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Summary record of the 9th meeting
Held at Headquarters, New York, on Tuesday, 21 October 2008, at 10 a.m.

Chairman: Mr. Bródi .... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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Development Account

08-56174 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 118: Programme budget for the biennium 2008-2009 (*continued*)

Development Account (A/63/335 and A/63/479)

1. **Mr. Belov** (Programme Planning and Budget Division), introducing the Secretary-General's report on the Development Account (A/63/335), said that the report had been prepared pursuant to paragraph 15 of section VIII of General Assembly resolution 62/238. Part one of the report dealt with the status of implementation of projects funded from additional resources provided under various resolutions, while part two dealt with the implementation of decisions reflected in section VIII of resolution 62/238.

2. The General Assembly, in its resolution 62/235, had decided to increase the provision under section 34, Development Account, for the biennium 2006-2007, by an amount of $5 million, bringing the total appropriation for the Development Account for the biennium 2006-2007 to $21,551,900. Further, in its resolution 62/238, the Assembly had decided that an additional $2.5 million would be appropriated for the Development Account for the biennium 2008-2009, bringing the total appropriation for that biennium to $18,651,300. The two additional appropriations, which totalled $7.5 million, had been transferred to the special multi-year account for supplementary development activities.

3. By its resolution 62/238, the General Assembly had recognized that the current modalities for financing the Development Account, which was to be funded from savings achieved as a result of the efficiency measures that could be identified in the context of budget performance reporting, had not proved successful. In that same resolution, the Secretary-General had been encouraged to work further towards identifying resources from possible reductions in administration and other overhead costs for transfer to the Development Account. The Secretariat continued to keep the funding of the Development Account under active consideration regarding future opportunities for increasing resources and was conducting an analysis of best practices within the Secretariat, with a view to identifying options for increasing the resources for the Development Account.

4. **Mr. Kelapile** (Vice-Chairman of the Advisory Committee for Administrative and Budgetary Questions), said that the Advisory Committee was disappointed that the report of the Secretary-General had not provided any options for tangible, predictable and sustainable funding for the Development Account, despite the concerns expressed by the General Assembly in its resolution 62/238. It recommended that the General Assembly should request the Secretary-General to develop a proper methodology to quantify savings from possible reductions, including in administration and other overhead costs, through improvements in internal procedures and ongoing human resources, information and communications technology and other management reforms, as well as resources released from discontinued activities and outputs. The Advisory Committee also reiterated its previous recommendation that the Assembly might wish to review the Development Account in all its aspects. It intended to revert to that issue in the context of its review of the proposed programme budget for the biennium 2010-2011.

5. **Mr. Hunte** (Barbuda and Antigua), speaking on behalf of the Group of 77 and China, said that the Development Account was an important element of the overall development pillar. At the time of its establishment more than 10 years earlier, the target level for the Account had been set at $200 million, to be funded through savings and gains in efficiency or the "dividend for development". However, a decade later, the funds in the Account amounted to less than one tenth of that amount. Clearly, the funding system for the Development Account had not worked as intended.

6. In its resolution 62/236, the General Assembly had requested the Secretary-General to provide a comprehensive proposal for its consideration, with a view to improving the effective and efficient delivery of the mandates of the development-related activities of the Secretariat, including the Development Account. The Group noted with concern that neither the Secretary-General's report on the strengthening of the development pillar (A/62/708) nor his report on the Development Account addressed the perennial issue of the funding mechanism for the Account. The Secretary-General's report on the Development Account had not put forward any tangible option for the predictable and sustainable funding of the Account, but had merely stated the obvious fact that the current system had failed to work.

7. The Group concurred with the Advisory Committee that the results of efficiency measures could be quantified and that anticipated efficiency gains were calculated and routinely reflected in the budget submissions of peacekeeping operations. Despite the inherent differences between peacekeeping budgets and the regular budget, it should be possible to develop a proper methodology to quantify savings from possible reductions in administration and other costs, as well as resources released from discontinued activities and outputs.

8. The Group requested clarification of the statement in the Advisory Committee's report that the level of funding for the Development Account had been affected by the 2 per cent across the board reduction in non-staff costs, as reflected in General Assembly resolution 62/237 A, which, for the Development Account, amounted to $329,600.

9. The General Assembly had never approved a 2 per cent reduction across the board that would affect the budget appropriation of $4,171,359,700 for the biennium 2008-2009. Hence, no reduction in the Development Account had been approved. In any case, in accordance with the current financing mechanism for the Development Account, any efficiency gains, including the imaginary 2 per cent reduction, should be added to rather than subtracted from the Development Account.

10. The Group would discuss the issue further in informal consultations.

11. **Mr. Cazalet** (France), speaking on behalf of the European Union, said that the European Union was pleased that 15 new projects relating to sustainable development and climate change would be funded under the Development Account. In particular, it welcomed the development of follow-up mechanisms which, as pointed out in the Board of Auditors' report for the biennium ended 31 December 2007 (A/63/5 (Vol. I)), would enable project directors to measure results once projects had been completed. In that regard, the European Union welcomed the Board of Auditors' recommendation that the Administration should put in place, for all of its technical cooperation activities, a results-measurement mechanism comparable to that required for the projects funded by the Development Account.

12. Lastly, the European Union reaffirmed its commitment to the concept of creating a "dividend for development" from savings in administration and other overhead costs, which stemmed from strategy 2 of the report of the Secretary-General entitled "Renewing the United Nations: a programme for reform" (A/51/950 and Adds.1-7).

13. **Mr. Repasch** (United States of America) said that his delegation had firmly supported the Development Account since its establishment. It was pleased that the Board of Auditors had singled out the Account as a "model activity" and hoped that the Administration would implement the Board's recommendation to put in place, for all of its technical cooperation activities, a results-measurement mechanism comparable to that required for the projects funded by the Development Account.

14. He was concerned that the Secretariat did not have a tangible method of collecting information on efficiency savings but hoped that, once the Secretariat had implemented the new accounting and management information systems, it would be in a better position to do so.

15. His delegation would appreciate clarification of the Advisory Committee's assertion that the Secretary-General's report had not provided any options for tangible, predictable and sustainable funding for the Development Account. The Account had started at $11 million and now contained more than $18 million. Did the Advisory Committee consider $18 million intangible?

16. **Mr. Rosales Díaz** (Nicaragua) said that the Development Account represented less than 0.47 per cent of the regular budget. With regard to the comment by the representative of the United States and the Advisory Committee's observation that the Secretary-General's report had not provided any options for tangible, predictable and sustainable funding, it was clear that the Advisory Committee was referring to the mechanism for funding, not the actual level of the Account.

17. He did not understand why the Secretariat had been unable to identify savings to be earmarked for the Development Account. Everybody had heard, in the halls and in bilateral meetings, that the Secretary-General had issued an administrative instruction to all heads of department to realign and reduce their operational costs. If that instruction had been handed down, the savings generated by the internal

realignment should be transferred to the Development Account.

18. In its resolution 62/238, the General Assembly had recognized that the current modalities for financing the Development Account had not proved successful. The obvious conclusion was that another modality must be found; perhaps the Account would have to be funded through Member States' contributions to the regular budget.

19. **Mr. Kelapile** (Vice-Chairman of the Advisory Committee for Administrative and Budgetary Questions), in reply to the comment regarding the 2 per cent reduction in the Development Account totalling $329,600, recalled that appropriations totalling $7.5 million had been added to the Development Account. The Advisory Committee had noted, however, that the resources allocated to new projects, as reflected in the annex to the Secretary-General's report (A/63/335), did not add up to $7.5 million. There was, in fact, a shortfall of $329,600. The Advisory Committee had simply wished to bring that fact to the Fifth Committee's attention; the figures themselves had been provided by the Secretariat, who would be in a better position to respond to any questions.

20. Regarding the Advisory Committee's observation that the Secretary-General's report had not provided any options for tangible, predictable and sustainable funding for the Development Account, he clarified that the Advisory Committee was referring to the funding mechanism, not the actual level of funds in the Account. Further clarification would be provided in informal consultations, if required.

21. **Mr. Belov** (Programme Planning and Budget Division) said that the revised appropriation for the Development Account for the biennium 2006-2007 had amounted to $16,480,900. General Assembly resolution 62/237 A provided for a 2 per cent reduction in operational costs across the board; it did not stipulate that an exception would be made for section 34, Development Account. In the case of the Development Account, the 2 per cent reduction amounted to $329,600. In its resolution 62/238, the General Assembly had decided to appropriate an additional $2.5 million for the Development Account. In other words, there had been a reduction ($329,600) followed by an addition ($2.5 million). The final appropriation for the Development Account for the biennium 2008-2009 therefore came to $18,651,300.

22. **Mr. Rosales Díaz** (Nicaragua) said that General Assembly resolution 62/237 A did not contain any such provision. It did, however, approve a budget appropriation for the biennium 2008-2009 totalling $4,171,359,700. In order to bring the budget to that level, Member States had agreed on a 2 per cent across the board reduction in non-staff costs. A further 2 per cent reduction would result in the Account actually being decreased by 4 per cent; that, in turn, would result in an appropriation lower than the $4.17 billion approved by the General Assembly. His delegation would seek further clarification on that point in informal consultations.

23. **Mr. Repasch** (United States of America) said, in reply to the comment by the representative of Nicaragua, that paragraph 10 of the Advisory Committee's report clearly referred to the "tangible, predictable and sustainable funding for the Development Account", not the tangible "funding mechanism". He would seek further clarification in the informal consultations.

The meeting rose at 11.35 a.m.