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AGENCY OVERHEAD COSTS

Note by the Administrator

Addendum

Attached is the information submitted by the International Civil Aviation Organization (ICAO) and the World Intellectual Property Organization (WIPO), in response to the request of the intergovernmental Working Group on Overhead Costs, contained in DP/WGOC/L.1, paragraph 29, operative paragraph 3.

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Information submitted by the International Civil Aviation Organization (ICAO) in response to the request of the intergovernmental Working Group on Overhead Costs, contained in DP/WGOC/L.1, para.29, operative para.3)

- (a) 1. ICAO, as far as is practical, separates both its organization and its costing for activities which provide support to: (i) UNDP-financed programmes and projects; and (ii) other technical co-operation programmes and projects, and which are separate from its Regular Programme. This management separation flows from the policy of ICAO which was reaffirmed by the 1977 Assembly Resolution which stated:
- "ENDORSES the view of the Council that the cost of Headquarters administration and operation of ICAO technical assistance activities should continue to be met:
- for the administration of UNDP projects, by that programme,
- for other forms of technical assistance undertaken by ICAO, as, for example, Funds-in-Trust, by the interested parties;"
2. The Technical Assistance Bureau is the Bureau of ICAO specifically responsible for all technical assistance.
- (b) 3. In its management of its Technical Assistance Programme, ICAO continuously endeavours to keep its overhead or support costs to a minimum. That it has been successful in this regard is considered to be borne out by the fact that the support costs have been able to be met to date from the amount levied at the established rate of 14 percent on the expenditures of the UNDP and Funds-in-Trust programme it executes.
- (c) 4. ICAO has six regional offices, in five of which there is a Technical Assistance Officer with supporting clerical staff to provide delegated responsibility and authority in the field of technical assistance at the regional level. At the country level, ICAO has no permanent representation but relies, where there is an on-going project, on each ICAO Project Manager to carry out appropriate responsibility and authority. ICAO's general management policy is to apply responsibility and authority as close to the field action as is consistent with an over-all minimizing of overhead costs and efficiency of project implementation. ICAO considers the present basis of management which has been developed over a number of years as being both effective and economical.
- (d) 5. (i) The overhead payments received from UNDP and other extra-budgetary programmes are kept in a separate account and are used exclusively to provide support for technical co-operation activities.

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(ii) Since the inception of Technical Assistance programme activities, the utilization of the technical assistance overhead payments has been subject to intergovernmental review, annually through the ICAO Council, and triennially through the ICAO Assembly. It has also been subject to annual review by the External Auditor (Auditor General of Canada).

- (e) 6. As mentioned under (a) above, ICAO separates, as far as is practical, its Technical Assistance activities from its Regular Programme, as a necessary management feature in meeting ICAO policy. Because of this ICAO policy, its Regular budget does not provide for any payments (including subsidies) towards meeting attributed Technical Assistance overhead costs.

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Information Submitted by the World Intellectual Property Organization (WIPO) in response to the request of the intergovernmental Working Group on Overhead Costs, contained in DP/WGOC/L.1, para.29, operative para.3

1. Support to UNDP-financed programmes and projects and to other technical co-operation programmes and projects is provided through the Division for Industrial Property Development Cooperation Projects and the Section for Copyright Development Cooperation Projects which deal, among other things, with those aspects of development co-operation matters which have reached the operational stage in their respective fields of competence.
2. WIPO endeavours to reduce support costs by using, as far as possible, the expertise which already exists within the organization in a rational way.
3. At present, WIPO has no regional units. Current regional activities being financed by WIPO and UNDP have been planned and will be carried out in co-operation with existing regional organizations. The measures taken to implement these activities and the sole UNDP country project executed by the organization cannot be said to bear an impact on support functions and costs, as they cannot benefit from economies of scale.
4. Overhead payments received from UNDP and other extra-budgetary sources are dealt with as miscellaneous income. Intergovernmental review is undertaken by the WIPO governing bodies to which budgetary matters are submitted.
5. The WIPO regular budget does not specifically provide for subsidies towards meeting overhead costs. Such costs are accounted for in the operating expenses of the divisions or sections servicing operational programmes and projects.

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