

# GAO Highlights

Highlights of [GAO-13-139](#), a report to congressional requesters

## Why GAO Did This Study

IAEA plays a crucial role in supporting U.S. nuclear nonproliferation goals through its safeguards and nuclear security programs. The Department of State (State) coordinates the United States' financial and policy relationship with IAEA. IAEA's safeguards program is designed to detect and deter the diversion of nuclear material for non-peaceful purposes, while the agency's nuclear security program assists countries in improving the physical protection of their nuclear material and facilities. IAEA plans to create an international fuel bank to guarantee the supply of fuel for civilian nuclear power programs. GAO was asked to examine (1) any challenges that IAEA faces in carrying out its safeguards program, (2) any limitations regarding the nuclear security program, and (3) the status of IAEA's planned nuclear fuel bank. GAO reviewed relevant documents and interviewed officials from IAEA and U.S. federal agencies, 15 nuclear nonproliferation experts, and representatives from 16 countries.

## What GAO Recommends

GAO recommends, among other things, that State work with IAEA to (1) clearly define and communicate how IAEA will implement the state-level concept, (2) evaluate the nuclear security program's long-term resource needs, and (3) prepare a plan for the long-term operation and funding of IAEA's fuel bank. State agreed with several of the recommendations and disagreed with two, including the one on the nuclear security program's long-term resource needs. GAO continues to believe that implementing all of these recommendations would enhance the efficiency and effectiveness of IAEA's programs.

View [GAO-13-139](#). For more information, contact David C. Trimble at (202) 512-3841 or [trimbled@gao.gov](mailto:trimbled@gao.gov).

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## NUCLEAR NONPROLIFERATION

### IAEA Has Made Progress in Implementing Critical Programs but Continues to Face Challenges

## What GAO Found

The International Atomic Energy Agency (IAEA) has taken several steps to strengthen its safeguards program since GAO's 2005 report, including increasing the number of countries that are subject to a broader range of safeguards measures, upgrading its analytical laboratories, and producing its first long-term strategic plan. However, the agency faces two critical challenges in further improving the effectiveness and efficiency of the safeguards program. First, several countries have raised concerns about IAEA's plans to expand implementation of what it calls the "state-level concept" to all countries with safeguards agreements by 2014. The state-level concept is an approach in which the agency considers a broad range of information about a country's nuclear capabilities and tailors its safeguards activities in each country accordingly. IAEA officials told GAO that broader implementation of this approach would allow the agency to better allocate resources by reducing safeguards activities where there is no indication of undeclared nuclear activities and to focus its efforts on any issues of safeguards concern. However, IAEA has not clearly defined and communicated how it will implement the state-level concept. As a result, several countries are concerned that the state-level concept may be applied in a subjective, potentially discriminatory manner or that it could allow IAEA to be too intrusive into their civilian nuclear operations. Second, the agency has not quantified the resources it may need to fully implement the state-level concept—making it difficult to determine its long-term costs and benefits.

IAEA has continued to support countries' efforts to improve the security of their nuclear material and facilities, but three key issues limit the agency's ability to ensure that its nuclear security resources are used efficiently and effectively. First, IAEA's nuclear security program relies heavily on extra-budgetary contributions from donor countries, which makes it difficult to plan and implement projects, in part because these funds vary from year to year. Second, IAEA has not conducted a needs-based assessment of the resources required beyond its 2-year budget cycle, which also hinders its ability to ensure that resources are directed to the greatest security needs. Third, the extent to which IAEA is meeting its nuclear security goals is unclear because IAEA does not systematically report on the results of measures used to assess the performance of the agency's nuclear security program.

IAEA is making progress in establishing an international nuclear fuel bank by 2014 that is intended to provide eligible countries with a guaranteed supply of low enriched uranium (LEU) for civilian nuclear power programs in the event of a supply disruption. IAEA's fuel bank is not intended to provide a routine supply of LEU. However, several experts and foreign officials told GAO that the fuel bank's value is uncertain, causing some foreign officials to call it "a solution looking for a problem." For example, the fuel bank may never be used, in part because there are already several stable suppliers on the international nuclear fuel market. In addition, IAEA does not have a plan in place for the long-term operation and funding of the bank, although agency officials told GAO they intend to complete such a plan in 2013. Furthermore, the IAEA bank is one of several guaranteed, multilateral fuel supply options—including banks established by the United States and Russia—for countries seeking an assured supply of nuclear fuel.