

IAEA Budget and U.S. Contributions: In Brief

Paul K. Kerr

Specialist in Nonproliferation

Mary Beth D. Nikitin

Specialist in Nonproliferation

Updated February 3, 2020

Congressional Research Service

7-....

www.crs.gov

R44384

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).¹ 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. On May 8, 2018, the United States announced that it would no longer participate in the JCPOA and would reimpose sanctions that had been suspended pursuant to the agreement. Other JCPOA parties remain in the agreement. 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 continued prominent role in the Iran agreement in mind, the second session of the 116th 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 171 member states, including the United States.² 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.³ 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.⁴ 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.

¹ 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 and U.S. Exit*, by Paul K. Kerr and Kenneth Katzman.

² 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.

³ 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*).

⁴ 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.

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 of the General Conference. The Conference, which consists of representatives of all members and is the IAEA's highest policymaking 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.⁵

IAEA Budget Process and 2020 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."⁶ The IAEA budget (typically estimated both in euros and U.S. dollars) is determined on a biannual calendar year basis; calendar year 2020 is the first year of the 2020-2021 biennium. The IAEA budget consists of three parts: the regular operating budget, extrabudgetary contributions and the Technical Cooperation program. For 2020, IAEA's regular budget assessment was determined to be € (€380,563,065 plus U.S. \$53,428,561). The IAEA Technical Cooperation Fund target figure for 2020 was €88 million and its Working Capital Fund allocation for 2020 is €15.2 million.

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 FY2020, 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 2020 assessed rates are approximately Japan (8.2%), Germany (5.9%), France (4.3%), United Kingdom (4.4%), China (11.5%), Canada (2.6%), Spain (2%), Brazil (2.8%), 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,

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

⁶ 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.

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:

Table 1. U.S. Contributions to the IAEA’s Regular Budget Assessment, FY2017-FY2020 Request

(current U.S. \$ in thousands)

FY2017 actual	FY2018 actual	FY2019 estimate	FY2020 estimate
101,095	108,338	102,973	106,933

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.⁷ 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, FY2017-FY2020 Request

(current U.S. \$ in millions)

FY2017 actual	FY2018 actual	FY2019 request	FY2020 request
94.8	94.8	90.9	88.0

Source: Congressional Budget Justifications (CBJ), Department of State, Foreign Operations, and Related Programs, various years.

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,⁸ as well as responding to the Fukushima nuclear plant incident. The United States renewed its pledge in 2015 for another five years.⁹ 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.

⁷ 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.

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

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

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.

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.¹⁰

Selected IAEA Partners

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

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	

Author Contact Information

Paul K. Kerr
Specialist in Nonproliferation
/redacted/@crs.loc.gov..

Mary Beth D. Nikitin
Specialist in Nonproliferation
/redacted/@crs.loc.gov7-....

¹⁰ Email communications with Department of State officials, February 4, 2016.

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

EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.