



Statement of the Group of 77 and China during the Programme and Budget Committee, starting on 9 May 2022, delivered by H. E. Ambassador Farhane Azzeddine, Permanent Representative of Morocco

Agenda Item 2: Agency's Financial Statements for 2021, including the Report of the External Auditor

Mr. Chair,

1. The Group of 77 and China thanks the Deputy Director General for her introductory statement and the Secretariat for the presentations delivered during the informal Workshop on Financial and Administrative matters on 8 April 2022.
2. With regard to the Financial Statements of the Agency for 2021, 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 sixth 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 a slight increase in revenue from assessed contributions. The Group also notes that there was an increase in revenue from voluntary contributions due to an increase in the revenue of the Technical Cooperation Fund and extrabudgetary contributions relating to the Low Enriched Uranium Bank. However, this was partly offset by a decrease of €21.3 million in revenue from extrabudgetary contributions which validates the Group's position that extrabudgetary contributions cannot be a reliable source of funding. While appreciating the extrabudgetary contributions, that were made by those in a position to do so, the Group would like to caution against 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.
6. 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.
7. The Group notes that the net assets of the TCF and the TC Extrabudgetary Fund increased by €18.3 million and €5.1 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.
8. The Group calls on all Member States to pay their contributions to the Regular Budget and the Technical Cooperation Fund, on time and in full.

9. In addition, 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.

Mr. Chair,

10. While the Group notes a decrease of €62 million in total liabilities, it expresses concern that the After Service Health Insurance (ASHI) liability represents 46% of the total liabilities of the Agency. The Group notes that the Director General is exploring mechanisms to start addressing the ASHI liability through cost containment measures and the creation of a fund without requesting additional resources from Member States and looks forward to the Secretariat's proposal in this regard.

11. 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.

12. In conclusion, Mr. Chair, 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 2021, as contained in document GOV/2022/11, and documents GOV/INF/2022/6.

Thank you, Mr. Chair.

Agenda Item 3: The 2021 Internal Audit, Management Services and Investigations Report and the 2021 Programme Evaluation Report

Mr. Chair,

1. The Group of 77 and China thanks the Secretariat and the Director of Office of Internal Oversight Services (OIOS) for the 2021 Internal Audit, Management Services and Investigations Report and the 2021 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 notes that an external quality assessment (EQA) of the OIOS internal audit function commissioned by the Agency, as required by the International Standards for the Professional Practice of Internal Auditing, has been delayed due to the pandemic. The Group looks forward to the conclusions of this assessment in November 2022.

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

5. The Group notes that in 2021, the OIOS rated five audited areas as "some improvement needed" and one as "major improvement needed".

6. On the Country-Level Evaluations and Audits (CLEAs), the Group recalls that CLEAs were carried out in Croatia, Georgia, Montenegro and North Macedonia and reported on during the

Technical Assistance and Cooperation Committee (TACC) in November 2021. The Group notes the findings, recommendations and cross-cutting conclusions that aim to facilitate long-term capacity-building and sustainability planning. The Group notes with satisfaction the OIOS assessment that the Agency demonstrated resilience and tenacity in face of the pandemic and continued to deliver on its mandate effectively.

Mr. Chair,

7. The Group has taken note with satisfaction that all recommendations were accepted by the Secretariat. While, the Group is cognizant that the percentage of open recommendations from the period 2016-2019 have decreased, it requests the Secretariat to implement the earlier outstanding recommendations.

8. Turning to the 2021 Programme Evaluation Report, the Group would like to make the following comments:

9. Regarding the evaluation of the Agency's recent work on marine plastics, the Group notes the OIOS' assessment that, by promoting the use of nuclear applications and stable isotope techniques as a complimentary approach, the Agency is well positioned to be an important and influential actor in combating marine plastic pollution. The Group notes that OIOS has made four recommendations which can help the Agency improve the design and implementation of the NUTEC Plastics initiative. The Group encourages the Secretariat to implement these recommendations, in particular the one related to technology transfer to a broader group of Member States.

10. With these comments, the Group of 77 and China takes note of the 2021 Internal Audit Activity Report, as contained in document GOV/2022/9, and the 2020 Programme Evaluation Report, contained in document GOV/2022/10.

Thank you, Mr. Chair.

Agenda item 5: The Agency's Draft Budget Update for 2023

Mr. Chair,

1. The Group would like to thank the Secretariat for issuing the proposal of the Agency's Draft Budget Update for 2023.

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 2023, as contained in document GOV/2022/1 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 2022–2023, as contained in document GOV/2021/25.

4. 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.

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 €92 600 000 for 2023. 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.

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

6. The Group has taken note that cost savings and efficiencies of €10.7 million per annum identified and reported in the Agency's Programme and Budget 2022–2023 will continue to be implemented in 2023. The Group requests that such measures should not negatively impact the delivery of the Technical Cooperation Programme.

7. 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 2023, the Group requests that any changes required in implementation be addressed in close coordination with affected Member States and informed accordingly.

8. 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/2022/1.

Thank you, Mr. Chair.