UNITED NATIONS
DEVELOPMENT
PROGRAMME

GOVERNING COUNCIL

INTERGOVERNMENTAL WORKING GROUP

Fifth session
Tune 1, 080 Geneva

A/WCY SUPPORT COSTS

The Inter-governmental Working Group (DP/WGC/2) in paragraph 9 of its note 9P/WGOC/I and as broadly accepted by the Working Group on Support Costs (mgWGOC/1),

...par. 29),
...over-all support costs incurred by the UNDP-financed activities executed by them continue to be too high and should be reduced.

1. Invites the General Assembly to recommend to the Agencies to review their working methods and arrangements and staff in support functions related to UNDP-financed projects with a view to bringing about significant reductions in over-all support costs.

2. Decides that the following arrangements shall apply to the reimbursement by the UNDP of Agency support costs in respect of the years 1982 to 1991:

GE. 80-6207-5
(a) ALTERNATIVE A: Reimbursement shall be based on 8 per cent for the equipment components, 10 per cent for the subcontract components, and 15 per cent for the remainder (expert training and miscellaneous components) of UNDP-financed project expenditures.

(b) ALTERNATIVE B: Reimbursement shall be based on 13 per cent of UNDP-financed project expenditures.

Current flexibility arrangements in respect of delivery are limited for delivery limited of DP-financed programmes. However, the Administrator shall review such arrangements and recommend to the Council, at its twenty-eighth session, guidelines to be applied, including the ceilings for eligibility.

(c) No agency shall receive, under the new formula for each of the years 1982 to 1986, less reimbursement in dollar value than the amount paid in 1981 unless 1-per cent of the amount of the current programme delivery itself would produce a lower amount. In such event, the latter amount shall serve as the upper limit of.

(d) Cases of particular hardship due to currency changes, fluctuations shall be dealt with by the governing Council on an ad hoc basis. However, the Administrator shall recommend to the Council at its twenty-eighth session, guidelines for this purpose.

(e) The special arrangements currently in force with the World Bank, by which 9ar is paid support costs, reimbursement at the rate of 10 per cent of project expenditures shall continue unchanged.

(f) To enable the Governing Council to fulfil its responsibilities, each agency shall report to the Council, through the Administrator, on an estimated cost basis information on as detailed a breakdown as possible of estimated financial and physical components of support costs, met in the preceding year out of the amount. DITP reimbursement including, the number of staff or staff years involved in support activities (recruitment, procurement, placement, etc.), travel costs and other costs to be specified as much as possible.

The Administrator, in consultation with the agencies, shall develop a suitable formula for such reports.

The Administrator to review the support cost arrangements in respect of those executive arrangements and programmes under his authority to which a percentage formula does not currently apply and to make suitable recommendations, the Council at its twenty-eighth session.
4. Urges the Governments of developing countries the Administrator and the Agencies to take every care to ensure that considerations of support costs are not allowed to determine component mixes in projects in a manner different from what is appropriate and necessary to each project in terms of its objectives.

5. Requests the Administrator do everything possible to encourage Governments to undertake Government execution of projects in those cases where he is satisfied that the necessary capacity exists.

6. Requests Governments and Agencies to support time reinvestment arrangements described also in other texts, nica) cooperation activities executed by the Agencies and financed from trust funds.

7. Requests the Administrator to continue to make efforts to achieve a reduction in the proportion which the programme support costs of DKDP represents of the total costs of programme activities under the authority of the Administrator, taking account also of the services provided by U-ZJP, particularly in the field to other programmes.

8. The attention of Governments to the need to ensure positions consistent with the present decision when Agency support costs are being considered in the different intergovernmental organs of the United Nations system bearing in mind the need to reduce overall support costs.