



GOVERNING COUNCIL
INTERGOVERNMENTAL WORKING GROUP
ON SUPPORT COSTS
Fifth session
June 1980, Geneva

AGENCY SUPPORT COSTS

Draft decision proposed by the United States of America

The Intergovernmental Working Group,

Recalling its previous reports to the Governing Council (E/1978/53/Rev.1, Annex III; E/1979/40, Annex III),

Having reviewed, with appreciation, the report submitted by the independent consultant on Agency Support Costs (DP/WGOC/31),

Taking account of the statements and observations made on this subject at the fifth session of the Working Group,

Recommends the following draft decision for adoption by the Governing Council:

The Governing Council,

Having reviewed the report of the Intergovernmental Working Group on Support Costs (DP/WGOC/32),

Recalling the criteria for the definition of support costs as outlined by the Joint Inspection Unit (JIU) in paragraphs 7 to 11 of its note DP/WGOC/1 and as broadly accepted by the Working Group (E/1978/53/Rev.1, Annex III, Part I, para. 29),

Deeply concerned that over-all support costs incurred by Executing Agencies in respect of operational activities continues at a high level and should be reduced without causing an increase in the regular budgets,

1. Invites the General Assembly to recommend to the Agencies that they review their operational support systems, working methods, arrangements and staffing with a view to bringing about significant reductions in over-all support costs;

. Decides that the following arrangements shall apply to the reimbursement by NDP of Agency support costs for operational activities in respect of the financial years 1982 to 1991:

(a) Reimbursement shall be made at the rate of 13 per cent of annual project expenditures and appeals to the Executing Agencies to implement operational projects within the reimbursements received and not to increase the levels of their regular budgets;

(b) Current arrangements will continue whereby some Executing Agencies of NDP-financed programmes are granted flexibility; however, the Administrator shall review these arrangements and recommend to the Council, at its twenty-eighth session, guidelines to be applied, including the ceilings for eligibility;

(c) No Executing Agency shall receive for each of the years 1982 to 1986, under the new formula less reimbursement in US dollars than the amount received for 1981 unless 14 per cent of the amount of 1981 actual programme expenditures itself would produce a lower amount; in such event, the latter amount shall serve as the upper limit of reimbursement;

(d) Cases of particular hardship due to currency exchange fluctuations shall be dealt with by the Governing Council on an ad hoc basis; however, the Administrator is requested to recommend to the Council, at its twenty-eighth session, guidelines and procedures to reimburse Executing Agencies for this purpose;

(e) The special arrangements currently in force whereby the World Bank is reimbursed support costs at the rate of 11 per cent of project expenditures shall continue unchanged;

(f) To assist the Governing Council to carry out its responsibilities, each Executing Agency is requested to provide to the Council, through the Administrator, on an expost facto basis a detailed report showing the elements of support costs incurred in the preceding year in executing operational activities for development. The report should include details on objects of expenditure and the number and grades of staff or staff years involved in the different support activities (recruitment, procurement, placement of fellows, other backstopping); the Administrator, in consultation with the Agencies, shall develop a suitable format for the annual report to the Governing Council;

Urges the governments of developing countries, the Administrator and the Executing Agencies to take every care to ensure that considerations of support costs are **not** allowed to determine component mixes in projects in a manner different from what is appropriate and necessary to each project in terms of its objectives;

4. Urges governments and governing bodies of Agencies to apply the support cost reimbursement arrangements described above also to technical co-operation activities, financed from all other extrabudgetary resources including trust funds or similar funds;
 5. Requests the Administrator to continue to control and reduce UNDP administrative and programme support costs which is also an element of programme support costs and to use as a policy objective for the UNDP administrative and programme support budget a percentage of 12 per cent of total programme costs.
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