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**Statement to the General Conference**

**Mohamed Elbaradei**  
**Director General**



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**Introduction**

Introduction

This forty-third General Conference takes place at the dawn of a new millennium. It presents us with an occasion to reflect on the past and plan for the future.



I. NUCLEAR TECHNOLOGY

I want this morning not only to recall where we stand now but also to outline where we want to be. I will consider the Agency's programme in terms of the three 'pillars' that constitute its mandate, namely technology, safety and verification. I will also touch on two supporting elements that undergird those pillars: effective interaction with the outside world, and excellence in management.

II. NUCLEAR RADIATION AND WASTE SAFETY

III. NUCLEAR VERIFICATION AND THE SECURITY OF MATERIAL

**I. NUCLEAR TECHNOLOGY**

Possible New Verification Activities

I begin with the Agency's work under the technology pillar. Nuclear technology provides the basis for all of the Agency's work. Our mandate in this area is clear: to maximize the ability of Member States to make full use of nuclear technology for their economic and social development.

Specific Verification Issues

Let me start with nuclear power. In the past fifty years, nuclear power has become an important part of the energy mix. At the end of 1998, over four hundred nuclear power reactors in more than thirty countries were producing about 16% of world electricity. Sixteen countries relied on nuclear power for 25% or more of their electricity supply.

IV. INTERACTION WITH PARTNERS AND THE PUBLIC

Global energy demand, particularly for electricity, is clearly rising, especially to meet increasing needs in the developing world. A conservative estimate from the World Energy Council is that global electricity demand will triple in the next fifty years. Thus, many countries will have to decide on the nature and extent of new investments in energy production. Energy security and the preference for low price and low risk will, as always, strongly influence the choice. It will also be influenced by the steadily growing awareness of the need for energy supply services that are environmentally benign. Nuclear power is likely to be increasingly recognized as one of the few options that can help countries meet base load electricity demand with virtually no greenhouse gas emissions and can thus satisfy growing energy needs while helping to meet the carbon dioxide emission targets set out in the Kyoto Protocol. Currently, nuclear power generation results in the avoidance of about 8% of global carbon dioxide emissions compared with fossil fuel generation.

V. ACHIEVING EXCELLENCE IN MANAGEMENT

Financing

This might suggest that the share of nuclear power in global energy production will grow, or at least remain stable. However, current projections point to a less definite situation. Today, in Western Europe and North America, nuclear power is at a standstill or almost in decline, though it continues to grow in a few rapidly developing countries in Asia and in parts of Eastern Europe. But the overall share of nuclear power as a proportion of global electricity production is projected to fall, to about 13% in 2010 and to 10% in 2020.

VI. CONCLUSION

I should note here that the assumption that environmental considerations alone will trigger a resurgence of investment in nuclear power generation is at best doubtful. Only if the nuclear power industry consistently reflects three crucial attributes — safety, competitiveness and public support — can it be assured of a long term future.

A resurgence of nuclear power will thus depend on action on three fronts: continued improvement in the global nuclear safety record, including the 'back end' of the fuel cycle, further improvements in economic competitiveness, and the enhancement of

public understanding of, and confidence in, nuclear power. I shall address the latter two aspects here. The question of safety is one to which I will return later in this statement — under the second pillar.

One of the prerequisites for nuclear power to remain economically competitive — in a world in which changes brought about by liberalization and privatization have placed an unprecedented premium on cost effectiveness — is that scientific and technical research must focus not only on how to improve fuel cycle technology but also on how to develop designs for reactors of various sizes, with higher efficiency and greater availability, shorter construction times and lower capital costs. Nuclear power technology is a relatively young technology and it is essential that it continue to develop in order to remain competitive.

I should caution here, however, that the emphasis on profitability must not be at the expense of safety. Indeed, cutting corners may increase the likelihood of mistakes in an industry in which public opinion is quick to judge and slow to forget. However, experience shows that efficiency and safety are in practice mutually supportive. I should also add that it is only fair that the full costs of different energy options, including their environmental impact, are factored into the comparative assessments of the economics of the different energy options if we are to take seriously the threat of global climate change.

The third requirement for a revival of the nuclear option is public support. There is clearly a great deal of public misunderstanding and lack of knowledge about radiation and nuclear power plants. This is not entirely surprising — nuclear science and technology are complex subjects. Nonetheless, complexity must not justify widespread misperception. Public understanding is a prerequisite for public acceptance. The role of industry and civil society in promoting public understanding cannot be overemphasized. Key in this process are objectivity, openness and transparency. Vital also is a need to reach opinion leaders, who may not always be better informed on nuclear realities than the general public.

While the choice of nuclear power and of a particular energy mix is a national decision that can be made only in the light of national priorities, it is important that States considering the different energy options have the required information and tools to make informed decisions. In co-operation with eight other international organizations, the Agency has been pursuing an intensive programme to assist Member States in developing their own capacity for decision making in the energy sector. With the help of specialized databases and methodologies, States can now conduct their own objective comparative evaluations of available energy options, taking into account environmental, economic and risk factors throughout the fuel cycle. Currently, over 90 countries are using these tools. Furthermore, the Agency is actively contributing to the work of the Intergovernmental Panel on Climate Change and is working with the United Nations and other organizations to prepare for discussions on energy by the United Nations Commission on Sustainable Development in 2001. Our objective is to ensure that in this important forum nuclear power is given a full and fair hearing.

The Agency's activities in the field of nuclear power cover a wide front. Our International Working Groups will continue to facilitate the exchange of experience gained in the operation of different types of reactors, including their level of performance, safety and reliability, life time management, instrumentation and control systems, as well as related issues of fuel technology and performance and the management and disposal of spent fuel and radioactive waste.

The International Working Groups will also serve as forums for discussion of technological advances in the nuclear field, including the assessment of new reactor designs or the use of small and medium size nuclear reactors in non-electrical applications such as desalination.

The need for assessing the viability of advanced technologies cannot be overemphasized. A good example here is the Agency interregional technical co-operation project which brings together technology suppliers and prospective end users for the development of integrated nuclear desalination concepts. In Morocco, the Agency has assisted in the preparatory work for a 10 MW nuclear reactor for desalination purposes. Also, the Republic of Korea is inviting Member States to

participate in its design of the 330 MW(th) System-integrated Modular Advanced Reactor (SMART).

Another encouraging example of the use of advanced nuclear technology is in South Africa, where the Agency is currently assisting the authorities in carrying out a feasibility study and a safety review of a new design for a prototype pebble bed modular reactor of about 115 MW(e). The design has attractive features such as its modular character, inherent safety, very short construction period and potential for low capital costs.

I will later summarize what I believe to be the priorities for the coming years in the area of nuclear power and the fuel cycle, but I want to deal first with the other important component of the first pillar of the Agency's work, namely the many nuclear applications that are making a significant contribution to human welfare. Here I will mention just three projects out of our varied programme where I believe we are making a difference.

Drug resistant strains of tuberculosis develop when treatment is ineffective or incomplete. This results in mutated strains that do not respond to conventional medicines. Outbreaks of drug resistant tuberculosis must be quickly brought under control because of the high cost and difficulty of treatment. The Agency and seven Member States in Africa have developed and are now field testing an isotope based technique that reduces the period for diagnosis from weeks to days — a critical improvement in the efficacy of intervention and disease control.

In Belarus, more than one million hectares of prime agricultural land was contaminated after the Chernobyl accident. Authorities considered this land unsafe to produce foodstuffs, and consumers have been wary of purchasing food grown in the region even though it may comply with international radiological standards. Agency technical co-operation projects have assisted with the production of rapeseed on the land. The seed can be used for economically valuable end products such as cooking oil and lubricants, and qualitative assessments will be made of the products to ensure they meet international standards. The result will be not only accelerated decontamination of the land, but also the return of farmers to their former production areas, and the creation of jobs in the community.

The application of isotope techniques in water resources management has assisted Member States in the Middle East make more accurate estimates of water resources. Projects in Saudi Arabia and Jordan are cases in point.

I quote these examples, taken from our eighty million dollar programme in technical co-operation, because they suggest where we should be going in the future with our technical co-operation programme: namely it should be demand driven, results based and closely aligned with national development strategies. This means that the programme should match the degree of national development. In some countries we will have to continue to concentrate on capacity building and the supply of equipment. In others, we will need to focus on technology exchange and quality assurance. The Agency should also strengthen its relationship with other international organizations in the development field in the interests of synergy and complementarity. In the past year, potential partners such as the OPEC Fund for International Development and the World Bank have expressed interest in working with the Agency in support of technical co-operation activities. This is a trend that we should encourage.

Interaction and co-operation with all relevant partners engaged in the further development of nuclear technology are prerequisites for the successful implementation of the Agency's mission. The meetings planned in the next few months with private industry groups and the representatives of nuclear research centres are designed to contribute to such a forward looking dialogue.

In a similar context I would like to refer to the Abdus Salam International Centre for Theoretical Physics (ICTP) in Trieste. This Centre, which was set up by the Agency in 1964 and is now administered by UNESCO on behalf of the two organizations, has served an extremely useful function in training scientists from developing countries and in the exchange of information between scientists from the developed and developing countries. It is my intention to strengthen our interaction with the Centre by

making greater use of its training facilities and involving its research staff more in our technical programmes.

Let me conclude this overview of our work under the technology pillar by saying that we will be seeking over the next few years to meet the needs of Member States through an evolving, focused and responsive programme. With regard to nuclear energy, high priority will be given to the back end of the nuclear fuel cycle, in particular to measures for the safe management of waste, to small and medium size reactors (for both power generation and desalination purposes), to the exchange of information on innovative fuel cycles and reactor designs, and to the potential role of nuclear energy in sustainable development. With regard to nuclear applications, we intend to redouble our efforts to respond to the priorities of our developing Member States to increase food production, fight disease, manage water resources and monitor and protect the environment.

## II. NUCLEAR, RADIATION AND WASTE SAFETY

I now turn to the second of the three pillars: nuclear, radiation and waste safety.

It is widely recognized today that a demonstrated high standard of nuclear, radiation and radioactive waste safety will be a determining factor for the future use of nuclear technology and that a good safety record relies on good technology, good regulatory practices and well qualified and trained staff.

Nuclear accidents do not respect national borders, a fact that was brought to the attention of the international community after the Chernobyl accident. As a result of this lesson, international co-operation on nuclear, radiation and waste safety has been considerably enhanced. And it is gratifying to note that there is now greater recognition of the need for, and of the value of, such co-operation.

As the global centre for this co-operation, the Agency is making an important contribution to the development of an effective worldwide safety regime that comprises three elements: international conventions prescribing the basic legal norms for the safe use of nuclear energy; internationally accepted safety standards; and measures to assist States in the implementation of these conventions and standards. In addition, technological solutions for improving safety are being promoted. This year the Agency has also focused on assisting Member States manage the Y2K readiness problem.

Several important international conventions have been negotiated under the Agency's auspices — conventions relating to notification and assistance in case of nuclear accidents, physical protection, civil liability for nuclear damage, the safety of power plants and the safety of management of spent fuel and radioactive waste.

The Agency's Safety Standards Series publications represent international consensus on safety standards and requirements and provide essential guidance for national authorities. In 2001, the Agency expects to have revised the entire existing set of safety standards — some seventy documents. Work will continue on preparing some of the new standards, where required, to provide a comprehensive and scientifically up to date corpus of publications.

But the key to an effective safety regime is the full application of conventions and standards at the workplace, with particular attention paid to managerial and organizational practices. Throughout the past decade, the Agency has expanded the range of services it can offer in this area and will continue to upgrade its services to include various types of safety review missions, training, the fostering of scientific research, technical co-operation, legislative assistance and information exchange. An increasing number of developed and developing Member States are using the different safety services of the Agency in such areas as the operational and engineering safety of power and research reactors, or our services to review regulatory approaches in nuclear, radiation and waste safety.

The practical impact of these services is encouraging. For example, on average, more than 80% of the recommendations for safety improvements made by Operational Safety Review Team (OSART) missions to nuclear power plants are implemented

within a year following such missions. OSART missions, of which there have now been more than 100 in 31 countries, have proven to be particularly helpful in improving operational safety. For example, a pre-OSART survey assisted the authorities in Pakistan to identify modifications necessary before the CHASNUPP power plant becomes operational. Last December, an OSART mission provided useful information to the Government of Kazakhstan, which decided to decommission the BN-350 fast breeder reactor. Since peer reviews are key to the establishment of a global safety culture, I urge all States to utilize the Agency safety review services.

When the safety of individual power plants is questioned, decisions should be based solely on technical considerations. Last year, the Agency organized two expert missions to Mochovce to assist in the review of the safety of the plant. We stand ready to organize similar missions if requested by Member States.

The positive outcome of the international effort to strengthen nuclear safety was evident this year at the First Review Meeting of the Convention on Nuclear Safety, where States' reports on their safety practices were subject to peer review. Also, participants at a recent major international conference on Strengthening Nuclear Safety in Eastern Europe, organized by the Agency in co-operation with the European Commission and the OECD/Nuclear Energy Agency, agreed that considerable progress in nuclear safety has been made in the operation of WWER and RBMK reactors. In this context, I would like to underline the importance of technical co-operation, legislative assistance and financial assistance for those who need it to improve safety features and upgrade safety culture. Nevertheless, the Agency's Nuclear Safety Review underlines the need for constant vigilance to avoid complacency, and the important roles that self-assessment and peer review can play in maintaining this vigilance. It also stresses that further efforts are needed to ensure that safety culture remains at a high level around the world.

An area of major concern in the debate over the use of nuclear technologies is the safety of spent fuel and radioactive waste management. The concerns are associated with the wastes generated by the use of nuclear power and the wastes from nuclear applications in medicine, agriculture and industry, but also with the considerable potential increase in the volume of the wastes from the envisaged decommissioning of a number of nuclear power and research reactors. Hence the urgent need to develop and implement disposal plans. The Agency can assist Member States in this area, particularly through the development of consensus safety standards. In some areas, such as the near surface disposal of low level waste, this consensus exists, but in others — for example, geological disposal of high level waste — it has been more elusive.

An Agency sponsored international symposium recently indicated that technologies exist for the safe, environmentally sound and cost effective management of radioactive wastes. The opinion of waste management experts is that high level wastes and spent fuel can be safely isolated in certain types of deep geological repositories. However, in order not to foreclose choices, a number of Member States are now opting for long term storage of waste until a preferred option for disposal has emerged. Research is under way on the feasibility of disposing of waste in a manner that is reversible, so that the waste can be retrieved in the event of a future decision to do so. Research also continues on technologies to separate and transmute actinides and long lived fission products in reprocessed high level wastes. In my view, however, only when final high level waste repositories are built — nationally, or in co-operation with other States — will the public start to perceive and accept that the waste issue has been resolved. This would be a substantial achievement in the forthcoming years. In this connection, the putting into operation of the Waste Isolation Pilot Plant in New Mexico, USA — the first operating deep geological disposal facility in the world that is designed to store long lived wastes — is an encouraging sign.

The issue of radioactive waste is soon going to be the subject of two major international conferences. In November this year, a major international conference, organized by the United States Government, will be held in Denver, Colorado, on policy and technical aspects of geological repositories. And challenges and accomplishments in the field of the safety of radioactive waste management will be the subject of a major Agency conference to be held in Cordoba, Spain, early next year. I look forward to the conclusions of these meetings — which should help us to

move forward on this difficult technical and societal issue.

Let me turn now to some specific challenges in the area of safety facing us in the next few years, and let me indicate what we are intending to do.

A particularly urgent concern is the threat to public health arising from 'orphan' radioactive sources. These are radiation sources that, for a variety of reasons, are not under control by national authorities. Recently, such sources have been found in Georgia, Peru and Turkey. The Agency sent missions to check the radiological impacts of the sources and provided assistance in taking the necessary protective measures, including emergency humanitarian assistance. I believe that the focus of our work in this area should be prevention. The Agency's draft Action Plan on the safety of radiation sources and the security of material, which is before this General Conference, identifies the immediate needs and the required financial resources.

Another area of concern is *research reactor safety*. I should point out that of the more than 600 research reactors which have been built, 344 have been shut down but only 106 have been decommissioned. Furthermore, many States operating research reactors have inadequate regulatory infrastructures. There are also other serious issues such as ageing, obsolete equipment, lack of spare parts and budgetary limitations. The Agency's activities in this area have focused on upgrading the regulatory structure and on safety review services. But more needs to be done. In the future, additional Agency efforts are envisaged to enhance operational safety through the completion of a Safety Requirements document for research reactors; the increased use of advisory missions; the development of guidelines for peer reviews and self assessments; and the provision of assistance in enhancing the safety of ageing research reactors and associated spent fuel stores. Assistance will also be provided in the decommissioning of shutdown reactors.

In recent years, the Agency has provided assistance to Member States in the radiological assessment of areas affected by *residual radioactive waste* — for example, in Kazakhstan, the Marshall Islands and French Polynesia. Earlier this month, at an international conference held in Tokyo, and co-sponsored by the Agency, the issue of a comprehensive radiological assessment of the Semipalatinsk region of Kazakhstan, that would build on a preliminary assessment done by the Agency, received wide support. While continuing to advise on the restoration of such contaminated areas, the Agency will strengthen its efforts in the future to develop internationally harmonized guidance and criteria for the cleanup or rehabilitation of areas affected by residual wastes. Recently also, Agency experts participated in a preliminary fact finding mission in Kosovo as part of the Balkans Task Force of the United Nations Environment Programme.

As we look ahead, we expect the implementation of the existing conventions to result in a better global record of safety. But we intend to continue to be vigilant over the next few years in identifying areas where new legal norms are needed or existing norms need to be modified. We also intend, following the review and revision of the Agency's *safety standards*, to focus our efforts on assisting Member States in their application. And, on the subject of *safety services*, we expect that the development of new services and the integration of existing ones will result in a comprehensive set of services in which safety culture and self-assessment play a more central role.

I will finish my comments on safety by addressing a concern of immediate importance: the *Y2K readiness problem*. Successfully managing the Y2K transition would be an important demonstration and a reassuring signal of the safety of the nuclear industry. In the past year, the Agency has acted as a central point of information exchange and has been closely involved in assisting Member States to address the Y2K issue in respect of nuclear facilities as well as medical facilities that use radiation sources. This effort has included preparing guidance documents, organizing workshops for the exchange of information and experience and conducting preparatory and review missions to nuclear power plants.

As far as nuclear power plants are concerned, 22 Member States have responded to the questionnaire sent out by the Agency reporting that they have established Y2K readiness programmes and have undertaken actions needed to demonstrate Y2K compliance, including assessment, testing, validation and the implementation of

solutions. In the remaining part of the year, more attention will be devoted to contingency planning. With regard to Y2K readiness in radioactive waste management and nuclear fuel cycle facilities, and in medical facilities that use radiation sources, only a few countries have provided information or have attended the international workshops organized by the Agency. This is not an encouraging sign. In relation to medical facilities, in particular, I urge all States to see to it that adequate preparations are made in time to ensure that patients will not receive incorrect diagnoses and treatment. The Agency's Emergency Response Centre will be in a state of increased readiness for the millennium change at the end of December. It will be ready to answer questions, follow up any information or reports about Y2K related incidents in nuclear facilities and provide to Member States verified information about any incidents which may occur.

### III. NUCLEAR VERIFICATION AND THE SECURITY OF MATERIAL

I turn now to the third pillar of the Agency's work — verification and the security of nuclear material. Agency safeguards are key to international efforts to prevent the proliferation of nuclear weapons. Safeguards have evolved steadily since their inception as changes in technology have led to improvements in verification techniques and capabilities. A major catalyst for change, however, as I recalled in my statement to last year's General Conference, was the Agency's experience in Iraq. Since 1991, efforts have concentrated on equipping the safeguards system to provide assurance not only of the absence of diversion of a State's nuclear material from declared activities, but also of the absence of any undeclared material or activities. A high point was the adoption by the Board of Governors, in May 1997, of the Model Additional Protocol to a safeguards agreement that provides the Agency with the necessary supplementary authority in this regard.

A longstanding concern of the Secretariat has been the number of States which have still not concluded safeguards agreements with the Agency, despite their obligation to do so. The Secretariat continues to take every opportunity to encourage the relevant States to take the appropriate action in this regard. With a view to next year's Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), I urge, in particular, the 52 NPT States without safeguards agreements in force to conclude and bring such agreements into force without further delay. The full potential of the strengthened safeguards system can be realized only through universal adherence to the Additional Protocol. That, in turn, depends upon all relevant safeguards agreements being in force.

Since last year's General Conference, a further 13 Additional Protocols have been approved by the Board of Governors, including four at last week's Board meeting. This brings the total of Additional Protocols approved to 45.

While I naturally welcome this progress, it falls short of expectations. States have consistently emphasized the great importance that they attach to a strengthened safeguards system and, in that regard, to universal adherence to the Additional Protocol. I appeal to all the States which have not yet done so to conclude Additional Protocols at the earliest possible date.

My report to the General Conference on 'Strengthening the Effectiveness and Improving the Efficiency of the Safeguards System' describes the work that the Secretariat has undertaken since last year's conference: implementing safeguards strengthening measures within the Agency's legal authority under safeguards agreements; implementing measures contained in the Additional Protocol in States where the Protocol is in force; and developing 'integrated safeguards'. The latter involves the integration of traditional nuclear material verification activities with the new strengthening measures, including those from the Additional Protocol, to achieve maximum effectiveness and efficiency.

The Secretariat has already started implementing some of the new strengthening measures. And the integration process will be progressively introduced starting next year. I am confident that the new system will enable the Agency to provide enhanced assurance to the international community that all States with comprehensive safeguards agreements and Additional Protocols are using nuclear energy exclusively for peaceful purposes. But we need to continue to work towards the universality of the

non-proliferation regime, towards nuclear disarmament and towards a better system of global and regional security. In my view, these are the best disincentives against using nuclear energy for military purposes.

Let me now turn to the physical protection of nuclear material, which is closely associated with the Agency's safeguards and verification mission. It is important that nuclear materials not be misused — by States or by subnational groups. The Agency's Illicit Trafficking Database records 138 incidents involving nuclear material and 124 involving other radioactive sources which have been officially reported by States. The number of Member States providing information to this database, at present 61, is steadily increasing.

The Secretariat will continue to assist States in their efforts to prevent, detect and respond to illegal uses of nuclear and radioactive material and to co-operate to that end with other international organizations, such as customs and police organizations. In the coming years, we aim to achieve progress in the global implementation of the recently revised recommendations on physical protection (INFCIRC/225/Rev.4), whose scope has now been extended to cover protection of not only nuclear material but also nuclear facilities containing nuclear material. The Secretariat is also convening, at the request of Member States, an open-ended expert meeting in November to consider whether there is a need for revision of the Convention on Physical Protection of Nuclear Material.

### **Possible New Verification Activities**

In the area of nuclear arms control and reduction measures, the Agency has continued its work on a joint initiative with the Russian Federation and the USA, focusing on Agency verification of weapon-origin fissile material in the two States. During the year, work has continued on the development of a proposed prototype inspection system that might allow Agency inspectors to carry out their verification duties without access to classified weapons information. Discussions with the Russian Federation and the USA have also continued on the drafting of a model verification agreement that will inter alia ensure that fissile materials of weapon origin submitted to Agency verification will not be used again in nuclear weapons. Minister Adamov, Secretary Richardson and I will meet this week to review the work and set goals for the coming year.

The Conference on Disarmament (CD) continued its discussion on issues relating to the negotiation of a treaty to ban fissile material production for nuclear weapons or other nuclear explosives. In line with an earlier United Nations General Assembly resolution, I have indicated to the President of the CD the Agency's readiness to assist in developing the verification system for such a treaty. At the request of a number of States, the Secretariat has been providing expert advice and information on its experience in areas relevant to the development of such a verification system.

It goes without saying that any new verification activities will pose a challenge for the Agency in terms of resource requirements. In this connection, I presented earlier this year to the Board of Governors the possible options for financing Agency verification of future nuclear arms control and reduction measures. The document focused on the principles that could underlie such funding and the different mechanisms available, including the possible establishment of a nuclear arms control and reduction fund based on assessed contributions. The document, however, emphasized that whatever the financial arrangements agreed upon, they should be predictable and reliable. At its June meeting, the Board of Governors had an initial discussion on the subject and I expect the issue to be pursued when the envisaged verification tasks become concrete. It is a statutory responsibility and a long standing tradition for the Agency to accept all requests for the application of safeguards and we should continue to be able to do so. If we are asked to take on new roles in the important field of nuclear arms control then we need to be prepared and we need to agree beforehand on the modes of financing the work. I therefore hope that Member States will give this issue the attention it deserves.

### **Specific Verification Issues**

Let me now turn to some specific verification issues on your agenda.



It is now some nine months since the Agency's last inspection in Iraq under the relevant Security Council resolutions. One year ago we were cautiously optimistic that the Agency would be able to proceed with the full implementation of its monitoring and verification plan. This has not happened. And the United Nations Security Council is still consulting on a mechanism for the resumption of verification activities in Iraq. Clearly, under present circumstances, the Agency cannot provide any measure of assurance regarding Iraq's compliance with its obligations under the said resolutions. However, the Agency continues to be ready to resume its activities in Iraq at short notice.

The Agency remains unable to verify that all nuclear material subject to safeguards in the Democratic People's Republic of Korea (DPRK) has been declared to the Agency. The Agency, however, continues to monitor the "freeze" on DPRK's graphite moderated reactors and related facilities as requested by the Security Council. The measure of co-operation we receive from the DPRK continues to be limited. And, despite twelve rounds of technical discussions, there is still no progress on important issues such as the preservation of information relevant to verifying the DPRK's compliance with its safeguards agreement. As I have indicated before, without this information it will be difficult, if not impossible, to verify, in the future, compliance by the DPRK with its safeguards agreement.

Pursuant to the mandate conferred on me by the General Conference, I have continued my consultations with States of the Middle East region regarding the application of full scope Agency safeguards to all nuclear activities in the Middle East as relevant to the preparation of model agreements, as a necessary step towards the establishment of a nuclear weapons free zone in the region. This year, during visits to Egypt, Jordan, Lebanon, Morocco and the Syrian Arab Republic, I reiterated the importance of obtaining more detailed information from States of the Middle East on key issues relevant to my mandate. Additionally, I wrote in May 1999 to the Foreign Ministers of Middle East States in this regard and have received a number of replies that are annexed to my report to the General Conference. I also reiterated my willingness to provide any assistance within my mandate and authority to States of the region in seeking to fulfil the objectives of successive General Conference resolutions. There is clearly a common view among States of the region, which is globally shared, that a Middle East nuclear weapons free zone would contribute to regional stability and security. It is to be hoped that the political climate now prevailing in the region will be conducive to progress in the attainment of these important goals.

#### **IV. INTERACTION WITH PARTNERS AND THE PUBLIC**

I turn now to the issue of interaction with Member States, partners and the public, which is fundamental to the Agency's ability to maintain broad support and deliver its programme, and to address the concerns of the general public about the health and environmental effects of radiation, the risk of accidents, the disposal of waste and the threat of proliferation.

In the past year, the Secretariat has sought to review and strengthen its ties with United Nations system organizations and other bodies, including FAO, UNEP and OECD/NEA. The objective in all cases is to optimize synergies, encourage greater pooling of human and financial resources and avoid duplication of efforts.

In June, I approved a new Agency public information and outreach policy which is intended to enhance our interaction with opinion leaders, the media and civil society. Part of this effort will focus on establishing a dialogue with private industry groups and other non-traditional partners such as nuclear research centres, the arms control and disarmament community and other relevant non-governmental organizations.

In looking ahead to assess where the Agency should be in the early years of the next millennium, I would like to stress the importance of reaching out more effectively to both traditional and new partners. The public information and outreach strategy that we have developed should help the international community to assess objectively the advantages and risks of nuclear science and technology. Our work in this sphere will capitalize on the opportunities opened up by advances in information technology through the greater use of electronic media.

## V. ACHIEVING EXCELLENCE IN MANAGEMENT

Almost immediately after I took up office, I initiated a process to address the broad question of management reform and modernization. We have moved forward on several fronts in our efforts to ensure better planning, better implementation, and better evaluation of the Agency's programmes and activities.

In the planning area we have already made substantial changes. A draft Medium Term Strategy has been prepared and is being considered by the Board of Governors. This outlines the Agency's longer term goals and specifies the Agency's objectives for the five year period 2001 to 2005 and the means proposed to meet these objectives.

Formulation of the programme and budget, which will be based on the objectives set out in the Medium Term Strategy, will follow a structured process for assessing Member State needs and priorities, and will identify expected results and set performance indicators. Projects which become of lower priority will be phased out. The formulation process will be made more effective by the introduction of the measures recently approved by the Board for full biennial programming. Naturally this process would be greatly enhanced if the Agency moves to biennial budgeting. To this end I would strongly commend for your approval the proposal submitted by the Board of Governors for an amendment to Article XIV.A of the Statute.

Good programme planning must also be accompanied by effective implementation. And implementation is not just a question of technical competence. It also relies on there being a clear, common understanding within the Secretariat of our overall purpose, priorities and objectives — the 'one house' concept that I have consistently advocated. During the past year I have focused on how to improve and harmonize the interaction between the regular budget and technical co-operation programmes as well as the interaction between the relevant Departments, with emphasis on a team approach and matrix management.

Implementation of the programme is of course carried out by people — our staff, whom we very proudly regard as our greatest asset. The establishment of a more rationalized human resources planning process is well under way and will lead to a better identification of human resources needs and a more streamlined recruitment process.

The final component in good programme management is effective evaluation to ascertain the extent to which our goals have been attained and to build on lessons learned. As part of the process, Programme Performance Assessment System (PPAS) evaluations of our activities under all Major Programmes will be carried out, as well as evaluations of cross cutting subject areas which are dealt with jointly by several parts of the Secretariat.

In all areas of management — planning, implementation and evaluation — we are instituting specific training. The first full cycle of the new Management Certificate Curriculum training courses will start in November this year. These courses will become an important tool in seeking to achieve consistent, high quality management throughout the Agency.

So, I believe that we can look forward with confidence to improved programme planning that is based on the needs and interests of Member States, more effective programme implementation carried out by an Agency with a clearly defined mission and efficient management, and more comprehensive and in-depth evaluation of programme results that will ensure continued improvement, constant adjustment and greater relevance of our work to those whom we serve — the Member States.

### **Financing**

Throughout this statement I have tried to outline the challenges that lie ahead of us and how we will go about meeting them. I have also tried to explain how we are refining our priorities and streamlining our management with the overall aim of meeting the needs and interests of our membership in the most effective and efficient way. In all this we remain dependent on Member States to provide guidance and

support and, above all, the required financial resources. But a budget which has remained virtually static for over a decade and where 27 Member States have been in arrears that exceed their financial contributions for more than two years does not enable us to implement all your high priority tasks. Our responsibilities are growing but our resources are not. It is imperative that there be a correlation between tasks and resources if we are to continue meeting your demands and fulfilling your expectations.

With regard to the Technical Co-operation Fund (TCF), there is reason for both encouragement and concern. As of last week, the TCF had pledges for 1998 amounting to about \$53 million, just less than 75% of the target. This absolute amount was a record. Yet the percentage of the target pledged was the fourth lowest this decade. Altogether, 75 countries pledged support to the TCF for 1998. This is again a record, but it falls far short of our total membership.

A similar situation applies with regard to assessed programme costs. At the end of last year, a total of 54 Member States had paid against their obligations — ten more than in 1997. Again, this is a positive development but it overshadows the simple fact that many recipient States have not paid their dues. In this connection I should note that the Board of Governors has requested the Agency to take "due account" of payments received from recipient States against their assessed programme cost obligations and pledges to the TCF when it is planning the technical co-operation programme.

## VI. CONCLUSION

Looking back on the last fifty years, we can see that great progress has been made in the world. But serious global challenges remain. High among them are: improving social and economic conditions over much of the globe where 1.3 billion people live on less than one dollar per day; curbing the spread and eventually eliminating the threat of nuclear weapons from a world where some tens of thousands of warheads continue to exist; and stopping the degradation of the environment. The Agency has a modest — though important — role to play in helping the world to meet these challenges. We pledge to do our best. And we look forward to your continued support.

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