



**Governing Council
of the
United Nations
Development Programme**

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Special session
21-24 February 1989, New York
Item 3 of the provisional agenda

SUPPORT

AGENCY SUPPORT COSTS

Administrative Committee on Co-ordination response of the
Governing Council decision 88/52

Note by the Administrator

1. At its thirty-fifth session (1988), the Governing Council considered a statement by the Administrative Committee on Co-ordination (ACC) containing a request for additional reimbursement of programme support costs for 1987 to be made to executing agencies based in Europe in the light of changes in the exchange rate of the United States dollar vis-à-vis the national currencies of the headquarters locations of those agencies.
2. By its decision 88/52 of 1 July 1988, the Council approved the payment of such additional support cost reimbursement as an exceptional measure and requested the Administrator to bring its decision to the attention of ACC for its consideration and to inform the governing bodies of the executing agencies, through ACC, inter alia of its intention to examine successor arrangements for agency support costs from 1992, as outlined in its decision 88/50 of 1 July 1988, in which exercise it expected the fullest co-operation from the executing agencies.
3. Subsequently, decisions 88/52 and 88/50 have been the subject of detailed discussions by two of the subsidiary bodies of ACC: the Consultative Committee on Administrative Questions (Financial and Budgetary Questions) (CCAQ) (FB)) and the Consultative Committee on Substantive Questions (Operational Activities) (CCSQ(OPS)).
4. At its sixty-ninth session, held in September 1988, CCAQ(FB) considered both decisions. The Committee recognized that the determination of arrangements to succeed the present system of support cost reimbursement from 1992 onwards was an extremely important and complex subject which would require the closest attention

on the part of the executing agencies of UNDP. It further recognized that from the point of view of inter-organizational co-ordination, the matter fell primarily in the area of competence of CCSQ(OPS). However, because of the considerable implications of support-cost arrangements for agency budgets and finances as a whole, the CCAQ(FB) would need to be closely involved at all stages.

5. CCSQ(OPS) considered these matters at its session in September 1988. The Committee agreed to establish a task force which would elaborate agency views on the issues raised in Governing Council decision 88/50 and which would initially concentrate on the proposals for the establishment of an expert group, on which UNDP was required to provide information to the Council in February 1989. It was agreed that the composition of the task force would be: the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organisation (ILO), the United Nations Industrial Development Organization (UNIDO), the International Telecommunication Union (ITU) or the World Meteorological Organization (WMO), and the Department of Technical Co-operation for Development (DTCD), with the Office of the Director-General for Development and International Economic Co-operation as an observer; and that ILO would act as the convening agency for the task force.

6. The relevant sections of the reports of CCAQ(FB) and CCSQ(OPS) at both the meetings referred to above were brought to the attention of ACC for its consideration.

7. In the meantime, the task force established by CCSQ(OPS) has met several times and has kept the UNDP Administration fully informed of its discussions. The Administrator's paper concerning the terms of reference of the expert group (document DP/1989/6) has been prepared in consultation with the task force.



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