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Item 17 of the provisional agenda  
(GC(XXIX)/746)

## THE FINANCING OF TECHNICAL ASSISTANCE

### Report by the Board of Governors

1. In 1984, the General Conference, by resolution GC(XXVIII)/RES/436, requested the Board of Governors to continue to report annually to it on the actions taken with regard to the implementation of its resolution GC(XXV)/RES/388, by which the Conference in 1981 requested the Board to:
  - (a) take the necessary measures so that technical assistance is funded through the Regular Budget of the Agency or through other comparably predictable and assured resources,
  - (b) take appropriate steps so that technical assistance funds are increased in order to respond adequately to meet increasing financial requirements for the maximum possible number of technically sound projects and to enable progress in technical assistance to keep pace with the progress in other main activities of the Agency, and

- (c) report to the General Conference at its twenty-sixth regular session and annually thereafter on the actions taken with regard to the implementation of these requests and on the actions proposed for the following years.
2. In the light of General Conference resolution GC(XXVIII)/RES/436, the Board agreed on 1 October 1984 that consultations on the financing of technical assistance should continue to be held by its Chairman.
3. Informal consultations were held throughout the year regarding the financing of technical assistance, in particular the matter of indicative planning figures to serve as a basis for fixing targets for contributions to the Technical Assistance and Cooperation Fund after 1986.
4. The Chairman of the Board, reporting in February 1985 on the consultations held, stated that he had heard a wide range of views regarding the implementation of Conference resolution GC(XXV)/RES/388 and had come to the conclusion that he, in co-operation with the Vice Chairmen, should continue the consultation process until the meetings of the Administrative and Budgetary Committee in May and then up to the meetings of the Board in June 1985, by which time it was to be hoped that a consensus would have emerged concerning indicative planning figures for the years after 1986, the last year for which there was an agreed indicative planning figure.
5. In May 1985, the Chairman of the Board reported to the Administrative and Budgetary Committee that, during the consultations, delegations had expressed themselves in favour of continuing the practice of adopting indicative planning figures (without prejudice to the various positions of principle on the issues involved in technical assistance financing) and that he intended to continue with informal consultations on this matter.

6. The Board resumed its consideration of the matter of technical assistance financing in June 1985, when the Chairman reported to it on the consultations held between the Board's February and June sessions. He stated that since the previous session of the General Conference there did not appear to have been any change in the positions held by delegations on the implementation of resolution GC(XXV)/RES/388 - on the one hand, sincere concern among many delegations about the long-term need for a predictable, assured and sufficient technical assistance and co-operation programme, which some believed should be financed from the Regular Budget, and, on the other, the equally sincere concern of many other delegations that contributions to the Technical Assistance and Co-operation Fund should continue to be voluntary, which created the conditions necessary for the long-term assurance of resources for the technical assistance and co-operation programme. He added that there was so far no consensus concerning indicative planning figures for 1987, 1988 and 1989.

7. The discussion during the Board's June meetings confirmed the description of the situation given by the Chairman in his report.

8. Following the meetings of the Board in June, the Chairman - with the Board's concurrence - established a small contact group on indicative planning figures for 1987, 1988 and 1989 comprising representatives of donor and recipient countries and conducted further consultations within the framework of that group.

9. On 19 September 1985, the Chairman informed the Board that, in the matter of technical assistance financing, there still did not appear to have been any change in the positions held by delegations. With regard to indicative planning figures, however, the Board agreed that the figure for 1987 should be 12% higher than the target which it was recommending to the General Conference for contributions to the Technical Assistance and Co-operation Fund in 1986, the figure for 1988 should be 12% higher than that for 1987 and the figure for 1989 should be 12% higher than that for 1988.

10. Also on 19 September 1985, members of the Board commented on an aide-memoire sent to the Director General by the Governor from Belgium and entitled "Granting of technical assistance by the Agency"; their comments are reflected in the summary record of the Board's discussion under the item "The financing of technical assistance". The Board agreed to take a decision on a proposal contained in the aide-memoire at one of its future meetings.\*/

11. The Board agreed to continue its efforts directed towards the implementation of General Conference resolution GC(XXV)/RES/388.

12. The summary records of the Board's discussions on the matter of technical assistance financing in February, June and September 1985 are reproduced in the Annex.

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\*/ The text of the aide-memoire is attached to the present document together with the summary record.

A N N E X

Summary records of the discussion on the item  
"The financing of technical assistance"  
at meetings of the Board of Governors  
held in February, June and September 1985

RECORD OF THE 633RD MEETING (held on 20 February 1985)

(d) FINANCING OF TECHNICAL ASSISTANCE (GC(XXVIII)/RES/436)

106. The CHAIRMAN recalled that the sub-item entitled "The financing of technical assistance" had been placed on the agenda pursuant to resolution GC(XXVIII)/RES/436, in which the Board had been requested to report to the General Conference on action taken with regard to the implementation of resolution GC(XXV)/RES/388, adopted by the Conference in 1981.

107. The matter had been the subject of extensive discussions in the Agency's policy-making organs and their committees over a period of several years. A practical outcome of those discussions had been the system of indicative planning figures. There had been agreement on such figures for the years 1982 to 1986. As to the years after 1986, the question would no doubt be discussed, informally and at formal meetings, during the current year.

108. During the consultations which he had held since the Board's meeting following the General Conference's 1984 session, he had heard a range of views regarding the implementation of resolution GC(XXV)/RES/388 and had come to the conclusion that the informal consultation process should continue between now and the May meetings of the Administrative and Budgetary Committee and then up to the June meetings of the Board, by which time it was to be hoped that a consensus would have emerged concerning indicative planning figures for the years after 1986.

109. He suggested, therefore, that the item "The financing of technical assistance" be placed on the provisional agenda for the Board's meetings in June, when he would report on the informal consultations which he intended to hold, in co-operation with the two Vice-Chairmen, between now and June. At that time the Board would also be able to discuss the matter in the light of the Administrative and Budgetary Committee's deliberations in May.

110. It was so agreed.

RECORD OF THE 640th MEETING (held on 14 June 1985)

THE FINANCING OF TECHNICAL ASSISTANCE (GC(XXVIII)/RES/436)

21. The CHAIRMAN said that since the Board's February meetings he had, in co-operation with the two Vice-Chairmen, continued to hold consultations, and in May he had reported to the Administrative and Budgetary Committee that it was his understanding that delegations were in favour of continuing the present practice of adopting indicative planning figures. Although there was so far no consensus concerning indicative planning figures for 1987, 1988 and 1989, the atmosphere in which the consultations had been held had been encouraging. Since the meetings of the Administrative and Budgetary Committee he had held further consultations and he had hoped to be able to announce at the present series of meetings a consensus concerning the indicative planning figures. In an effort to speed up such a consensus, he proposed that he continue his consultations, perhaps with the help of a small, informal, representative contact group.

22. In the course of the consultations which he had held, there had been constructive discussions on the question of implementing resolution GC(XXV)/RES/388 adopted by the General Conference in 1981. There did not, however, appear to have been any substantive change since the last session of the General Conference in the positions held by delegations.

23. In the previous year the General Conference had, in resolution GC(XXVIII)/RES/436, again requested the Board to report to it annually on the action taken with regard to the implementation of resolution GC(XXV)/RES/388 and, in the hope that every effort would be made to implement the latter resolution, he invited Governors to speak.

24. Mr. ORNSTEIN (Argentina), speaking on behalf of Mr. Beltramino, Chairman of the Group of 77, reiterated the Group's firm position in favour of indicative figures providing for real growth in the voluntary contributions to the Technical Assistance and Co-operation Fund in the years 1987 to 1989; that real growth should be of the same order as that provided for by the indicative planning figures derived by application of the Goldschmidt Formula from 1981 onwards together with the corresponding rate of inflation. On that understanding, the Group of 77 was prepared to continue discussing the matter with the other interested parties.

25. Mr. OSZTROVSZKY (Hungary) stressed the importance of resolution GC(XXV)/RES/388, which called for technical assistance to be financed on a predictable and assured basis. The present item had been on the agenda of the Board and General Conference for many years, and his delegation had repeatedly stated its view that the Agency's increasing achievements in the field of technical assistance - in terms of both quantity and quality - demonstrated the success of the present financing system.

26. Despite financial difficulties, his Government was promoting the Agency's technical assistance activities by continually increasing its voluntary contribution, making cost-free fellowships available to the Agency and organizing numerous scientific and technical activities in Hungary which related to the Agency's work.

27. Since the system of indicative planning figures had been introduced, the funds available to the Agency for technical assistance had increased considerably; his delegation welcomed that result and was firmly convinced that financing the Agency's technical assistance and co-operation programme on the basis of indicative planning figures fulfilled the requirements of the General Conference resolution he had mentioned and that the programme should continue to be financed by the present method, on a voluntary basis.

28. Mr. ZHOU (China) observed that his country, too, shared the concern expressed by many Governors about the Technical Assistance and Co-operation Fund and considered that resolution GC(XXV)/RES/388 provided a good working basis for finding a solution to the problem of resources. The use of indicative planning figures was one way of implementing that resolution. Moreover, he supported the suggestion that the indicative planning figures for 1987, 1988 and 1989 should show real growth because that was consistent with the needs of developing countries to strengthen their economies and extend the peaceful uses of nuclear energy and was fully in conformity with the spirit of resolution GC(XXV)/RES/388. He was confident that a solution acceptable to all could be found if all parties were actively supportive and realistic. China, for its part, would join in any consensus on the matter.

29. Mr. BADDU (Morocco) pointed out that in 1981 the General Conference had adopted resolution GC(XXV)/RES/388 requesting the Board to take the necessary measures for technical assistance to be funded through the Regular Budget or through other comparably predictable and assured resources. It had

also requested the Board to ensure that funds allocated to that important activity were sufficient to meet the increasing needs of Member States. In the four years since that time no progress had been made in implementing that resolution. It was worth recalling that, since technical assistance was one of the major activities of the Agency, it should not be viewed merely as aid provided generously by the developed to the developing countries but as one of the mechanisms which enabled the Agency to promote the peaceful uses of nuclear energy. His country therefore continued to believe that technical assistance should be financed on an assured, predictable and sufficient basis, namely from the Regular Budget, as were activities such as safeguards and nuclear safety.

30. The current system of establishing indicative planning figures was only a compromise solution and was far from fulfilling the requirements of resolution GC(XXV)/RES/388, since the contributions continued to be voluntary.

31. Until a solution could be found, he hoped that annual growth in real terms could be maintained in the indicative planning figures.

32. Mr. KENNEDY (United States of America) said that the question of financing technical assistance in the following several years was closely related to decisions to be taken about indicative planning figures for the period 1987-89. His Government also was interested in a speedy resolution of the matter, but it considered that those figures should not continue to grow at the same rate as in the recent past; he was confident, however, that a reasonable set of figures would be found which took due account of projected inflationary increases and urged the Chairman to persist in his efforts so that agreement could be reached at an early date.

33. The CHAIRMAN took it that the Board wished him to hold further consultations on indicative planning figures for 1987, 1988 and 1989 and to report to it in September on the results achieved and that it would have no objection to his being assisted by an informal contact group comprising representatives of donor and recipient countries to be established by him for that purpose.

34. It was so agreed.

PROVISIONAL RECORD OF THE 642nd MEETING (held on 19 September 1985)

THE FINANCING OF TECHNICAL ASSISTANCE (GOV/2223, GC(XXVIII)/RES/436)

The CHAIRMAN said that pursuant to General Conference resolution GC(XXVIII)/RES/436 the Board was required to report to the General Conference on the actions taken with regard to the implementation of resolution GC(XXV)/RES/388 adopted by the General Conference in 1981.

The Board would recall that, at the end of its discussion in June of the item on the financing of technical assistance, it had been agreed that he would carry out further consultations on indicative planning figures to serve as a basis for fixing targets for contributions to the Technical Assistance and Co-operative Fund in 1987, 1988 and 1989. It had also been agreed that he should be assisted in his consultations by an informal contact group. He had held a number of consultations in recent months, assisted by the Vice-Chairmen and by the contact group which he had established. It was his assessment that Board Members were now very close to a consensus. Whereas earlier opinions conveyed to him by Members of the Board had covered a wide range of figures, a large majority of Board Members now seemed ready to accept as a compromise the middle point between the two extremes of that range. The compromise would provide for an increase in 1987 of 12% over the recommended target for 1986 and for further 12% increases in 1988 and 1989.

He realized that, although that compromise figure of 12% was supported by a great majority of Board Members, there were still a few Members who had reservations. Some Members had hoped for a higher figure, while others had told him that their authorities would have difficulty in making the budgetary provisions entailed by an annual increase of 12%. Nevertheless, the majority found the figure of 12% an acceptable compromise. He therefore appealed to the Board as a whole to accept that figure as a consensus decision. Those who felt that it was not high enough ought perhaps to bear in mind that the annual increase was likely to be supplemented by additional sums made available to finance footnote a/ projects. As to those who were concerned about their countries' financial ability to respond to that figure, he hoped that they would find ways of overcoming their difficulties. The important thing now was

to find a solution which would be broadly acceptable to all Members, and he trusted that 12% was an acceptable figure for annual increases in the indicative planning figures during the period 1987 to 1989.

In the course of his consultations, he had also taken up the wider question of implementing resolution GC(XXV)/RES/388. However, there did not appear to have been any substantive change in the positions held by delegations since he had last reported. On the one hand, sincere concern had been expressed by many delegations about the long-term need for predictable, assured and sufficient resources for technical assistance and co-operation, which some believed should be financed from the Regular Budget, and, on the other hand, equally sincere concern had been expressed by many other delegations that contributions to the Technical Assistance and Co-operation Fund should continue to be voluntary.

Finally, he pointed out that document GOV/2223 contained an aide memoire circulated at the request of the Governor from Belgium for discussion under the present item.

Mr. BELTRAMINO (Argentina) associated himself with the Chairman's remarks. In the light of existing and foreseeable short-term economic conditions, the Group of 77 considered it appropriate that agreement be reached on the basis of the increases mentioned by the Chairman. That would be consistent with the ideas of those who had promoted the gentlemen's agreement which had offered six years' relative assurance for the Technical Assistance and Co-operation Fund; also, it would provide a sufficient margin to ensure that inflation and the natural growth of technical assistance did not lead to shortfalls in what was a fundamental Agency activity.

Mr. SITZLACK (German Democratic Republic) expressed his delegation's appreciation of the efforts made by the Chairman. His delegation had always taken the view that the system of voluntary funding based on indicative planning figures covering a period of three years was an assured and predictable source for the financing of technical assistance. It was not easy for his Government to increase its voluntary contribution. However, it could agree to the compromise solution now before the Board. In principle, the Agency should maintain the proven policy of granting technical assistance, as there was no reason for changing it.

Mr. ERNEMANN (Belgium) said that the aide-memoire attached to document GOV/2223 had previously been distributed to Governors under cover of a note from the Secretariat dated 20 August 1985; thus, Governors would have had time to study its contents. Following the Board's June discussions concerning the definition of "developing country" it was proposed that from 1987 the Secretariat be requested to take fully into account, in its technical assistance activities, United Nations General Assembly resolution 1995(XIX) and subsequent related resolutions which unquestionably defined "developing country". It was important to recall that those resolutions had been adopted by consensus by the General Assembly. The extent of the annual technical assistance programme depended on the total resources available for technical assistance and on how they were distributed. The aide-memoire stressed that technical assistance should be granted preferentially to developing countries, the list of which figured in General Assembly resolution 1995(XIX) and in subsequent related resolutions. At the same time, it was self-evident that any Agency Member State not classed as a developing country should be entitled to continue benefiting, if it so wished, from technical assistance. However, such a Member State should be required to reimburse the cost of services rendered by the Agency.

The Belgian proposal was in the interest of developing countries. Between 1981 and 1983 technical assistance for projects in countries not classed as "developing" countries had accounted for approximately 15-20% of the overall technical assistance budget; in 1985 that figure might rise to 25%. The proposal was that Agency resources for technical assistance should, in principle, be reserved for developing countries, although the Board could still approve, case by case, the granting of free technical assistance to countries not classed as "developing" countries so that all Member States might continue to benefit from technical assistance. He hoped that the Board would make its position regarding the proposal clear. If there was opposition he would ask for a vote to be taken on the proposal as contained in paragraph 7 of the Annex to document GOV/2223. He hoped, however, that no vote would be needed.

Mr. BRADY ROCHE (Chile) said that his delegation supported the declaration made by the Chairman of the Group of 77 with regard to the financing of technical assistance. Basically, he wished to see a steady increase in technical assistance projects for developing countries, since that was what was needed to achieve social and economic development. Although he would have liked to see a higher figure than 12% for the increase he nevertheless accepted the reasons leading to that figure.

He reiterated his delegation's position that technical assistance should be increased through time and that more resources should come from the Regular Budget. The current zero-growth policy was a serious obstacle to that and should therefore be reviewed by the Board of Governors. He welcomed the Belgian initiative as being in the interests of the developing countries.

Mr. KENYERES (Hungary) said that the question of the financing of technical assistance was closely related to the actual results of the Agency's technical co-operation activities. Further growth in technical assistance called for a stable system of financing, which in his delegations's opinion was assured by the indicative planning figure mechanism. He therefore supported any constructive proposal for providing a yearly increase in those figures up to a maximum of 12%.

With regard to the proposal made by the Governor from Belgium in document GOV/2223, his delegation had concluded that the contents of that proposal went beyond the scope of the agenda item under consideration, which was concerned with the magnitude of the Technical Assistance and Co-operation Fund, not with its distribution among Member States or with a change in the whole policy of the provision of technical assistance. He was therefore not in favour of the Belgian proposal, especially since it would violate the Agency's Statute, according to which all Member States were eligible to receive technical assistance from the Agency.

Mr. ERRERA (France) said that his country had always appreciated the Agency's technical assistance activities, which, after all, accounted for about a third of all Agency allocations. The indicative planning system had been useful as it had made the Agency's activities more predictable. However,

if technical assistance was to be increased, choices would have to be made and Member States would have to accept certain constraints. France had difficulties in accepting certain proposals but would examine all of them with an open mind, since it was concerned to find a solution to that difficult and important problem.

Mr. ZHOU (China) said that owing to increasing emphasis on the peaceful uses of nuclear energy, requests for technical assistance from Member States had markedly increased. In spite of improvements in the management of technical assistance by the Agency, there had been a general concern about how to meet the needs of Member States and to finance technically sound projects. Many projects could not be supported for lack of resources. At the June meetings of the Board China had therefore suggested that the indicative planning figures for 1987-89 should be increased substantially in real terms.

The 12% increase in the indicative planning figures for 1987-89 proposed by the Chairman as a result of his strenuous efforts was in accordance with the principle of provision of technical assistance on a predictable, assured and sufficient basis and hence satisfied the wishes of a large number of Member States. He therefore hoped the Board would support that figure unanimously.

Mr. ROSALES (Cuba) said that his delegation believed the present mechanism of indicative planning figures and the voluntary nature of contributions towards technical assistance to be the best guarantee of effective participation by all Member States in the Agency's technical co-operation programme. In recent years, the application of that mechanism had led to a significant increase in the Fund's resources, which in 1980 had amounted to US \$10 million, but which in 1986 were expected to reach \$30 million. However, Cuba's support was based on the assumption that certain conditions were to be observed by Member States to ensure effective application of that mechanism. First, there should be real annual growth in the Fund's resources so that the technical assistance requests of Member States could be satisfied; secondly, countries' pledges to the Fund in a given year should be based, as a minimum, on the Secretariat's indicative planning figures; thirdly, all Member

States capable of doing so must fulfil their pledges to the Fund; and fourthly, the resources made available to the Fund should be used to finance as many of the projects put forward by developing countries as possible without any discrimination.

With regard to the actual figures for 1987, 1988 and 1989, the most realistic of all the alternatives considered was the proposal set forth by the Chairman, and the Cuban delegation therefore supported it.

The objections advanced by certain countries against a real increase in the Technical Assistance and Co-operation Fund were liable to lead to a reopening of the debate on the advisability of continuing to use the present system for financing technical assistance on the grounds that it offered insufficient assurances for the implementation of General Conference resolution GC(XXV)/RES/388.

As to the Belgian proposal in document GOV/2223, the Cuban delegation had during the Board's June meeting firmly declared its opposition to any consideration by the Board or General Conference of the application by the Secretariat of the technical assistance policy envisaged by Belgium. That position had in no way altered in the meantime. In any case, the Board's task under resolution GC(XXV)/RES/388 was to consider ways of assuring a level of financial resources which would permit the smooth application of the technical assistance and co-operation programme, not to analyse how those resources should be used. He therefore hoped the Board would not take any decision on the basis of the document in question.

Mr. NOE (Italy) commended the Chairman on the efforts he had made in finding a compromise solution on which there appeared to be some sort of consensus. However, his delegation would have preferred another round of consultations which might have enabled the Board to take a more finished decision. Although Italy was not opposed to the consensus, it could not for the moment undertake to pay a voluntary contribution based on the proposed increases. After all, his country already paid a high level of extrabudgetary contributions and provided a large part of the budget for the International Centre for Theoretical Physics in Trieste amounting to some \$3 million per year.

Italy supported the statement made by the Governor from Belgium because it attached great importance to the provision of technical assistance by the Agency to developing countries and because the Belgian proposal was based on the principle clearly stated in Articles III.A.2 and XI.E.6 of the Statute.

Mr. GOMAA (Egypt) felt that General Conference resolution GC(XXV)/RES/388, which had been adopted by consensus, laid down a reasonable and acceptable formula for financing technical assistance on a secure basis. It requested the Board to take measures to ensure that technical assistance was funded through the Agency's Regular Budget or through other comparably predictable and assured resources. It also called for technical assistance funds to be increased in order to meet the growing demand and to support the maximum number of projects. The Board must attempt to find ways and means of implementing the resolution in full.

Although the present system of financing technical assistance on the basis of indicative planning figures had operated satisfactorily so far, due consideration should be given in fixing these figures to the increasing need for technical assistance and to its crucial impact on economic development. The Egyptian delegation considered the proposed progressive increases by 12% for the years 1987-89 to be reasonable and realistic and hoped that the economic difficulties currently confronting some Member States would be overcome so that they could further increase their contributions towards technical assistance.

Mr. MORPHET (United Kingdom) said that his country had always made it clear that it attached great importance to the Agency's technical assistance activities and had played its part in ensuring that the resources available for the technical assistance and co-operation programme had nearly doubled over the previous five years.

As in most other Member States, public expenditure in his country was subject to severe constraints, which could not be ignored. Nevertheless, the United Kingdom, in a spirit of consensus, could agree to indicative planning figures incorporating a 12% annual increase over the period 1987 to 1989.

However, the United Kingdom's ability to pay its share towards the target for voluntary contributions in any given year must always be subject to obtaining the necessary budgetary sanction from the responsible authorities.

Mr. PENAHERERA (Ecuador) shared the views expressed by the Governor from Argentina on behalf of the Group of 77. His country considered that the Agency's technical assistance activities should be financed on a predictable and assured basis, and was therefore thankful to the Chairman for his efforts which had resulted in a proposal for an annual increase of 12% in the funds set aside for those activities for the period 1987-1989. That increase would maintain the effectiveness of such assistance.

His delegation noted with pleasure the proposal submitted by Belgium, which, it felt, favoured the interests of developing countries.

Mr. GHEZAL (Tunisia), recalling the purpose of resolution GC(XXV)/RES/388 and endorsing the statement of the Governor from Argentina, expressed his appreciation of the consultations held by the Chairman. If the proposed 12% increase in the indicative planning figures for 1987-1989 was adopted, it should be possible to take into account the growing technical assistance needs of the developing countries, the rates of inflation and the world economic situation.

He had also noted with interest the statement by the Governor from Belgium.

Mr. CHAPMAN (United States of America), approving the suggested annual increase of 12% in the indicative planning figures for 1987-1989, recalled that the issue had been a difficult one and that the somewhat divergent views of both donors and recipients had had to be reconciled in order to arrive at that compromise figure. The result reflected the willingness of all parties to seek a common ground, and the credit for much of the progress made in that direction went to the Chairman. He called upon all Members of the Board to support the compromise formula.

Mr. LOOSCH (Federal Republic of Germany) said that he was in favour of retaining the existing system of financing technical assistance through voluntary contributions towards targets established by consensus. No further constraints should be placed on eligibility for receiving technical assistance; yet new constraints would result from the Belgian proposals contained in document GOV/2223. The granting of technical assistance should continue to be flexible and take account of priority needs, subject to the resources available. As for the proposed 12% annual increase in the indicative planning figures, he would not stand in the way of a consensus - even though he considered the rate to be high - since his country attached great importance to technical assistance. However, at that rate of increase he could not offer complete assurance that his country would be able to maintain its past record of pledging and making voluntary contributions corresponding to its base rate of assessment for the Regular Budget and at the same time continue to provide other forms of extrabudgetary technical assistance. Subject to that understanding, he approved the Chairman's draft report to the General Conference.

Mr. TSUKADA (Japan) pointed out that for the last three years his Government had been in an austere budgetary situation which was not likely to improve in the coming few years; that being so, it was not certain that Japan would be able to secure the resources needed to meet its increased share. It was therefore difficult for him to approve the proposed 12% increase in the indicative planning figures for 1987, 1988 and 1989. However, in a spirit of compromise, he did not wish to oppose the consensus which seemed to be emerging on those figures.

Mr. BADDOU (Morocco) expressed support for the statement made by the Governor from Argentina on behalf of the Group 77. He had also listened with great interest to the proposal made by the Governor from Belgium, in accordance with which all countries without discrimination would continue to be eligible for technical assistance, except that such assistance would be provided free to developing countries and against payment to those who could afford to pay. The proposal was significant, especially as it had originated from a highly developed country. Morocco fully supported it.

Mr. UMAR (Nigeria), endorsing the statement by the Governor from Argentina, expressed his appreciation of the Chairman's efforts which had resulted in the proposal for a 12% increase in the indicative planning figures. He was especially grateful to the donors who had agreed to that figure and to those who were willing to join the consensus in spite of some reservations. He had taken note with great interest of the proposal submitted by Belgium. However, since the Group of 77 had not yet considered that proposal, it might be helpful if the meeting could be adjourned in order to enable them to do so.

Mr. SCHMIDT (Austria) said that his country attached importance to technical assistance and co-operation as one of the two main activities of the Agency. The organization had over the years gained a better understanding of the needs of the developing countries and of the methods of meeting those needs.

That technical assistance should be financed from voluntary contributions was a principle that had been decided on many years ago. However, recognizing the need for some predictability of resources for such assistance, Austria had welcomed the system of indicative planning figures.

Commending the Chairman and the Governors who had been involved in the consultations which had led to the compromise figure of 12%, he expressed his support for that increase in the technical assistance budget for 1987.

Mr. BUCKLEY (Canada), paying tribute to the Chairman's efforts which had brought Governors' views on the subject closer together, said that he would not object to the adoption, for planning purposes, of the formula that was now being proposed. However, he could give no assurance that his Government would be able fully to meet the increased share implied by the 12% rise in the annual planning target; that would depend on parliamentary review and approval in the context of Canada's general international development policies.

His country had always supported and would continue to support the Agency's technical co-operation programme. In considering future voluntary

contributions, it would pay close attention to the notional target figures established by the Board and also to future growth rates in the safeguards budget and in the budgets of other bodies like UNDP.

He was unable to lend his support to the changes proposed by Belgium. The current system worked well, to the general satisfaction of both donors and recipients. It would be advisable to continue to rely on the pragmatism and basic good sense of the Secretariat to operate the technical co-operation programme rather than embarking on a course of action which might ultimately prove disadvantageous.

Mr. KELSO (Australia), recalling that his country strongly supported the Agency's technical assistance activities and made contributions above and beyond what would correspond to its share of the assessed budget, warmly endorsed the Chairman's proposal, which was consistent with resolution GC(XXV)/RES/388. However, Australia, too, had severe budgetary constraints, and its contributions were subject to parliamentary approval. In that connection, it faced the same difficulties as other countries which were generous contributors to the technical co-operation programme.

As for the proposal submitted by Belgium concerning the mode of granting technical assistance, he had noted that the Board was divided on that issue and that there was no basis for a decision now. Belgium had a point, but the idea needed to be pondered, and he shared the reservations expressed by the Governor from the Federal Republic of Germany. Although the proposal looked simple, its implementation might raise tricky problems. It would be better to keep the matter under consideration than to take a hasty decision at present.

Mr. SEMENOV (Union of Soviet Socialist Republics) observed that his Government's stand on the financing of technical assistance was well known. In order to ensure greater predictability of resources from voluntary contributions and to facilitate the Secretariat's work in planning technical assistance, including the financing of multi-year projects, he was prepared to support the continuation of the system of indicative planning figures for

1987-1989. It was understood that the acceptable volumes of technical assistance for that period would be subject to agreement, and as a compromise the Soviet Union was willing to approve the annual increase of 12% in such assistance. He hoped that such an increase would be acceptable to all Members of the Board.

Referring to document GOV/2223, which had been submitted in connection with the agenda item under discussion, he wished to point out, first of all, that the matter dealt with in that document had no relevance to the problem of establishing the procedure and methods of financing technical assistance and of determining the volume of such assistance, and accordingly seemed to have no place in the present discussion.

However, he was even more baffled by the substance of the proposal contained there, which in effect sought to deprive some Member States of their right in future to receive technical assistance out of Agency resources and at the same time to confer such a right on the South African régime, confirming that right by a formal decision of the Board. He was unable to approve a proposal which was radically inconsistent with the Statute, since, as had been stressed for example in document GOV/INF/467, there were no statutory limitations on the right of Member States to receive technical assistance. It would be curious for the Board to deprive some countries of that right, especially on the eve of the Conference for the Promotion of International Co-operation in the Peaceful Uses of Nuclear Energy. The Agency's purpose was to promote and not to hinder such co-operation.

Mr. LOZADA (Philippines) said that his country strongly supported the Agency's technical co-operation activities and approved the 12% increase in the indicative planning figures. In that connection, he associated himself with the observations made by the Governor from Argentina on behalf of the Group of 77. As for the proposal contained in document GOV/2223, no decision ought to be taken on the matter for the time being.

Mr. AAMODT (Norway) expressed his willingness to join the consensus which seemed to be emerging in favour of a 12% increase in the indicative planning figures for 1987-1989, on the understanding that his

country's acceptance of the figure for a particular year would be subject to parliamentary approval.

He wished to reiterate Norway's stand that contributions to the Technical Assistance and Co-operation Fund should continue to be voluntary. Lastly, there was no need to adopt a definition of the term "developing country"; therefore, he could not endorse the Belgian proposal, about which he fully shared the views of the Governor from Canada.

Mr. ABURAS (Jordan) considered that a 12% annual increase in the indicative planning figures was appropriate and realistic. Technical assistance was vital for developing countries, and efforts to increase it deserved support.

Mr. CLADAKIS (Greece), noting the Chairman's commendable endeavours to reach a compromise, indicated his acceptance of the 12% annual growth in the indicative planning figures for 1987-89, subject to approval by the Greek Parliament, which had imposed a policy of strict budgetary restraint.

Mr. ERNEMANN (Belgium) wished to thank those Governors who had supported the Belgian proposal. As to the objections raised by Hungary and the Soviet Union his introductory statement had clearly indicated that there was no question of denying technical assistance to any country. All Member States would be able to avail themselves of Agency technical assistance, as they had the right to do. The only question was whether such assistance should be provided free of charge or against payment. No additional constraint would be placed on eligibility, as the Governor from the Federal Republic of Germany seemed to think. If the Belgian proposal was accepted, free technical assistance would henceforth be reserved for developing countries as defined in the relevant resolutions of the United Nations General Assembly. Although South Africa and Israel might fall within the General Assembly's definition, the Agency would never grant technical assistance to them, and the Belgian proposal had nothing to do with them.

Belgium's position was logical and sincere, and his delegation wanted a decision to be taken. He wondered how parliaments in Europe would react if

they were told that the Agency had decided that free technical assistance should continue to be given to European countries.

Lastly, he requested the Chairman to proceed in such a manner that a decision was taken.

The CHAIRMAN said he assumed that the Board accepted an annual increase of 12% in the indicative planning figures for 1987, 1988 and 1989 as he had proposed.

It was so decided.

The meeting was suspended at 4.50 p.m. and resumed at 5.20 p.m.

The CHAIRMAN, recalling that the Board had now taken a decision regarding the indicative planning figures for 1987, 1988 and 1989, invited further comments on the proposal by the Governor from Belgium.

Mr. BELTRAMINO (Argentina) said that the suspension of the meeting had enabled Board Members belonging to the Group of 77 to agree on a position regarding the Belgian proposal. They wished to express their understanding for the points of view put forward during the debate, and in particular the comments made by the Governor from Belgium. The Belgian proposal concerned a matter which was of considerable importance and therefore required further examination by the Board and consultations between Permanent Missions and their Governments. The Board should therefore defer a decision on the matter until a later date in accordance with Rule 29(d) of the Board's Provisional Rules of Procedure.

Mr. ERNEMANN (Belgium) said he respected the views just expressed by the Chairman of the Group of 77. Deferring a decision on the Belgian proposal under the terms of Rule 29(d) meant that the question would remain on the Board's agenda.

The CHAIRMAN, in summary, said that a decision on the proposal by the Governor from Belgium would be taken by the Board at one of its future meetings. He took it that the Board wished to submit to the General Conference the draft distributed for its consideration, with the paragraph concerning the Belgian aide-memoire appropriately amended.

It was so agreed.

ATTACHMENT

AIDE MEMOIRE

Granting of technical assistance by the Agency

1. On 11 June 1985 the Director General made a statement in the Board of Governors. The Director General referred to consultations which he had had regarding the definition of "developing country".

"...The Chairman of the Group of 77 and the chairmen of the geographical groups within it had stressed, in their consultations with him, that the discussion was aimed primarily at securing full implementation of General Conference resolution GC(XXV)/RES/386 concerning staffing. The Group of 77 took the view that a list of developing countries existed already in the Annex to United Nations General Assembly resolution 1995 (XIX), as supplemented from time to time. They had also emphasized that the Group of 77 spoke as representative of the developing countries ..." (para. 31 of GOV/OR.635).

2. At its 639th meeting, on 13 June 1985, the Board of Governors considered the question of the definition of "developing country" (see paras. 49-67 of GOV.OR.639). The conclusions of its discussion are set forth in paragraphs 66 and 67 of GOV/OR.639:

"The Chairman, having heard the Director General's statement and the comments made on behalf of developing countries by the Governor from Argentina, suggested that the Board take note of those statements, which should serve as guidelines for the Secretariat's future activities in that area. It was so agreed."

3. The question of the financing of technical assistance, which will be considered by the Board of Governors in September 1985, is directly connected with the question of the granting of technical assistance and the procedures for granting such assistance (free of charge or against payment).

The scope of the annual technical assistance programme depends not only on the total volume of resources available for technical assistance but also on the procedures for distributing (inter alia - free of charge or against payment) the resources among the countries requesting technical assistance from the Agency.

4. Clearly, the distribution of the available resources must take into account the provisions of Article XI.E.6 of the Statute<sup>1/</sup> and of INFCIRC/267 of March 1979, and especially paragraphs I.A.1(d)<sup>2/</sup> and I.B.2<sup>3/</sup>.

5. It is proposed that, as from 1987, the Secretariat be requested to take fully into account, in its technical assistance activities, United Nations General Assembly resolution 1995 (XIX) and subsequent resolutions on the same subject, which resolutions unquestionably embrace the developing countries. These developing countries should continue to receive Agency's technical assistance under the same conditions as at present and preferentially.

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1/ "... the Board of Governors shall give due consideration to:  
6. The special needs of the under-developed areas of the world;".

2/ "The Agency's resources for technical assistance shall be allocated primarily to meet the needs of developing countries;".

3/ "Subject to the guiding principle referred to in paragraph 1(d) above, that the Agency's resources for technical assistance shall be allocated primarily to meet the needs of developing countries, each Member State of the Agency or group of Member States shall be eligible for technical assistance provided from the Agency's own resources."

6. All Agency Member States not covered by General Assembly resolution 1995 (XIX) should be entitled to continue to receive Agency technical assistance if they so wish, but technical assistance free of charge should in principle be reserved for the developing countries covered by General Assembly resolution 1995 (XIX).

7. Recommended action by the Board:

It is recommended that the Board decide that, as from 1987, Agency technical assistance free of charge shall in principle be reserved for developing countries as defined in paragraph 5 above.

