



G77 AND CHINA STATEMENT DURING THE WORKING GROUP ON FINANCING THE AGENCY ACTIVITIES, DELIVERED BY H.E. AMBASSADOR TAOUS FEROUKHI, PERMANENT REPRESENTATIVE OF ALGERIA ON 5 MARCH 2010

Chairperson,

Madam Chairperson,

The Group of G77 and China would like to reiterate its full support for your efforts in steering this important process.

The Group thanks the Secretariat for presenting the Draft Budget Update for 2011, contained in document GOV/2010/9. The Group is still in the process of considering the document and will provide its detailed comments in due course. The Group's preliminary remarks are as follows:

- a. The Group maintains that the Agency must be provided with adequate resources to implement its statutory functions in an effective manner.
- b. The Group notes that a significant real increase of close to 10% has been proposed for the regular budget 2011.
- c. However, the Group finds that the balance between the promotional and non-promotional activities of the Agency has again been ignored, and the bulk of the proposed regular budget increases remain directed towards non-promotional activities.
- d. For the operational regular budget - 2011, in percentage terms, the single largest increase has been proposed for 'Nuclear Security', i.e. 48.3%, followed by 'Incident and Emergency Preparedness and Response', i.e. 12.6%. Compared to the 2009 levels, this would represent an increase of approximately 330 % for 'Nuclear Security'. In absolute terms, increases proposed for Nuclear Security, i.e. 1.55 Million Euros at 2010 prices, are only surpassed by MP-4, i.e. 1.7 Million Euros at 2010 prices.
- e. The Group also wishes to reiterate that nuclear security is not the primary statutory function of the Agency, and that the sole responsibility of implementing nuclear security measures rests entirely in the hands of the Member States. Therefore, the Group believes that it is fully justifiable for activities undertaken in the area of nuclear security to be financed through voluntary and extrabudgetary resources. In this connection, the Group reiterates its view that all extrabudgetary resources should be unconditional. Therefore, the Group does not see any need for seeking additional Regular Budget resources for Nuclear Security at this time when significant resources were already allocated in the 2010 regular budget.
- f. Given the paramount importance of the main statutory role of the Agency in promoting nuclear science and technology for sustainable socioeconomic progress in developing countries, the Group views the suggested relative increases to the Regular Budget for Major Programmes 1, 2 and 6 as insufficient when compared to the overall increases in the proposed regular budget.
- g. Considering the importance of technical cooperation (TC) activities as the main statutory vehicle for transferring nuclear science and technology to developing countries, the Group 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 connection, the Group reiterates its call for increased resources from the Regular Budget to cover the increasing burden faced by the TC Department in implementing the Technical Cooperation Programme. While allocating resources to MP-6, it must be borne in mind that, in order to match the increases in the regular budget over the last three years, there will be commensurate growth in the TCF target for the next cycle, as concluded in the August 2009 special session of the IAEA Board.
- h. On the Major Capital Investment Fund (MCIF), being proposed primarily for the non-promotional activities of the Agency, the Group notes that the 'share of site development costs' in Seibersdorf has been

attributed differentially to MP-2, 11%, MP-4 33%, and MP-5, 56%. The Group requests for clarification on the rationale behind this apportionment, as well as the extent to which the host government participated in sharing the cost of site development. Madam Chairperson,

3. The Group had clearly stated in the meeting of the Working Group held from 13 to 15 January 2010 that for any budget proposal to gain its support, it has to include the following three elements:

- a. Sufficient funding from the Regular Budget for Major Programmes 1, 2, and 6 to respond to the growing needs of developing countries;
- b. Meaningful steps 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 budget:
- c. An agreement on launching consultations to revisit the shielding mechanism and present specific recommendations to the Board of Governors on this matter within a clearly identified timeframe.

4. The Group is of the firm view that these elements represent necessary steps in the right direction in order to restore the missing balance between the Agency's promotional and non-promotional activities, as well as the missing balance between voluntary and assessed contributions.

5. The Group stands ready to engage in serious and constructive discussions relating to these proposals.

Thank you, Madam Chairperson.