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**POLICY**

AGENCY SUPPORT COSTS

Expert group on the study of issues connected with  
agency support costs

Addendum

Views of the Consultative Committee on Substantive Questions  
(Operational Activities) (CCSQ(OPS)) Task Force on the Terms  
of Reference for the Expert Group on Support Costs

Note by the Administrator

At the request of the CCSQ(OPS) Task Force, the Administrator is submitting the attached views of the organizations of the United Nations system on the subject-matter.

Views of the CCSQ(OPS) Task Force on the Terms of Reference  
for the Expert Group on Support Costs

I. BACKGROUND

1. The ACC's Committee on Substantive Questions (Operational Activities) - CCSQ(OPS) - has established a Task Force to elaborate the views of the agencies and organizations of the United Nations system on the issues to be addressed by the Expert Group and will be at its disposal. While UNDP has consulted the Task Force on the terms of reference being presented to the Governing Council, the Task Force nevertheless felt that the Council's consideration of the terms of reference would benefit from its views.

## II. SCOPE OF STUDY

2. Given the issues identified by decision 88/50 of the Governing Council the overriding goal of the study should be to ensure that the UNDP programme in the 1990s will be increasingly responsive to the needs of the recipient countries and that its assistance will be provided in the most cost-effective manner. It should bear in mind that the importance attached by Governments to United Nations assistance goes much beyond its monetary value and is due, inter alia, to its multilateral and non-political character, its ability to adjust to Government policies and priorities, to the fact that most of the assistance is provided on a grant basis, to its capacity to draw on the accumulated knowledge and experience of the system, and to the support given by an extensive field structure. It should take note that it was one of the major findings of the "Jansson case studies" that the accumulated knowledge and experience of the United Nations system is not being fully tapped. The study should, furthermore, note that while the needs of recipient countries and the modalities for responding to them have changed, the Governing Council, by decision 88/50, and the General Assembly, by resolution 42/196, explicitly reconfirmed the 1970 Consensus and its basic framework and principles, including the essential multilateral character of the Programme and the concept of partnership on which it has been based.

3. The study should in particular note that the issues raised in UNDP Governing Council decision 88/50 must be addressed in the wider framework of, inter alia, paragraph 34 of General Assembly resolution 42/196 which requests the Governing Council to consider successor arrangements "designed to ensure project quality and maximum cost effectiveness, with a view to ensuring the full utilization of technical and management capacities at all stages of the project cycle".

(a) The tripartite nature of technical co-operation system

4. In assessing the nature of any further changes that might be required in regard to the roles and responsibilities of the three partners, the study should bear in mind the multilateral character of the operational activities of the system. Their success depends upon each of the partners and their individual but interlocking responsibilities. However, the increasingly important role being played by Governments themselves in the implementation of programmes, makes it necessary to review its implications for the respective roles and responsibilities of the tripartite partners, and for their accountability to the governing bodies. In considering the accountability of United Nations agencies, cognizance should be taken of the fact that they are also accountable to Governments through their respective governing bodies for the discharge of their mandates and their performance regarding technical co-operation.

(b) The involvement of the organizations of the system in providing support to technical co-operation activities

5. The role of the specialized agencies involves complementary functions: on the one hand, in undertaking sectoral studies and providing policy advice to Governments and, on the other, in the programming and implementation of technical co-operation; the former is financed both from regular budgets and extrabudgetary

funds. In this context, the value of the contributions of organizations of the system involved in regional or national technical co-operation projects in fields which require international standardization and exchange of information can serve as an illustrative example. Linkages between these two roles should be analysed, bearing in mind also that the operational and normative (regular programme) activities of organizations of the system are mutually reinforcing.

(c) Funding of technical co-operation in the United Nations system

6. The UNDP central funding role should be seen in the wider context of (a) the role and function of multilateral assistance and (b) the varied purposes of multilateral funding arrangements that have arisen within UNDP, the agencies and the international financing institutions. Account should also be taken of the linkages between capital and technical assistance.

(d) Various arrangements for project execution

7. Having considered various modes of project execution, including those of management services and of government execution, the study should, in particular, address the issue of how the accumulated knowledge and experience of executing agencies can be fully exploited. This may require some assessment of whether, and to what extent, a distinction can be drawn between substantive and technical matters as well as between administrative and managerial aspects of programme implementation.

(e) Appropriate compensation arrangements

8. Any new arrangements should take into full account the linkages and complementarities of regular and extrabudgetary funding in support of development activities. The views of governing bodies of the various organizations and indeed the elaboration of a consensus between them and governing bodies of funding organizations, especially on these linkages, are therefore of critical importance.

9. In addressing alternative options, the study should consider, inter alia: (a) that the primary objective is to ensure the adequacy and quality of support of programmes since support costs are just as essential to the success of a project as are costs which are now charged directly to project budgets; (b) a mechanism for adjusting to different levels of exchange rates and, linked to it, the impact of inflation; (c) allowing for agencies a predictable level of support costs; (d) implications for organizations located in a high cost area; and (e) the special situation of small agencies.

10. Any new compensation arrangements that are devised should be easy to understand and to implement, and applicable to all forms of technical co-operation activities.

### III. ORGANIZATION OF THE STUDY

11. While the expert group is expected to consist of individuals highly regarded by the international community and having the confidence and full co-operation of all organizations of the system, it is desirable that the group should have a broad knowledge of, and experience in, the working of the United Nations system.

### IV. TIMETABLE

12. The study will clearly involve a wide range of complex issues and should aim at achieving a broad consensus amongst Governments as well as between the various intergovernmental fora so that its conclusions and recommendations represent realistic options for consideration by the UNDP Governing Council and, eventually, by the General Assembly.

13. The timetable envisaged places a heavy burden on the expert group which should in particular have ample opportunities for discussions with all concerned partners; and will preclude the full consideration of the issues by the governing bodies of the various organizations.

14. Intergovernmental bodies should also have the benefit of the views of the ACC on the expert group's conclusions and recommendations.

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