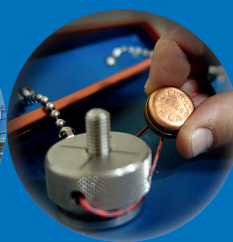
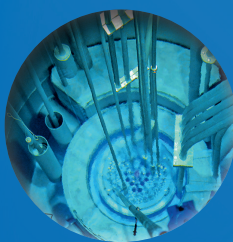


# The Agency's Budget Update for 2019



**IAEA**

International Atomic Energy Agency

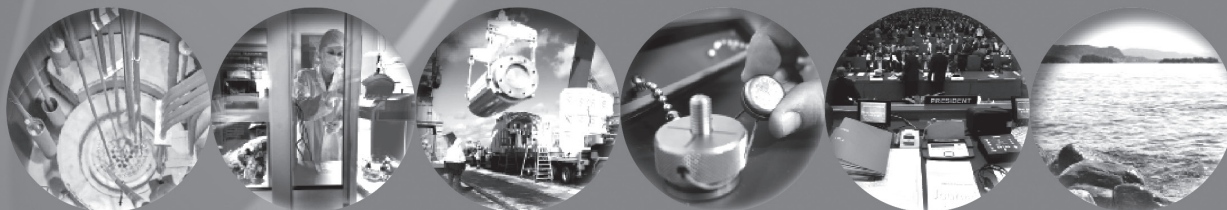
*Atoms for Peace and Development*

GC(62)/2

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# The Agency's Budget Update for 2019



**IAEA**

International Atomic Energy Agency

*Atoms for Peace and Development*

GC(62)/2

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## Introduction

The Agency's programme for the 2018–2019 biennium, adopted by the Board of Governors, was presented to the General Conference in September 2017 in *The Agency's Programme and Budget 2018–2019* (document GC(61)/4). The document included budget estimates for both 2018 and 2019. However, until biennial budgeting is introduced,<sup>1</sup> the Board of Governors is required by the Statute to submit to the General Conference annual budget estimates for approval; the estimates presented for 2019 were, therefore, only preliminary.

In line with the procedures adopted for biennial programming (document GOV/1999/23), the budget estimates for the second year of the biennium are contained in a concise summary document — *The Agency's Budget Update*. This document introduces the applicable price adjustment for the second year of the biennium, highlights any significant changes to preliminary budget estimates, and sets out the draft appropriations and other resolutions.

As per previous decisions made by the Board of Governors, *The Agency's Budget Update for 2019* includes the 2019 price adjustment and an additional €1.1 million in relation to verification and monitoring in the Islamic Republic of Iran in the light of United Nations Security Council resolution (UNSCR) 2231 (2015).<sup>2</sup> It also includes a reduction to be implemented through cross-cutting savings and efficiencies in addition to those already identified in *The Agency's Programme and Budget 2018–2019*.

Apart from the changes relating to the integration of the funding for the Agency's verification and monitoring in the Islamic Republic of Iran in the light of United Nations Security Council resolution 2231 (2015), *The Agency's Budget Update for 2019* maintains the priorities identified in *The Agency's Programme and Budget 2018–2019*: technical cooperation, including the Programme of Action for Cancer Therapy (PACT); nuclear safety and security; the Renovation of the Nuclear Applications Laboratories (ReNuAL+) project in Seibersdorf; and nuclear energy.

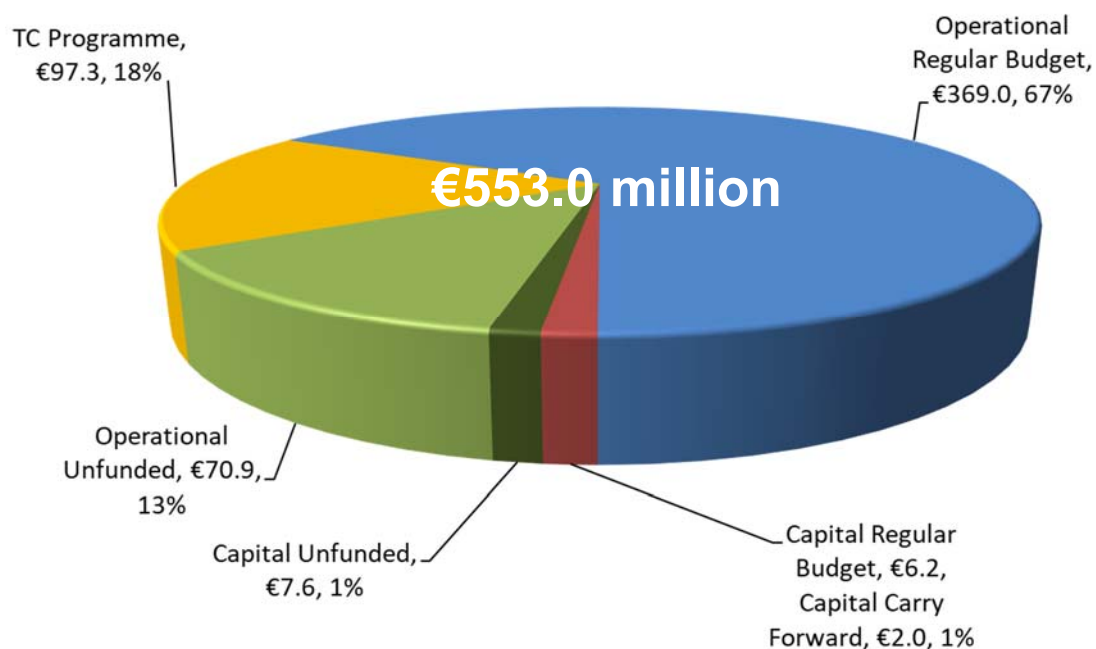
<sup>1</sup> As of June 2017, the Agency had been informed by the depositary Government that 58 of the Agency's 168 Member States had accepted the amendment to Article XIV.A of the Agency's Statute. Acceptance by two thirds of Member States is necessary for the amendment to enter into force.

<sup>2</sup> See document GOV/2016/29.



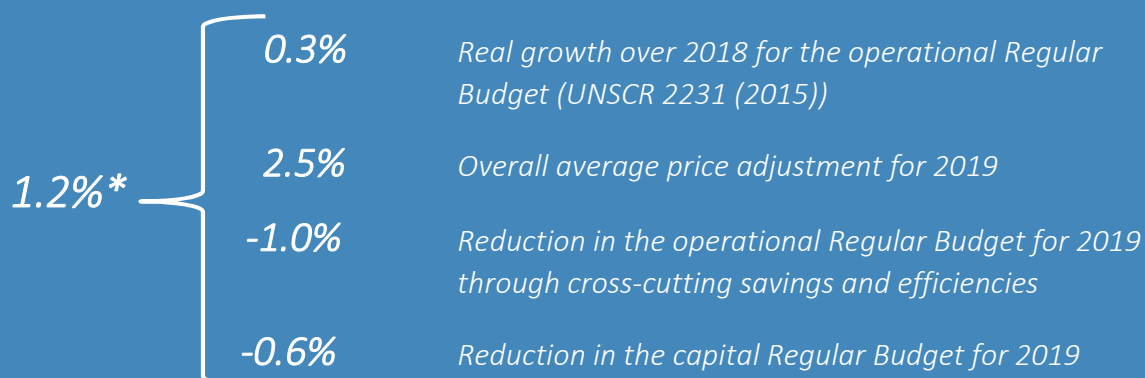


## 2019 Total Resources at a Glance (in million € at 2019 prices<sup>3</sup>)



€375.2 million

2019 Regular Budget (operational €369.0 and capital €6.2)



- Integration of €1.1 million for verification and monitoring in the Islamic Republic of Iran in the light of UNSCR 2231 (2015), representing 0.3% real growth for the operational Regular Budget
- A total reduction of 1.6% for 2019 or €5.7 million through:
  - Cross-cutting savings and efficiencies of €3.7 million
  - A reduction of €2.0 million in the capital Regular Budget, offset by €2.0 million from the Major Capital Investment Fund (MCIF) carry forward

\*Compared with the approved 2018 Regular Budget.

<sup>3</sup> All figures in this document are presented in euros at 2019 prices, unless otherwise indicated.



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## 1. Overview

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# The Agency's Budget Update for 2019

## Overview

1. In the preparation of *The Agency's Budget Update for 2019*, the Director General has carefully considered the proposal by the Co-Chairs of the Working Group on the Programme and Budget and the Technical Cooperation Fund Targets for 2018–2019.<sup>4</sup>

2. *The Agency's Budget Update for 2019*, as recommended by the Board of Governors for submission to the General Conference for approval, includes:

- An additional €1.1 million for verification and monitoring in the Islamic Republic of Iran in the light of United Nations Security Council resolution (UNSCR) 2231 (2015).
- The applicable price adjustment of 2.5%.
- A total reduction of 1.6% for a total amount of €5.7 million for 2019. As requested by Member States, this reduction will be implemented through cross-cutting savings and efficiencies in addition to those already identified in *The Agency's Programme and Budget 2018–2019* and will include a reduction of capital Regular Budget funding, which is offset by the use of capital Carry Forward in the Major Capital Investment Fund (MCIF).

3. For 2019, the Director General proposes a total Regular Budget of €375.2 million, which represents an overall increase of €4.6 million, or 1.2%.

4. The operational Regular Budget is proposed at €369.0 million (an increase of €6.5 million) and a capital Regular Budget at €6.2 million (a decrease of €1.8 million), both including the price adjustment.

5. The operational Regular Budget for Major Programme 4 is proposed at €145.3 million, which reflects the integration of €1.1 million for verification and monitoring in the Islamic Republic of Iran in the light of UNSCR 2231 (2015).

## Priorities

6. *The Agency's Budget Update for 2019* maintains all priorities identified by the Director General for the 2018–2019 biennium:

- Technical cooperation, including the Programme of Action for Cancer Therapy (PACT) — €25.9 million in the 2019 Regular Budget;
- Nuclear safety and security — €36.2 million in the 2019 Regular Budget;
- Verification and monitoring in the Islamic Republic of Iran in the light of UNSCR 2231 (2015) — integration of an additional €1.1 million (0.3% of the total real growth and 0.7% of the real growth of Major Programme 4), completing its integration into the Regular Budget as approved by Member States (document GC(60)/2);
- The Renovation of the Nuclear Applications Laboratories (ReNuAL+) project in Seibersdorf — €2.1 million in the 2019 capital Regular Budget;
- Nuclear energy — €40.5 million in the 2019 Regular Budget.

<sup>4</sup> Summarized in document GOV/2017/27.

## Programmatic Changes

7. On 25 August 2015, the Board of Governors authorized the Director General to implement the necessary verification and monitoring of the Islamic Republic of Iran's nuclear-related commitments as set out in the Joint Comprehensive Plan of Action (JCPOA), and to report accordingly, for the full duration of those commitments in the light of UNSCR 2231 (2015), subject to the availability of funds and consistent with the Agency's standard safeguards practices.<sup>5</sup>

8. *The Agency's Programme and Budget 2018–2019* reflects the agreement reached in the context of *The Agency's Budget Update for 2017* (document GC(60)/2). As a result, an additional €1.1 million in 2019 completes the integration of the inspector costs associated with the verification and monitoring of the Islamic Republic of Iran's nuclear-related commitments as set out in the JCPOA into the Regular Budget and accounts for 0.3% of the real growth proposed for 2019.

## Cross-cutting Savings and Efficiencies

9. In response to requests from Member States when approving *The Agency's Programme and Budget 2018–2019*, the Secretariat included a set of one-time special measures (Annex II to GOV/2018/1) that outlined further cost savings, efficiencies and reprioritization efforts, including through mobilization of additional extrabudgetary resources, with a view to reducing the overall budget growth.

10. Considering the views expressed during consultations with Member States, the one-time special measures have been replaced with cross-cutting savings and efficiencies to be implemented by the Secretariat in addition to those already identified in *The Agency's Programme and Budget 2018–2019*.

11. The Agency's programme as approved in *The Agency's Programme and Budget 2018–2019*, including the balance among Major Programmes, will be maintained without deprioritizing the approved activities and without moving funding for them from the Regular Budget to extrabudgetary resources. The implementation of cross-cutting savings and efficiencies will not negatively impact the programmatic delivery to Member States with regard to such approved activities.

<sup>5</sup> Document GOV/2015/53.

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## 2. Financial Overview

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## Total Resources

12. The Agency's total resources consist of the Regular Budget, extrabudgetary resources and resources for the technical cooperation programme. For 2019, the Agency's total resources amount to €553.0 million at 2019 prices.

Funding Source	2019
Operational Regular Budget	369.0
Capital Regular Budget, including Carry Forward	8.2
Operational Unfunded	70.9
Capital Unfunded	7.6
TC Programme	97.3
<b>TOTAL</b>	<b>553.0</b>

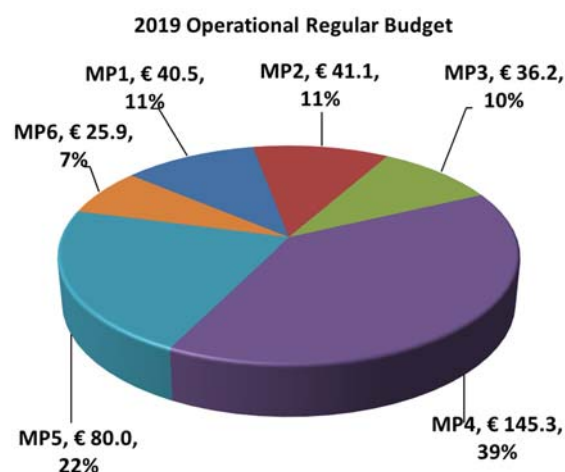
13. The Regular Budget consists of an operational component and a capital component used to fund major infrastructure investments in line with the Major Capital Investment Plan (MCIP). Regular Budget estimates are presented in six Major Programmes (MP1 to MP6), in accordance with the structure of the Agency's programme of work.

14. The Agency continues to rely on extrabudgetary funds, mostly from Member States, to carry out some of its activities for which funding is not foreseen in the Regular Budget. As reported in *The Agency's Programme and Budget 2018–2019*, activities currently unfunded in the Regular Budget for which extrabudgetary resources would be required for 2019 amount to €78.5 million. The categories shown as 'unfunded'<sup>6</sup> in the budget tables of this document represent all extrabudgetary and unfunded financial needs.

15. For the technical cooperation programme, €97.3 million is expected to be available for 2019 — €79.3 million for estimated core project funding, supplemented by €1.0 million in National Participation Costs and €17.0 million in extrabudgetary funds.

## Operational Regular Budget Resources

16. The chart and the table below depict the operational Regular Budget at 2019 prices.



Major Programme	2019
1 Nuclear Power, Fuel Cycle and Nuclear Science	40.5
2 Nuclear Techniques for Development and Environmental Protection	41.1
3 Nuclear Safety and Security	36.2
4 Nuclear Verification	145.3
5 Policy, Management and Administration Services	80.0
6 Management of Technical Cooperation for Development	25.9
<b>TOTAL</b>	<b>369.0</b>

<sup>6</sup> Programme Support Costs are included in the 'unfunded' category as an integral part of the estimate for activities funded through extrabudgetary contributions.

17. The budget for MP4, Nuclear Verification, includes an additional €1.1 million, which completes the integration into the Regular Budget of the funding for the Agency’s verification and monitoring in the Islamic Republic of Iran in the light of UNSCR 2231 (2015), as agreed by Member States.

### Capital Resources

18. The capital resources for 2019 have been allocated with a view to addressing the continuing capital priorities of the Agency while minimizing the overall growth of the Regular Budget. The Director General is therefore proposing to maintain the allocation of the MCIF at the level set out in *The Agency’s Programme and Budget 2018–2019* to finance major infrastructure investments in line with the MCIP . At the same time, the capital Regular Budget funding to be assessed to Member States will be reduced by €2.0 million, after price adjustment, from €8.2 million to €6.2 million for 2019, offset by a carry forward amount of €2.0 million from unspent balances of operational Regular Budget appropriations from prior years previously transferred to the MCIF.

19. The table below depicts the 2019 capital investments.

2019 Capital Investments (in € millions)	
Capital Project	2019
ReNuAL+	2.1
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	0.3
Develop and Implement a Safeguards Approach for J-MOX	1.0
Seibersdorf Infrastructure and Common Facilities	0.8
Provision for IT Infrastructure and Information Security Investment	4.0
<b>Total</b>	<b>8.2</b>
<b>Financing:</b>	
From Member State Assessments	6.2
From Capital Carry Forward	2.0
<b>Total</b>	<b>8.2</b>

## Other Financial Considerations

### Price Adjustment

20. The overall average price adjustment for 2019 is 2.5%. This is based on a number of factors, including:

- Increase in Professional staff costs and consultants of 1.9%;
- Increase in General Service staff costs of 5.4%; and
- Increase for all other items of expenditure of 1.9%.

21. The price adjustment has been calculated using the Agency's standard three year rolling average methodology, which is based on the concept of semi-full budgeting. In contrast to the full budgeting methodology, which bases adjustment factors entirely on forecasts, this methodology takes note of the most recent developments and corrects any over- or underestimates previously used.

22. Trends and expectations for staff costs are based on forecasts provided by the International Civil Service Commission (ICSC) and the Austrian Tariflohn index. For all other items of expenditure, the Agency uses the most recent statistical data from the European Union's Harmonised Index of Consumer Prices.

23. The 2019 price adjustment reflects the actual increase in all factors. The average rate of inflation was 2.1% as of this writing. The ICSC finalized the periodic review of the salary components for both Professional and General Service staff in 2017. While the periodic review did not lead to an increase for the Professional staff category, it did result in an increase for the General Service staff category as approved by the Board of Governors.<sup>7</sup> The Professional and General Service staff expenditures are expected to continue to increase through the standard ICSC annual review process which takes into account the evolution in the cost of living in all

duty stations. As the results of these reviews could not be forecast and were therefore not included in *The Agency's Programme and Budget 2018–2019*, the increases must be reflected in 2019.

24. The price adjustment varies across and within Major Programmes depending on the blend of planned expenditure categories, including the varying proportions of the Professional and General Service staff categories.

25. To achieve more clarity and predictability regarding the price adjustment for the second year of a biennium, and to reduce fluctuations in the price adjustment, the Secretariat is developing a biennial price adjustment methodology, including factors to reduce fluctuation between years. This methodology is being developed in response to a request by Member States,<sup>8</sup> with a view to applying it for the 2020–2021 biennium and subsequent biennia.

### After-Service Health Insurance Liabilities

26. The Agency fulfils its obligations in respect of the financing of health insurance for former staff members from the Regular Budget on a pay-as-you-go basis. It does not currently set aside any funds to meet this long term financial liability, which amounts to €165 million. Most United Nations organizations are facing the issue of funding after-service staff liabilities. The Agency's External Auditor recommended that this funding situation be addressed.

27. The Secretariat is considering addressing this issue through the establishment of an after-service staff liabilities funding mechanism. The proposal will not impact the Regular Budget for 2019. Details of the after-service staff liabilities, together with the relevant analysis and related proposal, will be presented to Member States in due course.

<sup>7</sup> Documents GOV/2017/50 and GOV/OR.1477, paras 67–68.

<sup>8</sup> Document GOV/2017/27.

### **Budget Currency and Exchange Rate**

28. The Agency's functional currency is the euro. As in the past, Regular Budget estimates have been prepared in euros, using a budget exchange rate of US \$1.00 to €1.00. All tables and charts in this document are in euros, based on this budget exchange rate. The Agency assesses Member States in euros and US dollars in accordance with the scale of assessment fixed by the General Conference and the required split between the two currencies. Approximately 88% of the expenditures of the Agency are in euros. The split assessment protects the Agency in the event of currency fluctuations between the euro and the US dollar.

The Secretariat monitors any changes in the proportion of the currency of expenditures and will report to Member States if required.

### **Report on the Budget to the United Nations General Assembly**

29. In accordance with Article XVI of the Agreement Governing the Relationship Between the United Nations and the International Atomic Energy Agency (document INFCIRC/11, part I.A), the budget may be reviewed by the Advisory Committee on Administrative and Budgetary Questions, which would report on the administrative aspects thereof to the United Nations General Assembly.

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### 3. Budgetary Requirements by Major Programme

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**Table 1. The Regular Budget — By Programme and Major Programme**

Programme/Major Programme	2018 Budget	2019 Programme Variance	2019 Estimates at 2018 Prices	2019 Price Adjustment	Cross-cutting Savings and Efficiencies <sup>a</sup>	2019 Estimates at 2019 Prices	2019 Overall Growth
<b>1. Nuclear Power, Fuel Cycle and Nuclear Science</b>							
Overall Management, Coordination and Common Activities	3 134 965	(7 004)	3 127 961	77 682	(20 858)	3 184 785	1.6%
Nuclear Power	8 698 141	(41)	8 698 100	200 995	(57 903)	8 841 191	1.6%
Nuclear Fuel Cycle and Materials Technologies	7 352 806	(445)	7 352 362	164 366	(48 909)	7 467 818	1.6%
Capacity Building and Nuclear Knowledge for Sustainable Energy Development	10 326 191	(51 518)	10 274 673	267 689	(68 596)	10 473 766	1.4%
Nuclear Science	10 331 978	42	10 332 019	231 691	(68 734)	10 494 976	1.6%
<b>Major Programme 1</b>	<b>39 844 081</b>	<b>(58 966)</b>	<b>39 785 115</b>	<b>942 422</b>	<b>(265 000)</b>	<b>40 462 537</b>	<b>1.6%</b>
<b>2. Nuclear Techniques for Development and Environmental Protection</b>							
Overall Management, Coordination and Common Activities	7 842 153	(873)	7 841 280	216 891	(79 576)	7 978 595	1.7%
Food and Agriculture	11 653 361	222	11 653 583	281 293	(117 859)	11 817 017	1.4%
Human Health	8 560 287	451	8 560 738	192 637	(86 441)	8 666 935	1.2%
Water Resources	3 599 384	43	3 599 427	103 561	(36 568)	3 666 420	1.9%
Environment	6 431 279	0	6 431 279	191 496	(65 401)	6 557 374	2.0%
Radioisotope Production and Radiation Technology	2 393 070	(77)	2 392 993	53 125	(24 156)	2 421 962	1.2%
<b>Major Programme 2</b>	<b>40 479 534</b>	<b>(234)</b>	<b>40 479 300</b>	<b>1 039 003</b>	<b>(410 000)</b>	<b>41 108 303</b>	<b>1.6%</b>
<b>3. Nuclear Safety and Security</b>							
Overall Management, Coordination and Common Activities	3 914 342	(9 498)	3 904 844	107 909	(34 101)	3 978 652	1.6%
Incident and Emergency Preparedness and Response	4 331 663	(923)	4 330 741	100 453	(37 657)	4 393 537	1.4%
Safety of Nuclear Installations	10 369 995	450	10 370 445	243 786	(90 202)	10 524 029	1.5%
Radiation and Transport Safety	7 408 980	0	7 408 980	192 374	(64 598)	7 536 756	1.7%
Radioactive Waste Management and Environmental Safety	3 744 708	0	3 744 708	88 728	(32 577)	3 800 859	1.5%
Nuclear Security	5 842 977	0	5 842 977	142 410	(50 865)	5 934 522	1.6%
<b>Major Programme 3</b>	<b>35 612 666</b>	<b>(9 971)</b>	<b>35 602 695</b>	<b>875 659</b>	<b>(310 000)</b>	<b>36 168 354</b>	<b>1.6%</b>
<b>4. Nuclear Verification</b>							
Overall Management, Coordination and Common Activities	14 301 527	45 288	14 346 815	347 780	(421 554)	14 273 041	-0.2%
Safeguards Implementation	121 082 208	1 433 476	122 515 684	2 962 763	(727 261)	124 751 186	3.0%
Other Verification Activities	1 739 630	1 050 933	2 790 563	53 184	-	2 843 747	63.5%
Development	4 837 563	(1 482 668)	3 354 895	75 095	(1 185)	3 428 805	-29.1%
<b>Major Programme 4</b>	<b>141 960 927</b>	<b>1 047 030</b>	<b>143 007 957</b>	<b>3 438 822</b>	<b>(1 150 000)</b>	<b>145 296 779</b>	<b>2.3%<sup>b</sup></b>
<b>5. Policy, Management and Administration Services</b>							
Policy, Management and Administration Services	79 048 022	(13 062)	79 034 960	2 158 312	(1 215 000)	79 978 272	1.2%
<b>Major Programme 5</b>	<b>79 048 022</b>	<b>(13 062)</b>	<b>79 034 960</b>	<b>2 158 312</b>	<b>(1 215 000)</b>	<b>79 978 272</b>	<b>1.2%</b>
<b>6. Management of Technical Cooperation for Development</b>							
Management of Technical Cooperation for Development	25 534 194	(6 162)	25 528 032	788 013	(375 000)	25 941 045	1.6%
<b>Major Programme 6</b>	<b>25 534 194</b>	<b>(6 162)</b>	<b>25 528 032</b>	<b>788 013</b>	<b>(375 000)</b>	<b>25 941 045</b>	<b>1.6%</b>
<b>Operational Regular Budget</b>	<b>362 479 424</b>	<b>958 636</b>	<b>363 438 060</b>	<b>9 242 231</b>	<b>(3 725 000)</b>	<b>368 955 290</b>	
<b>Operational Regular Budget Variance (%)</b>		<b>0.3%</b>		<b>2.5%</b>	<b>-1.0%</b>		<b>1.8%</b>
<b>Major Capital Investment Funding Requirements</b>							
<b>Capital Regular Budget</b>	<b>8 059 381</b>	<b>-</b>	<b>8 059 381</b>	<b>155 487</b>	<b>(2 000 000)</b>	<b>6 214 868</b>	<b>-22.9%</b>
<b>Total Agency Programmes</b>	<b>370 538 805</b>	<b>958 636</b>	<b>371 497 441</b>	<b>9 397 717</b>	<b>(5 725 000)</b>	<b>375 170 158</b>	
<b>Total Agency Programmes Variance (%)</b>		<b>0.3%</b>		<b>2.5%</b>	<b>-1.6%</b>		<b>1.2%</b>
Reimbursable Work for Others	2 782 851	-	2 782 851	52 874	-	2 835 725	
<b>Total Regular Budget</b>	<b>373 321 656</b>	<b>958 636</b>	<b>374 280 292</b>	<b>9 450 591</b>	<b>(5 725 000)</b>	<b>378 005 883</b>	
<b>Less Miscellaneous Income</b>	<b>3 332 851</b>	<b>-</b>	<b>3 332 851</b>	<b>52 874</b>	<b>-</b>	<b>3 385 725</b>	
<b>Assessment on Member States</b>	<b>369 988 805</b>	<b>958 636</b>	<b>370 947 441</b>	<b>9 397 717</b>	<b>(5 725 000)</b>	<b>374 620 158</b>	

<sup>a</sup>Cross-cutting savings and efficiencies will be implemented by the Secretariat to maintain the Agency's programme as approved in *The Agency's Programme and Budget 2018-2019* and the balance among Major Programmes.

<sup>b</sup>0.7% growth over 2018 for Major Programme 4 (UNSCR 2231 (2015)).

**Table 2. The Regular Budget — Summary of Income**

	2018 Budget at 2018 Prices	2019 Estimates at 2018 Prices	Variance 2019 over 2018	2019 Estimates at 2019 Prices <sup>a</sup>
Operational Regular Budget <sup>b</sup>	361 929 424	362 888 060	958 636	368 405 290
Capital Regular Budget	8 059 381	8 059 381	-	6 214 868
<b>Assessed Contributions on Member States</b>	<b>369 988 805</b>	<b>370 947 441</b>	<b>958 636</b>	<b>374 620 158</b>
<b>Miscellaneous Income</b>				
<b>Reimbursable Work for Others</b>				
Printing Services	468 720	468 720	-	477 626
Medical Services	847 675	847 675	-	863 780
Nuclear Fusion Journal	329 771	329 771	-	336 037
Laboratory Services	126 000	126 000	-	128 394
Amounts Recoverable Under Safeguards Agreements	1 010 685	1 010 685	-	1 029 888
<b>Subtotal Reimbursable Work for Others</b>	<b>2 782 851</b>	<b>2 782 851</b>	<b>-</b>	<b>2 835 725</b>
<b>Other</b>				
Publications of the Agency – Other	150 000	150 000	-	150 000
Laboratory Income	300 000	300 000	-	300 000
Investment and Interest Income	100 000	100 000	-	100 000
<b>Subtotal Other</b>	<b>550 000</b>	<b>550 000</b>	<b>-</b>	<b>550 000</b>
<b>Total Miscellaneous Income</b>	<b>3 332 851</b>	<b>3 332 851</b>	<b>-</b>	<b>3 385 725</b>
<b>Total Regular Budget Income</b>	<b>373 321 656</b>	<b>374 280 292</b>	<b>958 636</b>	<b>378 005 883</b>

<sup>a</sup>After cross-cutting savings and efficiencies.

<sup>b</sup>Does not include estimates for Other Miscellaneous Income.



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4. Major Capital Investment Plan for 2019–2027  
and  
Major Capital Investment Fund for 2019

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## Major Capital Investment Plan

30. The Major Capital Investment Plan (MCIP) presented below includes the Agency's major capital projects for the period 2019–2027. The MCIP is updated annually and is derived from the needs of the Agency to maintain an adequate, up-to-date and well functioning infrastructure. An overview of the plan with annual projections is presented in Table 10.

31. For 2019, major capital investment requirements total €15.8 million. The breakdown is shown in the table below.

Major Programme/Major Capital Item (in € millions)	2019
<b>2. Nuclear Techniques for Development and Environmental Protection</b>	
ReNuAL+	6.2
Infrastructure Upgrade for the Monaco based Environment Laboratories	1.1
<b>Major Programme 2</b>	<b>7.2</b>
<b>3. Nuclear Safety and Security</b>	
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	0.3
<b>Major Programme 3</b>	<b>0.3</b>
<b>4. Nuclear Verification</b>	
Develop and Implement a Safeguards Approach for J-MOX	2.1
<b>Major Programme 4</b>	<b>2.1</b>
<b>5. Policy, Management and Administration Services</b>	
Seibersdorf Infrastructure and Common Facilities	1.5
Provision for IT Infrastructure and Information Security Investment	4.8
<b>Major Programme 5</b>	<b>6.2</b>
<b>Major Capital Investment Plan Total</b>	<b>15.8</b>

32. The Major Capital Investment Fund (MCIF) is a reserve fund established in accordance with Financial Regulation 4.06 to help provide for the Agency's major infrastructure requirements that are included in the MCIP. It provides an opportunity to fund capital requirements that might otherwise face continued deferral or require substantial increases in annual Member State contributions. The MCIF is reviewed by the Board of Governors in the framework of the established Programme and Budget approval process.

33. In accordance with document GC(53)/5, the MCIF is funded by the entire amount appropriated for the capital portion of the Regular Budget, unspent budgetary balances from the operational Regular Budget in prior years, if any, and any other source as the Board of Governors may determine.

34. Since the inception of the MCIF in 2009,<sup>9</sup> unspent balances from past operational Regular Budget appropriations have been transferred to the MCIF and reported in the respective financial statements in accordance with Financial Regulation 7.02(b)(4). In the same manner, unspent budgetary balances from the 2016–2017 operational Regular Budget will be transferred to the MCIF.

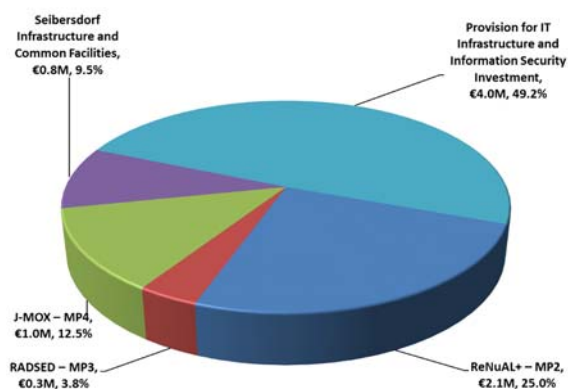
### Capital Investments

35. The Director General is proposing to reduce the capital Regular Budget funding by €2.0 million, which is offset by a capital Carry Forward amount of €2.0 million from the unspent balances of prior years' operational Regular Budget appropriations previously transferred to the MCIF.

36. A total of €8.2 million of MCIF funding will be distributed to the following projects:

- ReNuAL+ — Major Programme 2 — €2.1 million.
- Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED) — Major Programme 3 — €0.3 million.
- Develop and Implement a Safeguards Approach for J-MOX — Major Programme 4 — €1.0 million.
- Seibersdorf Infrastructure and Common Facilities — Major Programme 5 — €0.8 million.
- Provision for IT Infrastructure and Information Security Investment — Major Programme 5 — €4.0 million.

<sup>9</sup> Documents GOV/2009/1 and GOV/2009/52/Rev.1.



37. While this document presents the MCIP for the period 2019–2027, a significant amount of capital investments proposed in 2018 still remain unfunded. Currently, a total of €11.8 million of capital requirements remain unfunded for 2018, while investments unfunded for 2019 amount to €7.6 million. It is hoped that these requirements will be funded through extrabudgetary contributions. The unfunded requirements for 2018 and 2019 are presented in Table 12.

### Overview by Major Programme

38. A programmatic overview of major capital investments that are part of the MCIP for 2019–2027 has been included in *The Agency's Programme and Budget 2018–2019*. The following paragraphs provide an overview of funding requirements for 2019 at 2019 prices as well as project updates. No changes in funding are proposed compared with *The Agency's Programme and Budget 2018–2019*, other than the 2019 price adjustment.

### Major Programme 2 — Nuclear Techniques for Development and Environmental Protection

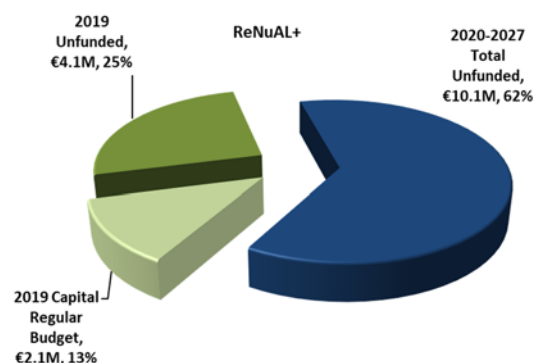
#### Renovation of the Nuclear Applications Laboratories (ReNuAL+)

39. The ReNuAL project to modernize and renovate the nuclear applications laboratories in Seibersdorf will be completed in 2018.

40. ReNuAL+, the follow-up project to ReNuAL, focuses on those elements that could not be accommodated in the original ReNuAL project. This includes building the third wing of the Flexible Modular Laboratory and carrying out priority refurbishment activities in relevant

existing laboratory space. These activities will represent the completion of the overall ReNuAL initiative and will result in significantly enhanced capabilities to ensure that the laboratories in Seibersdorf can continue to meet the needs of Member States.

41. For 2019, requirements of €6.2 million are offset by €2.1 million from the capital Regular Budget. An amount of €4.1 million remains unfunded in 2019.



### Infrastructure Upgrade for the Monaco based Environment Laboratories

42. This project identifies the most urgent infrastructure upgrades for the Monaco based environment laboratories to enhance their capability to meet the evolving needs of Member States for high quality services in the field of the marine environment.

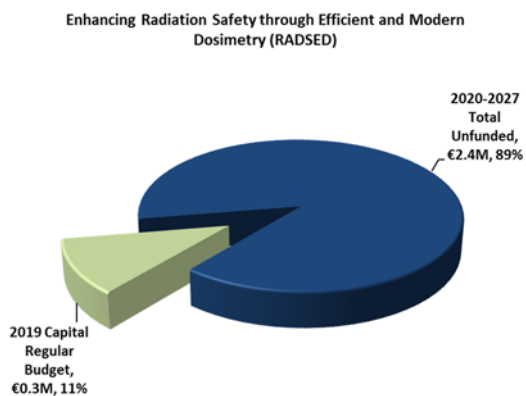
43. The overall project needs for 2019 of €1.1 million remain unfunded.

### Major Programme 3 — Nuclear Safety and Security

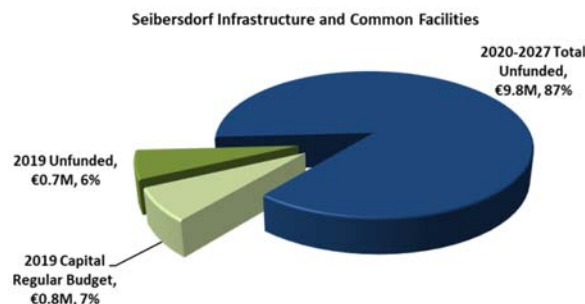
#### Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)

44. This project, to be carried out over a period of ten years, aims at implementing the best dose assessment technologies in order to compare their efficiencies regarding the endpoint of biodosimetry.

45. The overall project needs for 2019 are €0.3 million. This amount is fully offset by €0.3 million from the capital Regular Budget.



49. The 2019 funding requirement for the project is €1.5 million, of which €0.8 million is funded from the capital Regular Budget. An amount of €0.7 million remains unfunded in 2019.

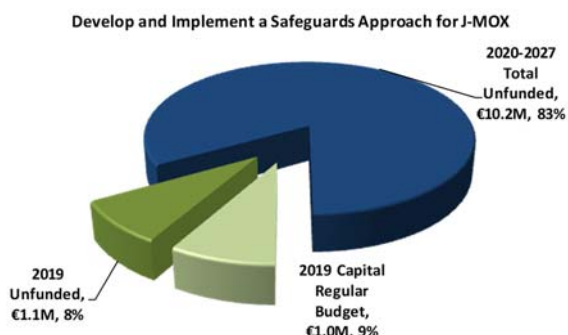


## Major Programme 4 — Nuclear Verification

### Develop and Implement a Safeguards Approach for J-MOX

46. Japan Nuclear Fuel Limited is building a large scale plant to produce mixed oxide fuel for light water reactors at its Rokkasho Mura site.

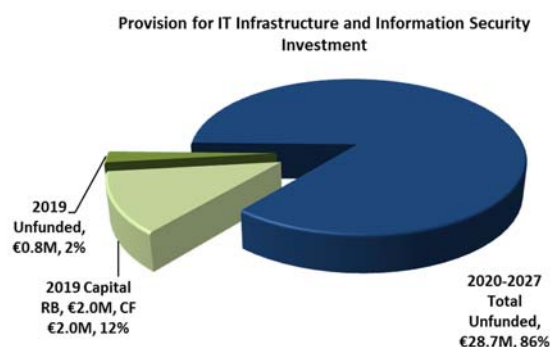
47. The capital requirements in 2019 total €2.1 million, of which €1.0 million is funded from the capital Regular Budget. An amount of €1.1 million remains unfunded in 2019.



### Provision for IT Infrastructure and Information Security Investment

50. This project covers the information and communication technology (ICT) costs associated with maintaining up-to-date ICT infrastructure and services. It includes three components: equipment replacement, disaster recovery infrastructure and the future upgrade of the Oracle eBusiness Suite (the platform for the Agency-wide Information System for Programme Support (AIPS)).

51. The needs of €4.8 million for 2019 are offset by €2.0 million from the capital Regular Budget and €2.0 million from the capital Carry Forward, while an amount of €0.8 million remains unfunded.



## Major Programme 5 — Policy, Management and Administration Services

### Seibersdorf Infrastructure and Common Facilities

48. The objective of this project is to ensure the safety and security of the Seibersdorf site through fitting and upgrading the physical safety and security measures, and integrating the surveillance and other security systems.

**Table 10. Major Capital Investment Plan 2019–2027**

Major Programme/Major Capital Item	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
<b>2. Nuclear Techniques for Development and Environmental Protection</b>										
ReNuAL+	6 159 052	5 031 462	5 031 462	-	-	-	-	-	-	16 221 976
Infrastructure Upgrade for the Monaco based Environment Laboratories	1 078 510	-	-	-	-	-	-	-	-	1 078 510
Calibration and Auditing Services for the Dosimetry Laboratory (Seibersdorf)	-	205 430	-	-	-	-	205 430	-	256 788	667 649
Mass Spectrometer for the Isotope Hydrology Laboratory	-	567 193	-	-	-	-	-	-	-	567 193
<b>Major Programme 2</b>	<b>7 237 562</b>	<b>5 804 085</b>	<b>5 031 462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205 430</b>	<b>-</b>	<b>256 788</b>	<b>18 535 327</b>
<b>3. Nuclear Safety and Security</b>										
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	308 146	482 813	354 265	456 877	363 509	389 034	373 472	-	-	2 728 116
Radiation Safety Technical Services	-	-	-	-	267 060	-	-	306 091	-	573 151
<b>Major Programme 3</b>	<b>308 146</b>	<b>482 813</b>	<b>354 265</b>	<b>456 877</b>	<b>630 569</b>	<b>389 034</b>	<b>373 472</b>	<b>306 091</b>	<b>-</b>	<b>3 301 267</b>
<b>4. Nuclear Verification</b>										
Develop and Implement a Safeguards Approach for J-MOX	2 054 304	3 081 456	3 081 456	2 054 304	1 951 589	-	-	-	-	12 223 109
Develop and implement SG Approaches for a SF EPGR in Finland/Sweden	-	855 618	1 533 538	1 533 538	1 189 442	-	20 543	855 618	1 533 538	7 521 834
<b>Major Programme 4</b>	<b>2 054 304</b>	<b>3 937 074</b>	<b>4 614 994</b>	<b>3 587 842</b>	<b>3 141 031</b>	<b>-</b>	<b>20 543</b>	<b>855 618</b>	<b>1 533 538</b>	<b>19 744 943</b>
<b>5. Policy, Management and Administration Services</b>										
Seibersdorf Infrastructure and Common Facilities	1 465 746	1 224 365	1 224 365	1 224 365	1 224 365	1 224 365	1 224 365	1 224 365	1 224 365	11 260 667
Provision for IT Infrastructure and Information Security Investment	4 783 447	3 928 856	3 407 063	2 295 685	4 699 220	4 581 098	4 873 836	2 203 241	2 716 817	33 489 264
<b>Major Programme 5</b>	<b>6 249 193</b>	<b>5 153 222</b>	<b>4 631 428</b>	<b>3 520 050</b>	<b>5 923 586</b>	<b>5 805 463</b>	<b>6 098 201</b>	<b>3 427 606</b>	<b>3 941 182</b>	<b>44 749 931</b>
<b>Major Capital Investment Plan Total</b>	<b>15 849 204</b>	<b>15 377 193</b>	<b>14 632 149</b>	<b>7 564 769</b>	<b>9 695 185</b>	<b>6 194 497</b>	<b>6 697 647</b>	<b>4 589 315</b>	<b>5 731 508</b>	<b>86 331 468</b>

**Table 11a. Capital Regular Budget Details 2019**

Major Programme / Major Capital Item	2018 Budget at 2018 Prices	2019 Estimates at 2018 Prices	2019 Estimates at 2019 Prices
<b>2. Nuclear Techniques for Development and Environmental Protection</b>			
ReNuAL+	2 011 381	2 011 381	2 051 956
<b>Major Programme 2</b>	<b>2 011 381</b>	<b>2 011 381</b>	<b>2 051 956</b>
<b>3. Nuclear Safety and Security</b>			
Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED)	-	302 400	308 146
Radiation Safety Technical Services	270 144	-	-
<b>Major Programme 3</b>	<b>270 144</b>	<b>302 400</b>	<b>308 146</b>
<b>4. Nuclear Verification</b>			
MOSAIC	1 008 000	-	-
Develop and Implement a Safeguards Approach for J-MOX	1 008 000	1 008 000	1 027 152
<b>Major Programme 4</b>	<b>2 016 000</b>	<b>1 008 000</b>	<b>1 027 152</b>
<b>5. Policy, Management and Administration Services</b>			
Seibersdorf Infrastructure and Common Facilities	566 496	768 096	782 690
Provision for IT Infrastructure and Information Security Investment	3 195 360	3 969 504	2 044 925
<b>Major Programme 5</b>	<b>3 761 856</b>	<b>4 737 600</b>	<b>2 827 614</b>
<b>Capital Regular Budget</b>	<b>8 059 381</b>	<b>8 059 381</b>	<b>6 214 868</b>

**Table 11b. Capital Carry Forward Details 2019**

Major Programme/Major Capital Item	2019 Estimates at 2019 Prices
<b>5. Policy, Management and Administration Services</b>	
Provision for IT Infrastructure and Information Security Investment	2 000 000
<b>Major Programme 5</b>	<b>2 000 000</b>
<b>Capital Carry Forward Total</b>	<b>2 000 000</b>

**Table 12. Unfunded 2018–2019 Capital Needs**

52. The table below lists capital needs for 2018 and 2019 that will not be funded from the MCIF. It is expected that these needs will attract extrabudgetary pledges by Member States.

Major Programme / Major Capital Item	2018	2019
<b>2. Nuclear Techniques for Development and Environmental Protection</b>		
ReNuAL+	4 030 604	4 107 097
Infrastructure Upgrade for the Monaco based Environment Laboratories	957 600	1 078 510
<b>Major Programme 2</b>	<b>4 988 204</b>	<b>5 185 606</b>
<b>4. Nuclear Verification</b>		
MOSAIC	2 923 200	-
Develop and Implement a Safeguards Approach for J-MOX	1 008 000	1 027 152
<b>Major Programme 4</b>	<b>3 931 200</b>	<b>1 027 152</b>
<b>5. Policy, Management and Administration Services</b>		
Seibersdorf Infrastructure and Common Facilities	740 880	683 056
Provision for IT Infrastructure and Information Security Investment	2 157 120	738 522
<b>Major Programme 5</b>	<b>2 898 000</b>	<b>1 421 578</b>
<b>Major Capital Investment Plan Unfunded</b>	<b>11 817 404</b>	<b>7 634 337</b>



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*Annex. Draft Resolutions for 2019*

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53. This annex presents the draft resolutions for 2019, including the appropriations for the 2019 Regular Budget, the allocation for the Technical Cooperation Fund (TCF) in 2019 and the Working Capital Fund (WCF) in 2019.

#### ***A. The Regular Budget***

54. Regular Budget appropriations for 2019 are presented in two parts: one for the operational Regular Budget (paras 1 and 2 of resolution A); and one for the capital Regular Budget (paras 3–5 of resolution A). The expenditures against these appropriations will be recorded separately, so that funds appropriated for the operational Regular Budget will not be used for major capital investments and vice versa. The total amount of appropriations for the capital Regular Budget will be transferred to the Major Capital Investment Fund.

55. The resolution for the Regular Budget appropriation contains an adjustment formula to take into account the exchange rate variations during the year. Member State contributions will be based on the scale of assessment to be fixed by the General Conference in September 2018.

#### ***B. Technical Cooperation Programme***

56. The technical cooperation activities of the Agency are financed from the TCF and extrabudgetary contributions. The TCF is mainly comprised of voluntary contributions, for which a target is recommended each year by the Board of Governors, and National Participation Costs (NPCs) paid by recipient Member States. The target for voluntary contributions to the TCF recommended by the Board of Governors for 2019 amounts to €86 165 000.

57. The forecast of the resources for the technical cooperation programme for 2019 amounts to €97 271 800, and comprises €79 271 800 for estimated core project funding, €1 000 000 for NPCs (to be added to the estimated core funding) and €17 000 000 for the estimated implementation levels of extrabudgetary activities.

58. These amounts do not constitute a target for, or limitation on, funds and do not in any way prejudice the technical cooperation programme for 2019.

#### ***C. Working Capital Fund***

59. During its 61st regular session, the General Conference approved a continuation of the WCF at the level of €15 210 000 for 2018. No change in this level is proposed for 2019, although it should be borne in mind that the average monthly requirement of the Regular Budget exceeds the level of the WCF, which constitutes a significant risk to the Agency.

## A. REGULAR BUDGET APPROPRIATIONS FOR 2019

The General Conference,

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 2019,<sup>1</sup>

1. Appropriates, on the basis of an exchange rate of US \$1.00 to €1.00, an amount of €371 791 015 for the operational portion of the Regular Budget expenses of the Agency in 2019 as follows:<sup>2</sup>

	€
1. Nuclear Power, Fuel Cycle and Nuclear Science	40 462 537
2. Nuclear Techniques for Development and Environmental Protection	41 108 303
3. Nuclear Safety and Security	36 168 354
4. Nuclear Verification	145 296 779
5. Policy, Management and Administration Services	79 978 272
6. Management of Technical Cooperation for Development	25 941 045
Subtotal of Major Programmes	<hr/> 368 955 290
7. Reimbursable work for others	2 835 725
TOTAL	<hr/> <hr/> 371 791 015

the amounts in the appropriation sections to be adjusted in accordance with the adjustment formula presented in Attachment A.1 in order to take into account the exchange rate variations during the year;

2. Decides that the foregoing appropriation shall be financed, after the deduction of:

- Revenues deriving from reimbursable work for others (Section 7); and
- Other miscellaneous income of €550 000;

from contributions by Member States amounting, at an exchange rate of US \$1.00 to €1.00, to €368 405 290 (€318 855 770 plus US \$49 549 520), in accordance with the scale of assessment fixed by the General Conference in resolution GC(62)/RES/ ;

<sup>1</sup> Document GC(62)/2.

<sup>2</sup> Appropriation Sections 1–6 represent the Agency's Major Programmes.

3. Appropriates, on the basis of an exchange rate of US \$1.00 to €1.00, an amount of €6 214 868 for the capital portion of the Regular Budget expenses of the Agency in 2019 as follows:<sup>3</sup>

	€
1. Nuclear Power, Fuel Cycle and Nuclear Science	-
2. Nuclear Techniques for Development and Environmental Protection	2 051 956
3. Nuclear Safety and Security	308 146
4. Nuclear Verification	1 027 152
5. Policy, Management and Administration Services	2 827 614
6. Management of Technical Cooperation for Development	-
TOTAL	6 214 868

the amounts in the appropriation sections to be adjusted in accordance with the adjustment formula presented in Attachment A.2 in order to take into account the exchange rate variations during the year;

4. Decides that the foregoing appropriation shall be financed from contributions by Member States amounting, at an exchange rate of US \$1.00 to €1.00, to €6 214 868 (€6 214 868 plus US \$0), in accordance with the scale of assessment fixed by the General Conference in resolution GC(62)/RES/ ;

5. Authorizes the transfer of the capital portion of the Regular Budget to the Major Capital Investment Fund; and

6. Authorizes the Director General:

- a. To incur expenditures additional to those for which provision is made in the Regular Budget for 2019, provided that the relevant emoluments of any staff involved and all other costs are entirely financed from revenues arising out of sales, work performed for Member States or international organizations, research grants, special contributions or other sources extraneous to the Regular Budget for 2019; and
- b. With the approval of the Board of Governors, to make transfers between any of the Sections listed in paras 1 and 3 above.

<sup>3</sup> See footnote 2.

## ATTACHMENT

### A.1. APPROPRIATIONS FOR THE OPERATIONAL PORTION OF THE REGULAR BUDGET IN 2019

#### ADJUSTMENT FORMULA IN EUROS

	€	US\$
1. Nuclear Power, Fuel Cycle and Nuclear Science	34 788 225 + (	5 674 312 /R)
2. Nuclear Techniques for Development and Environmental Protection	36 717 355 + (	4 390 948 /R)
3. Nuclear Safety and Security	30 024 259 + (	6 144 095 /R)
4. Nuclear Verification	123 336 314 + (	21 960 465 /R)
5. Policy, Management and Administration Services	72 318 155 + (	7 660 117 /R)
6. Management of Technical Cooperation for Development	22 221 462 + (	3 719 583 /R)
Subtotal of Major Programmes	319 405 770 + (	49 549 520 /R)
7. Reimbursable work for others	2 835 725 + (	- /R)
TOTAL	322 241 495 + (	49 549 520 /R)

**Note:** R is the average United Nations dollar to euro exchange rate which will be experienced during 2019.

## ATTACHMENT

### A.2. APPROPRIATIONS FOR THE CAPITAL PORTION OF THE REGULAR BUDGET IN 2019

#### ADJUSTMENT FORMULA IN EUROS

	€	US\$
1. Nuclear Power, Fuel Cycle and Nuclear Science	- + (	- /R)
2. Nuclear Techniques for Development and Environmental Protection	2 051 956 + (	- /R)
3. Nuclear Safety and Security	308 146 + (	- /R)
4. Nuclear Verification	1 027 152 + (	- /R)
5. Policy, Management and Administration Services	2 827 614 + (	- /R)
6. Management of Technical Cooperation for Development	- + (	- /R)
TOTAL	6 214 868 + (	- /R)

**Note:** R is the average United Nations dollar to euro exchange rate which will be experienced during 2019.

## **B. TECHNICAL COOPERATION FUND ALLOCATION FOR 2019**

### The General Conference,

- (a) Noting the decision of the Board of Governors of June 2017 to recommend the Technical Cooperation Fund target of €86 165 000 for voluntary contributions to the Agency's Technical Cooperation Fund for 2019; and
  - (b) Accepting the foregoing recommendation of the Board,
1. Decides that for 2019 the target figure for voluntary contributions to the Technical Cooperation Fund shall be €86 165 000;
  2. Allocates, in euros, contributions of €86 165 000 for the Agency's technical cooperation programme for 2019; and
  3. Urges all Member States to make voluntary contributions for 2019 in accordance with Article XIV.F of the Statute, with para. 2 of its resolution GC(V)/RES/100 as amended by resolution GC(XV)/RES/286 or with para. 3 of the former resolution, as appropriate.

## **C. THE WORKING CAPITAL FUND FOR 2019**

### The General Conference,

Accepting the recommendations of the Board of Governors relating to the Agency's Working Capital Fund for 2019,

1. Approves a level of €15 210 000 for the Agency's Working Capital Fund for 2019;
2. Decides that the Fund shall be financed, administered and used in 2019 in accordance with the relevant provisions of the Agency's Financial Regulations;<sup>4</sup>
3. Authorizes the Director General to make advances from the Fund not exceeding €500 000 at any time to finance temporarily projects or activities which have been approved by the Board of Governors for which no funds have been provided under the Regular Budget;
4. Requests the Director General to submit to the Board of Governors statements of advances made from the Fund under the authority given in para. 3 above.

<sup>4</sup> Document INFCIRC/8/Rev.4.







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