United Nations reform: measures and proposals

Utilization of the Development Account

Note by the Secretary-General

I. Introduction

1. By its resolution 52/12 B of 19 December 1997, the General Assembly decided, *inter alia*, to establish in the programme budget for the biennium 1998-1999 a development account, and requested the Secretary-General to submit a report by the end of March 1998 identifying the sustainability of that initiative, as well as modalities of implementation, the specific purposes and the associated performance criteria for the use of such resources. It will be recalled that the Secretary-General’s report of 14 July 1997 entitled “Renewing the United Nations: a programme for reform” (A/51/950) contained recommendations and actions (21 and 22) pertaining to the reduction of overhead costs and the Development Account. These were further elaborated upon in the report of the Secretary-General of 31 October 1997 entitled “Creating a dividend for development” (A/51/950/Add.5).

2. As stated in that report, the overall programme objectives and direction for the Development Account would be agreed by the General Assembly and the programming of such resources would focus on global, interregional and regional issues, on the premise that national development plans are addressed through other multilateral and bilateral programmes.

3. The report also noted that a coordinated and comprehensive set of proposals would be submitted to the General Assembly. And it indicated that the criteria for choosing activities would include that they be distinctive and further the Organization’s development goals; finite and capable of completion within two bienniums; that they contain succinct objectives, measurable outcomes and clear performance indicators; and that they complement rather than substitute for existing programmes.

II. Sustainability
4. The underlying assumption in the Secretary-General’s proposal for the creation of a Development Account is that any gains achieved as a result of productivity improvements, such as streamlining and simplification of processes and procedures, would become a permanent component of the Account. Accordingly, once a productivity gain has been identified and achieved, approval by the General Assembly will be sought for the transfer of the associated resources into that Account under section 34, Development Account, of the programme budget. It would thus reflect a redeployment of productivity gains in the administrative areas to the Development Account. Over time, additional funds will be transferred from productivity gains until the Account reaches a level of $200 million. Reductions in administrative costs will be sought without reducing the ability of the Organization to deliver its mandated programmes. Each proposed programme budget will include, therefore, the amount approved for the Development Account in the previous programme budget, supplemented by any additional productivity gains achieved during the prior biennium together with any further prospective productivity gains anticipated in the forthcoming biennium. Once the target level of transfer is attained, the Account will become sustainable through the existing budget appropriation process.

III. Programme objectives and direction

5. Within the overall programme objectives and direction for the utilization of the Development Account as indicated in paragraph 11 of the report of the Secretary-General (A/51/950/Add.5), it is envisaged that the resources will be utilized:

(a) To assist in the promotion of development of developing countries in the context of globalization and increasing interdependence;

(b) To assist in the understanding by the international community of emerging challenges and persistent problems in global development by better analysis and better networking of experts so as to promote an enhanced appreciation of global economic and social issues;

(c) To assist developing countries in various aspects of the implementation of the global programmes and platforms of action, especially the follow-up to United Nations conferences.

IV. Principles governing utilization/performance criteria

6. The overall principles guiding the utilization of the Development Account, which will be the basis for formulating the performance criteria, are noted in the Secretary-General’s report (A/51/950/Add.5). The proposals to be submitted will conform to the following general guidelines:

(a) The scope should be limited, confined to proposals that will show results within two bienniums;

(b) The focus of the proposal should be well-defined and its success should not depend on additional funds from other resources;

(c) In the absence of support from the Development Account the proposal would not be implemented;

(d) The proposal should offer low-cost solutions and once implemented should be able to generate other sources of finance or tie in with country-level operations undertaken by the United Nations system;

(e) The proposals should include a strong South-South cooperation content.
V. Modalities for implementation

7. The Development Account is part of the regular budget of the United Nations and the same modalities and procedures that govern the regular budget will govern the Development Account. The Secretary-General will present his proposals for the utilization for the funds in the Development Account for each biennium along with the budget proposals for that biennium. Specific projects would be implemented within the framework of the General Assembly’s decisions on those proposals. For the programme budget for the biennium 1998-1999, an amount of $12.7 million has already been appropriated under section 34. Proposals for the utilization of this amount will be submitted subsequently to the General Assembly.

8. Because individual activities to be funded from the Development Account could extend over more than one biennium, the Secretary-General proposes that funds appropriated for the Account be treated as a multi-year project and any unexpected balance of appropriation for the Account at the end of the biennium be carried forward to succeeding bienniums, as is currently the case for construction projects and the Integrated Management Information System.

9. As stated in the report of the Secretary-General (A/51/950/Add.5), the Under-Secretary-General for Economic and Social Affairs will serve as the Programme Manager for the Development Account and will oversee its implementation. The Under-Secretary-General, in consultation with the Executive Committee on Economic and Social Affairs, will assist in the formulation of the Secretary-General’s proposals for the utilization of the funds in the Development Account. The individual entities comprising the Executive Committee on Economic and Social Affairs will be responsible for the implementation of approved projects. In implementing the proposals, the entities will be guided by the relevant financial regulations and rules applicable to the funding of such activities under the regular budget and such other guidance the General Assembly may wish to provide.

10. Regular review, evaluation and monitoring of programme delivery will be undertaken. The Secretary-General will submit an annual report to the General Assembly on objectives and results achieved.