
Inspecting the Inspectorate: A Look at Financial and Political Support for the IAEA

KALEB J. REDDEN

Kaleb J. Redden is an M.Phil Candidate in the Centre for International Studies at Cambridge University. He was previously a Herbert Scoville Jr. Peace Fellow in the Center for Nonproliferation Studies at the Monterey Institute of International Studies in its Washington, DC, office.¹

Weapons inspectors made an important contribution to international security during their brief second attempt to disarm Iraq from November 2002 to March 2003. But international inspections go far beyond the search for Saddam's weapons of mass destruction (WMD). Each year, the International Atomic Energy Agency (IAEA)—the inspectorate in charge of the nuclear inspections in Iraq—carries out inspections at hundreds of nuclear facilities worldwide. These inspections are intended to deter nations from diverting nuclear material to build weapons, a mandate whose scale has grown dramatically over the past decade as additional nuclear facilities have come within the IAEA's purview. The IAEA has had to meet these increasing inspection responsibilities with a zero real growth budget for more than 15 years.²

Fortunately, pressure from the IAEA and a number of its member states prompted this year's Board of Governors to remedy this chronic shortage. The new budget includes an immediate \$15 million increase over 2003 levels to \$260 million, with plans to increase the budget by \$25 million by 2007.³ The step marks a significant departure from the funding policies typically applied to in-

ternational organizations and signals a recognition of the importance of the agency's mission in mitigating proliferation. Given the difficulties of overriding a policy rooted by nearly two decades of staunch implementation in a forum that practices consensus, this increase is a remarkable and laudable step indeed.

But it must also be understood in perspective. The increase was long overdue, and the obstacles preventing it gave way only because the agency's activities appeared increasingly imperative while its shortfalls became glaringly acute. The growing discrepancy between the IAEA's inspection needs and the funds it received had reached a point where the agency no longer had the resources to certify its safeguards credibly. Perhaps more significantly, the increase in funding provides a strong show of support for the agency, but comes at a time when the war in Iraq has brought the very efficacy of international inspections into question. The politicization of the IAEA before and after that conflict, followed by substantial policy shifts toward the agency in response to the situations in Iran and North Korea, call into question the agency's ability to act independently in an environment where states are increasingly concerned with its judgments and willing to

exert political pressure to influence them. Combine this with mounting questions over the adequacy of the Treaty on the Non-proliferation of Nuclear Weapons (NPT)—the agreement that mandates much of the IAEA’s verification mission—and the agency’s future, regardless of any size funding increase, looks uncertain.

This dynamic represents a situation more anomalous than a shift in policy, yet more nuanced than a complete reversal. Instead, it appears to be something of an inversion—inadequate funding but staunch support for nearly 20 years, followed by substantial funding increases but less consistent political backing. What factors underpin these changes warrant closer consideration. This article will show both why the recent increase in IAEA funding is so important, and why the agency’s recent visibility and financial boons are insufficient to assure stability in the future.

MOUNTING IAEA RESPONSIBILITIES

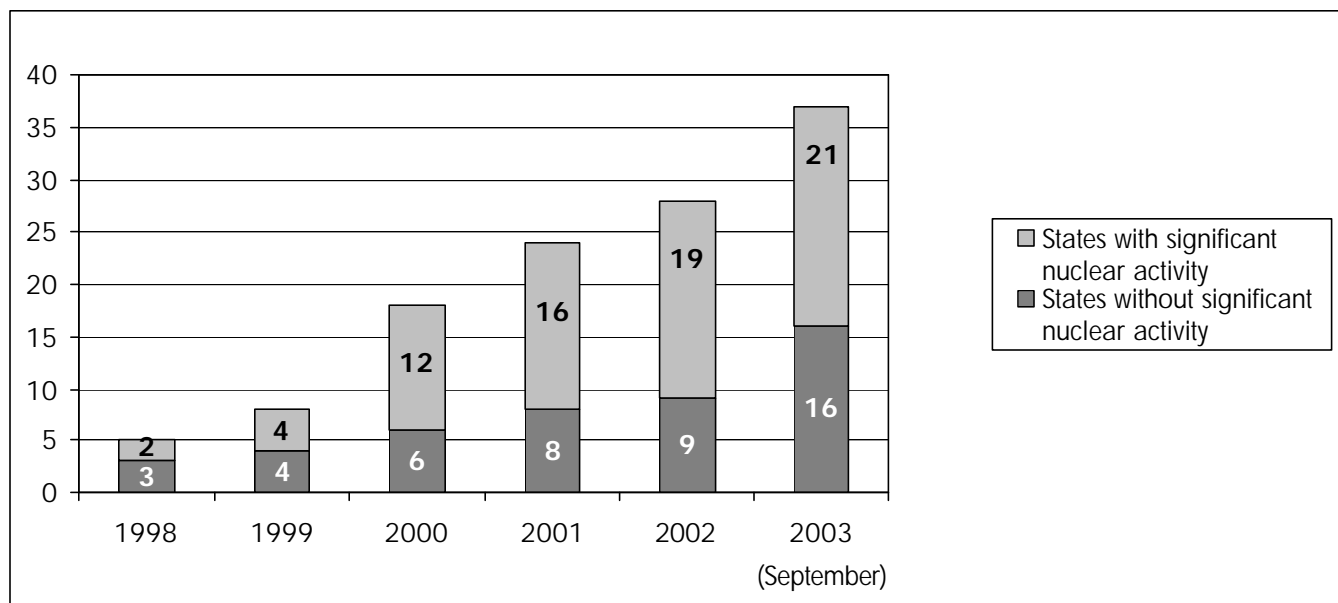
Though inspections in Iraq only recently increased public awareness of the IAEA, the agency has been conducting inspections of nuclear facilities since the early 1960s. It expanded these activities dramatically after the NPT came into force in 1970. Article III of the NPT requires non-nuclear weapon state parties to conclude a safeguards agreement with the IAEA in which they declare all of their nuclear material and the facilities in which it is processed or used; this material is then subject to IAEA inspections or “safeguards.”⁴ With 188 of the world’s 191 nations party to the treaty, the NPT is the most widely adhered-to arms control treaty and one of only a few international agreements that have neared universality.⁵ Although 48 of these nations have not fulfilled their NPT obligation to conclude a safeguards agreement with the IAEA, all NPT parties with nuclear activity relevant to the agency’s safeguards mission have done so.⁶

Such participation translates into increased IAEA responsibilities—new agreements or increased activity from member states means more declarations to evaluate, more facilities to inspect, and larger quantities of nuclear material to safeguard. The amount of material under safeguards rose sharply in the 1990s, including a 43 percent increase from 1992 to 1996 and a further increase of more than 10 percent from 1996 to 1998.⁷ The number of inspections also rose dramatically during that time, from 2,128 in 1988 to 2,507 a decade later.⁸ These increases in traditional responsibilities have been compounded by new activities, such as the IAEA’s shift to more intensive information gathering and analysis to improve its safe-

guards and the increasing need to safeguard spent fuel being moved to dry storage.⁹ And these trends show no signs of abating. Japan’s Rokkasho-mura reprocessing plant, scheduled to come online in 2005, is expected to require at least 900 person-days (one person-day is a day of inspections by one inspector) of annual inspection time when fully operational; this alone would represent an almost 10 percent increase over current levels of safeguards activities.¹⁰ Other potential missions for the IAEA include safeguarding the disposal of excess material from dismantled United States and Russian warheads and verifying a future Fissile Material Cutoff Treaty (a cost that some estimate would be triple the current safeguards budget).¹¹

Responding to the real or perceived threats felt by the international community has compounded the strain on IAEA resources. The discovery after the first Persian Gulf War that Iraq had feigned adherence to the NPT while pursuing an undeclared, clandestine nuclear program prompted the agency to review the extent of its legal authority and determine what additional authority it needed to strengthen its ability to detect undeclared nuclear activities. This review reaffirmed the right of the agency to conduct “special inspections” if a state’s declaration was incomplete or the agency’s evaluation suggested a diversion of material there, but it also underscored the limits of the agency’s ability to certify the absence of undeclared activity under its current mandate. The additional authority needed for such assurances was presented in a model new agreement for states to accede to called a “Model Additional Protocol”—a more intrusive safeguards system that gives inspectors access to all points of the nuclear fuel cycle as well as the right to take environmental samples beyond declared nuclear sites.¹² While NPT-related safeguards verify the peaceful use of all declared nuclear material, the Additional Protocol is designed to allow the agency to certify the absence of *undeclared* nuclear material as well.¹³ Critics—including U.S. Vice President Cheney—have long maligned the agency for its inability to prevent clandestine programs such as the one in Iraq; the additional authority granted by the Additional Protocol, however, suggests that the IAEA’s restricted mandate under the NPT-related safeguards currently applied in most countries *does not allow* the agency to certify the absence of such a program.¹⁴ As of September 29, 2003, 37 nations had ratified an Additional Protocol following the model (see Figure 1). Unfortunately, this excludes most NPT members that are currently of the greatest proliferation concern, such as Iraq, Syria, and Libya, although Iran has recently announced its intentions, under heavy pressure, to conclude one.¹⁵

FIGURE 1
NUMBER OF STATES WITH ADDITIONAL PROTOCOLS IN FORCE



Sources: International Atomic Energy Agency, *IAEA Annual Report for 2002*, p. 66; "Strengthened Safeguards System Status of Additional Protocols," September 29, 2003, < www.iaea.org/worldatom/Programmes/Safeguards/sg_protocol.shtml > .

The agency also responded to increased international concerns regarding the physical protection of nuclear material following September 11, 2001, by developing its "IAEA Action Plan for Protection Against Nuclear Terrorism." After one year, the program had, inter alia, already secured an abandoned radioactive cobalt source in Afghanistan; provided training courses to front-line officers in Azerbaijan and Cyprus; conducted workshops on nuclear security and illegal trafficking in Indonesia and on nuclear security and safety in Pakistan, Egypt, and the United States; and sent missions to Bulgaria, the Czech Republic, Lithuania, and Romania to advise these states on strengthening the protection of nuclear facilities and materials located there.¹⁶ By the time of the General Conference in September 2003, agency efforts had gone further, including completing 40 advisory and evaluation missions and 60 training courses and seminars, helping launch a relevant postgraduate education program in Ukraine, and setting out plans to provide assistance to five African nations experiencing increasing problems with illicit nuclear trafficking.¹⁷ Though each member state is responsible for the physical protection of its nuclear material, the IAEA provides these services at the behest of members who seek advice on ways to strengthen their

nuclear security. While not required under the agency's mandate and kept separate from safeguards, these activities nonetheless respond to new proliferation threats and member states' needs, and require additional manpower and resources that states have been slow to provide. As more states request physical protection training or bring Additional Protocols into force, the burden on the IAEA will continue to escalate.

THE IAEA'S CHRONIC UNDERFUNDING

Despite widespread political support for these efforts over the past 18 years, the agency remained handcuffed by its budget. The Geneva Group (the 14 largest U.N. contributors) first imposed a zero real growth budget in 1985 as part of its efforts to instill greater fiscal discipline at the U.N. and other affiliated international organizations.¹⁸ Rather than fund new initiatives, Geneva Group policy suggests that, "new or enhanced programs should... be financed through efficiency savings or through discontinuing activities identified as lower priority."¹⁹ The Geneva Group applies these constraints, however, without regard for the needs, mission, or past effectiveness of particular institutions. In the case of the IAEA, member states expected the agency to implement new activities

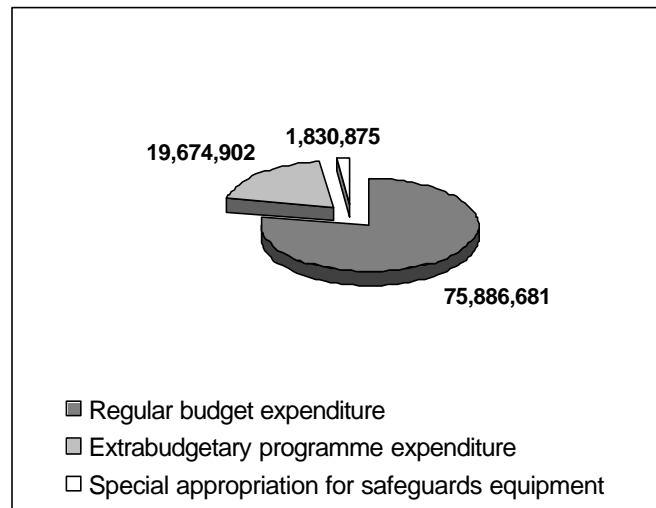
such as Additional Protocols under cost neutrality, offsetting their costs through expected efficiency gains and by curtailing other inspections.²⁰

The IAEA, however, has earned a reputation as one of the most efficient international organizations, making such fiscal rigidity untenable. A recent external audit by an independent consultant showed that the agency had identified the primary areas for cost savings, and that the continued focus on that policy under a zero real growth budget had become counterproductive by hindering sensible investments and modernizations.²¹ And cutbacks like those suggested to implement Additional Protocols are simply not viable. Since Additional Protocols are still relatively new and untested, and have been concluded by few nations, reducing the frequency of traditional inspections or substituting elements of Additional Protocol monitoring for certain aspects of these inspections at this point could jeopardize the assurances that safeguards are intended to provide. And because states generally insist that intrusions on sovereignty be applied equally to all similarly situated NPT parties, reducing the frequency of traditional inspections in states deemed to be of lower proliferation concern is not politically feasible. Efforts to integrate NPT-related safeguards with those of the Additional Protocol remain a work in progress.²² Because of debates over the substance and prudence of such substitutions, however, these efficiency gains have not yet been realized.

To make matters worse, the zero real growth policy forced the IAEA to rely heavily on voluntary extrabudgetary contributions made yearly (see Figure 2).²³ Because such contributions are voluntary, their availability is uncertain; that uncertainty, in turn, makes financial planning within the agency difficult.²⁴ In 2002, more than 20.5 percent of funding for safeguards came from extrabudgetary contributions, up from approximately 17.8 percent the year before.²⁵ Since regular budget funds are insufficient to pay for these needs, they become part of the agency's tally of Core Activities Unfunded in the Regular Budget, or CAURBs. Though member states provide extrabudgetary funds for the most pressing of these activities, other urgent activities inevitably fall victim to scarcity. In 2002, for example, only \$11.9 million of the \$25.5 million in CAURBs received extrabudgetary funding, 93 percent of which were for verification-related activities.²⁶

The agency's activities to combat nuclear terrorism have gone underfunded as well. These efforts were funded in 2002 with \$8.4 million in new voluntary contributions following 9/11, including a sizable contribution from the

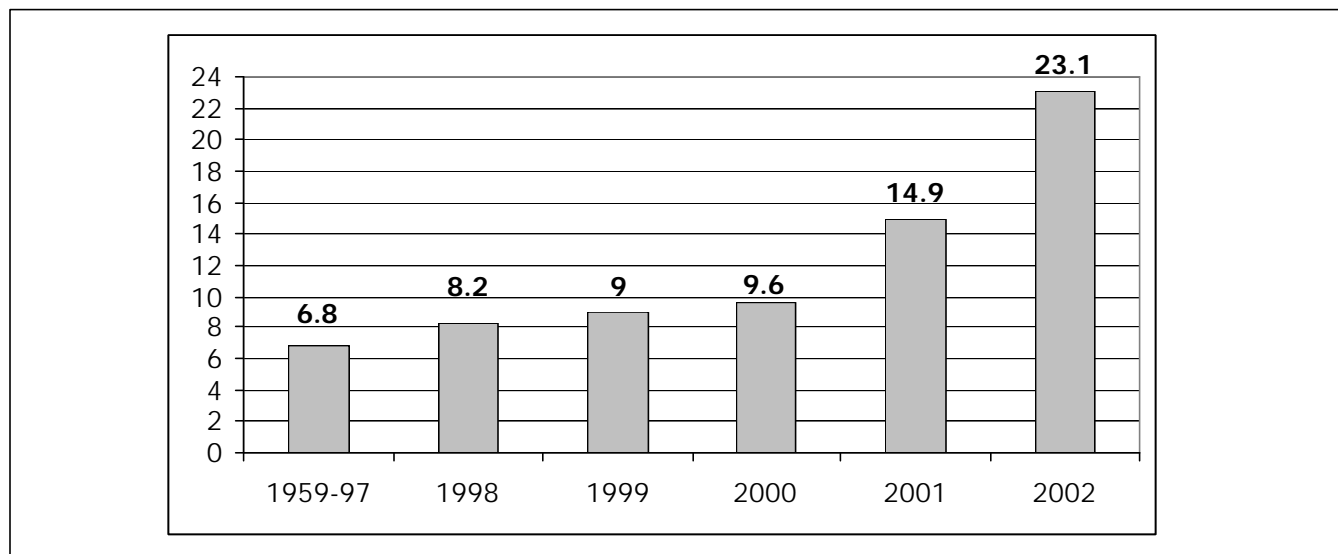
FIGURE 2
2002 IAEA SAFEGUARDS BUDGET
(U.S. DOLLARS)



Source: International Atomic Energy Agency, *IAEA Annual Report for 2002*, p. 65.

Nuclear Threat Initiative (NTI), a nongovernmental organization. But even with NTI's contribution, the effort still fell almost \$4 million below pledged funding for that year.²⁷ For 2003, these unfunded activities were slated to become part of the agency's CAURBs, a move expected to increase the total number of CAURBs to \$32.9 million.²⁸ Though the new budget now separates these activities from other CAURBs, to date these efforts remain almost \$10 million below anticipated funding levels for 2003.²⁹ The Nuclear Threat Initiative has been the fourth-largest contributor of funds to date; only 21 states have pledged funds (although an additional 7 have made in-kind contributions), and less than 60 percent of that money has been received.³⁰ These items are not luxuries or added bonuses; rather, they respond to central concerns of nations—increasing security against malicious activity at nuclear installations, funding emergency response capabilities for radiological accidents, locating and securing radioactive orphan sources, providing training in states for the physical protection of nuclear material, and others—that cannot be easily shelved or reprioritized.³¹ Though separate from traditional safeguards, these additions are now considered an important part of the agency's nonproliferation mission. When funding for these activities is tenuous, however, states cannot depend on them and the IAEA cannot adequately prepare to provide them.

FIGURE 3
CUMULATIVE UNPAID CONTRIBUTIONS TO THE IAEA REGULAR BUDGET BY MEMBER STATES
(MILLIONS OF U.S. DOLLARS)



Source: International Atomic Energy Agency, "Statement of Financial Contributions to the Agency as of September 12, 2003," IAEA General Conference Document GC(46)/INF/13 Annex p. 5. <<http://www.iaea.org/Publications/Reports/Anrep2002/safeguards.pdf>>.

Regardless of the recent increase in its budget, some of the IAEA's problems—financial and otherwise—will remain. One increasingly notable financial burden is that some states do not pay their annual assessed contributions to the IAEA, leaving the agency without funds it is entitled to receive. The result is a cumulative shortfall in funds that has begun to increase rapidly in recent years (see Figure 3). As of September 18, 2003, more than 25 IAEA member states, whose cumulative unpaid dues totaled \$8,204,313, had accumulated a debt equal to or greater than two years of their assessed contributions, a point at which the IAEA is required to withhold their voting rights in agency meetings.³² All told, 49 states had outstanding balances with the agency, totaling \$23,129,931 in unpaid dues (an amount equivalent to more than 9.4 percent of the agency's 2002 regular budget or more than 26.8 percent of the 2002 safeguards budget).³³ Since the safeguards budget generally accounts for around one-third of the agency's budget, at least \$7.7 million of these outstanding dues would have been devoted to safeguards under previous budgetary arrangements. Because many states currently face tight budgets on top of their increased assessed contribution to the agency, this trend could worsen if left unaddressed.

This shortfall is compounded by a policy—first implemented by the United States during the Reagan administration and now emulated by some other member

states—of paying assessed contributions late in the year. Though the IAEA operates on a calendar year, these states pay their dues for that year at the beginning of their respective next fiscal years (which for the United States begins in October). This lag-time in the receipt of payments has led to funding crises in the past (e.g., on two occasions in 2000, the agency was unable to pay its entire payroll, forcing it to ask permission to borrow from still-unused voluntary contributions to meet these needs).³⁴ When domestic political processes further impede these lagging payments, overall lag-time can extend for even longer; for example, a payment for the agency's 2002 budget, which the United States was expected to make in October 2002 (at the opening of the U.S. 2003 fiscal year), could not be made at that time because of delays in the U.S. appropriations process, and was not paid in full until July 2003 because of appropriations shortfalls. Since the agency cannot depend on funds it has not received and at times is even forced to shuffle funds to cover expenses that it cannot meet, it inevitably suffers losses in efficiency and effectiveness.

A WIDENING GAP

The result is predictable. Increasing inspectorate demands have not received commensurate support. During the 1992-1996 period that saw a 43 percent increase in

the amount of material under safeguards and a 29 percent increase in person-days of inspection time, the total number of inspectors barely crept upward from 200 to 209 (a 4 percent increase) and the total number of staff dedicated to safeguards remained constant.³⁵ At the end of 2000, the number of inspectors had increased only to 213 (a 1 percent increase from 1996).³⁶ And despite the increasing responsibilities the agency has faced in recent years, the level of inspection effort has remained essentially flat; total person-days of inspection time increased by less than 1 percent from 1999 to 2000, less than 0.5 percent from 2000 to 2001, and actually decreased slightly from 2001 to 2002.³⁷

Moreover, the agency continues to face problems brought on by new recruitment and training, as the United Nation's mandatory retirement age of 62 is forcing the agency's most experienced hands to retire. The paucity of hirings during almost 20 years of zero real growth budgets means that the current inspectorate includes a large number of inspectors who are nearing retirement and fewer people with experience in line to replace them. A newer, less-experienced inspectorate means more time is necessary for training. But under the current circumstances, the agency's operational demands can interfere with this training. An increased need for inspections without corresponding increases in inspectors means more days in the field per inspector and, consequently, fewer days available for instruction. Such over-reliance on inexperienced, overworked, and undertrained inspectors has the potential to undermine the effectiveness or, equally important, credibility of safeguards. No amount of funding can instantaneously replace experience, which the agency will continue to miss for some time before this trend can be turned around.

The criteria that the agency uses to judge inspection quality have also been affected by the agency's budgetary problems. The SQ (or "significant quantity") is the unit of measurement that the IAEA uses for the amount of material needed to produce a nuclear weapon. One SQ (8 kilograms of plutonium or 25 kilograms of highly enriched uranium) represents the maximum amount of material that can remain unaccounted for at a site and permit the agency to conclude that no undeclared production or separation of material occurred there. Some margin for error is necessary in these assessments because conversion and manufacturing processes inevitably cause losses in material.³⁸ The current standard, however, has been criticized as being too high by a factor of seven or eight by some experts.³⁹ When asked at the 2002 Carnegie International Nonproliferation Conference why the

agency had not lowered this standard to reflect the smallest amount of material needed to manufacture a nuclear weapon, IAEA Director General Mohamed ElBaradei answered that the agency uses the information provided by the nuclear weapon states for the amount of material needed to build a nuclear weapon by "beginners," but added that,

Part of it, of course, is financial. You know, I must be candid...if we reduce a significant quantity, you know, refine it to less than what we have now, we need additional resources. And we are barely surviving right now with the resources we have....⁴⁰

This type of statement grew increasingly frequent and frank as the negotiations for the 2004-2005 budget were proceeding. A zero real growth budget, when combined with unpaid assessments, a lag-time in dues received, a reliance on uncertain extrabudgetary contributions, and an inspectorate forced to spend more time in the field and less in the classroom had created a situation that was unsustainable, and the results had become obvious. Even with attempts to incorporate labor-saving equipment, modernize inspections techniques, and increase efficiency, in 2000 the agency identified over \$110 million in needs to address its mandated safeguards activities for the 2002-2003 biennium—almost \$28 million less than it was slated to receive to meet those needs.⁴¹ The recent increase, however, does much to address the most immediate of the agency's needs, particularly in safeguards. Though safeguards represent only 37 percent of the agency's budget, they received 77 percent of the increase.⁴² This emphasis was necessary because the agency's verification activities had experienced the greatest increase in unmet needs and had been the most chronically underfunded of the agency's programs. It is important to note that even in this area, the recent increase does not eliminate the agency's unmet needs or reliance on extrabudgetary funds in the near term, though it makes them more manageable. However, if the current increase is carried out as planned, by 2007, the safeguards department should have funding for 98 percent of its needs as estimated in its original budget proposal.⁴³

THE UNITED STATES AND THE IAEA

But while these increases were being deliberated, the paradigm of the past two decades—essentially, support but don't pay—has been turned on its head in recent months, especially by the United States. As the United States has intensified its efforts to halt the spread of nuclear weapons to additional states and to terrorist groups, the Bush administration has become increasingly vocal and inter-

nally conflicted over its support of the IAEA—supporting the agency financially and, for the most part, politically, but castigating it when it crosses the administration's agenda.

Despite proposed actions that some observers believe would run contrary to U.S. NPT commitments and despite the Bush administration's seeming disdain for traditional arms control measures in other settings, administration rhetoric has been generally supportive of the NPT and IAEA safeguards.⁴⁴ After 9/11, the United States requested increased voluntary funding for the IAEA from the European Union (EU) in response to a query by the EU for ways it could help the United States in the war on terror.⁴⁵ Secretary of Energy Spencer Abraham has mentioned explicitly on a number of occasions the need to ensure adequate funding for IAEA safeguards and also proposed a conference—ultimately cosponsored with Russia and the IAEA—in March 2003 to consider ways to improve global security of radioactive sources.⁴⁶ Perhaps most significantly, President Bush mentioned support for the IAEA as a specific priority of his administration in his 2003 State of the Union address.⁴⁷ His “National Strategy to Combat Weapons of Mass Destruction” affirms this intention, vowing to strengthen the IAEA “through ratification of an IAEA Additional Protocol by all NPT states parties... and appropriate increases in funding for the Agency.”⁴⁸ Even on March 19, 2003, as U.S. forces prepared to invade Iraq on the eve of war, Assistant Secretary of State John Wolf testified before the Senate Foreign Relations Committee that the IAEA's role in nonproliferation was vital, and the United States would support its efforts to increase its budget for safeguards activities.⁴⁹

In the State Department—which provides financial support to the IAEA through both assessed and voluntary contributions—Deputy Secretary of State Armitage made a decision in March 2002 to support an increase in U.S. funding for the IAEA. The State Department had conducted its own Needs Based Assessment of the agency, which concluded that the safeguards budget needed around a \$30 million increase as a result of substantial growth in treaty-driven safeguards mandates. The study led the State Department to support an increase in the safeguards budget beginning with the 2004-2005 biennium. And even with this planned increase and a tight economy, the United States has set aside efforts to reduce its share of the IAEA budget from 25 percent to 22 percent, as it has done in the U.N. and in other international organizations, and is not reducing its extrabudgetary contributions to the agency—a show that the United States

is committed to raising the IAEA budget, not artfully lowering its voluntary payments.⁵⁰ Moreover, the FY2004 budget proposal in the Department of Energy (which provides important technical contributions to the agency, for example in the form of cost-free experts) requests a 33 percent increase in funding for international safeguards to \$13.1 million, which will take the form of in-kind technical assistance.⁵¹ This increase comes as part of the largest request for nonproliferation funding in the department's history.⁵²

In the months before the June Board of Governors meeting, during which the budget was to be finalized, U.S. diplomats launched what amounted to a campaign to increase agency funding. Secretary of Energy Abraham urged an increase in IAEA funding at the September 2002 IAEA General Conference, and U.S. Senior Advisor William Marsh argued similarly before the United Nations General Assembly that same November.⁵³ The president's State of the Union address marked the first specific mention of the agency in that speech since 1961, when President Eisenhower praised the creation of the IAEA during his presidency.⁵⁴ More recently, Assistant Secretary of State John Wolf spoke in support of increasing financial and political backing for the agency at the NPT Preparatory Committee meeting in April.⁵⁵ Because the United States was already the IAEA's largest extrabudgetary contributor (contributing over \$28.4 million of the \$41.8 million provided as “voluntary contributions or other extrabudgetary resources” and over \$1.3 million of the \$10 million provided in cost-free experts in 2002), it could claim the moral high ground on this issue vis-à-vis Geneva Group members and other IAEA member states.⁵⁶

And in the end, these efforts, along with those of the IAEA and like-minded member states, proved fruitful. At the May meeting of the IAEA's Program and Budget Committee, a majority of speakers either supported or were sympathetic to the proposed budget increase. But a significant number opposed or were skeptical, and some pressed for a zero real growth budget. By the June Board of Governors meeting, the situation was no more tractable. Some countries, like Brazil and Argentina, bemoaned their soft domestic budgets. Others, like Germany and Japan, suggested the IAEA focus its activities on “dangerous” states. As deliberations over Iranian compliance with the NPT overtook the June board meeting, the matter was put off and remained unresolved until mid-July, well past the traditional time to transmit the budget to the General Conference for approval.⁵⁷ But when the final budget emerged, it largely addressed the subjects of U.S.

concern. The increase's emphasis on safeguards, in particular, is remarkable because developing nations generally insist that the IAEA maintain rough equality between its verification activities and those dedicated to aiding nations that seek to develop the peaceful applications of nuclear technology. Though numerous compromises were required to reach this point and several countries expressed reservations with the provisions, none ultimately broke consensus. Concerns over the situations in North Korea and Iran probably helped persuade many countries of the importance of increasing safeguards funding.

But while the IAEA has traditionally had the support of the United States, and in particular the Bush administration, it has met harsh criticism of late when its assessments conflicted with the Bush political agenda. The IAEA drew the ire of some in the Bush administration early in the sparring that led to the 2003 Gulf War, after declaring that aluminum tubes that Iraq purchased could have purposes outside of a nuclear weapons program. The United States had relied on these tubes as a key piece of evidence that Iraq was seeking a nuclear capability. Because of its role as the U.N. agency designated to evaluate Iraq's nuclear activities, the IAEA's assessment held particular sway with other nations and was politically damaging—and angering—for the Bush administration as it made its case for war. The two met at loggerheads again soon thereafter when the agency concluded that documents showing a uranium purchasing agreement between Iraq and Niger—again damning evidence in the eyes of the Bush administration—were forgeries. And Director General ElBaradei further piqued the Bush administration with his assessment on March 7 that the IAEA had “to date found no evidence or plausible indication of the revival of a nuclear weapons program”—an assertion late in the inspection process (ultimately less than two weeks before war) that called into question the justification of disarmament that the administration sought to project.⁵⁸ In response to these disagreements, Vice President Cheney publicly decried the agency with his now famous quip, saying:

...we believe [Saddam Hussein] has, in fact, reconstituted nuclear weapons. I think Mr. ElBaradei frankly is wrong. And I think if you look at the track record of the International Atomic Energy Agency and this kind of issue, especially where Iraq's concerned, they have consistently underestimated or missed what it was Saddam Hussein was doing. I don't have any reason to believe they're any more valid this time than they've been in the past.⁵⁹

As victory in Iraq unfolded and the burden of finding weapons of mass destruction grew, this conflict escalated as the IAEA and United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) tried to defend their turf while the administration planned to circumvent them. After asking the two inspectorates to be prepared to help in post-conflict operations as late as mid-February, the United States reversed course and decided to use its own team—loosely dubbed US-MOVIC—to complete most of the critical inspection work, displaying any finds publicly to reporters to provide proof.⁶⁰ Despite calls from Russia, France, and even the United Kingdom in support of readmitting international inspectors, Bush officials would only say that there might be “a role for an international entity” to verify discoveries later, but probably only after the United States decided to turn sites over to them for monitoring at some later date.⁶¹ In response, UNMOVIC Director Hans Blix declared that U.N. inspectors would not be led “as a dog” to sites the United States chose to show them after the fact.⁶² Mohamed ElBaradei insisted that the IAEA remained “the sole body with the legal authority to verify Iraq's nuclear disarmament” and had “a unanimous international community, minus one” supporting it to lead post-war inspections.⁶³

These calls have largely fallen on deaf ears, however; the IAEA has been granted only a limited role returning to the Iraqi nuclear installation at Tuwaitha to evaluate looting there, and the U.N. Security Council passed Resolution 1483, lifting sanctions and granting broad U.S. and U.K. authority with only the promise to revisit the UNMOVIC and IAEA mandates. To be fair, the Bush administration's initial hesitancy on this account has been vindicated in some regards, as post-war guerrilla-style attacks on U.S. forces and at the U.N. have made clear that Iraq remains a dangerous and hostile environment. But while inspectors remain ready and could be helpful in searches where U.S. teams encounter difficulties, the issue of their return has fallen by the wayside as daily attacks on U.S. soldiers have taken center stage and the United States has become more concerned with bolstering its own efforts to find Iraq's WMD.

To be sure, the United States and the IAEA are different bodies, and at times will have very different interests. No one would expect otherwise. While the IAEA was concerned with preserving peace in Iraq, the Bush administration may have felt that its country's position made the attendant risks of that path unacceptable. But the incongruities in the U.S. position nonetheless paint a confusing picture. Only weeks after the White House

backed Defense Department efforts to create a U.S. substitute for the IAEA and UNMOVIC in Iraq, President Bush, in a major interview, called for the world to come together to make the IAEA more effective, and practically alluded to Additional Protocols as a way of facilitating the “Bush Doctrine”—his broadly articulated policy for dealing with terrorists and those that harbor them, including rogue nations.⁶⁴ This posture, along with its readiness to increase IAEA financial support, suggests that the Bush administration still sees the agency as a cost-effective bulwark against potential procurers of WMD, though at times a politically inconvenient one. Indeed, with an annual safeguards budget of approximately \$97 million, a year of IAEA safeguards *worldwide* costs slightly more than one-tenth of 1 percent of the initial appropriations to pay for the war and initial reconstruction in Iraq, and will be less than 0.06 percent of the funding thus far if the next proposed funding package is approved.⁶⁵ Similarly, the IAEA’s safeguards budget increase, on an annual basis, represents less than 1 percent of the \$20 billion sought by the G-8 Global Partnership to support non-proliferation programs in the former Soviet Union over the next ten years (\$2 billion per year).⁶⁶ Moreover, backing the IAEA also allows the Bush administration to support a multilateral institution that does little to constrain U.S. freedom of action. For example, President Bush submitted the United States’ Additional Protocol to the Senate on May 9, 2002—a step that diplomats have made sure to mention in recent international fora.⁶⁷ Though the Additional Protocol is the IAEA’s most intrusive inspections agreement, actual implementation in the United States is likely to be minimal since the principal purpose—to provide an assurance about the absence of undeclared nuclear activities—does not apply to a nuclear weapon state. The U.S. acceptance is instead intended to demonstrate that the United States is willing to accept the impact of IAEA safeguards on its civil nuclear activities and that safeguards therefore do not place states at a relative commercial disadvantage.

A CHANGING ENVIRONMENT

Despite the strong show of support that will improve the agency’s financial outlook, a number of issues cloud its future. Foremost among these is the fallout from the war in Iraq. Even putting rhetoric aside, the U.S.-led invasion raises serious questions about some nations’ trust in inspections and the role that inspections can play in preventing

future conflicts. Of the different inspection regimes, the IAEA’s nuclear inspections were generally accorded the most credence because nuclear operations were the most difficult of the proscribed activities in Iraq to conceal. Even in this area, however, the threat that Iraq could be building nuclear weapons—the WMD threat that most significantly alters the strategic balance—and that the inspection process could not locate them was one of the primary justifications for war.

How history ultimately views this rationale’s relationship with inspections remains, at this point, an open question. On the one hand, coalition allies are spending billions of dollars to solve a problem militarily that they deemed inspections inadequate to address—a position that, for many, undermines the validity of inspections and, consequently, the need to support them. And a belief that the world’s only superpower and the IAEA’s largest donor does not have faith in inspections may by itself constitute the critical mass necessary to begin eroding confidence worldwide, even among those who would prefer to see the agency strengthened. On the other hand, history may ultimately view the recent war in Iraq as a vindication of the mission of inspections. Because the purpose of inspections is crucial to international security, nations entered into war to enforce their mission in a situation where inspections met insurmountable challenges that precluded verifiable disarmament. Justified in large part by information gleaned from past inspections, these forces acted to dismantle or destroy what recent inspections could not reach. A third possibility—that current search efforts may not find major caches of proscribed weapons—appears increasingly likely and could mitigate some of the damage done to the credibility of inspections. Though the United States expected to find mostly chemical and biological capabilities, it also warned of the nuclear threat and tied its assessments of progress in Iraq to each of these WMD investigations. If continued searches continue to come up empty handed, then claims that inspections were ineffective there would be debunked, and nations that advocated more time for inspections could point to Iraq as evidence that inspections remain a useful means to avoid armed conflict.

Unfortunately, the uncertainty regarding political support for the agency that has been created by the Iraq crisis may worsen as the United States and the international community confront the urgent nonproliferation crises in North Korea and Iran. In North Korea, the 1994 Agreed Framework gave the agency only a limited interim role

monitoring a freeze on North Korean facilities believed in 1994 to be associated with the country's plutonium-based nuclear weapons program. The current crisis erupted when the United States learned that North Korea was building another set of facilities to provide highly enriched uranium for nuclear weapons. Although the IAEA successfully monitored the freeze of the North Korean plutonium program and had no opportunity to explore whether the country was undertaking nuclear activities beyond these facilities, some certainly view the situation as validating their view that treaties—and by implication, associated verification tools—are ineffective in halting determined proliferators. This is hardly a valedictory for international inspections.

The situation in Iran underscores the difficulties the agency continues to face when exploring the presence of undeclared nuclear activities without an Additional Protocol. With the 1991-1992 reaffirmation of the IAEA's authority to demand "special inspections" of suspect sites, many hoped that the agency would be able to keep interposed a significant barrier to any clandestine Iranian efforts to build a nuclear weapons capability. But the revelation of the Natanz enrichment plant and the Arak heavy water facility in late 2002 made clear that Iran was proceeding with significant nuclear developments that it was not reporting to the agency. Suspicions that these facilities are intended to support an eventual nuclear weapons program are reinforced by concerns that Iran is failing to declare additional facilities—a smaller, precursor facility to the Natanz plant and a plutonium production reactor that would use the heavy water produced at Arak. These circumstances place credibility of the agency and the NPT in dealing with direct challenges, to say the least, under considerable pressure.

And now that Iran has accepted an Additional Protocol, that measure will face its first direct test. Once implemented, the protocol—like the program it is evaluating—will come under close scrutiny, with the world watching to see if it performs effectively when applied to a situation with immediate proliferation implications. The protocol in a sense leapt its first hurdle when Iran agreed to accede to it, since the protocol can only be effective if states are willing to submit to it. But considering the lack of trust from both the Iraqi government and coalition allies that more intrusive U.N.-mandated inspections in Iraq could provide a framework for peaceful resolution, one wonders what prospects the Additional Protocol has in this situa-

tion—or future situations—which some states appear to view similarly.

Perhaps the most important conclusion one can draw from surveying these issues is that their effects can be understood properly only if taken together. To be sure, the recent war in Iraq was watched closely by Tehran and Pyongyang. It is likely that the treatment of inspectors drew careful attention as well. Though it remains unclear what role the agency will play in efforts to resolve these crises, having international verification as a tool to avert conflict is to the benefit of all countries involved, and to the world at large. But after viewing the short tenure of inspectors in Iraq before the war and their continued exclusion after it, Iran, for example, might be less likely to trust such measures as a way to avoid conflict in its case, even though it has decided to accept them. What is more, not only are Iran and North Korea aware of what happened in Iraq, they are doubtless paying attention to how the other is treated. Consequently, further derogation or opportunistic treatment of the IAEA in either situation will only make for more difficulties later.

Of course one must be careful to keep these issues in perspective. The IAEA's treatment in these and other situations may cause difficulties for the agency, but the crises that prompt such treatment are the primary causes of damage. And though the agency will be most effective if treated as an impartial and independent actor, one has more sympathy for those complicating its environment in an effort to stop proliferation than those in noncompliance or unwilling to join the NPT. But the actions of other IAEA member states are nonetheless important, because they can help tip the scales for good or ill when the agency's environment becomes precarious, as recent events have shown. The Bush administration's changing posture toward verification—challenging the world to readmit inspectors or "be irrelevant," only to spurn them six months later, and now pushing for the IAEA to play a central role in Iran even as it denies it basic operations in Iraq—gives the impression that the United States sees the IAEA as a political tool rather than an autonomous agency and arbiter.⁶⁸ The categorical insistence on continued inspections in Iraq before the war by France and others who opposed U.S. action there seems similarly opportunistic. The result, to paraphrase two Brookings Institution scholars, was a multilateral fall followed by a unilateral winter.⁶⁹ And as shown above, that winter gave way to a mercurial spring. When multilateral commitment changes with seasons instead of eras, neither the IAEA

nor its member states can expect the agency to have the backing it needs to take decisive action.

CONCLUSION

A survey of the IAEA five years ago would have shown an agency that, despite depleted funding, enjoyed unambiguous support after playing an instrumental role in the rollback of nuclear weapons in South Africa and bringing the Newly Independent States into the non-proliferation regime as non-nuclear weapon states. Such unqualified support is no longer the case. The issues above no doubt raise the agency's visibility to a new level, but they also portend a difficult time in the foreseeable future. Indicatively, as U.S. funding for the IAEA has increased, so has its funding for counterproliferation programs, and for the ultimate act of counterproliferation, the 2003 war against Iraq.⁷⁰ Increased funding for such programs, however logical, underscores the limits of nonproliferation and provides an alternative for those who characterize tools like IAEA inspections as weak and ineffective. What those who take this view need to understand is that the IAEA, the NPT, and the rest of the web of international agreements and organizations that comprise the nonproliferation regime were created as useful, not failsafe, means of deterring proliferation. Though its founders could not predict all of the challenges the regime would face, they understood that there were ways for states to cheat, and that such cheating could not always be stopped. They also correctly understood, however, that these "imperfect" instruments would serve as a useful barricade that would avert some proliferation and significantly slow the rest. The IAEA remains an imperfect mechanism, but one with a laudable set of achievements and a demonstrated ability to address new needs and adapt to new threats. What is most important to question is not imperfections in the agency or its mandate, but how to enhance the IAEA's capacity to carry out its objectives optimally in an imperfect world. The threats posed by North Korea, Iraq, Iran, and other potential pursuers of weapons of mass destruction should force nations to realize that, if they intend to keep this barricade to further their national security and complement other defense efforts, then they need to provide it with consistent political support along with new financial resources.

Put simply, if recent military efforts to prevent the spread of WMD are to reach an end, states will have to trust peaceful verification mechanisms that inherently require a tolerance of some ambiguity. The world faces un-

precedented new threats and the continued expansion of nuclear material—a trend that regime change in one or a few nations will not change. The IAEA has a proven track record as a fair, multilateral, and cost-effective means of monitoring threats and ensuring the responsible use of such material. Most of its functions are essential and cannot be simply reprioritized or discontinued as Geneva Group policy would dictate. The recent funding increase is a solid achievement toward bringing the agency's capabilities into line with these responsibilities. And it is perhaps most important for the statement it makes at a critical juncture where, without such support, the outcomes of a few current events may largely determine the trust placed in future inspections.

But without corresponding political backing, the agency's future will continue to look equally uncertain, if not more so. Bringing member states' respective national security policies into line with the recent changes in budgetary policy—in effect, reaffirming the importance of the agency as an independent and technically oriented monitor of nuclear activities—is now the next crucial step. Such a move is not antithetical to other security imperatives. In fact, strengthening the IAEA inspection regime can help minimize the need for both special inspection missions like the ones that served in Iraq and the coalition forces that followed them. To reach this point, however, will require enough support to overcome the growing hurdle caused by the absence of the international inspectorates in the post-war search for proscribed weapons there, and the mercurial policies of major players toward the agency since then. At a time when many nations have been trumpeting multilateralism and international inspections—first as an alternative to military action in Iraq, then as a way to objectively verify discoveries after the conflict, and now as a means to stop proliferation crises elsewhere—solidifying support for one of the inspectorates should be an area that draws broad international support.

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⁴ International Atomic Energy Agency, "Treaty on the Non-Proliferation of Nuclear Weapons," Information Circular document INFCIRC/140, April 22, 1970.

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⁵ India, Pakistan, and Israel have always remained outside of the NPT. The Democratic People's Republic of Korea's recent decision to withdraw from the NPT would increase the number of non-members to four. Because of technicalities associated with the withdrawal process, however, some have made the argument that North Korea remains an NPT party and that its safeguards commitment is still binding. For all practical purposes, however, it remains outside the verifications provisions associated with its safeguards agreement and does not consider itself bound by these commitments. For the most recent IAEA documentation on this topic, see: International Atomic Energy Agency, "Implementation of the Safeguards Agreement Between the Agency and the Democratic People's Republic of Korea Pursuant to the Treaty on the Non-Proliferation of Nuclear Weapons," IAEA General Conference document GC(47)/19, August 13, 2003, < <http://www.iaea.org/About/Policy/GC/GC47/Documents/gc47-19.pdf>>. For the latest status of the NPT, see "Treaty on the Non-Proliferation of Nuclear Weapons (NPT)," < http://www.iaea.org/Publications/Documents/Treaties/NPT/npt_status.html>. Also see statement by Ambassador Norman Wulf to the First Meeting of the Preparatory Committee for the 2005 NPT Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, April 8, 2002, < <http://www.usun-vienna.rpo.at/Wulf-April-8th-statement.htm>>, and International Atomic Energy Agency, Press Release, September 17, 2002, "IAEA Director General Welcomes Cuba's Intention to Join the Nuclear Non-Proliferation Treaty."

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⁹ International Atomic Energy Agency, "Statement at the General Debate NPT Preparatory Committee Session: 29 April 2003 by Piet de Klerk, Director, Office of External Relations and Policy Co-ordination," April 29, 2003.

¹⁰ International Atomic Energy Agency, *The Agency's Programme in 2001: Verification*, IAEA Annual Report for 2001, General Conference document GC(46)/2, p.99, < <http://www.iaea.org/Publications/Reports/Anrep2001/safeguards.pdf>>. This figure comes from the 2001 annual report; total person-days of inspection time decreased slightly since then. The most recent figures can be found in International Atomic Energy Agency, *Verification and Security*, IAEA Annual Report for 2002, p.69, < <http://www.iaea.org/Publications/Reports/Anrep2002/safeguards.pdf>>.

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¹⁸ The Geneva Group includes Australia, Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, the Russian Federation, Spain, Sweden, Switzerland, the United Kingdom, and the United States. See U.S. General Accounting Office, "Nuclear Nonproliferation: Uncertainties With Implementing IAEA's Strengthened Safeguards System," Office Letter Report GAO/NSIAD/RCED-98-184, July 9, 1998, < <http://www.fas.org/spp/starwars/gao/nsiad-98-184.htm>>. In some instances, the Geneva Group has even attempted to implement zero nominal growth. For example, see Australian Department of Foreign Affairs and Trade, *DFAT Annual Performance Report, 1999-2000*, p. 87, < http://www.dfat.gov.au/dept/annual_reports/99_00/pdf/section2.pdf>.

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²⁶ International Atomic Energy Agency, "The Agency's Programme and Budget for 2004-2005: Overview," General Conference Document GC(47)/3, August 2003, p.7.

²⁷ International Atomic Energy Agency, Press Release, "One Year Later: Progress to Upgrade Nuclear Security," September 11, 2002.

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³³ International Atomic Energy Agency, "Statement of Financial Contributions to the Agency as at 12 September 2003," General Conference Document GC(47)/INF/12, p.5. For the budget figures to perform these calculations, see International Atomic Energy Agency, *Verification and Security*, IAEA Annual Report for 2002, Annex, Table A1, p.95, < <http://www.iaea.org/Publications/Reports/Anrep2002/annex.pdf>>. The unadjusted numbers for the 2002 budget were used in these calculations, since those numbers are designed not to fluctuate from year to year as currency values change.

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⁴² International Atomic Energy Agency, "Report to the Board of Governors by the Co-Chairmen of the Informal Open-Ended Working Group on the Programme and Budget for 2004-2005 and the Conclusion of the Chairman of the Board," General Conference Document GC(47)/INF/7, August 15, 2003, p. 5, < <http://www.iaea.org/worldatom/About/Policy/GC/GC47/Documents/gc47inf-7.pdf>>.

⁴³ U.S. Department of State official (name withheld by request), personal correspondence with author, July 30, 2003.

⁴⁴ The United States is considering the development and deployment of low-yield nuclear weapons that it justifies as necessary to deal with the threats from rogue nations. One such weapon, the Robust Nuclear Earth Penetrator, or so-called "bunker buster," is designed to destroy hardened and deeply buried targets such as underground WMD laboratories or production facilities; others are deemed necessary because the damage caused by larger nuclear weapons make them "self-detering," rather than a credible deterrent against rogue states. These weapons and their new missions raise questions about promises made during the 2000 NPT Review Conference, where the nuclear powers strengthened their initial commitments to work toward nuclear disarmament by committing to the "principle of irreversibility" in disarmament and a "diminishing role for nuclear weapons in security policies." For a detailed treatment of these plans, see Mark Bromley, David Grahame, and Christine Kucia, "Bunker Busters: Washington's Drive for New Nuclear Weapons," British American Security Information Council, BASIC Research Report, July 2002, < <http://www.basicint.org/pubs/Research/2002BB.pdf>>.

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