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RECORD OF THE FIFTY-FIRST MEETING

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on Tuesday, 22 September 1987, at 10.45 a.m.

Chairman: Mr. GUYER (Argentina)

CONTENTS

<u>Item of the provisional agenda**</u>		<u>Paragraphs</u>
-	Election of Vice-Chairmen and organization of work	1 - 4
10	The Agency's budget for 1988	5 - 70
11	Scale of assessment of Members' contributions for 1988	71 - 72
12	The Agency's relations with the United Nations Industrial Development Organization	73 - 74
13	The financing of technical assistance	75 - 94

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The composition of delegations attending the session is given in document
GC(XXXI)/INF/246/Rev.3.

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ELECTION OF VICE-CHAIRMEN AND ORGANIZATION OF WORK

1. The CHAIRMAN, after thanking the General Conference for the confidence which it had shown in him by electing him as Chairman of the Committee of the Whole, proposed that the Committee begin with the election of two Vice-Chairmen in accordance with Rule 46 of the Rules of Procedure of the General Conference. He understood that a consensus had been reached on the choice of two Vice-Chairmen, namely Mr. Matejka (Czechoslovakia) and Mr. Maekipentti (Finland). If there were no objections, he would take it that the Committee wished to elect Mr. Matejka and Mr. Maekipentti as Vice-Chairmen.

2. It was so decided.

3. The CHAIRMAN said that, although the General Committee had not yet met to consider the allocation of agenda items, the General Conference had asked the Committee of the Whole to begin the initial examination of items 9, 10 and 13 to 16 of the provisional agenda (GC(XXXI)/799), since those were questions specified in the Statute or on which the General Conference had itself requested the previous year that reports be presented.

4. Since item 9 was very complex and the documentation relating to it had been distributed only the day before, the Chairman proposed that the Committee defer consideration of that item until later and that it begin with item 10, "The Agency's budget for 1988".

THE AGENCY'S BUDGET FOR 1988 (GC(XXXI)/802 and Add.1)

5. The CHAIRMAN noted that the Committee had before it document GC(XXXI)/802 and an addendum thereto which contained a recommendation by the Board inviting the General Conference to approve a level of \$2 million for the Working Capital Fund in 1988. As usual the Committee had to formulate recommendations to the General Conference on three draft resolutions, dealing with the Regular Budget appropriations for 1988, the Technical Assistance and Co-operation Fund allocation for 1988, and the Working Capital Fund in 1988; those resolutions were to be found in Annex III of Part I of document GC(XXXI)/802.

6. Mr. MORALES PEDRAZA (Cuba) said that, having carefully studied document GC(XXXI)/802, which contained changes made to the Agency's budget for 1988 originally submitted in documents GC(XXX)/777 and Add.1, his delegation wished once again to congratulate the Secretariat on the quality of its work. As his delegation had indicated previously, although it was still possible to introduce improvements that would make some parts of the budget document clearer, the present structure was satisfactory and should not be changed significantly. The document under review was the result of extensive consultations between the Secretariat and interested Member States and, although it did not include all the proposals made by developing countries, it represented a compromise, which in the present situation was as much as could be expected. The consultation process not only provided an opportunity to hear sufficiently far in advance the views of different Member States on the budgetary proposals prepared by the Secretariat, but also facilitated the participation of States which were not members of the Board, a fact which Cuba welcomed.

7. By comparison with 1987, the Agency's budget for 1988 provided for an increase of only 0.6%, which was entirely attributable to the supplementary nuclear safety and radiation protection programme (SNSP). Although the increase was very small, it had given rise to intense discussion in the Board, which showed that opinion was divided on that question. In view of the Agency's importance to all its Member States, and particularly to those which already possessed a programme for the peaceful use of nuclear energy, or had decided to embark on such a programme in the near future, he hoped it would be possible to find a solution which, given the financial difficulties facing the majority of developing countries, would enable the Agency to implement successfully the fundamental tasks and activities for which it had been set up. The Secretariat could count on the support of his delegation in the search for such a solution.

8. In conclusion, his delegation supported draft resolutions A, B and C set forth in Annex III of Part I of document GC(XXXI)/802, although it would have been preferable if the solution to the problem of an increase in the Working Capital Fund for 1988 had been closer to the Secretariat's proposal.

9. Ms. MIRALLES (Venezuela) expressed her delegation's wish for its statement on the item to be reproduced in full in the summary records of the meeting.

10. Her delegation could not support the revised draft budget for 1988. The reasons for that refusal were well known and had been expressed on several occasions. In its current financial circumstances Venezuela was unable to accept any further increase, however small, in its financial obligations to international organizations. Her country considered itself to be acting responsibly in not assuming additional obligations which it knew it would be unable to meet. It was precisely because it believed in international co-operation and was actively engaged in such co-operation that Venezuela felt obliged to behave in a responsible manner.

11. To ensure that there was no doubt on the subject, her delegation wished to make it clear that its opposition to the proposed increase was not based on any doctrinaire or philosophical position in favour of the principle of zero real growth. That principle, which was currently so popular in international fora, was completely excluded from the calculations her country made when an organization such as the Agency was involved. On the contrary, Venezuela felt the Agency should continue to grow because its plans and programmes were in many respects of real benefit to developing countries. Her delegation knew that the proposed increase was not high. However, when that increase was added to those which Venezuela would have to accept in other international organizations, a figure would be reached which the Venezuelan economy could not afford.

12. Her country also wished to reaffirm its determination to support the work undertaken by the Agency to achieve the objectives for which it had been set up, namely to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world.

13. Ms. NEVILLE (United Kingdom) welcomed the efforts made by the Secretariat to present a tightly controlled budget, with an increase only in respect of nuclear safety. That was the right approach at the present time, although the important role played by the Agency in the area of safeguards should not be neglected.

14. In his opening statement to the General Conference, the Director General had emphasized the difficulties posed by the continuation of zero real growth. Her delegation, along with others, would carefully study the Director General's remarks in the coming months but, as he himself had recognized, financial stringency was necessary in nearly all Member States; better planning and a careful evaluation of priorities covering the period beyond 1988 were therefore essential. The Agency had already begun to think along those lines and her delegation looked forward to further discussions on the subject.

15. The United Kingdom could approve the Agency's budget for 1988 and the corresponding draft resolution. It had agreed with the principle of increasing the Working Capital Fund, but recognized the difficulties which some Member States had in accepting such an increase in 1988. It therefore supported the proposal that the Fund remain at the level of \$2 million in 1988.

16. With regard to the Technical Assistance and Co-operation Fund (TACF), the United Kingdom had already pledged its contribution for 1988 (\$1 827 000) and approved the proposed target (\$38 million), which was in line with the annual 12% increase in indicative planning figures agreed upon in 1985. Her country accordingly approved the two corresponding draft resolutions.

17. Mr. CHAUDHRI (Pakistan) recalled that his delegation had participated actively in the informal and formal consultations on the draft budget for 1988 and that it had already expressed its views thereon in the Administrative and Budgetary Committee and at the meetings of the Board in June. Specifically, it had deplored the fact that the budgetary estimates had been steadily reduced in order to achieve zero real growth in all appropriation sections, with the exception of the slight increase in the SNSP.

18. His delegation did not accept the application of the principle of zero real growth to the Agency's promotional activities, which held considerable importance for a large number of its Members. In view of the economic difficulties currently being experienced by some Member States, it was prepared to approve the budget proposed for 1988, but it hoped that the rate of growth of the programme and budget for 1989-90 would not be as low.

19. Mr. PENNAROLA (Italy) expressed his delegation's gratitude to the Director General and the Secretariat for their efforts to improve the information provided in the budget document.

20. Following the reductions introduced by the Director General to take account of the requests made at the meetings of the Administrative and Budgetary Committee, the total increase in the budget was 3.3% (0.6% real growth and 2.7% for inflation). Since the real growth, or net expenditure increase, was entirely accounted for by the SNSP, his delegation was able to approve the draft budget. However, it wished to make it quite clear that the principle of zero real growth meant that any additional activity should be balanced by a corresponding reduction in other activities. Furthermore, a group of countries which were major contributors had recommended that price increases be partly offset by appropriate management measures. It should also be noted that, because of an unexpected decrease in "Miscellaneous income", the increase foreseen in Member States' contributions would be greater than that in the draft estimates (5.7% as compared with 3.3%). Since the budgetary estimates were calculated on the basis of an exchange rate of 14.20 schillings to the dollar, whereas the current exchange rate was 12.70 schillings to the dollar, a further increase was to be expected. Some countries would perhaps not be in a position to absorb that increase because their currencies had not appreciated at the same rate.

21. While accepting the revised figures contained in document GC(XXXI)/802, his delegation hoped that, during the financial year, the Director General would be able to take the measures required by the financial situation. In other words, the Director General should postpone certain investments where that was possible without jeopardizing the Agency's efficiency.

22. Mr. IRACABAL LOBO (Chile), approving the Agency's draft budget for 1988, said the planned increase of 0.6% to strengthen nuclear safety and radiation protection activities was fully justified. In fact any efforts to improve the safety of nuclear energy and to restore public confidence in it deserved support. His delegation also endorsed the Board's recommendation to fix the level of the Working Capital Fund at \$2 million, although it was convinced that an increase in the Fund was needed to ensure better management of the Agency's technical and administrative activities.

23. Mr. MAHMOUD (Iraq) said that the preliminary consultations between the Secretariat and Member States regarding the preparation of the budget had been very useful and should be continued in future. His delegation had previously indicated its acceptance of zero real growth in the budget, on the understanding that that was only a temporary austerity measure. Far from defending the principle of zero growth, his delegation favoured an expansion of the Agency's activities.

24. With regard to the level of the Working Capital Fund, Iraq had stated at the meetings of the Board in September that it would join any consensus that emerged, and it therefore looked forward to consultations aimed at fixing the amount of the Fund after 1988.

25. Nuclear safety and radiation protection were of crucial importance to the international community. If one valued the credibility of nuclear energy, it was essential to support the SNSP, the objective of which was to strengthen the Agency's functions and the assistance it provided to Member States.

26. Mr. KENYERES (Hungary) considered the draft budget for 1988, the growth rate of which was close to zero, to be well balanced. His delegation had no observations of substance to make on the budget set out in document GC(XXX1)/802 and Add.1 and therefore recommended its adoption. However, it was disappointed to note that no substantial increase in staff was envisaged for the Division of Technical Assistance and Co-operation. As a result of the increase in voluntary contributions, and hence in the technical assistance programme, the Agency needed additional staff to implement rapidly all the activities planned under that programme.

27. Mr. BAEYENS (France) said his country could accept the draft budget as presented in draft resolution A concerning the Regular Budget appropriations for 1988. As his delegation had stated in June, the increase of 0.6% in the budget, which was entirely attributable to nuclear safety, was an exceptional deviation from the principle of zero growth, a principle to which his delegation attached the greatest importance for the same reasons as had been advanced by the representatives of the United Kingdom and Italy.

28. With regard to draft resolution B relating to the TACF allocation for 1988, his Government would pay the amount established by the Secretariat as its share (6.3% of the target of \$38 million), provided that the State budget was approved by the French Parliament and that exceptional circumstances did not intervene.

29. With respect to draft resolution C concerning the Working Capital Fund in 1988, France supported the decisions taken by the Board regarding the level to be attained by the Fund and the timetable drawn up for that purpose.

30. Mr. TILEMANN (Australia) observed that the budget under consideration was the product of lengthy, detailed and constructive work which had lasted nearly two years and during which a number of innovative methods and principles had been applied. As a result, increased transparency and efficiency had been achieved in the preparation of the budget. International organizations such as the Agency must be fully accountable to Member States, and developments in the Agency's budget process had helped attain that objective.

31. Australia had already expressed its views on the draft budget for 1988 in the Board. Its main concern was that the Agency should continue to function efficiently in order to fulfil its statutory responsibilities. However, in view of the economic realities facing Member States, including Australia, it was essential to restrict expenditure and to continue to seek ways of increasing efficiency and making savings. Those realities also made it imperative to establish coherent priorities. The budget before the Committee was a step in that direction, for which the Secretariat should be commended. In the main, the principle of zero real growth had been observed, an achievement which was all the more remarkable since the nuclear safety programme had been expanded. It was clear that overall zero real growth would remain the basis for the Agency's budget in the foreseeable future.

32. His delegation noted that a modest increase was planned for the safeguards programme. It fully recognized the value of the Agency's safeguards system and the increased demands that were being placed on it. His delegation appreciated the work carried out by the Department of Safeguards under the leadership of Mr. Tempus and was confident that the close working relationship which had been established would be maintained by Mr. Jennekens.

In order to maintain the credibility of safeguards and in the light of increasing treaty obligations in that area, it would continue to be necessary to balance the objectives of budgetary reform with the need to increase safeguards funding.

33. With regard to the Agency's cash-flow difficulties, his delegation again urged all Member States to fulfil their statutory obligations. Australia, which was among the countries which paid their contribution in a timely manner, could not accept a situation where the efficiency of the Agency was jeopardized by delays in payment; it therefore joined others in calling for prompt payment of assessed contributions.

34. In conclusion, his delegation supported the draft resolutions relating to the Regular Budget, the Working Capital Fund and the TACF and looked forward to starting a new round of consultations aimed at achieving, as always, maximum efficiency in the implementation of the programme.

35. Mr. METZGER (Federal Republic of Germany) said that his delegation was again pleased with the Secretariat's efforts to discuss the draft budget with Member States in the early stages of drafting and hoped that it would continue to do so in future. Once again, the Secretariat had succeeded in presenting a well-balanced draft budget in which the different interests were duly taken into account and priorities were clearly established.

36. As a general budgetary policy, his Government favoured the principle of zero real budgetary growth, and that applied also to the Agency. It therefore appreciated the Secretariat's efforts to adhere closely to that principle - except for an unavoidable increase to strengthen safety activities.

37. A considerable number of Member States had not yet paid their contributions to the Regular Budget for 1987 and it was uncertain when they would be able to do so. Since there were unfortunately no indications that that serious situation would change radically in 1988, a zero-real-growth budget was, in principle, clearly essential for that year. In that connection, his Government had serious doubts about the wisdom of establishing new permanent posts with significant budgetary implications at a time when it was not certain that the salaries of existing staff could be paid.

38. His Government approved the draft budget for 1988 contained in document GC(XXXI)/802, together with the recommendation on the Working Capital Fund set forth in the addendum to that document. Subject to parliamentary approval, it accepted the target of \$38 000 000 for the TACF.

39. Mr. QIN (China), noting that his delegation had already stated its position regarding the Agency's budget for 1988, recalled that his Government was opposed to adherence to zero real budgetary growth simply on grounds of principle. It was for the Agency to take account of the general situation and to increase or reduce appropriations in one or other field of activity in the light of needs: that was the only way in which it could fulfil its responsibilities satisfactorily. His delegation hoped that everyone would show a spirit of understanding, and approved the Agency's draft budget as presented in document GC(XXXI)/802.

40. Mr. HEIDSMA (Netherlands) welcomed the Director General's efforts to keep growth in the Agency's budget at a low level. His country supported the principle of zero growth; indefinite growth could not continue and was in fact unnecessary. The United Nations organizations, like any public institution, must set priorities and use their scarce resources to pursue carefully selected objectives. Governments could not be expected to pay an ever-increasing bill for activities of marginal importance.

41. Nevertheless, his Government had acknowledged in 1986 that it was essential for the Agency to allocate more resources to nuclear safety. It also recognized the fact that for a number of years the Agency had been operating under a fairly restrictive financial regime and that safeguards activities, for example, had increased without receiving significant additional resources. For that reason, it accepted the draft budget for 1988, which showed a real increase of 0.6%. However, the Director General should continue his policy of strict financial control and should interpret his delegation's approval as an exception to a rule that remained valid for the preparation of the next budget.

42. In approving the level proposed for the Working Capital Fund in 1988, his delegation wished to point out that the only way to avoid cash-flow problems was for Member States to pay their contributions on time and in full.

43. Mr. SCHEEL (German Democratic Republic) commended the Secretariat on its work and approved the draft budget for 1988. His country would do its utmost to fulfil its financial obligations under the budget.

44. Mr. PETROV (Bulgaria) approved the draft budget for 1988, which had been carefully prepared and was well balanced. However, the establishment of 30 posts seemed to him a little excessive; efforts must be made to establish fewer posts, especially in the General Service category. The budget should enable the Agency to fulfil its responsibilities, provided Member States paid their contributions to the Regular Budget and the TACF in good time and in full. The Agency's current cash-flow problems were caused by the failure of States to meet their obligations.

45. Mr. SUCHARIKUL (Thailand) supported the recommendation of the Board contained in draft resolution A in Annex III to document GC(XXX1)/802. He wished to make it clear, however, that Thailand was opposed to the notion of zero real growth for the Agency's budget, especially for technical assistance and promotional activities. Such a policy would run counter to the interests of the vast majority of Member States, especially the developing countries, and would in the long run impair the Agency's effectiveness. In connection with draft resolution B, his country had already pledged a contribution of \$34 200 to the TACF. Lastly, his delegation had no objection to the adoption of draft resolution C.

46. Mr. WATERFALL (Canada) approved the draft budget for 1988 since it on the whole reflected the principle of zero real growth, which Canada had long supported. His delegation accepted the modest growth for the SNSP, without prejudice to the consultations on the budget for 1989.

47. It was with some disappointment that his delegation endorsed the Working Capital Fund level for 1988; it would take an active part in the forthcoming discussions on increasing the Fund to a more appropriate level in subsequent years. The target for the TACF seemed reasonable in the light of the agreement already reached on indicative planning figures.

48. Mr. TITKOV (Union of Soviet Socialist Republics), recalling that his country had expressed its views on the draft budget at the June meetings of the Board, said that the level of the budget seemed acceptable. He also

approved the target of \$38 million proposed for the TACF and the amount of \$2 million for the Working Capital Fund. On the whole, it seemed that the draft budget was well balanced and that it would ensure the financing of essential activities, particularly those that were of interest to all Member States. The Soviet Union accordingly supported the three draft resolutions contained in Annex III to document GC(XXXI)/802. It should be stressed, however, that, whatever the quality of the budget, the Agency would find it difficult to carry out its tasks if there were delays in the payment of contributions.

49. Mr. LAVIÑA (Philippines) associated himself with the views of the representative of the Netherlands and all those who, considering that budgets could not be increased indefinitely, supported the principle of zero real growth. In that context the increase of 0.6% in the budget proposed for 1988 seemed reasonable. It should nevertheless be emphasized that, while the increase represented a negligible sum for certain countries, for others - indeed the majority - it was a heavy burden, especially when they were weighed down by overwhelming external debts. For the Philippines, an increase of 0.6% meant a great deal more to pay.

50. The situation was all the harder to accept because most developing countries were not members of the Board of Governors, the forum where the budget was debated. The Board's procedures were such that non-members were given little encouragement to take part in its work. Mr. Goldschmidt had referred to that injustice in the plenary meeting - an injustice which members of the Group of 77 had denounced as it meant that their fate was decided in their absence. Furthermore, there was not enough time during General Conference sessions to debate the draft budget thoroughly. For those reasons he reserved the right to request that the draft resolution on the Regular Budget appropriations for 1988 be put to the vote.

51. Mr. MAEKIPENTTI (Finland) said it was extremely important for the Director General to be given the resources needed to carry out the programme for 1988, including the SNSP. In that respect, the draft budget seemed to be an absolute minimum. Even if the Secretariat continued to increase its productivity, the Director General would still have great difficulty in achieving the goals set within such a stringent budget and with the present

slow payment of contributions. However, in view of the Board's great efforts to achieve a consensus, Finland would support the three draft resolutions set forth in Annex III to document GC(XXXI)/802.

52. Mr. KANIEWSKI (Poland) considered that the proposed draft budget was well balanced and was consistent with the Agency's capacities. Accordingly he supported the three draft resolutions contained in document GC(XXXI)/802.

53. Mr. LIGIERO (Brazil) said that he was not opposed to the recommendations contained in document GC(XXXI)/802, since the 0.6% increase in the budget related to the supplementary safety programme. Brazil recognized how essential nuclear safety was, although other areas - in particular technical assistance and safeguards - were also important. With regard to the Working Capital Fund, it was necessary to take account both of the Agency's real needs and of the financial difficulties that certain States were experiencing. His delegation thus approved the level of \$2 million proposed for the Fund.

54. Mr. AL-MINAYES (Kuwait) supported the principle of zero growth in the Agency's budget and approved the draft budget for 1988. He commended the Secretariat on the way in which it was performing its duties and expressed the hope that those States which had not yet paid their contributions in full would do so soon, so that the Agency could continue its work.

55. Mr. FORTUNE (New Zealand) supported the draft budget for 1988 and acknowledged the work done by the Secretariat and by the Board to accommodate the various interests of Member States, which had resulted in a very balanced document. New Zealand was firmly committed to the principle of zero real growth in the budgets of all United Nations organizations, including the Agency. It recognized, however, that a little leeway was justified in the present special situation and to ensure adequate funding for safeguards. He approved the amount proposed for the Working Capital Fund but emphasized that, although the Agency's difficulties were genuine, they would be speedily resolved if all Member States met their financial obligations fully and on time.

56. Mr. de la BARRE d'ERQUELINNES (Belgium) supported the draft budget for 1988, subject to parliamentary approval. Belgium favoured the principle of zero real growth for the budget, but considered that, as an exception, an increase of 0.6% was justified to meet requirements in the nuclear safety area. The competent authorities in Belgium had had some difficulty with the structure of the budget and in comparing the proposed budget with previous ones.

57. Mr. SAVIC (Yugoslavia) said that, in the context of zero real growth, the draft budget submitted to the General Conference was balanced and entirely reasonable. As the amounts proposed for the TACF and the Working Capital Fund were also acceptable, his country could support the proposals contained in document GC(XXXI)/802 and Add.1.

58. Mr. STORHAUG (Norway) supported the proposals made by the Board regarding the Agency's budget for 1988. Like the Belgian authorities, however, he found it increasingly difficult to compare budgets from one year to the next.

59. His delegation was pleased that it had been possible to increase activities in the field of nuclear safety, despite virtually zero real growth in the budget - the principle of zero growth being one which Norway supported. Some tasks that had initially been planned for 1988 had been postponed, however, and he wished to emphasize the importance of implementing the whole of the SNSP. It was to be hoped that the resources allotted to nuclear safety could be maintained at the current level for a number of years to come.

60. Finally, it was vital to the interests of all countries to maintain a reliable and credible safeguards system and hence to make available the necessary budgetary resources.

61. Mr. KOREF (Panama) said his delegation had no choice but to endorse the Agency's budget for 1988, but hoped that consideration would be given to the possibility of increasing the level of budgetary resources allocated in future to technical assistance for developing countries, particularly in the areas of agriculture, medicine and research.

62. Mr. MSHEILA (Nigeria) said his delegation had no substantive comment to make at present on the draft budget for 1988 and wished only to state that Nigeria would make every effort to honour its financial obligations to the Agency.

63. Mr. ITOH (Japan), commending the Secretariat for having taken the comments and suggestions made by the Board into account when drawing up the draft budget for 1988, said his delegation could approve the proposed budget. He recalled that Japan had agreed in principle to the Secretariat's proposal to raise the level of the Working Capital Fund for 1988. His country fully endorsed the principle of zero real growth in the budget and called on the Secretariat to retain that principle for future budgets.

64. The CHAIRMAN, responding to a request by the Philippine delegation, invited the Committee to vote on draft resolution A contained in Annex III to Part I of document GC(XXXI)/802.

65. Mr. LAVIÑA (Philippines), speaking in explanation of vote before the vote, said that although the proposed budget for 1988 was reasonable, it would cause difficulties for most developing countries, particularly those with heavy external debts. The draft budget was discussed first by the Board of Governors and, because the developing countries were under-represented on that body, they had no opportunity to make their views known and were simply presented with a fait accompli.

66. By 43 votes to 2, with 7 abstentions, the Committee of the Whole decided to recommend that the General Conference adopt draft resolution A (Regular Budget appropriations for 1988) contained in Annex III to document GC(XXXI)/802.

67. The CHAIRMAN said that, if there were no objections, he would take it that the Committee wished to recommend that the General Conference adopt draft resolution B (Technical Assistance and Co-operation Fund allocation for 1988), contained in Annex III to document GC(XXXI)/802.

68. It was so decided.

69. The CHAIRMAN said that, if there were no objections, he would take it that the Committee wished to recommend that the General Conference adopt draft resolution C (The Working Capital Fund in 1988) contained in Annex III to document GC(XXXI)/802, the level for the Agency's Working Capital Fund in 1988 being US \$2 million.

70. It was so decided.

SCALE OF ASSESSMENT OF MEMBERS' CONTRIBUTIONS FOR 1988 (GC(XXXI)/810)

71. The CHAIRMAN said that, if there were no objections, he would take it that the Committee wished to recommend that the General Conference adopt the draft resolution contained in document GC(XXXI)/810.

72. It was so decided.

THE AGENCY'S RELATIONS WITH THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (GC(XXXI)/809)

73. The CHAIRMAN said that, in the absence of objections, he would take it that the Committee wished to recommend that the General Conference adopt the draft resolution contained in document GC(XXXI)/809 - in other words, that it approve the agreement between the Agency and UNIDO set out in the Annex to that document.

74. It was so decided.

THE FINANCING OF TECHNICAL ASSISTANCE (GC(XXXI)/804)

75. Mr. CHAUDHRI (Pakistan) said that, although the subject before the Committee had been under discussion in the General Conference and the Board since 1981, the problem remained unresolved: a system of indicative planning figures had been in effect for some years, but that was only an interim measure until a more satisfactory solution to the problem could be found.

76. His delegation would have preferred technical assistance to be financed through the Agency's Regular Budget, both for practical reasons and because all the Agency's main activities should be financed on an equal basis. The argument of those who opposed such an approach on the grounds that the Regular

Budget was not growing as fast as the Technical Assistance and Co-operation Fund, which was financed by voluntary contributions, did not hold water: first, over the past five years, the level of contributions to the TACF had averaged only about 83%; second, if all the Agency's Member States made full and timely payment of their contributions, the situation regarding the Regular Budget would immediately be improved.

77. His delegation could, however, agree that the matter should be kept under review with the aim of reaching a solution in line with the spirit and letter of resolution GC(XXV)/RES/388.

78. Mr. IRACABAL LOBO (Chile) said that the Agency's technical assistance and co-operation activities were among its most important, as they promoted the use of atomic energy for peace, health and the prosperity of all nations: accordingly, they must be financed from reliable and predictable sources, like the Agency's other activities.

79. It was an unfortunate fact that a number of projects which were important to developing countries could not be implemented because some Member States failed to make the voluntary contributions they had pledged to the TACF, and there was no way to force them to do so. For those reasons, his delegation urged the Agency to make every effort to ensure the implementation of General Conference resolution GC(XXX)/RES/464.

80. Mr. MORALES PEDRAZA (Cuba) said that his country favoured the current system of financing for technical assistance, under which the level of the TACF had to date risen more rapidly than that of the Regular Budget; in addition, the latter had been plagued by financial difficulties which were jeopardizing the implementation of a number of programmes approved by the General Conference at earlier sessions.

81. The present system was effective and represented an acceptable solution for most countries: it ensured real and sustained growth of resources, further improvement in the response to the requests of developing countries, and the payment of contributions, particularly those pledged by the major donor countries, in accordance with indicative planning figures agreed upon by the Board and shares calculated by the Secretariat.

82. A high implementation rate for approved projects would demonstrate the validity of the existing mechanism: if such results were not forthcoming, however, it would be extremely difficult in future to secure the support necessary for the system of indicative planning figures. For many Member States, the Agency's technical assistance and co-operation programme was one of its most important activities. In conformity with its statutory obligations, the Agency must continue to expand the programme systematically in order to respond as far as possible to the needs of Member States, particularly the developing countries.

83. In conclusion, his delegation wished to draw attention to the difficulties which would undoubtedly arise - particularly when the indicative planning figures for the next programming cycle were considered by the Board of Governors - if no proper solution was found to the problems under discussion.

84. Mr. SOLTANIEH (Islamic Republic of Iran) said that technical assistance must be financed from adequate and assured resources - in other words, from the Regular Budget. His delegation was concerned that, for the first time since its establishment, the Agency was undergoing financial difficulties which seriously threatened the implementation of activities which were of interest to both developing and industrialized countries.

85. Given that some of the major contributors had not discharged their budgetary obligations to the Agency because of financial problems, there was a danger that the payment of voluntary contributions might be jeopardized by a particular situation - political or other - in certain countries, especially major donor countries. The developing countries could not accept a situation where promotional activities, which were among the Agency's most important endeavours, were dependent on voluntary contributions, which by definition were far from secure. It was for those reasons that the current system for financing technical assistance and co-operation should be changed.

86. Mr. KENYERES (Hungary) said that the current system of indicative planning figures and voluntary contributions served the interests of the Agency's Member States very well. Experience acquired over many years showed that the level of voluntary contributions had grown steadily, while growth in the Regular Budget was extremely limited.

87. Hungary considered technical assistance to be one of the Agency's most important and productive activities and did its best to contribute to the successful implementation of the technical assistance and co-operation programme by receiving fellows from developing countries, organizing scientific visits and training courses, and regularly making voluntary contributions to the TACF. In that connection, his Government had already pledged 4.4 million forints, around 20% more than its share of the target for the year 1988.

88. Mr. MAHMOUD (Iraq) deplored the fact that, for lack of the necessary resources, the Agency's technical assistance and co-operation programme, which was financed out of voluntary contributions, was not being carried out fully at present. His delegation could accept the current system of indicative planning figures only as a temporary measure, for it did not in fact meet the objectives of General Conference resolution GC(XXV)/RES/388. It was to be hoped that the Board would continue to hold consultations on ways of giving effect to that resolution.

89. Mr. HAWAS (Egypt) said that technical assistance was one of the Agency's essential endeavours and that it was in the interests of Member States to support it and, indeed, to enhance it.

90. His delegation was grateful to those countries which had supported and contributed financially to the implementation of technical assistance activities, but could not help but share the concerns expressed about the financing of technical assistance. While there might be reasons for delays in the payment of contributions to the Regular Budget and of voluntary contributions to the TACF, if that trend prevailed the Agency might no longer be able to carry out its responsibilities. His delegation therefore appealed to countries which had not yet done so to honour their financial obligations to the Agency.

91. General Conference resolution GC(XXV)/RES/388 contained a number of key elements with regard to the financing of technical assistance: it referred to financing through the Agency's Regular Budget (an option which might have to be taken up) or from other comparable, predictable and assured sources, and to

an increase in the resources allocated to technical assistance to ensure that it expanded at the same pace as the Agency's other essential activities. It was for those reasons that developing countries attached special importance to the implementation of that resolution, both in spirit and in letter, and that his delegation had supported the introduction of a system of indicative planning figures which gave effect to key elements of the General Conference resolution.

92. An attempt should thus be made to reach a timely agreement on the indicative planning figures for the next programming cycle and to ensure that those figures were in line with the principles laid down in the General Conference resolution. To that end, the Egyptian and other delegations were preparing a draft resolution for submission to the Committee; he therefore requested the Committee to postpone any decision on the financing of technical assistance.

93. Mr. MSHEILA (Nigeria) also felt that technical assistance should be financed from a more assured source such as the Regular Budget, in conformity with General Conference resolution GC(XXV)/RES/388, and called for steps to be taken to implement that resolution.

94. The CHAIRMAN suggested that the Committee resume its consideration of the matter when it had before it the draft resolution just mentioned.

The meeting rose at 12.40 p.m.