



STATEMENT OF THE G-77 AND CHINA AT THE PROGRAMME AND BUDGET COMMITTEE MEETING OF THE IAEA BOARD OF GOVERNORS STARTING ON 4 MAY 2004, DELIVERED BY H.E. AMBASSADOR TAOUS FEROUKHI, PR OF ALGERIA

The Group of 77 and China would like to thank the Director-General Mr. El Baradei for his introductory statement. The Group would like to take this opportunity to express its deep sense of grief on the sad demise of H.E. Ambassador Tirivafi John Kangai, PR of Zimbabwe and wishes to convey its sympathy to the bereaved family.

Agenda item 2: The Agency's Accounts for 2003

Mr. Chairman,

The Group thanks the Deputy Directors General Mr. D. Waller and Ms. A.M. Cetto, for introducing this Agenda Item. The Group of 77 and China would like to commend the Secretariat for the preparation of document GOV/2004/16, which contains the Agency's Accounts for 2003 and the External Auditor's report thereon.

The Group notes that the External Auditor has placed an unqualified audit opinion on the Agency's financial statements for 2003.

The G-77 and China notes also that the External Auditor's report includes observations and recommendations intended to contribute to the improvement of the Agency's financial management and control in two main areas: Technical Cooperation Project Management and the impact of external audit reports and recommendations. The G-77 has carefully reviewed the full scope of recommendations placed under these areas and wishes to emphasize the following points:

1 - On the Technical Cooperation Project Management, the Group supports the External Auditor's recommendation, mentioned in paragraph 7, that the Agency should consider harmonizing the technical cooperation and regular budget programme cycles as soon as possible. The Group believes that this would further improve the issue of non-alignment between the TCP cycle and that of the Agency after the introduction of biennial programming in 2001. In this context, the G-77 and China looks forward to the Secretariat's report on this matter to be submitted to the June Board. As we recall, that report is one of the elements contained in the package on the programme and budget approved by the Board last year.

The Group also supports the recommendation contained in paragraph 12, that the Agency continue to strengthen project management, including monitoring against time-related outcomes and targets, to provide Member States with assurance over progress on the preset work plans. The G-77 and China also agrees that robust budgets and timescales, effectively monitored to ensure early corrective action when appropriate, are necessary to support good project management.

The Group of 77 and China commends the Agency's efforts in the field of SIT in Africa. As for the External Auditor's observations on the Sterile Insect Techniques (SIT) for tsetse, the Group seeks clarification as to why the Agency had extended its activities far beyond its usual mandate of support for nuclear technology-based programmes, funding refurbishment of insect breeding facilities, trials of aerosol spraying technique and the collection of baseline information on tsetse infestation.

The Group notes the type of review mentioned in paragraph 83, and encourages the Agency to consider

whether there is any scope to reduce procurement costs through more local procurement of items, rather than the transfer of equipment through airfreight services. The Group agrees that the latter may not always be justified by the urgency of the requirement and may nevertheless involve significant cost. In considering local procurement of imported equipment, after sales service and maintenance should be assured and that local expertise should be available to perform these services.

2 - On the impact of external audit reports and recommendations, the G-77 and China expresses its satisfaction at the conclusion, mentioned in paragraph 24, that the Director-General and the Secretariat have consistently provided a positive response to external audit recommendations and advice, accepting and working to implement audit recommendations wherever possible. We believe that, in doing so, the Agency is contributing to the improvement of its work.

As far as last year's recommendations are concerned, the G-77 is glad to note that the Agency is developing procedures to record project start and completion dates, as supported by the Group in its 2003 statement. The Group is also pleased to note that the Agency will maintain its development of performance indicators.

As a final comment, Mr. Chairman, the G-77 and China wishes to commend the External Auditor and his staff for the efficient work done over the past eight years and express the hope that, by performing his duties, the new External Auditor will contribute to the continued improvement of the Agency's work.

With these comments, the Group of 77 and China takes note of document GOV/2004/16.

Thank you Mr. Chairman.

Agenda Item 3: The Programme Performance Report for 2002-2003

Mr Chairman,

1. The Group of 77 and China has carefully reviewed the programme Performance Report for the period 2002-2003, as contained in document GOV/2004/22. The Group appreciates the usefulness and comprehensive approach concerning the delivered outputs, the utilised resources and the lessons learned during the biennium 2002-2003. The Group would like to thank the DDG Mr. Waller, for presenting the document and the Secretariat for its preparation.

2. The Group notes with satisfaction that many projects have been concluded in different Major Programmes. We are also glad to take note of the rational use of the available financial resources, as stated in document GOV/2004/16. The Group is of the view that this positive performance is also facilitated by the collective efforts of Member States in increasing the regular budget from US\$ 214,1 millions in 2002 to US\$ 254,8 millions in 2003. The extra budgetary resources have followed the same trend, increasing from US\$ 34,7 millions in 2002 to US\$ 39,4 millions in 2003.

3. In Major Programme 1, the Group is pleased to learn that 14 different research teams in seven Member States are applying the INPRO User Requirements in national or individual case studies for the validation of the methodology developed by the Agency with substantial extra-budgetary contributions. The Group also notes with satisfaction that the use of the Agency's analytical assessment and specialised policy analysis tools related to sustainable energy development increased during the 2002-2003 cycle. The Group underlines the fact that the Agency has provided useful assistance to the benefit of many countries, including developing countries, which allowed them to improve safe management of spent fuel. In the field of nuclear knowledge management, we commend the Agency's valuable efforts to make available surveys and studies in the area of nuclear education and for its participation in the setting up of the Nuclear World University, since last September.

4. Concerning Major Programme 2, relating to nuclear techniques for development and environmental

protection, the Group underscores the positive outcomes in the areas of food and agriculture, human health, water resources and environment. However the Group is of the view that the Secretariat should make further efforts in these strategic sectors in order to better respond to the growing needs, in terms of technical assistance, expertise, training and efficiency in projects implementation in the G77 and China membership.

5. As far as Major Programme 3 "Nuclear Safety and Protection against Radiation", is concerned, the Group notes with satisfaction that recommendations and suggestions made by the operational safety (OSART) and regulatory review (IRRT) missions were accepted and dealt with by Member States during the considered period. Combined with the organisation of regional and national training sessions and seminars, these efforts helped to improve skills and qualifications of staff in both regulatory and operating organisations.

6. The Group commends also the efforts of the Agency in the areas of radiation safety and the management of radioactive waste.

7. Concerning Major Programme 6: Management of Technical Cooperation for Development, the Group appreciates the progress achieved in establishing better linkage between TC Programme and national development plans in Member States.

8. The Group appreciates the efforts of all donors and at the same time shares the view of the Secretariat that delays in the receipt of extra-budgetary resources to the TC programme, as well as their specific conditions could affect the implementation of projects. The Group hopes that the financial shortfalls experienced in the TCF in 2003 will not occur again. In case this happens the Group expects that an early warning will be set up.

9. For this reason, the Group is fully convinced that only assured, adequate and predictable funding would allow a medium and a long term programming of technical co-operation. In order to strengthen the financial resources in the benefit of recipient Member States, the Group encourages the Secretariat to consolidate further its cooperation with existing partners and other institutions and agencies dealing with international cooperation.

10. Furthermore, the Group shares the recommendation of the Secretariat for reaching a better coherence between the objectives in the Medium Term Strategy and those in the Programme and Budget, as well as the enhancement of the feed back from the recipient Member States.

Agenda Item 4: The Agency's Draft Budget Update for 2005

Mr. Chairman,

1. The Group of 77 and China would like to commend the Secretariat for the preparation of the document GOV/2004/10, presented by DDG D. Waller, which contains the Agency's Draft Budget Update for 2005.

2. The present document highlights changes to the original biennial programme and budget proposals and introduces the price adjustment which is an average of 3.1% for the second year of the biennium (2005).

3. As the Group attaches high importance to Major Programme 6 related to the management of technical cooperation for development, it is hoped that the Secretariat's review of the needs in this major programme, which was requested to be presented to the Board of Governors as contained in the document GOV/2003/48 is proceeding well. The Group looks forward to being fully informed on this important matter in due course of time.

4. However, with respect to the price adjustments it is noted that the principal cost elements are staff costs especially the Common Staff Costs which faced an exceptional increase of US\$3.3 million in 2003 due to an increased number of retirements and separations. Among other items of expenditure, it is noted that non-

staff travel at 5.8%, interpretation services at 7.7% and external training of professionals at 5.5% have registered substantial increases.

5. The Group is pleased to note that the Business Continuity Plan of the Agency will be synchronized with the Vienna Crisis Management Plan - a VIC-wide management plan and additional funding requirement will be covered through Programme savings.

6. With these comments the Group recommends the Board to submit the Agency's budget estimates for the year 2005 as contained in document GOV/2004/10 to the General Conference.

Thank you Mr. Chairman.

Agenda item 5: Strategic issues and changes for the 2006-2007 Programme and Budget

Mr. Chairman,

1. The Group of 77 and China appreciates the Secretariat's efforts for preparing document GOV/2004/23 which identifies strategic issues and changes that might be proposed to the existing programme in terms of both content and structure.

2. The Group wishes to emphasize that the strategic directions and measures for the preparation of the 2006-2007 programme and budget must be based on the package, contained in document GOV/2003/48 approved by the Board of Governors on 18 July 2003.

3. In this context the Group recalls that the Medium Term Strategy 2006-2011 will be jointly prepared by the Member States and the Secretariat and that this process is presently progressing in the framework of the Working Group on the Medium Term Strategy 2006-2011 conducted by H.E. Ambassador Javier Paulinich, P.R of Peru.

4. The Group takes note of document GOV/2004/23 as preliminary guidance to the Secretariat for planning purposes for the 2006-2007 programme and budget and emphasizes that in preparing such document there should be close consultation with Member States. The Group reserves its right to reconsider the above mentioned document as well as to provide further strategic guidance.

5. Regarding the additional resources requirements mentioned in section J.3 of document GOV/2004/23, the Group of 77 and China emphasizes the importance of keeping the budget at the levels indicated in the package approved last year.

Agenda Item 6: Security Enhancement for the VIC

Mr. Chairman,

1. The Group would like to thank the Secretariat for the information which Member States received on the enhanced security arrangements to enable the VIC-based Organizations to comply with the Headquarter's Minimum Operating Security Standards (H-MOSS) being proposed by UN Headquarters in New York.

2. The Group would like to stress that the recommendations for enhanced security should be adopted after close consultations with Member States, and with due respect to the diplomatic privileges and immunities of Vienna-based diplomats, as well as with the principle of cost-efficiency.

3. Moreover, the Group notes that according to the Agency's Draft Budget Update for 2005, the Agency's share of the costs would amount to over 52% of the total of US \$8.4 million and according to a later Agency document GOV/INF/2004/4, it will be 53% of the total cost of US\$ 13.2 million. The Group is also of the view that additional financial burdens as a result of these measures should not be imposed on Member States

beyond their capacity to pay for them. The Group therefore welcomes further consultations between the Secretariat and Member States on how these additional financial requirements can be apportioned in future budget proposals of the Secretariat.

Thank you Mr. Chairman.