



STATEMENT OF THE GROUP OF 77 AND CHINA AT THE MEETING OF THE PROGRAMME AND BUDGET COMMITTEE OF THE IAEA BOG, 7-8 MAY 2012, DELIVERED BY H.E. AMBASSADOR ANTONIO GARCÍA, PR OF PERU

Agenda item 2: The Agency's Accounts for 2011, including the External Auditor's Report, as well as the 2011 Internal Audit Activity Report and the Programme Evaluation Report for 2011

Mr. Chairman,

1. The Group of 77 and China wishes to thank DDG Janice Dunn Lee for her introductory remarks and her team for organizing a useful seminar and workshop on 30th of March and 20th of April 2012 respectively. The Group commends the Secretariat for the preparation of the Agency's Accounts and the Programme Evaluation Report for the Year 2011 as well as Progress Report on the Agency's Implementation of the International Public Sector Accounting Standards System (IPSAS). The Group would also like to thank Dr. Norbert Hauser, the External Auditor, and his staff for their report.
2. The Group also appreciates the Secretariat for introducing the Internal Audit Activity Report to Member States, and requests that the specific reports be made available to interested Member States upon request.
3. The Group notes that for the first time the financial statements of the Agency have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and that the adoption of IPSAS represents a best management practice and will result in keeping up-to-date with the latest developments in financial matters.
4. The Group is pleased to note that there were no material weaknesses that affected the audit opinion and that "an unqualified opinion" has once again been placed on the Agency's financial statements. The External Auditor has made several observations and recommendations for the improvement of the Agency's financial practices. While appreciating these comments, the Group reiterates that the Secretariat should take a cautious approach when considering these recommendations and, where appropriate, consult Member States prior to taking any measures in that regard.
5. The Group appreciates the efforts of the Secretariat which led to a significant recovery of outstanding assessed contribution in 2011 and further encourage it to continue the efforts to collect the remaining funds. The Group concurs with the External Auditors recommendation that the few Member States with significant arrears should do their utmost to fulfill their obligations.
6. The Group notes the External auditors observation that despite several attempts by the Secretariat the recruitment process has still not been fully streamlined. While endorsing the recommendations to further streamline the process, the Group reiterates that attention should still be given to increase the recruitment of staff members from developing countries, including those which are unrepresented or underrepresented.
7. The Group expresses its concern over the findings of the External Auditor on consultancy contracts entered into by the Agency, including the amounts paid, the duration of the contracts, and the part that they were often not in line with Agency rules and regulations. The Group calls on the Secretariat to issue a report on the matter, including the Agency's Policies on the hiring of consultants.
8. The Group also takes note of the Agency's Rotation Policy, as contained in document GOV/INF/2012/7. In that regard, the Group calls on the Secretariat to continue reporting biennially to the Member States on the implementation of the Rotation Policy and its associated costs. The report should not only provide key

figures on the Rotation Policy, but also include figures on recruitment of nationals of developing countries particularly at senior levels.

9. On the External Auditor's observations on the "Nuclear Fuel Bank", the Group is of the view that the Secretariat should carefully consider all the potential risks for the Agency connected with the implementation of the project. The Group would like to emphasize that Member States who make voluntary contributions to the project should not have any influence in the decision-making process of the bank.

10. The Group is seriously concerned about the violation of confidentiality rules and regulations taking place in the Secretariat at all staff levels. The repeated leakages of information adversely affect the credibility of the Agency. The Group encourages the Secretariat to enhance efforts to strictly apply its own information security policy to avoid recurrent leakages. The Group also concurs with the recommendation of the External Auditor on implementing a new and a more prudent policy on relations with the media, which the Director General approved in 2010.

11. The Group notes the observations of the External Auditor on the implementation of integrated safeguards in the Member States and is particularly concerned about the absence of hard data on the resources spent on initiating and operating integrated safeguards in the IAEA and in the Member States. The Group endorses the External Auditor's recommendations and requests the Secretariat to provide periodic reports to Member States on the progress of integrated safeguards in a transparent and comprehensible manner.

Mr. Chairman,

12. The External Auditor has made several observations regarding the Agency's TC programme. These include issues related to building partnerships and synergy with other UN organizations, project monitoring and evaluation, synthesizing Common Country Assessment with the Country Programme Framework (CPF), as well as sharing information with other non-resident agencies involved in the UNDAF process. The Group stresses that these recommendations require a very careful analysis as the Agency is a unique technical international organization to which the development aid criteria should not be applied.

13. The Group again reiterates that the present guidelines and criteria as provided for in INF/CIRC/267 for the screening of TC project proposals, programme implementation and subsequent evaluation are sufficient and effective, and there is no need to introduce additional mechanisms for fulfilling the above objectives. Any changes to the established TC programmatic approach by the Secretariat should be considered in close consultation with developing Member States.

14. On the UNDAF process, the Group believes that, while partnerships could be built where they clearly multiply impact, these should not be used as pre-requisites for approval of Member States' TC projects. The Agency needs to enhance activities related to its unique core competencies to be able to independently implement its statutory functions related to the TCP and respond to the requests of Member States. Therefore, the Group finds it necessary that the Agency maintains a sufficient level of in-house expertise and capabilities in all areas of nuclear technology. In its core areas of competence, where the Agency is unparalleled with any other international institution, it should be able to respond to Member States' needs on a standalone basis.

15. The Group wishes to highlight that the planning of the TCP which is essentially based on the needs and evolving priorities of the recipient Member States, its implementation, monitoring and evaluation involve close cooperation between the Member States and the Secretariat. The Programme Management Officer (PMO), who is the direct interface between the Agency and the Member State, acts as the Agency's resident expert on a Member State's needs, interests and priorities. In view of the specialized nature of the work of the Agency, this close interfacing between the Permanent Missions in Vienna, the PMO, who is the contact point for the overall management of a Member States' TCP, and Member State's National Liaison Officers

(NLOs) and Project Counterpart, cannot be delegated to UN resident representatives.

16. With regard to the external auditor's observation that "design, implementation and monitoring of TC projects suffer from serious shortcomings", the Group believes the Programme Cycle Management Framework (PCMF) is a detailed and comprehensive platform that functions as a project design, implementation, monitoring and evaluation tool. The Group would like to reiterate that this platform should continue to be utilized exclusively to enhance transparency among national stakeholders and to be accessible only to relevant project counterparts.

17. At the same time, while the Group welcomes the trainings given to Counterparts (CPs), NLOs and NLAs in order to improve the understanding of the Logical Framework Matrix (LFM) methodology and the use of PCMF, the Group is of the view that the Project Progress Report (PPR) feature could be further improved by proper trainings of CPs and NLOs and further improvement to PCMF for more user friendliness and ease of use. The Group emphasizes that all measures taken in this regard should preserve and enhance the ownership of technical cooperation projects by recipient Member States.

18. The Group takes note of the External Auditor's observation on the implementation of some TC projects involving the provisions of radioactive sources. In this context, we take note of the Secretariat's efforts to prevent the occurrence of such events. The Group, however, reiterates that such efforts should not be used as a precondition for the implementation of TC projects.

19. In this regard, the Group calls on the Secretariat to continue to assist Member States in the development of appropriate regulatory infrastructure framework.

Mr. Chairman,

20. With these comments, the Group of 77 and China takes note of the Agency's accounts for 2011 and the External Auditor's Report.

Mr. Chairman,

Allow me now to turn to 2011 Programme Evaluation Report.

21. The Group of 77 and China would like to thank the Director General, the external evaluation experts and the Office of Internal Oversight Services (OIOS) for the 2011 Programme Evaluation Report contained in document GOV/2012/15.

22. As far as the Programme of Action for Cancer Therapy "PACT" is concerned, the Group emphasizes the importance of the peaceful use of atomic energy for civilian and humanitarian purposes, in particular in the field of cancer prevention and control and building capacities for the countries that still have no access to radiation medicine techniques and radiotherapy.

23. The Group is deeply concerned about the chronic lack of necessary funding for (PACT) being dependent on extra-budgetary funding for the implementation of the programme. The Group calls upon the Secretariat to work closely with Member States and relevant entities to increase financial contributions to implement PACT's strategy, in particular through establishing networks and cancer training centers in developing countries.

24. The Group expresses its support for all efforts aimed at enhancing the implementation of activities under PACT. The Group stresses that any changes in any of the elements of PACT, including its regulatory framework and program scope, should only be made in close consultation with Member States, in line with decision of the IAEA Board of Governors in June 2004.

25. The Group recalls the IAEA General Conference resolution on PACT which was adopted by consensus in 2011 which, inter alia, requested the Secretariat to continue, in an integrated manner, planning and implementing PACT's cancer-related activities and projects in Member States. In this regard, the Group requests the Secretariat to report on the status of the ongoing development of an Agency-wide strategy for cancer-related activities. The Group also requests the Secretariat to report on the status of the implementation of the Joint WHO/IAEA Programme, and to provide information on the mechanisms at the operational level that are necessary in order to fully reap the benefits of this partnership.

26. On the report of OIOS, the Group expresses its concern that not all relevant stakeholders, including Member States, program recipients, donors, partners, as well as the technical departments of the Secretariat and the Department of Technical Cooperation, were fully involved in the PACT evaluation process, as their participation could have made the evaluation more comprehensive and transparent.

27. The Group underscores that within the Secretariat, PACT does not just involve a single office that is the PACT Program Office, but involves a number of departments that are involved in the implementation of PACT activities. The cooperation of all of these offices is essential for the smooth coordination and implementation of the Agency's cancer-related activities.

28. On the evaluation of the sustainable control of major insect pests, the Group welcomes the Agency's assistance to Member States through development and integrated application of pest control techniques using nuclear technologies. The Group encourages the Secretariat to extend the establishment of rearing facilities for the breeding of sterile mosquitoes to other regions in need to fight the malaria pandemic. The Group would like to call on the Secretariat to provide assistance to research vaccines against malaria, as well as to expedite research on dengue pandemic. The Group supports, in particular, recommendation 12 highlighting the importance that TC projects of mosquito SIT should receive an evaluation of feasibility and local management support for their implementation without further delay.

29. Finally, on the evaluation of the contribution of the IAEA in the field of capacity building and energy-economy-environment analysis (3E), the Group attaches great importance to the above mentioned activity. The Group notes that several countries have indicated their interest in launching nuclear power programme to meet future energy needs. For the Group, this development underlines the need to increase the transfer of nuclear technology and the sharing of nuclear knowledge to developing countries, to enhance their capabilities.

30. With these comments, the Group of 77 and China takes note of the 2011 Programme Evaluation Report as contained in document GOV/2012/15.

Thank you Mr. Chairman.

Agenda item 3: The Agency's Draft Budget Update for 2013

Mr. Chairman,

1. The Group of 77 and China takes note of the Agency's Draft Budget Update for 2013, the second year of the biennium 2012-2013, as contained in document GOV/2012/1. The Group appreciates the efforts of the Secretariat in preparing the document, as well as the information provided during the Workshop on Financial and Administrative Matters held on 20 April 2012. The Group would also like to thank DDG Lee for introducing this agenda item.

Mr. Chairman,

2. The Group has pronounced its position during previous meetings at the preparation for the Agency's regular programme for the biennium 2012-2013, particularly during the Working Group on the Financing of

Agency's Activities in 2011. Meanwhile, the Group has the following comments to emphasize:

3. Despite the fact that the Group joined consensus on the proposed Programme and Budget for the biennium 2012-13, the Group would like to reiterate its position on the matter:

- a. The Group remains concerned by the missing balance between voluntary and assessed contributions, as well as the asymmetry that exists between the promotional and non-promotional activities of the Agency as reflected in the increases of the proposed regular budget directed towards non-promotional activities.
- b. The need for sufficient funding from the Regular Budget for Major Programmes 1, 2, and 6 to respond to the growing needs of developing countries;
- c. Meaningful steps to be taken towards making the resources of the Technical Cooperation Fund (TCF) Sufficient, Assured, and Predictable (SAP), including an agreement to increase the resources of the TCF in the future cycles in a manner that matches the overall increase in the regular budget;

Mr. Chairman,

4. The Group reaffirms its support to the Plan of Action of Nuclear Safety adopted during the 55th session of the General Conference in 2011. Meanwhile, the Group is looking forward to the upcoming report in obtaining information on cost implications of new and existing activities under the Action Plan, especially with regard to the proposed biennial budget and on the future activities of the Agency. The Group would also like to request for an assessment on the effect of these activities in fulfilling the overall objectives of this Plan.

5. The Group also takes note of document GOV/2012/16 containing the Planning for the 2014-2015 and 2016-2017 Programme and Budget Proposals and calls on the Secretariat to keep reporting in such manner to inform Member States about the IAEA programme directions ahead. In this context, the Group calls on the Secretariat to regularly consult with Member States to have their inputs before finalizing any document, especially those related to programmatic changes of the TC.

Thank you Mr. Chairman.