



**JAMES MARTIN CENTER FOR
NONPROLIFERATION STUDIES**

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**Vienna Center for Disarmament
and Non-Proliferation**

FACT SHEET #5

Information Relevant to the IAEA General Conference

Topic: IAEA Budget

WHAT BUDGET MATTERS WILL THE GENERAL CONFERENCE CONSIDER IN THIS SESSION?

On July 31, 2013, the IAEA Board of Governors agreed to submit to the General Conference for approval the IAEA Regular Budget for biennium 2014-2015, along with target figures for the Technical Cooperation Fund for the same period.

The Agency's total proposed regular budget for 2014 is €349.8 million, of which €341.6 million is the operational component and €8.2 million is the capital budget. This represents a mere 0.3% real increase over the 2013 budget and a 1.4% price adjustment, whereas IAEA Director General Yukia Amano's initial proposal called for a 2.1% real increase. The Board also agreed that the regular budget for 2015 will be at zero real growth compared to 2014. Target figures for voluntary contributions to the Technical Cooperation Fund (TCF) were set at about €69.2 million (US\$ 90.25 million) for 2014 and €69.8 million (US\$ 91 million) for 2015. No targets have been set for the voluntary contributions to the Nuclear Security Fund, though regular budget allocation for nuclear security activities for 2014 increased by 11% compared to 2013 (for more, see Fact Sheet #4 on Nuclear Security).

The agreement on the proposed budget came after difficult negotiations, and the Board had to convene a special session in July after initially failing to reach agreement during its regular meeting in June 2013. The difficulties were caused by several member states' unwillingness to allow any increase in the budget at all and by disagreements over the funding for technical cooperation. The Board ultimately decided to establish a Working Group on Financing the Agency's Activities, which will examine, among other things, "the ways and means to render resources for the Technical Cooperation Fund sufficient, assured and predictable."

WHAT ARE THE COMPONENTS OF THE IAEA BUDGET?

WHAT ARE THE CHALLENGES?

The financial resources available to the IAEA consist primarily of the regular budget (mandatory assessed contributions) and voluntary extrabudgetary resources. Payment of assessed contributions is mandatory for all member states of the Agency, and the amounts are determined according to a number of factors, including the economic strength of the respective state.



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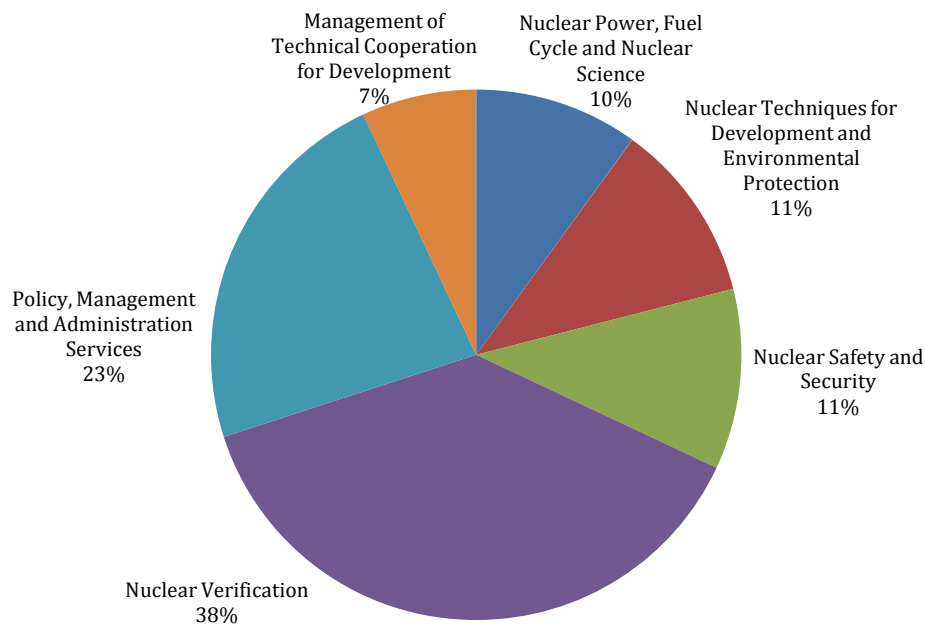
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Voluntary contributions take a number of forms, from payments to specific funds—such as the Nuclear Security Fund, Technical Cooperation Fund, or Major Capital Investment Fund—to cost-free experts sent to the IAEA to support the Agency as needed. Anticipated total extrabudgetary contributions other than TCF are expected to total €57.4 million in €2014 and €55.3 million in 2015. It should be noted that it is impossible to know exactly how much extrabudgetary help each program gets; some countries will offer the services of laboratories and personnel whose costs do not appear on the balance sheet. If countries decide not to give to extrabudgetary (voluntary) funds, whether for political or financial reasons, the programs that rely on these contributions go unfunded. The funds are divided among six “Major Programs” (see chart below).

A lack of a coherent budgeting process has created resentment among member states. Developing countries, principally the G77 and China, often protest that the practice of funding some activities through extrabudgetary sources and others through assessed contributions does not give equal priority to each of the Agency’s statutory functions. Nuclear verification, for example, is largely funded through the regular budget. The technical cooperation program, on the other hand, is funded primarily through the Technical Cooperation Fund, which is an extrabudgetary source, along with the National Participation Costs paid for each project and additional voluntary contributions. The technical cooperation program consists of projects that support research and development of peaceful nuclear technology in global health, agriculture, and nuclear energy, and is therefore particularly important for developing countries. Donor states have traditionally resisted the calls to make the technical cooperation program part of the regular budget.

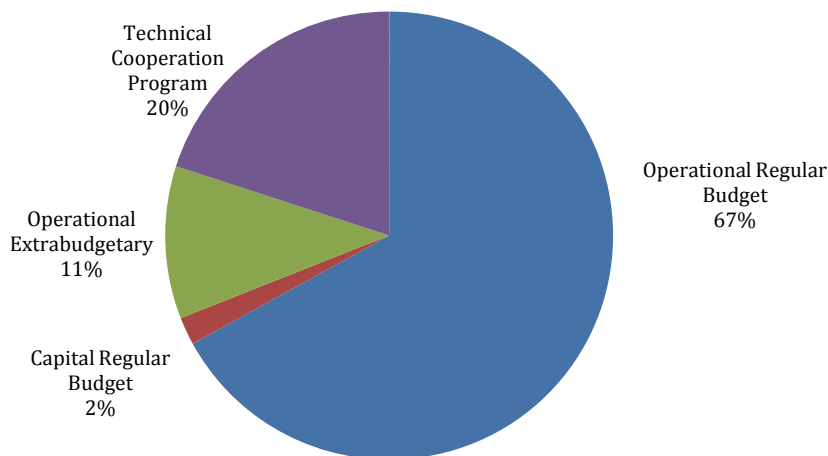
As noted by the Director General and independent experts, the IAEA requires more resources to effectively carry out its mandate and respond to growing demand in safeguards implementation and technical cooperation. In addition, more emphasis has been placed recently on such priorities as nuclear safety and nuclear security, with each having its own action plan and requiring increased funding. The need for additional resources comes in conflict with the major donor states’ (the Geneva Group) policy of “zero real growth,” where they constrain the IAEA’s budget from growing beyond year-to-year inflation adjustments. The unfavorable global financial environment further complicates the situation. Some of the major donor countries have been shifting their position, becoming more supportive of real growth in the Agency’s budget, and a real increase of 2.2% was agreed for 2012-2013. However, securing another such increase this year proved impossible.

IAEA 2014 Regular Operational Budget by Major Program



Compiled from "The Agency's Programme and Budget Update 2014-2015," GC(57)/2, *International Atomic Energy Agency*, 2013, available at http://www.iaea.org/About/Policy/GC/GC57/GC57Documents/English/gc57-2_en.pdf

2014 Total IAEA Resources at a Glance



Compiled from "The Agency's Programme and Budget Update 2014-2015," GC(57)/2, *International Atomic Energy Agency*, 2013, available at http://www.iaea.org/About/Policy/GC/GC57/GC57Documents/English/gc57-2_en.pdf



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