



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

Distr.
GENERAL

DP/1990/11
13 November 1989

ORIGINAL: ENGLISH

SPECIAL SESSION

21-23 February 1990, New York

Item 5 (c) of the provisional agenda

POLICY

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Agency support costs

Report of the Administrator

SUMMARY

Governing Council decision 88/50 of 1 July 1988 gave rise to the convening of a group of international experts to undertake a study of the issues related to successor arrangements to be applicable to project support costs.

The report of the Expert Group is before this session of the Governing Council and this report contains the Administrator's suggestions for further action by the Council.

1. The General Assembly, in section V, paragraph 34, of resolution 42/196 of 11 December 1987, invited the Governing Council of the United Nations Development Programme (UNDP) to consider the introduction of successor arrangements to those provided for in Governing Council decision 80/44 of 27 June 1980 for project support costs. The new arrangements are to become effective as from 1992.
2. Pursuant to General Assembly resolution 42/196, the Governing Council, in its decision 88/50 of 1 July 1988, considered that the question of successor arrangements should be looked at in the wider context of the evolving relationship of UNDP, governments and executing agencies of the United Nations system.
3. Towards this end, the Council decided to establish a small group of experts in the field of international development to make a thorough study of all the relevant issues and to make available its recommendations no later than 28 February 1990.
4. The Administrator engaged in informal consultations with Council members in mid-February 1989 regarding prospective participants in the expert group and formally put forward a panel to the Council at its special session held 21-24 February 1989, together with the proposed terms of reference, scope, organization and timetable of the study contained in document DP/1989/6. The Council was also provided with the views of the agencies on the terms of reference as expressed by the task force of the Consultative Committee on Substantive Questions (Operational Activities) (CCSQ (OPS)) in document DP/1989/6/Add.1.
5. The Governing Council, in its decision 89/10 of 23 February 1989, took note of the composition of the expert group as proposed by the Administrator, approved the terms of reference for the expert group as contained in document DP/1989/6 and endorsed the inclusion in the expert group of the four individuals named by the Associate Administrator.
6. Subsequent developments made it impossible for one of the members to serve with the expert group, and, with the approval of the President of the Governing Council, an alternative member was appointed.
7. The expert group began its review on 1 April 1989 and the Council now has its report in document DP/1990/9.
8. The Administrator wishes to draw the attention of the Council to document DP/1988/63 of 18 March 1988, which provided a historical brief on the support cost question to the Council at its thirty-fifth session (1988). Particular reference is made to paragraphs 21 and 22 of that document which, for ease of reference, are reproduced below:

"21. Bearing in mind, however, the historical background and the very complex nature and political implications of the issues involved, the Administrator suggests to the Council that it consider once more the possibility of establishing an intergovernmental working group to deal with the matter adequately.

22. As to the timing of a review by such a working group, it is important that its findings are available by, or preferably before, June 1990, since the framework for the fifth programming cycle is scheduled to be finalized by that same date. It may therefore be necessary to convene inter-sessional meetings of the group, as appropriate."

9. The Administrator is of the opinion that the recommendations made at that time continue to be valid and urges the Council to proceed with the establishment of its working group, which would be expected to report to the Governing Council at its thirty-seventh session (1990).

10. Such a working group would permit a comprehensive review of the recommendations of the Expert Group, including their political and practical acceptability. If the working group feels it necessary, it could also call upon interested parties to provide additional inputs.

11. As support costs financing has up to the present been a shared arrangement, involving voluntary contributions to UNDP and the regular budgets of the executing agencies, the working group may wish to consider the question of the need for and the timing of consultations with the governing bodies of the agencies. In this regard, the attention of the Council is drawn to the Administrative Committee on Co-ordination decision 1989/29, the text of which has been submitted to the Council in a separate paper.

12. As now envisaged by the Administrator, the comments of UNDP and the executing agencies on the recommendation(s) of the Expert Group would be available to the Governing Council at its thirty-seventh session (1990).

