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AGENCY OVERHEAD COSTS

Note by the Administrator

Addendum

Attached is the report submitted by the Universal Postal Union (UPU) in response to the request of the intergovernmental Working Group on Overhead Costs contained in DP/WGOC/L.1, paragraph 29, operative paragraph 3.

Information submitted by the Universal Postal Union (UPU) in response to the request of the intergovernmental Working Group on Overhead Costs contained in document DP/WGOC/L.1, paragraph 29, operative paragraph 3

(a) 1. All technical assistance activities of UPU fall within the competence of Division III (Technical Co-operation and Postal Studies) of the International Bureau. However, the Finance Section maintains the accounts of the relevant operations and also furnishes certain financial reports to UNDP.

2. It may be noted that in 1956, when it was established, the Technical Assistance Section had a staff of three, whereas now, mainly because of UNDP technical co-operation, Division III (excluding the Section for Postal Studies Undertaken on behalf of UPU) has a staff of 21. In connexion with the programme for 1978, 13.72 units are engaged in UNDP work, of which 12.61 units belong to Division III and 1.11 units to the Finance Section. The remaining staff of Division III are concerned with activities relating to paid technical assistance, associate experts, the UPU Special Fund (voluntary contributions), UPU consultants (regular budget) and multilateral technical assistance.

3. The various services of the International Bureau (General Management, Legal and Administrative Division, personnel services, Postal Operations Division, Library, etc.) are available without charge to Division III in connexion with technical co-operation (UNDP or other programmes). The Division also has access to postal studies dealing with postal services and to all other studies carried out within the International Bureau or by UPU consultants sent to member countries on short-term missions.

(b) 1. The measures taken to reduce administrative costs relating to technical co-operation are of three kinds:

- (1) Reorganization of the Division;
- (2) Rationalization of working methods and optimum use of staff;
- (3) Decentralization of activities.

2. In connexion with the above, it should be pointed out that Division III has been reorganized several times, with a view to achieving maximum efficiency in the operational, administrative and financial fields and close co-ordination among the various services.

3. The rationalization of working methods has related mainly to programming, the administration of experts and fellowship-holders (joint briefings, group courses for fellowship-holders, etc.) and purchases of supplies (standardization). In addition, the conduct of business has been speeded up and simplified through the introduction of a system of standard forms and letters and of very detailed project status reports.

4. The decentralization of certain activities has mainly involved fellowships and the organization of study cycles and training courses, to which experts can make a substantial contribution. The same applies to the purchase of supplies locally or in neighbouring countries.

(c) Decentralization of responsibility and authority is necessarily limited in the case of UPU, since the Union has no local or regional offices or representatives.

Apart from the use of expert services as indicated in the previous section, the services of restricted (regional) postal unions are sometimes called upon, especially for gathering information, preparing inventories of needs or organizing study cycles or training courses. The cost of such services is difficult to assess, but represents a sizable contribution.

(d) 1. The UPU budget is submitted to the UPU Executive Council (EC) for its approval at each annual session.

2. The budget, under chapter 4 (Receipts), contains a table of the various receipts of UPU, including overhead costs reimbursed or reimbursable by UNDP and by Governments (paid technical assistance and associate experts) for the past year (accounts), for the current year (budget approved the previous year by EC and revised budget) and for the following year (budget to be approved).

3. A special section (42) entitled "Reimbursement of costs" shows, set out in the same way, the various receipts in the form of reimbursements to UPU. It includes an item (421. Technical co-operation administrative costs) comprising costs reimbursed or reimbursable by UNDP and by Governments, together with annotations on how they were computed.

4. The accounts column shows the total amount of payments received, while the other columns contain estimated figures of future receipts.

5. Lastly, an annex to the budget describes in detail the estimated overhead costs to be borne by UPU in respect of UNDP technical co-operation activities.

(e) 1. Apart from what is stated in section (d) above with regard to payments in respect of overhead costs, there is no rule governing the extent to which provision is to be made for meeting overhead costs attributed to UPU.

2. As regards overhead costs arising from UNDP activities, the organs of UPU have always considered that such costs must be borne to the fullest possible extent by UNDP (cf. DP/WGOC/15, p. 3, first para.). However, UPU has always borne a large proportion of those costs (30-50 per cent).
