



STATEMENT OF THE G-77 AND CHINA DURING THE IAEA BOARD OF GOVERNORS MEETING ON 1 AUGUST 2008 DELIVERED BY H.E. AMBASSADOR SHAHBAZ, PR OF PAKISTAN

Agenda Item 2: Technical Cooperation Fund targets for the 2009-2011 triennium

Mr. Chairman,

At the outset, I would like to express on behalf of the Group of 77 and China our sincere gratitude and appreciation to H.E Ambassador Kongit Sinegiorgis of Ethiopia and H.E. Ambassador Cogan of Ireland for their strenuous efforts as co-chairs of the Open-Ended Working Group on TCF targets and Indicative Planning Figures.

The Group would like to recall that, in accordance with Resolution GC(51)/RES 13 and in line with our long-standing position on the issue, the resources for the Technical Cooperation Fund must be sufficient, assured and predictable (SAP). The Group remains convinced that without adequate financial resources, the TC Programme cannot achieve its objectives as mandated in Article II of the Statute, namely "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world". The Group would like to emphasize that the target figure for TCF reflects the strong political commitment of Member States towards the TC Programme, which embodies the main statutory vehicle for promoting nuclear technology for the sustainable socioeconomic progress of developing countries.

The Group recalls the criteria adopted in the 2003 package, according to which the TCF targets should be negotiated based on the changes in the level of the regular budget and the price adjustment factor in the corresponding years. The Group notes with satisfaction that the proposals put forward by the co-chairs also incorporate additional funds to cope with increasing needs for technical assistance to new Member States of the Agency. In addition to that, the Group expresses its concern over the significant loss in purchasing power of the TCF due to the steep decline of the dollar/euro exchange rate in recent years, which has not been taken into account. Due consideration of this fact has also been called for by the Director General and the External Auditor, and in the previous decisions by the Board.

It was on the basis of these objective criteria that the Group has contributed to the consultations on the TCF targets. Our initial proposal to set the target for 2009 at around 91 million USD was moderate, as it merely incorporated in the co-chairs' proposal an adjustment factor with a view to preserve the value of the euro portion of the previous TCF target. The fact that it represented a significant increase in nominal terms in the overall proposed target is nothing but a demonstration of the significant loss of purchasing power of the TCF in recent years due to the decrease in the value of the dollar vis-à-vis the euro.

Indeed, Mr. Chairman, the targets of 85 million USD for the year 2009-2010 and of 86 million for 2011 do not meet the expectations of developing countries. Taking into account the longer period of the next planning cycle, i.e., three years, there is a need for ensuring parity with the growth in the budget of the Agency and the price adjustments over this period. The Secretariat has already indicated an increase in the regular budget on account of additional activities during the coming years. Therefore, the TCF targets should have been set to ensure a corresponding increase every year over the triennium. It would have then reflected due consideration of the agreed principles that formed the basis of arriving at a figure for the first year.

However, in the spirit of compromise, throughout the late phase of the consultations, the Group has signaled its disposition to accept a lower figure for the TCF target as a means to achieve consensus, with the expectation of the concerns of developing countries being taken into consideration in the future. This was a

demonstration of utmost flexibility on our part, as any figure below 91 million would by definition represent only a partial adjustment of the purchasing power of the TCF.

The Group also expresses its concern with the fact that some delegations have referred to the indicative planning figures as the basis for their position on the funding levels to be adopted for 2009-2011. In this regard, the Group recalls that the Indicative Planning Figures are by definition of a merely indicative nature, and are adopted for the sole purpose of providing the Secretariat with a reference for purposes of long-term planning of future TC activities. They do not and should not constrain discussions on actual TC targets, which must take into consideration factors that cannot be predicted at the time the indicative planning figures are set.

The Group is also concerned with the fact that during the negotiations the possibility of a decrease in the rate of attainment has been used as an argument against setting a higher target. The Group is of the view that the target should be determined by the amount of resources needed by the Secretariat in order for it to be able to deliver the TC Programme, as mandated by the Statute. In this connection, the Group urges all Member States to continue their efforts towards attaining the ideal rate of a hundred percent.

With these comments, Mr. Chairman, the Group is in a position to agree with the . recommendations by the Co-Chairs as contained in document GOV/2008/24/Rev.1.

The Group proposes that the Secretariat undertakes a yearly review of all the factors that would impact the adjustment of the target, i.e. the increases in the levels of the regular budget, inflation and exchange rates, as well as an estimate of additional resources that may be necessary to fund TC needs of new Member States, which shall be duly reported to the Board.

Finally, the Group underscores the urgent need to establish a credible mechanism that ensures that resources for the technical cooperation fund are sufficient assured and predictable. The Group also takes this opportunity to express its appreciation to the delegations that have demonstrated flexibility during the consultations and for the firm support to the Technical Cooperation reaffirmed during meetings of the Open-Ended Working Group.

It is further requested that the Chairman's Conclusions on this Agenda Item should duly reflect the stated position of the Group.

Thank you Mr. Chairman.