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GOVERNING COUNCIL
INTERGOVERNMENTAL WORKING GROUP OVERHEAD COSTS
First meeting
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AGENCY OVERHEAD COSTS

Views of the
Advisory Committee on Administrative and Budgetary Questions

Note by the Administrator

At the request of the President of the Governing Council, the Administrator transmits herewith to the intergovernmental Working Group on Overhead Costs the text of a letter dated 4 October 1977 from the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the subject of overhead costs.

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Communication from the Chairman of the
Advisory Committee on Administrative and Budgetary Questions
to the Administrator of UNDP, dated 4 October 1977

The Advisory Committee stands ready to assist the Governing Council over the question of agency overhead costs which has been of concern to the Committee since the establishment of the Programme.

Earlier this year the Committee submitted to the Governing Council at its twenty-fourth session a report (DP/284) in which it made certain general observations. In particular, the Committee indicated that it saw merit in retaining the basic principle that the organizations should continue to provide from within their regular budgets for a portion of the overhead costs of the extrabudgetary programmes.

In view of the need to give priority, at this stage, to reports required by the Fifth Committee at its current session, the Advisory Committee regrets that it will not be in a position to submit any additional observations to the Governing Council in 1977 in response to the Council's decision of last June.

The Committee notes from paragraph (e) of that decision that the Council is now more interested in certain specific aspects of the question, inter alia, a clearer definition of the term "overheads" and the cost elements involved.

In this context it may be recalled that the Secretary-General submitted to the General Assembly at its last session a detailed report on services provided by the United Nations to activities funded from extrabudgetary resources (A/C.5/31/33). The Fifth Committee deferred consideration of the report to its current session at which time it will also have before it a further report by the Secretary-General on this subject.

The factual material in these reports should be of interest to the Advisory Committee when it prepares its further observations for the Governing Council. Besides, the Committee will also want to discuss the question with the representatives of the Specialized Agencies. The Committee will next have the opportunity to do so at its spring 1978 session.

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