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SPECIMEN DRAFT RESOLUTION
on the Regular Budget appropriations for 1997
at the September 1996 dollar/schilling exchange rate

Note by the Secretariat

Background

1. The major part of the Agency's expenditures is based on the Austrian schilling or on currencies which are linked to it, so that increases or decreases in the value of the US dollar would lead to expenditures exceeding the budgeted amounts or falling below the budgeted level. The process of approval of supplementary appropriations in the event of a drop in the United States dollar value proved, in the past, to be unsatisfactory.
2. The need for a mechanism to adjust the Agency's appropriations and assessments on Member States for variations in the dollar exchange rate was first accepted by the Board and the General Conference in 1985 when approval was given to a regular budget for 1986 based on the adoption of a "split appropriation and assessment system" with an adjustment formula. This formula, which is part of the budget, has protected the Agency ever since against adverse effects of currency fluctuations. At the same time, it has ensured that Member States' contributions do not exceed the Agency's resource requirements at the actual United Nations rates of exchange during the budget year. ^{2/}
3. In recognition of the fact that most of the Agency's expenditures are linked to the Austrian schilling the budget is calculated and presented in the two currency portions — the Austrian schilling and the United States dollar — and Member States are assessed for their shares in each portion.

^{2/} The United Nations operational rates of exchange are determined by the United Nations in New York every month and are available on the first day of the month in which they apply.

4. Technically, the expenditure adjustment is achieved through a formula which has two components, the sum of which gives the appropriations in United States dollars. One component is fixed in terms of United States dollars while the schilling portion when converted to dollars varies according to the value of the average of the United Nations operational dollar/schilling exchange rates that will be experienced during the year — which is referred to as parameter R in the adjustment formula. This average exchange rate will determine the final dollar figures for the appropriation sections. Since the exchange rate and, therefore, the final dollar figure cannot be foreseen in advance, the budget has for a number of years been presented at a rate of AS12.70 to US\$1.00 since this makes current budgets easily comparable with those of prior years.

Regular Budget for 1997

5. Document GC(40)/10 — "The Agency's programme and budget for 1997 and 1998" — contains, in Annex I, draft resolution A relating to the Regular Budget appropriations for 1997. Attached to this draft resolution is the adjustment formula described above. With this adjustment formula, the resolution adopted on the Regular Budget becomes self-adjusting, that is, if the exchange rate varies, the dollar equivalent changes so that the purchasing value of the total budget estimates is preserved. The exchange rate used in document GC(40)/10 for presenting the 1997 budget estimates is once again AS 12.70 to US \$1.00.

6. In order to give the General Conference the Regular Budget appropriation figures on the basis of the most up-to-date dollar/schilling exchange rate and to illustrate how the adjustment formula operates, specimen draft resolution A is reproduced on page 1 of the Annex to this document on the basis of a rate of AS 10.40 to \$1.00, the United Nations operational rate for September 1996. In this draft resolution, on page 3 of the same Annex, division by 10.40 (i.e. the value taken for R in this case) of the figures in the right-hand column of the adjustment formula (which reflect expenditures budgeted in Austrian schillings) and addition of the results to the figures in the left-hand column, gives the total appropriations for 1997 of \$262 631 000 (i.e. $2\,333\,765\,000/10.40 + 38\,231\,000$), as shown in paragraph 1 of the specimen draft resolution, on page 1 of the Annex.

7. As indicated above, the purpose of this information paper is illustrative. In submitting to the Conference the budget estimates for 1997 in document GC(40)/10, the Board of Governors requested — in paragraph 1 of the Introduction to that document — the General Conference to adopt the draft resolutions set forth in Annex I.

SPECIMEN draft resolution**A. REGULAR BUDGET APPROPRIATIONS FOR 1997****The General Conference,**

Accepting the recommendations of the Board of Governors relating to the Regular Budget of the Agency for 1997 [1],

1. Appropriates on the basis of an exchange rate of AS 10.40 to \$1.00, an amount of \$262 631 000 for the Regular Budget expenses of the Agency in 1997 as follows: [2]

	<u>United States dollars</u>
1. Nuclear Power and Fuel Cycle	14 150 000
2. Nuclear Applications	36 039 000
3. Nuclear, Radiation and Waste Safety	16 145 000
4. Nuclear Verification and Security of Material	93 395 000
5. Management of Technical Co-operation for Development	14 814 000
6. Policy-making, Co-ordination and Support	81 755 000
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Sub-Total Agency Programme	256 298 000
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7. Reimbursable Work for Others	6 333 000
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TOTAL	<u><u>262 631 000</u></u>

the amounts in the Appropriation Sections to be adjusted in accordance with the adjustment formula presented in the Attachment in order to take into account the exchange rate variations during the year.

2. Decides that the foregoing appropriation shall be financed, after the deduction of
 - revenues deriving from Reimbursable Work for Others (Section 7); and
 - other miscellaneous income of \$4 932 000 (representing \$3 036 000 plus AS 19 723 000);from contributions by Member States amounting, for an exchange rate of AS 10.40 to \$1.00, to \$251 366 000 (\$34 601 000 plus the equivalent in US dollars of AS 2 254 352 000), in accordance with the scale of assessment fixed by the General Conference in resolution GC(40)/RES/ ; and

3. Authorizes the Director General:
 - (a) To incur expenditures additional to those for which provision is made in the Regular Budget for 1997, provided that the relevant emoluments of any staff involved and all other costs are entirely financed from revenues arising out of sales, work performed for Member States or international organizations, research grants, special contributions or other sources extraneous to the Regular Budget for 1997; and
 - (b) With the prior approval of the Board of Governors, to make transfers between any of the Sections listed in paragraph 1 above.

[1] See document GC(40)/10.

[2] The Appropriation Sections represent the Agency's Major Programmes.

ATTACHMENT

ADJUSTMENT FORMULA IN US \$

1. Nuclear Power and Fuel Cycle	3 419 000	+	(	111 595 000	/R)
2. Nuclear Applications	10 798 000	+	(	262 509 000	/R)
3. Nuclear, Radiation and Waste Safety	2 770 000	+	(	139 103 000	/R)
4. Nuclear Verification and Security of Material	12 534 000	+	(	840 956 000	/R)
5. Management of Technical Co-operation for Development	1 368 000	+	(	139 840 000	/R)
6. Policy-making, Co-ordination and Support	6 748 000	+	(	780 072 000	/R)
Sub-Total Agency Programme	<u>37 637 000</u>	+	(	<u>2 274 075 000</u>	/R)
7. Reimbursable Work for Others	<u>594 000</u>	+	(	<u>59 690 000</u>	/R)
TOTAL	<u><u>38 231 000</u></u>	+	(	<u><u>2 333 765 000</u></u>	/R)

Note: R is the average United Nations schilling-to-dollar exchange rate which will be experienced during 1997.

