	1 946	1 997	6 462	-	67
Morocco	89 399	12 762	76 637	89 399	-	-	2 280
Myanmar	19 716	825	18 891	19 716	-	-	508
Namibia	11 808	335	-	335	-	11 473	-
Netherlands	4 469 360	87 063	4 382 297	4 469 360	-	-	86 658
New Zealand	584 529	584 529	-	584 529	-	-	686 229
Nicaragua	1 986	-	1 986	1 986	-	-	-
Niger	1 967	-	-	1 967	-	58 966	-
Nigeria	78 702	-	-	78 702	9 348	151 751	-
Norway	1 797 322	1 797 322	-	1 797 322	-	-	30 602
Pakistan	105 744	-	105 744	105 744	-	-	2 073
Panama	35 835	939	19 336	20 275	62 219	15 560	-
Paraguay	23 610	-	-	-	-	23 610	-
Peru	175 114	-	-	-	45 279	132 168	-
Philippines	181 536	4 693	7 904	12 597	227 451	168 939	-
Poland	888 743	100	888 643	888 743	-	-	17 017
Portugal	1 008 908	-	1 008 908	1 008 908	-	-	14 833
Qatar	168 181	1 788	166 393	168 181	-	-	1 137
Republic of Moldova	1 991	-	1 991	1 991	43 605	271 650	-
Romania	116 091	2 950	113 141	116 091	-	-	1 581
Russian Federation	2 912 273	60 091	2 852 182	2 912 273	-	-	59 133
Saudi Arabia	1 369 652	35 200	1 334 452	1 369 652	-	-	28 010
Senegal	9 838	-	-	-	-	9 838	-
Serbia	35 879	-	35 879	35 879	-	-	635
Seychelles	3 935	-	-	-	1 435	7 486	-
Sierra Leone	1 967	-	-	-	-	1 967	-
Singapore	1 026 559	18 895	1 007 664	1 026 559	-	-	26 082
Slovakia	97 868	1 626	96 242	97 868	-	-	12 600
Slovenia	216 592	-	216 592	216 592	-	-	23 377
South Africa	564 444	-	564 444	564 444	-	-	14 415
Spain	6 665 427	89 270	6 576 157	6 665 427	-	-	103 658
Sri Lanka	31 788	-	31 788	31 788	-	-	805
Sudan	15 740	-	-	-	9 800	30 096	-
Sweden	2 649 380	51 405	2 597 975	2 649 380	-	-	56 469
Switzerland	3 175 337	42 543	3 132 794	3 175 337	-	-	75 402
Syrian Arab Republic	73 511	-	73 511	73 511	-	-	1 877
Tajikistan	2 031	67	1 050	1 117	37	-	-
Thailand	402 316	152	402 164	402 316	-	914	-
The Former Yugoslav Republic of Macedonia	11 786	-	11 786	11 786	-	-	10 326
Tunisia	61 730	532	61 198	61 730	-	-	1 077
Turkey	706 538	18 371	688 167	706 538	6 311	-	-
Uganda	11 916	-	11 916	11 916	173 613	-	6 935
Ukraine	75 451	-	75 451	75 451	-	-	1 184
United Arab Emirates	620 966	10 108	610 858	620 966	-	-	6 089

**SCHEDULE S1 (continued)**

Member State	2007			Prior years		Total outstanding at €0.686	Advance payments and credits for 2008 c/
	Assessed	Advance payments and credits a/	Payments	Outstanding at €0.686	Payments and credits in 2007 b/		
United Kingdom of Great Britain and Northern Ireland	16 224 481	277 342	15 947 139	-	-	-	336 370
United Republic of Tanzania	11 921	335	3 240	8 346	11 430	8 346	-
United States of America	67 463 037	1 559 813	45 915 957	19 987 267	29 744 609	19 987 267	-
Uruguay	90 361	-	12 477	77 884	450 936	97 947	-
Uzbekistan	25 579	-	-	25 579	-	352 505	-
Venezuela, Bolivarian Republic of	324 217	8 448	43 602	272 167	-	272 167	-
Vietnam	39 867	610	39 257	-	-	-	550
Yemen	11 964	287	11 677	-	-	-	163
Zambia	3 975	102	3 873	-	-	-	134
Zimbabwe	13 899	-	13 899	-	71 639	-	183
<b>Sub-total</b>	<b>262 878 033</b>	<b>20 570 555</b>	<b>211 883 589</b>	<b>30 423 889</b>	<b>47 538 885</b>	<b>8 723 902</b>	<b>20 090 749</b>
<b>New Members:</b>							
Malawi d/	1 967	-	-	1 967	-	1 893	3 860
Montenegro e/	1 967	-	-	1 967	-	1 893	3 860
Mozambique f/	1 964	-	343	1 621	1 890	-	-
Palau g/	1 967	-	-	1 967	-	-	1 967
<b>Sub-total</b>	<b>7 865</b>	<b>-</b>	<b>343</b>	<b>7 522</b>	<b>1 890</b>	<b>3 786</b>	<b>11 308</b>
<b>Former Members:</b>							
Cambodia h/	-	-	-	-	-	219 657	219 657
Democratic People's Republic of Korea i/	-	-	-	-	-	128 576	128 576
Yugoslavia j/	-	-	-	-	-	2 296 834	2 296 834
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 645 067</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>262 885 898</b>	<b>20 570 555</b>	<b>211 883 932</b>	<b>30 431 411</b>	<b>47 540 775</b>	<b>11 372 755</b>	<b>20 090 749</b>

a/ These amounts reflect advance payments received in 2006, both full and partial, of 2007 Regular Budget contributions (€16 034 316), cash surplus credits (€4 535 935) and Working Capital Fund credits (€504) applied against 2007 Regular Budget contributions.

b/ These amounts reflect advance payments received in 2007 (€47 208 216) and cash surplus credits (€32 559).

c/ These amounts reflect advance payments of 2008 Regular Budget contributions (€16 115 481) and cash surplus credits (€3 975 268) applied against 2008 Regular Budget contributions.

d/ Malawi became a Member of the Agency on 2 October 2006.

e/ Montenegro became a Member of the Agency on 30 October 2006.

f/ Mozambique became a Member of the Agency on 18 September 2006.

g/ Palau became a Member of the Agency on 2 March 2007.

h/ Cambodia withdrew from membership on 26 March 2003.

i/ The Democratic People's Republic of Korea withdrew from membership on 13 June 1994.

j/ Following the approval for membership of the Federal Republic of Yugoslavia on 17 September 2001, the former Yugoslavia ceased to be a Member State.

**SCHEDULE S2****STATUS OF THE WORKING CAPITAL FUND****AS AT 31 DECEMBER 2007**

(expressed in euro)

	2007	2006
Balance as at 1 January	15 201 247	15 199 116
Receipts/(Refunds)		
From Member States	613 921	2 131
Balance as at 31 December	15 815 168	15 201 247
Established Level	15 210 000	15 210 000
Add: Net increase due to new Member States assessments	608	760
Total (Statement II/Schedule S3)	15 210 608	15 210 760
Less: Due from Member States (Schedule S3)	( 7 384)	( 9 513)
Add: Advance payments/credits from Member States (Schedule 3)	611 944	-
Balance as at 31 December	15 815 168	15 201 247

**SCHEDULE S3**

**STATUS OF ADVANCES TO THE WORKING CAPITAL FUND**

**AS AT 31 DECEMBER 2007**

(expressed in euro)

Member State	Assessed	Paid	Outstanding	Advance payments and credits for 2008
Afghanistan, Islamic Republic of	304	304	-	-
Albania	761	761	-	152
Algeria	11 103	11 103	-	1 369
Angola	152	152	-	67
Argentina	140 236	140 236	-	-
Armenia	304	304	-	-
Australia	233 626	233 626	-	28 594
Austria	126 091	126 091	-	4 107
Azerbaijan	761	761	-	-
Bangladesh	1 521	1 521	-	-
Belarus	2 586	2 586	-	304
Belgium	156 815	156 815	-	4 867
Belize	152	152	-	-
Benin	304	304	-	-
Bolivia	1 369	1 369	-	-
Bosnia and Herzegovina	456	456	-	134
Botswana	1 825	1 825	-	152
Brazil	223 435	223 435	-	-
Bulgaria	2 434	2 434	-	456
Burkina Faso	304	304	-	-
Cameroon	1 217	1 217	-	-
Canada	412 799	412 799	-	24 032
Central African Republic	152	-	152	-
Chad	152	152	-	-
Chile	32 702	32 702	-	-
China	301 310	301 310	-	90 043
Colombia	22 663	22 663	-	-
Costa Rica	4 411	4 411	-	-
Côte d'Ivoire	1 521	1 217	304	-
Croatia	5 476	5 476	-	1 825
Cuba	6 236	6 236	-	1 673
Cyprus	5 780	5 780	-	608
Czech Republic	26 770	26 770	-	8 985
Democratic Republic of the Congo	456	456	-	-
Denmark	105 405	105 405	-	3 042
Dominican Republic	5 171	1 352	3 819	-
Ecuador	2 738	2 738	-	304
Egypt	17 644	17 644	-	-
El Salvador	3 194	845	2 349	-
Eritrea	152	152	-	-
Estonia	1 825	1 825	-	457
Ethiopia	608	608	-	-
Finland	78 179	78 179	-	4 563
France	884 766	884 766	-	39 698
Gabon	1 369	1 369	-	-

**SCHEDULE S3 (continued)**

Member State	Assessed	Paid	Outstanding	Advance payments and credits for 2008
Georgia	456	456	-	-
Germany	1 270 948	1 270 948	-	-
Ghana	608	608	-	-
Greece	77 723	77 723	-	9 735
Guatemala	4 411	4 411	-	-
Haiti	456	456	-	-
Holy See	152	152	-	-
Honduras	761	761	-	-
Hungary	18 404	18 404	-	17 340
Iceland	5 019	5 019	-	-
India	61 753	61 753	-	4 258
Indonesia	20 838	20 838	-	2 738
Iran, Islamic Republic of	22 967	22 967	-	-
Iraq	2 282	2 282	-	-
Ireland	51 410	51 410	-	13 841
Israel	68 445	68 445	-	-
Italy	716 847	716 847	-	28 443
Jamaica	1 217	1 217	-	-
Japan	2 856 590	2 856 590	-	-
Jordan	1 673	1 673	-	-
Kazakhstan	3 650	3 650	-	609
Kenya	1 369	1 369	-	-
Korea, Republic of	263 589	263 589	-	55 213
Kuwait	23 728	23 728	-	3 042
Kyrgyzstan	152	-	152	-
Latvia	2 129	2 129	-	457
Lebanon	3 498	3 498	-	981
Liberia	152	152	-	-
Libyan Arab Jamahiriya	19 317	19 317	-	-
Liechtenstein	761	761	-	760
Lithuania	3 498	3 498	-	1 065
Luxembourg	11 255	11 255	-	1 217
Madagascar	456	456	-	-
Malaysia	29 812	29 812	-	-
Mali	304	304	-	-
Malta	1 977	1 977	-	457
Marshall Islands	152	152	-	-
Mauritania, Islamic Republic of	152	-	152	-
Mauritius	1 673	1 673	-	-
Mexico	276 366	276 366	-	-
Monaco	456	456	-	-
Mongolia	152	152	-	-
Morocco	6 845	6 845	-	-
Myanmar	1 521	1 521	-	-
Namibia	913	913	-	-
Netherlands	247 923	247 923	-	26 922
New Zealand	32 397	32 397	-	5 172
Nicaragua	152	152	-	67
Niger	152	152	-	-
Nigeria	6 084	6 084	-	-
Norway	99 625	99 625	-	15 058
Pakistan	8 061	8 061	-	609
Panama	2 738	2 738	-	-
Paraguay	1 825	1 825	-	-
Peru	13 537	13 537	-	-

**SCHEDULE S3 (continued)**

Member State	Assessed	Paid	Outstanding	Advance payments and credits for 2008
Philippines	13 993	13 993	-	-
Poland	67 684	67 684	-	5 780
Portugal	68 901	68 901	-	8 366
Qatar	9 430	9 430	-	3 042
Republic of Moldova	152	152	-	-
Romania	8 822	8 822	-	1 369
Russian Federation	161 378	161 378	-	14 754
Saudi Arabia	104 645	104 645	-	5 171
Senegal	761	761	-	-
Serbia	2 738	2 738	-	304
Seychelles	304	304	-	-
Sierra Leone	152	152	-	-
Singapore	56 885	56 885	-	-
Slovakia	7 453	7 453	-	1 825
Slovenia	12 016	12 016	-	2 129
South Africa	42 892	42 892	-	-
Spain	369 755	369 755	-	65 707
Sri Lanka	2 434	2 434	-	-
Sudan	1 217	1 217	-	-
Sweden	146 472	146 472	-	10 647
Switzerland	175 675	175 675	-	2 738
Syrian Arab Republic	5 628	5 628	-	-
Tajikistan	152	152	-	-
Thailand	30 572	30 572	-	-
The Former Yugoslav Republic of Macedonia	913	913	-	-
Tunisia	4 715	4 715	-	-
Turkey	54 604	54 604	-	-
Uganda	913	913	-	-
Ukraine	5 780	5 780	-	760
United Arab Emirates	34 527	34 527	-	9 734
United Kingdom of Great Britain & Northern Ireland	899 063	899 063	-	75 442
United Republic of Tanzania	913	913	-	-
United States of America	3 802 500	3 802 500	-	-
Uruguay	6 997	6 997	-	-
Uzbekistan	1 977	1 977	-	-
Venezuela, Bolivarian Republic of	25 097	25 097	-	-
Vietnam	3 042	3 042	-	456
Yemen	913	913	-	152
Zambia	304	304	-	-
Zimbabwe	1 065	1 065	-	152
Sub-total	15 210 000	15 203 072	6 928	611 944
<u>New Members:</u>				
Malawi a/	152	-	152	-
Montenegro b/	152	-	152	-
Mozambique c/	152	152	-	-
Palau d/	152	-	152	-
Sub-total	608	152	456	-
<b>TOTAL</b>	<b>15 210 608</b>	<b>15 203 224</b>	<b>7 384</b>	<b>611 944</b>

- a/ Malawi became a Member of the Agency on 2 October 2006.  
b/ Montenegro became a Member of the Agency on 30 October 2006.  
c/ Mozambique became a Member of the Agency on 18 September 2006.  
d/ Palau became a Member of the Agency on 2 March 2007.



**SCHEDULE S4****REGULAR BUDGET FUND  
STATUS OF CASH SURPLUSES  
AS AT 31 DECEMBER 2007**

(expressed in euro)

	2007	2006
<u>Current year</u>		
Receipts	239 921 231	222 668 832
Disbursements (Statement IV)	<u>(232 555 543)</u>	<u>(228 980 997)</u>
Excess (shortfall) of receipts over disbursements	7 365 688	(6 312 165)
Unliquidated obligations (Statement IV)	(35 436 956)	(22 190 691)
Provision for unobligated balances of appropriations (Statements I and II)	<u>-</u>	<u>(10 560 011)</u>
Provisional deficit	(28 071 268)	(39 062 867)
Contributions receivable (Schedule S1)	30 431 411	42 099 732
Miscellaneous income receivable	<u>168 703</u>	<u>135 204</u>
Excess (shortfall) of income over expenditure - (Statement I)	2 528 846	3 172 069
<u>Disposition of prior year's provisional surplus (deficit)</u>		
Prior year provisional deficit	(39 062 867)	(23 852 165)
Receipt of:		
Contributions all prior years (Schedule S1)	47 540 775	27 380 588
Miscellaneous income	135 204	101 908
Savings on liquidation of prior years' obligations (Statement I)	-	2 830 471
Savings on unobligated balances of 2004 appropriations brought forward (Statement I)	<u>-</u>	<u>244 046</u>
Prior year cash surplus/(deficit) - 2006 Cash surplus	8 613 112	6 704 848
Other surpluses: (Schedule S5)		
Cash surpluses withheld pending receipt of contributions	<u>265 086</u>	<u>251 875</u>
<b>Total surplus (Statement II)</b>	<b>11 407 044</b>	<b>10 128 792</b>

**SCHEDULE S5**

**REGULAR BUDGET FUND**

**I. SHARES OF MEMBER STATES IN THE 2006 CASH SURPLUS**

(expressed in euro)

Member State	2006 Scale of assessment %	Allocation amount €
Afghanistan, Islamic Republic of	0.001	86
Albania	0.004	345
Algeria	0.055	4 737
Angola	0.001	86
Argentina	0.698	60 117
Armenia	0.001	86
Australia	1.595	137 372
Austria	0.861	74 155
Azerbaijan	0.004	345
Bangladesh	0.007	603
Belarus	0.013	1 120
Belgium	1.070	92 156
Belize a/	0.001	86
Benin	0.001	86
Bolivia	0.007	603
Bosnia and Herzegovina	0.002	172
Botswana	0.009	775
Brazil	1.112	95 773
Bulgaria	0.012	1 034
Burkina Faso	0.001	86
Cameroon	0.006	517
Canada	2.818	242 705
Central African Republic	0.001	86
Chad a/	0.001	86
Chile	0.163	14 039
China	1.499	129 104
Colombia	0.113	9 732
Costa Rica	0.022	1 895
Côte d'Ivoire	0.007	603
Croatia	0.027	2 325
Cuba	0.031	2 670
Cyprus	0.039	3 359
Czech Republic	0.133	11 455
Democratic Republic of the Congo	0.002	172
Denmark	0.719	61 925
Dominican Republic	0.026	2 239
Ecuador	0.014	1 206
Egypt	0.088	7 579
El Salvador	0.016	1 378
Eritrea	0.001	86
Estonia	0.009	775
Ethiopia	0.003	258
Finland	0.534	45 992
France	6.039	520 120
Gabon	0.007	603

**SCHEDULE S5 (continued)**

Member State	2006 Scale of assessment %	Allocation amount €
Georgia	0.002	172
Germany	8.676	747 236
Ghana	0.003	258
Greece	0.418	36 001
Guatemala	0.022	1 895
Haiti	0.002	172
Holy See	0.001	86
Honduras	0.004	345
Hungary	0.092	7 924
Iceland	0.034	2 928
India	0.307	26 441
Indonesia	0.104	8 957
Iran, Islamic Republic of	0.114	9 818
Iraq	0.011	947
Ireland	0.351	30 231
Israel	0.467	40 221
Italy	4.893	421 418
Jamaica	0.006	517
Japan	19.499	1 679 387
Jordan	0.008	689
Kazakhstan	0.018	1 550
Kenya	0.007	603
Korea, Republic of	1.418	122 128
Kuwait	0.162	13 953
Kyrgyzstan	0.001	86
Latvia	0.011	947
Lebanon	0.017	1 464
Liberia	0.001	86
Libyan Arab Jamahiriya	0.096	8 268
Liechtenstein	0.005	431
Lithuania	0.017	1 464
Luxembourg	0.077	6 632
Madagascar	0.002	172
Malawi a/	0.001	86
Malaysia	0.148	12 747
Mali	0.001	86
Malta	0.010	861
Marshall Islands	0.001	86
Mauritania, Islamic Republic of	0.001	86
Mauritius	0.008	689
Mexico	1.375	118 424
Monaco	0.003	258
Mongolia	0.001	86
Montenegro a/	0.001	86
Morocco	0.034	2 928
Mozambique a/	0.001	86
Myanmar	0.007	603
Namibia	0.005	431
Netherlands	1.692	145 727
New Zealand	0.221	19 034

**SCHEDULE S5 (continued)**

Member State	2006 Scale of assessment %	Allocation amount €
Nicaragua	0.001	86
Niger	0.001	86
Nigeria	0.030	2 584
Norway	0.680	58 566
Pakistan	0.040	3 445
Panama	0.014	1 206
Paraguay	0.009	775
Peru	0.067	5 771
Philippines	0.070	6 029
Poland	0.337	29 025
Portugal	0.371	31 953
Qatar	0.064	5 512
Republic of Moldova	0.001	86
Romania	0.044	3 790
Russian Federation	1.102	94 912
Saudi Arabia	0.521	44 872
Senegal	0.004	345
Serbia	0.014	1 206
Seychelles	0.001	86
Sierra Leone	0.001	86
Singapore	0.388	33 417
Slovakia	0.037	3 187
Slovenia	0.082	7 062
South Africa	0.213	18 345
Spain	2.524	217 384
Sri Lanka	0.012	1 034
Sudan	0.006	517
Sweden	1.000	86 127
Switzerland	1.199	103 266
Syrian Arab Republic	0.028	2 412
Tajikistan	0.001	86
Thailand	0.152	13 091
The Former Yugoslav Republic of Macedonia	0.005	431
Tunisia	0.023	1 981
Turkey	0.272	23 426
Uganda	0.005	431
Ukraine	0.029	2 498
United Arab Emirates	0.236	20 326
United Kingdom of Great Britain and Northern Ireland	6.137	528 560
United Republic of Tanzania	0.005	431
United States of America	25.954	2 235 335
Uruguay	0.035	3 014
Uzbekistan	0.010	861
Venezuela, Bolivarian Republic of	0.125	10 766
Vietnam	0.015	1 292
Yemen	0.005	431
Zambia	0.001	86
Zimbabwe	0.005	431
<b>TOTAL (Schedule S4)</b>	<b>100.005 b/</b>	<b>8 613 112</b>

a/ New Member State which joined the Agency after the approval of the scale of assessment.

b/ The total does not add up to 100% as it contains new Member States that were assessed in addition to the prevailing scale. However, in calculating the allocation amounts to be refunded, this difference was taken into account.

**SCHEDULE S5 (continued)****II. STATUS OF OTHER CASH SURPLUSES WITHHELD PENDING  
RECEIPT OF CONTRIBUTIONS AS AT 31 DECEMBER 2007**

(expressed in euro)

Budget years	31 December 2006	Surrendered	31 December 2007
1965-1968	286	-	286
1979-1990	60 630	525	60 105
1992	20 010	416	19 594
1993	13 480	442	13 038
1994	43 234	1 491	41 743
1995	1 951	78	1 873
1996	45 094	2 254	42 840
1997	23 379	517	22 862
1998	26 817	818	25 999
1999	8 218	85	8 133
2001	2 799	59	2 740
2002	897	91	806
2004	5 080	864	4 216
2005	6 704 848	6 683 997	20 851
<b>TOTAL (Schedule S4)</b>	<b>6 956 723</b>	<b>6 691 637</b>	<b>265 086</b>

**SCHEDULE S6**

**REGULAR BUDGET 2007  
SUMMARY BY ITEM OF EXPENDITURE  
AS AT 31 DECEMBER 2007**

(expressed in euro)

Item of expenditure	2007 Adjusted Budget a/	Expenditures			Unused (over-expended) balances
		Disbursements	Unliquidated obligations	Total expenditure	
Salaries - established posts - P	62 777 800	62 476 491	-	62 476 491	301 309
Temporary assistance - P/MT	8 792 700	7 659 184	-	7 659 184	1 133 516
Temporary assistance - P/ST	982 600	368 056	-	368 056	614 544
Salaries - established posts - GS	31 635 100	31 442 462	-	31 442 462	192 638
Temporary assistance - GS/MT	3 868 200	4 455 432	-	4 455 432	(587 232)
Temporary assistance - GS/ST	398 300	413 883	-	413 883	(15 583)
Common staff costs	44 314 400	44 034 859	-	44 034 859	279 541
Overtime	272 400	298 959	-	298 959	(26 559)
<b>Sub-total: Staff costs</b>	<b>153 041 500</b>	<b>151 149 326</b>	<b>-</b>	<b>151 149 326</b>	<b>1 892 174</b>
Travel - staff	11 355 300	6 155 886	3 538 535	9 694 421	1 660 879
Travel - non-staff	7 483 400	5 867 580	330 551	6 198 131	1 285 269
<b>Sub-total: Travel costs</b>	<b>18 838 700</b>	<b>12 023 466</b>	<b>3 869 086</b>	<b>15 892 552</b>	<b>2 946 148</b>
Interpretation Services	655 300	561 630	78 000	639 630	15 670
Representation and hospitality	235 800	240 658	6 381	247 039	(11 239)
Training	841 400	710 919	344 692	1 055 611	(214 211)
Equipment: leased or rented	425 600	270 379	15 425	285 804	139 796
Equipment: purchased/construction work	11 062 900	1 745 414	7 035 929	8 781 343	2 281 557
Supplies and materials	5 869 600	3 770 504	1 230 713	5 001 217	868 383
General operating expenses b/	20 331 700	6 294 573	1 773 883	8 068 456	12 263 244
Contracts	8 381 400	4 056 911	6 252 360	10 309 271	(1 927 871)
Service Agreements		509 287	255 393	764 680	(764 680)
Research and technical contracts	5 098 200	2 163 087	2 552 432	4 715 519	382 681
Miscellaneous	3 457 000	3 159 695	4 856	3 164 551	292 449
<b>Sub-total: Other direct costs</b>	<b>56 358 900</b>	<b>23 483 057</b>	<b>19 550 064</b>	<b>43 033 121</b>	<b>13 325 779</b>
Contributions to the VIC Building Management Costs	-	8 135 866	4 805 986	12 941 852	(12 941 852)
Contributions to the VIC Security Services Costs	-	1 421 124	629 479	2 050 603	(2 050 603)
Contributions to the VIC Costs b/	-	9 556 990	5 435 465	14 992 455	(14 992 455)
Direct Implementation Costs	11 299 600	10 425 291	996 560	11 421 851	(122 251)
Management and Operation Costs	4 129 500	3 967 081	277 298	4 244 379	(114 879)
<b>Sub-total: Laboratory Activities</b>	<b>15 429 100</b>	<b>14 392 372</b>	<b>1 273 858</b>	<b>15 666 230</b>	<b>(237 130)</b>
Translation and Records Services	5 401 500	5 069 020	102 976	5 171 996	229 504
Printing Services	2 114 200	2 113 778	670 372	2 784 150	(669 950)
Data Processing Application Services	977 900	386 715	1 102 585	1 489 300	(511 400)
Data Processing Central Services (unallocated)	6 701 500	5 128 740	1 632 645	6 761 385	(59 885)
Data Processing Central Services (SG fixed)	1 384 500	642 971	626 612	1 269 583	114 917
Medical Services	922 100	846 514	53 242	899 756	22 344
Contracts Administration Services	616 000	590 142	16 658	606 800	9 200
Radiation Protection and Monitoring Services	1 132 100	1 137 875	46 917	1 184 792	(52 692)
<b>Sub-total: Shared costs</b>	<b>19 249 800</b>	<b>15 915 755</b>	<b>4 252 007</b>	<b>20 167 762</b>	<b>(917 962)</b>
<b>SUB TOTAL</b>	<b>262 918 000</b>	<b>226 520 966</b>	<b>34 380 480</b>	<b>260 901 446</b>	<b>2 016 554</b>
Transfers to the Equipment Replacement Fund 2009 c/	-	2 016 554	-	2 016 554	(2 016 554)
<b>SUB TOTAL</b>	<b>262 918 000</b>	<b>228 537 520</b>	<b>34 380 480</b>	<b>262 918 000</b>	<b>-</b>
Special Appropriation for Security Enhancements	2 500 000	1 436 624	1 008 608	2 445 232	54 768
<b>Appropriation Budget</b>	<b>265 418 000</b>	<b>229 974 144</b>	<b>35 389 088</b>	<b>265 363 232</b>	<b>54 768</b>
Reimbursable Work for Others	2 543 000	2 581 399	47 868	2 629 267	(86 267)
<b>TOTAL (Statement IV)</b>	<b>267 961 000</b>	<b>232 555 543</b>	<b>35 436 956</b>	<b>267 992 499</b>	<b>(31 499)</b>

a/ General Conference Resolution GC(50)/RES/6 of September 2006 - revalued at the UN average rate of exchange \$1.365 to 1 euro.

b/ VIC related costs are included in the adjusted budget under General Operating Expenses. Their expenditure is now reported under a separate item of expenditure.

c/ Based on the decision of the Board of Governors on document (GOV/2005/22) of 29 March 2005 the balance of €2 016 554 was transferred to the Equipment Replacement Fund 2009.

## SCHEDULE S6 (SUPPLEMENTARY A)

## UNOBLIGATED BALANCES OF 2006 APPROPRIATIONS

SUMMARY BY ITEM OF EXPENDITURE  
AS AT 31 DECEMBER 2007

(expressed in euro)

Item of expenditure	Unobligated balances of appropriations brought forward from 2006	Expenditures			Unused (over-expended) balances
		Disbursements	Unliquidated obligations	Total expenditure	
Salaries - established posts - P	-	-	-	-	-
Temporary assistance - P/MT	-	-	-	-	-
Temporary assistance - P/ST	56 466	67 350	-	67 350	( 10 884)
Salaries - established posts - GS	-	-	-	-	-
Temporary assistance - GS/MT	30 000	30 389	-	30 389	( 389)
Temporary assistance - GS/ST	3 000	13 709	-	13 709	( 10 709)
Common staff costs	26 124	20 927	-	20 927	5 197
Overtime	-	1 957	-	1 957	( 1 957)
<b>Sub-total: Staff costs</b>	<b>115 590</b>	<b>134 332</b>	<b>-</b>	<b>134 332</b>	<b>( 18 742)</b>
Travel - staff	28 126	42 142	32 272	74 414	( 46 288)
Travel - non-staff	415 274	410 789	10 337	421 126	( 5 852)
<b>Sub-total: Travel costs</b>	<b>443 400</b>	<b>452 931</b>	<b>42 609</b>	<b>495 540</b>	<b>( 52 140)</b>
Interpretation Services	-	-	-	-	-
Representation and hospitality	-	2 221	20 000	22 221	( 22 221)
Training	26 000	122 313	9 500	131 813	( 105 813)
Equipment: leased or rented	-	526	-	526	( 526)
Equipment: purchased/construction work	-	32 626	3 057 416	3 090 042	(3 090 042)
Supplies and materials	2 804	11 224	378 946	390 170	( 387 366)
General operating expenses	644 158	223 857	516 794	740 651	( 96 493)
Contracts	405 989	1 342 223	3 602 414	4 944 637	(4 538 648)
Service Agreements	-	10 989	45 755	56 744	( 56 744)
Research and technical contracts	-	1 600	4 600	6 200	( 6 200)
Miscellaneous a/	8 907 976	6 804	-	6 804	8 901 172
<b>Sub-total: Other direct costs</b>	<b>9 986 927</b>	<b>1 754 383</b>	<b>7 635 425</b>	<b>9 389 808</b>	<b>597 119</b>
Contributions to the VIC Building Management Costs	-	8 213	122 788	131 001	( 131 001)
Contribution to the VIC Security Services Costs	-	-	-	-	-
<b>Contributions to the VIC Costs</b>	<b>-</b>	<b>8 213</b>	<b>122 788</b>	<b>131 001</b>	<b>( 131 001)</b>
Direct Implementation Costs	-	-	-	-	-
Management and Operation Costs	-	-	-	-	-
<b>Sub-total: Laboratory Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Translation and Records Services	-	-	-	-	-
Printing Services	14 094	14 303	-	14 303	( 209)
Data Processing Application Services	-	-	-	-	-
Data Processing Central Services (unallocated)	-	-	-	-	-
Data Processing Central Services (SG fixed)	-	-	-	-	-
Medical Services	-	-	-	-	-
Contracts Administration Services	-	-	-	-	-
Radiation Protection and Monitoring Services	-	-	-	-	-
<b>Sub-total: Shared costs</b>	<b>14 094</b>	<b>14 303</b>	<b>-</b>	<b>14 303</b>	<b>( 209)</b>
<b>SUB TOTAL</b>	<b>10 560 011</b>	<b>2 364 162</b>	<b>7 800 822</b>	<b>10 164 984</b>	<b>395 027</b>
Transfers to the Equipment Replacement Fund 2009 b/	-	242 935	-	242 935	( 242 935)
<b>TOTAL (Statement IV Supplementary A)</b>	<b>10 560 011</b>	<b>2 607 097</b>	<b>7 800 822</b>	<b>10 407 919</b>	<b>152 092</b>

a/ Balances were used mainly for Equipment and Contracts under Major Programme 4.

b/ Based on the decision of the Board of Governors on document (GOV/2005/22) of 29 March 2005 the balance of €242 935 was transferred to the Equipment Replacement Fund 2009.

SCHEDULE S7

**SUMMARY OF EXPENDITURE BY MAJOR CATEGORY AND FUND GROUP  
AS AT 31 DECEMBER 2007**

(expressed in euro)

Category	2007						2006
	Regular Budget Fund and Working Capital Fund Fund Group I	General Fund			Trust Funds, Reserve Funds and Special Funds Fund Group VI	TOTAL 2007	TOTAL 2006
		Technical Cooperation Fund Fund Group II	Extrabudgetary Programme Fund Fund Group III	Technical Cooperation Extrabudgetary Fund Fund Group IV			
Salaries	109 303 441	-	259 761	-	-	109 563 202	107 730 987
Common Staff Costs	51 456 715	-	4 231 051	-	-	55 687 766	57 557 170
Temporary Assistance	14 480 546	-	9 321 968	-	-	23 802 514	22 643 170
<b>Total Staff Costs</b>	<b>175 240 702</b>	<b>-</b>	<b>13 812 780</b>	<b>-</b>	<b>-</b>	<b>189 053 482</b>	<b>187 931 327</b>
Equipment	12 325 053	23 586 538	8 817 182	8 222 399	281 092	53 232 264	53 199 868
Transfer to Equipment Replacement Fund 2009	2 016 554	-	-	-	-	2 016 554	-
Travel	16 282 991	15 963 872	7 453 856	886 056	-	40 586 775	40 133 606
Contracts	19 974 066	5 152 284	5 288 826	763 301	-	31 178 477	26 650 949
General Operating Expenses	12 229 732	850 037	275 506	178 694	207	13 534 176	10 270 490
Contribution to the VIC Building Management Costs	12 961 852	-	-	-	-	12 961 852	10 054 956
Contribution to the VIC Security Services Costs	4 450 107	-	-	-	-	4 450 107	5 264 185
Training	1 195 781	11 140 625	70 609	804 993	-	13 212 008	14 704 767
Supplies and Materials	7 217 031	3 455 769	255 453	304 854	63 363	11 296 470	11 656 152
Miscellaneous	4 098 630	823 956	1 089 597	203 637	818 000	7 033 820	9 071 621
<b>Total Other Costs</b>	<b>92 751 797</b>	<b>60 973 081</b>	<b>23 251 029</b>	<b>11 363 934</b>	<b>1 162 662</b>	<b>189 502 503</b>	<b>181 006 594</b>
<b>TOTAL EXPENDITURE (Statement I)</b>	<b>267 992 499</b>	<b>60 973 081</b>	<b>37 063 809</b>	<b>11 363 934</b>	<b>1 162 662</b>	<b>378 555 985</b>	<b>368 937 921</b>



**SCHEDULE S7 (SUPPLEMENTARY A)****UNOBLIGATED BALANCES OF 2006 APPROPRIATIONS  
SUMMARY OF EXPENDITURE BY MAJOR CATEGORY****AS AT 31 DECEMBER 2007**

(expressed in euro)

Category	Expenditure
Salaries	-
Common Staff Costs	22 884
Temporary Assistance	111 448
<b>Total Staff Costs</b>	<b>134 332</b>
Equipment	3 104 871
Transfers to the Equipment Replacement Fund 2009 /a	242 935
Travel	495 540
Contracts	5 007 581
General Operating Expenses	740 651
Contributions to the VIC Building Management Costs	131 001
Training	131 813
Supplies and Materials	390 170
Miscellaneous	29 025
<b>Total Other Costs</b>	<b>10 273 587</b>
<b>TOTAL EXPENDITURE (Schedule S6 - Supplementary A)</b>	<b>10 407 919</b>

a/ Based on the decision of the Board of Governors on document (GOV/2005/22) of 29 March 2005 the balance of €242 935 was transferred to the Equipment Replacement Fund 2009.



## SCHEDULE S8 (continued)

Member State	Base rate %	Share of \$80.0 million target for 2007 using base rate a/	2007			Paid without a formal pledge	Outstanding target share	% paid of target share	Unpaid balance as at 1 January	Prior years		Advance payments for 2008
			Pledged	Paid against pledge	Paid against pledge					Paid in 2007	Outstanding	
Estonia	0.012	9 600	-	-	-	9 600	-	100.0	9 300 b/	9 300	-	12 000
Ethiopia	0.004	3 200	3 200	3 200	-	-	-	100.0	-	-	-	-
Finland	0.514	411 200	411 200	411 200	-	-	-	100.0	-	-	-	-
France	5.817	4 653 600	-	-	4 653 600	-	-	100.0	-	-	-	-
Gabon	0.009	7 200	-	-	-	-	-	-	-	-	-	-
Georgia	0.003	2 400	-	-	-	2 400	-	100.0	15 165 c/	-	15 165	-
Germany	8.356	6 684 800	-	-	6 684 800	-	-	100.0	-	-	-	-
Ghana	0.004	3 200	3 200	-	-	-	3 200	-	-	-	-	3 200
Greece	0.511	408 800	408 800	408 800	-	-	-	100.0	-	-	-	-
Guatemala	0.029	23 200	-	-	-	-	-	-	29 880	4 980	24 900	24 900
Haiti	0.003	2 400	-	-	-	2 400	-	100.0	-	-	-	-
Holy See	0.001	800	2 632	2 632	-	-	-	329.0	-	-	-	2 950
Honduras	0.005	4 000	-	-	-	-	-	-	-	-	-	-
Hungary	0.121	96 800	96 800	96 800	-	-	-	100.0	-	-	-	188 000
Iceland	0.033	26 400	-	-	34 256	-	-	129.8	-	-	-	-
India	0.406	324 800	324 800	324 800	-	-	-	100.0	-	-	-	7 343
Indonesia	0.137	109 600	-	-	104 458	-	-	95.3	19 519	19 519	-	-
Iran, Islamic Republic of	0.151	120 800	-	-	-	-	-	-	-	-	-	-
Iraq	0.015	12 000	-	-	-	-	-	-	54 600	-	54 600	54 600
Ireland	0.338	270 400	-	-	270 400	-	-	100.0	-	-	-	-
Israel	0.450	360 000	-	-	140 000	-	-	38.9	-	-	-	-
Italy	4.713	3 770 400	-	-	3 770 400	-	-	100.0	-	-	-	-
Jamaica	0.008	6 400	-	-	-	-	-	-	-	-	-	-
Japan	18.781	15 024 800	-	-	15 024 800	-	-	100.0	-	-	-	-
Jordan	0.011	8 800	8 800	8 800	-	-	-	100.0	-	-	-	-
Kazakhstan	0.024	19 200	-	-	19 200	-	-	100.0	-	-	-	-
Kenya	0.009	7 200	7 200	7 200	-	-	-	100.0	-	-	-	-
Korea, Republic of	1.733	1 386 400	-	-	1 386 400	-	-	100.0	-	-	-	-
Kuwait	0.156	124 800	-	-	124 800	-	-	100.0	120 900 b/	120 900	-	-
Kyrgyzstan	0.001	800	-	-	800	-	-	100.0	-	-	-	-
Latvia	0.014	11 200	11 200	11 200	-	-	-	100.0	-	-	-	13 459
Lebanon	0.023	18 400	-	-	-	-	-	-	80	-	80	-
Liberia	0.001	800	-	-	-	-	-	-	-	-	-	-
Libyan Arab Jamahiriya	0.127	101 600	-	-	-	-	-	-	98 425 b/	98 425	-	-
Liechtenstein	0.005	4 000	4 000	4 000	-	-	-	100.0	-	-	-	8 000
Lithuania	0.023	18 400	19 500	19 500	-	-	-	106.0	-	-	-	25 000
Luxembourg	0.074	59 200	-	-	59 200	-	-	100.0	-	-	-	-
Madagascar	0.003	2 400	2 400	-	-	-	2 400	-	2 325	399	1 926	4 326
Malaysia	0.196	156 800	156 800	156 800	-	-	-	100.0	-	-	-	-
Mali	0.002	1 600	-	-	-	-	-	-	-	-	-	-
Malta	0.013	10 400	-	-	10 400	-	-	100.0	10 075 b/	10 075	-	-
Marshall Islands	0.001	800	-	-	-	-	-	-	-	-	-	-
Mauritania, Islamic Republic of	0.001	800	-	-	-	-	-	-	-	-	-	-
Mauritius	0.011	8 800	-	-	8 800	-	-	100.0	-	-	-	-
Mexico	1.817	1 453 600	-	-	1 109 294	-	-	76.3	615 069 b/	615 069	-	-

SCHEDULE S8 (continued)

Member State	Base rate %	Share of \$80.0 million target for 2007 using base rate a/	2007			Prior years			Advance payments for 2008
			Pledged	Paid against pledge	Paid without a formal pledge	Outstanding	Outstanding	Total outstanding	
Monaco	0.003	2 400	-	-	-	-	-	-	-
Mongolia	0.001	800	-	-	800	-	-	-	-
Morocco	0.045	36 000	36 000	-	-	36 000	34 875	-	36 000
Myanmar	0.010	8 000	-	7 714	-	-	-	-	-
Namibia	0.006	4 800	4 650	-	-	-	-	-	-
Netherlands	1.630	1 304 000	1 304 000	-	-	-	-	-	-
New Zealand	0.213	170 400	-	-	-	-	-	-	-
Nicaragua	0.001	800	-	800	-	-	775 b/	-	-
Niger	0.001	800	800	-	-	-	-	-	-
Nigeria	0.040	32 000	32 000	-	-	32 000	-	49 490	81 490
Norway	0.655	524 000	-	524 000	-	-	-	-	-
Pakistan	0.053	42 400	42 400	-	-	-	-	-	370
Panama	0.018	14 400	-	-	-	-	-	-	-
Paraguay	0.012	9 600	-	-	-	-	6 800	-	6 800
Peru	0.089	71 200	-	-	-	-	-	-	-
Philippines	0.092	73 600	5 000	5 000	-	-	-	6.8	1 117
Poland	0.445	356 000	356 000	-	-	-	-	-	-
Portugal	0.453	362 400	-	289 662	-	-	-	-	-
Qatar	0.062	49 600	-	-	-	-	-	-	65 600
Republic of Moldova	0.001	800	-	800	-	-	-	-	-
Romania	0.058	46 400	46 400	-	-	-	-	-	-
Russian Federation	1.061	848 800	-	821 231	-	-	-	-	-
Saudi Arabia	0.688	550 400	-	-	-	-	-	-	-
Senegal	0.005	4 000	-	-	-	-	-	-	-
Serbia	0.018	14 400	14 400	-	-	-	-	-	-
Seychelles	0.002	1 600	-	-	-	-	-	-	-
Sierra Leone	0.001	800	-	-	-	-	-	-	-
Singapore	0.374	299 200	299 200	-	-	-	-	-	-
Slovakia	0.049	39 200	39 200	-	-	-	-	-	-
Slovenia	0.079	63 200	63 200	-	-	-	-	-	-
South Africa	0.282	225 600	225 600	-	-	-	-	-	-
Spain	2.431	1 944 800	-	1 944 800	-	-	-	-	-
Sri Lanka	0.016	12 800	-	12 800	-	-	10 654 b/	-	12 000
Sudan	0.008	6 400	-	-	-	-	-	-	-
Sweden	0.963	770 400	770 400	-	-	-	-	-	-
Switzerland	1.155	924 000	-	923 975	-	-	-	-	-
Syrian Arab Republic	0.037	29 600	30 000	-	-	-	-	-	-
Tajikistan	0.001	800	-	800	-	-	-	-	800
Thailand	0.201	160 800	160 800	-	-	-	-	-	143 200
The Former Yugoslav Republic of Macedonia	0.006	4 800	-	-	-	-	-	-	-
Tunisia	0.031	24 800	24 800	-	-	-	-	-	-
Turkey	0.359	287 200	-	287 200	-	-	-	-	-
Uganda	0.006	4 800	4 800	-	-	-	-	-	-
Ukraine	0.038	30 400	-	30 400	-	-	-	-	-
United Arab Emirates	0.227	181 600	-	181 600	-	-	-	-	-

**SCHEDULE S8 (continued)**

Member State	Base rate %	Share of \$80.0 million target for 2007 using base rate a/	2007			Prior years		Unpaid balance as at 1 January	% paid of target share	Paid without a formal pledge	Outstanding	Outstanding	Paid in 2007	Total outstanding	Advance payments for 2008
			Pledged	Paid against pledge	Paid without a formal pledge	Outstanding	Outstanding								
United Kingdom of Great Britain and Northern Ireland	5.911	4 728 800	-	-	4 728 800	-	100.0	-	-	-	-	-	-	-	
United Republic of Tanzania	0.006	4 800	5 000	5 000	-	104.2	48	-	-	-	-	48	-	277	
United States of America	25.000	20 000 000	19 775 000	19 775 000	-	98.9	-	-	-	-	-	-	-	-	
Uruguay	0.046	36 800	-	-	-	-	-	-	-	-	-	-	-	-	
Uzbekistan	0.013	10 400	-	-	-	-	-	-	-	-	-	-	-	-	
Venezuela, Bolivarian Republic of	0.165	132 000	-	-	118 800	90.0	230 176 b/	230 176	-	-	-	-	-	-	
Vietnam	0.020	16 000	16 000	16 000	-	100.0	-	-	-	-	-	-	-	-	
Yemen	0.006	4 800	4 800	4 800	-	100.0	-	-	-	-	-	-	-	-	
Zambia	0.002	1 600	1 600	1 600	-	100.0	-	-	-	-	-	-	-	-	
Zimbabwe	0.007	5 600	5 600	5 600	-	100.0	10 850	10 850	-	-	-	-	-	-	
Sub-total	100.000	80 000 000	28 007 382	27 896 466	48 594 619	110 916	95.6	1 878 674	1 711 103	167 571	278 487	1 112 975	-	-	
<b>New Members:</b>															
Malawi d/	0.001	800	-	-	-	-	-	-	-	-	-	-	-	-	
Montenegro e/	0.001	800	-	-	-	-	-	-	-	-	-	-	-	-	
Mozambique f/	0.001	800	-	-	-	-	-	-	-	-	-	-	-	-	
Palau g/	0.001	800	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	0.004	3 200	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Former Members:</b>															
Democratic People's Republic of Korea h/	-	-	-	-	-	-	-	29 635	-	-	29 635	-	29 635	-	
Yugoslavia i/	-	-	-	-	-	-	-	834 026	-	-	834 026	-	834 026	-	
Sub-total	-	-	-	-	-	-	-	863 661	-	-	863 661	-	863 661	-	
<b>GRAND TOTAL</b>	<b>100.004</b>	<b>80 003 200</b>	<b>28 007 382</b>	<b>27 896 466</b>	<b>48 594 619</b>	<b>110 916</b>	<b>95.6</b>	<b>2 742 335</b>	<b>1 711 103</b>	<b>1 031 232</b>	<b>1 142 148</b>	<b>1 112 975</b>	<b>1 142 148</b>	<b>1 112 975</b>	
Statements I and II (in euro)			20 683 489	20 607 401	35 353 158	76 088		1 968 459	1 261 034	707 425	783 513	756 299	783 513	756 299	

a/ As recommended in GC(V)/RES/100 and amended in GC(XV)/RES/286.

b/ Pledged/paid a contribution in 2007 relating to 2006: Armenia - \$1 550; Estonia - \$9 300; Libyan Arab Jamahiriya - \$98 425; Malta - \$10 075; Mexico - \$615 069; Sri Lanka - \$10 654; Venezuela - \$115 088; relating to 2005: Armenia - \$1 550; Kuwait - \$120 900; Nicaragua - \$775; Venezuela - \$115 088 relating to 2004: Armenia - \$1 495

c/ Revalued pledge of contribution: Georgia pledge relating to 2000 - \$241

d/ Malawi became a Member of the Agency on 2 October 2006.

e/ Montenegro became a Member of the Agency on 30 October 2006.

f/ Mozambique became a Member of the Agency on 18 September 2006.

g/ Palau became a Member of the Agency on 2 March 2007.

h/ The Democratic People's Republic of Korea withdrew from the Agency on 13 June 1994.

i/ Following the approval for membership of the Federal Republic of Yugoslavia on 17 September 2001, the former Yugoslavia ceased to be a Member State.

**SCHEDULE S9a**

**TECHNICAL COOPERATION PROGRAMME**

**STATUS OF ASSESSED PROGRAMME COSTS  
AS AT 31 DECEMBER 2007**

(expressed in United States dollars)

Recipients	1984-2002			Credits
	Unpaid balance as at 1 January	Paid in 2007	Outstanding	
Armenia a/	129 604	12 459	117 145	-
Bolivia	278 078	-	278 078	-
Cameroon	21 302	21 302	-	-
Costa Rica a/	130 169	26 034	104 135	70 947 b/
Côte d'Ivoire	222 089	-	222 089	-
Dominican Republic	280 770	38 607	242 163	-
El Salvador	13 146	-	13 146	-
Gabon	7 707	-	7 707	-
Georgia a/	127 810	43 422	84 388	-
Ghana a/	394 206	78 662	315 544	-
Guatemala a/	176 660	30 142	146 518	-
Honduras	35	-	35	-
Iraq	161 025	-	161 025	-
Israel	25 114	25 114	-	-
Jamaica	84 744	79 183	5 561	-
Kyrgyzstan	9 021	-	9 021	-
Mongolia	47 154	27 466	19 688	-
Paraguay	74 259	-	74 259	-
Peru	461 031	-	461 031	-
Philippines	22 579	-	22 579	-
Portugal	7 282	7 282	-	-
Qatar	2 162	-	2 162	-
Romania	51 899	-	51 899	-
Sri Lanka	319 875	8 501	311 374	-
Tunisia a/	160 714	27 758	132 956	-
Uzbekistan	125 581	-	125 581	-
Zimbabwe	87 206	87 206	-	-
Sub-total	3 421 222	513 138	2 908 084	70 947
<b>Former Members:</b>				
Democratic People's Republic of Korea c/	39 712	-	39 712	-
Yugoslavia d/	1 302	-	1 302	-
<b>Outstanding arrears:</b>				
Bosnia and Herzegovina, Croatia, Slovenia, The Former Yugoslav Republic of Macedonia and Yugoslavia d/	381 410	-	381 410	-
<b>TOTAL</b>	<b>3 843 646</b>	<b>513 138</b>	<b>3 330 508</b>	<b>70 947</b>
Statements I and II (in euro)	2 661 621	376 892	2 284 729	53 909

a/ Payment plan agreements concluded with the Agency.

b/ This amount is being held to the credit of the Government and will be applied in accordance with the payment plan agreement.

c/ The Democratic People's Republic of Korea withdrew from the Agency on 13 June 1994.

d/ Following the approval for membership of the Federal Republic of Yugoslavia on 17 September 2001, the former Yugoslavia ceased to be a Member State. For the period prior to 1992, unpaid assessed programme costs resulting from technical assistance provided to the former Socialist Federal Republic of Yugoslavia amounted to \$381 410. Subsequent to that date, additional technical assistance was provided to the former Yugoslavia for which \$1 302 assessed programme costs remain unpaid. Since that time, no technical assistance has been provided to the former Yugoslavia.

## SCHEDULE S9b

## TECHNICAL COOPERATION PROGRAMME

STATUS OF NATIONAL PARTICIPATION COSTS  
AS AT 31 DECEMBER 2007

(expressed in United States dollars)

Member	2007			2005-2006			Advance payments/credits for 2008	
	Assessed	Paid in 2007	Outstanding	Unpaid balance as at 1 January	Paid in 2007	Outstanding		Total paid in 2007
Albania	44 440	34 458	9 982	-	-	-	34 458	9 982
Algeria	95 465	49 775	45 690	-	-	-	49 775	45 690
Argentina	77 452	77 452	-	-	-	-	77 452	-
Armenia	58 997	58 997	-	-	-	-	58 997	-
Azerbaijan	50 115	50 115	-	130	130	-	50 245	-
Belarus	58 877	28 195	30 682	-	-	-	28 195	30 682
Belize	10 207	10 207	-	-	-	-	10 207	-
Bolivia	39 836	27 745	12 091	-	-	-	27 745	12 091
Bosnia and Herzegovina	68 590	34 296	34 294	-	-	-	34 296	34 294
Botswana	31 385	31 385	-	-	-	-	31 385	-
Brazil	108 628	108 628	-	20 390	20 390	-	129 018	-
Bulgaria	40 471	23 206	17 265	-	-	-	23 206	17 265
Cameroon	47 447	22 620	24 827	34 009	-	34 009	22 620	58 836
Chile	65 396	32 507	32 889	1 238	1 238	-	33 745	32 889
China	130 230	128 965	1 265	-	-	-	128 965	1 265
Colombia	39 590	39 590	-	20 210	10 823	9 387	50 413	9 387
Costa Rica	32 661	28 183	4 478	2 373	2 373	-	30 556	4 478
Côte d'Ivoire	7 265	6 269	996	-	-	-	6 269	996
Croatia	45 532	45 532	-	-	-	-	45 532	-
Cuba	79 510	75 042	4 468	-	-	-	75 042	4 468
Cyprus	7 866	7 866	-	-	-	-	7 866	-
Czech Republic	878	878	-	-	-	-	878	-
Dominican Republic	1 983	1 983	-	1 090	1 090	-	3 073	-
Ecuador	44 649	22 334	22 315	-	-	-	22 334	22 315
Egypt	82 536	80 556	1 980	2 945	297	2 648	80 853	4 628
El Salvador	31 011	21 111	9 900	-	-	-	21 111	9 900
Estonia	20 962	20 962	-	-	-	-	20 962	-
Gabon	4 727	-	4 727	9 482	-	9 482	-	14 209
Georgia	37 624	37 624	-	-	-	-	37 624	-
Ghana	49 770	49 770	-	-	-	-	49 770	-

**SCHEDULE S9b (continued)**

Member	2007			2005-2006			Unpaid balance as at 1 January	Outstanding	Paid in 2007	Outstanding	Total paid in 2007	Total outstanding	Advance payments/ credits for 2008
	Assessed	Paid in 2007	Outstanding	Paid in 2007	Outstanding								
Greece	8 295	8 295	-	-	-	8 295	-	-	-	-	8 295	-	-
Guatemala	31 380	23 126	8 254	1 233	1 233	24 359	1 233	-	-	-	24 359	8 254	-
Honduras	24 540	23 514	1 026	617	-	23 514	617	-	617	-	23 514	1 643	-
Hungary	11 075	11 075	-	-	-	11 075	-	-	-	-	11 075	-	-
Indonesia	51 023	51 023	-	-	-	51 023	-	-	-	-	51 023	-	-
Iran, Islamic Republic of	46 037	46 037	-	-	-	46 037	-	-	-	-	46 037	-	1 641
Iraq	52 534	-	52 534	5 312	-	-	5 312	-	5 312	-	-	57 846	-
Israel	30 425	30 401	24	-	-	30 401	-	-	-	30 401	24	-	-
Jamaica	25 192	13 390	11 802	5 859	5 859	19 249	5 859	-	-	19 249	11 802	-	-
Jordan	67 826	67 826	-	-	-	67 826	-	-	-	67 826	-	-	-
Kazakhstan	30 747	30 747	-	1 306	-	30 747	1 306	-	1 306	-	30 747	1 306	-
Kenya	24 508	24 508	-	-	-	24 508	-	-	-	24 508	-	-	-
Korea, Republic of	23 100	11 549	11 551	-	-	11 549	-	-	-	11 549	11 551	-	-
Kuwait	11 666	11 666	-	713	-	11 666	713	-	713	-	11 666	713	-
Kyrgyzstan	66 128	66 128	-	6 483	-	6 483	6 483	-	6 483	-	66 128	6 483	-
Latvia	17 772	17 772	-	-	-	17 772	-	-	-	17 772	-	-	-
Lebanon	42 518	13 264	29 254	675	-	13 264	675	-	675	-	13 264	29 929	-
Libyan Arab Jamahiriya	55 461	55 461	-	176	176	-	-	-	-	-	55 637	-	-
Lithuania	25 290	25 290	-	-	-	25 290	-	-	-	-	25 290	-	96
Malaysia	52 172	52 172	-	-	-	52 172	-	-	-	-	52 172	-	-
Malta	21 712	21 712	-	-	-	21 712	-	-	-	21 712	-	-	-
Mauritius	49 767	38 836	10 931	-	-	38 836	10 931	-	-	-	38 836	10 931	-
Mexico	77 394	63 069	14 325	20 457	19 299	82 368	20 457	1 158	1 158	82 368	15 483	-	-
Mongolia	55 782	55 782	-	184	184	-	184	-	-	55 966	-	-	160
Montenegro	34 550	31 755	2 795	-	-	31 755	-	-	-	31 755	2 795	-	-
Morocco	41 181	41 181	-	44 462	8 077	36 385	44 462	-	8 077	36 385	49 258	36 385	-
Namibia	18 520	18 520	-	-	-	18 520	-	-	-	18 520	-	-	-
Nicaragua	2 685	2 685	-	2 332	2 332	-	2 332	-	-	5 017	-	-	-
Nigeria	67 159	31 319	35 840	3 764	-	31 319	3 764	-	-	31 319	39 604	-	-
Pakistan	88 366	47 955	40 411	-	-	47 955	-	-	-	47 955	40 411	-	-
Panama	32 969	32 969	-	-	-	32 969	-	-	-	32 969	-	-	-
Paraguay	18 702	16 625	2 077	3 060	-	16 625	3 060	-	3 060	16 625	5 137	-	-
Peru	44 147	28 124	16 023	-	-	28 124	-	-	-	28 124	16 023	-	-
Philippines	29 488	15 241	14 247	49 538	34 297	49 538	49 538	15 241	34 297	49 538	29 488	-	-
Poland	31 649	25 083	6 566	30 763	2 589	27 672	30 763	28 174	2 589	27 672	34 740	-	-



## SCHEDULE S9b (continued)

Member	2007			2005-2006			Advance payments/credits for 2008		
	Assessed	Paid in 2007	Outstanding	Unpaid balance as at 1 January	Paid in 2007	Outstanding		Total paid in 2007	Total outstanding
Portugal	339	339	-	-	-	-	339	-	258
Qatar	31 560	31 560	-	-	-	-	31 560	-	-
Republic of Moldova	103 328	51 196	52 132	70	70	-	51 266	52 132	-
Romania	49 516	21 265	28 251	29 477	16 146	13 331	37 411	41 582	-
Russian Federation	7 492	7 492	-	1 315	1 315	-	8 807	-	404
Saudi Arabia	11 680	11 680	-	-	-	-	11 680	-	-
Serbia	17 935	17 935	-	-	-	-	17 935	-	-
Seychelles	22 803	11 402	11 401	-	-	-	11 402	11 401	-
Singapore	15 145	15 145	-	18	18	-	15 163	-	-
Slovakia	14 540	14 540	-	-	-	-	14 540	-	159
Slovenia	17 771	12 449	5 322	19 461	-	19 461	12 449	24 783	-
South Africa	60 746	60 746	-	-	-	-	60 746	-	-
Sri Lanka	64 575	64 575	-	-	-	-	64 575	-	1 107
Syrian Arab Republic	56 052	56 052	-	-	-	-	56 052	-	-
Tajikistan	34 505	34 505	-	9 470	9 470	-	43 975	-	1 013
Thailand	71 053	71 053	-	20 690	20 690	-	91 743	-	-
The Former Yugoslav Republic of Macedonia	65 233	65 233	-	997	997	-	66 230	-	-
Tunisia	57 558	57 558	-	865	-	865	57 558	865	-
Turkey	15 628	15 628	-	-	-	-	15 628	-	421
Ukraine	78 148	78 148	-	-	-	-	78 148	-	-
United Arab Emirates	32 582	31 460	1 122	-	-	-	31 460	1 122	-
Uruguay	32 930	20 076	12 854	-	-	-	20 076	12 854	-
Uzbekistan	16 004	14 946	1 058	13 175	-	13 175	14 946	14 233	-
Venezuela, Bolivarian Republic of	34 480	34 480	-	160	160	-	34 640	-	1 851
Vietnam	53 549	53 549	-	233	233	-	53 782	-	-
Zimbabwe	50 926	50 926	-	21 754	21 754	-	72 680	-	-
<b>TOTAL</b>	<b>3 741 938</b>	<b>3 114 289</b>	<b>627 649</b>	<b>386 486</b>	<b>181 240</b>	<b>205 246</b>	<b>3 295 529</b>	<b>832 895</b>	<b>140 666</b>
Statement I and II (in euro)	2 769 313	2 338 746	430 567	275 282	134 483	140 799	2 473 229	571 366	98 045

a/ In accordance with the decision of the Board of Governors in March 2007, TC project IRA.4036 may not proceed (see documents GOV/2007/7 and GOV/OR.1181). Therefore national participation costs charged for this project in 2007 have been removed.

**SCHEDULE S10**

**CURRENT ACCOUNTS AT BANKS  
AS AT 31 DECEMBER 2007**

Local currency	Amount in local currency	UN operational exchange rate	euro equivalent
<u>Agency Funds</u>			
Australian dollars	126 643	1.661808	76 208
Canadian dollars	2 573 015	1.430029	1 799 275
Chinese yuan renminbi	66 382 834	10.699707	6 204 172
Cuban pesos	1 081 244	1.457723	741 734
Democratic People's Republic of Korea won	1 669 579	202.623946	8 240
Euro	231 314	1.0000	231 314
Indian rupees	14 442 772	57.521866	251 083
Japanese yen	2 770 355	166.180785	16 671
Pakistani rupees	19 681 272	87.959182	223 755
Polish zlotys	74 743	3.586005	20 843
Slovak koruna	4 565	33.832444	135
Swedish kronor	105 188	9.460645	11 118
United Kingdom pounds	63 032	0.731777	86 136
United States dollars	735 257	1.457726	504 386
<b>TOTAL CURRENT ACCOUNTS AT BANKS</b>			<b>10 175 070</b>

NOTE: The free use by the Agency of some currencies is legally or otherwise restricted. At year-end, the euro equivalent of these currencies is € 954 146 based on the respective United Nations rate of exchange.

## SCHEDULE S11

## DEPOSIT ACCOUNTS AT BANKS

AS AT 31 DECEMBER 2007

Deposit	Interest rate p.a.	Maturity date	Amount in local currency	UN operational exchange rate	Euro equivalent
<u>Agency Funds</u>					
Anglo Irish Bank, Vienna	4.890 %	Call	US\$ 4 500 000	0.686	3 086 996
JPMorgan Chase, New York	4.320 %	Call	US\$ 2 000 000	0.686	1 372 000
Societe Generale, Vienna	3.500 %	Call	EUR 700 000	1.000	700 000
BACA AG, Vienna	3.250 %	Call	EUR 2 500 000	1.000	2 500 000
Intesa San Paolo, Vienna	3.740 %	Call	EUR 4 907 500	1.000	4 907 500
SMBC, London	5.100 %	08-01-02	US\$ 5 000 000	0.686	3 430 000
Dexia Bank, Brussel	4.760 %	08-01-07	EUR 3 000 000	1.000	3 000 000
Dexia Bank, Brussel	5.330 %	08-01-11	US\$ 5 000 000	0.686	3 430 000
Intesa San Paolo, Vienna	4.740 %	08-01-14	EUR 3 000 000	1.000	3 000 000
Anglo Irish Bank, Vienna	5.180 %	08-01-14	US\$ 3 000 000	0.686	2 058 000
Banco do Brasil, Vienna	5.450 %	08-01-14	US\$ 2 000 000	0.686	1 372 000
SMBC, London	5.000 %	08-01-17	US\$ 2 500 000	0.686	1 715 000
BACA AG, Vienna	4.840 %	08-01-17	EUR 6 200 000	1.000	6 200 000
Dexia Bank, Brussel	4.850 %	08-01-17	EUR 9 000 000	1.000	9 000 000
Raiffeisen Landesbank, Vienna	4.500 %	08-01-18	EUR 1 300 000	1.000	1 300 000
Banco do Brasil, Vienna	5.000 %	08-01-18	US\$ 2 000 000	0.686	1 372 000
Tokyo-Mitsubishi, London	4.930 %	08-01-18	US\$ 3 000 000	0.686	2 058 000
Fortis Bank, Brussel	5.310 %	08-01-18	US\$ 3 000 000	0.686	2 058 000
Intesa San Paolo, Vienna	4.930 %	08-01-18	US\$ 8 000 000	0.686	5 488 000
BACA AG, Vienna	4.830 %	08-01-21	EUR 1 000 000	1.000	1 000 000
SE Banken, London	4.100 %	08-01-21	EUR 1 000 000	1.000	1 000 000
Intesa San Paolo, Vienna	4.820 %	08-01-21	EUR 1 000 000	1.000	1 000 000
Anglo Irish Bank, Vienna	5.420 %	08-01-22	US\$ 5 000 000	0.686	3 430 000
Anglo Irish Bank, Vienna	5.100 %	08-01-22	US\$ 1 000 000	0.686	686 000
Tokyo-Mitsubishi, London	4.820 %	08-01-22	US\$ 4 000 000	0.686	2 744 000
Intesa San Paolo, Vienna	5.320 %	08-01-25	US\$ 3 000 000	0.686	2 058 000
BACA AG, Vienna	4.850 %	08-01-29	EUR 10 000 000	1.000	10 000 000
SMBC, London	5.260 %	08-01-31	US\$ 2 500 000	0.686	1 715 000
Dexia Bank, Brussel	5.335 %	08-02-01	US\$ 5 000 000	0.686	3 430 000
Intesa San Paolo, Vienna	4.840 %	08-02-04	EUR 3 000 000	1.000	3 000 000
Citi Bank, Ireland	5.350 %	08-02-05	US\$ 5 000 000	0.686	3 430 000
Intesa San Paolo, Vienna	5.330 %	08-02-08	US\$ 3 000 000	0.686	2 058 000
Intesa San Paolo, Vienna	4.840 %	08-02-11	EUR 2 000 000	1.000	2 000 000
Intesa San Paolo, Vienna	5.540 %	08-02-15	US\$ 2 000 000	0.686	1 372 000
Anglo Irish Bank, Vienna	4.960 %	08-02-18	EUR 3 000 000	1.000	3 000 000
BACA AG, Vienna	4.840 %	08-02-18	EUR 2 000 000	1.000	2 000 000
Intesa San Paolo, Vienna	4.760 %	08-02-18	EUR 1 000 000	1.000	1 000 000
Anglo Irish Bank, Vienna	4.980 %	08-02-27	EUR 3 000 000	1.000	3 000 000
Raiffeisen Landesbank, Vienna	4.750 %	08-02-27	EUR 4 000 000	1.000	4 000 000
Societe Generale, Vienna	4.200 %	08-02-27	EUR 6 500 000	1.000	6 500 000
Tokyo-Mitsubishi, London	5.320 %	08-02-28	US\$ 3 000 000	0.686	2 058 000

**SCHEDULE S11 (continued)**

Deposit	Interest rate p.a.	Maturity date	Amount in local currency	UN operational exchange rate	Euro equivalent
Anglo Irish Bank, Vienna	5.560 %	08-03-03	US\$ 4 000 000	0.686	2 744 000
Fortis Bank, Brussel	5.480 %	08-03-05	US\$ 7 000 000	0.686	4 802 000
Fortis Bank, Brussel	5.480 %	08-03-06	US\$ 2 000 000	0.686	1 372 000
Dexia Bank, Brussel	5.500 %	08-03-07	US\$ 3 000 000	0.686	2 058 000
Banco do Brasil, Vienna	5.130 %	08-03-12	US\$ 1 000 000	0.686	686 000
Dexia Bank, Brussel	5.400 %	08-03-13	US\$ 3 000 000	0.686	2 058 000
Intesa San Paolo, Vienna	5.430 %	08-03-13	US\$ 2 000 000	0.686	1 372 000
Intesa San Paolo, Vienna	5.040 %	08-03-20	US\$ 2 000 000	0.686	1 372 000
Tokyo-Mitsubishi, London	5.080 %	08-03-26	US\$ 2 000 000	0.686	1 372 000
SMBC, London	5.080 %	08-03-26	US\$ 3 000 000	0.686	2 058 000
Tokyo-Mitsubishi, London	5.080 %	08-04-01	US\$ 2 000 000	0.686	1 372 000
Citi Bank, Ireland	5.000 %	08-04-01	US\$ 2 000 000	0.686	1 372 000
Tokyo-Mitsubishi, London	4.800 %	08-04-07	US\$ 9 000 000	0.686	6 174 000
Banco do Brasil, Vienna	4.920 %	08-04-15	US\$ 1 000 000	0.686	686 000
Anglo Irish Bank, Vienna	5.120 %	08-04-28	US\$ 1 000 000	0.686	686 000
SE Banken, London	5.000 %	08-04-28	US\$ 1 000 000	0.686	686 000
SMBC, London	4.950 %	08-04-28	US\$ 4 000 000	0.686	2 744 000
BNP Paribas	4.800 %	08-04-30	US\$ 4 000 000	0.686	2 744 000
Societe Generale, Vienna	4.840 %	08-05-02	US\$ 4 000 000	0.686	2 744 000
Anglo Irish Bank, Vienna	5.110 %	08-05-07	US\$ 2 000 000	0.686	1 372 000
Societe Generale, Vienna	4.810 %	08-05-14	US\$ 2 000 000	0.686	1 372 000
Societe Generale, Vienna	4.800 %	08-05-21	US\$ 3 000 000	0.686	2 058 000
Banco do Brasil, Vienna	5.200 %	08-05-28	US\$ 2 000 000	0.686	1 372 000
JPMorgan Chase, New York	4.850 %	08-06-02	US\$ 3 000 000	0.686	2 058 000
SE Banken, London	4.980 %	08-06-02	US\$ 1 500 000	0.686	1 029 000
SE Banken, London	4.980 %	08-06-04	US\$ 2 500 000	0.686	1 715 000
SE Banken, London	4.960 %	08-06-11	US\$ 2 000 000	0.686	1 372 000
Dexia Bank, Brussel	4.600 %	08-06-16	US\$ 1 000 000	0.686	686 000
SMBC, London	5.000 %	08-06-18	US\$ 2 000 000	0.686	1 372 000
SE Banken, London	4.800 %	08-06-19	US\$ 2 000 000	0.686	1 372 000
Banco do Brasil, Vienna	5.200 %	08-06-26	US\$ 1 000 000	0.686	686 000
Banco do Brasil, Vienna	5.000 %	08-07-01	US\$ 4 000 000	0.686	2 744 000
SE Banken, London	4.880 %	08-07-01	US\$ 2 000 000	0.686	1 372 000
Anglo Irish Bank, Vienna	4.700 %	08-07-14	US\$ 4 000 000	0.686	2 744 000
<b>TOTAL DEPOSIT ACCOUNTS</b>					<b>180 954 496</b>

## SCHEDULE S12

CASH IN HAND, CURRENT AND DEPOSIT ACCOUNTS AT BANKS  
BY FUND GROUP AND FUNDS

AS AT 31 DECEMBER 2007

(expressed in euro)

Fund Group	Cash in hand	Current and Deposit Accounts	Total
I Regular Budget Fund and Working Capital Fund	251 312	65 532 803	65 784 115
II Technical Co-operation Fund	-	42 805 495	42 805 495
III Extrabudgetary Programme Fund	-	61 326 960	61 326 960
IV Technical Cooperation Extrabudgetary Fund	-	18 387 852	18 387 852
VI Trust Funds, Reserve Funds and Special Funds	-	3 076 456	3 076 456
<b>TOTAL (Statement II)</b>	<b>251 312</b>	<b>191 129 566</b>	<b>191 380 878</b>



## **PART IV**

### **Notes to the Financial Statements**

#### **A. Statement of the Agency's objectives**

1. The International Atomic Energy Agency (IAEA) is an autonomous intergovernmental organization founded in 1957 in accordance with a decision of the General Assembly of the United Nations. The IAEA is part of the United Nations Common System and the relationship with the United Nations is regulated by the "Agreement Governing the Relationship Between the United Nations and the International Atomic Energy Agency" which came into force on 14 November 1957. Its statutory mandate is to seek to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world and to ensure, so far as it is able, that assistance provided by it or at its request or under its supervision or control is not used in such a way as to further any military purpose.

#### **B. Significant accounting policies**

##### **B.1. Basis of presentation**

2. The financial statements of the Agency are presented in euro. They reflect the application of the IAEA's financial regulations and rules and they comply with the United Nations system accounting standards in all material respects.

3. For the preparation of the Agency's consolidated financial statements, those funds that are US dollar denominated funds are translated into euro. The methodology used for this translation is described in Note B.2 below.

##### **B.2. Translation and conversion of currencies**

4. In preparing the Agency's consolidated financial statements, the financial statements of the United States dollar based funds were translated into euro using generally accepted accounting practices as follows:

- Income, expenditure and changes in reserves and fund balances were stated in euro terms by applying the United Nations rate of exchange applicable at the date of the transaction.
- Assets and liabilities were converted to the euro equivalent using the United Nations rate of exchange at year end.
- All resulting exchange differences arising from the above methodology are classified as a component of fund balances as currency translation adjustments.

### **B.3. Fund grouping**

5. The Agency maintains separate accounts for each Fund which are combined into five groups for reporting purposes. The Funds are established on the basis of resolutions passed by the General Conference and are administered in accordance with the Financial Regulations adopted by the Board of Governors, Financial Rules which are issued by the Director General, and procedures and practices established by the Secretariat in conformity thereto.

6. The purpose of Fund group I (Regular Budget Fund and Working Capital Fund) is to meet the obligations of the Agency arising from authorized appropriations. The Regular Budget Fund is based on an annual Regular Budget approved by the General Conference and financed from assessed contributions and miscellaneous income. The Working Capital Fund, which serves to finance appropriations pending the receipt of contributions, and for purposes which are determined from time to time by the Board of Governors with the approval of the General Conference, is financed from advances from Member States.

7. The purpose of Fund group II (General Fund - Technical Cooperation Fund) is to meet the obligations related to the approved technical cooperation programme. Fund group II is based on General Conference approved one-year allocations which are financed from voluntary contributions, assessed programme costs, national participation costs and miscellaneous income. Unused funds may be carried forward for the completion of the approved programme.

8. The purpose of Fund group III (General Fund - Extrabudgetary Programme Fund) is to meet the obligations related to extrabudgetary activities in support of the Regular Programme. Fund group III is financed from special voluntary contributions from donor countries and international organizations. They are available for the approved programmes until they are actually used, and in consultation with the donor concerned.

9. The purpose of Fund group IV (General Fund - Technical Cooperation Extrabudgetary Fund) is to meet the obligations related to extrabudgetary activities of approved technical cooperation projects. Fund group IV is financed from special voluntary contributions from Member States, international organizations and the United Nations Development Programme, which are available for the approved projects until they are actually used, and in consultation with the donor.

10. The purpose of Fund group VI (Trust Funds, Reserve Funds and Special Funds) is to meet the obligations related to activities financed from their respective resources.

### **B.4. Income recognition**

#### **B.4.1. Fund group I**

11. Assessments from Member States and miscellaneous income (work for others) are recorded on an accrual basis. With regard to other miscellaneous income, for the purpose of calculating surpluses to be returned to Member States, only that portion which is actually received in cash at the year-end is included in the financial statements.

#### **B.4.2. Fund group II**

12. Voluntary contributions from Member States are recorded on an accrual basis. Miscellaneous income and income from assessed programme and national participation costs are recorded on a cash basis.



### **B.4.3. Fund groups III, IV and VI**

13. Income in these Fund groups is recorded on a cash basis.

### **B.5. Cash management**

14. In the financial statements cash balances are reported separately by Fund Group. In order to optimize interest income cash is co-mingled. However, cash balances by Fund Group are reported separately in the financial statements. Amounts due between Funds or Fund groups are settled by adjusting the cash holdings for each Fund group. Interest income is initially recorded in the Regular Budget Fund (Fund group I) and Technical Cooperation Fund (Fund group II). At the year-end, total interest is apportioned between Fund groups I, II, III and IV on the basis of the amounts in interest-bearing currencies held during the year and on the share of cash holdings of donors requesting interest income on their voluntary contributions.

### **B.6. Expenditure recognition**

15. Expenditure comprises disbursements and unliquidated obligations incurred in respect of the current budget year.

16. Obligations are engagements involving a liability against resources for which expenditure authority has been given. Unliquidated obligations are obligations or that portion of obligations which are not yet paid. Obligations are recorded in accordance with the Financial Regulations and Rules on the basis of contracts, purchase orders, agreements or other forms of legal undertaking, or based upon a liability recognized by the Agency.

### **B.7. Split appropriation/assessment system**

17. The split appropriation/assessment system was introduced in 1986 to reduce the Agency's exposure to the effects of currency exchange rate fluctuations on Regular Budget expenditure. Each year, the General Conference approves a budget for the Agency which is allocated in appropriation sections. The Director General may incur expenditure within the limits stated in the appropriation sections and for the purposes for which they were voted. He cannot make transfers between any of the sections without the prior approval of the Board of Governors. The amount in each section comprises a euro component and a US dollar component expressed as a euro equivalent on the basis of the average US dollar-to-euro United Nations Rate of Exchange experienced during the budget year. Therefore, the authority granted by the General Conference, expressed in euro, can only be determined at the end of the budget year.

18. Member States are assessed in accordance with the scale of assessment fixed by the General Conference. Individual assessments are established with a component in euro and a component in US dollars. These components are in direct proportion to the respective shares of the Regular Budget expenditure linked to the two currencies.

### **B.8. Transactions in foreign currencies**

19. Transactions in foreign currencies are recorded in euro for all euro based funds and in US dollars for all US dollars based funds at the United Nations Rate of Exchange in effect on the date of the transaction.

20. The treatment of exchange gains and losses in terms of the respective functional currency is as follows:

### **B.8.1. Fund groups I and II**

- Realized gains and losses resulting from the purchase of other currencies and the liquidation of accounts receivable and payable are credited or charged to miscellaneous income for each of these Fund groups,
- Unrealized net gains resulting from the revaluation of balance sheet are recorded as a provision on the balance sheet, whereas net losses are charged to miscellaneous income for each of these Fund groups, and
- Unrealized gains and losses relating to the revaluation of unliquidated obligations are recorded as adjustments to the corresponding programme expenditure for each of these Fund groups.

### **B.8.2. Fund groups III, IV and VI**

- For reporting purposes, all net gains and losses (realized and unrealized) in Fund groups III, IV and VI are included within their respective fund group.

## **B.9. Cash surpluses/deficits and fund balances**

21. For Fund group I, cash surpluses are allocated to Member States in accordance with the scale of contributions for the year to which they relate. The allocation is applied to Member States who have paid their respective contributions in full. Cash deficits are covered temporarily by advances from the Working Capital Fund pending receipt of prior years' assessed contributions.

22. For Fund groups II, III, IV and VI, Fund balances represent the net assets or liabilities of the Funds. These balances are carried forward to future periods.

## **B.10. Capital assets**

23. Capital assets are charged to expenditure in the year of acquisition. However, inventory records are maintained for all non-expendable equipment, supplies and materials over € 000 or of a sensitive nature and a minimum estimated useful life of five years, or three years in the case of computer hardware. The value of the inventory is disclosed in Note R below.

## **B.11. Uncollected assessments and contributions received in advance**

24. A reserve for uncollected assessments in the amount of contributions outstanding for longer than a year is shown as a deduction from available surpluses on the balance sheet. The related income is not adjusted.

25. Contributions received in advance are considered a liability owed to the donor when initially received, and are recorded as income in the following year.

## **B.12. Contributions in kind**

26. Contributions in kind — in the form of human resources, equipment, meetings and fellowships offered by Member States, United Nations, other international organizations and non-governmental sources — are not recorded in the accounts of the Agency. However, estimates of such contributions are disclosed in Note Q below.

### **B.13. Services without charge**

27. The Agency provides administrative and audit services to certain other euro based Funds without charge.

## **C. Pension fund participation**

28. The Agency is a member organization participating in the United Nations Joint Staff Pension Fund, (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligations of the Agency to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payment under Article 26 of the Regulation of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payment based on an assessment of the actuarial sufficiency of the Fund as of the valuation date.

29. At the time of this report the United Nations General Assembly has not invoked this provision.

## **D. Common Fund for Major Repairs and Replacements**

30. On 1 January 1981 an agreement between the Republic of Austria, the United Nations and the IAEA went into effect to establish a Common Fund for the purpose of financing the cost of major repairs and replacements of buildings, facilities and technical installations which are the property of the Republic of Austria and form part of the headquarters areas of the United Nations and the IAEA at the Vienna International Centre. This agreement has applied to the United Nations Industrial Development Organization (UNIDO) since 1986 when it became an independent organization.

31. As at 31 December 2007 the balance of the Fund, which is administered by UNIDO, was €1 470 212 (2006: €1 546 798).

## E. Other/Miscellaneous income by major categories

	<u>2007</u>	<u>2006</u>
<b>(a) Revenue producing activities</b>		
Publications of the Agency-INIS	42 607	46 340
Publications of the Agency-Other	239 031	242 613
Laboratory income	168 371	143 665
Amounts recoverable from safeguards agreements	219 033	229 931
Other service income	-	338
<b>Total (Statement I)</b>	<b><u>669 042</u></b>	<b><u>662 887</u></b>
<b>(b) Jointly financed activities</b>		
Data processing services	351 407	213 918
Printing services	831 774	878 490
Medical services	682 010	671 200
Radiation protection and monitoring services	103 024	96 694
Translation services	217 721	337 963
Nuclear Fusion journal	137 178	137 258
Laboratory services	265 563	294 215
Marine Environmental Laboratory Services	40 590	21 962
<b>Total (Statement I)</b>	<b><u>2 629 267</u></b>	<b><u>2 651 700</u></b>

## F. Expenditure (Statement I)

32. Total expenditure of €60 973 081 for the Technical Cooperation Fund excludes obligations amounting to € 530 410 against future year project budgets (2006: €1 022 481).

## G. Prior period adjustments

	2007	2006
<b>(a) Regular Budget Fund:</b>		
Excess of assessment collection over previous year outstanding assessed contributions		
<b>Total (Statement I)</b>	<b>5 441 043</b>	<b>(1 194 336)</b>
<b>(b) Technical Cooperation Fund:</b>		
Pledges and adjustments to pledges related to prior years' programmes		
<b>Total (Statement I)</b>	<b>720 397</b>	<b>592 699</b>

## H. Credits to Member States

33. Cash surpluses surrendered amounted to € 691 637 (2006: € 090 168) (Statement I). This comprises the 2005 cash surplus in the amount of € 683 997 and prior years' cash surpluses in the amount of € 640.

## I. Reserves

### I.1. Transfers to reserves

34. An amount of € 172 709 was allocated to the Reserve for Equipment Replacement Fund 2009 (ERF2009) in 2007 as approved by Board of Governors (GOV/2005/22), bringing the total reserved to € 782 610 (Statements I and II).

## J. Trust Funds, Reserve Funds and Special Funds (Statement I)

35. Fund group VI contains two Trust Funds, one Reserve Fund and one Special Fund as follows:

	Funds Available	Expenditure	Unused Balance
<u>Trust Fund</u>			
Research Institute Trust Fund (RITF)	1 298 693	207 382	1 091 311
International Thermonuclear Experimental Reactor	1 226 800	818 000	408 800
<b>Total 2007</b>	<b>2 525 493</b>	<b>1 025 382</b>	<b>1 500 111</b>
<u>Reserve Fund</u>			
2005 Equipment Replacement Fund	1 501 221	137 280	1 363 941
<b>Total 2007</b>	<b>1 501 221</b>	<b>137 280</b>	<b>1 363 941</b>
<u>Special Fund</u>			
IAEA Nobel Cancer and Nutrition Fund	115 822	-	115 822
<b>Total 2007</b>	<b>115 822</b>	<b>-</b>	<b>115 822</b>

## K. Investment in commissary

36. The Vienna International Centre (VIC) Commissary was established following an agreement effective 1 April 1972 between the International Atomic Energy Agency (IAEA) and the Republic of Austria. Pursuant to a Memorandum of Understanding dated 31 March 1977 between the IAEA, the UN and UNIDO concerning the allocation of common services at the VIC, the responsibility for managing and operating the Commissary was assigned to the IAEA.

37. The initial capital investment was provided in equal shares from the accumulated funds of the IAEA and UNIDO Commissaries available as of 1 October 1979.

38. As at 31 December 2007 the investment in the Commissary by the IAEA was €808 879 (2006: €808 879) (Statement II).

## L. Assessed contributions receivable

39. Assessments outstanding by budget years amount to:

Budget Year	2007	2006
1965-2000	5 042 252	5 302 172
2001	250 399	256 221
2002	233 964	258 524
2003	255 476	472 170
2004	258 945	5 284 249
2005	457 857	5 684 209
2006	4 873 862	42 099 732
(Schedule S1)	11 372 755	59 357 277
2007 (Schedule S1)	30 431 411	-
<b>Total (Statement II)</b>	<b>41 804 166</b>	<b>59 357 277</b>

## M. Accounts receivable – Other

### M.1. Regular Budget Fund

	2007	2006
Member States	3 670 873	3 621 247
United Nations, specialized agencies and other international organizations	3 647 189	918 491
Staff	3 319 009	2 722 309
Suppliers and contractors	372 922	340 277
Other accounts	3 628 271	1 471 105
Working Capital advances	7 384	9 514
<b>Total (Statement II)</b>	<b>14 645 648</b>	<b>9 082 943</b>

## M.2. Technical Cooperation Fund

	<u>2007</u>	<u>2006</u>
Member States	143 716	105 069
United Nations, specialized agencies and other international organizations	412 004	450 820
Staff	353 297	335 637
Suppliers and contractors	232 819	178 459
Funds with agents	2 921 183	3 496 649
<b>Total (Statement II)</b>	<b><u>4 063 019</u></b>	<b><u>4 566 634</u></b>

## N. Unliquidated Obligations - Regular Budget Fund

40. Unliquidated obligations relate to the budget years as follows:

	<u>2007</u>	<u>2006</u>
Current year	35 436 956	22 190 691
Prior years	594 729	616 797
Provision for unobligated balances of 2004 appropriations	2 429 360	2 871 986
Provision for Phase II Security enhancement	2 905 466	2,945,878
Provision for unobligated balances of 2006 appropriations	7 800 822	-
<b>Total (Statement II)</b>	<b><u>49 167 333</u></b>	<b><u>28 625 352</u></b>



## O. Accounts payable – Other

### O.1. Regular Budget Fund

	<u>2007</u>	<u>2006</u>
Member States	2,231	2,231
Staff	684 011	230 800
Other accounts	905 569	1 004 400
Suppliers and contractors	59 405	57 035
<b>Total (Statement II)</b>	<b><u>1 651 216</u></b>	<b><u>1 294 466</u></b>

### O.2. Technical Cooperation Fund

	<u>2007</u>	<u>2006</u>
Staff	13 815	( 2 612)
Other accounts	127 808	173 063
Suppliers and contractors	16 675	15 845
<b>Total (Statement II)</b>	<b><u>158 298</u></b>	<b><u>186 296</u></b>

## P. Provision for Revaluation of Balance Sheet (Statement II)

41. The provision represents net unrealized gains from the revaluation of balance sheet accounts:

	<u>2007</u>	<u>2006</u>
Regular Budget Fund	6 198 770	10 095 287
<b>Total (Statement II)</b>	<b><u>6 198 770</u></b>	<b><u>10 095 287</u></b>

42. The strengthening of the euro against the US dollar led to a net decrease in unrealized gains for the Regular Budget Fund in comparison to last year.

## Q. Contributions in kind

43. Contributions in kind made by Member States, United Nations, other international organizations and non-governmental sources are as follows:

	Thousands of euro					
	Member States		United Nations, international organizations and non-governmental sources		Totals	
	2007	2006	2007	2006	2007	2006
Fellowships	261	578	-	-	261	578
Equipment and supplies	1 571	40	12	1	1 583	41
Meetings and other items	1 426	1 524	-	-	1 426	1 524
Human resources	11 586	10 676	85	60	11 671	10 736
<b>Total</b>	<b>14 844</b>	<b>12 818</b>	<b>97</b>	<b>61</b>	<b>14 941</b>	<b>12 879</b>

44. Because of their nature, the monetary value of these contributions are only estimates. More details can be seen in Annex A3 a, b and c (unaudited).

## R. Non-expendable equipment

45. The Agency's inventory records show the following net values for equipment:

	Thousands of euro	
	2007	2006
Scientific and technical equipment	13 285	13 935
Computer equipment	791	927
Transportation equipment	301	279
<b>Total</b>	<b>14 377</b>	<b>15 141</b>

46. Equipment for inventory purposes are all items with an original purchase value of € 000 or more, and all sensitive items.

47. The amounts shown are the current values determined by reducing the original value over the estimated useful life of the items, which is three years for electronic data processing equipment and five years for all others.

48. The title to technical cooperation equipment is passed to the recipient upon delivery and is therefore not included in the Agency's property records.

## **S. Contingent liability**

49. The Agency has no contingent liabilities for 2007.

## **T. Support for Technical Cooperation**

50. Technical cooperation support arises from three sources: (a) the budget of Major Programme 6, Management of Technical Cooperation for Development, and (b) the cost of scientific and technical expertise in support of the Technical Cooperation Programme provided by the other technical departments and (c) indirect programme and administrative support that is unquantifiable.

51. In the Programme and Budget for 2006–2007 (GC(49)/2), the amount of the regular budget dedicated to support the Technical Cooperation Programme for 2007 was estimated to be €29 460 000. This figure covers items (a) and (b) in the preceding paragraph.

## **U. Health Insurance Premium Reserve Fund**

52. Vanbreda International provides health insurance coverage to staff members. The Company is custodian of the Health Insurance Premium Reserve Fund. The purpose of the fund is to retain the excess of premiums paid over sums due to Vanbreda International and absorb future increases in premiums. The value of this fund as at 31 December 2007 was €2 239 165. The fund is owned jointly by the Agency and the plan participants on the basis of their contributions.

## V. Separation benefits

53. Under the Staff Regulations and Staff Rules, staff members of the Agency are eligible to receive certain benefits on separation from the service of the Agency. Expenditure is recorded in the year in which the benefits are paid. Entitlements and the corresponding liabilities as at 31 December 2007 are estimated as follows:

		Thousands of euro	
		2007	2006
Repatriation	- grants	12 950	13 108
	- travel and household removal	9 686	9 331
Accrued annual leave		19 615	19 021
End-of-service allowances		21 260	16 637
<b>Total</b>		<b>63 511</b>	<b>58 097</b>

## W. Post-retirement benefits

54. Under the Staff Regulations and Staff Rules, retirees of the Agency are eligible to obtain medical insurance through the Agency. The Agency contributes towards the retiree's total premium and records the cost of this benefit in the year it is incurred. The Agency's share of the total premium was €1 557 122 (2006: €1 481 665).

55. However, in order to gain a better understanding of the financial dimensions of the Agency's liabilities for after-service health insurance, an independent consulting actuary was engaged in 2006 to carry out an actuarial valuation of post-retirement health insurance benefits for periods ending in the years 2006–2009. The valuations method used was the projected unit credit cost technique. The accrued liability is projected as at 31 December 2007 to be €142 million (2006: €130 million) based on a discount rate of 4.1% and medical inflation rate of 6%.

**X. Nuclear Security Fund**

	Thousands of euro	
	<b>Income</b>	<b>Expenditure</b>
Australia	332	205
Canada	2 560	911
Czech Republic	47	53
European Commission	6 145	3 535
Finland	10	8
France	90	5
Germany	( 22)	123
Ireland	55	88
Italy	1	20
Japan	94	135
Korea, Republic of	39	36
Netherlands	8	419
New Zealand	14	1
Nuclear Threat Initiative (NTI)	-	78
Pakistan	296	235
Qatar	697	20
Romania	29	34
Slovenia	-	6
Spain	355	11
Sweden	70	82
United Kingdom	3 041	585
USA	3 897	6 105
Other Donors	-	1
<b>Total</b>	<b>17 758</b>	<b>12 694</b>

56. The figures above show the income and expenditures relating to the Nuclear Security Fund for the year 2007.

## Y. Provision for Phase II Security Enhancement

57. The status of the Provision for Phase II Security Enhancements for the year 2007 is as follows:

	<u>Opening balance</u>	<u>Expenditure</u>	<u>Closing balance</u>
Provision for Phase II - Security Enhancement	1 912 654	323 846	1 588 808
<b>Total 2007</b>	<b>1 912 654</b>	<b>323 846</b>	<b>1 588 808</b>

# PART V

## ANNEXES





## ANNEX A1

## REGULAR BUDGET FUND

ESTIMATED AND ACTUAL RESOURCES FOR THE YEAR ENDED 31 DECEMBER 2007

(expressed in euro)

	Budget estimates a/	Adjustments	Adjusted estimates	Actual resources			Excess (shortfall) of actual resources over adjusted budget estimates
				Receipts	Outstanding	Total	
Assessed contribution from Member States	262 878 033		262 878 033	232 454 144	30 423 889	262 878 033	-
Assessed contribution from new Member States	-	7 865	7 865	343	7 522	7 865	-
Sub-total	262 878 033	7 865	262 885 898	232 454 487	30 431 411	262 885 898	-
Difference, Actual/Average Exchange Rate	108 967		108 967	-	-	-	(108 967)
Total assessments and revaluation	262 987 000	7 865 b/	262 994 865	232 454 487	30 431 411	262 885 898	(108 967)
Miscellaneous income							
(a) Reimbursable work for others (Appropriation 9)							
Data processing services	-	-	-	351 407	-	351 407	351 407
Printing services	1 095 000	-	1 095 000	744 634	87 140	831 774	(263 226)
Medical services	766 000	-	766 000	600 447	81 563	682 010	(83 990)
Radiation protection and monitoring services	98 000	-	98 000	103 024	-	103 024	5 024
Translation services	208 000	-	208 000	217 721	-	217 721	9 721
Nuclear Fusion Journal	149 000	-	149 000	137 178	-	137 178	(11 822)
Laboratory services	183 000	-	183 000	265 563	-	265 563	82 563
Marine Environmental Laboratory services	44 000	-	44 000	40 590	-	40 590	(3 410)
Sub-total	2 543 000	-	2 543 000	2 460 564	168 703	2 629 267	86 267
(b) Attributable to specific programmes							
Publications of the Agency - INIS Products	35 000	-	35 000	42 607	-	42 607	7 607
Publications of the Agency - other	350 000	-	350 000	239 031	-	239 031	(110 969)
Laboratory income	240 000	-	240 000	168 371	-	168 371	(71 629)
Amounts recoverable under safeguards agreements	198 000	-	198 000	219 033	-	219 033	21 033
Programme support income	29 000	-	29 000	-	-	-	(29 000)
Other service income	2 000	-	2 000	-	-	-	(2 000)
Sub-total	854 000	-	854 000	669 042	-	669 042	(184 958)
(c) Not attributable to specific programmes							
Investment and interest income	1 138 000	-	1 138 000	5 116 199	-	5 116 199	3 978 199
Gain (Loss) on exchange of currencies	-	-	-	(1 286 230)	-	(1 286 230)	(1 286 230)
Other	439 000	-	439 000	507 169	-	507 169	68 169
Sub-total	1 577 000	-	1 577 000	4 337 138	-	4 337 138	2 760 138
Sub-total (b) and (c)	2 431 000	-	2 431 000	5 006 180	-	5 006 180	2 575 180
Sub-total (a), (b) and (c)	4 974 000	-	4 974 000	7 466 744	168 703	7 635 447	2 661 447
TOTAL ASSESSMENTS AND MISCELLANEOUS INCOME	267 961 000	7 865	267 968 865	239 921 231	30 600 114	270 521 345	2 552 480

a/ GC (50)/RES/6

b/ Schedule S1

ANNEX A2

**TECHNICAL COOPERATION FUND**

ESTIMATED AND ACTUAL RESOURCES IN THE YEAR ENDED 31 DECEMBER 2007

(expressed in United States dollars)

	Current year	2006	2005	2004	2003	Prior to 2003	Total
<b>I. Estimates</b>							
Targets	80 000 000	77 500 000	77 500 000	74 750 000	74 750 000		384 500 000
Estimated other income	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000		5 000 000
<b>Total allocations</b>	<b>81 000 000 a/</b>	<b>78 500 000</b>	<b>78 500 000</b>	<b>75 750 000</b>	<b>75 750 000</b>		<b>389 500 000</b>
<b>II. Actuals</b>							
1. Voluntary contributions received for 2007	76 491 085	-	-	-	-		76 491 085
2006	1 328 177	72 100 543	-	-	-		73 428 720
2005	370 416	957 789	68 866 684	-	-		70 194 889
2004	7 335	331 789	2 071 265	64 752 326	-		67 162 715
2003	195	4 485	405 980	8 703 737	56 371 128		65 485 525
for prior years	4 980	26 101	606 689	705 287	2 406 249		3 749 306
<b>Total</b>	<b>78 202 188</b>	<b>73 420 707</b>	<b>71 950 618</b>	<b>74 161 350</b>	<b>58 777 377</b>		<b>356 512 240</b>
2. Assessed programme costs received	513 138	685 958	829 425	1 565 296	2 649 195		6 243 012
3. National participation costs received	3 295 529	795 009	3 368 463	-	-		7 459 001
4. Miscellaneous income	2 103 111	1 866 269	486 257	665 737	784 633		5 906 007
<b>Total received</b>	<b>84 113 966</b>	<b>76 767 943</b>	<b>76 634 763</b>	<b>76 392 383</b>	<b>62 211 205</b>		<b>376 120 260</b>
5. Resources outstanding							
Voluntary contributions pledged and unpaid	110 916	34 476	18 490	2 990	-	975 276	1 142 148 b/
Assessed programme costs	-	-	-	-	-	3 330 508	3 330 508 c/
National participation costs	627 649	35 226	170 020	-	-	-	832 895 d/
<b>Total outstanding</b>	<b>738 565</b>	<b>69 702</b>	<b>188 510</b>	<b>2 990</b>	<b>-</b>	<b>4 305 784</b>	<b>5 305 551</b>
<b>Total actual resources</b>	<b>84 852 531</b>	<b>76 837 645</b>	<b>76 823 273</b>	<b>76 395 373</b>	<b>62 211 205</b>	<b>4 305 784</b>	<b>381 425 811</b>
<b>III. Difference between actuals and estimates</b>	<b>3 852 531</b>	<b>(1 662 355)</b>	<b>(1 676 727)</b>	<b>645 373</b>	<b>(13 538 795)</b>	<b>4 305 784</b>	<b>(8 074 189)</b>

a/ GC(50)/RES/7

b/ Schedule S8

c/ Schedule S9a

d/ Schedule S9b

## ANNEX A3a

**RESOURCES MADE AVAILABLE TO THE AGENCY  
BY MEMBER STATES FOR 2007 INCLUDING CONTRIBUTIONS IN CASH AND IN KIND**

(expressed in euro)

Member State	C A S H				I N K I N D a/ (Note Q)			
	TOTAL	Assessed contributions Schedule S1	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Afghanistan, Islamic Republic of								
Albania	5 198	3 990	1 208	-	-	-	-	-
Algeria	18 685	10 008	3 084	-	-	-	-	5 593
Angola	235 273	145 034	42 846	-	-	-	-	47 393
Argentina	2 572	1 986	586	-	-	-	-	-
Armenia	2 402 547	1 814 099	109 648	339 037	-	205	-	139 558
Australia	19 617	4 061	1 208 b/	-	-	-	-	14 348
Austria	5 733 615	4 215 154	933 888	332 169	-	2 087	4 812	245 505
Azerbaijan	2 831 055	2 273 085	500 716	3 520	-	3 390	-	50 344
Bangladesh	9 944	9 944	-	-	-	-	-	-
Belarus	33 264	19 934	6 000	-	-	-	-	7 330
Belgium	57 441	33 888	10 200	-	-	-	-	13 353
Belize	3 693 313	2 826 944	640 000	16 560	-	1 159	-	208 650
Benin	2 506	1 964	542	-	-	-	-	-
Bolivia	5 856	3 935	-	-	-	-	-	1 921
Bosnia and Herzegovina	19 383	17 708	-	-	-	-	-	1 675
Botswana	79 985	5 985	-	74 000	-	-	-	-
Brazil	70 919	23 844	7 047	40 028	-	-	-	-
Bulgaria	3 394 616	2 890 360	337 500	-	-	493	-	166 263
Burkina Faso	98 691	31 955	9 600	-	-	97	-	57 039
Cameroon	5 198	3 990	1 208	-	-	-	-	-
Canada	21 056	15 740	5 043	-	273	-	-	-
Central African Republic	13 604 544	7 447 809	1 620 121	2 889 387	-	1 030 338	-	616 889
Chad	1 967	1 967	-	-	-	-	-	-
Chile	1 967	1 967	-	-	-	-	-	-
China	570 515	423 028	103 600	7 370	-	412	-	36 105
Colombia	5 423 345	3 933 826	1 161 985	67 800	1 277	1 653	137	256 667
Costa Rica	469 132	296 022	81 615	87 000	-	-	-	4 495
Côte d'Ivoire	58 843	57 059	-	-	-	-	-	1 784
Croatia	19 676	19 676	-	-	-	-	-	-
Cuba	191 291	71 898	21 888	43 002	-	-	-	54 503
Cyprus	130 963	80 671	23 124	-	3 499	-	-	23 669
Czech Republic	127 457	104 505	22 952	-	-	-	-	-
Democratic Republic of the Congo	1 142 013	352 277	108 557	487 956	-	556	-	192 667
Denmark	5 902	5 902	-	-	-	-	-	-
Dominican Republic	2 370 943	1 901 767	421 344	-	180	412	-	47 240
Ecuador	66 899	66 899	-	-	-	-	-	-
Egypt	48 248	35 742	10 722	-	-	-	-	1 784
El Salvador	414 423	231 673	70 528	58 480	-	-	-	53 742
Eritrea	48 080	41 319	-	6 075	-	-	-	686
Eritrea	1 970	1 970	-	-	-	-	-	-

ANNEX A3a (continued)

Member State	C A S H				I N K I N D a/ (Note Q)			
	TOTAL	Assessed contributions Schedule SI	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Estonia	128 935	23 962	7 027 b/	94 450	-	-	-	3 496
Ethiopia	13 755	7 957	2 368	-	-	-	-	3 430
Finland	1 948 350	1 410 723	312 512	51 361	-	412	-	173 342
France	21 336 148	15 949 492	3 513 469	1 025 702	27 090	10 465	2 500	807 430
Gabon	17 708	17 708	-	-	-	-	-	-
Georgia	10 792	5 985	- c/	-	-	-	-	4 807
Germany	29 647 584	22 935 914	5 080 450	872 600	12 862	6 983	19 585	719 190
Ghana	15 690	7 871	2 195	-	-	-	-	5 624
Greece	1 462 320	1 138 085	300 059	-	6 106	97	-	17 973
Guatemala	59 907	57 059	-	-	-	-	-	2 848
Haiti	10 213	5 967	1 776	-	-	-	-	2 470
Holy See	4 740	2 740	2 000	-	-	-	-	-
Honduras	11 622	9 838	-	-	-	-	-	1 784
Hungary	677 736	241 609	73 471	1 965	-	191 222	-	169 469
Iceland	149 371	89 040	26 000	-	-	-	-	34 331
India	1 250 112	812 640	241 227	37 500	-	2 710	-	156 035
Indonesia	429 361	273 065	78 344	-	-	-	-	77 952
Iran, Islamic Republic of	1 080 803	297 103	-	731 066	-	-	-	52 634
Iraq	58 572	29 837	-	-	-	-	-	28 735
Ireland	1 220 522	927 671	205 504	55 000	-	130	-	32 217
Israel	1 383 855	1 220 831	103 600	2 000	-	17 253	-	40 171
Italy	16 649 497	12 909 160	2 846 653	658 229	10 880	1 393	-	223 182
Jamaica	16 289	15 740	-	-	-	-	-	549
Japan	67 784 471	51 331 188	10 427 213	4 770 782	-	2 998	-	1 252 290
Jordan	79 480	21 727	6 204	51 549	-	-	-	-
Kazakhstan	101 232	47 673	14 054	-	-	-	-	39 505
Kenya	211 924	17 713	5 674	181 256	-	-	-	7 281
Korea, Republic of	6 195 104	3 876 469	977 412	688 202	-	-	-	653 021
Kuwait	513 805	422 235	87 984 b/	-	-	-	-	3 586
Kyrgyzstan	3 397	1 967	607	-	-	-	-	823
Latvia	164 165	27 955	8 501	119 411	-	-	-	8 298
Lebanon	51 605	45 327	-	-	-	-	-	6 278
Liberia	1 967	1 967	-	-	-	-	-	-
Libyan Arab Jamahiriya	1 393 917	249 943	- b/	1 131 484	-	-	-	12 490
Liechtenstein	16 754	13 718	3 036	-	-	-	-	-
Lithuania	166 421	45 846	15 327	52 000	-	-	-	53 248
Luxembourg	251 352	203 113	45 643	-	-	-	-	2 596
Madagascar	12 771	5 912	1 646	-	-	-	-	5 213
Malaysia	557 068	391 055	118 384	7 550	-	-	-	40 079
Mali	5 860	3 939	-	-	-	-	-	1 921

## ANNEX A3a (continued)

Member State	C A S H				I N K I N D a/ (Note Q)			
	TOTAL	Assessed contributions Schedule S1	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Malta	35 217	25 964	7 332 b/	-	-	-	-	1 921
Marshall Islands	1 967	1 967	-	-	-	-	-	-
Mauritania, Islamic Republic of	1 967	1 967	-	-	-	-	-	-
Mauritius	28 538	21 850	6 688	-	-	-	-	-
Mexico	4 463 250	3 575 972	810 561 b/	-	6 997	309	-	69 411
Monaco	1 640 995	8 220	-	220 810	-	-	1 361 750	50 215
Mongolia	2 879	1 997	608	-	-	-	-	274
Morocco	130 504	89 399	24 696	-	-	-	-	16 409
Myanmar	25 070	19 716	5 354	-	-	-	-	-
Namibia	35 385	11 808	3 655	-	-	-	-	19 922
Netherlands	5 629 574	4 469 360	984 520	21 690	-	851	-	153 153
New Zealand	630 259	584 529	-	30 316	823	-	-	14 591
Nicaragua	3 258	1 986	586 b/	-	-	-	-	686
Niger	5 341	1 967	630	-	-	-	-	2 744
Nigeria	241 525	78 702	21 952	131 380	-	-	-	9 491
Norway	2 632 149	1 797 322	397 716	355 900	-	172	-	81 039
Pakistan	541 313	105 744	32 713	335 196	-	247	-	67 413
Panama	35 835	35 835	-	-	-	-	-	-
Paraguay	32 577	23 610	-	-	-	-	-	8 967
Peru	186 277	175 114	-	-	-	-	-	11 163
Philippines	360 869	181 536	3 775	155 710	-	-	-	19 848
Poland	3 407 120	888 743	268 780	2 197 398	-	-	-	52 199
Portugal	1 497 066	1 008 908	214 511	176 250	-	-	800	96 597
Qatar	871 322	168 181	-	697 300	-	-	-	5 841
Republic of Moldova	2 586	1 991	595	-	-	-	-	-
Romania	309 960	116 091	35 775	59 058	-	34	-	99 002
Russian Federation	4 650 621	2 912 273	578 968	630 315	-	425	-	528 640
Saudi Arabia	1 412 006	1 369 652	-	32 874	-	-	-	9 480
Senegal	9 838	9 838	-	-	-	-	-	-
Serbia	55 392	35 879	10 800	-	-	-	-	8 713
Seychelles	5 856	3 935	-	-	-	-	-	1 921
Sierra Leone	1 967	1 967	-	-	-	-	-	-
Singapore	1 254 774	1 026 559	227 392	-	-	-	-	823
Slovakia	531 557	97 868	29 753	260 966	-	-	-	142 970
Slovenia	367 136	216 592	47 716	14 620	-	21 370	-	66 838
South Africa	1 083 508	564 444	173 938	97 611	-	68 600	-	178 915
Spain	9 847 826	6 665 427	1 468 324	1 198 386	28 950	824	24 010	461 905
Sri Lanka	46 117	31 788	9 664 b/	-	-	-	-	4 665
Sudan	20 782	15 740	-	-	-	-	-	5 042
Sweden	3 603 709	2 649 380	593 978	93 247	-	3 052	-	264 052

## ANNEX A3a (continued)

Member State	C A S H				I N K I N D a/ (Note Q)			
	TOTAL	Assessed contributions Schedule S1	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Switzerland	3 988 529	3 175 337	650 038	500	5 671	1 550	-	155 433
Syrian Arab Republic	106 001	73 511	22 020	-	-	-	-	10 470
Tajikistan	8 170	2 031	675	-	-	-	-	5 464
Thailand	680 815	402 316	123 977	135 600	-	-	-	18 922
The Former Yugoslav Republic of Macedonia	103 356	11 786	-	90 750	-	-	-	820
Tunisia	90 974	61 730	18 451	-	-	-	-	10 793
Turkey	973 173	706 538	213 577	-	-	34	-	53 024
Uganda	23 150	11 916	3 701	-	-	-	-	7 533
Ukraine	205 898	75 451	22 222	-	-	-	-	108 225
United Arab Emirates	774 716	620 966	135 110	-	-	-	-	18 640
United Kingdom of Great Britain and Northern Ireland	23 945 207	16 224 481	3 560 532	3 519 787	3 430	80 941	-	556 036
United Republic of Tanzania	16 414	11 921	3 670	-	-	-	-	823
United States of America	99 953 925	67 463 037	14 455 526	16 533 762	152 567	117 847	5 145	1 226 041
Uruguay	96 810	90 361	-	-	-	-	-	6 449
Uzbekistan	29 387	25 579	-	-	-	-	-	3 808
Venezuela, Bolivarian Republic of	422 824	324 217	80 546 b/	-	-	-	7 409	10 652
Vietnam	75 379	39 867	12 000	-	-	-	-	23 512
Yemen	15 218	11 964	3 254	-	-	-	-	-
Zambia	46 096	3 975	1 174	29 600	-	-	-	11 347
Zimbabwe	41 659	13 899	4 094	22 020	-	-	-	1 646
Sub-total	375 775 680	262 878 033	56 036 647	42 025 537	260 605	1 570 721	1 426 148	11 577 989
<b>New Members:</b>								
Malawi	2 790	1 967	-	-	-	-	-	823
Montenegro	3 609	1 967	-	-	-	-	-	1 642
Mozambique	7 246	1 964	-	-	-	-	-	5 282
Palau	1 967	1 967	-	-	-	-	-	-
Sub-total	15 612	7 865	-	-	-	-	-	7 747
<b>Other:</b>								
Burundi	823	-	-	-	-	-	-	823
Sub-total	823	-	-	-	-	-	-	823
<b>GRAND TOTAL</b>	<b>375 792 115</b>	<b>262 885 898</b>	<b>56 036 647</b>	<b>42 025 537</b>	<b>260 605</b>	<b>1 570 721</b>	<b>1 426 148</b>	<b>11 586 559</b>

a/ Shown at actual cost where known, otherwise estimates provided by the Agency's scientific Divisions and/or cost as provided by Member States for equipment and supplies; costs as provided by Member States for meetings and other items and for cost-free experts estimated salary cost of \$200 per day plus cost of travel and subsistence provided by Member States.

b/ Pledged/paid a contribution in 2007 relating to 2006: Armenia - €1 170; Estonia - €6 808; Libyan Arab Jamahiriya - €7 949; Malta - €7 103; Mexico - €154 011; Sri Lanka - €8 044; Venezuela - €78 521; relating to 2005: Armenia - €1 170; Kuwait - €88 741; Nicaragua - €667; Venezuela - €79 871; relating to 2004: Armenia - €1 129.

c/ Revalued pledge of contribution: Georgia pledge relating to 2000 -€51.

## ANNEX A3b

**RESOURCES MADE AVAILABLE TO THE AGENCY**  
**BY UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS FOR 2007 INCLUDING CONTRIBUTIONS IN CASH AND IN KIND**

(expressed in euro)

	C A S H		I N K I N D			Human resources
	TOTAL	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	(Note Q) Meetings and other items	
African Union (AU)	1 836	-	-	-	-	1 836
American Association of Physicians in Medicine (AAPM)	2 350	-	-	-	-	2 350
Bureau Internationale des Poids et Mesures (BIPM)	10 428	-	-	10 428	-	-
Commission of the European Communities (EC)	7 665 411	7 637 967	-	-	-	27 444
European Association of Nuclear Medicine (EANM)	3 420	-	-	-	-	3 420
European Union (EU)	7 448	-	-	-	-	7 448
Food and Agriculture Organization of the United Nations (FAO)	1 524 461	1 523 128	-	-	-	1 333
International Maritime Organization (IMO)	16 610	16 610	-	-	-	-
Nuclear Energy Agency (NEA)	6 758	-	-	-	-	6 758
Nuclear Threat Initiative (NTI)	555 289	555 289	-	-	-	-
Organisation for Economic Co-operation and Development (OECD)	2 857	-	-	-	-	2 857
Pan American Health Organisation (PAHO)	6 348	-	-	-	-	6 348
Procter and Gamble	38 825	38 825	-	-	-	-
Regional Organization for the Protection of the Marine Environment (ROPME)	63 840	63 840	-	-	-	-
Supreme Council for the Environment and Natural Reserves (SCENR)	1 581	-	-	1 581	-	-
United Nations (UN)	675 161	675 161	-	-	-	-
United Nations Development Programme (UNDP)	(562 204)	(566 627)	-	-	-	4 423
United Nations Environment Programme (UNEP)	160 863	160 058	-	-	-	805
United Nations Educational, Scientific and Cultural Organization (UNESCO)	412	-	-	-	-	412
United Nations Industrial Development Organization (UNIDO)	786	-	-	-	-	786
United Nations Office for Project Services (UNOPS)	78 890	78 890	-	-	-	-
United Nations Office Vienna (UNOV)	274	-	-	-	-	274
World Association of Nuclear Operators (WANO)	12 159	-	-	-	-	12 159
World Health Organization (WHO)	5 472	-	-	-	-	5 472
World Intellectual Property Organization (WIPO)	1 121	-	-	-	-	1 121
Other sources	73 436	73 436	-	-	-	-
<b>TOTAL</b>	<b>10 353 832</b>	<b>10 256 577</b>	<b>-</b>	<b>12 009</b>	<b>-</b>	<b>85 246</b>

ANNEX A3c

**RESOURCES MADE AVAILABLE TO THE AGENCY  
BY MAJOR PROGRAMME FOR 2007 INCLUDING CONTRIBUTIONS IN CASH AND IN KIND**

(expressed in euro)

	CASH		I N K I N D (Note Q)		Human resources
	Voluntary contributions and other extrabudgetary resources a/	Type II fellowships	Equipment and supplies	Meetings and other items	
TOTAL					
<b>Major Programme 1 - Nuclear Power, Fuel Cycle &amp; Nuclear Science</b>					
1. Overall Management, Coordination and Common Activities					
Programme A - Nuclear Power	4 716 311	-	-	-	1 949 976
Programme B - Nuclear Fuel Cycle and Material Technology	1 374 947	-	-	-	1 079 866
Programme C - Capacity Building and Nuclear Knowledge Maintenance for Sustainable Energy Development	493 486	7 226	38 591	-	447 669
Programme D - Nuclear Science	2 081 028	3 616	-	-	1 690 240
<b>Total Major Programme 1</b>	<b>8 665 772</b>	<b>10 842</b>	<b>38 591</b>	-	<b>5 167 751</b>
<b>Major Programme 2 - Nuclear Techniques for Development and Environmental Protection</b>					
2. Overall Management, Coordination and Common Activities					
Programme E - Food and Agriculture	362 772	-	-	-	-
Programme F - Human Health	1 752 762	6 394	-	4 812	58 734
Programme G - Water Resource	1 496 482	169 051	1 118 730	-	156 765
Programme H - Protection of the Marine and Terrestrial Environment	55 556	20 957	-	-	21 579
Programme I - Physical and Chemical Applications	2 070 298	528 947	25 551	1 413 927	92 168
	76 960	-	-	-	66 174
<b>Total Major Programme 2</b>	<b>5 814 830</b>	<b>216 893</b>	<b>1 144 281</b>	<b>1 418 739</b>	<b>395 420</b>
<b>Major Programme 3 - Nuclear Safety and Security</b>					
3. Overall Management, Coordination and Common Activities					
Programme X - Incident and Emergency Preparedness and Response	2 235 418	-	-	-	590 928
Programme Y - Safety of Nuclear Installation	1 441 250	-	-	-	134 829
Programme Z - Radiation and Transport Safety	5 641 343	2 127	-	-	1 230 813
Programme K - Radiation and Transport Safety	2 865 413	24 090	-	7 409	1 608 008
Programme L - Management of Radioactive Waste	2 019 820	6 195	96 726	-	1 694 784
Programme M - Nuclear Security	16 750 191	-	130 051	-	165 346
<b>Total Major Programme 3</b>	<b>30 953 435</b>	<b>32 412</b>	<b>226 777</b>	<b>7 409</b>	<b>5 424 708</b>
<b>Major Programme 4 - Nuclear Verification</b>					
4. Overall Management, Coordination and Common Activities					
Programme N - Safeguard	892 242	-	-	-	1 096
Programme O - Verification in Iraq pursuant to UNSC Resolutions	9 006 752	-	171 500	-	490 958
	63 434	-	-	-	-
<b>Total Major Programme 4</b>	<b>9 962 428</b>	-	<b>171 500</b>	-	<b>492 054</b>
<b>Major Programme 5 - Information Support Services</b>					
5. Overall Management, Coordination and Common Activities					
Programme P - Public Information and Communication	260 921	-	-	-	-
Programme Q - Information and Communication Technology (ICT)	317 800	-	-	-	-
Programme R - Nuclear Information Resource	-	-	-	-	-
Programme S - Conference, Translation and Publishing Services	1 581	-	1 581	-	-
<b>Total Major Programme 5</b>	<b>580 302</b>	-	<b>1 581</b>	-	-
<b>Major Programme 6 - Management of Technical Cooperation for Development</b>					
6. Overall Management, Coordination and Common Activities					
Programme T - Management of Technical Cooperation for Development	405 842	458	-	-	191 872
<b>Total Major Programme 6</b>	<b>405 842</b>	<b>458</b>	-	-	<b>191 872</b>
<b>Major Programme 7 - Policy and General Management</b>					
7. Overall Management, Coordination and Common Activities					
Programme U - Executive Management, Policy Making and Coordination	559 177	-	-	-	-
Programme V - Administration and General Service	160 470	-	-	-	-
Programme W - Oversight Services and Performance Assessment	-	-	-	-	-
<b>Total Major Programme 7</b>	<b>719 647</b>	-	-	-	-
<b>GRAND TOTAL</b>	<b>57 102 256</b>	<b>260 605</b>	<b>1 582 730</b>	<b>1 426 148</b>	<b>11 671 805</b>

a/ Excludes Technical Cooperation Extrabudgetary Projects Amounting to €10 121 146.