

The Agency's Budget Update for 2017



IAEA

60 Years

Atoms for Peace and Development

GC(60)/2

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Introduction

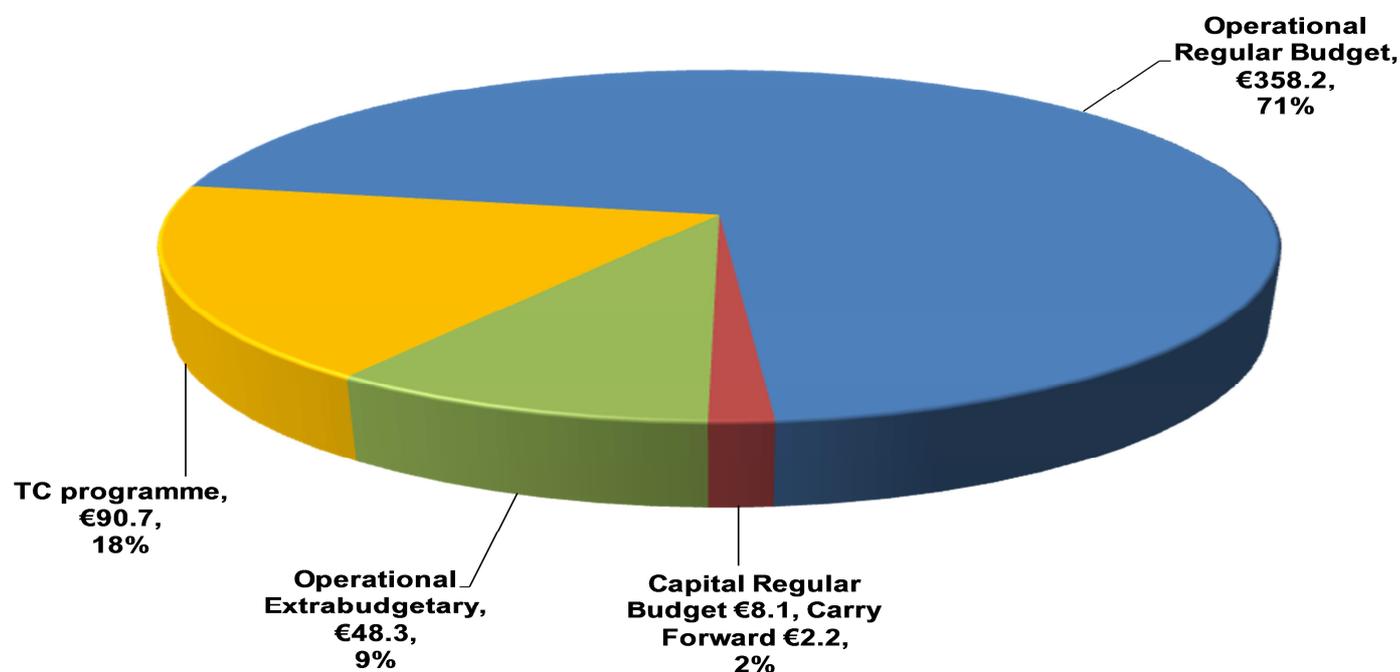
The Agency's regular programme for the biennium 2016–2017, adopted by the Board of Governors, was presented to the General Conference in September 2015 in document GC(59)/2, *The Agency's Programme and Budget 2016–2017*. Although that document included budget estimates for both 2016 and 2017, the Board of Governors is required by the Statute to submit to the General Conference annual budget estimates for approval and, thus, the estimates for 2017 were only preliminary.

In line with the procedures adopted for biennial programming (document GOV/1999/23), the budget estimates for the second year of the biennium (2017) are to be contained in a concise summary document — “The Agency's Budget Update”. This document focuses on 2017 and highlights any significant changes to preliminary budget estimates, introduces the applicable price adjustment for the second year of the biennium, and sets out the draft appropriations and other resolutions.

In compliance with document GC(59)/2, *The Agency's Programme and Budget 2016–2017*, para. 9, *The Agency's Budget Update for 2017* includes the price adjustment and the programmatic changes in relation to verification and monitoring activities in the Islamic Republic of Iran in light of United Nations Security Council resolution 2231 (2015).

Apart from the changes in relation to verification and monitoring in the Islamic Republic of Iran in light of United Nations Security Council resolution 2231 (2015), the Agency's Budget Update for 2017 maintains the priorities identified in *The Agency's Programme and Budget 2016–2017* — technical cooperation, including the Programme of Action for Cancer Therapy (PACT), nuclear safety, nuclear security, the Renovation of the Nuclear Applications Laboratories (ReNuAL) in Seibersdorf and nuclear energy.

2017 Total Resources at a Glance (in € millions at 2017 prices¹)



€366.3 million

1.9%

0.7%

–

1.2%

2017 Regular Budget (operational €358.2 and capital €8.1)

real growth over 2016 for the operational Regular Budget

no growth over 2016 for the capital Regular Budget

overall average price adjustment for 2017

Verification and monitoring in the Islamic Republic of Iran in light of United Nations Security Council resolution 2231 (2015)

- Initial integration of €2.6 million in the Regular Budget for 2017 together with an additional €0.4 million from re-prioritization efforts within Major Programme 4, representing 0.7% real growth for the Regular Budget
- Subsequent integration of €2.2 million in the Regular Budget to reach a total of €5.2 million
- Remaining needs to be included as unfunded in the Regular Budget

¹ All figures in this document are presented in euros, at 2017 prices, unless otherwise indicated.

The Agency's Budget Update for 2017

Overview

1. The Agency has experienced limited growth in its Regular Budget in recent years. Taking into account the overarching economic situation affecting the ability of Member States to fund the Agency's activities, proposals for the second year of the biennium have not included any increase except for the price adjustment in the last two biennia. At the same time, the demand for the Agency's services continues to increase with the growing number of Member States, their desire to draw more benefit from the peaceful uses of nuclear technology, and the increase in legally required verification activities.

2. For 2017, the total Regular Budget amounts to €366.3 million which represents an overall increase of €7.0 million or 1.9%. This includes a price adjustment of 1.2%.

3. The operational Regular Budget is proposed at €358.2 million (an increase of €6.9 million) and the capital Regular Budget at €8.1 million (an increase of €0.1 million), both including the price adjustment.

4. The operational Regular Budget for Major Programme 4 is proposed at €139.3 million representing 1.9% real growth of the Major Programme's budget.

Priorities

5. The 2017 Budget Update maintains all priorities identified by the Director General for the 2016–2017 biennium:

- Technical cooperation including the Programme of Action for Cancer Therapy (PACT) — €24.9 million in the 2017 Regular Budget.
- Nuclear safety and security — €35.2 million in the 2017 Regular Budget.
- The Renovation of the Nuclear Applications Laboratories (ReNuAL) in Seibersdorf — €2.5 million in the 2017 capital Regular Budget.

- Nuclear energy — €39.4 million in the 2017 Regular Budget.
- Verification and monitoring in the Islamic Republic of Iran in light of United Nations Security Council resolution 2231 (2015) — €3.0 million in the 2017 Regular Budget.

Programmatic Changes

6. On 14 July 2015, the E3/EU+3 (China, France, Germany, the Russian Federation, the United Kingdom and the United States of America, with the High Representative of the European Union for Foreign Affairs and Security Policy) and Iran agreed on the Joint Comprehensive Plan of Action (JCPOA).

7. On 20 July 2015, the Security Council adopted resolution 2231 (2015), in which it endorsed the JCPOA.

8. On 25 August 2015, the Board of Governors authorized the Director General to implement the necessary verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA, and report accordingly, for the full duration of those commitments in light of United Nations Security Council resolution 2231 (2015), subject to the availability of funds and consistent with the Agency's standard safeguards practices.²

9. The Director General proposed modifications to *The Agency's Programme and Budget 2016–2017* (document GC(59)/2) with respect to Major Programme 4, in light of United Nations Security Council resolution 2231 (2015), as the verification and monitoring activities requested of the Agency would result in costs to the Agency beyond those provided for in the Regular Budget.

10. The additional funding necessary for the verification and monitoring activities in Iran in

² Document GOV/2015/53.

light of United Nations Security Council resolution 2231 (2015) is estimated to be €9.2 million per annum. This includes the cost of the provisional implementation of Iran's Additional Protocol (€3.0 million per annum) and the inspector costs associated with the verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA (€2.2 million per annum), totalling €5.2 million per annum.

11. The Board of Governors approved the modification to *The Agency's Programme and Budget 2016–2017* as set out in document GOV/2015/54 with respect to Major Programme 4 by reflecting the full annual amount of €9.2 million of additional funding for the activities in Iran from the JCPOA's "Implementation Day" onward, as unfunded in the Regular Budget for 2016.

12. The Agency's Draft Budget Update for 2017 (GOV/2016/1) was issued by the Secretariat on 27 January 2016 and presented at a meeting of the informal Programme and Budget Committee held on 4 February 2016.

13. The Draft Budget Update for 2017 took into account the Member States' discussions at the meetings of the informal Programme and Budget Committee held in late 2015, and proposed the integration of €2.6 million into the Regular Budget for 2017, leaving the remaining amount of €6.6 million unfunded in the Regular Budget for 2017. It also emphasized the importance of identifying a clear path towards integrating the full amount of €5.2 million into the Regular Budget as soon as possible.

14. Recognizing that the application of safeguards is one of the statutory functions of the Agency and supporting the integration of €5.2 million into the Regular Budget for the funding of the Agency's verification and monitoring of Iran's nuclear-related commitments under the JCPOA as soon as possible and within a timeframe that provides predictability and sustainability; while also recognizing the need for a gradual approach, Member States have agreed to integrate the

amount of €5.2 million into the Regular Budget in the following manner:

- €2.6 million will be integrated into the Regular Budget for 2017, under Major Programme 4, Programme 4.1. This amount, together with an additional €0.4 million from re-prioritization efforts within Major Programme 4, will fully fund, in the Regular Budget as of 2017, the cost of the provisional implementation of Iran's Additional Protocol.
- The remaining €2.2 million, of €5.2 million, which is the inspector costs associated with the verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA, will be integrated into the Regular Budget on a linear basis (€1.1 million each year) over the two years of the next biennium 2018–19, under Major Programme 4, Programme 4.2.

15. The integration of €3.0 million, out of €5.2 million, into the Regular Budget for 2017 leaves €6.2 million out of the €9.2 million unfunded in the Regular Budget for 2017.

16. These activities and the related funding estimates will be managed and reported under two new projects; "4.1.3.005 Verification for Iran (CSA and AP (provisionally applied))" and "4.2.1.003 Verification and monitoring of Iran's JCPOA nuclear-related commitments" as of 2017. Within the funding available for the project, a new Office in the Department of Safeguards was established to manage the implementation of these activities.

Efficiencies

17. The Secretariat will continue to pursue efficiency improvement initiatives and austerity measures in 2017 in accordance with the activities and efficiency efforts described in the *The Agency's Programme and Budget 2016–2017* in the following areas:

- Stricter prioritization of travel, including that of senior managers.
- Expanded use of standard equipment in all areas, to make use of economies of scale and lower maintenance costs.

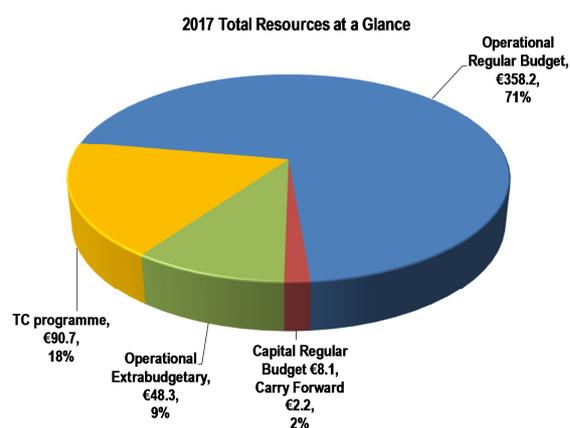
- Use of innovative tools such as video screening in the recruitment of highly qualified personnel.
- Continued optimization of the use of information technology (IT).
- Further rationalized workload, through the use of the Agency-wide Information System for Programme Support (AIPS).

18. Introduction of all of the AIPS Plateaux is planned to be completed in early 2017. To minimize risk and harmonize with business implementation cycles, the last Plateau of AIPS will be introduced in stages during 2016. Its final component which involves an external portal is planned to be launched in early 2017. The Secretariat will prepare a report on the AIPS project in 2017 that will detail the benefits achieved.

Financial Overview

Total Resources

19. The Agency's total resources consist of the Regular Budget, extrabudgetary resources and resources for the technical cooperation programme (TCP). For 2017, the Agency's total resources amount to €507.5 million at 2017 prices.



2017 Total Resources at a Glance
(in € millions)

Funding Source	2017
Operational Regular Budget	358.2
Capital Regular Budget, including Carry Forward	10.3
Operational Extrabudgetary	48.3
TC programme	90.7
Total	507.5

20. The Regular Budget consists of an operational and a capital component, the latter to fund major infrastructure investments in line with the Major Capital Investment Plan (MCIP). Regular Budget estimates, in accordance with the structure of the Agency's programme of work, are presented in six Major Programmes.

21. The Agency continues to rely on extrabudgetary funds, mostly from Member States, to carry out some of its activities. Estimates of extrabudgetary funds for 2017, as

already reported in *The Agency's Programme and Budget 2016–2017* are planned on the basis of the capacity to implement the foreseen activities and the likely receipt of funding, in contrast to prior years when extrabudgetary funding was completely income focused. For 2017, activities amounting to €48.3 million are expected to be implemented.

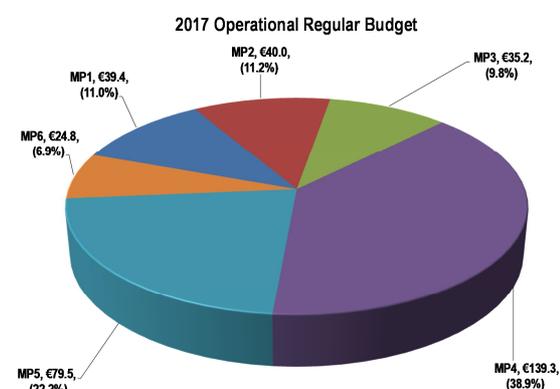
22. As set out in the *The Agency's Programme and Budget 2016–2017*, a provision of €4.0 million of Programme Support Costs funding for 2017 is included in the estimates for extrabudgetary funding.

23. Pursuant to the recommendation contained in the report of the Working Group on Financing the Agency's Activities (document GOV/2014/49), the Board of Governors in June 2015 approved that the Technical Cooperation Fund (TCF) targets and indicative planning figures shall henceforth be set in euros (document GOV/2015/37). Therefore the TCF target has been set at €84.9 million for 2017.

24. For the TCP, €90.7 million for 2017 are expected to be available — €74.7 million for estimated core project funding, supplemented by €1.0 million of National Participation Costs and €15.0 million of extrabudgetary funds to the technical cooperation programme.

Operational Regular Budget Resources

25. The chart and the following table depict the operational Regular Budget at 2017 prices.



**2017 Operational Regular Budget
(in € millions)**

Major Programme	2017
1 Nuclear Power, Fuel Cycle and Nuclear Science	39.4
2 Nuclear Techniques for Development and Environmental Protection	40.0
3 Nuclear Safety and Security	35.2
4 Nuclear Verification	139.3
5 Policy, Management and Administration Services	79.5
6 Management of Technical Cooperation for Development	24.8
Total	358.2

Capital Resources

26. The capital resources for 2017 have been allocated with a view to addressing the continuing capital priorities of the Agency. In addition to the €8.0 million ceiling (€8.1 million at 2017 prices) from the Regular Budget, a carry forward amount of €2.2 million from unspent balances of prior years' Regular Budget appropriations previously transferred to the Major Capital Investment Fund (MCIF) is proposed to be used for infrastructural needs of IT and Seibersdorf.

27. The following table depicts the 2017 Capital Investments:

**2017 Capital Investments
(in € millions)**

Capital Project	2017
Renovation of the Nuclear Applications Laboratories (ReNuAL)	2.5
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	0.3
MOSAIC	1.2
Develop and Implement a safeguards approach for J-MOX	1.0
Seibersdorf Infrastructure and Common Facilities Upgrade	1.8
Provision for IT Infrastructure and Information Security Investment	3.5
Total	10.3
Financing:	
From Member State Assessments	8.1
From Capital Carry Forward	2.2
Total	10.3

Other Financial Considerations

Price Adjustment

28. The overall average price adjustment for 2017 is 1.2%. This is based on a number of factors, including:

- Increase in Professional staff costs and consultants of 1.3%.
- Increase in General Service staff costs of 1.7%.
- Increase for all other items of expenditure of 0.9%.

29. The price adjustment has been calculated using the Agency's standard three-year rolling average methodology, which builds upon the concept of semi-full budgeting. This methodology, in contrast to the full budgeting methodology which bases adjustment factors entirely on forecasts, takes note of the most recent developments and corrects any over or under forecasts previously planned. In light of the ongoing review of the compensation package for staff in the Professional category,³ the consideration of the Professional staff costs for 2017 which may be affected by this review will be deferred and included in *The Agency's Programme and Budget for 2018–2019*, as an exceptional measure applicable for *The Agency's Budget Update for 2017* only, without changing the price adjustment methodology.

30. The 2017 price adjustment is mainly influenced by the actual increase of Professional staff salaries that took place in 2015. The 2015 cost change was triggered by the strengthening of the US dollar vis-à-vis the euro, and inflation.

31. Trends and expectations for staff costs are based on forecasts provided by the International Civil Service Commission and the Austrian Tariflohn index, while for all other items of expenditure, the Agency uses the most recent statistical data from the European Union's Harmonised Index of Consumer Prices.

32. As different price adjustment factors are applied to the three groups of expenditures as presented above, the price adjustment varies across and within Major Programmes, depending on the blend of planned expenditure categories.

Budget Currency and Exchange Rate

33. The Agency's functional currency is the euro. As in the past, Regular Budget estimates have been prepared in euros, using a budget exchange rate of \$1.00 to €1.00. All tables and charts in this document are in euros, based on this budget exchange rate.

34. The Agency assesses Member States in euros and US dollars in accordance with the scale of assessment fixed by the General Conference and the required split between the two currencies. Approximately 88% of the expenditures of the Agency are in euros. The split assessment protects the Agency in the event of currency fluctuations between euros and US dollars.

Report on the Budget to the United Nations General Assembly

35. In accordance with Article XVI of the Agency's relationship agreement with the United Nations (INFCIRC/11, part I), the budget may be reviewed by the Advisory Committee on Administrative and Budgetary Questions, which would report on the administrative aspects thereof to the United Nations General Assembly.

³ See United Nations General Assembly resolution A/RES/70/244 and GOV/2016/7.

Budgetary Requirements by Major Programme

Table 1. The Regular Budget — By Programme and Major Programme

Programme/Major Programme	2016 Budget	2017 Estimates at 2016 Prices	Variance over 2016		Price Adjustment	2017 Estimates at 2017 Prices
			EUR	%		
1. Nuclear Power, Fuel Cycle and Nuclear Science						
Overall Management, Coordination and Common Activities	3 202 953	3 258 481	55 528	1.7%	1.3%	3 300 581
Nuclear Power	8 537 033	8 486 341	(50 692)	(0.6%)	1.2%	8 591 037
Nuclear Fuel Cycle and Materials Technologies	6 815 074	6 815 241	167	0.0%	1.2%	6 896 576
Capacity Building and Nuclear Knowledge for Sustainable Energy Development	10 233 234	10 173 135	(60 099)	(0.6%)	1.3%	10 300 660
Nuclear Science	10 121 270	10 176 545	55 275	0.5%	1.1%	10 289 512
Major Programme 1	38 909 564	38 909 743	179	0.0%	1.2%	39 378 365
2. Nuclear Techniques for Development and Environmental Protection						
Overall Management, Coordination and Common Activities	7 785 318	7 761 726	(23 592)	(0.3%)	1.2%	7 853 122
Food and Agriculture	11 433 333	11 438 816	5 483	0.0%	1.2%	11 572 565
Human Health	8 276 608	8 275 674	(934)	(0.0%)	1.2%	8 371 785
Water Resources	3 466 371	3 466 387	16	0.0%	1.3%	3 510 039
Environment	6 275 597	6 275 597	-	-	1.3%	6 357 212
Radioisotope Production and Radiation Technology	2 250 108	2 267 562	17 454	0.8%	1.1%	2 293 535
Major Programme 2	39 487 335	39 485 762	(1 573)	(0.0%)	1.2%	39 958 259
3. Nuclear Safety and Security						
Overall Management, Coordination and Common Activities	3 988 447	3 930 426	(58 021)	(1.5%)	1.3%	3 981 785
Incident and Emergency Preparedness and Response	4 250 797	4 248 315	(2 482)	(0.1%)	1.2%	4 298 741
Safety of Nuclear Installations	10 261 763	10 261 971	208	0.0%	1.3%	10 391 723
Radiation and Transport Safety	7 168 211	7 168 211	-	-	1.3%	7 261 282
Management of Radioactive Waste	3 668 294	3 668 294	-	-	1.3%	3 715 383
Nuclear Security	5 384 356	5 443 772	59 416	1.1%	1.3%	5 513 932
Major Programme 3	34 721 869	34 720 989	(879)	(0.0%)	1.3%	35 162 847
4. Nuclear Verification						
Overall Management, Coordination and Common Activities	13 919 282	14 324 926	405 644	2.9%	1.2%	14 492 940
Safeguards Implementation	113 183 014	115 369 542	2 186 528	1.9%	1.2%	116 775 755
Other Verification Activities	451 642	451 642	-	-	1.3%	457 377
Development	7 473 122	7 473 122	-	-	1.2%	7 566 179
Major Programme 4	135 027 060	137 619 232	2 592 172	1.9%	1.2%	139 292 251
5. Policy, Management and Administration Services						
Policy, Management and Administration Services	78 611 528	78 612 900	1 372	0.0%	1.2%	79 557 324
Major Programme 5	78 611 528	78 612 900	1 372	0.0%	1.2%	79 557 324
6. Management of Technical Cooperation for Development						
Management of Technical Cooperation for Development	24 536 684	24 536 669	(15)	(0.0%)	1.4%	24 873 650
Major Programme 6	24 536 684	24 536 669	(15)	(0.0%)	1.4%	24 873 650
Operational Regular Budget	351 294 039	353 885 295	2 591 256	0.7%	1.2%	358 222 694
Major Capital Investment Funding Requirements						
Capital Regular Budget	8 032 000	8 032 000	-	-	0.9%	8 100 584
Total Agency Programmes	359 326 039	361 917 295	2 591 256	0.7%	1.2%	366 323 278
Reimbursable Work for Others	2 673 748	2 673 748	-	-	0.9%	2 697 812
Total Regular Budget	361 999 787	364 591 043	2 591 256	0.7%	1.2%	369 021 090
Less Miscellaneous Income	3 223 748	3 223 748	-	-	0.9%	3 247 812
Assessment on Member States	358 776 039	361 367 295	2 591 256	0.7%	1.2%	365 773 278

Table 2. The Regular Budget — Summary of Income

	2016 Budget at 2016 Prices	2017 Estimates at 2016 Prices	Variance 2017 over 2016	2017 Estimates at 2017 Prices
Operational Regular Budget	350 744 039	353 335 295	2 591 256	357 672 694
Capital Regular Budget	8 032 000	8 032 000	-	8 100 584
Assessed Contributions on Member States¹	358 776 039	361 367 295	2 591 256	365 773 278
Miscellaneous Income				
Reimbursable Work for Others				
Printing Services	416 972	416 972	-	420 725
Medical Services	860 910	860 910	-	868 658
Nuclear Fusion Journal	190 813	190 813	-	192 531
Other Financial Services	-	-	-	-
General Services	-	-	-	-
Laboratory Services	210 840	210 840	-	212 737
Amounts Recoverable Under Safeguards Agreements	994 213	994 213	-	1 003 161
Subtotal Reimbursable Work for Others	2 673 748	2 673 748	-	2 697 812
Other				
INIS Products	-	-	-	-
Publications of the Agency – Other	150 000	150 000	-	150 000
Laboratory Income	300 000	300 000	-	300 000
Investment and Interest Income	100 000	100 000	-	100 000
Subtotal Other	550 000	550 000	-	550 000
Total Miscellaneous Income	3 223 748	3 223 748	-	3 247 812
Total Regular Budget Income	361 999 787	364 591 043	2 591 256	369 021 090

¹ Does not include estimates for Other Miscellaneous income.

Major Capital Investment Plan for 2017–2025
and
Major Capital Investment Fund for 2017

Major Capital Investment Plan

36. The Major Capital Investment Plan (MCIP) outlines the Agency's major capital projects for the biennium as well as for future biennia (up to eight additional years). The MCIP is updated annually and is derived from the needs of the Agency to maintain an updated, well-functioning and adequate infrastructure. An overview of the plan is presented in Table 10.

37. For 2017, major capital investment requirements total €41.4 million. The breakdown is shown in the table below.

Major Programme/Major Capital Item (in € millions)	Total 2017
2. Nuclear Techniques for Development and Environmental Protection	
Renovation of the Nuclear Applications Laboratories (ReNuAL)	8.2
Seibersdorf Infrastructure and Common Facilities Upgrade*	1.3
Major Programme 2	9.5
3. Nuclear Safety and Security	
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	0.9
Major Programme 3	0.9
4. Nuclear Verification	
NGSS infrastructure replacement	3.5
MOSAIC	9.2
Develop and Implement a safeguards approach for J-MOX	5.8
Develop and implement safeguards approaches for Chernobyl NPP	0.5
Develop and implement SG approaches for a SF EPGR in Finland/Sweden	0.0
Seibersdorf Infrastructure and Common Facilities Upgrade*	1.3
Major Programme 4	20.2
5. Policy, Management and Administration Services	
Provision for IT Infrastructure and Information Security Investment	10.5
Seibersdorf Infrastructure and Common Facilities Upgrade*	0.2
Major Programme 5	10.7
Major Capital Investment Plan Total for 2017	41.4

* Jointly financed by Major Programmes 2, 4 and 5.

38. The Major Capital Investment Fund (MCIF) is a reserve fund established in accordance with Financial Regulation 4.06 to help to provide for the Agency's major infrastructure requirements which are included in the MCIP. It provides an opportunity to

meet such capital requirements that could otherwise face continued deferral or could require substantial increases in annual contributions. The MCIF is reviewed by the Board of Governors in the framework of the established programme and budget approval process.

39. In accordance with document GC(53)/5, the MCIF is funded by the entire amount appropriated for the capital portion of the Regular Budget, unspent budgetary balances from the operational Regular Budget in prior years, if any, and any other source as the Board of Governors may determine.

40. Since the inception of the MCIF in 2009,⁴ unspent balances from past operational Regular Budget appropriations (up to year 2013) have been transferred to the MCIF and reported in the respective financial statements in accordance with Financial Regulation 7.02 (b)-(4). In the same manner, unspent budgetary balances from the 2014–2015 operational Regular Budget will also be transferred to the MCIF.

Capital Investments

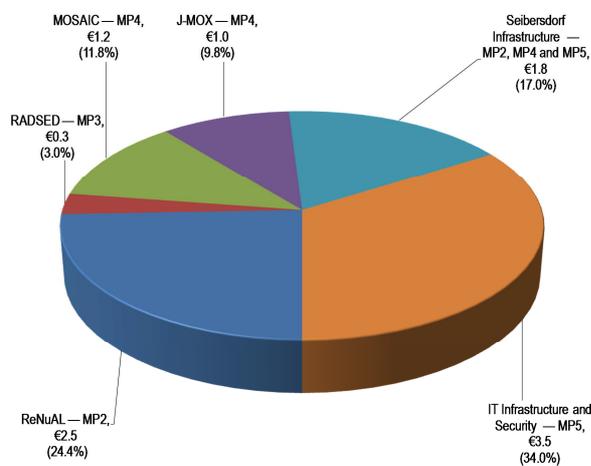
41. The Director General has capped the capital Regular Budget funding at €8.0 million for 2017 (€8.1 million after price adjustment). In addition to this amount, €2.2 million at 2017 prices are available for distribution in the MCIF reserve as a result of the transfer explained above. A total of €10.3 million is therefore being distributed.

42. The MCIF funding will be distributed to the following projects:

- Renovation of the Nuclear Applications Laboratories (ReNuAL) in Seibersdorf — Major Programme 2 — €2.5 million.
- Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED) — Major Programme 3 — €0.3 million.

⁴ Documents GOV/2009/1 and GOV/2009/52/Rev.1.

- MOSAIC — Major Programme 4 — €1.2 million.
- Develop and Implement a safeguards approach for J-MOX — Major Programme 4 — €1.0 million.
- Seibersdorf Infrastructure and Common Facilities Upgrade, a jointly managed project (Major Programmes 2, 4 and 5) — €1.8 million.
- Provision for IT Infrastructure and Information Security Investment — Major Programme 5 — €3.5 million.



43. While this document presents the MCIP for the period 2017–2025, a significant amount of capital investments proposed in 2016 still remains unfunded to date. Currently, a total of €9.4 million of capital requirements remain unfunded for 2016, while investments unfunded for 2017 amount to €31.0 million. It is hoped that these requirements will attract extrabudgetary pledges by Member States. Details of these requirements for both 2016 and 2017 are presented in Table 12.

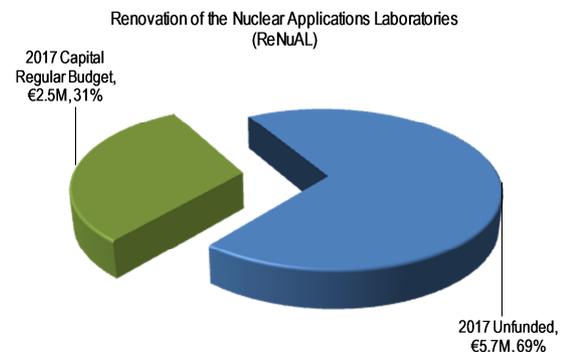
Overview by Major Programme

44. A programmatic overview of major capital investments that are part of the MCIP for 2017–2025 has been included in document GC(59)/2, *The Agency's Programme and Budget 2016–2017*. The following paragraphs provide an overview of funding requirements for 2017 at 2017 prices as well as any project updates.

Major Programme 2 — Nuclear Techniques for Development and Environmental Protection

Renovation of the Nuclear Applications Laboratories in Seibersdorf (ReNuAL)

45. The ReNuAL project remains a priority for the Agency for 2017. It is planned that the project will be completed in 2017 with a budget of €31.0 million. For the 2016–2017 biennium, requirements of €16.3 million were presented and were offset by €2.5 million from the capital Regular Budget for each of the biennium years. No changes in the funding are proposed in comparison to *The Agency's Programme and Budget 2016–2017*.



Major Programme 3 — Nuclear Safety and Security

Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)

46. This project, over a period of ten years, aims at implementing the best of dose assessment technologies in order to compare their efficiencies to the endpoint of bio-dosimetry. The 2016 funding requirement for the project was €0.6 million, half of which was funded from the capital Regular Budget. For 2017, funding needs of €0.9 million are offset by €0.3 million from the capital Regular Budget.

Major Programme 4 — Nuclear Verification

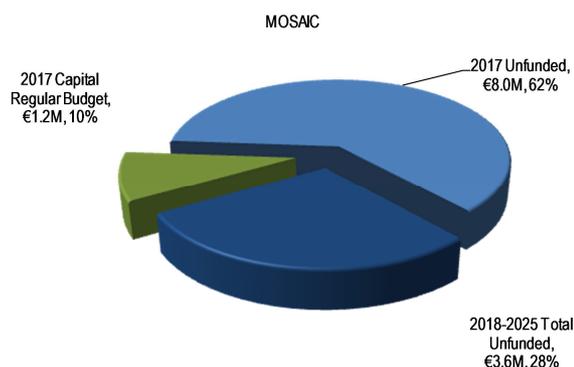
Replacement of current infrastructure with the new Next Generation Surveillance System (NGSS)

47. Remote video surveillance systems are core technical components for the effective and efficient implementation of safeguards. They are used to maintain continuity of knowledge of inventories of nuclear material and to support verification activities. In previous years the Agency received substantial funding through extrabudgetary contributions of approximately €4.0 million per year. The total requirements of €3.5 million for 2017 remain fully unfunded.

MOSAIC

48. As stated in document GOV/INF/2014/24, this is a multi-phase project. The first phase, which consists of the transfer of mainframe applications and data, was addressed by the Safeguards Information Systems project in the 2014–2015 biennium budgets. The next phase entails modernizing the remaining IT for verification activities to increase the availability, accessibility and security of information, a vital asset for safeguards implementation.

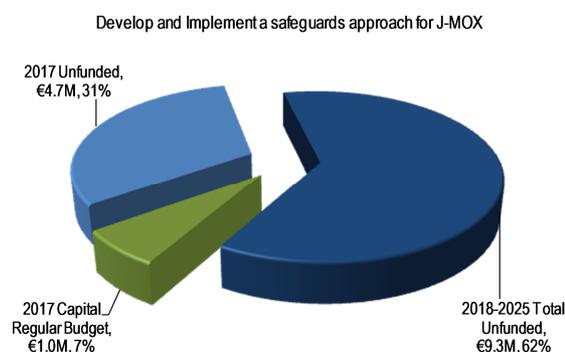
49. For 2016–2017, €1.2 million was proposed for funding from the capital Regular Budget for each year, leaving needs of €8.0 million unfunded for 2017.



Develop and Implement a safeguards approach for J-MOX

50. Japan Nuclear Fuel Limited is building a large-scale plant to produce mixed uranium and plutonium oxide (MOX) fuel for light water reactors at its Rokkasho-mura site. The construction, which started on 28 October 2010, was suspended in 2011. The project activities were significantly reduced for the 2014–2015 Programme and Budget cycle. In particular, MCIF funding for the development of J-MOX safeguards equipment and software was deferred. The construction resumed in 2014 and continued until it was stopped again in July 2015. Japan informed the Agency in November 2015 that the construction and commissioning of the facility would be completed in the first half of the 2019 Japanese fiscal year. The below funding requirements take into account the new schedule.

51. The capital requirements of €5.8 million in 2017 are offset with €1.0 million from the capital Regular Budget. An amount of €9.3 million remains unfunded in 2018 and beyond.



Develop and implement safeguards approaches for Chernobyl NPP

52. The Agency must develop and implement an effective and efficient approach to safeguard the nuclear material to be contained in the new safe confinement of the Chernobyl nuclear power plant, which is scheduled to be installed over the damaged reactor unit 4 in 2017. The Agency is also required to develop and implement an effective and efficient approach to safeguard the irradiated fuel when transferred from the wet storage to interim dry storage. The conditioning and transfer of the fuel is expected to commence in 2017 and will take at least ten years. The safeguards approach is being updated based on the revised design information. The funding requirements for the project are €0.5 million in 2017, all of which is unfunded.

Develop and implement safeguards approaches for a spent fuel encapsulation plant and geological repository (EPGR) in Finland and Sweden

53. Finland and Sweden are each planning to construct an encapsulation plant and geological repository (EPGR) to permanently store their respective spent fuel. In Finland, the EPGR construction licence was granted in November 2015 and operation of the EPGR is planned to commence in 2023. The EPGR in Sweden is planned to commence operation in 2027. As the safeguards approaches for these types of facility are still under development, the exact equipment specifications and quantities are not known at this time.

54. Even though the entire project at this stage remains unfunded, it is assumed that all technology development costs will be borne by the Member State Support Programmes. It is also assumed that Finland and Sweden will cover the infrastructure costs (e.g. cabling, conduit and power supply). Only the estimated procurement and installation costs of the new equipment are included in the project cost estimates presented herein. In addition to the total of €6.7 million proposed for the period 2017–2025, it is estimated that funds will also be required in 2026.

Major Programme 5 — Policy, Management and Administration Services

Provision for IT Infrastructure and Information Security Investment

55. This critical project is intended to cover the information and communication technology (ICT) costs associated with maintaining up-to-date ICT infrastructure and services.

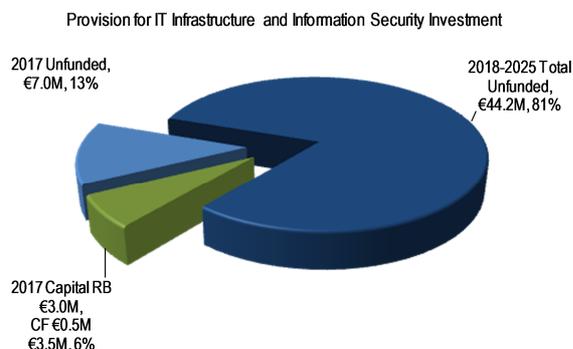
56. The first component is related to equipment replacement in areas of data processing, storage and networking as well as disaster recovery infrastructure.

57. The second component includes a provision for ICT security. The ongoing, severe and escalating threats to the ICT infrastructure demand a high level of investment to protect the availability, confidentiality and integrity of Agency information. An initiative to assess the Agency's information security posture versus comparators and best practices, and define a five-year Agency-wide roadmap was carried out in 2015. The funding requirements are substantial and extrabudgetary funding will be required over a long period of time because the threats will continue to escalate.

58. The third component relates to the need for future upgrade of common support systems. Oracle eBusiness Suite (the platform for AIPS) upgrades will be required in the future, as extended support for the Agency's current version of Oracle eBusiness Suite will end in 2019. The ten year plan foresees an upgrade every five years starting in 2018.

59. The fourth component relates to restructuring of the Agency's common support system for internal communication — On-line Administrative Staff Information System (OASIS). The overall goal is to reposition OASIS as a medium for internal communications, to support communication and coordination across various programmes and Departments, and to encourage interaction with and networking among staff.

60. Needs of €3.5 million in 2017 will be funded from the capital Regular Budget (€3.0 million) and the capital Carry Forward (€0.5 million), while €7.0 million in 2017 remain unfunded. The funding requirements for the project are shown in the chart below.



Jointly financed (Major Programmes 2, 4 and 5)

Seibersdorf Infrastructure and Common Facilities Upgrade

61. In line with document GOV/INF/2014/11, necessary common use facilities for the Seibersdorf site will be addressed outside of the ReNuAL project as part of a regular site management plan and will be co-financed by Major Programmes 2, 4 and 5.

62. Improvements in the Seibersdorf site infrastructure and common facilities are needed to upgrade existing services that are outdated in function and insufficient in capacity. This is to be achieved by providing new and updated facilities with additional capacity and enhanced functionality as required for an appropriate functioning of the Agency's laboratories.

63. In particular, improvements will include a new and Agency-dedicated main grid natural gas connection and gas fired heating plant. Current arrangements use the heating plant at the Austrian Institute of Technology (AIT) to satisfy the heating water capacity requirements of the Seibersdorf laboratories. The AIT heating

plant does not have spare capacity to cover the increase in heating requirements owing to the new ReNuAL project buildings. The new Agency heating plant would provide sufficient heating capacity for present site needs and the expansion planned under the ReNuAL project, together with some spare capacity for potential future development of the site. The project will also contribute to additional independence of the Agency from external suppliers.

64. In addition, new and dedicated common areas will be built. These include cafeteria, training and common facilities. The present cafeteria facilities are inadequate, both in function and capacity, and are located within laboratory space, which is contrary to established laboratory and food services best practices. The new common facilities will provide the required function and sufficient capacity to keep pace with the numbers of staff and visitors at the Seibersdorf site that are expected to increase with the completion of ReNuAL project.

65. The project presents needs for 2017 in the amount of €2.8 million. It is proposed that these needs are co-financed by Major Programmes 2, 4 and 5 with €0.8 million, €0.8 million and €0.2 million, respectively. The combined amount of €1.8 million is sourced from the capital Carry Forward, while €1.0 million in 2017 needs remain unfunded.

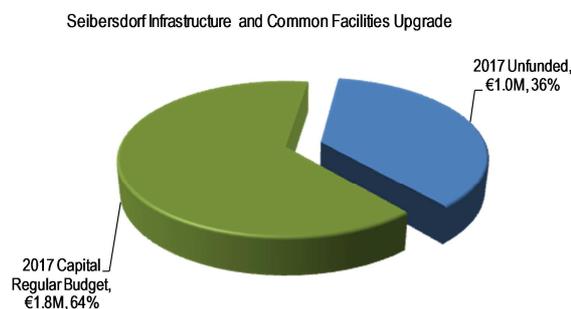


Table 10. Major Capital Investment Plan 2017–2025

Major Programme/Major Capital Item	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
2. Nuclear Techniques for Development and Environmental Protection										
Renovation of the Nuclear Applications Laboratories (ReNuAL)	8 200 234	-	-	-	-	-	-	-	-	8 200 234
ReNuAL+	-	6 328 338	6 328 338	6 328 338	6 328 338	-	-	-	-	25 313 350
Mass Spectrometer for Isotope Hydrology Laboratory	-	-	-	556 894	-	-	-	-	-	556 894
Seibersdorf Infrastructure and Common Facilities Upgrade*	1 257 143	-	-	-	-	-	-	-	-	1 257 143
Major Programme 2	9 457 377	6 328 338	6 328 338	6 885 231	6 328 338	-	-	-	-	35 327 621
3. Nuclear Safety and Security										
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	916 655	767 395	423 663	454 038	439 414	429 288	409 038	315 143	299 956	4 454 590
Major Programme 3	916 655	767 395	423 663	454 038	439 414	429 288	409 038	315 143	299 956	4 454 590
4. Nuclear Verification										
NGSS infrastructure replacement	3 521 309	-	-	-	-	-	-	-	-	3 521 309
MOSAIC	9 173 310	3 633 941	-	-	-	-	-	-	-	12 807 251
Develop and Implement a safeguards approach for J-MOX	5 752 484	5 950 150	3 328 050	-	-	-	-	-	-	15 030 684
Develop and implement safeguards approaches for Chernobyl NPP	524 420	-	-	-	-	-	-	-	-	524 420
Develop and implement SG approaches for a SF EPGR in Finland/Sweden	20 170	398 358	814 868	1 242 472	874 370	900 591	418 528	814 868	1 242 472	6 726 695
Seibersdorf Infrastructure and Common Facilities Upgrade*	1 257 143	-	-	-	-	-	-	-	-	1 257 143
Major Programme 4	20 248 836	9 982 450	4 142 919	1 242 473	874 371	900 592	418 529	814 869	1 242 473	39 867 511
5. Policy, Management and Administration Services										-
Provision for IT Infrastructure and Information Security Investment	10 522 937	10 580 174	5 882 581	4 867 021	3 237 285	3 388 560	6 817 460	4 649 185	4 800 460	54 745 662
Seibersdorf Infrastructure and Common Facilities Upgrade*	235 714	-	-	-	-	-	-	-	-	235 714
Major Programme 5	10 758 651	10 580 174	5 882 581	4 867 021	3 237 285	3 388 560	6 817 460	4 649 185	4 800 460	54 981 376
Major Capital Investment Plan Total	41 381 520	27 658 356	16 777 500	13 448 763	10 879 407	4 718 439	7 645 027	5 779 197	6 342 889	134 631 098

* Jointly financed by Major Programmes 2, 4 and 5.

Table 11 a. Capital Regular Budget Details 2016–2017

Major Programme/Major Capital Item	2016 Budget at 2016 Prices	2017 Estimates at 2016 Prices	Variance 2017 over 2016		Price Adjustment	2017 Estimates at 2017 Prices
			EUR	%		
2. Nuclear Techniques for Development and Environmental Protection						
Renovation of the Nuclear Applications Laboratories (ReNuAL)	2 489 920	2 489 920	-	-	0.9%	2 511 084
Major Programme 2	2 489 920	2 489 920	-	-	0.9%	2 511 084
3. Nuclear Safety and Security						
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	301 200	301 200	-	-	1.0%	304 072
Major Programme 3	301 200	301 200	-	-	1.0%	304 072
4. Nuclear Verification						
MOSAIC	1 204 800	1 204 800	-	-	0.9%	1 215 040
Develop and Implement a safeguards approach for J-MOX	-	1 004 000	1 004 000	-	0.9%	1 012 534
Major Programme 4	1 204 800	2 208 800	1 004 000	83.3%	0.9%	2 227 574
5. Policy, Management and Administration Services						
Agency-wide Information System for Programme Support (AIPS)	1 506 000	-	(1 506 000)	(100.0%)	-	-
Provision for IT Infrastructure and Information Security Investment	2 530 080	3 032 080	502 000	19.8%	0.9%	3 057 853
Major Programme 5	4 036 080	3 032 080	(1 004 000)	(24.9%)	0.9%	3 057 853
Capital Regular Budget	8 032 000	8 032 000	-	-	0.9%	8 100 584

Table 11 b. Capital Carry Forward Details 2017

Major Programme/Major Capital Item	2017 Estimates at 2016 Prices	Price Adjustment	2017 Estimates at 2017 Prices
2. Nuclear Techniques for Development and Environmental Protection			
Seibersdorf Infrastructure and Common Facilities Upgrade*	792 864	0.9%	800 000
Major Programme 2	792 864	0.9%	800 000
4. Nuclear Verification			
Seibersdorf Infrastructure and Common Facilities Upgrade*	792 864	0.9%	800 000
Major Programme 4	792 864	0.9%	800 000
5. Policy, Management and Administration Services			
Provision for IT Infrastructure and Information Security Investment	495 540	0.9%	500 000
Seibersdorf Infrastructure and Common Facilities Upgrade*	148 662	0.9%	150 000
Major Programme 5	644 202	0.9%	650 000
Capital Carry Forward Total	2 229 931	0.9%	2 250 000

* Jointly financed by Major Programmes 2, 4 and 5.

Table 12. Unfunded 2016–2017 Capital Needs

66. The table below lists 2017 capital needs that will not be funded within the capital Regular Budget limit set by the Director General. It is expected that these requirements will attract extrabudgetary pledges by Member States.

Major Programme/Major Capital Item	2016	2017
2. Nuclear Techniques for Development and Environmental Protection		
Renovation of the Nuclear Applications Laboratories (ReNuAL)	5 636 912	5 689 150
Seibersdorf Infrastructure and Common Facilities Upgrade*	-	457 143
Major Programme 2	5 636 912	6 146 293
3. Nuclear Safety and Security		
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	321 280	612 583
Major Programme 3	321 280	612 583
4. Nuclear Verification		
NGSS infrastructure replacement	-	3 521 309
MOSAIC	-	7 958 270
Develop and Implement a safeguards approach for J-MOX	-	4 739 950
Develop and implement safeguards approaches for Chernobyl NPP	780 000	524 420
Develop and implement SG approaches for a SF EPGR in Finland/Sweden	-	20 170
Seibersdorf Infrastructure and Common Facilities Upgrade*	-	457 143
Major Programme 4	780 000	17 221 261
5. Policy, Management and Administration Services		
Provision for IT Infrastructure and Information Security Investment	2 673 920	6 965 084
Seibersdorf Infrastructure and Common Facilities Upgrade*	-	85 714
Major Programme 5	2 673 920	7 050 798
Major Capital Investment Plan Total	9 412 112	31 030 935

* Jointly financed by Major Programmes 2, 4 and 5.

Annex. Draft Resolutions for 2017

67. This section presents the Agency's draft resolutions for 2017, including the appropriations for the 2017 Regular Budget, the allocation for the Technical Cooperation Fund (TCF) in 2017, and the Working Capital Fund (WCF) in 2017.

A. *The Regular Budget*

68. Regular Budget appropriations for 2017 are presented in two parts: one for the operational Regular Budget (paras. 1 and 2 of Resolution A); and one for the capital Regular Budget (paras. 3 to 5 of Resolution A). The expenditures against these appropriations will be recorded separately so that funds appropriated for the operational Regular Budget will not be used for major capital investments and vice versa. The total amount of appropriations for the capital Regular Budget will be transferred to the Major Capital Investment Fund (MCIF).

69. The resolution for the Regular Budget appropriation contains an adjustment formula to take into account the exchange rate variations during the year. Member State contributions will be based on the scale of assessment to be fixed by the General Conference in September 2016.

B. *Technical Cooperation Programme*

70. The technical cooperation activities of the Agency are financed from the TCF and extrabudgetary contributions. The TCF mainly comprises voluntary contributions, for which a target is recommended each year by the Board of Governors, and National Participation Costs (NPCs) paid by recipient Member States. The target for voluntary contributions to the TCF recommended by the Board of Governors for 2017 amounts to €84 915 000.

71. The forecast of resources for the TCP for 2017 amounts to €90 725 200 and comprises: (a) €74 725 200 for estimated core project funding; (b) €1 000 000 for NPCs (to be added to the estimated core funding); and (c) €15 000 000 for the estimated implementation levels of extrabudgetary activities.

72. These amounts do not constitute a target for or limitation on funds and do not in any way prejudice the TCP.

C. *Working Capital Fund*

73. In its 59th regular session, the General Conference approved a continuation of the WCF at the level of €15 210 000 for 2016. No change in this level is proposed for 2017, although it should be borne in mind that the average monthly requirement of the Regular Budget exceeds the level of the WCF, which constitutes a significant risk to the Agency.

A. REGULAR BUDGET APPROPRIATIONS FOR 2017

The General Conference,

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 2017,¹

1. Appropriates, on the basis of an exchange rate of \$1.00 to €1.00, an amount of €360 920 506 for the operational portion of the Regular Budget expenses of the Agency in 2017 as follows:²

	€
1. Nuclear Power, Fuel Cycle and Nuclear Science	39 378 365
2. Nuclear Techniques for Development and Environmental Protection	39 958 257
3. Nuclear Safety and Security	35 162 847
4. Nuclear Verification	139 292 251
5. Policy, Management and Administration Services	79 557 324
6. Management of Technical Cooperation for Development	24 873 650
Subtotal of Major Programmes	<hr/> 358 222 694
7. Reimbursable work for others	2 697 812
TOTAL	<hr/> 360 920 506 <hr/>

the amounts in the appropriation sections to be adjusted in accordance with the adjustment formula presented in Attachment A.1 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 €550 000;

from contributions by Member States amounting, for an exchange rate of \$1.00 to €1.00, to €357 672 694 (€309 787 266 plus \$47 885 428), in accordance with the scale of assessment fixed by the General Conference in resolution GC(60)/RES/ ;

¹ Document GC(60)/2.

² Appropriation Sections 1–6 represent the Agency's Major Programmes.

3. Appropriates, on the basis of an exchange rate of \$1.00 to €1.00, an amount of €8 100 584 for the capital portion of the Regular Budget expenses of the Agency, in 2017 as follows:³

	€
1. Nuclear Power, Fuel Cycle and Nuclear Science	-
2. Nuclear Techniques for Development and Environmental Protection	2 511 084
3. Nuclear Safety and Security	304 072
4. Nuclear Verification	2 227 574
5. Policy, Management and Administration Services	3 057 853
6. Management of Technical Cooperation for Development	-
TOTAL	8 100 584

the amounts in the appropriation sections to be adjusted in accordance with the adjustment formula presented in Attachment A.2 in order to take into account the exchange rate variations during the year;

4. Decides that the foregoing appropriation shall be financed from contributions by Member States amounting, for an exchange rate of \$1.00 to €1.00, to €8 100 584 (€8 100 584 plus \$0), in accordance with the scale of assessment fixed by the General Conference in resolution GC(60)/RES/ ;

5. Authorizes the transfer of the capital portion of the Regular Budget to the Major Capital Investment Fund; and

6. Authorizes the Director General:

- a. To incur expenditures additional to those for which provision is made in the Regular Budget for 2017, 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 2017; and
- b. With the approval of the Board of Governors, to make transfers between any of the Sections listed in paras. 1 and 3 above.

³ Please refer to footnote 2.

ATTACHMENT

A.1 APPROPRIATIONS FOR THE OPERATIONAL PORTION OF THE REGULAR BUDGET IN 2017

ADJUSTMENT FORMULA IN EURO

	€	US\$
1. Nuclear Power, Fuel Cycle and Nuclear Science	33 838 324 + (	5 540 042 /R)
2. Nuclear Techniques for Development and Environmental Protection	35 589 727 + (	4 368 530 /R)
3. Nuclear Safety and Security	29 210 593 + (	5 952 254 /R)
4. Nuclear Verification	118 636 077 + (	20 656 175 /R)
5. Policy, Management and Administration Services	71 875 368 + (	7 681 956 /R)
6. Management of Technical Cooperation for Development	21 187 177 + (	3 686 472 /R)
Subtotal of Major Programmes	310 337 266 + (	47 885 428 /R)
7. Reimbursable work for others	2 697 812 + (	- /R)
TOTAL	313 035 078 + (	47 885 428 /R)

Note: R is the average United Nations dollar to euro exchange rate which will be experienced during 2017.

ATTACHMENT

A.2 APPROPRIATIONS FOR THE CAPITAL PORTION OF THE REGULAR BUDGET IN 2017

ADJUSTMENT FORMULA IN EURO

	€	US\$
1. Nuclear Power, Fuel Cycle and Nuclear Science	- + (	- /R)
2. Nuclear Techniques for Development and Environmental Protection	2 511 084 + (	- /R)
3. Nuclear Safety and Security	304 072 + (	- /R)
4. Nuclear Verification	2 227 574 + (	- /R)
5. Policy, Management and Administration Services	3 057 853 + (	- /R)
6. Management of Technical Cooperation for Development	+ (	/R)
TOTAL	8 100 584 + (	- /R)

Note: R is the average United Nations dollar to euro exchange rate which will be experienced during 2017.

B. TECHNICAL COOPERATION FUND ALLOCATION FOR 2017

The General Conference,

- (a) Noting the decision of the Board of Governors of June 2016 to recommend the Technical Cooperation Fund target of €84 915 000 for voluntary contributions to the Agency's Technical Cooperation Fund for 2017; and
 - (b) Accepting the foregoing recommendation of the Board,
1. Decides that for 2017 the target figure for voluntary contributions to the Technical Cooperation Fund shall be €84 915 000;
 2. Allocates, in euro, contributions of €84 915 000 for the Agency's technical cooperation programme for 2017;
 3. Urges all Member States to make voluntary contributions for 2017 in accordance with Article XIV.F of the Statute, with para. 2 of its resolution GC(V)/RES/100 as amended by resolution GC(XV)/RES/286 or with para. 3 of the former resolution, as appropriate.

C. THE WORKING CAPITAL FUND FOR 2017

The General Conference,

Accepting the recommendations of the Board of Governors relating to the Agency's Working Capital Fund for 2017,

1. Approves a level of €15 210 000 for the Agency's Working Capital Fund for 2017;
2. Decides that the Fund shall be financed, administered and used in 2017 in accordance with the relevant provisions of the Agency's Financial Regulations;⁴
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;
4. Requests the Director General to submit to the Board of Governors statements of advances made from the Fund under the authority given in para. 3 above.

⁴ Document INFCIRC/8/Rev.3.



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