

# UNITED NATIONS DEVELOPMENT PROGRAMME



# UNDP

Distr.  
GENERAL

DP/WGOC/28/Add.1  
5 April 1979

ORIGINAL: ENGLISH

GOVERNING COUNCIL  
INTERGOVERNMENTAL WORKING GROUP ON SUPPORT COSTS  
Fourth session  
June 1979

## AGENCY SUPPORT COSTS

### Note by the Administrator

Attached is the information submitted by the Inter-Governmental Maritime Consultative Organization (IMCO), and the United Nations Conference on Trade and Development (UNCTAD), in response to the request of the intergovernmental Working Group on Support Costs, contained in its decision adopted in January 1979, (DP/WGOC/27, paragraphs 3 and 4).

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Information submitted by the Inter-Governmental  
Maritime Consultative Organization in response to  
the request of the intergovernmental Working Group  
on Support Costs, contained in its decision adopted in  
January 1979 (DP/WGOC/27, paragraphs 3 and 4)

We foresee that the level of programme delivery during the third IPF cycle will be below \$15 million and that IMCO will continue to request reimbursement under the flexibility arrangements. In these circumstances, we feel that calculation of the impact of the formulae would not be significant in the assessment of future support costs.

As a general comment, we would submit our view that the proposal to institute a cost accounting system to generate cost data would inevitably lead to a higher support cost in IMCO (and possibly elsewhere) as such activity could not be absorbed by existing staff. The structure of IMCO administration of the technical cooperation programme already provides in the IMCO budget and accounts the direct cost of programme administration. The effect of costing could be to identify other areas of IMCO expenditure which at present are absorbed as technical and administrative backstopping and would lead to a still higher overhead cost.

We also feel that the complication of the reimbursement formulae and the proposal to include overheads in individual project budgets must inevitably cause higher costs of administration and that the aim should be to reduce the demands on administrative staff by reducing to a minimum all unnecessary complications including ad hoc requests for miscellaneous data of a statistical nature and reports unless they can be shown to have a cost saving impact.

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Information submitted by the United Nations  
Conference on Trade and Development in response  
to the request of the intergovernmental Working Group on  
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UNCTAD receives its reimbursement of support under the flexibility arrangements for small agencies and since the portion of the equipment and/or sub-contracts component is negligible in UNCTAD's programme, UNCTAD would appear to be effected only by operative parts II (i) of the proposed new formula. UNCTAD has estimated its programme delivery for 1979 at \$9,000,000 and expects to reach, or exceed, \$10,000,000 in 1980/81. We expect, therefore, some transitional arrangements for the years 1980 and 1981, until the limit for flexibility arrangements in 1982 is increased to \$15,000,000, as suggested. In this connexion, we would wish to draw your attention to the difficulty connected with a dollar fixed limit foreseen in operative part II of the draft. The flexibility limit would thus drop, in real terms, from 1982 to 1986 by \$2,000,000 at an inflation rate of only 5 per cent.

The new formula would not change the level of support costs or reimbursement obtained from other than UNDP sources, since UNCTAD has been charging, and will continue to charge, 14 per cent on all Trust Funds.

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