



**THE AGENCY'S
BUDGET UPDATE
FOR
2003**



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GC(46)/7

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INTERNATIONAL ATOMIC ENERGY AGENCY

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Table of Contents

	Page
INTRODUCTION	1
The Regular Budget — By Programme and Major Programme (Table 1)	3
The Regular Budget — Summary of Income (Table 2)	4
EXPLANATORY NOTES	5
The Regular Budget — By Item of Expenditure (incorporating price adjustments) (Table 3)	9
APPENDICES	
1. Protection Against Nuclear Terrorism — Activities set out in paragraph 14 and Annex 3 of GOV/2002/10 distributed according to the regular programme structure for 2002–2003	11
2. Protection Against Nuclear Terrorism — Activities set out in paragraph 14 and Annex 3 of GOV/2002/10 listed as unfunded CAURBs in the Agency's Programme and Budget for 2002–2003 (GC(45)/8)	13
ANNEX	
Draft Resolutions	
A. Regular Budget Appropriations for 2003	15
B. Technical Co-operation Fund Allocation for 2003	18
C. The Working Capital Fund in 2003	18

Introduction

BACKGROUND

1. The programme for 2003 and the preliminary budget estimates for that year were presented in document GC(45)/8, the Agency's Programme and Budget for 2002–2003. The *programme for the biennium* has been adopted by the Board of Governors. However, the Agency is still operating with an *annual budget* and will have to continue to do so until the required two thirds of Member States have accepted the amendment to Article XIV.A of the Statute permitting full biennial budgeting. It was therefore indicated in the Overview (paragraph 12) of GC(45)/8 that a simplified budgetary document for 2003 would be submitted to Member States in 2002, indicating any significant changes that had been necessary to the original 2003 programme and budget proposals, introducing the price adjustments for the second year of the biennium and, of course, setting out the draft appropriation and other resolutions related to the second year.

PROGRAMMATIC ADJUSTMENTS FOR 2003

2. Significant additions to the Agency's programme for 2002–2003, as originally outlined in GC(45)/8, became necessary in response to the terrorist incidents in the United States of America in September 2001. At its meeting in March 2002, the Board of Governors approved in principle proposals — set out in document GOV/2002/10 — for additional and enhanced Agency activities for protection against nuclear terrorism, on the understanding that implementation would be guided by the priorities set out in GOV/2002/10, the views of Member States and the advice of the Advisory Group on Nuclear Security. The Board also approved arrangements in respect of funding from extrabudgetary sources of the proposed activities, as set out in paragraph 14 and Annex 3 of that document, and noted the Director General's intention to incorporate those activities into the relevant regular programmes as core activities unfunded in the regular budget (CAURBs)¹ to be implemented as soon as financial resources permit. The document (GOV/2002/10) did not specify the actual period of implementation of the activities but 2002 is considered to be the first year of implementation.
3. Since the activities to protect against nuclear terrorism are to be funded from extrabudgetary contributions, the Board's decision does not affect the regular budget ceiling for Agency Programmes or the appropriations for the major programmes for 2003 proposed in GC(45)/8 and repeated, with price adjustments added, in this document. There will, however, be an increase in the unfunded CAURBs for 2003 because of the decision to include Protection Against Nuclear Terrorism activities as unfunded CAURBs.
4. For the second year of implementation of the new security activities, 2003, the funding requirement outlined in GOV/2002/10 is \$11.4 million. The unfunded CAURBs already included in the Agency's Programme and Budget for 2002–2003 (GC(45)/8) for all major programmes totaled \$23.6 million in 2003, including activities amounting to \$1.7 million under Programme N, Security of Material, which were also included in document GOV/2002/10. Taking account also of funding already pledged for 2003 activities of Protection Against Nuclear Terrorism (\$400 000 from the Nuclear Threat Initiative), the net

¹ An explanation of CAURBs is given in paragraph 6 of the Preface to the Agency's Programme and Budget for 2002–2003 (GC(45)/8).

addition to unfunded CAURBs for 2003 amounts to \$9.3 million. The addition of the new unfunded activities will bring unfunded CAURBs for 2003 to \$32.9 million overall.

5. *Appendix 1* indicates how the activities set out in paragraph 14 and Annex 3 of GOV/2002/10 are distributed according to the regular programme structure for 2002–2003, and the funding requirements — by major programme, programme and subprogramme — thus established for the unfunded CAURBs related to these activities. *Appendix 2* shows the activities listed in GOV/2002/10 which were already listed as unfunded CAURBs in the Agency's Programme and Budget 2002–2003 (GC(45)/8).

REGULAR BUDGET FOR 2003

6. The total regular budget for 2003 by appropriation section, adjusted to reflect the price levels applicable for 2003, is estimated at \$248 875 000 — see Table 1. Of these totals, the resources for Agency programmes for the year amount to \$245 037 000, while the remaining \$3 838 000 is for reimbursable work to be performed for others. The amounts shown for reimbursable work for others in Table 1 will, as usual, be offset completely by income from the services provided. The forecast of income to finance the budget proposals is set out in Table 2.
7. Although the proposed budget for 2003 is at zero real growth, the Secretariat already sees a pressing need for additional resources in 2004–2005.

SUBMISSION TO THE GENERAL CONFERENCE

8. In accordance with Article XIV.A of the Statute, the Agency's budget estimates for the year 2003 will be submitted to the General Conference by the Board of Governors, which requests the General Conference to adopt the draft resolutions set forth in the Annex.

REPORT ON THE BUDGET TO THE UNITED NATIONS GENERAL ASSEMBLY

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

THE REGULAR BUDGET
By Programme and Major Programme

Table 1

Programme / Major Programme	2001 actual expenditure	2002 adjusted budget a_/	Expenditure incr / (decr) %	2003 estimates at 2002 prices	Price incr %	2003 with price increase	
1. NUCLEAR POWER, FUEL CYCLE AND NUCLEAR SCIENCE							
1. Overall Management, Co-ordination and Common Activities	497 670	662 000	11 000	1.7	673 000	2.2	688 000
A. Nuclear Power	4 590 717	4 664 000	3 000	0.1	4 667 000	2.6	4 787 000
B. Nuclear Fuel Cycle and Material Technologies	2 021 000	2 271 000	(8 000)	(0.4)	2 263 000	2.4	2 318 000
C. Analysis for Sustainable Energy Development	2 620 983	2 664 000	4 000	0.2	2 668 000	2.6	2 738 000
D. Nuclear Science	7 748 061	8 158 000	5 000	0.1	8 163 000	2.5	8 364 000
Major Programme 1	17 478 431	18 419 000	15 000	0.1	18 434 000	2.5	18 895 000
2. NUCLEAR TECHNIQUES FOR DEVELOPMENT AND ENVIRONMENTAL PROTECTION							
2. Overall Management, Co-ordination and Common Activities	541 462	659 000	1 000	0.2	660 000	2.4	676 000
E. Food and Agriculture	10 797 960	11 006 000	1 000	-	11 007 000	2.8	11 312 000
F. Human Health	5 720 159	6 232 000	3 000	-	6 235 000	2.8	6 410 000
G. Water Resources	2 784 973	2 969 000	8 000	0.3	2 977 000	2.5	3 051 000
H. Protection of the Marine and Terrestrial Environments	3 628 734	3 685 000	3 000	0.1	3 688 000	2.5	3 780 000
I. Physical and Chemical Applications	2 403 205	2 519 000	(3 000)	(0.1)	2 516 000	2.6	2 582 000
Major Programme 2	25 876 493	27 070 000	13 000	-	27 083 000	2.7	27 811 000
3. NUCLEAR SAFETY AND PROTECTION AGAINST RADIATION							
3. Overall Management, Co-ordination and Common Activities	702 429	764 000	(16 000)	(2.1)	748 000	2.4	766 000
J. Safety of Nuclear Installations	7 248 199	7 804 000	17 000	0.2	7 821 000	2.5	8 013 000
K. Radiation Safety (including Transport Safety)	5 354 557	5 189 000	12 000	0.2	5 201 000	2.4	5 324 000
L. Management of Radioactive Waste	5 589 826	6 159 000	4 000	0.1	6 163 000	2.4	6 309 000
Major Programme 3	18 895 011	19 916 000	17 000	0.1	19 933 000	2.4	20 412 000
4. NUCLEAR VERIFICATION AND SECURITY OF MATERIAL							
4. Overall Management, Co-ordination and Common Activities	858 584	994 000	-	-	994 000	2.7	1 021 000
M. Safeguards	80 209 334	86 052 000	(149 000)	(0.2)	85 903 000	2.8	88 311 000
N. Security of Material	724 195	860 000	-	-	860 000	2.3	880 000
O. Verification in Iraq Pursuant to UNSC Resolutions (Extrabudgetary Funding Only)	-	-	-	-	-	-	-
Major Programme 4	81 792 113	87 906 000	(149 000)	(0.2)	87 757 000	2.8	90 212 000
5. INFORMATION SUPPORT SERVICES							
P. Public Information	3 176 901	3 207 000	62 000	1.9	3 269 000	2.7	3 356 000
Q. Information Technology Infrastructure and Services	7 824 959	5 746 000	-	-	5 746 000	2.6	5 897 000
R. Nuclear Information Resources	6 397 167	6 522 000	7 000	0.1	6 529 000	2.6	6 702 000
S. Conference, Translation and Publishing Services	3 869 787	4 018 000	49 000	1.2	4 067 000	2.4	4 166 000
Major Programme 5	21 268 814	19 493 000	118 000	0.6	19 611 000	2.6	20 121 000
6. MANAGEMENT OF TECHNICAL CO-OPERATION FOR DEVELOPMENT							
T. Management of Technical Co-operation for Development	12 989 266	14 690 000	8 000	0.1	14 698 000	2.5	15 065 000
Major Programme 6	12 989 266	14 690 000	8 000	0.1	14 698 000	2.5	15 065 000
7. POLICY AND GENERAL MANAGEMENT							
U. Executive Management, Policy-Making and Co-ordination	11 738 641	13 598 000	12 000	0.1	13 610 000	2.4	13 938 000
V. Administration and General Services	34 270 073	35 702 000	(55 000)	(0.2)	35 647 000	2.7	36 619 000
W. Oversight and Evaluation	1 766 171	1 914 000	1 000	0.1	1 915 000	2.6	1 964 000
Major Programme 7	47 774 885	51 214 000	(42 000)	(0.1)	51 172 000	2.6	52 521 000
Agency Programmes	226 075 013	238 708 000	(20 000)	-	238 688 000	2.7	245 037 000
Plus: Reimbursable Work for Others	4 559 701	4 552 000	(801 000)	(17.6)	3 751 000	2.3	3 838 000
Total Regular Budget	230 634 714	243 260 000	(821 000)	(0.3)	242 439 000	2.7	248 875 000
Less: Miscellaneous income:							
Reimbursable Work for Others		4 552 000	(801 000)	(17.6)	3 751 000	2.3	3 838 000
Other Miscellaneous Income		4 301 000	(1060 000)	(24.6)	3 241 000	-	3 241 000
Assessment on Member States		234 407 000	1 040 000	0.4	235 447 000	2.7	241 796 000

a/ The 2002 budget has an additional "Special Appropriation for the Acquisition of Safeguards Equipment" which is being funded from the 1999 cash surplus and is not relevant for a comparison with the 2003 budget.

THE REGULAR BUDGET

Summary of Income

Table 2

	2001 Actuals	2002 with price adjustments	Increase (decrease)	2003 with price adjustments
(+) Assessed contributions on Member States	222 160 992	234 407 000	7 389 000	241 796 000
(+) Miscellaneous income				
(a) Reimbursable work for others				
Data processing services	970 552	865 000	(36 000)	829 000
Printing services	1 242 071	1 239 000	32 000	1 271 000
Medical services	653 057	816 000	18 000	834 000
Library services	779 854	803 000	(803 000)	-
Radiation protection and monitoring services	94 320	99 000	2 000	101 000
Translation services	50 147	59 000	2 000	61 000
Nuclear Fusion journal	484 000	471 000	11 000	482 000
Laboratory services	285 700	200 000	-	200 000
Marine Environment Laboratory services	-	-	60 000	60 000
Sub-total	4 559 701	4 552 000	(714 000)	3 838 000
(b) Other				
Attributable to specific programmes				
INIS products	93 470	110 000	-	110 000
Publications of the Agency - other	406 836	450 000	50 000	500 000
Laboratory income	241 245	175 000	-	175 000
Amounts recoverable under safeguards agreements	296 076	460 000	40 000	500 000
Programme support income	24 015	19 000	-	19 000
Other service income	2 800	2 000	-	2 000
Sub-total	1 064 442	1 216 000	90 000	1 306 000
Not attributable to specific programmes				
Investment and interest income	3 754 359	2 550 000	(1 150 000)	1 400 000
Gain (loss) on exchange of currencies	(308 699)	-	-	-
Other	782 772	535 000	-	535 000
Sub-total	4 228 432	3 085 000	(1 150 000)	1 935 000
Sub-total	5 292 874	4 301 000	(1 060 000)	3 241 000
Total miscellaneous income (a) + (b)	9 852 575	8 853 000	(1 774 000)	7 079 000
(=) TOTAL	232 013 567	243 260 000	5 615 000	248 875 000

Explanatory Notes

Budget Currency and Rate of Exchange

1. As with previous budgets, the budget estimates for 2003 are expressed in terms of the US dollar — notwithstanding the split appropriation and assessment system — to enable the estimates to be presented in a single currency. The estimates are based on an exchange rate of 0.9229 euro to one United States dollar, the same as used for the budget for 2002 and the preliminary budget estimates for 2003, and equivalent to the exchange rate of AS12.70 to one United States dollar used in prior years. Presenting the budget estimates at the same US dollar/euro (Austrian schilling) rate of exchange for a number of consecutive years facilitates comparison of estimates with the budgets for previous years. The adjustment formula set out in the attachment to the draft appropriation resolution (resolution A) shows the split in terms of euro and US dollars.

Budgetary Comparisons with 2002

2. Comparisons are made in Table 1 between the financial resources sought for major programmes and programmes in 2003 and the corresponding approved resources in the 2002 budget.
3. Details of actual expenditure in 2001 are also provided in Table 1 to facilitate comparison with the latest budget year for which actual expenditure figures are available. To enable valid comparisons to be made between the two budgetary periods, it has been necessary to adjust the actual expenditure figures so that they are presented according to the programme structure adopted for 2002–2003 and reflect also technical budgetary adjustments for that biennium. The adjusted actual figures for 2001 reflect the programme changes described under the Programme and Resource Highlights in the Overview (paragraphs 14 to 38 inclusive) of the Programme and Budget for 2002–2003 (GC(45)/8), while the main technical adjustments are described in paragraph 5 of the Explanatory Notes of the same document.
4. The actual expenditure figures for 2001 are not identical either with those which appear in the Accounts, or the Programme and Budgetary Performance Report (PBPR) for 2001, for which different exchange rates were applied. In those documents, in accordance with established procedures, the disbursements are recorded at the United Nations exchange rate for the month in which they occurred, while unliquidated obligations are reported at the exchange rate for December of the year in question.
5. Member States' assessments are determined on the basis of the net cost of the budget after deducting receipts for Reimbursable Work for Others and Other Miscellaneous Income, as summarized in Table 2. One element of Miscellaneous income taken into account for this purpose is interest on investments, of which interest earned on voluntary contributions forms a part. Pursuant to the Financial Regulations and the Financial Rules, such interest is normally credited to Miscellaneous income — unless otherwise agreed in particular cases with the donor of the funds — and is thus included in the resources used to finance the budgetary requirement. One major donor has, however, requested that, from 2003, interest on its voluntary contributions be used for the same purposes as the principal and, consequently, this element of interest will not be available as part of Regular Budget resources. In view of this and also the general

downturn in interest on deposits, Miscellaneous income shows a reduction compared with 2002. This reduction, in turn, increases Member State assessments.

Technical Co-operation Programme

6. The provision of technical co-operation by the Agency to its recipient Member States is financed from the Technical Co-operation Fund (TCF), which receives its income mainly in the form of voluntary contributions, for which a target is set each year by the Board of Governors for recommendation to the General Conference, and Assessed Programme Costs paid by recipient Member States. The target foreseen ('indicative planning figure') for voluntary contributions to the TCF for 2003, according to the resolution GC(44)/RES/8 adopted at the 44th General Conference, shall be higher than the TCF targets for 2001 and 2002 (\$73 million) and no less than \$74.10 million. The target for 2003 is expected to be recommended by the Board of Governors at its meeting in September 2002 for adoption at the 46th General Conference. It will then be reflected in Draft Resolution B set out in the Annex to this document.
7. A tentative forecast of the resources for the technical co-operation programme for 2003 of approximately \$76 million (including funds for extrabudgetary activities) was included in GC(45)/8. The actual technical co-operation programme for 2003 and 2004 will be developed and submitted to the Technical Assistance and Co-operation Committee late in 2002.

Working Capital Fund

8. The General Conference approved a Working Capital Fund (WCF) of \$18 000 000 for 2002 and no change is proposed for 2003. The relevant resolution (Draft Resolution C. The Working Capital Fund in 2003) is set out in the Annex to this document.

Cost Developments for 2003

Price Adjustments

9. The regular budget proposals for 2003 set out in document GC(45)/8 were at 2002 prices. It was indicated in that document (paragraph 9 of the Explanatory Notes on the Programme and Budget for 2002–2003) that separate proposals for 2003 price adjustments would be introduced in the simplified budgetary document for 2003. The methodology for determining the price adjustments for the various items of expenditure was also described in the Explanatory Notes. The price adjustments appropriate for 2003 are indicated in Table 3, The Regular Budget by Item of Expenditure. As can be seen in this table, the proposed average price adjustment over the 2002 approved budget level is 2.7%. The adjustments are applied to the budget proposals for 2003 at 2002 prices set out previously in document GC(45)/8.

Staff Costs

10. The principal cost elements which contribute to the price adjustments are staff costs. Details of the increases arising under this heading are given below.

Salaries

11. For year 2003 **Professional** salaries, an adjustment of 2.8% over the 2002 budget has been applied based on the following elements which are derived from the UN Common System methodology:
 - a) The increase that was assumed for year **2001** in the programme and budget for 2002, based on the International Civil Service Commission (ICSC) decision as to the size of the increase and forecast of its impact, was 9.73%. The actual increase for 2001 proved to be 10.9%; consequently, an increase of 1.17% is required in 2003 to adjust for what actually occurred in 2001.
 - b) Based on the ICSC forecast that was available at the time, an increase of 1.1% was applied in the 2002 budget in respect of **2002**. This increase is now expected to be 1% and consequently a reduction of 0.1% is required for this period in the 2003 budget.
 - c) Based on the most recent information supplied by the ICSC, an increase of 3.4% is forecast from 1 July 2003, which is equivalent to an annual increase of 1.7% for **2003**.

The net sum of the factors listed in (a)–(c) above is approximately 2.8% and this has been taken into account in the price adjustments. There is, however, some uncertainty regarding the possibility of an across-the-board increase in the **net base** salaries in 2003, owing to developments in US Federal Civil Service pay, to which Professional net base salaries are related. More information about this situation will be available after the session of the ICSC in July/August. Final decisions will not, however, be known in time to take account of any relevant related salary developments in the price adjustments for 2003.

12. In the case of **General Service** staff salaries, pay developments/projections for the same three years (2001–2003) are also taken into account but based on the Consumer Price Index (CPI) in Austria and “Tariflohn” (the Austrian minimum salary scale adjustment factor). For **2001**, an increase of 2.5% was assumed in the 2002 budget; the actual increase was 2.68%, requiring a net upwards adjustment of 0.18% for that year. In the absence of definite data at the time concerning **2002**, an increase of 1.6% in General Service salaries was assumed (which was a reasonable prediction based on experience); based on present indications, that increase should have been 2%, requiring a net upward adjustment of 0.4% for that year. For **2003**, no forecast is yet available and an increase of 1.5% is assumed, giving a total of 2.1%. There is an uncertainty in respect of General Service salaries since the results of a comprehensive survey of the best prevailing local conditions of employment (comparison with which is the guiding principle for determining General Service pay), carried out in Vienna in early 2002, will not be known until after the summer session of the ICSC in July/August. It is impossible to predict the outcome of this survey. It will not, therefore, be possible to take account of any appropriate related salaries developments in the price adjustments for 2003.

Common Staff Costs (CSC)

13. There has been no change in the basis for estimating CSC — 39.6% of salary costs as in other recent budgets.

Other Items of Expenditure

14. For items of expenditure other than staff costs, the 2001 actual increases are applied to 2003. The increases which have been so applied are as follows:
- a) For staff travel and non-staff travel, a review of the relevant price movements suggests that price increases of 3.7% and 1.1% respectively, are required.
 - b) The most recent data concerning charges for interpretation services indicate that no increase for these services is necessary for 2003.
 - c) There has been no change in ceiling rates for hospitality, but an increase of 3.1% in representation allowance, based on movements in the Austrian Consumer Price Index, will result in a net increase of 0.6% in representation and hospitality combined.
 - d) Based on Professional salary adjustments (as outlined above) and increases in fees payable for external training as shown by a relevant Austrian index (“courses for vocational advanced training”), an increase of 3.8% would be appropriate for the item of expenditure ‘training’.
 - e) For equipment (leased and purchased) and supplies and materials, actual price movements indicate that increases of 3%, 2.5% and 4.1% respectively are appropriate.
 - f) A comparison of the average cost per research contract in 2000 with that for 2001 indicates that an increase of 4.7% is appropriate under this heading.
 - g) General Operating Expenses consist of VIC common services, rental and maintenance of premises, communications, utilities and related services, freight, storage, and transportation and maintenance of equipment. A weighted inflation factor of 3.5% is appropriate, based on the price adjustments in the different areas concerned.
 - h) The item of expenditure ‘contracts’ includes contractual consultant services, sample analytical services, and external editing and translation. The weighted average increase indicated by a review of the various indices used is 1.5%.

THE REGULAR BUDGET

By Item of expenditure

Table 3

Item of expenditure	2001 actual expenditure	2002 adjusted budget a_/	Expenditure increase/(decrease) %	2003 estimates at 2002 prices	Price increase %	2003 with price increase
Salaries - established posts - P	55 615 082	61 517 000	(211 000) (0.3)	61 306 000	2.8	63 019 000
Temporary assistance - P/ MT	3 795 506	4 928 500	1 000 -	4 929 500	2.8	5 068 500
Temporary assistance - P/ ST	592 477	596 500	- -	596 500	2.7	612 900
Salaries - established posts - GS	29 181 259	30 414 000	(13 000) (0.0)	30 401 000	2.1	31 036 000
Temporary assistance - GS/ MT	2 112 086	2 228 600	- -	2 228 600	2.1	2 275 400
Temporary assistance - GS/ ST	1 050 296	613 100	- -	613 100	2.1	626 200
Common staff costs	38 147 405	39 725 000	(90 200) (0.2)	39 634 800	2.6	40 647 800
Overtime	272 735	228 900	- -	228 900	2.1	233 600
Subtotal: Staff costs	130 766 846	140 251 600	(313 200) (0.2)	139 938 400	2.6	143 519 400
Travel - staff	9 447 337	10 391 800	75 200 0.7	10 467 000	3.7	10 855 300
Travel - non-staff	5 612 943	7 107 900	(68 300) (1.0)	7 039 600	1.1	7 116 600
Subtotal: Travel costs	15 060 280	17 499 700	6 900 -	17 506 600	2.7	17 971 900
Interpretation services	720 464	797 000	112 000 14.1	909 000	-	909 000
Representation and hospitality	214 777	221 600	11 400 5.1	233 000	0.6	234 300
Training	541 291	944 000	(195 000) (20.7)	749 000	3.8	777 800
Equipment: leased or rented	382 027	333 900	- -	333 900	3.0	343 900
Equipment purchased/ construction work	7 401 759	8 093 100	(317 300) (3.9)	7 775 800	2.5	7 969 700
Supplies and materials	5 223 907	5 325 700	749 500 14.1	6 075 200	4.1	6 323 000
General operating expenses	16 197 454	16 418 900	(215 900) (1.3)	16 203 000	3.5	16 769 400
Contracts	4 183 624	4 153 000	122 000 2.9	4 275 000	1.5	4 340 000
Research and technical contracts	4 546 223	4 636 000	176 000 3.8	4 812 000	4.7	5 037 000
Miscellaneous	2 632 545	3 207 500	38 600 1.2	3 246 100	1.7	3 302 600
Subtotal: Other direct costs	42 044 071	44 130 700	481 300 1.1	44 612 000	3.1	46 006 700
Laboratory Activities	13 928 544	14 337 000	(214 000) (1.5)	14 123 000	2.4	14 461 000
Translation and Records Services	6 147 937	6 368 000	- -	6 368 000	2.6	6 532 000
Printing Services	3 094 788	3 027 000	- -	3 027 000	2.4	3 100 000
Publishing Services	2 638 172	2 846 000	49 000 1.7	2 895 000	2.4	2 965 000
Data Processing Application Services	1 054 591	849 000	(30 000) (3.5)	819 000	2.6	840 000
Data Processing Central Services (unallocated)	7 550 676	5 405 000	- -	5 405 000	2.6	5 548 000
Data Processing Central Services (SG fixed costs)	1 308 284	1 364 000	- -	1 364 000	2.6	1 400 000
Medical Services	749 258	863 000	- -	863 000	2.3	883 000
Contracts Administration Services	634 433	626 000	- -	626 000	2.4	641 000
Radiation Protection and Monitoring Services	1 097 133	1 141 000	- -	1 141 000	2.5	1 169 000
Subtotal: Shared costs	24 275 272	22 489 000	19 000 0.1	22 508 000	2.5	23 078 000
Regular Budget for Agency Programmes	226 075 013	238 708 000	(20 000) -	238 688 000	2.7	245 037 000
Reimbursable Work for Others	4 559 701	4 552 000	(801 000) (17.6)	3 751 000	2.3	3 838 000
Total Regular Budget	230 634 714	243 260 000	(821 000) (0.3)	242 439 000	2.7	248 875 000

a_/ The 2002 budget has an additional "Special Appropriation for the Acquisition of Safeguards Equipment" which is being funded from the 1999 cash surplus and is not relevant for a comparison with the 2003 budget.

PROTECTION AGAINST NUCLEAR TERRORISM
 Activities set out in paragraph 14 and Annex 3 of GOV/2002/10 distributed
 according to the regular programme structure for 2002–2003

GC(45)/8	Description of activities	Activities in GOV/2002/10	Priority	Amount in 2003 (US\$)
J.4.	Engineering safety of existing nuclear installations			
J.4.03	Safety/security of nuclear installations against malicious acts	V.1	1	500 000
J.4.	Subprogramme total			500 000
J.	SAFETY OF NUCLEAR INSTALLATIONS	Total:		500 000
K.2.	Safety of transport of radioactive material			
K.2.01	Assessing threats to, and vulnerabilities of, radioactive material consignments as potential targets for terrorist acts	IV.3	2	150 000
K.2.01	Establishing security standards for the transport of radioactive material	IV.4	3	100 000
K.2.02	Evaluation and assessment services appraising Member States compliance with security requirements for radioactive materials	IV.5	1	150 000
K.2.	Subprogramme total			400 000
K.5	Safety of radiation sources			
K.5.01	Security of radioactive material other than nuclear material - Enhanced ongoing activities	IV.1	1	300 000
K.5.01	Standards, guidelines and recommendations on the security of radioactive sources	IV.2	2	100 000
K.5.01	Evaluation and assessment services appraising Member States compliance with security requirements for radioactive materials	IV.5	1	150 000
K.5.04	Locating and securing orphan sources	IV.6	1	200 000
K.5.	Subprogramme total			750 000
K.6	Nuclear and radiation emergencies			
K.6.01 (N.2.02)	Enhanced Agency arrangements to respond to radiological emergencies	VI.3	1	700 000
K.6.03 (N.2.02)	Strengthened radiological emergency response in States	VI.2	2	850 000
K.6.	Subprogramme total			1 550 000
K.	RADIATION SAFETY (INCLUDING TRANSPORT SAFETY)	Total:		2 700 000
M. P. 3	NUCLEAR SAFETY AND PROTECTION AGAINST RADIATION	Total:		3 200 000
N.1	Technical, administrative and regulatory arrangements in Member States to protect and control nuclear materials			
N.1.01	Developing standards, guidelines and recommendations for physical protection of nuclear material and nuclear facilities	I.1	2	400 000
N.1.02	Developing and improving physical protection methodology	I.2	2	600 000
N.1.02	Physical protection of nuclear material and nuclear facilities - Advisory services	I.3	1	400 000
N.1.02	Providing for upgraded and improved physical protection of nuclear material, nuclear facilities and nuclear material in transport	I.4	1	600 000
N.1.02	Training in physical protection	I.5	1	1 200 000
N.1.03	Developing SSAC guidelines and recommendations	III.1	2	300 000
N.1.04	State systems for nuclear material accountancy and control - Advisory services	III.2	1	300 000
N.1.04	State systems for nuclear material accountancy and control - Co-ordinated technical support programme	III.3	2	100 000
N.1.04	SSAC upgrades	III.4	3	200 000
N.1.04	SSAC training	III.5	3	300 000
	Subprogramme total			4 400 000
	CAURBs included in both GC(45)/8 and above			(1 110 000)
N.1	Subprogramme total			3 290 000

Appendix 1

GC(45)/8	Description of activities	Activities in GOV/2002/10	Priority	Amount in 2003 (US\$)
N.2.	Addressing illegal activities involving nuclear and other radioactive materials			
N.2.01	Detection of malicious activities involving nuclear and other radioactive materials - Standards, guidelines and recommendations	II.1	2	400 000
N.2.01	Improved technology and instruments for detection of nuclear and other radioactive material in illicit trafficking	II.2	2	600 000
N.2.01	Detection of malicious activities involving nuclear and other radioactive materials - Advisory services	II.3	1	200 000
N.2.01	Detection of malicious activities involving nuclear and other radioactive materials - Provision of training and technical support	II.4	1	1 000 000
N.2.01 (K.6.03)	Response to malicious acts, or threats thereof - Standards, guidelines and recommendations	VI.1	2	450 000
N.2.02 (K.6.03)	Response to malicious acts, or threats thereof - Advisory services	VI.4	1	200 000
N.2.03	Nuclear security information and co-ordination	VIII.1	1	500 000
N.2.04	Nuclear security co-ordination and information management - Improved co-operation with other international organizations	VIII.2	2	100 000
	Subprogramme total			3 450 000
	CAURBs included in both GC(45)/8 and above			(547 000)
N.2.	Subprogramme total - net			2 903 000
N.	SECURITY OF MATERIAL	Total:		7 850 000
	CAURBs included in both GC(45)/8 and above			(1 657 000)
N.	SECURITY OF MATERIAL	Total net:		6 193 000
M. P. 4	NUCLEAR VERIFICATION AND SECURITY OF MATERIAL	TOTAL NET:		6 193 000
U.4.	Legal activities			
U.4.03	Encouraging States to adhere to and implement international instruments relevant to the enhancement of protection against nuclear terrorism	VII.1	1	350 000
U.4.	Subprogramme total			350 000
U.	EXECUTIVE MANAGEMENT, POLICY-MAKING AND CO-ORDINATION	Total:		350 000
M. P. 7	POLICY AND GENERAL MANAGEMENT	TOTAL		350 000
GRAND TOTAL: ACTIVITIES INCLUDED IN PROTECTION AGAINST NUCLEAR TERRORISM FOR 2003 (GOV/2002/10)				11 400 000
CAURBs included in both GC(45)/8 and in GOV/2002/10 (see Appendix 2)				(1 657 000)
Subtotal:				9 743 000
Funding available (commitment by Nuclear Threat Initiative)				(400 000)
Net addition to unfunded CAURBs in 2003				9 343 000

PROTECTION AGAINST NUCLEAR TERRORISM
 Activities set out in paragraph 14 and Annex 3 of GOV/2002/10 listed as unfunded CAURBs
 in the Agency's Programme and Budget for 2002–2003 (GC(45)/8)

Prog./Subprog./ Proj.Code	Description of CAURB	Priority	Amount in
			2003
N	SECURITY OF MATERIAL		
N.1.	Technical, administrative and regulatory arrangements in Member States to Protect and Control Nuclear Material		
N.1.01	Prepare standards; fundamental principles and guides for physical protection of nuclear material in domestic use, storage and transport and in international transport and for protection of nuclear material and nuclear facilities against sabotage.	High	197 000
N.1.02	Carry out IPPAS missions, as requested by Member States. Provide physical protection training on international, regional or national levels, including the new training activities that have been requested by Member States. Provide technical input to related TC Projects.	High	702 000
N.1.03	Develop norms and guidelines for the establishment of administrative, technical and regulatory arrangements for nuclear material control.	Medium	77 000
N.1.04	Provide upon request, assessments of SSACs. Provide expert and technical advice for upgrading SSACs. Hold regional and national workshops. Organize co-ordinated Technical Support Programme. Prepare technical input to related TC projects.	Medium	134 000
N.1.	Subprogramme Total		1 110 000
N.2.	Addressing Illegal Activities Involving Nuclear and Other Radioactive Materials		
N.2.01	Develop guides and recommendations on the detection and response to illegal activities involving nuclear and other radioactive materials. Develop improved methodologies and technologies for detecting nuclear and other radioactive materials, through a Co-ordinated Research Programme.	High	262 000
N.2.02	Assess State capabilities, upon request. Provide technical advice to States on the establishment of appropriate capabilities. Hold a minimum of two training courses and workshops annually on the regional level. Hold workshops at the national level, upon request. Initiate establishment of a network of laboratories for characterization of seized material. Organize conference on "Advanced Uses of Destructive and Non-destructive Analytical Methods to Characterize Radioactive Materials". Provide technical input to related TC projects.	High	209 000
N.2.03	Develop improved database, consolidated databank on illicit trafficking. Prepare improved reports including statistical analysis and trends of illicit trafficking and other illegal activities involving these materials. Develop a scale to help assess impact of events.	Medium	66 000
N.2.04	Organize improved interaction with international organizations. Hold periodic consultations and joint activities, and prepare technical documents.	Medium	10 000
N.2.	Subprogramme Total		547 000
N	Programme Total		1 657 000

ANNEX

Draft Resolutions

A. REGULAR BUDGET APPROPRIATIONS FOR 2003

The General Conference.

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 2003 ^{1/},

1. Appropriates on the basis of an exchange rate of € 0.9229 to \$1.00, an amount of \$248 875 000 for the Regular Budget expenses of the Agency in 2003 as follows ^{2/}:

	<u>United States dollars</u>
1. Nuclear Power, Fuel Cycle and Nuclear Science	18 895 000
2. Nuclear Techniques for Development and Environmental Protection	27 811 000
3. Nuclear Safety and Protection against Radiation	20 412 000
4. Nuclear Verification and Security of Material	90 212 000
5. Information Support Services	20 121 000
6. Management of Technical Co-operation for Development	15 065 000
7. Policy and General Management	52 521 000
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Subtotal Agency Programmes	245 037 000
8. Reimbursable Work for Others	3 838 000
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TOTAL	248 875 000
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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 \$3 241 000 (representing \$2 182 000 plus € 977 000);
- from contributions by Member States amounting, for an exchange rate of € 0.9229 to \$1.00, to \$241 796 000 (\$42 141 000 plus € 184 262 000), in accordance with the scale of assessment fixed by the General Conference in resolution GC(46)/RES/ ; and
3. Authorizes the Director General:
- (a) To incur expenditures additional to those for which provision is made in the Regular Budget for 2003, 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 2003; 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(46)/7.

^{2/} 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	6 103 000	+	(	11 806 000	/R)
2.	Nuclear Techniques for Development and Environmental Protection	8 426 000	+	(	17 890 000	/R)
3.	Nuclear Safety and Protection against Radiation	4 194 000	+	(	14 968 000	/R)
4.	Nuclear Verification and Security of Material	14 154 000	+	(	70 194 000	/R)
5.	Information Support Services	2 724 000	+	(	16 056 000	/R)
6.	Management of Technical Co-operation for Development	1 903 000	+	(	12 147 000	/R)
7.	Policy and General Management	6 819 000	+	(	42 178 000	/R)
	Subtotal Agency Programmes	<u>44 323 000</u>	+	(	<u>185 239 000</u>	/R)
8.	Reimbursable Work for Others	<u>658 000</u>	+	(	<u>2 935 000</u>	/R)
	TOTAL	<u><u>44 981 000</u></u>	+	(	<u><u>188 174 000</u></u>	/R)

Note: R is the average United Nations euro-to-dollar exchange rate which will be experienced during 2003.

B. TECHNICAL CO-OPERATION FUND ALLOCATION FOR 2003

The General Conference,

Recalling its decision in resolution GC(44)/RES/6 that for 2001 the target for voluntary contributions to the Technical Co-operation Fund shall be \$73 000 000 and its decision in resolution GC(44)/RES/8 that for 2002 the target for voluntary contributions to the Technical Co-operation Fund shall be kept at the level established for 2001, and that the Indicative Planning Figures for 2003 and 2004 shall be higher than the TCF targets for 2001 and 2002 and no less than \$74.10 million,

Accepting the recommendation of the Board of Governors relating to the target for voluntary contributions to the Agency's Technical Co-operation Fund for 2003 ^{1/},

1. Decides that for 2003 the target for voluntary contributions to the Technical Co-operation Fund shall be \$; a/
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 \$ a/ for the Agency's Technical Co-operation programme for 2003; and
4. Urges all Member States to make voluntary contributions for 2003 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 2003

The General Conference,

Accepting the recommendations of the Board of Governors relating to the Agency's Working Capital Fund in 2003 ^{2/},

1. Approves a level of \$18 000 000 for the Agency's Working Capital Fund in 2003;
2. Decides that the Fund shall be financed, administered and used in 2003 in accordance with the relevant provisions of the Agency's Financial Regulations ^{3/};
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.

^{1/} See document GC(46)/7, para 6 of the Explanatory Notes on the Agency's Budget Update for 2003.

^{2/} See document GC(46)/7, para 8 of the Explanatory Notes on the Agency's Budget Update for 2003.

^{3/} INFCIRC/8/Rev.2.

a/ Decision on target for recommendation to the General Conference to be taken by the Board of Governors at its meeting in September 2002.

