



STATEMENT OF THE G-77 AND CHINA AT THE PROGRAMME AND BUDGET COMMITTEE MEETING OF THE IAEA BOARD OF GOVERNORS STARTING ON 6 MAY 2002 DELIVERED BY H.E. AMBASSADOR VICTOR G. GARCIA III, PERMANENT REPRESENTATIVE OF THE PHILIPPINES

Item 1: Introductory statement by the Director General/or other business

Mr. Chairman,

The Group of 77 and China wishes to thank the Director General for his very informative introductory statement. The Group takes note of the Secretariat's proposal to hire the services of an external management consultant to evaluate program implementation and to identify any possible savings. In view of the fact that the activities of the Agency are already submitted to evaluation and auditing mechanisms, and having in mind the possible implications of an extra evaluation process, the Group would like to have more information on this proposal.

Agenda item 2: The Agency's Accounts for 2001 (GOV/2002/12)

Mr. Chairman,

The Group of 77 and China would like to commend the Secretariat for the preparation of document GOV/2002/12, which contains the Agency's Accounts for 2001 and the External Auditor's report.

The Group of 77 and China takes note with satisfaction that the External Auditor has once again given the Agency a clean bill of financial health, and that the financial statements are free from any material misstatements, and that they are in accordance with the books and records of the agency, as well as with the United Nations Accounting Standards.

In relation to the recommendations of the External Auditor, the Group notes that the External Auditor has focused on corporate governance and internal control, in particular in the areas of internal audit, management of procurement, control of information, matrix management and staff succession planning. As those recommendations will be considered by the Secretariat with the purpose of acting upon them as appropriate, the Group would appreciate to receive from the Secretariat more information on the following:

- 1) the merits of establishing an audit committee, how this committee will function and be financed;
- 2) the matrix management mechanism, which has been initiated by the Agency recently and applied to Technical Cooperation activities.

In relation to the External Auditor's recommendation that the Agency should consider the establishment of an annual procurement plan, the Group supports this recommendation on the basis that such a plan will offer the opportunity of a more rational purchasing activity during the year, so as to avoid end-of-the-year bulges.

On the issue of staff succession, the Group takes note of the finding of the External Auditor that the Agency has no formal policy or guidance on staff succession planning. In this respect, the Group supports his recommendation that the Agency should develop an appropriate staff succession strategy.

- The Program and Budgetary Performance Report for 2001 (GOV/INF/2002/2)

The Group of 77 and China acknowledges the interesting changes introduced in document GOV/INF/2002/2 "Programme and Budgetary Performance Report for 2001", in the sense that performance has mostly been

measured in terms of activities implemented and outputs delivered. We believe that this transitional approach has provided Member States with more qualitative information to appraise the Agency's performance and look forward to move towards a full implementation of the results based approach. The Group also wishes to express its appreciation to the Agency for the activities implemented in areas that bring particular benefits to developing countries, especially in fields that help promote sustainable development.

Agenda item 3: The Agency's Draft Budget Update for 2003 (GOV/2002/1 and Note 2002/8 of 26 April 2002)

The Group of 77 and China takes note of document GOV/2002/1, which contains the Agency's Draft Budget Update for 2003.

In relation to Note 2002/8, issued by the Secretariat on April 26, on the impact of decisions on Protection Against Nuclear Terrorism on the Agency's budget for 2003, the Group would like to offer only preliminary views at this stage, due to the fact that there was not enough time to analyze this document in depth. The Group thus reserves its position on the matters included in Note 2002/8 until the June session of the Board.

In light of the substantive and detailed observations made by the Group on document GOV/2002/10 last March we are confident that these comments will be taken into consideration by the Secretariat in planning the implementation of the additional measures to protect against nuclear terrorism, as indicated in paragraph 3 of Note 2002/8.

Additionally, the Group would like to recall its position in respect of the so-called Core Activities Unfunded in the Regular Budget (Caurbs), as stated on several occasions:

According to Note 2002/8, the net addition to Caurbs for 2003 amounts to US\$ 9.3 million, which will bring the total for Caurbs for 2003 to US\$ 32.9 million. Even if the new Caurbs are to be funded from extra-budgetary funds (with no direct impact on the regular budget), their implementation will certainly employ human and other resources included in the regular budget. In this regard, the Group strongly recalls its view that the activities related to the promotion of sustainable development should not be negatively affected by the new measures.

In this respect the Group reiterates the following concerns:

- a) the projection of the total volume of unfunded activities is extremely high and growing (for 2003 it would represent more than 10% of the regular budget);
- b) the bulk of Caurbs is concentrated in one major area, which does not contribute to the desirable balance between promotional and verification activities of the Agency.

Agenda item 4: The Agency's Staff Regulations (GOV/2002/17)

1. The Group of 77 and China has carefully analyzed document GOV/2002/17, which contains several suggestions to amend the Agency's staff regulations and represents the first thorough review of these regulations, which have been applied provisionally since 1957.

2. While noting that several of the suggested amendments are basically of an editorial nature and aim at streamlining the Staff Regulations in line with the United Nations Common System, the Group of 77 and China believes that some of the proposed amendments are of a more substantive nature and deserve a more detailed analysis.

3. The Group thus proposes that further consultations with the Secretariat and Member States be conducted on this very important matter.

Thank you, Mr. Chairman.