

The Agency's Financial Statements for 2023



IAEA

International Atomic Energy Agency
Atoms for Peace and Development

GC(68)/4

**THE
AGENCY'S FINANCIAL
STATEMENTS
FOR 2023**

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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 Financial Statements for 2023.
2. The Board has examined the report of the External Auditor and the report by the Director General on the financial statements, and also the financial statements themselves as well as the notes and annexes thereto (Parts I to V of GOV/2024/15 and GOV/2024/15/Corr.1) 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 financial statements for the year 2023 and of the report of the Board of Governors thereon [*].

[*] GC(68)/4

^[1] INFCIRC/8/Rev.4

Sixty-eighth regular session

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REPORT OF THE DIRECTOR GENERAL ON THE AGENCY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

1. I have the honour to present the financial statements of the International Atomic Energy Agency (hereafter IAEA or the Agency) for the year ended 31 December 2023. In accordance with the Financial Regulation 11.03 of the Agency, the financial statements are submitted with the report of the External Auditor that contains an unqualified opinion on the financial statements.

2. The IAEA is a not-for-profit autonomous intergovernmental organization established in 1957 in accordance with its Statute. It 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.

3. The Agency's statutory objective 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. To fulfil this statutory objective, the Agency manages its work under the following six Major Programmes:

- Nuclear Power, Fuel Cycle and Nuclear Science;
- Nuclear Techniques for Development and Environmental Protection;
- Nuclear Safety and Security;
- Nuclear Verification;
- Policy, Management and Administration Services; and
- Management of Technical Cooperation for Development.

4. The Agency carries out its mandate within a results-based framework ensuring effectiveness, accountability and transparency. This framework is supported by high quality financial reporting and management information. The comprehensive financial statements prepared under the International Public Sector Accounting Standards (IPSAS) are a key enabler to allow the Agency to deliver its mandate in an efficient manner.

Analysis of Financial Statements

5. The financial statements of the Agency have been prepared on the accrual basis in accordance with IPSAS. The budget, as well as the budgetary information contained in the financial statements, continues to be prepared on a modified cash basis. The Agency's functional currency is the euro.

6. Despite the challenging economic environment, the Agency continued to focus on the effective implementation of its programmatic activities. Within this context, the following are some of the highlights of the 2023 financial year:

Revenue

- (i) In 2023, total revenue was €738.2 million, and expenses were €676.0 million, an increase of €84.7 million and €30.9 million, respectively, compared to 2022. This resulted in a net surplus of €56.8 million, which is €38.9 million higher than in 2022.
- (ii) The increase in revenue from assessed contributions of €25.3 million (6.5%) was in line with the increase in the approved budget. The Regular Budget Fund (RBF) experienced a utilization rate of 99.9% in 2023.
- (iii) The increase in revenue from voluntary contributions was mainly due to an increase of €45.2 million in the revenue from extrabudgetary contributions, the Technical Cooperation Fund and extrabudgetary contributions relating to the Low Enriched Uranium (LEU) Bank¹.
- (iv) The increase of investment revenue from €2.3 million to €25.9 million was driven by higher interest earned on term deposits, following the strategy from several central banks in 2023 to raise interest rates.

Expenses

- (v) The increase in transfers to development counterparts and project inventories in-transit of €22.0 million and €5.5 million respectively was mainly caused by an increase in procurement activity, partially offset by a decrease in the provision for undelivered inventories which resulted from the relaxation of shipping challenges.
- (vi) The increase in training of development counterparts by €9.4 million was mainly due to an increase in the Technical Cooperation (TC) Human Resources capacity building activities.
- (vii) The increase in travel expenses by €9.0 million was due to an increased number of duty travels as well as higher costs of air tickets, especially during the first half of 2023.
- (viii) The increase in total salaries and employee benefits by €5.2 million was mainly driven by the revisions to the Professional and General staff salary scale, pensionable remuneration scale and post adjustment multipliers, as mandated by the International Civil Service Commission (ICSC).

Financial Position

- (ix) Total net assets increased by €4.8 million (0.8%) driven by the increase in total assets of €97.4 million offset by the increase in total liabilities of €92.6 million. The net assets position of the Regular Budget Fund remained with a negative balance of €166.1 million, mainly due to the large After Service Health Insurance (ASHI) liability.
- (x) The value of cash, cash equivalents and investments increased by €113.9 million. The increase, which was experienced in the Regular Budget Fund, the Extrabudgetary Programme Fund and the Technical Cooperation Extrabudgetary Fund, was partially offset by a decrease in the Technical Cooperation Fund, extrabudgetary contributions related to LEU and Trust Funds.
- (xi) Total outstanding contributions receivable for assessed and voluntary contributions decreased by €24.8 million; this was primarily due to a decrease in the outstanding assessed contributions receivables as evidenced by the collection rate of the 2023 assessed contributions of 97% and payments towards prior year assessments.

¹ Revenue from extrabudgetary contributions related to the IAEA LEU Bank (€0.3 million) and recognized in 2023 reflects the acceptance of the final report by the donor for funds received previously.

(xii) Total net book value of Property, Plant and Equipment (PP&E) increased by €10.5 million (3.7%). This increase is primarily related to the purchase of armoured vehicles and construction of the Flexible Modular Laboratory 2 (FML2), new greenhouses, and enhancement of the Dosimetry Laboratory under the Renovation of the Nuclear Applications Laboratories 2 (ReNuAL2) project. The net decrease of €5.9 million (12.1%) in the carrying value of Intangible Assets is due to the amortization expense being higher than the additions during the year.

(xiii) An increase in the Agency's employee benefit liabilities was primarily the result of an increase of €48.1 million in the ASHI liability, representing 50% of the total liabilities. The ASHI increase was driven by changes in financial assumptions, partially offset by the cost containment measures implemented in 2023.

Financial Performance

7. Table 1 provides a summary of the Financial Performance by Fund for 2023

Table 1: Summary of Financial Performance by Fund for the year ended 31 December 2023

| | (expressed in millions of euro) | | | | | | | | Total IAEA |
|--------------------------------------|---------------------------------|------------|--------------------------|-------------|----------------|-------------|---|---------------------------|---------------|
| | Regular Budget | | Technical Cooperation | | Extrabudgetary | | Other | | |
| | RBF & WCF | MCIF | TCF | TC- EB | EBF | LEU Bank | Trust Funds and Special Funds | Inter-fund Elimination | |
| Total Revenue from all sources a/ | 431.8 | 6.5 | 102.5 | 32.2 | 179.4 | 1.1 | - | (15.3) | 738.2 |
| Total Expenses | 435.6 | 4.8 | 118.1 | 15.2 | 116.9 | 0.6 | 0.1 | (15.3) | 676.0 |
| Net gains/(losses) b/ | (1.0) | 0.2 | (2.1) | (0.2) | (2.0) | (0.3) | - | - | (5.4) |
| Net surplus/(deficit) | (4.8) | 1.9 | (17.7) | 16.8 | 60.5 | 0.2 | (0.1) | - | 56.8 |

a/ Includes assessed, voluntary and other contributions, revenue from exchange transactions and interest revenue

b/ Includes realized and unrealized foreign exchange gains/(losses) and gains/(losses) on sale or disposal of property, plant and equipment

Revenue analysis

8. **Table 2** shows the Agency's total revenue which increased by €84.7 million from €653.5 million in 2022 to €738.2 million in 2023, mainly due to the increase in revenue from voluntary and assessed contributions by €39.2 million and €25.3 million respectively, as well as an increase in revenue from investments and revenue from exchange transactions by €23.6 million and €0.5 million respectively. The increase was partially offset by a decrease of €3.9 million in revenue from other contributions.

Table 2: Comparative Revenue Analysis

| Revenue | (expressed in millions of euro) | | | |
|------------------------------------|---------------------------------|--------------|-------------|-------------|
| | 2023 | 2022 | Change | Change (%) |
| Assessed contributions | 414.9 | 389.5 | 25.4 | 6.5 |
| Voluntary contributions | 292.9 | 253.7 | 39.2 | 15.5 |
| Other contributions | 1.8 | 5.7 | (3.9) | (68.4) |
| Revenue from exchange transactions | 2.7 | 2.3 | 0.4 | 17.4 |
| Investment revenue | 25.9 | 2.3 | 23.6 | 1 026.1 |
| Total Revenue | 738.2 | 653.5 | 84.7 | 13.0 |

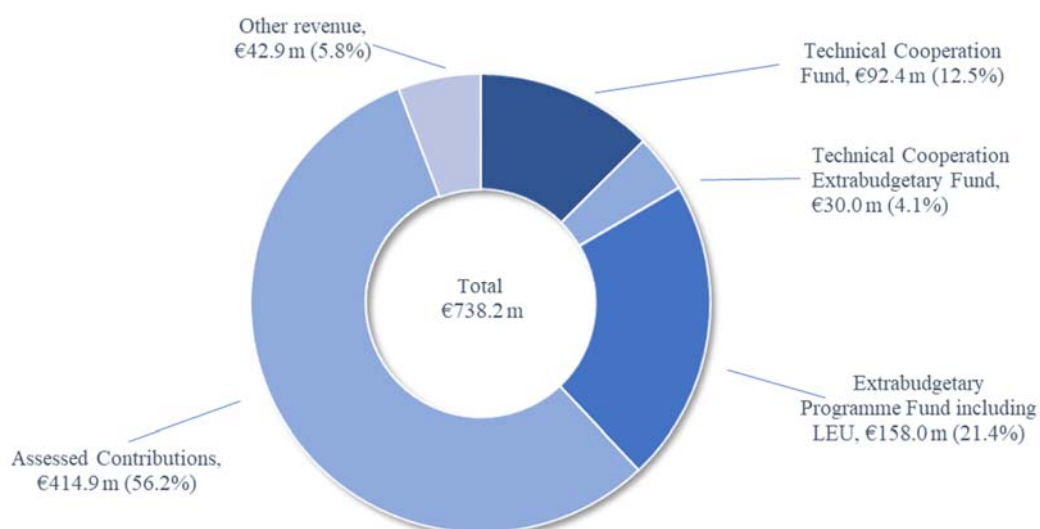
9. As in previous years, and as depicted in *Figure 1* below, the majority of the Agency's revenue continued to be derived from assessed contributions (€414.9 million) and monetary voluntary contributions (€280.3 million).

10. Voluntary contributions are comprised of contributions to the Technical Cooperation Fund (TCF) and monetary extrabudgetary contributions to the Regular and Technical Cooperation Programmes. Voluntary contributions include €12.6 million of in-kind contributions (€11.3 million in 2022), primarily pertaining to the use of premises in Austria and Monaco, of which €7.7 million (€8.0 million in 2022) represents an in-kind contribution from the Government of Austria for the use of the Vienna International Centre (VIC). The increase in voluntary in-kind contributions relates to an increase in the value of donated equipment and inventories in 2023.

11. The decrease in other contributions reflects the fact that National Participation Costs (NPCs) are lower in the second year of the biennium.

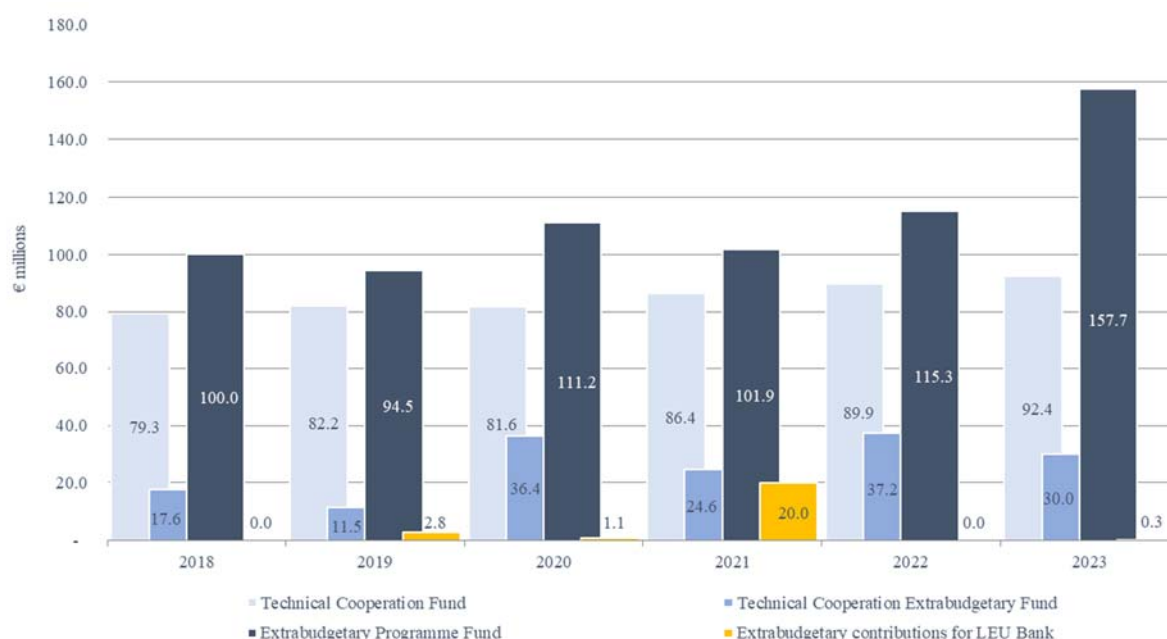
12. Investment revenue increased by €23.6 million due to higher interest earned on investments during 2023 in comparison to 2022. Both the Federal Reserve (FED) and the European Central Bank (ECB) continued raising interest rates to bring inflation under control.

Figure 1: Composition of revenue for the period ended 31 December 2023



13. **Figure 2** shows the trend in monetary voluntary contributions. The overall increase in revenue from such contributions, from €242.4 million in 2022 to €280.3 million in 2023, resulted from €42.4 million increase in revenue of the Extrabudgetary Programme Fund, €2.5 million increase in revenue of the Technical Cooperation Fund and €0.3 million increase in revenue from extrabudgetary contributions for LEU Bank. Revenue related to the LEU Bank (€0.3 million) reflects the acceptance of the final report by the donor for funds received previously. The increase in these Funds was partially offset by a €7.3 million decrease in the revenue of the Technical Cooperation Extrabudgetary Fund.

Figure 2: Evolution of monetary voluntary contributions



Expense analysis

14. Total expenses for 2023 of €676.0 million denote an increase of €31.0 million (4.8 %) compared to 2022. The increase was primarily experienced in the Technical Cooperation Fund (€23.8 million) and the Extrabudgetary Programme Fund (€19.8 million).

Figure 3 shows the breakdown of 2023 expenses by nature:

Figure 3: Expense analysis, by nature of expense, for the period ended 31 December 2023

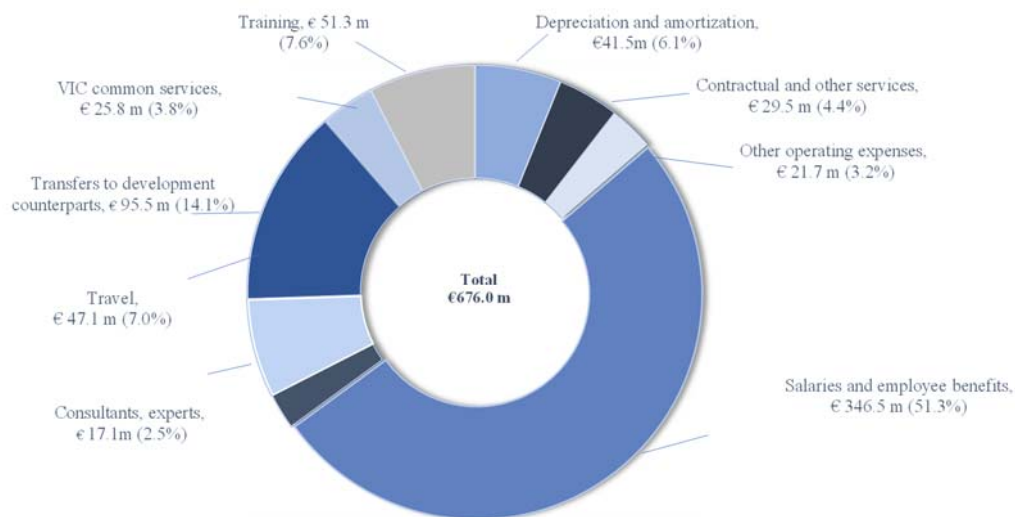


Table 3 shows the categories of expenses in 2023 compared to 2022.

Table 3: Comparative Expense Analysis

| Expenses | (expressed in millions of euro) | | | |
|---|---------------------------------|--------------|-------------|------------|
| | 2023 | 2022 | Change | Change (%) |
| Salaries and employee benefits | 346.5 | 341.3 | 5.2 | 1.5 |
| Consultants, experts | 17.1 | 17.6 | (0.5) | (2.8) |
| Travel | 47.1 | 38.1 | 9.0 | 23.6 |
| Transfers to development counterparts | 95.5 | 73.5 | 22.0 | 29.9 |
| Vienna International Centre common services | 25.8 | 23.9 | 1.9 | 7.9 |
| Training | 51.3 | 41.3 | 10.0 | 24.2 |
| Depreciation and amortization | 41.5 | 41.7 | (0.2) | (0.5) |
| Contractual and other services | 29.5 | 31.6 | (2.1) | (6.6) |
| Other operating expenses | 21.7 | 36.1 | (14.4) | (39.9) |
| Total expenses | 676.0 | 645.1 | 30.9 | 4.8 |

15. Salaries and employee benefits include the accrued costs of post-employment and other long-term employee benefits which better reflect the true cost of employing staff on an annual basis. In 2023, the increase in total salaries and employee benefits by €5.2 million (1.5%) was mainly driven by the revisions to the General Staff salary scale, pensionable remuneration scale and post adjustment multipliers for professional salaries, as mandated by the ICSC.

16. Travel expenses have increased by €9.0 million (23.6%) in 2023, primarily as a result of an increased number of duty travels as well as higher costs of air tickets, especially during the first half of 2023.

17. Training of development counterparts has increased by €9.4 million. This is mainly due to an increase in the Technical Cooperation (TC) Human Resources capacity building activities.

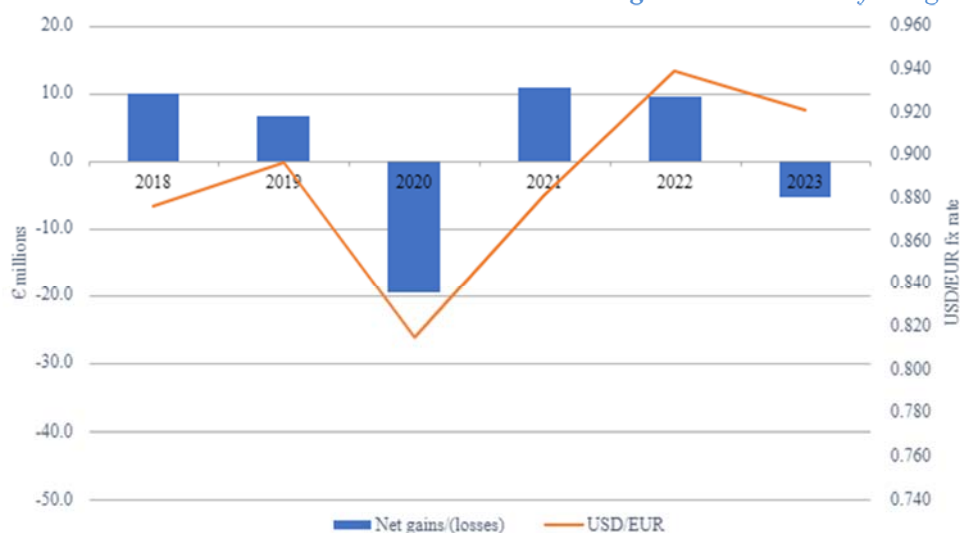
18. The increase in transfers to development counterparts of €22.0 million (29.9%) is the result of increased procurement activity, accelerated delivery of equipment to final destinations, higher costs and the relaxation of shipping challenges from the COVID-19 pandemic.

19. Consultancy expenses, which relate to costs to engage experts and translators, decreased slightly by €0.5 million (2.8%), while contractual and other services as well as other operating expenses have decreased by €2.1 million (6.6%) and €14.4 million (39.9%) respectively.

Net surplus/(deficit) of the year

20. The overall net surplus in 2023 was €56.8 million, which was driven by revenue exceeding expenses by €62.2 million and a net loss of €5.4 million, primarily related to realized and unrealized foreign exchange losses in 2023, as in 2020 resulting from the US dollar depreciation against the euro.

Figure 4: Evolution of Net gains/(losses)



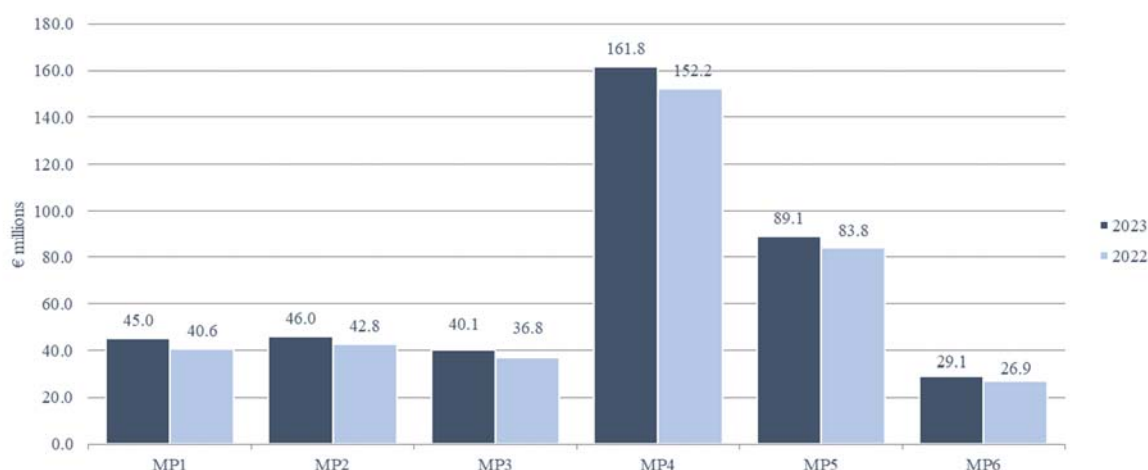
Budgetary performance

21. The Regular Budget of the Agency continues to be prepared on a modified cash basis and is presented in the financial statements as Statement V, Statement of Comparison of Budget and Actual Amounts. In order to facilitate a comparison between the budget and the financial statements, which are prepared on an accrual basis under IPSAS, reconciliation of the budget to the Cash Flow Statement is included in Note 39b to the financial statements.

22. The original operational portion of the revised Regular Budget appropriation for 2023 was approved for €419.3 million (€393.3 million in 2022) at an exchange rate of €1 = US \$1. The final budget for the operational portion of the Regular Budget appropriation for 2023 was recalculated as €414.9 million using the UN average operational rate of exchange of €0.925 to US \$1. There were no changes between the original capital portion of the Regular Budget appropriation and the final budget for 2023. As shown in Note 39a to the financial statements, there were no movements between Major Programmes of the Regular Budget appropriations.

23. Total operational Regular Budget expenditures were €415.5 million including €4.3 million reimbursable work for others. In 2022, these expenditures were €386.6 million.

Figure 5: Comparative analysis of Regular Budget operational portion expenditures by Major Programme



24. The overall utilization rate of the operational portion of the Regular Budget in 2023 was 99.9% highlighting the high level of implementation of available resources.

Table 4: Regular Budget operational portion- budgetary utilization rates by Major Programme (MP)

| Major Programme | Utilization Rate Operational Portion | |
|---|--------------------------------------|--------------|
| | 2023 | 2022 |
| MP1 – Nuclear Power, Fuel Cycle and Nuclear Science | 99.8% | 95.6% |
| MP2 – Nuclear Techniques for Development and Environmental Protection | 100.0% | 98.9% |
| MP3 – Nuclear Safety and Security | 99.4% | 96.8% |
| MP4 – Nuclear Verification | 100.0% | 99.9% |
| MP5 – Policy, Management and Administration Services | 100.0% | 100.0% |
| MP6 – Management of Technical Cooperation for Development | 99.9% | 98.1% |
| Total Agency | 99.9% | 98.9% |

25. Expenditures for the capital portion of the Regular Budget were €2.6 million out of a total €6.5 million in 2023.

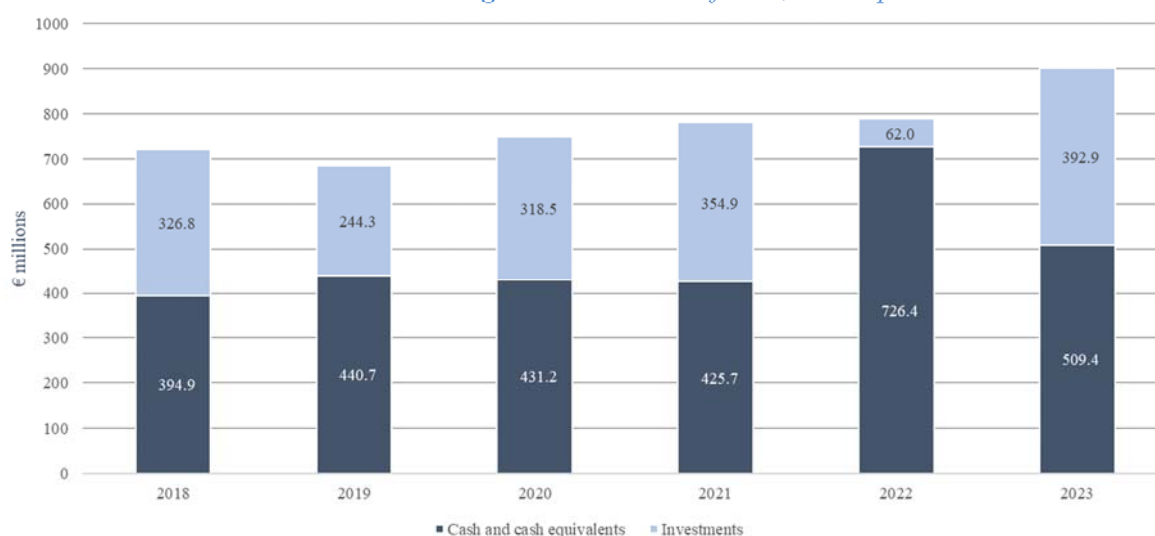
Financial Position

Cash, investments, and liquidity analysis

26. Cash, cash equivalents and investment balances increased by €113.9 million (14.4%) to €902.3 million as at 31 December 2023. The increase was mainly driven by the high collection of assessed contributions towards the end of the year as well as receipt of extrabudgetary contributions during the year.

27. As at the end of 2023, 89.7% of the total cash, cash equivalents and investments were denominated in euro while 10.2% were denominated in US dollars and 0.1% in other currencies. The increase of €23.6 million in the total investment revenue was mainly the result of higher interest earned on investments during 2023 in comparison to 2022. Both the Federal Reserve (FED) and the European Central Bank (ECB) have further increased interest rates in 2023 to tame the highest inflation rates in decades.

28. **Figure 6** shows that in 2023, the Agency transferred its holdings from cash and cash equivalents to investments in order to position the portfolio to take advantage of higher rates in tenors longer than 3 months.

Figure 6: Evolution of cash, cash equivalents and investments

Accounts receivable

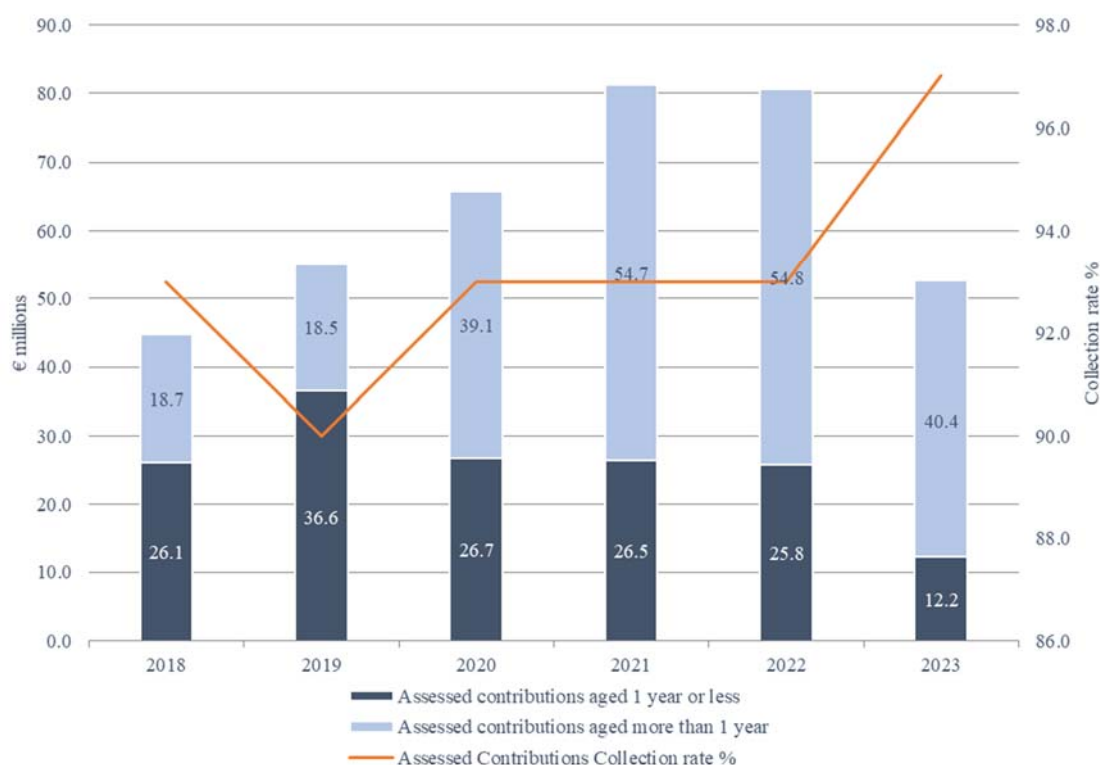
29. Overall, total net receivables from non-exchange transactions decreased by €24.8 million to €44.9 million as at 31 December 2023. The main components of this balance are receivables from assessed contributions (€28.4 million), voluntary contributions (€16.0 million), and other receivables (€0.5 million).

30. The decrease experienced in net assessed contributions receivable in 2023 was mainly driven by an increase in the collection rate of 97%, as well as payments of prior years' assessments. Although the Regular Budget assessed contributions receivable decreased, the total outstanding Regular Budget contributions from 2023 and prior years amounting to €52.6 million, represent 13% of the total Regular Budget assessment for 2023.

31. Despite the high collection rate at the end of the year, due to delays in payment of contributions during the year, the Agency experienced a liquidity crisis during the later part of the year.

32. After interventions at the Board meetings, a number of Member States paid their outstanding contributions as well as advances for 2024, solving the liquidity challenges and allowing the Agency to start 2024 in a better cash position. Member States are reminded of the importance to the Agency's operations of paying their assessed contributions in full and on time, as this may pose liquidity risk to the Agency if not paid in a timely manner.

Figure 7: Outstanding Assessed contributions receivable and collection rate

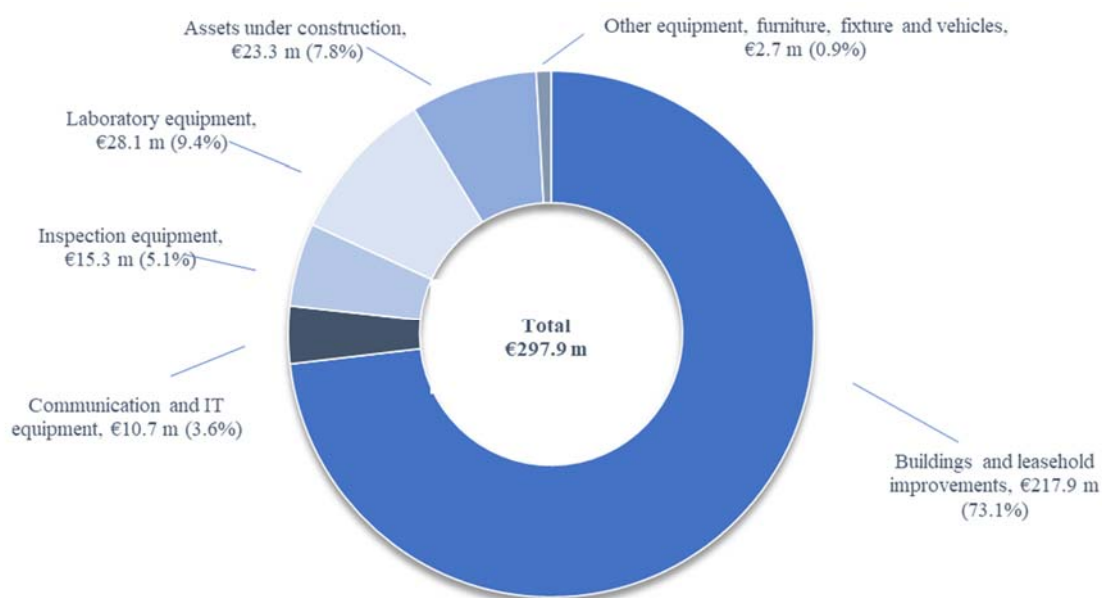


Long-term assets

Property, Plant and Equipment

33. **Figure 8** shows that Buildings and Leasehold Improvements continue to account for the largest component of the net book value of Property, Plant and Equipment (PP&E).

Figure 8: Composition of Property, Plant and Equipment as at 31 December 2023



34. The total net book value of PP&E increased by €10.5 million (3.7%). This was mainly due to the increase in the net book value of Vehicles, Communication and IT Equipment, Inspection Equipment, and Buildings and Leasehold Improvements which was mainly attributable to the construction of the Flexible Modular Laboratory 2 (FML2), new greenhouses and enhancement of the Dosimetry Laboratory.

35. Additions to PP&E amounting to €20.5 million, representing 54.4% of total additions, relate to assets under construction, which include buildings within the scope of the ReNuAL2 project (€15.1 million) as well as Laboratory Equipment, Communication and IT Equipment, and Inspection Equipment pending installation or assembly (€3.9 million).

Intangible Assets

36. **Table 5** shows the net carrying amount of Intangible Assets, essentially software purchased or internally developed, as at 31 December 2023 amounting to €43.0 million.

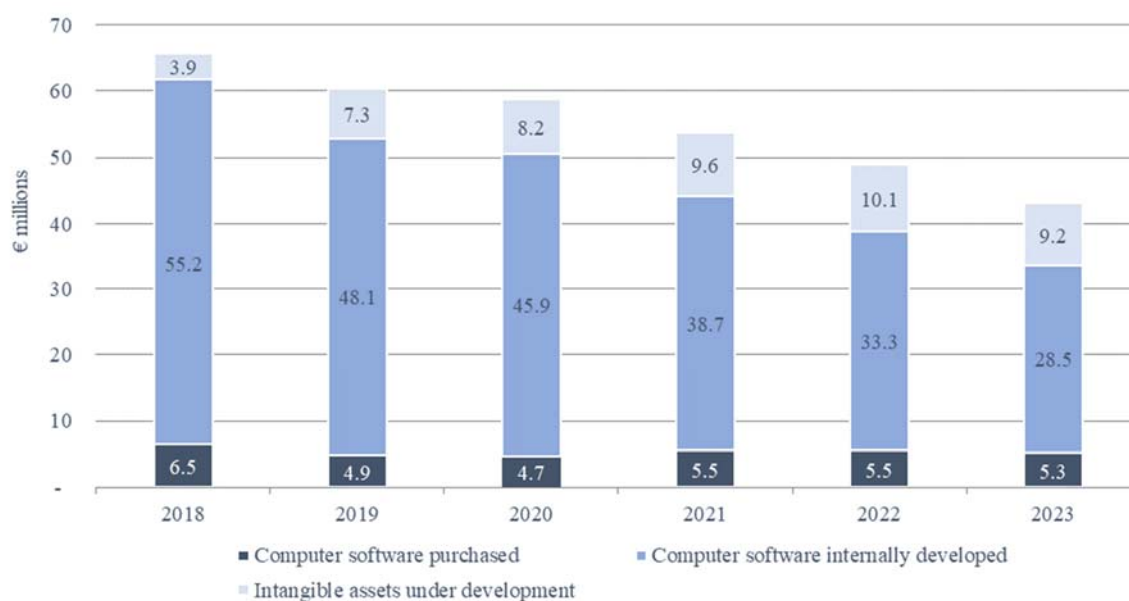
Table 5: Comparative Analysis of Intangible Assets

| | (expressed in millions of euro) | | | |
|--|---------------------------------|-------------|--------------|---------------|
| | 2023 | 2022 | Change | % |
| Intangible assets | | | | |
| Computer software purchased | 5.3 | 5.5 | (0.2) | -3.6% |
| Computer software internally developed | 28.5 | 33.3 | (4.8) | -14.4% |
| Intangible assets under development | 9.2 | 10.1 | (0.9) | -8.9% |
| Total Intangible Assets | 43.0 | 48.9 | (5.9) | -12.1% |

37. The principal driver for the decrease of €5.9 million in the carrying value of Intangible Assets is the amortization expense, which more than offsets additions during the year. In 2023, total costs of €6.7 million were added to the value of internally developed software, of which €3.1 million relates to post-MOSAIC and €3.6 million relates to other internally developed software projects.

38. **Figure 9** shows that the amount of internally developed software decreased by €4.8 million in comparison to the past year, while the amount of intangible assets still under development decreased by €0.9 million.

Figure 9: Evolution of the composition of Intangible Assets



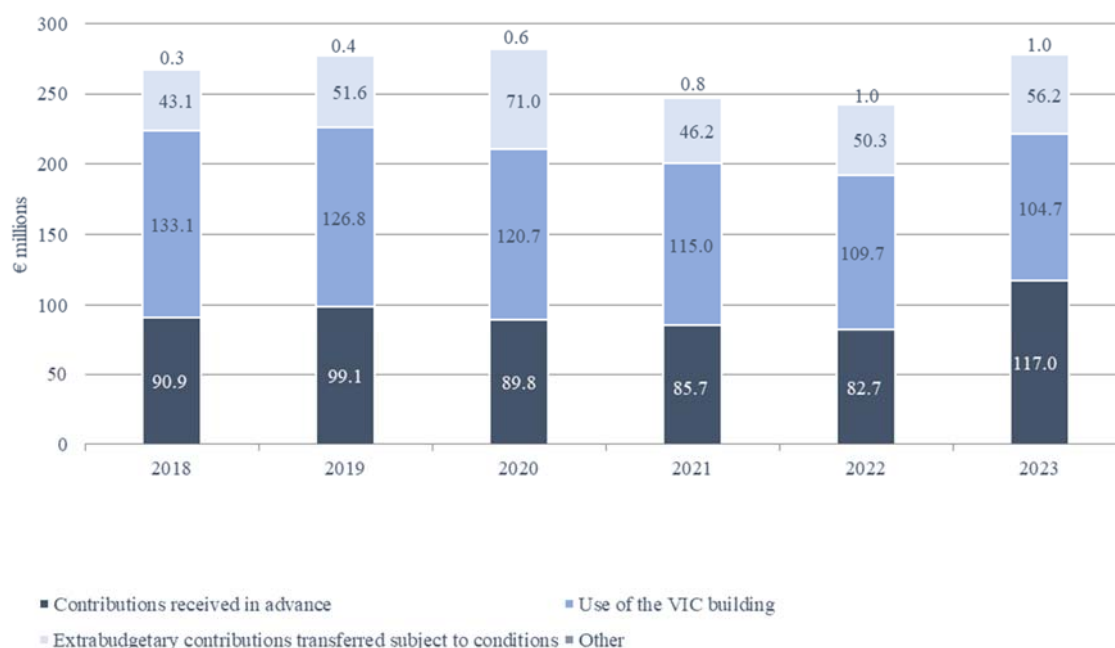
Deferred revenue

39. Since the first recognition of the VIC premises in 2015, the largest portion of deferred revenue relates to the donated right to use of these premises, whereby the Agency has the obligation of maintaining its Headquarters seat in Vienna and to occupy the VIC building until 2078 or return it to the Austrian Government. This obligation to maintain the Agency's Headquarters seat in Vienna is fulfilled by occupying the VIC over the remaining term of the agreement, and the deferred revenue is recognized annually in the Statement of Financial Performance.

40. Deferred revenue comprises two other major components. The larger of these two components is contributions received in advance, which relate to assessed contributions for 2024 paid in 2023 (€74.2 million), TCF and NPC contributions for 2024 paid in 2023 (€17.8 million and €1.5 million, respectively) and voluntary contributions received prior to the completion of formal acceptance by the Agency (€23.5 million). Total contributions received in advance increased by €34.3 million, primarily related to an increase in the Regular Budget assessed contributions and the Technical Cooperation Fund (TCF) contributions received in advance. The other deferred revenue component is contributions received subject to conditions, which amounted to €56.2 million in 2023, an increase from €50.3 million in 2022. These contributions will be recognized as revenue upon satisfaction of the related conditions in the respective agreements.

41. **Figure 10** shows a comparison of 2018 through 2023 year-end balances by category of deferred revenue.

Figure 10: Evolution of the composition of Deferred Revenue

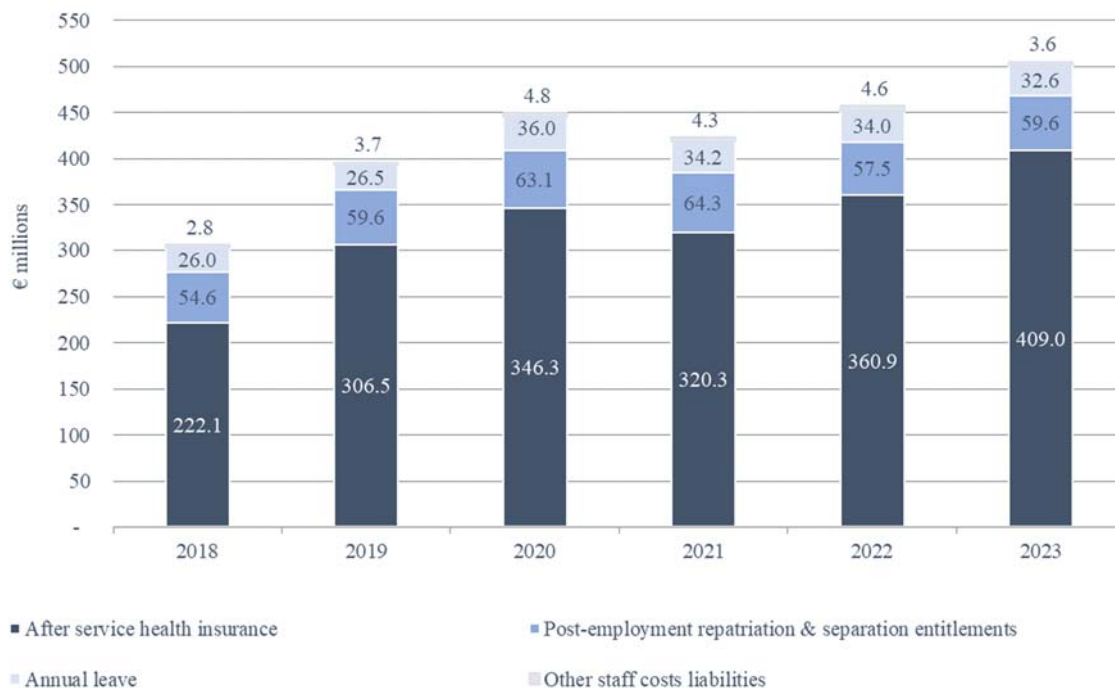


Employee benefits liabilities

42. Employee benefits liabilities consist of both current and non-current liabilities. **Figure 11** below shows that over the past years, liabilities related to After-Service Health Insurance (ASHI) have represented the largest component of the employee benefits liabilities, followed by post-employment repatriation and separation entitlements.

43. Furthermore, **Figure 11** shows that, overall, the employee benefits liabilities experienced an increase of €47.8 million. This increase was primarily due to the increase of the ASHI liability which was mainly driven by changes in financial assumptions such as the decrease of the discount rate and the increase in the assumed age-related medical claims costs (€68.6 million), and was partially offset by the cost containment measures implemented in 2023 (€20.5 million).

Figure 11: Evolution of the composition of the main employee benefits liabilities



44. The ASHI liability represents 50% of the total liabilities and remains for the most part unfunded, which is an ongoing matter of concern.

Net assets/equity

45. Net assets represent the difference between the Agency’s assets and its liabilities, as illustrated in *Figure 12* below. In 2023, the Agency experienced an overall increase in net assets from €605.7 million to €610.5 million, primarily driven by an increase in assets which more than offsets the increase in liabilities.

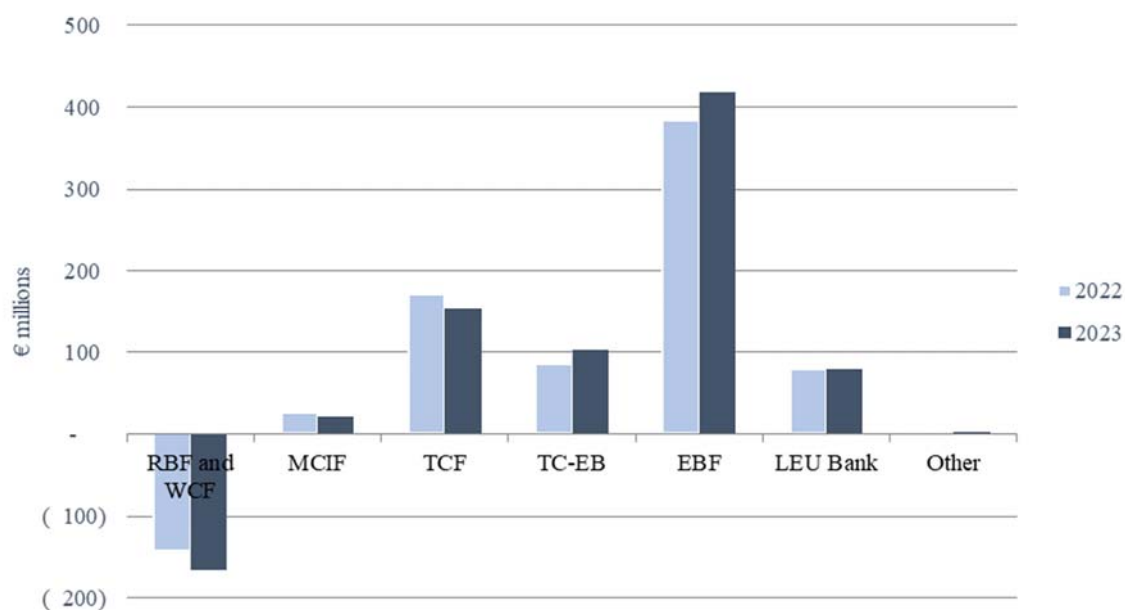
Figure 12: Evolution of Net Assets



46. **Figure 13** shows the evolution of net assets by Fund. The main observations are as follows:

- Although the net assets of €610.5 million demonstrated a healthy financial position overall and across all Funds, the Regular Budget Fund (RBF) showed a negative position.
- In 2023, the net assets of the Regular Budget Fund (RBF) further decreased by €24.6 million to a negative position of €166.1 million. The decrease was primarily due to the increase in the employee benefits liabilities, mainly ASHI liability.
- The net assets of the Technical Cooperation Fund (TCF) decreased by €17.8 million to €154.4 million primarily resulting from the increase in total liabilities.
- The net assets of the Technical Cooperation Extrabudgetary Fund (TC-EB) increased by €17.6 million to €102.5 million in 2023 primarily as a result of the increase in cash, cash equivalent and investments.
- The net assets of the Extrabudgetary Programme Fund (EBF) increased by €34.0 million to €418.0 million as a result of higher revenue from contributions in 2023.
- The net assets of the LEU Bank increased by €0.2 million to €79.3 million, due to lower liabilities in 2023 compared to 2022.

Figure 13: Evolution of the Net Assets by fund



Risk management

47. The financial statements prepared under IPSAS provide details of how the Agency manages its financial risk, including credit risk, market risk (foreign currency exchange and interest rate) and liquidity risk. From an overall perspective, the Agency's investment management prioritizes capital preservation as its primary objective, ensuring sufficient liquidity to meet cash operating requirements, and secondly earning a competitive rate of return on its portfolio within these constraints.

Summary

48. The financial statements presented here show the Agency's overall financial health. The current challenging global economic environment affects the financial position and performance of the Agency as described above. While the Agency's overall financial health remains strong, the net asset position in the Regular Budget Fund continues to be negative, mainly driven by the Agency's unfunded long-term employee benefits liabilities.

(signed) RAFAEL MARIANO GROSSI
Director General

**STATEMENT OF THE DIRECTOR GENERAL'S RESPONSIBILITIES
AND
CONFIRMATION OF THE FINANCIAL STATEMENTS
WITH THE FINANCIAL REGULATIONS
OF THE INTERNATIONAL ATOMIC ENERGY AGENCY
AS AT 31 DECEMBER 2023**

The Director General's responsibilities

The Director General is required by the Financial Regulations to maintain such accounting records as are necessary in accordance with the accounting standards generally in use throughout the United Nations system and to prepare annual financial statements. He is also required to give such other financial information as the Board may require or as he may deem necessary or useful.

In line with the Financial Regulations, the Agency prepares its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

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 Financial Statements with the Financial Regulations

We hereby confirm that the following appended financial statements, comprising Statements I to VIIb, and supporting Notes, were properly prepared in accordance with Article XI of the Financial Regulations, with due regard to the International Public Sector Accounting Standards.

(signed) RAFAEL MARIANO GROSSI
Director General

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

08 March 2024

Part I

Audit Opinion

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

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

22 March 2024

Sir,

I have the honour to transmit the Financial Statements of the International Atomic Energy Agency for the year ended 31 December 2023 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 Financial Statements of the Agency for the year ended 31 December 2023.

Please accept the assurances of my highest consideration.

(signed)

Girish Chandra Murmu

Comptroller and Auditor General of India
External Auditor

AUDIT OPINION

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the financial statements of the International Atomic Energy Agency (IAEA) which comprise the statement of financial position as at 31 December 2023, the statement of financial performance, the statement of changes in equity, the statement of cash flow, the statement of comparison of budget and actual amounts, statements of segment reporting by major programmes/ funds for the year then ended, as well as the notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IAEA as at 31 December 2023, its financial performance, changes in net assets/equity, cash flow, comparison of budget and actual amounts, statements of segment reporting by major programmes/ funds for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of IAEA in accordance with the ethical requirements relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information, which comprises the information included in the Director General's Report for the year ended 31 December 2023, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of IAEA to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the management intends either to liquidate IAEA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of IAEA.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit 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 internal control of IAEA;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- (d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of IAEA to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the IAEA to cease to continue as a going concern;

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of IAEA that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the IAEA Financial Regulations.

In accordance with the Article XII of IAEA Financial Regulations, we have also issued a long-form report on our audit of the IAEA.

(signed)

Girish Chandra Murmu
Comptroller and Auditor General of India
22 March 2024

Part II

Financial Statements

Financial Statements

Text of a Letter dated 8 March 2024 from the Director General to the External Auditor

Sir,

Pursuant to Financial Regulation 11.03(a), I have the honour to submit the financial statements of the International Atomic Energy Agency for the year ended 31 December 2023, which I hereby approve. The financial statements have been prepared and signed by the Director, Division of Budget and Finance, Department of Management.

Accept, Sir, the assurances of my highest consideration.

(signed) Rafael Mariano Grossi
Director General

STATEMENT I: STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(expressed in euro '000s)

| | Note | 31-12-2023 | 31-12-2022 |
|--|--------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 509 360 | 726 360 |
| Investments | 5 | 392 913 | 62 043 |
| Accounts receivable from non-exchange transactions | 6, 7 | 41 784 | 65 813 |
| Accounts receivable from exchange transactions | 8 | 12 591 | 10 687 |
| Advances and prepayments | 9 | 36 310 | 38 940 |
| Inventory | 10 | 88 554 | 83 053 |
| Total current assets | | 1 081 512 | 986 896 |
| Non-current assets | | | |
| Accounts receivable from non-exchange transactions | 6, 7 | 3 113 | 3 926 |
| Advances and prepayments | 9 | 7 571 | 8 605 |
| Investment in common services entities | 11 | 809 | 809 |
| Property, plant & equipment | 12 | 297 846 | 287 333 |
| Intangible assets | 13 | 43 008 | 48 936 |
| Total non-current assets | | 352 347 | 349 609 |
| TOTAL ASSETS | | 1 433 859 | 1 336 505 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 14 | 37 613 | 27 892 |
| Deferred revenue | 15 | 139 988 | 99 299 |
| Employee benefit liabilities | 16, 17 | 22 266 | 24 040 |
| Other financial liabilities | 18 | 167 | 332 |
| Provisions | 19 | 247 | 265 |
| Total current liabilities | | 200 281 | 151 828 |
| Non-current liabilities | | | |
| Deferred revenue | 15 | 139 014 | 144 412 |
| Employee benefit liabilities | 16, 17 | 482 544 | 433 000 |
| Other financial liabilities | 18 | 304 | 304 |
| Provisions | 19 | 1 218 | 1 218 |
| Total non-current liabilities | | 623 080 | 578 934 |
| TOTAL LIABILITIES | | 823 361 | 730 762 |
| NET ASSETS | | 610 498 | 605 743 |
| Equity | | | |
| Fund balances | 20, 21 | 654 969 | 611 321 |
| Reserves | 22 | (44 471) | (5 578) |
| TOTAL EQUITY | | 610 498 | 605 743 |

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT II: STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2023
(expressed in euro '000s)

| | Note | 2023 | 2022 |
|---|--------|----------------|----------------|
| Revenue | | | |
| Assessed contributions | 23 | 414 898 | 389 549 |
| Voluntary contributions | 24 | 292 870 | 253 683 |
| Other contributions | 25 | 1 787 | 5 652 |
| Revenue from exchange transactions | 26 | 2 718 | 2 253 |
| Investment revenue | 27 | 25 931 | 2 325 |
| Total revenue | | 738 204 | 653 462 |
| Expenses | | | |
| Salaries and employee benefits | 28 | 346 532 | 341 331 |
| Consultants, experts | 29 | 17 118 | 17 545 |
| Travel | 30 | 47 106 | 38 115 |
| Transfers to development counterparts | 31 | 95 497 | 73 466 |
| Vienna International Centre common services | 32 | 25 846 | 23 936 |
| Training | 33 | 51 259 | 41 284 |
| Depreciation and amortization | 12, 13 | 41 517 | 41 717 |
| Contractual and other services | 34 | 29 455 | 31 547 |
| Other operating expenses | 35 | 21 719 | 36 138 |
| Total expenses | | 676 049 | 645 079 |
| Net gains/ (losses) | 36 | (5 355) | 9 481 |
| Net surplus/(deficit) | | 56 800 | 17 864 |
| Expense analysis by Major Programme | | | |
| Nuclear Power, Fuel Cycle and Nuclear Science | 38 | 78 008 | 72 738 |
| Nuclear Techniques for Development and Environmental Protection | 38 | 143 760 | 134 462 |
| Nuclear Safety and Security | 38 | 126 468 | 105 054 |
| Nuclear Verification | 38 | 198 255 | 196 922 |
| Policy, Management and Administration a/ | 38 | 145 800 | 142 170 |
| Shared Services and expenses not directly charged to major programme: | 38 | (903) | 2 190 |
| Eliminations | 38 | (15 339) | (8 457) |
| Total expenses by Major Programme | | 676 049 | 645 079 |

a/ Includes project management and technical assistance for the Technical Cooperation Programme.

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
 Director, Division of Budget and Finance

STATEMENT III: STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(expressed in euro '000s)

| | 2023 | 2022 |
|---|------------------|------------------|
| Equity at the beginning of the year | 605 743 | 621 099 |
| Actuarial gains/(losses) on employee benefit liabilities | (48 893) | (20 932) |
| Refunds/transfers of prior year voluntary contributions recognized directly in equity | (3 191) | (12 381) |
| Prior year adjustments | 40 | 281 |
| Health Insurance Reserve | - | (159) |
| Net revenue recognized directly in equity | (52 044) | (33 191) |
| Net surplus/(deficit) for the year | 56 800 | 17 864 |
| Increase/(decrease) in working capital fund from new Member States | 1 | - |
| Credits to Member States | (2) | (29) |
| Equity at the end of the year | 610 498 | 605 743 |

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT IV: STATEMENT OF CASH FLOW
For the year ended 31 December 2023
(expressed in euro '000s)

| | 2023 | 2022 |
|--|-------------------|----------------|
| Cash flows from operating activities | | |
| Net surplus/(deficit) | 56 800 | 17 864 |
| Refund of prior year voluntary contributions recognized in equity | (3 191) | (12 381) |
| Discount Amortization on Investment T-Bills | (1 156) | - |
| Prior year adjustments | 40 | 281 |
| Depreciation and amortization | 41 517 | 41 717 |
| Less amortization of deferred revenue on VIC depreciation | (6 275) | (6 650) |
| Impairment | 1 291 | 149 |
| Increase/(decrease) in allowance for undeliverable inventory in transit | (8 113) | 8 175 |
| Actuarial gains/(losses) on employee benefit liabilities | (48 893) | (20 932) |
| Increase/(decrease) in Impairment allowance | (22) | 2 397 |
| (Gains)/losses on disposal of PPE and Intangibles | (59) | (19) |
| Donated PPE and Inventory | (988) | (86) |
| Unrealized foreign-exchange (gains)/losses on cash, cash equivalents and investments | 4 399 | (5 999) |
| (Increase)/decrease in receivables | 22 960 | (1 672) |
| (Increase)/decrease in inventories | 2 000 | (2 539) |
| (Increase)/decrease in prepayments | 3 664 | (14 134) |
| Increase/(decrease) in deferred revenue | 41 566 | 2 707 |
| Increase/(decrease) in accounts payable | 9 720 | 1 934 |
| Increase/(decrease) in employee benefit liabilities | 47 770 | 33 969 |
| Increase/(decrease) in other liabilities and provisions | (183) | 135 |
| Health Insurance Reserve | - | (159) |
| Net cash flows from operating activities | 162 847 | 44 757 |
| Cash flows from investing activities | | |
| Purchase or construction of PPE and intangibles | (45 734) | (42 942) |
| Investments | (329 654) | 300 304 |
| Net cash flows from investing activities | (375 388) | 257 362 |
| Cash flows from financing activities | | |
| Increase/(decrease) in Working Capital Fund from new Member States | 1 | - |
| Credits to Member States | (2) | (29) |
| Net cash flows from financing activities | (1) | (29) |
| Net increase/(decrease) in cash and cash equivalents | (212 542) | 302 090 |
| Cash and cash equivalents at beginning of the period | 726 360 | 425 699 |
| Unrealized foreign-exchange gains/(losses) on cash and cash equivalents | (4 458) | (1 429) |
| Cash and cash equivalents and bank overdrafts at the end of the period | 509 360 | 726 360 |

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
 Director, Division of Budget and Finance

**STATEMENT Va: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
(REGULAR BUDGET FUND OPERATIONAL PORTION) a/
For the year ended 31 December 2023
(expressed in euro '000s)**

| | RB Current Year | | | RB Carryover | | | |
|---|-----------------|----------------|-----------------------|---------------|---------------|-----------------------|-----------|
| | Approved Budget | Final Budget | Actuals (Expenditure) | Variance | RB Carry Over | Actuals (expenditure) | Variance |
| MP1-Nuclear Power, Fuel Cycle and Nuclear Science | 45 615 | 45 103 | 45 031 | 72 | 1 855 | 1 852 | 3 |
| MP2-Nuclear Techniques for Development and Environmental Protection | 46 387 | 46 000 | 45 999 | 1 | 487 | 487 | - |
| MP3-Nuclear Safety and Security | 40 853 | 40 297 | 40 060 | 237 | 1 209 | 1 139 | 70 |
| MP4-Nuclear Verification | 163 799 | 161 899 | 161 836 | 63 | 215 | 215 | - |
| MP5-Policy, Management and Administration Services | 89 851 | 89 155 | 89 146 | 9 | 24 | 20 | 4 |
| MP6-Management of Technical Cooperation for Development | 29 444 | 29 122 | 29 098 | 24 | 527 | 514 | 13 |
| Total Agency programmes | 415 948 | 411 576 | 411 170 | 406 | 4 317 | 4 227 | 90 |
| Reimbursable work for others | 3 335 | 3 335 | 4 340 | (1 005) | | | |
| Total Regular Budget fund operational portion | 419 283 | 414 911 | 415 510 | (599) | 4 317 | 4 227 | 90 |

a/ The accounting basis and the budget basis are different. This statement of Comparison of Budget and Actual amounts is prepared on the modified cash basis (further information is provided in Note 39).

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

**STATEMENT Vb: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
(REGULAR BUDGET FUND CAPITAL PORTION) a/**

**For the year ended 31 December 2023
(expressed in euro '000s)**

| | Approved Budget | Final Budget | Actuals (Expenditure) | Variance b/ |
|--|------------------------|---------------------|----------------------------------|--------------------|
| MP2-Nuclear Techniques for Development | 1 626 | 1 621 | 579 | 1 042 |
| MP3-Nuclear Safety and Security | 325 | 325 | 320 | 5 |
| MP4-Nuclear Verification | 1 084 | 1 084 | - | 1 084 |
| MP5-Policy, Management and Administration Services | 3 469 | 3 469 | 1 739 | 1 730 |
| Total Regular Budget fund capital portion | 6 504 | 6 499 | 2 638 | 3 861 |

a/ The accounting basis and the budget basis are different. This statement of Comparison of Budget and Actual amounts is prepared on the modified cash basis (Note 39).

b/ Refer to Note 39c for a discussion of the variance between final budget and actuals.

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME
For the year ended 31 December 2023
(expressed in euro '000s)

| | Nuclear Power, Fuel Cycle and Nuclear Science | Nuclear Techniques for Development and Environmental Protection | Nuclear Safety and Security | Nuclear Verification | Policy, Management and Administration Services a/ | Expenses not Directly Charged to Major Programmes b/ | Eliminations c/ | Total |
|--|---|--|--------------------------------|-------------------------|--|---|--------------------|----------------|
| Expenses | | | | | | | | |
| Salaries and employee benefits | 38 971 | 32 545 | 55 365 | 132 761 | 88 099 | (1 209) | - | 346 532 |
| Consultants, experts | 3 129 | 4 165 | 5 279 | 785 | 3 760 | - | - | 17 118 |
| Travel | 8 348 | 8 434 | 17 671 | 10 492 | 2 161 | - | - | 47 106 |
| Transfers to development counterparts | 8 415 | 66 168 | 15 315 | 21 | 5 578 | - | - | 95 497 |
| VTC common services | 6 | 8 | 422 | 112 | 25 298 | - | - | 25 846 |
| Training | 11 504 | 18 491 | 14 963 | 2 666 | 3 635 | - | - | 51 259 |
| Depreciation and amortization | 1 642 | 5 057 | 2 821 | 23 410 | 8 587 | - | - | 41 517 |
| Contractual and other services | 1 047 | 2 093 | 1 172 | 12 142 | 12 953 | 48 | - | 29 455 |
| Other operating expenses | 4 946 | 6 799 | 13 460 | 15 866 | (4 271) | 258 | (15 339) | 21 719 |
| Total expense | 78 008 | 143 760 | 126 468 | 198 255 | 145 800 | (903) | (15 339) | 676 049 |
| Assets | | | | | | | | |
| Property, plant & equipment, and intangibles | 14 452 | 85 107 | 25 421 | 140 161 | 75 713 | - | - | 340 854 |
| Asset additions | | | | | | | | |
| Property, plant & equipment, and intangibles | 1 598 | 17 302 | 5 404 | 16 407 | 6 113 | - | - | 46 824 |

a/ Includes project management and technical assistance for the Technical Cooperation Programme.

b/ Expenses not directly charged to Major Programmes primarily include expenses tracked centrally pertaining to un-allocated shared services, reimbursable work for others, doubtful debt expenses, etc.

c/ Major Programme expenses are shown inclusive of allocated shared services costs and programme support costs. Eliminations column includes elimination of programme support costs and other transactions occurring between Major Programmes to reconcile to total expenses in the statement of financial performance.

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME

For the year ended 31 December 2022

(expressed in euro '000s)

| | Nuclear Power, Fuel Cycle and Nuclear Science | Nuclear Techniques for Development and Environmental Protection | Nuclear Safety and Security | Nuclear Verification | Policy, Management and Administration Services a/ | Expenses not Directly Charged to Major Programmes b/ | Eliminations c/ | Total |
|--|---|--|--------------------------------|-------------------------|--|---|--------------------|----------------|
| Expenses | | | | | | | | |
| Salaries and employee benefits | 39 047 | 33 480 | 49 633 | 132 410 | 87 260 | (499) | - | 341 331 |
| Consultants, experts | 4 358 | 4 356 | 4 879 | 808 | 3 144 | - | - | 17 545 |
| Travel | 5 322 | 7 597 | 12 655 | 10 631 | 1 910 | - | - | 38 115 |
| Transfers to development counterparts | 7 456 | 49 669 | 13 662 | 171 | 2 508 | - | - | 73 466 |
| VIC common services | (1) | 31 | 742 | 53 | 23 111 | - | - | 23 936 |
| Training | 8 419 | 15 098 | 12 315 | 2 167 | 3 285 | - | - | 41 284 |
| Depreciation and amortization | 1 417 | 4 664 | 2 507 | 24 262 | 8 867 | - | - | 41 717 |
| Contractual and other services | 2 734 | 2 718 | 1 092 | 11 492 | 13 494 | 17 | - | 31 547 |
| Other operating expenses | 3 986 | 16 849 | 7 569 | 14 928 | (1 409) | 2 672 | (8 457) | 36 138 |
| Total expense | 72 738 | 134 462 | 105 054 | 196 922 | 142 170 | 2 190 | (8 457) | 645 079 |
| Assets | | | | | | | | |
| Property, plant & equipment, and intangibles | 14 497 | 72 866 | 22 891 | 147 228 | 78 787 | - | - | 336 269 |
| Asset additions | | | | | | | | |
| Property, plant & equipment, and intangibles | 2 452 | 6 029 | 3 166 | 17 540 | 13 883 | - | - | 43 070 |

a/ Includes project management and technical assistance for the Technical Cooperation Programme.

b/ Expenses not directly charged to Major Programmes primarily include expenses tracked centrally pertaining to un-allocated shared services, reimbursable work for others, doubtful debt expenses, etc.

c/ Major Programme expenses are shown inclusive of allocated shared services costs and programme support costs. Eliminations column includes elimination of programme support costs and other transactions occurring between Major Programmes to reconcile to total expenses in the statement of financial performance.

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO

Director, Division of Budget and Finance

STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION
As at 31 December 2023
(expressed in euro '000s)

| | Regular Budget | | Technical Cooperation | | Extrabudgetary | | Other | | Total |
|---------------------------------------|--|-------------------------------|----------------------------|---------------------------------|-------------------------------|---------------------------|-------------------------------|--|------------------|
| | Regular Budget Fund and Working Capital Fund | Major Capital Investment Fund | Technical Cooperation Fund | Cooperation Extrabudgetary Fund | Extrabudgetary Programme Fund | Low Enriched Uranium Bank | Trust Funds and Special Funds | | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | 103 304 | 21 524 | 123 765 | 81 836 | 158 328 | 19 515 | 1 088 | | 509 360 |
| Investments | - | - | 31 984 | 28 000 | 328 929 | 4 000 | - | | 392 913 |
| Accounts receivable | 38 044 | 203 | 3 731 | 3 847 | 11 627 | 36 | - | | 57 488 |
| Advances and prepayments | 32 071 | 962 | 1 512 | 22 | 8 640 | 667 | 7 | | 43 881 |
| Inventory | 501 | - | 24 123 | 7 553 | 1 322 | 55 055 | - | | 88 554 |
| Property, plant & equipment | 297 687 | - | 71 | 87 | - | 1 | - | | 297 846 |
| Intangible assets | 43 008 | - | - | - | - | - | - | | 43 008 |
| Investment in common service entities | 809 | - | - | - | - | - | - | | 809 |
| Total assets | 515 424 | 22 689 | 185 186 | 121 345 | 508 846 | 79 274 | 1 095 | | 1 433 859 |
| Liabilities | | | | | | | | | |
| Accounts payable | 14 266 | 951 | 12 539 | 4 871 | 4 925 | 1 | 60 | | 37 613 |
| Deferred revenue | 179 932 | - | 19 365 | 11 498 | 68 207 | - | - | | 279 002 |
| Employee benefit liabilities | 490 450 | 417 | - | 16 | 13 927 | - | - | | 504 810 |
| Other financial liabilities | (3 356) | - | (1 178) | 2 459 | 2 546 | - | - | | 471 |
| Provisions | 247 | - | - | - | 1 218 | - | - | | 1 465 |
| Total liabilities | 681 539 | 1 368 | 30 726 | 18 844 | 90 823 | 1 | 60 | | 823 361 |
| Net assets | (166 115) | 21 321 | 154 460 | 102 501 | 418 023 | 79 273 | 1 035 | | 610 498 |
| Equity | | | | | | | | | |
| Fund balances | (5 762) | 16 419 | 105 319 | 82 600 | 376 131 | 79 243 | 1 019 | | 654 969 |
| Reserves | (160 353) | 4 902 | 49 141 | 19 901 | 41 892 | 30 | 16 | | (44 471) |
| Total equity | (166 115) | 21 321 | 154 460 | 102 501 | 418 023 | 79 273 | 1 035 | | 610 498 |

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION
As at 31 December 2022
(expressed in euro '000s)

| | Regular Budget | | Technical Cooperation | | Extrabudgetary | | Other | Total |
|---------------------------------------|--|-------------------------------|----------------------------|---------------------------------|-------------------------------|---------------------------|--------------|------------------|
| | Regular Budget Fund and Working Capital Fund | Major Capital Investment Fund | Technical Cooperation Fund | Cooperation Extrabudgetary Fund | Extrabudgetary Programme Fund | Low Enriched Uranium Bank | | |
| Assets | | | | | | | | |
| Cash and cash equivalents | 40 353 | 26 536 | 158 168 | 90 940 | 385 530 | 23 688 | 1 145 | 726 360 |
| Investments | | | - | 5 000 | 57 043 | | | 62 043 |
| Accounts receivable | 62 671 | 408 | 3 970 | 388 | 12 979 | 10 | | 80 426 |
| Advances and prepayments | 31 658 | 272 | 1 494 | 241 | 13 254 | 626 | | 47 545 |
| Inventory | 513 | | 24 329 | 3 052 | 90 | 55 055 | 14 | 83 053 |
| Property, plant & equipment | 287 206 | | 65 | 61 | | | | 287 333 |
| Intangible assets | 48 936 | | | | | | | 48 936 |
| Investment in common service entities | 809 | | | | | | | 809 |
| Total assets | 472 146 | 27 216 | 188 026 | 99 682 | 468 896 | 79 380 | 1 159 | 1 336 505 |
| Liabilities | | | | | | | | |
| Accounts payable | 12 804 | 922 | 8 950 | 2 049 | 3 157 | 7 | 3 | 27 892 |
| Deferred revenue | 159 748 | | 6 551 | 10 175 | 66 957 | 280 | | 243 711 |
| Employee benefit liabilities | 443 346 | 425 | | 15 | 13 254 | - | | 457 040 |
| Other financial liabilities | (2 462) | | 298 | 2 506 | 294 | | | 636 |
| Provisions | 265 | | | | 1 218 | | | 1 483 |
| Total liabilities | 613 701 | 1 347 | 15 799 | 14 745 | 84 880 | 287 | 3 | 730 762 |
| Net assets | (141 555) | 25 869 | 172 227 | 84 937 | 384 016 | 79 093 | 1 156 | 605 743 |
| Equity | | | | | | | | |
| Fund balances | (18 631) | 19 658 | 118 817 | 70 260 | 341 156 | 78 922 | 1 139 | 611 321 |
| Reserves | (122 924) | 6 212 | 53 411 | 14 677 | 42 859 | 170 | 17 | (5 578) |
| Total equity | (141 555) | 25 870 | 172 228 | 84 937 | 384 015 | 79 093 | 1 156 | 605 743 |

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT VIII: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL PERFORMANCE

For the year ended 31 December 2023

(expressed in euro '000s)

| | Regular Budget | | Technical Cooperation | | Extrabudgetary | | Other | | Total |
|---|--|-------------------------------|----------------------------|---|-------------------------------|---------------------------|-------------------------------|------------------|----------------|
| | Regular Budget Fund and Working Capital Fund | Major Capital Investment Fund | Technical Cooperation Fund | Technical Cooperation Extrabudgetary Fund | Extrabudgetary Programme Fund | Low Enriched Uranium Bank | Trust Funds and Special Funds | Elimination a/ | |
| Revenue | | | | | | | | | |
| Assessed contributions | 408 398 | 6 500 | - | - | - | - | - | - | 414 898 |
| Voluntary monetary contributions | - | - | 92 354 | 29 952 | 157 682 | 280 | - | - | 280 268 |
| Voluntary in-kind contributions | 12 602 | - | - | - | - | - | - | - | 12 602 |
| Other contributions | 1 682 | - | 105 | - | - | - | - | - | 1 787 |
| Revenue from exchange transactions | 2 677 | - | 38 | - | 3 | - | - | - | 2 718 |
| Investment revenue | 5 612 | - | 4 896 | 2 289 | 12 350 | 784 | - | - | 25 931 |
| Internal revenue including programme supp | 804 | - | 5 196 | (2) | 9 341 | - | - | (15 339) | - |
| Total revenue | 431 775 | 6 500 | 102 589 | 32 239 | 179 376 | 1 064 | - | (15 339) | 738 204 |
| Expenses | | | | | | | | | |
| Salaries and employee benefits | 292 697 | 108 | - | 338 | 53 089 | 300 | - | - | 346 532 |
| Consultants, experts | 6 698 | 361 | 3 537 | 730 | 5 783 | 9 | - | - | 17 118 |
| Travel | 16 325 | - | 10 236 | 1 485 | 19 038 | 22 | - | - | 47 106 |
| Transfers to development counterparts | 8 902 | - | 67 009 | 13 259 | 6 139 | 89 | 99 | - | 95 497 |
| VIC common services | 24 286 | 1 492 | 1 | - | 67 | - | - | - | 25 846 |
| Training | 3 010 | 31 | 31 863 | 4 284 | 12 071 | - | - | - | 51 259 |
| Depreciation and amortisation | 41 490 | - | 7 | 20 | - | - | - | - | 41 517 |
| Contractual and other services | 23 795 | 989 | 28 | 12 | 4 549 | 82 | - | - | 29 455 |
| Other operating expenses | 18 391 | 1 844 | 5 448 | (4 882) | 16 119 | 116 | 22 | (15 339) | 21 719 |
| Total expenses | 435 594 | 4 825 | 118 129 | 15 246 | 116 855 | 618 | 121 | (15 339) | 676 049 |
| Net gains/(losses) | (1 043) | 250 | (2 123) | (193) | (1 980) | (266) | - | - | (3 355) |
| Net surplus/(deficit) | (4 862) | 1 925 | (17 663) | 16 800 | 60 541 | 180 | (121) | - | 56 800 |

a/ Fund expenses are shown inclusive of programme support costs and transactions occurring between funds. This column includes elimination of programme support costs and other transactions occurring between funds to reconcile to total expenses in the statement of financial performance.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VIIb: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL PERFORMANCE
For the year ended 31 December 2022
(expressed in euro '000s)

| | Regular Budget | | Technical Cooperation | | Extrabudgetary | | Other | | Total |
|---|--|-------------------------------|----------------------------|---|-------------------------------|---------------------------|-------------------------------|---------------------------|----------------|
| | Regular Budget Fund and Working Capital Fund | Major Capital Investment Fund | Technical Cooperation Fund | Technical Cooperation Extrabudgetary Fund | Extrabudgetary Programme Fund | Low Enriched Uranium Bank | Trust Funds and Special Funds | Elimination ^{a/} | |
| Revenue | | | | | | | | | |
| Assessed contributions | 383 455 | 6 094 | - | - | - | - | - | - | 389 549 |
| Voluntary monetary contributions | - | - | 89 878 | 37 234 | 115 251 | - | - | - | 242 363 |
| Voluntary in-kind contributions | 11 318 | - | - | - | 2 | - | - | - | 11 320 |
| Other contributions | 1 342 | - | 4 310 | - | - | - | - | - | 5 652 |
| Revenue from exchange transactions | 2 146 | - | 59 | 13 | 41 | (6) | - | - | 2 253 |
| Investment revenue | 580 | - | 841 | 187 | 594 | 123 | - | - | 2 325 |
| Internal revenue including programme supp | 699 | - | - | - | 7 758 | - | - | (8 457) | - |
| Total revenue | 399 540 | 6 094 | 95 088 | 37 434 | 123 646 | 117 | - | (8 457) | 653 462 |
| Expenses | | | | | | | | | |
| Salaries and employee benefits | 296 004 | 234 | 18 | - | 44 725 | 350 | - | - | 341 331 |
| Consultants, experts | 7 712 | 462 | 3 742 | 713 | 4 904 | 10 | 2 | - | 17 545 |
| Travel | 14 152 | 1 | 8 781 | 1 066 | 14 095 | 20 | - | - | 38 115 |
| Transfers to development counterparts | 7 815 | - | 51 094 | 8 362 | 6 161 | 3 | 31 | - | 73 466 |
| VIC common services | 22 239 | 1 439 | 5 | 2 990 | 253 | - | - | - | 23 936 |
| Training | 2 878 | 19 | 25 082 | 7 | 10 315 | - | - | - | 41 284 |
| Depreciation and amortisation | 41 707 | - | 3 | 10 | 4 974 | 18 | - | - | 41 717 |
| Contractual and other services | 25 918 | 586 | 41 | 4 836 | 11 670 | 212 | (6) | - | 31 547 |
| Other operating expenses | 21 537 | 801 | 5 545 | 4 836 | 11 670 | 212 | (6) | (8 457) | 36 138 |
| Total expenses | 439 962 | 3 542 | 94 311 | 17 984 | 97 097 | 613 | 27 | (8 457) | 645 079 |
| Net gains/(losses) | 4 988 | (269) | 3 075 | 613 | 1 315 | (241) | - | - | 9 481 |
| Net surplus/(deficit) | (35 434) | 2 283 | 3 852 | 20 063 | 27 864 | (737) | (27) | - | 17 864 |

^{a/} Fund expenses are shown inclusive of programme support costs and transactions occurring between funds. This column includes elimination of programme support costs and other transactions occurring between funds to reconcile to total expenses in the statement of financial performance.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

Part III

Notes to the Financial Statements

Notes to the Financial Statements

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NOTE 1: Reporting entity

1. The International Atomic Energy Agency (IAEA or the Agency) is a not-for-profit autonomous intergovernmental organization established in 1957 in accordance with its Statute. The Agency is a 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.

2. The Agency's statutory objective 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. To fulfil this statutory objective, the Agency manages its work under the following six Major Programmes:

- Nuclear Power, Fuel Cycle and Nuclear Science;
- Nuclear Techniques for Development and Environmental Protection;
- Nuclear Safety and Security;
- Nuclear Verification;
- Policy, Management and Administration Services; and
- Management of Technical Cooperation for Development.

3. The statements and related notes on segment reporting by Major Programme and by Fund provide further detail on how these core activities are managed and financed.

NOTE 2: Basis of preparation

4. These financial statements have been prepared on the accrual basis of accounting in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS). The budget, as well as the budgetary information contained in the financial statements, continues to be prepared on a modified cash basis. Where IPSAS is silent concerning any specific matter, the appropriate International Financial Reporting Standard (IFRS) or International Accounting Standard (IAS) is applied.

5. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Accounting convention

6. The financial statements have been prepared using the historical cost convention.

Adoption of IPSAS 41, Financial Instruments

7. The Agency has adopted IPSAS 41 "Financial Instruments" with effect from 1 January 2023. This Standard replaces IPSAS 29 and establishes new requirements for classifying, recognizing, and measuring financial instruments.

8. Financial instruments are recognized when the Agency becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and the Agency has transferred substantially all the risks and rewards of ownership.

Impact of the adoption of IPSAS 41

Classification and measurement principles for financial assets

9. The new IPSAS introduces a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified in the following categories: 'financial assets at amortised cost' (AC), 'financial assets at fair value through net assets/equity' (FVNA), or 'financial assets at fair value through surplus or deficit'.

Impairment model

10. Whereas the previous impairment model was based on incurred losses, IPSAS 41 has introduced a forward-looking impairment model based on expected credit losses (ECL) over the lifetime of the financial assets. The ECL is the present value of the difference between the contractual cash flows and the cash flows that the Agency expects to receive and takes into account possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured at AC or at FVNA.

11. With the adoption of IPSAS 41, the measurement category of each group of financial instruments was reviewed. The table below identifies the measurement category for each group of financial instruments under IPSAS 41 and IPSAS 29. As can be seen from the table, there was no change in the application of the classification requirements between the two standards as the recognition of the financial assets and financial liabilities remain at amortized cost.

| Financial Instrument | Classification under IPSAS 41 (2023) | Classification under IPSAS 29 (2022) |
|---|---|---|
| <i>Financial Assets</i> | | |
| Cash and Cash Equivalents | Hold to collect cash flows – Amortized Cost | Loans and Receivables – Amortized Cost |
| Investments | Hold to collect cash flows – Amortized Cost | Loans and Receivables – Amortized Cost |
| Assessed Contribution Receivables | Hold to collect cash flows – Amortized Cost | Loans and Receivables – Amortized Cost |
| Voluntary Contribution Receivables ² | Hold to collect cash flows – Amortized Cost | Loans and Receivables – Amortized Cost |
| Other Receivables | Hold to collect cash flows – Amortized Cost | Loans and Receivables – Amortized Cost |
| <i>Financial Liabilities</i> | | |
| Accounts Payable and accrued liabilities | Amortized Cost | Amortized cost |
| Other financial liabilities | Amortized Cost | Amortized cost |

12. Further, as a result of the IPSAS 41 requirement to estimate expected credit losses (ECL) of financial assets, an analysis was performed to identify if there were any changes in the carrying value of these financial assets as at 1 January 2023, the date of initial application of IPSAS 41. Other than the carrying value of assessed contributions receivable, the analysis identified no change in the carrying value as at 1 January 2023. The carrying value and valuation allowance under IPSAS 41 and IPSAS 29 were as follows:

| Financial instruments | Carrying value as at 1 January 2023 (expressed in euro '000s) | | |
|-----------------------------------|--|-----------------------|-------------------|
| | Under IPSAS 41 | Under IPSAS 29 | Difference |
| Assessed Contribution Receivables | 58 497 | 56 354 | 2 143 |

| Financial instruments | Valuation allowance as at 1 January 2023 (expressed in euro '000s) | | |
|-----------------------------------|---|-----------------------|-------------------|
| | Under IPSAS 41 | Under IPSAS 29 | Difference |
| Assessed Contribution Receivables | 22 121 | 24 264 | (2 143) |

13. The change in carrying value of assessed contributions receivable of €2.143 million was recorded as a reduction in the value of the impairment allowance during 2023 as the amount was deemed to be immaterial for restatement as a change in accounting principle.

² This includes Voluntary Contribution Receivables with and without conditions. The majority of the Agency's voluntary contributions are with conditions.

Functional currency and translation of foreign currencies

Functional and presentation currency

14. The functional currency of the Agency (including all Fund groups) is the euro. The financial statements are presented in euros, and all values are rounded to the nearest thousand euros (euro '000s) unless otherwise stated.

Transactions and balances

15. Foreign currency transactions are translated into euros using the United Nations Operational Rates of Exchange (UNORE). The UNORE are set once a month and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

16. Monetary assets and liabilities denominated in foreign currencies are converted into euros at the UNORE year-end closing rate.

17. Realized and unrealized foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the Statement of Financial Performance.

Materiality and use of judgment and estimates

18. Materiality is central to the Agency's financial statements. The Agency's accounting materiality framework provides a systematic method to identify, analyse, evaluate, endorse and periodically review materiality decisions across a number of accounting areas.

19. The financial statements include amounts based on judgments, estimates and assumptions by management. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the period in which they become known. Significant judgment, estimates, and assumptions made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements include:

- Revenue recognition;
- Actuarial measurement of employee benefits;
- Selection of useful lives and the depreciation/amortization method for property, plant and equipment and intangible assets;
- Valuation of inventory;
- Impairment losses on assets;
- Classification of financial instruments; and
- Contingent assets and liabilities.

NOTE 3: Significant accounting policies

Assets

Financial assets

20. Financial assets consist of cash and cash equivalents, investments, contributions, and other receivables. Financial assets maturing within one year of the reporting date are classified as current assets. Financial assets with a maturity date of more than one year after the reporting date are classified as non-current assets.

21. Financial assets are initially recognized at fair value, normally being the transaction price. The subsequent measurement of financial assets depends on their classification. The Agency classifies its financial assets at amortized cost based on the Agency's management model for the financial assets and the contractual cash flow characteristics of the financial assets. The Agency assesses impairment of its financial assets on a forward-looking expected credit loss basis.

Cash, cash equivalents and investments

22. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

23. Investments include term deposits, treasury bills and other discounted notes, all with original maturities greater than three months. As term deposits are purchased at face value, no discount amortization is required.

24. Cash, cash equivalents and investments are adjusted at each reporting date to reflect lifetime expected credit losses calculated using weighted long-term average default rates per the financial rating of the banking institutions in which they are held.

Receivables

25. Receivables relate to amounts owed to the Agency from Member States, donors, staff and others. They represent non-derivative financial assets. Receivables consist of receivables of assessed contributions, voluntary contributions and other receivables. Receivables are stated at amortized cost.

26. The forward-looking impairment model, introduced following the adoption of IPSAS 41, incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss which is recognised in the Statement of Financial Performance. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the Statement of Financial Performance.

Advances and prepayments

27. Advances and prepayments represent settlements of a debt or installment payment before its official due date. Advances and prepayments are recognized at their nominal value unless the effect of discounting is material.

Inventories

28. All goods (e.g. equipment, supplies and software) procured by the Agency or donated to it for transfer to recipient Member and non-Member States are recorded as project inventories. The transfer of these project inventories, also known as ‘field procurement’, takes place mostly under the Technical Cooperation Programme, but also directly within the technical departments in the framework of specific assistance programmes. Goods still under control of the Agency at the reporting date are included in project inventories in-transit to counterparts. In accordance with the Agreements in place with the Agency’s counterparts, project inventories are de-recognized when they are received by the beneficiaries in the recipient country, which is considered the point at which the Agency transfers control over such inventories to the recipients. In order to reflect the fact that inventories that have been in transit for some time may not actually be delivered or may suffer damage or obsolescence, an allowance is recognized which is calculated as 50% of value for items in transit for over twelve months and 100% for over 24 months.
29. The Agency produces and holds publications and reference materials. These are not recognized as assets and the cost of producing each type of publication and reference material is expensed as incurred. This is due to the fact that the present value of the long-term service potential of these items, net of a required slow moving and obsolete inventory allowance, cannot be reliably determined in view of an indeterminable remaining holding period and the related risks of obsolescence.
30. The Agency holds a stock of Low Enriched Uranium (LEU) in the IAEA LEU Storage Facility. The IAEA LEU Bank is located at the Ulba Metallurgical Plant in Oskemen, Kazakhstan and is under the responsibility of the Kazakh appropriate authorities for safety, security and safeguards. This LEU inventory, which is stored in 60 cylinders, consists of two different enrichment assays: 4.95% and 1.6%. In the event that a Member State’s supply of LEU is disrupted and cannot be restored by commercial means and that such Member State fulfils the eligibility criteria, the Member State can acquire LEU from the IAEA LEU Bank. The LEU inventory and cylinder costs consist of the acquisition price plus direct attributable costs required to bring the inventory to the storage facility.
31. Inventories are stated at fair value, measured as the lower of cost and either current replacement cost or net realizable value. Current replacement cost, which is used for inventories to be distributed to beneficiaries at no or nominal charge, is the cost the Agency would incur to acquire the asset on the reporting date. Net realizable value, which is used for inventories to be sold at broadly commercial terms or used by the Agency, is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The LEU is valued at the lower of cost or net realizable value. Therefore, an allowance equivalent to the difference between the LEU spot prices at the end of each reporting period and the cost will be recognized in such cases where there is a decrease in the value.
32. Cost is determined using a weighted average cost formula unless the inventory items are unique in nature, in which case the specific identification method is used. The Agency utilizes a periodic system for the determination of inventories balances and respective inventory expense at the year end.

33. These policies apply to the Agency's major inventory categories as follows:

| Inventory item | Valuation method | Cost formula |
|---|---|--------------------------------|
| <i>Project inventories in transit to counterparts</i> | Lower of cost or current replacement cost | Specific identification method |
| <i>Safeguards spare parts and maintenance materials</i> | Lower of cost or net realizable value | Weighted average cost |
| <i>Printing supplies</i> | Lower of cost or net realizable value | Weighted average cost |
| <i>Low Enriched Uranium and cylinders</i> | Lower of cost or net realizable value | Weighted average cost |

34. The Agency manages its Safeguards spare parts and maintenance materials inventory primarily in a centralized fashion. Inventories which are managed in central locations with a cost of €0.100 million or greater are recognized. Currently, such inventories are comprised of batteries and cables. Other minor inventory items centrally managed or held in decentralized locations are not capitalized due to the immateriality of such balances.

35. A charge for impairment is recorded in the Statement of Financial Performance in the year in which the inventory is determined to be impaired due to obsolescence or excess quantities relative to demand. In case of LEU, impairment losses can occur in case of any damage to the cylinders.

Property, plant and equipment

Measurement of costs at recognition

36. PP&E is considered non-cash generating assets and stated at historical cost less accumulated depreciation and any recognized impairment loss. For donated assets, the fair value as of the date of acquisition is utilized as a proxy for historical cost. Construction in progress assets are recorded at cost and will only begin to depreciate from the date they are available for use. Heritage assets are not recognized. PP&E items are capitalized in the financial statements if they have a cost equal to or greater than €3 000, except specific PP&E items of computer equipment and furniture which are considered group items and capitalized irrespective of costs.

37. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Agency and the cost of the item can be measured reliably. Repairs and maintenance costs are charged as an expense in the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation method and useful life

38. Depreciation is charged so as to allocate the cost of assets over their estimated useful lives using the straight-line method.

39. The estimated useful lives of PP&E for current and comparative periods are as follows and are subject to annual review and adjustment if expectations differ from previous estimates.

| Asset Class | Useful Life (Years) |
|---|---|
| Communications and Information Technology Equipment | 2 to 4 |
| Vehicles | 5 |
| Furniture and Fixtures | 12 |
| Buildings | 5 years (for prefabricated and containerized structures) and 15 to 100 years for others |
| Leasehold Buildings and Improvements | Shorter of lease term or useful life |
| Inspection Equipment | 8 |
| Laboratory Equipment | 11 |
| Other Equipment | 5 |

Intangible assets

Measurement of costs at recognition

40. The Agency has applied IPSAS 31 Intangible Assets prospectively. As a result, intangible asset costs which were incurred before 1 January 2011 related to acquired or internally developed intangible assets have not been capitalized.

41. Intangible assets are carried at cost less accumulated amortization and any recognized impairment loss. For donated intangible assets, the fair value as of the date of acquisition is used as a proxy for cost. Capitalized intangible assets under development are recorded at cost and begin to be amortized once they are available for use. Intangible assets are capitalized in the financial statements if they have a cost equal to or greater than €3 000, except for internally developed software for which the capitalization threshold has been set at €25 000.

42. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Agency and the cost of the item can be measured reliably. Maintenance costs are charged as an expense in the Statement of Financial Performance during the financial period in which they are incurred.

Amortization method and useful life

43. Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will allocate the cost or value of the assets to their estimated useful lives. The estimated useful lives of major classes of intangible assets are subject to an annual review. Internally developed software generally has a useful life of 5 years; however, it has been determined that the Agency-wide Information System for Programme Support (AIPS), Integrated Review and Analysis Package (IRAP), and Next Generation Surveillance Review (NGSR) have a useful life of up to 12 years and projects developed under the Modernization of the Safeguards Information Technology (MOSAIC) project have a useful life of 8 years for current and comparative periods.

| Asset Class | Useful Life (Years) |
|-------------------------------|---------------------|
| Software acquired separately | 5 |
| Software internally developed | 5 to 12 |

Verification and impairment of assets

44. Asset verification is an internal control measure that ensures the existence, location and condition of the assets and supports the ongoing maintenance of assets within the Agency. The Agency has physical verification procedures to ensure that assets are accurately recorded in the asset register and reflected in the financial statements.

45. Assets that are subject to depreciation or amortization are reviewed annually for impairment to ensure that the carrying amount is still considered to be recoverable. Impairment occurs through complete loss, major damage or obsolescence. In case of complete loss, full impairment is recorded. In the case of major damage or obsolescence, impairment is recognized when the impairment exceeds €25 000. An impairment loss is recognized in the Statement of Financial Performance for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. This impairment loss can be reversed in the subsequent periods if the recoverable service amount increases, to the extent of such increase, subject to a maximum of the impairment loss recognized.

Assets subject to restrictions

46. All of the Agency's financial assets and inventories are subject to restrictions such that they can only be utilized in support of the approved activities of the funds to which they were provided. Additionally, the financial assets and inventories of the Technical Cooperation Extrabudgetary Fund, Extrabudgetary Programme Fund, Low Enriched Uranium (LEU) Bank and Trust Funds and Special Funds are further restricted to specific programmatic activities within these Funds. Statement VIIa shows the balances of these assets by Fund.

Leases

Finance leases

47. Leases of tangible assets, for which the Agency has substantially all the risks and rewards of ownership, are classified as finance leases.

Operating leases

48. Leases where the lessor retains a significant portion of the risks and rewards inherent in ownership are classified as operating leases. Payments due under operating leases are charged to the Statement of Financial Performance as an expense.

Liabilities

Financial liabilities

49. Financial liabilities include accounts payable, employee benefits liabilities, provisions and other financial liabilities.

50. All non-derivative financial liabilities are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Accounts payable

51. Accounts payable are financial liabilities in respect of goods or services that have been received by the Agency, but not paid for. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. As the Agency's accounts payable generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement.

Other financial liabilities

52. Other financial liabilities primarily include unspent funds held for future refunds and other miscellaneous items such as unapplied cash receipts. They are designated similar to accounts payable and are recorded at nominal value as the impact of discounting is immaterial.

Employee benefits liabilities

53. The Agency recognizes the following categories of employee benefits:

- Short-term employee benefits;
- Post-employment benefits;
- Other long-term employee benefits; and
- Termination benefits.

Short-term employee benefits

54. Short-term employee benefits comprise of first-time employee benefits (assignment grants), regular monthly benefits (wages, salaries, allowances) and other short-term benefits (education grant, reimbursement of income taxes). Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. These are treated as current liabilities. Certain other short-term employee benefits such as paid sick leave and maternity leave are recognized as an expense as they occur.

Post-employment benefits

55. Post-employment benefits comprise of the Agency's contribution to the After-Service Health Insurance (ASHI) plan, repatriation grants and end-of-service allowances, along with separation-based travel and shipping costs. The liability recognized for these plans is the present value of the defined benefit obligations at the reporting date. The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality euro corporate bonds with maturity dates approximating those of the individual plans. Some elements of normally long-term benefits may be expected to be settled within 12 months of the reporting date and are therefore treated as current liabilities.

56. Actuarial gains or losses relating to ASHI and post-employment repatriation and separation obligations are accounted for using the 'reserve approach', i.e. they are recognized through net assets/equity in the Statement of Financial Position and in the Statement of Changes in Equity in the year in which they occur.

Other long-term employee benefits

57. Other long-term employee benefits are benefits that are due to be settled beyond 12 months such as annual leave and home leave. Annual leave and home leave benefits are calculated without the use of actuaries and are not discounted as the effect of discounting is not material. Long-term employee benefits are normally treated as non-current liabilities. Some elements of normally long-term benefits may be expected to be settled within 12 months of the reporting date and are therefore accounted for as current liabilities. Other long-term employee benefits are recognized immediately in the Statement of Financial Performance.

Termination benefits

58. Termination benefits are the benefits payable if the Agency terminates employment before the retirement date/contract expiry date. These are recognized when the Agency gives notice to an employee that the contract will be terminated early, or if termination relates to a number of staff, when a detailed plan for termination exists.

United Nations Joint Staff Pension Fund

59. 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 to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies. As of 31 December 2022, the Agency has 2 687 participants in the UNJSPF, which was 2% of overall 143 612 UNJSPF participants. The Agency is one of the 25 member organizations participating in the UNJSPF.

60. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The Agency and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Agency's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Agency has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. The Agency's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

Provisions

61. Provisions are recognized when the Agency has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date. This estimate is discounted where the effect of the time value of money is material.

Contingent liabilities and contingent assets

Contingent liabilities

62. Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency are disclosed.

Contingent assets

63. Any probable assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency are disclosed.

Equity

64. Components of Net Assets/Equity are disaggregated into Fund Balances, which represent accumulated surpluses and deficits, and Reserves. Reserves represent specific categories of net assets/equity with a potential future impact on Fund Balances. Examples of such reserves include a reserve for commitments, which represents purchase orders and service contracts that are not yet delivered as at end of the reporting period and reserves for actuarial gains/losses on employee benefits liabilities.

Revenue

Non-exchange revenue

Assessed contributions from Member States

65. Revenue from assessed contributions from Member States is recorded as of the first day of the year to which they relate. Assessed contributions received in advance of the year to which they relate are recorded as deferred revenue.

Voluntary contributions

66. Voluntary contribution agreements normally contain stipulations on the use of transferred resources by the Agency. Stipulations can be either restrictions or conditions. Restrictions limit or direct the purpose for which resources are used, while conditions require resources to be used as specified or returned to the transferor.

67. Voluntary contributions made to the Extrabudgetary Programme Fund, Low Enriched Uranium Extrabudgetary Programme Fund, Technical Cooperation Extrabudgetary Fund, and Trust Funds and Special Funds are generally restricted in their use.

68. Revenue from voluntary contributions is recognized upon the acceptance of a pledge, which constitutes a binding agreement, provided the contribution does not impose conditions on the Agency. Alternatively, revenue is recognized upon the signature of a binding Contribution Agreement between the Agency and the third-party donor. Revenue from voluntary contributions relating to the Technical Cooperation Fund is recognized at the later of the first day of the target year to which it relates or the date a binding pledge is received.

69. Voluntary contributions that include conditions on their use are initially treated as deferred revenue and recognized as revenue when the conditions are satisfied. Generally, the conditions are deemed satisfied upon approval of progress or final reports. Interest on such awards is recognized as it is earned unless the terms of the contribution would also require the return of such interest to the donor if the conditions are not met.

70. Refunds of voluntary contributions for which revenue was recognized in prior years are recorded as direct adjustment to equity.

National Participation Costs

71. National Participation Costs (NPCs) represent contributions from Member States related to the approved technical cooperation national programme for each Member State. As NPCs comprise only 5% of the approved technical cooperation national programme (including national projects, fellows and scientific visitors funded under regional or interregional activities), such contributions are considered non-exchange revenue. Revenue from NPCs is recognized when the projects comprising the technical cooperation national programme have been approved by the Technical Assistance and Cooperation Committee (TACC) of the Board of Governors and the amounts become due to the Agency, which is generally on 1 January following the TACC meeting in the preceding year. Since a majority of the projects are approved as of the first year of a biennium, NPCs revenue will generally be higher in that year compared to the second year of the biennium.

Goods and services in-kind contributions

Goods-in-kind

72. Goods that are donated to the Agency are recognized as revenue if the item value is worth €3 000 or more, with a corresponding increase in the appropriate asset, when such donations are received by the Agency. Revenue is recognized at fair value, measured as of the date the donated goods are recognized. Fair value is generally measured by reference to the price of the same or similar goods in an active market.

73. The Agency is provided with the use, under lease type arrangements with governments, of some of its land, buildings and facilities. The Agency's treatment of these arrangements is set out in the leases section previously described.

Services-in-kind

74. Services that are donated to the Agency are not recognized as revenue although disclosures related to the nature and types of these services are provided.

Exchange revenue

75. Revenue from the sale of goods is recognized when significant risk and rewards of ownership of the goods are transferred to the purchaser.

76. In case of supply of IAEA LEU, the cost charged to the Member State, i.e. the Revenue deriving from the sale of LEU, should be either the published market price plus costs of supply, or the total cost to the Agency for supply and replenishment, whichever is the higher.

77. Revenue from services is recognized when the service is rendered according to the estimated stage of completion of that service, provided that the outcome can be reliably estimated.

78. Revenue from the use of entity's assets is recognized when both of the following conditions are satisfied:

(1) The amount of revenue can be measured reliably;

(2) It is probable that the economic benefits or service potential will flow to the entity.

Investment revenue

79. Investment revenue is recognized over the period that it is earned. Interest on treasury bills and other discounted notes is recognized using the effective interest method.

Expenses

Exchange expenses

80. Exchange expenses arising from the purchase of goods and services are recognized at the point that the supplier has performed its contractual obligations, which is when the goods and services are delivered and accepted by the Agency. For some service contracts, this process may occur in stages.

Non-exchange expenses

81. The Agency incurs non-exchange expenses primarily in the transfer of project inventories to development counterparts. An expense is recognized when the project inventories are delivered to the beneficiaries in the recipient country, which is considered the point at which the Agency transfers control over such inventories to the recipients.

82. Other non-exchange expenses are incurred primarily in provision of grants to fund research and fellowship agreements. An expense is recognized at the point that the Agency has authorized the funds for release, or has a binding obligation to pay, whichever is earlier. For yearly non-exchange funding agreements, an expense is recognized for the period to which the funding relates.

Interests in other entities

83. The Agency participates in a number of arrangements which are classified in line with the requirements of IPSAS 35 to 38 as described below. For specific details on these arrangements, their governance and legal background refer to Note 37. The VIC Based Organizations (VBOs) have an agreement whereby the costs of certain VIC common services provided by each organization are to be shared according to the established cost-sharing ratios. The ratios are derived each year based on key factors such as number of employees, total space occupied, etc. The cost-sharing ratio for the Agency for 2023 is 53.822% (53.893% for 2022).

| IPSAS standard and requirements | Accounting treatment | Applicable to |
|--|---|--|
| <i>IPSAS 35: Consolidated Financial Statements</i> | | |
| <p>Control is the key criteria for consolidation. It implies all of the following:</p> <ul style="list-style-type: none"> • Power over the other entity. • Exposure or rights to variable financial and non-financial benefits. • Ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity. | <p>Full consolidation of revenue, expenses, assets and liabilities.</p> | <p>VIC common services provided by the Agency:</p> <ul style="list-style-type: none"> -Medical services -Printing and reproduction |
| <i>IPSAS 37: Joint Arrangements</i> | | |
| <p>Two or more parties have joint control (as defined in IPSAS 35) with the following characteristics:</p> <ul style="list-style-type: none"> • The parties are bound by a binding arrangement which gives them joint control. • Activities require unanimous consent among the parties with joint control. | <p>Joint Operation – Proportionate consolidation of Agency’s share of revenue, expenses, assets and liabilities.</p> <p>Joint Venture – Equity method accounting.</p> | <p>The following Joint Operations:</p> <ul style="list-style-type: none"> - Joint Division of Nuclear Techniques with the Food and Agriculture Organization (FAO) -VIC land and buildings including Major Repairs and Replacements Fund (MRRF) (based on a defined cost sharing ratio) |
| <p>There are two types of joint arrangements:</p> <ul style="list-style-type: none"> - Joint Operations - Joint Ventures | | |
| <i>IPSAS 38: Disclosure of interests in other entities</i> | | |
| <p>Prescribes disclosure requirements for interests in other entities that do not meet the requirements of the following categories: controlled entities, joint arrangements and associates, as well as structured entities that are not consolidated.</p> | <p>Disclose information that enables users of the financial statements to evaluate: the nature of, and risk associated with its interest in the other entities as well as the effects of those interests on its financial position, financial performance and cash flows.</p> | <ul style="list-style-type: none"> - Abdus Salam International Centre for Theoretical Physics (ICTP) in Trieste: jointly funded with the United Nations Educational Scientific and Cultural Organization (UNESCO) and the Italian Government - the VIC Commissary |

84. Services provided by other VBOs, such as the Buildings Management Services (BMS) provided by the United Nations Industrial Development Organization (UNIDO) and the UN security services and some conference services provided by the United Nations Office in Vienna (UNOV), are services provided to the Agency and thus are expensed when the related services have been received.

85. Other IPSAS standards, such as IPSAS 34 Separate Financial Statements and IPSAS 36 Investments in Associates and Joint Ventures, are not currently applicable to the Agency. IPSAS 34 is to be applied when an entity prepares and presents its financial statements under the accrual basis and elects or is required by its regulations to present investments in controlled entities separately. IPSAS 36 requires the equity method to be applied when a significant influence and a quantifiable ownership interest exist.

Segment reporting and fund accounting

86. Segment reporting information is presented on the basis of the Agency's activities on both a Major Programme basis and a source of funding (Fund groups) basis.

87. A Fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements are prepared on a Fund accounting basis, showing at the end of the period the consolidated position of all funds. Fund balances represent the accumulated residual of revenue and expenses.

Apportionment of common costs

88. Common costs incurred centrally by the Agency are apportioned to each of the Agency's segments (i.e. each Major Programme) in a systematic and rational manner to ensure that: i) segment reporting is accurate (i.e. costs are shared by Major Programmes appropriately); ii) presentation of expenditures is made based on the nature of the expense; and iii) inter-segment transactions are eliminated from the consolidated financial statements.

Major Programmes

89. The Agency's six Major Programmes form the structure for Regular Budget appropriations. The six Major Programmes are:

(1) Nuclear Power, Fuel Cycle and Nuclear Science – Major Programme 1 provides IAEA Member States with scientific and technical support, services, guidance and advice for: reliable and safe operation of existing nuclear power plants, research reactors and other nuclear fuel cycle facilities; the introduction and the expanded use of nuclear power and research reactor technology, including the development of the national nuclear infrastructure; the development and deployment of advanced nuclear reactors and their fuel cycles, including Small and Medium-Sized or Modular Reactors (SMRs), nuclear fusion energy technology development, also through the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO); all areas of radioactive waste technology, decommissioning, environmental remediation, spent fuel and radioactive waste management, including disused sealed radioactive sources; energy analysis and planning, including factual considerations of the role of nuclear power for sustainable development and climate change mitigation; nuclear knowledge and nuclear information management, communication and stakeholders' engagement; the advancement of nuclear sciences, including in the areas of nuclear fusion research, accelerator and neutron sources applications and nuclear instrumentation; the development and provision of validated nuclear, atomic and molecular data; and for supporting education and training of nuclear scientists, including through cooperation with the Abdus Salam International Centre for Theoretical Physics (ICTP).

(2) *Nuclear Techniques for Development and Environmental Protection* – Major Programme 2 provides Member States with science-based advice, education and training materials, standards and reference materials, and technical documents, building on a core foundation of adaptive and applied research and development. The overall objectives of this Major Programme continue to support the development and peaceful uses of nuclear sciences and applications.

(3) *Nuclear Safety and Security* – Major Programme 3 establishes and continuously improves Agency nuclear safety standards and security guidance. The Agency provides for application of these standards and guidance to its own operations, and assists, upon request, Member States in implementing them in their own activities, including the conduct of peer reviews and advisory services. It also participates in capacity building of various stakeholders in all safety and security related activities. The Agency promotes international instruments related to nuclear safety and security. This Major Programme also helps coordinate international preparedness for effectively responding to and mitigating the consequences of a nuclear and radiological emergency and contributes to global efforts to achieve effective nuclear security.

(4) *Nuclear Verification* – Major Programme 4 supports the Agency's statutory mandate to establish and administer safeguards designed to ensure that special fissionable and other materials, services, equipment, facilities and information made available by the Agency, or at its request or under its supervision or control, are not used in such a way as to further any military purpose; and to apply safeguards, at the request of the parties to any bilateral or multilateral arrangement, or at a request of a State to any of that State's activities in the field of atomic energy. To this end, the Agency concludes safeguards agreements with States, which confer upon the Agency the legal obligation and authority to apply safeguards to nuclear material, facilities and other items subject to safeguards. Under this Major Programme, the Agency carries out verification activities, such as the collection and evaluation of safeguards relevant information; the development of safeguards approaches; and the planning, conduct and evaluation of safeguards activities, including the installation of safeguards instrumentation, in-field verification activities and sample analysis required for implementing safeguards. These activities enable the Agency to draw soundly based safeguards conclusions. In addition, the Agency, in accordance with its Statute, assists with other verification tasks, including in connection with nuclear disarmament or arms control agreements as requested by States and approved by the Board of Governors.

(5) *Policy, Management and Administration Services* – Major Programme 5 provides leadership, direction and management support for all Agency activities and initiatives. It provides innovative solutions across a wide range of financial, procurement, human resources management, conference, language, publishing, information technology, legal, oversight and general services to support all Agency programmes, emphasizing a service-oriented culture of continuous improvement to meet the needs of all customers, including the Secretariat and Member States. It provides effective coordination to ensure a one-house approach, particularly with respect to overall directions and priorities; interactions with Member States; development and implementation of programmes; results-based management, including performance assessment and risk management; gender mainstreaming; partnerships and resource mobilization. It continues to promote an organizational culture of integrity, accountability and transparency. It facilitates the efficient exchange of information within the Secretariat, as well as communications with Member States, the media and the general public.

(6) *Management of Technical Cooperation for Development* – Major Programme 6 encompasses the *development*, implementation and management of the technical cooperation projects in the framework of biennial Technical Cooperation Programme. The Technical Cooperation Programme consists of national, regional and interregional projects funded from the Technical Cooperation Fund (TCF) and extrabudgetary contributions.

90. For purposes of segmental disclosure, Major Programme 5 and Major Programme 6 are shown as a single segment – Policy, Management and Administration.

Fund Groups

91. Agency activities across these six Major Programmes are financed through various funding sources, which are defined as Funds. 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 and Financial Rules issued by the Director General. Each Fund has differing parameters relating to how the revenue may be utilized. The grouping of Funds in the financial statements and their respective components are described below.

Regular Budget

(1) The *Regular Budget Fund* and *Working Capital Fund* (WCF) are the principal means of financing Agency activities and enable the Agency to meet obligations arising from authorized appropriations. The Regular Budget Fund is based on an annual Regular Budget approved by the General Conference and is financed from assessed contributions and miscellaneous income. The WCF, which serves to finance appropriations pending the receipt of assessed 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 by Member States.

(2) The *Major Capital Investment Fund* (MCIF) is a Reserve Fund established as part of the Regular Budget to segregate such funds for future use. The MCIF is financed in part by the annual assessed contributions for the capital portion of the Regular Budget and in part through other sources, such as year-end savings from the operational portion of the Regular Budget appropriations.

Technical Cooperation

(3) The *Technical Cooperation Fund* is a component of the General Fund and is the main financing mechanism for the Agency's technical cooperation activities. The Technical Cooperation Fund is primarily financed by voluntary contributions from Member States who are asked to pledge contributions against their indicative share of the Technical Cooperation Fund target, which is approved annually by the General Conference. The Technical Cooperation Fund is also funded by national participation costs and miscellaneous income.

(4) The *Technical Cooperation Extrabudgetary Fund* is a component of the General Fund and is a financing mechanism to enable donors to make voluntary contributions for activities in support of projects approved by the IAEA Board of Governors as nominated by the donor.

Extrabudgetary

(5) The *Extrabudgetary Programme Fund* is a component of the General Fund and is a financing mechanism to enable donors to make voluntary contributions for activities in support of programmes within the Regular Budget. The financial statements also present the Low

Enriched Uranium Fuel Bank (LEU Bank), which is an activity under the Extrabudgetary Programme Fund, as a separate segment.

Other

(6) Trust *Funds* and *Special Funds* relate to funds for specific activities that have been approved by the IAEA Board of Governors.

Budget comparison

92. The Agency's budgetary and financial reporting bases differ. Budgets within the Agency are approved on a modified cash basis, while financial statements follow the full accrual basis and comply with the requirements of IPSAS.

93. While the Agency's financial statements cover all activities of the Agency, budgets are separately approved annually for the Regular Budget, both the operational and the capital portion of the Regular Budget (classified according to Major Programme) and for the Technical Cooperation Fund (based on target for voluntary contributions). There are no approved budgets relating to the Technical Cooperation Extrabudgetary Fund, the Extrabudgetary Fund Group or the Other Fund Group. All Funds are administered in accordance with the Financial Regulations adopted by the Board of Governors, and Financial Rules issued by the Director General.

94. Statement V (Statement of Comparison of Budget and Actual Amounts) compares the final budgets for the Regular Budget Fund to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 39b provides reconciliation between the actual amounts presented in that note to the actual amounts presented in the Statement of Cash Flow.

NOTE 4: Cash and cash equivalents

| | (expressed in euro '000s) | |
|--|---------------------------|----------------|
| | 31-12-2023 | 31-12-2022 |
| Cash in current accounts at bank and on hand | 42 713 | 121 778 |
| Cash in call accounts | 4 | - |
| Term deposits with original maturities of 3 months or less | 466 643 | 604 582 |
| Impairment allowance | - | - |
| Total cash and cash equivalents | 509 360 | 726 360 |

95. The decrease of €217 million (or 29.9%) in total cash and cash equivalents was mainly due to the shift from cash in current accounts at bank and on hand and Term deposits with original maturities of 3 months or less (refer to Note 5) into Term deposits and Treasury bills with original maturities between 3 and 12 months to position the portfolio to take advantage of higher rates in tenors longer than 3 months. The declines in cash in current accounts at bank and on hand and cash in call accounts was due to more favorable interest rates obtained in Term deposits.

96. Some cash is held in currencies which are legally restricted or not readily convertible to euro. As at 31 December 2023, the euro equivalent of these currencies was €0.097 million (€0.306 million at 31 December 2022), based on the respective United Nations Operational Rates of Exchange (UNORE). The main reason for the decline in the amount of these legally restricted

or not readily convertible currencies was the sale of some of those currencies to another UN Agency at the prevailing UNORE at the date of those transactions.

NOTE 5: Investments

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Term deposits with original maturities between 3 and 12 months | 173 311 | 62 043 |
| Treasury bills with original maturities between 3 and 12 months | 219 602 | - |
| Impairment allowance | - | - |
| Total investments | 392 913 | 62 043 |

97. The increase of €330.870 million (or 533.3%) in total investments was caused by the conversion to Term deposits and Treasury bills with original maturities of between 3 and 12 months for the reason described in Note 4.

NOTE 6: Accounts receivable from non-exchange transactions

| | (expressed in euro'000s) | |
|--|--------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Assessed contributions receivable | | |
| Regular Budget | 52 621 | 80 594 |
| Working Capital Fund | 4 | 24 |
| Impairment allowance | (24 259) | (24 264) |
| Net assessed contributions receivable | 28 366 | 56 354 |
| Voluntary contributions receivable | | |
| Extrabudgetary | 13 001 | 9 005 |
| Technical cooperation Fund | 3 061 | 2 959 |
| Impairment allowance | (27) | (28) |
| Net voluntary contributions receivable | 16 035 | 11 936 |
| Other receivables | | |
| Assessed programme costs | 755 | 787 |
| National participation costs | 496 | 817 |
| Safeguard agreements receivable | - | 632 |
| Impairment allowance | (755) | (787) |
| Net other receivables | 496 | 1 449 |
| Total net accounts receivable from non-exchange transactions | 44 897 | 69 739 |
| Composition of accounts receivable from non-exchange transactions | | |
| Current | 41 784 | 65 813 |
| Non-current | 3 113 | 3 926 |
| Total net accounts receivable from non-exchange transactions | 44 897 | 69 739 |

98. The net assessed contributions receivable decreased by €27.988 million to €28.366 million. This was mainly due to a decrease in outstanding assessed contributions receivable.

99. The decrease in the impairment allowance for the assessed contributions receivable of €2.143 million resulted from the initial adoption of IPSAS 41 and €2.138 million was the impairment expense for the year 2023 as further elaborated under Note 7 below.

100. The increase in net voluntary contributions receivable during the year by €4.099 million, is primarily due to a number of material pledges received and accepted towards the end of December 2023 for which funds have not been received.

101. Details of outstanding contributions by Member States and other donors are provided in Annex A3.

NOTE 7: Non-Exchange receivable information

Impairment allowance

| | 2023 | | | | 2022 | | | | | | |
|--|-------------------------------------|---|-----------------------------------|---|------------------------------|-------------------------------------|---------------------------------------|---|--------------------------------------|--------------------------------|-------------------------------------|
| | Opening Allowance for Doubtful Debt | Impairment allowance - Initial adoption of IPSAS 41 | Impairment allowance for the Year | Unrealized Foreign Exchange (Gain)/Loss | Closing Impairment Allowance | Opening Allowance for Doubtful Debt | Doubtful Debt Expense During the Year | Unrealized Foreign Exchange (Gain)/Loss | Amounts Written Off as Uncollectible | Doubtful Debt Expense Reversed | Closing Allowance for Doubtful Debt |
| Receivables from non-exchange transactions | | | | | | | | | | | |
| <u>Assessed contributions receivable</u> | | | | | | | | | | | |
| Regular Budget | 24 264 | (2 143) | 2 138 | - | 24 259 | 2 500 | - | - | - | - | 24 264 |
| Related to assessed contributions receivable | 24 264 | (2 143) | 2 138 | - | 24 259 | 2 500 | - | - | - | - | 24 264 |
| <u>Voluntary contributions receivable</u> | | | | | | | | | | | |
| Technical Cooperation Fund | 28 | - | - | (1) | 27 | - | 2 | - | - | - | 28 |
| Extrabudgetary | - | - | - | - | - | - | - | - | - | (2) | - |
| Related to voluntary contributions receivable | 28 | - | - | (1) | 27 | - | 2 | - | - | (2) | 28 |
| <u>Other receivables</u> | | | | | | | | | | | |
| Assessed programme costs | 787 | - | - | (32) | 755 | - | 49 | - | - | - | 787 |
| National Participation Costs | - | - | - | - | - | - | - | - | - | - | - |
| Related to other receivables | 787 | - | - | (32) | 755 | - | 49 | - | - | - | 787 |
| Total related to receivables from non-exchange transactions | 25 079 | (2 143) | 2 138 | (33) | 25 041 | 2 500 | 51 | (2) | - | (2) | 25 079 |

(expressed in euro '000s)

Ageing of receivables

(expressed in euro '000s)

| | As at 31 December 2023 | | | | As at 31 December 2022 | | | | | |
|---|------------------------|-----------------|---------------|--------------|------------------------|-----------------|---------------|---------------|--------------|---------------|
| | Carrying amount | Outstanding for | | | Carrying amount | Outstanding for | | | | |
| | | < 1 year | 1-3 years | 3-5 years | | > 5 years | < 1 year | 1-3 years | 3-5 years | > 5 years |
| Receivables from non-exchange transactions | | | | | | | | | | |
| <u>Assessed contributions receivable</u> | | | | | | | | | | |
| Regular Budget | 52 621 | 12 178 | 21 406 | 6 484 | 12 553 | 80 594 | 25 793 | 39 321 | 4 732 | 10 748 |
| Working Capital Fund | 4 | 4 | - | - | - | 24 | - | 24 | - | - |
| <i>Total assessed contributions receivable</i> | 52 625 | 12 182 | 21 406 | 6 484 | 12 553 | 80 618 | 25 793 | 39 345 | 4 732 | 10 748 |
| <u>Voluntary contributions receivable</u> | | | | | | | | | | |
| Extrabudgetary | 13 001 | 12 682 | 219 | 10 | 90 | 9 005 | 8 677 | 234 | 94 | - |
| Technical Cooperation Fund | 3 061 | 1 048 | 1 760 | 195 | 58 | 2 959 | 1 077 | 1 671 | 153 | 58 |
| <i>Total voluntary contributions receivable</i> | 16 062 | 13 730 | 1 979 | 205 | 148 | 11 964 | 9 754 | 1 905 | 247 | 58 |
| <u>Other receivables</u> | | | | | | | | | | |
| Assessed programme costs | 755 | - | - | - | 755 | 787 | - | - | - | 787 |
| National participation costs | 496 | 18 | 226 | 62 | 190 | 817 | 545 | 65 | 71 | 136 |
| Safeguards agreements contributions | - | - | - | - | - | 632 | 632 | - | - | - |
| <i>Total other receivables</i> | 1 251 | 18 | 226 | 62 | 945 | 2 236 | 1 177 | 65 | 71 | 923 |
| Total receivables from non-exchange transactions | 69 938 | 25 930 | 23 611 | 6 751 | 13 646 | 94 818 | 36 724 | 41 315 | 5 050 | 11 729 |

NOTE 8: Accounts receivable from exchange transactions

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Accounts receivable – Value Added Tax refunds | 9 190 | 5 666 |
| Accounts receivable – income tax refunds | 934 | 1 254 |
| Accounts receivable – others | 2 531 | 3 815 |
| Impairment allowance | (64) | (48) |
| Total net accounts receivable from exchange transactions | 12 591 | 10 687 |

102. All accounts receivable from exchange transactions as at 31 December 2023 and 2022 are current. Value added tax receivables consist of amounts of value added tax paid by the Agency on its purchases of goods and services, which the Agency can recover.

103. The impairment allowance showed the following movements during 2023 and 2022:

| | (expressed in euro '000s) | |
|--|---------------------------|-----------|
| | 2023 | 2022 |
| Opening balance as on 1 January | 48 | 200 |
| Increase | 22 | 12 |
| Decrease | (6) | (164) |
| Closing balance as on 31 December | 64 | 48 |

104. In 2023, an analysis was carried out confirming that the current approach of recognizing an allowance for doubtful accounts, for the accounts receivable from exchange transactions, based on historical collection experience and/or evidence indicating that the collection of a particular receivable is in doubt, effectively works as an ECL model for the purposes of IPSAS 41.

105. The ageing of the accounts receivable from exchange transactions was as follows:

| | (expressed in euro '000s) | |
|-----------------------------|---------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Outstanding for: | | |
| Less than 1 year | 11 170 | 9 780 |
| 1 – 3 years | 1 354 | 694 |
| 3 – 5 years | 97 | 75 |
| More than 5 years | 34 | 186 |
| Gross carrying value | 12 655 | 10 735 |

NOTE 9: Advances and prepayments

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Vienna International Centre common services | 19 093 | 19 332 |
| Other international organizations | 26 | 246 |
| Staff | 8 663 | 7 955 |
| Travel | 733 | 930 |
| Other | 15 366 | 19 082 |
| Total advances and prepayments | 43 881 | 47 545 |
| Advances and prepayments composition | | |
| Current | 36 310 | 38 940 |
| Non-current | 7 571 | 8 605 |
| Total advances and prepayments | 43 881 | 47 545 |

106. Advances for the VIC common services reflect payments made by the Agency for common services operated by other VBOs, in line with the cost sharing ratio for the Agency. These advances have not yet been utilized for providing the services.

107. Staff advances primarily consist of advances pending settlement towards education grants and income taxes.

108. Other advances relate to prepayments and deposits with suppliers.

NOTE 10: Inventory

| | (expressed in euro '000s) | |
|--|---------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Project inventories in-transit to counterparts | 33 013 | 27 516 |
| LEU inventory | 55 055 | 55 055 |
| Safeguards spare parts and maintenance materials | 415 | 413 |
| Printing supplies | 71 | 69 |
| Total inventory | 88 554 | 83 053 |

109. Project inventories in transit marks an increase of €5.497 million in comparison to 2022. The increase of project inventories in transit is mainly caused by an increase in procurement activity and increasing costs. The increase is partially offset by a decrease in the provision for undelivered inventories, which resulted from the relaxation of shipping challenges connected with COVID-19.

110. The Technical Cooperation Programme accounts for €31.677 million (96.0%) of the project inventories in transit as at 31 December 2023, a 15.7% increase from 2022 (€27.382 million (99.5%) in 2022). In 2023, donated inventory items amounting to €2.009 million were received and delivered to recipient counterpart. In consideration of the fact that inventories which have been in transit for some time may not actually be delivered or may suffer damage or obsolescence, their value is recognized net of an allowance of €9.830 million (€17.942 million in 2022), of which €2.913 million relates to goods which have been in transit for more than 12 months (with 50% allowance), and €6.917 million relates to those which have been in transit for more than 24 months (with 100% allowance). Out of the total project inventories in transit to counterparts, €1.080 million refer to COVID-19 related equipment and supplies.

111. LEU inventory refers to the stock of Low Enriched Uranium of the IAEA in the IAEA LEU Storage Facility which is located at the Ulba Metallurgical Plant in Oskemen, Kazakhstan. The IAEA LEU Storage Facility is under the responsibility of the Kazakh appropriate authorities for safety, security and safeguards. This LEU inventory consists of two different enrichment assays: 4.95% (calculated at €781.77 per kgU and totalling 63 128.13 kgU) and 1.6% (calculated at €196.07 per kgU and totalling 27 054.96 kgU). The spot prices as of 31 December 2023 were calculated at €3 690.88 per kgU and €899.17 per kgU, for enrichment assays of 4.95% and 1.6%, respectively. Hence, in 2023, the value of LEU inventory will continue to be reported at historical cost. The LEU is stored in 60 cylinders that are accounted as inventory. The purpose of the IAEA LEU bank is to serve as a mechanism of last resort to back up the commercial market without distorting it, in the event that a Member State's supply of LEU is disrupted and cannot be restored by commercial means and that such Member State fulfils the eligibility criteria.

112. Reference materials are not regarded as inventory and the costs of their production are expensed in the same year. The amount of labour and allocated overheads incurred by the Agency's laboratories with respect to reference materials during 2023 was approximately €0.113 million (€0.117 million in 2022).

113. Total inventory expense for 2023 and 2022 was as follows:

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 2023 | 2022 |
| Project inventories distributed to development counterparts | 79 634 | 58 938 |
| Safeguards spare parts and maintenance materials | 2 | 67 |
| Printing supplies | 86 | 12 |
| (Decrease)/Increase in allowance for inventory in transit | (8 113) | 8 148 |
| Total inventory expense | 71 609 | 67 165 |

114. Expenses related to project inventories in-transit to counterparts are included in Transfers to development counterparts in the Statement of Financial Performance (refer to Note 31) and expenses related to printing supplies and Safeguards spare parts and maintenance materials are included in other operating expenses in the Statement of Financial Performance (refer to Note 35).

115. During 2023, the allowance for inventory in transit decreased by €8.113 million. An impairment of €0.611 million related to inventory reported as either lost or expired while in transit was recorded in 2023.

NOTE 11: Investment in common services entities

| | (expressed in euro '000s) | |
|---|---------------------------|------------|
| | 31-12-2023 | 31-12-2022 |
| Investment in Commissary | 809 | 809 |
| Total investment in common services entities | 809 | 809 |

116. IAEA and UNIDO each made an initial investment of €0.809 million on 1 October 1979, which is to be returned in the event of dissolution of the VIC Commissary. Further details on the Commissary arrangement are provided in Note 37.

NOTE 12: Property, plant and equipment

2023

| | (expressed in euro '000s) | | | | | | | | | | Total Property, Plant and Equipment |
|---|--|-------------------------|--|-------------------------|-------------------------|--------------|--------------------|---------------------------------|--|--|--|
| | Buildings and Leasehold Improvements | Furniture & Fixtures | Communications & Information Technology Equipment | Inspection Equipment | Laboratory Equipment | Vehicles | Other Equipment | Assets under Construction | | | |
| Cost at 1 January 2023 | 429 633 | 5 088 | 41 938 | 79 140 | 72 320 | 1 658 | 2 809 | 14 385 | | | 646 971 |
| Additions | 3 636 | 314 | 4 307 | 4 347 | 3 586 | 955 | 43 | 20 507 | | | 37 695 |
| Disposals | - | (23) | (3 541) | (3 944) | (1 430) | (165) | (21) | - | | | (9 124) |
| Other Adjustments | - | - | (122) | 439 | (332) | - | 15 | - | | | - |
| Assets under Construction Capitalized | 9 791 | - | 995 | 744 | 81 | - | - | (11 611) | | | - |
| Cost at 31 December 2023 | 443 060 | 5 379 | 43 577 | 80 726 | 74 225 | 2 448 | 2 846 | 23 281 | | | 675 542 |
| Accumulated depreciation at 1 January 2023 | 212 089 | 3 662 | 31 995 | 64 947 | 42 918 | 1 318 | 2 627 | - | | | 359 556 |
| Depreciation | 12 549 | 253 | 4 452 | 4 320 | 4 627 | 184 | 77 | - | | | 26 462 |
| Disposals | - | (22) | (3 537) | (3 926) | (1 417) | (121) | (21) | - | | | (9 044) |
| Other Adjustments | - | - | 3 | (9) | (4) | - | 10 | - | | | - |
| Accumulated depreciation at 31 December 2023 | 224 638 | 3 893 | 32 913 | 65 332 | 46 124 | 1 381 | 2 693 | - | | | 376 974 |
| Accumulated impairment at 1 January 2023 | 5 | - | 1 | 66 | 10 | - | - | - | | | 82 |
| Impairment | 555 | 1 | 7 | 42 | 78 | - | - | - | | | 683 |
| Disposals | - | (1) | (4) | (18) | (14) | - | - | - | | | (37) |
| Other Adjustments* | - | - | - | 17 | (23) | - | - | - | | | (6) |
| Accumulated impairment at 31 December 2023 | 560 | - | 4 | 107 | 51 | - | - | - | | | 722 |
| Net carrying amount at 31 December 2023 | 217 862 | 1 486 | 10 660 | 15 287 | 28 050 | 1 067 | 153 | 23 281 | | | 297 846 |

* includes impairment reversals

2022

(expressed in euro '000s)

| | Communications & Information | | | | | | | Total Property, Plant and Equipment | |
|---|--------------------------------------|----------------------|----------------------|----------------------|----------------------|--------------|-----------------|-------------------------------------|---------------------------|
| | Buildings and Leasehold Improvements | Furniture & Fixtures | Technology Equipment | Inspection Equipment | Laboratory Equipment | Vehicles | Other Equipment | | Assets under Construction |
| Cost at 1 January 2022 | 401 077 | 4 928 | 39 420 | 82 898 | 64 062 | 1 479 | 2 937 | 31 147 | 627 948 |
| Additions | 4 096 | 269 | 5 285 | 1 730 | 5 071 | 233 | 44 | 15 066 | 31 794 |
| Disposals | - | (132) | (5 322) | (5 630) | (1 484) | (54) | (149) | - | (12 771) |
| Other Adjustments | (51) | 23 | 51 | (19) | 19 | - | (23) | - | - |
| Assets under Construction Capitalized | 24 511 | - | 2 504 | 161 | 4 652 | - | - | (31 828) | - |
| Cost at 31 December 2022 | 429 633 | 5 088 | 41 938 | 79 140 | 72 320 | 1 658 | 2 809 | 14 385 | 646 971 |
| Accumulated depreciation at 1 January 2022 | 199 828 | 3 504 | 33 145 | 66 102 | 40 093 | 1 250 | 2 708 | - | 346 630 |
| Depreciation | 12 271 | 249 | 4 160 | 4 474 | 4 245 | 122 | 91 | - | 25 612 |
| Disposals | - | (114) | (5 320) | (5 610) | (1 439) | (54) | (149) | - | (12 686) |
| Other Adjustments | (10) | 23 | 10 | (19) | 19 | - | (23) | - | - |
| Accumulated depreciation at 31 December 2022 | 212 089 | 3 662 | 31 995 | 64 947 | 42 918 | 1 318 | 2 627 | - | 359 556 |
| Accumulated impairment at 1 January 2022 | 5 | - | 2 | 49 | 5 | - | - | - | 61 |
| Impairment | - | 17 | 1 | 37 | 27 | - | - | - | 82 |
| Disposals | - | (17) | (2) | (20) | (22) | - | - | - | (61) |
| Other Adjustments ^a | - | - | - | - | - | - | - | - | - |
| Accumulated impairment at 31 December 2022 | 5 | - | 1 | 66 | 10 | - | - | - | 82 |
| Net carrying amount at 31 December 2022 | 217 539 | 1 426 | 9 942 | 14 127 | 29 392 | 340 | 182 | 14 385 | 287 333 |

^a Includes impairment reversals

117. For the PP&E projects with a value greater than €0.500 million, their values and their status as completed or construction in progress (CIP) as at 31 December 2023 are as follows:

Completed in 2023

- *Multipurpose Building (MPB) (€9.682 million placed in service).* The construction project for the Multipurpose Building was completed in March 2023. It contains a Nuclear Security Training and Demonstration Centre (the Centre), a new cafeteria, as well as a visitor's welcome point at the IAEA's Laboratories in Seibersdorf, Austria. The Centre provides a dedicated facility with a purpose-built demonstration command centre that will greatly enhance the Agency's ability to support Member States seeking to address nuclear security concerns. The new cafeteria provides for the current and growing number of staff, trainees, and visitors on site. The visitors' welcome point will serve as the central access point for visitors. The MPB was a €9.74 million capital project funded from Extrabudgetary resources (€9.146 million CIP in 2022).

Construction in progress

- *Renovation of the Nuclear Applications Laboratories 2 (ReNuAL2) (€18.391 million CIP).* ReNuAL2 is a continuation of the ReNuAL and ReNuAL+ initiative for modernisation of the Agency's Nuclear Applications Laboratories at Seibersdorf. ReNuAL and ReNuAL+ provided new buildings for four of the eight Nuclear Applications (NA) laboratories in Seibersdorf and an enhanced capability through provision of a Linear Accelerator facility for the Dosimetry Laboratory. ReNuAL2 will consist of the construction and commissioning of a new FML2 building, for the remaining three laboratories, namely, the Plant Breeding and Genetics Laboratory (PBGL), the Nuclear Science and Instrumentation Laboratory (NSIL), and the Terrestrial Environment Radiochemistry Laboratory (TERC Laboratory) and will provide a refurbished and enhanced space for the Dosimetry Laboratory in the existing NA building. The project also includes new greenhouses to replace the existing ones, as well as any upgrade to the site infrastructure to service these new buildings. ReNuAL2 will be a €45 million capital project, funded from Extrabudgetary and Capital Regular Budget (MCIF) resources (€3.275 million CIP in 2022).
- *Japan Mixed Oxide Fuel Fabrication Plant (JMOX) (€0.934 million CIP).* This is a project to develop an integrated safeguards approach for a large mixed oxide fuel fabrication plant in Japan. The CIP asset consists of tubes filled with Helium-3 gas and other components to assemble NDA equipment. Following restart of the plant construction, some development, procurement, and manufacturing started in 2023. Construction completion is still scheduled for September 2024 although further delays might be expected. Further development, manufacturing, testing and installation of equipment and software are necessary in order to have all safeguards systems available for use in the facility (€0.869 million CIP in 2022).

118. In 2023, the result of the physical verification of assets recorded in AIPS show that 96.20% of the total Agency-owned assets in the SG asset register were verified, while 92.69% of those related to the other departments were verified. The assets not found during this verification cycle will be part of the verification in the next cycle. In addition, impairments due to damage, obsolescence or loss were recognized. The total impairment loss for 2023 amounted to €0.683 million (€0.083 million in 2022).

119. Efforts to dispose of old inactive equipment which was fully depreciated in previous years continued in 2023 resulting in the retirement of assets with an aggregate original cost of €8.448 million. The gross value of fully depreciated items of property, plant and equipment which remain in use as of 31 December 2023, including components of the VIC building, amounted to €111.595 million (€105.163 million in 2022).

120. Contributions in kind of laboratory equipment which primarily comprised of detectors amounting to €0.605 million were received in 2023 for use in training at the Nuclear Security Training and Demonstration Centre (NSTDC) in Seibersdorf. In addition, the Agency received inspection and laboratory equipment which includes analyzers, detectors and servers amounting to €0.383 million to support Safeguards activities.

121. One software purchased intangible asset was impaired in 2023 with an impairment loss amounting to €0.002 million. No internally developed intangible asset was impaired in 2023.

NOTE 13: Intangible assets

2023

| | (expressed in euro '000s) | | | |
|---|-----------------------------------|---|---|-------------------------------|
| | Computer Software Purchased | Computer Software Internally Developed | Intangible Assets Under Development | Total Intangible Assets |
| Cost at 1 January 2023 | 18 326 | 111 569 | 10 083 | 139 978 |
| Additions | 984 | 4 445 | 3 700 | 9 129 |
| Disposals | (1 195) | (113) | - | (1 308) |
| Assets under Construction Capitalized | 837 | 3 697 | (4 534) | - |
| Cost at 31 December 2023 | 18 952 | 119 598 | 9 249 | 147 799 |
| Accumulated amortization at 1 January 2023 | 12 806 | 78 236 | - | 91 042 |
| Amortization | 2 036 | 13 019 | - | 15 055 |
| Disposal | (1 193) | (113) | - | (1 306) |
| Accumulated amortization at 31 December 2023 | 13 649 | 91 142 | - | 104 791 |
| Accumulated impairment at 1 January 2023 | - | - | - | - |
| Impairment | 2 | - | - | 2 |
| Disposals | (2) | - | - | (2) |
| Accumulated impairment at 31 December 2023 | - | - | - | - |
| Net carrying amount at 31 December 2023 | 5 303 | 28 456 | 9 249 | 43 008 |

2022

| | (expressed in euro '000s) | | | |
|---|-----------------------------------|---|---|-------------------------------|
| | Computer Software Purchased | Computer Software Internally Developed | Intangible Assets Under Development | Total Intangible Assets |
| Cost at 1 January 2022 | 20 058 | 106 447 | 9 573 | 136 078 |
| Additions | 1 306 | 3 925 | 6 045 | 11 276 |
| Disposals | (3 698) | (3 678) | - | (7 376) |
| Assets under Construction Capitalized | 660 | 4 875 | (5 535) | - |
| Cost at 31 December 2022 | 18 326 | 111 569 | 10 083 | 139 978 |
| Accumulated amortization at 1 January 2022 | 14 551 | 67 523 | - | 82 074 |
| Amortization | 1 953 | 14 152 | - | 16 105 |
| Disposal | (3 698) | (3 439) | - | (7 137) |
| Accumulated amortization at 31 December 2022 | 12 806 | 78 236 | - | 91 042 |
| Accumulated impairment at 1 January 2022 | - | 239 | - | 239 |
| Impairment | - | - | - | - |
| Disposals | - | (239) | - | (239) |
| Accumulated impairment at 31 December 2022 | - | - | - | - |
| Net carrying amount at 31 December 2022 | 5 520 | 33 333 | 10 083 | 48 936 |

122. Software developed under the MOSAIC programme represents the most material portion of the Agency's Intangible assets. MOSAIC is a multi-phased project to upgrade and optimize the IT systems and infrastructure that support the activities of the Department of Safeguards. The aim of these systems is to improve the quality and efficiency of verification activities in the Department of Safeguards. The first phase, consisting of the transfer of mainframe applications, was completed during 2014-2015. Since 2015, the Agency has been further enhancing existing tools and applications, and introducing new ones, to make the data and information more readily available and improve support to users. The MOSAIC programme was completed in 2018. During 2023, there were sixteen enhancements to the MOSAIC project. One with a value over €0.500 million, which refers to the new phase of the Upgrade to Safeguards Field Reporting and Evaluation (SAFIRE) was completed this year.

123. The cumulative costs and completion status (complete, partly complete or construction in progress (CIP)) of other projects with a value greater than €0.500 million as at 31 December 2023 are as follows:

Completed in 2023

- *State Level Approach (SLA) Improvement IT Project (€2.044 million)*. This project supports the objectives of the SLA Consolidation Project which spans over two applications, the State-Level Data Configurator (SLDC) and the Safeguards Effectiveness Evaluation Information System (SEEIS). SLDC supports strategic and mid-term planning processes of Safeguards activities, handling of anomalies and follow-up actions in a single system; and supports the work of country officers and operations managers. SEEIS aids the effectiveness of the evaluation of verification activities by assisting the comparison of performed verification activities to those planned, as documented in the Annual Implementation Plans (AIP). In 2023, the project significantly augmented the automated generation of the SLA Document, reducing the necessity for manual interventions, and bolstering analysis capabilities along with the categorization of facilities. Additionally, it incorporated misuse scenarios into the Pathfinder application, along with the requisite functionalities. Moreover, Pathfinder was upgraded to support enriched location data and streamlined step grouping, resulting in a substantial reduction in the time needed for Acquisition Path Analysis.
- *Upgrade to Safeguards Field Reporting and Evaluation (SAFIRE) (€0.815 million)*. SAFIRE provides safeguards inspectors with a single and secure software application supporting the planning, reporting and evaluation of verification activities in the field and in the Integrated Safeguards Environment (ISE). SAFIRE provides off-line reporting of verification activities allowing inspectors to complete and share a verification report while in the field which securely synchronizes with the highly protected ISE environment at the Agency's Headquarter. SAFIRE also introduced a role-based dashboard to monitor verification processes at an operational and management level. In 2023, the Material Balance Evaluation report user interface has been redesigned and integrated with the verification report, resulting in a more seamless user experience and reduced maintenance effort. The verification review process has been streamlined and combined with the verification report, resulting in increased usability and efficiency. In addition, a flexible data processing capability has been implemented to compare operator's general ledgers with state reports, allowing inspectors more detailed data analysis, quicker adaption of changing operator data formats without the need for IT support and considerably speeding up the onboarding of new facilities.

- *Incident and Emergency Centre (IEC) Portfolio 2023 (€0.657 million)*. The 2023 IEC Portfolio comprises five key products within the Department of Nuclear Safety and Security - Incident and Emergency Centre, aimed at supporting international emergency preparedness, communication, and response to nuclear and radiological incidents. These products include Assessment and Prognosis Tools (IECAT), International Radiation Monitoring Information System (IRMIS), Emergency Preparedness and Response Information Management System (EPRIMS), Unified System for Information Exchange during Incidents and Emergencies (USIE), and IES Event Registration and Information (ERIMAS). The annual portfolio strives for an efficient approach, ensuring continuous new feature development and enhancements under a unified framework throughout the year. Additionally, there is a dedicated five-year project within the portfolio focused on revamping USIE and IRMIS. Anticipated benefits encompass improved overall efficiency and effectiveness of software development efforts, increased customer value through frequent delivery of enhanced software, and the elimination of waste through the adoption of new processes, fostering continuous improvement in both business and technology.

Construction in Progress

- *Centralized Automated System for Correlated Analysis and Data Evaluation (CASCADE) (€2.719 million CIP)*. This project relates to the development of an information technology product which aims to boost the Safeguards business functions related to the SG core process called S1 Implementation Support and its sub-process called S1.1 Equipment and Technical Support which is providing equipment to perform in-field verification activities. This will be an integrated tool which will help inspectors in performing data review and verification tasks. It covers all stages of nuclear equipment, electronic seals and image data processing, analysis, evaluation, verification, and reporting of corresponding facility operator data, with the purpose of supporting operator declaration verification and related reporting on SG verification activities, providing an end-to-end view of the process, and achieving the required level of data integration. In 2023, a new version of ROOGLE (V3) was released and the new user interface benefits from both a more modern technology for faster response and upgraded features such as integration with Service Management Tool (SMT)/ Safeguards Equipment Management System (SEQUOIA) for issue reporting, more meaningful filtering/colour codes for identification of issues in remotely monitored equipment. In addition, deep learning was applied to Next Generation Surveillance System (NGSR) for faster and efficient safeguards surveillance review and Laser Curtain for Containment (LCCT) Instrumentation data is now read by Integrated Review and Analysis Package (IRAP) and IAEA or International Neutron Coincidence Counting (INCC) based system is now configured in IRAP for Japanese facilities JRC- and JMH.
- *The Hana Smart Management System (HANA) (€1.590 million CIP)*. This is an efficient, easy-to use smart document management system for Safeguards. Key benefits include document repository with intuitive user interface; customizable approval workflows; electronic signing of documents; metadata-based search and security, and integration with SG applications. In 2022, the first document workflow solution for tracking Quality Management System (QMS) controlled documents was successfully delivered and increased the efficiency of staff in creating, reviewing, and searching for non-confidential QMS controlled documents. In 2023, the solution was extended to handle confidential documents in Integrated Safeguards Environment (ISE). Safeguards Technical Reports (STR) became another document now

available in HANA. In addition, a number of enhancements (such as additional metadata) were introduced to make the management of quality-controlled documents more efficient.

- *Application Data Integration Implementation Project (ADII) 2021 (€0.642 million CIP)*. The project is dedicated to establishing a standardized framework for seamless data integration across various applications. The agenda for the ADII project is outlined as follows: (1) Facilitate secure real-time access to data from Oracle Agency-wide Information System for Programme Support (AIPS) to other systems such as the Household removal system (HRS), among others; (2) Develop a batch integration (Common Information Model (CIM)) for all plateaus within AIPS. In pursuit of real-time integration, the project concentrated on constructing common framework APIs suitable for applications like HRS, with a specific emphasis on Human Resources (HR) and project fund balance data. Regarding batch integration, the focus was on delivering comprehensive data sets pertaining to Travel and Events Data as well as Events Procurement Data for Safeguards.

124. The total net value of intangible assets decreased by €5.928 million due to the high level of amortization expense which more than offsets additions during the year.

125. There were 27 new projects initiated in 2023, with aggregate costs amounting to €4.622 million (35 projects amounting to €5.086 million in 2022). Of these 27 projects, 24 with aggregate costs of €4.445 million were completed, while the other 3 projects remain as construction in progress. Of the 22 internally developed projects initiated prior to 2023, 1 was retired and 12 were completed, leaving 9 projects as construction in progress. Therefore, a total of 12 projects constituting intangible assets under development as at 31 December 2023 will continue in 2024.

126. No internally developed intangible asset was impaired in 2023.

NOTE 14: Accounts payable

| | (expressed in euro '000s) | |
|--------------------------------|---------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Accruals | 27 270 | 23 659 |
| Staff | 988 | 422 |
| Other payables | 9 355 | 3 811 |
| Total accounts payables | 37 613 | 27 892 |

127. Accruals represent the amount of goods and services delivered for which invoices were not received by the reporting date.

128. Other payables primarily represent invoices processed but not paid as well as compensated absences accumulated by certain consultants as at the reporting date which are carried forward to the following period.

NOTE 15: Deferred revenue

| | (expressed in euro '000s) | |
|--|---------------------------|----------------|
| | 31-12-2023 | 31-12-2022 |
| Contributions received in advance | 117 038 | 82 715 |
| Extrabudgetary contributions transferred subject to conditions | 56 211 | 50 334 |
| Other | 1 042 | 961 |
| Premises deferred | 104 711 | 109 701 |
| Total deferred revenue | 279 002 | 243 711 |
| Deferred revenue composition | | |
| Current | 139 988 | 99 299 |
| Non-current | 139 014 | 144 412 |
| Total deferred revenue | 279 002 | 243 711 |

129. Deferred revenue pertaining to the use of the VIC buildings recognizes that the Austrian Government leased to the Agency the original buildings for a nominal rental and contributed 50% of the cost of leasehold improvements. In return, the Agency has an obligation to maintain its headquarters seat in Vienna and to occupy the VIC until 2078 or return it to the Government. This obligation is fulfilled by occupation of the VIC over the remaining term of the lease and the deferred revenue is recognized annually in the Statement of Financial Performance. Further details may be found in Note 37.

130. Contributions received in advance primarily include Regular Budget assessed contributions received prior to the year to which they relate, as well as funds received for extrabudgetary contributions from Member States that have not been formally accepted by the Agency. Contributions received in advance increased by €34.323 million in 2023.

131. At the end of 2023, contributions received subject to conditions increased by €5.877 million. Out of the total balance of contributions received subject to conditions, 30.8% was received from non-Member State donors. These contributions will be recognized as revenue, as and when the conditions are satisfied. The portion of these voluntary contributions that are expected to be reclassified as revenue in the next twelve months, totalling €16.630 million, have been classified as current. Final and progress reports for these contributions are expected to be submitted during 2024, and the respective revenue recognition will be based on the approval of such reports by the donor.

132. Details of contributions received in advance and extrabudgetary contributions transferred subject to conditions as of 31 December 2023 are provided in Annex A4.

NOTE 16: Employee benefits liabilities

| | (expressed in euro '000s) | |
|--|---------------------------|----------------|
| | 31-12-2023 | 31-12-2022 |
| After-Service Health Insurance | 408 994 | 360 880 |
| Post-employment repatriation and separation entitlements | 59 648 | 57 480 |
| Annual leave | 32 556 | 34 042 |
| Health Insurance Premium reserve account - staff contributions | 1 645 | 2 440 |
| Other staff costs | 1 967 | 2 198 |
| Total staff related liabilities | 504 810 | 457 040 |
| Composition of employee benefits liabilities | | |
| Current | 22 266 | 24 040 |
| Non-current | 482 544 | 433 000 |
| Total employee benefits liabilities | 504 810 | 457 040 |

133. Liabilities for After-Service Health Insurance (ASHI) and post-employment repatriation and separation entitlements have been recognized on the basis of actuarial valuation. These liabilities have increased during the year, primarily due to changes in the actuarial assumptions (more details are provided in Note 17).

134. Liabilities for annual leave have been calculated based upon the actual number of unused leave days as at year end. The decreasing trend reflects the return to normalcy after the COVID-19 pandemic and relaxing of worldwide travel restrictions.

135. The staff contributions towards the Health Insurance Premium reserve account represent the employee's share of the funds held related to health insurance premiums. The account balance decreased in 2023 due to the use of the funds to alleviate the significant increase in the FMIP premiums.

136. Liabilities for other staff costs as at 31 December 2023 consist mainly of home leave accruals amounting to €1.325 million (€1.584 million as at 31 December 2022) and accruals for compensatory time-off amounting to €0.510 million (€0.482 million as at 31 December 2022).

137. As at 31 December 2023, the ASHI and post-employment repatriation benefit obligations, as well as the annual leave liability amounting to €501.198 million, were almost entirely unfunded³. Most of these liabilities relate to the Regular Budget Fund. The unfunded status of these liabilities negatively impacts this Fund such that the total equity remains negative as at 31 December 2023.

³ Except for positions funded through extrabudgetary contributions for which 4% charge is applied to the salary expenditures since July 2021. This charge has been established to fund the ASHI Extrabudgetary Sub-Fund.

NOTE 17: Post-employment related plans

138. Post-employment related benefits include ASHI and post-employment repatriation and separation benefits.

139. The Agency operates the ASHI scheme, which is a defined employee benefit plan. Under the scheme, and in accordance with the Staff Regulations and Rules, former staff members of the Agency are eligible to obtain medical insurance through the Agency.

140. Other post-employment entitlements are those that staff members of the Agency are eligible to receive on separation from service with the Agency. These include a repatriation grant and the related travel and removal costs on separation from the Agency, as well as an end-of-service allowance that certain general service staff members are entitled to, and which are based on length of service.

Actuarial valuations

141. Liabilities arising from ASHI, repatriation and separation benefits are determined with assistance from professional actuaries.

142. The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee benefits liabilities for the Agency as at 31 December 2023:

| Parameter | 31-12-2023 | 31-12-2022 |
|---|---|---|
| Discount rate | <p>ASHI: 3.29%</p> <p>Other post-employment entitlements: repatriation entitlements 3.21%; End of Service allowance 3.25%</p> <p>Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 20.2 years; Other post-employment entitlements: 5.6 to 7.5 years depending on entitlement)</p> | <p>ASHI: 3.66%</p> <p>Other post-employment entitlements: repatriation entitlements 3.72%; End of Service allowance 3.77%</p> <p>Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 20.4 years; Other post-employment entitlements: 6.3 to 8.6 years depending on entitlement)</p> |
| Expected rate of salary increase | <p>Professional and Higher Staff</p> <p>3.94% for ASHI, 3.94% for other post-employment</p> <p>General Staff</p> <p>3.97%</p> | <p>Professional and Higher Staff</p> <p>4.27% for ASHI, 4.07% for other post-employment</p> <p>General Staff</p> <p>3.73%</p> |
| Expected rate of medical cost increase | 3.95% | 3.07%-4.15% (range for the various insurance plans) |
| Expected rate of travel costs increase | 2.30% | 2.60% |
| Expected rate of shipping cost increase | 2.30% | 2.60% |

143. The following tables provide additional information and analysis on the employee benefits liabilities calculated by the actuary.

| ASHI | (expressed in euro '000s) | |
|---|----------------------------------|-------------------|
| | 31-12-2023 | 31-12-2022 |
| Movement in defined benefit obligation | | |
| Opening defined benefit obligation | 360 880 | 320 334 |
| Expense for the period | | |
| Current service cost | 10 486 | 12 293 |
| Interest cost | 12 325 | 4 072 |
| Past service cost | (20 527) | - |
| Benefits paid | (4 345) | (4 140) |
| Transfers in/out | 1 140 | 28 |
| Actuarial losses/(gains) recognized in net assets: | | |
| Actuarial (Gain)/Loss due to Experience Adjustments | (1 989) | 825 |
| Actuarial (Gain)/Loss due to Demographic Assumption Changes | 38 516 | 126 850 |
| Actuarial (Gain)/Loss due to Financial Assumption Changes | 12 508 | (99 382) |
| Closing defined benefit obligation | 408 994 | 360 880 |

| Other Post-employment benefits | (expressed in euro '000s) | |
|---|----------------------------------|-------------------|
| | 31-12-2023 | 31-12-2022 |
| Movement in defined benefit obligation | | |
| Opening defined benefit obligation | 57 480 | 64 277 |
| Expense for the period | | |
| Current service cost | 6 365 | 6 940 |
| Interest cost | 1 898 | 389 |
| Past service cost | - | - |
| Benefits paid | (6 088) | (6 694) |
| Transfers in/out | 135 | (71) |
| Actuarial losses/(gains) recognized in net assets: | | |
| Actuarial (Gain)/Loss due to Experience Adjustments | (810) | 1 404 |
| Actuarial (Gain)/Loss due to Demographic Assumption Changes | (1 402) | - |
| Actuarial (Gain)/Loss due to Financial Assumption Changes | 2 070 | (8 765) |
| Closing defined benefit obligation | 59 648 | 57 480 |
| of which | | |
| Repatriation entitlements | 32 351 | 32 131 |
| End of Service Allowance | 27 297 | 25 350 |
| | 59 648 | 57 480 |

144. Within the ASHI liability closing defined benefit obligation, €213.954 million represents the liability towards former staff members and their dependents (€174.583 million in 2022) and €195.040 million represents the accrual towards active staff and their dependents (€186.298 million in 2022).

145. Actuarial gains or losses arise when the actuarial assessment differs from the long-term expectations on the obligations. They result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions.

146. The ASHI liability is highly sensitive to changes in financial assumptions. The increase of the ASHI liability in 2023 by 13.3% is due to a €68.641 million increase mostly resulting from changes in financial assumptions, partially offset by a decrease of €20.527 million resulting from the cost containment measures implemented in 2023.

147. As at 31 December 2023, the ASHI and post-employment repatriation benefit obligations were for the most part unfunded⁴. Therefore, the present value of funded obligations and the fair value of plan assets are nil.

Sensitivity analysis

148. If the assumptions described above were to change, the estimated impact on the measurement of defined benefit obligations and current service and interest cost would be as per the table below:

| Impact of change in assumptions | Change | (expressed in euro '000s) | |
|--|-----------------------|--------------------------------|--------------------------------|
| | | After-Service Health Insurance | Other post-employment benefits |
| Effect of discount rate change on defined benefit obligation | +1% | (70 334) | (3 938) |
| | -1% | 93 837 | 4 510 |
| Effect of salary increase rate change on defined benefit obligation | +1% | (3 234) | 4 178 |
| | -1% | 4 181 | (3 696) |
| Effect of turnover rate change on defined benefit obligation | +1% | (6 397) | 354 |
| | -1% | 7 037 | (387) |
| Effect of changes in full retirement age on defined benefit obligation | +1 year | (3 464) | (924) |
| | -1 year | 3 290 | 819 |
| | Full retirement at 65 | (3 489) | (506) |
| Effect of change in expected rate of medical costs increase on: | | | |
| *current service cost component of liability | +1% | 4 235 | n/a |
| | -1% | (2 995) | n/a |
| *interest cost component of liability | +1% | 2 930 | n/a |
| | -1% | (2 248) | n/a |
| *total defined benefit obligation | +1% | 89 732 | n/a |
| | -1% | (68 898) | n/a |
| Effect of changes in life expectancy on defined benefit obligation | +1 year | 19 728 | n/a |
| | -1 year | (19 649) | n/a |
| Effect of changes in shipping and travel costs on total defined benefit obligation | +1% | n/a | 439 |
| | -1% | n/a | (400) |

149. The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated.

150. When calculating the sensitivity of the Defined Benefit Obligation (DBO) to significant assumptions, the same method has been applied as when calculating the pension liability recognized in the statement of financial position. There have been no changes from the previous period in the methods or assumption adjustments used in preparing the sensitivity analyses.

⁴ Except for positions funded through extrabudgetary contributions for which 4% charge is applied to the salary expenditures since July 2021. This charge has been established to fund the ASHI Extrabudgetary Sub-Fund.

151. The sensitivity on life expectancy is calculated by adjusting the underlying mortality rates such that the life expectancy for a pensioner aged 65 at the date of the valuation would increase (or decrease) by one year.

152. The Agency's best estimate of benefits payments expected to be made for the next 12 months for ASHI plans is €8.979 million, and for post-employment repatriation and separation entitlements is €6.666 million.

153. The post-employment benefits liabilities represent a material unfunded liability of the Agency. Consistent with many other UN system organizations, the Agency is in the process of examining the possible approaches for addressing these long-term unfunded liabilities; however, no approach has yet been formalized.

154. The following tables provide the details of the defined benefit obligation and the experience adjustments for the current period and previous four periods.

After-service health insurance

| | (expressed in euro '000s) | | | | |
|---|---------------------------|-----------|-----------|-----------|-----------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Defined benefit obligation | 408 994 | 360 880 | 320 334 | 346 347 | 306 483 |
| Plan assets at fair value | - | - | - | - | - |
| Surplus/(deficit) | (408 994) | (360 880) | (320 334) | (346 347) | (306 483) |
| Remeasurement losses/(gains) due to experience adjustments | (1 989) | 825 | (3 749) | 2 662 | 294 |
| Remeasurement due to experience adjustments as a percentage of defined benefit obligation | -0.49% | 0.23% | -1.17% | 0.77% | 0.10% |

Other post-employment benefits

| | (expressed in euro '000s) | | | | |
|---|---------------------------|----------|----------|----------|----------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Defined benefit obligation | 59 648 | 57 480 | 64 277 | 63 116 | 59 640 |
| Plan assets at fair value | - | - | - | - | - |
| Surplus/(deficit) | (59 648) | (57 480) | (64 277) | (63 116) | (59 640) |
| Remeasurement losses/(gains) due to experience adjustments | (810) | 1 404 | 1 096 | (2 233) | 166 |
| Remeasurement due to experience adjustments as a percentage of defined benefit obligation | -1.36% | 2.44% | 1.71% | -3.54% | 0.28% |

United Nations Joint Staff Pension Fund

155. The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

156. The Agency's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension 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 payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

157. The latest actuarial valuation for the Fund was completed as of 31 December 2021, and the valuation as of 31 December 2023 is currently being performed. A roll forward of the participation data as of 31 December 2021 to 31 December 2022 was used by the Fund for its 2022 financial statements.

158. The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0%. The funded ratio was 158.2% when the current system of pension adjustments was not taken into account.

159. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

160. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2020, 2021 and 2022) amounted to US \$8,937.68 million, of which 2.8% was contributed by the Agency.

161. During 2023, contributions paid to the Fund amounted to €82.738 million (€79.768 million in 2022). Expected contributions due in 2024 are approximately €83.617 million.

162. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

163. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund at www.unjspf.org.

NOTE 18: Other financial liabilities

| | (expressed in euro '000s) | |
|---|---------------------------|------------|
| | 31-12-2023 | 31-12-2022 |
| Deposits received | 304 | 304 |
| Others | 167 | 332 |
| Total financial liabilities | 471 | 636 |
| Composition of financial liabilities | | |
| Current | 167 | 332 |
| Non-current | 304 | 304 |
| Total financial liabilities | 471 | 636 |

164. As at 31 December 2023, non-current liabilities of €0.304 million is related to funds deposited by FAO to meet costs incurred by the Agency on behalf of the Joint FAO/IAEA Division, while 'Others' consisted primarily of cash received for which the purpose has not yet been identified.

NOTE 19: Provisions

| | (expressed in euro '000s) | |
|---|---------------------------|--------------|
| | 31-12-2023 | 31-12-2022 |
| Provision for ILOAT cases | 236 | 254 |
| Provision for asset disposal and site restoration | 1 218 | 1 218 |
| Other provisions | 11 | 11 |
| Total provisions | 1 465 | 1 483 |
| Composition of provisions | | |
| Current | 247 | 265 |
| Non-current | 1 218 | 1 218 |
| Total provisions | 1 465 | 1 483 |

165. As at 31 December 2023, there were appeal cases against the Agency with the International Labour Organization Administrative Tribunal (ILOAT) relating to claims of current or former staff members, for which a provision has been recorded amounting to €0.236 million. The provision also includes other cases which are still under consideration by the ILOAT, and it is deemed probable that they will be decided in favor of current or former staff members.

166. Provisions for asset disposal relate to the estimated costs for disposal of laboratory glove boxes in the new Nuclear Material Laboratory (NML) in Seibersdorf at the end of the useful life of the glove boxes.

NOTE 20: Movement in fund balances

(expressed in euro'000s)

| | Regular Budget Fund and Working Capital Fund | | Major Capital Investment Fund | | Technical Cooperation Fund | | Technical Cooperation Extrabudgetary Programme Fund | | Extrabudgetary Programme Fund | | Low Enriched Uranium Bank | | Trust Funds, Reserve Funds and Special Funds | | Total | |
|--|--|----------|-------------------------------|---------|----------------------------|---------|---|---------|-------------------------------|----------|---------------------------|---------|--|-------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | | 2023 |
| Opening Balance | (18 631) | (23 725) | 19 658 | 23 763 | 118 817 | 116 772 | 70 260 | 57 955 | 341 156 | 341 374 | 78 922 | 88 483 | 1 139 | 1 175 | 611 321 | 605 797 |
| Transfers to / (from) fund balances | 17 731 | 40 528 | (5 164) | (6 388) | 4 165 | (1 807) | (4 460) | (7 758) | (25 566) | (28 082) | 141 | (8 824) | 1 | (9) | (13 152) | (12 340) |
| Net surplus / (deficit) | (4 862) | (35 434) | 1 925 | 2 283 | (17 663) | 3 852 | 16 800 | 20 063 | 60 541 | 27 864 | 180 | (737) | (121) | (27) | 56 800 | 17 864 |
| Closing balance | (5 762) | (18 631) | 16 419 | 19 658 | 105 319 | 118 817 | 82 600 | 70 260 | 376 131 | 341 156 | 79 243 | 78 922 | 1 019 | 1 139 | 654 969 | 611 321 |
| Included in fund balances are individual funds with specific purposes: | | | | | | | | | | | | | | | | |
| Working Capital Fund | 15 324 | 15 193 | - | - | - | - | - | - | - | - | - | - | - | - | 15 324 | 15 193 |
| Nuclear Security Fund | - | - | - | - | - | - | - | - | 106 760 | 103 951 | - | - | - | - | 106 760 | 103 951 |
| Programme Support Cost Sub-fund | - | - | - | - | - | - | - | - | 4 023 | 541 | - | - | - | - | 4 023 | 541 |
| Research Institute Trust Fund | - | - | - | - | - | - | - | - | - | - | - | - | 285 | 441 | 285 | 441 |
| Equipment Replacement Fund | - | - | - | - | - | - | - | - | - | - | - | - | 737 | 703 | 737 | 703 |

167. The WCF was established in accordance with the Financial Regulations to be used for advances to the Regular Budget Fund to temporarily finance appropriations and for other purposes authorized by the General Conference. The WCF level is approved by the General Conference and funded by Member State advances made in accordance with their respective base rates of assessment as determined by the General Conference. Each advance is carried to the credit of the respective Member State.

168. The Nuclear Security Fund (NSF) was established in accordance with the Financial Regulations to fund a range of activities with the objective of supporting the capacity of Member States to protect nuclear facilities, and nuclear material in use, storage or transport, against nuclear terrorism (GOV/2002/10).

169. The Programme Support Cost Sub-fund was established in 2009 under the Extrabudgetary Programme Fund to record all income and expenditures related to programme support costs in accordance with Financial Regulation 8.03.

170. The Research Institute Trust Fund was established in accordance with the Financial Regulations to enable multi-year funding availability for the purchase of equipment and supplies necessary for the Agency's research contract programme (GOV/2403).

171. The Equipment Replacement Fund was established as approved by the Board of Governors (GOV/2005/22) to upgrade or replace the Information and Communication Technology (ICT) infrastructure so that an appropriate level of ICT services can be delivered to support the Agency's programmes.

NOTE 21: Movement in fund balances of individual funds with specific purposes

(expressed in euro'000s)

| | 2023 | | | | | | 2022 | | | | | |
|---------------------------------|-----------------|------------|---------------------|-----------|--------------------|-----------------|-----------------|------------|---------------------|-----------|--------------------|-----------------|
| | Opening Balance | Revenue a/ | Transfers to/(from) | Expense | Net gains/(losses) | Closing Balance | Opening Balance | Revenue a/ | Transfers to/(from) | Expense | Net gains/(losses) | Closing Balance |
| Working Capital Fund | 15 193 | 131 | - | - | - | 15 324 | 15 193 | - | - | - | - | 15 193 |
| Nuclear Security Fund | 103 951 | 35 528 | (2 566) | (29 865) | (288) | 106 760 | 110 367 | 21 523 | (647) | (27 207) | (85) | 103 951 |
| Programme Support Cost Sub-Fund | 541 | 9 344 | (65) | (5 891) | 94 | 4 023 | 884 | 7 837 | (2 550) | (5 495) | (135) | 541 |
| Research Institute Trust Fund | 441 | - | 1 | (115) | (42) | 285 | 414 | - | (11) | (26) | 64 | 441 |
| Equipment Replacement Fund | 703 | - | - | (7) | 41 | 737 | 764 | - | 2 | - | (63) | 703 |

a/ Revenue includes contributions, interest, etc.

172. The reserves decreased by €38.893 million in 2023 (€20.880 million decrease in 2022) primarily due to actuarial losses on employee benefits liabilities as further described below.

173. The health insurance premium reserve represents the Agency's share of the funds related to health insurance premiums. In February 2021, the Agency received an amount of €4.343 million from CIGNA as savings due to reduced claim experience. This was recorded as an increase in the health insurance premium reserve and was used for premium payments in 2021, 2022 and 2023.

174. Commitments represent committed funds for open contracts for goods and services which have not been received by the Agency. During 2023, such future commitments increased by €14.881 million (€4.573 million decrease in 2022). This increase is shown as a transfer from Fund balances to the reserves. It should be noted that the Technical Cooperation Fund balance includes balances pertaining to purchase requisitions for goods and services which have not yet been implemented into a contract.

175. The cash surplus reserve opening balances represent the accumulated cash surplus for prior years amounting to €0.025 million.

176. The liabilities arising from post-employment benefits and other long-term employee benefits are determined by independent actuaries. The reserve for actuarial gains/(losses) on employee benefits liabilities represents the balance of actuarial gains or losses relating to the ASHI and post-employment repatriation and separation benefit obligations. During 2023, a total of €48.893 million actuarial loss (€20.932 million actuarial loss in 2022) was recorded (refer to Note 17). This actuarial loss is mainly due to a change in actuarial assumptions relating to a decrease in discount rate and an increase in the assumed-aged related medical claims costs.

NOTE 23: Assessed contributions

| | (expressed in euro '000s) | |
|-------------------------------------|---------------------------|----------------|
| | 2023 | 2022 |
| Operational Assessment | 408 398 | 383 455 |
| Capital Assessment | 6 500 | 6 094 |
| Total assessed contributions | 414 898 | 389 549 |

177. In accordance with Article XIVD of the IAEA's Statute and Financial Regulation 5.01, the scale of assessment of Member States' contributions towards the Regular Budget is calculated in line with the principles and arrangements established by the General Conference (GC). The operational portion of the assessment represents funding towards the activities in the Agency's approved Regular Budget programme for the specified year. The capital portion of the assessment represents funding towards the Agency's major capital investments. The split between the Operational and Capital portion is based on the Agency's budget as approved by the relevant GC resolutions.

178. Details of assessed contributions by Member State and other donors are provided in Annex A2.

NOTE 24: Voluntary contributions

| | (expressed in euro '000s) | |
|--|---------------------------|----------------|
| | 2023 | 2022 |
| Voluntary monetary contributions | | |
| Technical Cooperation Fund | 92 354 | 89 878 |
| Technical Cooperation Fund Extrabudgetary Fund | 29 952 | 37 234 |
| Extrabudgetary Programme Fund | 157 682 | 115 251 |
| Extrabudgetary contributions LEU Bank | 280 | - |
| Total voluntary monetary contributions | 280 268 | 242 363 |
| Voluntary in-kind contributions | | |
| Lease of premises - Building VIC | 6 275 | 6 650 |
| Lease of premises - building other | 1 340 | 1 371 |
| Lease of premises - land VIC | 1 412 | 1 367 |
| Lease of premises - land other | 578 | 483 |
| Equipment/Inventories for counterparts | 2 997 | 1 449 |
| Total voluntary in-kind contributions | 12 602 | 11 320 |
| Total voluntary contributions | 292 870 | 253 683 |

179. Voluntary contributions consist of monetary and in-kind contributions. Details of voluntary monetary contributions by Member State and other donors are provided in Annex A2.

180. The above amounts do not reflect the impact of the refunds and transfers of unused portions of extrabudgetary contributions to donors for voluntary contributions for which revenue was recognized in prior years and credits related to prior years' National Participation Costs. During 2023 and 2022, such refunds and transfers amounted to €3.191 million and €12.381 million, respectively. In accordance with the Agency's accounting policy for such refunds, these amounts were recognized as direct adjustments to equity.

181. In-kind contributions primarily comprise of the use of the Vienna International Centre (VIC) as a donated asset (€7.687 million) as well as the donated right to use the land, buildings and related utilities in Agency's other locations including Seibersdorf, Monaco and Fukushima (€1.918 million). The contribution related to the VIC consists of the Agency's portion of depreciation charges on structures in existence as at 1 January 2015 and still in use, plus additional leasehold improvements financed by the Austrian Government. It also includes the Agency's portion of the notional rental charge for the land on which the VIC sits.

182. Other in-kind contributions received by the Agency include goods that qualify as PP&E and project inventories for counterparts. In 2023, the Agency received donations of equipment and inventory items amounting to €0.988 million and €2.009 million, respectively. Revenue is recognized for these contributions if the cost of the donated goods can be reliably measured, and the goods have been transferred under the control of the Agency.

183. The above does not include the value of services-in-kind received by the Agency. In accordance with the Agency's accounting policies and in compliance with IPSAS, services-in-kind are not recorded as revenue. The Agency receives a significant amount of services in-kind from certain donors relating to training activities, technical support, consultancy services, analytical services and the coordination of technical meetings. Of particular noteworthy are the support services for the initial five years of the Linear Accelerator donated for the ReNuAL project which commenced in 2019 (refer to Note 12). Due to the uncertainty related to the control and valuation of these services, the Agency does not recognize these services in its financial statements. In addition, the Agency receives services-in-kind related to Cost Free Experts (CFEs), invited speakers, trainers and expert consultants and their related travel costs that have been donated to the Agency. These resources provide expertise at technical meetings and expert consultations for the Agency in specific areas that help support the Agency's initiatives.

NOTE 25: Other contributions

| | (expressed in euro '000s) | |
|----------------------------------|---------------------------|--------------|
| | 2023 | 2022 |
| National Participation Cost | 105 | 4 310 |
| Safeguards agreements | 1 476 | 1 264 |
| Other Contributions | 206 | 78 |
| Total other contributions | 1 787 | 5 652 |

184. Revenue from NPCs is recognized when projects comprising the Technical Cooperation national programme have been approved by the TACC and amounts become due to the Agency, usually on 1 January following the TACC meeting. Since a majority of the projects are approved as of the first year of the biennium, NPC revenue is generally higher in that year compared to the second year of the biennium. As such, 2023, being the second year of the biennium, had lower NPC revenue compared to 2022.

185. Revenue from Safeguards agreements reflects amounts recoverable in the Regular Budget under certain safeguards agreements.

186. Other contributions represent the recognition of deferred revenue in respect of depreciation on leasehold improvements at the VIC funded through the Common Fund for Major Repairs and Replacements (MRRF).

NOTE 26: Revenue from exchange transactions

| | (expressed in euro '000s) | |
|--|---------------------------|--------------|
| | 2023 | 2022 |
| <i>Revenue from sale of goods / use of entity's assets</i> | | |
| Publications | 516 | 475 |
| Laboratory reference materials | 248 | 282 |
| | 764 | 757 |
| <i>Revenue from jointly financed services</i> | | |
| Medical | 933 | 911 |
| Printing | 530 | 359 |
| | 1 463 | 1 270 |
| <i>Other miscellaneous revenue</i> | 491 | 226 |
| Total revenue from exchange transactions | 2 718 | 2 253 |

187. Revenue from publications includes €0.444 million relating to the use of Agency's assets by other parties, specifically derived from the publication and distribution of the Nuclear Fusion Journal.

188. Revenue from jointly financed services includes receipts for various services rendered to other UN system organizations on a cost reimbursement basis.

189. Other miscellaneous revenue includes revenue from translation and other services, as well as sundry credits.

NOTE 27: Investment revenue

| | (expressed in euro '000s) | |
|---------------------------------|---------------------------|--------------|
| | 2023 | 2022 |
| Term deposits | 24 568 | 2 121 |
| Treasury bills | 1 157 | - |
| Call accounts and others | 206 | 204 |
| Total investment revenue | 25 931 | 2 325 |

190. The increase of € 23.606 million (or 1 015.3%) in the total investment revenue was mainly the result of higher interest earned on investments during 2023 compared to 2022, which was due to the aggressive hiking campaign by both the Federal Reserve System (FED) and the European Central Bank (ECB).

191. Statement VIIb provides details of the total investment revenue recognized in 2023 per Fund. These amounts are expected to be utilized in support of the activities of the respective funds.

NOTE 28: Salaries and employee benefits

| | (expressed in euro '000s) | |
|---|---------------------------|----------------|
| | 2023 | 2022 |
| <i>Professional staff</i> | | |
| Salaries | 173 978 | 164 502 |
| Common staff costs: contributions to UNJSPF and other pension schemes | 43 354 | 41 875 |
| Common staff costs: other | 43 464 | 44 206 |
| Total professional staff | 260 796 | 250 583 |
| <i>General service staff</i> | | |
| Salaries | 65 092 | 60 958 |
| Common staff costs: contributions to UNJSPF and other pension schemes | 12 940 | 12 272 |
| Common staff costs: other | 7 704 | 17 518 |
| Total general service staff | 85 736 | 90 748 |
| Total salaries and employee benefits | 346 532 | 341 331 |

192. Salaries include net base salary and the applicable post-adjustment. Common staff costs: other includes insurance, staff entitlements such as home leave, family visit, education grant, etc. as well as other separation benefits.

193. In 2023, the increase of €5.201 million (1.5%) in total salaries and employee benefits was mainly driven by the revisions to the Professional and General staff salary scale, post adjustment classification and pensionable remuneration scale.

NOTE 29: Consultants, experts

| | (expressed in euro '000s) | |
|-------------------------|---------------------------|---------------|
| | 2023 | 2022 |
| Consultants and experts | 15 394 | 16 049 |
| Translators | - | 11 |
| Conference clerks | 214 | 212 |
| Language Services | 1 510 | 1 273 |
| Total | 17 118 | 17 545 |

194. Consultants' expenses represent the cost of contracting consultants, experts and translators, including related fees and honorarium.

NOTE 30: Travel

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 2023 | 2022 |
| Staff travel | | |
| Safeguards inspection and equipment maintenance | 6 538 | 6 889 |
| Duty travel staff | 15 498 | 10 975 |
| Total staff travel | 22 036 | 17 864 |
| Non-staff travel | | |
| Consultants, experts and meeting participants | 16 124 | 12 525 |
| For technical cooperation projects | 7 334 | 6 023 |
| Other non-staff | 1 612 | 1 703 |
| Total non-staff travel | 25 070 | 20 251 |
| Total travel expenses | 47 106 | 38 115 |

195. Staff travel expenses are comprised mostly of regular duty travel of staff to various missions, such as technical, research coordination, and liaison meetings, emergency assistance, conferences/symposia and project travel.

196. Non-staff travel expenses are the associated travel costs (including ticket costs and per diem) of consultants, meeting participants or experts the Agency utilizes to support technical cooperation projects or attendance at technical meetings/conferences.

197. The increase in travel expenses by 23.6% was due to an increased number of duty travels as well as higher costs of air tickets, especially during the first half of 2023.

NOTE 31: Transfers to development counterparts

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 2023 | 2022 |
| Project inventories distributed to development counterparts | 79 634 | 58 938 |
| Services to development counterparts | 7 271 | 6 664 |
| Research and technical contracts | 5 934 | 5 236 |
| International Centre for Theoretical Physics funding | 2 360 | 2 188 |
| Other grants | 298 | 440 |
| Total transfers to development counterparts | 95 497 | 73 466 |

198. Project inventories are items purchased for counterparts which are ordinarily held for distribution, or in certain cases, purchased through the local UNDP office, the project manager or the Counterpart.

199. Services to development counterparts include services purchased by the Agency that will be carried out by individuals or contractors for the benefit of recipient counterparts. These services increased by €0.607 million (9.1%) from €6.664 million in 2022 to €7.271 million in 2023.

200. The increase in project inventories distributed to development counterparts of €20.696 million (35.1%) from €58.938 million in 2022 to €79.634 million in 2023 was a result of increased procurement activity, accelerated delivery of equipment to final destinations, higher costs and the relaxation of shipping challenges from COVID-19.

NOTE 32: Vienna International Centre common services

| | (expressed in euro '000s) | |
|--|---------------------------|---------------|
| | 2023 | 2022 |
| Buildings management services | 15 662 | 13 718 |
| Security services | 8 929 | 8 460 |
| Conference services | 1 255 | 1 758 |
| Total Vienna International Centre common services | 25 846 | 23 936 |

201. Building Management Services (BMS), UN Security Services and Conference Services represent the Agency's share of expenditure for common services, which are controlled and operated by other VBOs. Further details of these services may be found in Note 37.

NOTE 33: Training

| | (expressed in euro '000s) | |
|--------------------------------------|---------------------------|---------------|
| | 2023 | 2022 |
| Training of development counterparts | 48 666 | 39 251 |
| Training – staff | 2 593 | 2 033 |
| Total training | 51 259 | 41 284 |

202. Training of development counterparts consists of stipends, tuition, travel and other training related costs.

203. Total training expenses have increased by €9.975 million. This was mainly due to an increase in the Technical Cooperation Human Resources capacity building activities.

NOTE 34: Contractual and other services

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 2023 | 2022 |
| Information technology contractual services | 9 098 | 8 472 |
| Scientific and technical contractual services | 2 942 | 3 283 |
| Other institutional contractual services | 4 010 | 3 917 |
| Building services and security non-VIC | 8 091 | 9 307 |
| Equipment and software maintenance | 5 314 | 6 568 |
| Total contractual and other services | 29 455 | 31 547 |

204. Information technology contractual services comprise expenses supporting the Agency's information systems, including AIPS and other support services.

205. Scientific and technical contractual services consist of activities supporting scientific research work at the Agency, such as research reports and studies.

206. Other institutional contractual services are expenses related to translation, interpretation, medical and other services.

207. Building services and security non-VIC represents the Agency's expenditure for the maintenance of its offices other than the IAEA Headquarters, primarily Seibersdorf, Toronto, Tokyo, New York and Geneva.

208. Equipment and software maintenance refers to services performed by third parties in relation to maintenance of equipment as well as support for software in use.

NOTE 35: Other operating expenses

| | (expressed in euro '000s) | |
|---|---------------------------|---------------|
| | 2023 | 2022 |
| Supplies and materials | 8 115 | 6 547 |
| Purchase of minor equipment and software | 10 341 | 8 267 |
| Communication and transport | 2 883 | 2 900 |
| Leased equipment | 966 | 1 322 |
| Lease of premises | 3 277 | 3 070 |
| Impairment of intangibles | 2 | - |
| Impairment of Property, Plant & Equipment | 677 | 83 |
| Representation and hospitality | 864 | 642 |
| Printing supplies, Safeguards spare parts and maintenance materials inventory consumption | 88 | 79 |
| (Decrease)/Increase in provisions and allowances | (8 086) | 10 683 |
| Other operating expenses | 134 | 457 |
| Other miscellaneous expenses | 2 458 | 2 088 |
| Total other operating expenses | 21 719 | 36 138 |

209. Supplies and materials mainly comprise of scientific and technical supplies, and also include office and communication materials and supplies.

210. Purchase of minor equipment and software relates to the expenses incurred in the purchase of items of equipment and software that do not meet the capitalization criteria.

211. Communication and transport relate to costs for telephone, mail and transport of goods.

212. All current commercial leases of equipment and premises are classified as operational leases.

213. The decrease in provisions and allowances relates primarily to the undeliverable inventory in transit (see Note 10).

214. Other operating expenses relate primarily to the general laboratory utility costs.

215. Other miscellaneous expenses mainly include the Agency's contributions to UN system jointly funded activities, insurance and bank charges.

NOTE 36: Net gains/ (losses)

| | (expressed in euro '000s) | |
|---|---------------------------|--------------|
| | 2023 | 2022 |
| Unrealized foreign exchange gains/(losses) | (4 877) | 6 227 |
| Realized foreign exchange gains/(losses) | (537) | 3 235 |
| Gains/(losses) on sale or disposal of property, plant & equipment | 59 | 19 |
| Total gains/(losses) | (5 355) | 9 481 |

216. Total net losses mainly include unrealized foreign exchange losses of €4.877 million and mostly reflect the depreciation of the US dollar vis-à-vis the euro, the functional currency of the Agency.

NOTE 37: Interests in other entities

Jointly funded activities

Joint FAO/IAEA Division

217. The Joint Centre of Nuclear Techniques in Food and Agriculture was established to operate in areas of common interest between the Agency and the FAO, to avoid duplication of activities and promote synergy. As such, the Joint Centre implements a Programme drawn up biennially in consultation between the two organizations. The operations and governance of the Joint Centre are established by the "Revised Arrangements between the Directors-General of FAO and the IAEA for the Joint FAO/IAEA Centre of Nuclear Techniques in Food and Agriculture" (the 'Revised Arrangements'). The Revised Arrangements establish a binding arrangement whereby the two organizations are committed to undertake an activity that is subject to joint control. The Joint Centre is not considered to be structured as a separate vehicle for the purposes of IPSAS 37 and is consequently accounted for as a Joint Operation. The Revised Arrangements were co-signed on 23 February 2021 and the name of the Joint FAO/IAEA Division changed into Joint FAO/IAEA Centre. In addition, a Memorandum of Understanding between FAO and IAEA was co-signed in 2022 aimed at strengthening FAO/IAEA cooperation in the area of the Peaceful Application of Nuclear Technology in Food and Agriculture and Practical Arrangements were co-signed on Cooperation in the area of response to nuclear and radiological incidents and emergencies.

218. Assessed contributions from Member States are the major source of revenue for the Joint Centre. A total of €12.9 million of the assessed budget funding of the Joint Centre was provided by the Agency and a total of \$4.4 million was provided by FAO. In addition, any extra budgetary funds that are made available to either FAO or IAEA for the purpose of the Joint Centre are reported in the financial statements of the respective organization. In fact, the Agency received extrabudgetary funds amounting to €4.356 million in 2023 to support the operation of the Joint Centre including for the Zoonotic Disease Integrated Action (ZODIAC) project, Peaceful Uses Initiative projects, Cost Free Experts, Junior Professionals and cost-free interns. IAEA and FAO

also recognize their respective shares of expenses related to the Joint Centre. Staff costs are one of the major components of the Joint Centre's expenses. In 2023, the Agency spent against the annual assessed budget funding €7.9 million on staff costs and related employee benefits and €5 million on non-staff costs.

219. The Joint Centre operates with a team of about 150 scientists, technical experts and support personnel divided among offices, sections and laboratories. The staff members of the Joint Centre are employees of either one or the other of the two organizations. Staff costs and related employee benefits liabilities are recognized in the financial statements of the organization which employs the staff member. In 2023, FAO employed 8 staff at professional level and funded 21 general staff positions, laboratory technicians, admin staff and information assistants. Major global trends that continue to frame agricultural development include persistent food insecurity, malnutrition and the impact of climate change on agricultural production. Increasing demands from Member States for assistance in meeting the challenges in these areas, including support in the achievement of their relevant SDGs, guided the Food and Agriculture Programme in 2023. It is worth noting that the IAEA and FAO jointly launched the Atoms4Food Initiative in October 2023, which aims to provide Member States with ground-breaking solutions tailored to their specific needs and circumstances, by harnessing the advantages of nuclear techniques along with other advanced technologies, to enhance their innovation capacity so as to boost food and nutrition security, while keeping sustainable natural resource management.

Abdus Salam International Centre for Theoretical Physics at Trieste (ICTP)

220. The Abdus Salam International Centre for Theoretical Physics at Trieste (ICTP) was established in 1964. The ICTP operates under a tripartite agreement between the Agency, UNESCO and the Italian Government. The ICTP is controlled by UNESCO as a specialized science department supporting its program (a Category 1 institute). The Agency, through its relationship with the ICTP, obtains increased access to scientists and technologies from the Agency's Member States in the fields of nuclear science and fundamental research. This increased access comes through activities such as training, fellowships and other joint events. The Agency has significant influence in relation to the ICTP through its representation on the Steering Committee which governs the ICTP, along with the material funding it provides, which is recognized as an expense in the Statement of Financial Performance. However, the ICTP has no formal ownership structure, dissolution provisions or other means of enabling any interest the Agency may have in the ICTP to be reliably measured. Accordingly, contributions by the Agency are outside the scope of IPSAS 36 and no accounting interest in ICTP can be recognized.

221. Summary financial information of the ICTP is provided below, in line with the requirements of IPSAS 38:

| ICTP Summary Financial Information | (expressed in euro '000s) | |
|------------------------------------|------------------------------|------------------------|
| | 31-12- 2023 (provisional) | 31-12- 2022 (final) |
| Revenue | 32 043 | 27 239 |
| Expense | 31 937 | 25 498 |
| Net surplus/(deficit) | 106 | 1 741 |
| Assets current | 24 426 | 23 026 |
| Assets non-current | 1 628 | 1 628 |
| Liabilities current | 12 883 | 11 589 |
| Liabilities non-current | 19 938 | 19 938 |
| Equity | (6 767) | (6 873) |

The Vienna International Centre

Vienna International Centre land and buildings

222. The Agency entered into a 'Headquarters Agreement' with the Austrian Government in 1979 for a 99-year lease for its share of the VIC premises for a nominal rent of 1 Austrian schilling per year. As part of the agreement, the Agency must operate its headquarters seat from Austria, otherwise it must return its share of the VIC premises to the Austrian Government. Since the Headquarters Agreement is essentially in the nature of a finance lease, the Agency was required to capitalize its share of the VIC buildings on the basis of the Buildings Management Services (BMS) cost-sharing ratio. IAEA shares the VIC building with three other UN entities: UNOV, UNIDO and the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), all four collectively known as the VIC Based Organizations (VBOs). Each of these entities has two agreements with the Austrian Government, one relating to its headquarters seat and the other to those parts of the VIC designated as common to all four. These agreements are binding arrangements which together effectively establish a vehicle separate from both the VBOs and the Austrian Government which no single party can control without the cooperation of the others. The VBOs have all rights to the assets and obligations for the liabilities, whereas the net assets of the arrangement belong to the Austrian Government as the land and buildings revert to it after 99 years or on removal of the headquarters from Vienna, whichever is sooner. The VBOs have mutually agreed that the assets and liabilities will be shared according to the BMS ratio, which is reviewed annually. Taking into consideration these factors, the VIC is treated as a Joint Operation.

223. The IAEA recognizes its share of the buildings as capital assets held on a finance lease, and a corresponding obligation to remain in the VIC in the form of deferred income, which is reflected in the Statement of Financial Position as deferred revenue, please refer to Note 15 for details. It also recognizes depreciation charges related to its share of the buildings and leasehold improvements and operating lease payments for its share of the land, together with off-setting non-exchange revenue from the Austrian Government to reflect the fact that no cash changes hands, please refer to Note 24 on Voluntary Contributions.

Major Repairs and Replacements Fund

224. This Fund is a joint arrangement between the Austrian Government, which owns half of the Fund, and the VBOs, which jointly own the remainder. It operates under the terms of the Agreement between the International Atomic Energy Agency, the United Nations and the Republic of Austria regarding the establishment and administration of a common fund for financing major repairs and replacements at their headquarters at the Vienna International Centre, signed on 19 January 1981 and amended through an Exchange of Letters on 24 January and 14 February 2002. Its purpose is to finance agreed programmes of work to maintain and enhance the facilities at the VIC. It is established under the terms of an agreement between the five parties which establishes that "authority over the common Fund shall be vested jointly in the parties". Most of the output of the Fund takes the form of leasehold improvements to the VIC, which is capitalized as parts of the building, and the remainder constitutes minor works that are expensed jointly by the VBOs. Since the Fund gains the entirety of its income from the five participants and the four VBOs consume the totality of its output in agreed proportions, it is appropriate to account for it as a Joint Operation. Accordingly, the Agency recognizes its share of the assets and liabilities, revenues and expenses, consolidated in proportion to the BMS ratio (53.822% for 2023).

225. Summary financial information for the MRRF is provided below, in line with the requirements of IPSAS 38:

| MRRF Summary Financial Information | (expressed in euro '000s) | |
|------------------------------------|-----------------------------|-----------------------|
| | 31-12-2023 (provisional) | 31-12-2022 (final) |
| Revenue | 5 549 | 5 335 |
| Expense | (5 667) | 5 466 |
| Net surplus/(deficit) | (118) | (131) |
| Assets current | 12 901 | 13 722 |
| Assets non-current | - | - |
| Liabilities current | 1 269 | 1 972 |
| Liabilities non-current | - | - |
| Equity | 11 632 | 11 750 |

226. The Agency provided funding to MRRF in an amount of €1.490 million in 2023 and €1.438 million in 2022. These funds represent the Agency's share towards its annual budgetary needs and unexpected major repairs and replacements which were not included in the agreed investment plan. The Agency's share of the works capitalized as part of the VIC is recognized in the statement of financial position, and its share of other expenditures is consolidated into the statement of financial performance.

Vienna International Centre Common Services

Controlled entities

227. The VIC Medical Service is provided by the Agency, either by its own staff or by organizations contracted by it. The repayments by the other VBOs are apportioned on the basis of headcount employed by the various organizations, and it is also available to other individuals in the event of a medical emergency in the VIC. The service was organized in-house primarily to meet the particular medical needs of the Agency to provide regular medical examinations of the field inspectors exposed to specific health risks and radiation workers. The Medical Service is an integral part of the Agency and is operated in accordance with its rules and regulations. No mechanism of advisory and coordinating committees was established for the Medical Services.

228. The Agency also provides a printing service to other entities on a repayment basis. Users are invoiced monthly on the basis of their actual usage, according to a scale of charges. The printing service is operated as an integral part of the Agency, which employs its staff and owns its assets and liabilities.

229. The Agency recognizes all the costs, assets and liabilities of the services it provides, together with the revenues received from the provision of services to the other VBOs for both entities.

Other entities

230. UN Security Services are provided by UNOV to the VIC, and to other external entities on a repayment basis. Although the Security and Safety Service operates under the authority of the Director General of UNOV, it is also answerable to the UN Department of Safety and Security, which has overall worldwide responsibility and sets security standards. The operation is consolidated into the UN financial statements. Consequently, the Agency does not have control

over the service. The Agency recognizes its contribution for the services provided by the UNOV as an expense.

231. UNOV provides the full range of conference services to UNIDO and to CTBTO; however, with the exception of its use of the common interpretation service, the Agency remains outside these arrangements, running its own conference services in parallel. The Agency, therefore, does not have control over these conference services. Consequently, the conference services provided by UNOV are expensed in the Agency's financial statements as incurred.

232. UNIDO provides a range of maintenance and support services to the VIC through its Buildings Management Services Special Fund. The Agency advances monies to this Fund, which operates on a no gain/no loss basis, primarily to pay for its share of a variety of pass-through costs for utilities, cleaning, running repairs and routine maintenance. The Fund has no legal personality of its own, and all assets are owned by UNIDO, all contracts are issued in its name and BMS staff members are its employees. Reimbursement is calculated on the basis of floor space occupied and staff numbers employed by each of the VBOs, expressed as a percentage of total costs. Direction of the activities funded by the Special Fund is provided by the Committee on Common Services, which consists of the Heads of Administration/Management of the four VBOs, while final responsibility for the services provided lies with the Director General of UNIDO, under whose authority they are operated. Although the Special Fund has some of the characteristics of a joint arrangement, the nature of the services provided and the fact that the Agency payments are designed to reimburse costs incurred by UNIDO means that the substance of the transaction is best reflected by treating it as a service provided on a repayment basis.

Interests in structured entities that are not consolidated

Commissary

233. The Commissary was established under the terms of an Exchange of Notes between the Agency and the Austrian Government dated 1 March 1972 as a common service to enable staff, their dependent families and other entitled individuals to access the privileges conferred to them by the Austrian Government allowing purchases of certain articles on a tax-free basis, and the VBOs as entities receive no direct benefits. The Commissary is operated under the authority of the IAEA within the ambit of the Commissary rules and other agreements. The Commissary is financially independent of the Agency and covers its costs from revenue generated by retail sales, which it retains for itself. In the absence of any demonstrable benefits directly to the Agency or any other VBO, no VBO controls the Commissary as defined by the IPSAS standards, as all benefits are enjoyed by entitled individuals rather than the VBOs as entities. According to the dissolution provisions, any residual net assets are payable to VBOs' staff welfare funds, except for the amount of initial investments of €0.809 million each made by the IAEA and UNIDO on 1 October 1979, which would revert to these Organizations. The initial investment of €0.809 million is recognized as an investment in common services entities.

234. As the Commissary is operated under the authority of the Agency, all staff of the Commissary hold Agency employment contracts. As such, the Agency would be liable for post-employment and other long-term employee benefits of these staff members should revenue generated by the Commissary not be sufficient to meet the financial obligations for such post-employment and other long-term employee benefits. As at 31 December 2023, the total amount of such post-employment and other long-term employee benefits for the staff of the Commissary was €13.724 million (€13.886 million in 2022).

235. Summary financial information for the Commissary is provided below:

| Commissary Summary Financial Information | (expressed in euro '000s) | |
|--|-----------------------------|-----------------------|
| | 31-12-2023 (provisional) | 31-12-2022 (final) |
| Revenue | 29 164 | 26 753 |
| Expense | 27 968 | 26 405 |
| Net surplus/(deficit) | 1 196 | 348 |
| Asset current | 16 514 | 16 692 |
| Asset non-current | 905 | 1 028 |
| Liabilities current | 1 110 | 1 812 |
| Liabilities non-current | 15 022 | 14 846 |
| Equity | 1 287 | 1 063 |

Catering service

236. The Catering Service at the VIC has been established as a self-sustaining, non-profit-making operation to provide catering services to staff and other entitled individuals at the VIC. The responsibility for managing and operating the Catering Service is assigned to UNIDO by an agreement between the UN, IAEA and UNIDO dated 31 March 1977. The Catering Service is an integral part of the UNIDO Secretariat and has no legal personality of its own. As in the case of the Commissary, the benefits from operating the Catering Service flow to the staff of the VBOs, rather than to the VBOs themselves. In case of dissolution, any residual net assets are attributable to VBOs' staff welfare funds. Although they jointly sponsor the catering service, in the absence of direct benefits and rights to residual net assets, no VBO can demonstrate either control or significant influence over the Catering Service. The Agency therefore has no ownership interest in the Catering Service.

NOTE 38: Segment reporting by Major Programme — composition by fund

2023

For the period ending 31 December 2023
(expressed in euro '000s)

| | Nuclear Power, Fuel Cycle and Nuclear Science | Nuclear Techniques for Development and Environmental Protection | Nuclear Safety and Security | Nuclear Verification | Policy, Management and Administration Services a/ | Shared Services and Expenses not Directly Charged to Major Programmes | Eliminations | Total |
|--|---|--|--------------------------------|----------------------|---|--|-----------------|----------------|
| Regular Budget and Working Capital fund | | | | | | | | |
| Expense | 46 337 | 50 176 | 44 680 | 173 624 | 119 896 | 881 | - | 435 594 |
| Property, Plant, Equipment and intangibles | 14 451 | 85 036 | 25 421 | 140 161 | 75 626 | - | - | 340 695 |
| Additions to Property, Plant, Equipment and Intangibles | 1 598 | 17 288 | 5 404 | 16 407 | 6 068 | - | - | 46 765 |
| Major Capital Investment Fund | | | | | | | | |
| Expense | - | 422 | 135 | 385 | 3 883 | - | - | 4 825 |
| Property, Plant, Equipment and intangibles | - | - | - | - | - | - | - | - |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Technical Cooperation Fund | | | | | | | | |
| Expense | 14 398 | 75 365 | 18 023 | - | 10 342 | 1 | - | 118 129 |
| Property, Plant, Equipment and intangibles | - | 71 | - | - | - | - | - | 71 |
| Additions to Property, Plant, Equipment and Intangibles | - | 14 | - | - | - | - | - | 14 |
| Technical Cooperation Extrabudgetary Fund | | | | | | | | |
| Expense | 2 597 | 8 555 | 3 076 | - | 1 018 | - | - | 15 246 |
| Property, Plant, Equipment and intangibles | - | - | - | - | 87 | - | - | 87 |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | 45 | - | - | 45 |
| Extrabudgetary Programme Fund | | | | | | | | |
| Expense | 14 053 | 9 128 | 60 553 | 24 246 | 10 660 | (1 785) | - | 116 855 |
| Property, Plant, Equipment and intangibles | - | - | - | - | - | - | - | - |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Low Enriched Uranium Bank | | | | | | | | |
| Expense | 623 | - | - | - | (5) | - | - | 618 |
| Property, Plant, Equipment and intangibles | 1 | - | - | - | - | - | - | 1 |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Trust Funds and Special Funds | | | | | | | | |
| Expense | - | 114 | 1 | - | 6 | - | - | 121 |
| Property, Plant, Equipment and intangibles | - | - | - | - | - | - | - | - |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Inter-fund elimination of un-allocated shared services expenses | | | | | | | (15 339) | (15 339) |
| Total Expense | 78 008 | 143 760 | 126 468 | 198 255 | 145 800 | (903) | (15 339) | 676 049 |
| Total PP&E and Intangibles | 14 452 | 85 107 | 25 421 | 140 161 | 75 713 | - | - | 340 854 |
| Total Additions to PP&E and Intangibles | 1 598 | 17 302 | 5 404 | 16 407 | 6 113 | - | - | 46 824 |

a/ Includes Management of Technical Cooperation for Development.

2022

For the period ending 31 December 2022
(expressed in euro '000s)

| | Nuclear Power, Fuel Cycle and Nuclear Science | Nuclear Techniques for Development and Environmental Protection | Nuclear Safety and Security | Nuclear Verification | Policy, Management and Administration Services a/ | Shared Services and Expenses not Directly Charged to Major Programmes | Eliminations | Total |
|--|---|--|--------------------------------|----------------------|---|--|----------------|----------------|
| Regular Budget and Working Capital fund | | | | | | | | |
| Expense | 46 458 | 50 615 | 43 235 | 172 989 | 122 404 | 4 261 | - | 439 962 |
| Property, Plant, Equipment and intangibles | 14 496 | 72 801 | 22 891 | 147 228 | 78 726 | - | - | 336 142 |
| Additions to Property, Plant, Equipment and Intangibles | 2 452 | 5 962 | 3 166 | 17 540 | 13 883 | - | - | 43 003 |
| Major Capital Investment Fund | | | | | | | | |
| Expense | - | 171 | 21 | 57 | 3 293 | - | - | 3 542 |
| Property, Plant, Equipment and intangibles | - | - | - | - | - | - | - | - |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Technical Cooperation Fund | | | | | | | | |
| Expense | 11 719 | 60 138 | 15 669 | - | 6 784 | 1 | - | 94 311 |
| Property, Plant, Equipment and intangibles | - | 65 | - | - | - | - | - | 65 |
| Additions to Property, Plant, Equipment and Intangibles | - | 67 | - | - | - | - | - | 67 |
| Technical Cooperation Extrabudgetary Fund | | | | | | | | |
| Expense | 1 698 | 14 109 | 1 652 | - | 525 | - | - | 17 984 |
| Property, Plant, Equipment and intangibles | - | - | - | - | 61 | - | - | 61 |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Extrabudgetary Programme Fund | | | | | | | | |
| Expense | 12 260 | 9 393 | 44 475 | 23 876 | 9 165 | (2 072) | - | 97 097 |
| Property, Plant, Equipment and intangibles | - | - | - | - | - | - | - | - |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Low Enriched Uranium Bank | | | | | | | | |
| Expense | 614 | - | - | - | (1) | - | - | 613 |
| Property, Plant, Equipment and intangibles | 1 | - | - | - | - | - | - | 1 |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Trust Funds and Special Funds | | | | | | | | |
| Expense | (11) | 36 | 2 | - | - | - | - | 27 |
| Property, Plant, Equipment and intangibles | - | - | - | - | - | - | - | - |
| Additions to Property, Plant, Equipment and Intangibles | - | - | - | - | - | - | - | - |
| Inter-fund elimination of un-allocated shared services expenses | | | | | | | | |
| | - | - | - | - | - | - | (8 457) | (8 457) |
| Total Expense | 72 738 | 134 462 | 105 054 | 196 922 | 142 170 | 2 190 | (8 457) | 645 079 |
| Total PP&E and Intangibles | 14 497 | 72 866 | 22 891 | 147 228 | 78 787 | - | - | 336 269 |
| Total Additions to PP&E and Intangibles | 2 452 | 6 029 | 3 166 | 17 540 | 13 883 | - | - | 43 070 |

a/ Includes Management of Technical Cooperation for Development.

NOTE 39: Budget

237. The Regular Budget consists of an operational and a capital portion, the latter to fund major infrastructure investments. Regular Budget estimates, in accordance with the structure of the Agency's programme of work, are presented in the six Major Programmes (MPs). MPs 1-4 are scientific and technical in nature:

MP 1 – Nuclear Power, Fuel Cycle and Nuclear Science

MP 2 – Nuclear Techniques for Development and Environmental Protection

MP 3 – Nuclear Safety and Security

MP 4 – Nuclear Verification

Other MPs provide managerial and administrative services that facilitate the work of the scientific and technical MPs:

MP 5 – Policy, Management and Administration Services

MP 6 – Management of Technical Cooperation for Development

238. The capital portion of the Regular Budget is a part of the MCIF. This is a Reserve Fund, established in accordance with Financial Regulation 4.06, to support major infrastructure investments that comply with the Agency's Major Capital Investment Plan (MCIP).

NOTE 39a: Movements between original and final budgets (Regular Budget)

239. 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 are voted. The Director General cannot make transfers between any of the appropriation sections without the prior approval of the Board of Governors. No transfers between the appropriation sections were made during 2023. The amount in each appropriation section comprises of a euro component and a US dollar component expressed in euro equivalent on the basis of the average US dollar-to-euro UNORE experienced during the budget year. Therefore, the authority granted by the General Conference, expressed in euros, can only be determined at the end of the budget year which was at €0.925 to USD1 in 2023.

240. The table below illustrates the revaluation of the 2022 Regular Budget appropriations for 2023. The variances between the original approved budget and the final budget were due to revaluation only.

(expressed in euro '000s)

| Major Programmes | Original Approved Budget a/ | Revalued Final Budget b/ | Variance c/ |
|---|--------------------------------------|-----------------------------------|----------------|
| MP1 - Nuclear Power, Fuel Cycle and Nuclear Science | 45 615 | 45 103 | (512) |
| MP2 - Nuclear Techniques for Development and Environmental Protection | 46 387 | 46 000 | (387) |
| MP3 - Nuclear Safety and Security | 40 853 | 40 297 | (556) |
| MP4 - Nuclear Verification | 163 799 | 161 899 | (1 899) |
| MP5 - Policy, Management and Administration Services | 89 851 | 89 155 | (696) |
| (MP6 - Management of Technical Cooperation for Development | 29 444 | 29 122 | (322) |
| Total Agency Programmes | 415 948 | 411 576 | (4 372) |
| Reimbursable Work for Others | 3 335 | 3 335 | - |
| Total Regular Budget fund operational portion | 419 283 | 414 911 | (4 372) |

a/ General Conference Resolutions GC(SPL3)/2 of January 2023 - original budget at \$1/€1.

b/ Original Budget revalued at the United Nations operational average rate of exchange of €0.925 to \$1 in 2023.

c/ Represents the difference between the original approved budget and revalued final budget

NOTE 39b: Reconciliation between actual amounts on a budget comparable basis and the cash flow statement

241. As required under IPSAS 24 *Presentation of Budget Information in Financial Statements*, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to net cash flows from operating, investing and financing activities, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

242. The reconciliation between the actual amounts on a comparable basis in the Comparison of Budget and Actual Amounts and the actual amounts in the Cash Flow Statement for the period ended 31 December 2023 is presented below:

| | (expressed in euro '000s) | | |
|---|---------------------------|------------------|------------|
| | Operating | Investing | Financing |
| Actual Net Surplus as per the Statement of Comparison of Budget and Actual Amounts a/ | 406 | - | - |
| Basis Difference | 59 330 | - | - |
| Presentation Difference | 24 795 | (21 192) | (2) |
| Entity Difference | 78 316 | (354 196) | 1 |
| Actual Amount in the Statement of Cash Flows | 162 847 | (375 388) | (1) |

a/ IPSAS 24 requires a reconciliation to be presented between the actual amounts (Actuals/Expenditure Statement Va) and the net cash flows. The reconciliation in this Note compares the variance between budget and actuals (Statement Va) and the net cash flows (Statement IV). If the literal requirement of IPSAS 24 is followed, the Agency's revenues (substantial part of the cash flows) would appear as reconciling differences. This would distort the clarity and the ability of the readers of financial statements to draw conclusions from such presentation. The logical requirement of the Standard is to demonstrate the differences between the accounting basis used in the preparation of the budget and the accounting basis used in the financial statements. We believe that the given reconciliation achieves a fair presentation.

243. **Basis differences** capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the cash flow statement, the non-cash elements such as year-end unliquidated obligations, payments against prior-year obligations, outstanding assessed contributions as well as foreign exchange gain/loss are included as basis differences.

244. **Timing differences** occur when the budget period differs from the reporting period reflected in the financial statements. For the purposes of comparison of budget and actual amounts, there are no timing differences for the Agency.

245. **Presentation differences** are differences in the format and classification schemes in the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts.

246. **Entity differences** represent cash flows of Fund groups other than the Regular Budget Fund that are reported in the Financial Statements. The financial statements include results for all Fund groups.

NOTE 39c: Budget to actuals variance analysis

247. Excluding reimbursable work for others amounting to €4.340 million, the Agency expended €413.808 million (obligations plus actuals) from the 2023 Regular Budget, including capital portion €2.638 million. The operational Regular Budget expenditure amounted to €411.170 million out of an adjusted budget of €411.576 million representing an implementation rate of 99.9% and thus, leaving an unencumbered balance of €0.406 million which will be carried over into 2024, the second year of the biennium, to meet approved programmatic needs.

248. Under the 2023 capital portion of the Regular Budget, €2.638 million were expended (obligations plus actuals) out of a budgeted amount of €6.499 million, representing an implementation rate of 40.6% and thus, leaving an unencumbered balance of €3.861 million to be carried over for the same approved projects. The unencumbered balances will continue to be used as follows:

- €1.042 million for the Renovation of the Nuclear Application Laboratory – ReNuAL+ (Major Programme 2)
- €0.005 million for Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED) (Major Programme 3)
- €1.084 million to Develop and Implement a Safeguard Approach for J-MOX (Major Programme 4)
- €0.644 million for IT Infrastructure and Information Security Investment Security Management (Major Programme 5)
- €0.878 million for Seibersdorf Infrastructure and Common Facilities (Major Programme 5)
- €0.208 million for Buildings Management Services Capital Fund (Major Programme 5)

NOTE 39d: Major Capital Investment Fund (MCIF)

249. The MCIF is a Reserve Fund established in accordance with Financial Regulation 4.06 which allows the retention ('carry over') of funds beyond the end of the biennium. The Director General will incur expenditures from the MCIF to implement the MCIP in compliance with the Financial Regulations and Rules.

250. The MCIP is a long-term plan which outlines the Agency's major capital projects. It is a mechanism which facilitates long-term planning, allows for the accumulation and retention of funds beyond the end of a budget biennium to make them available when needed. Furthermore, it helps to ensure that appropriations are planned for and managed in a manner that the amounts requested each year are more stable and predictable.

251. The MCIF is reviewed by the Board in the framework of the established programme and budget approval process to determine, inter alia, the adequacy of the fund balance and the level of appropriations required for the capital Regular Budget after considering such factors as extrabudgetary contributions received or pledged for items in the MCIP, rate of implementation and adjustments to the MCIP due to changes in circumstances or prioritization.

252. The MCIF is funded by multiple sources as originally described in GC(53)/5, including appropriations of the capital portion of the Regular Budget, any savings from annual Regular Budget appropriations and any other source as the Board may determine.

253. The following table presents the financial status of the MCIF at the end of the 2023 financial year.

Comparison of budget and actual amounts a/

| (expressed in euro '000s) | |
|---|---------------|
| Resources: | |
| Opening balance 1 January 2023 b/ | 23 819 |
| 2023 Regular Budget Capital Portion c/ | 6 499 |
| Transfers to MCIF | 6 254 |
| Total resources | 36 572 |
| Expenditure: | |
| MP1-Nuclear Power, Fuel Cycle and Nuclear Science | - |
| MP2-Nuclear Techniques for Development and Environmental Protection | 696 |
| MP3 - Nuclear Safety and Security | 735 |
| MP4-Nuclear Verification | 2 594 |
| MP5-Policy, Management and Administration | 6 120 |
| Total expenditure during 2023 | 10 145 |
| Available Resources at 31 December 2023 | 26 427 |
| Allocation of Available Resources at 31 December 2023 | |
| Allocated to Major Programmes | 9 262 |
| Unallocated | 17 165 |

a/ The accounting basis and the budget basis are different. This note is prepared on the modified cash basis.

b/ Agency Financial Statements GC(67)/RES/2 dated September 2023

c/ General Conference Resolutions GC(67)/RES/3, GC(67)/RES/4, GC(67)/RES/5 of September 2023

NOTE 40: Related parties

Key management personnel

254. Key management personnel are the Director General and the six Deputy Directors General, as they have authority for planning, directing and controlling the activities of the Agency (or significant parts thereof).

255. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions. Key management personnel remuneration incorporates housing allowances and representation allowances.

(expressed in euro '000s)

| | Number of Individuals | Compensation and Post Adjustment | Entitlements | Pension and Health Plans | Total Remuneration | Outstanding Advances Against Entitlements | Outstanding Loans |
|------|--------------------------|--|--------------|-----------------------------------|-----------------------|--|----------------------|
| 2023 | 7 | 1 433 | 295 | 328 | 2 066 | 24 | - |
| 2022 | 7 | 1 366 | 261 | 318 | 1 945 | 23 | - |

256. No close family member of the key management personnel was employed by the Agency during the year.

257. Advances are those made against entitlements in accordance with Staff Regulations and Staff Rules. Advances against entitlements are widely available to all Agency staff.

NOTE 41: Financial instrument disclosures

258. Financial instruments are recognized when the Agency becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and the Agency has transferred substantially all the risks and rewards of ownership.

259. The classification of the financial instruments and their carrying value at 31 December are presented in the table below. Due to their underlying nature, the carrying value of the financial instruments approximates their fair value. Annex A6 provides details of all investments, which include call accounts and time deposits. None of the financial instruments represent derivative financial instruments.

| Financial Instrument | Classification | Carrying Value at 31-Dec | |
|--|----------------------------|-----------------------------|----------------|
| | | 2023 | 2022 |
| (expressed in euro '000s) | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | Hold to collect cash flows | 509 360 | 726 360 |
| Investments ^a | Hold to collect cash flows | 392 913 | 62 043 |
| Assessed Contribution Receivables | Hold to collect cash flows | 52 625 | 80 618 |
| Voluntary Contribution Receivables | Hold to collect cash flows | 16 062 | 11 964 |
| Other Receivables | Hold to collect cash flows | 1 251 | 2 236 |
| Accounts receivable from exchange transactions | Hold to collect cash flows | 12 655 | 10 735 |
| Total Financial Assets | | 984 866 | 893 956 |
| Financial Liabilities | | | |
| Accounts Payable | Amortized Cost | 36 985 | 27 892 |
| Other financial liabilities | Amortized Cost | 506 746 | 459 159 |
| Total Financial Liabilities | | 543 731 | 487 051 |
| Net Exposure to Financial Instruments | | 441 135 | 406 905 |

^a Annex A6 provides the details of all investments which may include call accounts, Time deposits and Treasury bills.

260. All financial assets and liabilities are carried at their amortized cost. Given the short-term nature of the Agency's financial assets and liabilities, their carrying value represents a reasonable estimate of their fair value.

261. The Agency's activities expose it to credit risk, liquidity risk, currency risk, and interest rate risk. Detailed information on the Agency's management of each of these risks and the related exposures is provided in the following sections. From an overall perspective, the Agency's investment management objective prioritizes capital preservation as its primary objective, ensuring sufficient liquidity to meet cash operating requirements, and then earning a competitive rate of return on its portfolio within these constraints. Capital preservation and liquidity are emphasized over the rate of return. Currently, no investment can be longer than one year.

Credit risk management

Management of credit risk relating to non-exchange receivables

262. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the IAEA. The carrying value of financial assets equates to the maximum exposure to credit risk as at balance date.

263. Contributions receivables comprise amounts due from sovereign nations and contributions from governmental donors based on binding agreements with the donor. Details of contributions receivable and corresponding impairment allowance are provided in Note 6 and Note 7.

264. Assessed contributions comprise of the majority of the Agency's receivables; they are due and payable within 30 days of receipt of the assessment letter or as of the first day of the financial year, whichever is later. As of 1 January, the following year, the unpaid balance is considered one year in arrears. Under Article XIX.A of the Statute, a Member State loses its voting rights when its arrears equal to or exceed the assessed amounts for the previous two years.

265. To facilitate the payment of arrears of assessed contributions, payment plans are available whereby arrears are consolidated and made payable in annual instalments over a period of up to 10 years. As long as the Member State with a payment plan pays the annual instalment of the arrears, the current year's assessed contribution and any outstanding advances due to the WCF, voting rights may be reinstated by the General Conference. As at 31 December 2023, receivables for which payment plans have been negotiated amounted to €2.06 million (€0.00 million as at 31 December 2022).

Management of credit risk relating to investment portfolio

266. To manage credit risk relating to its portfolio, the Agency has an investment policy that restricts investments to particular types of financial instruments along with investment ceilings per issuer depending on the credit quality of the issuer. The credit risk exposure is calculated for cash, cash equivalents and investments as a percentage of total financial holdings. The Agency is actively monitoring all ratings for the investment holdings and investment counterparties.

267. There were no impairments of assets held during this period for any reason in the cash, cash equivalents and investments of the Agency. The Agency has successfully navigated the management of credit risk due to its conservative investment policy which always aims at having an AA overall quality of the portfolio based on the Standard and Poor's Fund Credit Quality Ratings Methodology.

| The Agency's credit quality on cash, equivalents and investments | Carrying value and percentage of cash, cash equivalents and investments (expressed in euro '000s) | | | |
|--|--|----------------|-------------------|----------------|
| | 31-12-2023 | | 31-12-2022 | |
| Credit quality a/ | Carrying value | Percentage | Carrying value | Percentage |
| AAA | 240 078 | 26.61% | 98 663 | 12.51% |
| AA+ | - | - | - | - |
| AA | 134 102 | 14.86% | - | - |
| AA- | 314 940 | 34.91% | 282 463 | 35.83% |
| A+ | 12 417 | 1.38% | 94 886 | 12.04% |
| A | 53 693 | 5.95% | 196 126 | 24.88% |
| A- | - | - | - | - |
| BBB+ | 146 918 | 16.28% | 115 925 | 14.70% |
| non-rated | 125 | 0.01% | 341 | 0.04% |
| Total | 902 273 b/ | 100.00% | 788 403 b/ | 100.00% |

a/ Credit quality is expressed as the issuer default/long-term rating, with the exceptions of the Bank for International Settlements (BIS) and a central bank of a triple A country in the European Union (EU). The BIS has not been rated by a rating agency; however, their debt trades at AAA levels due to the special status of this institution, which is the bank of central banks around the world. The central bank of a triple A country in the EU assumes the rating of its sole owner, the Government of that triple A country in the EU.

b/ 89.7% of the balance as at 31 December 2023 was denominated in euros, 10.2% was denominated in US dollars and 0.1% in other currencies (86.9%, 12.9% and 0.2%, respectively as at 31 December 2022).

268. Based on the above-described credit risk management strategies and in accordance with IPSAS 41, the Agency has adopted the following expected credit loss (ECL) calculation methods:

| Financial Asset | ECL Calculation Method | ECL Calculation at 31 December 2023 <u>(expressed in euro '000s)</u> |
|------------------------------------|---|--|
| Cash and Cash Equivalents | Using the Standard & Poor's (S&P) Annual Global Default & Rating Transition Study | Considered not material |
| Investments | Using the Standard & Poor's (S&P) Annual Global Default & Rating Transition Study | Considered not material |
| Assessed Contribution Receivables | Forward looking model based on historical experience | 24 259 |
| Voluntary Contribution Receivables | Forward looking model based on historical experience | Considered not material |
| Other Receivables | Forward looking model based on historical experience | Considered not material |

Currency risk management

269. The Agency undertakes transactions denominated in foreign currencies and must therefore manage its exposure to exchange rate fluctuations. The Agency's general strategy for managing exchange rate risk is to ensure that revenues are received or converted in the market in the same currencies as anticipated expenses. The principal mechanisms being that the split assessment system for the Regular Budget Fund and the cash holdings of other funds are generally being held in the expected currency of the disbursements, which mitigates the economic currency risk of the Agency.

270. In addition, the Agency has been aligning the currency of the extrabudgetary award balance (the euro) with the currency in which those funds are held in financial holdings to mitigate the budgetary currency risk of the extrabudgetary awards.

271. Based on the above, the overall currency management strategy of the Agency aims at mitigating the economic risk by keeping the currency holdings in the currencies of the expected outflows.

272. Foreign currency revenue inflows are translated at differing exchange rates to the related foreign currency expense outflows which occur later. The foreign exchange gains and losses associated with foreign currency holdings during the window between these inflows and outflows therefore do not represent a true economic risk to the Agency due to the currency management strategy outlined above.

273. The carrying amounts of the Agency's foreign currency denominated financial assets and financial liabilities translated to euro at the end of the period are set out below. Some financial assets are denominated in difficult-to-use currencies ('illiquid currencies') that cannot be readily converted into euro.

Total cash, cash equivalents and other investment currency denominations

(expressed in euro '000s)

| | Euros | US dollars | Illiquid currencies | Others | Total |
|-------------------------|---------|------------|---------------------|--------|---------|
| As at 31-12-2023 | 809 030 | 92 097 | 97 | 1 049 | 902 273 |
| As at 31-12-2022 | 685 343 | 101 483 | 306 | 1 272 | 788 403 |
| Change | 123 687 | (9 386) | (209) | (223) | 113 870 |

274. The increase of €113.870 million (14.4%) in total cash, cash equivalents and investments as at 31 December 2023, as compared to the balance as at 31 December 2022, was mainly driven by the increase in the balance of euro holdings (€123.687 million) as the Agency received new contributions that were in euros or converted into euros.

Liquidity risk management

275. Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

276. Liquidity risk is generally managed on an individual fund basis. For all funds except the Regular Budget, commitments can generally only be made once funds are available and therefore liquidity risk is minimal. For the Regular Budget, the appropriation-based framework for expense authorization ensures that expenses do not exceed revenue streams for any given year, while the WCF is a mechanism for providing liquidity should issues arise around the timing of cash outflows and cash inflows (relating primarily to member state assessed contributions). The WCF provides a liquidity buffer for the Agency's regular budget of around two weeks' cash flow.

277. In 2023, there were delays in collecting Member States contributions. In August 2023, all cash available in the Regular Budget Fund had been fully utilized. As a result, and as foreseen in Financial Regulation 7.04, the full amount of the Working Capital Fund was transferred to fund the Agency's Regular Budget operations. The Working Capital Fund was replenished in October 2023 as payments of outstanding assessed contributions were received from some Member States. It should be noted that the current level of the Working Capital Fund has remained unchanged since 1997.

Maturity analysis of the Agency's financial liabilities and financial assets

278. The Agency's financial liabilities were approximately 56.7% of its financial assets as at 31 December 2023 (56.1% as at 31 December 2022). This higher percentage was mainly due to the increase in employee benefits liabilities. Most of the financial liabilities are long-term in nature. The Agency's short-term financial liabilities (due within 12 months) were 6.2% of its short-term financial assets as at 31 December 2023 (6.1% as at 31 December 2022).

279. As at 31 December 2023, the weighted average period to maturity of the Agency's cash and cash equivalents and investment holdings for euro and US dollar was 69 days and 66 days, respectively (44 days and 38 days, respectively as at 31 December 2022).

Interest rate risk management

280. The Agency seeks to earn a risk adjusted competitive market rate of return on its investment portfolio; however, as stated above, capital preservation and liquidity are to be emphasized over the rate of return. Moreover, the Agency's return on the investment portfolio, as a short-term fixed income investor (currently, no investment can be longer than one year), is subject to the general level of short-term interest rates in euros and US dollars.

281. Within these settings, during 2023, the Agency earned an average rate of 2.99% per annum on its euro cash, cash equivalents and investments (0.25% per annum in 2022) and an average rate of 4.97% per annum on its US dollar cash, cash equivalents and investments (1.45% per annum in 2022). The Agency (as with any short-term fixed income investor) is exposed to changes in interest rates on floating rate financial assets as fixed rate financial assets mature and require reinvestment.

NOTE 42: Commitments

282. Commitments include purchase orders and service contracts that are not delivered as at end of the reporting period. As at 31 December 2023, the Agency had commitments of €149.753 million (€134.872 million as at 31 December 2022). Details of commitments by funding source are provided below:

| Fund Group | (expressed in euro '000s) | |
|--|---------------------------|----------------|
| | 31-12-2023 | 31-12-2022 |
| Regular Budget Fund and Working Capital Fund | 33 362 | 17 764 |
| Major Capital Investment Fund | 4 994 | 6 274 |
| Technical Cooperation Fund | 49 141 | 53 411 |
| Technical Cooperation Extrabudgetary Fund | 19 910 | 14 686 |
| Extrabudgetary Programme Fund | 42 296 | 42 546 |
| Low Enriched Uranium Bank | 34 | 174 |
| Trust Funds and Special Funds | 16 | 17 |
| Total commitments | 149 753 | 134 872 |

Capital commitments

283. Out of the above, capital commitments were as follows:

| | (expressed in euro '000s) | |
|------------------------------------|---------------------------|---------------|
| | 31-12-2023 | 31-12-2022 |
| Scientific and Technical Equipment | 19 217 | 13 794 |
| Construction Contracts | 24 049 | 24 110 |
| Communications & IT Equipment | 2 653 | 1 309 |
| Software | 1 639 | 1 807 |
| Security & Safety Equipment | 63 | 32 |
| Furniture and Fixtures | 176 | 32 |
| Vehicles | 442 | 108 |
| Total capital commitments | 48 238 | 41 192 |

Operating lease commitments

284. Details of the Agency’s operating lease commitments are shown in the table below:

| | (expressed in euro ‘000s) | |
|--|---------------------------|--------------|
| | 31-12-2023 | 31-12-2022 |
| Office facility | 3 033 | 3 589 |
| Other leases | 498 | 864 |
| Total operating lease commitments | 3 531 | 4 453 |
| <i>Operating lease commitments by term</i> | | |
| Less than one year | 896 | 908 |
| One to five years | 1 178 | 1 994 |
| Over five years | 1 457 | 1 551 |
| Total operating lease commitments | 3 531 | 4 453 |

285. Office facility operating lease commitments pertain to the Agency’s offices, primarily in New York, Tokyo, Ontario, Geneva and Rio de Janeiro. The reduction in operating lease commitments for office facilities is primarily due to near future expiry of leases in certain locations and also the effect of foreign exchange movements, as most of the contracts are denominated in currencies other than the euro.

286. Other leases primarily represent the rental of office equipment such as book binding and printing equipment. The decrease in value 2023 compared to 2022 of these commitments is primarily due to non-renewal of the lease for rental of bookbinding equipment.

NOTE 43: Contingent liabilities and contingent assets

Contingent liabilities

287. As at 31 December 2023, there were appeal cases against the Agency with the ILOAT relating to claims of current or former staff members, in which it has been determined that it is possible, but not probable that the cases will be decided in favour of the current or former staff members. If the claimants for these unresolved cases are ultimately successful, it is estimated that the cost to the Agency could be approximately €1.093 million.

288. The Agency has contingent liabilities amounting to €13.724 million related to post-employment and other long-term employee benefits for staff employed in the Commissary, all of whom hold Agency employment contracts; however, these post-employment benefits are paid out of the Commissary’s budget as they become due. In 2021, a reserve of €4.0 million earmarked for these liabilities was set up by the Commissary. In addition, it should be noted that the Commissary continues to be a going concern with sufficient funds and ability to pay these post-employment and other long-term employee benefits, no accrual for these liabilities has been made. Please refer to Note 37 for further details.

289. The Agency has a potential liability related to the decommissioning and decontamination of the NML facilities in Seibersdorf. While the Agency believes it continues to have a constructive obligation for such decommissioning and decontamination, the estimate of the amounts that the Agency would ultimately incur in satisfaction of these obligations cannot be reliably measured or estimated at this time.

290. The Agency has a potential liability related to relocation, removal and/or other post-operational activities related to the IAEA LEU and IAEA LEU cylinders when the Host State Agreement is terminated or expires. The estimate of the amounts that the Agency would incur in connection to these potential liabilities cannot be reliably measured or estimated at this time.

291. The Agency has established a continuous presence at the Zaporizhzhya Nuclear Power Plant (ZNPP) through rotational missions. In this context, the Agency has a contingent liability related to the financial protection of Agency staff during rotations.

Contingent assets

292. The Agency's contingent assets, totaling €64.894 million, consist primarily of pledges where the amount of the pledge is based on an estimate for which funds have not been received (€3.229 million), pledges received that have not yet been formally accepted by the Agency (€53.796 million), and cases where a signed Contribution Agreement exists but the Agency is not in a position to invoice the donor yet or receipt against the contributions is not virtually certain (€7.869 million).

NOTE 44: Events after the reporting date

293. The Agency's reporting date is 31 December 2023. The financial statements were authorized for issuance by the Director General on 8 March 2024.

294. There were no significant events impacting the financial statements, favorable or unfavorable, between the reporting date and the financial statements issuance date.

NOTE 45: Ex-gratia payments

295. No ex-gratia payments have been made during the reporting period.

Part IV

Annexes to the Financial Statements

ANNEX A1:**LIST OF ACRONYMS**

| | |
|----------|---|
| AIP | Annual implementation plans |
| AIPS | Agency-wide Information System for Programme Support |
| ADII | Application Data Integration Implementation |
| ASHI | After-service health insurance |
| APA | Acquisition Path Analysis |
| BMS | Buildings Management Services |
| CASCADE | Centralized Automated System for Correlated Analysis and Data Evaluation |
| CFE | Cost-free expert |
| COVID-19 | Coronavirus disease 2019 |
| CIP | Construction in progress |
| CTBTO | Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization |
| DBO | Defined benefit obligation |
| EBF | Extrabudgetary Programme Fund |
| eBS | Oracle E-Business Suite |
| ECB | European Central Bank |
| EPM | Enterprise Performance Management |
| FAO | Food and Agriculture Organization of the United Nations |
| FED | Federal Reserve System |
| FML | Flexible Modular Laboratory |
| GC | General Conference |
| HANA | The Hana Smart Management System |
| IAEA | International Atomic Energy Agency |
| IAS | International Accounting Standard |
| ICT | Information and communication technology |
| ICTP | Abdus Salam International Centre for theoretical Physics |
| IEC | Incident Emergency Centre |
| IFRS | International Financial Reporting Standard |
| ILO | International Labour Organization |
| ILOAT | Administrative Tribunal of the International Labour Organization |
| INPRO | International Project on Innovative Nuclear Reactors and Fuel Cycles |
| IPSAS | International Public Sector Accounting Standards |
| IPCL | Insect Pest Control Laboratory |
| iRAP | Integrated Review and Analysis Package |
| ISE | Integrated Safeguards Environment |
| IT | Information Technology |
| JMOX | Japan Mixed Oxide Fuel Fabrication Plant |
| KgU | Kilograms of Uranium |
| LEU | low enriched uranium |
| MCIF | Major Capital Investment Fund |
| MCIP | Major Capital Investment Plan |
| MOSAIC | Modernization of the Safeguards Information Technology |
| MP | Major Programme |
| MRRF | Major Repairs and Replacements Fund |
| MTIT | Department of Management, Division of Information Technology |

ANNEX A1 (continued)

LIST OF ACRONYMS

| | |
|---------|---|
| NA | Department of Nuclear Sciences and Applications |
| NGSR | Next Generation Surveillance Review |
| NSIL | Nuclear Science and Instrumentation Laboratory |
| NML | Nuclear Material Laboratory |
| NPCs | National Participation Costs |
| NSF | Nuclear Security Fund |
| PP&E | Property, plant and equipment |
| PBGL | Plant Breeding and Genetics Laboratory |
| QMS | Quality management system |
| ReNuAL | Renovation of the Nuclear Applications Laboratories |
| RBF | Regular Budget Fund |
| SLA | State-level approach |
| SAFIRE | Safeguards Inspection Reporting and Evaluation |
| SEEIS | Safeguards Effectiveness Evaluation Information System |
| SEQUOIA | Safeguards Equipment Management System |
| SGIM | Department of Safeguards, Division of Information Management |
| SMT | Service Management Tool |
| SGTS | Department of Safeguards, Division of Technical and Scientific Services |
| SLDC | State-Level Data Configurator |
| SMR | Small modular reactor |
| TARS | Technical Assistance Review System |
| TACC | Technical Assistance and Cooperation Committee |
| TC-EB | Technical Cooperation Extrabudgetary Fund |
| TCF | Technical Cooperation Fund |
| TERC | Terrestrial Environmental Radiochemistry Laboratory |
| UN | United Nations |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNIDO | United Nations Industrial Development Organization |
| UNJSPF | United Nations Joint Staff Pension Fund |
| UNORE | United Nations operational rate of exchange |
| UNOV | United Nations Office in Vienna |
| VBOs | Vienna International Centre based organizations |
| VIC | Vienna International Centre |
| WCF | Working Capital Fund |
| YAL | Yukiya Amano Laboratories |
| ZODIAC | Zoonotic Disease Integrated Action |
| ZNPP | Zaporizhzhya nuclear power plant |

ANNEX A2

REVENUE FROM CONTRIBUTIONS
FOR THE PERIOD ENDING 31 DECEMBER 2023
(expressed in euros)

| Donors | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) a/ | | Total |
|---------------------------------|---------------------|----------------------------------|-------------------------------------|------------------------|-----------|------------|
| | | | | EB RB | EB TC | |
| I. Member States | | | | | | |
| Afghanistan | 23 131 | - | - | - | - | 23 131 |
| Albania | 32 806 | 7 408 | 82 | - | - | 40 296 |
| Algeria | 430 587 | 219 500 | - | 10 000 | 94 727 | 754 814 |
| Angola | 38 552 | 9 260 | - | - | - | 47 812 |
| Antigua and Barbuda | 8 298 | - | - | - | - | 8 298 |
| Argentina | 2 870 960 | - | 5 503 | - | - | 2 876 463 |
| Armenia | 28 706 | 6 558 | 26 470 | - | - | 61 734 |
| Australia | 8 460 399 | 1 902 763 | - | 1 225 575 | 1 310 976 | 12 899 713 |
| Austria | 2 720 164 | 611 770 | - | 1 000 000 | - | 4 331 934 |
| Azerbaijan | 118 924 | 27 169 | - | - | - | 146 093 |
| Bahamas | 74 678 | - | - | - | - | 74 678 |
| Bahrain | 215 736 | 48 152 | - | - | - | 263 888 |
| Bangladesh | 38 552 | 9 260 | - | - | - | 47 812 |
| Barbados | 33 190 | 7 495 | - | - | - | 40 685 |
| Belarus | 159 932 | 36 538 | - | - | - | 196 470 |
| Belgium | 3 315 840 | 745 740 | - | 3 825 260 | 250 000 | 8 136 840 |
| Belize | 4 101 | 937 | - | - | - | 5 038 |
| Benin | 19 276 | - | - | - | - | 19 276 |
| Bolivia, Plurinational State of | 73 815 | 30 234 | - | - | - | 104 049 |
| Bosnia and Herzegovina | 45 110 | 10 305 | 249 | - | - | 55 664 |
| Botswana | 57 412 | 13 116 | 3 992 | - | - | 74 520 |
| Brazil | 8 036 199 | 3 531 411 | 2 607 | - | - | 11 570 217 |
| Brunei Darussalam | 82 976 | - | - | - | - | 82 976 |
| Bulgaria | 221 445 | 50 590 | 4 419 | 14 000 | 50 000 | 340 454 |
| Burkina Faso | 15 421 | 3 704 | - | - | 4 294 | 23 420 |
| Burundi | 3 855 | 4 450 | - | - | 3 916 | 12 221 |
| Cambodia | 26 987 | 1 558 | - | - | - | 28 545 |
| Cameroon | 49 211 | 6 482 | 1 469 | - | - | 57 162 |
| Canada | 10 530 725 | 2 368 382 | - | 4 538 601 | - | 17 437 708 |
| Central African Republic | 3 854 | - | - | - | - | 3 854 |
| Chad | 11 566 | 2 778 | - | - | 59 980 | 74 324 |
| Chile | 1 676 108 | - | - | 9 020 | 269 130 | 1 954 258 |
| China | 60 183 667 | 13 589 976 | 1 396 | 2 709 035 | - | 76 484 074 |
| Colombia | 971 894 | 18 192 | - | - | - | 990 087 |
| Comoros | 3 854 | - | - | - | 712 | 4 566 |

ANNEX A2 (continued)

| Donors | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) a/ | | Total |
|----------------------------------|---------------------|----------------------------------|-------------------------------------|------------------------|---------|------------|
| | | | | EB RB | EB TC | |
| Congo | 20 744 | - | 562 | - | - | 21 306 |
| Costa Rica | 270 654 | - | - | - | 350 000 | 620 654 |
| Côte d'Ivoire | 86 118 | 19 446 | 13 051 | - | 20 859 | 139 474 |
| Croatia | 356 771 | 81 507 | 100 | 37 000 | - | 475 378 |
| Cuba | 373 174 | 2 739 | 2 111 | - | - | 378 024 |
| Cyprus | 145 799 | 32 410 | 182 | - | 2 500 | 180 891 |
| Czech Republic | 1 356 653 | 306 353 | - | 247 148 | 105 086 | 2 015 240 |
| Democratic Republic of the Congo | 38 552 | 10 000 | - | - | 2 849 | 51 401 |
| Denmark | 2 216 114 | 498 410 | - | 805 369 | - | 3 519 893 |
| Djibouti | 3 855 | 1 150 | - | - | - | 5 005 |
| Dominica | 4 148 | - | - | - | - | 4 148 |
| Dominican Republic | 262 452 | 59 959 | - | - | - | 322 411 |
| Ecuador | 303 461 | 68 524 | - | - | - | 371 985 |
| Egypt | 549 510 | 125 539 | - | - | 627 345 | 1 302 394 |
| El Salvador | 49 210 | - | - | - | - | 49 210 |
| Eritrea | 3 855 | 937 | - | - | 712 | 5 504 |
| Estonia | 172 234 | 39 348 | - | 52 000 | - | 263 582 |
| Eswatini | 8 297 | - | - | - | - | 8 297 |
| Ethiopia | 38 552 | - | - | - | - | 38 552 |
| Fiji | 16 594 | 3 729 | - | - | - | 20 323 |
| Finland | 1 670 417 | 371 326 | - | 401 000 | - | 2 442 743 |
| France | 17 304 042 | 3 891 715 | - | 6 187 000 | 920 000 | 28 302 757 |
| Gabon | 49 785 | - | - | - | - | 49 785 |
| Georgia | 32 806 | 7 495 | - | - | 40 000 | 80 301 |
| Germany | 24 489 761 | 5 507 799 | - | 5 706 000 | 100 000 | 35 803 560 |
| Ghana | 94 319 | 34 299 | 549 | - | 93 369 | 222 536 |
| Greece | 1 298 570 | 147 323 | 200 | 24 000 | - | 1 470 093 |
| Grenada | 4 149 | 4 487 | - | - | - | 8 636 |
| Guatemala | 159 932 | - | 2 556 | - | - | 162 488 |
| Guyana | 16 594 | 3 747 | - | - | - | 20 341 |
| Haiti | 23 131 | - | - | - | - | 23 131 |
| Holy See | 4 159 | 1 939 | - | - | - | 6 098 |
| Honduras | 36 907 | - | - | - | - | 36 907 |
| Hungary | 908 583 | 205 172 | - | 388 000 | - | 1 501 755 |
| Iceland | 145 799 | - | - | - | - | 145 799 |

ANNEX A2 (continued)

| Donors | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) a/ | | Total |
|----------------------------------|---------------------|----------------------------------|-------------------------------------|------------------------|-----------|------------|
| | | | | EB RB | EB TC | |
| India | 4 117 226 | 940 607 | - | - | - | 5 057 833 |
| Indonesia | 2 165 234 | 494 662 | 124 | - | - | 2 660 020 |
| Iran, Islamic Republic of | 1 463 994 | 334 459 | 447 | - | - | 1 798 900 |
| Iraq | 504 402 | 115 234 | 3 | - | - | 619 639 |
| Ireland | 1 757 894 | 390 772 | - | 170 000 | - | 2 318 666 |
| Israel | 2 249 441 | 375 030 | - | - | 48 468 | 2 672 939 |
| Italy | 12 780 166 | 2 874 285 | - | 2 507 000 | - | 18 161 451 |
| Jamaica | 32 806 | - | - | - | - | 32 806 |
| Japan | 32 192 019 | 7 240 053 | - | 14 689 668 | 3 322 900 | 57 444 641 |
| Jordan | 86 118 | 19 674 | 1 681 | 50 000 | 931 606 | 1 089 079 |
| Kazakhstan | 524 905 | 119 918 | - | 211 000 | - | 855 823 |
| Kenya | 118 924 | 27 169 | 3 411 | - | 35 515 | 185 019 |
| Korea, Republic of | 10 272 394 | 2 319 665 | - | 6 461 331 | 561 631 | 19 615 022 |
| Kuwait | 937 263 | 208 350 | - | 93 400 | - | 1 239 013 |
| Kyrgyzstan | 8 202 | 1 874 | - | - | - | 10 076 |
| Lao People's Democratic Republic | 26 986 | 2 500 | - | - | - | 29 486 |
| Latvia | 196 840 | 44 969 | - | - | - | 241 809 |
| Lebanon | 143 529 | - | 2 590 | - | - | 146 119 |
| Lesotho | 3 854 | 926 | - | - | 1 305 | 6 085 |
| Liberia | 3 854 | - | - | - | - | 3 854 |
| Libya | 70 530 | 15 742 | 751 | - | - | 87 023 |
| Liechtenstein | 41 658 | 9 369 | - | - | - | 51 027 |
| Lithuania | 303 461 | 68 524 | - | 41 000 | - | 412 985 |
| Luxembourg | 270 763 | 60 896 | - | - | - | 331 659 |
| Madagascar | 15 421 | 3 704 | - | - | - | 19 125 |
| Malawi | 7 711 | 1 852 | - | - | 1 740 | 11 302 |
| Malaysia | 1 389 843 | 310 210 | - | 10 000 | - | 1 710 053 |
| Mali | 19 276 | 4 630 | - | - | 3 240 | 27 147 |
| Malta | 74 678 | 16 668 | - | 10 000 | 20 000 | 121 346 |
| Marshall Islands | 4 101 | 5 340 | 3 314 | - | - | 12 755 |
| Mauritania | 7 711 | 6 638 | - | - | - | 14 349 |
| Mauritius | 73 815 | 16 668 | 1 239 | - | 3 134 | 94 856 |
| Mexico | 4 874 822 | 1 100 811 | - | - | - | 5 975 633 |
| Monaco | 41 658 | 9 369 | - | 309 426 | - | 360 453 |
| Mongolia | 16 402 | 3 747 | 447 | - | - | 20 596 |

ANNEX A2 (continued)

| Donors | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) a/ | | Total |
|----------------------------------|---------------------|----------------------------------|-------------------------------------|------------------------|-----------|------------|
| | | | | EB RB | EB TC | |
| Montenegro | 16 402 | 3 747 | 1 114 | - | - | 21 263 |
| Morocco | 217 344 | 49 078 | 338 | - | - | 266 760 |
| Mozambique | 15 421 | 3 704 | - | - | - | 19 125 |
| Myanmar | 38 552 | 9 369 | - | - | - | 47 921 |
| Namibia | 36 907 | 8 334 | 343 | - | - | 45 584 |
| Nepal | 38 552 | 9 260 | - | - | - | 47 812 |
| Netherlands | 5 519 461 | 1 241 340 | - | 644 728 | - | 7 405 529 |
| New Zealand | 1 237 192 | - | - | 380 192 | - | 1 617 383 |
| Nicaragua | 19 276 | 1 710 | 4 170 | - | - | 25 156 |
| Niger | 11 565 | 2 778 | - | - | 12 041 | 26 384 |
| Nigeria | 717 643 | 162 050 | 1 844 | - | - | 881 537 |
| North Macedonia | 28 706 | 6 558 | - | - | - | 35 264 |
| Norway | 2 720 164 | 611 770 | - | 9 826 106 | - | 13 158 041 |
| Oman | 443 921 | 100 244 | - | - | - | 544 165 |
| Pakistan | 451 089 | 103 055 | - | 78 764 | 274 138 | 907 047 |
| Palau | 4 149 | - | - | - | - | 4 149 |
| Panama | 352 671 | 78 975 | - | - | - | 431 647 |
| Papua New Guinea | 41 487 | - | 1 395 | - | - | 42 882 |
| Paraguay | 102 521 | - | - | - | - | 102 521 |
| Peru | 643 828 | 10 990 | - | - | - | 654 818 |
| Philippines | 836 567 | 191 119 | 3 282 | 9 090 | 4 635 | 1 044 693 |
| Poland | 3 301 162 | 754 172 | - | 60 000 | - | 4 115 334 |
| Portugal | 1 406 438 | 317 596 | 200 | 40 000 | - | 1 764 234 |
| Qatar | 1 078 901 | 239 834 | - | - | - | 1 318 735 |
| Republic of Moldova | 20 504 | 4 684 | - | - | - | 25 188 |
| Romania | 1 230 246 | 277 800 | 100 | - | - | 1 508 146 |
| Russian Federation | 7 477 317 | 1 681 664 | 550 | 1 895 440 | 602 000 | 11 656 971 |
| Rwanda | 11 565 | 2 778 | - | - | - | 14 343 |
| Saint Kitts and Nevis | 8 297 | 2 785 | - | - | - | 11 082 |
| Saint Lucia | 8 297 | 1 874 | - | - | - | 10 171 |
| Saint Vincent and the Grenadines | 4 149 | - | - | - | - | 4 149 |
| Samoa | 4 149 | - | - | - | - | 4 149 |
| San Marino | 8 297 | 500 | - | - | - | 8 797 |
| Saudi Arabia | 4 725 467 | 1 067 084 | 128 | - | 2 280 000 | 8 072 679 |
| Senegal | 26 987 | 6 482 | - | - | - | 33 469 |

ANNEX A2 (continued)

| Donors | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) a/ | | Total |
|--|---------------------|----------------------------------|-------------------------------------|------------------------|-------------------|--------------------|
| | | | | EB RB | EB TC | |
| Serbia | 127 125 | 29 043 | - | - | - | 156 168 |
| Seychelles | 8 297 | 1 874 | - | - | - | 10 171 |
| Sierra Leone | 3 854 | - | - | - | - | 3 854 |
| Singapore | 2 020 336 | 454 197 | - | - | - | 2 474 533 |
| Slovakia | 611 022 | 139 592 | 132 | 166 500 | - | 917 246 |
| Slovenia | 316 593 | 71 201 | 2 130 | - | - | 389 924 |
| South Africa | 963 693 | 220 162 | - | 60 000 | - | 1 243 855 |
| Spain | 8 552 049 | 1 923 374 | - | 1 208 580 | 240 000 | 11 924 003 |
| Sri Lanka | 176 336 | 10 000 | 3 000 | - | - | 189 336 |
| Sudan | 38 552 | 9 260 | - | - | 48 239 | 96 051 |
| Sweden | 3 490 805 | 785 089 | - | 1 246 107 | - | 5 522 001 |
| Switzerland | 4 544 712 | 1 022 114 | - | 1 322 000 | 20 000 | 6 908 826 |
| Syrian Arab Republic | 36 907 | 8 334 | - | - | - | 45 241 |
| Tajikistan | 12 302 | 2 881 | 87 | - | - | 15 270 |
| Thailand | 1 451 692 | 331 648 | 100 | - | - | 1 783 440 |
| Togo | 7 711 | 1 852 | - | - | 712 | 10 275 |
| Tonga | 4 149 | - | - | - | - | 4 149 |
| Trinidad and Tobago | 145 207 | 32 790 | - | - | - | 177 997 |
| Tunisia | 73 815 | 16 668 | 1 012 | - | - | 91 495 |
| Turkmenistan | 136 911 | - | - | - | - | 136 911 |
| Türkiye | 3 333 969 | 761 667 | 550 | - | 198 410 | 4 294 596 |
| Uganda | 38 552 | 7 376 | - | - | 2 318 | 48 246 |
| Ukraine | 221 445 | 50 590 | - | - | - | 272 035 |
| United Arab Emirates | 2 545 198 | 572 421 | 1 727 | 885 444 | - | 4 004 790 |
| United Kingdom of Great Britain and Northern Ireland | 17 533 158 | 3 943 243 | - | 6 602 736 | - | 28 079 138 |
| United Republic of Tanzania | 38 552 | 10 700 | - | - | 11 727 | 60 979 |
| United States of America | 104 140 852 | 22 802 665 | - | 72 284 703 | 17 011 740 | 216 239 959 |
| Uruguay | 365 093 | 81 488 | - | - | - | 446 581 |
| Uzbekistan | 106 620 | 24 076 | 330 | - | - | 131 026 |
| Vanuatu | 3 855 | 926 | - | - | - | 4 781 |
| Venezuela, Bolivarian Republic of | 688 938 | 157 392 | - | - | - | 846 330 |
| Viet Nam | 343 115 | 82 414 | - | - | - | 425 529 |
| Yemen | 30 842 | - | - | - | - | 30 842 |
| Zambia | 30 841 | 7 408 | - | - | 6 410 | 44 659 |
| Zimbabwe | 28 706 | 6 482 | 3 435 | - | 3 561 | 42 184 |
| Sub-total | 414 878 538 | 92 353 657 | 105 472 | 148 442 224 | 29 951 925 | 685 731 816 |

ANNEX A2 (continued)

| Donors | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) a/ | | Total |
|------------------------------|---------------------------|--|--|------------------------|-------------------|--------------------|
| | | | | EB RB | EB TC | |
| II. New Member States | | | | | | |
| Cabo Verde | 4 141 | - | - | - | - | 4 141 |
| Gambia, The | 3 860 | - | - | - | - | 3 860 |
| Guinea | 11 569 | - | - | - | - | 11 569 |
| Sub-total | 19 570 | - | - | - | - | 19 570 |
| III. Other Donors | | | | | | |
| European Commission | - | - | - | 8 455 485 | - | 8 455 485 |
| International Organizations | - | - | - | 565 000 | - | 565 000 |
| Other Sources | - | - | - | 499 693 | - | 499 693 |
| Sub-total | - | - | - | 9 520 178 | - | 9 520 178 |
| GRAND TOTAL | 414 898 107 | 92 353 657 | 105 472 | 157 962 402 | 29 951 925 | 695 271 564 |

ANNEX A3

STATUS OF OUTSTANDING CONTRIBUTIONS
FOR THE PERIOD ENDING 31 DECEMBER 2023
(expressed in euros)

| Donors | Working Capital Fund (WCF) | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Assessed Programme Costs (APCs) | Extrabudgetary (EB) | | Total |
|---------------------------------|----------------------------|---------------------|----------------------------------|-------------------------------------|---------------------------------|---------------------|-----------|-----------|
| | | | | | | EB RB | EB TC | |
| I. Member States | | | | | | | | |
| Afghanistan | - | 48 099 | - | - | - | - | - | 48 099 |
| Albania | - | - | - | 71 712 | - | - | - | 71 712 |
| Algeria | - | 109 674 | 9 260 | - | - | - | - | 118 934 |
| Angola | - | 36 225 | - | 8 016 | - | - | - | 44 241 |
| Antigua and Barbuda | - | 7 327 727 | 1 723 670 | - | - | - | - | 9 051 397 |
| Armenia | - | - | - | - | - | - | - | - |
| Australia | - | - | - | - | - | - | 1 234 247 | 1 234 247 |
| Austria | - | - | - | - | - | - | - | - |
| Azerbaijan | - | - | - | - | - | - | - | - |
| Bahamas | 152 | 198 266 | - | - | - | - | - | 198 418 |
| Bahrain | - | - | - | - | - | - | - | - |
| Bangladesh | - | - | - | - | - | - | - | - |
| Barbados | - | 94 154 | - | - | - | - | - | 94 154 |
| Belarus | - | - | - | - | - | - | - | - |
| Belgium | - | - | - | - | - | - | - | - |
| Belize | - | - | - | - | - | - | - | - |
| Benin | - | - | - | - | - | - | - | - |
| Bolivia, Plurinational State of | - | 187 109 | 17 248 | 4 207 | 250 548 | - | - | 459 113 |
| Bosnia and Herzegovina | - | 72 181 | - | - | - | - | - | 72 181 |
| Botswana | - | - | - | - | - | - | - | - |
| Brazil | - | - | - | - | - | - | - | - |
| Brunei Darussalam | - | - | - | - | - | - | - | - |
| Bulgaria | - | - | - | - | - | - | - | - |
| Burkina Faso | - | - | - | - | - | - | - | - |
| Burundi | - | - | - | - | - | - | - | - |
| Cambodia | - | - | - | - | - | - | - | - |
| Cameroon | - | 319 170 | 6 482 | - | - | - | - | 325 652 |
| Canada | - | - | - | - | - | - | - | - |
| Central African Republic | - | 23 130 | - | - | - | - | - | 23 130 |
| Chad | - | 68 884 | 14 525 | - | - | - | - | 83 409 |
| Chile | 1 825 | 4 713 181 | - | - | - | - | - | 4 715 006 |
| China | - | 1 336 642 | 199 177 | - | - | 250 000 | - | 1 785 819 |
| Colombia | - | - | - | - | - | - | - | - |
| Comoros | - | 5 618 | 911 | - | - | - | - | 6 529 |
| Congo | - | 171 566 | 10 284 | - | - | - | - | 181 850 |
| Costa Rica | - | 469 077 | - | 861 | - | - | - | 469 938 |
| Côte d'Ivoire | - | 54 755 | - | - | - | - | - | 54 755 |
| Croatia | - | - | - | - | - | - | - | - |
| Cuba | - | 879 931 | - | - | - | - | - | 879 931 |

ANNEX A3 (continued)

| Donors | Working Capital Fund (WCF) | | | Regular Budget (RB) | | Technical Cooperation Fund (TCF) | | National Participation Costs (NPCs) | | Assessed Programme Costs (APCs) | | Extrabudgetary (EB) | | Total |
|--|----------------------------|-------------------|------------------|---------------------|----------------|----------------------------------|------------------|-------------------------------------|------------------|---------------------------------|-------------------|---------------------|-------------------|-------|
| | | | | | | | | | | | | | | |
| Romania | - | - | - | - | 120 500 | - | - | 67 346 | - | 46 761 | - | - | 234 607 | |
| Russian Federation | - | - | - | - | - | - | - | - | - | - | 3 604 000 | - | 3 604 000 | |
| Rwanda | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Saint Kitts and Nevis | 152 | - | 8 416 | - | - | - | - | - | - | - | - | - | 8 568 | |
| Saint Lucia | - | - | 1 414 | - | - | - | - | 5 511 | - | - | - | - | 6 925 | |
| Saint Vincent and the Grenadines | - | - | 8 579 | - | - | - | - | - | - | - | - | - | 8 579 | |
| Samoa | 152 | - | 11 897 | - | - | - | - | - | - | - | - | - | 12 049 | |
| San Marino | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Saudi Arabia | - | - | - | - | - | - | - | - | - | - | 2 252 500 | - | 2 252 500 | |
| Saudi Arabia | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Senegal | - | - | 24 161 | - | 967 | - | - | - | - | - | - | - | 25 128 | |
| Serbia | - | - | - | - | - | - | - | 16 764 | - | - | - | - | 16 764 | |
| Seychelles | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Sierra Leone | - | - | 18 124 | - | - | - | - | - | - | - | - | - | 18 124 | |
| Singapore | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Singapore | - | - | - | - | - | - | - | - | - | 159 391 | - | - | - | |
| Slovakia | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Slovenia | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| South Africa | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Spain | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Spain | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Sri Lanka | - | - | 291 994 | - | 131 018 | - | - | - | - | - | - | - | 582 404 | |
| Sudan | - | - | 90 968 | - | - | - | - | - | - | 90 100 | - | - | 181 068 | |
| Sweden | - | - | - | - | - | - | - | - | - | 1 812 148 | - | - | 1 812 148 | |
| Switzerland | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Syrian Arab Republic | - | - | - | - | - | - | 9 187 | - | - | - | - | - | 9 187 | |
| Tajikistan | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Tajikistan | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Thailand | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Togo | - | - | 1 920 | - | - | - | - | - | - | - | - | - | 1 920 | |
| Tonga | 152 | - | 8 039 | - | - | - | - | - | - | - | - | - | 8 191 | |
| Trinidad and Tobago | - | - | 657 621 | - | - | - | - | - | - | - | - | - | 657 621 | |
| Tunisia | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Tunisia | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Turkmenistan | - | - | 61 762 | - | - | - | - | - | - | - | - | - | 61 762 | |
| Turkiye | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Uganda | - | - | 69 329 | - | - | - | - | - | - | - | - | - | 69 329 | |
| Ukraine | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| United Arab Emirates | - | - | - | - | - | - | - | - | - | - | 26 827 | - | 26 827 | |
| United Kingdom of Great Britain and Northern Ireland | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| United Kingdom of Great Britain and Northern Ireland | - | - | 29 178 | - | 15 821 | - | - | - | - | - | - | - | 44 999 | |
| United Republic of Tanzania | - | - | 204 382 | - | - | - | - | - | - | - | 855 950 | - | 1 060 332 | |
| United States of America | - | - | 8 075 | - | - | - | - | - | - | - | - | - | 8 075 | |
| Uruguay | - | - | - | - | - | - | - | 93 436 | - | - | - | - | 93 436 | |
| Uzbekistan | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Vanuatu | - | - | 384 | - | - | - | - | - | - | - | - | - | 384 | |
| Venezuela, Bolivarian Republic of | - | - | 20 554 123 | - | - | - | - | 63 455 | - | - | - | - | 20 617 578 | |
| Viet Nam | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Yemen | - | - | 326 710 | - | 29 878 | - | - | - | - | - | - | - | 356 588 | |
| Zambia | - | - | 67 150 | - | - | - | - | - | - | - | - | - | 67 150 | |
| Zimbabwe | 304 | - | 30 999 | - | 1 416 | - | - | 3 435 | - | - | - | - | 36 154 | |
| S sub-total | 3 498 | 52 473 283 | 3 034 145 | 495 876 | 719 175 | 8 785 121 | 3 610 337 | 69 121 434 | 8 785 121 | 3 610 337 | 69 121 434 | 3 610 337 | 69 121 434 | |

ANNEX A3 (continued)

| Donors | Working Capital Fund (WCF) | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Assessed Programme Costs (APCs) | Extrabudgetary (EB) | | Total |
|--|----------------------------|---------------------|----------------------------------|-------------------------------------|---------------------------------|---------------------|------------------|-------------------|
| | | | | | | EB RB | EB TC | |
| II. New Member States | | | | | | | | |
| Cabo Verde | 152 | 4 132 | - | - | - | - | - | 4 284 |
| Gambia, The | 152 | 3 840 | - | - | - | - | - | 3 992 |
| Guinea | 456 | 11 520 | - | - | - | - | - | 11 976 |
| Sub-total | 760 | 19 492 | - | - | - | - | - | 20 252 |
| III. Former Member States | | | | | | | | |
| Korea, Democratic People's Republic of | - | 128 576 | 26 701 | - | 35 781 | - | - | 191 058 |
| Other Sources | - | - | - | - | - | - | - | - |
| Sub-total | - | 128 576 | 26 701 | - | 35 781 | - | - | 191 058 |
| IV. Other Donors | | | | | | | | |
| European Commission | - | - | - | - | - | 120 000 | - | 120 000 |
| International Organizations | - | - | - | - | - | 385 000 | - | 385 000 |
| Other Sources | - | - | - | - | - | 100 100 | - | 100 100 |
| Sub-total | - | - | - | - | - | 605 100 | - | 605 100 |
| GRAND TOTAL | 4 258 | 52 621 351 | 3 060 846 | 495 876 | 754 956 | 9 390 221 | 3 610 337 | 69 937 844 |

STATUS OF DEFERRED REVENUE
FOR THE PERIOD ENDING 31 DECEMBER 2023
(expressed in euros)

| Donors | Contributions received in advance | | | Total contributions received in advance | | | Extrabudgetary contributions transferred subject to conditions | | |
|----------------------------------|-----------------------------------|----------------------------------|-------------------------------------|---|---------|-------|--|-------|--|
| | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | EB RB | EB TC | EB TC | EB RB | EB TC | Total EB contributions transferred with conditions |
| I. Member States | | | | | | | | | |
| Albania | 34 023 | 7 680 | - | - | - | - | - | - | 41 703 |
| Argentina | - | - | 96 852 | - | - | - | - | - | 96 852 |
| Armenia | 29 676 | 6 720 | 51 888 | - | - | - | - | - | 88 284 |
| Australia | 8 612 104 | 1 949 760 | - | - | - | - | - | - | 10 561 864 |
| Austria | 2 384 193 | - | - | - | - | - | - | - | 2 384 193 |
| Bahrain | - | 49 920 | 3 216 | - | - | - | - | - | 53 136 |
| Barbados | - | 7 680 | - | - | - | - | - | - | 7 680 |
| Belgium | 3 387 134 | - | - | - | - | - | - | - | 3 387 134 |
| Belize | - | - | 21 233 | - | - | - | - | - | 21 233 |
| Brazil | 228 290 | 2 583 797 | 83 498 | - | - | - | - | - | 2 895 585 |
| Brunei Darussalam | 84 784 | - | - | - | - | - | - | - | 84 784 |
| Bulgaria | 229 722 | 51 840 | 54 342 | - | - | - | - | - | 335 904 |
| Cameroon | - | - | 14 214 | - | 451 | - | - | - | 14 665 |
| Canada | 10 757 148 | 2 426 880 | - | - | - | - | 31 735 989 | - | 13 184 028 |
| Chile | - | - | 12 970 | - | - | - | - | - | 12 970 |
| China | - | - | 20 580 | 64 301 | 124 376 | - | - | - | 209 256 |
| Colombia | - | - | 30 932 | - | - | - | - | - | 30 932 |
| Côte d'Ivoire | - | - | 53 521 | - | - | - | - | - | 53 521 |
| Croatia | - | - | 2 378 | - | - | - | - | - | 2 378 |
| Cuba | - | - | 150 556 | - | - | - | - | - | 150 556 |
| Czech Republic | 1 392 257 | 313 920 | 10 880 | - | - | - | - | - | 1 717 067 |
| Democratic Republic of the Congo | 1 521 | - | - | - | - | - | - | - | 1 521 |
| Dominican Republic | - | 67 329 | - | - | - | - | - | - | 67 329 |
| Ecuador | - | - | 15 856 | - | - | - | - | - | 15 856 |
| Egypt | - | - | 4 316 | - | - | - | - | - | 4 316 |
| El Salvador | - | - | 14 100 | - | - | - | - | - | 14 100 |
| Eritrea | 3 989 | 2 742 | - | - | - | - | - | - | 6 731 |
| Estonia | 178 772 | 40 320 | - | - | - | - | - | - | 219 092 |
| Fiji | 938 | - | - | - | - | - | - | - | 938 |
| France | - | - | - | 775 970 | 316 000 | - | - | - | 1 091 970 |
| Georgia | - | - | 5 854 | - | - | - | - | - | 5 854 |
| Ghana | 549 | - | - | - | - | - | - | - | 549 |
| Grenada | - | 3 484 | 6 973 | - | - | - | - | - | 10 457 |
| Guyana | - | - | 45 583 | - | - | - | - | - | 45 583 |
| Holy See | 4 244 | 1 927 | - | - | - | - | - | - | 6 171 |
| Honduras | - | - | 1 168 | - | - | - | - | - | 1 168 |
| Hungary | 931 647 | 210 240 | 3 137 | - | - | - | - | - | 1 145 024 |
| India | 553 461 | 963 840 | - | - | - | - | - | - | 1 517 301 |
| Indonesia | - | - | 1 098 | - | - | - | - | - | 1 098 |
| Iran, Islamic Republic of | - | - | 2 044 | - | - | - | - | - | 2 044 |
| Iraq | - | 4 462 | 3 208 | - | - | - | - | - | 7 670 |
| Ireland | - | 202 560 | - | - | - | - | - | - | 202 560 |
| Japan | - | - | 33 430 | - | - | - | - | - | 33 430 |
| Jordan | 49 656 | 20 160 | 26 583 | 1 605 622 | 4 784 | - | - | - | 1 610 406 |
| Kazakhstan | 544 525 | 1 426 | - | - | - | - | - | - | 545 951 |
| Kenya | 109 348 | - | - | - | - | - | - | - | 109 348 |
| Korea, Republic of | - | - | - | 268 332 | - | - | - | - | 268 332 |
| Kuwait | - | - | - | 273 600 | - | - | - | - | 273 600 |
| Latvia | 203 483 | 46 080 | 23 374 | - | - | - | - | - | 272 937 |

ANNEX A4

ANNEX A4 (continued)

| Donors | Contributions received in advance | | | | | | Extrabudgetary contributions transferred subject to conditions | | | | | |
|--|-----------------------------------|----------------------------------|-------------------------------------|---------------------|-----------|---|--|-----------|--|------------|---------|---------|
| | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) | | | EB RB | EB TC | Total EB contributions transferred with conditions | | | |
| | | | | EB RB | EB TC | Total contributions received in advance | | | | | | |
| Libya | - | - | 12 607 | - | - | - | - | - | 12 607 | - | - | - |
| Lithuania | 343 576 | - | 60 480 | - | - | - | - | - | 404 055 | - | - | - |
| Malaysia | - | - | 3 788 | - | - | - | - | - | 3 788 | - | - | - |
| Malta | - | 17 280 | 17 259 | - | - | - | - | - | 34 539 | - | - | - |
| Marshall Islands | - | 960 | - | - | - | - | - | - | 960 | - | - | - |
| Mexico | 2 368 832 | 1 128 000 | 85 239 | - | - | - | - | - | 3 582 091 | - | - | - |
| Mongolia | 16 941 | 3 840 | 62 579 | - | - | - | - | - | 83 360 | - | - | - |
| Montenegro | 3 964 | - | 3 307 | - | - | - | - | - | 7 271 | - | - | - |
| Morocco | - | - | 9 764 | - | - | - | - | - | 9 764 | - | - | - |
| Myanmar | 57 | - | - | - | - | - | - | - | 57 | - | - | - |
| Netherlands | 5 618 442 | 1 272 000 | - | - | - | - | - | - | 6 890 442 | - | 253 590 | 253 590 |
| New Zealand | 1 259 377 | - | - | - | - | - | - | - | 1 259 377 | - | - | - |
| Norway | - | - | - | - | - | 4 372 | - | - | 4 372 | - | - | - |
| Oman | - | - | 3 744 | - | - | - | - | - | 3 744 | - | - | - |
| Pakistan | - | - | 48 111 | - | - | 49 985 | - | - | 97 986 | - | - | - |
| Palau | 3 707 | - | - | - | - | - | - | - | 3 707 | - | - | - |
| Peru | - | - | 77 438 | - | - | - | - | - | 77 438 | - | - | - |
| Poland | - | - | 33 028 | - | - | - | - | - | 33 028 | - | - | - |
| Portugal | - | - | - | - | - | 35 000 | - | 40 000 | 75 000 | - | - | - |
| Qatar | - | - | 10 152 | - | - | - | - | - | 10 152 | - | - | - |
| Romania | - | - | 30 759 | - | - | - | - | - | 30 759 | - | - | - |
| Saint Lucia | - | - | 4 312 | - | - | - | - | - | 4 312 | - | - | - |
| Saint Vincent and the Grenadines | - | - | 5 775 | - | - | - | - | - | 5 775 | - | - | - |
| Saudi Arabia | 3 994 858 | 1 093 452 | 2 978 | - | - | - | - | - | 5 091 288 | - | - | - |
| Serbia | - | - | - | - | - | - | - | 13 211 | 13 211 | - | - | - |
| Seychelles | 304 | - | - | - | - | - | - | - | 304 | - | - | - |
| Singapore | 2 063 775 | 465 600 | 1 943 | - | - | - | - | - | 2 530 418 | - | - | - |
| Slovakia | 632 927 | 143 040 | 20 682 | - | - | - | - | - | 796 649 | - | - | - |
| Slovenia | 281 040 | 72 960 | 21 876 | - | - | - | - | - | 375 876 | - | - | - |
| South Africa | 998 316 | 225 680 | 46 201 | - | - | - | - | - | 1 270 198 | - | - | - |
| Spain | 8 723 713 | - | - | - | - | - | - | - | 8 723 713 | - | - | - |
| Sri Lanka | - | - | 7 801 | - | - | - | - | - | 7 801 | - | - | - |
| Sudan | - | 801 | - | - | - | - | - | - | 801 | - | - | - |
| Sweden | - | - | - | - | - | - | - | - | - | - | - | - |
| Syrian Arab Republic | 146 | - | - | - | - | - | - | - | 146 | - | - | - |
| Tajikistan | - | - | 4 543 | - | - | - | - | - | 4 543 | - | - | - |
| Thailand | 216 334 | 339 840 | 2 774 | - | - | - | - | - | 558 948 | - | - | - |
| Tunisia | - | - | 10 287 | - | - | - | - | - | 10 287 | - | - | - |
| Türkiye | - | - | 23 033 | - | - | - | - | - | 23 033 | - | - | - |
| Ukraine | - | 51 840 | 8 653 | - | - | - | - | - | 60 493 | - | - | - |
| United Arab Emirates | 10 932 | - | 951 | - | - | - | - | - | 11 903 | - | - | - |
| United Kingdom of Great Britain and Northern Ireland | 17 920 156 | 4 040 640 | - | - | - | 2 872 233 | - | - | 24 834 029 | - | - | - |
| United States of America | - | - | - | - | - | 14 716 126 | - | 1 664 663 | 16 380 789 | - | - | - |
| Uruguay | - | - | 1 549 | - | - | - | - | - | 1 549 | - | - | - |
| Uzbekistan | - | - | 9 503 | - | - | - | - | - | 9 503 | - | - | - |
| Venezuela, Bolivarian Republic of | - | - | 119 299 | - | - | - | - | - | 119 299 | - | - | - |
| Viet Nam | - | - | 3 628 | - | - | - | - | - | 3 628 | - | - | - |
| Sub-total | 74 178 902 | 17 818 700 | 1 546 934 | 20 666 430 | 2 163 485 | 2 163 485 | 34 848 897 | 4 652 909 | 116 374 452 | 38 901 885 | - | - |

ANNEX A4 (continued)

| Donors | Contributions received in advance | | | | Extrabudgetary contributions transferred subject to conditions | | |
|-----------------------------|-----------------------------------|----------------------------------|-------------------------------------|---------------------|--|-----------|--|
| | Regular Budget (RB) | Technical Cooperation Fund (TCF) | National Participation Costs (NPCs) | Extrabudgetary (EB) | EB RB | EB TC | Total EB contributions transferred with conditions |
| II. Other Donors | | | | | | | |
| European Commission | - | - | - | - | 12 027 615 | 1 178 689 | 13 206 304 |
| International Organizations | - | - | - | 660 205 | - | - | - |
| Other Sources | - | - | - | 3 750 | - | 4 102 732 | 4 102 732 |
| Sub-total | - | - | - | 663 955 | 12 027 615 | 5 281 421 | 17 309 036 |
| GRAND TOTAL | 74 178 902 | 17 818 700 | 1 546 934 | 21 330 385 | 46 876 512 | 9 334 329 | 56 210 841 |

ANNEX A5

**REGULAR BUDGET FUND
STATUS OF CASH SURPLUS
As at 31 December 2023
(expressed in euro)**

| Calculation of provisional cash surplus/(deficit) for 2023 | |
|---|--------------------|
| Receipts | 402 923 387 |
| Disbursements | 372 392 162 |
| Excess (shortfall) of receipts over disbursements | 30 531 225 |
| Unliquidated obligations | (38 777 859) |
| Transfer of 2022 RB unobligated balances | - |
| Provisional 2023 cash deficit | (8 246 634) |

| Calculation of final cash surplus for 2022 | |
|--|---------------------|
| Prior year provisional cash deficit | (21 440 017) |
| Receipt of: | |
| Contributions all prior years | 39 633 420 |
| Savings on liquidation of prior year's obligations | 1 512 286 |
| Miscellaneous income | 1 163 482 |
| Unobligated balances | 88 560 |
| Final cash surplus for 2022 | 20 957 730 |
| Less: Final cash deficit for 2021 | (14 703 335) |
| Transfer of Surplus to MCIF b/ | (6 254 395) |
| Final cash surplus/(deficit) for 2022 | - |
| Prior years cash surpluses a/ | 22 950 |
| Total cash surpluses | 22 950 |

a/ Withheld pending receipt of contributions.

b/ Reference to Note 39d: Major Capital Investment Fund (MCIF)

ANNEX A6

**STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2023
(expressed in euro '000s)**

| Euro Denominated Cash Equivalents and Investments | | | | | |
|--|---------------------------|-----------------------|----------------------------|---------------------------------|----------------------|
| Type of Issuer | Type of Instrument | Carrying Value | Yield per annum (%) | Original Investment date | Maturity date |
| Commercial | Call Account | 4 | | | |
| Commercial | Time Deposit | 50 000 | 3.88% | 2023-12-19 | 2024-01-10 |
| Commercial | Time Deposit | 25 800 | 4.00% | 2023-12-21 | 2024-01-11 |
| Commercial | Time Deposit | 27 500 | 4.15% | 2023-12-21 | 2024-01-12 |
| Commercial | Time Deposit | 38 000 | 3.88% | 2023-12-27 | 2024-01-17 |
| Commercial | Time Deposit | 25 000 | 3.88% | 2023-12-29 | 2024-01-29 |
| Supranational | Time Deposit | 42 000 | 3.73% | 2023-10-20 | 2024-02-20 |
| Government | Treasury Bills | 85 501 | 3.75% | 2023-11-02 | 2024-02-21 |
| Commercial | Time Deposit | 100 000 | 3.94% | 2023-12-19 | 2024-03-19 |
| Commercial | Time Deposit | 85 000 | 4.01% | 2023-12-19 | 2024-03-19 |
| Commercial | Time Deposit | 49 300 | 3.90% | 2023-12-19 | 2024-03-19 |
| Government | Treasury Bills | 90 556 | 3.79% | 2023-11-10 | 2024-04-04 |
| Government | Treasury Bills | 43 545 | 3.80% | 2023-11-06 | 2024-04-04 |
| Central Bank | Time Deposit | 70 700 | 3.92% | 2023-10-30 | 2024-04-30 |
| Central Bank | Time Deposit | 41 600 | 3.72% | 2023-12-20 | 2024-06-20 |
| Total Euro Denominated Cash Equivalents and Investments | | 774 506 | | | |
| Percent of Total | | 90% | | | |

| US Dollar Denominated Cash Equivalents and Investments (euro equivalent) | | | | | |
|---|---------------------------|-----------------------|----------------------------|---------------------------------|----------------------|
| Type of Issuer | Type of Instrument | Carrying Value | Yield per annum (%) | Original Investment date | Maturity date |
| Commercial | Time Deposit | 6 217 | 5.42% | 2023-12-29 | 2024-01-29 |
| Commercial | Time Deposit | 13 965 | 5.56% | 2023-11-30 | 2024-01-31 |
| Commercial | Time Deposit | 4 415 | 5.70% | 2023-12-07 | 2024-01-31 |
| Commercial | Time Deposit | 18 921 | 5.49% | 2023-12-29 | 2024-02-29 |
| Commercial | Time Deposit | 22 525 | 5.56% | 2023-12-29 | 2024-03-28 |
| Commercial | Time Deposit | 19 011 | 5.58% | 2023-12-29 | 2024-04-30 |
| Total US Dollar Denominated Cash Equivalents and Investments | | 85 054 | | | |
| Percent of Total | | 10% | | | |
| Total Euro Equivalent Cash Equivalents and Investments | | 859 560 | | | |

Part V

Report of the External
Auditor on the Audit of the
Financial Statements of the
International Atomic Energy
Agency for the Year Ended
31 December 2023



Our audit aims to provide independent assurance and to add value to the International Atomic Energy Agency (IAEA) by making constructive recommendations.

For further information, please contact:

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Office of the Comptroller & Auditor
General of India New Delhi, India
E-mail: etiS@cag.gov.in

Report of the External Auditor for the Audit of International Atomic Energy Agency (IAEA) for the financial year ended 31st December 2023

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EXECUTIVE SUMMARY

The Importance of This Audit

During 2023, the International Atomic Energy Agency (IAEA or the Agency) generated a revenue of EUR 738 million and recognized expenses amounting to EUR 676 million; as well as managed assets and liabilities amounting to EUR 1 434 million and EUR 823 million respectively.

Comptroller and Auditor General of India (CAG) presents this report based on audit of Agency's financial statements for the year ended 31 December 2023. CAG also conducted a Performance Audit of the Agency's Procurement- Vendor Management, Performance Audit of sub-programmes on Nuclear Knowledge Management and Nuclear Information and the Audit of selected Laboratories.

In line with our mandate, we completed the audits in accordance with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) and applicable regulations.

Audit Objectives

The general objectives of the audit are to provide independent assurance on the fairness of presentation of the financial statements to Member States, to help increase transparency and accountability in the Agency, and to support the objectives of the Agency's work through the external audit process.

With respect to the Performance Audit on Agency Procurement, the broad objectives were to assess the effectiveness of procurement planning; vendor selection process; the procurement process; mechanism for timely delivery and vendor performance review.

The broad objectives of the Audit of selected Laboratories were to assess the efficiency and effectiveness of the laboratories in aiding Member States, the utilization of allocated funds to ensure they were effectively used to achieve objectives, effectiveness of performance indicators and internal controls within laboratories to enhance monitoring and evaluation of their activities.

The broad objectives of the Performance Audit of sub-programmes on Nuclear Knowledge Management and Nuclear Information were to assess the effectiveness of the Nuclear Knowledge Management (NKM) and Nuclear Information in expanding support to Member States; evaluate the level of Member State participation in programmes; efficiency and effectiveness of sustainable sharing of information on peaceful uses of nuclear energy; and the mechanism/internal control for monitoring and evaluation of the programme.

Financial Audit Overview

In our opinion, the financial statements of the International Atomic Energy Agency (IAEA or the Agency) present fairly, in all material respects, the financial position for the year ended 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standard (IPSAS). Based on our conclusions, we issue an unqualified audit opinion on the Agency's financial statements for the year ended 31 December 2023.

Performance Audit of Agency Procurement-Vendor Management

Based on the evidence obtained during our audit, we observed that the structure and processes in place were aligned to achieve programmatic goals and objectives through fair, transparent, and effective competition. We recommend additional controls based on our observations related to procurement forecasting, procurement processes, emergency procurement, vendor performance management, etc.

Audit of selected laboratories

We recognized the Agency's commitment to support IAEA's activities, develop innovative technologies, and provide training in areas related to nuclear knowledge application through its laboratories. For the audit cycle 2023, we audited the Soil and Water Management and Crop Nutrition Laboratory (SWMCNL) and Food Safety and Control Laboratory (FSCL). We recommend additional controls based on our observations related to resource mobilization, data back-up, equipment management, laboratory performance indicators, Co-ordinated Research Projects, closure of Technical Cooperation Projects, etc.

Performance Audit of sub-programmes on Nuclear Knowledge Management and Nuclear Information

We concluded that the Nuclear Knowledge Management and Nuclear Information Section operates in alignment with the Agency's objectives, supporting Member States in implementing nuclear knowledge management strategies. We recommend additional controls based on our observations related to Database management of Nuclear Energy Management/ Nuclear Knowledge Management schools, INMA membership processes, selection of applicants for the IAEA Marie Skłodowska-Curie Fellowship Programme, IAEA Library management related processes including observations related to Integrated Library System – SIERRA, etc.

INTRODUCTION

1. By appointment of the General Conference, the Comptroller and Auditor General of India (CAG) has been entrusted with the responsibility of auditing the Agency's financial statements for the financial years 2022 to 2027 in accordance with Financial Regulations 12.01 (Article XII) and the Additional Terms of Reference governing the External Audit, as set out in the Annex to these Regulations. CAG made such observations as deemed necessary in relation to the financial consequences of prevailing administrative practices in conformity with paragraph 5 of the Additional Terms of Reference governing the External Audit.
2. Our audit was conducted in accordance with the applicable International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAI), as adopted by the Panel of External Auditors of the United Nations (UN), the Specialized Agencies and the IAEA.
3. According to the requirements of ISA, the main objective of the financial audit was to enable the auditor to express an opinion on whether expenditure recorded for the year had been incurred for the purposes approved by the General Conference; whether revenue and expenses were properly classified and recorded in accordance with Financial Regulations; and whether the financial statements present a fair view of the financial position as at 31 December 2023. This includes the correctness of year-end balances of all IAEA funds as detailed in IAEA financial statements. In addition, the ISSAI provides guidance on the conduct of performance audits.
4. The audits involved discussions with key managers of the sub-programmes and sections concerned; review of related documents; review of policy, processes and procedures; seeking information and clarifications from Management through information requests and audit queries; and providing audit observations and recommendations.
5. The purpose of this Audit Report is to communicate the audit results to Management and those charged with governance of the Agency, as well as other stakeholders. Important findings arising from the audit procedures performed were, after detailed discussions with the responsible management, conveyed through audit observations. The more significant of these findings, appropriately aggregated, have been incorporated in this report, after duly considering Management's final responses and action plans for implementation of the recommendations.

FINANCIAL OVERVIEW

Adoption of IPSAS

6. The Agency carries out its mandate within a result-based framework ensuring effectiveness, accountability and transparency. This framework needs to be supported by high quality financial reporting and management information. Financial statements prepared under IPSAS are a key enabler to allow the Agency to deliver its mandate. This is the thirteenth year since the adoption of IPSAS by the Agency in 2011. In 2023, effective 01 January 2023, the Agency implemented IPSAS 41: Financial Instruments and reflected the impact of changes in valuation of assessed contribution receivables due to application of Expected Credit Losses (ECL) model of IPSAS 41.

Fund Accounting and Segment Reporting

7. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. The funds have been 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 (the Board) and Financial Rules issued by the Director-General. Each Fund has differing parameters about how the revenue can be utilized. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements are prepared on a fund accounting basis, showing at the end of the period the consolidated position of all funds. The financial statements contain segment reporting which provides information on the Agency's activities on both a major programme basis and a source of funding basis. The Agency's six major programmes, namely: (i) Nuclear Power, Fuel Cycle and Nuclear Science; (ii) Nuclear Techniques for Development and Environmental Protection; (iii) Nuclear Safety and Security; (iv) Nuclear Verification; (v) Policy, Management and Administration Services; and (vi) Management of Technical Cooperation for Development, are all financed through the Agency's fund groups.

Budgetary Performance

8. The Programme and Budget of the Agency focuses on the Regular Budget Fund and the related appropriations approved by Member States. The components of the Regular Budget include the Operational Regular Budget and Capital Regular Budget. In 2023, the budget utilisation exceeded the Operational Regular Budget by EUR 0.6 million, however, in respect of the Capital Regular Budget, the attained budget utilisation of 40.6% though still low, was an improvement over 26.9% achieved in 2022.

Summary of Financial Performance

9. The net assets of the Regular Budget Fund (RBF) decreased by EUR 24.56 million, which amounted to a negative position of EUR 166.12 million. The net assets of the Technical Cooperation Fund (TCF) decreased by EUR 17.77 million to EUR 154.46 million primarily resulting from increase in Account Payable and Deferred Revenue. The net assets of the Technical Cooperation Extra-budgetary Fund (TC-EB) increased by EUR 17.56 million to EUR 102.5 million in 2023 as a result of an increase in Investment. The net assets of the Extra-budgetary Programme Fund (EBF) increased by EUR 34 million to EUR 418.02 million as a result of increase in investment during the year. The net assets of the Agency's LEU Bank increased slightly by EUR 0.18 million to EUR 79.27 million.

Revenue Analysis

10. Total revenue in 2023 was EUR 738.2 million, which represented a 13.0% increase as compared to 2022 (EUR 653.46 million), mainly due to increases in revenue from Assessed Contributions, Voluntary Contributions and Investment revenue of EUR 25.35 million, EUR 39.19 million and EUR 23.61 million respectively. This increase was partially offset by a decrease in Revenue from Other Contributions of EUR 3.87 million.

Expense Analysis

11. There was a 4.8% increase in expenses in 2023 (EUR 676.05 million), as compared to 2022 (EUR 645.08 million). Salaries and Employee Benefits (EUR 346.5 million) accounted for 51.3% of the Agency's expenses and had shown an increase of EUR 5.2 million from 2022. The second largest expense component was Transfers to Development Counterparts (EUR 95.5 million), which represented 14.13% of the Agency's expenses in 2023. Travel (EUR 47.11 million) had shown an increase of EUR 9.0 million from 2022. Training (EUR 51.26 million) had shown an increase of EUR 9.97 million as compared to 2022.

Financial Position

12. The overall financial position of the Agency continues to be sound for the year ended 31 December 2023. This financial position can be seen in the following key indicators:

- The overall net assets value, calculated as total assets less total liabilities, is EUR 610.5 million; and
- The value of current assets is approximately five times the value of current liabilities. This signifies that the Agency has sufficient resources to cover its liabilities expected in the upcoming 12 months.

13. The significant areas of change in the Agency's financial position in 2023 from 2022 are in relation to the following:

- Current assets increased by EUR 94.62 million mainly due to the increase in the overall amount of Investments;
- Non-current assets increased by EUR 2.74 million related primarily to Property, Plant, & Equipment (PP&E) and offset by a decrease in Intangible Assets and advances and prepayments; and
- Total liabilities increased by EUR 92.6 million mainly due to the overall increase in the Agency's Employee Benefits Liabilities and Deferred Revenue.

14. In 2023, the Agency experienced an overall increase in net assets, from EUR 605.8 million in 2022 to EUR 610.5 million in 2023, which was primarily driven by the increase in total assets of EUR 97.35 million but offset by the increase in total liabilities of EUR 92.6 million.

Cash, Cash Equivalents (CCE) and Investments Balances

15. In 2023, the CCE and Investments balances increased by EUR 113.87 million (14.4%) to EUR 902.27 million at 31 December 2023. The increase was mainly due to the increase in investments of EUR 330.9 million but offset by a decrease in CCE of EUR 217.0 million.

Accounts Receivables

16. Overall, the total net receivables from non-exchange transactions decreased by EUR 24.84 million to EUR 44.89 million at 31 December 2023 from EUR 69.74 million as at 31 December 2022. The main components of this balance are receivables from assessed contributions (EUR 28.4 million), voluntary contributions receivables (EUR 16.04 million), and other receivables (EUR 0.5 million).

17. The decrease in net assessed contributions receivable in 2023 was mainly driven by a decrease in Regular Budget assessed contributions receivable by almost 34.7% over 2022. Total outstanding Regular Budget contributions from 2023 and prior years, which amounted to EUR 52.62 million, represented 12.9% of the total Regular Budget assessment for 2023.

Property, Plant and Equipment

18. Buildings and Leasehold Improvements continue to account for the largest component of the net book value of PP&E.

19. In 2023, the total net book value of PP&E increased by EUR 10.5 million (3.65%). This was mainly due to additions to PP&E of EUR 37.7 million, not entirely offset by depreciation expense, impairment and disposal of EUR 26.54 million.

20. Additions to PP&E amounted to EUR 37.7 million; 54.4% of total additions, relates to assets under construction which includes ReNuAL2 (EUR 15.1 million).

Intangible Assets

21. The net carrying amount of Intangible Assets, essentially software purchased or internally developed, at 31 December 2023 was EUR 43.01 million, down from EUR 48.94 million as at 31 December 2022. The principal driver for the decrease in the carrying value of Intangible Assets is the high level of amortization expense which more than offsets additions during the year. In 2023, the amount of Intangible Assets internally developed decreased by EUR 4.88 million in comparison to the previous year, while the amount of Intangible Assets still under development decreased by EUR 0.8 million.

Risk Management

22. The financial statements prepared under IPSAS provide details of how the Agency manages its financial risk, including credit risk, market risk (foreign currency exchange and interest rate) and liquidity risk. From an overall perspective, the Agency's investment management prioritizes capital preservation as its primary objective, ensuring sufficient liquidity to meet cash operating requirements, and then earning a competitive rate of return on its portfolio within these constraints.

Financial Ratios

23. We analysed the liquidity position of IAEA to assess its ability to meet its short-term commitments, long term obligations and operating needs. Results of the analysis are discussed in the succeeding paragraphs.

Short term Solvency

24. The short-term solvency can be determined from the current ratio, quick ratio and cash ratio which are detailed below:

Table-1: Short-term solvency ratios

| RATIO | 2023 | 2022 | 2021 |
|---|------|------|------|
| Current Ratio ^a (Current Assets/ Current Liabilities) | 5.40 | 6.50 | 6.45 |
| Quick Ratio ^b (Quick Assets/Current Liabilities) | 4.78 | 5.70 | 5.69 |
| Cash Ratio ^c (Cash and current investments/ Current liabilities) | 4.51 | 5.19 | 5.18 |
| Total Assets to Total Liabilities Ratio ^d | 1.74 | 1.83 | 1.89 |

Source: IAEA 2023, 2022, 2021 financial statements.

a A high ratio indicates an entity's ability to pay off its short-term liabilities.

b Quick Ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

c Cash Ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds in current assets to cover current liabilities.

d A high ratio is a good indicator of solvency.

25. The current and quick ratio of the Agency remained more than four times the current liabilities in the last three years which is indicative of high liquidity and sound solvency of the Agency to meet its short-term liabilities.

Long term Solvency

26. We assessed the ability of IAEA to meet its total liabilities using the Total Liabilities to Net Assets ratio. The following table shows the total liabilities, net assets and Total Liabilities to Net Assets Ratios of the IAEA for the last three years.

Table 2: Long-term solvency ratios

| Description and Ratio | 2023 | 2022 | 2021 |
|--|--------|--------|--------|
| Total Liabilities (Million EUR) | 823.36 | 730.76 | 698.66 |
| Net Assets(Million EUR) | 610.5 | 605.74 | 621.09 |
| Total Liability to Net Assets Ratio ^e | 1.35 | 1.21 | 1.12 |

Source: IAEA 2023, 2022, 2021 financial statements.

e A low ratio is a good indicator of solvency.

27. The above table shows that the total liabilities to net assets of the Agency were 1.12 times in the year 2021 which increased to 1.21 and 1.35 during the year 2022 and 2023, respectively.

28. We reviewed comparative financial position of year 2023 with respect to the year 2022. The items indicating significant variation⁵ along with reasons are detailed as under:

⁵ More than 10 % variation considered as significant.

Assets**Table-3: Details of Variations in assets from previous year**

| Item | 2023 | 2022 | Difference | Variation (in %) |
|---|--------|--------|------------|------------------|
| Cash and Cash Equivalents (Million EUR) | 509.36 | 726.36 | (217.0) | (29.87) |
| Investments (Million EUR) | 392.91 | 62.04 | 330.87 | 533.32 |
| Accounts Receivables from Exchange transactions (Million EUR) | 12.59 | 10.69 | 1.9 | 17.77 |
| Advances and Prepayments (Million EUR) | 43.88 | 47.55 | (3.66) | (7.71) |

Reasons for variations:

- (i) Cash and Cash equivalent decreased during 2023 mainly due to decrease in Term deposit with original maturities of 3 months or less from EUR 604.58 million to EUR 466.64 million.
- (ii) Investment increased during 2023 mainly due to switching of investment for less than 3 months into Term deposit with original maturities between 3 months and 12 months.
- (iii) Accounts Receivables from Exchange transaction during 2023 increased from EUR 10.69 million to EUR 12.59 million mainly due to increase in VAT refundable.

Revenues**Table 4: Details of Variations in Revenue from previous year**

| Item | 2023 | 2022 | Difference | Variation (in %) |
|--------------------------------------|--------|--------|------------|------------------|
| Assessed contribution (Million EUR) | 414.9 | 389.55 | 25.35 | 6.51 |
| Voluntary contribution (Million EUR) | 292.87 | 253.68 | 39.2 | 15.45 |
| Other Contribution (Million EUR) | 1.8 | 5.65 | (3.85) | (68.14) |
| Investment Revenue (Million EUR) | 25.93 | 2.33 | 23.6 | 1012.88 |

Reasons for variations:

- (i) Increase in voluntary contributions is mainly due to increase in extra-budgetary programme fund.
- (ii) Investment Revenue increased from EUR 2.33 million in 2022 to EUR 25.93 million in 2023 due to an increase in interest rates.

Expenses**Table 5: Details of Variations in expenses from previous year**

| Item | 2023 | 2022 | Difference | Variation (in %) |
|--|-------|-------|------------|------------------|
| Travel (Million EUR) | 47.11 | 38.12 | 8.99 | 23.58 |
| Training (Million EUR) | 51.26 | 41.28 | 9.98 | 24.18 |
| Contractual And Other Expenses (Million EUR) | 29.46 | 31.55 | (2.09) | (6.62) |

Reasons for variance:

- (i) The increase in travel expenses is due to increase in number of duty travels as well as higher cost of travel.
- (ii) The increase in training expenses is mainly due to the Technical Cooperation Human Resources capacity building activities.

AUDIT OPINION

29. According to the terms of Reference for the External Auditor, we are required to express an opinion on the IAEA financial statements for the financial period ended 31 December 2023. Our audit of the financial statements for the financial year 2023 revealed no weaknesses or errors which we considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly, we have placed an unqualified opinion on the Agency's financial statements for the financial year ended 31 December 2023.

AUDIT FINDINGS

I. FINANCIAL AUDIT

Budget and Cost Efficiencies

30. The Agency's Programme and Budget 2022–2023 read with the Agency's Budget Update for 2023 (Revised), provided for efficiencies (savings) of EUR 10.7 million by applying (i) 75 percent cap on human resources component of the total operational Regular Budget for 2022-2023 and by abolition of 10% of the Full-Time Equivalents⁶ (FTE) (ii) Reduction in travel costs⁷ and (iii) Reduction in Other Operating Costs⁸. The General Conference approved a revised budget for 2023, lowering the human resources cap to 74% and allocating the saved 1% to Technical Cooperation (TC) and other activities.

31. We noted that the Agency has achieved the targets with respect to the FTEs and HR costs in 2022 as well as 2023. For 2023, out of total planned savings of EUR 10.7 million, EUR 3.7 million from HR had been realised. However, the travel costs increased 61 per cent in 2022 (over 2021) and 10.4 percent in 2023 (over 2022) while other operating costs, which had decreased by 17 percent in 2022 (over 2021), increased 30.53 percent in 2023 (over 2022).

32. The Agency responded that the increase in 2022 compared with 2021 was due to reduced travel in 2021 on account of COVID 19 and that travel cost in 2023 was in fact 13 percent lesser than the travel costs in 2019.

33. Given the General Conference's recognition of the necessity to reduce staff-related expenses and the Agency's implementation of cost efficiency measures outlined in the Programme and Budget for 2022 and the Budget Update for 2023, it is important to apprise the Board of Governors of the achieved cost efficiencies, ongoing efforts, and future strategies.

Recommendation 1

We recommend that the Agency may consider informing the Board of Governors on the result of cost efficiency measures and the achievement and further efforts in the next budget cycle.

The Agency agreed with the recommendation.

Presentation of Budget and Financial Statements

34. As per Financial Regulations, budget of the Agency shall be prepared as a programme budget and estimated expenditures and income shall be grouped according to the programme to which they relate.

35. We noticed differences with respect to certain information and dataset between the Agency's Programme and Budget and its Financial Statements. For instance, the breakdown of expenses for Salaries and employee benefits, consultants and experts, travel, transfer to development partners, Vienna International Center (VIC) common services, Training, Contractual and other services other

⁶ EUR 3.7 Million.

⁷ EUR 3.3 Million (25 per cent reduction in travel costs).

⁸ EUR 3.7 Million.

operating expenses, etc. in Segmental Reporting in the financial statements differed from that outlined in the Agency's Programme and Budget.

36. One reasons for such variance could be the sub-heading Other Financial Considerations in the Agency's Programme and Budget 2022-23 which included staff costs, travel cost, equipment and intangibles, building management and security cost and other direct costs, which is not present in the segment reporting.

37. To ensure financial prudence as well as for clarity to users it is important to align all pertinent program expenses consistently across both the Programme and Budget and Financial Statements. The Agency accepted the observation.

Recommendation 2

The Agency considers aligning the expense categories in the Programme and Budget document with the segmental reporting expenses in the financial statements.

The Agency agreed with the recommendation.

Investment management

Liquidity Management

38. As per the Report on the IAEA's cash & short-term investments for 2023, the cash and cash equivalents of the Agency, on an average, were maintained at around EUR 697.72 million (across funds) and USD 103.36 (across funds) million. The investment of the Agency in term deposits of maturities ≤ 3 months ranged between EUR 466 million and EUR 749 million, while the investment in term deposits of maturities between 3 and 12 months ranged between EUR 22 million and EUR 173 million.

39. The Agency informed that a Treasury framework document is internally used by the Treasury for assessing liquidity requirements and determining investment term or period at a given time.

40. We noticed that the internal document for assessing the liquidity requirements of the Agency and for investment term / period has neither been shared with the Investment Committee nor reviewed by a third party. Given the volume of liquidity and investments of the Agency, it is important that the Agency gets the framework document relating to Cash, Liquidity and Investment management reviewed either by a third-party Expert or External Adviser to Investment Committee.

41. The Agency accepted the audit observation.

Assessment of liquidity requirements

42. MTBF has issued Financial Instructions related to cash management, investment management and foreign exchange management.

43. As per the Financial Instructions, the performance of the Agency's Financial Holdings in Euro and US Dollars is measured against (i) Germany 3 Month Bonds (12 months average) and (ii) US 3 Months Treasury Bill (12 months average) respectively.

44. We observed that the selection of German bonds as the benchmark for performance assessment of its investments in Euros has not been re-visited and no review of the benchmarks has been conducted.

45. The Agency in response agreed to review both benchmarks (Euro and US\$) in the next Investment Committee meeting.

Recommendation 3

(i) The Agency, with the approval of the Investment Committee, to - set up a mechanism for periodic review and update of the liquidity and investment management framework by a third-party Expert or External Adviser to Investment Committee.

(ii) The Agency to set up a mechanism for periodic review and update of benchmarks set for performance evaluation of the Agency's investments.

The Agency agreed with the recommendation.

Property, Plant and Equipment (PP&E)

Heritage assets

46. As per IPSAS 17, certain assets (like historical buildings, artworks etc.) are described as heritage assets because of their cultural, environmental, or historical significance. An entity is subject to disclosure requirements of IPSAS 17 for heritage assets, only if it chooses to recognise the heritage assets.

47. In response to an audit query, the Agency added a disclosure in the Notes to Accounts, stating that it does not recognize heritage assets.

48. The Agency clarified that it solely maintained a Gift Catalogue of received gifts/ artifacts. However, we noted that the catalogue may not be current, as evidenced by potential omissions of artifacts donated to the Agency which are prominently displayed at the Vienna International Centre (VIC), the location of the Agency's office.

49. The Agency in response stated that adequate internal control mechanisms exist for recording and managing physical inventory and that asset omission and VIC artwork will be captured in the ongoing inventory update.

50. The omission of gifts owned by the Agency and displayed at the Vienna International Centre from the Gift Catalogue, with plans for future inclusion, underscores the necessity for a documented internal control and physical verification mechanism.

Recommendation 4

The Agency to establish and implement controls for recording and verifying potential heritage assets, those which are of cultural, environmental or historical significance.

The Agency agreed with the recommendation.

Asset Capitalisation

51. As per IPSAS 17, PP&E are tangible items that are held for use in production or supply of goods or services or for administrative purposes and are expected to be used during more than one reporting period. Further, it specifies that judgment (an organisational policy) is required in applying the recognition criteria and that it may be appropriate to aggregate individually insignificant items (like computer peripherals) and to apply the criteria to the aggregate value.

52. A review of the Assets Addition Report for total assets added during the year brought out that the Agency had expensed and capitalised identical types of Assets⁹ at different points in time.

53. In response to the audit query, the Agency accepted the observation and stated that it was an oversight and corrected the same.

54. The Agency's Policy on PP&E includes IT & Communication equipment as an asset class, which includes individual assets that are below the EUR 3,000 threshold, considered as group assets, for capitalization. For example, monitors valued at around EUR 200 are capitalized as part of IT & Communication Equipment.

55. However, we noted that mobile phones costing between EUR 1,000 to EUR 1,500 are not considered for capitalization by the Agency and are therefore expensed.

56. The Agency replied that in line with the policy of IAEA, only select IT equipment (PC/Laptop/Tablet/Monitor) are considered group assets because collectively the group has a material impact on the value of the class of computer equipment. The Agency stated that while the policy for IT equipment was devised in 2011, it began acquiring phones only in subsequent years.

57. While acknowledging the above response, the instances mentioned above highlight the necessity for the Agency to re-examine its Asset recognition policy, to ensure a deliberate and updated approach towards capitalization of assets. The Agency accepted the observation.

Physical Verification of Assets

58. Financial Rules require periodic physical verification for property and equipment and inventory items owned or otherwise controlled by the Agency at such intervals deemed necessary by the Agency to ensure adequate control. Further, the Administrative Manual requires Director of Division of General Services (DIR-MTGS), and Director of Division of Technical and Scientific Services (DIR-SGTS) to ensure regular verification, accuracy and completeness of asset records.

59. According to the Financial Statements 2023, 96.2% of Agency-owned assets in the SG asset register in AIPS were verified, and 92.69% of assets related to other departments were verified. Assets not found during this verification were to be included for verification in the next cycle.

60. We checked the Agency's data on the physical verification of SG PP&E and found that 781 out of 19,750 items were not verified in the 2022-23 cycle. Out of these, 350 items have remained unverified, beyond the stipulated two-year period and spanning from 2002 to 2021.

⁹ iPad Pro.

61. The Agency stated that unverified assets are located out of headquarters and remained unverified due to operational reasons preventing verification. Further, SG Asset Management Office (SAMO) regularly follows up with Operations divisions, to reduce the number of unverified assets.

Recommendation 5

- (i) periodically review its accounting policy on the asset capitalization, especially of IT and communication equipment,
- (ii) set a time frame for derecognizing unverified assets while recording, as matter of good practice, the reasons for non-verification.

The Agency accepted the recommendation 5 (i) and stated that recommendation 5 (ii) is under implementation and expected to be completed by Q1 of 2024.

Unbilled VAT Refunds

62. The Agency undertakes agreements with local governments regarding the obligation to pay value added tax (VAT) on goods and services. In most countries worldwide, the Agency is generally exempt from paying Value-Added Tax (VAT) on the purchase price. However, some governments request to pay the VAT to the tax authorities at the moment of purchase of goods and services and subsequently reimburse the Agency for the VAT paid.

63. We observed that out of the EUR 9.19 million in VAT receivable for the Agency, EUR 7.80 million worth of refund claims have not been processed, resulting in these remaining unbilled at the end of the year. The Agency explained that all refund claims for a quarter are required to be claimed together and therefore all these claims would be billed and claimed in 2024.

64. We also observed that all freight forwarding invoices for Technical Cooperation (TC) Programmes are processed without Purchase Orders due to limitations in the AIPS system's ability to issue Purchase Orders in such cases.

65. The Agency replied that it plans to carry out a detailed process review of the current VAT claim process to put in place a tracking system for invoice receipts, to expedite VAT refund claims.

Recommendation 6

The Agency to explore putting in place a tracking system for VAT invoice receipt to expedite VAT refund claims.

The Agency agreed with the recommendation.

Education Grant Advance

66. According to the Staff Regulations and Staff Rules, education grants and related benefits are available to internationally recruited staff members of the Agency. A staff member may claim an advance against their entitlements¹⁰, which remains due from the staff member until the claim for payment of the education grant and related benefits has been processed or until the advance is recovered. Recovery from the staff member's emoluments occurs after the third month from the end of the

¹⁰ Subject to specified conditions.

academic year or upon separation from service, whichever comes first. Payment of any further education grant or related benefits is not permitted until all outstanding advances have been settled.

67. We reviewed the details of outstanding Education grants (EUR 6.66 million as of 31 December 2023) and brought to notice of the management the following:

- In 35 cases, staff members have not submitted their claims despite the end of the scholastic year.
- Out of these 35 cases, 15 cases¹¹ have settlement pending for over two years after the end of the scholastic year.
- Among the 35 cases, three staff members have already separated¹² from service, while their education grant advances remain unsettled.
- In five cases, claims have been marked as approved, but the advances are still shown as pending.
- In three cases, fresh education grant advances were disbursed while the previous education grant advance was not yet adjusted/ recovered.

68. The Agency, in response, stated that it has sufficient controls in place with respect to processing of Education grant advances and the discrepancies pointed out will be investigated and if required, additional controls would be instituted to identify and settle outstanding advances.

Recommendation 7

We recommend that the Agency review controls relating to Education Grants, including the completeness and accuracy of information/ data reflected in the Education Grant Dashboard, to ensure timely adherence to staff regulations and rules, as well as to ensure the completeness and accuracy of information relating to Education Grants.

The Agency agreed with the recommendation.

Rental Subsidy

69. As per Rental Subsidy Rules, internationally recruited staff members in Professional and higher categories are eligible for the Rental Subsidy scheme. Further, Staff members are responsible for informing MTHR whenever there is a change in residence, rent amount, lease agreement or a change in their family status since this may affect their subsidy.

70. We noticed recovery/adjustments in rental subsidy against 685 staff members (as of March 2023). We examined 60 randomly selected cases and noted recovery in 18 sampled cases and multiple entries in 7 cases.

71. The Agency responded that 24 out of the 25 (18+7) cases pointed out during audit resulted due to delayed intimation by the staff regarding change in the status affecting payment of rental subsidy. Delayed intimation from staff members therefore resulted in overpayment/ underpayment of rental subsidy because of rental subsidy entitlement differential. We noted that delayed intimation by staff regarding the change was up to two years from the date of change of status.

¹¹ With aggregate advance of EUR 97,599.

¹² Retire or resigned from agency.

72. We further noticed that the rule position for rental subsidy did not stipulate a time or cut off period for informing the change of rental status.

Recommendation 8

We recommend that the Agency considers issuing a communication asking staff members availing rental subsidy to inform change in rental status to the Agency in a timely manner to avoid under- or over-payment of rental subsidy.

The Agency agreed with the recommendation.

Travel Process Management

Manual intervention in Adjustment of claims

73. The Travel Procedures at the IAEA prescribe the processes to be followed for travel planning, travel approval, submission of travel claims, etc. The travel claims are required to be processed through Travel Requests & Claims (TRAC) application.

74. During 2023, we noticed at least 167 instances of travel claims being settled manually by the Agency, bypassing the TRAC application. These manual settlements involved payments of EUR 148,990 and recoveries of EUR 6,998. These occurrences were not limited to year-end adjustments but happened throughout the year. Some of these cases cited "expenses omitted from the original claim" as an explanation.

75. The Agency in response stated that "Expenses omitted from the original claim" refers to costs, which were not included by staff members in the initial submission of the claim and thus were not part of the settlement payment. It emphasised that MTBF processes manual settlement requests only if it is submitted through a reimbursement form duly completed and submitted.

76. Manual intervention in processing travel claims poses risks such as omitting expenses, overlooking recoveries, and potentially making duplicate payments.

Recommendation 9

The Agency to ensure that all expenses related to staff travel are processed through TRAC so that expenses are not omitted from the original travel claim.

The Agency agreed with the recommendation.

Disclosures on IPSAS

77. As per IPSAS 3, when a new IPSAS has been issued but is not yet effective, the entity shall disclose (i) the fact that the applicable IPSASs have been issued but not yet effective and (ii) known or reasonably estimable information relevant to assessing the possible impact that application of the new IPSAS will have on the entity's financial statements in the period of initial application.

78. Contrary to the above provision, we noted that the Notes to the Financial Statements 2023 did not include the disclosures relating to the following IPSAS issued before the end of the financial year 2023.

Table 6: Details of non-disclosure of IPSAS in Financial Statements

| IPSASs | Name | Issued | Effective from |
|---------------|----------------------------------|---------------|-----------------------|
| 43 | Leases | Jan 2022 | Jan 2025 |
| 44 | Non-current assets held for sale | May 2022 | Jan 2025 |
| 45 | PP&E | May 2023 | Jan 2025 |
| 46 | Measurement | March 23 | Jan 2025 |
| 47 | Revenue | May 2023 | Jan 2026 |
| 48 | Transfer expenses | May 2023 | Jan 2026 |
| 49 | Retirement benefit plan | Nov 2023 | Jan 2026 |

Source: Financial Statements 2023 of the Agency.

Recommendation 10

We recommend that the Agency include disclosures in financial statements for IPSASs issued but not yet effective, as per the requirements of IPSAS 3.

The Agency agreed with the recommendation and stated that this would be done in Financial Statements for the year 2024.

II. PERFORMANCE AUDIT OF AGENCY PROCUREMENT-VENDOR MANAGEMENT

Introduction

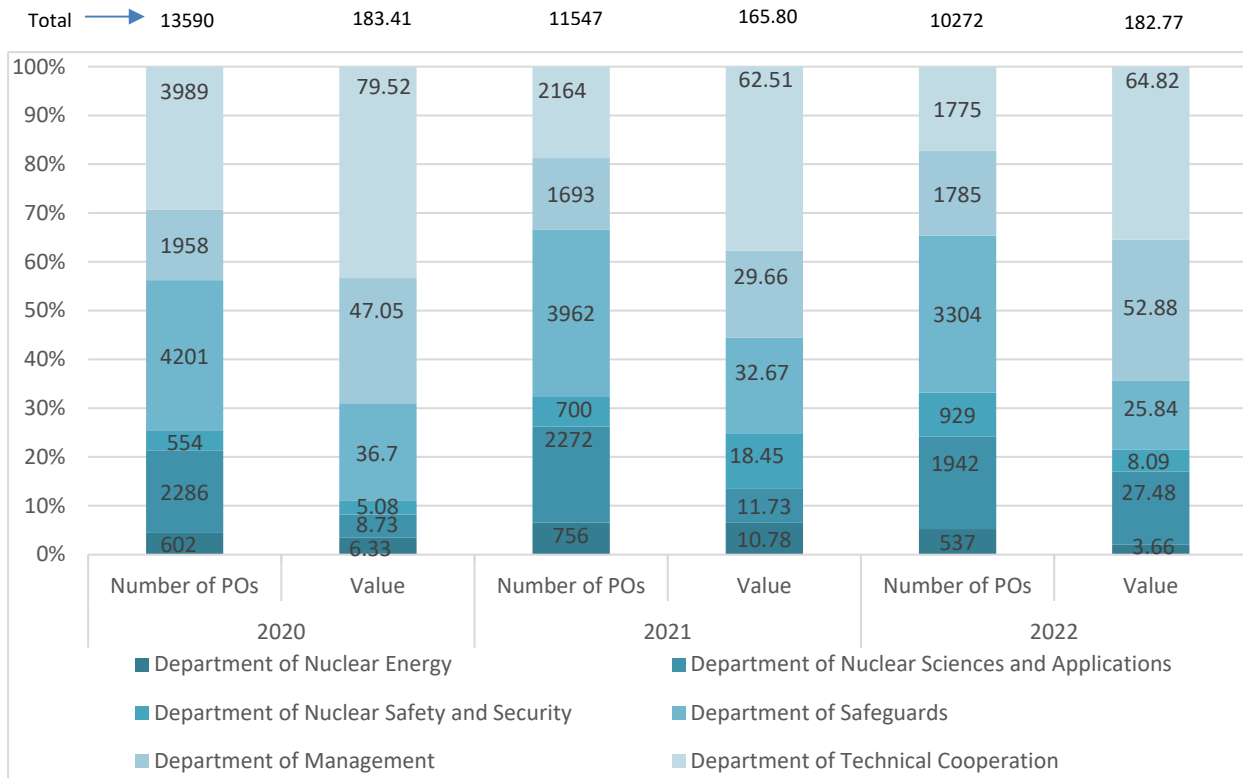
79. The Agency undertakes procurement activities to achieve the Agency's programmatic goals and objectives while aiming to derive best value for money. The Director of the Office of Procurement Services (DIR-MTPS) is responsible and accountable for the procurement functions of the Agency.

80. The IAEA procures goods and services with a total approximate value of EUR 178 million¹³ every year. A substantial number of these orders are for delivery to Member States, with the remainder going to the IAEA's headquarters and its field laboratories and offices. During the three-year period covered under audit, 35,409 Purchase Orders (POs) with a total value of EUR 531.98 million were issued, which constituted 30% of the total expenses of the Agency. The department-wise procurement during the last three years was as under:

¹³ Based on approximation of average figures for last three years.

Chart 1: Department-wise quantum of procurement

(Value: Procurement in million Euros)



Source: Office of Procurement Services (MTPS).

81. The four broad categories of procurement at the Agency are as follows:

- **Critical Procurement:** Significant risk procurements generally valued over EUR 150,000 and taken up by a project team.
- **Ordinary Procurement:** Procurements below EUR 150,000 which are handled by a MTPS Contracting Officer.
- **Low Value Procurement (LVP):** Low risk procurement of goods valued under EUR 3,000 made by a division.
- **Long Term Agreement (LTA):** Purchases made through multi-year pricing agreements for purchase of as and when required, fixed-price discrete items.

Audit Objectives

82. Objectives of the Audit were to assess the effectiveness of procurement planning; vendor selection process; the procurement process; mechanism for timely delivery and vendor performance review.

Audit findings and recommendations

Procurement forecasting

83. Administrative Manual of IAEA emphasises the importance of procurement forecasting and procurement planning to arrive at best value for money.

84. As per the Manual, the procurements under EUR 25,000 do not need a plan; those between EUR 25,000 and EUR 150,000 require a written plan and critical procurements need approval from the Section Head or Director of the requesting division and DIR-MTPS. Critical Procurements shall also undergo review by the Project Review Committee (PRC) and approval from DIR-MTPS.

85. We reviewed 4,781 Ordinary and 17,451 Low-Value Procurement (LVP) purchase orders from 2020 to 2022; and identified procurements which could have benefited from consolidating requirements instead of undertaking fragmented purchases. The POs placed for Covid related purchases of this period were excluded from the analysis.

86. We noted that in respect of thirty products, purchases were made for two to 23 times for each item from the same vendor. Although the value of each item was below EUR 25000, the value of annual procurement varied from EUR 25500 to EUR 134999. In total, such fragmented procurements amounted to 181 purchase orders with a cumulative value of EUR 1.57 million.

87. Similarly, in respect of nine products with costs below EUR 150,000, two to 10 items were procured annually, resulting in annual procurement ranging from EUR 179,980 to EUR 708,170. In total, these ordinary procurements comprised 55 purchase orders with a cumulative value of EUR 3.27 million. These purchases could have been economised with better demand management and procurement forecasting by consolidating requirements, as envisaged in the Manual.

Recommendation 11

The Agency to consider putting in place a system to support need analysis and demand forecasting to optimise utilisation of time and resources.

The Agency agreed with the recommendation.

Vendor management

Vendor master database

88. Administrative Manual and related guidance for Supplier Maintenance provides conditions like financial adequacy, proof of incorporation, applicable licenses, satisfactory performance record, experience, insurance, technical skills, equipment, facilities, production capacity etc. for registration of suppliers in iSupplier portal.

89. It was also noted that a supplier watchlist automatically alerts MTPS to any high-risk categories, such as bankruptcy/insolvency, ceased trading, serious detrimental events, or severe risks, flagged in a supplier's credit report.

90. We noted that the suppliers' roster data sheet, contained detailed information on 9,465 registered commercial suppliers as of October 2023. On examination of the data sheet, we noted 18 instances

where the same bank account number was assigned to two different 'Vendor_IDs' and in one case, the same Tax_Registration_Number was assigned to two different Vendor IDs, which the Agency agreed was duplicate.

91. The Agency informed that the system does not block duplicate registrations, but it flags similar vendor accounts for possible linking.

92. We also noted that the vendor master database was not complete as columns related to Employee ID, Customer number, Parent vendor ID, Credit Status, Bank Account Type, Trading Name and Company Registration Number did not contain any data. Guidance for Supplier Maintenance requires uploading of company incorporation document on the portal. We noted that information in this column was blank for all registered vendors.

93. We further noted that the guidelines for supplier maintenance requires regular clean-up of supplier database¹⁴. The Agency did not have information on the vendor master database clean-up exercise and results thereof. The Agency also could not provide data on inactive supplier accounts in the master database during the course of audit.

Recommendation 12

The Agency should implement measures to ensure accuracy, completeness, and currency of the vendor master database, and establish a system for periodic database clean-up.

The Agency agreed with the recommendation and noted that there will be a financial cost for periodic database clean-up.

Vendor performance review

94. The Administrative Manual prescribes a need for monitoring and management of supplier performances to realize value for money. This includes employing key performance indicators (KPIs) that are negotiated with chosen suppliers and monitored over the course of the contract to ensure timely and satisfactory delivery. As per the manual the post-award administration includes activities such as: following-up on late deliveries; conducting inspections; managing warranty returns as well as addressing instances where goods or services fail to meet specifications or are incorrectly shipped.

95. Further the Manual provides that post-award administration for contracts below EUR 150,000 shall be conducted by the assigned MTPS staff member. Post-award administration for critical procurement contracts, is prescribed to be handled by the procurement team. The manual also prescribes other activities such as receipt of goods, processing of invoices, processing of returned or rejected goods, and management of capital assets, that will be handled by other Agency Divisions and Departments using AIPS and will not be performed by MTPS.

Delay in delivery

96. Out of 177 crucial purchases, we test checked timeliness of supply deliveries in 19 sample cases. We noted that only three of these cases met the specified delivery timeframe. In nine instances, delays ranged from 133 to 604 days beyond the due date. Additionally, in seven cases, incomplete data

¹⁴ For Inactive suppliers - Six Monthly to label Supplier *Inactive* and yearly for deleting account.

prevented us from determining the extent of delay, as the information to identify due dates and actual completion/ delivery dates was incomplete.

97. Additionally, we observed that out of the 19 cases mentioned earlier, in only one case the contract included a clause for imposing liquidated damages (LD) for delays in delivery or completion of contractual commitments. In the remaining purchase orders, there were no provisions to ensure timely delivery of goods and services.

98. Notably, considering that there was a clause for liquidated damages in only one of 19 sampled cases, we could not identify any criteria that had been used for inclusion of liquidated damages in some contracts and not in others. The Agency informed that adding clauses such as liquidated damages or performance security would add to the cost of the purchase. Also, in terms of efficiency this would require additional resources to put such clauses in place.

Recommendation 13

The Agency to evaluate and determine whether to accept the risks associated with omitting security clauses from contracts, which could result in potential delays and accompanying losses caused by such delays, or to incur the expense of implementing controls such as liquidated damages/ performance securities. This decision may also involve establishing criteria for identifying contracts that require additional controls to mitigate risks associated with vendor supplies.

The Agency agreed with the recommendation and stated that the relevant SOP would be updated to include further guidance and best practices on the use of security clauses.

Post-delivery services

99. The Technical Cooperation Programme (TCP) of the Agency facilitates transfer of nuclear technology to Member States. Goods and services valuing EUR 206.85 million were procured for the programme between 2020 and 2022.

100. In procurement under TCP, the liability of the vendor towards the Agency ends on supply of goods to the Agency's global freight forwarder. The payment to the supplier is released after successful delivery of the item to the freight forwarder. Member States' counterparts do not have a direct contractual relationship with the vendor. However, installation, commissioning, training and actual utilisation of equipment are the sole responsibility of the counterpart agency of the Member State.

101. We noted that the Agency does not maintain structured data on status of installation and commissioning of equipment supplied under TCP. Further, during analysis of procurement files, we came across two instances¹⁵ of deficiency in supply of goods or delays in post-delivery services like installation and training.

102. UN Procurement Manual suggests including a requirement for performance security in solicitation documents for winning bidders to mitigate the risk of non-performance or breach of contractual obligations, ensuring that all equipment is delivered, services are rendered, and works are completed as agreed upon. In a randomly examined sample of 78 POs out of 7928 POs placed for TCP from 2020 to 2022, we noted that the clause for performance security was included in only one PO.

¹⁵ PO # 202003748 of EUR 273,099.82: Installation and completion certification not received. PO #202200416 of EUR 39,900: Equipment accessory supply not complete. No installation/ training timeline provided.

This practice raises concerns on vendors fulfilling their obligations after receiving full payment (i.e. after delivery of item to the freight forwarder).

103. The Agency stated that it ensures vendors' performance through active engagement and persuasion as there are limited number of suppliers of goods and services with such complex technical specifications and they would be dissuaded from participating in the Agency's solicitations in case of such performance security clauses.

104. The averment of the Agency was not substantiated by any evidence of bidders not being willing to accept and provide performance security as per contractual terms. Further, the Agency did not have a Standard Operating Procedure (SOP) for dealing with monopolistic/ oligopolistic market conditions for specified goods.

End-User's feedback on supplier's performance

105. As per the practical guidelines for Counterparts/ End-Users in the procurement process for the TCP, End-users' feedback on suppliers' performance allows the Agency to better manage its supplier base and in turn ensure improved implementation of the programme. End-users may also be approached by the Agency to provide such feedback.

106. We noted that there was no structured system for obtaining feedback on suppliers' performance as well as the utilisation and performance of equipment supplied to the End-user under Technical Cooperation Programme. The Agency stated that it is currently working on vendor performance evaluation systems with the procurement network on UNGM.

Recommendation 14

The Agency to evolve a structured system for performance evaluation of vendors and develop procedures for sanctioning a vendor whose performance was unsatisfactory.

The Agency agreed with the recommendation and stated that SOPs are being prepared to address how to manage performance issues.

Vendor Sanction Policy

107. UN Procurement Manual requires establishment of a Vendor Review Committee (VRC) responsible for recommending sanctions and potential reinstatement of vendors. A United Nations Model Policy Framework on Vendor Sanctions (MPF) was issued in 2011 for adoption by the Agencies, Funds and Programmes of the United Nations system.

108. We noted that the Agency currently does not have a vendor sanction policy/guidelines and no vendor sanctions were imposed between 2020 and 2022. The Agency instead relied on vendor certification and pledge of adherence to the UN Supplier Code of Conduct and other ethical standards upon offer submission. The Agency has recently started updating its supplier database against United Nations Global Marketplace (UNGM) ineligibility lists through update alerts with ongoing efforts to fill the database gradually.

109. In the absence of its own policy, the reliance solely on UNGM's list of ineligible vendors may not be adequate. The need for a vendor sanction policy was also pointed out by UN Joint Inspection Unit and reiterated by Office of Internal Oversight Services (OIOS) in 2019.

110. The Agency stated that it is currently working on the development of a vendor sanction policy.

Recommendation 15

The Agency to finalise its own vendor sanction policy and put in place a Vendor Review Committee to add reliability to the procurement process.

The Agency agreed with the recommendation.

Case study - Vendor Selection¹⁶

111. The Agency published a Request for Proposal¹⁷ for supply and delivery of IT Hardware Equipment in November 2019. The solicitation resulted in conclusion (May 2020) of two contracts¹⁸ (valued at EUR 2.50 million), one each for items of standard and non-standard specifications. The contract was extended up to 31 December 2022 with revised estimates aggregating EUR 6.40 million. As of December 2022, 1019 POs with aggregate value of EUR 5.02 million were issued under this Agreement. The Statement of Work (SoW) attached with RFP provided comprehensive Service Level Agreement and Key Performance Indicators (KPIs) relating to timelines for delivery and support services and associated penalty clause for not meeting the KPIs.

112. In the pre-bid meeting, the prospective bidders appealed to the Agency for a reassessment of Key Performance Indicators (KPIs) and penalties within the contract, citing challenging market conditions. The Agency denied this request. Following the issue of the Request for Proposal, the Agency received bids from three bidders, of which two were deemed non-compliant with the quality parameters by the Technical Evaluation Team, leaving only one bid that met the requirements.

113. We observed that the two non-compliant bidders did not fully embrace the Key Performance Indicators (KPIs) and penalty clauses in their proposals. In contrast, the lone responsive bidder's proposal also outlined a counter proposal with relaxed quality requirements, along with substantial reduction¹⁹ in the penalty clause. The Agency approved this counter proposal during commercial negotiations. Consequently, the quality parameters, which had initially led to the exclusion of the other two bids, underwent significant modifications during negotiations with the sole responsive bidder. These changes were incorporated into the final agreement executed with the vendor (Annex II).

114. We further noted that the KPIs under the Agreement were either not agreed during the execution of the contract, not monitored or relaxed. Further, the discovered price under the Blanket Purchase Agreement (BPA) was 8% higher than the comparable items under the previous contract and 4% higher than the lowest technically non-responsive bid.

115. The Agency's decision to seek a counter-proposal from the bidders for evaluation by the tender committee was a significant departure from the standard procurement practices. The UN Procurement Manual requires that the information shared during the bidders' conferences is for informational purposes only. If any information is shared that modifies or provides further details on any of the conditions of the solicitation documents, such modification and/ or clarification is only valid if it is

¹⁶ BPA # 202002393.

¹⁷ RFP-325308.

¹⁸ BPA-202002393 and CPA-202006247.

¹⁹ The original provisions imposing penalty of 5% of the total amount of Purchase Order for every day of delay in delivery was reduced to penalty of 2% of the value of the Hardware whose delivery has been delayed with a limitation of maximum 10% of the total value of the Goods involved in late delivery. Further, the penalty of EUR 350 a day for delay in support/ service was altogether removed.

confirmed via a formal amendment to the solicitation documents. No such amendment was carried out in the RFP by the Agency.

116. Thus, rejection of bids on quality parameters and later on relaxing the very same quality parameters without a formal amendment to the solicitation process compromised the bidding process.

117. The Agency in its reply stated that in the new agreement for supply of IT hardware equipment entered in 2023, the decision was made to implement and monitor only two KPIs, viz. delivery time and quality of the equipment delivered.

Recommendation 16

The Agency to develop controls to ensure that significant changes in contractual requirements or conditions of contract are made only through formal amendments in the solicitation documents, thus ensuring fairness and deriving best value from procurement processes.

The Agency agreed with the recommendation and stated that an SOP would be developed for this issue.

Procurement process

Management of bid submission and opening

Bid submission

118. The Agency launched the iSupplier portal, a self-service, web-based solution for use by commercial suppliers for on-line tendering and invoice management, in October 2018. With the launch of the portal, the Agency aimed to progressively phase out other channels of submission of offers and invoices. This was reiterated in the Supplier Maintenance guidelines.

119. Further, as per UN Procurement Manual, electronic submissions received via e-mail shall only be received on a dedicated email account, accessible only to Tender Opening Committee (TOC) members, accessed only from a dedicated terminal located in the restricted area where tender submissions are securely stored till their opening.

120. We noted that in addition to the iSupplier, the Agency provides other channels like email, postal mail, courier services, hand delivery, etc. for submission of bid-offers. In the same solicitation more than one channel of bid submission is also allowed.

121. The Agency informed that currently it does not plan to exclusively use iSupplier for receiving offers and invoices due to: a) Efficient functioning and convenience of dedicated email for vendors and MTPS, with strict handling of sealed bids; b) Lack of flexibility in iSupplier, discouraging many suppliers from its use; c) Potential difficulty for suppliers in less developed areas with limited internet access. Further, the Agency stated that the full utilisation of iSupplier for receiving bids and managing the other process may have cost implication of EUR 120,000.

122. We noted the Agency's concerns of flexibility in mode of submission of bids as well as cost implications in improving the iSupplier portal to handle the procurement process. We further noted that E-tendering guidance²⁰ lists efficiency gains, reduced printing and storage requirements, increased competition, anytime-anywhere participation in solicitations by vendors, more time for vendors to

²⁰ Issued by UN Procurement Division.

prepare tenders, enhanced internal controls, process automation and advanced reporting as advantages of E-tendering. We also noted that iSupplier was already an acceptable mode of vendor bid-submission by the Agency.

123. Assigning bid reception to MTPS staff deviates from prescribed procurement practices. Further, utilisation of multiple modes for bidding may in fact bring in multiple risks including risks to fairness, efficiency and transparency in the bidding process. Notably, allowing multiple submission channels had sometimes resulted in bid rejections by the Agency, due to misdirected submissions.

Recommendation 17

We recommend the Agency to consider time bound phasing out of other channels of submission of bid offers by ensuring full utilisation of iSupplier portal for providing single window interface to commercial vendors to interact with the Agency.

The Agency agreed with the recommendation subject to availability of necessary funding.

Emergency Procurement

124. As per Financial Rules, procurement contracts may be awarded without competitive tendering when the exigencies of the Agency do not permit the delay attendant upon competitive tenders as determined by DDG-MT.

125. UN Procurement Manual 2020 specifies emergency procurement procedures for Organization and managers, to respond quickly and accountably, as required in each specific situation, to extraordinary requirements through increased levels of delegation of authority, piggybacking on any contracts established by other offices or other UN entities while remaining in full compliance with Regulations and Rules of the Organization. However, no such guidelines for emergency procurement have so far been formulated by the Agency. The Agency has informed that an Administrative Manual on Emergency Procurement Procedures is under approval.

126. It has also been informed that the Agency has entered into three BPAs dedicated to emergency procurement with one vendor.

127. In addition, a project on Procurement for Emergency Response is ongoing since 2018 and a Procurement Officer is in place dedicated to the emergency procurement and logistics arrangements. Similarly, one Consultant has been engaged to provide logistics technical expertise for the emergency delivery of assistance to Member States by designing, developing, and administering procurement logistic planning and ensuring effective delivery.

128. We appreciate the strategy of the Agency for handling the supply of essential medical equipment to Member States during emergency. However, we consider the requirement of an emergency Manual, enabling a fast-track procurement process, beneficial. We noted that Office of Internal Oversight Services in its Internal Audit Report (January 2019) had observed that the Agency was drafting the guidelines on emergency procurement procedures and recommended its finalisation.

129. We assessed the performance of two Blanket Purchase Agreements (BPAs) established for the supply of Digital Radiographic Mobile X-ray Systems and Portable Digital Radiographic X-ray Units to address medical emergencies in Member States. In 21 out of 34 cases, nil data was recorded in the delivery-related column, which included cases approved in December 2020. It was explained that end-

users must provide proof of delivery for updating the final delivery status, and an ongoing effort is underway to collect the missing last-mile data.

Recommendation 18

We recommend that the Agency should put in place standard operating procedures for further strengthening the procedure for emergency procurement and set up a mechanism for monitoring of supplies/ services planned to be procured during emergency at an appropriate level.

The Agency agreed with the recommendation and stated that the development of related standard operating procedures and training materials is under process.

III. AUDIT OF SELECTED LABORATORIES

Introduction

130. The IAEA maintains eight nuclear applications laboratories in Seibersdorf, Austria. These laboratories support IAEA's activities, develop innovative technologies, and provide training in areas related to nuclear knowledge application. Additionally, they offer essential technical and analytical services to Member States. In the audit cycle 2023-24, the following laboratories were selected for detailed audit.

Soil and Water Management and Crop Nutrition Laboratory (SWMCNL)

131. The laboratory assists Member States in the development and transfer of isotopic and nuclear technologies to improve the resilience of farmers' communities to climate change through climate-smart agriculture, including soil and water conservation and optimization of soil, water, and nutrient management practices. The SWMCNL also helps Member States to be better prepared in responding to environmental pollution and nuclear emergencies affecting food and agriculture, as well in remediation of their impact on soil and agricultural water resources.

Food Safety and Control Laboratory (FSCL)

132. Food Safety and Control Laboratory provides assistance to Member States in implementing and improving food control systems to ensure the safety and quality of the food supply, safeguard consumer health and help facilitate international trade by enabling Member States to meet international food safety and quality standards. This assistance and support is linked to Member States' attainment of SDGs 2 and SDG 3²¹ and is expected to help in safeguarding human health and identifying and deterring economic loss due to food fraud. The application of these technologies and methods in Member States is to be supported by the development and validation of analytical methods and provision of technical protocols, advice and guidance, training and contributions to the development of international standards.

²¹ SDG 2 Zero Hunger; SDG 3 Good Health and Well Being.

Scope and Coverage

133. The audit covered the years 2020, 2021 and 2022.

Audit objectives

134. The audit aimed to assess the efficiency and effectiveness of the laboratories in aiding member states with climate change resilience and food supply crisis management through planned strategies, reviewing the utilization of allocated funds to ensure they were effectively used to achieve objectives, emphasizing economy and efficiency, evaluating the presence and effectiveness of performance indicators and internal controls within laboratories to enhance monitoring and evaluation of their activities, ensuring accountability and effectiveness in service delivery.

AUDIT FINDINGS

Preparedness for Nuclear and Radiological emergencies

135. SWMCNL and FSCL are two of the five laboratories under the Joint FAO/ IAEA Centre of Nuclear Techniques in Food and Agriculture. The Administrative Manual (AM) of IAEA details areas of common interest, identified by IAEA and FAO, for the Joint Centre and includes preparedness and response to nuclear and radiological emergencies affecting food and agriculture, including countermeasures and remediation strategies.

136. An assessment of institutional mechanisms, or plans/ roadmaps in place to establish such institutional mechanisms, to detect nuclear and radiological emergencies that may impact food and agriculture revealed the following:

137. SWMCNL assessed its capabilities as sufficient to handle nuclear and radiological emergencies, relying on the established Joint FAO/ IAEA Centre for coordination and support. However, we noted that post Fukushima-Daiichi, the Joint FAO/ IAEA Centre had identified additional areas for improvement, such as developing technology to enhance data collection, dissemination, and visualization for food monitoring.

138. In FSCL, there was no established IAEA/laboratory-based mechanism for this purpose currently. FSCL informed that it lacked the capabilities required for such activities, and its emergency response efforts, particularly for chemical incidents, were relatively new and still developing, having been initiated only after the COVID pandemic. Further, there was no defined roadmap in place for acquiring these capabilities.

139. In response to the Audit Observation, SWMCNL stated that a roadmap for response to nuclear and radiological emergencies affecting food and agriculture, including countermeasures and remediation strategies has already been developed in the aftermath of the Fukushima Daiichi NPP accident, which is reflected in the Hyperion planning²². FSCL responded that a comprehensive assessment of laboratory preparedness, for nuclear and radiological emergency responses affecting food and agriculture, could be carried out within the programme with resource allocation for that purpose.

²² Hyperion Planning is a software tool used by organisations for streamlining and improving accuracy of financial planning, budgeting, and forecasting. In the context of IAEA, Hyperion Planning is utilized to support various aspects of financial management within the organization.

140. Notably, it is essential to assess Agency preparedness for nuclear and radiological emergencies affecting food and agriculture, in line with the areas of common interests identified for the laboratories by the Administrative Manual.

Recommendation 19

The Agency to conduct a comprehensive review to evaluate the need for preparedness of laboratories for nuclear and radiological emergency responses affecting food and agriculture and subsequently take necessary steps based on the review including, if so required, developing a clear roadmap to build and enhance such capabilities to address identified gaps and improve preparedness.

The Agency agreed with the recommendation.

Unfunded Activities

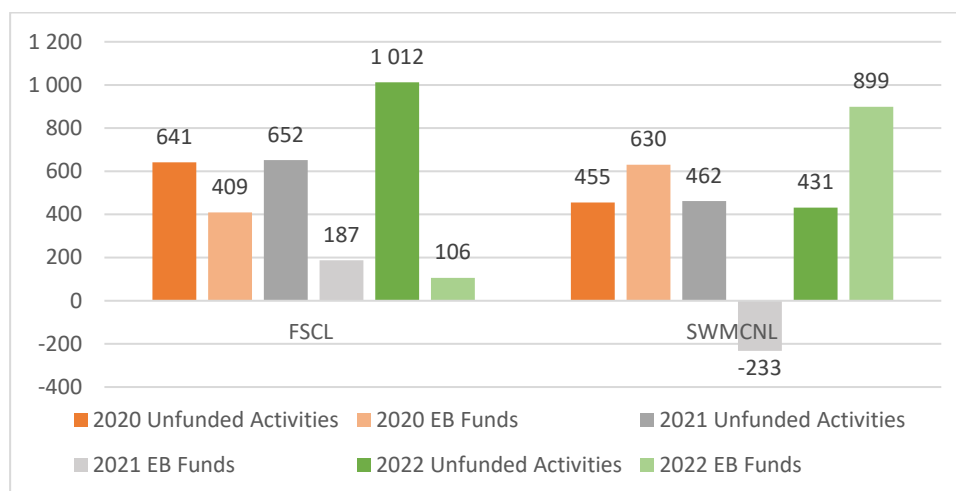
141. Agency activities across the six major programmes are financed through various sources of funds established by IAEA General Conference and are administered in accordance with the Financial Regulations adopted by the Board of Governors and Financial Rules issued by the Director General. The Laboratories are funded under Nuclear Techniques for Development and Environmental Protection (Major Programme 2).

142. We noted that the Agency continues to rely on extra budgetary funds (EB Funds) to carry out some of its activities for which funding is not foreseen in the Regular Budget. These activities are shown as ‘unfunded’ in the budget tables.

143. In respect of the Food Security and Control Laboratory (FSCL) and Soil and Water Management and Crop Nutrition Laboratory (SWMCNL), chart 2 below depicts the unfunded activities and the EB Resources mobilised for the years 2020-2022.

Chart 2: Unfunded Activities and the EB Resources mobilised (2020-2022)

(amount in thousands of Euros)



Source: Data provided by MTBF.

144. From the graph above, it can be seen that, for FSCL, between 2020 and 2022, the percentage of EB funds mobilized, vis-à-vis the unfunded activities, had decreased from 63.78 per cent in 2020, to 10.52 per cent in 2022. In comparison, SWMCNL had been able to mobilize adequate EB resources, except in 2021, when relocated/ refunded amounts²³ were higher than the mobilized funds, resulting in a negative figure of EUR 233,068 towards EB funds, in that year. Notably, not all extra-budgetary resources allocated for a year were designated for funding unfunded activities as some were earmarked for fulfilling specific Member State (MS) requests.

145. In response to our query regarding the steps taken to overcome the resource gap, SWMCNL stated that since 2017, they have initiated several Research & Development projects, securing additional funds, and shifted focus from public funding through member states to targeting more private partnerships. FSCL mentioned that funding sources, previously accessed successfully, are now unavailable. FSCL also highlighted mobilization initiatives at the departmental and agency-wide levels, including the establishment of the partnership and resource mobilization section.

146. Thus, the laboratories faced challenges in mobilizing extra-budgetary resources for its unfunded activities. FSCL has explored non-traditional sources, such as the use of analytical instruments under specific partnership agreements, but the slow process warranted review. The funding shortfall could have resulted in prolonged execution times for unfunded activities, potentially impacting their outcomes.

Recommendation 20

- (i) The Agency to regularly review the feasibility, relevance and prioritisation of unfunded activities relating to the laboratories, in alignment with its programmatic objectives.
- (ii) The Agency to consider putting in place a strengthened process for securing extra-budgetary resources against unfunded activities relating to the laboratories, aimed at reducing the resource gap and at achieving efficiencies in obtaining in-kind resources.

The Agency agreed with the recommendations.

Data Backup and IT Management Practices

147. As per the Agency's Information Security Standard, IT Managers are tasked with the responsibility of ensuring the regular creation and testing of back-up copies of data, software, and information systems, based on defined back-up procedures and business requirements. The Backup Retention Policy of IAEA deals with data protection governance, which aims to ensure safety and availability of the Agency's data. The policy provides for a robust backup system that protects the Agency data from various risks by creating backup copies in a secure location to ensure that data from these backups could be restored in case of any emergency such as disasters, errors, failures or ransomware attacks.

148. In FSCL, we noted that daily imaging of computers linked to analytical instruments is not conducted due to the absence of an IT solution for this purpose; although individual data backups were taken after analysing each batch of samples. Further, regular backup of all data files was performed every 6 months, and this information along with any instrument data is stored on an external hard drive or a red laptop²⁴ as FSCL instruments were not linked to the IAEA internal network; thereby

²³ Related to closing old awards and refunding the donors.

²⁴ A laptop not connected to the IAEA network.

necessitating individual data backup through external hard drives or personal emails. Further, the legacy data backup has not been tested for completeness and usability.

149. In SWMCNL, all data was being stored on a local server. It was further intimated that back-up procedures, legacy back-ups and testing of back-ups for usability and completeness, were the responsibility of the MTIT.

150. MTIT informed us that all centrally managed servers and data in Seibersdorf labs was being backed up on a daily basis with regular scheduled semi-annual testing.

151. We further noted that during the last meeting of the Working Group on IT Issues at the Nuclear Applications Laboratories in Seibersdorf (June 2023), delegates from the laboratories requested a backup solution and efficient data transfer methods between machines on different networks. The Agency accepted the observation.

152. Notably, insufficient data backup procedures, reliance on external drives and email for data transfers, lack of daily imaging and backups, and the absence of a comprehensive IT solution hinder efficient data management and pose significant risks to data security, integrity, and recovery capabilities.

Recommendation 21

The laboratories to proactively collaborate with MTIT and the Working Group on IT Issues, aiming to formulate and execute comprehensive data transfer and backup solutions within a defined timeframe, ensuring alignment with Information Security Standards; while concurrently initiating training programs to enhance staff comprehension and adherence to established procedures.

The Agency agreed with the recommendation.

Laboratory Equipment

Documentation and Standard Operating Procedures for Equipment Management

153. SWMCNL assists Member States in optimizing soil, water, and nutrient management, reducing greenhouse gas emissions from farmlands; while FSCL aids in improving laboratory and regulatory practices related to food safety, traceability, authenticity and quality to enhance consumer health, international trade, and food security, both utilizing various equipment for their operations.

154. We noted that there was no laboratory-wide uniform or a standardized instruction on documenting, maintaining, organizing and managing critical laboratory documents and equipment.

155. For instance, in FSCL, operational logs for two²⁵ out of seven equipment, were being maintained physically, while for two²⁶ others they were being recorded in non-standardized MS Excel / Word files. SWMCNL, confirmed lack of a standardized SOP for equipment maintenance record and noting variations in information collection across different equipment and staff.

156. FSCL mentioned that while a universal, organization-wide method for harmonization might be complicated, they could implement a laboratory-specific harmonized approach for equipment

²⁵ GC-IMS (Flavourspec), NMR (Magritek bench-top).

²⁶ IRMS (Elementar BioVisION), IRMS (ThermoFisher EA-IsoLink).

maintenance management. Further, it has already started a pilot initiative for newly acquired instruments like FT-NIR²⁷ equipment and ED-XRF²⁸ to develop a uniform approach for managing all analytical instruments, which was still in progress.

157. The absence of Standard Operating Procedures (SOPs) for equipment management can lead to inconsistent maintenance practices, which in turn may adversely impact equipment performance and longevity.

Recommendation 22

The laboratories should consider developing and implementing laboratory-specific standardized procedures for documenting, maintaining, and organizing critical laboratory documents and for equipment maintenance management.

The Agency agreed with the recommendation.

Laboratory Samples Management

158. FSCL in its mandate to implement and improve existing food control systems provides technical support to Member States in ensuring food authenticity, provenance determination and control of chemical residues and contaminants in food by developing validating, and transferring analytical methods to the Member States laboratories, and in some cases by analyzing the samples received. Further, SWMCNL, in fulfilling its mandate provides isotope analyses²⁹ of samples from Member State projects where analytical facilities are not available.

159. In fulfilling their respective responsibilities, FSCL and SWMNCL laboratories receive samples for processing. We noted that in 2022, SWMCNL reported 12,763 samples reflecting a threefold increase over 2020 (4,252), in the number of samples received for Isotope Ratio Spectrometry Analysis (IRMS) and Gamma Spectrometry Analyses, while FSCL had received, on an average 372 samples during the period.

160. We noted that at SWMCNL, the median time taken for sample processing for 83 batches was 57 working days, with two samples pending since 2020 and one sample since 2021. Regarding the mean time for sample processing, FSCL responded that since it is an R&D Laboratory, samples are processed within the framework of the planned programmatic activities.

161. We noted that, while the IAEA TECDOC³⁰ details the sample preparation for IRMS, there is no documented SOP for handling of samples. The Agency maintained the data in an excel workbook, but it did not have a documented system to track backlogs and delays.

162. FSCL informed that it processes samples within the framework of the planned programmatic activities and its activities do not warrant deadlines as it is a R&D laboratory which uses food samples as matrices for analytical method development and validation.

²⁷ Fourier Transform Near-infrared (FT-NIR) equipment.

²⁸ Energy dispersive X-ray fluorescence (ED-XRF) equipment.

²⁹ Isotope analyses are methods employed to measure and monitor the interactions between soil, water and nutrients in order to ensure that these are used efficiently in various cropping systems.

³⁰ TECDOC 1870 - Technical Document Published by IAEA on *Sample Preparation of Soil and Plant Material for Isotope Ratio Mass Spectrometry*.

163. While noting the research and development focus of the laboratories, a standardized sample handling and tracking SOP based system may enhance efficiency, management and accountability of sample processing in laboratories despite varying operational contexts.

Recommendation 23

The Laboratories to consider establishing laboratory-specific Standard Operating Procedures (SOPs) for tracking and handling sample processing.

The Agency agreed with the recommendation.

Laboratory Specific Performance Indicators

164. Oracle Hyperion Planning (Hyperion) system holds the Agency's programmatic information and is also the tool used for assessment of the Agency programmes. As per AIPS Planning (Hyperion) an indicator is a "Concrete measure established to enable a unit to assess its progress towards achieving a stated objective. An indicator or target should be quantitative. It should be direct, objective, verifiable and reliable."

165. We noted that with respect to Major Programme 2³¹, there were two³² high level performance indicators, which were further granularized for its various programmes and sub-programmes and reported in Hyperion. However, these performance indicators were not meant for the assessment and evaluation of laboratory-specific routine tasks or functions, such as maintenance of equipment; instrument run monitoring; management, processing and tracking of samples; adherence to safety protocols; efficiency of other laboratory operations etc. As a result, they do not enable a comprehensive view of laboratory performance.

166. The laboratories responded that, for this purpose, the indirect performance parameters are inserted in Hyperion, such as the development of method protocols, SOPs, publication of guidelines and technical documents, and training course implementation.

167. We noted that while the current set of higher-level programmatic indicators are useful for assessing overall program performance, they lack the specificity required to assess the efficiency of laboratory operations.

Recommendation 24

The Laboratories to consider use of additional specific performance indicators that directly assess and evaluate laboratory-specific routine tasks and functions.

The Agency agreed with the recommendation.

Co-ordinated Research Projects (CRPs)

168. The IAEA supports research through approved programs and projects listed in its budget. Coordinated Research Activities (CRAs) are implemented through Coordinated Research Projects (CRPs), which involve collaboration between research institutes in Member States on common research

³¹ Nuclear Techniques for Development and Environmental Protection.

³² (i) Number of Member States with active R&D activities in non-power nuclear applications and (ii) Number of Member States using non-power nuclear applications developed in collaboration with the Agency.

topics. Institutes are awarded contracts and agreements to conduct research under these CRPs. Each CRP comprises a network of 10 to 15 research institutes working together for three to five years to generate and share new knowledge. Research occurs at participating institutes selected for CRPs, with one institute staff member designated as the Chief Scientific Investigator (CSI) for each contract or agreement. The IAEA oversees and coordinates CRPs, assigning an IAEA technical staff member to lead each project as the project officer.

169. SWMCNL and FSCL implemented a total of four³³ CRPs between 2020 and 2022.

Gender representation in CRPs

170. According to the guidelines for Coordinated Research activities, priority is given to female researchers, aiming for at least 40% female representation among Chief Scientific Investigators (CSIs). As of October 2023, the gender distribution of CSIs in the four CRPs is outlined in Table 1: below.

Table 7: Gender-wise Details of CSIs in CRPs

| CRP No. | Contracts/Agreements awarded | Contracts/Agreements where the gender details of the CSIs were filled up | Contracts/Agreements where the gender details of the CSIs were filled up and the CSIs were female | Female representation in CSI (<i>in per cent</i>) (where details were available) |
|---------|------------------------------|--|---|--|
| D12014 | 12 | 6 | 1 | 17 |
| D15019 | 16 | 10 | 1 | 10 |
| D52040 | 11 | 7 | 2 | 29 |
| D52042 | 26 | 15 | 9 | 60 |

Source: Data for the respective projects available on the CRA website.

171. Notably, the gender representation details were not available in the CRA system for a significant number of contracts/agreements under CRPs. Further, the ratio of female CSIs, in the contracts/agreements related to these CRPs where gender representation details were available, was below the desired level, in 3 out of 4 CRPs.

172. In its reply, FSCL brought out challenges in meeting gender balance targets due to a shortage of proposals for female CSIs. SWMCNL reported that gender representation when counted for all staff members, was much more positive. The Research Contracts Administration Section (NACA) emphasized imbalance on account of recent guidelines on implementation of stricter gender balance provision.

173. The reasons given by FSCL and SWMCNL, are to be seen in the context of the goals as brought out in para 106, set by the Agency in February 2016 and the fact that the CRA Manual prescribes gender balance specifically in case of CSIs.

Progress Reports

174. As per CRA Manual, research institutions are to submit a yearly progress report, combined with programme of work for the following year. The positive evaluation by the appropriate project officer of the progress reports is to constitute the basis for the continuation of the project and the payment of

³³ SWMCNL - D12014 and D15019; FSCL - D52040 and D52042.

next instalment. An examination of the contracts under four³⁴ Co-ordinated Research Projects (CRPs), implemented by SWMCNL and FSCL, revealed the following:

- In 10 (9 from FSCL and 1 from SWMCNL) out of total 65 contracts, Annual Project Progress Reports had not been enclosed.
- In 54 (36 from FSCL and 18 from SWMCNL) out of total 65 contracts under these CRPs, Annual Project Progress Reports had been received with delays ranging from 6 days to more than 2 years.

175. FSCL and SWMCNL attributed significant delays to the Covid-19-pandemic. FSCL further mentioned challenges in low and middle-income countries impacting workplans and reporting. It also brought out the feature of generation of automated reminders by the CRA system in cases of delayed reports to CSIs and Project Officers.

176. While appreciating the fact that some of the delays might be attributable to Covid, we noted that the delays were at times stretching from one to two years and that a number of the cases of delay also pertained to the period before or after COVID.

Project proposals from research partners

177. All proposals for CRP contract/ agreement are evaluated by Project Officers and must then be approved by the respective Section Head (for technical approval) before submission to NACA, for final administrative approval.

178. We noted that, in one³⁵ CRP, three³⁶ out of 34 research agreement proposals were yet (as on October 2023) to receive a final decision, for durations ranging from one to three years.

179. In response to the observation, FSCL stated that the proposals undergo a lengthy comprehensive due diligence check process along with vetting and approval by the Committee for Partnerships and Resource Mobilisation. Further, projects may involve protracted negotiations with the research partner and that all the three projects were in the final stages for approval.

180. Recognizing the need for diligence and lengthy legal negotiations in private research agreements, we found that the referred project (CRP D52042), initiated in February 2019 with a planned end date of December 31, 2024, had only 1 year and 2 months remaining as of October 2023. Approval of pending research agreement proposals at this stage, is bound to delay the planned end date with possible impact on the envisaged CRP benefits.

³⁴ SWMCNL – Project No. D12014 and D15019; FSCL – Project No. D52040 and D52042.

³⁵ Project Number - D52042.

³⁶ Agreement No. 26433, Agreement No. 24719, Agreement No. 24086.

Recommendation 25

- (i) The Agency to place controls to ensure regular updating of gender related data in its CRA System. Further, Agency to strengthen its efforts to increase female CSI participation in the CRPs, aiming to achieve the desired level of gender participation in CR activities.
- (ii) The Agency to put in place appropriate controls to ensure that concerned research partners provide required periodic reports in a timely manner.
- (iii) The Agency to assess the necessity of establishing timelines for approval of project proposals to further align them with the CRP end date to ensure their continued relevance to the CRP's objectives.

The Agency agreed with the recommendations.

Technical Co-operation Projects

181. IAEA Technical Cooperation projects provide expertise in fields where nuclear techniques offer advantages over other approaches, or where nuclear techniques can usefully supplement conventional means. All Member States are eligible for support through technical cooperation projects, although, in practice, these tend to focus on the needs and priorities of less developed countries. We examined all the three TC projects implemented by SWMCNL and 9 out of 35 randomly selected projects implemented by FSCL between 2020 and 2022.

Project Closure

182. Out of the 9 TC projects implemented by FSCL between 2020 and 2022, we noted that two Technical Co-operation (TC) projects³⁷ approved in 2014 for durations of 2 and 3 years, respectively were pending closure. Further, there were no progress reports available for these projects for any of the years.

183. For one of the two projects³⁸, FSCL intimated that the reason for non-closure of this project was that a radioactive source had been delivered only in 2023 and the PO could not be cancelled. We noted that the project was not closed even after the delivery of the material.

Recommendation 26

The Agency to implement measures to ensure periodic receipt of Project Progress Assessment Report (PPARs) for all projects and closure of projects as per stipulated timelines.

The Agency agreed with the recommendation.

³⁷ Project No. GUA7004 and OMA5003 GUA7004 - Developing Capabilities to Evaluate the Transfer and Fate of Water Pollutants to Improve the Management of Major Basins and the Safety of Agricultural Products (Budget – Euro 206,335); OMA5003 - Strengthening National Capabilities in Food Safety and Food Traceability (Budget – Euro 238,628).

³⁸ Project GUA7004.

IV. PERFORMANCE AUDIT OF SUB-PROGRAMME ON NUCLEAR KNOWLEDGE MANAGEMENT AND NUCLEAR INFORMATION

Introduction

184. IAEA (Agency), manages its work under the six major programmes³⁹ relating to IAEA's mission of promoting the peaceful uses of nuclear energy, ensuring safeguards against misuse, and enhancing nuclear safety. Each major programme, is further divided into sub-programmes and under each sub-programmes, there are projects/ activities undertaken by the Agency to achieve the desired outcomes of the programmes.

185. We conducted a Performance Audit of Sub Programmes on Nuclear Knowledge Management (Sub-Programme 1.3.3) and Nuclear Information (Sub-Programmes 1.3.4) under the programme 1.3: Capacity building and nuclear knowledge for sustainable energy development which comes under the major programme 1: Nuclear Power, Fuel Cycle and Nuclear Science headed by the Department of Nuclear Energy.

186. The Sub Programme Nuclear Knowledge Management (Sub-Programme 1.3.3) supports Member States in preserving nuclear knowledge and implementing effective nuclear knowledge management programmes through dissemination of information, fostering education networking, offering targeted training and services, and providing Member States with knowledge management methodologies and guidance.

187. The Sub Programme Nuclear Information (Sub-Programme 1.3.4) encompasses the Agency's International Nuclear Information System (INIS) and the IAEA Library, which continue to provide comprehensive, authoritative and reliable information and data to support Member States in increasing their capacity for the peaceful uses of nuclear technologies.

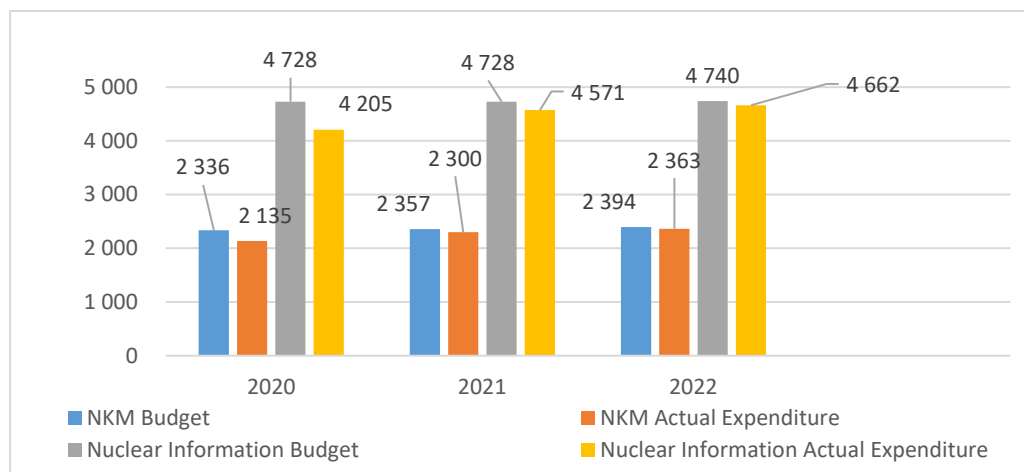
188. The programme also coordinates the implementation of the IAEA Marie Skłodowska-Curie Fellowship Programme (MSCFP), which provides scholarships for up to 100 selected applicants annually, to help increase the number of qualified young women in the nuclear field.

189. The Budget and Expenditure for the Sub-Programmes 1.3.3 and 1.3.4 is presented in the chart 3 below.

³⁹ Major Programmes: (i) Nuclear Power, Fuel Cycle and Nuclear Science; (ii) Nuclear Techniques for Development and Environmental Protection; (iii) Nuclear Safety and Security; Nuclear Verification; Policy, Management and Administrative Services; and (vi) Management of Technical Cooperation and Development.

Chart 3: IAEA’s Budget and Expenditure for Sub-Programmes 1.3.3 and 1.3.4: Nuclear Knowledge Management and Nuclear Information for the year 2020 to 2022

(amount in thousands of Euros)



Source: Information provided by the Agency.

Audit Objectives

190. The objectives of the Performance Audit were to assess the effectiveness of the Nuclear Knowledge Management (NKM) programmes in expanding support to Member States; evaluate the level of Member State participation in NKM programmes; efficiency and effectiveness of sustainable sharing of information on peaceful uses of nuclear energy; and the mechanism/internal control for monitoring and evaluation of the programme.

Scope and Coverage

191. The audit covered the years 2020, 2021 and 2022.

AUDIT FINDINGS

Sub-Programme 1.3.3 Nuclear Knowledge Management

Nuclear Energy Management (NEM) schools

192. Nuclear Energy Management Schools, under the sub-programme Nuclear Knowledge Management are a service/tool provided by the Agency with the aim to equip participants with leadership and managerial competencies, raise awareness of recent developments, broaden understanding of key issues, and facilitate international networking in the field of nuclear energy and technology.

193. The NEM School Manual rules require that the candidate must not have participated in previous NEM Schools of the same kind although candidates who have only participated in a virtual School are eligible to apply for an in-person school. Number of applicants from Member States successfully completing the school assessments criteria is an important performance indicator of the Schools.

194. Between 2020 and 2022, a total of thirteen⁴⁰ NEM Schools were conducted, training 742 students out of 1162 applicants. We observed that the Agency possesses records for only 451 out of the 742 students who attended these schools. Additionally, nationality details were absent for 15 of the 451 students who participated in the 2022 NEM Trieste School. Further, contrary to the existing guidelines, at least one participant⁴¹ was allowed to attend the physical school more than once.

195. In response to the observation, the Agency explained that details of participants in the Virtual Schools were not recorded. Instead, details were only captured for those who attended the full duration physical school, completed the school, and obtained a certificate, as virtual participation spanned only a few days. It further stated that the nationality information for the candidates was stored in the ICTP⁴² platform/system, but not by IAEA.

196. While acknowledging the manner of documentation at ICTP, improving documentation practices is crucial to preventing repeat training and to ensure comprehensive participant records, including nationality, for better program evaluation. This will improve participation opportunities for other deserving professionals and increase the program's exposure to diverse experiences, backgrounds, and perspectives.

Nuclear Knowledge Management (NKM) Schools

197. Nuclear Knowledge Management (NKM) Schools provide specialized education and training to participants in developing and implementing nuclear knowledge management programs in nuclear energy, science, and technology. NEM schools are targeted at the technical aspect of Nuclear Energy Management while the NKM schools aim to provide understanding of Nuclear Knowledge Management.

198. Between 2020 and 2022, the Agency conducted six NKM Schools, one of which was held virtually. As per data provided by the Agency, for these six schools, 405 initial applications were received, and 275 students received training. According to data provided, information was available for only 201 students who attended these schools. We further noted that the database did not have details of 47 students who attended NKM schools held in the year 2022. The database also omitted the initial applications received for one NKM School held in 2022.

199. We noted that the Agency did not have detailed data for students completing virtual schools. Further, the Performance Indicators Summary report prepared for reporting purpose for the NKM schools also inaccurately listed 26 NKM school students from virtual schools as successful, despite not completing their courses.

200. The Agency replied that it reported school numbers in a weekly summary presented to the DDG. However, the official end-of-school reports are later uploaded to the Repository of Online Agency Documents. The discrepancies could be due to administrative processes rather than any significant issue with the student data itself.

⁴⁰ 5 Virtual, 2 Hybrid and 6 in person Nuclear Energy Management Schools.

⁴¹ In 2021, the participant attended an 'Advanced NEM school,' a hybrid school designed for managers and decision-makers in nuclear organizations. In 2022, he was selected again (in Advanced NEM School) and attended twice in June and July, but these schools were not categorized as advanced.

⁴² International Centre for Theoretical Physics (ICTP) is a research centre works in collaboration with IAEA to promote research and training in the field of nuclear science and technology. The centre operates under a tripartite agreement between the Italian Government, UNESCO, and the International Atomic Energy Agency.

Recommendation 27

(i) The Agency maintain a comprehensive and updated database of NKM/ NEM school (in-person/ hybrid/ virtual) participants accessible to officials and higher management for selection and administrative purposes.

(ii) For virtual schools, the Agency should establish a policy on frequency and attendance limits ensuring accurate virtual participation records.

The Agency agreed with the recommendations.

International Nuclear Management Academy (INMA)

201. The International Nuclear Management Academy (INMA) is established under the Nuclear Knowledge Management (NKM) sub-programme to improve the safety, performance, and economics of nuclear and radiological technologies in Member States by promoting high quality master's level educational programmes for nuclear and radiological sector managers. INMA supports universities with INMA peer review missions to benchmark their nuclear technology management (NTM) programmes against the INMA nuclear technology management curriculum topics. The result of a successful peer review mission is INMA endorsement of the NTM master's program and INMA membership for the University.

202. During 2020-2022, the Agency awarded INMA memberships to three universities, carried out four assessment missions⁴³, and three assist missions⁴⁴.

203. In 2020, the Agency implemented a "Formalized Process" to endorse universities under the INMA framework. The process detailed in the publication "International Nuclear Management Academy Master's Programmes in Nuclear Technology," provided a thorough overview of the endorsement process and procedures. As of December 31, 2019, three universities held INMA membership, while six requests from other universities were under process. Between 2020 and 2022, the Agency granted INMA membership to three more universities. As of December 31, 2022, three requests from universities were still under review by the Agency.

204. We noted that although detailed steps are outlined for INMA peer review missions, there are no specified timelines at the Agency level. The Agency took 41 to 232 days for accepting Initial Formal Request from the universities. Similarly, the Agency took 19 to 53 days for accepting the Assessment Mission request. Further, the Agency took one to 109 days for INMA endorsement of the universities.

205. The Agency replied that the delay for accepting initial request was probably due to lack of funding for the mission.

206. We believe that establishing specific timelines would represent a modest yet meaningful measure to provide assurance and motivate universities to harmonize their NTM programs with the INMA benchmarks when pursuing INMA membership.

⁴³ The INMA assessment mission is a peer review process that evaluates the curriculum of a master's programme in nuclear technology management (NTM) offered by a university against the INMA requirements.

⁴⁴ The purpose of INMA assist missions is to help universities that offer or plan to offer master's programmes in nuclear technology management (NTM) to align their curricula with the INMA requirements.

Recommendation 28

The Agency strengthen the INMA membership process by setting realistic timelines for the Agency to review and process membership applications efficiently.

The Agency agreed with the recommendation.

IAEA Marie Skłodowska-Curie Fellowship Programme (MSCFP)

Selection of Applicants for IAEA Marie Skłodowska-Curie Fellowship Programme (MSCFP)

207. The IAEA Marie Skłodowska-Curie Fellowship Programme (MSCFP) was launched in March 2020 with the aim to encourage women to enter and remain in the nuclear field and to pursue their studies at the highest level. The programme is open to female students from IAEA Member States who are accepted or enrolled in a master's programme in a nuclear related field.

208. The detailed selection criteria for selection of applicants for MSCFP was provided in MSCFP Concept note, which assigned the governance of the Program to its Steering Committee (SC). As per the MSCFP concept note, average academic credentials i.e. 75% or better or GPA > 3 out of 4, was one of the minimum eligibility criteria. Further, SC also proposed an increase in the number of required reference letters to two for selection of candidates for the fellowship.

209. During the years 2020, 2021 and 2022, the MSCFP was awarded to 360 candidates. In the examination of the application and documents of a random sample of 40 selected candidates, the following was noted:

- Six selected candidates lacked the necessary academic credentials, with scores below 75% or GPAs lower than 3 out of 4 in their masters programs.
- As against the selection criteria⁴⁵ of two reference letters, four out of forty sampled candidates were selected with only one reference letter.
- The Steering Committee (SC) in its second meeting on 28 July 2020, suggested adding explanatory text to the reference template to clarify the criteria for selecting references. However, SC did not suggest specifying a minimum duration for the referee's acquaintance with the candidate. Without this specification, there's a risk that references may lack depth, as referees who have only briefly interacted with the candidate may not provide a comprehensive assessment, compromising the quality of the reference letter.

210. The Agency justified selecting candidates with lower GPAs by stating that the criterion only gives a preference to those with GPA over 3/4 or 75/100, and that the candidates were selected legitimately within the nine-dimensional selection matrix, especially considering they were in-kind applications wherein only one reference letter is accepted as the candidates have been selected and recommended by the University. The replies however, needs to be seen in the light of MSCFP Concept Note which lists above-average academic credentials as one of the minimum eligibility criteria and the SC committee note requiring two reference letters as brought out in above paras.

⁴⁵ As per second Steering Committee (SC) Meeting held on 28 July 2020.

211. Regarding the minimum duration of acquaintance, the Agency mentioned that specifying an exact minimum duration might be too restrictive, considering cases where candidates engaged in substantial short-term complex projects, with valid and relevant assessments.

212. However, recommendation of a "desirable" duration lacks specificity. The absence of an appropriately selected and specified duration requirement may result in recommendations that inadequately reflect the candidate's long-term capabilities, reliability and potential, possibly questioning the reliability of these references.

Recommendation 29

The Agency should improve controls to ensure consistency in selection of fellows as per the established criteria and also further improve standardized selection guidelines particularly relating to the referee's acquaintance with the candidate.

The Agency agreed with the recommendation.

Sub-Programme 1.3.4 Nuclear Information

IAEA Library

213. The IAEA Library is part of the Nuclear Information Section of the Department of Nuclear Energy responsible for providing library and information services that meet the information needs of the IAEA. The services are provided to IAEA personnel, members of Permanent Missions and other authorised library users. The Library procures library materials and information resources in both print and electronic form for the Agency and is the depository for all Agency publications.

214. The Administrative Manual (AM) of the Agency and the Collection Development Policy (CDP) of the IAEA Library mandate the establishment of a Library Advisory Group (LAG). This group is tasked with assessing information resources planned for acquisition, participating in trial runs, reviewing resources, and providing advisory support to the library.

215. We noted that the LAG has not been active since 2014. In the absence of the LAG, information resources have been acquired based on individual analysis. Moreover, no formal order has been issued or approval sought from the DDG-MT, as required by the Administrative Manual, to suspend LAG's activities. The Agency accepted the audit observation.

216. In the absence of an advisory group, decision-making may be limited, potentially leading to suboptimal choices and underutilization of resources, hindering the library's ability to adapt to evolving needs and technological advancements.

Recommendation 30

The Agency evaluate the need for and accordingly re-establish the Library Advisory Group to ensure thorough and well-researched selection of new information resources.

The Agency agreed with the recommendation.

Physical verification and Replacement of Library materials

217. As per the Administrative Manual, IAEA library is authorized to discard materials from its collection as per its internal Rules and Procedures. The IAEA Library Collection Development Policy (CDP) identifies de-selection, and disposal criteria for different collections available in the library. The library has also established its own set of procedures for retention, replacement and discarding of library materials.

218. We noted that while there were established procedures outlined in both the Collection Development Policy (CDP) and the library's internal protocols, neither document specified a regular schedule or frequency for reviewing library materials to remove outdated items.

219. Consequently, between 2020 and 2022, the Reference Collections were only assessed once in 2022 during their relocation to a new room, with no action taken to review collections such as the Circulation Collection, Serials Collection, Technical Reports, Standards and Documents Collection, Audio Visual Collection, or Electronic Collection.

220. Further, there was no physical verification of library materials conducted during this period due to the absence of rules and procedures for such assessments.

221. The Agency accepted the observation.

Recommendation 31

The Agency to update the IAEA Library Collection Development Policy to incorporate guidelines for conducting regular assessments to review library materials, along with establishing procedures for conducting regular physical audits of library materials.

The Agency agreed with the recommendation.

Reporting of lost books

222. As per the Administrative Manual (AM), library users are personally responsible for the materials borrowed by them. Any loss of materials while on loan should be reported to the library and dealt in accordance with relevant Financial Rule and Staff Rule.

223. The relevant Staff Rule requires that a staff member may be required to reimburse for any financial loss suffered by the Agency because of his / her negligence or violation of rules. The relevant Financial Rules specify that equipment or inventories lost would be removed from records upon consideration by the Property Survey Board and approval by Deputy Director General, Department of Management⁴⁶ (DDG-MT).

224. We noted the following practice with respect to lost library materials. The library materials were initially loaned to users for one month and could be extended indefinitely. The library only recalled these materials when requested by another user. Users did not promptly report lost materials as required by the AM, and informed the library of the loss only when the items were recalled by the library on account of another user's request.

⁴⁶ If DDG MT determines responsibility for the loss to be compensated by the staff member or other person, the matter would be referred to the Director General for decision.

225. We observed that the library received 20 emails reporting loss of library materials between 2020 and 2022. However, the exact number of books reported lost was not documented, as there appears to be no independent mechanism of a physical verification of books to ascertain the actual number of missing books.

226. The Circulation staff only notified the Collection Development Librarian (CDL) upon receiving emails from users regarding the loss. Subsequently, the CDL decided whether to replace the material, and records were updated accordingly. However, no accountability was established, and no efforts made to recover the lost library material in accordance with the rules.

227. The Agency accepted the audit observation.

Recommendation 32

The Agency to implement controls to better track library resources and prevent indefinite loan periods. Additionally, controls to be established to promptly track, recover and replace lost library resources.

The Agency agreed with the recommendation.

Integrated Library System –SIERRA

228. A contract for procuring an Integrated Library System (SIERRA) was awarded to Innovative Interfaces Global Ltd in December 2015 for EUR 316,801 and included in its scope conversion, migration and management of the existing library database. This included implementation costs and five years of maintenance support/subscription fees. As outlined in the Statement of Work, the system should comprise modules for Acquisition, Cataloguing, Serials, Circulation, Electronic Resource Management and others referred in the contract agreement.

229. The contract also envisaged implementation of functions like generation of categorized reports and statistics pertaining to circulation transactions and vendor selection, ordering, invoice processing, etc. for procurement of materials through acquisition module. Further, the contractor was required to ensure compliance to IAEA security policy and placing protective measures to guard the system against unauthorized access.

230. In paragraph 224 above, we noted that library items loaned to users were continuously renewed without set limitations until requested by another user. This happened, because the SIERRA system's circulation module, responsible for issuing, reserving, and renewing library materials, did not generate a consolidated resource loan report as specified in the contract. This report should have included user names, initial loan dates, loan periods, item names, renewal dates, and other relevant details for loaned books.

231. Without proper tracking, there is a risk of misplaced or lost books and reduced accountability for returns. This lack of tracking also hampers resource planning, making it difficult to identify popular items needing replenishment. To compensate, the library manually generated various statistical reports by extracting data from the circulation module, as the system failed to automatically produce them as intended.

232. With respect to procurements, we noted that the Agency used to make manual entries for procurements (as against automated entries) of Purchase Order information in the SIERRA procurement

module, due to unspecified issues with contractor adherence to IAEA information system security requirements.

233. Thus, despite an average annual expenditure of EUR 62,578 on SIERRA subscriptions from 2020 to 2022, required reports from the Circulation Module regarding issued, reserved, and renewed library materials were not generated. Furthermore, the acquisition module for procuring library materials was underutilized, with manual entry of order information being the norm. The Agency accepted the audit observation.

Recommendation 33

The Agency to optimally utilise the functional capabilities of the SIERRA system, especially with respect to circulation, acquisition, and reporting, as envisaged when awarding the contract. The Agency to also ensure automated generation of comprehensive consolidated reports to facilitate appropriate tracking, reporting, and management of library resources.

The Agency agreed with the recommendation.

OTHER MATTERS

Cases of Fraud and Presumptive Fraud

234. The Management reported to us that there was no case of fraud and there were four cases of presumptive fraud during 2023. Two cases have been closed as unsubstantiated and the other two cases are in the final stage of investigation and both cases have no financial impact even if proven.

235. Status of the Cases of Fraud and Presumptive Fraud are summarized below.

Table 8: Cases of fraud or presumptive fraud reported in IAEA

| Period ended | Cases of Fraud | | | Cases of Presumptive Fraud | | |
|------------------|-----------------|---------------|---------------------------------|----------------------------|---------------|--|
| | Number of Cases | Amounts (EUR) | Position as of 31 December 2022 | Number of Cases | Amounts (EUR) | Position as of 31 December 2022 |
| 31 December 2016 | 0 | 0.00 | - | 3 | N/A | Closed |
| 31 December 2017 | 0 | 0.00 | - | 0 | 0.00 | - |
| 31 December 2018 | 1 | 1 941.00 | Closed | 2 | N/A | Closed |
| 31 December 2019 | 0 | 0.00 | - | 0 | 0.00 | - |
| 31 December 2020 | 0 | 0.00 | - | 2 | 0.00 | Closed |
| 31 December 2021 | 0 | 0.00 | - | 0 | 0.00 | - |
| 31 December 2022 | 0 | 0.00 | - | 2 | 0.00 | Under investigation |
| 31 December 2023 | 0 | 0.00 | - | 4 | 0.00 | Two closed and two under investigation |

Write-off

236. Receivables amounting to EUR 16135 were written off in 2023. The write-off includes the following:

Table 9: Details of Write-Offs

| No. | Types of Receivables | 2023 (EUR) |
|-----|---|------------|
| 1 | Agency Sales Receivables – Lab reference material invoice | 13 330.00 |
| 2 | Agency Sales Receivables – Publication invoices | 2 030.08 |
| 3 | Trade Receivables | 774.98 |
| | Total | 16 135.06 |

Loss of Equipment

237. According to AIPS (ERP system of the Agency) records in 2023, there were 28 capitalized assets costing EUR 122 936.25 with a net book value of EUR 29 437.46 and 10 expensed type assets with acquisition cost amounting to EUR 14 377.01 which were declared lost.

Ex-Gratia Payments

238. No ex-gratia payment have been made during the 2023.

RESPONSE TO PAST EXTERNAL AUDITORS' RECOMMENDATIONS

239. The response of Management indicating actions taken on past External Auditor's recommendations, is given at Annex I.

ACKNOWLEDGEMENT

240. We wish to record our appreciation for the cooperation and assistance extended by the Director-General and the staff of the International Atomic Energy Agency during our audit.

(signed)

Girish Chandra Murmu
Comptroller and Auditor General of India
22 March 2024

ANNEX I

Status of External Audit Recommendations

| External Auditors' Audit Results | 2011 | | 2014 | | 2016 | | 2018 | | 2019 | | 2020 | | 2021 | | 2022 | | Total FA* & PA** |
|--|------|----|------|----|------|----|------|----|------|----|------|----|------|----|------|----|---------------------|
| | FA | PA | FA | PA | FA | PA | FA | PA | FA | PA | FA | PA | FA | PA | FA | PA | |
| Recommendations opened as of 1 Jan 2023 | 3 | 0 | 1 | 2 | 0 | 1 | 2 | 0 | 0 | 3 | 3 | 1 | 3 | 10 | 3 | 14 | 46 |
| Recommendation implemented in 2023 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 2 | 0 | 2 | 5 | 1 | 4 | 17 |
| Recommendations overtaken by other events | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recommendations in progress as per 31 Dec 2023 | 3 | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 2 | 1 | 1 | 1 | 5 | 2 | 10 | 29 |

* FA – Financial Audit ** PA – Performance Audit

| Rec. No. | Reference to Report and Financial Period | Recommendations | Action Reported by the Management | External Auditors Remarks |
|----------|--|---|--|--|
| 1 | 2011 [Financial] | Introduce a Statement of Internal Control as part of the financial statements | <p>The Agency has adopted a phased approach to issuing a Statement of Internal Control (SIC) whereby the first phase is to issue a Statement of Internal Controls over Financial Reporting (ICFR).</p> <p>The ICFR project started in mid-September 2023.</p> <p>As of December 2023, a review and update of the financial reporting-related process mapping and a self-assessment of risks and internal controls was completed; potential improvements to internal controls were identified; and a software solution to facilitate the on-going monitoring and updating of processes, risks and controls has been procured.</p> <p>In 2024, the documentation of the financial reporting-related processes, risks and controls identified in 2023 will be signed off by process owners and uploaded in the newly procured software solution. In addition an internal audit preparedness</p> | The Agency has reported that a software solution has been procured and remaining steps shall be completed in 2024, hence the recommendation is Under Implementation. |

| Rec. No. | Reference to Report and Financial Period | Recommendations | Action Reported by the Management | External Auditors Remarks |
|----------|--|--|---|---|
| | | | <p>exercise will be carried out and remaining steps will be outlined.</p> <p>Management considers the recommendation to be in Progress.</p> | |
| 2 | 2011 [Financial] | <p>In connection with the issuance of an annual Statement of Internal Control, ensure processes are in place to review, document and assure the effectiveness of the internal control system.</p> | <p>The Agency has adopted a phased approach to issuing a Statement of Internal Control (SIC) whereby the first phase is to issue a Statement of Internal Controls over Financial Reporting (ICFR).</p> <p>The ICFR project started in mid-September 2023.</p> <p>As of December 2023, a review and update of the financial reporting-related process mapping and a self-assessment of risks and internal controls was completed; potential improvements to internal controls were identified; and a software solution to facilitate the on-going monitoring and updating of processes, risks and controls has been procured.</p> <p>In 2024, the documentation of the financial reporting-related processes, risks and controls identified in 2023 will be signed off by process owners and uploaded in the newly procured software solution. In addition an internal audit preparedness exercise will be carried out and remaining steps will be outlined.</p> <p>Management considers the recommendation to be in Progress.</p> | <p>The Agency has reported that a software solution has been procured and remaining steps shall be completed in 2024, hence the recommendation is Under Implementation.</p> |
| 3 | 2011 [Financial] | <p>In connection with the issuance of an annual Statement on Internal Control, accountability on the part of individual managers should be clear – this can be achieved by clear delegation of authority throughout the organization</p> | <p>The Agency has adopted a phased approach to issuing a Statement of Internal Control (SIC) whereby the first phase is to issue a Statement of Internal Controls over Financial Reporting (ICFR).</p> <p>The ICFR project started in mid-September 2023.</p> <p>As of December 2023, a review and update of the financial reporting-related process mapping and a self-assessment of risks and</p> | <p>The Agency has reported that a software solution has been procured and remaining steps shall be completed in 2024, hence the recommendation is Under Implementation.</p> |

| Rec. No. | Reference to Report and Financial Period | Recommendations | Action Reported by the Management | External Auditors Remarks |
|----------|--|---|--|---|
| | | | <p>internal controls was completed; potential improvements to internal controls were identified; and a software solution to facilitate the on-going monitoring and updating of processes, risks and controls has been procured.</p> <p>In 2024, the documentation of the financial reporting-related processes, risks and controls identified in 2023 will be signed off by process owners and uploaded in the newly procured software solution. In addition an internal audit preparedness exercise will be carried out and remaining steps will be outlined.</p> <p>Management considers the recommendation to be in Progress.</p> | |
| 4 | 2014 [Financial] | The Agency may consider the implementation of a long-term funding strategy for meeting the employee liabilities adequately over a period of time. | <p>Cost Containment measures presented to Member States as a first step towards addressing the increase of ASHI and its funding were implemented with effective date 1 March 2023.</p> <p>The measures target three fundamental areas (ASHI eligibility criteria, health plan redesign and the premium cost sharing principle).</p> <p>As of December 2023, the savings from the Cost Containment measures were minimal, however the 2023 liability was significantly reduced due to these measures.</p> <p>As the cumulative effects of the cost containment measures are expected to increase, the Agency will monitor the situation and propose a funding proposal in due course.</p> <p>Management considers the recommendation to be in Progress.</p> | As the Agency is monitoring the result of the cost containment measures, which is expected to increase, which may allow the Agency to propose funding proposal in due course, the recommendation is Under Implementation. |

| Rec. No. | Reference to Report and Financial Period | Recommendations | Action Reported by the Management | External Auditors Remarks |
|----------|--|---|--|---|
| 5 | 2014 [Performance] | 13b) The Agency may frame explicit guidelines regarding elements constituting Best Value for Money (BVM) for different category of procurements. 13c) Changes to the extant provisions/structures may be simultaneously updated in the Administrative Manual after taking due approvals. | This recommendation can be closed as this has been implemented with the publication of the Procurement Governance review. Please refer to revision of the AMV.3 FR 110.33 e). | Procurement Governance Review has been rolled out and FR 110.33 e AMV.3 has given effect to the amendment, the recommendation has been Implemented. |
| 6 | 2014 [Performance] | 37a) Classification and access control procedures may be strengthened and synchronized. 37b) Remote access security plans and identity management systems may be urgently finalised in view of their Agency wide applicability. | a) Classification procedures have been harmonised and published. Implemented. b) Remote Access Standard is going through the review process. The identity and access management solution will be kicked off in Q3 2024. | The Agency made the classification and access control standards, however, the identity and access management solution is scheduled in Q3, 2024, hence the recommendations are Under Implementation. |
| 7 | 2016 [Performance] | The Agency :-i. maintain coordination with related parties so as to facilitate that the issues concerning the Radiation Safety Technical Service Unit (RSTSU) are acted upon and that an optimal solution is identified by considering the results of the management review conducted by the Agency's Office of Internal Oversight Services (OIOS) in a timely manner; and (ii) maintain the quality-of-service design and delivery in the application of safety standards for the protection of health to the Agency's operations; | REC 1. Services are maintained. NS will coordinate with RSTSU's primary customer SG to develop a solution for the remainder of 2024 and to be included in the RB planning for 2025/26. RSTSU is also liaising with OIOS and MTBF on preparation of a model which would allow for RSTSU to charge for "unplanned" service requests under extra-budgetary projects. REC 2. Human resources component requires further discussion and review. REC 7. Discussion are under way to complete SLA with SG and MT. All other SLAs are agreed upon, signed and in force. REC 8. The specific eLearning course for the Radiation Protection Officer has been launched in the LMS. Continuing training for the RPOs is being | As OIOS recommendations 1, 2 and 7 are in progress, the recommendation is Under Implementation. |

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| | | and consider the human resource and financial implications of the forthcoming approval and entry into force of the new Radiation Safety and Security Regulations. | provided through the RPO Round Tables with ad hoc support as needed. This recommendation is considered closed. Recommendation 8 is closed, recommendations 1, 2 and 7 are still in progress. | |
| 8 | 2018 [Financial] | The Agency should i. strengthen its efforts to ensure that receivables are collected from the Member States including the use of payment plan agreement; and ii. consider its approach to funding the regular budget fund deficit, including considering the need to change an adequate level for the WCF to meet the Agency's needs. | 2023 highlighted the importance of this recommendation, and the Secretariat continued to implement the measures in the Liquidity Protocol as well as the inclusion of MS outstanding arrears in DG bilateral discussions, in addition to top of regular follow up emails, letters and offer of a payment plan. Increased outreach with Member States to understand when payments will be made so to be able to do more precise liquidity forecasting and inform Member States in advance of a potential liquidity shortfall. Extensive outreach will be done to highlight the issue regarding WCF and best practice at other UN System organizations. E.g. presentation on WCF at IPBC. The Agency will work with the Member States as they consider the possibility of restoring the level of the Agency's WCF for future budgets. | As the Agency is making effort to address the issues and effort is ongoing, the recommendations are Under Implementation. |
| 9 | 2018 [Financial] | The Agency should enhance the monitoring system of the research contract to ensure that all reports have been submitted by researchers. | The monitoring report, in addition to the existing automatic reminder function, has been successfully developed and launched to the CRA Online system, where all contracts and payments and progress reports are administered. Management considers the recommendation to be implemented. | As separate monitoring report has been developed and lunched where all contract and payments and progress are reported; the recommendation is Implemented. |

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| 10 | 2019 [Performance] | The Agency should further improve SPRICS by providing a dashboard feature enabling users to monitor and track the progress of MSSP's Tasks. | <p>An extra-budgetary proposal to all Member State donors for a full-time developer for SPRICS has been prepared and is under review from senior management. If proposed and funded, the developer would address all remaining requested upgrades and backlogged improvements to the SPRICS software including individualized dashboards.</p> <p>Once funding is secured for a SPRICS developer, the teams JPO will design a plan and timeline for the drafting, testing, and implementation of 3 dashboards.</p> | The Agency is trying to secure funds for SPRICS developer and the activity is under implementation; the recommendation is Under Implementation. |
| 11 | 2019 [Performance] | The Agency should: a. consider monitoring the implementation of recommendations resulting from the effectiveness of the evaluation process in a timely manner and measurably, based on established process; b. strengthen the collaboration between the effectiveness of evaluation activities and audit programmes, including assessments, in the SG Department so as to improve the effectiveness and efficiency in the evaluation function; and c. consider establishing procedure and guidelines to align the effectiveness of evaluation results across the SG Department to support effectiveness and efficiency of the evaluation process. | <p>a. A proposal to add the dataset of "SPC findings" to the State Issues Register in SLDC has been formalized, reviewed by the relevant departmental committee and implemented.</p> <p>b. Implemented.</p> <p>c. The concept paper was finalized and presented to DDG.</p> | Dataset of SPC findings has been added, concept paper presented and (b) also implemented; the recommendation Implemented. |

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| 12 | 2019 [Performance] | The Agency should expedite the development of a SG internal procedure for internal rotation with a clear articulation that staff members are subject to internal rotation after a period of time. | Final draft of SG internal procedure for internal rotation has been prepared and is subject to approval chain for departmental procedure. Guidance will be subject to annual review. | Final draft of procedure and guidelines covering Rotation Policy and Process have been prepared but is subject to approval chain; the recommendation is Under Implementation. |
| 13 | 2020 [Financial] | Enhance relevant internal controls to maintain: a. Proper classification of training and travel expenses; b. Cut-off accuracy of training and travel expenses; and c. Alignment of AM VII/5 to the actual practice of reporting of training activities and proper verification of training expenses. | As part of the 2023 year-end closure procedures, departments were instructed to submit claims and invoices pertaining to 2023 travel and training expenses by the cut-off date. To ensure recording of such expenses in the 2023 accounting period, accruals have been posted prior to the 2023 Financial Statements cut-off date. Alignment of AM VII/5 to the actual practice of reporting of training activities and proper verification of training expenses is in progress. Management considers the recommendation to be in Progress. | As the alignment of AM VII/5 to the actual practice of reporting of training activities and proper verification of training expenses is in progress, part of the recommendations is Under Implementation. |
| 14 | 2020 [Financial] | The Agency should enhance relevant internal controls to maintain the staff compliance on duty travel reporting. | MTGS, together with MTIT created a platform (TRP software) where DGO and all the Technical Departments have direct control of the status, content and completion of all duty travel reports. Authorized persons from Departments have been granted access and have received training to enable real-time review and reporting of status in their respective areas, enabling access and management of knowledge generated by duty travel and enhancing staff compliance on trip reporting by divisions/sections authorizing such travels. | Travel Request And Claim (TRAC) module in AIPS has been created for the purpose of monitoring. This has been verified through the AIPS. The recommendation is treated implemented. |

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| 15 | 2020 [Financial] | The Agency should enhance Agency's internal controls related to contractual and other services, specifically on: a. Purchase Order alignment with Relevant Contracts/Blanket Purchase Agreements regarding dates, type of service and amount of purchase; b. Validity of the creation date and the delivery date of Purchase Orders; and c. Invoicing, including role and location of work as stipulated in the BPA. | We appreciate the audit recommendation and acknowledge the importance of ensuring purchase orders (POs) strictly reflect the terms of relevant contracts and purchase agreements. We confirm that this practice has already been implemented for all relevant ERP consultancy POs, ensuring consistency between agreements and purchasing activities. More specific, all the relevant PRs/POs related to ERP consultancy services contain (as requested by the auditors) the specific type of service, amount of purchase, creation date, date of delivery, location of the work, fully in accordance with the relevant Contract/Blanket Purchase Agreement. This ensures consistency and accuracy in our procurement process related to ERP consultancy services. Please find attached few examples of specific ERP consultancy services PRs/POs following the recommendation. As this practice is consistently followed for all the ERP consultancy services, we are confident that these actions address the audit recommendation and demonstrate our commitment to adhering to the highest standards in our procurement practices. | In view of the Agency's implementation of the relevant PO alignments and other elements of the recommendations; the recommendation is considered implemented. |
| 16 | 2020 [Performance] | The Agency should consider developing the Thematic Plans for Lepidoptera and updating the existing Thematic Plans for Fruit Flies, Screwworm and Tsetse Flies by incorporating the recent research and development, and emerging major partner organizations. | Finalize the thematic plan for Lepidoptera and update the existing thematic plans for Fruit Flies, Screwworms and Tsetse flies to include the latest R&D advances and field results from the respective insect groups. Planned for Q4 2024. | The thematic plan for Lepidoptera and the update of thematic plan is scheduled for Q4, 2024, the recommendation is Under Implementation. |

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| 17 | 2021 [Financial] | The Agency should implement relevant measures to ensure that the information of assets in Agency-Wide Information for Programme Support (AIPS) is accurate, including through physical verification to clarify the custodian and actual location of each asset in the Department of Management Asset Book. | As of December 2023, MT completed the asset verification for the 2022-23 cycle where 92.69% of assets were physically verified (and 7.31% were not found) as reflected in paragraph 118 of the Agency's 2023 FS, evidence provided as Audit Requisition 4.62.2 MT Physical Verification Details. Asset records are updated immediately after the verification. In addition, new extra column "Date Last Verified" has been added to the Fixed Asset Details report. Management considers the recommendation to be Implemented. | In view of the Agency's response and action taken the recommendation is Implemented. |
| 18 | 2021 [Financial] | The Agency should consider documenting in an accounting decision the classification of the residual amount of the insurance premium surplus. | The accounting decision has been drafted and formal approval of the accounting decision has been taken. | In view of the action taken, the recommendation is Implemented. |
| 19 | 2021 [Financial] | The Agency should consider the inclusion of the policy on the application of the ASHI EB Sub-Fund in the Administrative Manual. | A funding study is being prepared to determine the funding target of the ASHI EB which will feed into the policy. Management considers this recommendation to be in progress. | As the funding study to assess ASHI EB funding target is to be done, the recommendation is Under Implementation. |
| 20 | 2021 [Performance] | The Agency should consider enhance its existing guidelines for local purchases, by harmonizing it in the Administrative Manual and including the condition in which the local purchase should be implemented, without compromising the effective and efficient implementation of TC activities. | AM changes for Event related procurements are in circulation for clearance by the DG (Final Step). Efforts to streamline guidelines for local purchases will be done upon the completion of ongoing changes to the AM in relation to Events. Management considers the recommendation to be In Progress. | As the guidelines for local purchases are under finalisation, the recommendation is Under Implementation. |
| 21 | 2021 [Performance] | The Agency should enhance its financial control on TC budgeting and implementation | Review of expenditure types and their mapping to the Financial Statements and Notes, done in coordination with MTBF. | Only part of the recommendation has been implemented and on rest, there is lack of clarity on |

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| | | process including the harmonization of expenditure types, standardization of budget reporting, and establishment of monitoring tool for additional budget and its utilization. | As part of PCMF+ upgrade, review the possibility to perform ongoing updates of work plans within existing budgets with a view to possibly address EA recommendations (the second part of the recommendation was heavily opposed by TCPC as it would imply a re-implementation of AIPS). | further updates, the recommendation is Under Implementation. |
| 22 | 2021 [Performance] | The Agency should consider introducing a procedure to monitor the validity of the AIPS generic user role by assigning an end date for the generic user role created, when the end date is known. | <p>The draft procedure has been elaborated; the procedure is being run regularly.</p> <p>The remaining step is to finalise and formalize the procedure and close the recommendation.</p> | The draft procedure has been elaborated and procedure is being run regularly, however, remaining steps are being implemented; the recommendation is Under Implementation. |
| 23 | 2021 [Performance] | The Agency should enhance, where appropriate, the PCMF functionality to provide the tracking functionality, repository, and capturing version control for all stages of project design review process. | <p>Versioning of project designs is part of the PCMF+ upgrade detailed Terms of reference.</p> <p>PMCF+ Contract to be placed in Q1/2024.</p> | As the work is scheduled in 2024, the recommendation is Under Implementation. |
| 24 | 2021 [Performance] | The Agency should Add value in QR through the provision of recommendations or suggestions of immediate corrective action that need to be taken for “low” rated project design in the early stage of the implementation phase. | <p>A second Quality Enhancement exercise of low quality project designs has been finalized as a new element of the Quality Review process. Feedback has been provided to the project teams to further improve their projects in the final stages of the project design and early stage of the implementation phase.</p> <p>This recommendation is considered implemented.</p> | As the second Quality Enhancement exercise of low quality project designs has been finalized as a new element of the Quality Review process and feedback given, the recommendation is implemented. |

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| 25 | 2021 [Performance] | The Agency should consider establishing a differentiated framework for the quality assurance process by taking into consideration the complexity, size and other defined attributes of the projects. | <p>The additional complexity and challenges of designs relating to flagship initiatives (e.g. Nutec) have been taken into account in the Quality Enhancement exercise of the Quality Review process of the TCP 2024-2025. Feedback has been provided that will lead to harmonization of these project under the Nutec umbrella. For regional projects, a different weighting has been applied with respect to indicators and assumptions, given the different risk profiles of these projects.</p> <p>This recommendation is considered implemented.</p> | In view of the action of the management, the recommendation is considered Implemented. |
| 26 | 2021 [Performance] | The Agency should consider, given the available resources, updating the format of e-PPAR and PAR accordingly to enable the assessment of the TC Quality Criteria in the monitoring and evaluation phase; and b. Consider establishing guidelines to conduct quality consider evaluating the needs of identifying risks associated with input level of a TC Project and, if appropriate, incorporating this into internal project management tools/approaches; | <p>A PPAR/PAR dashboard has been developed, which includes the assessment of the TC Quality Criteria in the monitoring and evaluation phase. The dashboard has been shared with PMO. Furthermore, the TC Quality Criteria have been applied in the development of the overall 2021 PPAR report and remain a guiding principle for further monitoring of results.</p> <p>This recommendation is considered implemented.</p> | In view of the management's action, the recommendation is considered implemented. |

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| 27 | 2021 [Performance] | The Agency should (a) consider evaluating the needs of identifying risks associated with input level of a TC Project and, if appropriate, incorporating this into internal project management tools/approaches; (b) intensify the outreach effort in promoting the use of e-learning in the PCMF, specifically the Risk Management in Technical Cooperation Projects; and (c) Consider the need for enhanced TC project management tools which support PMOs and other relevant stakeholders in the daily management of Agency resources and relevant tasks to ensure the timeliness, relevance and quality of the IAEA inputs and more frequent monitoring of progress status at the project output level, by improving and integrating the existing IT platform. | Quality reviewers have received specific guidance on the importance of risk management as a substantial component of the Quality Review process. Relevant feedback was provide to project teams in the Quality Enhancement exercise to improve aspects of risk management in their designs. Additional guidance on risk management has also been provided in the project design template. To further enhance awareness of the e-learning on risk management, a link has been placed in the project design template, and the e-learning is consistently promoted in all training events on project design, implementation and monitoring. | As the review of risk management as part of Quality Enhancement exercise was completed, the recommendations are considered Implemented. |
| 28 | 2021 [Performance] | The Agency should consider the need for enhanced TC project management tools which support PMOs and other relevant stakeholders in the daily management of Agency resources and relevant tasks to ensure the timeliness, relevance and quality of the IAEA inputs and more frequent monitoring of progress status at the project output level, | Enhanced TC Projects management tools are part of the PCMF+ detailed terms of reference. PMCF+ Contract to be placed in Q1/2024 | The work on PCMF upgrade was not completed, the recommendation in Under Implementation. |

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| | | by improving and integrating the existing IT platform. | | |
| 29 | 2021 [Performance] | The Agency should: a. identify and seek opportunities to utilize relevant information systems, databases, and other sources of information, managed within the Agency’s technical department, to provide a formal and evidence-based tool to contribute to monitoring and quantitatively evaluating the outcomes of TC projects in the related thematic area to be identified during the design phase; and b. consider a suitable information gathering method, such as the conduct of a regular survey to relevant stakeholders in related TC project countries, as a project monitoring tool at the aggregate level after project closure. | As recommended, additionally to the annual project progress assessment report where aggregated information from our existing systems and databases is analyzed, the method of gathering information on long-term project outcomes after project closure through surveys to NLOs and Counterparts has been successfully piloted and will be further used in the future. | As the survey have been successfully piloted as indicated in the result, the recommendation is Implemented. |
| 30 | 2022 [Financial] | The Agency should consider identifying milestones and timelines for fully funding the post-employment benefit liabilities. | The ASHI liability represents 79% of the post-employment liabilities. As of December 2023, a funding study was ongoing. The results of the study should identify the milestones, target and annual contribution required for fully funding the ASHI liability. | As the milestones, targets and contribution required have to be identified; the recommendation in Under Implementation. |
| 31 | 2022 [Financial] | The Agency should consider reviewing the travel process and take appropriate measures to strengthen adherence to timeliness | DIR-MTGS provides bi-annual updates to all departments on ‘Offer Received’ and ‘Uncancelled TRAC’ reports, and in 2023, introduced regular TRP Project reports to ensure departmental planners can better manage the capture and | In view of the fact that there was pending amount for recovery from non-staff, till the recovery is completed, the recommendation is |

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| | | prescribed in the Travel Procedures. | <p>knowledge utilisation of travel reports.</p> <p>MTBF continuously monitors the status of outstanding claims, timely reminders are sent to staff members and travel arrangers for follow-up and action.</p> <p>MTBF continuously follows up with the departments and travelers to recover outstanding advances for cancelled trips. Additionally, for amounts which are still pending recovery after two reminders sent, the suppliers/travelers are placed on “payment hold” preventing them to receive any further payments from the Agency and allowing recovery of due amounts from future payments.</p> <p>The processes of ensuring timeliness of submission of staff travel claims and recovery of amounts from cancelled travel are continuous processes and the above mentioned measures are in place for monitoring and adherence to the procedures.</p> <p>Management considers the recommendation to be implemented.</p> | considered Under Implementation. |
| 32 | 2022 [Financial] | <p>The Agency should consider i) further reviewing the reasons for delay in delivery of inventory in transit and effect measures to improve the delivery related delays.</p> <p>ii) carrying out consumption pattern analysis to set minimum stock requirements and purchase order size of Safeguard materials taking into account the factors that determine stock levels and purchases.</p> | <p>i) a review of reasons was undertaken as part of Q4/2022 Q1/2023 and a corresponding document was drafted (shared with this update). Measures were proposed and put in place to prevent reoccurrence and a joint effort with MTPS was undertaken. Propose to close this recommendation out.</p> <p>SGTS has put in place measures to further strengthen control over purchases of SG materials, system components and other assets. Before any reservation of funding (PR) takes place, stock position is checked and plans for further utilisation need to be submitted by requesting organisational unit.</p> <p>Prior to creating contractual obligation (PO), close cooperation with Procurement Services, and in case need be with suppliers and</p> | <p>In view of the management’s response, the recommendation is Implemented.</p> <p>The Agency has shared a copy of the review of reasons undertaken as part of Q4/2022 Q1/2023 and document drafted and a presentation.</p> |

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| | | | <p>transport companies as well, is maintained in order to have optimum quantities purchased.</p> <p>There are many good reasons to buy and stock supplies, even when the current stock position appears sufficient to the auditor. Examples are:</p> <p>Special (nuclear grade) cable for SUR & UMS which is custom manufactured for the IAEA, has a very long lead time and which requires a minimum order (production) quantity of several km.</p> <p>Crucial supplies which carry a high risk of supply chain failure because of their sole source nature (CAP metal seal where the stock position had to be increased substantially, based on previous audit recommendations). Requests for certain equipment or installation, where specific types of cables are used, comes in part from SG Operation (Inspectors) and is not purely driven by SGTS.</p> <p>Certain quantity of cables ought to be available for unexpected needs in case of rapid response from the side of SG/SGTS. Lead time for delivery of ordered materials, especially in last few years, is increasing due to factors outside the SGTS control (i.e. turmoil on suppliers' markets, pandemic, etc.)</p> <p>Many other examples where an increased stock position is justified due to the realization of price and/or supply chain efficiencies.</p> <p>Thus, taking into account mentioned above, suggestion is to consider this recommendation closed and implemented.</p> | |
| 33 | 2022 [Performance] | For the purpose of completeness, the Agency should consider inserting a | It has been noted for the next publishing of the next SIR. | Till the next SIR is published and the implementation of the recommendation is |

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| | | disclosure in the Safeguards Implementation Report (SIR) indicating that the shipment number presented denotes only completed shipments. | | verified, the recommendation is Under Implementation. |
| 34 | 2022 [Performance] | The Agency should consider amending the procedure prescribed under SG-TP-13611 by defining sensitive and non-sensitive equipment suitably as per policies of the Agency. | It has been noted and will be included in the next release of this document. The document is currently being reviewed and expected to be released in the new version by mid-March (2024). | Till the next release is published and the implementation of the recommendation is verified, the recommendation is Under Implementation. |
| 35 | 2022 [Performance] | The Agency should consider setting a time frame for derecognizing unverified assets while recording, as matter of good practice, the reasons for non-verification. | The timeframe is set in SG-PR-14020 SG Asset Management Procedure. Review of assets not verified for more than two physical verification cycles is ongoing with action to be taken on the assets not inventoried for over 4 years, either by writing them off or recording the reason for non-verification. (The number of these items at the beginning of this exercise was 158 – we are talking less than 1% of SG asset base - and as of today is 48, it will be completed by end of Q1, as committed). | Till the completion of the procedure and the implementation of the recommendation is verified; the recommendation is Under Implementation. |
| 36 | 2022 [Performance] | The Agency should continue efforts to improve the overall availability of equipment, based on a cost-benefit analysis, by identifying and taking corrective measures to contain recurring causes of failures. | It is already implemented and routinely reported upon, so that Department can continue to monitor on the equipment performance. Management considers the recommendation to be implemented. | As per the communication provided by the MTBF and SGTS, there is no clarity on the implementation. As such, the recommendation is under implementation. |
| 37 | 2022 [Performance] | Whenever the Safeguard Agreement does not provide to the contrary, the Agency may consider enabling Remote Data Transmission of | From the SGTS point of view, it is already implemented as per Policy Paper 16, Section 2.1. The Policy Paper is attached to correspondence with MTBF. As well, SGTS is of the opinion that | Though the Agency needs to internally clarify the position with regard to implementation vis-à-vis SGTS and SGCP, the recommendation |

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| | | state of health (SOH) information. | <p>the owner of the recommendation ought to be SGCP.</p> <p>Management considers the recommendation to be implemented.</p> | <p>is considered implemented.</p> <p>A copy of the Policy Paper 16 has been provided.</p> |
| 38 | 2022 [Performance] | The Agency should consider benchmarking its staffing and resources to accepted guidelines for IT security considering specifically the criticality of information the Agency holds. | <p>MTIT-AMS elaborated a procedure to periodically review the existing AIPS generic user roles. The procedure has been reviewed and approved by MTHR and run first time in March 2023, confirming that there are no users with generic user role.</p> <p>The next step is to Initiate a benchmarking assessment with Gartner.</p> | Till the benchmarking assessment, the recommendation is Under Implementation. |
| 39 | 2022 [Performance] | The Agency should consider developing and implementing a functional disaster recovery plan for all its critical IT applications in line with the ORMS requirements. | <p>Application Owners - not MTIT - are accountable for ensuring and financing the disaster recovery capabilities of their systems. MTIT is responsible for recommending, designing, and maintaining the funded solution. The timing of closure is 100% driven by the Application Owners - not MTIT.</p> <p>MTIT has tried to get Application Owners engaged on this issue since 2018 per Recommendation 17 from the Internal Audit on Business Continuity Management. The closure of this finding must be time-bound rather than outcome driven as we cannot control the outcome. We have invested significant effort on this duplicate internal audit finding since 2018 and escalated this issue countless times.</p> <p>Remaining Steps: MTIT will continue to advocate and support the alignment of the business continuity requirements and disaster recovery plans for 2 years as part of this audit. We will support the efforts of any client who wants to address this. After this point, the finding will be closed."</p> <p>This is also the finding of internal audit IA2017001,</p> | Till the alignment of business continuity requirements are closed by the MTIT / Application owners, the recommendation is considered Under Implementation. |

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| | | | recommendation 17, 'Disaster-recovery arrangements for all MTIT relevant business-critical systems' | |
| 40 | 2022 [Performance] | The Agency should consider ITAG prescribing minimum requirements in respect of parameters with templates to facilitate comprehensive review of IT projects/ applications under submission to it. | <p>Template has been reviewed and included all required fields for the ITAG to be able to make informed decisions. The template is attached.</p> <p>Management considers the recommendation to be implemented.</p> | As the ITAG field included in the Template, the recommendation is considered implemented. |
| 41 | 2022 [Performance] | The Agency should consider a regular exercise to weed out IT applications that are no longer in use or have outlived their utility to optimize storage space and save upon costs related to storage and hosting of these applications. | <p>A thorough review has been done in Q1 2023 as part of the migration of the application portfolio tool to the new platform.</p> <p>In Q2 2024, MTIT aim to develop a process of the regular reviews and implement.</p> | As the process would be finalised in Q2 2024, the recommendation is considered Under Implementation. |
| 42 | 2022 [Performance] | The Agency should consider that procedures must be established for a periodic review of accounts to identify and compile a list of admin, application level and Database (DB) accounts as well as accounts that are no longer required. A procedure of periodical supervisory review of logs of activities undertaken by such accounts should also be instituted. | <p>The effort will be initiated in Q1 2024 and will be finalized by the Q2 2024.</p> <p>The remaining steps are to elaborate and implement the procedure.</p> | As action is proposed for Q 1 and Q2 2024, the recommendation is considered Under Implementation. |
| 43 | 2022 [Performance] | The Agency should consider strengthening the procedure for evaluation, assessment, and prioritization of AIPS change requests in collaboration with the | This is waiting for the go-live of Applaud service management in May 2024. The AIPS change management procedure will be changed at that time, to incorporate the recommended controls. | As action is proposed for Q 2 2024, the recommendation is considered Under Implementation |

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| | | business owners. New controls should be instituted for periodic and regular weeding out of such change requests that have outlived their utility to the Agency. | The remaining steps are to adjust the AIPS change management process to introduce the new controls to limit the duration of open CRs. | |
| 44 | 2022 [Performance] | The Agency may benefit from broadening the resource base of donors so as to ensure diversified corpus of financial resources are available for appropriations towards Nuclear Security Fund. | Following a concluded strategic review of prospective new donors, the division has reached out to these potential contributors. Based on the feedback received and the expressed interest, the division plans to conduct follow-ups. Additionally, ongoing efforts include organizing bilateral meetings and informal discussions with potential donors. | In view of the actions of the Agency, the recommendation is considered Implemented. |
| 45 | 2022 [Performance] | The Agency may continue to ensure integrity of NSF for its intended purpose while exploring the opportunities to support Nuclear Security related activities across the Agency for cost efficiencies and synergies. | The division has completed modifications to SharePoint, incorporating new features that encompass IAEA divisions supported by NSF. Additionally, a Power BI report has been created, merging data from SharePoint and AIPS to monitor and enhance visibility into cross-departmental expenditures. | In view of the actions of the Agency, the recommendation is considered Implemented. |
| 46 | 2022 [Performance] | The Agency should consider that the Division of Nuclear Security (NSNS) continues its efforts to complete implementation of the OIOS recommendations by 31 December 2023. | <p>The Division of Nuclear Security (NSNS) has completed its implementation of nine OIOS recommendations by the agreed deadline of 31 December 2023. The implementation reporting has been accepted by OIOS for these recommendations, and no further action is required outside of planned and ongoing programmatic and operational activities. The deadline for the remaining three recommendations have been adjusted to later in 2024 to better accommodate Departmental and Agency processes and needs.</p> <p>The remaining three recommendations to be implemented in 2024 in accordance with Departmental and Agency processes and needs.</p> | As the plan is yet to be implemented, the recommendation is Under Implementation. |

ANNEX II

Analysis of quality score assigned to the bidders and post evaluation modification in the parameters on which the score was assigned

| Brief of Quality Requirement | Score Range | Score given to bidders | | | Remarks/ Observation |
|---|-------------|------------------------|----|----|---|
| | | A | B | D | |
| Ability of offer and manage Agency's storage set | 0-10 | 5 | 5 | 5 | Same score to all bidders |
| Ability to establish a well-defined priority management support from OEM for the Agency | 0-10 | 5 | 5 | 10 | The higher score was given to the bidder D as it had offered OEM Premium service. The requirement for premium support was not part of the SOW published with the RFP. The bidder was advised to offer its price without OEM Premium Support so as to ensure fair comparison of its commercial offer with the offer of technically non-qualified bids. |
| Ability to offer recycling service | 0-10 | 5 | 5 | 5 | Same score |
| Ability to accept and respect SLAs | 0-10 | 0 | 0 | 7 | Bidder A and B did not accept the SLA terms and penalties associated with KPIs. On the other hand, the penalty clause was subsequently modified in conformity with the counterproposal of the selected bidder. The original provisions imposing penalty of 5% of the total amount of Purchase Order for every day of delay in delivery was reduced to penalty of 2% of the value of the Hardware whose delivery has been delayed which should not exceed 10% of the total value of the Goods involved in late delivery. Further, the penalty of EUR 350 a day for delay in support/ service was altogether removed. In addition, the vendor and the Agency could not agree on KPI relating to storage set to be maintained at the Agency by the vendor on which the delivery of items was dependent during the execution of contract. Similarly, delivery timeline under the contract was relaxed from 28 days to 90 days due to COVID-19 conditions and statistics on response time/resolution time of support services not monitored by the Agency to monitor other KPIs. |
| Ability to accept the KPIs | 0-10 | 5 | 0 | 5 | |
| Ability to accept penalties | 0-10 | 0 | 5 | 5 | |
| Ability to provide KPI reporting | 0-10 | 5 | 0 | 5 | |
| Ability to provide the hardware configuration with options | 0-10 | 5 | 5 | 5 | Same score |
| Ability to remove cameras | 0-10 | 0 | 5 | 5 | Bidder A was not able to remove camera after delivery |
| Total | 90 | 30 | 30 | 52 | Qualifying score = 45 |

LIST OF ABBREVIATIONS

| | |
|----------|---|
| AIPS | Agency-wide Information System for Programme Support |
| ASHI | After-Service Health Insurance |
| AM | Administrative Manual |
| ARB | Award Review Board |
| BPA | Blanket Purchase Agreement |
| CAG | Comptroller and Auditor General of India |
| CPA | Contract Purchase Agreement |
| CRA | Co-ordinated Research Activity |
| CRP | Co-ordinated Research Project |
| CSI | Chief Scientific Investigator |
| CDP | Collection Development Policy |
| CDL | Collection Development Librarian |
| CCE | Cash and Cash Equivalents |
| CIP | Construction in Progress |
| DDG-MT | Deputy Director General, Department of Management |
| DIR-MTPS | Director of the Office of Procurement Services |
| DIR-SGTS | Director- Division of Technical and Scientific Services, Department of Safeguards |
| EOSA | End of Service Allowance |
| EBF | Extra budgetary Programme Fund |
| ECL | Expected Credit Losses |
| EUR | Euro |
| FTE | Full Time Equivalents |
| FAO | Food and Agriculture Organisation |
| FSCL | Food Safety and Control Laboratory |
| IAEA | International Atomic Energy Agency |
| IRIS | International Research Integration System |
| IRMS | Isotope Ratio Spectrometry Analysis |
| INIS | International Nuclear Information System |
| INMA | International Nuclear Management Academy |
| KPI | Key Performance Indicator |
| LAG | Library Advisory Group |
| LEU | Low Enriched Uranium |
| LD | Liquidated Damages |
| LTA | Long Term Agreement |
| LVP | Low Value Purchases |
| MTBF | Division of Budget and Finance |

| | |
|--------|---|
| MTPS | Office of Procurement Services |
| MS | Member State |
| MTHR | Division of Human Resources |
| MTIT | Division of Information Technology |
| MSCFP | Marie Skłodowska- Curie Fellowship Programme |
| NA | Nuclear Applications |
| NAFA | Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture |
| NMR | Nuclear Magnetic Resonance spectrometer |
| NKM | Nuclear Knowledge Management |
| NEM | Nuclear Energy Management |
| NTM | Nuclear technology management |
| OLA | Office of Legal Affairs |
| PO | Purchase Order |
| PCMF | Programme Cycle Management Framework |
| PDR | Performance and Development Review |
| PhD | Director of Philosophy |
| PMO | Programme Management Officer |
| PPAR | Project Progress Assessment Report |
| QBR | Quarterly Business Review |
| RFP | Request for Proposal |
| SAI | Supreme Audit Institution |
| SWMCNL | Soil and Water Management and Crop Nutrition Laboratory |
| SG | Safeguards |
| SLA | Service Level Agreement |
| SOP | Standard Operating Procedure |
| SoW | Statement of Work |
| SC | Steering Committee |
| TRAC | Travel Requests and Claims |
| TC | Technical Cooperation |
| TOC | Tender Opening Committee |
| UNGM | United Nations Global Marketplace |
| USIE | Unified System for Information Exchange in Incidents and Emergencies |
| XRF | X-ray Fluorescence |

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