



G-77 and China draft statement IAEA Programme and Budget Committee Meeting, 11 May 2020, delivered by H. E. Ambassador Ganeson SIVAGURUNATHAN, Permanent Representative of Malaysia

Agenda item 1: Statement by the Director General on the Agency's response to the COVID-19 outbreak

Madam Chair,

1. At the outset the Group of 77 and China wishes to express its solidarity with all Member States of the Agency who have been affected by the global COVID-19 pandemic. The Group also appreciates the efforts of the Director General and the Secretariat to ensure that the activities of the Agency continue to be carried out as much as possible, in spite of the current difficult situation pertinent to the pandemic. Madam Chair, the Group also appreciates the initiative of the Director General in providing assistance to Member States in their efforts to tackle the effects of the pandemic, including through the nuclear derived techniques and related equipment. The Group also appreciates the extrabudgetary contributions by Member States in this regard.

Thank you Madam Chair.

Agenda item 3: The Agency's Financial Statements for 2019 including the External Auditor's Report

Madam Chair,

1. The Group of 77 and China thanks the Deputy Director General for her introductory statement, and the staff of the Secretariat for the video presentations on financial and administrative matters published on GOVATOM in preparation for the Q & A virtual session, which took place on 28th April 2020.

2. With regard to the Financial Statements of the Agency for 2019, including the External auditor's report, as contained in document GOV/2020/12, the Group would like to make the following comments:

3. The Group would like to express its appreciation to the Audit Board of the Republic of Indonesia for the professionalism in conducting the audit on the Agency's activities for the fourth consecutive year, whose independent auditing work will assist the efforts of the Agency towards efficiency and effectiveness in service delivery.

4. The Group is pleased to note 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. The Group supports in this regard the implementation of relevant recommendations aimed at improving management and enhancing efficiency.

5. On the Financial aspect, the Group notes that the Regular Budget Fund experienced an increase in revenue from assessed contributions and that Revenue from voluntary contributions to the Technical Cooperation Fund (TCF) for 2019 was higher than in 2018 due to increased target share and a higher rate of attainment against the TCF target. However, the Group would like to underscore the fact that TC activities continue to lack sufficient, assured and predictable resources and requests the Secretariat to address this issue.

6. The Group would like to note that the TCF has positive net assets, including a €4.9 million increase in 2019, which while reflecting its overall health, should not be interpreted to mean that TCF resources exceed what can be implemented. The Group would like to clarify that this is due to the nature of TCF activities that are implemented over a longer time horizon than one financial year. The Group requests the Secretariat to continue to explain this fact in all future financial statements of the Agency.

7. The Group notes that the Extrabudgetary Programme Fund experienced a decrease in its revenue from voluntary contributions of 11.6 million euros. While appreciating the extrabudgetary contributions that were made by those in a position to do so, the Group would like to caution against the over reliance on extra budgetary funds as this could negatively impact the effectiveness and independence, as well as long term sustainability of the Agency's activities. The Group therefore calls on all Member States to pay their contributions to the Regular Budget and the Technical Cooperation Fund on time and in full.

8. The Group notes with concern the overall increase in the Agency's liabilities in 2019, in particular the €84.4 million increase concerning After Service Health Insurance (ASHI), and takes note of the Secretariat's explanation that it was primarily the result of the impact of changes in the actuarial assumptions and methodologies for calculation of the long-term employee benefit liabilities. The

Group further notes the Director General's report concerning ASHI, as contained in document GOV/INF/2020/1. The Group urges the Secretariat to continue addressing the significant growing liabilities, and to consult regularly with Member States about the relevant measures to be taken in that regard. The Group also requests the Secretariat to brief Member States on the evolution of a sound funding strategy for meeting these liabilities. The Group emphasizes that any decision on ASHI is in the hands of Member States, on the basis of full, consistent and transparent information. The Group reiterates its request that budget information regarding staff costs, as well as regarding all the relevant expenditure items, should be presented in such a way as to permit meaningful comparison of the budget proposals on a year-on-year basis.

9. With these comments, the Group of 77 and China takes note of the Agency's financial statements for 2019, as contained in document GOV/2020/12, and documents GOV/INF/2020/1 and GOV/INF/2020/4.

Thank you, Madam Chair.

Agenda Item 4: The 2019 Internal Audit, Management Services and Investigations Report and the 2019 Programme Evaluation Report

Madam Chair,

1. The Group of 77 and China thanks the Secretariat and the Director of Office of Internal Oversight Services (OIOS) for the 2019 Internal Audit, Management Services and Investigations Report and the 2019 Programme Evaluation Report, contained in documents GOV/2020/10 and GOV/2020/11.

2. The Group would like to express its appreciation for the work conducted by the OIOS to ensure management efficiency and programme effectiveness and to enhance accountability. The Group recognizes that the organizational independence of the OIOS is fundamental to fulfill the responsibilities of the internal audit activities and the OIOS must confirm it to the Board of Governors at least annually.

3. The Group is of the view also that the audit and evaluation carried by the OIOS should cover all Major Programmes equally.

4. On the summary of results of the 2019 Audit Plan contained in section C of the Report, the Group would takes note that the area of Technical Cooperation received an audit rating of "needs improvement". In this regard, the Group requests the Secretariat to ensure that, while implementing the OIOS recommendations, there is no negative impact on the programmatic delivery of Technical Cooperation to

Member States as well as on the participation of experts from developing countries in Agency activities.

5. The Group took note with satisfaction that there were no Overdue recommendations in 2019.

6. Turning to the 2019 Programme Evaluation Report, the Group would like to make the following comments:

6.1 Regarding the Evaluation of the Agency's Assistance in Clinical Nuclear Medicine, the Group would like to emphasize the importance it attaches to this issue and requests the Secretariat to continue to advance its efforts in this regard and to capitalize on the available opportunities for strengthening the strategic coherence of clinical nuclear medicine activities.

6.2 Regarding the Evaluation of the Agency's Work in the Area of Nuclear Applications for Animal Production and Health, the Group acknowledges that the Animal Production and Health Section (APHS) of the Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture has been delivering services effectively to respond to the demands of Agency Member States and Food and Agriculture Organization of the United Nations (FAO) member countries, through applying nuclear and nuclear-derived techniques as novel solutions to address challenges in animal breeding, nutrition and health. The Group reiterates its commitment to this issue and urges the Secretariat to continue to seek way and means to maximize efficacy and efficiency in this regard.

6.3 Regarding the Evaluation of the Agency's Work on the Safety Aspects of Long Term Operation of Nuclear Power Plants, the Group notes the assessment made that both the Safety Aspects of Long Term Operation (SALTO) peer review service and the International Generic Ageing Lessons Learned (IGALL) programme have demonstrated their effectiveness in supporting NPPs during their preparation for LTO, with tangible improvements made, thereby enhancing the safety aspects of their LTO programmes. Regarding the use of TC funding for SALTO peer reviews and their related activities, the Group requests the Secretariat to operate in close consultation with Member States and seek consensual agreement on set of unambiguous criteria for such use.

6.4 On the Evaluation of the Agency's Work Concerning the Safe and Secure Transport of Radioactive Material, the Group notes that the comprehensive portfolio of products provided by the Agency assist Member States in

ensuring that transport occurs in a regulatory controlled and safe manner, complemented by security systems and other measures that protect the activity from unauthorized and malicious acts. The Group also notes that the OIOS established that the broader objective that includes efficiency, effectiveness and sustainability aspects of transport, beyond safety and security considerations, is not yet systematically supported by the Agency and that it was confirmed that denials and delays in shipment pose a strategic risk to the Agency's mandate.

7. With these comments, the Group of 77 and China takes note of the 2019 Internal Audit Activity Report, as contained in document GOV/2020/10, and the 2019 Programme Evaluation Report, contained in document GOV/2020/11.

Thank you, Madam Chair.

Agenda item 6: The Agency's Draft Budget Update for 2021

Madam Chair,

1. The Group would like to thank the Secretariat for issuing the proposal of the Agency's Draft Budget Update for 2021.

2. The Group would like to seize this opportunity to reiterate its principled position with regard to the Regular Budget, which calls for a balanced distribution of the budget so as to reflect the equal importance of the three pillars of the Agency, namely (a) the promotion of peaceful uses of nuclear technology, including technical cooperation, (b) safety and (c) safeguards.

3. The Group also notes that the Agency's Draft Budget Update for 2021, as contained in document GOV/2020/1 reflects the elements agreed upon in the Proposal to the Board of Governors by the Co-Chairs of the Working Group on the Regular Budget and the Technical Cooperation Fund Targets for 2020–2021, as contained in document GOV/2019/25.

4. The Group recalls that the Secretariat should include in the Agency's Draft Programme and Budget 2022–2023, budgetary information by items of expenditure, as well as the level of Full Time Equivalents by staff category.

5. Regarding the Technical Cooperation Fund (TCF), the Group takes note that the target for voluntary contributions to the TCF recommended by the Board of Governors amounts to €89 558 000 for 2021. The Group reiterates its view that future decisions on TCF targets and Indicative Planning Figures must take into account:

- the increasing number of Member States which will require full support under the Technical Cooperation Programme;
- the evolution in the level of the Regular Budget in line with the Board's decision GOV/2014/49 and GC.58/Res.12;
- the need for the Agency to place the appropriate emphasis on its activities directly related to the achievement of the Sustainable Development Goals in Member States, based on their national needs and priorities;
- the large unfunded components of Technical Cooperation projects in Member States, also termed as footnote-a/ projects;
- the price adjustments;
- other relevant factors.

6. Bearing these factors in mind, the Group reiterates the call for the need to balance the Agency's promotional and non-promotional activities.

7. The Group has taken note of the annex provided which outlines cost savings and efficiencies, including those of a cross-cutting nature, as well as a list of cost saving measures to absorb the impact of the higher than anticipated increase in the Agency's staff costs. The Group requests that such measures should not negatively impact the delivery of the Technical Cooperation Programme.

8. In light of the likely effects of the COVID-19 pandemic in terms of the implementation of the Programme and Budget, including the TCP, in 2020 and possibly 2021, the Group requests that any changes required in implementation be addressed in close coordination with affected Member States and informed accordingly.

9. With these comments, the Group of 77 and China takes note of the Agency's Draft Budget Update for 2021, as contained in document GOV/2020/1.

Thank you, Madam Chair.