

STATEMENT BY THE DELEGATION OF INDONESIA ON BEHALF OF THE GROUP OF 77 AND CHINA ON THE UTILIZATION OF THE DEVELOPMENT ACCOUNT AT THE SECOND RESUMED SESSION OF THE FIFTH COMMITTEE OF THE 52ND GENERAL ASSEMBLY

New York, 12 May 1998

Mr. Chairman,

1. I have the honor to speak on behalf of the Group of 77 and China on the issue of the utilization of the Development Account.

2. The Group of 77 and China thanks the Under-Secretary-General for Management for his introduction to the Note by the Secretary-General on the utilization of the Development Account contained in document A/52/848. We also thank the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for introducing the report of the Advisory Committee as contained in document A/52/894.

3. The Group of 77 and China welcomes the establishment of the Development Account in the programme budget for biennium 1998-1999 and attaches great importance to the issue of the utilization of this Account. As we have stated earlier, the reallocation of "dividend" to economic and social activities is a laudable suggestion and the Secretary-General's aim to deliver a "dividend for development merits favourable consideration".

Mr. Chairman,

4. The Group of 77 and China deeply deplores the quality of the document A/52/848 which is superficial, lacks clarity and clear direction, and does not meet the requirements of the General Assembly resolution 52/12 B and decision 52/464. In this context, the Group shares the concern of the Advisory Committee that "a detailed report on the subject has not been prepared". Besides, the Note contains factual errors like the level of available resources for the Development Account in paragraph 7 of the note. The General Assembly in its resolution 52/221 had appropriated US \$13.065 million for Section 34 of the regular budget.

5. It is difficult to understand the sustainability of the Development Account on the basis of the rationale given in paragraph 4 of the Note by the Secretary-General no. A/52/848. It is not clear how the Account will become sustainable through the existing budget appropriation process once it reaches the level of US\$200 million. We would also like to know how the account will be replenished after the year 2003. This Committee should be apprised of the means to achieve overhead administrative reductions as well as of the areas where proposed savings are to be achieved for its consideration and appropriate action. The Secretary-General should provide a sound and technical justification for his conclusion that the regular budget of the Organization comprises 38 percent of non-programme costs and should inform this Committee how he intends to reduce it to 25 percent. What will be the effect of such proposed reduction on programme delivery?

6. We would also like to know the impact of the proposed savings on the level of posts taking into account the comments of the Advisory Committee in paragraphs 8 and 9 of its report A/52/7/Add.10, that "staff costs account for approximately 70 to 80 percent of the United Nations regular budget; as borne out by a recent experience, savings of the magnitude referred to in the Secretary-General's report would inevitably affect hundreds of posts."

Mr. Chairman,

7. The Group of 77 and China has great interest in early utilization of the Development Account. In this regard there is a need for a thorough discussion on the modalities and best possible use of the Account.

8. With regard to the programme objectives and direction for the utilization of the Development Account, the Group strongly believes that it should focus on concrete and precise objectives. In this regard, the Group is deeply concerned about section III of the note of the Secretary-General which, although it should have specified concrete objectives such as financing activities for development, it simply indicates that the Account will be utilized to assist the international community in understanding the emerging challenges and persistent problems of a rather longlasting phenomenon which is development. The Group therefore strongly believes that the programme objectives for the Development Account should include, among others, assisting developing countries in addressing the challenges of globalization including through, among others, enhancing international cooperation in financing economic development, South-South cooperation, eradication of poverty, technical cooperation and increasing developing countries' trade competitiveness. In this regard, the Group believes that proposals for the modalities for the utilization of the Account should be presented by the concerned units inside the UN working on development issues.

9. The Group of 77 and China reiterates and underscores that the proposed reduction in administrative costs should in no way affect the full implementation of mandated programmes and activities. The transfer of resources associated with productivity gains is not a budget reduction exercise but one of redeployment while the total budgetary amount and related assessments remain the same both before and after the redeployment. Once a productivity gain has been identified and achieved, approval of the General Assembly should be sought on the transfer of the associated resources into the development account. We fully support the concept of the dividend for development, but it should also be implemented without affecting the legislative mandates and taking into consideration the sustainability of the Account beyond 2003.

Mr. Chairman,

10. The Group of 77 and China requests the Secretary-General to submit another detailed and comprehensive report in accordance with resolution 52/12 B, before the Fifth Committee's third resumed 52nd session of the General Assembly.

Thank you.