

# General Conference

**GC(47)/INF/7**

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## **Forty-seventh regular session**

Item 10, 12, 13 and 16 of the provisional agenda  
(GC(47)/1)

# Report to the Board of Governors by the Co-Chairmen of the Informal Open-ended Working Group on the Programme and Budget for 2004-2005 and the Conclusion of the Chairman of the Board

On 18 July 2003 the Board of Governors considered the *Report to the Board of Governors by the Co-Chairmen of the Informal Open-ended Working Group on the Programme and Budget for 2004-2005* (GOV/2003/48). The Report, and the Chairman's conclusion, setting out the action taken by the Board on this item, are herewith attached.



## Board of Governors

**GOV/2003/48**

Date: 16 July 2003

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# Report to the Board of Governors by the Co-Chairmen of the Informal Open-ended Working Group on the Programme and Budget for 2004–2005

## **A. Summary**

- During the March 2003 meeting of the Board of Governors, the Chairman announced the formation of an Informal Open-ended Working Group (IOWG) on the Programme and Budget, and requested the Ambassador of Peru, H.E. Javier Paulinich, and the then Ambassador of Australia, H.E. Max Hughes, to serve as its Co-Chairmen. Following the departure of Ambassador Hughes from Vienna in May 2003, the Ambassador of Spain, H.E. Antonio Núñez, assumed the responsibility of Co-Chairman.
- The IOWG Co-Chairmen have conducted intensive consultations with Member States during the past few months, based on an acknowledgement of the fact that a multi-track approach involving negotiations on a range of issues, in addition to the Agency's Regular Budget, was needed to reach an agreement acceptable to all parties.
- In the light of the views expressed during those consultations, the Co-Chairmen formulated a "Package Proposal", including a revised level of the Agency's regular budget and of each of the major programmes, in comparison with the draft programme and budget 2004–2005 presented by the Secretariat in document GOV/2003/1 and its Mod.1.
- The Co-Chairmen consider that this Package Proposal captures the major concerns of all the different groups and represents a very delicately balanced compromise, and they strongly recommend it for Board approval. Nevertheless, one Member State expressed reservations on some elements of the Package Proposal.

## **B. The Package Proposal**

### **B.1. Regular Budget**

1. An appropriate balance shall be maintained between promotional and other statutory activities of the Agency, as well as across all major programmes.
2. There is general recognition that the Agency's safeguards, like other statutory activities, should be credible. Therefore, Member States should provide the minimum resources necessary to this effect. At the same time, the Secretariat shall make every effort to minimize the financial burden on Member States through an effective and efficient administration of the safeguards system.
3. A review of the modernization, and the flexibility and cost-effectiveness of safeguards working methods shall be carried out and the Board shall be informed of the outcome. The aim of this exercise shall be to enhance the effectiveness and efficiency of the IAEA's safeguards system, while maintaining its credibility.
4. The results of the review of the needs of Major Programme 6 shall be presented to the Board of Governors.
5. The increase in the Regular Budget shall be phased in over a period of four years. The estimates for the biennium 2006–2007 are subject to consideration and decision by the Board of Governors, on the basis of detailed budget estimates to be presented by the Director General, in accordance with figures enclosed in Annex 1, the results of the reviews mentioned in points 3 and 4 above and the Medium Term Strategy for 2006–2011.
6. Concerning Core Activities Unfunded in the Regular Budget (CAURBs), the Secretariat shall:
  - further clarify and refine the criteria for ranking and prioritizing activities,
  - periodically inform the Board of Governors about their implementation,
  - during the phasing-in period, implement to the extent possible the unfunded CAURBs.

### **B.2. Technical Co-operation**

7. Technical Co-operation Fund (TCF) targets for 2003 and 2004 shall remain as previously agreed.
8. From 2005 onwards, TCF targets shall be negotiated, taking into account the voluntary nature of the contributions to the TCF, based on the changes in the level of the Regular Budget and the price adjustment factor in the corresponding years.
9. Under the one-house policy, the results based approach shall be applied to the programming of technical co-operation (TC).
10. The Secretariat shall report to the June 2004 meeting of the Board on the implications of harmonizing the Agency's regular and TC budget cycles, for a decision at the September 2004 meeting of the Board on whether to recommend synchronization in 2008.
11. In order to make the resources of the TCF assured and predictable, a review of the rate of attainment mechanism shall take place during the next Technical Assistance and Co-operation Committee (TACC) meeting.
12. The Secretariat shall inform the Board of Governors about the application of the due account mechanism to Member States.

13. A more proactive role of the Secretariat is needed to seek resources to implement footnote a projects, starting with projects approved in the 2003–2004 technical co-operation programme.

14. The Board of Governors shall encourage Member States to provide sufficient extrabudgetary resources to implement approved footnote a projects.

### **B.3. Other Measures**

15. De-shielding of Category 1 Member States shall begin by 1 January 2006, with the de-shielding of all other shielded Member States to begin by 1 January 2008. For this purpose, States members of the Group of 77 in Category 1 shall be considered by the Secretariat to be members of Category 2.

16. Assessed Programme Costs (APCs) shall be suspended in 2004, with a decision on the future of APCs, including the possibility of their abolition, reduction or reinstatement, or the development of an appropriate alternative mechanism, to be made following the presentation of the Secretariat's report to the June 2004 meeting of the Board.

17. The period of payment plans for arrears shall be extended from 5 to 10 years.

18. The evaluation of the Medium Term Strategy for 2001–2005 and the preparation of the Medium Term Strategy for 2006–2011 shall be jointly undertaken by Member States and the Secretariat. The Board of Governors shall take appropriate measures to this effect.

## **C. Recommended Action by the Board**

The Board is recommended to:

1. Approve the Package Proposal as outlined in sections B.1, B.2 and B.3 of this report, pending approval by the General Conference of the relevant measures included in the Package Proposal which fall within its purview as indicated below.
2. Recommend to the General Conference, for approval, at its forthcoming 47th regular session:
  - a) A total regular budget figure for 2004 of \$268 534 000 on the basis of an exchange rate of €0.9229 to \$1.00, and adoption of draft resolution A in Annex 3 on the Regular Budget Appropriations for 2004<sup>1</sup> (see attached Annex 2 on the detailed appropriations for the programme for 2004).
  - b) A target for voluntary contributions to the Technical Co-operation Fund for 2004 of \$74 750 000, and adoption of draft resolution B in Annex 3 on the Technical Co-operation Fund Allocation for 2004;
  - c) Maintenance of the level of the Working Capital Fund in 2004 at its current level of \$18 000 000, and adoption of draft resolution C in Annex 3 on the Working Capital Fund in 2004;

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<sup>1</sup> This draft resolution Annex will be redistributed with the completed attachment (Adjustment Formula in US Dollars) as soon as finalised.

- d) Postponement of the implementation date of de-shielding from 1 January 2004 (General Conference Resolution GC(44)/RES/9) to 1 January 2006 for Category 1 Member States, and to 1 January 2008 for all other shielded Member States. For this purpose, States members of the Group of 77 included in Category 1 shall be considered by the Secretariat to be members of Category 2.
3. Suspend, as provided for in Financial Regulation 13.02, in respect of the regular session of the General Conference for 2003, the application of Financial Regulation 3.05 (e), which stipulates that the Programme and Budget documents and draft resolutions adopted and recommended by the Board of Governors shall be transmitted to all Member States at least six weeks before the opening of the regular session of the General Conference at which the documents in question and draft resolutions are to be considered, having regard to the delayed adoption and recommendation by the Board of the Agency's Programme and Budget for 2004-2005.
4. Request the Secretariat to take the necessary actions on the elements of the Package Proposal as approved.

**ANNEX 1**

**IOWG Budget Group - 4 year phasing proposal**

<b>2004</b>	2003 Adjusted Regular Budget (2004 ZRG) (a)	2004 Regular Budget (GOV/2003/1) (b)	Revised 2004 Regular Budget (c)	\$ Increase over 2003 Regular Budget (d)	% Increase over 2003 Regular Budget (e)
MP 1	23,292,000	25,087,000	23,692,000	400,000	1.7%
MP 2	27,768,000	29,234,000	28,930,000	1,162,000	4.2%
MP 3	20,849,000	24,131,000	21,990,000	1,141,000	5.5%
MP 4	89,332,000	108,490,000	100,399,000	11,067,000	12.4%
MP 5	17,639,000	18,319,000	18,251,000	612,000	3.5%
MP 6	15,216,000	15,536,000	15,536,000	320,000	2.1%
MP 7	50,941,000	51,308,000	51,238,000	297,000	0.6%
<b>Total</b>	<b>245,037,000</b>	<b>272,105,000</b>	<b>260,036,000</b>	<b>14,999,000</b>	<b>6.1%</b>

  

<b>2005</b>	2003 Adjusted Regular Budget (2004 ZRG) (a)	2005 Regular Budget (GOV/2003/1) (b)	Revised 2005 Regular Budget (c)	\$ Increase over 2003 Regular Budget (d)	% Increase over 2003 Regular Budget (e)
MP 1	23,292,000	25,007,000	23,792,000	500,000	2.1%
MP 2	27,768,000	30,035,000	29,629,000	1,861,000	6.7%
MP 3	20,849,000	24,068,000	22,149,000	1,300,000	6.2%
MP 4	89,332,000	110,874,000	103,745,000	14,413,000	16.1%
MP 5	17,639,000	18,319,000	18,251,000	612,000	3.5%
MP 6	15,216,000	15,489,000	15,536,000	320,000	2.1%
MP 7	50,941,000	51,308,000	51,238,000	297,000	0.6%
<b>Total</b>	<b>245,037,000</b>	<b>275,100,000</b>	<b>264,340,000</b>	<b>19,303,000</b>	<b>7.9%</b>

  

<b>2006</b>	2003 Adjusted Regular Budget (2004 ZRG) (a)	2006 Regular Budget (b)	Revised 2006 Regular Budget (c)	\$ Increase over 2003 Regular Budget (d)	% Increase over 2003 Regular Budget (e)
MP 1	23,292,000	25,007,000	23,892,000	600,000	2.6%
MP 2	27,768,000	30,035,000	29,933,000	2,165,000	7.8%
MP 3	20,849,000	24,068,000	22,302,000	1,453,000	7.0%
MP 4	89,332,000	110,874,000	106,920,000	17,588,000	19.7%
MP 5	17,639,000	18,319,000	18,251,000	612,000	3.5%
MP 6	15,216,000	15,489,000	15,562,000	346,000	2.3%
MP 7	50,941,000	51,308,000	51,238,000	297,000	0.6%
<b>Total</b>	<b>245,037,000</b>	<b>275,100,000</b>	<b>268,098,000</b>	<b>23,061,000</b>	<b>9.4%</b>

  

<b>2007</b>	2003 Adjusted Regular Budget (2004 ZRG) (a)	2007 Regular Budget (b)	Revised 2007 Regular Budget (c)	\$ Increase over 2003 Regular Budget (d)	% Increase over 2003 Regular Budget (e)
MP 1	23,292,000	25,007,000	23,977,000	685,000	2.9%
MP 2	27,768,000	30,035,000	30,035,000	2,267,000	8.2%
MP 3	20,849,000	24,068,000	22,349,000	1,500,000	7.2%
MP 4	89,332,000	110,874,000	108,720,000	19,388,000	21.7%
MP 5	17,639,000	18,319,000	18,251,000	612,000	3.5%
MP 6	15,216,000	15,489,000	15,562,000	346,000	2.3%
MP 7	50,941,000	51,308,000	51,238,000	297,000	0.6%
<b>Total</b>	<b>245,037,000</b>	<b>275,100,000</b>	<b>270,132,000</b>	<b>25,095,000</b>	<b>10.2%</b>

Note:

- 1) Subprogramme R.1 ( INIS ) in MP 5 has been transferred to MP 1, where it will be shown as Subprogramme C.4. Funds for MP 1 and MP 5 have been adjusted accordingly, as shown in columns (a), (b) and (c), by an addition of \$4,305,000 to MP 1 and a reduction by an equivalent amount in MP 5.
- 2) MP1 increase includes funds for INPRO. No increase provided for new Subprogramme C.4 (INIS).
- 3) MP3 increase includes 2 posts for Programme M (Nuclear Security).
- 4) As throughout the discussions, figures for 2004-2007 are at 2003 prices.

ANNEX 2

TABLE 1. REGULAR BUDGET BY PROGRAMME AND MAJOR PROGRAMME

Programme / Major Programme	2002 *) actual expenditure	2003 adjusted budget	Programme Incr./(Decr.) %	2004 estimates at 2003 prices	Programme Incr./(Decr.) %	2005 estimates at 2003 prices	Price increase %	2004 at 2004 prices	2005 at 2004 prices
<b>1. NUCLEAR POWER, FUEL CYCLE AND NUCLEAR SCIENCE</b>									
1. Overall Management, Co-ordination and Common Activities	672,187	688,000	- -	688,000	- -	688,000	2.0	702,000	702,000
A. Nuclear Power	4,600,339	4,756,000	200,000 4.2	4,956,000	50,000 1.0	5,006,000	2.0	5,053,700	5,105,900
B. Nuclear Fuel Cycle and Materials Technologies	2,432,318	2,488,000	(35,000) (1.4)	2,453,000	- -	2,453,000	1.9	2,498,700	2,498,700
C. Capacity Building and Knowledge Maintenance for Sustainable Energy Development	7,034,501	7,201,000	120,000 1.7	7,321,000	50,000 0.7	7,371,000	1.9	7,462,000	7,514,800
D. Nuclear Science	7,855,883	8,159,000	115,000 1.4	8,274,000	- -	8,274,000	2.2	8,452,600	8,447,600
<b>Major Programme 1</b>	<b>22,595,228</b>	<b>23,292,000</b>	<b>400,000 1.7</b>	<b>23,692,000</b>	<b>100,000 0.4</b>	<b>23,792,000</b>	<b>2.0</b>	<b>24,169,000</b>	<b>24,269,000</b>
<b>2. NUCLEAR TECHNIQUES FOR DEVELOPMENT AND ENVIRONMENTAL PROTECTION</b>									
2. Overall Management, Co-ordination and Common Activities	669,453	673,000	78,300 11.6	751,300	- -	751,300	2.1	767,000	767,000
E. Food and Agriculture	11,047,246	11,288,000	336,400 3.0	11,624,400	- -	11,624,400	1.8	11,836,400	11,836,400
F. Human Health	5,983,384	6,403,000	560,600 8.8	6,963,600	799,000 11.5	7,762,600	1.7	7,079,000	7,902,900
G. Water Resources	3,020,443	3,047,000	130,000 4.3	3,177,000	(20,000) (0.6)	3,157,000	1.9	3,236,000	3,214,500
H. Protection of the Marine and Terrestrial Environment	3,671,142	3,780,000	(48,300) (1.3)	3,731,700	- -	3,731,700	3.5	3,863,600	3,863,600
I. Physical and Chemical Applications	2,489,808	2,577,000	105,000 4.1	2,682,000	(80,000) (3.0)	2,602,000	1.9	2,733,000	2,653,600
<b>Major Programme 2</b>	<b>26,881,476</b>	<b>27,768,000</b>	<b>1,162,000 4.2</b>	<b>28,930,000</b>	<b>699,000 2.4</b>	<b>29,629,000</b>	<b>2.0</b>	<b>29,515,000</b>	<b>30,238,000</b>
<b>3. NUCLEAR SAFETY AND SECURITY</b>									
3. Overall Management, Co-ordination and Common Activities	775,265	932,000	- -	932,000	- -	932,000	2.1	952,000	952,000
J. Safety of Nuclear Installations	7,672,746	7,886,000	246,000 3.1	8,132,000	132,000 1.6	8,264,000	1.8	8,279,900	8,411,700
K. Radiation and Transport Safety	5,304,480	4,918,000	340,000 6.9	5,258,000	- -	5,258,000	1.9	5,356,900	5,356,900
L. Management of Radioactive Waste	5,938,643	6,060,000	276,000 4.6	6,336,000	27,000 0.4	6,363,000	2.0	6,460,800	6,489,000
M. Nuclear Security	650,061	1,053,000	279,000 26.5	1,332,000	- -	1,332,000	1.5	1,351,400	1,351,400
<b>Major Programme 3</b>	<b>20,341,195</b>	<b>20,849,000</b>	<b>1,141,000 5.5</b>	<b>21,990,000</b>	<b>159,000 0.7</b>	<b>22,149,000</b>	<b>1.9</b>	<b>22,401,000</b>	<b>22,561,000</b>
<b>4. NUCLEAR VERIFICATION</b>									
4. Overall Management, Co-ordination and Common Activities	874,143	1,018,000	(11,500) (1.1)	1,006,500	1,000 0.1	1,007,500	1.5	1,021,900	1,022,900
N. Safeguards	85,955,978	88,314,000	11,078,500 12.5	99,392,500	3,345,000 3.4	102,737,500	1.9	101,256,100	104,637,100
O. Verification in Iraq Pursuant to UNSC Resolutions (Extrabudgetary Funding Only)	-	-	- -	-	- -	-	-	-	-
<b>Major Programme 4</b>	<b>86,830,121</b>	<b>89,332,000</b>	<b>11,067,000 12.4</b>	<b>100,399,000</b>	<b>3,346,000 3.3</b>	<b>103,745,000</b>	<b>1.9</b>	<b>102,278,000</b>	<b>105,660,000</b>
<b>5. INFORMATION SUPPORT SERVICES</b>									
P. Public Information and Communication	3,031,326	3,222,000	- -	3,222,000	- -	3,222,000	2.2	3,291,700	3,291,700
Q. Information and Communications Technology (ICT)	6,614,076	6,729,000	612,000 9.1	7,341,000	- -	7,341,000	2.0	7,487,300	7,487,300
R. Nuclear Information Resources	2,254,090	2,373,000	- -	2,373,000	- -	2,373,000	5.9	2,514,000	2,514,000
S. Conference, Translation and Publishing Services	5,224,741	5,315,000	- -	5,315,000	- -	5,315,000	2.1	5,427,000	5,427,000
<b>Major Programme 5</b>	<b>17,124,233</b>	<b>17,639,000</b>	<b>612,000 3.5</b>	<b>18,251,000</b>	<b>- -</b>	<b>18,251,000</b>	<b>2.6</b>	<b>18,720,000</b>	<b>18,720,000</b>
<b>6. MANAGEMENT OF TECHNICAL CO-OPERATION FOR DEVELOPMENT</b>									
6. Overall Management, Co-ordination and Common Activities	541,891	555,000	(6,300) (1.1)	548,700	(1,900) (0.3)	546,800	1.7	558,000	555,900
T. Management of Technical Co-operation for Development	14,269,803	14,661,000	326,300 2.2	14,987,300	1,900 -	14,989,200	1.9	15,268,000	15,270,100
<b>Major Programme 6</b>	<b>14,811,694</b>	<b>15,216,000</b>	<b>320,000 2.1</b>	<b>15,536,000</b>	<b>- -</b>	<b>15,536,000</b>	<b>1.9</b>	<b>15,826,000</b>	<b>15,826,000</b>
<b>7. POLICY AND GENERAL MANAGEMENT</b>									
U. Executive Management, Policy-Making and Co-ordination	12,244,966	13,416,000	80,000 0.6	13,496,000	- -	13,496,000	1.7	13,725,600	13,725,600
V. Administration and General Services	34,251,749	35,754,000	217,000 0.6	35,971,000	- -	35,971,000	3.6	37,262,400	37,262,400
W. Oversight Services and Performance Assessment	1,523,794	1,771,000	- -	1,771,000	- -	1,771,000	1.6	1,800,000	1,800,000
<b>Major Programme 7</b>	<b>48,020,509</b>	<b>50,941,000</b>	<b>297,000 0.6</b>	<b>51,238,000</b>	<b>- -</b>	<b>51,238,000</b>	<b>3.0</b>	<b>52,788,000</b>	<b>52,788,000</b>
<b>Agency Programmes</b>	<b>236,604,456</b>	<b>245,037,000</b>	<b>14,999,000 6.1</b>	<b>260,036,000</b>	<b>4,304,000 1.7</b>	<b>264,340,000</b>	<b>2.2</b>	<b>265,697,000</b>	<b>270,062,000</b>
Plus: Reimbursable Work for Others	3,295,338	3,838,000	(1,058,000) (27.6)	2,780,000	- -	2,780,000	2.1	2,837,000	2,837,000
<b>Total Regular Budget</b>	<b>239,899,794</b>	<b>248,875,000</b>	<b>13,941,000 5.6</b>	<b>262,816,000</b>	<b>4,304,000 1.6</b>	<b>267,120,000</b>	<b>2.2</b>	<b>268,534,000</b>	<b>272,899,000</b>
<b>Less: Miscellaneous Income:</b>									
Reimbursable Work for Others		3,838,000	(1,058,000) (27.6)	2,780,000	- -	2,780,000	2.1	2,837,000	2,837,000
Other Miscellaneous Income		3,241,000	(542,000) (16.7)	2,699,000	244,000 9.0	2,943,000	0.5	2,713,000	2,958,000
<b>Assessment on Member States</b>		<b>241,796,000</b>	<b>15,541,000 6.4</b>	<b>257,337,000</b>	<b>4,060,000 1.6</b>	<b>261,397,000</b>	<b>2.2</b>	<b>262,984,000</b>	<b>267,104,000</b>

\*) Excludes special appropriation for acquisition of SG equipment

**ANNEX 3**

**Draft Resolutions**

**A. REGULAR BUDGET APPROPRIATIONS FOR 2004**

The General Conference,

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 2004 <sup>1/</sup>,

1. Appropriates on the basis of an exchange rate of €0.9229 to \$1.00, an amount of \$268 534 000 for the Regular Budget expenses of the Agency in 2004 as follows <sup>2/</sup>:

	<u>United States dollars</u>
1. Nuclear Power, Fuel Cycle and Nuclear Science	24 169 000
2. Nuclear Techniques for Development and Environmental Protection	29 515 000
3. Nuclear Safety and Security	22 401 000
4. Nuclear Verification	102 278 000
5. Information Support Services	18 720 000
6. Management of Technical Co-operation for Development	15 826 000
7. Policy and General Management	52 788 000
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Subtotal Agency Programmes	265 697 000
8. Reimbursable Work for Others	2 837 000
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TOTAL	<u><u>268 534 000</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 8); and
  - Other Miscellaneous Income of \$2 713 000 (representing \$1 877 000 plus €772 000);from contributions by Member States amounting, for an exchange rate of €0.9229 to \$1.00, to \$262 984 000 (\$47 978 000 plus €198 429 000), in accordance with the scale of assessment fixed by the General Conference in resolution GC(47)/RES/ ; and
  
3. Authorizes the Director General:
  - (a) To incur expenditures additional to those for which provision is made in the Regular Budget for 2004, 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 2004; 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(47)/ .

<sup>2/</sup> The Appropriation Sections 1–7 represent the Agency’s Major Programmes.

## ATTACHMENT

### ADJUSTMENT FORMULA IN US DOLLARS

1.	Nuclear Power, Fuel Cycle and Nuclear Science	6 994 000	+	(	15 851 000	/R)
2.	Nuclear Techniques for Development and Environmental Protection	8 791 000	+	(	19 126 000	/R)
3.	Nuclear Safety and Security	4 541 000	+	(	16 483 000	/R)
4.	Nuclear Verification	18 382 000	+	(	77 428 000	/R)
5.	Information Support Services	2 324 000	+	(	15 132 000	/R)
6.	Management of Technical Co-operation for Development	1 924 000	+	(	12 830 000	/R)
7.	Policy and General Management	6 899 000	+	(	42 351 000	/R)
	Subtotal Agency Programmes	49 855 000	+	(	199 201 000	/R)
8.	Reimbursable Work for Others	544 000	+	(	2 116 000	/R)
	TOTAL	50 399 000	+	(	201 317 000	/R)

Note: R is the average United Nations euro-to-dollar exchange rate which will be experienced during 2004

## **B. TECHNICAL CO-OPERATION FUND ALLOCATION FOR 2004**

### The General Conference,

Accepting the recommendation of the Board of Governors, which was noted by the General Conference in GC(46)/RES/6, that the target for voluntary contributions to the Agency's Technical Co-operation Fund for 2004 shall be \$74 750 000,

1. Decides that for 2004 the target for voluntary contributions to the Technical Co-operation Fund shall be \$74 750 000;
2. Notes that funds from other sources, estimated at \$1 000 000, are expected to be available for that programme;
3. Allocates the amount of \$75 750 000 for the Agency's Technical Co-operation programme for 2004; and
4. Urges all Member States to make voluntary contributions for 2004 in accordance with Article XIV.F of the Statute, with paragraph 2 of its Resolution GC(V)/RES/100 as amended by Resolution GC(XV)/RES/286 or with paragraph 3 of the former Resolution, as appropriate.

## **C. THE WORKING CAPITAL FUND IN 2004**

### The General Conference,

Accepting the recommendations of the Board of Governors relating to the Agency's Working Capital Fund in 2004,

1. Approves a level of \$18 000 000 for the Agency's Working Capital Fund in 2004;
2. Decides that the Fund shall be financed, administered and used in 2004 in accordance with the relevant provisions of the Agency's Financial Regulations <sup>1/</sup>;
3. Authorizes the Director General to make advances from the Fund not exceeding \$500 000 at any time to finance temporarily projects or activities which have been approved by the Board of Governors for which no funds have been provided under the Regular Budget; and
4. Requests the Director General to submit to the Board statements of advances made from the Fund under the authority given in paragraph 3 above.

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<sup>1/</sup> INFCIRC/8/Rev.2.

**BOARD OF GOVERNORS MEETING**  
18 July 2003

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**CHAIRMAN'S CONCLUSION**

**Report of the Programme and Budget Committee**

Shall we proceed at this stage to take a decision on the report of the Co-Chairs of the Informal Open-Ended Working Group on the Programme and Budget, as contained in document GOV/2003/48?

It is so decided.

May I take it that the Board wishes to approve the Package Proposal as outlined in sections B.1, B.2 and B.3 of document GOV/2003/48, pending approval by the General Conference of the relevant measures included in that package which fall within its purview?

It is so decided.

May I take it that the Board wishes to recommend to the General Conference, for approval, at its forthcoming 47<sup>th</sup> regular session:

a) A total regular budget figure for 2004 of US \$268,534,000 on the basis of an exchange rate of €0.9229 to \$1.00, and adoption of draft resolution A in Annex 3 on the Regular Budget Appropriations for 2004;

It is so decided.

b) A target for voluntary contributions to the Technical Co-operation Fund for 2004 of US \$74,750,000, and adoption of draft resolution B in Annex 3 on the Technical Co-operation Fund Allocation for 2004;

It is so decided.

c) Maintenance of the level of the Working Capital Fund in 2004 at its current level of US \$ 18,000,000, and adoption of draft resolution C in Annex 3 on the Working Capital Fund in 2004;

It is so decided.

d) De-shielding should begin by 1 January 2006 for Category 1 Member States, and by 1 January 2008 for all other shielded Member States. For this purpose, States members of the Group of 77 included in Category 1 shall be considered by the Secretariat to be members of Category 2?

It is so decided.

May I further take it that the Board wishes to suspend, as provided for in Financial Regulation 13.02, in respect of the regular session of the General Conference for 2003, the application of Financial Regulation 3.05 (e) which stipulates that the Programme and Budget documents and draft resolutions adopted and recommended by the Board of Governors shall be transmitted to all Member States at least six weeks before the opening of the regular session of the General Conference at which the documents in question and draft resolutions are to be considered, having regard to the Board's delayed adoption and recommendation of the Agency's Programme and Budget for 2004-2005?

It is so decided.

May I take it that the Board wishes to request the Secretariat to take the necessary actions on the elements of the Package Proposal as approved?

It is so decided.

And, finally, may I take it that the Board wishes to express its appreciation to the Co-Chairs of the IOWG, H.E. Ambassador Javier Paulinich of Peru and H.E. Ambassador Antonio Nuñez of Spain for their tireless and constructive efforts that have made it possible to reach this delicately balanced compromise?

It is so decided.

I thank you all.