



STATEMENT OF THE G-77 AND CHINA DURING THE IAEA BOARD OF GOVERNORS, 2-4 JUNE 2008, DELIVERED BY H.E. AMBASSADOR SHAHBAZ, PERMANENT REPRESENTATIVE OF PAKISTAN

Agenda Item 3: The Annual Report for 2007

Mr. Chairman,

The Group of 77 and China wishes to thank the Director General for his comprehensive Introductory Statement and commends the Secretariat for the preparation of document GOV/2008/10 and its Additional Annex Information. The Group of 77 and China would also like to thank H.E. Mr. Ernesto Zedillo, President of the Commission of Eminent Persons on the future of the Agency, for his presentation of the report of the Commission, as contained in document GOV/2008/22.

The Group commends the IAEA for its vital role, over the past 50 years, in maximizing the use of the peaceful uses of nuclear technology, its efforts in enhancing the socio-economic development of Member States and its integrated approaches towards the achievement of the Millennium Development Goals (MDGs).

The Group takes note of the publication by the Secretariat of the documents "Milestones in the Development of a National Infrastructure for Nuclear Power Plant" and "Considerations to launch a nuclear power programme", which according to the report, are aimed at assisting Member States planning to introduce nuclear power in their national energy mix. The Group encourages the Agency in its efforts for enhancing the share of nuclear energy worldwide, while keeping in view the need for safety and security related to these activities.

The Group notes the importance given to the INPRO project on innovative technologies and approaches. The second phase of the project will focus on innovative approaches to infrastructure and institutional development as well as on the collaborative projects between Member States.

With regard to small and medium size reactors (SMRs) for countries with small electricity grids, the Group encourages the Secretariat to also include reference to other available proven designs, as well as those that are under development, in the Agency's Reports.

On the complex issue of assurances of supply of nuclear fuel, the Group would like to reiterate its consistent position that any proposal to establish a framework for multilateral nuclear fuel assurances under the aegis of the IAEA must be preceded by a thorough analysis of all the technical, legal, political and economic issues involved in consultation with Member States.

The Group notes the increasing interest in the use of uranium and thorium based fuels and welcomes the Secretariat's efforts on information exchange in this regard. The Group also welcomes the inclusion of activities under atomic and nuclear data, research reactors, accelerators, nuclear instrumentation and spectrometry and nuclear fusion and reiterates its support for these programmes.

The Group attaches great importance to various activities in the field of food and agriculture, and recognizes the benefits obtained by Member States from the IAEA/FAO joint activities in the application of nuclear techniques in field of crop and livestock production systems, sustainable control of major insect pests, soil degradation and food quality and safety. The Group is encouraged by the guidelines developed by the Agency on how to obtain the best performance from a variety of soil moisture monitoring equipment, and

welcomes the result of the interregional training course held at the Agency's Laboratories, Seibersdorf, last October, which inter alia provided validated/testing of the FAO crop water model in the development of better irrigation strategies.

The Group views that it is indeed within the Agency's mandate to contribute to the attainment of MDGs, including inter alia through the improvement of agricultural productivity and research on a variety of adaptation technologies, by utilizing all technological and scientific resources available within its capacity, especially in coping with rising concern over food shortage while further securing food supply for the growing world population.

In view of the above and in line with its previous comments, the Group of 77 and China, reiterates its firm position in calling for the retention and strengthening of the Joint FAO/IAEA Division in order to enhance its continuing efforts in supporting Member States, particularly in areas of inter-regional cooperation and national capacity building, policy advice, establishment of standards and guidelines, and needs-driven research and methods development.

The Group notes with appreciation the Agency's activities in addressing the needs of Member States in the area of human health particularly with regard to capacity building and enhancement of technical capabilities in nutrition, nuclear medicine and diagnostic imaging and their associated quality assurance standards and procedures, as well as in cancer treatment. The Group highly commends the expansion of the collaboration between the Agency and several international organizations and Member States' national cancer institutes and centers under the Programme of Action for Cancer Therapy (PACT). The Group further notes with satisfaction the training activities supported by the IAEA Nobel Peace Prize Cancer and Nutrition Fund, and through PACT. The Group thanks the PACT Management Office for its fundraising efforts and encourages it to continue this noble endeavour.

The Group wishes to thank the Secretariat for the briefing on PACT's progress on 28 May 2008. The Group notes the formalization of the WHO/IAEA Joint Programme on Cancer Control, significant progress in private-public partnerships and in fund-raising activities. The Group notes progress in recruiting additional staff for PACT in accordance with relevant General Conference resolutions. The Group notes that PACT is an innovative approach to fund-raising and would encourage the Secretariat to continue its work on identifying, assessing and applying multi-dimensional approaches to securing funds for PACT to enable the PACT Programme Office to proceed imPACT missions in 54 Member States that have made requests, most of which are developing states. The Group also wishes to take note that it is not desirable for overhead costs or programme support costs to be applied to private institutions that wish to give grants to PACT, to private donations and future extrabudgetary contributions for PACT activities.

The Group commends the Agency for its role in ongoing global water management efforts and in assessing the impacts of climate change through its isotope hydrology initiatives, and appreciates the assistance it provides to Member States in their efforts towards incorporating isotope hydrology in their national water resource management programmes. The Group also notes with appreciation the publication of two new reference materials for the measurement of stable oxygen and hydrogen isotopes that will be useful for ensuring consistency of measurements in isotope laboratories worldwide.

The Group recognizes the unique role that the Agency plays in assessing the impacts of climate change, in the management and assessment of marine and terrestrial environments, and in helping to establish safety and quality standards in seafood by using nuclear techniques. In this regard, the Group commends the Secretariat's efforts in conducting various Coordinated Research Projects (CRPs) and the implementation of technical cooperation activities in these areas in response to Member States' needs and requests.

With regard to the application of nuclear and radiation techniques in medicine and industry, the Group expresses its satisfaction with the Agency's support in the research and development of products such as radiopharmaceuticals for use in positron emission tomography (PET) and therapeutic radionuclide

generators, and radiation-processed natural polymers for use in healthcare, agriculture, industry and the environment.

The Group also appreciates the Agency's support through the conduct of CRPs in the development of radionuclide generators to cater for the needs of Member States that do not possess radioisotope production facilities, and the enhancing of Member States' capacity and capabilities to solve specific technology problems in priority industrial sectors.

The Group of 77 and China continues to reiterate the importance it attaches to safety and takes note of the Agency's efforts in supporting Member States in enhancing their capacities and regulatory infrastructure in this area. The Group would also like to commend the Agency for initiating the revision of the International Basic Safety Standards for Protection against Ionizing Radiation and for the Safety of Radiation Sources (BSS). In this regard, the Group would like to emphasize the Secretariat's role in assisting developing countries in using these safety standards.

In view of the crucial role that the Technical Cooperation Programme plays in upholding the promotional pillar of the Agency and in the implementation of technical cooperation activities in Member States for their sustainable socioeconomic development, the Group of 77 and China reiterates its calls for the strengthening of this Programme through the provision of adequate resources for MP6 from the Regular Budget to cater for the growing needs of Member States.

Agenda item 4: Strengthening of the Agency's Technical Cooperation Activities

The Group of 77 and China wishes to thank the Deputy Director General Ms. Ana Maria Cetto for her Introductory Statement and the Secretariat for preparing the Technical Cooperation Report for 2007 as contained in document GOV/2008/11, as well as for the briefings on this subject.

The Group wishes to reiterate the paramount importance of the Technical Cooperation Programme of the Agency as the main statutory vehicle and an efficient tool for promoting nuclear technology for sustainable socioeconomic progress in developing countries and in the context of efforts towards the attainment of the Millennium Development Goals.

The Group deems it necessary for the Agency to maintain an adequate balance between promotional activities, which constitute the Technical Cooperation Programme, and its other statutory activities. The Group stresses the need to strengthen Technical Cooperation activities and continuously enhance the effectiveness and efficiency of the TCP in accordance with the requests and needs of Member States. The Group equally emphasizes that all measures taken and policies adopted in this regard should preserve and enhance the ownership of TC projects by developing Member States.

The Group believes that a "one UN" approach for development, financing and delivery of country programmes by all UN system organizations could have a negative impact on the TC programme in many areas, including resource mobilisation. Bearing in mind that the Agency is an autonomous international organization related to the United Nations system, the Group stresses that such a system shall not impinge upon the unique nature of the Agency's mandate and structure, nor diminish in any way, the volume, character and specificity TC Programme. Therefore such approach should not be applied to the implementation of the TC Programme in developing countries.

Regarding the Country Programme Framework (CPF), the Group would like to emphasise that this is a non-legally binding document and is also subject to revisions as Member States priorities evolve. Hence, the CPF should not be used as a basis for restricting Member States requests for technical support, nor should it be a definitive reference for approval of Member States TC Project.

The Group notes the Secretariat's progress in implementing the PCMF in phases and reiterates the need to

provide appropriate training to Member States for using this tool effectively. In this regard, the concerns and difficulties experienced by Member States, including lack of adequate equipment and IT infrastructure, should be given due consideration. Moreover, the Secretariat should continue to regularly assess, in consultation with Member States, the effectiveness of this framework in terms of programme quality and efficient delivery.

The Group would like to emphasize that the obstacles faced by the TC department in the delivery of the TC programme with regard to procurement, and the continuing problems with travel and visa restrictions imposed by a number of countries have a negative impact on the implementation and sustainability of the projects. The Group calls on the Secretariat to address this matter and to seek to ensure its adequate resolution in consultation with concerned Member States. The Group also calls on the Secretariat to keep all Member States informed of developments in this regard.

The G-77 and China continues to attach high importance to the issue of funding the TCF and remains convinced that without sufficient, assured and predictable (SAP) financial resources, the TC programme cannot achieve its objectives as mandated in Article II of the Statute. In this regard, the Group takes note of document GOV/INF/2007/15, and looks forward to receiving constructive proposals by the Secretariat addressing the long-term funding issues of the TC Programme..

The Group would like to express concern over the significant loss in buying power of the TCF due to the exchange rate fluctuations. In this regard, the Group believes that the TCF should be protected against this loss by suitable measures.

The Group recalls that 14 EU Member States using the TC programme have announced that they will continue participating in the TC as net contributors. In this regard, the Group would like to reiterate that this reduction in the allocation of their national programmes could be used to increase resources allocation for Least Developed Countries (LDCs).

The Group would like to commend the staff of the TC Department for their efforts in trying to achieve efficient programme delivery despite increasing workload and resource constraints. In this regard, the Group would like to emphasize that the increase in the lapse factor should not be applied to appointments of professional staff in the TC department. The Group reiterates its call for adequate resources from the Regular Budget to alleviate this increasing burden faced by the TC Department, and will continue to work closely with the TC Department to achieve better results in the future.

Regarding the Report on the Application of the Due Account Mechanism as contained in document GOV/2008/6, the Group believes there is a need to review this mechanism in order to improve its effectiveness and efficiency as a measure to increase the level of contribution to the TCF, while taking into account the concerns of developing Member States. The Group therefore requests that comprehensive and transparent consultations be initiated as soon as possible to allow for the consideration of appropriate means that would enable the Secretariat to apply the due account mechanism in an equitable and effective manner.

The Group welcomes the Agency support to the AFRA High level policy Review seminar hosted by the government of Egypt in Aswan in November 2007. The outcomes of this meeting, including the adoption of Aswan Declaration and a Plan of Action, which highlights issues to be addressed in the near term, as well as the AFRA regional strategic cooperative framework for the next six years, would probably contribute to strengthen the cooperation between the Agency and African member states.

The Group would like to express its appreciation with regard to the support and cooperation that has been provided under the TC Programme to 30 countries, including 4 least developed countries (LDCs), in the Asia and the Pacific region.

The Group notes with satisfaction the capacity building and capability developing activities carried out

under the regional agreement frameworks (RCA and ARASIA) in the areas of human health, agriculture, environmental protection and industry in this region and is grateful for the assistance rendered to some Member States in order to enhance their technical capability with regard to providing high quality nuclear diagnostics and therapies in cancer and other major disease management regimes.

The Group appreciates the support provided in energy planning and nuclear power development and welcomes the efforts of the Agency in developing the appropriate analytical tools for use by Member States in planning sustainable energy strategies that take into account climate change issues.

The Group notes with satisfaction the adoption in September 2007 of a regional strategic profile for Latin America and the Caribbean, elaborated within the framework of the strategic alliance between ARCAL and the Agency. The profile presents the needs and priorities of the region with regard to nuclear techniques in a sectoral approach, in which the areas of food safety, human health, environment, energy and industry and radiation safety were considered. The main objective of the profile is to provide guidance for the technical cooperation in the region to increase its effectiveness.

With these remarks, the Group is pleased to recommend to the Board to transmit the TC Report for 2007 to the General Conference after any necessary modifications.

Agenda item 5: Report of the Programme and Budget Committee

The Group of 77 and China is in the position to join the consensus in approving the Agency's proposed Programme and Budget for 2009. The Group would like to reiterate our comments during the last PBC meeting with regard to the Secretariat's proposal to reduce the number of copies of the Agency's documents.

The Group recognizes the importance of charging programme support costs for administering extra-budgetary activities. This measure may help to reduce of the extra burden on the available resources, and provide a clear separation between costs of administering such activities and programme under the regular budget.

The Authority quoted from Agency's Financial Regulations states: "... DG may accept voluntary contributions provided that acceptance of such contributions will not involve the Agency in expenditures for which funds are not available," requiring that all voluntary contributions must fully absorb all costs associated with extrabudgetary activities. Costs for PS administrative services may be charged for activities funded from other voluntary and extrabudgetary resources, Trust Funds and Special Funds, as agreed with contributors of such funds.

The Secretariat has proposed applicability of PSC to all expenditures funded from voluntary contributions except from contributions to the Technical Cooperation Fund (TCF), the management of which is already fully provided for in the regular budget through MP 6.

The Technical Cooperation Programme remains the only statutory function which is solely funded by voluntary contributions, comprising the TCF, additional contributions to support programmes for which funding is not sufficient under TCF, and government cost sharing. Since the whole of this programme is supposed to be carried out under MP-6 from the regular budget, there is no justification to start charging Programme Support Costs to any part of this funding, i.e, the portion relating to the additional contributions and government cost sharing.

The Government Cost Sharing reflects a shortage of TC funding and is a demonstration of the additional commitment to the project by the recipient Member State, as encouraged by the Agency under Central Criterion and supported by the External Auditor. The Government Cost Sharing, and other arrangements like matching fund, are established mechanisms to expand the resource base available to support technical cooperation. Similarly, the footnote a/ projects are technically sound projects that are considered to be

important for implementation, but can only be executed if funding is available. The arrangements for additional voluntary contributions and Government Cost Sharing play a useful role in such situations when technically sound projects run the risk of being shelved because of the lack of sufficient funding to meet the objectives of the project.

According to the GOV/2940, in the opinion of Legal Division, "the voluntary contributions provided for the Article XIV.F constitute the main part of the Agency's own resources for financing the provision of technical assistance". As such, it cannot be construed to be an activity" other than planned, and therefore, needing extra cost to support". According to GOV/INF/366, page 3,4,: " the voluntary contributions provided for in Article XIV.F constitute the main part of the Agency's own resources for financing the technical assistance. ... they are placed in the General Fund in accordance with Article XIV.F. Costs of technical assistance falling within article XIV.B.2 thus are included in the operational budget."

If funding for all TC activities is voluntary, and its management is 'paid for' under the regular budget, there is no justification for imposing PSC on any of its component funding arrangements. In fact, this could amount to reducing the net funding available for technical cooperation. It would go against the long standing demand of developing Member States to make the TC funding Sufficient, Assured and Predictable (SAP). The Group is of the view that there is no justification of applying Programme Support Costs to the already meager resources available for provision of technical assistance. This mechanism should only apply to those extra-budgetary contributions that are going towards non-promotional activities. It is understood that the increasing volume of extra-budgetary funding is meant to beef up certain activities through the Agency that would otherwise shift the priorities of the regular budget, which is already unbalanced. On the other hand, a sufficient, assured and predictable funding for technical cooperation would help in keeping the balance across statutory activities of the Agency.

Thank you, Mr. Chairman