



## **Statement of the Group of 77 and China during the Programme and Budget Committee, 4-6 May 2021, delivered by H. E. Ambassador Solano Ortiz, Permanent Representative of Costa Rica**

### **Agenda Item 2: Agency's Financial Statements for 2020, including the Report of the External Auditor**

Madam Chair,

1. The Group of 77 and China thanks the Acting-Deputy Director General for his introductory statement and the Secretariat for the presentations delivered during the informal Workshop on Financial and Administrative matters on 15 April 2021.
2. With regard to the Financial Statements of the Agency for 2020, including the External Auditor's report. 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 fifth consecutive year and 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 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, voluntary contributions to the Extrabudgetary Programme Fund and the Technical Cooperation Extrabudgetary Fund, as well as to the Low Enriched Uranium Bank.
6. The Group would like to highlight its appreciation of the extrabudgetary contributions made by Member States and the private sector towards to the Agency's COVID-19 related assistance.
7. 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 extrabudgetary funds, as this could negatively impact the effectiveness and independence, as well as long term sustainability of the Agency's activities.
8. 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.
9. The Group also takes this opportunity to underscore the fact that TC activities continue to lack sufficient, assured and predictable resources and requests the Secretariat to address this issue.
10. The Group notes that the net assets of the TCF and the TC Extrabudgetary Fund increased by €33.3 million and €10.8 million, respectively. While this reflects the overall

health of the funds, the Group maintains its view that it should not be interpreted to mean that TCF resources exceed what can be implemented. The Group would like to clarify that this is also 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.

11. The Group notes with concern the overall increase in the Agency's liabilities and in particular the €39.9 million increase concerning After Service Health Insurance. The Group encourages the Secretariat to continue addressing the significant growing liabilities, and to consult regularly with and report to Member States about the relevant measures to be taken in that regard. 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.

Finally, Madam Chair,

12. The Group encourages the Secretariat to implement the External Auditor's recommendations in a transparent manner and where feasible, to consult with Member States.

13. With these comments, the Group of 77 and China takes note of the Agency's Financial Statements for 2020, as contained in document GOV/2021/5, and documents GOV/INF/2021/16 and GOV/INF/2021/18.

Thank you, Madam Chair.

### **Agenda Item 3: The 2020 Internal Audit, Management Services and Investigations Report and the 2020 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 2020 Internal Audit, Management Services and Investigations Report and the 2020 Programme Evaluation Report.

2. The Group expresses 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 that the audit and evaluation activities carried out by the OIOS should cover all Major Programmes equally.

4. On the summary of results of the 2020 Audit Plan, contained in section C of the Report, the Group recognizes that the COVID-19 pandemic resulted in a revised plan, with new audit activities being added to the plan.

5. Of interest to the Group is the audit of the Agency's response to the pandemic through technical cooperation (TC) project INT0098. The Group welcomes the OIOS rating of the level of governance, risk management and internal controls as effective and looks forward to the report on the evaluation of the project's results.

6. With regard to the audit of the Renovation of the Nuclear Applications Laboratories (ReNuAL) Projects, which identified a number of issues, resulting in a rating of “some improvement needed”. The Group encourages the Secretariat to implement the recommendations issued expeditiously, as the Group values the contribution that the modernized Nuclear Applications Laboratories make to the development goals of Member States.

7. On the Country-Level Evaluations and Audits (CLEAs), the Group recalls that CLEAs were carried out in Benin, Burkina Faso and Uganda, and reported on during the Technical Assistance and Cooperation Committee (TACC) in November 2020. The Group notes the findings, recommendations and cross-cutting conclusions that aim to facilitate long-term capacity-building and sustainability planning.

Madam Chair,

8. The Group has taken note with satisfaction that all recommendations were accepted by the Secretariat. While, the Group is cognizant of the recommendations already implemented, the Group also requests the Secretariat to implement the earlier outstanding recommendations.

9. Turning to the 2020 Programme Evaluation Report, the Group would like to make the following comments:

9.1. Regarding the evaluation of the Agency's work related to Research Reactors, the Group notes that the evaluation found that efficient, effective and relevant assistance was provided to Member States that operated research reactors. Research reactors are important in the research and development of nuclear techniques in support of our socioeconomic and development goals. The Group requests the Secretariat to consider to strategically re-align its support to Member States, in order to continue delivering high-quality support.

9.2. Regarding the evaluation of the Agency's contribution to the use of Nuclear Science and Technology to enhance water security, the Group attaches importance to the work of the Agency in using isotope hydrology, for water resources assessment and management. The Agency is well placed to coordinate and link its work with relevant international organizations and the Group encourages the Agency to forge partnerships, as recommended and where appropriate. The Group considers that the support of Technical Cooperation projects following the Water Availability Enhancement (IWAVE) methodology are better positioned to address key water challenges in countries and result in more solid results with greater impact and sustainability.

9.3. Regarding the evaluation of the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO), the Group acknowledges the valuable support INPRO has provided to its members on developing their long-term planning and collaboration on innovations in reactors, fuel cycles and institutional approaches in order to promote the sustainable development of nuclear energy. INPRO further brings together nuclear technology holders, users and suppliers and the Group notes that it continues to inspire collaborative projects in a relevant and efficient manner. The Group acknowledges the recommendations issued and urges the Secretariat to implement them while maintaining the high-quality of assistance provided to Member States in the attainment of their development goals related to affordable and clean

energy, including through and as recommended, national capacity building activities through INPRO Schools and outreach activities.

10. With these comments, the Group of 77 and China takes note of the 2020 Internal Audit Activity Report, as contained in document GOV/2021/12, and the 2020 Programme Evaluation Report, contained in document GOV/2021/13.

Thank you, Madam Chair.

### **Agenda item 5: The Agency's Draft Programme and Budget 2022-2023**

Madam Chair,

1. The Group would like to thank the Secretariat and the Co-Chairs of the Working Group on the Regular Budget and TCF Targets for issuing the proposal of the Agency's Draft Programme and Budget 2022-2023, and the Working Paper as contained in GOV/2021/25.
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 would like to reiterate its call for the need to balance the Agency's promotional and non-promotional activities.
4. To achieve this balance and in order to respond to the growing needs of developing countries, the increased number of Member States making use of nuclear applications and embarking on nuclear energy, the Group continues to hold the view that sufficient funding from the Regular Budget must be secured for Major Programmes 1, 2 and 6.
5. The Group would also like to stress that narratives contained in budget documents should be aligned with the language of General Conference resolutions and decisions of the PMOs.
6. The Group also notes that the Agency's Draft Programme and Budget, 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 2022-2023.
7. The Group recalls that the Secretariat should include in the Agency's Draft Programme and Budget 2024–2025, budgetary information by items of expenditure, as well as the level of Full Time Equivalents by staff category.
8. The Group has also taken note that for future budget cycles, an annex will be provided outlining the 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 high Agency's staff costs. The Group requests that such measures should not negatively impact the delivery of the TCP.
9. In light of the effects of the COVID-19 pandemic in terms of the implementation of the Programme and Budget, including the TCP, in 2022 and 2023, the Group requests that any changes required in implementation be addressed in close coordination with affected Member States and informed accordingly.
10. Regarding the After-Service Health Insurance (ASHI) and its impact on the financial health of the Regular Budget in the future, the Group has expressed its concern with respect to the liability related to the financing of health insurance of officials of the Agency. Given the long-term implications of any decision on this issue for the future budgets of the Agency

and the assessed contribution of Member States, the Group requests the Secretariat to continue to provide information on the discussions and recommendations by the United Nations Inter-Agency Working Group on ASHI, before deciding on the way forward. The Group further encourages the Agency to consider cost containment measures that would help mitigate ASHI liabilities.

11. Regarding the Technical Cooperation Fund (TCF) targets, the Group reiterates its consistent view that in determining the TCF targets and Indicative Planning Figures the following factors should be taken 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; and
- Other relevant factors.

12. In this regard, the Group takes note that the target, for voluntary contributions to the TCF amounts to €91 075 000 for 2022 and € 92 600 000 for 2023, the Group reluctantly and in the spirit of compromise will accept the figures proposed by the Co-Chairs, despite the fact that these figures do not fully satisfy the Group's criteria as stated above. We want to reiterate that these figures do not constitute a precedent as they have been agreed during the present extraordinary times and the current difficult global financial situation.

13. Going forward, sustained efforts are required to render the resources for the TCP sufficient, assured and predictable, in order to enable the Agency to effectively deliver on its main statutory function.

14. With these comments, the Group of 77 and China joins consensus on the draft proposal by the Co-Chairs, as contained in GOV/2021/25, represents a delicate compromise, which should not be considered a precedent, and takes note of the Agency's Programme and Budget 2022-2023, as contained in document GOV/2021/1.

Thank you, Madam Chair.