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NUCLEAR NONPROLIFERATION AND SAFETY: Challenges Facing the International Atomic Energy Agency

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Pursuant to a congressional request, GAO reviewed the International Atomic Energy Agency's (IAEA) nuclear power plant safety programs, focusing on: (1) program effectiveness and funding; (2) management of U.S. technical assistance for IAEA safeguard programs; and (3) the effectiveness of the IAEA program for advising member states on nuclear power plant safety.

GAO found that: (1) although IAEA safeguards are a central element of international efforts to prevent nuclear weapons proliferation, IAEA cannot ensure that its member states are complying with the safeguards because it has limited inspection authority; (2) six of IAEA member states have not joined the Nuclear Nonproliferation Treaty that mandates full-scope inspections; (3) the discovery of Iraq's nuclear weapons program showed weaknesses in IAEA safeguards and IAEA lack of necessary access, mindset, member support, and information needed to adequately investigate nuclear activities; (4) IAEA initiatives to better detect undeclared nuclear activities and facilities include using shared information from member states regarding suspected proliferators, extending its inspections, and developing new sampling and monitoring techniques; (5) although IAEA safeguard responsibilities are expanding, IAEA has not been able to maintain or upgrade its equipment inventory or meet its inspection goals because of budgetary constraints; (6) solutions to IAEA funding problems include reducing expenses, changing the timing of U.S. support payments, enabling IAEA to use year-end surpluses, and increasing prioritization; (7) although the U.S. program of technical assistance (POTAS) has significantly enhanced IAEA ability to apply safeguards, its internal management and contract administration could be improved; (8) the Department of Energy (DOE) and IAEA need to develop procedures to improve coordination to prevent duplication of work before DOE provides direct assistance to IAEA; and (9) although IAEA is meeting its overall safety advisory responsibilities, it has been unable to fully implement additional safety activities and review the operational safety of nuclear power plants.

Recommendations for Executive Action

Recommendation: To improve the management of POTAS, the Secretary of State should direct the Technical Support Coordinating Committee to advise IAEA officials that all POTAS-funded contracts with private vendors must include a provision requiring the vendor to routinely report information on progress and expenditures on POTAS tasks to ISPO.

Agency Affected: Department of State

Status: Closed - Implemented

Comments: In a January 18, 1995, letter to GAO, DOE outlined specific actions taken to implement the recommendations, including: (1) issuing policy papers on contractor selection, reporting requirements, and task monitoring; and (2) establishing a new steering committee to coordinate all U.S. assistance to IAEA.

Recommendation: To improve the management of POTAS, the Secretary of State should direct the Technical Support Coordinating Committee to revise the International Safeguards Project Office (ISPO) charter to include specific responsibility for monitoring contractor performance and facilitating task implementation, including: (1) obtaining information on task progress and expenditures from national laboratories and private vendors; (2) consulting on a regular basis with contractors and IAEA to discuss task progress; (3) assisting in resolving disagreements between contractors and IAEA; and (4) routinely reporting on task implementation to the coordinating committee.

Agency Affected: Department of State

Status: Closed - Implemented

Comments: In a January 18, 1995, letter to GAO, DOE outlined specific actions taken to implement the recommendations, including: (1) issuing policy papers on contractor selection, reporting requirements, and task monitoring; and (2) establishing a new steering committee to coordinate all U.S. assistance to IAEA.

Recommendation: To alleviate IAEA difficulties in funding its safeguards program, the Secretary of State should encourage other member states on the IAEA board to classify expenses associated with increases in IAEA safeguards obligations as nondiscretionary costs and therefore eligible for funding increases under zero real growth, in the event that the use of surplus funds or IAEA efforts to prioritize program activities do not yield sufficient funding for safeguards needs.

Agency Affected: Department of State

Status: Closed - Implemented

Comments: State has communicated its position to IAEA that safeguards obligations should be categorized as nondiscretionary costs. To date, IAEA's board has not accepted this view. State will continue to press the matter; it concurs with the recommendation.

Recommendation: To alleviate IAEA difficulties in funding its safeguards program, the Secretary of State should encourage other member states on the IAEA board to require IAEA to prioritize program activities in developing its budget and in implementing any forced budget reductions.

Agency Affected: Department of State

Status: Closed - Implemented

Comments: According to State, IAEA's Director General is unwilling to prioritize program activities in developing its budget and implementing budget reductions even though State has advocated this approach. State concurs with the recommendation and will continue to press the matter.

Recommendation: To alleviate IAEA difficulties in funding its safeguards program, the Secretary of State should encourage other member states on the IAEA board to permit IAEA to use year-end cash surpluses, when they exist, to fund program activities.

Agency Affected: Department of State

Status: Closed - Not Implemented

Comments: State believes that the application of surpluses to program activities should be determined on a case-by-case basis, rather than changing IAEA's regulations to require such activity. State concurs with the thrust of the recommendation, and GAO believes that the position is reasonable.

Recommendation: To expand IAEA safeguards coverage to all nuclear material and enhance the agency's credibility, the Secretary of State should encourage all IAEA member states to accept full-scope safeguards.

Agency Affected: Department of State

Status: Closed - Implemented

Comments: The State Department has sent demarches to all non-parties urging them to conclude full-scope safeguards agreements.

Recommendation: To strengthen IAEA full-scope safeguards, the Secretary of State should fully support the measures recommended by the IAEA safeguards advisory group and take the lead in gaining the support of the IAEA board to adopt the measures.

Agency Affected: Department of State

Status: Closed - Implemented

Comments: The U.S. delegation to IAEA's June and December 1993 board meetings expressed support for measures recommended by IAEA's Safeguards Advisory Committee through verbal and written statements.

Recommendation: To ensure that U.S. assistance efforts meet valid IAEA needs and are not duplicative, the Secretary of State should designate the Technical Support Coordinating Committee as the focal point for evaluating IAEA requests for assistance funded under POTAS and DOE international safeguards program and determining whether and how the requests should be met.

Agency Affected: Department of State

Status: Closed - Implemented

Comments: In a January 18, 1995 letter to GAO, DOE outlined specific actions taken to implement the recommendations, including: (1) issuing policy papers on contractor selection, reporting requirements, and task monitoring; and (2) establishing a new steering committee to coordinate all U.S. assistance to IAEA.

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