

THE AGENCY'S ACCOUNTS FOR 2008

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Report by the Board of Governors

1. In accordance with Financial Regulation 11.03(b) [1], the Board of Governors hereby transmits to the Members of the Agency the report of the External Auditor on the Agency's accounts for 2008.
2. The Board has examined the report by the External Auditor and the introduction by the Director General to the accounts, and also the accounts themselves, and submits the following draft resolution for the consideration of the General Conference.

The General Conference,

Having regard to Financial Regulation 11.03(b),

Takes note of the report of the External Auditor on the Agency's accounts for the year 2008 and of the report of the Board of Governors thereon [*].

[*] GC(53)/4

[1] INFCIRC/8/Rev.2

Fifty Third regular session

The Agency's Accounts For 2008

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The Agency's Accounts for 2008

A. Introduction and Financial Highlights

1. I present herewith the Agency's accounts for the year ended 31 December 2008. Part I contains the External Auditor's report to the Board of Governors on the audit of the accounts. Parts II and III contain the Agency's accounts, comprising Statements I to IV and Schedules S1 to S12, respectively. Part IV, entitled "Notes to the Financial Statements", describes the purpose and financing of the Funds and the authority under which they are administered, and the significant accounting policies applied by the Secretariat in preparing the statements and schedules. The notes offer additional information on significant items and events that could have a bearing on the financial position of the Agency, or on funds in its possession or under its control. The Annexes (Part V) present information that under the current United Nations system accounting standards no longer has the status of a financial statement, schedule or note, but is considered useful for Member States.

A.1. Significant changes

2. There is one significant change in the presentation and format this year. The Statement of the Regular Budget Appropriations (Statement IV) has two parts: Statement IV.1 Statement of the Operational and Recurrent Portion of the Regular Budget and Statement IV.2 Statement of the Essential Investments Portion of the Regular Budget. The financial statements also include supplementary statements and schedules which reflect the status as at 31 December 2008 of the Unobligated Balances of 2006 Appropriations. These are Statement IV (Supplementary A), Schedules 6 (Supplementary A) and 7 (Supplementary A).

3. The General Fund has 21 new accounts under the Extrabudgetary Programme Fund (Fund Group III) as per attached Annex A.

4. The General Fund has 12 new accounts under the Technical Cooperation Extrabudgetary Fund (Fund Group IV) as per attached Annex B.

A.2. Financial highlights

A.2.1. General

5. As of the end of 2008, the Agency's total cash holdings in all Fund groups amounted to €12.7 million (2007: €91.4 million).

A.2.2. Fund Group I. Regular Budget Fund and Working Capital Fund

6. Appropriations originally approved in the amount of €91.3 million for the operational and recurrent portion of regular budget expenses and €4.0 million for the essential investments portion at the rate of 1.0000 US dollars to the euro were recalculated at €73.1 million and €3.7 million using the average rate of exchange of 1.4643 US dollars, in accordance with Resolution GC(51)/RES/7.

7. Cash for the Regular Budget Fund, including the Working Capital Fund (WCF), increased from €5.8 million in 2007 to €75.7 million in 2008. Therefore the cash flow for the year was better than in the previous year. However, of the total cash, the amount of €31.0 million (€20.1 million in 2007 for 2008) represents payments for 2009 made in advance by some Member States.

8. Assessed contributions have increased in comparison to the previous year. The current year's figure is €70.5 million as compared with last year's figure of €62.9 million. The main reason is the increase in the 2008 budget in comparison to the 2007 budget. The total unpaid assessed contributions at yearend amounted to €38.0 million compared to €41.8 million at the end of 2007.

9. I am pleased to announce that there was a cash surplus for 2007 amounting to €4.5 million. This was due mainly to the receipt of contributions relating to prior years amounting to €32.4 million.

10. The 2008 excess of income over expenditure of €1.3 million (2007: €2.5 million) consists of the following:

	<u>Millions of Euro</u>	
	<u>2008</u>	<u>2007</u>
Unused balance of appropriations (Statement IV)	(0.6)	0.0
Surplus (deficit) of actual resources over adjusted estimates (Annex A1)	<u>1.9</u>	<u>2.5</u>
Excess (shortfall) of income over expenditure (Statement I)	<u>1.3</u>	<u>2.5</u>

A.3. Fund Group II. General Fund - Technical Cooperation Fund

11. The Fund's resources decreased with total pledges amounting to \$75.9 million (2007: \$76.6 million) against a target of \$80.0 million (2007: \$80.0 million). Cash held was slightly less than last year at \$62.2 (€43.5) million (2007: \$62.4 million). Approximately 19.5% of this cash is held in difficult to use currencies. The Agency is continuing its efforts to reduce these holdings.

A.4. Other Fund groups

12. The cash resources of Fund groups III, IV and VI are shown in Statement II. These resources have increased to €93.5 million from €82.8 million in the previous year. Their resources are based on extrabudgetary contributions from Member States or Member State institutions received before the respective activities are undertaken, or funding agreements with United Nations or other international organizations and agreements with contributors.

(signed) MOHAMED ELBARADEI
Director General

ANNEX A

New Accounts under the Extrabudgetary Programme Fund (Fund Group III)

- **Brazil** – for a contribution in United States dollars to support the Extrabudgetary Programme on Radiation and Nuclear Safety in Ibero-America.
- **Canada** – for a contribution in euro to support a cost free expert (CFE) in the Agency’s activities in the field of the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO).
- **Italy** – for a contribution in euro to support EXPO’s outreach activities related to the conclusion of safeguards agreements and additional protocols.
- **Japan** – for a euro contribution to support extrabudgetary programme activities.
- **Pakistan** – for a contribution in euro to support the project on Small and Medium sized Reactors under the Department of Nuclear Energy (SMRs).
- **Norway** – for a contribution in euro to support the IAEA’s Executive Leadership Programme for 2008-2009 under the Agency’s Division of Human Resources (LEADER).
- **Spain** – for euro contributions from Spain for various activities under the Department of Safeguards.
- **Korea, Republic of** – for a contribution in euro for a cost free expert (CFE) from the Republic of Korea.
- **South Africa** – for a contribution in euro to the International Database on Irradiated Nuclear Graphite Properties under the Department of Nuclear Energy (GRAFIT).
- **Switzerland** – for a contribution received in euro for the Nuclear Safety project “Seismic Safety of Existing Nuclear Power Plants”.
- **Ukraine** – for a contribution in euro related to a cost free expert (CFE) from Ukraine.
- **Kuwait** – for a contribution in euro to support the IAEA project “Plan for Producing Potable Water Economically” and the IAEA project “Nuclear Hydrogen Production and Other Applications”.
- **United Nations Environment Programme** – for a contribution in euro to support the implementation of the capacity building programme of MEDPOL during 2008 for implementation by the IAEA Marine Environment Laboratories in Monaco.
- **Nuclear Threat Initiative Inc (NTI)** – for contributions in euro to support a cost free expert (CFE).
- **Programme Support Costs (PSC)** – to capture programme support costs on extrabudgetary programme activities.
- **Russian Federation** – for contributions in euro to support the Agency’s activities in the field of the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO).
- **Contact Expert Group** – for contributions in euro to support the operation costs of the Contact Expert Group under the Agency’s Nuclear Fuel Cycle and Waste Technology Programme (CEG).

- **Programme of Action for Cancer Therapy Multi-donor Fund** – for contributions received in euro for the Programme of Action for Cancer Therapy (**PACT**).
- **Commercial Exhibitions at IAEA Meetings** – for contributions in euro to support the international Conference on Advances in Radiation Oncology organized by the Division of Human Health (ICARO).
- **Food and Agriculture Organization of the United Nations** – for contributions in euro to support staff costs in the Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture (FAG).
- **Westinghouse** – for contributions in euro by Westinghouse in support of the IAEA's generic review of the AP1000 new reactor design under the Department of Nuclear Safety and Security.

ANNEX B

New Accounts under the Technical Cooperation Extrabudgetary Fund (Fund Group IV)

- **Brazil TC** – to support the implementation of TC project RLA/1/010 – Improved Regional Management of Water Bodies that are Contaminated with Metals (ARCAL LXXXVIII).
- **Denmark TC-NSF** – for funds transferred from the Nuclear Security Fund to the TC Fund in euro to implement a regional training course on Physical Protection of Nuclear Material and Facilities, in the Republic of Korea.
- **Ireland TC-NSF** – for funds transferred from the Nuclear Security Fund to the TC Fund in euro to implement two regional training courses on Foundations of information and Computer Security for Nuclear Organizations and Managers in Indonesia and on Combating Illicit Trafficking in Nuclear and other Radioactive Material in Dubai.
- **Korea, Republic of, TC-NSF** – for funds transferred from the Nuclear Security Fund to the TC Fund in euro to implement a regional training course on Physical Protection of Nuclear Material and Facilities in the Republic of Korea.
- **Russian Federation TC** – for contribution in euros to fund activities related to enhancement of the safety of the Armenian Nuclear Power Plant under four technical cooperation projects (a) ARM/0/006 - Developing and Implementing an Integrated Human Resource Management Improvement System in the Armenian Nuclear Power Sector; (b) ARM/9/020 - Strengthening Nuclear and Radiation Infrastructure in Armenia; (c) ARM/9/021 - Raising Levels of Operational Safety at the Armenian Nuclear Power Plant (Phase II); and (d) ARM/9/022 – Monitoring the Current Condition of the Armenian Nuclear Power Plant's Vital Systems, Structures and Components (SSC) and Assessing its Residual Lifetime.
- **United States of America TC-NSF** – for funds transferred from the Nuclear Security Fund to the TC Fund in euro to implement a regional training course on Physical Protection of Nuclear Material and Facilities in the Republic of Korea.
- **France TC** – for a contribution received to support technical cooperation footnote a/ projects.
- **Spain TC** – for contributions in euros received for TC projects to support cooperation activities in the Latin America and the Caribbean region.
- **Spain TC-NSF** – for funds transferred from the Nuclear Security Fund to the TC Fund in euro to implement a regional training course on Physical Protection of Nuclear Material and Facilities in Chile.
- **United States Nuclear Regulatory Commission** – for the contribution from the US Nuclear Regulatory Commission to promote implementation of the code of conduct on the Safety and Security of Radioactive Sources under two technical cooperation projects: (a) TC Africa Regional Project RAF/9/031 – Strengthening National Regulatory Infrastructure for the Control of Radiation Sources; and (b) TC Europe Regional Project RER/9/092 – Strengthening National Infrastructures for the Control of Radiation Sources (TSA-1).
- **Commission of the European Communities** – for contributions in euros to support the TC projects: (a) SRB/4/002 Safe removal of Spent Fuel of the Vinca RA research; and (b) SRB/3/003 Safe Management of Waste of the Vinca Institute.
- **Government Cost Sharing** – for all contributions received in euros for government cost sharing.

**STATEMENT OF THE DIRECTOR GENERAL'S RESPONSIBILITIES
AND
CONFIRMATION OF THE ACCOUNTS WITH THE FINANCIAL
REGULATIONS
OF THE INTERNATIONAL ATOMIC ENERGY AGENCY
AS AT 31 DECEMBER 2008**

The Director General's responsibilities

The Director General is required by the Financial Regulations to maintain such accounting records as are necessary with due regard to the United Nations system accounting standards and to prepare annual accounts showing the income and expenditure of all the International Atomic Energy Agency's Funds during the financial year and their respective financial positions at the end of the year and the status of Regular Budget appropriations of the Agency. He is also required to give such other financial information as the Board may require or as he may deem necessary or useful.

To lay the foundations for the financial statements, the Director General is responsible for establishing detailed Financial Rules and procedures to ensure effective financial administration, the exercise of economy, and the effective custody of the Agency's assets. The Director General is also required to maintain an internal financial control which shall provide an effective examination of financial transactions to ensure: the regularity of the receipt, custody and disposal of all funds and other financial resources of the Agency; and the conformity of expenditures with the appropriations approved by the General Conference, the decisions of the Board on the use of funds for the Technical Cooperation Programme or other authority governing expenditures from extrabudgetary resources; and the economic use of the resources of the Agency.

Confirmation of the Accounts with the Financial Regulations

We hereby confirm that the following appended accounts, comprising Statements I to IV, Schedules S1 to S12 and supporting Notes, were properly prepared in accordance with Article XI of the Financial Regulations, with due regard to the United Nations System Accounting Standards.

(signed) MOHAMED ELBARADEI
Director General

(signed) GARY A. EIDET
Director, Division of Budget and Finance

Vienna, Austria, 26 March 2009

PART I

Letter from the External Auditor to the Chairman of the Board of Governors

The Chairperson of the Board of Governors
International Atomic Energy Agency
A-1400 VIENNA
Austria

Madam,

I have the honour to transmit the financial statements of the International Atomic Energy Agency for the year ended 31 December 2008 which were submitted to me by the Director General in accordance with Financial Regulation 11.03(a). I have audited these statements and have expressed my opinion thereon.

Further, in accordance with Financial Regulation 12.08, I have the honour to present my report on the Accounts of the Agency for the year ended 31 December 2008.

Accept Madam, the assurances of my highest consideration.

(signed) Norbert Hauser
Vice-President of the Federal Court of Audit
Germany
External Auditor

Bonn, 31st March 2009

AUDIT OPINION

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008

To the General Conference of the International Atomic Energy Agency

Report on the Financial Statements

I have audited the accompanying financial statements of the International Atomic Energy Agency, which comprise the statement of assets, liabilities and reserves and fund balances as at December 31, 2008, and the statement of income and expenditure and changes in reserves and fund balances, the statement of cash flow, the statement of appropriations (Statements I to IV with supplementary A), and the Schedules S 1 to S 12 for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with United Nations System Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the International Atomic Energy Agency as of 31 December 2008, and its financial performance and of its cash flows for the year then ended in accordance with United Nations System Accounting Standards.

Report on Other Legal and Regulatory Requirements.

Further, in my opinion, the transactions of the International Atomic Energy Agency that have come to my notice or which I have tested as part of my audit have, in all significant respects, been in accordance with the Financial Regulations and Rules.

In accordance with Article XII of the Financial Regulations, I have also issued a long-form Report on my audit of the International Atomic Energy Agency's financial statements containing additional information and comments on the financial statements and this opinion.

(signed) Norbert Hauser
Vice-President of the Federal Court of Audit
Germany
External Auditor

Bonn, 31st March 2009

**REPORT OF THE EXTERNAL AUDITOR
ON THE AUDIT OF THE ACCOUNTS OF THE
INTERNATIONAL ATOMIC ENERGY AGENCY
FOR THE YEAR ENDED 31 DECEMBER 2008**

Comprising:

➤	A. Executive summary	(paragraphs 1 - 63)
	A.1. Main audit findings and recommendations	(paragraphs 1 - 8)
	A.2. Scope and approach of the audit	(paragraphs 9 - 63)
➤	B. Analysis of the financial statements	(paragraphs 64 - 89)
	B.1. General	(paragraph 64)
	B.2. Assets	(paragraphs 65 - 77)
	B.3. Liabilities	(paragraphs 78 - 79)
	B.4. Income and Expenditures	(paragraphs 80 - 85)
	B.5. Voluntary Contributions	(paragraphs 86 - 89)
➤	C. Detailed findings for 2008	(paragraphs 90 - 234)
	C.1. Financial Issues	(paragraphs 90 - 96)
	C.2. Administrative Issues	(paragraphs 97 - 174)
	C.3. Technical Cooperation	(paragraphs 175 - 190)
	C.4. Incident and Emergency Centre	(paragraphs 191 - 195)
	C.5. Information Technology	(paragraphs 196 - 234)
➤	D. Follow-up on the results of my findings and recommendations last year and in prior years	(paragraphs 235 - 281)
	D.1. Financial Issues	(paragraphs 235 - 237)
	D.2. Budgetary Matters	(paragraphs 238 - 241)
	D.3. Safeguards and Nuclear Security	(paragraphs 242 - 247)
	D.4. Technical Cooperation	(paragraphs 248 - 262)
	D.5. Information Technology	(paragraphs 263 - 276)
	D.6. Other	(paragraphs 277 - 281)
➤	E. Other matters	(paragraphs 282 - 285)
	E.1. Cases of fraud or presumptive fraud	(paragraph 282)
	E.2. Losses, write-offs and ex-gratia payments	(paragraphs 283 - 285)
➤	F. Acknowledgement	(paragraph 286)

A. EXECUTIVE SUMMARY

A.1. SCOPE AND APPROACH OF THE AUDIT

A.1.1. Scope of the audit

Audit of the accounts and performance of the IAEA, Principles governing my audit

1. I have audited the accounts of the IAEA for the financial period 1 January to 31 December 2008 in accordance with Article XII of the Financial Regulations and the Additional Terms of Reference Governing the External Audit annexed thereto. My audit has been conducted in conformity with International Standards on Auditing (ISA). These standards require me to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. The Agency's management were responsible for preparing these financial statements, and I am responsible for expressing an opinion on them based on evidence obtained in my audit.

Audit of the financial statements

2. The financial statements for the IAEA, together with my audit report and the audit opinion, have been submitted to the Director General as provided for by the relevant financial regulation. The Director General has taken note of the contents of my report.

Performance audits

3. In addition to my audit of the Agency's accounts and financial transactions, I carried out reviews under paragraph 5 of the Additional Terms of Reference Governing External Audit whereby I may make such observations as I deem necessary on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, on the financial consequences of existing administrative practices.

A.1.2. Audit objective

Financial audit to form the audit opinion

4. The main purpose of the audit was to enable me to form an opinion on whether expenditure recorded for the year had been incurred for the purposes approved by the General Conference; whether income and expenditure were properly classified and recorded in accordance with the Agency's financial regulations; and whether the financial statements presented fairly the financial position at 31 December 2008.

Value-for-money audit to give proactive advice

5. In addition, to a large extent I also examined the Agency's performance in order to assess whether expenditures are being incurred according to the principles of economy, efficiency and effectiveness. This enables me to follow my objective of giving constructive advice rather than criticizing after the event.

A.1.3. Audit approach

Substantive testing convinced me of the correctness of the Agency's records.

My staff tested the accounting records as necessary.

6. My audit opinion is based on substantive testing of the transactions recorded in all areas of the financial statements. Finally, an examination was carried out to ensure that the financial statements accurately reflected the Agency's accounting records and were fairly presented.

7. My audit examination included a general review and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on the Agency's financial statements.

A.1.4. Audit conclusion

There were no material weaknesses that affected the audit opinion. I placed an unqualified opinion on the financial statements.

8. Notwithstanding the observations in this report, my examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole. During 2008, in accordance with normal practice, my staff reported additional findings to the Agency's management. None of these matters affects my audit opinion on the Agency's financial statements and schedules, and I have placed an unqualified opinion on the Agency's financial statements for 2008.

A.2. MAIN AUDIT FINDINGS AND RECOMMENDATIONS

A.2.1. Subjects of my performance audits during 2008

Results of a further field mission concerning Technical Cooperation

Other matters and follow-up

Performance areas covered by this report:

Cash Management, International Public Sector Accounting Standards

Voluntary contributions for core activities

Verification visits by one donor in addition to my regular audit are still on the agenda.

Increases in cost effectiveness possible

9. In my report last year I presented the results of field missions. In 2008 my team carried out another field mission examining regional aspects, the results of which support my prior findings.

10. My report also includes a follow-up to audit recommendations contained in my reports for 2007 and prior years and a commentary on other matters arising from the audit of the Agency's financial statements for 2008 (paras. 235-285).

11. For 2008, performance audit as the main focus of my team's audit work has mainly covered the areas described in the following paragraphs.

12. My staff again analysed the Agency's financial situation and the effects of late payment of assessed contributions on the financial situation. The report also provides an update on the Agency's decision to adopt International Public Sector Accounting Standards (IPSAS).

13. I further deal with the impact of increasing voluntary contributions on the Agency's programmes, especially if this type of funding is used for core activities such as safeguards inspections.

14. Since 2006 I have been reporting on one donor's condition to carry out separate on the spot checks to verify expenditure concerning projects financed by this donor. I inform Member States about developments during 2008 (paras. 97-110).

15. I recommend increasing cost effectiveness in the areas of procurement, where the potential benefits of consolidating procurement functions have not yet been achieved; travel; and human resources.

I propose improvements in Seibersdorf, Safeguards, IT and publications

16. I further address the status of the Agency's laboratories in Seibersdorf, the inventory of Safeguards equipment, missing aspects of Information Technology (IT) governance and make a proposal for an incentive to increase publication income-producing activities by establishing a revolving fund.

A.2.2. Summary of findings and recommendations for the Secretariat

A.2.2.1. Financial issues

17. I reiterate my yearly recommendation to recover long outstanding assessed contributions going back to 1965 urgently (paras. 65-68).

18. I welcome the authorization now given to the Director General to use savings from annual regular budget appropriations to finance the new Agency-wide Information System for Programme Support (AIPS) and recommend also providing cash surpluses for that purpose (paras. 69-71).

19. In my report last year I recommended that the Secretariat should investigate options for a surcharge and discount system to be applied to assessed contributions (paras. 110-115 of my report last year). Although many Member States supported this idea, the Secretariat did not take further action (paras. 72-77).

20. The Secretariat should continue to work together with me on finding suitable values for assets and liabilities for their presentation in the financial statements under IPSAS as recommended in my report last year (para. 101).

21. I recommend including after service benefits on the face of the Agency's balance sheet next year, instead of merely disclosing them in the notes (paras. 78-79).

22. I continue to recommend that the Secretariat investigate options for obtaining a higher proportion of Euro payments to the Technical Cooperation Fund (TCF) and to match the ratio of Euros as far as possible with the ratio of expenditures in this currency (paras. 88-89).

A.2.2.2. Budgetary Matters

23. I encourage the Secretariat not only to include some accrual elements in the budget for 2010-2011, but to introduce full accrual budgeting in the longer view, in order to be able to report on the budget compared to actual expenditure under IPSAS (paras. 90-96).

24. The Agency's core activities, such as safeguard inspections and nuclear safety and security, should be exclusively funded by assessed contributions. I support the Secretariat's efforts in the Draft Programme and Budget for 2010-2011 (paras. 111-116).

25. Further, funding by voluntary contributions should be pooled with indicative shares of the Member States following the model of the Agency's TCF with a thematic approach, as approved by the Board of Governors in accordance with the Agency's priorities (paras. 117-118).

A.2.2.3. Administrative matters

26. I recommend considering the establishment of an Agency-wide charging system for procurement services as a financial incentive to reduce the number of low-value requests and to reduce administrative costs in the procurement service (paras. 129-135).

27. I invite the Secretariat to agree to the Office of Internal Oversight Services' (OIOS) recommendation to reduce the lump sum percentage for home leave travel from 75 % to 65 % (paras. 136-142).

28. I encourage Human Resources Management (MTHR) to continue its efforts to update the job description system in order to reduce the number of missing and old job descriptions (paras. 144-148).

29. The Agency should recruit consultants only at the professional level and not to perform representational functions for the Agency. Regarding payment to consultancy companies, it should comply with the given limit for consultant fees (paras. 149-157).

30. I recommend investigating options which would keep additional revenue from sales activities, at least partly, in the units concerned. For this purpose, the Secretariat should introduce a revolving fund to which revenue from sales would be credited (paras. 158-162).

31. Under a revolving fund system, I encourage the Secretariat to find a way to distribute reference materials in a consistent way in future. The same applies to publications (para. 163).

A.2.2.4. Safeguards and Nuclear Security

32. Concerning equipment, buildings and infrastructure in the Safeguards Analytic Laboratories (SAL) in Seibersdorf, investments are necessary to keep the Agency at the required technical level. I recommend that the Governors consider allowing the Secretariat to borrow money for an enhancement of SAL (paras. 119-122).

33. In spite of remarkable progress made in 2008 concerning the inventory control for Safeguards Inspection Equipment, I recommend that every case of missing equipment should be explained by the person responsible. Moreover, OIOS should play a more active role in equipment management and in the monitoring of stocktaking (paras. 123-128).

A.2.2.5. Technical cooperation

34. Concerning the method of calculating and reporting in-kind contributions, the Secretariat should work towards consistent schemes for in-kind contribution reporting under regional agreements that are in line with Agency rules and regulations and with IPSAS (paras. 179-181).

35. Not all counterparts were familiar with information on existing Specialised Teams (ST) and Regional Designated Centres (RDC). Utilization of STs and RDCs has to be improved (para. 182).

36. Before commencing projects the Secretariat should ensure that the groundwork for its support is laid (para. 183).

37. The Secretariat should support the process of the African Regional Cooperative Agreement for Research, Development and Training related to Nuclear Science and Technology (AFRA), taking ownership of its Technical Cooperation (TC) projects. Together with AFRA, it should raise awareness among counterparts of the special conditions relating to AFRA projects (paras. 184-185).

38. Coordination and cooperation with other organizations need to be improved. The Secretariat should enforce reporting responsibilities and include information from TC projects in all relevant databases (paras. 187-188).

39. Support to similar areas, provision of non-nuclear equipment and fluctuation of qualified personnel in Member States have to be avoided (para. 190).

A.2.2.6. Incident and Emergency Centre

40. I recommend that IAEA staff cooperate more closely with the Incident and Emergency Centre (IEC). Furthermore, the Secretariat should implement rules and routines enabling the IEC to recruit personnel for regular training and exercises (paras. 193-194).

41. In the context of the IEC's on-call system, test calls should also be performed outside office hours (paras. 195).

A.2.2.7. Information technology

42. I am pleased to note that in the last two years the Agency invested much effort and resources in improvements of the Agency's IT Organization. Concerning IT policy, however, there are notable deficiencies which, among other things, concern implementation and application of norms, transparency of IT staffing, coordination and implementation strategies, IT security plans and economic feasibility studies. Moreover, the Secretariat has to develop specifications and to implement them in daily business (paras. 198-201).

43. Essential elements are still not included in the Agency's IT policy framework. I recommend that the Agency continue efforts concerning its IT policy framework, that it monitor implementation and regularly evaluate results. Moreover, it has to strengthen the Chief Information Officer's (CIO) position (paras. 202-204).

44. Although I welcome the paper issued by the Directors of Management of IT (MTIT) and Safeguards Information Management (SGIM) in October 2008 which provided a plan to achieve synergies, I regret that some important points are missing. For instance, the level of detail of this document concerning the work plan should be improved. Moreover, it does not provide a concrete time schedule. Besides, units dealing with IT as well as MTIT and SGIM have to be involved more intensely (paras. 205-213).

45. I invite the Agency to consider a common "one house" approach concerning the development and implementation of a disaster recovery infrastructure (paras. 214-219).

46. Concerning information security, the coexistence of two ways of destroying storage media should be reconsidered in order to achieve efficiency. I recommend that the Secretariat define a mandatory policy for the handling of all types of storage media and that it entrust to MTIT the task of defining and achieving a weekly routine (paras. 220-226).

47. IT-related issues are treated in a different manner in headquarters (HQs) and in decentralized locations. As a result, security standards concerning IT items are lower in decentralized locations than in headquarters (paras. 227-234).

A.2.2.8. Other

48. The Agency should continue to seek a solution to the problems caused by voluntary contributions being provided under the condition of a special verification by the donor. I ask Member States to take note of a further audit layer imposed by the European Court of Auditors, besides the European Commission, in the case of voluntary contributions (paras. 97-110).

A.2.3. Recommendations for consideration by the Member States

49. Regarding the implementation of IPSAS, I encourage Member States to continue to provide funding for the Agency-wide Information System for Programme Support (paras. 90-96).

50. I recommend again that efforts be made by Member States to complete the ratification process provided for under Article XIV.A of the Statute to allow biennial budgeting (paras. 172-174).

51. A few Member States made prepayments to finance the Agency's activities in the administration of a nuclear fuel bank. I recommend urgently clarifying the Agency's involvement in the fuel bank (paras. 72-77).

52. I recommend that Member States consider pooling voluntary funding with indicative shares, following the model of the Agency's TCF, with a thematic approach approved by the Board of Governors in accordance with the Agency's priorities (paras. 111-118).

A.2.4. Recommendations resulting from prior years' findings

53. With regard to a number of follow-up items in this chapter, I give an update on the current situation. Remedial action is under way but not yet fully implemented. The most important outstanding issues of prior years are reported hereunder.

54. The Secretariat should conclude arrangements with contributors which ensure a more steady inflow of cash, such as a system of discounts and surcharges (paras. 235-237).

55. I recommend enforcing the application of the newly introduced programme support cost scheme for extrabudgetary funds (paras. 240-241).

56. The Secretariat should define what it considers to be "effective" border controls and encourage all countries of a region to participate in border monitoring projects (paras. 245-247).

57. Although the number of Country Programme Frameworks (CPF) has been increased, the Secretariat has to continuously pursue the finalization of CPFs by Member States with national TC programmes (paras. 253-254).

58. Guidelines dated January 2008, which stipulate the counterparts' obligation to prepare and submit 6-monthly project progress reports, should be implemented (paras. 255-257).

59. A physically secure Agency-wide data centre was created. Fire protection is a highly important basic requirement, but is still inadequate. The Secretariat should implement phase III of the project to create a single data centre urgently and mobilize necessary funds by prioritizing IT projects also among major programmes. Moreover, it should encourage Member States to add extrabudgetary contributions for this purpose (paras. 263-265).

60. I reiterate the recommendations made in my Management Letter and in my reports in previous years to continue with the Secretariat's activities, audits and potential penetration tests in order to identify internal attackers (paras. 266-269).

61. The Agency should complete a collection of information as an obligatory step, use this collection as a base for strategic decisions and increase a more centralized and integrated policy of IT budgeting (paras. 270-272).

62. There is still an unnecessary information security risk caused by lack of encryption in important areas. The Secretariat should increase its efforts to establish a mandatory procedure for the protection of the hard disks of laptop computers and removable media with integrated encryption and monitoring tools (paras. 273-276).

63. Concerning the protection system for the Seibersdorf laboratory compound, three important items - access control, the parking situation and the perimeter fencing - still remained unsolved (paras. 277-281).

B. ANALYSIS OF THE FINANCIAL STATEMENTS

B.1. GENERAL

I report on the Agency's financial development over several years.

64. In the following paragraphs I provide information showing trends, tendencies and background information over the years since I started my audit of the Agency in 2004. For that purpose my staff again carried out an analysis of several of the Agency's key figures and their development over these years since 2004.

B.2. ASSETS

B.2.1. Assessed Contributions Receivable

Arrears of assessed contributions decreased in 2008.

65. In 2008, the level of outstanding assessed contributions decreased by roughly € 3.8 million. Several Member States reduced their outstanding assessed contributions significantly compared to last year. On the other hand, the outstanding assessed contributions of a few Member States increased during the last twelve months. Although some payment plans were concluded and contributions received, I encourage the Secretariat to continue its efforts.

Year	2004	2005	2006	2007	2008
Assessed Contributions Receivable	42,082	44,797	59,357	41,804	38,015

Table 1: Assessed contributions receivable (ACR) in thousands of Euros (source: Schedule S 1)
(For the purposes of comparison, the values for 2004 and 2005 have been recalculated applying the operational rate of exchange between US\$ and Euros as at 31 December of the respective year)

There is still a large amount of outstanding assessed contributions, albeit it is the lowest amount during the last five years.

66. The largest part of all ACR (€28.6 million) is due in respect of the year under review. It can be expected that most of these amounts will be collectable. It is again the still considerable amount of old debts that requires action. About €5 million concern years before 2001. Approximately 46 % of this amount is related to the no longer existing former Member State “Yugoslavia”. Some arrears of outstanding assessed contributions go back 43 years to 1965.

Measures to collect outstanding assessed contributions are not effective enough.

67. This leads to the conclusion that measures that could be taken to encourage Member States with permanent arrears of outstanding assessed contributions to pay the amounts still owed by them remain insufficient. Obviously the mere loss of voting rights is an ineffective measure in an organization whose decision-making process is based on consensus.

I recommend making every effort to collect older debts before the introduction of IPSAS.

68. I therefore recommend continuing efforts to recover all debts. This should be achieved before the introduction of IPSAS. I would like to point out that under IPSAS accounts receivable can only be maintained if payment can realistically be expected.

B.2.2. Cash Surpluses from Arrears

Payments of arrears of assessed contributions have to be surrendered to Member States.

69. Payments of arrears of assessed contributions in future years do not benefit the Agency. As they will necessarily be effected in a year in which there is no budget for these amounts, they will add to the cash surpluses which generally have to be surrendered to Member States.

I welcome Member States' decision not to reclaim these payments.

70. Because the Agency suffers from a lack of sufficient funds for its Agency-wide Information System for Programme Support (AIPS) I appreciate many Member States' decision not to reclaim these payments but use them to voluntarily fund AIPS.

The use of savings in the regular budget for AIPS made it possible to start the AIPS project.

71. Additionally, the Board's Decision (GOV/2008/21/Rev.1), which authorizes the Director General to supplement extrabudgetary contributions for AIPS with savings from annual regular budget appropriations, enabled the Secretariat to mobilize sufficient funds to start the implementation of Plateau 1 of the AIPS project. I welcome this, as it facilitates the implementation of IPSAS.

B.2.3. Cash and Term Deposits

Liquidity has to be ensured at all times.

72. An organization which relies on contributions and is not allowed to incur any debts without Board approval has to ensure the timely in- and outflow of cash in order to be liquid at all times. The cash resources of the Agency developed as follows.

Year	Regular Budget Fund Fund Group I	Technical Cooperation Fund Fund Group II	Extrabudgetary Programme Fund Fund Group III	Member States and int. organizations Fund Group IV	Trust Funds Fund Group VI
(1)	(2)	(3)	(4)	(5)	(6)
2004	52,670,408	35,320,917	54,673,776	13,610,367	934,125
2005	66,559,210	49,808,040	65,312,023	19,672,440	1,556,807
2006	46,276,865	42,764,541	58,933,530	18,240,010	2,640,876
2007	65,784,115	42,805,495	61,326,960	18,387,852	3,076,456
2008	75,702,191	43,491,916	68,410,930	22,663,006	2,402,922

Table 2: Cash and term deposits in Euros as at 31 December (source: Statement II)

(For the purposes of comparison, the values for 2004 and 2005 have been recalculated applying the operational rate of exchange between US dollars and Euros as at 31 December of the respective year)

Although Regular Budget cash resources increased by €10 million they are mainly committed.

73. Compared to 2007 the Regular Budget cash resources increased by € 10 million up to a level of almost €76 million (column 2). However, a large portion of these funds is required to meet accounts payable (€32.7 million) or is already committed for other payments after 2008 (€29.6 million). In budgetary terms, therefore, more than € 62 million are not available for further commitments. In addition, the availability of these funds must still be regarded in the light of the total of advance payments by Member States in 2008 for 2009 which amounted to €31 million.

Especially in October / November the Agency's Regular Budget Fund is dependant on timely payments of assessed contributions and is forced to rely on advances.

74. As already reported last year, every year around October / November the Agency's Regular Budget Fund suffers from a lack of liquid funds. It has to rely on advance payments of the following year's contributions from some donors in order to be able to meet its obligations. As long as outstanding contributions are paid in time, I foresee no problems. However, should major donors fail to pay, the Working Capital Fund (WCF), with an established level of € 15.2 million, would not be sufficient to provide the cash needed to make payments (paras. 80-85, refer).

Cash in the TCF is also earmarked or held in currencies difficult to use.

75. The amount of cash and term deposits held in the TCF at the end of 2008 is not freely available, because it is to a large extent committed. Furthermore, almost one fifth of its financial resources (19.5 % equivalent to €8.5 million) is held in currencies which are difficult to use.

Voluntary income was 12 million Euros lower than expenditure. Nevertheless cash increased.

76. Voluntary contributions to the Extrabudgetary Programme Fund decreased by approximately € 13 million (Statement I column 4 – Fund Group III) and fell back to the 2006 level, while expenditure in 2008 drastically increased and ended up at €41 million. At the same time the Extrabudgetary Programme Fund's cash increased by about € 7 million compared to the year before.

The reasons for this unusual effect are prepayments of Member States for a mass spectrometer and the planned nuclear fuel bank which cannot yet be considered as income.

77. The reason for this unusual effect is included in the item "Other Reserves" in the extrabudgetary funds showing approximately €17 million. The background is that several Member States made prepayments in 2008 for projects which were not yet approved by the Board of Governors or where final approval by Government was still pending. This partly concerned a contribution of approximately US\$ 10 million for a mass spectrometer needed in Seibersdorf. In addition, prepayments were made in order to finance the Agency's activities in the administration of a nuclear fuel bank, which is intended to be established in 2009. I welcome the enhancement of the Agency's necessary equipment in Seibersdorf and recommend urgently that the Agency's involvement in the fuel bank be clarified with the Board.

B.3. LIABILITIES

Under IPSAS, separation benefits will have to be reported on the balance sheet as liabilities.

78. The Agency's liabilities for separation benefits (€ 62.32 million) and post-retirement benefits (€ 155 million) are disclosed in notes to the financial statements (V and W) in accordance with the United Nations System Accounting Standards. Under IPSAS these liabilities will necessarily have to be reflected on the face of the Agency's balance sheet.

The Agency should disclose this liability.

79. I recommend that this liability be disclosed as a liability in the next financial statements in accordance with IPSAS requirements.

B.4. INCOME AND EXPENDITURE

My staff gave special consideration to liquidity.

80. For my 2008 report my staff considered in detail the effects of cash in- and outflows and assessed whether sufficient liquidity was ensured throughout the year. They put special emphasis on the effects of late payment on the split assessment system and examined in detail whether exchange rate losses could be excluded, which is the main purpose of this system.

The monthly cash inflows remain unpredictable.

81. The situation has not significantly changed in 2008. The annual monthly cash inflow in 2008 averaged about €22 million. However, every year there are some peaks in certain months, while in other periods cash inflows are rather low. Whereas in 2007 the monthly inflow ranged between 0.2 (lowest) to €77.6 million (highest) this variation was somewhat less in 2008: The lowest inflow per month occurred in May with 0.3 and the highest in February with €58.2 million.

The level of cash outflows is relatively constant

82. Cash outflows amounted to around €21.5 million per month. The level of cash outflows is relatively constant, since the major outflows are monthly salary payments.

The following chart illustrates the pattern of cash flow.

83. The following chart shows the constant level of outflows, the extremely volatile cash inflows and the cash balances consisting of cash in- and outflows and balances brought forward from the previous period.

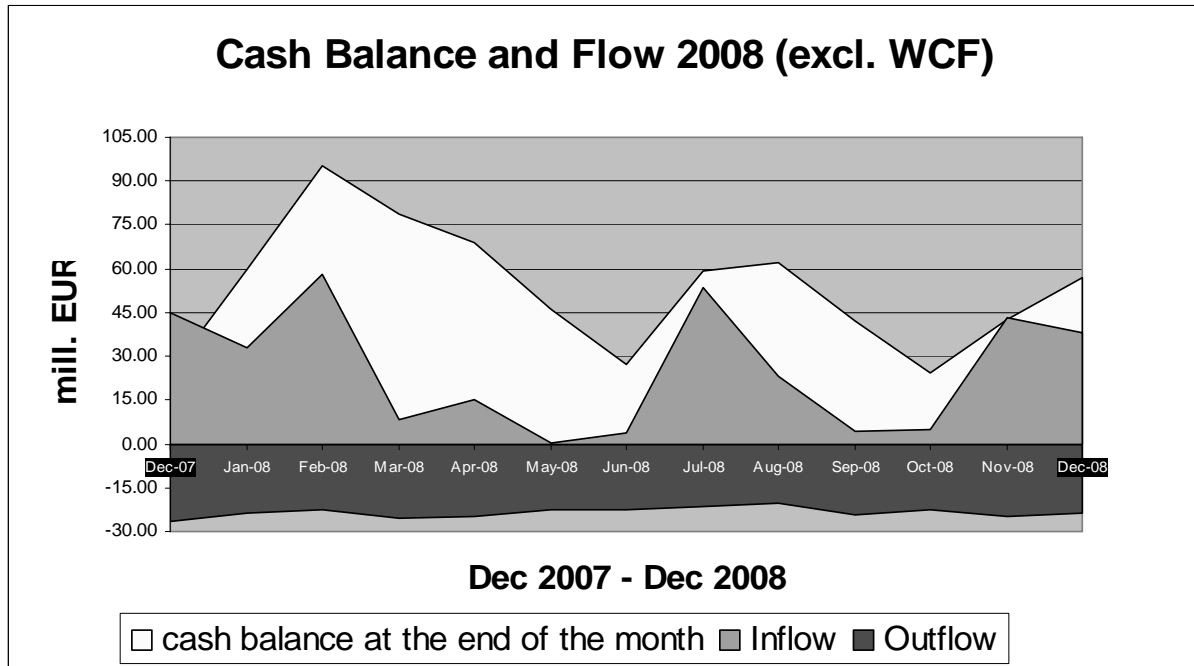


Chart: Monthly cash balances 2008 (source: Secretariat)

As in previous years, the Agency had to rely on the timely payment of major contributions. In 2008 cash resources in the critical period would have been used up within the following month.

A more steady inflow of funds should be achieved.

84. Similar to previous years, the Agency's cash resources became scarce twice in 2008, when the cash balance was reduced to a level which barely met the average monthly outflow. This happened at the end of June (€27.1 million) and at the end of October (€24.3 million). As in prior years, the Agency had to rely on the payment of major assessed contributions and advances for 2009. Without these payments, the Secretariat would not have been able to cover the payments for the following month without resorting to the WCF.

85. I can only reiterate my recommendation of last year that the Secretariat should try to conclude arrangements with contributors which ensure a more steady inflow of cash. It should revisit the idea of a discount and surcharge system.

B.5. VOLUNTARY CONTRIBUTIONS

B.5.1. Income and expenditure

Member States provided significant voluntary contributions.

86. Member States more and more meet demands for the Agency's services by providing voluntary contributions, because Regular Budget funds do not exceed zero-real growth. The figures for the last five years are as follows:

	2004	2005	2006	2007	2008
Technical Cooperation Fund	49,717,625	62,562,302	60,847,122	60,329,704	54,101,725
Extrabudgetary Programme Fund	39,937,857	33,262,587	29,042,936	42,160,968	29,648,407
Technical Cooperation Extrabudgetary Fund	7,530,813	11,045,253	14,872,011	10,121,146	7,535,097
Trust Funds Reserve Funds and Special Funds	259,078	687,153	4,437,145	1,595,299	291,251
Total	97,445,373	107,557,295	109,199,214	114,207,117	91,576,480

Table 3: TC and extrabudgetary activities - total income in Euros (source: Statement I)

(For the purposes of comparison, the values for 2004 and 2005 have been recalculated applying the operational rate of exchange between US\$ and Euros as at 31 December of the respective year)

	2004	2005	2006	2007	2008
Technical Cooperation Fund	48,319,949	61,136,120	66,061,986	60,973,083	53,202,892
Extrabudgetary Programme Fund	28,866,380	31,291,944	31,351,337	37,063,809	41,375,483
Technical Cooperation Extrabudgetary Fund	5,968,424	9,430,799	16,962,882	11,363,934	7,441,949
Trust Funds Reserve Funds and Special Funds	189,182	244,542	3,390,029	1,162,662	1,181,211
Total	83,343,935	102,103,405	117,766,234	110,563,488	103,201,535

Table 4: TC and extrabudgetary activities – total expenditure in Euros (source: Statement I)

(For the purposes of comparison, the values for 2004 and 2005 have been recalculated applying the operational rate of exchange between US\$ and Euros as at 31 December of the respective year)

Income as well as expenditure in the TCF decreased by approximately 10 %.

87. Income as well as expenditure in the TCF decreased by approximately 10 %. This is partly due to the effect of currency conversion that occurs when US\$ income and expenditure have to be reported in Euros. Due to the fluctuations of the Euro against the US\$, this trend could be reversed in 2009.

B.5.2. Purchasing Power

I reiterate my concerns about the loss of purchasing power in the TCF.

88. I am concerned about the loss of purchasing power in the TCF when the US\$ exchange rate against the Euro is unfavourable (my audit report for 2007, paras. 90-93 refers). As long as the rate of expenditures in US\$ and Euros does not match the pattern of income in these currencies, the Agency is exposed to a certain degree of unpredictable volatility in purchasing power.

The proportion of Euros contributed to the TCF should be matched with the level of expenditure in that currency.

89. Because approximately 50 % of TCF expenditure has to be effected in Euros, I repeat my recommendation that the Secretariat investigate options for a higher proportion of Euro contributions to the TCF so that the level of contributions in Euros will, as closely as possible, match the level of expenditures in this currency.

C. DETAILED FINDINGS FOR 2008

C.1. FINANCIAL ISSUES

C.1.1. International Public Sector Accounting Standards

The application of IPSAS from 1 January 2010 was decided by the General Conference.

90. The UN General Assembly decided in 2006 to apply IPSAS as from the year 2010. The General Conference upon recommendation of the Board of Governors followed the Secretariat's proposal and decided on the adoption of IPSAS from 1 January 2010 (meetings held in June and July 2007 (GOV/OR.1188, paras. 135f; GOV/OR.1189, paras. 16f)). I welcome this decision and would like to give Member States an update on developments during 2008.

The Secretariat, as well as the External Auditors, takes an active role in this UN-wide change-over.

91. An UN-wide Task Force is reviewing the IPSAS accounting policies. This Task Force provides technical expertise towards a correct and harmonized implementation of IPSAS, and develops accounting policies and implementation guidelines. The Secretariat is actively involved in this process and has formed a working group to review proposals to be adopted by the UN system. My External Audit Director has taken part as a representative of the Panel of External Auditors in the IPSAS Task Force. As Vice-president, and as from January 2009 President of the Panel of External Auditors of the UN, I am actively involved in all discussions.

I encourage the Secretariat to continue to work on the adoption of IPSAS.

92. The Secretariat and the External Auditor's team are also in contact bilaterally on specific accounting policies and implementation issues. It was found that most of the IPSAS have implications for the business processes, and some for the financial regulations and rules. This work is still in progress. As in my report last year (paras. 94 ff. refer), I encourage the Secretariat to continue to work on the adoption of IPSAS.

The adoption of IPSAS will lead to IT system changes, the implementation of which has been delayed.

93. In my report last year (paras. 94 ff. refer), I pointed out that a critical success factor for the adoption of IPSAS is to have a reliable Enterprise Resource Planning (ERP) System in place. I encouraged the Member States to provide funding for this in time. Currently, funding for the AIPS is better assured. However, due to a lack of funding the start of the ERP-project has had to be delayed to the summer of 2009.

The full implementation of IPSAS might therefore be delayed to 2011.

94. This in turn affects the implementation of IPSAS. Most probably, fully IPSAS compliant financial statements will only be presented for the year 2011 instead of 2010. Where possible, particular aspects of IPSAS will be applied earlier.

Budget preparation needs to take into account the change to IPSAS. Full accrual budgeting should be the aim.

I encourage the IAEA to continue to work together with me on the implementation of IPSAS.

95. The change to IPSAS will not only affect the accounting, but also the budget procedures. In my report last year (paras. 94 ff. refer), I encouraged the Secretariat to act accordingly. This includes taking into account depreciation expenses and cash needed to acquire capital assets which will not be recorded in full as expenditure. The preparation for draft Programme and Budget for the biennium 2010-2011 will include capital budgeting elements. This is a first step in the right direction towards full accrual budgeting.

96. I will continue to work closely with the Secretariat and the Panel of External Auditors on the implementation of IPSAS. Considerable work still has to be done concerning the budgetary process and accounting procedures up to the first opening balance.

C.2. ADMINISTRATIVE ISSUES

C.2.1. Single audit principle

Voluntary contributions with unacceptable conditions should be refused.

Update for 2008

The Panel of External Auditors brought this matter to the attention of the General Assembly.

The Working Group on FAFA brought some positive results.

Assurance can be provided by the appointed External Auditor instead of third parties.

This result would take away the pressure put on client organizations.

97. In previous years I reported on one donor of extrabudgetary funds (European Union - EU), who requires separate audits for its voluntary contributions based on a Financial and Administrative Framework Agreement (FAFA). My recommendation to refuse acceptance as it breaches the single audit principle was supported by the Board of Governors.

98. In the following paragraphs I provide an update on the developments that took place in 2008.

99. Having brought this problem forward to the UN Secretariat on several occasions without any result, the Panel of External Auditors in December 2007 decided to bring its concerns to the attention of the President of the General Assembly and requested its assistance to encourage the Secretariat to address this problem. This letter from the Panel was conveyed to the UN Controller.

100. This had some effect insofar as a Working Group on FAFA between the UN and the European Commission (EC) dealt with this issue with some positive results. The operational conclusions of this Working Group provide for a partial resolution of this long-outstanding disagreement over the use of third-party auditors.

101. The conclusions indicated that the necessary assurance sought by the European Parliament can in principle be provided by the appointed External Auditors just as well as through verifications carried out by the EC. Accordingly, the EC has agreed to explore in the longer term whether assurance could be obtained "through the UN Audit System including the UN Panel of External Auditors". This will be possible if Panel Members can address these requirements as part of their regular work plans or as additional work on a cost recovery basis.

102. I welcome this result as it would take away the pressure put on client organizations, which currently have to accept costly and time-consuming audit exercises at the expense of all Member States, while the required assurance of accountability is already provided by the appointed external auditor. I look forward to contribute to the implementation of this solution.

<p>We reported the result of our audits of EU-financed projects to the EC.</p>	<p>103. At present we continue to report to the EC the results of my team's field missions to EU-financed projects, mainly those carried out in the Nuclear Security Fund (NSF). Further, I asked the EC whether there are special questions that need to be clarified in my team's 2009 field missions concerning border monitoring projects.</p>
<p>The EC did not announce further visits for the time being.</p>	<p>104. The EC took note of my reports without further comments. However, the good news is that since its first verification visit in 2006 they have not repeated this exercise, nor have they announced carrying it out next year.</p>
<p>There is a further audit layer imposed by the European Court of Auditors.</p>	<p>105. I regret that I must report on another party in this connection. In a visit to the European Court of Auditors (ECA), I was confronted with the ECA's requirement to carry out further verification work with own audit staff, thereby creating another audit layer.</p>
<p>One governance cycle has to be obeyed by the EC.</p>	<p>106. In their view, one governance requirement has to be met by the EC in accordance with its regulations. This includes a proper check of expenditure incurred by the recipient of EU funds, including the verifications required under FAFA.</p>
<p>A second governance cycle concerns the assurance of the EU accounts.</p>	<p>107. A second governance requirement concerns the ECA itself, as it is forced under its legal framework to provide assurance to the European Parliament in the course of the certification of the EU accounts that all expenditure were effected in accordance with this framework (legality and regularity).</p>
<p>The ECA had no choice but to carry out this task.</p>	<p>108. This second requirement would leave no choice for the ECA than to carry out the necessary audit work which would include obtaining evidence that the project goals were reached.</p>
<p>The role of external auditors in providing this assurance is not yet clear, however, extra work will be required, initially in a pilot test.</p>	<p>109. It is yet not clear whether and to what extent external auditors can take over this assurance, as long as the terms of reference for such an exercise are not fixed. The normal way of providing a letter of reliance (for example for UNDP-financed activities) was not considered sufficient for the ECA, as the sample taken did not only comprise EU funds. Therefore, I agreed to carry out a pilot test in order to remove this additional burden on the Agency.</p>
<p>Five different audit bodies can be in charge of auditing the same body, although the single-audit principle is applied.</p>	<p>110. However, as I am not very confident of solving the problem in this way, I want to point out that I consider this procedure to be extremely wasteful, insofar as voluntarily funded projects of all organizations could be subject to internal and external audit, verification visits by the EC, assurance audits by the ECA and, finally, the Joint Inspection Unit. And all of these audit bodies accept the single-audit principle, which ascribes this role to the appointed external auditor.</p>

C.2.2. Voluntary Contributions

<p>The Panel of External Auditors sought a different approach.</p>	<p>111. As the problem of several layers of audit seems to be hard to resolve, the Panel of External Auditors decided to investigate whether a solution could be provided by a different approach concerning voluntary contributions.</p>
<p>The increase of voluntary contributions is often the consequence of lacking budget provisions.</p>	<p>112. For a number of years the Regular Budget has been subject to zero-real-growth. As demands for the organization's services have been growing, the Secretariat has increasingly sought voluntary contributions. The Member States were often responsive and have increased their voluntary contributions.</p>

Voluntary funding finally may lead to a bilateralization of activities in a multilateral organization.

Core activities should be funded by assessed contributions.

In the Agency this does not only concern safeguards inspections but also the Nuclear Safety and Security Programme.

Following the model of the TCF voluntary contributions should be pooled.

A thematic approach would further facilitate programme execution within the Agency's priorities.

Member States should agree to be "assessed" with indicative shares payable into the pool.

113. Although voluntary funding is welcome, and sometimes has been indispensable, I am concerned that this type of funding finally may lead to a bilateralization of activities in a multilateral organization. This is the case, for example, when organizations are using voluntary funding to finance core activities, because sufficient assessed contributions are not available.

114. In my opinion, the statutory objectives of the organization should be funded by assessed contributions. Essential programmes, such as the safeguards programme, should be funded only by assessed contributions. Otherwise this would jeopardize the organization's impartiality.

115. I think that with a view to the threat of nuclear terrorism or attacks on nuclear facilities, or the possible spread of radioactive material with a so-called dirty bomb, predictable and assured resources are also required for the Agency's Nuclear Safety and Security Programme. These efforts can only be ensured if a greater portion of extrabudgetary resources to Nuclear Safety and Security is transferred to the Regular Budget, supplemented by those resources from the NSF that cannot be transferred into the regular budget, e. g. because the donor is not a Member State.

116. In my view, in general extra budgetary projects financed either by the organization's extra budgetary funds or by trust funds, should be pooled in one fund whose activities would be defined by the donor community. The money in the fund would no longer be assigned to an individual donor.

117. Further, TC and other programmes financed by voluntary contributions and executed by the organizations should be provided on the basis of a thematic approach. The donors could choose to contribute to the programme within the organization's planning and priorities, but not to individual projects.

118. As is already the case in the TCF, as well as in the core area of Nuclear Security, indicative shares for Member States should be fixed and the extrabudgetary contributions should be paid to the fund instead of to individual projects. I welcome the steps taken by the Secretariat in this direction as reflected in the budget 2010-2011.

C.2.3. Seibersdorf Analytical Laboratories

Equipment, buildings and infrastructure in the SAL in Seibersdorf is still in a poor state. The budget 2010-2011 asks for further funds.

An enhancement should be financed even if the money has to be borrowed.

119. I have been reporting over several years on the poor state of equipment, buildings and infrastructure in the SAL in Seibersdorf. Sufficient budgetary or extrabudgetary funds for upgrading these facilities were not provided. Currently, the technical infrastructure and analytical equipment is insufficient, and the Agency is not fully able to provide independent and timely analysis of safeguards samples, one of the cornerstones of the safeguards verification regime. In the draft programme and budget for 2010-2011 the Secretariat requests regular budget funds of the order of € 30.2 million for Enhancing Capabilities of the Safeguards Analytical Services.

120. I would like to point out that an enhancement is necessary. Should it not be possible to make budgetary or extrabudgetary funds available for that purpose, I would like to recommend that the Governors consider allowing the Secretariat to borrow money for this purpose if necessary.

This would delay expenditure to be financed by Member States.

The urgently needed mass spectrometer was funded extrabudgetary.

121. Although this would have to be amortized in the future, I consider investments in SAL necessary to keep the Agency at the required technical level. At the same time, this measure would be in accordance with the concept of IPSAS that expenditure should only be recorded for the portion amortized.

122. I am happy to be able to report that thanks to the voluntary funding of one Member State amounting to approximately € 7 million the mass spectrometer urgently needed for evaluating the wipe test samples could be financed.

C.2.4. Inventory Control for Safeguards Inspection Equipment

Inventory control in the Department of Safeguards left considerable room for improvement.

Following my 2007 recommendation the Department of Safeguards made extensive efforts to find the items not located.

Not searched items were often not accessible or searching was time consuming.

Items constantly move between headquarters and nearly 500 different facilities.

In 2008 the Department made considerable progress and should see to conserve the status reached. It should emphasise the principle of personal responsibility.

OIOS should play a more active role in equipment management and the monitoring of stocktaking.

123. In 2007 my team investigated inventory control in the Department of Safeguards and found considerable room for improvement in asset management and accounting for inspection equipment. As announced in the External Auditors' report for the year 2007 my team performed an assessment of the status one year later (as of November 12, 2008).

124. For that reason the Department of Safeguards made extensive efforts to find the items not located. Additionally the Department established a working group to identify measures for improving inventory control. As a consequence of these activities, the number of "not found" items decreased from 850 to 229 out of 31,500 items in 2008 (a decline from 3 % to 0.7 %). In the same period the procurement value of items which were not found dropped from about €2 million to €342,000. Moreover only 31 items were reported as lost.

125. Additionally many items were marked as "not searched". Most of the "not searched" items were either not accessible, had already been inventoried during the year or were found later. For some of those items not enough effort was made to verify whether or not the item was at the facility because of lack of time during the inventory taking.

126. The Department of Safeguards did not in all cases know where their equipment was located. The Department explained that the locations may be temporarily unknown because of constant movement of the equipment between HQs and nearly 500 different facilities in the field where the equipment could be assigned.

127. Due to various activities undertaken to improve equipment management, the Secretariat has made remarkable progress in the year 2008. I accept the need to clear the books by writing off obsolete equipment. The Department of Safeguards should ensure that efforts are made to maintain the improved situation that has now been reached. The Department should therefore consolidate the procedures required and emphasize the principle of personal responsibility. In cases of unexplainable deviations, there is a need to examine the question of personal liability. Every case of missing equipment should be explained by the person responsible.

128. Furthermore, I propose that OIOS should play a more active role in equipment management and the monitoring of stocktaking. OIOS could, for example, occasionally participate in annual stocktaking and monitor the inventory of the Department of Safeguards.

C.2.5. Procurement

Review of the work of the Office of Procurement Services	129. Since the beginning of my mandate, my staff have repeatedly examined activities in the field of Procurement Services. In January 2009 I submitted a Management Letter concerning the insufficient progress made in consolidating procurement functions in the Office of Procurement Services (MTPS).
Insufficient procurement planning causes high personnel costs in MTPS.	130. The Agency lacks an efficient supply chain management. MTPS is not involved in the planning process and only reacts to requests. Since my 2005 report, the number of low-value procurement transactions (including those under blanket purchase orders and basic supply agreements) amounts to nearly two thirds of the in-house purchases. These relatively small amounts caused high personnel costs in MTPS and the sections involved.
IT procurement systems are old and need considerable maintenance.	131. Four years after establishing MTPS a positive impact on procurement functions is not yet apparent. Progress can only be expected in Plateau I of AIPS. Until then the Agency will still use two IT systems for procurement which are old and need considerable maintenance. The procurement functions of the Agency's Laboratories in Seibersdorf have not been monitored by MTPS.
Workload in MTPS predominantly arises from administrative handling of low value transactions.	132. On average every MTPS procurement staff member handles 3 transactions per day. In the majority of cases, purchasing actions only take a little time per buyer and involve quite a low workload. By contrast, the administration of transactions demands considerable time and effort on the part of assistant staff in MTPS, as well as in the Division of Budget and Finance and in the requesting units.
Average costs per purchasing transaction were €250.	133. MTPS estimated that the administrative cost per transaction was approximately €250. I recommend that the key criteria for measuring the procurement function should be low personnel expenditure and purchase prices, rather than costs per transaction.
Requests for standard equipment should be addressed directly to the vendor.	134. I recommend reducing the number of unnecessary, individual transactions, as well as intensifying quality work in high value procurement. As a first step, requesters should be allowed to address requests for standard equipment directly to vendors.
An agency-wide charging system could help to reduce low-value requests.	135. With regard to results-based management I recommend establishing an Agency-wide charging system for procurement services in the context of the AIPS implementation as a financial incentive to reduce the number of low-value requests and to reduce administrative costs in MTPS.

C.2.6. Travel

There are differences between the accounting and the travel management system. Regular reconciliation would be necessary.	136. To cover expenses incurred during duty travel, Agency staff are entitled to travel advances. The advances are accounted for under a specific account. The balance of the account is constantly rising (except in 2006). The Travel management system of the Agency (ATLAS) provides information on unclaimed travel expenses. The information in both systems - the accounting and the travel system - differs significantly. Reconciliation was not done, mainly because of limited staff resources. I consider the differences to be excessive and therefore recommend running regular queries into ATLAS and reconciliation between both systems in order to reflect the receivables in the Finance System (AFIMS) correctly.
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The Agency's handling of advances when claims are submitted late is not in line with its own Rules und Regulations.

Existing Staff Regulations and Rules with regard to the Lowest Logical Fare and the time frame connected to it prevent the Agency from saving travel costs.

Exceeding the time frame has the consequence that the price of the flight is not taken into account. Reasonably extending the acceptable travel time could save considerable funds.

The percentage of the lump sum for home leave travel is still of importance and worth discussion.

Already OIOS recommended reducing the lump sum percentage for home leave travel from 75 % to 65 %.

137. Having completed their travel, staff members are obliged to forward a travel claim within a certain time limit. Before submitting the claim, the preparation of a report is necessary. This might be a reason for the numerous cases of delayed claim submissions. Although the Staff Rules and Regulations give guidance on how to handle advances in the case of delayed claim submissions, the Agency does not fully comply with its Rules. I therefore recommended considering the separation of reporting duties from claim submissions. This was implemented as of 1 January 2009 in a new reporting policy. I will follow up on its effects.

138. Duty travel by air by the lowest logical fare on one of the Agency's preferred carriers should be regarded as the normal mode for all travel undertaken at the Agency's expense. The lowest logical fare is the lowest fare which is available for the most direct route between the point of origin and the destination on a preferred carrier, taking into account the purposes and objectives of the travel, the duty period involved, the safety of the traveller, and the standard of transportation to which the staff member is entitled under these Rules. In this regard direct connections are always given preference to flights with a stopover if such a flight would take one hour longer than the direct connection.

139. In such cases the price of the flight is not taken into account. The result of this is that a more favourable option (i.e. one at a better price) offered by the travel agent is not considered because the agreed time frame would be exceeded. Bearing in mind that staff members are entitled to rest after arriving at their final destination for between 12 or up to 24 hours, a limited and appropriate extension of the travel time would seem to be acceptable. I therefore recommend evaluating the potential savings by changing the Rules, for instance by extending the difference in the acceptable travel time to a maximum of three hours if the price of a flight with a stopover at the lowest logical fare would result in a cost reduction of least 10 %. As the travel rules are currently under revision, I will follow up on this issue.

140. According to the Staff Regulations and Rules, a staff member can choose - for other than duty travel purposes - between a prepaid ticket and a lump sum payment. For home leave travel the lump sum would amount to 75 % of the lowest full economy air fare by the most direct route between the staff member's duty station and the airport (with published fares) nearest to the designated place of home leave and the staff member would make his/her own individual travel arrangements. In selecting the lump sum payment, the staff member shall forfeit reimbursement of any other expenses related to home leave (Rule 7.02.1).

141. OIOS in its audit report No. 04IA304 addressed the problem of lump sum payments in lieu of prepaid airline tickets. Based on a review of a number of cases, they ascertained that even a lump sum of 65 % of the lowest full economy air fare would provide an incentive to the traveller. Consequently OIOS recommended reducing the lump sum percentage for home leave travel from 75 % to 65 %. According to the Secretariat, this proposal is and has been under consideration. A decision on how to proceed is expected within the first quarter of 2009.

The Secretariat should now seriously consider the OIOS recommendation.

142. I question whether a lump sum payment is necessary at all in these cases, as the refund simply consists of the price for the ticket and a fixed amount for terminal expenses. However, as other UN organizations also apply the same rule, I consider the OIOS recommendation to be appropriate in the light of the potential savings for the Agency and the still considerable benefit for the staff.

C.2.7. Human Resources

Review of the work of the Division of Human Resources

143. Since the beginning of my mandate my staff have repeatedly reviewed activities in the area of Human Resources (MTHR). In 2008, they began reviewing the job description system and the use of consultancy services.

C.2.7.1. Job descriptions

Established posts shall be classified by official job descriptions.

144. The Agency's Staff Regulations and Rules specify that a "post" signifies an authorization to employ a person or a succession of persons for the performance of work required by the organization. Therefore, each established post shall be classified based on an official job description derived from the programme, showing the functional title, the organizational setting, the duties and responsibilities, as well as the qualification requirements of the post.

Numerous missing and old job descriptions

145. My staff noticed that as of December 2008 numerous established posts listed in the staffing table -entitled Inventory of Posts and Personnel - had no job description or a job description that was older than 10 years.

Number missing job descriptions varied in different departments.

146. The proportion of missing and old job descriptions varied considerably in different departments. The majority of the missing and old job descriptions applied to professional staff posts.

MTHR pointed out that for several categories of staff only hard copy job descriptions are required.

147. MTHR argues that the number of missing job descriptions is much lower than the figures detected by my staff. One reason for this can be the fact that for several categories of staff only hard copy job descriptions are required. Furthermore, MTHR pointed out that in the past few years major efforts have been made to update the job description system (e.g. the development of generic job descriptions).

I will follow up on this issue.

148. I appreciate MTHR efforts to update the job description system. Nevertheless, my staff's findings differ substantially from the figures MTHR provided. Therefore, my staff will continue the review of the job description system and I will report on this issue next year.

C.2.7.2. Consultancy Contracts

Costs for consultants amount to more than €7 million every year.

149. My staff started a survey concerning the employment of consultants with a working period of more than 10 days. From January 2005 to October 2008, the Secretariat engaged consultants to carry out regular work in more than 2500 cases. Therefore, on average the Secretariat paid more than €7 million in consultant fees every year.

Additionally, €7 million had been paid yearly on consultant fees for TC-projects.

The consultants' periods of employment, converted into man-years, represent more than 100 consultants engaged at any one time.

Consultants should only be recruited at the professional level.

Consultants should not represent the Agency.

The Agency had recruited consultants for years instead of recruiting regular staff.

Payment for consultancy companies regularly exceeds the given limit for consultant fees extremely.

The Agency made a basic supply agreement to use temporary workers.

I will follow up on this issue.

150. Consultants engaged for TC-projects are not included in these figures. Fees and travel costs for these more than 6000 cases additionally amount to more than €7 million every year.

151. The consultants' periods of employment, converted into man-years, represent a permanent engagement of more than 100 consultants at any one time. In December 2008, 114 consultants were listed in the Agency's Inventory of Posts and Personnel.

152. I noticed that in numerous cases consultants had been recruited for purposes not in line with the Agency's rules and regulations. In 36 cases consultants had been recruited as clerks or assistants. Consultants should be experts in specific areas. Consequentially, they should only be employed when the needed know-how is missing. In my opinion therefore, consultancy services should only be hired at the professional level.

153. Two consultants had been employed in order to maintain and enhance the relationship between the IAEA and a Member State. So they had to represent the Agency. In my opinion consultants should not be engaged for this purpose.

154. In many cases consultants worked for the Agency for more than two years. Some consultants had been engaged for nearly the whole four year period checked by my team. I believe that consultancy contracts offer solutions for many short-term requirements for specialized services. But if duties and responsibilities have a permanent character the Secretariat should better establish posts and recruit regular staff.

155. The Agency also uses consultancy services purchased by MTPS. Those services orders were concluded with institutions or corporate bodies. In several cases, fees were considerably higher than usual. Whereas the Agency is allowed to pay daily fees up to €386 for an individual consultant, for institutions there were payments of more than €1500 per day and per employee.

156. In one case, MTIT had made a basic supply agreement via MTPS with an IT recruitment consultancy, either to recruit new staff or to use temporary workers employed by this company.

157. In view of these findings, in 2009 my staff will audit these activities of HR in detail.

C.2.8. Incentive for income-producing activities

The sales of books, as well as the sale of reference materials should be reconsidered.

158. My staff identified two areas where the current budgetary regulations concerning sales activities lead to results which are not in the interest of the Agency. This involves the publication and the sales of books, as well as the sale of reference materials with a turnover of some €100,000 each.

The Agency misses opportunities to sell greater quantities, because there is no money available for this.

Revenues in these areas have to be recorded as Miscellaneous Income, which increases the cash surplus at year end that has to be surrendered.

Additional revenue from sales activities should be kept, at least partly, in the units concerned.

I recommend introducing a revolving fund, to which revenue from sales would be credited.

I would like to propose choosing the model which is applied by the World Bank for the sale of publications and reference material.

159. The budget provides for a certain amount which is available for the production of these goods. If there is an opportunity to sell greater quantities, there is no money available for this, although it is in the interest of the Agency to spread its knowledge over the scientific world and to function as a global source of scientific information.

160. On the other hand, unexpected revenues in these areas have to be recorded as Miscellaneous Income, which increases the cash surplus at year end that has to be surrendered to Member States. There is absolutely no incentive for staff members to extend their efforts to produce more products than planned, to increase sales or to find new ways of selling, because the revenues do not accrue to the department concerned.

161. I recommend investigating options which would keep additional revenue from sales activities, at least partly, in the units concerned. Thus they would be able to finance additional marketable goods and at the same time all staff would have an incentive to do their utmost to increase their output. This would also serve the Agency's intentions to be an important authority with regard to atomic energy and scientific aspects related to this.

162. This goal could be achieved by introducing a revolving fund, to which revenue from sales would be credited. To my knowledge, most UN organizations already implement such a fund in different variations with good results. The Fund should be used for sales, marketing and promotion activities related to publications and printing.

163. I would like to propose choosing the model which is applied by the World Bank. In this organization 60% of the revenues accrue to the department that produced the merchandise. This department has to pay the production costs and can recover part or all of them from the 60% revenues. In the World Bank the remaining 40% of the revenue is available for other budgetary purposes. This scheme could work in the Agency in respect of the reference materials produced as well as for publications.

C.2.8.1. Reference Materials

The IAEA assists laboratories in Member States in maintaining and improving the reliability and the quality of their analyses.

Reference materials are being produced by the IAEA. The IAEA sells these samples directly to laboratories in Member States.

The Agency sells reference materials also to a commercial company who resells them to end-users with a mark-up.

164. The IAEA produces reference materials for scientific applications. With the reference materials, the IAEA assists laboratories in Member States in maintaining and improving the reliability and the quality of analyses of nuclear, industrial and biological materials, and of materials of different origin.

165. Reference materials are being produced by IAEA staff in IAEA facilities and with IAEA equipment, all financed by member states' contributions to the regular budget. In general, IAEA sells these samples directly to laboratories and other scientific facilities in Member States. The purchasers have to pay a "factory price" (IAEA price).

166. The Agency sells reference materials not only to end-consumers but also to a commercial company who resells them to end-users with a mark-up of between 62 and 96 % over the IAEA price. In this connection the Agency has concluded a reselling agreement. The company offers 28 different IAEA reference materials under their genuine IAEA names in a price span from € 86 to €240 (the IAEA price span for the same products is €50 to €130).

There is presently no incentive and no money for IAEA staff to increase production.

The Secretariat should find a solution on how under a revolving fund system the distribution of reference materials could be configured in a consistent way in future.

167. As additional revenues are recorded under Miscellaneous Income, there is presently no incentive and no money for IAEA staff to increase production. Payment of revenues to a revolving fund would allow the production of more reference material and at the same time provide an incentive to staff to increase sales.

168. I would encourage the Secretariat to find a solution on how under a revolving fund system the distribution of reference materials could be configured in a consistent way in future. It should be decided whether it is preferable for the materials to be sold directly by the IAEA or whether it should be outsourced if the Secretariat is convinced that commercial distribution platforms and a larger number of traders enable better worldwide availability of IAEA reference materials.

C.2.8.2. Publications

The same applies to publications where there are no funds available for further copies of bestsellers.

Considerable revenues could be easily achieved.

To meet further demand would spread the Agency's valuable products more widely and underline its significance in the scientific world.

169. The same applies to publications, the revenues of which currently amount to approximately €400,000. Presently the Agency's printing service produces more than 60 million pages per year. Some of these publications are provided free of charge, but the majority of books are sold. If it turns out that a book printed by the Agency becomes a bestseller for example, there are no funds available for further copies.

170. Presently it is not possible to finance a further edition, although considerable revenues could be easily achieved. This is regrettable and does not support the Agency's goals.

171. Due to the new printing techniques used ('print-on-demand' technology), further copies of books could easily be produced if demand exists. This would spread the Agency's valuable products more widely and underline its significance in the scientific world.

C.2.9. Biennial Budgeting

The implementation of biennial budgeting still needs formal acceptance by the Member States.

My appeal last year to change the statute resulted in not significantly more ratifications.

Also under IPSAS biennial budgeting is preferable.

172. Already in my Audit Report for 2004 I noted that the Agency aims at aligning its budgeting cycles with those common within the UN system. The Agency has taken the necessary steps to introduce biennial budgeting.

173. The amendment to Article XIV.A of the Statute to allow biennial budgeting has been approved by the General Conference in 1999 and must be ratified by two-thirds of the Member States (as at September 2008 this means 97 out of 145) in accordance with their respective constitutional processes, before it enters into force (Article XVIII.C (ii) of the Statute). Although more than nine years have passed since the General Conference resolution, it is still not in force due to a shortfall in its ratification by Member States. To date only 44 Member States have formally accepted the amendment.

174. The implementation is not affected by the adoption of IPSAS, because IPSAS accounting policies only require annual reporting but not annual budgeting. I recommend again that efforts be made by Member States to complete the ratification process.

C.3. TECHNICAL COOPERATION

My team carried out a field mission to AFRA Member States.

175. In May/June 2008 my team carried out a field mission for on-site examination of the Secretariat's implementation of regional TC projects in connection with the African Regional Cooperative Agreement for Research, Development and Training related to Nuclear Science and Technology (AFRA).

Major findings and recommendations are presented in this chapter.

C.3.1. General Issues concerning the Field mission to AFRA TC projects

The findings in four AFRA Member States are also generally relevant.

176. The field mission covered four African Member States and twelve regional TC projects that were implemented by the Agency in the context of AFRA.

The findings do not solely relate to AFRA matters but are mostly relevant for TC projects in general.

AFRA is an autonomous intergovernmental agreement that is supported by the Agency. Its focus is self-reliance and TCDC among Member States. The Agency is not a member of AFRA.

177. AFRA is an intergovernmental agreement that was initiated in the year 1988 and that has its own management structure and programme. The Agency is not a member of AFRA. AFRA's focus is to build self-reliance and mutual cooperation among African Member States (as a component of TC among Developing Countries-TCDC) and thus strengthen sustainability of TC activities. The agreement stipulates that the Agency's Secretariat provide technical and scientific backstopping, administrative support and funding for activities under the agreement. So far the major part of funds for the AFRA programme has been contributed by the Agency.

The AFRA Strategic Action Plan, Procedures and Operational Guidelines (AFRA SAP) of September 2006 outlines how AFRA projects are to be managed and the responsibilities of participating parties.

For AFRA regional projects AFRA and Agency regimes apply.

178. The Agency runs regional projects as "regular" regional projects or as AFRA regional projects. For the implementation of AFRA regional projects AFRA and Agency regimes apply.

Agency support for AFRA projects so far does not generally provide for major procurement and fellowships. Key elements for achieving regional self-sufficiency under AFRA are Specialised Teams (ST) and Regional Designated Centres (RDC).

C.3.2. Findings related to AFRA

Project implementation was similar in AFRA and "regular" regional projects. Counterparts were often not aware of differences of AFRA and other regional projects.

179. My team found no significant difference in the implementation of AFRA projects and "regular" regional projects. The objective of AFRA to take ownership of its programme has not yet been achieved. From discussions with counterparts my team formed the impression that the information from the AFRA SAP has not yet sufficiently penetrated to the counterpart level. Counterparts were mostly not aware of special conditions and restrictions in the provision of support under AFRA projects. This is indicated by the following.

Counterparts felt uncomfortable because of lack of information on funds available.

180. Counterparts generally felt uncomfortable because they were uncertain about the amounts available to them from project budgets. Furthermore they were not aware of the methods applicable for the allocation of project funds among participating counterparts.

Contributions in kind to AFRA projects should be reported consistently for AFRA and the Agency in accordance with IPSAS.

The utilisation of RDCs and STs needs to be improved.

The Secretariat should ensure that the groundwork for projects is in place.

AFRA did not fully meet the responsibilities laid out in the AFRA Strategic Action Plan.

AFRA taking ownership should be promoted and awareness raised of the special features of AFRA.

Cooperation between national NCs and NLOs is vital for coherent delivery of the national programmes.

181. Institutions involved in AFRA projects provided input in kind as counterparts and RDCs or STs. AFRA suggested its own methodology for reporting in-kind contributions. They are reported in AFRA annual reports and in Agency annual reports. The institutions visited did not use a common methodology to calculate and report their in-kind contributions.

In my previous report I had addressed the method of calculating and reporting in-kind contributions. I deem it necessary that the Secretariat works towards consistent schemes for in-kind contribution reporting under regional agreements that are in line with Agency rules and regulations (and IPSAS).

182. The concept of RDCs and STs as means of TCDC was in principle recognized, but its transformation into practical work was often hampered by lack of information. Despite constant appeals to make use of RDCs and STs they were and still are underutilized. Not all counterparts were familiar with information on existing STs and RDCs and ways to make use of their expertise.

183. Development stages of Member States are different, e.g. concerning power supply or legal framework. This impedes the uniform and concurrent inclusion of Member States in AFRA projects. Sound project implementation and sustainability have been hampered because adequate infrastructure was not in place.

Before commencing projects it should be ascertained that the groundwork for support is laid in participating Member States. This particularly applies to power supply.

184. The Secretariat pointed out that the AFRA SAP addresses the above mentioned issues and that they are basically AFRA's responsibility. The above mentioned findings indicate that AFRA did not fully meet the responsibilities required by the AFRA SAP. It must be noted that the AFRA Strategic Action Plan was issued in September 2006 and several activities in the projects under review took place before then.

185. The Secretariat should leave project implementation as far as possible to AFRA mechanisms. It should support the process of AFRA taking ownership of its TC projects. Nevertheless, for the time being it should be aware of deficiencies and not rely on the complete functioning of AFRA mechanisms for project implementation. In such cases it should take appropriate action towards proper execution of the roles stipulated in the AFRA SAP. Moreover it, together with AFRA, should raise awareness of the special features of AFRA projects among counterparts.

186. The focal points for the implementation of Agency activities in Member States are the National Liaison Officers (NLO), whose role and responsibilities have been defined by the Secretariat in 2008. The responsibility for the coordination of AFRA activities in a Member State lies with the AFRA National Coordinator (NC), who is supposed to be a high-ranking national official, but is not necessarily the same person as the NLO. For coherent planning and delivery of the Member States' national programmes, it is essential that NLO and NC exchange information and work together closely.

C.3.3. General findings

Activities of TCD and technical departments need to be coordinated.	187. My team found that the TC Department, as well as one of the technical departments, had temporarily pursued the same objective in a Member State in parallel without knowing about each other's activities. Overlapping activities should be prevented by mutual information and coordination at early stages.
The Secretariat should work towards overall comprehensive databases and inventories.	188. The Agency keeps several databases and inventories some of which have been established as part of TC projects. Counterparts did not regularly forward information for these and available information was not included in (other) databases. The Secretariat should enforce reporting responsibilities and include information from TC projects in all relevant databases.
Awareness for protection of rights over new mutant varieties should be raised and ministries of agriculture included in agricultural projects.	189. Projects dealing with mutation breeding brought about marketable mutant varieties. Neither the Secretariat nor the counterparts involved have taken measures for protecting intellectual property rights (IPR) over those varieties under IPR agreements or patents. The Secretariat should raise awareness for legal issues involved in mutation breeding and release of new varieties. Comprehensive project implementation needs the inclusion of ministries of agriculture in projects involving agricultural issues.
Previously detected deficiencies have been found again.	190. My team again found deficiencies which I had already addressed in previous reports: <ul style="list-style-type: none">- Support under a series of projects was continuously being given to almost the same areas- Lack of coordination and cooperation with other UN organisations that worked in relevant fields- Deficiencies in the flow of information to relevant counterparts from the Secretariat (no consistent responding to requests, only occasional inclusion of counterparts as "cc" in relevant e-mail correspondence to NLO/NC)- Provision of non-nuclear equipment by the Agency- Fluctuation of qualified personnel in the Member States.

C.4. INCIDENT AND EMERGENCY CENTRE

In 2005 the Incident and Emergency Centre was established.	191. The Incident and Emergency Centre (IEC) was established by approval of the Director General in February 2005. It is the Agency's focal point for responding to nuclear or radiological incidents and emergencies, assists Member States in enhancing their preparedness for incidents and emergencies, and trains staff involved in the Secretariat's emergency response system.
IAEA staff should participate in the Incident and Emergency System.	192. IAEA personnel are expected to cooperate with the IEC to ensure preparedness and an effective and prompt IAEA response, and to ensure that their actions do not compromise the reliability and effectiveness of the IAEA's Incident and Emergency System. The participation of staff in the IAEA's response and in the development of response and preparedness arrangements including training and drills is recognized by the Director General as a high priority.

C.4.1. Training and Exercise

Convention Exercises (ConvEx-3) revealed deficiencies.

193. In 2005 and 2008 Convention Exercises Level 3 (ConvEx-3) were carried out. The purpose in 2008 was to activate the IEC and to test and evaluate the exchange of information and coordination of assistance on an international scale. None of the objectives have been evaluated as “excellent” and all need improvement. Most of the deficiencies have to do with training and exercises inside the Agency.

There is a lack of departmental and Secretariat’s Support in IEC matters.

194. The ConvEx-3 (2005) showed inadequate training, drill and routine testing. It is unacceptable that even in 2008 the problems have been the same, especially when they are caused by organizational deficiencies. It is the Secretariat’s responsibility to ensure reasonable, agency-wide support from managers and staff members taking part in IEC activities. As 70 % of the participants in the ConvEx-3 were staff of the Department of Nuclear Safety and Security it has to implement rules and routines enabling the IEC to recruit personnel for continual training and exercises (e. g. add relevant tasks to the job description). I expect that the significant resources sought by the Programme and Budget for 2010-2011 will enhance the IEC’s capabilities.

C.4.2. On-call Officers’ availability

No test-calls were carried out outside office hours.

195. According to the Response Plan for Incidents and Emergencies the IEC operates an on-call system. During out of office hours the on-call officers initiate responses. They need to ensure that the IEC initial response is timely and efficient. They must be available for consultations at all times (24/7). To ensure that on-call officers react promptly test calls are performed. My staff examined the on-call officer’s availability log for the year 2008. All test calls were made between 7 a.m. and 7 p.m. from Mondays to Fridays. Contrary to the 24/7 availability requirement, no test-calls were carried out in the night, at weekends or holidays. I recommend performing test calls outside office hours as well.

C.5. INFORMATION TECHNOLOGY

My staff continued to examine the Agency’s Information Technology.

196. Continuing examination of the Agency’s IT, my staff concentrated on the implementation of recommendations given in my last reports. Furthermore, my staff have begun to examine disaster recovery issues and the Agency’s IT in decentralized locations.

There was no substantial improvement in the Agency’s IT since last year.

197. In spite of some developments in line with my proposals, I noted that these changes were not effective enough to achieve substantial improvements compared with the situation reported in 2008. This is mainly due to the fact that efforts initiated by the Chief Information Officer (CIO) and the Information Technology Committee (ITC) were often delayed. As a consequence of this, the development of Agency’s IT is still affected by deficient structures and a lack of explicit and binding rules and procedures.

C.5.1. IT Policy

There was some reasonable progress in developing a clear and appropriate IT policy.

There is still room and necessity for improvement, e.g. concerning the implementation of best-practice standards.

Instead of complete implementation of my recommendations, only parts have been fulfilled. To establish a clear and appropriate IT policy, the Agency still has to develop specifications in a concrete way and to implement them in daily business.

Important subjects were also missing or incomplete in the Agency's IT policy framework.

I recommend that the Agency continue its efforts concerning its IT policy framework and concentrate on its practical implementation.

Unification, implementation and application of norms and standards are necessary. I therefore recommend that the Agency optimize current structures and strengthen the CIO's position.

I will follow up further progress.

198. My staff noted some reasonable progress in developing a clear and appropriate IT policy. The Agency's efforts to achieve a sound IT policy framework were in partially successful. For instance, all recent IT-related information is now available on the renewed OASIS website and documented in the expanded Administrative Manual.

199. Nevertheless there is still room and necessity for further improvement. Implementation and application of best-practice standards are still unsatisfactory. Concerning IT governance, IT management, IT project management, IT security, software development etc. my staff noted that differing standards have been applied to comparable areas and functions. Moreover, there were differences concerning the establishment of, and commitment to declared standards within certain units.

200. Although documentation of the Agency's IT policy has been widely consolidated and presented in a proper way, efforts are still necessary to implement the related contents. Regarding the Agency's response that my recommendation made last year has been implemented completely, regarding documentation of IT policy this is only partly the case.

The deficiencies which I described in my report last year largely still exist. In order to establish an appropriate IT policy, I believe it is necessary to observe the corresponding specifications in a concrete way and to implement them on a daily basis within an adequate overall IT plan.

201. Important subjects were also missing or incomplete in the Agency's IT policy documentation / IT policy framework, for instance:

- descriptions of the assignments that have to be supported or executed by IT (requirements analyses)
- aims of IT utilization
- implementation strategies and
- statements concerning efficiency.

These subjects are partly described in other documents, e.g. in departmental programmes.

202. I recommend that the Agency continue its efforts concerning its IT policy framework. Management should ensure that the different elements of this framework are successively completed, periodically updated and communicated to all relevant parties in the organization. Management should also monitor implementation and regularly evaluate results. In this respect, I strongly recommend that the Agency concentrate on converting its documented IT policy into daily working practices.

203. Very urgent in this respect are unification, implementation and application of the above-mentioned IT standards. To accelerate the implementation processes, I recommend once more strengthening the CIO's position e.g. by empowering him to execute decisions in defined cases by himself. Additionally, I recommend that the Agency check and optimize current structures and processes as a whole, in line with the implementation requirements mentioned in order to achieve significant improvements in procedures.

204. I will follow further progress to improve the Agency's IT policy and will revert to this issue again, if necessary.

C.5.2. IT Organization, IT Operation

I repeatedly addressed consolidation of IT services and Data Centres in my reports of prior years.

The Agency consolidated the MTIT and SGIM Data Centres and also hosted some smaller IT systems in the new Data Centre C-1.

Consolidation of IT services was progressing much more slowly.

Most of the shortcomings concerning the IT organization's environment in the Agency which led to my recommendations in 2006 were still valid in 2008. Problems still existed in different areas.

A joint document was issued by the Directors of MTIT and SGIM in order to achieve synergy.

MTIT and SGIM declared together that they want to work "in full coordination to ensure that the Agency's resources associated to IT are increasingly organised in an optimal way".

Three points of this strategy document have to be improved.

205. In my last three reports and my Management Letter on IT (2006-12-06) I addressed consolidation of IT services and consolidation of Data Centres. Accordingly, DDG MT and SG were requested to implement a consolidation of common IT services and a single data centre and to prepare work plans by September 2007.

206. During the last two years, the Agency invested much effort and resources in the requested consolidation of the MTIT and SGIM Data Centres. In addition, the hosting of some smaller IT systems operated by other units in the new Data Centre C-1 was carried out by the Agency (see also paras. 263-265 – creation of a single data centre).

207. My staff noted that consolidation and relocation of IT services, was progressing much more slowly, and that the request of the Director General mentioned above was not met in time.

208. Most of the shortcomings concerning the IT organization's environment which led to my recommendations in 2006 were still evident in 2008. There were still problems with the ongoing decentralized execution of, for example:

- IT budget (see also paras. 270-272 – IT budgeting and funding),
- IT application development by staff and contractors,
- User support functions such as the helpdesk.

The problem of a non-transparent or rather unknown IT staff structure in the units dealing with IT, besides MTIT and SGIM, caused by out of date job descriptions (see also paras. 144-148 – job descriptions), has not yet been resolved.

209. In October 2008, a joint response to the remaining requests of the Director General was given by the Directors of MTIT and SGIM to the DGO, containing an attachment called "Achieving Synergy: Background, Strategy and Work Plan for MTIT and SGIM IT Services to the Agency".

210. I support the intention of MTIT and SGIM to work together "in full coordination to ensure that the Agency's resources associated to IT are increasingly organised in an optimal way". Generally I welcome the intention and the direction of the ideas contained in this document and also the awareness of current existing problems, such as the fragmentation of IT activities in the Agency, where several units are still running IT tasks on their own.

211. While being in general agreement with the declared strategy of MTIT and SGIM, I have to stress three points which should be improved further:

- level of detail within part "D" of the document ("Work Plan")
- lack of a specific time schedule
- involvement of units dealing with IT besides MTIT and SGIM.

All Agency's IT Operation has to be embedded in a requirement-oriented effective IT Organization. I therefore recommend broadening the approach of the document examined to all units dealing with IT.

The documented work plan currently presents general descriptions which are not sufficient to convert the ideas into reality. I recommend extending the existing work plan into a detailed project-oriented task schedule which covers all the tasks required of all units dealing with IT. ITC and PCC should support this approach.

212. Although the most important collaboration and partnership in this respect seems to be the one between MTIT and SGIM, a really sound IT landscape only can be achieved by involving the other units dealing with IT as well. The entire Agency's IT operation has to be embedded into a requirement-oriented effective IT organization. Therefore the intentions described in the "Achieving Synergy" document are too vague concerning the units other than MTIT and SGIM. The document deals nearly exclusively with the relationship between these two large IT units. I recommend obtaining an Agency-wide "Achieving Synergy" strategy.

213. There is also a need to make enhancements predictable, realizable and reviewable. Therefore an appropriate, specific work plan has to be formulated. The so-called "work plan" in part "D" of the "Achieving Synergy" document merely presents general descriptions of the present status and general descriptions of planned improvements and existing challenges which are not sufficient to convert the ideas into reality. Also no specific time schedule has been described in the document, only a rough time frame of 3-to-5 years is mentioned. I recommend extending the existing work plan into a detailed implementation-oriented or rather project-oriented task schedule which covers all tasks required of all units dealing with IT. I also recommend reviewing adequately the progress of this project plan in relation to its content and time frame. It would be important that the ITC, as well as the Programme Coordination Committee (PCC), support the decisions concerned and also the implementation of such a project plan.

C.5.3. Disaster Recovery

MTIT runs a project implementing a Disaster Recovery Infrastructure.

In the first phase of this project, most critical MTIT services have to be successfully retained in ICC. The next phase involves additional services.

The DRI project does not cover some of the most important IT services of the Agency. There is no common opinion regarding the execution of a joint approach in building and implementing a collaborative Disaster Recovery Infrastructure.

214. I welcome the steps taken by MTIT to strengthen the business continuity of the Agency by introducing a Disaster Recovery Infrastructure (DRI) project. The basic aim of this project is to maintain IT services in case of a major disaster, such as the destruction of the VIC site. For this task, the IAEA has approved a service-level agreement with the International Computing Centre (ICC) in Geneva, which will provide a so-called "cold" disaster recovery site in its Data Centre.

215. The scope of the first phase of this project - which is to be completed by the end of the first quarter of 2009 - involves the testing and verifying that most critical MTIT services have been successfully retained in the selected tertiary site in the ICC. The following phases - which are to be completed in 2010 - will expand the scope of the project by adding additional services to be retained and to design fall back procedures.

216. The DRI project of MTIT currently does not cover some of the most important IT services of the Agency. There was also no concrete planning concerning the future additional involvement of applications or services which are owned by other divisions than MTIT. Although every division was informed about the MTIT DRI project, there is no common opinion regarding the execution of a joint approach in building and implementing a collaborative Disaster Recovery Infrastructure as a precondition of an Agency-wide business continuity plan.

The IT services covered by the DRI project do not represent the core of the Agency's mandate.

The direction of the Agency's activities is debatable.

I invite the Agency to consider a common approach regarding the development and implementation of a disaster recovery infrastructure. I recommend coordinating all efforts in this regard.

217. Even though a strengthened availability of administrative IT services is desirable, these services do not represent the core of the Agency's mandate. The IT services that support the Agency's mandate in a programmatic or mission-related way are currently not part of the DRI project. The divisions which are responsible for these "programmatic IT services" and MTIT as the representative of "administrative IT services" have currently different approaches regarding the tasks of disaster recovery and business continuity. The quality of data security and backup procedures within the numerous programmatic IT services varies and an increasing divergence could arise regarding availability of data and data security between these "core" ranges and the administrative services.

218. I have to note that the direction of the Agency's activities is debatable. For example, even though the division of SGIM as the unit responsible for the most important programmatic IT services has established a high level of IT security and has seriously addressed the disaster recovery task, other divisions in general do not seem to have adequately addressed this task. In addition, my staff was told that the DRI project of MTIT does not adequately take into account the needs of other divisions.

219. On the one hand, the Agency has taken some steps to strengthen its business continuity. On the other hand, an additional common IT service "Disaster Recovery" may be developed in an uncoordinated fashion. This might cause additional IT service fragmentation in future. I therefore encourage the Agency to consider a common "one house" approach regarding the development and implementation of a disaster recovery infrastructure. Economic benefits could be realized, as well as a more effective operation of this future IT security site. Regarding the fact that the two largest units dealing with IT, MTIT and SGIM, want to work "in full coordination" (see paras. 205-213 – IT Organization, IT Operation), I would expect this to apply to all IT tasks. Therefore I recommend coordinating the efforts concerning future procedures and infrastructures for the task of disaster recovery so that the business continuity of the Agency as a whole can be made more secure.

C.5.4. Information Security – destruction of data storage media

I encouraged the Secretariat to define a mandatory policy for the handling of hard disks after the end of a computer's lifecycle and in cases of faulty parts.

Some classified information is stored on local hard disks.

Current policies have not yet been generally accepted.

220. In my report last year I encouraged the Secretariat to define a mandatory procedure for the handling of hard disks of desktop and laptop computers in the event of the removal of faulty parts or old computers. I welcomed the concrete and mandatory procedures of SGIM in this respect in the department of Safeguards and their decision to include hard disks of Xerox photocopiers in the shredding programme of SG.

221. The answers of MTIT's "File Encryption Questionnaire 2008" underline the information security risk which is inherent in hard disks of desktop computers. Some important divisions answered that they store classified information "on the hard drive of the PC".

222. Policies and procedures on disposal of computers and classified information were adopted, even if they had not been generally accepted or made mandatory.

Hard disks are removed or sanitized and storage media is destroyed, but without documentation.

The coexistence of two ways of destroying storage media should be evaluated regarding efficiency and possible savings.

I recommend that the Secretariat define a mandatory policy for handling all types of storage media.

I recommend that the Secretariat entrust MTIT to define and carry out a weekly routine.

223. Once a week the divisions, as well as some IT coordinators, deliver old computer hardware to MTGS (on average 5 to 15 computers). MTGS double-checks if there are any hard disks in the computers and, if necessary, removes these, even if this is not part of their duties. Furthermore MTGS gets and collects other old data storage, backup media and all other types of storage media and then destroys them in a combustor.

Newer computer models are put into storage for a disaster recovery pool or to fulfil member states' requests for donations. Using special software, the hard disks in these computers are sanitized. This is also handled by MTGS, although this is not part of their duties.

Regarding information security, the number of computers is not double-checked against the number of hard disks and neither removal nor sanitizing is documented.

224. The mutual IOM "Background, Strategy and Work Plan for MTIT and SGIM IT Services to the Agency" describes in chapter D.3.1 No. 1 an ongoing service "Provision by SGIM of disk crushing services available to the entire Agency, notably for disks that have contained confidential information". The coexistence of two ways of destroying storage media should be evaluated regarding efficiency and possible savings.

225. I reiterate my recommendation that the Secretariat should define a mandatory procedure for the handling of all types of storage media, as well as the removal of faulty parts or old computers. This would encourage a common practice and could be based on the specific and mandatory procedures in SGIM.

226. I recommend that the Secretariat entrust MTIT, as the unit responsible for this task, to define and carry out a weekly routine for the removal and sanitizing of hard disks following weekly delivery to MTGS' storage. With respect to information security, each hard disk removed or sanitized should be documented.

C.5.5. IT and Information in decentralized locations

I intensified my activities covering the current situation concerning the use of IT, IT responsibilities and the handling of classified information in the Agency's decentralized locations.

MTIT is responsible for IT in the Laboratories in Seibersdorf and Monaco, SGIM for the regional offices in Tokyo and Toronto.

227. Interested in covering the current situation concerning the use of IT, IT responsibilities and the handling of classified information in the Agency's decentralized locations last year, I intensified my activities regarding these matters. Basic overall information from answers to different Information Requests was amended by specialized local investigations, firstly in the Marine Environment Laboratory in Monaco and the Laboratories in Seibersdorf. This is to be continued in order to obtain a reliable picture of the overall situation.

228. In the Laboratories in Seibersdorf and Monaco, MTIT is responsible for IT. Nevertheless, for daily work there are staff members of the laboratories working as Information Systems Assistants.

In the Regional Offices in Tokyo and Toronto, SGIM is responsible for all IT-related issues. Twice a year engineers from SGIM travel for a short stay to both Regional Offices for routine IT maintenance and planned hardware and software upgrades. User support is carried out by remote helpline by SGIM.

I miss the development regarding IT staff and IT organization which was achieved in HQs since 2005.

Local IT in laboratories is affected by scaled-down IT infrastructures, network connectivity to HQ, usability of HQ's main IT systems and some other deficiencies.

I miss an adequate understanding of the requirements for all IT-related issues and their implementation in the same well-arranged manner as in HQ.

The current information handling and backup procedures seemed to be divergent.

Double standards are being applied.

IT in decentralized locations will be subjected to further investigations.

229. I appreciate that specific conditions will vary according to the location size, but I miss the development which was achieved in HQ since 2005, where common services were relocated to MTIT and staff in IT positions are working as IT coordinators on behalf of MTIT and as its staff.

230. Local IT in the Laboratories is very specific and very divergent. My staff obtained different impressions regarding scaled-down IT infrastructures, network connectivity to HQ, usability of HQ's main IT systems and some deficiencies in the daily work which could be traced back to the working capacity of IT staff being insufficient.

231. In the decentralized locations I miss an adequate understanding of the requirements for all IT-related issues and their implementation in the same well-arranged manner as in HQ, where, for example, a highly secure data centre was built up and many IT security measures are in place.

232. Regarding the kind of information stored, their appropriate classification and the responsibility for information security, my staff received divergent answers. Also the current handling of information and backup procedures seemed to be different and partly inadequate.

233. I have the impression that double standards are being applied for the use of IT and handling of information in HQ and decentralized locations.

234. IT and Information in decentralized locations will be subjected to further investigations.

D. FOLLOW-UP ON THE RESULTS OF MY FINDINGS AND RECOMMENDATIONS LAST YEAR AND IN PRIOR YEARS

D.1. FINANCIAL ISSUES

There are no improvements concerning late payment of assessed contributions and the split assessment system.

The Secretariat did not make a proposal to the Board that ensures a steady inflow of cash.

235. In my report last year, I made some recommendations concerning late payment of assessed contributions and the split assessment system. Those recommendations have not been implemented. Consequently, the situation criticized has not changed. The Secretariat has not pursued my recommendation to conclude arrangements with contributors which ensure a more steady inflow of cash, such as a system of discounts or surcharges.

236. Although there was agreement in the Board of Governors that the Secretariat may make proposals, "informal discussions with Member States have indicated that there appears to be no sympathy for such an arrangement". Moreover, there is no decision regarding a surcharge and discount system for assessed contributions. Furthermore, no result has been achieved in revisiting the split assessment system.

I reiterate the recommendations of my report last year.

237. I reiterate the recommendations of my report last year and will watch developments closely.

D.2. BUDGETARY MATTERS

D.2.1. Treatment of savings

I recommended that the Secretariat continue working on a more transparent treatment of savings due to integrated safeguards.

238. I recommended that the Secretariat continue working on a more transparent treatment of savings due to integrated safeguards, which would allow Member States to decide on their application.

The Secretariat has announced the development of a refined cost calculation methodology which would no longer be based on Person-Days of Inspection but on individual cost components. This would allow a country- and facility-specific cost calculation of inspection costs and HQs costs.

I will track this development.

239. I will track this development and, if necessary, continue reporting on this issue next year.

D.2.2. Voluntary contributions

I recommended that the Secretariat should monitor the effects of increasing voluntary contributions.

240. I recommended that the Secretariat should monitor the effects of increasing voluntary contributions, particularly their impact on the utilization of regular budget resources.

The Secretariat informed me that the June Board meeting did not reach a consensus on the broad application of a common programme support cost mechanism. Efforts are continuing to secure a programme support cost mechanism for individual donor agreements. All departments have been instructed to include programme support costs in all donor agreements.

I will follow further development.

241. I appreciate the efforts made and will follow further developments.

D.3. SAFEGUARDS AND NUCLEAR SECURITY

D.3.1. Inventory Control for Safeguards Inspection Equipment

850 different items at a total purchase value of more than €2 million were marked as “not found”.

242. In the course of an audit on inventory control of Safeguards inspection equipment, my staff noticed that at the end of 2007, out of a total of 31,407 items, 850 different items of equipment (2.7%) were marked “not found” at a total purchase value of more than €2 million. The list of items “not found” includes a high proportion of IT equipment with data storage media.

An Equipment Inventory Working Group has been established. Moreover, the Department of Safeguards has taken corrective measures to improve the inventory control.

243. An Equipment Inventory Working Group has been established aiming to identify measures to improve the accuracy and efficiency of inventory control for Safeguards inspection equipment. The Department of Safeguards has taken corrective measures to improve the inventory control, e.g. extensive searching for equipment with “not found” status, clarifying and updating inventory records with ambiguous status or outdated information, as well as identifying equipment categories that no longer meet safeguards requirements.

I welcome the steps taken and will follow their effects.

244. I welcome the steps taken and will follow their effects. The results achieved up to now are presented in paras 123-128.

D.3.2. Border Monitoring

I encouraged the Secretariat to continue with the steps initiated in 2007 to develop recommendations for detection at borders.

245. There is no definition of the meaning of “effective” border controls explaining UN Security Council Resolution 1540. I challenged the Secretariat to define what it considers to be “effective” in this context and to encourage all countries of a region to participate in border monitoring projects. Moreover, the Secretariat should continue coordinating its activities with other donors of border monitoring projects to avoid ineffective investments. Furthermore, radiation portal monitors should be sufficiently protected against damage. I encouraged the Secretariat to continue with the steps initiated in 2007 to develop recommendations for detection at borders.

The Secretariat announced further measures in order to improve border monitoring.

246. The Secretariat has announced that effective border control will be defined through the process of establishing a Nuclear Security Series Recommendations document. The end of June 2009 will be the implementation target date. According to the Secretariat, encouraging countries in a region to participate in border monitoring projects is an ongoing process, as well as coordination of border monitoring activities through regular meetings of the Border Monitoring Working Group and bilateral meetings with donors.

My team will follow up this issue in the course of another field mission in 2009.

247. I appreciate the Secretariat’s efforts. My team will follow up this issue in the course of another field mission in 2009.

D.4. TECHNICAL COOPERATION

D.4.1. Role of National Liaison Officers

National Liaison Officers’ roles and responsibilities had not been defined in the past.

248. The NLOs play a vital role in project implementation. Their roles and responsibilities had not been defined in the past.

The NLO guidelines are being implemented in TC.

249. The Secretariat has issued “The National Liaison Officer: Roles and Responsibilities” in February 2008. The implementation of the guidelines will be supported – among others – by a training package; workshops are under consideration.

I appreciate the measures taken by the Secretariat.

250. I appreciate the measures already taken by the Secretariat and those under consideration. My team will watch what impact the guidelines will have.

D.4.2. Design and selection of projects

TC support cannot be continued indefinitely. I had recommended that projects should be formulated more accurately as regards content and designed realistically.

Guidelines and PCMF should enable all parties involved to improve their share in comprehensive project design and implementation.

251. In previous reports I had already addressed the need to raise awareness among recipient countries that TC support cannot be continued indefinitely. The title and description of TC projects had not always been consistent and had not in all cases reflected the projects' contents. I had recommended that projects should be formulated more accurately as regards content and designed realistically.

252. The guidelines as well as the quality criteria included in and developed with the Programme Cycle Management Framework (PCMF) make reference to these issues. I share the view that they, together with PCMF, enable all parties involved to improve their share in comprehensive project design and implementation. I will follow the development.

D.4.3. Country Programme Framework

CPFs are an essential requirement of participation in the TC programme.

I encourage the Secretariat to continuously pursue the finalization of CPFs by Member States with national TC programmes.

253. As stated in previous reports, I still consider it essential that Country Programme Frameworks (CPFs) be in force for all recipient Member States. Although CPFs are not mandatory for Member States, they are considered an "essential requirement of participation" in the TC programme. They are included as a screening criterion in the PCMF.

254. I appreciate the Secretariat's efforts which have increased the number of CPFs. Nevertheless, I encourage the Secretariat to continuously pursue the finalization of CPFs by Member States with national TC programmes.

D.4.4. Project Progress Report

Often there were deficiencies in TC project monitoring.

Existing guidelines stipulate the counterparts' obligation to prepare project progress reports.

I will review the effectiveness of this tool in 2009.

255. My team revealed deficiencies in TC project monitoring, as in many cases project progress reports were not provided properly or were missing.

256. The guidelines "Responsibility and authority for the TC Programme Cycle Management Framework (PCMF)" dated January 2008 stipulate the counterparts' obligation to prepare and submit 6-monthly project progress reports.

257. I will review the effectiveness of this tool in 2009.

D.4.5. Compliance with TC procedures

I recommended that the Secretariat's support should focus on nuclear technology items.

The Secretariat examines procurement of non-nuclear equipment on a case-by-case basis.

The Agency should handle the provision of non-nuclear goods as restrictively as possible.

258. The support of non-nuclear applications does not belong to the Secretariat's core activities and is not covered by its mandate. If a project is not related to nuclear applications or ceases to be so, the Secretariat should terminate or restructure it, or pass the project to other more appropriate sister UN agencies. I recommended that the Secretariat's support should focus on nuclear technology items. For other procurement services I considered an examination on a case-by-case basis to be essential.

259. The Secretariat affirms that, in general, the IAEA does not support non-nuclear applications. However, the IAEA has under its Regular Budget programmes which are only partially nuclear applications and for which Member States expect support from the Agency through the TC mechanism because the activity is carried out by the Agency and technical backstopping is available in the house. These applications and activities are reviewed regularly.

260. The Agency should handle the provision of non-nuclear goods as restrictively as possible. I will follow up on this matter.

D.4.6. Unused Equipment

I encouraged the Secretariat to take further steps to verify that the facilities, material and infrastructure necessary to implement a project successfully are provided.

I will attend to this issue.

261. I encouraged the Secretariat to take further steps to verify that the facilities, material and infrastructure necessary to implement a project successfully are provided.

According to the Secretariat, PMOs are fully informed of the status of major equipment during country visits. Moreover, MTPS is now contracting external monitoring services for TC equipment.

262. I will attend to this issue and, if necessary, revert to it in my next report.

D.5. INFORMATION TECHNOLOGY

D.5.1. Creation of a single data centre

Fire protection as a highly important basic component of a modern data centre was lacking.

Funding problems are a consequence of the dispersal of the IT budget.

263. In my report for the year 2007, I highly encouraged the Secretariat to introduce phase III of the project to create a single data centre and to implement it urgently. This was due to the strong risk in storing information and in IT operations as a whole, because of the inadequacy of the fire protection system which is an important basic component of a data centre. Phase III of the project was expected to be started in 2008 and to be completed in September 2009.

264. According to current estimates, approximately €3 million are needed for the implementation of phase III. The Secretariat reported funding problems (almost €1 million are budgeted in 2008) which could result in a delay in completion of the project until 2010. This is a disadvantage of the dispersal of the IT budget over all departments and major programmes.

The Secretariat should mobilize necessary funds by prioritizing IT projects.

265. I encourage the Secretariat to implement phase III urgently and to mobilize the necessary funds by prioritizing IT projects. Due to the importance of phase III, I invite the Secretariat, if necessary, to encourage Member States to contribute additional extrabudgetary contributions.

D.5.2. Focus of IT Security

Current rules, regulations and procedures dealing with IT security focus only on external attackers and intruders.

266. Current rules, regulations and procedures dealing with IT security focus only on external attackers and intruders. In my Management Letter on IT dated 6 December 2006 and in my reports for 2006 and 2007, I recommended that the Secretariat should extend its own activities, audits and potential penetration tests in order to identify internal attackers and risks as well.

Up to the end of 2008 there was no improvement in this respect.

267. In the last two years, the Secretariat did not make any statement in this respect and no improvement has taken place. However, I have been informed that a comprehensive test was initiated early in 2009.

Targeted attacks against Safeguards IT and information underline my intention.

268. In chapter B.2 of the mutual IOM “Background, Strategy and Work Plan for MTIT and SGIM IT Services to the Agency”, it is stated that “the Department of Safeguards has been the target of several serious targeted attacks that even revealed a working knowledge of staff roles”. This underlines my intention to focus the Secretariat’s attention also on this risk.

The Secretariat should follow my recommendations.

269. I invite the Secretariat to follow the recommendations made in my Management Letter and my reports for 2006 and 2007. I will watch developments closely and, if necessary, present results in my next report.

D.5.3. IT Budgeting and Funding

I welcomed the intention to develop an instrument to get a broad overview of spending on IT. I recommended that the collection of information should be introduced as an obligatory step within the budgetary process.

270. My recommendation to centralize funding and budgeting of common IT functions to resolve the lack of transparency and to avoid inefficient IT Systems was not put into practice by the Agency. Instead of this approach, the CIO and ITC have taken steps to inventory IT projects via an annual IT project reporting requirement (“29 Questions”). I welcomed the intention to develop an instrument to get a broad overview of spending on IT and recommended establishing it as soon as possible in a consistent and comprehensive way as an obligatory step within the budgetary process. The data acquired should be used in a profitable way; the analysis could be the basis for customizing specific decisions within the ITC or through the CIO.

Many units dealing with IT – including a complete department – did not provide their data.

271. Results of the first response show that indeed the CIO obtained a better overview regarding the units dealing with IT which answered the “29 questions” concerning their IT planning and IT funding. However, some of the provided data was not of an adequate quality and due to the fact that there was no directive to take part in the data collection, many of the units dealing with IT – including a complete department – did not provide their data at all. As a consequence of this, the CIO still did not have a complete overview regarding the Agency’s IT budgeting and IT funding.

I recommend again that the Agency implement the collection of information as an obligatory step.

272. I recommend again that the Agency implement the collection of information as an obligatory step within its budgetary process. Moreover, I encourage the Agency to use this collection as a basis for making strategic decisions and to create a more centralized and integrated policy of IT budgeting. I will follow the development and will revert to it, if necessary.

D.5.4. Information Security - encryption

I encouraged the Secretariat to incorporate encryption of all media.

273. In my report last year, I encouraged the Secretariat to incorporate encryption of hard disks and removable media, as well as to monitor the use of all removable media in policies and procedures regarding information security.

I welcome the development regarding encryption of backup tapes and of centralized storage.

274. I welcome the development regarding the encryption of backup tapes and of centralized storage even when these aspects of encryption are not the most important ones because more vulnerable media which are used outside Agency's premises do not profit from HQs' various security measures.

There is too little improvement in the most important aspects of encryption. This causes an unnecessary information security risk.

275. Even though my staff noted the initiative for drafting a policy proposal to encrypt laptop computers and removable hard disks, there was no real development in 2008. Furthermore, this initiative disregarded, except for external hard disks, the encryption of all other kinds of removable media. This endangers information security during transportation and during the use of classified information or other information which is worth being protected, especially because of the increasing capacities of media like USB sticks.

The Secretariat should enforce its efforts to establish a mandatory procedure.

276. I recommend that the Secretariat enforce its efforts to establish a mandatory procedure in order to protect hard disks of laptop computers and removable media with integrated encryption and monitoring tools. I will watch developments closely and, if necessary, present results in my next report.

D.6. OTHER

Several years after my first warning, crucial elements of a comprehensive protection system for the Seibersdorf laboratory compound have not yet been fully established.

277. In my last four reports (for the years 2004, 2005, 2006 and 2007) I have reported on dangers arising from the security situation of the IAEA's laboratory compound in Seibersdorf. Although my team noticed some progress in the physical protection of the Seibersdorf premises, crucial elements of a comprehensive protection system have not yet been fully established. The Secretariat shares my concerns about weaknesses, but has not yet carried out the necessary steps to eliminate identified security risks.

Three major items still remained unsolved.

278. Three major protection items still remained open in 2008:

- Access control
- Parking places in front of the Safeguards Analytical Laboratory and insufficient distance from the road
- Perimeter fencing

The Secretariat recognizes these deficiencies and for years it announced its intention to improve the security situation. However, there has not been any substantial success.

More efforts are urgently needed to close the remaining loopholes.

In 2009, I will continue examining security measures.

279. The Secretariat recognizes these deficiencies and for years it has announced it will improve the security situation. However, there has not been any substantial success in this regard.

Concerning access control, the Agency is in negotiations with the Austrian Authorities to improve the screening process, because the Austrian Research Centre is responsible for screening.

Regarding the parking places in front of the Safeguards Analytical Laboratory and the insufficient distance from road, the Secretariat is exploring an alternative parking arrangement. But it points out that there still remains the problem of the access road being only five meters away from the Laboratory.

According to the Secretariat, partial fencing will be completed in 2009 depending on agreement on fence lines with the Austrian Research Centre (ARC) side of the site. The rest of the fencing will be initiated when the negotiations with the Austrian authorities to acquire adjacent land have been concluded.

280. The main reason for the considerable delays in implementing the measures to improve the physical protection of the Seibersdorf laboratory compound appears to be disagreements between the Agency and the ARC. I consider it essential that vigorous efforts again be made to eliminate the deficiencies mentioned above.

281. In 2009, I will examine measures taken by the Secretariat and their effects on the security situation.

E. OTHER MATTERS

E.1. CASES OF FRAUD OR PRESUMPTIVE FRAUD

OIOS reviewed six cases of irregularities.

282. In 2008, OIOS investigated six cases; three of these have been concluded and three are underway. OIOS did not find evidence of fraud or presumptive fraud, although weak internal controls contributed to the irregularities in one closed case.

E.2. LOSSES, WRITE-OFFS AND EX-GRATIA PAYMENTS

E.2.1. Write-offs and Losses

Receivables written off

283. Receivables amounting to €43,108.17 were written-off in 2008. They include the following:

Travel receivables	€19,468.32
Agency sales receivables	€10,091.39
Ad hoc invoices	<u>€13,548.46</u>

Total:	€43,108.17
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Items reported as lost	284. A total of 13 non-expendable items with a purchase price of €25,592 and a book value of € 0 were lost during 2008. A total of 10 items of Safeguard equipment, purchased at a cost of €13,038 with a book value of € 2,201, were reported lost during 2008.
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E.2.2. Ex-Gratia Payments

There were no ex-gratia payments.	285. No ex-gratia payments were made during 2008.
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F ACKNOWLEDGEMENT

	286. I wish to record my appreciation for the cooperation and assistance extended by the Director General, management and staff of the International Atomic Energy Agency. I am very grateful for their assistance during the whole external audit process.
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(signed)

Norbert Hauser

Vice-President of the Federal Court of Auditors
Germany
External Auditor

Bonn, 31st March 2009

PART II

Statements

Text of a Letter dated 26 March 2009 from the Director General to the External Auditor

Sir,

Pursuant to Financial Regulation 11.03(a), I have the honour to submit the accounts of the International Atomic Energy Agency for the year ended 31 December 2008, which I hereby approve. The financial statements have been prepared and signed by the Director, Division of Budget and Finance.

Accept, Sir, the assurances of my highest consideration.

(signed) Mohamed ElBaradei
Director General

STATEMENT I

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the period ending 31 December 2008
(expressed in euro)

	G E N E R A L F U N D						T O T A L					
	REGULAR BUDGET FUND AND WORKING CAPITAL FUND FUND GROUP I		TECHNICAL COOPERATION FUND FUND GROUP II		EXTRABUDGETARY PROGRAMME FUND FUND GROUP III			TECHNICAL COOPERATION EXTRABUDGETARY FUND FUND GROUP IV		TRUST FUNDS RESERVE FUNDS AND SPECIAL FUNDS FUND GROUP VI		
	Schedule/Note	2008	2007	Schedule/Note	2008	2007		2008	2007	Schedule	2008	2007
I N C O M E												
Assessed contributions	S1	270 511 880	262 885 898								270 511 880	262 885 898
Voluntary contributions		-	-								86 613 725	108 390 218
Assessed programme costs	S9a	354 017	376 892								354 017	376 892
National participation costs	S9b	534 648	2 473 229								534 648	2 473 229
Other/Miscellaneous income												
Revenue producing activities	N - E. (a)	681 788	669 042								681 788	669 042
Funds received under inter-organization arrangements												
Jointly financed activities	N - E. (b)	2 991 023	2 629 267								(38 036)	(566 627)
Interest income		3 945 524	5 116 199								2 991 023	2 629 267
Currency exchange adjustments		478 750	(1 286 230)								8 074 520	8 639 819
Other/Miscellaneous		126 262	507 169								478 750	(1 286 230)
TOTAL INCOME		278 735 227	270 521 345								370 311 707	384 728 462
TOTAL EXPENDITURE												
Provision for unobligated balances of appropriations	S6	264 630 874	267 992 499									
	S4	12 842 696	-									
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		1 261 657	2 528 846								(10 363 398)	6 172 477
Prior period adjustments	N - G. (a)	1 995 607	5 441 043									
Reserve for uncollected contributions	N - G. (b)	(1 956 960)	(5 884 790)									
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		1 300 304	2 085 099								(889 960)	432 637
Savings on or cancellation of prior periods' obligations	S4	-	-									
Transfers to reserves	N - I	17 390	4 172 709									
Net increase (decrease) in Working Capital Fund		(152)	(152)									
Credits to Member States	S5, N - H.	(8 635 092)	(6 691 637)									
Currency translation adjustments												
Fund balance, beginning of period		43 581 896	44 015 877									
RESERVES AND FUND BALANCES, END OF PERIOD		36 264 346	43 581 896								118 781 602	113 621 718

(signed) GARY A. EIDET
Director, Division of Budget and Finance

STATEMENT II

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES
as at 31 December 2008
(expressed in euro)

	G E N E R A L F U N D										T O T A L		
	REGULAR BUDGET FUND AND WORKING CAPITAL FUND		TECHNICAL COOPERATION FUND		EXTRABUDGETARY PROGRAMME FUND		TECHNICAL COOPERATION EXTRABUDGETARY FUND		TRUST FUNDS RESERVE FUNDS AND SPECIAL FUNDS				
	Schedule/Note	2008	2007	Schedule/Note	2008	2007	2008	2007	2008	2007		Schedule	2008
ASSETS													
Cash and term deposits		75 702 191	65 784 115										
Investment in commissary	N - K.	808 879	808 879										
Accounts receivable													
Assessed contributions receivable from Member States	S1 & N - L.	38 015 274	41 804 166										
Voluntary contributions receivable	S8	-	-										
Assessed programme costs receivable	S9a	-	-										
National participation costs receivable	S9b	-	-										
Other	N - M.I.	15 008 203	14 645 648										
TOTAL ASSETS		129 534 547	123 042 808										
LIABILITIES													
Contributions received in advance	S1,S3	31 001 161	20 702 693										
Unliquidated obligations	N - N.	32 670 214	49 167 333										
Provision for revaluation of balance sheet	N - P.	5 474 058	6 198 770										
Provision for unobligated balances of appropriations		12 842 696	152 092										
Provision for Phase II Security Enhancement	N - Y	130 425	1 588 808										
Provision for ERP implementation	N - Z	6 155 803	-										
Uncollected assessed programme costs	S9a	-	-										
Uncollected National participation costs	S9b	-	-										
Accounts payable	N - O.I.	4 995 844	1 651 216										
TOTAL LIABILITIES		93 270 201	79 460 912										
RESERVES AND FUND BALANCES													
Uncollected assessed contributions	S1	9 415 795	11 372 755										
Other reserves	N - I	4 800 000	4 782 610										
Working Capital Funds	S2,S3	15 210 456	15 210 608										
Commissary Working Capital	N - K.	808 879	808 879										
Surplus (deficits)	S4	6 029 216	11 407 044										
Fund balances		-	-										
TOTAL RESERVES AND FUND BALANCES		36 264 346	43 581 896										
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		129 534 547	123 042 808										

(signed) GARY A. EIDET
Director, Division of Budget and Finance

STATEMENT III

STATEMENT OF CASH FLOW
for the period ending 31 December 2008

(expressed in euro)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net excess (shortfall) of income over expenditure (Statement I)	(10 199 746)	6 449 127
(Increase) decrease in contributions receivable	4 556 578	18 376 780
(Increase) decrease in other accounts receivable	(485 944)	(5 382 221)
Increase (decrease) in contributions received in advance	10 666 436	396 849
Increase (decrease) in unliquidated obligations	(20 391 998)	24 828 830
Increase (decrease) in accounts payable	5 669 310	367 855
Increase (decrease) in other liabilities	16 794 302	(14 628 282)
Less: Interest income	(8 074 520)	(8 639 819)
Currency exchange adjustments	(478 750)	1 286 230
NET CASH FROM OPERATING ACTIVITIES	(1 944 332)	23 055 349
CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES:		
Plus: Interest income	8 074 520	8 639 819
Currency exchange adjustments	478 750	(1 286 230)
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	8 553 270	7 353 589
CASH FLOW FROM OTHER SOURCES:		
Savings on or cancellation of prior periods' obligations	4 581 206	2 677 977
Increase (decrease) in provision for uncollected assessed programme and national participation costs (TCF)	(678 481)	(358 806)
Transfers to reserves	17 053 810	4 172 709
Net increase (decrease) in Working Capital Fund	(152)	(152)
Credits to Member States	(8 635 092)	(6 691 637)
Currency translation adjustments	2 359 858	(7 683 973)
NET CASH FROM OTHER SOURCES	14 681 149	(7 883 882)
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	21 290 087	22 525 056
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	191 380 878	168 855 822
TOTAL CASH AND TERM DEPOSITS, END OF PERIOD (Schedule S12)	212 670 965	191 380 878
consisting of:		
Fund Group I - Regular Budget Fund and Working Capital Fund	75 702 191	65 784 115
Fund Group II - Technical Cooperation Fund	43 491 916	42 805 495
Fund Group III - Extrabudgetary Programme Fund	68 410 930	61 326 960
Fund Group IV - Technical Cooperation Extrabudgetary Fund	22 663 006	18 387 852
Fund Group VI - Trust Funds, Reserve Funds and Special Funds	2 402 922	3 076 456
	212 670 965	191 380 878

(signed) GARY A. EIDET
Director, Division of Budget and Finance

STATEMENT IV

**STATEMENT OF THE REGULAR BUDGET APPROPRIATIONS
for the period ending 31 December 2008**

(expressed in euro)

Description of major programme	Appropriations			Expenditure				Unobligated balances of appropriations	Balance /e
	Adjusted /b	Transfers /c	Revised	Disbursements	Unliquidated obligations	Unliquidated obligations for shared services and laboratory activities	Total		
1. Nuclear Power, Fuel Cycle and Nuclear Science	26 542 400	(249)	26 542 151	24 007 512	1 982 223	334 579	26 324 314	217 837	-
2. Nuclear Techniques for Development and Environmental Protection	31 126 535	-	31 126 535	27 168 262	3 382 431	575 842	31 126 535	-	-
3. Nuclear Safety and Security	22 000 316	13 719	22 014 035	20 096 604	1 424 445	491 775	22 012 824	1 211	-
4. Nuclear Verification	106 965 036	(11 170)	106 953 866	84 818 217	10 255 882	1 346 059	96 420 158	10 533 708	-
5. Policy, Management and Administration	72 294 897	(1 958)	72 292 939	63 685 810	6 099 019	711 435	70 496 264	1 796 675	-
6. Management of Technical Cooperation for Development	15 553 363	(342)	15 553 021	14 717 299	344 386	198 071	15 259 756	293 265	-
Appropriation Budget	274 482 547	-	274 482 547	234 493 704	23 488 386	3 657 761	261 639 851	12 842 696	-
7. Reimbursable work for others	2 309 206	-	2 309 206	2 726 196	-	264 827	2 991 023	-	(681 817)
T O T A L a/	276 791 753	-	276 791 753	237 219 900	23 488 386	3 922 588 d/	264 630 874	12 842 696	(681 817)

a/ Represents the sum of Statement IV.1 "The operational and recurrent portion of the regular budget" and Statement IV.2 "The essential investments portion of the regular budget."

b/ General Conference Resolution GC(51)/RES/7 of September 2007 - revalued at the UN average rate of exchange \$1.4643 to 1 euro.

c/ Based on the decision of the Board of Governors on document (GOV/1999/15) an amount of €13 719 was transferred to Major Programme 3 "Nuclear Safety and Security" in order to cover cost of emergency assistance provided in Belgium, Benin, Canada, Chile, Japan, Mexico and Tunisia. To recover this advance, year-end unencumbered balances in the Regular Budget Appropriation Sections were used.

d/ This amount represents €3 055 068 relating to the Agency's Shared Support Costs, €866 110 to the Agency's Seibersdorf Laboratory and €1 410 to the IAEA Marine Environment Laboratories, Monaco. e/ (€681 817) represents the costs of additional services provided to: a) other VIC-based organizations; and b) projects financed from the Technical Cooperation Fund and extrabudgetary resources.

(signed) GARY A. EIDET
Director, Division of Budget and Finance

STATEMENT IV.1

STATEMENT OF THE OPERATIONAL AND RECURRENT PORTION OF THE REGULAR BUDGET
for the period ending 31 December 2008

(expressed in euro)

Description of major programme	Appropriations			Expenditure				Unobligated balances of appropriations	Balance /d
	Adjusted /a	Transfers /b	Revised	Disbursements	Unliquidated obligations	Unliquidated obligations for shared services and laboratory activities	Total		
1. Nuclear Power, Fuel Cycle and Nuclear Science	26 497 775	(249)	26 497 526	23 968 376	1 982 223	334 579	26 285 178	212 348	-
2. Nuclear Techniques for Development and Environmental Protection	30 403 607	-	30 403 607	26 851 804	2 975 961	575 842	30 403 607	-	-
3. Nuclear Safety and Security	21 812 890	13 719	21 826 609	20 038 253	1 424 445	363 911	21 826 609	-	-
4. Nuclear Verification	105 791 394	(11 170)	105 780 224	84 818 217	10 086 852	1 346 059	96 251 128	9 529 096	-
5. Policy, Management and Administration	71 040 631	(1 958)	71 038 673	63 039 828	5 617 073	711 435	69 368 336	1 670 337	-
6. Management of Technical Cooperation for Development	15 286 181	(342)	15 285 839	14 598 374	340 130	55 601	14 994 105	291 734	-
Appropriation Budget	270 832 478	-	270 832 478	233 314 852	22 426 684	3 387 427	259 128 963	11 703 515	-
7. Reimbursable work for others	2 309 206	-	2 309 206	2 726 196	-	264 827	2 991 023	-	(681 817)
T O T A L	273 141 684	-	273 141 684	236 041 048	22 426 684	3 652 254	262 119 986	11 703 515	(681 817)

a/ General Conference Resolution GC(51)/RES/7 of September 2007 - revalued at the UN average rate of exchange \$1,4643 to 1 euro.

b/ Based on the decision of the Board of Governors on document (GOV/1999/15) an amount of €13 719 was transferred to Major Programme 3 "Nuclear Safety and Security" in order to cover cost of emergency assistance provided in Belgium, Benin, Canada, Chile, Japan, Mexico and Tunisia. To recover this advance, year-end unencumbered balances in the Regular Budget Appropriation Sections were used.

c/ This amount represents €2 784 734 relating to the Agency's Shared Support Costs, €866 110 to the Agency's Seibersdorf Laboratory and €410 to the IAEA Marine Environment Laboratories, Monaco.

d/ (€681 817) represents the costs of additional services provided to: a) other VIC-based organizations; and b) projects financed from the Technical Cooperation Fund and extrabudgetary resources.

(signed) GARY A. EIDET

Director, Division of Budget and Finance

STATEMENT IV.2

**STATEMENT OF THE ESSENTIAL INVESTMENTS PORTION OF THE REGULAR BUDGET
for the period ending 31 December 2008**

(expressed in euro)

Description of major programme	Appropriations Adjusted /a	Expenditure				Unobligated balances of appropriations	Balance
		Disbursements	Unliquidated obligations	Unliquidated obligations for shared services and laboratory activities	Total		
1. Nuclear Power, Fuel Cycle and Nuclear Science	44 625	39 136	-	-	39 136	5 489	-
2. Nuclear Techniques for Development and Environmental Protection	722 928	316 458	406 470	-	722 928	-	-
3. Nuclear Safety and Security	187 426	58 351	-	127 864	186 215	1 211	-
4. Nuclear Verification	1 173 642	-	169 030	-	169 030	1 004 612	-
5. Policy, Management and Administration	1 254 266	645 982	481 946	-	1 127 928	126 338	-
6. Management of Technical Cooperation for Development	267 182	118 925	4 256	142 470	265 651	1 531	-
T O T A L	3 650 069	1 178 852	1 061 702	270 334 b/	2 510 888	1 139 181	-

a/ General Conference Resolution GC(51)/RES/7 of September 2007 - revalued at the UN average rate of exchange \$1.4643 to 1 euro.

b/ This amount is related to the Agency's Shared Support Costs.

(signed) GARY A. EIDET
Director, Division of Budget and Finance

STATEMENT IV (SUPPLEMENTARY A)

**STATEMENT OF UNOBLIGATED BALANCES OF 2006 APPROPRIATIONS
for the period ending 31 December 2008**

(expressed in euro)

Description of major programme	Unobligated balances of appropriations brought forward	Expenditure			Balance
		Disbursements	Unliquidated obligations	Total	
Special Appropriation for Security Enhancements	152 092	-	152 092	152 092	-

(signed) GARY A. EIDET
Director, Division of Budget and Finance

PART III

SCHEDULES

SCHEDULE S1

REGULAR BUDGET FUND
STATUS OF CONTRIBUTIONS TO THE REGULAR BUDGET
AS AT 31 DECEMBER 2008
(expressed in euro)

Member State	2008		Prior years		Total outstanding at €0,699	Advance payments and credits for 2009 c/
	Assessed	Advance payments and credits a/	Payments	Outstanding at €0,699		
Afghanistan, Islamic Republic of	2 209	337	1 872	2 209	-	51 992
Albania	13 104	116	12 988	13 104	-	-
Algeria	182 702	2 386	180 316	182 702	-	-
Angola	6 521	-	6 521	-	-	-
Argentina	695 470	-	-	695 470	3 490 649	744 389
Armenia	4 397	4 025	372	4 397	-	4 598
Australia	4 789 856	4 789 856	-	4 789 856	-	-
Austria	2 382 351	53 622	2 328 729	2 382 351	-	1 222
Azerbaijan	11 045	-	-	11 045	-	-
Bangladesh	21 934	536	21 398	21 934	-	-
Belarus	41 424	568	40 856	41 424	-	3 955
Belgium	2 943 234	66 942	2 876 292	2 943 234	-	-
Belize	2 199	2 199	-	2 199	-	-
Benin	2 199	-	-	2 199	152	11 888
Bolivia	13 253	-	-	13 253	13 958	52 562
Bosnia and Herzegovina	13 191	-	13 191	13 191	-	-
Botswana	28 746	3 787	-	3 787	24 959	24 959
Brazil	1 877 546	-	-	1 877 546	3 493 602	1 479 719
Bulgaria	41 792	41 792	-	41 792	-	-
Burkina Faso	4 398	-	1 903	1 903	2 495	2 495
Cameroon	19 880	-	402	402	19 478	19 478
Canada	7 979 797	7 979 797	-	7 979 797	-	8 300 327
Central African Republic	2 199	-	-	2 199	-	-
Chad	2 199	-	-	2 199	4 261	505
Chile	344 402	-	-	344 402	237 351	318 996
China	5 618 854	11 334	5 607 520	5 618 854	-	54 104
Colombia	221 576	13 054	195 319	208 373	13 203	13 203
Costa Rica	68 473	-	-	68 473	208	318 338
Côte d'Ivoire	19 880	-	-	19 880	149 426	20 618
Croatia	105 571	105 571	-	105 571	-	93 819
Cuba	114 859	-	-	114 859	70 560	195 026
Cyprus	115 627	2 007	113 620	115 627	-	-
Czech Republic	599 332	-	599 332	599 332	-	-
Democratic Republic of the Congo	6 596	-	-	6 596	-	-
Denmark	1 987 645	1 987 645	-	1 987 645	189 163	195 759
Dominican Republic	50 803	-	-	50 803	-	838 863
Ecuador	44 016	635	43 381	44 016	-	-
Egypt	189 356	32 928	156 428	189 356	-	-
El Salvador	41 967	-	-	41 967	-	405 460
Eritrea	2 174	-	2 174	2 174	1 835	-

SCHEDULE S1 (continued)

Member State	2008				Prior years		Total outstanding at �0,699	Advance payments and credits for 2009 c/
	Assessed	Advance payments and credits a/	Payments	Total	Outstanding at �0,699	Payments and credits in 2008 b/		
Mexico	4 837 180	-	-	-	4 837 180	2 932 685	378 823	5 216 003
Monaco	8 261	201	8 060	8 261	-	-	-	-
Mongolia	2 199	67	2 132	2 199	-	-	-	-
Montenegro	2 209	-	-	-	2 209	1	3 865	6 074
Morocco	87 372	3 041	84 331	87 372	-	-	-	2 998
Mozambique	2 208	-	587	587	1 621	1 621	-	1 621
Myanmar	10 873	1 268	9 559	10 827	46	-	-	46
Namibia	13 151	-	13 151	13 151	-	11 415	-	-
Netherlands	5 028 837	86 658	4 942 179	5 028 837	-	-	-	-
New Zealand	686 229	686 229	-	686 229	-	-	-	705 723
Nicaragua	4 342	-	4 342	4 342	-	-	-	-
Niger	2 199	-	-	-	2 199	-	60 939	63 138
Nigeria	102 037	-	4 507	4 507	97 530	231 846	-	97 530
Norway	2 098 313	30 602	2 067 711	2 098 313	-	-	-	-
Pakistan	125 339	2 073	123 266	125 339	-	-	-	-
Palau	2 209	-	-	-	2 209	-	1 973	4 182
Panama	47 952	-	45 082	45 082	-	15 560	-	2 870
Paraguay	11 045	-	-	-	11 045	1 064	225 198	236 243
Peru	165 661	-	-	-	165 661	233 987	73 295	238 956
Philippines	163 947	-	163 947	163 947	-	168 939	-	-
Poland	1 062 075	17 017	1 045 058	1 062 075	-	-	-	-
Portugal	1 208 575	14 833	1 193 742	1 208 575	-	-	-	-
Qatar	228 796	1 137	-	1 137	227 659	-	-	227 659
Republic of Moldova	2 199	-	2 199	2 199	-	43 701	227 949	227 949
Romania	149 710	1 581	148 129	149 710	-	-	-	2 950
Russian Federation	3 216 057	59 133	3 156 924	3 216 057	-	-	-	94 912
Saudi Arabia	1 585 653	28 010	1 557 643	1 585 653	-	-	-	-
Senegal	8 795	-	-	-	8 795	18 799	1 917	10 712
Serbia	43 845	635	43 210	43 845	-	-	-	459
Seychelles	4 393	-	679	679	3 714	11 386	-	3 714
Sierra Leone	2 199	-	-	-	2 199	-	136 616	138 815
Singapore	930 486	32 014	898 472	930 486	-	-	-	968 178
Slovakia	134 526	12 600	121 926	134 526	-	-	-	-
Slovenia	256 009	23 377	232 632	256 009	-	-	-	20 000
South Africa	616 975	14 719	602 256	616 975	-	-	-	-
Spain	7 881 203	103 658	7 777 545	7 881 203	-	-	-	2 17 384
Sri Lanka	32 887	957	31 930	32 887	-	-	-	-
Sudan	21 987	-	-	-	21 987	31 348	14 530	36 517
Sweden	2 868 946	56 469	2 812 477	2 868 946	-	-	-	-
Switzerland	3 264 686	75 402	3 189 284	3 264 686	-	-	-	103 266
Syrian Arab Republic	32 782	5 223	27 559	32 782	-	-	-	-
Tajikistan	2 199	-	2 199	2 199	-	914	-	332
Thailand	390 524	13 672	376 852	390 524	-	-	-	-
The Former Yugoslav Republic of Macedonia	10 997	10 997	-	10 997	-	-	-	527
Tunisia	65 769	1 229	64 540	65 769	-	-	-	-

SCHEDULE SI (continued)

Member State	2008				Prior years		Total outstanding at €0,699	Advance payments and credits for 2009 c/
	Assessed	Advance payments and credits a/	Payments	Total	Outstanding at €0,699	Payments and credits in 2008 b/		
Turkey	824 751	17 057	807 694	824 751	-	-	-	19 977
Uganda	6 592	5 995	597	6 592	-	-	-	1 397
Ukraine	94 682	1 184	93 498	94 682	-	-	-	-
United Arab Emirates	805 533	6 089	799 444	805 533	-	-	-	-
United Kingdom of Great Britain and Northern Ireland	17 830 822	336 370	17 494 452	17 830 822	-	-	-	18 306 624
United Republic of Tanzania	13 134	-	13 134	13 134	-	8 346	-	770
United States of America	70 283 584	2 066 131	49 364 692	51 430 823	18 852 761	19 950 459	18 852 761	-
Uruguay	57 994	-	40 973	40 973	17 021	97 947	17 021	-
Uzbekistan	17 671	-	-	-	17 671	760	351 812	369 483
Venezuela, Bolivarian Republic of	420 674	-	167 592	167 592	253 082	272 167	253 082	-
Vietnam	51 163	550	50 613	51 163	-	-	-	-
Yemen	15 451	163	15 288	15 451	-	-	-	-
Zambia	2 201	286	-	286	1 915	-	1 915	-
Zimbabwe	17 671	614	-	614	17 057	-	17 057	-
Sub-total	270 505 284	22 607 312	219 305 089	241 912 401	28 592 883	32 427 018	6 770 728	31 001 161
New Member:								
Nepal d/	6 596	-	-	-	6 596	-	-	6 596
Sub-total	6 596	-	-	-	6 596	-	-	6 596
Former Members:								
Cambodia e/	-	-	-	-	-	-	219 657	219 657
Democratic People's Republic of Korea f/	-	-	-	-	-	-	128 576	128 576
Yugoslavia g/	-	-	-	-	-	-	2 296 834	2 296 834
Sub-total	-	-	-	-	-	-	2 645 067	-
GRAND TOTAL	270 511 880	22 607 312	219 305 089	241 912 401	28 599 479	32 427 018	9 415 795	31 001 161

a/ These amounts reflect advance payments received in 2007, both full and partial, of 2008 Regular Budget contributions (€16 061 160), cash surplus credits (€6 079 812) and Working Capital Fund credits (€666 340) applied against 2008 Regular Budget contributions.

b/ These amounts reflect payments received in 2008 (€1 899 604), cash surplus credits (€309 608) and Working Capital Fund credits (€217 806).

c/ These amounts reflect advance payments of 2009 Regular Budget contributions (€28 784 923), cash surplus credits (€2 215 781) and Working Capital Fund credit (€457) applied against 2009 Regular Budget contributions.

d/ Nepal became a Member of the Agency on 8 July 2008.

e/ Cambodia withdrew from membership on 26 March 2003.

f/ The Democratic People's Republic of Korea withdrew from membership on 13 June 1994.

g/ Following the approval for membership of the Federal Republic of Yugoslavia on 17 September 2001, the former Yugoslavia ceased to be a Member State.

SCHEDULE S2**STATUS OF THE WORKING CAPITAL FUND****AS AT 31 DECEMBER 2008**

(expressed in euro)

	2008	2007
Balance as at 1 January	15 815 168	15 201 247
Receipts/(Refunds)		
From Member States	(610 575)	613 921
Balance as at 31 December	15 204 593	15 815 168
Established Level	15 210 000	15 210 000
Add: Net increase due to new Member States assessments	456	608
Total (Statement II/Schedule S3)	15 210 456	15 210 608
Less: Due from Member States (Schedule S3)	(5 863)	(7 384)
Add: Advance payments/credits from Member States (Schedule S3)	-	611 944
Balance as at 31 December	15 204 593	15 815 168

SCHEDULE S3

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND

AS AT 31 DECEMBER 2008

(expressed in euro)

Member State	Assessed	Paid	Outstanding	Advance payments and credits for 2009
Afghanistan, Islamic Republic of	152	152	-	-
Albania	913	913	-	-
Algeria	12 472	12 472	-	-
Angola	456	456	-	-
Argentina	47 607	47 607	-	-
Armenia	304	304	-	-
Australia	262 220	262 220	-	-
Austria	130 198	130 198	-	-
Azerbaijan	761	761	-	-
Bangladesh	1 521	1 521	-	-
Belarus	2 890	2 890	-	-
Belgium	161 682	161 682	-	-
Belize	152	152	-	-
Benin	152	152	-	-
Bolivia	913	913	-	-
Bosnia and Herzegovina	913	913	-	-
Botswana	1 977	1 977	-	-
Brazil	128 525	128 525	-	-
Bulgaria	2 890	2 890	-	-
Burkina Faso	304	304	-	-
Cameroon	1 369	1 369	-	-
Canada	436 831	436 831	-	-
Central African Republic	152	-	152	-
Chad	152	152	-	-
Chile	23 576	23 576	-	-
China	391 353	391 353	-	-
Colombia	15 362	15 362	-	-
Costa Rica	4 715	4 715	-	-
Côte d'Ivoire	1 369	1 369	-	-
Croatia	7 301	7 301	-	-
Cuba	7 909	7 909	-	-
Cyprus	6 388	6 388	-	-
Czech Republic	41 219	41 219	-	-
Democratic Republic of the Congo	456	456	-	-
Denmark	108 447	108 447	-	-
Dominican Republic	3 498	1 352	2 146	-
Ecuador	3 042	3 042	-	-
Egypt	12 928	12 928	-	-
El Salvador	2 890	845	2 045	-
Eritrea	152	152	-	-
Estonia	2 282	2 282	-	-
Ethiopia	456	456	-	-
Finland	82 742	82 742	-	-
France	924 464	924 464	-	-
Gabon	1 217	1 217	-	-

SCHEDULE S3 (continued)

Member State	Assessed	Paid	Outstanding	Advance payments and credits for 2009
Georgia	456	456	-	-
Germany	1 258 475	1 258 475	-	-
Ghana	608	608	-	-
Greece	87 458	87 458	-	-
Guatemala	4 715	4 411	304	-
Haiti	304	304	-	-
Holy See	152	152	-	-
Honduras	761	761	-	-
Hungary	35 744	35 744	-	-
Iceland	5 476	5 476	-	-
India	66 011	66 011	-	-
Indonesia	23 576	23 576	-	-
Iran, Islamic Republic of	26 465	26 465	-	-
Iraq	2 129	2 129	-	-
Ireland	65 251	65 251	-	-
Israel	61 448	61 448	-	-
Italy	745 290	745 290	-	-
Jamaica	1 521	1 217	304	-
Japan	2 439 228	2 439 228	-	-
Jordan	1 825	1 825	-	-
Kazakhstan	4 259	4 259	-	-
Kenya	1 521	1 521	-	-
Korea, Republic of	318 802	318 802	-	-
Kuwait	26 770	26 770	-	-
Kyrgyzstan	152	-	152	-
Latvia	2 586	2 586	-	-
Lebanon	5 019	5 019	-	-
Liberia	152	152	-	-
Libyan Arab Jamahiriya	9 126	9 126	-	-
Liechtenstein	1 521	1 521	-	-
Lithuania	4 563	4 563	-	-
Luxembourg	12 472	12 472	-	-
Madagascar	304	304	-	-
Malawi	152	152	-	-
Malaysia	27 834	27 834	-	-
Mali	152	152	-	-
Malta	2 434	2 434	-	-
Marshall Islands	152	152	-	-
Mauritania, Islamic Republic of	152	-	152	-
Mauritius	1 673	1 673	-	-
Mexico	331 122	331 122	-	-
Monaco	456	456	-	-
Mongolia	152	152	-	-
Montenegro	152	152	-	-
Morocco	6 084	6 084	-	-
Mozambique	152	152	-	-
Myanmar	761	761	-	-
Namibia	913	913	-	-
Netherlands	274 845	274 845	-	-
New Zealand	37 569	37 569	-	-
Nicaragua	304	304	-	-
Niger	152	152	-	-
Nigeria	6 997	6 997	-	-
Norway	114 683	114 683	-	-
Pakistan	8 670	8 670	-	-

SCHEDULE S3 (continued)

Member State	Assessed	Paid	Outstanding	Advance payments and credits for 2009
Palau	152	-	152	-
Panama	3 346	3 346	-	-
Paraguay	761	761	-	-
Peru	11 408	11 408	-	-
Philippines	11 408	11 408	-	-
Poland	73 464	73 464	-	-
Portugal	77 267	77 267	-	-
Qatar	12 472	12 472	-	-
Republic of Moldova	152	152	-	-
Romania	10 191	10 191	-	-
Russian Federation	176 132	176 132	-	-
Saudi Arabia	109 816	109 816	-	-
Senegal	608	608	-	-
Serbia	3 042	3 042	-	-
Seychelles	304	304	-	-
Sierra Leone	152	152	-	-
Singapore	50 953	50 953	-	-
Slovakia	9 278	9 278	-	-
Slovenia	14 145	14 145	-	-
South Africa	42 588	42 588	-	-
Spain	435 462	435 462	-	-
Sri Lanka	2 282	2 282	-	-
Sudan	1 521	1 521	-	-
Sweden	157 119	157 119	-	-
Switzerland	178 413	178 413	-	-
Syrian Arab Republic	2 282	2 282	-	-
Tajikistan	152	152	-	-
Thailand	27 226	27 226	-	-
The Former Yugoslav Republic of Macedonia	761	761	-	-
Tunisia	4 563	4 563	-	-
Turkey	55 973	55 973	-	-
Uganda	456	456	-	-
Ukraine	6 540	6 540	-	-
United Arab Emirates	44 261	44 261	-	-
United Kingdom of Great Britain and Northern Ireland	974 505	974 505	-	-
United Republic of Tanzania	913	913	-	-
United States of America	3 802 500	3 802 500	-	-
Uruguay	3 955	3 955	-	-
Uzbekistan	1 217	1 217	-	-
Venezuela, Bolivarian Republic of	29 355	29 355	-	-
Vietnam	3 498	3 498	-	-
Yemen	1 065	1 065	-	-
Zambia	152	152	-	-
Zimbabwe	1 217	1 217	-	-
Sub-total	15 210 000	15 204 593	5 407	-
<u>New Member:</u>				
Nepal a/	456	-	456	-
Sub-total	456	-	456	-
TOTAL	15 210 456	15 204 593	5 863	-

a/ Nepal became a Member of the Agency on 8 July 2008.

SCHEDULE S4**REGULAR BUDGET FUND
STATUS OF CASH SURPLUSES
AS AT 31 DECEMBER 2008**

(expressed in euro)

	2008	2007
<u>Current year</u>		
Receipts	249 713 584	239 921 231
Disbursements (Statement IV)	<u>(237 219 900)</u>	<u>(232 555 543)</u>
Excess (shortfall) of receipts over disbursements	12 493 684	7 365 688
Unliquidated obligations (Statement IV)	(27 410 974)	(35 436 956)
Provision for unobligated balances of appropriations (Statements I and II)	<u>(12 842 696)</u>	<u>-</u>
Provisional deficit	(27 759 986)	(28 071 268)
Contributions receivable (Schedule S1)	28 599 479	30 431 411
Miscellaneous income receivable	<u>422 164</u>	<u>168 703</u>
Excess (shortfall) of income over expenditure - (Statement I)	1 261 657	2 528 846
<u>Disposition of prior year's provisional surplus (deficit)</u>		
Prior year provisional deficit	(28 071 268)	(39 062 867)
Receipt of:		
Contributions all prior years (Schedule S1)	32 427 018	47 540 775
Miscellaneous income	<u>168 703</u>	<u>135 204</u>
Prior year cash surplus/(deficit) - 2007 Cash surplus	4 524 453	8 613 112
Other surpluses: (Schedule S5)		
Cash surpluses withheld pending receipt of contributions	<u>243 106</u>	<u>265 086</u>
Total surplus (Statement II)	6 029 216	11 407 044

SCHEDULE S5

REGULAR BUDGET FUND

I. SHARES OF MEMBER STATES IN THE 2007 CASH SURPLUS

(expressed in euro)

Member State	2007 Scale of assessment %	Allocation amount €
Afghanistan, Islamic Republic of	0.001	45
Albania	0.004	181
Algeria	0.055	2 488
Angola	0.001	45
Argentina	0.694	31 399
Armenia	0.001	45
Australia	1.594	72 117
Austria	0.860	38 909
Azerbaijan	0.004	181
Bangladesh	0.007	317
Belarus	0.013	588
Belgium	1.070	48 410
Belize	0.001	45
Benin	0.001	45
Bolivia	0.007	317
Bosnia and Herzegovina	0.002	91
Botswana	0.009	407
Brazil	1.106	50 039
Bulgaria	0.012	543
Burkina Faso	0.001	45
Cameroon	0.006	272
Canada	2.817	127 449
Central African Republic	0.001	45
Chad	0.001	45
Chile	0.162	7 329
China	1.491	67 457
Colombia	0.112	5 067
Costa Rica	0.022	995
Côte d'Ivoire	0.007	317
Croatia	0.027	1 222
Cuba	0.031	1 403
Cyprus	0.039	1 765
Czech Republic	0.132	5 972
Democratic Republic of the Congo	0.002	91
Denmark	0.719	32 530
Dominican Republic	0.026	1 176
Ecuador	0.014	633
Egypt	0.087	3 936
El Salvador	0.016	724
Eritrea	0.001	45
Estonia	0.009	407
Ethiopia	0.003	136
Finland	0.533	24 114
France	6.037	273 130
Gabon	0.007	317

SCHEDULE S5 (continued)

Member State	2007 Scale of assessment %	Allocation amount €
Georgia	0.002	91
Germany	8.672	392 345
Ghana	0.003	136
Greece	0.432	19 545
Guatemala	0.022	995
Haiti	0.002	91
Holy See	0.001	45
Honduras	0.004	181
Hungary	0.091	4 117
Iceland	0.034	1 538
India	0.306	13 844
Indonesia	0.103	4 660
Iran, Islamic Republic of	0.114	5 158
Iraq	0.011	498
Ireland	0.351	15 880
Israel	0.467	21 128
Italy	4.891	221 282
Jamaica	0.006	272
Japan	19.492	881 871
Jordan	0.008	362
Kazakhstan	0.018	814
Kenya	0.007	317
Korea, Republic of	1.465	66 281
Kuwait	0.162	7 329
Kyrgyzstan	0.001	45
Latvia	0.010	452
Lebanon	0.017	769
Liberia	0.001	45
Libyan Arab Jamahiriya	0.096	4 343
Liechtenstein	0.005	226
Lithuania	0.017	769
Luxembourg	0.077	3 484
Madagascar	0.002	91
Malawi a/	0.001	45
Malaysia	0.148	6 696
Mali	0.001	45
Malta	0.010	452
Marshall Islands	0.001	45
Mauritania, Islamic Republic of	0.001	45
Mauritius	0.008	362
Mexico	1.368	61 892
Monaco	0.003	136
Mongolia	0.001	45
Montenegro a/	0.001	45
Morocco	0.034	1 538
Mozambique a/	0.001	45
Myanmar	0.007	317
Namibia	0.005	226
Netherlands	1.692	76 551
New Zealand	0.221	9 999

SCHEDULE S5 (continued)

Member State	2007 Scale of assessment %	Allocation amount €
Nicaragua	0.001	45
Niger	0.001	45
Nigeria	0.030	1 357
Norway	0.680	30 765
Pakistan	0.040	1 810
Palau a/	0.001	45
Panama	0.014	633
Paraguay	0.009	407
Peru	0.067	3 031
Philippines	0.069	3 122
Poland	0.335	15 156
Portugal	0.383	17 328
Qatar	0.064	2 896
Republic of Moldova	0.001	45
Romania	0.044	1 991
Russian Federation	1.101	49 812
Saudi Arabia	0.518	23 436
Senegal	0.004	181
Serbia	0.014	633
Seychelles	0.001	45
Sierra Leone	0.001	45
Singapore	0.388	17 554
Slovakia	0.037	1 674
Slovenia	0.082	3 710
South Africa	0.212	9 592
Spain	2.523	114 147
Sri Lanka	0.012	543
Sudan	0.006	272
Sweden	0.999	45 198
Switzerland	1.199	54 246
Syrian Arab Republic	0.028	1 267
Tajikistan	0.001	45
Thailand	0.151	6 832
The Former Yugoslav Republic of Macedonia	0.005	226
Tunisia	0.023	1 041
Turkey	0.270	12 216
Uganda	0.005	226
Ukraine	0.029	1 312
United Arab Emirates	0.236	10 677
United Kingdom of Great Britain and Northern Ireland	6.135	277 564
United Republic of Tanzania	0.005	226
United States of America	25.947	1 173 913
Uruguay	0.035	1 584
Uzbekistan	0.010	452
Venezuela, Bolivarian Republic of	0.124	5 610
Vietnam	0.015	679
Yemen	0.005	226
Zambia	0.001	45
Zimbabwe	0.005	226
TOTAL (Schedule S4)	100.004 b/	4 524 453

a/ New Member State which joined the Agency after the approval of the scale of assessment.

b/ The total does not add up to 100% as it contains new Member States that were assessed in addition to the prevailing scale. However, in the calculation of the allocation amounts to be refunded, this difference was taken into account.

SCHEDULE S5 (continued)**II. STATUS OF OTHER CASH SURPLUSES WITHHELD PENDING
RECEIPT OF CONTRIBUTIONS AS AT 31 DECEMBER 2008**

(expressed in euro)

Budget years	31 December 2007	Surrendered	31 December 2008
1965-1968	286	-	286
1979-1990	60 105	-	60,105
1992	19 594	-	19,594
1993	13 038	1 329	11,709
1994	41 743	4 473	37,270
1995	1 873	-	1,873
1996	42 840	-	42,840
1997	22 862	516	22,346
1998	25 999	2 629	23,370
1999	8 133	844	7,289
2001	2 740	137	2,603
2002	806	46	760
2004	4 216	407	3,809
2005	20 851	11 599	9,252
2006	8 613 112	8 613 112 a/	-
TOTAL (Schedule S4)	8 878 198	8 635 092	243 106

a/ In line with GOV/2008/21/Rev.1 and GOV/2008/21/Rev.1/Mod.1, an amount of €3 083 981 was made available for the Agency-wide Information System for Programme Support (AIPS) project.

SCHEDULE S6

THE REGULAR BUDGET 2008
SUMMARY BY ITEM OF EXPENDITURE
AS AT 31 DECEMBER 2008

(expressed in euro)

Item of expenditure	Expenditures					Balance
	2008 Adjusted Budget a/	Disbursements	Unliquidated obligations	Total expenditure	Unused (over-expended) balances	
Salaries - established posts -P	70 452 737	63 280 127	-	63 280 127	7 172 610	-
Temporary assistance - P/MT	9 661 291	8 410 419	-	8 410 419	1 250 872	-
Temporary assistance - P/ST	147 494	545 550	-	545 550	(398 056)	-
Salaries - established posts -GS	33 947 905	32 658 829	-	32 658 829	1 289 076	-
Temporary assistance - GS/MT	4 518 499	4 764 587	-	4 764 587	(246 088)	-
Temporary assistance - GS/ST	199 817	698 031	-	698 031	(498 214)	-
Common staff costs	48 053 660	47 054 673	-	47 054 673	998 987	-
Overtime	363 217	348 496	-	348 496	14 721	-
Sub-total: Staff costs	167 344 620	157 760 712	-	157 760 712	9 583 908	-
Travel - staff	11 443 950	6 428 386	3 467 978	9 896 364	1 547 586	-
Travel - non-staff	6 555 613	5 822 085	416 112	6 238 197	317 416	-
Sub-total: Travel costs	17 999 563	12 250 471	3 884 090	16 134 561	1 865 002	-
Interpretation Services	681 757	655 058	171 507	826 565	(144 808)	-
Representation and Hospitality	233 408	261 832	6 182	268 014	(34 606)	-
Training	1 088 534	948 635	328 738	1 277 373	(188 839)	-
Equipment: leased or rented	468 822	201 254	182 289	383 543	85 279	-
Equipment: purchase/construction work	8 166 163	2 360 056	3 632 610	5 992 666	2 173 497	-
Supplies and materials	5 284 133	3 747 857	1 000 213	4 748 070	536 063	-
General operating expenses	10 936 917	5 476 745	1 442 574	6 919 319	4 017 598	-
Contracts	6 488 608	1 353 146	3 900 153	5 253 299	1 235 309	-
Short-term consultants/experts		3 615 181	2 831 595	6 446 776	(6 446 776)	-
Research and technical contracts	4 833 166	2 279 422	2 320 500	4 599 922	233 244	-
Miscellaneous	3 074 560	3 176 031	51 487	3 227 518	(152 958)	-
Sub-total: Other direct costs	41 256 068	24 075 217	15 867 848	39 943 065	1 313 003	-
Contributions to the VIC Building Management Costs	10 170 830	9 793 998	1 244 044	11 038 042	(867 212)	-
Contributions to the VIC Security Services Costs	5 711 256	4 194 725	1 430 702	5 625 427	85 829	-
Contributions to the VIC Costs	15 882 086	13 988 723	2 674 746	16 663 469	(781 383)	-
Direct Implementation Costs	11 392 742	10 837 524	691 529	11 529 053	(136 311)	-
Management and Operation Costs	4 481 059	4 361 756	174 581	4 536 337	(55 278)	-
Sub-total: Laboratory Activities	15 873 801	15 199 280	866 110	16 065 390	(191 589)	-
Translation and Records Services	5 255 268	5 113 811	92 510	5 206 321	48 947	-
Printing Services	2 134 688	1 548 516	649 485	2 198 001	(63 313)	-
Data Processing Application Services	866 471	73 185	896 146	969 331	(102 860)	-
Data Processing Central Services (SG fixed)	1 459 332	734 045	829 833	1 563 878	(104 546)	-
Medical Services	971 719	848 170	43 514	891 684	80 035	-
Contract Administration Services	624 298	571 966	-	571 966	52 332	-
Radiation Protection and Monitoring Services	1 164 564	1 150 756	9 829	1 160 585	3 979	-
Sub-total: Shared costs	12 476 340	10 040 449	2 521 317	12 561 766	(85 426)	-
Total Operational and Recurrent Portion	270 832 478	233 314 852	25 814 111	259 128 963	11 703 515	-
Essential Investments Portion	3 650 069	1 178 852	1 332 036	2 510 888	1 139 181	-
Total Agency Programmes	274 482 547	234 493 704	27 146 147	261 639 851	12 842 696	-
Reimbursable Work for Others	2 309 206	2 726 196	264 827	2 991 023	-	(681 817) c/
GRAND TOTAL	276 791 753	237 219 900	27 410 974	264 630 874	12 842 696 b/	(681 817)

a/ General Conference Resolution GC(51)/RES/7 of September 2007 - re-valued at the UN average rate of exchange \$ 1.4643 to 1 euro.

b/ €12 842 696 represents the unobligated balances to be carried over into 2009 to meet programmatic needs.

c/ ((€628 817) represents the costs of additional services provided to: a) other VIC-based organizations; and b) projects financed from the Technical Cooperation Fund and extrabudgetary resources.

SCHEDULE S6 (SUPPLEMENTARY A)

UNOBLIGATED BALANCES OF 2006 APPROPRIATIONS

SUMMARY BY ITEM OF EXPENDITURE
AS AT 31 DECEMBER 2008

(expressed in euro)

Item of expenditure	Unobligated balances of appropriations brought forward from 2007	Expenditures			Unused (over-expended) balances
		Disbursements	Unliquidated obligations	Total expenditure	
Salaries - established posts - P	-	-	-	-	-
Temporary assistance - P/MT	-	-	-	-	-
Temporary assistance - P/ST	-	-	-	-	-
Salaries - established posts - GS	-	-	-	-	-
Temporary assistance - GS/MT	-	-	-	-	-
Temporary assistance - GS/ST	-	-	-	-	-
Common staff costs	-	-	-	-	-
Overtime	-	-	-	-	-
Sub-total: Staff costs	-	-	-	-	-
Travel - staff	-	-	-	-	-
Travel - non-staff	-	-	-	-	-
Sub-total: Travel costs	-	-	-	-	-
Interpretation Services	-	-	-	-	-
Representation and hospitality	-	-	-	-	-
Training	-	-	-	-	-
Equipment: leased or rented	-	-	-	-	-
Equipment: purchased/construction work	-	-	-	-	-
Supplies and materials	-	-	-	-	-
General operating expenses	-	-	-	-	-
Contracts	-	-	-	-	-
Short-term consultants/experts	-	-	-	-	-
Research and technical contracts	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Sub-total: Other direct costs	-	-	-	-	-
Contributions to the VIC Building Management Costs	-	-	-	-	-
Contributions to the VIC Security Services Costs	152 092	-	152 092	152 092	-
Contributions to the VIC Costs	152 092	-	152 092	152 092	-
Direct Implementation Costs	-	-	-	-	-
Management and Operation Costs	-	-	-	-	-
Sub-total: Laboratory Activities	-	-	-	-	-
Translation and Records Services	-	-	-	-	-
Printing Services	-	-	-	-	-
Data Processing Application Services	-	-	-	-	-
Data Processing Central Services (unallocated)	-	-	-	-	-
Data Processing Central Services (SG fixed)	-	-	-	-	-
Medical Services	-	-	-	-	-
Contracts Administration Services	-	-	-	-	-
Radiation Protection and Monitoring Services	-	-	-	-	-
Sub-total: Shared costs	-	-	-	-	-
TOTAL (Statement IV Supplementary A)	152 092	-	152 092	152 092	-

SCHEDULE S7

**SUMMARY OF EXPENDITURE BY MAJOR CATEGORY AND FUND GROUP
AS AT 31 DECEMBER 2008**

(expressed in euro)

Category	2008						2007
	Regular Budget Fund and Working Capital Fund Fund Group I	General Fund				Trust Funds, Reserve Funds and Special Funds Fund Group VI	TOTAL 2008
		Technical Cooperation Fund Fund Group II	Extrabudgetary Programme Fund Fund Group III	Technical Cooperation Extrabudgetary Fund Fund Group IV	TOTAL 2007		
Salaries	108 058 610	-	783 263	-	-	-	108 841 873
Common Staff Costs	53 219 537	-	5 037 859	-	-	-	58 257 396
Temporary Assistance	15 740 403	-	9 058 182	-	-	-	24 798 585
Total Staff Costs	177 018 550	-	14 879 304	-	-	-	191 897 854
Equipment	9 578 262	17 455 308	10 643 155	4 115 290	771 502	-	42 563 517
Transfer to Equipment Replacement Fund 2009	-	-	-	-	-	-	-
Travel	16 557 522	15 294 412	7 655 828	1 252 318	-	-	40 760 080
Contracts	19 808 098	3 982 142	5 667 483	783 534	-	-	30 241 257
General Operating Expenses	12 024 757	774 209	421 569	4 560	-	-	13 225 095
Contribution to the VIC Building Management Costs	11 152 739	-	6 320	-	-	-	11 159 059
Contribution to the VIC Security Services Costs	5 728 659	-	-	-	-	-	5 728 659
Training	1 409 095	12 716 389	241 157	936 775	-	-	15 303 416
Supplies and Materials	6 964 814	2 169 774	277 756	171 246	909	-	9 584 499
Miscellaneous	4 388 378	810 658	1 582 911	178 226	408 800	-	7 368 973
Total Other Costs	87 612 324	53 202 892	26 496 179	7 441 949	1 181 211	-	175 934 555
TOTAL EXPENDITURE (Statement I)	264 630 874	53 202 892	41 375 483	7 441 949	1 181 211	-	367 832 409
							378 555 985

SCHEDULE S7 (SUPPLEMENTARY A)**UNOBLIGATED BALANCES OF 2006 APPROPRIATIONS
SUMMARY OF EXPENDITURE BY MAJOR CATEGORY****AS AT 31 DECEMBER 2008**

(expressed in euro)

Category	Expenditure
Salaries	-
Common Staff Costs	-
Temporary Assistance	-
Total Staff Costs	-
Equipment	-
Travel	-
Contracts	-
General Operating Expenses	-
Contributions to the VIC Security Services Costs	152 092
Training	-
Supplies and Materials	-
Miscellaneous	-
Total Other Costs	152 092
TOTAL EXPENDITURE (Schedule S6 - Supplementary A)	152 092

SCHEDULE S8 (continued)

Member State	Base rate %	Share of \$80.0 million target for 2008 using base rate ^{a/}	2008		Prior years			Advance payments for 2009
			Pledged	Paid against pledge	Paid without a formal pledge	Outstanding	Paid in 2008	
Estonia	0.015	12 000	12 000	12 000	-	-	-	-
Ethiopia	0.003	2 400	2 400	2 400	-	-	-	-
Finland	0.544	435 200	435 200	435 200	-	-	-	-
France	6.078	4 862 400	-	4 862 400	-	-	-	-
Gabon	0.008	6 400	-	6 400	-	-	30 868	8 000
Georgia	0.003	2 400	-	-	-	-	15 030	15 030
Germany	8.274	6 619 200	-	6 619 200	-	-	-	-
Ghana	0.004	3 200	3 200	-	3 200	-	3 200	6 400
Greece	0.575	460 000	460 000	460 000	-	-	-	-
Guatemala	0.031	24 800	-	24 800	-	-	24 900	24 900
Haiti	0.002	1 600	1 600	-	1 600	-	-	1 600
Holy See	0.001	800	1 000	1 950	-	-	-	2 591
Honduras	0.005	4 000	-	-	-	-	-	-
Hungary	0.235	188 000	188 000	188 000	-	-	-	199 750
Iceland	0.036	28 800	23 686	-	-	-	-	1 852
India	0.434	347 200	347 200	340 713	-	6 487	-	6 487
Indonesia	0.155	124 000	80 000	80 000	44 000	-	-	-
Iran, Islamic Republic of	0.174	139 200	-	-	-	-	-	-
Iraq	0.014	11 200	-	11 200	-	-	66 600	5 819
Ireland	0.429	343 200	-	343 200	-	-	-	364 650
Israel	0.404	323 200	-	140 000	-	-	-	-
Italy	4.900	3 920 000	-	3 920 000	-	-	-	-
Jamaica	0.010	8 000	-	-	-	-	-	-
Japan	16.037	12 829 600	-	12 829 600	-	-	-	-
Jordan	0.012	9 600	9 600	9 600	-	-	-	-
Kazakhstan	0.028	22 400	-	-	-	-	-	-
Kenya	0.010	8 000	8 000	-	8 000	-	-	8 000
Korea, Republic of	2.096	1 676 800	-	1 676 800	-	-	-	-
Kuwait	0.176	140 800	-	140 800	-	-	-	-
Kyrgyzstan	0.001	800	-	-	-	-	-	-
Latvia	0.017	13 600	13 600	13 600	-	-	-	14 450
Lebanon	0.033	26 400	-	-	-	-	80	80
Liberia	0.001	800	-	-	-	-	-	-
Libyan Arab Jamahiriya	0.060	48 000	-	-	-	-	101 600	-
Liechtenstein	0.010	8 000	8 000	8 000	-	-	-	8 500
Lithuania	0.030	24 000	25 000	25 000	-	-	-	-
Luxembourg	0.082	65 600	65 600	65 600	-	-	-	-
Madagascar	0.002	1 600	1 600	-	1 600	-	4 326	5 926
Malawi	0.001	800	-	-	-	-	-	-
Malaysia	0.183	146 400	146 400	146 400	-	-	-	-
Mali	0.001	800	800	800	-	-	-	-
Malta	0.016	12 800	-	12 800	-	-	-	-
Marshall Islands	0.001	800	-	-	-	-	-	-
Mauritania, Islamic Republic of	0.001	800	-	-	-	-	-	-
Mauritius	0.011	8 800	8 800	8 800	-	-	-	-

SCHEDULE S8 (continued)

Member State	2008				Prior years		Advance payments for 2009
	Base rate %	Share of \$80.0 million target for 2008 using base rate ^{a/}	Pledged	Paid against pledge	Paid without a formal pledge	Outstanding	
Mexico	2.177	1 741 600	-	-	656 518	-	-
Monaco	0.003	2 400	-	-	-	-	-
Mongolia	0.001	800	-	-	800	-	-
Montenegro	0.001	800	-	-	-	-	-
Morocco	0.040	32 000	32 000	6 224	-	36 000	25 776
Mozambique	0.001	800	-	-	-	-	-
Myanmar	0.005	4 000	4 000	3 933	-	-	-
Namibia	0.006	4 800	4 800	4 800	-	67	67
Netherlands	1.807	1 445 600	1 445 600	1 445 600	-	-	-
New Zealand	0.247	197 600	-	-	-	-	-
Nicaragua	0.002	1 600	-	-	1 600	-	-
Niger	0.001	800	800	-	-	800	800
Nigeria	0.046	36 800	-	-	-	81 490	-
Norway	0.754	603 200	-	-	603 200	-	-
Pakistan	0.057	45 600	45 600	45 600	-	-	-
Palau	0.001	800	-	-	-	-	-
Panama	0.022	17 600	-	-	5 400	-	-
Paraguay	0.005	4 000	-	-	-	6 800	6 800
Peru	0.075	60 000	-	-	-	-	-
Philippines	0.075	60 000	6 000	6 000	5 708	-	-
Poland	0.483	386 400	386 400	386 400	-	-	-
Portugal	0.508	406 400	-	-	325 120	-	-
Qatar	0.082	65 600	65 600	65 600	-	-	-
Republic of Moldova	0.001	800	800	800	-	-	-
Romania	0.067	53 600	53 600	53 600	-	-	-
Russian Federation	1.158	926 400	-	-	842 185	-	-
Saudi Arabia	0.722	577 600	-	-	-	-	-
Senegal	0.004	3 200	-	-	-	-	1 382
Serbia	0.020	16 000	16 000	16 000	-	-	-
Seychelles	0.002	1 600	-	-	-	-	-
Sierra Leone	0.001	800	-	-	-	-	-
Singapore	0.335	268 000	268 000	268 000	-	-	284 750
Slovakia	0.061	48 800	48 800	48 800	-	-	-
Slovenia	0.093	74 400	74 400	74 400	-	-	-
South Africa	0.280	224 000	224 000	224 000	-	-	-
Spain	2.863	2 290 400	-	-	2 290 400	-	-
Sri Lanka	0.015	12 000	-	-	12 000	-	-
Sudan	0.010	8 000	8 000	8 000	-	6 400 b/	12 750
Sweden	1.033	826 400	826 400	826 400	-	-	8 500
Switzerland	1.173	938 400	938 400	938 400	-	-	-
Syrian Arab Republic	0.015	12 000	12 000	12 000	-	-	-
Tajikistan	0.001	800	-	-	800	-	850
Thailand	0.179	143 200	143 200	143 200	-	-	-
The Former Yugoslav Republic of Macedonia	0.005	4 000	-	-	4 000	-	-
Tunisia	0.030	24 000	24 000	24 000	-	9 450 b/	-

SCHEDULE S8 (continued)

Member State	2008				Prior years			Advance payments for 2009	
	Base rate %	Share of \$80.0 million target for 2008 using base rate a/	Pledged	Paid against pledge	Paid without a formal pledge	Outstanding	Unpaid balance as at 1 January		Total outstanding
Turkey	0.368	294 400	-	-	294 400	-	-	-	
Uganda	0.003	2 400	2 400	2 400	-	-	-	-	
Ukraine	0.043	34 400	-	-	34 400	-	-	-	
United Arab Emirates	0.291	232 800	-	-	232 800	-	-	-	
United Kingdom of Great Britain and Northern Ireland	6.407	5 125 600	-	-	5 125 600	-	-	-	
United Republic of Tanzania	0.006	4 800	5 000	5 000	-	-	-	-	
United States of America	25.000	20 000 000	19 814 000	19 814 000	-	-	-	-	
Uruguay	0.026	20 800	-	-	21 182	-	-	-	
Uzbekistan	0.008	6 400	-	-	6 400	-	-	-	
Venezuela, Bolivarian Republic of	0.193	154 400	-	-	154 400	-	-	-	
Vietnam	0.023	18 400	18 400	18 400	-	-	-	-	
Yemen	0.007	5 600	5 600	5 600	-	-	-	-	
Zambia	0.001	800	800	800	-	-	-	800	
Zimbabwe	0.008	6 400	-	-	-	-	-	-	
Sub-total	100.000	80 000 000	29 684 486	29 615 686	46 184 931	68 800	450 192	129 626	
							389 366	60 826	1 050 477
New Members:									
Nepal d/	0.003	2 400	-	-	-	-	-	-	-
Sub-total	0.003	2 400	-	-	-	-	-	-	-
Former Members:									
Democratic People's Republic of Korea e/	-	-	-	-	-	-	29 635	29 635	-
Yugoslavia f/	-	-	-	-	-	-	834 026	834 026	-
Sub-total	-	-	-	-	-	-	863 661	863 661	-
GRAND TOTAL	100.003	80 002 400	29 684 486	29 615 686	46 184 931	68 800	1 313 853	924 487	993 287
Statements I and II (in euro)			19 464 152	19 416 061	31 939 066	48 091	908 518	646 217	807 938

a/ As recommended in GC(V)/RES/100 and amended in GC(XV)/RES/286.

b/ Pledged/paid a contribution in 2008 relating to 2007: Azerbaijan - \$4 000; Gabon - \$7 200; Iraq - \$12 000; Libyan Arab Jamahiriya - \$101 600; Sudan - \$6 400; The Former Yugoslav Republic of Macedonia - \$4 800; Uzbekistan - \$3 647; relating to 2006: Azerbaijan - \$3 875; Gabon - \$6 975; The Former Yugoslav Republic of Macedonia - \$4 650; relating to 2005: Gabon - \$6 975; relating to 2004: Gabon - \$9 718.

c/ Revalued pledge of contribution: Georgia pledge relating to 2000 - (\$135).

d/ Nepal became a Member of the Agency on 8 July 2008.

e/ The Democratic People's Republic of Korea withdrew from the Agency on 13 June 1994.

f/ Following the approval for membership of the Federal Republic of Yugoslavia on 17 September 2001, the former Yugoslavia ceased to be a Member State.

SCHEDULE S9a

**TECHNICAL COOPERATION PROGRAMME
STATUS OF ASSESSED PROGRAMME COSTS
AS AT 31 DECEMBER 2008**

(expressed in United States dollars)

Recipients	1984-2002		
	Unpaid balance as at 1 January	Paid in 2008	Outstanding
Armenia a/	117,145	23,429	93,716
Bolivia	278,078	-	278,078
Costa Rica a/	104,135	104,135	-
Côte d'Ivoire	222,089	-	222,089
Dominican Republic a/	242,163	11,974	230,189
El Salvador	13,146	-	13,146
Gabon	7,707	7,707	-
Georgia a/	84,388	42,600	41,788
Ghana a/	315,544	78,887	236,657
Guatemala a/	146,518	-	146,518
Honduras	35	35	-
Iraq	161,025	104,880	56,145
Jamaica	5,561	5,561	-
Kyrgyzstan	9,021	-	9,021
Mongolia	19,688	19,688	-
Paraguay	74,259	-	74,259
Peru	461,031	-	461,031
Philippines	22,579	22,579	-
Qatar	2,162	-	2,162
Romania	51,899	-	51,899
Sri Lanka	311,374	15,324	296,050
Tunisia a/	132,956	77,936	55,020
Uzbekistan	125,581	-	125,581
Sub-total	2 908 084	514 735	2 393 349
Former Members:			
Democratic People's Republic of Korea b/	39 712	-	39 712
Yugoslavia c/	1 302	-	1 302
Outstanding arrears:			
Bosnia and Herzegovina, Croatia, Slovenia, The Former Yugoslav Republic of Macedonia and Yugoslavia c/	381 410	-	381 410
TOTAL	3 330 508	514 735	2 815 773
Statements I and II (in euro)	2 322 242	354 017	1 968 225

a/ Payment plan agreements concluded with the Agency.

b/ The Democratic People's Republic of Korea withdrew from the Agency on 13 June 1994.

c/ Following the approval for membership of the Federal Republic of Yugoslavia on 17 September 2001, the former Yugoslavia ceased to be a Member State. For the period prior to 1992, unpaid assessed programme costs resulting from technical assistance provided to the former Socialist Federal Republic of Yugoslavia amounted to \$381 410. Subsequent to that date, additional technical assistance was provided to the former Yugoslavia for which \$1 302 assessed programme costs remain unpaid. Since that time, no technical assistance was provided to the former Yugoslavia.

SCHEDULE S9b

TECHNICAL COOPERATION PROGRAMME
STATUS OF NATIONAL PARTICIPATION COSTS
AS AT 31 DECEMBER 2008

(expressed in United States dollars)

Member	2008		2005-2007				Advance payments/credits for 2009		
	Assessed	Paid in 2008	Outstanding	Unpaid balance as at 1 January	Paid in 2008	Outstanding		Total paid in 2008	Total outstanding
Albania	1 165	-	1 165	9 982	9 982	-	9 982	1 165	-
Algeria	4 468	4 468	-	45 690	45 690	-	50 158	-	-
Argentina	3 578	3 578	-	-	-	-	3 578	-	-
Armenia	1 212	1 212	-	-	-	-	1 212	-	-
Azerbaijan	133	-	133	-	-	-	-	133	-
Belarus	5 479	5 479	-	30 682	30 682	-	36 161	-	-
Belize	368	-	368	-	-	-	-	368	-
Bolivia	2 464	2 464	-	12 091	4 575	7 516	7 039	7 516	-
Bosnia and Herzegovina	556	556	-	34 294	34 294	-	34 850	-	-
Botswana	181	181	-	-	-	-	181	-	-
Brazil	10 610	10 610	-	-	-	-	10 610	-	172 004
Bulgaria	3 172	3 172	-	17 265	17 265	-	20 437	-	37 257
Cameroon	3 740	3 740	-	58 836	7 189	51 647	10 929	51 647	-
Chile	(458)	(458)	-	32 889	32 889	-	32 431	-	458
China	4 467	-	4 467	1 265	1 265	-	1 265	4 467	-
Colombia	865	865	-	9 387	9 387	-	10 252	-	14 705
Costa Rica	1 673	-	1 673	4 478	-	4 478	-	6 151	-
Côte d'Ivoire	860	-	860	996	-	996	-	1 856	-
Croatia	684	684	-	-	-	-	684	-	-
Cuba	5 251	5 251	-	4 468	4 468	-	9 719	-	53 732
Czech Republic	1 617	1 617	-	-	-	-	1 617	-	3 281
Dominican Republic	2 489	2 489	-	-	-	-	2 489	-	-
Ecuador	27 434	26 438	996	22 315	20 129	2 186	46 567	3 182	-
Egypt	5 249	34	5 215	4 628	4 628	-	4 662	5 215	-
El Salvador	2 812	-	2 812	9 900	9 900	-	9 900	2 812	-
Estonia	1 033	1 033	-	-	-	-	1 033	-	19 350
Gabon	-	-	-	14 209	14 209	-	14 209	-	-
Georgia	2 083	2 083	-	-	-	-	2 083	-	-
Ghana	7 424	-	7 424	-	-	-	-	7 424	23 164
Guatemala	1 591	44	1 547	8 254	8 254	-	8 298	1 547	-

SCHEDULE S9b (continued)

Member	2008		2005-2007		Unpaid balance as at 1 January	Outstanding	Paid in 2008	Outstanding	Total paid in 2008	Total outstanding	Advance payments/credits for 2009
	Assessed	Paid in 2008	Outstanding	Paid in 2008							
Honduras	653	653	-	1 643	1 643	-	2 296	-	1 222	-	1 222
Hungary	-	-	-	-	-	-	-	-	5 324	-	5 324
Indonesia	608	608	-	-	-	-	608	-	39 510	-	39 510
Iran, Islamic Republic of	1 641	1 641	-	-	-	-	1 641	-	32 979	-	32 979
Iraq	-	-	-	57 846	57 846	-	57 846	-	-	-	-
Israel	-	-	-	24	-	24	-	-	-	24	-
Jamaica	-	-	-	11 802	-	11 802	-	-	11 802	-	-
Jordan	1 751	-	1 751	-	-	-	-	-	1 751	-	29 504
Kazakhstan	3 298	-	3 298	-	-	1 306	-	-	4 604	-	-
Kenya	4 688	4 688	-	-	-	-	4 688	-	-	-	-
Korea, Republic of	422	422	-	11 551	11 551	-	11 973	-	9 863	-	9 863
Kuwait	469	-	469	713	-	713	-	-	1 182	-	-
Kyrgyzstan	29 644	-	29 644	6 483	-	6 483	-	-	36 127	-	-
Latvia	10	10	-	-	-	-	10	-	-	-	6 884
Lebanon	1 895	1 895	-	29 929	25 770	4 159	27 665	-	4 159	-	-
Lithuania	47 207	47 207	-	-	-	-	47 207	-	96	-	-
Malaysia	1 265	1 265	-	-	-	-	1 265	-	-	-	-
Mauritius	-	-	-	10 931	2 528	8 403	2 528	-	8 403	-	-
Mexico	1 436	1 436	-	15 483	15 483	-	16 919	-	1 436	-	-
Mongolia	160	160	-	-	-	-	160	-	-	-	-
Montenegro	613	-	613	2 795	(15 000) a/	17 795	(15 000)	18 408	-	-	-
Morocco	2 844	2 844	-	36 385	36 385	-	39 229	-	17 855	-	-
Namibia	226	226	-	-	-	-	226	-	-	-	-
Nicaragua	396	396	-	-	-	-	396	-	-	-	-
Nigeria	11 222	-	11 222	39 604	39 604	-	39 604	-	11 222	-	-
Pakistan	1 877	1 877	-	40 411	40 411	-	42 288	-	816	-	-
Panama	6 579	6 579	-	-	-	-	6 579	-	-	-	-
Paraguay	3 381	-	3 381	5 137	-	5 137	-	-	8 518	-	-
Peru	810	-	810	16 023	-	16 023	-	-	16 833	-	-
Philippines	985	985	-	29 488	29 488	-	30 473	-	-	-	-
Poland	4 914	4 914	-	34 740	23 755	10 985	28 669	-	10 985	-	-
Portugal	258	258	-	-	-	-	258	-	-	-	-
Qatar	350	350	-	-	-	-	350	-	-	-	-
Republic of Moldova	694	694	-	52 132	52 132	-	52 826	-	-	-	-
Romania	3 165	1 616	1 549	41 582	5 008	36 574	6 624	-	38 123	-	-

SCHEDULE S9b (continued)

Member	2008			2005-2007			Advance payments/credits for 2009	
	Assessed	Paid in 2008	Outstanding	Unpaid balance as at 1 January	Paid in 2008	Outstanding		Total paid in 2008
Russian Federation	1 027	1 027	-	-	-	-	1 027	-
Saudi Arabia	3 044	3 044	-	-	-	-	3 044	-
Serbia	715	715	-	-	-	-	715	-
Seychelles	-	-	-	11 401	11 401	-	11 401	-
Slovakia	159	159	-	-	-	-	159	-
Slovenia	612	612	-	24 783	9 442	15 341	10 054	15 341
South Africa	1 065	1 065	-	-	-	-	1 065	-
Sri Lanka	1 107	1 107	-	-	-	-	1 107	-
Syrian Arab Republic	5 122	5 122	-	-	-	-	5 122	-
Tajikistan	1 013	1 013	-	-	-	-	1 013	-
Thailand	1 042	1 042	-	-	-	-	1 042	-
The Former Yugoslav Republic of Macedonia	2 289	2 289	-	-	-	-	2 289	-
Tunisia	1 652	-	1 652	865	-	865	-	2 517
Turkey	421	421	-	-	-	-	421	-
Ukraine	1 866	1 866	-	-	-	-	1 866	-
United Arab Emirates	422	422	-	1 122	1 122	-	1 544	-
Uruguay	(4 195)	(4 195)	-	12 854	12 854	-	8 659	-
Uzbekistan	1 467	-	1 467	14 233	-	14 233	-	15 700
Venezuela, Bolivarian Republic of	1 851	1 851	-	-	-	-	1 851	-
Vietnam	512	512	-	-	-	-	512	-
Zimbabwe	374	-	374	-	-	-	-	374
TOTAL	257 226	174 336	82 890	832 895	616 229	216 666	790 565	299 556
Statement I and II (in euro)	175 119	117 179	57 940	568 918	417 469	151 449	534 648	209 389
								460 088

a/ The application of a payment amounting to \$15 000 made by Montenegro in December 2007 was transferred from National Participation Costs to Government Cost-Sharing in August 2008.

SCHEDULE S10

**CURRENT ACCOUNTS AT BANKS
AS AT 31 DECEMBER 2008**

Local currency	Amount in local currency	UN operational exchange rate	Euro equivalent
Agency Funds			
Australian dollars	87 053	2.055794	42 345
Canadian dollars	2 709 534	1.74392	1 553 703
Chinese yuan renminbi	76 497 275	9.756795	7 840 411
Cuban pesos	899 955	1.430615	629 069
Democratic People's Republic of Korea won	1 655 579	198.855508	8 326
Euro	2 737 667	1.0000	2 737 667
Indian rupees	27 894 274	67.238913	414 853
Japanese yen	2 770 355	129.184549	21 445
Pakistani rupees	25 260 957	111.373391	226 813
Polish zlotys	80 197	4.077253	19 669
Russian Rubles	262 999 403	39.370529	6 680 108
Swedish kronor	102 688	11.001431	9 334
United Kingdom pounds	67 820	0.978541	69 307
United States dollars	4 248 219	1.430615	2 969 506
TOTAL CURRENT ACCOUNTS AT BANKS			23 222 556

NOTE: The free use by the Agency of some currencies is legally or otherwise restricted. At year-end, the euro equivalent of these currencies is € 477 806 based on the respective United Nations rate of exchange.

SCHEDULE S11

DEPOSIT ACCOUNTS AT BANKS
AS AT 31 DECEMBER 2008

Deposit	Interest rate p.a.	Maturity date	Amount in local currency	UN operational exchange rate	EUR equivalent
<u>Agency Funds</u>					
Anglo Irish Bank, Vienna	2.000 %	Call	US\$ 2 100 000	0.699	1 467 901
JPMorgan Chase, New York	1.500 %	Call	US\$ 4 100 000	0.699	2 865 900
Societe Generale, Vienna	1.700 %	Call	EUR 1 000 000	1.000	1 000 000
UniCredit BA, Vienna	3.000 %	Call	EUR 3 200 000	1.000	3 200 000
Intesa San Paolo, Vienna	3.800 %	Call	EUR 5 000 000	1.000	5 000 000
Tokyo-Mitsubishi, London	0.200 %	09-01-02	US\$ 1 500 000	0.699	1 048 502
SMBC, London	0.550 %	09-01-02	US\$ 3 500 000	0.699	2 446 500
Lloyds Bank, London	0.210 %	09-01-05	US\$ 1 000 000	0.699	699 000
Societe Generale, Vienna	1.880 %	09-01-05	EUR 2 000 000	1.000	2 000 000
Tokyo-Mitsubishi, London	2.700 %	09-01-12	EUR 750 000	1.000	750 000
Societe Generale, Vienna	3.150 %	09-01-12	EUR 2 000 000	1.000	2 000 000
UniCredit BA, Vienna	2.800 %	09-01-12	EUR 1 000 000	1.000	1 000 000
Fortis Bank, Brussel	3.550 %	09-01-15	EUR 3 300 000	1.000	3 300 000
Banco do Brasil, Vienna	2.250 %	09-01-15	US\$ 3 500 000	0.699	2 446 500
Lloyds Bank, London	0.200 %	09-01-15	US\$ 1 000 000	0.699	699 000
Lloyds Bank, London	0.320 %	09-01-16	US\$ 2 500 000	0.699	1 747 500
Societe Generale, Vienna	3.200 %	09-01-19	EUR 2 000 000	1.000	2 000 000
JPMorgan Chase, New York	0.100 %	09-01-21	US\$ 2 000 000	0.699	1 398 000
Anglo Irish Bank, Vienna	3.420 %	09-01-26	EUR 2 000 000	1.000	2 000 000
Tokyo-Mitsubishi, London	3.200 %	09-01-26	EUR 1 000 000	1.000	1 000 000
BNP Paribas	2.380 %	09-01-28	EUR 5 000 000	1.000	5 000 000
BNP Paribas	2.140 %	09-01-28	EUR 5 000 000	1.000	5 000 000
Dexia Bank, Brussel	2.600 %	09-01-28	EUR 4 000 000	1.000	4 000 000
JPMorgan Chase, New York	1.850 %	09-01-28	EUR 4 000 000	1.000	4 000 000
UniCredit BA, Vienna	3.000 %	09-01-28	EUR 6 200 000	1.000	6 200 000
Lloyds Bank, London	1.880 %	09-01-30	EUR 3 100 000	1.000	3 100 000
UniCredit BA, Vienna	4.050 %	09-01-30	EUR 7 500 000	1.000	7 500 000
Dexia Bank, Brussel	2.060 %	09-02-02	US\$ 5 000 000	0.699	3 495 000
Dexia Bank, Brussel	1.920 %	09-02-02	US\$ 4 000 000	0.699	2 796 000
Lloyds Bank, London	0.300 %	09-02-02	US\$ 3 000 000	0.699	2 097 000
Anglo Irish Bank, Vienna	2.850 %	09-02-02	EUR 2 000 000	1.000	2 000 000
Tokyo-Mitsubishi, London	2.300 %	09-02-02	EUR 2 000 000	1.000	2 000 000
Intesa San Paolo, Vienna	3.570 %	09-02-02	EUR 12 900 000	1.000	12 900 000
Tokyo-Mitsubishi, London	2.350 %	09-02-09	EUR 2 000 000	1.000	2 000 000
BNP Paribas	2.100 %	09-02-16	EUR 4 000 000	1.000	4 000 000
Tokyo-Mitsubishi, London	1.000 %	09-02-17	US\$ 1 000 000	0.699	699 000
BNP Paribas	2.100 %	09-02-23	EUR 2 000 000	1.000	2 000 000
JPMorgan Chase, New York	2.000 %	09-02-25	EUR 4 000 000	1.000	4 000 000
SE Banken, London	2.750 %	09-02-25	EUR 5 000 000	1.000	5 000 000
Raiffeisen Landes Bank, Vienn	3.850 %	09-02-27	EUR 2 000 000	1.000	2 000 000
SE Banken, London	3.600 %	09-02-27	EUR 2 000 000	1.000	2 000 000

SCHEDULE S11 (continued)

Tokyo-Mitsubishi, London	0.900 %	09-02-27	US\$	1 500 000	0.699	1 048 502
JPMorgan Chase, New York	2.010 %	09-03-02	EUR	2 000 000	1.000	2 000 000
Lloyds Bank, London	2.900 %	09-03-05	EUR	1 000 000	1.000	1 000 000
Anglo Irish Bank, Vienna	3.300 %	09-03-05	US\$	4 000 000	0.699	2 796 000
Lloyds Bank, London	2.060 %	09-03-05	US\$	1 000 000	0.70	699 000
Anglo Irish Bank, Vienna	2.300 %	09-03-09	US\$	4 000 000	0.699	2 796 000
Lloyds Bank, London	2.270 %	09-03-09	EUR	3 000 000	1.000	3 000 000
SE Banken, London	2.100 %	09-03-10	US\$	6 500 000	0.699	4 543 500
Raiffeisen Landes Bank, Vienn	3.420 %	09-03-10	EUR	4 300 000	1.000	4 300 000
SE Banken, London	3.100 %	09-03-16	EUR	1 500 000	1.000	1 500 000
Anglo Irish Bank, Vienna	2.100 %	09-03-17	US\$	3 500 000	0.699	2 446 500
Banco do Brasil, Vienna	2.000 %	09-03-17	US\$	2 000 000	0.699	1 398 000
Societe Generale, Vienna	0.610 %	09-03-17	US\$	1 500 000	0.699	1 048 502
SMBC, London	1.250 %	09-03-17	US\$	9 200 000	0.699	6 430 800
Banco do Brasil, Vienna	1.800 %	09-03-19	US\$	1 500 000	0.699	1 048 502
SE Banken, London	1.550 %	09-03-19	US\$	3 100 000	0.699	2 166 900
SMBC, London	1.200 %	09-03-19	US\$	2 000 000	0.699	1 398 000
UniCredit BA, Vienna	3.200 %	09-03-19	EUR	1 000 000	1.000	1 000 000
Anglo Irish Bank, Vienna	3.150 %	09-03-23	EUR	2 000 000	1.000	2 000 000
Societe Generale, Vienna	2.150 %	09-03-23	EUR	1 000 000	1.000	1 000 000
Banco do Brasil, Vienna	1.800 %	09-03-23	US\$	800 000	0.699	559 200
Tokyo-Mitsubishi, London	1.200 %	09-03-23	US\$	5 000 000	0.699	3 495 000
BNP Paribas	0.800 %	09-03-23	US\$	6 500 000	0.699	4 543 500
Intesa San Paolo, Vienna	1.280 %	09-03-23	US\$	9 000 000	0.699	6 291 000
Lloyds Bank, London	1.370 %	09-03-23	US\$	6 500 000	0.699	4 543 500
Societe Generale, Vienna	0.630 %	09-03-23	US\$	6 500 000	0.699	4 543 500
Lloyds Bank, London	1.300 %	09-03-31	US\$	2 500 000	0.699	1 747 500
TOTAL DEPOSIT ACCOUNTS						189 199 209

SCHEDULE S12

CASH IN HAND, CURRENT AND DEPOSIT ACCOUNTS AT BANKS
BY FUND GROUP AND FUNDS

AS AT 31 DECEMBER 2008

(expressed in euro)

Fund Group	Cash in hand	Current and Deposit Accounts	Total
I Regular Budget Fund and Working Capital Fund	249 200	75 452 991	75 702 191
II Technical Cooperation Fund	-	43 491 916	43 491 916
III Extrabudgetary Programme Fund	-	68 410 930	68 410 930
IV Technical Cooperation Extrabudgetary Fund	-	22 663 006	22 663 006
VI Trust Funds, Reserve Funds and Special Funds	-	2 402 922	2 402 922
TOTAL (Statement II)	249 200	212 421 765	212 670 965

PART IV

Notes to the Financial Statements

A. Statement of the Agency's objectives

1. The International Atomic Energy Agency (IAEA) is an autonomous intergovernmental organization founded in 1957 in accordance with a decision of the General Assembly of the United Nations. The IAEA is part of the United Nations Common System and the relationship with the United Nations is regulated by the "Agreement Governing the Relationship Between the United Nations and the International Atomic Energy Agency" which came into force on 14 November 1957. Its statutory mandate is to seek to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world and to ensure, so far as it is able, that assistance provided by it or at its request or under its supervision or control is not used in such a way as to further any military purpose.

B. Significant accounting policies

B.1. Basis of presentation

2. The financial statements of the Agency are presented in euro. They reflect the application of the IAEA's financial regulations and rules and they comply with the United Nations system accounting standards in all material respects.

3. It should be noted that resulting from the decision of the Board of Governors¹ the Agency is in the process of implementing International Public Sector Accounting Standards (IPSAS). Full implementation is expected in 2011. All accounting policies will be affected one way or another. The most material effects will be in fixed assets recognition (Notes B.10 and R), liability recognition (Notes V and W), expenditure recognition (Note B.6) and contributions in kind (Notes B.12 and Q).

4. For the preparation of the Agency's consolidated financial statements, those funds that are US dollar denominated funds are translated into euro. The methodology used for this translation is described in Note B.2 below.

¹ Document GOV/2007/10 approved by the Board of Governors at its meetings held on 14 June and 9 July 2007, (GOV/OR.1188, paras 135, 136; GOV/OR.1189, paras 16, 17).

B.2. Translation and conversion of currencies

5. In preparing the Agency's consolidated financial statements, the financial statements of the United States dollar based funds were translated into euro using generally accepted accounting practices as follows:

- Income, expenditure and changes in reserves and fund balances were stated in euro terms by applying the United Nations rate of exchange applicable at the date of the transaction.
- Assets and liabilities were converted to the euro equivalent using the United Nations rate of exchange at year end.
- All resulting exchange differences arising from the above methodology are classified as a component of fund balances as currency translation adjustments.

B.3. Fund grouping

6. The Agency maintains separate accounts for each Fund which are combined into five groups for reporting purposes. The Funds are established on the basis of resolutions passed by the General Conference and are administered in accordance with the Financial Regulations adopted by the Board of Governors, Financial Rules which are issued by the Director General, and procedures and practices established by the Secretariat in conformity thereto.

7. The purpose of Fund group I (Regular Budget Fund and Working Capital Fund) is to meet the obligations of the Agency arising from authorized appropriations. The Regular Budget Fund is based on an annual Regular Budget approved by the General Conference and financed from assessed contributions and miscellaneous income. The Working Capital Fund, which serves to finance appropriations pending the receipt of contributions, and for purposes which are determined from time to time by the Board of Governors with the approval of the General Conference, is financed from advances from Member States.

8. The purpose of Fund group II (General Fund - Technical Cooperation Fund) is to meet the obligations related to the approved technical cooperation programme. Fund group II is based on General Conference approved one-year allocations which are financed from voluntary contributions, assessed programme costs, national participation costs and miscellaneous income. Unused funds may be carried forward for the completion of the approved programme.

9. The purpose of Fund group III (General Fund - Extrabudgetary Programme Fund) is to meet the obligations related to extrabudgetary activities in support of the Regular Programme. Fund group III is financed from special voluntary contributions from donor countries and international organizations. They are available for the approved programmes until they are actually used, and in consultation with the donor concerned.

10. The purpose of Fund group IV (General Fund - Technical Cooperation Extrabudgetary Fund) is to meet the obligations related to extrabudgetary activities of approved technical cooperation projects. Fund group IV is financed from special voluntary contributions from Member States, international organizations and the United Nations Development Programme, which are available for the approved projects until they are actually used, and in consultation with the donor.

11. The purpose of Fund group VI (Trust Funds, Reserve Funds and Special Funds) is to meet the obligations related to activities financed from their respective resources.

B.4. Income recognition

B.4.1. Fund group I

12. Assessments from Member States and miscellaneous income (work for others) are recorded on an accrual basis. With regard to other miscellaneous income, for the purpose of calculating surpluses to be returned to Member States, only that portion which is actually received in cash at the year-end is included in the financial statements.

B.4.2. Fund group II

13. Voluntary contributions from Member States are recorded on an accrual basis. Miscellaneous income and income from assessed programme and national participation costs are recorded on a cash basis.

B.4.3. Fund groups III, IV and VI

14. Income in these Fund groups is recorded on a cash basis.

B.5. Cash management

15. In the financial statements cash balances are reported separately by Fund group. Amounts due between Funds or Fund groups are settled by adjusting the cash holdings for each Fund group. At the year-end, total interest is apportioned between Fund groups I, II, III and IV on the basis of the amounts in interest-bearing currencies held during the year and on the share of cash holdings of donors requesting interest income on their voluntary contributions.

B.6. Expenditure recognition

16. Expenditure comprises disbursements and unliquidated obligations incurred in respect of the current budget year.

17. Obligations are engagements involving a liability against resources for which expenditure authority has been given. Unliquidated obligations are that portion of obligations that are not yet paid. Obligations are recorded in accordance with the Financial Regulations and Rules on the basis of contracts, purchase orders, agreements or other forms of legal undertaking, or based upon a liability recognized by the Agency.

B.7. Split appropriation/assessment system

18. The split appropriation/assessment system was introduced in 1986 to reduce the Agency's exposure to the effects of currency exchange rate fluctuations on Regular Budget expenditure. Each year, the General Conference approves a budget for the Agency which is allocated in appropriation sections. The Director General may incur expenditure within the limits stated in the appropriation sections and for the purposes for which they were voted. He cannot make transfers between any of the sections without the prior approval of the Board of Governors. The amount in each section comprises a euro component and a US dollar component expressed as a euro equivalent on the basis of the average US dollar-to-euro United Nations Rate of Exchange experienced during the budget year. Therefore, the authority granted by the General Conference, expressed in euro, can only be determined at the end of the budget year.

19. Member States are assessed in accordance with the scale of assessment fixed by the General Conference. Individual assessments are established with a component in euro and a component in

US dollars. These components are in direct proportion to the respective shares of the Regular Budget expenditure linked to the two currencies.

B.8. Transactions in foreign currencies

20. Transactions in foreign currencies are recorded in euro for all euro based funds and in US dollars for all US dollars based funds at the United Nations Rate of Exchange in effect on the date of the transaction.

21. The treatment of exchange gains and losses in terms of the respective functional currency is as follows:

B.8.1. Fund groups I and II

- Realized gains and losses resulting from the purchase of other currencies and the liquidation of accounts receivable and payable are credited or charged to miscellaneous income for each of these Fund groups,
- Unrealized net gains resulting from the revaluation of balance sheet are recorded as a provision on the balance sheet, whereas net losses are charged to miscellaneous income for each of these Fund groups, and
- Unrealized gains and losses relating to the revaluation of unliquidated obligations are recorded as adjustments to the corresponding programme expenditure for each of these Fund groups.

B.8.2. Fund groups III, IV and VI

- For reporting purposes, all net gains and losses (realized and unrealized) in Fund groups III, IV and VI are included within their respective fund group.

B.9. Cash surpluses/deficits and fund balances

22. For Fund group I, cash surpluses are allocated to Member States in accordance with the scale of contributions for the year to which they relate. The allocation is applied to Member States who have paid their respective contributions in full. Cash deficits are covered temporarily by advances from the Working Capital Fund pending receipt of prior years' assessed contributions.

23. For Fund groups II, III, IV and VI, Fund balances represent the net assets or liabilities of the Funds. These balances are carried forward to future periods.

B.10. Capital assets

24. Capital assets are charged to expenditure in the year of acquisition. However, inventory records are maintained for all non-expendable equipment, supplies and materials over €2 000 or of a sensitive nature and a minimum estimated useful life of five years, or three years in the case of computer hardware. The value of the inventory is disclosed in Note R below.

B.11. Uncollected assessments and contributions received in advance

25. A reserve for uncollected assessments in the amount of contributions outstanding for longer than a year is shown as a deduction from available surpluses on the balance sheet. The related income is not adjusted.

26. Contributions received in advance are considered a liability owed to the donor when initially received, and are recorded as income in the following year.

B.12. Contributions in kind

27. Contributions in kind — in the form of human resources, equipment, meetings and fellowships offered by Member States, United Nations, other international organizations and non-governmental sources — are not recorded in the accounts of the Agency. However, estimates of such contributions are disclosed in Note Q below.

B.13. Services without charge

28. The Agency provides administrative and audit services to certain other euro based Funds without charge.

C. Pension fund participation

29. The Agency is a member organization participating in the United Nations Joint Staff Pension Fund, (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligations of the Agency to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payment under Article 26 of the Regulation of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payment based on an assessment of the actuarial sufficiency of the Fund as of the valuation date.

30. At the time of this report the United Nations General Assembly has not invoked this provision.

D. Common Fund for Major Repairs and Replacements

31. On 1 January 1981 an agreement between the Republic of Austria, the United Nations and the IAEA went into effect to establish a Common Fund for the purpose of financing the cost of major repairs and replacements of buildings, facilities and technical installations which are the property of the Republic of Austria and form part of the headquarters areas of the United Nations and the IAEA at the Vienna International Centre. This agreement has applied to the United Nations Industrial Development Organization (UNIDO) since 1986 when it became an independent organization.

32. As at 31 December 2008 the balance of the Fund, which is administered by UNIDO, was € 089 622 (2007: € 470 212).

E. Other/Miscellaneous income by major categories

	<u>2008</u>	<u>2007</u>
(a) Revenue producing activities		
Publications of the Agency-INIS	27 218	42 607
Publications of the Agency-Other	216 718	239 031
Laboratory income	216 718	168 371
Amounts recoverable from safeguards agreements	221 134	219 033
Total (Statement I)	<u>681 788</u>	<u>669 042</u>
(b) Jointly financed activities		
Data processing services	309 961	351 407
Printing services	1 154 136	831 774
Medical services	702 203	682 010
Other financial services	91 420	-
Radiation protection and monitoring services	125 722	103 024
Translation services	171 819	217 721
Nuclear Fusion journal	117 549	137 178
Laboratory services	310 560	265 563
Marine Environmental Laboratory Services	7 653	40 590
Total (Statement I)	<u>2 991 023</u>	<u>2 629 267</u>

F. Expenditure (Statement I)

33. Total expenditure of €3 202 892 for the Technical Cooperation Fund excludes obligations amounting to €766 841 against future year project budgets (2007: €2 530 410).

G. Prior period adjustments

	<u>2008</u>	<u>2007</u>
(a) Regular Budget Fund:		
Excess of assessment collection over previous year outstanding assessed contributions		
Total (Statement I)	<u>1 995 607</u>	<u>5 441 043</u>
(b) Technical Cooperation Fund:		
Pledges and adjustments to pledges related to prior years' programmes		
Total (Statement I)	<u>125 005</u>	<u>720 397</u>

H. Credits to Member States

34. Cash surpluses surrendered amounted to € 635 092 (2007: € 691 637) (Statement I). This comprises the 2006 cash surplus in the amount of € 613 112 and prior years' cash surpluses in the amount of € 1 980. Out of the 2006 cash surplus, € 083 981 was transferred for the implementation of the Agency-wide Information System for Programme Support (AIPS) in accordance with the Board of Governors' decision (GOV/OR.1214) to adopt the recommendations contained in GOV/2008/21/Rev.1 and GOV/2008/21/Rev.1/Mod.1. The balance remaining was credited to the respective Member States' assessment.

I. Reserves

I.1. Transfers to reserves

35. An amount of € 7 390 was allocated to the Reserve for Equipment Replacement Fund 2009 (ERF2009) in 2008 as approved by Board of Governors (GOV/2005/22), bringing the total reserved to € 800 000 (Statements I and II).

J. Trust Funds, Reserve Funds and Special Funds (Statement I)

36. Fund group VI contains two Trust Funds, one Reserve Fund and one Special Fund as follows:

	Funds Available	Expenditure	Unused Balance
<u>Trust Fund</u>			
Research Institute Trust Fund (RITF)	1 384 501	284 406	1 100 095
International Thermonuclear Experimental Reactor	408 800	408 800	-
Total 2008	1 793 301	693 206	1 100 095
<u>Reserve Fund</u>			
2005 Equipment Replacement Fund	1 363 941	488 005	875 936
Total 2008	1 363 941	488 005	875 936
<u>Special Fund</u>			
IAEA Nobel Cancer and Nutrition Fund	115 822	-	115 822
Total 2008	115 822	-	115 822

K. Investment in commissary

37. The Vienna International Centre (VIC) Commissary was established following an agreement effective 1 April 1972 between the International Atomic Energy Agency (IAEA) and the Republic of Austria. Pursuant to a Memorandum of Understanding dated 31 March 1977 between the IAEA, the UN and UNIDO concerning the allocation of common services at the VIC, the responsibility for managing and operating the Commissary was assigned to the IAEA.

38. The initial capital investment was provided in equal shares from the accumulated funds of the IAEA and UNIDO Commissaries available as of 1 October 1979.

39. As at 31 December 2008 the investment in the Commissary by the IAEA was €808 879 (2007: €808 879) (Statement II).

L. Assessed contributions receivable

40. Assessments outstanding by budget years amount to:

Budget Year	2008	2007
1965-2001	4 993 824	5 292 651
2002	219 676	233 964
2003	239 634	255 476
2004	227 802	258 945
2005	327 796	457 857
2006	342 520	4 873 862
2007	3 064 543	30 431 411
(Schedule S1)	9 415 795	41 804 166
2008 (Schedule S1)	28 599 479	-
Total (Statement II)	38 015 274	41 804 166

M. Accounts receivable – Other**M.1. Regular Budget Fund**

	2008	2007
Member States	4 457 654	3 670 873
United Nations, specialized agencies and other international organizations	2 334 523	3 647 189
Staff	3 033 432	3 319 009
Suppliers and contractors	443 308	372 922
Other accounts	4 733 423	3 628 271
Working Capital advances	5 863	7 384
Total (Statement II)	15 008 203	14 645 648

M.2. Technical Cooperation Fund

	<u>2008</u>	<u>2007</u>
Member States	124 742	143 716
United Nations, specialized agencies and other international organizations	440 014	412 004
Staff	190 455	353 297
Suppliers and contractors	437 545	232 819
Funds with agents	3 071 027	2 921 183
Total (Statement II)	<u>4 263 783</u>	<u>4 063 019</u>

N. Unliquidated Obligations - Regular Budget Fund

41. Unliquidated obligations relate to the budget years as follows:

	<u>2008</u>	<u>2007</u>
Current year	27 410 974	35 436 956
Prior years	4 110 567	594 729
Provision for unobligated balances of 2004 appropriations	2 231	2 429 360
Provision for Phase II Security enhancement	994 350	2 905 466
Provision for unobligated balances of 2006 appropriations	152 092	7 800 822
Total (Statement II)	<u>32 670 214</u>	<u>49 167 333</u>

O. Accounts payable – Other

O.1. Regular Budget Fund

	<u>2008</u>	<u>2007</u>
Member States	-	2 231
Staff	3 518 557	684 011
Other accounts	1 461 049	905 569
Suppliers and contractors	16 238	59 405
Total (Statement II)	<u>4 995 844</u>	<u>1 651 216</u>

O.2. Technical Cooperation Fund

	<u>2008</u>	<u>2007</u>
Staff	75 579	13 815
Other accounts	86 806	127 808
Suppliers and contractors	1 883	16 675
Total (Statement II)	<u>164 268</u>	<u>158 298</u>

P. Provision for Revaluation of Balance Sheet (Statement II)

42. The provision represents net unrealized gains from the revaluation of balance sheet accounts:

	<u>2008</u>	<u>2007</u>
Regular Budget Fund	5 474 058	6 198 770
Total (Statement II)	<u>5 474 058</u>	<u>6 198 770</u>

43. The strengthening of the euro against the US dollar led to a net decrease in unrealized gains for the Regular Budget Fund in comparison to last year.

Q. Contributions in kind

44. Contributions in kind made by Member States, United Nations, other international organizations and non-governmental sources are as follows:

	Thousands of euro					
	Member States		United Nations, international organizations and non-governmental sources		Totals	
	2008	2007	2008	2007	2008	2007
Fellowships	352	261	-	-	352	261
Equipment and supplies	233	1 571	11	12	244	1 583
Meetings and other items	1 780	1 426	2	-	1 782	1 426
Human resources	10 414	11 586	173	85	10 587	11 671
Total	12 779	14 844	186	97	12 965	14 941

45. Because of their nature, the monetary value of these contributions are only estimates. More details can be seen in Annex A3 a, b and c (unaudited).

R. Non-expendable equipment

46. The Agency's inventory records show the following net values for equipment:

	Thousands of euro	
	2008	2007
Scientific and technical equipment	12 017	13 285
Computer equipment	804	791
Transportation equipment	277	301
Total	13 098	14 377

47. Equipment for inventory purposes are all items with an original purchase value of €2 000 or more, and all sensitive items.

48. The amounts shown are the current values determined by reducing the original value over the estimated useful life of the items, which is three years for electronic data processing equipment and five years for all others.

49. The title to technical cooperation equipment is passed to the recipient upon delivery and is therefore not included in the Agency's property records.

S. Contingent liability

50. The Agency has no contingent liabilities for 2008.

T. Support for Technical Cooperation

51. Technical cooperation support arises from three sources: (a) the budget of Major Programme 6, Management of Technical Cooperation for Development, and (b) the cost of scientific and technical expertise in support of the Technical Cooperation Programme provided by the other technical departments and (c) indirect programme and administrative support that is extremely difficult to quantify.

52. In the Programme and Budget for 2008–2009 (GC(51)/2), the amount of the regular budget dedicated to support the Technical Cooperation Programme for 2008 was estimated to be €30 207 200. This figure covers items (a) and (b) in the preceding paragraph.

U. Health Insurance Premium Reserve Fund

53. Vanbreda International provides health insurance coverage to staff members. The Company is custodian of the Health Insurance Premium Reserve Fund. The purpose of the fund is to retain the excess of premiums paid over sums due to Vanbreda International and absorb future increases in premiums. The value of this fund as at 31 December 2008 was €1 850 963. The fund is owned jointly by the Agency and the plan participants on the basis of their contributions.

V. Separation benefits

54. Under the Staff Regulations and Staff Rules, staff members of the Agency are eligible to receive certain benefits on separation from the service of the Agency. Expenditure is recorded in the year in which the benefits are paid. Entitlements and the corresponding liabilities as at 31 December 2008 are estimated as follows:

		Thousands of euro	
		2008	2007
Repatriation	- grants	13 222	12 950
	- travel and household removal	9 589	9 686
Accrued annual leave		18 763	19 615
End-of-service allowances		20 746	21 260
Total		62 320	63 511

W. Post-retirement benefits

55. Under the Staff Regulations and Staff Rules, retirees of the Agency are eligible to obtain medical insurance through the Agency. The Agency contributes towards the retiree's total premium and records the cost of this benefit in the year it is incurred. The Agency's share of the total premium was €1 780 454 (2007: €1 557 122).

56. However, in order to gain a better understanding of the financial dimensions of the Agency's liabilities for after-service health insurance, an independent consulting actuary was engaged in 2006 to carry out an actuarial valuation of post-retirement health insurance benefits for periods ending in the years 2006–2009. The valuations method used was the projected unit credit cost technique. The accrued liability is projected as at 31 December 2008 to be €155 million (2007: €142 million) based on a discount rate of 4.1% and medical inflation rate of 6%.

X. Nuclear Security Fund

	Thousands of euro	
	Income	Expenditure
Australia	140	70
Canada	84	1 396
Czech Republic	110	32
Denmark	936	479
European Commission	1 896	5 847
Finland	-	19
France	236	170
Germany	(2)	-
Ireland	55	39
Italy	(7)	2
Japan	31	127
Korea, Republic of	197	183
Netherlands	259	266
New Zealand	-	20
Nuclear Threat Initiative (NTI)	-	9
Pakistan	327	221
Qatar	-	148
Romania	27	17
Spain	-	238
Sweden	(2)	25
United Kingdom	86	2 851
USA	3 227	6 046
Total	7 600	18 205

57. The figures above show the income and expenditures relating to the Nuclear Security Fund for the year 2008.

Y. Provision for Phase II Security Enhancement

58. The status of the Provision for Phase II Security Enhancements for the year 2008 is as follows:

	Opening balance	Expenditure	Closing balance
Provision for Phase II - Security Enhancement	1 588 808	1 458 383	130 425
Total 2008	1 588 808	1 458 383	130 425

Z. Provision for ERP (Enterprise Resource Planning) system implementation

59. The sum disclosed represents the amount available as at 31 December 2008 to implement the Agency-wide Information System for Programme Support (AIPS).

AA. Programme support costs

	Opening balance	Income	Expenditure	Closing balance
Programme Support Costs	215 799	516 499	-	732 298
Total 2008	215 799	516 499	-	732 298

PART V

ANNEXES

ANNEX A1

REGULAR BUDGET FUND

ESTIMATED AND ACTUAL RESOURCES FOR THE YEAR ENDED 31 DECEMBER 2001

(expressed in euro)

	Budget estimates a/	Adjustments	Adjusted estimates	Actual resources			Excess (shortfall) of actual resources over adjusted
				Receipts	Outstanding	Total	
Assessed contribution from Member States	270 505 284		270 505 284	241 912 401	28 592 883	270 505 284	-
Assessed contribution from new Member States	-	6 596	6 596	-	6 596	6 596	-
Sub-total	270 505 284	6 596	270 511 880	241 912 401	28 599 479	270 511 880	-
Difference, Actual/Average Exchange Rate	(150 093)		(150 093)	-	-	-	150 093
Total assessments and revaluation	270 355 191	6 596 b/	270 361 787	241 912 401	28 599 479	270 511 880	150 093
Miscellaneous income							
(a) Reimbursable work for others (Appropriation 7)							
Data processing services	-	-	-	84 115	225 846	309 961	309 961
Printing services	779 681	-	779 681	1 094 037	60 099	1 154 136	374 455
Medical services	760 404	-	760 404	565 984	136 219	702 203	(58 201)
Radiation protection and monitoring services	99 874	-	99 874	125 722	-	125 722	25 848
Translation services	262 022	-	262 022	171 819	-	171 819	(90 203)
Nuclear Fusion Journal	152 479	-	152 479	117 549	-	117 549	(34 930)
Other financial services	43 047	-	43 047	91 420	-	91 420	48 373
Laboratory services	170 725	-	170 725	310 560	-	310 560	139 835
Marine Environmental Laboratory services	40 974	-	40 974	7 653	-	7 653	(33 321)
Sub-total	2 309 206	-	2 309 206	2 568 859	422 164	2 991 023	681 817
(b) Attributable to specific programmes							
Publications of the Agency - INIS Products	45 000	-	45 000	27 218	-	27 218	(17 782)
Publications of the Agency - other	375 000	-	375 000	216 718	-	216 718	(158 282)
Laboratory income	240 000	-	240 000	216 718	-	216 718	(23 282)
Amounts recoverable under safeguards agreements	300 000	-	300 000	221 134	-	221 134	(78 866)
Other service income	2 000	-	2 000	-	-	-	(2 000)
Sub-total	962 000	-	962 000	681 788	-	681 788	(280 212)
(c) Not attributable to specific programmes							
Investment and interest income	2 714 610	-	2 714 610	3 945 524	-	3 945 524	1 230 914
Gain (Loss) on exchange of currencies	-	-	-	478 750	-	478 750	478 750
Other	450 746	-	450 746	126 262	-	126 262	(324 484)
Sub-total	3 165 356	-	3 165 356	4 550 536	-	4 550 536	1 385 180
Sub-total (b) and (c)	4 127 356	-	4 127 356	5 232 324	-	5 232 324	1 104 968
Sub-total (a), (b) and (c)	6 436 562	-	6 436 562	7 801 183	422 164	8 223 347	1 786 785
TOTAL ASSESSMENTS AND MISCELLANEOUS INCOME	276 791 753	6 596	276 798 349	249 713 584	29 021 643	278 735 227	1 936 878

a/ GC (51)/RES/7.

b/ Schedule S1.

ANNEX A2

TECHNICAL COOPERATION FUND

ESTIMATED AND ACTUAL RESOURCES IN THE YEAR ENDED 31 DECEMBER 2008

(expressed in United States dollars)

	Current year	2007	2006	2005	2004	Prior to 2004	Total
I. Estimates							
Targets	80 000 000	80 000 000	77 500 000	77 500 000	74 750 000		389 750 000
Estimated other income	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000		5 000 000
Total allocations	81 000 000 a/	81 000 000	78 500 000	78 500 000	75 750 000		394 750 000
II. Actuals							
1. Voluntary contributions received for 2008	75 800 617	-	-	-	-		75 800 617
2007	244 963	76 491 085	-	-	-		76 736 048
2006	48 050	1 328 177	72 100 543	-	-		73 476 770
2005	25 465	370 416	957 789	68 866 684	-		70 220 354
2004	9 718	7 335	331 789	2 071 265	64 752 326		67 172 433
for prior years	61 170	5 175	30 586	1 012 669	9 409 024		10 518 624
Total	76 189 983	78 202 188	73 420 707	71 950 618	74 161 350		373 924 846
2. Assessed programme costs received	514 735	513 138	685 958	829 425	1 565 296		4 108 552
3. National participation costs received	790 565	3 295 529	795 009	3 368 463	-		8 249 566
4. Miscellaneous income	2 591 330	2 103 111	1 866 269	486 257	665 737		7 712 704
Total received	80 086 613	84 113 966	76 767 943	76 634 763	76 392 383		393 995 668
5. Resources outstanding							
Voluntary contributions pledged and unpaid	68 800	5 600	1 926	-	2 990	913 971	993 287 b/
Assessed programme costs	-	-	-	-	-	2 815 773	2 815 773 c/
National participation costs	82 890	125 727	19 868	71 071	-	-	299 556 d/
Total outstanding	151 690	131 327	21 794	71 071	2 990	3 729 744	4 108 616
Total actual resources	80 238 303	84 245 293	76 789 737	76 705 834	76 395 373	3 729 744	398 104 284
III. Difference between actuals and estimates	(761 697)	3 245 293	(1 710 263)	(1 794 166)	645 373	3 729 744	3 354 284

a/ GC(51)/RES/8.

b/ Schedule S8.

c/ Schedule S9a.

d/ Schedule S9b.

ANNEX A3a

**RESOURCES MADE AVAILABLE TO THE AGENCY
BY MEMBER STATES FOR 2008 INCLUDING CONTRIBUTIONS IN CASH AND IN KIND**
(expressed in euro)

Member State	C A S H				I N K I N D a/ (Note Q)			
	TOTAL	Assessed contributions Schedule S1	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Afghanistan, Islamic Republic of	2 209	2 209	-	-	-	-	-	-
Albania	36 772	13 104	3 086	-	-	-	-	20 582
Algeria	359 386	182 702	50 709	57 543	-	-	-	68 432
Angola	8 064	6 521	1 543	-	-	-	-	-
Argentina	1 038 036	695 470	158 924	16 233	-	140	-	167 269
Armenia	6 075	4 397	-	-	-	-	-	1 678
Australia	6 157 981	4 789 856	946 192	140 356	-	1 705	-	279 872
Austria	2 885 161	2 382 351	467 718	-	350	2 870	-	31 872
Azerbaijan	92 829	11 045	2 732 b/	78 493	-	-	-	559
Bangladesh	34 556	21 934	5 488	-	-	-	-	7 134
Belarus	66 807	41 424	10 275	-	-	35	-	15 073
Belgium	3 158 020	2 943 234	-	9 694	-	846	-	204 246
Belize	2 199	2 199	-	-	-	-	-	-
Benin	2 751	2 199	552	-	-	-	-	-
Bolivia	68 832	13 253	-	54 880	-	-	-	699
Bosnia and Herzegovina	79 484	13 191	-	66 293	-	-	-	-
Botswana	37 331	28 746	7 327	-	-	-	-	1 258
Brazil	2 406 787	1 877 546	321 500	77 380	-	412	2 553	127 396
Bulgaria	130 348	41 792	10 047	-	-	70	-	78 439
Burkina Faso	10 492	4 398	1 118	-	-	-	-	4 976
Cameroon	34 964	19 880	5 170	-	-	-	-	9 914
Canada	10 509 475	7 979 797	1 410 615	518 229	-	930	-	599 904
Central African Republic	2 199	2 199	-	-	-	-	-	-
Chad	2 199	2 199	-	-	-	-	-	-
Chile	451 974	344 402	79 732	-	-	297	-	27 543
China	7 243 176	5 618 854	1 372 921	83 281	-	1 538	-	166 582
Colombia	276 525	221 576	51 874	-	-	-	-	3 075
Costa Rica	72 945	68 473	-	-	-	-	-	4 472
Côte d'Ivoire	22 396	19 880	-	-	-	-	-	2 516
Croatia	321 998	105 571	26 035	145 300	-	-	-	45 092
Cuba	521 030	114 859	28 246	321 390	-	-	-	56 535
Cyprus	139 662	115 627	21 302	-	-	-	-	2 733
Czech Republic	1 777 028	599 332	137 451	892 820	184	419	-	146 822
Democratic Republic of the Congo	10 091	6 596	1 678	-	-	-	-	1 817
Denmark	3 351 607	1 987 645	386 731	935 548	184	419	-	41 080
Dominican Republic	60 541	50 803	-	-	-	-	-	9 738
Ecuador	58 467	44 016	10 255	-	-	-	-	4 196
Egypt	379 997	189 356	45 968	96 802	-	66	-	47 805
El Salvador	52 592	41 967	10 625	-	-	-	-	-
Eritrea	2 174	2 174	-	-	-	-	-	-

ANNEX A3a (continued)

Member State	C A S H				I N K I N D a/ (Note Q)			
	TOTAL	Assessed contributions Schedule S1	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Estonia	833 165	32 992	8 136	779 740	-	-	-	12 297
Ethiopia	76 617	6 580	1 646	63 400	-	-	-	4 991
Finland	2 002 897	1 510 864	294 195	10 256	-	374	-	187 208
France	22 253 740	16 880 810	3 491 202	1 098 555	461	10 846	14 500	757 366
Gabon	22 166	17 776	4 390 b/	-	-	-	-	-
Georgia	12 007	6 539	- c/	-	-	-	-	5 468
Germany	29 435 046	22 980 920	4 474 579	1 246 725	5 743	2 939	84 000	640 140
Ghana	384 160	8 836	2 237	358 020	-	-	-	15 067
Greece	1 793 122	1 404 198	355 120	-	6 711	70	-	27 023
Guatemala	80 915	68 473	-	-	-	-	-	12 442
Haiti	5 521	4 403	1 118	-	-	-	-	-
Holy See	4 779	2 779	2 000	-	-	-	-	-
Honduras	11 208	11 208	-	-	-	-	-	-
Hungary	822 869	519 927	127 464	34 300	-	2 290	-	138 888
Iceland	124 263	99 958	15 276	-	-	-	-	9 029
India	1 349 704	951 471	223 992	-	-	1 265	-	172 976
Indonesia	528 114	340 955	81 964	6 610	-	-	-	98 585
Iran, Islamic Republic of	486 412	384 335	-	-	4 287	87	-	97 703
Iraq	51 080	31 902	7 683 b/	-	-	-	-	11 495
Ireland	1 507 558	1 187 551	226 855	55 000	-	87	-	38 065
Israel	1 272 966	1 144 468	94 080	-	-	70	-	34 348
Italy	16 300 480	13 609 146	2 539 438	(395)	8 966	713	-	142 612
Jamaica	22 087	22 087	-	-	-	-	-	-
Japan	59 742 928	44 179 713	9 519 562	5 083 266	-	2 139	-	958 248
Jordan	86 870	26 505	6 710	45 211	-	-	-	8 444
Kazakhstan	113 693	61 171	-	-	-	35	-	52 487
Kenya	45 104	22 087	5 592	-	-	-	-	17 425
Korea, Republic of	7 307 060	4 977 785	1 126 810	642 487	-	87	-	559 891
Kuwait	596 373	485 285	90 534	10 000	-	-	-	10 554
Kyrgyzstan	3 048	2 209	-	-	-	-	-	839
Latvia	144 807	37 392	9 232	90 150	-	-	-	8 033
Lebanon	74 621	72 889	-	334	-	-	-	1 398
Liberia	6 712	2 199	-	-	-	-	-	4 513
Libyan Arab Jamahiriya	148 165	133 287	- b/	-	-	-	-	14 878
Liechtenstein	33 203	27 779	5 424	-	-	-	-	-
Lithuania	230 376	65 526	16 950	75 000	-	-	-	72 900
Luxembourg	270 384	227 022	43 362	-	-	-	-	-
Madagascar	5 516	4 398	1 118	-	-	-	-	-
Malawi	2 758	2 199	-	-	-	-	-	559
Malaysia	542 703	404 831	98 966	6 760	-	17	-	32 129

ANNEX A3a (continued)

Member State	C A S H				I N K I N D a/ (Note Q)			
	TOTAL	Assessed contributions Schedule S1	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Mali	3 530	2 225	606	-	-	-	-	699
Malta	44 241	35 460	8 781	-	-	-	-	-
Marshall Islands	2 209	2 209	-	-	-	-	-	-
Mauritania, Islamic Republic of	2 199	2 199	-	-	-	-	-	-
Mauritius	138 296	24 200	5 650	105 930	-	-	-	2 516
Mexico	5 343 938	4 837 180	439 966	-	8 528	210	-	58 054
Monaco	1 945 412	8 261	-	175 676	-	60 000	1 648 630	52 845
Mongolia	3 439	2 199	541	-	-	-	-	699
Montenegro	44 171	2 209	-	32 150	-	-	-	9 812
Morocco	130 506	87 372	22 829	-	-	-	-	20 305
Mozambique	2 208	2 208	-	-	-	-	-	-
Myanmar	13 868	10 873	2 576	-	-	-	-	419
Namibia	28 330	13 151	3 173	-	-	-	-	12 006
Netherlands	6 408 951	5 028 837	977 226	268 554	-	454	-	133 880
New Zealand	716 489	686 229	-	15 197	-	35	-	15 028
Nicaragua	8 297	4 342	1 018	-	-	-	-	2 937
Niger	11 167	2 199	559	-	-	-	-	8 409
Nigeria	163 460	102 037	-	39 866	-	-	-	21 557
Norway	2 620 453	2 098 313	413 795	51 511	-	143	-	56 691
Pakistan	713 224	125 339	30 861	481 064	-	192	-	75 768
Palau	2 209	2 209	-	-	-	-	-	-
Panama	65 642	47 952	3 424	-	-	-	-	14 266
Paraguay	13 737	11 045	-	-	-	-	-	2 692
Peru	184 228	165 661	-	-	-	-	-	18 567
Philippines	285 460	163 947	7 977	87 279	-	-	-	26 257
Poland	1 453 825	1 062 075	244 978	94 301	-	-	-	52 471
Portugal	1 461 412	1 208 575	225 836	-	-	-	-	27 001
Qatar	287 191	228 796	44 477	-	-	-	-	13 918
Republic of Moldova	7 748	2 199	549	-	-	-	-	5 000
Romania	308 008	149 710	40 131	26 718	4 455	-	-	86 994
Russian Federation	4 181 204	3 216 057	605 200	-	-	206	-	359 741
Saudi Arabia	1 627 125	1 585 653	-	-	-	-	-	41 472
Senegal	9 634	8 795	-	-	-	-	-	839
Serbia	268 475	43 845	10 576	210 082	-	-	-	3 972
Seychelles	4 393	4 393	-	-	-	-	-	-
Sierra Leone	2 199	2 199	-	-	-	-	-	-
Singapore	1 114 092	930 486	181 168	-	-	-	-	2 438
Slovakia	287 816	134 526	33 477	-	-	-	-	119 813
Slovenia	384 020	256 009	47 170	-	-	30 791	-	50 050
South Africa	1 001 949	616 975	173 152	(13)	-	-	-	211 835

ANNEX A3a (continued)

Member State	T O T A L	C A S H			I N K I N D a/ (Note Q)			
		Assessed contributions Schedule S1	Voluntary contributions (Technical Cooperation Fund)	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources
Spain	10 724 635	7 881 203	1 470 437	798 201	81 843	5 027	30 000	457 924
Sri Lanka	42 046	32 887	8 460	-	-	-	-	699
Sudan	37 908	21 987	5 960 b/	-	-	-	-	9 961
Sweden	3 607 192	2 868 946	558 646	8 300	-	2 129	-	169 171
Switzerland	4 133 359	3 264 686	681 245	9 781	4 089	972	600	171 986
Syrian Arab Republic	60 742	32 782	7 704	-	-	52	-	20 204
Tajikistan	3 580	2 199	542	-	-	-	-	839
Thailand	503 742	390 524	97 090	-	-	-	-	16 128
The Former Yugoslav Republic of Macedonia	26 473	10 997	2 544 b/	12 932	-	-	-	-
Tunisia	94 176	65 769	15 864	-	-	-	-	12 543
Turkey	1 049 949	824 751	186 650	-	210	-	-	38 338
Uganda	8 445	6 592	1 853	-	-	-	-	-
Ukraine	395 494	94 682	25 525	171 418	-	35	-	103 834
United Arab Emirates	978 126	805 533	153 881	10 290	-	-	-	8 422
United Kingdom of Great Britain and Northern Ireland	21 944 485	17 830 822	3 331 493	246 429	14 213	3 746	-	517 782
United Republic of Tanzania	16 535	13 134	3 401	-	-	-	-	-
United States of America	98 721 539	70 283 584	12 740 402	14 407 241	212 030	98 370	-	979 912
Uruguay	84 009	57 994	14 356	-	-	-	-	11 659
Uzbekistan	90 368	17 671	4 339 b/	61 703	-	-	-	6 655
Venezuela, Bolivarian Republic of	531 729	420 674	97 890	-	-	-	-	13 165
Vietnam	75 641	51 163	13 211	-	-	-	-	11 267
Yemen	26 864	15 451	4 021	-	-	-	-	7 392
Zambia	22 929	2 201	559	-	-	-	-	20 169
Zimbabwe	17 671	17 671	-	-	-	-	-	-
Sub-total	365 102 749	270 505 284	51 403 218	30 414 271	352 254	233 128	1 780 283	10 414 311
<u>New Member:</u>								
Nepal	6 596	6 596	-	-	-	-	-	-
Sub-total	6 596	6 596	-	-	-	-	-	-
<u>Other:</u>								
Burundi	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
GRAND TOTAL	365 109 345	270 511 880	51 403 218	30 414 271	352 254	233 128	1 780 283	10 414 311

a/ Shown at actual cost where known, otherwise estimates provided by the Agency's scientific Divisions and/or cost as provided by Member States for equipment and supplies; costs as provided by Member States for meetings and other items and for cost-free experts estimated salary cost of \$200 per day plus cost of travel and subsistence provided by Member States.

b/ Pledged/paid a contribution in 2007: Azerbaijan - \$4 000; Gabon - \$7 200; Iraq - \$12 000; Libyan Arab Jamahiriya - \$101 600; Sudan - \$6 400; The Former Yugoslav Republic of Macedonia - \$4 800; Uzbekistan - \$3 647; relating to 2006: Azerbaijan - \$3 875; Gabon - \$6 975; The Former Yugoslav Republic of Macedonia - \$4 650; relating to 2005: Gabon - \$9 718.

c/ Revalued pledge of contribution: Georgia pledge relating to 2000 - (\$135).

ANNEX A3b

**RESOURCES MADE AVAILABLE TO THE AGENCY
BY UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS FOR 2008 INCLUDING CONTRIBUTIONS IN CASH AND IN KIND**

(expressed in euro)

	C A S H		I N K I N D				(Note Q)
	T O T A L	Voluntary contributions and other extrabudgetary resources	Type II Fellowships	Equipment and supplies	Meetings and other items	Human resources	
American Association of Physicians in Medicine (AAPM)	2 423	-	-	-	-	2 423	
Bureau Internationale des Poids et Mesures (BIPM)	10 624	-	-	10 624	-	-	
Commission of the European Communities (EC)	5 054 789	5 029 850	-	-	-	24 939	
Consultative Group on International Agriculture Research (CGIAR)	39 310	-	-	-	-	39 310	
European Union (EU)	12 607	-	-	-	-	12 607	
Food and Agriculture Organization of the United Nations (FAO)	1 307 372	1 307 372	-	-	-	-	
International Maritime Organization (IMO)	17 683	16 984	-	-	-	699	
Nuclear Energy Agency (NEA)	3 354	-	-	-	-	3 354	
Nuclear Threat Initiative (NTI)	149 206	149 206	-	-	-	-	
OPEC Fund for International Development	32 150	32 150	-	-	-	-	
Organisation for Economic Co-operation and Development (OECD)	2 496	-	-	-	-	2 496	
Pan American Health Organisation (PAHO)	2 415	-	-	-	-	2 415	
Regional Organization for the Protection of the Marine Environment (ROPME)	20 580	20 580	-	-	-	-	
Slovenske Elektrarne	41 940	-	-	-	-	41 940	
United Nations Development Programme (UNDP)	(31 688)	(38 036)	-	-	-	6 348	
United Nations Environment Programme (UNEP)	158 156	131 652	-	-	1 885	24 619	
World Health Organization (WHO)	11 381	-	-	-	-	11 381	
Other sources	119 474	119 474	-	-	-	-	
TOTAL	6 954 272	6 769 232	-	10 624	1 885	172 531	

ANNEX A3c

**RESOURCES MADE AVAILABLE TO THE AGENCY
BY MAJOR PROGRAMME FOR 2008 INCLUDING CONTRIBUTIONS IN CASH AND IN KIND**

(expressed in euro)

	TOTAL	C.A.S.H		Type II fellowships	I N K I N D (Note O)		Human resources
		Voluntary contributions and other extrabudgetary resources a/			Equipment and supplies	Meetings and other items	
Major Programme 1 - Nuclear Power, Fuel Cycle & Nuclear Science							
Overall Management, Coordination and Common Activities	-	-	-	-	-	-	-
Nuclear Power	3 268 010	1 695 065	-	-	-	-	1 572 945
Nuclear Fuel Cycle and Material Technologies	1 118 740	317 399	-	-	-	-	801 341
Capacity Building and Nuclear Knowledge Maintenance for Sustainable Energy Development	573 389	103 100	-	22 522	-	-	447 767
Nuclear Science	1 089 628	316 635	31 465	-	-	-	741 528
Total Major Programme 1	6 049 767	2 432 199	31 465	22 522	-	-	3 563 581
Major Programme 2 - Nuclear Techniques for Development and Environmental Protection							
Overall Management, Coordination and Common Activities	284 746	284 746	-	-	-	-	-
Food and Agriculture	1 508 895	1 344 295	24 418	-	-	-	140 182
Human Health	501 651	125 135	203 207	21 215	-	-	152 094
Water Resources	13 238	-	4 089	-	-	-	9 149
Environment	2 332 709	364 812	35 561	67 900	1 780 715	-	83 721
Radioisotope Production and Radiation Technology	21 097	-	-	-	1 453	-	19 644
Total Major Programme 2	4 662 336	2 118 988	267 275	89 115	1 782 168	-	404 790
Major Programme 3 - Nuclear Safety and Security							
Overall Management, Coordination and Common Activities	3 738 292	1 332 729	-	-	-	-	2 405 563
Incident and Emergency Preparedness and Response	739 703	479 706	-	-	-	-	259 997
Safety of Nuclear Installations	3 712 153	3 608 886	20 905	-	-	-	82 362
Radiation and Transport Safety	2 052 877	322 996	4 748	-	-	-	1 725 133
Management of Radioactive Waste	2 299 633	738 441	12 203	30 756	-	-	1 518 233
Nuclear Security	7 066 563	6 914 002	10 066	96 196	-	-	46 299
Total Major Programme 3	19 609 221	13 396 760	47 922	126 952	-	-	6 037 587
Major Programme 4 - Nuclear Verification							
Overall Management, Coordination and Common Activities	51 010	50 450	-	-	-	-	560
Safeguards	9 540 273	9 251 368	-	-	-	-	288 905
Total Major Programme 4	9 591 283	9 301 818	-	-	-	-	289 465
Major Programme 5 - Policy, Management and Administration							
Public Information and Communications	210 394	204 802	5 592	-	-	-	-
Information and Communication Technology (ICT)	755 067	740 387	-	-	-	-	14 680
Conference, Languages and Publishing Services	5 163	-	-	5 163	-	-	-
Executive Leadership, Policy and Legal Services	219 438	214 950	-	-	-	-	4 488
Financial Management and Services, Human Resources Management and General Services	1 043 641	1 004 399	-	-	-	-	39 242
Oversight services	25 306	-	-	-	-	-	25 306
Total Major Programme 5	2 259 009	2 164 538	5 592	5 163	-	-	83 716
Major Programme 6 - Management of Technical Cooperation for Development							
Management of the Technical Cooperation for Development	441 807	234 104	-	-	-	-	207 703
Total Major Programme 6	441 807	234 104	-	-	-	-	207 703
GRAND TOTAL	42 613 423	29 648 407	352 254	243 752	1 782 168	-	10 586 842

a/ Excludes Technical Cooperation Extrabudgetary Projects amounting to €7 535 096.