



**Statement of the Group of 77 and China  
during the Programme and Budget Committee (PBC),  
6-8 May 2024,  
delivered by H. E. Mr. Aftab Ahmad Khokher,  
Permanent Representative of Pakistan**

**Agenda Item 2: Agency's Financial Statements for 2023, including the Report of the External Auditor**

Mr. Chair,

1. The Group of 77 and China thanks the Deputy Director General for her introductory statement and the Secretariat for the presentations delivered during the informal Workshop on Financial and Administrative Matters on 22 April 2024.

2. With regard to the Financial Statements of the Agency for 2023 including the External Auditor's report. The Group would like to make the following comments:

3. The Group would like to express its appreciation to the Comptroller and Auditor General of India for the professionalism in conducting the audit on the Agency's activities and whose independent auditing work will assist the efforts of the Agency towards efficiency and effectiveness in service delivery.

4. The Group is pleased to note that "an unqualified opinion" has once again been placed on the Agency's financial statements. The External Auditor has made several observations and recommendations for the improvement of the Agency's financial practices. The Group supports the implementation of relevant recommendations aimed at improving management and enhancing efficiency.

5. While appreciating the extrabudgetary contributions that were made by Member States in a position to do so, the Group continues to caution against the over reliance on extrabudgetary funds, as this could negatively impact the effectiveness and independence, as well as long term sustainability of the Agency's activities.

6. The Group calls on all Member States to pay their contributions to the Regular Budget and the Technical Cooperation Fund, on time and in full.

7. The Group also takes this opportunity to underscore the fact that TC activities continue to lack sufficient, assured and predictable resources and reiterates its request to the Secretariat to address this issue.

8. In this connection, the Group notes that the net assets of the TCF decreased by €17.8 million and the TC Extrabudgetary Fund increased by €17.6 million. The Group emphasizes that the reported evolution of the TCF net assets and the reported increase of the TC Extrabudgetary Fund demonstrate that resources for the TCF are still not sufficient, assured and predictable. The Group would like to clarify that this is also due to the nature of TCF activities that are implemented over a longer time horizon than one financial year. The Group requests the Secretariat to continue to explain this fact in all future financial statements of the Agency.

9. The Group notes with concern the overall increase in the Agency's liabilities and in particular the €48.1 million increase concerning After Service Health Insurance, representing

50% of the total liabilities. The Group encourages the Secretariat to continue addressing the significant growing liabilities, and to consult regularly with and report to Member States about the relevant measures to be taken in that regard. The Group reiterates its request that budget information regarding staff costs, as well as regarding all the relevant expenditure items, should be presented in such a way as to permit meaningful comparison of the budget proposals on a year-on-year basis.

Finally, Mr. Chair,

10. The Group encourages the Secretariat to implement the External Auditor's recommendations in a transparent manner and where feasible, to consult with Member States.

11. With these comments, the Group of 77 and China takes note of the Agency's Financial Statements for 2023, as contained in document GOV/2024/15 and document GOV/INF/2024/5.

Thank you, Mr. Chair.



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**Agenda Item 3: The 2023 Internal Audit, Management Services and Investigations Report and the 2023 Programme Evaluation Report**

Mr. Chair,

1. The Group of 77 and China thanks the Secretariat and the Director of Office of Internal Oversight Services (OIOS) for the 2023 Internal Audit, Management Services and Investigations Report and the 2023 Programme Evaluation Report.
2. The Group expresses its appreciation for the work conducted by the OIOS to ensure management efficiency and programme effectiveness and to enhance accountability. The Group recognizes that the organizational independence of the OIOS is fundamental to fulfil the responsibilities of the internal audit activities and the OIOS must confirm it to the Board of Governors at least annually.
3. The Group is of the view that the audit and evaluation activities carried out by the OIOS should cover all Major Programmes equally.
4. On the Country-Level Evaluations and Audits (CLEAs), the Group recalls that six CLEAs were carried out in Brazil, Chile, Costa Rica, Cuba, Jamaica and Peru, , and reported on during the Technical Assistance and Cooperation Committee (TACC) in November 2023. The Group notes the findings, recommendations and cross-cutting conclusions that aim to facilitate long-term capacity-building and sustainability planning.

Mr. Chair,

5. While noting that all recommendations have been accepted by the Secretariat and are being implemented, the Group further requests the Secretariat to implement the earlier outstanding recommendations. The Group notes that according to OIOS Report, the Secretariat put forth a specific action plan in response to the recommendations made to further strengthen management of the execution of safeguards verification. The Group takes note of the identification of a number of areas for improvement around the validation of business continuity arrangements for external dependencies that may be involved in resumption activities, testing of continuity and disaster recovery plans, testing of emergency contact information for personnel and other critical stakeholders, and setting a mechanism for monitoring performance of the Organizational Resilience Management System at the Departmental level.
6. With these comments, the Group of 77 and China takes note of the 2023 Internal Audit Activity Report, as contained in document GOV/2024/12, and the 2023 Programme Evaluation Report, contained in document GOV/2024/13.

Thank you, Mr. Chair.



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**Agenda item 5: The Agency's Draft Budget Update for 2025**

Mr. Chair,

1. The Group would like to thank the Secretariat for issuing the Agency's Draft Budget Update for 2025.

2. The Group would like to seize this opportunity to reiterate its principled position with regard to the Regular Budget, which calls for a balanced distribution of the budget so as to reflect the equal importance of the three pillars of the Agency, namely (a) the promotion of peaceful uses of nuclear technology, including technical cooperation, (b) safety and (c) safeguards.

3. The Group also notes that the Agency's Draft Budget Update for 2025, as contained in document GOV/2024/1 reflects the elements agreed upon in the Proposal to the Board of Governors by the Co-Chairs of the Working Group on the Regular Budget and the Technical Cooperation Fund Targets for 2024-2025, as contained in document GOV/2023/32. The Group notes that the draft budget update for 2025 proposes no change to the Agency's programme for 2024-2025 biennium as approved in the Agency's Programme and Budget 2024-2025 (GC(67)/5) and that it represents zero real growth over 2024 with a 2.2% price adjustment in the regular budget. The Group further notes that the update envisages no changes to the Major Capital Investment Plan (MCIP).

4. The Group appreciates efforts by the Director General and the Secretariat to uphold the commitment to maintaining staff costs at 75% of the operational regular budget, as a means to address the trend of increasing staff costs observed in the last decade. At the same time, the Group underscores the need to ensure compliance with the principles of equitable geographical distribution and gender balance, including the commitment to women empowerment among the Agency's staff, in accordance with GC(67)/RES/17, and the participation of experts in the Agency's activities, and, in line with the aforementioned principles, to increase the number of staff members from developing countries which are unrepresented or under-represented in the Agency's Secretariat, particularly at the senior and policy-making levels.

5. Regarding the Technical Cooperation Fund (TCF), the Group takes note that the target for voluntary contributions to the TCF recommended by the Board of Governors amounts to €98 000 000 for 2025. The Group reiterates its view that future decisions on TCF targets and Indicative Planning Figures must take into account:

- the increasing number of Member States which will require full support under the Technical Cooperation Programme;
- the evolution in the level of the Regular Budget in line with the Board's decision GOV/2014/49 and GC.58/Res.12;
- the need for the Agency to place the appropriate emphasis on its activities directly related to the achievement of the Sustainable Development Goals in Member States, based on their national needs and priorities;
- the large unfunded components of Technical Cooperation projects in Member States, also termed as footnote-a/ projects;

- the price adjustments; and
- other relevant factors.

6. Bearing these factors in mind, the Group reiterates the call for the need to balance the Agency's promotional and non-promotional activities and emphasizes that the Secretariat should increase its focus on the key aspects of the promotional activities which serve the interest of Member States. The Group stresses the need for sufficient, assured and predictable resources for the TC Programme in order to achieve the objectives of the Agency, as laid out in Article II of the Statute.

7. The Group has taken note that cost savings and efficiencies of €10.7 million per annum identified and reported in the Agency's Programme and Budget 2024-2025 will continue to be implemented in 2025. The Group requests that such measures should not negatively impact the delivery of the Technical Cooperation Programme or the participation of experts from developing countries in the Agency's activities.

8. Regarding possible options for the ASHI liability funding mechanism, the Group notes the increase of the calculated ASHI liability from €361 million in 2022 to €409 million in 2023, and underscores that the large unfunded ASHI balance continues to negatively impact the financial health of the Regular Budget. The Group further notes the implementation by the Director General of a set of cost containment measures in 2023 to stabilize the growing costs of ASHI and generate savings as described in his report on ASHI contained in document GOV/INF/2024/2. The Group looks forward to additional information from the Secretariat on the next steps to be undertaken towards reducing the ASHI liability and addressing its funding challenge, including through the development of long-term measures. The Group requests the Secretariat to keep Member States abreast of the matter.

9. With these comments, the Group of 77 and China takes note of the Agency's Draft Budget Update for 2025, as contained in document GOV/2024/1.

Thank you, Mr. Chair.