



International Atomic Energy Agency

# GENERAL CONFERENCE

Forty-third regular session

GC

GC(43)/INF/11  
20 September 1999

GENERAL Distr.  
Original: ENGLISH

## **SPECIMEN DRAFT RESOLUTION** **on the Regular Budget appropriations for 2000** **at the September 1999 dollar/schilling exchange rate**

### **Note by the Secretariat**

#### **Background**

1. The majority of the Agency's expenditures are based on the Austrian schilling or on currencies which are linked to it. However, before 1986 the budget was expressed and assessed in US dollars, so that increases or decreases in the value of the US dollar led to expenditures exceeding the budgeted amounts or falling below the budgeted level. The process of approval of supplementary appropriations in the event of a drop in the dollar value proved to be unsatisfactory.
2. The need for a mechanism to adjust the Agency's appropriations and assessments on Member States for variations in the dollar exchange rate was first accepted by the Board and the General Conference in 1985 when approval was given to a regular budget for 1986 based on the adoption of a "split appropriation and assessment system" with an adjustment formula. This formula, which is part of the budget, has protected the Agency ever since against adverse effects of currency fluctuations. At the same time, it has ensured that Member States' contributions do not exceed the Agency's resource requirements at the actual United Nations rates of exchange during the budget year.<sup>1/</sup>
3. In recognition of the fact that most of the Agency's expenditures are linked to the Austrian schilling the budget is calculated and presented in the two currency portions – the Austrian schilling and the United States dollar – and Member States are assessed for their shares in each portion.

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<sup>1/</sup> The United Nations operational rates of exchange are determined by the United Nations in New York every month and are available on the first day of the month in which they apply.

4. Technically, the expenditure adjustment is achieved through a formula which has two components, the sum of which gives the appropriations in United States dollars. One component is fixed in terms of United States dollars while the schilling portion when converted to dollars varies according to the value of the average of the United Nations operational dollar/schilling exchange rates that will be experienced during the year – which is referred to as parameter R in the adjustment formula. This average exchange rate will determine the final dollar figures for the appropriation sections. Since the exchange rate and, therefore, the final dollar figure cannot be foreseen in advance, the budget has for a number of years been presented at a rate of AS12.70 to US\$1.00 since this makes current budgets easily comparable with those of prior years.

### **Regular Budget for 2000**

5. Document GC(43)/6 – "The Agency's Budget for 2000" – contains, in Annex I, draft resolution A relating to the Regular Budget appropriations for 2000. Attached to this draft resolution is the adjustment formula described above. With this adjustment formula, the resolution adopted on the Regular Budget becomes self-adjusting, that is, if the exchange rate varies, the dollar equivalent changes so that the purchasing value of the total budget estimates is preserved. The exchange rate used in document GC(43)/6 for presenting the 2000 budget estimates is once again AS 12.70 to US \$1.00.

6. In order to give the General Conference the Regular Budget appropriation figures on the basis of the most up-to-date dollar/schilling exchange rate and to illustrate how the adjustment formula operates, specimen draft resolution A is reproduced on page 1 of the Annex to this document on the basis of a rate of AS 13.1548 to \$1.00, the United Nations operational rate for September 1999. In this draft resolution, on page 3 of the same Annex, division by 13.1548 (i.e. the value taken for R in this case) of the figures in the right-hand column of the adjustment formula (which reflect budget estimates in Austrian schillings) and addition of the results to the figures in the left-hand column, gives the total appropriations for 2000 of \$219 899 000 (i.e.  $40\,393\,000 + 2\,361\,362\,000/13.1548$ ), as shown in paragraph 1 of the specimen draft resolution, on page 1 of the Annex.

7. As indicated above, the purpose of this information paper is illustrative. In submitting to the Conference the budget estimates for 2000 in document GC(43)/6, the Board of Governors requested – in paragraph 1 of the Introduction to that document – the General Conference to adopt the draft resolutions set forth in Annex I.

**SPECIMEN Draft Resolution**

**REGULAR BUDGET APPROPRIATIONS FOR 2000**

The General Conference,

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 2000 <sup>1/</sup>,

1. Appropriates on the basis of an exchange rate of AS 13.1548 to \$1.00, an amount of \$219 899 000 for the Regular Budget expenses of the Agency in 2000 as follows <sup>2/</sup>:

|   | United States dollars     |
|---|---------------------------|
| 1. Nuclear Power and Fuel Cycle                         | 12 192 000                |
| 2. Nuclear Sciences and Applications                    | 31 392 000                |
| 3. Nuclear, Radiation and Waste Safety                  | 14 189 000                |
| 4. Nuclear Verification and Security of Material        | 79 191 000                |
| 5. Management of Technical Co-operation for Development | 12 467 000                |
| 6. Policy-making, Co-ordination and Support             | 65 997 000                |
| Subtotal Agency Programmes                              | <u>215 428 000</u>        |
| 7. Reimbursable Work for Others                         | <u>4 471 000</u>          |
| TOTAL   | <u><u>219 899 000</u></u> |

the amounts in the Appropriation Sections to be adjusted in accordance with the adjustment formula presented in the Attachment in order to take into account the exchange rate variations during the year.

2. Decides that the foregoing appropriation shall be financed, after the deduction of
  - revenues deriving from Reimbursable Work for Others (Section 7); and
  - other miscellaneous income of \$4 427 000 (representing \$2 997 000 plus AS 18 809 000);from contributions by Member States amounting, for an exchange rate of AS 13.1548 to \$1.00, to \$211 001 000 (\$36 776 000 plus AS 2 291 893 000), in accordance with the scale of assessment fixed by the General Conference in resolution GC(43)/RES/ ; and
  
3. Authorizes the Director General:
  - (a) To incur expenditures additional to those for which provision is made in the Regular Budget for 2000, provided that the relevant emoluments of any staff involved and all other costs are entirely financed from revenues arising out of sales, work performed for Member States or international organizations, research grants, special contributions or other sources extraneous to the Regular Budget for 2000; and
  - (b) With the prior approval of the Board of Governors, to make transfers between any of the Sections listed in paragraph 1 above.

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<sup>1/</sup> See document GC(43)/6.

<sup>2/</sup> The Appropriation Sections represent the Agency's Major Programmes.

**ATTACHMENT**

**ADJUSTMENT FORMULA IN US DOLLARS**

|    |  |                   |   |   |                      |            |
|----|--|-------------------|---|---|----------------------|------------|
| 1. | Nuclear Power and Fuel Cycle                         | 3 191 000         | + | ( | 118 402 000          | /R)        |
| 2. | Nuclear Sciences and Applications                    | 11 127 000        | + | ( | 266 586 000          | /R)        |
| 3. | Nuclear, Radiation and Waste Safety                  | 2 721 000         | + | ( | 150 863 000          | /R)        |
| 4. | Nuclear Verification and Security of Material        | 12 800 000        | + | ( | 873 354 000          | /R)        |
| 5. | Management of Technical Co-operation for Development | 1 740 000         | + | ( | 141 110 000          | /R)        |
| 6. | Policy-making, Co-ordination and Support             | 8 194 000         | + | ( | 760 387 000          | /R)        |
|    | Subtotal Agency Programmes                           | 39 773 000        | + | ( | 2 310 702 000        | /R)        |
| 7. | Reimbursable Work for Others                         | 620 000           | + | ( | 50 660 000           | /R)        |
|    | <b>TOTAL</b>   | <b>40 393 000</b> | + | ( | <b>2 361 362 000</b> | <b>/R)</b> |

Note: R is the average United Nations schilling-to-dollar exchange rate which will be experienced during 2000.



