



STATEMENT OF THE G-77 AND CHINA AT THE PROGRAMME AND BUDGET COMMITTEE MEETING OF THE IAEA BOARD OF GOVERNORS STARTING ON 7 MAY 2001 DELIVERED BY H.E. AMBASSADOR SAMEH H. SHOUKRY SELIM, PERMANENT REPRESENTATIVE OF EGYPT

Item 2: The Agency's accounts for 2000 and the Programme and Budgetary Performance Report for 2000

Mr. Chairman,

On behalf of the Group of 77 and China, I would like to express appreciation to the Director-General, Mr. Elbaradei for his comprehensive introductory statement, which covered the main themes of the agenda items before this meeting. We also welcome the remarks presented on this subject by the Deputy Director-General for Administration. The Group notes with interest the report of the External Auditor, especially its response to some of the requests made by the group, and the detailed follow-up comments on previous years' recommendations on Strengthened Safeguards, on the AFIMS, I.T. and Technical Cooperation projects and therefore wish to comment as follows:

Mr. Chairman,

With regard to strengthened safeguards, we are delighted to note that the Department has initiated a range of actions which have resulted in significant improvements in the management process during the year under review, especially as it relates to the five specific areas listed in paragraphs 15-19.

The introduction of Accounting and Financial Information Management System (AFIMS) in the early 2000 would enable the Agency to cope with future accounting challenges. It further provides the opportunity for the integration of AFIMS into the new computer system which is being evolved.

On the computer policy, we are encouraged that the strategic reforms made in the Agency's Information Management and Information Technology has enhanced synergies within the existing I.T. structures, a development that has yielded valuable dividends, judging by the savings of US\$140,000 in 2001 budget and the envisaged savings of US\$450,000 in the 2002 budget.

The establishment of performance indicators for Model Projects, including well-defined expected results and impacts at the planning stage encouraging participatory monitoring and training of counterparts should complement the old financial data criteria. However these indicators should continue to be assessed both quantitatively and qualitatively and be subject to constant reviews.

As regards the review of performance indicators carried out in the Department of Nuclear Safety, we note that they represent a valuable guidance for future application of these indicators in assessing the success of the Agency activities. However, the divergence between the expected indicators of outcomes and other variables such as demand and output is enough pointer that more work needs to be done in this area. We therefore support the views expressed by the External Auditor on the need for the Agency to clarify its approach as well as focus on a limited number of indicators that could be measured either quantitatively or qualitatively. The need for detailed guidance for both Secretariat staff and Member States counterpart on data collection and training can never be over emphasized. We therefore support the recommendation that the Agency should devise and follow a standard Agency wide-approach in the application of Programme Performance Assessment Systems (PPAS).

Turning to the proposed Memorandum of Understanding between the Agency and the OECD/NEA, we would like to recall the Group's support to the principle of synergies and cooperation between the Agency

and other relevant specialized agencies, such as the OECD/NEA. The Group is of the strong conviction that such synergies should entail clear benefits to all Member States of the Agency. Therefore, and while recognizing the quest for efficiency on the part of the External Auditor, the Group stresses that in the proposed MoU, certain elements, such as divergence in membership, and equal accessibility of information by members of both agencies, should be adequately addressed before recommending cooperation between the Agency and NEA/OECD.

On the treasury function, we support the recommendation on this matter, and urge the Agency to continue to liaise with the respective UNDP offices concerned on how best to utilize the funds held in currencies which are difficult to convert, including those held in the Technical Cooperation Fund. We also support the review of the Agency I.T. Systems Security, with a view to evolving a comprehensive network that could identify vulnerabilities and ensure Security Risk Management Strategy.

The high budgetary performance recorded in 2000 is applauded. Finally, the Group is of the view that the Report touched on several areas and it is our expectation that the Secretariat would take all the required action as soon as possible.

Item 4: The Agency's Draft Programme and Budget for 2002-2003

Mr. Chairman,

The Group would like to express its appreciation to the Secretariat for attempting to take into consideration its views as contained in its letter of 16 February 2001 to DDG Mr. Waller, and issuing the modified document GOV/2001/I/Mod.1. The Group would not attempt to comment on all the specific aspects contained in the document, but would rather concentrate on the following aspects:

1. The Group appreciates the Secretariat's efforts in identifying further areas of savings, particularly in the administrative domains, which eventually will lead to a decrease in the real growth originally proposed by the Secretariat. However, the Group stresses the necessity that such savings and reductions which occurred in all major programmes would not affect the effective implementation of the core activities of the Agency, with special reference to the activities of MP2, which are of direct relevance to the developmental needs of members of the G-77 and China.
2. Concerning the matter of the CAURBs, the Group would like to emphasize again that the concerns remain unresolved and that there is still a considerable increase in the total volume of unfunded activities. It is still a fact that the bulk of the CAURBs are concentrated in one major area, which does not seem to contribute to the desirable balance between promotional and verification activities of the Agency. This will lead to a growing dependence on extra-budgetary resources, which are neither predictable nor assured, and the fact that the Agency does not have the final say in the channelling and utilization of these resources.
3. The Group re-emphasizes that there should be an equitable balance between verification and promotional or other statutorial activities of the Agency.
4. The Group understands the concerns expressed by the Secretariat over the possible lack of cash flow as witnessed last summer. However, though the Group shares the view that increasing the working capital fund could be considered in the future, the proposed scheme of increasing the working capital fund would deprive Member States from their own resources - which are in the form of surpluses - that may be used by Member States to fulfil increasing financial obligations to the Agency. Therefore, it is the conviction of the Group that the present status of the working capital Fund be maintained at the current level and all Member States should be strongly committed to pay their assessed contributions to the regular budget.
5. With regard to the title of the Major Programme 1, the G-77 and China is convinced that it should be read as "Nuclear Power, Nuclear Fuel Cycle and Nuclear Science", in order to reflect the activities in this Major

Programme more accurately.

6. Finally, the Group would like to reaffirm its commitment to support the enhancement and development of the Agency's activities in a cost effective manner, which constitute a major benefit to all Member States.

Item 5b: Rules regarding Voluntary Contributions to the Agency

Mr. Chairman,

The G-77 and China studied carefully the document GOV/2001/16 regarding the revision of the rules of voluntary contributions to the Agency and the recommended action on it. The Group is aware of the increasing scarcity of public voluntary contributions to the UN system and of the new role played by Intergovernmental Organisations and private sector in promoting the international community goals. The United Nations Secretary General provided guidelines for cooperation between the United Nations and the non-traditional donor community. In this context, the Group considers that it is not necessary any more to observe a ceiling of 100.000 US\$ in values or services provided by intergovernmental organisations or the business community which do not have an agreement with the Agency as a condition for acceptance of voluntary contributions to approved activities with special emphasis on Technical Cooperation projects. For these reasons the Group supports the proposed actions in document GOV2001/16 with the annexes A, B and C and authorizes the Director General to propose to the General Conference the amendments regarding the relevant financial rules.

Thank you!