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# IAEA Budget and U.S. Contributions: In Brief

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## Introduction and Background

The United States, along with European Union and the P5+1 partners and Iran, agreed on July 14, 2015 to the Joint Comprehensive Plan of Action (JCPOA).<sup>1</sup> The accord is intended to lift nuclear-related U.S., European Union, and United Nations sanctions on Iran in exchange for restrictions on the country's nuclear program. In addition to its other missions, the International Atomic Energy Agency (IAEA) is monitoring and verifying Iranian compliance with the JCPOA and is to report on these activities regularly. With the IAEA's prominent role in the Iran agreement in mind, the second session of the 114<sup>th</sup> Congress may be interested in the funding of the IAEA.

The Statute of the IAEA was approved on October 23, 1956 by the Conference on the Statute of the International Atomic Energy Agency, which was held at the Headquarters of the United Nations. Article II of the Statute, which came into force on July 29, 1957, says:

The Agency shall seek to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world. It shall 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.

The IAEA, an autonomous intergovernmental organization related to the United Nations, has 167 member states, including the United States.<sup>2</sup> Its missions include promoting nuclear power, nuclear safety, nuclear security, and nuclear technology for medical and agricultural purposes, as well as implementing safeguards in more than 180 countries.<sup>3</sup> A country does not have to be a member in order to have inspections or receive IAEA technical assistance. The Nuclear Nonproliferation Treaty (NPT) requires non-nuclear-weapon states parties to forego developing or otherwise obtaining nuclear weapons.<sup>4</sup> To ensure compliance with this requirement, the treaty also requires these states to conclude comprehensive IAEA safeguards agreements. Such agreements are designed to enable the IAEA to detect the diversion of nuclear material from peaceful purposes to nuclear weapons uses, as well as to detect undeclared nuclear activities and material.

The IAEA Board of Governors has 35 Member States designated and elected by the General Conference. It meets at the IAEA headquarters in Vienna, Austria five times per year. Among its other roles, the board makes recommendations to the IAEA General Conference regarding the Agency's program and budget, as well as appoints the IAEA Director General, with the approval

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<sup>1</sup> The P5+1 includes China, France, Germany, the Russian Federation, the United Kingdom, and the United States. For more information about the JCPOA, see CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr.

<sup>2</sup> The IAEA is a "related organization" of the United Nations. Its relationship is guided by an agreement signed by both parties in 1957 (INFCIRC/11) that states, "The Agency undertakes to conduct its activities in accordance with the Purposes and Principles of the United Nations Charter to promote peace and International co-operation, and in conformity with policies of the United Nations furthering the establishment of safeguarded worldwide disarmament and in conformity with any international agreements entered into pursuant to such policies." The Director General of the IAEA is a member of the U.N. Chief Executive Board (CEB) that is comprised of the heads of U.N. and U.N.-related entities, and regularly participates in the meetings chaired by the U.N. Secretary General.

<sup>3</sup> IAEA safeguards are designed "to provide credible assurance to the international community that nuclear material and other specified items are not diverted from peaceful nuclear uses." (*The Safeguards System of the International Atomic Energy Agency*).

<sup>4</sup> The treaty defines a nuclear-weapon state as "one which has manufactured and exploded a nuclear weapon or other nuclear explosive device" prior to January 1, 1967. These states are China, France, Russia, the United Kingdom, and the United States.

of the General Conference. The Conference, which consists of representatives of all members and is the IAEA's highest policy-making body, meets annually to approve the Agency's program and budget and to decide on other matters brought before it by the Board of Governors, the Director General, and Member States. Each Member State is represented by one delegate who may be accompanied by alternates and advisers. The General Conference approves the budget as recommended by the Board, or returns the budget draft with recommendations to the Board for resubmission.<sup>5</sup>

## **IAEA Budget Process and 2016 Total Budget**

According to the Statute of the IAEA, the Board "shall apportion the expenses among members in accordance with a scale that is fixed by the General Conference as guided by United Nations principles adopted in assessing contributions of Member States to the regular budget of the United Nations."<sup>6</sup> The IAEA budget (typically estimated both in euros and U.S. dollars) is determined on a biannual calendar year basis; calendar year 2016 is the first year of the 2016-2017 biennium. For 2016, IAEA's regular budget assessment was determined to be €358,776,039 (€311,945,518 plus U.S. \$46,830,521).

The Director General prepares the budget estimate and sends it to the Board of Governors. After the Board approves the budget, it is sent to the General Conference for approval. If the General Conference does not approve the budget, it provides recommendations and sends the budget proposal back to the Board. The General Conference approves the final budget proposal. Typically, the General Conference approves the budget in September for the following year. Financial decisions by the General Conference and the Board of Governors on the IAEA budget level require a two-thirds majority of those present and voting.

## **U.S. Contributions to IAEA Funding**

The United States is the largest contributor to the IAEA, providing an estimated \$200 million annually in assessed and voluntary contributions. The share of U.S. contributions is typically about 25% of the regular IAEA budget, as is the case for FY2016, but can fluctuate slightly from year to year, depending on such factors as the total budget and number of members that are assessed. For comparison, other top contributors and their 2016 assessed rates are Japan (10.6%), Germany (7%), France (5.5%), United Kingdom (5.1%), China (4.5%), Canada (2.9%), Spain (2.9%), Brazil (2.7%), and the Russian Federation (2.4%).

Most of the U.S. share is assessed in euros, although some is in dollars. Computation of the assessed IAEA contributions requires a complex formula that takes into consideration United Nations assessments for member states, inflation, exchange rates between euros and dollars, IAEA budget deferrals from previous years, and adjusting estimates between calendar years and U.S. fiscal years. Congress appropriates U.S. assessed contributions for IAEA's regular budget within the Department of State, Foreign Operations, and Related Programs (SFOPS) Appropriations. The funds are in State Department's Contributions to International Organ (CIO) account shown below:

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<sup>5</sup> For more information about the organization, structure, and programs of the IAEA, see <https://www.iaea.org>.

<sup>6</sup> The Statute of the International Atomic Energy Agency, Article XIV: Finance, D. The U.N. General Assembly negotiates a scale of assessments for the regular budget every two years based on a country's capacity to pay. The United States is currently assessed at 22% of the U.N. regular budget, the highest of any of the U.N. member states.

**Table 1. U.S. Contributions to the IAEA's Regular Budget Assessment, FY2011-FY2017 Request**  
(current U.S. \$ in thousands)

FY2011 actual	FY2012 actual	FY2013 actual	FY2014 actual	FY2015 actual	FY2016 estimate	FY2017 request
106,174.0	105,598.0	106,866.0	113,784.0	102,792.0	98,068.0	101,064.0

**Source:** Department of State Congressional Budget Justification (CBJ), Appendix I, various years.

Congress also appropriates voluntary contributions for IAEA, as do other countries. These funds (referred to as extra budgetary contributions) are not part of the regular budget, but are primarily for the Agency's Technical Cooperation Fund.<sup>7</sup> U.S. voluntary contributions are provided within the Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) account within the Foreign Operations portion of the State, Foreign Operations, and Related programs appropriation, as shown below:

**Table 2. U.S. Voluntary Contributions to IAEA, FY2011-FY2017 Request**  
(current U.S. \$ in thousands)

FY2011 actual	FY2012 actual	FY2013 actual	FY2014 actual	FY2015 estimate	FY2016 request	FY2017 request
79,500.0	85,900.0	90,035.0	88,000.0	88,000.0	88,000.0	89,800.0

**Source:** Congressional Budget Justifications (CBJ), Department of State, Foreign Operations, and Related Programs, various years. According to the FY2017 CBJ, an estimate for FY2016 is not yet available.

As part of its extra budgetary contribution, the United States announced at the 2010 NPT Review Conference that it would give \$50 million to the IAEA's Peaceful Use Initiative over five years. This fund is for high-priority safety, security and health cooperation projects such as providing diagnostic equipment and training assistance to help combat the recent Ebola outbreak,<sup>8</sup> as well as responding to the Fukushima nuclear plant incident. The United States renewed its pledge in 2015 for another five years.<sup>9</sup> Voluntary contributions have also been made for additional safeguards inspections support, such as in the case of implementation of agreements with North Korea or Iran, when additional inspector resources were required.

In addition, Congress appropriates \$15-\$20 million annually for IAEA contributions within the budgets of the Department of Energy, the Nuclear Regulatory Commission, the U.S. Department of Agriculture (for pest control purposes), and the U.S. Geological Survey; the most consistent amount within these other agencies is the approximately \$10 million each year from Department of Energy funds.

<sup>7</sup> The Technical Cooperation Fund (TCF) supports IAEA's technical cooperation program, providing capacity building activities, networking, knowledge sharing and partnership facilitation, as well as the procurement of equipment. Projects are delivered in seven areas: health and nutrition; food and agriculture; water and the environment; industrial applications/radiation technology; energy; nuclear knowledge development and management; and safety and security. Through the Program of Action for Cancer Therapy (PACT), the Agency helps Member States establish comprehensive national cancer control programs. IAEA Annual Report 2014, page 19.

<sup>8</sup> For more detail, see <https://www.iaea.org/newscenter/news/lab-coats-hazmat-suits-iaea-trains-scientists-work-safely-ebola>.

<sup>9</sup> "Peaceful Uses Initiative," Department of State website, <http://www.state.gov/t/isn/c39614.htm>

Section 307 of the Foreign Assistance Act of 1961, as amended, requires the withholding of the U.S. proportionate share for certain IAEA programs or projects in Cuba. The amount withheld in 2015 was \$279,617 from the U.S. 2015 contribution to the Technical Cooperation Fund, the estimated U.S. share of relevant project costs in Cuba. The United States is not required to withhold funds for programs or projects that provide for the discontinuation, dismantling, or safety inspection of nuclear facilities or related materials, or for inspections and similar activities designed to prevent the development of nuclear weapons by Cuba. Section 307 does not require withholding of U.S. contributions with respect to programs for Iran.<sup>10</sup>

## Selected IAEA Partners

The IAEA works with numerous U.S. and International organizations worldwide including the following:<sup>11</sup>

U.S. Department of Energy	Nuclear Threat Initiative
National Nuclear Security Administration	Nuclear Energy Institute
U.S. Department of Agriculture	International Commission on Radiation Protection
U.S. Nuclear Regulatory Commission	International Nuclear Law Association
U.S. Department of Homeland Security	World Nuclear Association
U.S. Department of Defense	U.S. National Institutes of Health World Institute for Nuclear Security
U.S. Department of Transportation	Contractors International Group on Nuclear Liability
U.S. Environmental Protection Agency	World Association of Nuclear Operators
U.S. Department of Commerce	U.S. National Laboratories
U.S. Geological Survey	

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<sup>10</sup> Email communications with Department of State officials, February 4, 2016.

<sup>11</sup> Congressional Budget Justification, Department of State, Diplomatic Engagement, Appendix 1, pp. 464-465