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*/ A provisional version of this document was issued on 1 October 1980.

**/ GC(XXIV)/637.

The composition of delegations attending the session is given in documents GC(XXIV)/INF/193/Rev.3, 193/Rev.3/Mod.1 and 193/Rev.3/Mod.2.

THE FINANCING OF TECHNICAL ASSISTANCE (GC(XXIV)/631, 631/Rev.1)

1. Mr. MALU wa KALENGA (Zaire) said that the arguments for and against the financing of technical assistance from the Regular Budget had been clearly outlined in the annexes to document GC(XXIV)/631. The Secretariat had presented an excellent summary of the problem but had perhaps included too many figures, which tended to obscure the main issue. In terms of relative value, technical assistance had undoubtedly increased each year, but it should be stressed that a large part of the funds available consisted of inflexible non-convertible currencies. Within the present voluntary system of financing, improvements were needed in three areas. First, every possible attempt should be made to reduce contributions in non-convertible currencies. If it proved impossible to eliminate non-convertible currencies altogether, donor countries should at least be asked to increase each year the proportion of convertible currency in their contribution. Secondly, it would be desirable to reduce contributions in kind, as they often caused problems for recipients, and replace them by equivalent donations in convertible currency. To be effective, laboratories had to aim at standardizing their equipment, particularly with respect to maintenance and replacement parts. That was extremely difficult when equipment was supplied from different countries and on an irregular and unpredictable basis. And in that difficulty lay one of the reasons why the developing countries wanted technical assistance to be funded from the Regular Budget. Thirdly, there was the problem of post-project evaluation of the effectiveness of technical assistance. No proper evaluation could be made merely by quoting figures. A deeper analysis should be carried out, the result of which would no doubt be to show that greater effectiveness would be gained by financing technical assistance from the Regular Budget. He wished to request the Secretariat to present to the General Conference, perhaps at its next session, proposals as to how a more comprehensive evaluation of the effectiveness of technical assistance could be carried out.

2. With respect to the medium- and long-term planning of technical assistance, the solution proposed by the Board of Governors was to establish the contributions to be made two years in advance on the basis of indicative planning figures. That was in fact no solution at all as it had no practical value.

The budgets of Member States were calculated on an annual basis and it was unlikely that commitments would be made for one or two years in advance. Finally, he was surprised by the Secretariat's belief that it was now in a position to prepare the technical assistance programme on a reliable basis as it could forecast the amount which would be available. In fact, the targets were never achieved one hundred per cent and pledges were often not made good within a reasonable period of time. And there remained the persistent problem of contributions in non-convertible currency, to which he had already referred. It was thus unlikely to prove as easy as the Secretariat seemed to think to know exactly what amounts would be available and to manage the programme efficiently.

3. Mr. LEE (Republic of Korea) said that, if the technical assistance programme, which was one of the most important statutory functions of the Agency, was to be discharged properly it should be placed on a firm footing. It was particularly important to the developing countries and was helpful in building international confidence. He was pleased to note that the Board of Governors had produced a formula designed to provide greater assurance and predictability in the financing of technical assistance. However, his Government felt that it would prove essential in the long run to place the financing of technical assistance under the Regular Budget. Until that was done, concerted efforts should be made by Member States and the Secretariat to ensure that the annual target for voluntary contributions was fully met. His delegation approved the recommendation of the Board of Governors to increase that target from US \$10.5 million in 1980 to US \$13 million in 1981, and it also endorsed the indicative planning figures for 1982 and 1983.

4. Mr. DALAL (India) said that his delegation welcomed the element of predictability in the financing of technical assistance introduced by the interim solution of indicative planning figures and approved the proposed figures for 1982 and 1983. Technical assistance was recognized by all delegations as being one of the most important of the Agency's promotional

activities and it was logical, therefore, that every effort should be made to put the financing on a secure, permanent footing by including it in the Regular Budget.

5. Mr. HAWAS (Egypt) said that technical assistance was extremely important to the developing countries. His delegation had, therefore, along with several other delegations, sponsored a proposal to finance technical assistance from the Regular Budget in order to introduce a factor of stability which would help the Secretariat to establish a long-term programme. He welcomed the target agreed upon by the Board of Governors of US \$13 million for 1981 and the indicative planning figures of US \$16 million and US \$19 million for 1982 and 1983 respectively. However, even those figures fell far short of what was required to meet all requests for technically sound projects. He hoped that they would be reviewed in the future with a view to meeting the real needs of the developing countries.

6. Mr. NANIOV (Bulgaria) said that his delegation attached great importance to the Agency's technical assistance activities. His Government approved the target for voluntary contributions for 1981 recommended by the Board of Governors and would contribute a fraction corresponding to its rate of assessment. The indicative planning figures for 1982 and 1983 were also useful, but it must be remembered that they were only indicative and would have to be approved at the appropriate time. His delegation was pleased at the Agency's success in using non-convertible currencies and would assist the Agency in that direction. Measures already taken in his country would soon enable its voluntary contribution to be fully and effectively used. Finally, he wished to stress the importance of conserving the voluntary nature of contributions to technical assistance and the use of national currencies in making those contributions.

7. Mr. LUCZKIEWICZ (Poland) welcomed all measures to expand technical assistance. However, contributions must remain voluntary and payable in national currency. That was of special importance for countries, such as Poland, which received as well as granted technical assistance. He therefore urged the Secretariat to make the most effective possible use of voluntary contributions in national currencies.

8. Mr. SHIHADDEH (Saudi Arabia) said that financing technical assistance from the Regular Budget would be entirely in conformity with the Agency's objectives. If contributions were reduced or halted, that would end one of the Agency's most important functions. It was difficult to see how technical assistance could be such a controversial issue unless political motives were to blame.

9. Mr. COELHO (Brazil) said that technical assistance was one of the priority activities of the Agency. Technical assistance should be administered in a spirit of non-discrimination and should not be subject to conditions alien to the Statute as such conditions could only hamper the provision of technical assistance. He welcomed the multi-disciplinary and multi-year programmes, which should, however, be made more flexible to allow for the small programmes in the life sciences and agriculture of, for example, countries just embarking on the use of nuclear energy. The Board's indicative planning figures would also be of benefit to the planning and financing of multi-year projects. They should, however, be extended to cover a period of five years. The studies in the Board on the inclusion of technical assistance in the Regular Budget should be continued with a view to bringing more flexibility to the financing of technical assistance. One way of achieving that would be the step-by-step inclusion of some technical assistance activities in the Regular Budget.

10. Mr. CHITUMBO (Zambia) welcomed the interim solution with its element of predictability but regretted the continuing low level of funding for technical assistance. Analyses of technical assistance should be carried out in much greater depth so as to solve such problems as delays in providing experts and equipment, which often diminished the effectiveness of technical assistance. His Government approved the figures recommended by the Board for 1981, 1982 and 1983.

11. Mr. IONESCU (Romania) said that one of the priority needs of the developing countries in the coming years would be the use of nuclear energy and nuclear techniques to solve economic and social problems. The Agency should thus increase its promotional activities to keep pace with the requirements of those countries. Further, his delegation wished to see a reasonable balance struck between the resources made available for the Agency's promotional and

regulatory activities. In comparison with the funds for technical assistance, the Regular Budget, and in particular administrative expenses, were constantly growing, thus placing an increasing burden on the developing countries. It was vital for the Agency to cut down administrative expenditures. Finally, his delegation approved the indicative planning figures for 1982 and 1983.

12. Mrs. DAVIDOVA (Czechoslovakia) said that her delegation appreciated the work done on the financing of technical assistance since the previous session of the General Conference. It also highly valued the work accomplished in June by the Board, which had established the acceptable target of US \$13 million for 1981 and had also reached agreement on indicative planning figures for 1982 and 1983. In close co-operation with experts in the Division of Technical Assistance, her Government had worked out projects for the five years from 1982, the aim being to use all the possibilities and resources offered by her country for technical assistance through the Agency. Czechoslovakia also provided technical assistance to developing countries on a bilateral basis. The results of the June meetings of the Board represented a full response to the resolution on the financing of technical assistance adopted at the twenty-third session of the General Conference.^{1/} Clearly, it was possible to make resources available for technical assistance while maintaining the voluntary nature of contributions.

13. Mr. HOFLAND (Netherlands) said he welcomed the consensus reached on the higher target figure for 1981 and the indicative figures for 1982 and 1983 and appreciated the constructive spirit which had prevailed in the Board's discussions. The introduction of indicative figures for several years ahead provided greater predictability and corresponded to a need which existed for more thorough medium-term planning of the Agency's programme.

14. Mr. BENNINI (Algeria) said that the Agency had been established to develop international co-operation in the nuclear field and in the transfer of nuclear technology. The money for technical assistance should therefore come from sources which were assured, predictable and continuous.

15. Mr. KHAN (Pakistan) noted that the resolution adopted by the Conference at its twenty-third regular session (GC(XXIII)/RES/368) called on the Board to study and submit a comprehensive report on all possible effective means of financing technical assistance. While he congratulated the Secretariat on preparing a useful report in document GOV/INF/366, he did not believe that it was sufficiently detailed. It represented only the beginning of what was required.

16. He believed that the divergence between the amounts spent on the Agency's regulatory and promotional activities was increasing and asked the Secretariat to make the details of the relative figures available to Member States before the Board discussed the matter again.

17. Paragraph 19 of document GOV/INF/366 contained a table showing the percentage increases in the programme financed from the Regular Budget since 1975. It was desirable that the Secretariat should provide information about how inflation had eroded real purchasing power over that period.

18. He doubted the accuracy of the statement made in paragraph 20 of document GOV/INF/366 that the effect of currency fluctuations on the funding of technical assistance was not likely to be substantial and asked the Secretariat for clarification. The most important defect of document GOV/INF/366, however, was that it contained no positive suggestions for alternative methods of financing technical assistance but only listed those methods used by other organizations.

19. Pakistan was ready to accept the proposed figures for voluntary contributions over the period 1981-83. However, the introduction of indicative figures should be understood only as an interim measure designed to gain time until an assured, predictable and effective means of financing technical assistance was agreed. Though Pakistan believed that the best solution was to finance such assistance from the Regular Budget, it was ready to examine other possibilities. The Board should be asked to examine the matter again and report back to the Conference at its next session. Meanwhile, the Secretariat could continue compiling full information on the subject.

^{1/} See document GC(XXIII)/RES/368.

20. Mr. FARAHAT (Qatar) said there was nothing in the Statute to prevent technical assistance being financed from the Regular Budget, as urged by the developing countries. The resolution taken in New Delhi had unfortunately been too broad in scope and had resulted in an interim solution being adopted by the Board. A further step should now be made so that technical assistance was finally put into the Regular Budget.

21. Mr. BARUTÇU (Turkey) said his Government approved the rise in technical assistance for the next three years and intended to increase its own contribution. The problem under discussion had remained unsettled for seven years and many technically sound projects were not receiving support because of lack of funds. A firm decision to finance technical assistance from the Regular Budget should be taken quickly.

22. Mr. GARCÍA-LÓPEZ SANTAOLALLA (Mexico) supported the view that technical assistance should be financed from the Regular Budget. A suggestion had originally been made by the Group of 77 that the financing should be planned over a five-year period and that there should be an annual increase of 23%. The consensus reached in the Board, however, foresaw only indicative figures for two years beyond the forthcoming budget year. That should not be taken as a final solution and the matter should be resubmitted to the Board for further study.

23. Mr. SCHMIDT (Austria) thanked the Director General for the information he had provided on the financing of technical assistance. His delegation was satisfied with the consensus that had been reached by the Board. The Austrian Government believed that financing from voluntary contributions should continue.

24. Mr. KENYERES (Hungary) said it was well known that his Government supported the continuation of the existing method for financing technical assistance. The introduction of indicative figures over a two-year period would help countries to plan their programmes and alleviate the problem of non-convertible currencies by promoting long-term projects. An annual review of technical assistance funds was desirable to ensure a balance between the capabilities of donor countries and the needs of those receiving aid.

25. Mr. BROWN (United States of America) said that, in response to the General Conference's request, the Board of Governors had conducted extensive discussions on all effective means of financing technical assistance. The Secretariat's thorough report included a recommendation that the Agency adopt the practice of setting indicative planning figures. His delegation supported that recommendation and accepted the figures of \$16 and \$19 million for 1982 and 1983 on the understanding that those figures were for planning purposes only. The United States Government continued to place great importance on maintaining the voluntary nature of the contributions.

26. Mr. AMAN (Indonesia) said that, despite the improvement made by the introduction of indicative planning figures, other ways of financing technical assistance needed to be sought, and the matter should be further discussed by the Board.

27. Mr. HOSSAIN (Bangladesh) supported earlier statements which had suggested that technical assistance should be financed from the Regular Budget so as to ensure predictable funding.

28. Mr. HABASHI (Sudan), drawing the attention of the Committee to Article III.B.3 of the Statute, said that States from the developing areas of the world had long been stressing the importance of ensuring that enough funds were available to meet the technical assistance requirements of those areas. In his opinion there was a contradiction in document GC(XXIV)/631/Rev.1: in paragraph 4 the Board was said to have "arrived at a consensus on the need for greater assurance and predictability with regard to the resources available for the technical assistance programme", but it then emerged that the Board had merely agreed to recommend "indicative planning figures" for the purpose, which in no way provided assurance of the availability of resources. For many years now the question of the financing of technical assistance had been considered by the General Conference and referred by it to the Board for further study until the next session of the Conference. It was necessary, however, that at the present session the problem be tackled seriously, in order to ensure that technical assistance would in future be financed from the Regular Budget and not from voluntary sources.

29. Mr. THOMAS (German Democratic Republic) said that his Government believed technical assistance to be one of the primary functions of the Agency, for which reason it contributed more than its assessed share to the technical assistance programme. According to Articles III and XI of the Statute, technical assistance was, however, to be funded from voluntary contributions by Member States, and that principle needed to be observed strictly. In previous years the system had proved satisfactory, and there were now, in any case, more funds available for technical assistance to developing countries than there had been.

30. Mr. AL-KITAL (Iraq) said that further attention should be given to the possibility of financing the technical assistance programme from the Regular Budget and hoped that a solution might be found at the next session of the General Conference.

31. Mr. RAKOTO ANDRIANTSILAVO (Madagascar) said that, although the funds available for technical assistance were of the same order of magnitude as those for the Agency's regulatory activities when extra-budgetary resources were taken into account, the share of technical assistance funds from the Regular Budget was rather small. Thus, unless more funds were made available for technical assistance from the Regular Budget, the assistance received by developing countries would remain subject to fluctuations and uncertainty.

32. He congratulated Mr. Vélez Ocoń on his recent appointment as Deputy Director General for Technical Assistance and Publications.

33. Mr. ADEBARI (Nigeria), pointing out that some 50% of the funds available for the Agency's technical assistance were taken up by the living expenses of experts assigned to projects, supported those delegations which had come out in favour of an assured source of funds for technical assistance. Although it was not yet possible to give an exact figure, in 1981 his Government would be contributing a considerably larger amount for technical assistance than in the previous year.

34. Mr. ABBADESSA (Director, Division of Budget and Finance), replying to two comments by the representative of Pakistan, said that the suggestion that in future the table shown in paragraph 19 of document GOV/INF/366 should show the effects of inflation and programme increases separately was a useful and constructive one. In any case, it was likely that the subject matter of the table would receive more intensive study and that more information would be provided in that connection.

35. Turning to the statement in paragraph 20 that the effect of currency fluctuations on the funding of technical assistance was not substantial, he said he believed that that statement was in fact correct. It should be borne in mind that there was a considerable difference between the effects of currency fluctuations on the Regular Budget and on technical assistance. All the Regular Budget funds were collected in United States dollars, whereas 76% of Regular Budget expenses were in Austrian schillings. In the last five years the dollar-schilling rate had dropped from 18 to between 12.60 and 12.70 schillings to the dollar, which had had a considerable impact on the Regular Budget. The situation with regard to funds for technical assistance was different, however, since less money was spent in Austria: 75% of the funds for technical assistance was received in United States dollars and 65% was spent in dollars. The 10% spent in currencies such as German marks, Austrian schillings and Swiss francs did occasion small losses, but those were more than balanced by other factors.

36. The CHAIRMAN said that, consultations having been held, it was his understanding that the Committee wished to recommend that the General Conference take note of the report of the Board of Governors in document GC(XXIV)/631/Rev.1 and of the documentation annexed to document GC(XXIV)/631 and that, recalling General Conference Resolution GC(XXIII)/RES/368, it request the Board of Governors to continue studying the matter of the financing of technical assistance and to report to the General Conference at its twenty-fifth regular session on all possible effective means of assuring the financing of technical assistance.

37. It was so agreed.

THE FINANCING OF SAFEGUARDS (GC(XXIV)/633)

38. Mr. MALU wa KALENGA (Zaire), supported by Mr. HAWAS (Egypt), said that the safeguards programme should be paid for by those countries which benefited from it, especially the nuclear-weapon States, and those which provided other countries with nuclear materials and services. Since such countries were at pains to increase the budget allocation for safeguards, they should pay for the whole of that increase, which meant that they should cover the costs incurred as a result of inflation, currency fluctuations and any real or supposed increase in the safeguards programme itself. Although his delegation had no major objection to the draft resolution in document GC(XXIV)/633, he felt that it did not go far enough. For example, if the provisions of Article XIV of the Statute were followed, expenditure on maintenance of the Agency's Permanent Headquarters

in connection with the safeguards programme should be treated separately from administrative costs. Since that was not being done, the financing of safeguards needed to be reviewed. Moreover, in Resolution GC(XV)/RES/283, the General Conference had stated clearly that the funds available for safeguards should be used for paying all the costs arising out of that activity. The application of that principle would not present any major technical problems, but no enthusiasm for such an application had yet become apparent where the Secretariat was concerned.

39. Mr. BARROSO FELTNER (Spain) said that acceptance of the draft resolution in document GC(XXIV)/633 would have considerable financial consequences for his country. Until 1980, Spain had occupied tenth place among contributors towards non-safeguards-related costs, but between 1972 and 1980 it had benefited from a limitation on its contribution towards safeguards-related costs. In 1981, however, it would occupy tenth place among contributors towards both parts of the Regular Budget. Spain was in favour of an effective and representative Board, and wished it to be noted that it had implicitly been assigned tenth place among contributors towards the Agency's budget by a Board of which it had not been a Member since 1976. Although his delegation understood the importance of the system of adopting resolutions by consensus at the General Conference, it hoped that in future reviews of the arrangements under discussion, account would be taken of the fact that certain States had a special responsibility where the application of safeguards was concerned: that should be reflected in the arrangements adopted for financing safeguards.

40. Mr. DALAL (India) welcomed the fact that the revised arrangements proposed for the financing of safeguards would not increase the burden on developing countries beyond the 1976 level, and was therefore able to endorse them. However, more needed to be done to allocate safeguards-related costs, and further economies could surely be realized in safeguards - especially by limiting safeguards activities at non-military facilities in some nuclear-weapon States, since such activities were in any case of questionable utility from the point of view of non-proliferation.

The meeting rose at 1 p.m.

