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THE ENVELOPE SYSTEM:

It is proposed that all UN Agencies become budget rather than programme-driven. In this new system, Member States would give the Agency broad and long-term policy direction and would pre-determine the nature and level of financial resources to be placed in the custody of the Agency.

At the outset the Membership would establish three "Financial Envelopes" respectively for:

the implementation of the work-programme  
(the Main Envelope);

for reserve and contingencies purposes  
(the Back-up Envelope).

and, finally for the implementation of the Special Programme, where one exists  
(the Special Programme Envelope).

Subsequently, the Membership would review the composition of each programme so that the total estimated expenditure level fits within the envelopes.

The Main Envelope constitutes the largest source of financial resources held by an Agency. The Envelope consists of two parts: the "General Account" and the "Working Capital Fund". The General Account is the Agency's main financial account. There would accrue to it all monies derived from assessed contributions, from other regular income (except for monies designated for deposit in the Reserve Account), up to the level set by the Member-States. The Envelope would serve to fund all normal programme expenditures (see Papers III and VIII). These expenditures would relate to Budget Work-Programme Chapters:

- 1 Regular Programme;
- 2 Overhead Costs;
- 3 Capital Expenditures, and
- 5 Stand-by Programme.