



STATEMENT OF THE G-77 AND CHINA AT THE IAEA PROGRAMME AND BUDGET COMMITTEE MEETING, 20 JANUARY 2003 DELIVERED BY H.E. AMBASSADOR ROBERTO ABDENUR, PERMANENT REPRESENTATIVE OF BRAZIL

Madam Chairperson,

The Group of 77 and China wishes to thank the Secretariat for preparing the Draft Programme and Budget for 2004 - 2005, as contained in document GOV/2003/1, and appreciates the process of consultations which reflects a relevant effort by the Secretariat to facilitate Member States to define the work of the Agency.

Madam Chairperson,

The Group has reviewed the aforementioned document and wishes to make the following preliminary comments:

1- The budget proposals for 2004 - 2005 envisage increases over 2003 of the \$27.1 million in 2004, and \$30.1 million in 2005, these figures represent an overall increase of approximately 11 - 12 %.

2- The Group has noticed that the proposed increase has been driven primarily by the requirements of safeguards activities and that less consideration has been given to other statutory activities. In this context, the Group would like to express its serious concern over these increases, and remains strongly convinced that any budget proposal should preserve the balance between all statutory activities as outlined in the major programmes of the budget.

3- In addition, the Group believes that the following factors should be recalled:

- The target for the TCF was kept frozen at US\$ 73 million from 1999 to 2002. The TCF was set at US\$ 74.75 million for 2003 and 2004, an amount that represents an adjustment of less than the average inflation rate for each year.
- The Group endorsed the rate of attainment mechanism established by resolution GC(44)/RES/8 on the understanding that such mechanism would lead to a substantive increase in the actual payment of contributions to the TCF. However, the rate of attainment of 85% for 2002 may not be achieved, a prospect that is not encouraging and that indicates the need for an early review of the rate of attainment mechanism.
- The Group would like to note that the removal of the shielding mechanism (resolution GC(44)/RES/9) was based on the understanding that this would facilitate the timely payment of the full share of the contributions of major donors to the TCF. The results of these financing arrangements, however, do not seem to correspond to the Group's expectations. In addition, developing Member States are now faced with the prospect of sharing a larger increase in the safeguards budget (about US\$ 20 million per year in the biennium 2004-2005, as proposed by the Secretariat), which would represent a considerable extra burden in the individual contributions to the regular budget.
- All these elements point out to the fact that the necessary balance between promotional and verification activities of the IAEA may be seriously impaired in the near future, which is a matter of great concern for the G- 77 and China.
- The Group thus once again stresses the need for adequate, predictable and assured resources for the TCF by bringing it in line with the principles relating to the regular budget.

Having highlighted the aforementioned factors, the Group is not in a position, at this stage, to recommend the proposed programme and budget.

Thank you Madam Chairperson.