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SPECIMEN DRAFT RESOLUTION

on the Regular Budget appropriations for 2001

at the September 2000 dollar/schilling exchange rate

Note by the Secretariat

BACKGROUND

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

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

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

REGULAR BUDGET FOR 2001

5. Document GC(44)/6 – "The Agency's Programme and Budget for 2001" – contains, in Annex I, draft resolution A relating to the Regular Budget appropriations for 2001. Attached to this draft resolution is the adjustment formula described above. With this adjustment formula, the resolution adopted on the Regular Budget becomes self-adjusting, that is, if the exchange rate varies, the dollar equivalent changes so that the purchasing value of the total budget estimates is preserved. The exchange rate used in document GC(44)/6 for presenting the 2001 budget estimates is once again AS 12.70 to US \$1.00.

6. In order to give the General Conference the Regular Budget appropriation figures on the basis of the most up-to-date dollar/schilling exchange rate and to illustrate how the adjustment formula operates, specimen draft resolution A is reproduced on page 1 of the Annex to this document on the basis of a rate of AS 15.4253 to \$1.00, the United Nations operational rate for September 2000. In this draft resolution, on page 3 of the same Annex, division by 15.4253 (i.e. the value taken for R in this case) of the figures in the right-hand column of the adjustment formula (which reflect budget estimates in Austrian schillings) and addition of the results to the figures in the left-hand column, gives the total appropriations for 2001 of \$196 615 000 (i.e. 41 115 000 + 2 398 636 000/15.4253), as shown in paragraph 1 of the specimen draft resolution, on page 1 of the Annex.

7. As indicated above, the purpose of this information paper is illustrative. In submitting to the General Conference the budget estimates for 2001 in document GC(44)/6, the Board of Governors requested – in paragraph 1 of the Explanatory Notes on the Programme and Budget for 2001 in that document – the General Conference to adopt the draft resolutions set forth in Annex I.

SPECIMEN Draft Resolution

REGULAR BUDGET APPROPRIATIONS FOR 2001

The General Conference,

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 2001 ^{1/},

1. Appropriates on the basis of an exchange rate of AS 15.4253 to \$1.00, an amount of \$196 615 000 for the Regular Budget expenses of the Agency in 2001 as follows ^{2/}:

	<u>United States dollars</u>
1. Nuclear Power and Fuel Cycle	11 451 000
2. Nuclear Sciences and Applications	29 211 000
3. Nuclear, Radiation and Waste Safety	13 157 000
4. Nuclear Verification and Security of Material	70 646 000
5. Management of Technical Co-operation for Development	11 553 000
6. Policy-making, Management and Support Services	56 436 000
Subtotal Agency Programmes	<hr/> 192 454 000
7. Reimbursable Work for Others	<hr/> 4 161 000
TOTAL	<hr/> <hr/> 196 615 000

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

2. Decides that the foregoing appropriation shall be financed, after the deduction of
 - revenues deriving from Reimbursable Work for Others (Section 7); and
 - other miscellaneous income of \$4 015 000 (representing \$2 942 000 plus AS 16 561 000);from contributions by Member States amounting, for an exchange rate of AS 15.4253 to \$1.00, to \$188 439 000 (\$37 414 000 plus AS 2 329 599 000), in accordance with the scale of assessment fixed by the General Conference in resolution GC(44)/RES/ ; and

3. Authorizes the Director General:
 - (a) To incur expenditures additional to those for which provision is made in the Regular Budget for 2001, 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 2001; and
 - (b) With the prior approval of the Board of Governors, to make transfers between any of the Sections listed in paragraph 1 above.

^{1/} See document GC(44)/6.

^{2/} The Appropriation Sections 1– 6 represent the Agency’s Major Programmes.

ATTACHMENT

ADJUSTMENT FORMULA IN US DOLLARS

1.	Nuclear Power and Fuel Cycle	3 310 000	+	(	125 578 000	/R)
2.	Nuclear Sciences and Applications	11 200 000	+	(	277 825 000	/R)
3.	Nuclear, Radiation and Waste Safety	2 938 000	+	(	157 632 000	/R)
4.	Nuclear Verification and Security of Material	13 158 000	+	(	886 778 000	/R)
5.	Management of Technical Co-operation for Development	1 821 000	+	(	150 114 000	/R)
6.	Policy-making, Management and Support Services	7 929 000	+	(	748 233 000	/R)
	Subtotal Agency Programmes	<u>40 356 000</u>	+	(	<u>2 346 160 000</u>	/R)
7.	Reimbursable Work for Others	759 000	+	(	52 476 000	/R)
	TOTAL	<u><u>41 115 000</u></u>	+	(	<u><u>2 398 636 000</u></u>	/R)

Note: R is the average United Nations schilling-to-dollar exchange rate which will be experienced during 2001.