JIU/REP/2025/4 [Expanded report]

United Nations

Review of the policies and practices for determining the rates of programme support costs in organizations of the United Nations system (comparative tables)

Report of the Joint Inspection Unit

Prepared by Pavel Chernikov and Carolina Fernández Opazo

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English only

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Foreword

The present report serves as a reference document for delegates and other stakeholders regarding policies and practices for determining the rates of programme support costs in organizations of the United Nations system. It comprises nine tables presenting selected information and data relevant to this topic, providing a basis for comparing the approaches of participating organizations of the Joint Inspection Unit (JIU).

This expanded report (comparative tables) is a compilation of inputs from the participating organizations. The Inspectors underscore that each organization retains ownership and authorship of the respective parts of the tables. The data provided by the organizations have not been edited or modified by the Inspectors or the review team; errors or omissions, if any, reflect the inputs received.

The Inspectors wish to express their gratitude to the JIU participating organizations for their valuable contributions to these tables.

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Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
CEB	United Nations System Chief Executives Board for Coordination
DESA	Department of Economic and Social Affairs
ERP	Enterprise Resource Planning system
EU	European Union
FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
ICT	Information and Communications Technology
IFI	International Financial Institution
ILO	International Labour Organization
IMO	International Maritime Organization
IPSAS	International Public Sector Accounting Standards
IT	information technology
ITC	International Trade Centre
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
JPO	Junior Professional Officer
MPTF Office	Multi-Partner Trust Fund Office
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UN Tourism	World Tourism Organization
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
UPU	Universal Postal Union
WFP	World Food Programme

WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

Table 1
Definitions and policies

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
1 United Nations	(a) The PSC is a charge levied as a fixed percentage on expenditures, including commitments, incurred in implementation of activities funded by voluntary contributions under Trust Funds. The charge covers the additional administrative and operational costs incurred by the Organization in the areas of human resources, finance, facility management, communication and information technology, legal, procurement and others, and that cannot be traced unequivocally to one or more voluntary contribution activities in a reasonable and cost-effective way. (b) Cost Recovery framework applies to service provisioning by the United Nations Secretariat to a service recipient which can be an internal United Nations entity or external entity, pursuant to Service Level Agreements (SLAs) and may be linked to any funding source, whether voluntary contributions or assessed resources, and can be used for the recovery of both direct and indirect costs, from either internal or external entities. (c) N/A	Yes: PSC is defined in the manner described on the left and is calculated as a fixed % on direct expenditures of trust funds.	(a) Financial Regulations 3.12, 3.13, 4.13, 4.14, and 6.3, and financial rules 103.4, 104.3, 104.15(b), 104.16(b) (b) Financial Rule 105.11 (c) N/A	ST/SGB/2013/4 on the Financial Regulations and Rules, ST/AI/286 on Programme Support Account, and the underlying General Assembly resolution A/RES/35/217 (a) OPPFB reviews and considers the PSC policy on an annual basis. PSC guidance is issued to all United Nations secretariat entities and on-going policy reviews are performed. A comprehensive new guidance document for management of programme support costs is final stage for issuance. (b) General Assembly resolution A/RES/35/217 from 17 December 1980. (c) Yes	Full cost recovery is practised.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
2 FAO	Overheads: N/A This term is not used in definition of costs. Until 2018, FAO recovered support costs from extrabudgetary resource at a flat rate of 13% of direct costs, reduced to 10% for humanitarian funds, to cover variable support costs on an incremental basis. That method recovered administrative and operational support services to extra-budgetary projects as variable indirect costs. The recovery excluded fixed indirect costs such as general management, senior management, general financial accounting, central human resources (HR) functions, audit and others. Since 2018, FAO implements a full cost recovery policy which defines **all** costs as Direct Operational Costs, Direct Support Costs and Indirect Support Costs. The Indirect Support Cost recovery represents proportional recovery of costs including executive management, oversight, governance, outreach, advocacy, partnerships. These costs were largely not recovered in the previous project support cost policy. Variable support costs are now recovered through a system of direct charges (localized services and support) or "price-tags" (for central services such as HR, finance, IT, procurement). (a) **Direct Operational Costs (DOC)** are all specific project inputs (e.g. HR, travel, equipment and supplies, contracts, operating expenses, project office space, technical support services, monitoring and evaluation) provided to a project to carry out its activities and achieve its objectives. (b) **Direct Support Costs (DSC)** are the costs of FAO services needed to deliver specific project inputs (i.e. the DOC). For example, among others, DSC cover the cost of the FAO services to recruit the project personnel, deploy the necessary technical assistance, procure equipment and supplies, organize travel, pay commitments of the projects, prepare certified financial reports, and ensure project personnel are safe and have access to FAO systems. (c) **Indirect Support Costs (ISC)** are FAO costs incurred that support project activities but cannot be directly attributed to their implementation (e.g. policy, executive direction and management, governance and oversight). The ISC are applied to all projects as a flat 7% rate.	Yes	(a) FAO Basic Texts (Financial Regulations, Regulation 6.7) REGULATIONS 6.7-6.10(a)(ii), VOLUME I Voluntary contributions, whether or not in cash, may be accepted by the Director-General, and Trust and Special Funds may be established by him to cover moneys made available to the Organization for special purposes, provided that the purposes of such contributions and moneys are consistent with the policies, aims and activities of the Organization. The purposes and limits of any Trust and Special Funds shall be clearly defined. The acceptance of any such contributions and moneys which directly or indirectly involves additional financial obligations for Member Nations and Associate Members shall require the consent of the Conference. Trust and Special Funds and voluntary contributions shall be administered in accordance with the Financial Regulations of the Organization, unless otherwise provided for by the Conference. Trust and Special Funds shall be reported to the Finance Committee. (b) Manual Section 202 Financial Regulations and Financial Rules 202.6.5 Recovery of Administrative and Operational Support Costs The Organization shall put in place procedures to ensure the full recovery of administrative and operational support costs incurred in carrying out extrabudgetary funded activities and shall report each biennium on the results of such support cost recovery to the Governing Bodies.	Policy Documents: Finance Committee FC 157/10 and Report of the Council of FAO 151st Session (a) Every two years (confirm the rates). (b) FAO's current cost recovery Policy was approved in 2015. (c) Yes	Full proportional cost recovery is practised.

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3 IAEA	(a) PSC: Indirect costs are recovered through Programme Support Costs (PSC). Indirect costs are costs that are incurred for, but cannot be directly attributed to, specific project activities. Indirect costs are incurred to support project activities when performing functions such as resource mobilization; partnership relations and communication; management and oversight; accounting and financial management, including reporting, compliance, internal audit and investigations; and IT support. (b) Cost recovery: Full cost recovery refers to the requirement to recover from extrabudgetary contributions all directly attributable costs of programmatic and technical activities and a fair amount to cover the indirect, incremental costs of supporting their implementation. (c) Overhead costs: N/A as the IAEA does not define overhead costs.	Yes: PSC is charged on disbursements (Actual Expenditure) related to extrabudgetary-funded expenditure.	(a) PSC: Financial Rule 108.02 Financial Regulation 8.03 (b) Cost recovery: Financial Regulation 6.01.1 (c) Overhead Cost: N/A	Cost Recovery Policy: Annex 1 - Policy on the Application of Programme Support Costs (a) The PSC policy, as Annex 1 to the Cost Recovery Policy, will be evaluated regularly, and modifications may be made, as appropriate (b) Member States were informed in 2013 of the latest revision of the Policy on the Application of Programme Support Cost. The Agency reports to Member States on PSC implementation on an annual basis. (c) No As noted, the policy is not publicly available, but the Policy on the Application of Programme Support Cost is available online on GovAtom. GovAtom is the main repository for such reference documents and contains the IAEA's official documents relevant to meetings of the Board of Governors. Members of the Board of Governors, Permanent Missions and Competent Authorities in IAEA Member States may access GovAtom.	Full cost recovery is practised: The IAEA's cost recovery policy is designed to facilitate the appropriate implementation of the principle of full cost recovery, through the planning, accounting for and allocation of costs to relevant funding sources.

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4 ICAO	The following definitions are used by ICAO: "Direct costs" shall mean the necessary and reasonable costs incurred in delivering a specific programme or project, arising directly because of activities required to implement the programme or project. Direct costs are charged, allocated, and apportioned to the funding arrangement for that programme or project. "Cost recovery" shall mean that an entity ensures that the revenue received is sufficient to cover costs incurred to provide the service or product. "Indirect costs" shall mean the necessary and reasonable costs associated with functions necessary to manage the organization as a whole, to provide oversight over all its activities and put into place overarching policies, frameworks and systems that enable it to operate. Indirect costs are incurred at headquarters and/or at regional levels to support enabling functions such as corporate services that cannot be easily traced to specific programmes and are required to promote the identity, direction and well-being of an organization and to enable it to deliver its programme and normative agenda. "Full cost" shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization's activities. "Indirect costs" is not a term used at ICAO.	Yes	Financial Regulation 7.7: "The Secretary General is authorized to charge for services provided by the Organization. This charge, together with interest earnings or earnings from investments thereon, shall be used to reimburse all, or part of, the costs incurred by the Organization in the generation and administration of these services." Financial Regulation 9.3: "The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation and managed through an Administrative and Operational Services Cost (AOSC) Fund. Administrative charges shall be determined on the basis of the estimated costs to be incurred by the Organization for the implementation of the project, subject to Regulation 7.7." Financial Regulation 9.4: "Funds received by the Organization as a result of such charges shall be administered by the Secretary General under the applicable provisions of these Financial Regulations, through a consolidated AOSC Fund, which shall be utilized to meet the full cost of such administration, operation and support of the Organization's programmes of technical cooperation." Financial Rule 109.4: Project budgeting shall be performed using a methodology that reflects costs incurred and accounted for using an established cost recovery mechanism.	Cost Recovery Policy The recent policy has been approved by ICAO Council in November 2023. As the policy has been recently approved and is still in the process of being implemented there is no established review frequency, the Council have requested that the policy will be reviewed periodically. The policy is not available online.	Full cost recovery is practised.

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5 ILO	For ILO, PSC is calculated for indirect costs that cover the costs relating to administrative backstopping (personnel, financial reporting, standard auditing, general procurement, IT and general services) and technical backstopping that cannot be directly attributed to the project. The main terminology used by the ILO is PSC, the ILO doesn't have a specific definition for cost recovery or overhead costs.	Yes	(a) ILO standard PSC rate as endorsed in principle by ILO's GB: 13% (b) N/A (c) N/A	• IGDS 118. Technical cooperation budgets, • Finance Manual, • Results-Based budgeting guide • Financial Regulations and Rules • IGDS 580. Standardized IT costs for Development Cooperation projects (a) Internal reviews take place periodically in line with the CEB's Finance and Budget Network working groups established, however the rate has remained the same. (b) 1972 (c) No	Both incremental cost recovery and full cost recovery are practised. Cost recovery covers all cost.

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6 IMO	(a) Programme Support Costs (PSCs) are cost estimates for administrative and operational services (such as accounting, IT, HRS, general services/facility management) rendered in the implementation of programmes financed by non-regular budget resources for a particular period to offset the costs of administrative and technical backstopping of the programmes. These costs are of an overhead nature and therefore cannot normally be attributed to the direct costs of a particular activity. (b) Financial Regulation 7.1 underpins the PSC mechanism for IMO – "REGULATION 7.1 The Secretary-General has the authority to accept extra-budgetary contributions, provided that the purposes for which the contributions are made are consistent with the Organization's Strategic Plan. Other than when resources have specifically been provided through the approved budget, or from an alternative funding source, the direct and indirect costs associated with implementing activities funded from extra-budgetary contributions shall be fully recovered.". That is, PSC rates are the means by which Financial Regulation 7.1 is implemented, and donor-funded activities are charged with the full cost of delivery in order to avoid subsidization of donor-funded work by the regular budget. (c) See response to (a) above	Yes. To a point – see definition left. PSC is charged on direct expenditure at a rate which reflects the approximate level of additional effort required to deliver that activity, but which cannot be directly attributed to it.	(a) See Financial Regulation 7.1. (b) N/A (c) N/A	PSC rates are established in the Budget Manual – this is an operational document which is not approved by the governing bodies. In addition, PSC is now managed through a more transparent mechanism which is reported periodically to the Council, by which PSC charged is then used on specific expenditures necessary to support the project portfolio. (a) The PSC policy was only introduced in 2020 and is being reviewed annually to determine whether it is operating effectively. (b) See above. (c) No. The PSC approach has been included in budget reporting to the IMO Council recently, while the Budget Manual has been made available to donors on request. Previously PSC was only used in the aggregate as a deduction from the regular budget when determining the assessment on Member States – that is, that a component of the regular budget cost was related to project activities, but that component could not be clearly identified. With an expanding donor-funded project portfolio a change was necessary to improve transparency.	Full cost recovery is practised.
7 ITC	See responses of the United Nations.				

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8 ITU	(a) Administrative and operational services (AOS). Defined in ITU Financial Regulations and Financial Rules: "*When an activity falling within the framework of the present annex requires administrative and operational services to be provided by the Union, the cost of these necessary support services shall, as provided in the agreement, form part of the project expenses. The agreement shall specify that part, if any, of the contribution which the parties agree shall be used to defray support costs. This amount shall be credited to the accounts of the Union in accordance with Article 6, § 1 c) of these regulations. Unless otherwise stipulated by the agreement, the interest on the voluntary contribution accrued in the project accounts shall be credited to ITU as cost-recovery revenue.*" Note: Annex 2 (Rules, procedures and financial arrangements for voluntary contributions and trust funds), Section 4, Execution of programmes and projects. (b) Cost Recovery is defined in ITU Financial Regulations and Financial Rules. *1. The revenue of the budget of the Union shall comprise: (...)* *c) cost-recovery revenue derived from:* *i) the amounts paid by the organizations of the United Nations system and under trust funds, in order to defray the support costs related to the implementation of technical cooperation programmes and projects;* *ii) proceeds from the sale of the Union's publications and revenue from advertisements placed therein;* *iii) other revenue from the application of cost recovery as decided by the Council;* Note: Article 7 Budget of the Union – Revenue (c) Overhead costs are not defined in ITU.	Yes	(a) See responses to 1.1 (b) See responses to 1.1 (c) Not defined in ITU financial regulations and rules	(a) AOS is currently covered in the ITU Financial Regulations and Financial Rules (approved by ITU Council) and further complemented by Resolution 157 (Strengthening of the project execution and project monitoring functions in ITU) of the Plenipotentiary Conference. ITU does not have an additional internal policy/service order that further expands defines how to apply on AOS, but we are in the process of developing one. (b) The last revision of the ITU Financial Regulations and Financial Rules was approved by the 2024 Session of ITU Council. The last revision of Resolution 157 was approved by the 2022 ITU Plenipotentiary Conference. (c) Yes	ITU is currently not implementing these approaches, but we are analysing this.

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9 UNAIDS	(a) PSC: the purpose of the PSC is to recover indirect costs, defined as additional expenses incurred supporting activities financed from non-core contributions. This charge is intended to ensure that the additional cost of supporting activities financed from non-core resources is not borne by the core resources that are central to implementing the core budget of the organization approved by its Governing Board. PSC is applicable on all non-core-contributions. (b) cost recovery: recovery of the cost of implementation of activities financed from non-core resources. (c) indirect costs: costs that cannot be traced unequivocally to specific services or administrative and other support functions to ensure effective management, implementation, reporting and accountability of activities and operations funded from non-core resources.	Yes: PSC is defined as a charge on extrabudgetary/ voluntary funded expenditure.	UNAIDS follows the WHO Financial regulations because of the institutional linkage between the entities. WHO Financial Regulation 8.2. 8.2 The Director-General is authorized to levy a charge on extrabudgetary contributions in accordance with any applicable resolution of the Health Assembly. This charge shall be credited to the Special Account for Servicing Costs, together with any interest earnings or earnings from investments of extrabudgetary contributions, and used to reimburse all, or part of, the indirect costs incurred by the Organization in respect of the generation and administration of such resources. All direct costs of the implementation of programmes that are financed by extra budgetary resources shall be charged against the relevant budget.	WHO Financial Regulation 8.2 Policy Note 5, Addendum 1 Policy Note 5 (a) 2011, 2017, 2025 (b) Approved by Cabinet (Senior Management). (c) Yes: Policy is available on the UNAIDS intranet (not publicly available).	Incremental cost recovery is practised: In practice full cost recovery has not been practised although in theory full cost recovery principle is recognized as essential at UNAIDS.
10 UNCTAD	See responses of the United Nations.				

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11 UNDP	(a) **Indirect costs:** UNDP's Financial Regulation 27.02 defines 'indirect costs' as "the costs incurred by the organization in support of programmes or projects that cannot be directly attributed to such specific programmes or projects." This includes organizational costs that are not directly attributable to specific projects or services but are necessary to fund the corporate structures, management and oversight costs of the organization. **General Management Support Fee:** Indirect costs are recovered by charging a cost recovery rate, known as General Management Support (GMS) fee. (b) **Cost recovery:** Cost recovery refers to the requirement of an organization to recover all costs. This ensures that regular resources are not used to subsidize the implementation of programmes funded from other resources, and that all direct costs of programmes funded by other resources are recovered from the correct funding source. Cost recovery is broadly covered under UNDP Financial Regulation 5.07 (d) - "Additional costs incurred by UNDP in administering the contribution shall be fully covered from the contribution". (c) **Overhead costs:** UNDP does not use the term 'overhead costs.' UNDP Financial Regulation 27.02 defines 'management costs' as follows: "categories of costs in which the primary function is the promotion of the identity, direction and well-being of an organization. These include executive direction, representation, external relations and partnerships, corporate communications, legal, oversight, audit, corporate evaluation, information technology, finance, administration, security and human resources. This includes both activities and associated costs of a recurring and non-recurring nature."	Yes: GMS is charged on Other Resource funded programmes/projects which includes voluntary earmarked contributions including trust funds.	Refer to responses in section 1.1 on the FRR references to indirect costs, management costs, and cost recovery broadly. Additionally, Regulations 15.02 and 15.03 requires UNDP to recover costs associated with the provision of support services.	UNDP Cost Recovery policy and all the related documents that cover GMS are published in the UNDP Programme and Operations Policies and Procedures' (POPP). Cost Recovery from Other Resources – GMS policy page | United Nations Development Programme Cost Recovery from Other Resources – GMS policy document | United Nations Development Programme (a) As a standard practice, UNDP policies in the POPP are reviewed every three years. In Decision 2024/24, the Executive Board requested UNDP and UNFPA, in collaboration with UNICEF and UN-Women, to present a comprehensive review of the cost-recovery policy and its implementation for decision at the second regular session 2028. (b) August 2024 (c) Yes **UNDP Executive Board:** Refer to the "Comprehensive review of the cost-recovery policy and its implementation" (DP/FPA-ICEF-UNW/2024/1) presented to the Executive Board in the Second Regular Session of 2024. **UNDP POPP:** Policy is available here: Cost Recovery from Other Resources - GMS | United Nations Development Programme Cost Recovery from Other Resources – GMS policy document | United Nations Development Programme	Full cost recovery is practised.

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12 UNEP	UNEP follows the United Nations Secretariat's definitions for these terms. (a) The PSC is a charge levied on expenses incurred in connection with the implementation of extrabudgetary activities funded from voluntary contributions to trust funds, and through which the Organization recovers incremental additional costs incurred in support of such activities to ensure that the former do not result in a direct or indirect additional financial liability to the Organization. (b) Cost Recovery is a financial mechanism linked to any funding sources, whether extrabudgetary or assessed, and can be used for the recovery of both direct and indirect costs. Cost Recovery is applicable between a service provider in the United Nations Secretariat and a service recipient which can be an internal United Nations entity or external entity, based on Service Level Agreements (SLAs) or Memoranda of Understanding (MOUs). (c) Overhead costs (also known as indirect costs) refer to expenses that are not directly tied to a specific project but are necessary for the overall functioning and administration of an organization.	Yes	(a) PSC: These are indirect costs incurred to support the implementation of projects and programmes. The United Nations typically applies standardized rates for PSC to cover administrative and operational expenses. This rate is outlined in various administrative instructions and guidelines. (b) Financial Rule 105.11 of the United Nations Financial Regulations and Rules provides that management and other support services may be provided to governments, specialized agencies, and other international organizations on a reimbursable basis. This ensures that the United Nations can recover costs associated with providing these services. (c) Overhead costs, which encompass expenses essential for the organization's overall functioning, are funded to ensure its sustainability. According to the general provisions of the United Nations's financial regulations and rules, every organization must ensure full cost recovery and avoid cross subsiding among different sources of funding. Ref: Other financial rules: Financial Regulations 3.12, 3.13, 4.13, 4.14, and 6.3, and financial rules 103.4, 104.3, 104.15(b), 104.16(b)	United Nations Secretariat is in the process of developing new guidelines on the operational processes and procedures related to the management of Programmer Support Cost (PSC) in the United Nations Secretariat and provide further clarity on the application of existing principles in view of the implementation of Umoja and the delegation of authority framework. The present guidelines are intended to be read and implemented in conjunction with ST/SGB/188 on Establishment and management of trust funds, ST/AI/284 on General trust funds as may be subsequently amended. (a) While not frequent, the regular operational guidance through the United Nations Controller's Office has been sufficient to enable the organization to navigate changes in the donor landscape. (b) General Assembly resolution A/RES/35/217 from 17 December 1980. Although the governing bodies have not regularly approved the PSC policy, the United Nations Controller has issued consistent guidance memos to clarify operational matters related to PSC. (c) No	Full cost recovery is practised.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
13 UNESCO	(a) The Programme Support Cost (PSC) is determined by the indirect variable costs to be charged to Projects funded from voluntary contributions, as well as Revenue Generating Funds. Indirect Variable costs are usually referring as costs incurred by the organization as a function and in support of projects, they cannot be traced directly to a specific project. (200 EX/5 Part III.F) (b) UNESCO uses management costs interchangeably with programme support costs and which are intended to cover the cost of services involved in the management of voluntary contributions. These services include the Bureau of Strategic Planning, Legal Affairs, Internal Audit, Bureau of Financial Management, Bureau of Human Resources, Direction, IT and Infrastructure, etc. (c) The cost recovery policy is based on the concept that all costs relating to a voluntary contributions funded project should be budgeted for and charged to the respective project; and in cases where regular programme resources are used for project implementation, these costs should be reimbursed. The mechanisms which the Organization is currently implementing for the recovery of costs which support voluntary contribution-funded activities include (i) recovery of management costs through a fee applied to expenditures incurred, and (ii) recovery of regular budget funded staff's time, where this is used to support or contribute to voluntary contribution funded projects, and (iii) direct charging of certain other costs supporting voluntary contribution funded projects including Post occupancy charge (POC) and Capital and Strategic Investments (CSI). Additional information related to the POC are available in document 210 EX/33 and in document 211 EX/23 concerning the CSI. (d) N/A	Yes: PSC is a percentage charge applying to voluntary contributions and special accounts based on the incurred expenditure (implementation).	Regulation 6.5 Trust Funds, Reserve and Special Accounts may be established by the Director-General and shall be reported to the Executive Board. Rule 106.3 The purpose and limits of each Trust Fund, Special Account and Reserve established shall be defined by the General Conference, Executive Board or Director-General as appropriate. Such Trust Funds, Special Accounts and Reserves shall be administered in accordance with these Financial Rules unless otherwise provided by the General Conference or Executive Board. Specific financial regulations are in place for the Special Accounts set up for PSC (management costs) and cost recovery accounts.	(a) Since approval of revised policy (see b below), no review of PSC has taken place (b) March 2017 – approval by Executive Board of revised cost recovery policy (201EX/5 Part III C) (c) Yes	Full cost recovery is practised.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
14 UNFPA	(a) Indirect costs are associated with the organizational structure and services necessary to support implementation of development programmes and projects (the costs of running the organization). Indirect costs are allocated to programmes/projects and are recovered through application of indirect cost-recovery rates as a percentage fee on direct costs. Indirect costs are included in the organizations' institutional budgets; thus, the indirect cost recovery model is designed to recover the designated costs of the institutional budget. Examples of indirect costs of an organization's activities include corporate activities such as: (a) Executive leadership; (b) Resource mobilization, partnership relations and advocacy and communications; (c) Accounting, financial and budget management; (d) Legal support; (e) Human resources management; (f) Management; (g) Internal audit and investigation; (h) Evaluation; (i) Strategic planning and results management; (j) Risk management. (source: DP/FPA-ICEF-UNW/2024/1) (b) Cost recovery refers to the requirement of an organization to recover all costs. This ensures that regular resources are not used to subsidize the implementation of programmes funded from other resources, and that all direct costs of programmes funded by other resources are recovered from the correct funding source. (source: DP/FPA-ICEF-UNW/2024/1) (c) UNFPA does not use the term 'overhead costs'.	Yes	(a) "Indirect costs" shall mean the expenses incurred by UNFPA as a function of and in support of its activities and programmes, but which cannot be unequivocally traced to those activities and programmes. (Source: https://www.unfpa.org/sites/default/files/admin - resource/FINA_FRR.pdf) (b) Regulation 5.5 The Executive Director shall require recovery of indirect costs at prevailing rates. Rule 105.1 Exceptionally, the Executive Director may reduce or waive the recovery of indirect costs from other resources in circumstances where a reduction or waiver is warranted. All reductions or waivers should be done in writing and reported annually to the Executive Board. (Source: https://www.unfpa.org/sites/default/files/admin-resource/FINA_FRR.pdf) (c) See (a)	Joint cost-recovery policy (DP/FPA-ICEF-UNW/2024/1) (a) four years (b) The last policy that was reviewed by the Executive Board was during the second regular session of the Executive Board on 11 September 2024. (c) Yes: Policy link: https://www.unfpa.org/comprehensive-review-joint-cost-recovery-policy-dpfpa-icef-unw20241	Full cost recovery is practised.
15 UN-Habitat	See responses of the United Nations.				Full cost recovery is practised.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
16 UNHCR	UNHCR does not use explicitly the terms quoted by the JIU, i.e. PSC, cost recovery, and overhead. Instead, UNHCR uses the following definitions: **Indirect Support Cost rate (ISC rate)** is the percentage applied to an earmarked contribution in order to calculate the portion of the contribution that will be recorded as the ISC revenue. **Indirect Support Cost revenue (ISC revenue)** is the revenue earned by UNHCR through the application of the ISC rate to an earmarked voluntary contribution. **Eligible Indirect Support Costs (ISC)**, as defined in UNHCR's internal policy, are the management and administration costs (MA) and programme support costs (PS), as defined below, incurred at Headquarters or the Regional Bureaux in the field. **Cost categories:** **Programme Costs (PG)** refers to costs that are incurred in the field, including by Regional Bureaux, and are directly linked to activities, projects and programmes in fulfilment of UNHCR's mandate; **Programme Support costs (PS)** refers to costs that are required to develop, formulate, direct, administer and evaluate programmes; they are incurred both at Headquarters and in the field, including at Regional Bureau level; and **Management and administration costs (MA)** refers to costs that are incurred at Headquarters; they include costs that are critical for the overall leadership and management of UNHCR and are independent of the scope and level of programme activity. Examples include: executive direction, evaluation and oversight, information technology and administration.	Yes.	There are no provisions on PSC or cost recovery in the UNHCR Financial Rules. The matter is regulated through internal policies promulgated by the High Commissioner.	(a) PSC is regulated by the UNHCR Policy and Procedures on the Application of the Indirect Support Cost Rate to Earmarked Contributions (UNHCR/HCP/2019/3), which is approved by the High Commissioner. [attached]. (b) The Policy was last updated in 2019. It is an internal policy, not available online but on UNHCR's intranet. It is made available to donors upon request during negotiation of an agreement. (c) No	Full cost recovery is practised: UNHCR aims to recover through PSC the costs that are mentioned in our answer to question 1.1. Eligible Indirect Support Costs (ISC) for the purpose of this Policy are the management and administration costs (MA) and programme support costs (PS) as defined below, incurred at Headquarters or the Regional Bureaux in the field. This may not correspond to any of the categories that JIU mentioned in column 1.1.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
17 UNICEF	(a) UNICEF defines Programme Support Costs (PSC) as expenses recovered through the application of a support cost fee charged to other resources (earmarked voluntary contributions) to offset organizational costs incurred in the implementation of programmes and projects. (b) Cost recovery refers to the full recovery of organizational costs, both direct and indirect, from all funding sources to ensure that core resources are not used to subsidize programmes financed by other resources (earmarked voluntary contributions). (c) UNICEF does not use the term 'overheads.' (d) UNICEF categorizes costs as Indirect and Direct. Indirect costs refer to expenses related to the organizational structure and services required to support the implementation of programmes and projects. These costs are covered by the organization's core resources (unearmarked voluntary contributions). Direct costs, on the other hand, are those that can be directly attributed and traced to a specific programme or project.	Yes on trust funds and on other voluntary resource contributions (non-core).	Rule 109.1 (f): The amounts of administrative costs estimated to be recoverable in respect of programmes or projects financed from Other Resources, as per Regulation 4.5 (b). Regulation 4.5: Contributions to UNICEF to finance programmes or projects approved by the Executive Board subject to supplementary financial resources shall be accepted in accordance with such principles as the Executive Board may establish, provided that such Contributions: (a) Will be acceptable to the Host Country or Countries; (b) Include amounts sufficient to defray expenses related to their administration.	UNICEF has in place a 'Joint comprehensive proposal on the cost-recovery policy' that is harmonized with UNDP, UNICEF and UNFPA and is approved by the respective agency Executive Boards (a) Every 4 years as requested by the Executive Board (b) The last policy that was reviewed by the Executive Board was during the second regular session of the Executive Board on 11 September 2024 DP-FPA-ICEF-UNW-2024-1-Joint-cost-recovery-review-EN-ODS.PDF (c) Yes	Full cost recovery is practised: Full cost recovery includes both direct and indirect costs.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
18 UNIDO	(a) Programme support costs are indirect costs incurred in support of extra-budgetary projects (delivery of Technical Cooperation/TC). PSC include all costs of a corporate or administrative nature that support project activities, and which are not easily traceable to a specific project or programme. At UNIDO, PSC incorporate both fixed and variable overhead components. (b) Full Cost Recovery is the mechanism through which all costs arising from the delivery of TC services are fully recovered: both the direct costs associated to the support of TC delivery (e.g. project-dedicated staff, travel, equipment) and the indirect/overhead costs (PSC) (c) Overhead or indirect costs are all costs (regardless variable or fixed) incurred by the organization in connection with the implementation of extra-budgetary activities, which, cannot or cannot easily be linked directly to a specific programme/project. Such costs are mostly associated with corporate structures, policymaking, executive direction and management, oversight, administrative and procurement services, etc., which constitute an institutional precondition for the successful implementation of programmes/projects.	Yes	(a) - DGB/2016/14, UNIDO Programme Support Costs Recovery Policy. - Financial Rule 106.3/106.4.2 (b) "Programme support and administrative services for the preparation and implementation of projects and other activities of the programme of the IDF, of a trust fund or of a reserve or special account shall be provided by the various units of the UNIDO Secretariat. The Director-General shall set UNIDO's policy on the rate of reimbursement for such services from the resources of the IDF, trust fund, reserve or special account. In exceptional situations, where an individual project or activity justifies a different rate, it shall be approved by the Director-General upon the advice of the Director, Financial Services". AI/2020/06 - Full Cost Recovery Handbook (c) Financial Rule 106.3/106.4.2	DGB/2016/14, UNIDO Programme Support Costs Recovery Policy (a) PSC rate in majority of cases is fixed by the donors, UNIDO tries to find ways to rover cost by inclusion of direct service cost in the project budget, to be claimed during project implementation. (b) As per Fin Rules, it is prerogative of the Director General of UNIDO. (c) Yes: It is available in UNIDO Intranet	Full Cost Recovery is practised: It is rather Full cost recovery with donor/sponsor agreement limitations, as there is normally very limited possibility to apply correct Indirect cost rate = PSC (as it is limited by the sponsor of the agreements), in addition Direct cost categories go through cycles of negotiations and capped in many cases/ or implementation modality does not allow certain cost categories/direct service cost at all/or partly.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
19 UNODC	(a) The PSC is a charge levied as a fixed percentage on expenditures, including commitments, incurred in implementation of activities funded by voluntary contributions under Trust Funds. The charge covers the additional administrative and operational costs incurred by the Organization in the areas of human resources, finance, facility management, communication and information technology, legal, procurement and others, and that cannot be traced unequivocally to one or more voluntary contribution activities in a reasonable and cost-effective way. (b) Cost Recovery framework applies to service provisioning by the United Nations Secretariat to a service recipient which can be an internal United Nations entity or external entity, pursuant to Service Level Agreements (SLAs) and may be linked to any funding source, whether voluntary contributions or assessed resources, and can be used for the recovery of both direct and indirect costs, from either internal or external entities. (c) N/A	Yes: PSC is defined in the manner described left and is calculated as a fixed % on direct expenditures of trust funds.	(a) Financial Regulations 3.12, 3.13, 4.13, 4.14, and 6.3, and financial rules 103.4, 104.3, 104.15(b), 104.16(b) (b) Financial Rule 105.11 (c) N/A	ST/SGB/2013/4 on the Financial Regulations and Rules, ST/AI/286 on Programme Support Account, and the underlying General Assembly resolution A/RES/35/217 (a) OPPFB reviews and considers the PSC policy on an annual basis. PSC guidance is issued to all United Nations secretariat entities and on-going policy reviews are performed. A comprehensive new guidance document for management of programme support costs is final stage for issuance. (b) General Assembly resolution A/RES/35/217 from 17 December 1980 (c) Yes	Full cost recovery is practised.
20 UNOPS	(a) N/A (b) N/A (c) N/A (d) Management fee to cover indirect cost	Yes	(a) N/A (b) N/A (c) N/A (d) Management fees and indirect cost are clearly defined in the Financial Regulations and Rules and given the self-financing nature of UNOPS also are explicitly addressed in a specific regulations and rules.	(a) Biennial (b) September 2023 (c) Yes In addition to the Operational Instruction, refer to the budget estimate document, Annex II for 2024 and 2025, which is approved by the Board.	Full cost recovery is practised.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC. What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
21 UNRWA	(a) Indirect Support Cost (ISC) is the terminology used to represent Programme Support Costs (PSC) in this case. ISC refers to costs incurred by the agency in support of implementation of non-programme budget activities that cannot be traced unequivocally to specific activities, project or Programmes. ISC generally represents administrative, managerial, logistical and other support costs including inter alia; costs for recruitment of staffing, budget and financial control, information and communication technology support, actions in respect of procurement, transport and warehousing. (b) ISC represents a cost recovery of Programme Budget expenditure in order that non-programme budget activities do not constitute a financial burden to the Agency's Programme Budget. (c) ISC reflects the variable indirect costs that are indeed related to design oversight and closure of projects.	Yes: ISC is a charge on to respective extrabudgetary funded expenditure. It is applicable to external donor-funded projects and on in-kind donations.	(a) The ISC will be applicable at 11per cent on all external donor-funded projects in spite of the funding portal of the agreement and the respective project proposal, i.e. programme budget projects, regular projects, and/or emergency appeal related projects • A standard rate of 6 per cent ISC is charged on Microfinance Department (MD) running costs excluding staff costs. The standard ISC 11per cent is applicable to MD related projects • At the discretion of the Director of Finance (DoF) the ISC can be waived. The DoF may also on exceptional basis based on justification authorise the use of ISC income up to US$250,000 to cover additional requirements related to the respective projects. This would be done to avail resources to respond to urgent emergency humanitarian or lifesaving needs of beneficiaries for example, food assistance in Gaza (b) Cost Recovery Projects must be allocated within the Programme Budget envelope in coordination and agreement with beneficiary Field/HQ Department to ensure complete cost recovery within the time frame of an External Grant. (c) There is no specific reference to the FRR applicable for ISC. However, section 5.2a of the FRR states that the Commissioner General "shall establish such detailed instructions and procedures as are required to ensure effective financial administration and the exercise of economy" this role is delegated to the Director of Finance (DoF) appointed in accordance with section 5.1. The DoF has in this case established Budget Technical Instruction which outlines the guidelines for ISC. • Other forms of Cost recovery Includes estimates of income from employees for use of home-office-home (HOH), telephone bills, and others. In addition, site engineer costs initially charged to the Programme Budget should be reversed and charged to the respective Project(s) • Supplies on Behalf of Outside Parties- After the total direct costs to UNRWA have been determined, 10per cent shall be added as a contribution towards overheads in all costs, or 15per cent shall be added to the total direct costs if a determination of internal transport cost is difficult. Overhead charges shall be credited to Miscellaneous Income upon the determination of final costs. • Sales of Agency Supplies to Outside Parties: 10per cent of the sum of the replacement cost and internal transport or 15per cent of the sum of the replacement cost, shall be charged to the buyer within the total replacement costs. • Procurement of Services on Behalf of Outside Parties- services of the type usually procured by UNRWA are charged at actual cost. Overhead charge of 10per cent is added to the actual cost when the service is a special type of service that is not usually procured by UNRWA example: repair of vehicles for outside parties.	(a) Reviews are done every when there is a change in context. The most recent comprehensive review of the policy was in 2016 when the 11per cent ISC was adopted. (b) The last policy update was completed Jan 2017 (c) No: The policy is shared internally and available to all relevant personnel involved in budgeting, external relations or implementing projects. Since it is part of Financial Technical Instruction and held within UNRWAs larger Financial Technical Instructions (FTI), it is not shared publicly online but shared with external stakeholders in part or as full upon their request.	Incremental cost recovery is practised: The ISC policy aims to recover the increment of support costs that occur as a result of extra-budgetary activity so that the project does not constitute a financial burden to the Agency's Programme Budget. This approach therefore assumes that core functions -fixed costs- are not financed by extra-budgetary resources.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
22 UN Tourism	(a) Variable indirect costs (referred to as Project Support Costs in these guidelines): All costs that are incurred by the Organization as a function and in support of activities, projects and programmes, and which cannot be traced unequivocally to specific activities, project or programmes. These costs typically include service and administrative units, as well as their related system and operation. Usually referred to as Project Support Costs (PSC), these costs should be recovered in one way or another (as a percentage rate, or as a cost component of the project direct costs). (b) UN Tourism has adopted the principles for cost recovery set out by United Nations system organizations, whereby "all direct costs involved in extra budgetary projects should be charged directly to projects and all related variable indirect costs (programme support costs) should be recovered". In the context of UN Tourism, "extra budgetary projects" are those funded through voluntary contributions. (c) Not applicable to UN Tourism. Please refer to UN Tourism Financial Regulations and Rules, Annex III for cost recovery guidelines for further details.	Yes: As a percentage rate, or as a cost component of the project direct costs.	(a) See UN Tourism Financial Regulations and Rules, Annex III for cost recovery guidelines. (b) Same as above (c) Same as above	(a) Due to lack of resources no review has been made since its approval. (b) The final amended Detailed Financial Rules were approved by CE/DEC/3(XCVI) dated 25 August 2013. (c) Yes: UN Tourism Financial Regulations and Rules are publicly available at the Organization's website.	Incremental cost recovery is practised: Fixed indirect costs (typically include top management, its corporate costs and statutory bodies not related to service provision. These costs should be financed by regular/core resources.) – representation are not covered.
23 UN-Women	(a) UN Women defines PSC as the expenses that are recovered through the application of a support cost fee charged to other resources (earmarked voluntary contributions) to recover the organizational costs incurred in the project and programme implementation. (b) Cost recovery is defined as all organization costs, indirect and direct that need to be recovered from all funding sources to ensure that regular resources are not used to subsidize the implementation of programmes funded from other resources (earmarked voluntary contributions). (c) UN Women does not use the term 'overheads'. (d) UN Women uses the terms Indirect and Direct costs; Indirect costs are defined as costs associated with the organizational structure and services necessary to support implementation of development programmes and projects and are included in the organizations' institutional budget (unearmarked voluntary contributions); Direct Cost are defined as those that are directly linked and traceable to a programme or project.	Yes on trust funds and on other voluntary resource contributions (non-core).	In the Financial Regulations and Rules, Regulation 27.2 'Administrative and operational support costs shall mean the expenses reimbursed as a result of the administration of programme activities financed from the resources of UN-Women.	UN Women has in place a 'Joint comprehensive proposal on the cost-recovery policy' that is harmonized with UNDP, UNICEF and UNFPA and is approved by the respective agency Executive Boards. (a) Every 4 years as requested by the Executive Board (b) The last policy that was reviewed by the Executive Board was during the second regular session of the Executive Board on 11 September 2024 (c) Yes	Full cost recovery is practised: Full cost recovery includes both direct and indirect costs.

Org.	1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs	1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?	1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules	1.4 Policy documents in place for PSC What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?	1.5 Is incremental cost recovery or full cost recovery practised?
24 UPU	(a) In accordance with its Financial Regulations, the UPU currently employs the concept of Program Support Costs (PSC) for projects funded by voluntary contributions or trust funds. More specifically, PSC refer to the costs associated with any administrative or operational support services to be provided by the UPU and which are necessary for the overall operation and support of a project funded by the aforementioned voluntary contributions or trust funds. In particular, PSC relate to essential administrative, operational and support functions, including without limitation support staff salaries, office space, utilities and administrative supplies. It may be further noted that the UPU also applies the concept of PSC to certain activities of its user-funded subsidiary bodies (USBs) as well as to the information technology (IT) solutions and services provided by its International Bureau's Postal Technology Centre (PTC). (b) N/A (c) N/A	Yes; PSC form part of the projected expenses for any project falling under the scope specified in section 1.1.	The following sections of Annex 2 of the UPU Financial Regulations (on "Rules, procedures and financial arrangements for tied voluntary contributions and trust funds") are relevant: Article 2.3: Voluntary contributions must not be used in place of the revenue of the Union's regular budget, with the exception of the revenue foreseen to cover wholly or partly the support costs related to the programmes or projects implemented. Article 4.2: The Union shall not assume any commitments for, or continue the execution of any programme, project or supplementary activity, unless its full financing has been secured and the funds deposited in accordance with the payment schedule laid down in the agreement. Article 4.4: When an activity falling within the framework of the present annex requires administrative and operational services to be provided by the Union, the cost of these necessary support services shall, as provided in the agreement, form part of the projected expenses. The agreement shall specify that part, if any, of the contribution which the parties agree shall be used to compensate for support costs. This amount shall be credited to the accounts of the Union's regular budget, unless the services are provided by personnel financed by another voluntary fund in which case it may be agreed that the relevant fund shall be credited with it. Article 5.1.1: "Each programme or project financed by tied voluntary contributions and by trust funds shall be the subject of a special monitoring process covering: (…) b as expenses: project implementation costs, costs for support services foreseen in the respective agreements as well as any interest charged for payments overdue."	As noted left, Annex 2 of the UPU Financial Regulations constitutes the UPU's main policy document for PSC. (a) The UPU is currently planning to revise its Financial Regulations (last updated in 2024) in order to set the relevant PSC rates, better clarify the allocation of PSC within the UPU's accounts and, in particular, enable the transfer of such PSC into a dedicated fund (such as, potentially, the UPU's Special Fund or Voluntary Fund), thus providing the organization with additional financial resources for the implementation of its various activities. (b) In that context, the UPU aims to harmonize its practice regarding PSC on projects funded by voluntary contributions or trust funds, subject to the adoption, by the UPU Council of Administration, of certain amendments to the Financial Regulations. It may be further noted that the Financial Regulations do not currently provide for a fixed PSC rate; instead, they merely refer to the agreements signed between the parties concerned. Accordingly, the PSC rates may vary on a case-by-case basis. Yet with a view to harmonizing its practice until the adoption of the aforementioned potential amendments to the Financial Regulations, the UPU is undertaking efforts to apply a 13% standard rate, and alternatively, a 5% reduced rate for projects requiring low supervision levels, as well as for projects devised for Least Developing Countries (LDCs). (c) Yes: The UPU Financial Regulations are available on the UPU website at the following address: www.upu.int/en/universal-postal-union/about-upu/finance.	Incremental cost recovery is practised: The PSC applied by the UPU do not fully cover the actual costs incurred, which are estimated to be higher.

25 WFP	(a) Under the WFP Financial Regulations 1.1, the organization's larger budget shall contain a Programme Support and Administrative (PSA) budget, which "pertains to providing indirect support to WFP's activities." The term "indirect support cost" (ISC), in turn, refers to a cost that "cannot be directly linked to the execution of the programme." Accordingly, throughout this submission WFP will use the terms PSA budget or ISC, as appropriate, in lieu of "PSC." (b) WFP uses the term "full cost recovery", which is defined by the WFP Financial Regulations 2.2 to mean the "recovery of all of the costs of the activities financed by a contribution or service provision payment." In respect of contributions, General Rule X.2 provides that recovery shall be made across four cost categories: (i) transfer costs; (ii) implementation costs; (iii) direct support costs (DSC); and (iv) ISC. They are grouped as "operational" costs (the first two) and "support" costs (the latter two). The General Regulations and Rules provide that: - transfer costs "correspond to the monetary value of the item, cash, or service provided, as well as the related delivery costs" and are calculated based on estimated cost; - implementation costs "correspond to expenditures that are directly linked to specific activities within the programme, other than transfer costs" and are calculated based on estimated cost; - DSC "correspond to country-level expenditures that are directly linked to the execution of the programme as a whole but cannot be attributed to a specific activity within it" and are "calculated based on country or countries-specific percentages of the transfer and implementation costs"; and - ISC, "which are costs that cannot be directly linked to the execution of the programme" and are "calculated based on percentages, determined by the Board, of transfer and implementation costs, and direct support costs." (c) WFP does not formally distinguish between ISC and "overhead costs."	Yes	Recovery of support costs from contributions and service provision payments are governed directly by the WFP Executive Board through the WFP General Regulations & Rules and WFP Financial Regulations. Refer to WFP's response to inquiry 1.1. (a) The definition of support costs (DSC and ISC) may be found in General Rule X.2(c) and the method for recovery of those costs may be found in General Rule XIII.4(a)(ii) and (iii). The definition of the PSA budget may be found in Financial Regulation 1.1. (b) The policy on full cost recovery for contributions is expressly stated in General Rule XIII.4(a). The policy on full cost recovery for service provision payments or funds directed at trust funds or special accounts is stated in Financial Regulations 4.8 and 5.2, respectively. (c) As indicated in column 1.1, WFP does not use the term "overhead" costs, and covers those costs in its calculation of ISC.	At present, the full cost recovery policy is governed by the following: • WFP General Regulations (see citations and quoted text in the responses to inquiries 1.1 and 1.3); • WFP General Rules (same); • WFP Financial Regulations (same); • Executive Board approved or considered documents, including but not limited to - the annual WFP management plan; - *Update on the Integrated Road Map* (WFP/EB.2/2018/5-A/1), paras. 81-83; *Decisions and recommendations of the 2018 second regular session of the Executive Board*, p. 5 (at sub-paragraph vi.); - *Classification of private sector donors as "non-traditional donors" under General Rule XIII.4(c)* (WFP/EB.A/2022/6-C/1/Rev.1); *Decisions and recommendations of the 2022 annual session of the Executive Board*, p. 6; - *Update on the WFP management plan (2022–2024)* (WFP/EB.A/2022/6-D/1), para. 28; *Decisions and recommendations of the 2022 annual session of the Executive Board*, p. 7; and • Internal Executive Director circulars. Refer to paragraphs 5 and 9 of the Executive Director's Circular on "Guidelines for the issuance of Executive Director's Circulars and Departmental, Divisional or Office Directives" (OED2015/11): - Paragraph 5: Executive Director's Circulars and Department, Division and Office Directives are part of WFP's internal regulatory framework, which also includes other normative instruments. - Paragraph 9: Executive Director's - Circulars generally cover: a. Policy pronouncements to implement Decisions and Recommendations of the WFP Executive Board; b. Policies and procedures that apply across the Programme; c. Organizational changes affecting the structure of the Programme; d. Other matters such as delegations of authority. WFP is consolidating all policies related to full cost recovery in a framework within 2025. (a) WFP's high-level policy on full cost recovery in respect of contributions is set by the Executive Board through the General Regulations & Rules and the Financial Regulations. They are reviewed as needed. (b) See documents cited above, which show the last Executive Board decisions on full cost recovery (2022 and 2018). (c) Yes, in part. See citations above.	Full cost recovery is practised.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
26 WHO	(a) Programme Support Costs (PSC) fund activities financed from sources other than the assessed contribution budget (that is, from voluntary contributions). (b) Cost recovery - WHO is required to recover the full costs of activities funded by voluntary contributions. To ensure financially sustainability, and to achieve quality results, proposals for voluntary funding must ensure the full cost recovery principle, of both direct and indirect costs necessary to achieve planned results. (c) N/A Refer to the paper: "WHO's cost-recovery mechanisms".	Yes	Refer to Financial Regulations 8.2 and 8.3: '8.2 The Director-General is authorized to levy a charge on voluntary contributions for indirect costs. This charge shall be credited to the Programme Support Cost Fund, together with finance revenue, interest earnings and used to reimburse all, or part of, the indirect costs incurred by the Organization. All direct costs of the implementation of programmes financed by voluntary contributions, except bequests, shall be charged against the relevant contribution (award). Voluntary contributions shall include sufficient amounts to cover the full cost of implementation. 8.3 The Director-General shall establish policies for cost recovery.'	Cost recovery and PSC are set by the Financial Regulations - BASIC DOCUMENTS An operational guide for PSC based on WHA resolution 34.17 and certain exceptions approved by the Director General and/or with delegated authority to the Comptroller. Updates are published periodically - the last update was published internally in December 2024 – Information Note 23/2024 – Revision to Rates of PSC. Periodically updates are presented to the Governing Bodies – the latest update was presented in January 2024 - Matters emanating from the Agile Member States Task Group on Strengthening WHO's Budgetary, Programmatic and Financing Governance	Full cost recovery is practised.
27 WIPO	(a) The PSC charge (an administrative fee) is set to cover the indirect costs pertaining to the management and administration of the Funds-in-Trust (FITs). (b) N/A (c) N/A	Yes	(a) Rule 103.19: The Controller is authorized to approve the utilization of voluntary contributions based on the workplan that contributes to the Expected Results of the Organization and to levy a charge on special accounts (funds-in-trust) to cover indirect costs incurred for the administration of the special accounts. (b) N/A (c) N/A	WIPO policy on voluntary contributions (funds-in-trust): https://www.wipo.int/edocs/mdocs/govbody/en/wo_pbc_31/wo_pbc_31_11.pdf (a) Last review done in 2020. (b) N/A (c) Yes. See link above.	Full cost recovery is practised: Our policy is full recovery, noting, however, that the 13% does not entirely cover actual costs.

Org.	*1.1 Definitions of (a) PSC; (b) cost recovery; and (c) overhead costs*	*1.2 Are PSC defined as a charge on trust funds or extrabudgetary/ voluntary fund expenditure?*	*1.3 Provisions made for (a) PSC; (b) cost recovery; and (c) overhead cost in organization's financial regulations and rules*	*1.4 Policy documents in place for PSC What is (a) the frequency of PSC policy reviews, (b) the date of the last policy approval by the governing bodies, and (c) is this policy available online?*	*1.5 Is incremental cost recovery or full cost recovery practised?*
28 WMO	(a) The variable or incremental costs that would not be incurred if the Organization did not administer voluntary contributions including the work effort directly affected by transaction volume. (b) N/A: not specifically defined within WMO (c) N/A: not specifically defined within WMO.	Yes	(a) Article 10 "Other Income" of the Financial Regulations define Other Income. Regulation 10.1(f) states that "revenue from programme support cost charges to trust funds" are excluded from other income. Additionally, there is an Executive Council resolution (Resolution 20 (EC-64)) defining PSC and the PSC Policy (b) N/A (c) N/A	(a) There is no set frequency on the review and revision of the PSC policy. WMO was initiating a review of the PSC policy when the JIU process was announced. (b) July 2012 (c) Yes. See EC-64 final report	Incremental cost recovery is practised: We currently follow incremental cost recovery. However, we are examining the overall process of planning, budgeting and recovering costs for extrabudgetary activities to ensure that there is improved level of budgeting for direct costs (primarily related to technical support and technical backstopping of projects).

Table 2
Baseline

Org.	*2.1 What is the base(line) your organization uses for calculating PSC? Are PSC charges expressed as a percentage of direct costs or of voluntary contributions?*	*2.2 Baseline/absolute amount used in calculation of projected or budgeted programme support income:*					*2.3 Baseline/absolute amount to which PSC rates were actually applied:*				
		2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
1 United Nations	Direct costs: The PSC is charged as a fixed percentage on the direct expenditures under trust fund, including commitments. Note: Trust Fund budget is a multi-year budget, therefore the figures in columns 2.2 and 2.3 represent the budget issued during the year for the entire life of each grant (multi-years).	$1,997,605,608	$2,604,746,156	N/A	$3,003,098,132	$3,055,450,151	$2,028,212,907	$2,330,555,169	$2,193,124,858	$2,809,559,511	$2,812,329,222
2 FAO	Direct costs: FAO recovers costs of centrally provided direct support services (DSC) using a price list value (price tag) and recovers ISC as a flat % of direct costs of individual projects. For column 2.2, FAO's Programme of Work and Budget are prepared on a biennium basis and all values here are for 2-year periods. The values are as per FAO Programme of Work and Budget.	2018-2019 $2,560,775,000	2020-2021 $2,875,581,000		2022-2023 $3,255,760		$844,882,867	$1,004,560,618	$982,469,320	$1,440,049,773	$1,488,895,894
3 IAEA[a]	Direct costs	€6.6 million	€6.0 million	€6.0 million	€5.5 million	€6.0 million	€155.6 million[b]	€91.0 million[b]	€79.9 million[b]	€121.6 million[b]	€153.5 million[b]

[a] For column 2.2, projected PSC income is calculated based on the average PSC income over the last five years, while also considering extrabudgetary revenue and expenditure trends.
[b] Sum of total extrabudgetary disbursements.

Org.	*2.1 What is the base(line) your organization uses for calculating PSC? Are PSC charges expressed as a percentage of direct costs or of voluntary contributions?*	*2.2 Baseline/absolute amount used in calculation of projected or budgeted programme support income:*					*2.3 Baseline/absolute amount to which PSC rates were actually applied:*				
		2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
4 ICAO[c]	Direct costs: The ICAO Cost Recovery Policy was only approved in November 2023. Some residual practice exists for arrangements and agreements prior to this date whereby % is charged on voluntary contributions rather than direct costs.	$83,000,000	$66,900,000	$72,000,000	$75,100,000	$119,300,000	$73,845,000	$46,413,000	$48,491,000	$86,369,000	$108,107,000
5 ILO	Direct costs: PSC is expressed as a percentage calculated over the direct cost incurred through voluntary contributions.	$408,215,440	$396,802,930	$500,248,476	$540,036,503	$529,175,233	$279,722,172	$280,895,745	$355,281,897	$390,312,116	$385,942,033
6 IMO	Direct costs: PSC is charged on delivery – that is, on expenditure, not on receipt of funds.	£1,536,000	£1,442,000	£1,598,000	£1,588,000	£1,664,000	£1,536,000	£1,442,000	£1,598,000	£1,588,000	£1,664,000
7 ITC	See responses of the United Nations.	$75,000,000	$99,100,000	$100,000,000	$105,300,000	$105,000,000	$83,538,000	$83,712,000	$98,424,000	$104,815,000	$103,083,000
8 ITU	As per Resolution 157, ITU applies a minimum of 7% as AOS for all agreements linked to project implementation.	..	..	..	..	..	..	..	..	..	..
9 UNAIDS	Direct costs	PSC income is not budgeted.					Non-core Expenditure: $51.8 million	Non-core Expenditure: $52.2 million	Non-core Expenditure: $73.2 million	Non-core Expenditure: $56 million	Non-core Expenditure: $74.5 million
10 UNCTAD	See responses of the United Nations.										
11 UNDP	Direct costs	$4,267 million	$4,193.6 million	$4,321.9 million	$4,302.2 million	$4,372 million	$3,739.9 million	$3,797 million	$4,056.8 million	$4,003 million	$4,201.9 million

[c] The baseline amounts reported under columns 2.2 and 2.3 above include Capacity Building and Implementation Support projects only. These represent the largest majority of projects to which PSC is applied systematically.

Org.	*2.1 What is the base(line) your organization uses for calculating PSC? Are PSC charges expressed as a percentage of direct costs or of voluntary contributions?*	*2.2 Baseline/absolute amount used in calculation of projected or budgeted programme support income:*					*2.3 Baseline/absolute amount to which PSC rates were actually applied:*				
		2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
12 UNEP[d]	Direct costs	$247,128,000	$241,076,000	$216,550,000	$262,113,000	$311,321,000	$247,128,000	$241,076,000	$216,550,000	$262,113,000	$311,321,000
13 UNESCO	Direct costs	$183,719,475	$191,527,200	$191,527,200	$281,346,750	$281,346,750	$204.317.016	$199,502,793	$260,965,527	$276,858,000	$298,946,234
14 UNFPA	Direct cost: Indirect costs are recovered through the application of indirect cost-recovery rates as a percentage fee on direct costs on non-core funded programmes.	$557,458,450	$634,363,246	$614,176,347	$683,661,627	$768,776,014	$721,142,193	$804,939,673	$809,165,086	$899,807,019	$1,016,620,381
15 UN-Habitat	Direct costs	N/A	N/A	$182,481,800	$203,608,500	$125,449,600	$120,753,600	$113,904,700	$127,450,500	$135,405,600	$131,653,400
16 UNHCR	Direct costs: UNHCR applies 6.5% on top of the operational expense. A fixed 6.5 per cent ISC rate will be calculated on all earmarked contributions received by UNHCR as follows: when recording an earmarked contribution, the amount of the earmarked contribution is divided by 1.065 to arrive at the amount to be allocated to activities (operational requirements), with the difference being the amount recorded as revenue from the application of the ISC.	UNHCR does not project or budget for PSC, due to its budget methodology. As reflected in JIU report (JIU/REP/2024/3 Part I and Part II), UNHCR budget is needs-driven, based on an assessment of the needs, and not based on estimated revenue. There is no funding information / projected income in the Annual Programme Budget document that UNHCR submits to its Executive Committee for approval. However once the budget is reviewed and approved by its Executive Committee, a Global Appeal for funding is launched against the Annual Programme Budget. Pledges and contributions come in during the budget period and change throughout the year, with PSC only applicable on earmarked voluntary contributions. At the end of each year, the source of funds against expenditure is published in UNHCR Global Report.					$3,503,289,962[e]	$4,006,607,517	$3,709,283,273	$4,941,096,908	$3,982,083,336

[d] The direct costs in this table only include costs relating to PSC generating trust funds and excluding the Multilateral Fund. PSC is computed after year end so for UNEP projected and actual PSC income are the same.

[e] This is the total contribution amount, excluding unearmarked and in-kind contributions, before ISC is applied.

Org.	*2.1 What is the base(line) your organization uses for calculating PSC? Are PSC charges expressed as a percentage of direct costs or of voluntary contributions?*	*2.2 Baseline/absolute amount used in calculation of projected or budgeted programme support income:*					*2.3 Baseline/absolute amount to which PSC rates were actually applied:*				
		2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
17 UNICEF	Voluntary contributions: For the cost recovery policy and the cost recovery methodology the support cost rate is calculated based on estimated voluntary contributions and the proportionate share of regular (unearmarked voluntary contributions) and other resources (earmarked voluntary contributions) reflected in the latest Integrated Budget.	$4,088.9 million[f]	$4,088.9 million[f]	$4,088.9 million[f]	$4,945.3 million[g]	$4,945.3 million[g]	$4,734.0 million[h]	$5,158.0 million[i]	$5,949.0 million[j]	$8,017 million[k]	$7,108 million[l]
18 UNIDO	Voluntary contributions: The baseline for calculation of PSC income is forecasted TC delivery.	€179,591,500	€186,027,282	€152,501,178	€187,891,021	€157,223,100	€190,258,667	€177,672,672	€179,397,689	€180,263,121	€225,111,594
19 UNODC	Direct costs: The PSC is charged as a fixed percentage on the direct expenditures under trust fund, including commitments.	$332,130, 912	$267,428,663	$295,779,327	$341,232,600	$371,621,600	$318,039,607	$260,824,771	$297,791,793	$339,508,146	$383,871,085

[f] Per Integrated Budget 2018-2021.
[g] Per Integrated Budget estimates 2022-2025.
[h] Actuals per Updated Financial Estimates 2020-2023, 10 July 2020.
[i] Actuals per Annex to the UNICEF integrated budget 2022-2025, 12 July 2021.
[j] Actuals per Updated Financial Estimates 2022-2025, 11 July 2022.
[k] Actuals per Updated Financial Estimates 2023-2026, 10 July 2023.
[l] Actuals per Updated Financial Estimates 2023-2027, 8 July 2024.

Org.	*2.1 What is the base(line) your organization uses for calculating PSC? Are PSC charges expressed as a percentage of direct costs or of voluntary contributions?*	*2.2 Baseline/absolute amount used in calculation of projected or budgeted programme support income:*					*2.3 Baseline/absolute amount to which PSC rates were actually applied:*				
		2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
20 UNOPS	Direct costs: It needs to be noted that all of UNOPS direct cost are voluntary. Also, UNOPS does not receive contributions, but as a fee for service provider is recording funds received as "revenue from other activities".	UNOPS did not do a projection of direct cost for 2019 but planned with an estimate of signed management fee.	UNOPS did not do a projection of direct cost for 2020 but planned with an estimate of signed management fee.	UNOPS did not do a projection of direct cost for 2021 but planned with an estimate of signed management fee.	UNOPS did not do a projection of direct cost for 2022 but planned with an estimate of signed management fee.	UNOPS did not do a projection of direct cost for 2023 but planned with an estimate of signed management fee.[m]	$2,300,000,000	$2,200,000,000	$3,400,000,000	$3,500,000,000	$2,700,000,000
21 UNRWA	Direct costs: The baseline used for calculating PSC is the direct costs associated with implementing the project. The charge is expressed as a percentage (11 per cent) of direct costs	$618.20 million	$601.70 million	$755.40 million	$795.40 million	$944.70 million	$393.94 million	$347.24 million	$401.40 million	$456.20 million	$387.40 million
22 UN Tourism	Voluntary contributions: Refer to UN Tourism Financial Regulations and Rules, Annex III, para.7 for project support costs rate.	Project support costs (PSC) are not projected nor budgeted income nor expenditure.					PSC amount appropriated in 2019 with reference 2018: €1,741,357.57	PSC amount appropriated in 2020 with reference 2019: €1,714,636.15	PSC amount appropriated in 2021 with reference 2020: €912,376.67	PSC amount appropriated in 2022 with reference 2021: €2,446,128.21	PSC amount appropriated in 2023 with reference 2022: €5,701,343.44

[m] For 2024 the process changed and UNOPS based its average management fee on the projected direct cost. Before 2024, UNOPS never projected an average forward-looking rate; it was based on historical data. As of 2024, UNOPS adopted a forward-looking approach. The approach was changed to align with the Executive Board decision and United Nations Board of Auditors recommendation.

Org.	2.1 What is the base(line) your organization uses for calculating PSC? Are PSC charges expressed as a percentage of direct costs or of voluntary contributions?	2.2 Baseline/absolute amount used in calculation of projected or budgeted programme support income:					2.3 Baseline/absolute amount to which PSC rates were actually applied:				
		2019	**2020**	**2021**	**2022**	**2023**	**2019**	**2020**	**2021**	**2022**	**2023**
23 UN-Women	Voluntary contributions: For the cost recovery policy and the cost recovery methodology, the support cost rate is calculated based on estimated voluntary contributions and the proportionate share of regular (unearmarked voluntary contributions) and other resources (earmarked voluntary contributions) reflected in the latest Integrated Budget.	$240.0 million[n]	$285.0 million[o]	$285.0 million[o]	$300.0 million[p]	$300.0 million[p]	$359.1 million	$393.1 million	$368.0 million	$384.9 million	$355.1 million
24 UPU	Voluntary contributions: The UPU calculates PSC as a percentage of the total voluntary contribution provided by each donor for a given project. This means that the PSC is applied to the full amount of funding received from a donor, rather than being based solely on direct costs. However, it is important to note that the actual costs incurred by the UPU in supporting these projects may exceed the amount recovered through PSC.	SwF 260,000	SwF 270,000	SwF 270,000	SwF 280,000	SwF 280,000	SwF 261,000	SwF 278,000	SwF 259,000	SwF 369,000	SwF 399,000

[n] Per Integrated Budget estimates 2018-2019.
[o] Per Integrated Budget estimates 2020-2021.
[p] Per Integrated Budget estimates 2022-2023.

Org.	*2.1 What is the base(line) your organization uses for calculating PSC? Are PSC charges expressed as a percentage of direct costs or of voluntary contributions?*	*2.2 Baseline/absolute amount used in calculation of projected or budgeted programme support income:*					*2.3 Baseline/absolute amount to which PSC rates were actually applied:*				
		2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
25 WFP	Direct costs: ISC are calculated as a percentage of direct costs and currently set at 6.5 percent, as approved by the Executive Board in the latest annual WFP management plan (2025-2027).	$6,800 million	$7,450 million	$7,400 million	$8,400 million	$11,000 million	$8,000 million	$8,400 million	$9,400 million	$14,100 million	$8,300 million
26 WHO	Direct costs	$2,571,428,571	$2,312,500,000	$2,470,588,235	$2,094,117,647	$2,329,411,765	N/A	$2,600,640,874	$2,905,211,272	$2,955,482,523	$3,285,328,097
27 WIPO	Voluntary contributions: Percentage of voluntary contributions.	Annual amount for 2019 not available[q]	SwF 28,014 million for the biennium 2020/21[q]		SwF 34,847 million for the biennium 2022/23[q]		SwF 10,941,960.24	SwF 14,561,664.43	SwF 16,105,841.56	SwF 17,347,988.16	SwF 15,458,811.88
28 WMO	Direct costs: PSC is charged as direct actual expenditures are incurred.	SwF 21,400,000 (assume 7% average rate)	SwF 22,500,000 (assume 10% average rate)[r]	SwF 22,500,000 (assume 10% average rate)	SwF 22,500,000 (assume 10% average rate)	SwF 22,500,000 (assume 10% average rate)	SwF 32,900,000	SwF 20,600,000	SwF 17,300,000	SwF 21,200,000	SwF 23,400,000

[q] WIPO budgets on a biennial basis.

[r] Increase in 2020 vs. 2019 estimate due to increased usage of 13% PSC funded activities resulting from the increased technical cooperation and capacity development activities.

Table 3.1
Methodology for determining programme support cost rates

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1 United Nations	The rate provided in General Assembly resolution A/RES/35/217 from 17 December 1980.	To the maximum extent feasible, the policy makes a clear distinction between direct costs and indirect costs, and ensures such segregation applies through the entire implementation cycle to internal and external implementing partners	The UN Secretariat has regularized over the years the following reduced PSC rates, discounts: - Specific donor and/or group of donors - United Nations to United Nations arrangements (7%) - Host country agreements (5%) - Trust Fund specific reduced PSC rate that were approved since inception as specified in the birth certificate Exception and reduced PSC rate are provided depending on: (a) level of in-kind support (e.g., office space, gratis personnel) is provided by the donor; (b) level of complexity of the donor relations and in implementation; (c) level of overhead activities of the implementing entity with respect to the activities funded by the voluntary contribution; (d) Sustainability of the PSC fund (e) To the extent indirect costs are charged to projects. Reduced rates are approved only to the extent it is demonstrated through the above mechanisms that the support extended to extrabudgetary activities is not subsidized by the assessed resources.

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2 FAO	FAO recovers costs of centrally provided direct support services (DSC) using a price list value (price tag) and recovers ISC as a flat % of direct costs of individual projects.	Costs recovered directly and those as pooled or attributed costs are clearly distinguished in definitions and in budget guidance.	Flexibility is provided for in the policy as follows: 13. Flexibility in applying the ISC rate where appropriate, for special circumstances, can be implemented as part of the FAO full cost recovery policy in the following cases: a) Rates established by inter-governmental bodies of the United Nations system organizations (including international financing institutions and funding mechanisms, e.g. GEF) b) Existing long terms trust fund accounts where specific support cost arrangements have been included in the statutes and funding agreements (e.g. Commissions, committees, conventions established under Article XIV or VI of the FAO Constitution); c) Extra-budgetary contributions with particular partnerships with cost-sharing or complementary support arrangements, e.g. South South Cooperation; d) New Operational Modalities (NOM) for national execution in whole or in part, and funds transfer as Administrative or Managing Agent (AA or MA); e) Complex arrangements or major changes in conditions of resource partnership relationship for which the implications would have to be carefully monitored and analysed. Contributions for the following are exempt from the application of the ISC rate: f) Travel costs of participants from developing countries to conferences and consultations on matters within FAO's mandate; g) Refurbishment and improvement of FAO premises (both at Headquarters and in Regional and Sub Regional offices); h) Sponsorship funds in support of awareness raising and/or promotional events i) Telefood Projects
3 IAEA	A standard PSC rate of 7% is charged on extrabudgetary disbursements (actuals) as they occur. Enterprise Resource Planning (ERP) system (ORACLE) is configured to apply burdening to direct costs.	In line with the PSC policy, PSC is earned on extrabudgetary-funded project costs to cover indirect costs.	In the case of extrabudgetary contributions to the Technical Cooperation Programme by a donor to support activities in its own country (commonly referred to as 'government cost sharing'), if the contribution is exclusively or primarily for the procurement of equipment, a PSC rate of 3% will apply. Other Government Cost Sharing contributions will not be subject to PSC. There have been no observed implications of the applied discounts.

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4 ICAO	Cost recovery policy is under implementation and the Organization is working on Administrative Instructions with the target date for completion in the fourth quarter of 2025. Direct costs are charged, allocated or apportioned to the funding arrangement for that project or product. Examples of direct costs include the cost of personnel involved in the implementation of activities, the cost of goods and/or services purchased, travel-related costs and the cost of functions that provide the required support services. Direct costs can also include direct programme support that is a charge levied as a percentage of direct extra-budgetary expenditures intended to recover the costs associated with monitoring and controlling the extra-budgetary programme as a whole.	See 3.1.	N/A
5 ILO	The costs relating to administrative backstopping (personnel, financial reporting, standard auditing, general procurement, information technology (IT) and general services) and technical backstopping that cannot be directly attributed to the project. For example, the time of a technical specialist who advises on a particular topic to a range of projects, but their work cannot be attributed to a single project.	The PSC policy/methodology requires the project to cover direct costs within the budget submitted to the donor. Direct Costs represent the cost for activities or other expenditures that the ILO would incur to deliver the project activities. Without the project, the ILO would not have those costs. PSC costs are indirect and marginal increments. The project appraisal process serves to assess the design and coherence of project proposals. Its overall purpose is to improve the results focus and effectiveness of development cooperation. As part of this quality assurance mechanism, the project budget is reviewed by all relevant units (budget, procurement, security, evaluation, etc.) to ensure that direct costs are charged against the project budget. No project can be approved without the final clearance of Budget/Development Cooperation Unit.	European Commission: 7% World Bank, African Development Bank, Asian Development Bank, and other major IFIs: 7% United Nations to United Nations: 7 or 8% Kreditanstalt für Wiederaufbau (KfW): 10% Junior Professional Officers (JPO) and secondments: 12 or 14% Where PSC is less than 13% it is expected that these are included as direct costs in the project budget.

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6 IMO	Please see policies for full details, but in extract, the PSC rates are set as: In order to achieve a reasonable recovery rate commensurate with the level of the Organization's common overhead costs, the applicable standard rates, calculated normally as a percentage of eligible costs (programme resources expended on a modified cash basis), are as follows: • activities/projects which consist only of procurement of supplies and equipment: 5% • scholarships/fellowships: 5% • Associate Professional Officer (APO) programmes: 12% for the case of which the donor reimburses the Organization fully for all costs incurred and the APO is engaged under a special fixed-term contract and paid the salary, benefits and entitlements of a regular staff member • Gratis personnel: US$10,000 per annum for the case of which there are no financial obligations for the Organization vis-à-vis the Gratis personnel or the donor, and the personnel receives official travel costs, his/her salary, benefits and entitlements directly from the donor. (please see documents C 106/5(a)/2 and C/ES.26/5(a)/1) • Other United Nations common system agencies, NGOs and institutions: 7% • all other activities/projects: 13% • Costs incurred under the multi-donor trust funds or the Technical Co-operation Fund: 5% • To the extent that the activities of a trust fund do not warrant the levy of full support costs, the Secretary-General [or Director of Administration] may waive part or all of the applicable PSCs. In terms of how PSC may be spent: Proposals for using PSC resources must ensure that PSC resources are being applied to meet the additional resources required to support the Organization's extra-budgetary activities as a whole, and must fall into one of the following categories: • project appraisal, development or formulation; • oversight and general management of the extra-budgetary project portfolio; • preparation, monitoring, risk management and administration of work-plans and budgets including specific training where necessary; • recruitment and servicing of staff; • procurement and contracting; • legal review and analysis; • financial, budgetary and planning operations, including payroll, payments, accounts, collection of contributions, investments of funds, reporting and auditing; • promotion and outreach activities.	See left – different rates are applied based on an assessment of the administrative work associated with the delivery mechanism. Note that the PSC policy also says: The Director, Administrative Division may, at their discretion, approve an agreement with a donor or other third party with PSC rates below these levels in exceptional circumstances, where: • The project budget covers explicitly as a part of direct costs one or more components which would typically be covered by PSC; • The agreement is considered 'pass through' funding requiring only minimal effort by IMO staff; or • In some other manner the Director, Administrative Division is satisfied that the provisions of Financial Regulation 7.1 are met.	No specific discounts are offered – the purpose of PSC is to ensure that the regular budget does not subsidize donor-funded work unless there is an explicit budgetary provision to support that work. This would not be consistent with offering 'PSC discounts' – if such support was considered appropriate it would be funded from the regular budget directly.

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7 ITC	See responses of the United Nations.		
8 ITU	ITU applies a fixed rate of minimum 7% to all agreements linked to projects. This is applied as a fixed rate.	This is not being applied by ITU.	ITU does not apply discounts based on donors. Our application of AOS is standard for all donors and institutions.
9 UNAIDS	UNAIDS aligned its PSC rate with other United Nations organisations. Most recently the policy aligned with WHO where the maximum PSC is 13%.	WHO cost recovery policy, which UNAIDS will align with, is based on the full cost recovery principle. Where a lower PSC rate applies (either based on the established the policy, or waiver/exceptional approval), budget proposals must include the full range of costs attributable to the activities at country and regional level.	Multi-Partner Trust Fund Office (MPTF Office): 7% EU: 7% Global Fund: 7% Pooled funding with UNFPA as Administrative Agent: 7% WHO: 6%
10 UNCTAD	See responses of the United Nations.		

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11 UNDP	The GMS cost recovery rates and methodology are as approved by the Executive Boards of UNDP, UNFPA, UNICEF, and UN-Women. Notional indirect cost recovery rates are provided to the Executive Boards by UNDP, UNFPA, UNICEF and UN-Women and differentiated cost recovery rates are approved by the Executive Boards. The components and methodology to calculate the notional cost-recovery rate are as follows: (a) Calculate the proportionate percentage share of regular resources and other resources per the planned use of resources in the organizations' integrated budgets; (b) Calculate the sum of the institutional budget costs that are to be funded from regular resources only and the balance to be funded proportionally from regular and other resources, and remove costs related to the mandate of the organization to be solely funded from regular resources. The starting point will always be the institutional budget; (c) Take the balance of the institutional budget amount calculated in step (b) to be recovered from regular and other resources and apply the percentages calculated in step (a); (d) Take the amount to be recovered from other resources in step (c) and calculate it as a percentage of total planned other resources; (e) The amount in step (d) equals the notional cost-recovery rate to be recovered from other resources.	Indirect costs are charged on direct costs regardless of the degree to which costs are charged directly. Regarding direct costs, if a cost can be clearly linked to a project's implementation, it is covered as a direct project expense rather than through the indirect cost recovery (GMS) rate. Therefore, the policy *encourages maximum direct charging* where appropriate. This prevents double-charging while supporting full cost recovery.	Under UNDP's current harmonized cost-recovery framework (DP/FPA-ICEF-UNW/2024/1), there are regularized discounts or differentiated indirect cost rates (GMS rates) for South-South cooperation, thematic funding, framework/umbrella agreements, IFI preferential rates, vertical funds, joint programmes administered by United Nations organizations, United Nations Secretariat administered funds and programme government preferential rates. Waivers are granted in exceptional circumstances (e.g., when a significant contribution would otherwise be lost), approved by senior management and reported annually to the Executive Board. Implications of discounted/exceptions - Differentiated rates have been a useful tool to acknowledge and diversify funding sources which has opened good opportunities for partner engagement. For instance, regularized discounts may provide incentives for many countries to participate financially in their own development priorities (contributions from programme governments). In some cases, these differentiated rates have been helpful in attracting less tightly earmarked thematic contributions. However, in other cases, this has prompted other donors to request and expect similar GMS rates to be applied, as those receiving preferential or discounted GMS rates. Therefore, to safeguard UNDP's financial sustainability, the financial impact of preferential/reduced rates (below the standard 8% GMS rate) are reported transparently to the Executive Board. Specific to the GMS rate for programme governments, UNDP also has a system of cost recovery through Government Local Office Costs whereby host governments fund a portion of local offices costs. This requirement is established in Financial Regulation 9.01 and implemented through the accompanying policy, which is outlined in POPP at Government Contribution to Local Office Costs (GLOC) from LIC and MIC policy page | United Nations Development Programme

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12 UNEP	The memo regarding cost recovery of programme support costs issued by the Controller in 2012 states that the United Nations refers to the charge that it collects on trust fund (or "extrabudgetary") expenditures as programme support costs, and that the charge is expressed as a certain percentage of direct costs. The memo further states that the United Nations generally applies the standard rate of 13 per cent endorsed by the General Assembly for programme support costs, while a rate of 7 per cent is applied to agreements with EU and United Nations agencies. When engaging the services of implementing partners, the United Nations retains a minimum of 3 per cent. At no point shall the aggregate programme support costs charge on operations, programmes or projects exceed 13 per cent. For host country agreements, 5%. Exceptions to the new rates must be referred to the Controller for approval.	Major donors including Norway, Sweden and Spain have been contributing to UNEP under Programme Cooperation Agreements (PCAs) that allow flexibility through loosely earmarked funding at a PSC rate of 8% to 10%, 13% for tightly earmarked funding, 7% for United Nations to United Nations and EU agreements, and PSC rate for JPO agreements subject to the Programme at the Department of Economic and Social Affairs (DESA). The above rates are in the memo dated 24 June 2022 from Corporate Services Division to Controllers. It should be noted that there is a new policy on PSC, with the latest draft issued for consultation by the Controller's Office (Guidance on Management of PSC_V2_3Feb.2025) and is expected to be implemented soon.	The Controller's Memo dated 8 June 2012 outlines the varying PSC rates applicable based on different mandates and donor requirements.
13 UNESCO	The Management Rate (PSC) is calculated based on the principle of proportionality. For functions classified as "management", the cost is charged proportional to Assessed contributions and voluntary contributions. The distribution of the management cost between Regular Budget and Voluntary contribution, using historical data, provides the share between the source of funds. Then the management rate (PSC) is calculated by applying the amount to be funded from Voluntary contributions as percentage of the historical direct costs disbursed on VC. Additional detailed information is available in document 201 EX 5 III C concerning the methodology for the calculation of the Management Rate as well as explanation on the differential rates applying to voluntary contributions, depending on the funding modalities in document 206 EX/5 II D.	Our PSC policy is largely determined by the degree to which costs are charged directly. In principle, the PSC covers indirect costs which are not charged directly to the project. It is charged as a percentage of Direct costs. In the event the standard rate has to be negotiated downward, then the difference should be converted and charged as direct costs to the project, where possible, to ensure full cost recovery.	In terms of different types of donors and/or type of activities, United Nations funding sources, United Nations Joint Programmes, Multi-partner trust funds and contributions to pooled funding arrangements are subject to a PSC rate of 7-8% as opposed to the standard rate of 9% charged to Trust Funds. These rates are not exceptions and are built into the Organization's cost recovery policy to encourage programme coherence and flexible funding as well as harmonization at United Nations level.

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14 UNFPA	1. The methodology starts by identifying functions integral to the mandate of the organization. Where appropriate, these are funded from regular resources as part of the organizations' institutional budgets. Some of these functions may also be directly funded from other resources: (a) Development effectiveness activities; (b) United Nations development coordination; (c) Critical cross-cutting management functions; (d) Critical cross-cutting independent oversight and assurance functions; (e) Non-comparable special-purpose activities. 2. The remaining balance of the institutional budget is covered by the indirect cost recovery rate, proportionally between regular and other resources. 3. The methodology to calculate the notional cost-recovery rate is as follows: (a) Calculate the proportionate percentage share of regular resources and other resources per the planned use of resources in the respective organization's integrated budget; (b) Calculate the sum of the institutional budget costs that are to be funded from regular resources only and the balance to be funded proportionally from regular and other resources, and remove costs related to the mandate of the organization to be solely funded from regular resources. The starting point will always be the institutional budget; (c) Take the balance of the institutional budget amount calculated in step (b) to be recovered from regular and other resources and apply the percentages calculated in step (a); (d) Take the amount to be recovered from other resources in step (c) and calculate it as a percentage of total planned other resources; (e) The amount in step (d) equals the notional cost-recovery rate to be recovered from other resources. Source: DP/FPA-ICEF-UNW/2024/1	The cost recovery policy emphasizes that the more granular and accurate the identification of direct costs, the more fairly indirect cost rates can be applied—ensuring that each programme pays for exactly what it consumes, and that core resources are not used to fill any gaps.	The harmonised standard rate of 8% is applicable for non-core contributions and the following differentiated rates are approved as part of the cost recovery policy: • 7% for Thematic contributions • 5% for Programme Government cost-sharing contributions • 5% for South-South Contributions • Various umbrella agreements (formal existing inter-institutional agreements) - Based on the respective umbrella agreement The differentiated rates continue to broadly serve their purpose in terms of contributing to incentives, in particular for more support from programme countries. The 7 per cent charge for thematic contributions has helped to make the case for thematic funding in certain instances. However, thematic funding as a whole has not dramatically increased. Source: DP/FPA-ICEF-UNW/2024/1
15 UN-Habitat	See responses of the United Nations.		
16 UNHCR	A fixed 6.5 per cent ISC rate will be calculated on all earmarked contributions received by UNHCR as follows: when recording an earmarked contribution, the amount of the earmarked contribution is divided by 1.065 to arrive at the amount to be allocated to activities (operational requirements), with the difference being the amount recorded as revenue from the application of the ISC.	The Indirect Support Cost rate is applied as a percentage of the total of operational expenses as presented in the donor report and in line with those operational expenses already agreed preliminarily through the budget included in the donor agreement.	As per the current policy, ISC is not applied to unearmarked contributions, to contributions in kind, to funding for JPOs and to operational reserves. In addition, waivers from the standard ISC rate can be approved by the authorized official only in limited cases for specific situations assessed case by case. A higher rate than 6.5% may be applied when UNHCR is one of the applicants in a multi-partners proposal to be in line with all applicants.

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17 UNICEF	• The indirect cost-recovery methodology starts by identifying the functions as integral to the mandate of the organization and as such are to be covered solely from regular resources as part of the organizations' institutional budgets. • The remaining balance of the institutional budget is covered by the indirect cost-recovery rate, proportionally between regular and other resources. • The methodology to calculate the cost-recovery rate is as follows: (a) Calculate the proportionate percentage share of regular resources and other resources per the planned use of resources in the organizations' integrated budgets; (b) Calculate the sum of the institutional budget costs that are to be funded from regular resources only and the balance to be funded proportionally from regular and other resources, and remove costs related to the mandate of the organization to be solely funded from regular resources. The starting point will always be the institutional budget; (c) Take the balance of the institutional budget amount calculated in step (b) to be recovered from regular and other resources and apply the percentages calculated in step (a); (d) Take the amount to be recovered from other resources in step (c) and calculate it as a percentage of total planned other resources; (e) The amount in step (d) equals the notional cost-recovery rate to be recovered from other resources.	The current Cost Recovery policy provides the definition of direct project costs which are distinct from PSC rates as these are inextricably linked to project requirements.	Per the Executive Board approved Cost Recovery policy the standard cost recovery rate is 8 per cent however there are preferential rates, such as: Programme Government Cost Sharing: 5 percent South -South Contributions: 5 per cent Various formal existing inter-institutional agreements, such as FAFA, Multi Donor Trust Funds, Joint Programmes: 7 per cent

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18 UNIDO	Each Grant/Donor Agreement specifies PSC rate, which is maintained in ERP system as master data of the grant/donor agreement. PSC is calculated every month as percentage of expenditures and is getting charged to the grant/projects.	Ref: DGB/2016/14, UNIDO Programme Support Costs Recovery Policy 10. All activities funded from extra-budgetary resources should provide for the reimbursement of support costs incurred by the Organization through one of the two standard options: A. 13% rate applied to the actually incurred expenditures (including commitments) of the programme/project. The PSC reimbursement is normally charged to the funding grant, unless the funding agreement with the donor specifies otherwise (e.g. charge the budget of the specific activity, etc.); or B. A reduced, minimum 7% rate covering indirect costs (regardless variable or fixed) and a mandatory charge of all direct costs, including technical services and/or other related costs incurred by UNIDO, to the budget of the programme/project. This option shall only be chosen if the resulting total PSC reimbursement is not lower than the one resulting from Option A.	The notion of "discount" is not part of UNIDO's applicable policies. As per UNIDO Financial Rule 106.3/106.4.2, "In exceptional situations, where an individual project or activity justifies a different rate, it shall be approved by the Director-General upon the advice of the Director, Department of Finance." The implications of such exceptions differ. In general terms, approved exceptions to UNIDO's policy remain compliant with the principle of full cost recovery. The standard rates (9 or 9.5 % depending on the size of the project) applied to GEF funded projects for instance constitute an approved exception to UNIDO's policy but can be reconciled with the principle of full cost recovery in that such projects are implemented through national execution rather than through UNIDO's own technical cooperation services.
19 UNODC	The rate provided in General Assembly resolution A/RES/35/217 from 17 December 1980.	To the maximum extent feasible, the policy makes a clear distinction between direct costs and indirect costs, and ensures such segregation applies through the entire implementation cycle to internal and external implementing partners	The United Nations Secretariat has regularized over the years the following reduced PSC rates, discounts: - Specific donor and/or group of donors - United Nations to United Nations arrangements (7%) - Host country agreements (5%) - Trust Fund specific reduced PSC rate that were approved since inception as specified in the birth certificate - Exception and reduced PSC rate are provided depending on: (a) level of in-kind support (e.g., office space, gratis personnel) is provided by the donor; (b) level of complexity of the donor relations and in implementation; (c) level of overhead activities of the implementing entity with respect to the activities funded by the voluntary contribution; (d) Sustainability of the PSC fund (e) To the extent indirect costs are charged to projects. Reduced rates are approved only to the extent it is demonstrated through the above mechanisms that the support extended to extrabudgetary activities is not subsidized by the assessed resources.

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20 UNOPS	UNOPS has a flexible mechanism to set the management fee since 2023. It is based on UNOPS projected biennial direct cost and its projected biennial indirect cost. The ratio of the two is providing an average management fee rate that UNOPS then is adjusting based on individual legal agreements proposed. The adjustments are considering the size of the agreement in US$ (economies of scale) and the complexity. The adjustments are based on a fee setting algorithm to ensure that similar cases receive a similar fee. UNOPS bases its fee-setting algorithm on the complexity and size/financial volume of the project. The more complex the project, the higher the indirect cost. Complexity is measured through personnel costs. Financial volume simply refers to the overall size of direct costs, i.e., a larger volume means less indirect cost. In addition to the above general rule on fee algorithm, UNOPS also sets a fee based on different type of services provided, such as HR partner personnel and procurement For technical advisory services, UNOPS uses the general fee setting model, however, there is an ambition to develop a dedicated cost recovery model for technical advisory services by considering the man-hour rate. Given UNOPS' mandate to provide services to United Nations entities efficiently, UNOPS strongly believes that United Nations entities will significantly benefit from UNOPS' services.	UNOPS indirect costs are clearly delineated from the direct cost. In order to ensure that there is also no overlap with shared services, the shared services are managed in a separate pool of cost and are attributed on a regular basis as direct or indirect cost. This ensures that there is no cost that should be covered from the management fee that is charged directly.	There are no regular discounts to donors as all management fees are set flexibly as per the fee setting algorithm. The exceptions are partners that wish for a fixed rate. These are covered through individual MoUs but the fixed rates are again based on UNOPS needs. Also, there are service line specific fixed rates, again based on UNOPS needs. So, there are no systemic discounts to partners or activities.

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21 UNRWA	ISC is calculated as a per cent of the direct project implementation costs. Direct Project Implementation Costs (DPIC) are costs incurred by the agency directly in the delivery of the project. They represent the cost the agency would otherwise not incur if there were no projects. The elements would include such as staff directly involved and engaged for purposes of the project, design of the project, etc.	UNRWA's viewpoint is that project direct costs should be fully financed, and the programme budget (PB) should not be perceived as an administrative budget that subsidizes earmarked grants.	UNRWA works with two National Committees (NATCOMs) - the USA NATCOM and the Spain NATCOM and each year general ISC reduction waivers are negotiated and agreed upon which will be in place in that particular year. These reduction waivers range from around 5 to 10 per cent. Activities related to UNRWA's Microfinance Department running costs are charged a standard rate of 6 per cent. In exceptional cases waivers will be issued on approval of the Director of Finance and these may be for instances where (i) traditionally such donors have a pre-defined ISC rate offered (e.g. EU) where the rate may be lower than 11 per cent, (ii) it pertains to In-kind contributions where the donor caters for the overheads related to logistical costs to bring the donations to the beneficiaries. These exceptions are expected to be justified, and such justification would include demonstrating how the impact of such a waiver will be managed. UNRWA has three funding portals, the Programme Budget (Core Budget), Projects and Emergency Appeals. The estimated ISC at the beginning of the year is considered as a pool of fund to support the Programme Budget. This estimate takes into account the ISC percentages historically agreed by the donors. Any further reduction in ISC will have an impact on the core budget funding. This means any expected reduced ISC from donors such as the EU and others is anticipated in advance and built in the plans and budgets.
22 UN Tourism	The Secretary-General has determined that a PSC rate of at least 7% shall be applied to all voluntary contributions received. PSC rate above 7% depend on discussion between project manager and donor on a case-by-case basis.	All costs that are incurred for and can be traced in full to Organization's activities, projects and programmes in fulfilment of its mandate are defined as direct costs. This cost category includes costs of project personnel, equipment, project premises, travel and any other input necessary to achieve the results and objectives set out in programmes and projects. All these costs are recoverable and should be charged directly to the projects.	The Secretary-General may, in exceptional cases, decide to reduce or waive the PSC. All requests for reduction or waiver must be made in writing, include an appropriate justification, and be submitted to the Director of Administration who will provide her/his recommendation on it to the Secretary-General for her/his decision. Variable indirect costs may be absorbed by the general fund.

Org.	*3.1 How does your organization calculate the PSC rates? What are the elements or components of the PSC calculation in your organization?*	*3.2 How do PSC policies take into account the degree to which costs are charged directly?*	*3.3 What regularized discounts or exceptions are provided to different types of donors or activities, such as South-South cooperation, projects funded by International Financial Institutions (IFIs), or special interest funds (e.g., climate and "green" funds)? And what are the implications of these discounts/exceptions?*
23 UN-Women	• The indirect cost-recovery methodology starts by identifying the functions as integral to the mandate of the organization and as such are to be covered solely from regular resources as part of the organizations' institutional budgets. • The remaining balance of the institutional budget is covered by the indirect cost-recovery rate, proportionally between regular and other resources. • The methodology to calculate the cost-recovery rate is as follows: (a) Calculate the proportionate percentage share of regular resources and other resources per the planned use of resources in the organizations' integrated budgets; (b) Calculate the sum of the institutional budget costs that are to be funded from regular resources only and the balance to be funded proportionally from regular and other resources, and remove costs related to the mandate of the organization to be solely funded from regular resources (para. 17). The starting point will always be the institutional budget; (c) Take the balance of the institutional budget amount calculated in step (b) to be recovered from regular and other resources and apply the percentages calculated in step (a); (d) Take the amount to be recovered from other resources in step (c) and calculate it as a percentage of total planned other resources; (e) The amount in step (d) equals the notional cost-recovery rate to be recovered from other resources.	The current Cost Recovery policy provides the definition of direct project costs which are distinct from PSC rates as these are inextricably linked to project requirements.	Per the Executive Board approved Cost Recovery policy, the standard cost recovery rate is 8 per cent however there are preferential rates, such as: Programme Government Cost Sharing: 5 per cent South -South Contributions: 5 per cent Various formal existing inter-institutional agreements, such as FAFA, Multi Donor Trust Funds, Joint Programmes: 7 per cent
24 UPU	The UPU calculates PSC as a fixed percentage of the total voluntary contribution received for a project. This percentage is currently determined based on the relevant negotiations with counterparties, bearing in mind that the organization's Financial Regulations do not currently set a fixed rate. More specifically, PSC cover indirect costs associated with the implementation of projects, including administrative support, financial management, IT infrastructure, human resources, legal services, and reporting requirements. However, it does not fully reflect the actual costs incurred by the UPU, which are estimated to be higher than the support costs applied.	The UPU's PSC policies differentiate between direct and indirect costs. Direct costs, such as project-specific personnel, travel, and procurement, are charged directly to the project budget. The PSC is then applied to cover indirect costs that cannot be directly attributed to a specific project, including administrative support, financial management, IT infrastructure, and legal services.	Currently, such exceptions are not present in the Financial Regulations, since, as noted in the preceding sections, the latter do not provide for a fixed rate. Yet as described in column 1.4, the UPU is undertaking efforts to apply a reduced PSC rate of 5% for projects that require low supervision levels, as well as for projects devised for Least Developing Countries (LDCs). Additionally, the UPU does not currently apply PSC to voluntary contributions which already comprise the financing of human resources for a specific project, as these contributions directly support project implementation. Moreover, some of these contributions might also support existing UPU projects and activities, therefore reducing the budgetary impact for the International Bureau.

Org.	3.1 How does your organization calculate the PSC rates? What are the elements or components of the PSC calculation in your organization?	3.2 How do PSC policies take into account the degree to which costs are charged directly?	3.3 What regularized discounts or exceptions are provided to different types of donors or activities, such as South-South cooperation, projects funded by International Financial Institutions (IFIs), or special interest funds (e.g., climate and "green" funds)? And what are the implications of these discounts/exceptions?
25 WFP	Total operational requirements include ISC calculated using the standard ISC rate of 6.5 per cent for 2025 applied to all Country Strategic Plan (CSP) budgets apart from those for on-demand service provision (WFP management plan 2025-2027, p. 33). WFP's ISC rate is calculated to ensure that the costs of the activities defined in the PSA budget and other indirect activities be fully funded considering the projected contribution revenue. At the same time, the rate established should not generate excess income that could otherwise be used for direct programme implementation. The derived standard ISC rate for 2025 was calculated using a methodology established in 2006 ("Review of Indirect Support Costs Rate" WFP/EB.A/2006/6-C/1 WFP/EB.A/2006/6-C/1/Corr.1) (WFP management plan 2025-2027, p. 49). This proposed ISC rate is supported by a calculation of audited actual financial results and projections for the coming year. The WFP Secretariat outlines the following as part of the Management Plan so that the Board can make a decision on the ISC rate: - a "baseline" starting point for the ISC rate from the latest available audited financial statements; - adjustments to the baseline rate for: ◊ changes in the indirect cost structure for the plan period; ◊ forecast contribution levels for the plan period; - the difference between the opening balance and the target balance of the Programme Support and Administrative Equalization Account (PSAEA) reserve; and - a recommendation on the ISC rate, based on the above.	Costs charged directly are excluded from the PSA budget.	In respect of contributions, the Executive Board has - set regularized exemptions from full cost recovery for certain contributions (see WFP General Rule XIII.4(b)); - set regularized reduced ISC rates for certain donors in specified circumstances (see WFP General Rule XIII.4(e)); - provided the possibility of meeting full cost recovery through a "twinned" contribution or resort to other funding sources (see WFP General Rule XIII.4(c)); and - provided the possibility for exceptional reduction or waiver or direct and indirect support costs (DSC and ISC) under circumstances set by the Board (see WFP General Rule XIII.4(d)). The Executive Board has also delegated authority to the Executive Director to determine full cost recovery for service provision [WFP Financial Regulation 4.8) and for trust funds and special accounts (WFP Financial Regulation 5.2)] (i.e., not regularized but determined on a case-by-case basis). Contributions directed towards service provision and/or held in trust funds and special, therefore, may be charged full cost recovery in a manner different from that described above. General Rule XIII.4 (e) states that: (e) The Board shall set the ISC rate applicable to contributions from: (i) governments of developing countries and countries with economies in transition, as determined by the Board; (ii) governments for contributions to programmes in their own countries[a]; and (iii) international financial institutions under such conditions as shall be determined by the Board.
26 WHO	The applicable rate is applied to the direct costs provisioned in the budget of the funding agreement or the gross revenue amount is divided by 1.XX to determine the net amount and PSC amount breakdown.	The PSC is charged in function of the expenditure level incurred for general project costs in direct proportion according to the determined rate.	Certain exceptions exist either because they are agreed to on United Nations wide basis or by WHO. They could relate to certain donors (United Nations donors, GAVI, BMGF etc.) or programs such as Polio, Emergencies (humanitarian vs development funding). The full list is available in WHO's operational guide for PSC. The implication is lower cost recovery for the Special account for servicing costs than if the standard rate is applied in these cases.
27 WIPO	The PSC rates are based on actual indirect costs incurred. See the link in column 1.4 for the analysis of indirect costs.	N/A	WIPO offers no regularized discounts. Some donors have differentiated PSC rates for historical reasons which the Organization is in the process of normalizing. Indirect costs for these voluntary contributions are not fully recovered.

[a] Applies to granting of 4 per cent ISC rate (WFP management plan (2025–2027)).

Org.	*3.1 How does your organization calculate the PSC rates? What are the elements or components of the PSC calculation in your organization?*	*3.2 How do PSC policies take into account the degree to which costs are charged directly?*	*3.3 What regularized discounts or exceptions are provided to different types of donors or activities, such as South-South cooperation, projects funded by International Financial Institutions (IFIs), or special interest funds (e.g., climate and "green" funds)? And what are the implications of these discounts/exceptions?*
28 WMO	PSC rates were determined in 2011 when the PSC policy was revised. The PSC rates are determined as a percentage of direct cost of implementation, excluding items such as bank charges. In summary, the rates to be charged are: • 7% for activities supplementing the Regular Budget • 10% for Voluntary Cooperation Programme activities • 12% for JPOs • 13% for technical cooperation / capacity development activities	The PSC policy defines, in addition to traditional direct costs (e.g. project management, travel, consultants, implementing partners, etc.) additional costs that should be (as far as possible) included as direct costs of the agreement including, for example: • Telephone and postage • Staff travel • Office space and ICT costs • Technical support services	See the PSC Policy for details. In summary, the regularized discounts or exceptions relate to: For technical cooperation activities: • When recipient government or donor assumes responsibility for certain functions as direct costs – 2% discount is possible • Where the project consists only of procurement of equipment, supplies and materials – 9% rate is applied • Donor accepts simplified reporting – 1% discount can be granted • Recipient is least developed country – 7% rate is applied For specific donors, WMO will apply the policy rate of the donor: • Climate Funds • European Commission • UNDP • World Bank • Regional Development Banks • United Nations Multi-Donor Trust Funds

Table 3.2
Methodology for determining programme support cost rates

Org.	*3.4 What are the maximum PSC rates authorized by donors and how are they considered in PSC rate determination?*	*3.5 In case of reluctance of donors to pay PSC, what are the major issues cited as reasons for their reluctance?*	*3.6 How do PSC policies reflect the different functions carried out by organizations, ranging from broad activities (such as humanitarian or development assistance) to more specific interventions (like food assistance or cash assistance)?*
1 United Nations	The United Nations Secretariat is not authorized to receive instructions from external parties, including from individual Member States, and follows decision made by its intergovernmental bodies. Therefore, the PSC rate of 13% as provided in A/RES/35/217 from 17 December 1980 prevails.	Main points raised by prospective donors in support of requests to reduced PSC rate are their own National/Regional legislation which does not allow funding of PSC at the full United Nations rate and comparison to lower PSC rate applied by the United Nations system entities such as UNDP and UNICEF.	PSC policies take into account different programmatic mandates, such as humanitarian and emergency relief, among the considerations in support of reduced PSC rates.
2 FAO	Maximum support costs are not imposed. The Governing Body approved policy foresees a flat rate.	We have very limited experience of reluctance. Some cases may arise for the following scenarios: (i) interpretation of pass-through mechanisms, (ii) differences in definitions of direct costs.	Specific intervention types for which distinct identifiable support functions are in place are charged as direct costs, e.g. Cash Transfers. The flat rate is not affected.
3 IAEA	PSC rate of 7% is the maximum applied by the IAEA and authorized by donors.	There was initial reluctance from Member States for a period of about a year in 2008 when PSC was introduced – however, currently Member States appreciate annual reporting and note that the Agency's PSC rate of 7% is one of the lowest in the United Nations system.	As noted in 3.3, in the case of extrabudgetary contributions to the Technical Cooperation Programme by a donor to support activities in its own country (commonly referred to as 'government cost sharing'), if the contribution is exclusively or primarily for the procurement of equipment, a PSC rate of 3% will apply. Other Government Cost Sharing contributions will not be subject to PSC.
4 ICAO	Pending cost recovery policy implementation, the indirect cost recovery rate is 7%. For Capacity Building and Implementation Support projects administrative fee is charged based on pre-agreed percentage with the contributing party based on the complexity and size of the project (see 4.1 for more information).	N/A	N/A
5 ILO	See column 3.3. In addition, with implementation of Negotiated Indirect Cost Recovery Agreement (NICRA) for the US Government, their PSC rate for applicable projects is 26.25%	All donors pay some % of PSC.	PSC is applied in the same manner across the ILO.
6 IMO	This does depend on the donor, although generally speaking they have been content with IMO's policy.	No specific issues encountered other than one major donor where a United Nations-wide rate has been negotiated – in this case that rate can be accommodated as the direct costs associated with those larger projects can encompass a greater range of the overall project cost.	See policy mentioned in 3.1 – the key differentiation in rate is the degree of 'indirect' effort involved in delivery the work. For more streamlined mechanisms the rates are lower.
7 ITC	See responses of the United Nations.		
8 ITU	Most donors are aligning to 7% or 14% maximum rates.	We have not met many cases of reluctance to apply AOS in the case of donors. Note that some of our projects are linked to technical assistance funded by the beneficiary of the assistance. In these cases, we have been requested to provide justification on why ITU charges AOS and the principle of cost recovery requested by ITU Membership.	ITU does not differentiate the application of AOS based on the activities. We apply the same principles across all projects.

Org.	*3.4 What are the maximum PSC rates authorized by donors and how are they considered in PSC rate determination?*	*3.5 In case of reluctance of donors to pay PSC, what are the major issues cited as reasons for their reluctance?*	*3.6 How do PSC policies reflect the different functions carried out by organizations, ranging from broad activities (such as humanitarian or development assistance) to more specific interventions (like food assistance or cash assistance)?*
9 UNAIDS	EU: maximum 7%, applied on all EU proposals. United Nations to United Nations: maximum 7% WHO: maximum 6% We apply the rates as above.	No examples to date.	N/A
10 UNCTAD	See responses of the United Nations.		
11 UNDP	Under UNDP's current harmonized cost-recovery framework (DP/FPA-ICEF-UNW/2024/1), there is a standard 8% indirect cost (GMS) rate for most non-core contributions. Generally, most donors do not stipulate a formal maximum GMS rate above or below UNDP's standard 8 percent, though the majority of donors demand the minimal rate possible. However, a few major partners do impose explicit caps, including the European Union, GFATM, GEF, GCF, Montreal Protocol, Adaptation Fund. Other partners, including regional IFIs (i.e., CAF) impose caps that prevent fostering the partnerships for direct collaboration between UNDP and the IFI. Refer to table 4, column 4.1.	In requesting preferential rates, funding partners often raise considerations regarding the following: 1. Waivers they have received from other United Nations Agencies or comparable external partners, and thus expect similar treatment from UNDP. 2. Donors generally expect a reduction in GMS rates if the size of the contribution is significantly large. 3. Desire to maximize direct funding: donors may feel that GMS reduces the proportion of their contributions devoted directly to programme activities and results on the ground. 4. Internal or institutional caps on overheads: certain donors, including IFIs, have formal policies limiting overhead expenses they can pay, which may be below UNDP's standard rate. 5. Economies of scale or large contributions: donors providing significant funding sometimes argue that large projects achieve efficiency gains, so they expect reduced GMS or a "volume discount".	Paragraph 11 of the harmonized joint cost recovery policy (DP/FPA-ICEF-UNW/2024/1) states that agencies will adopt a harmonized approach to cost recovery, including common cost classifications, methodology, and rates, while also recognizing each agency's specific business and funding models and economies of scale. In other words, cost-recovery frameworks allow for certain differentiations - primarily to align with: • A given agency's mandate (e.g., development, humanitarian), • Its funding model (e.g., reliance on government cost-sharing, thematic funds), • Its economies of scale (i.e., large volumes of contributions that reduce overhead percentage). There are no particular differentiations for the nature of the various activities/interventions.
12 UNEP	A 12% PSC applies to all voluntary contributions earmarked for the JPO Programme when the recruitment process is undertaken by the government providing the cash contribution, and 14% when the recruitment process is undertaken by the Organization.	In case of host country agreements, some donors are reluctant to pay PSC due to the reason that they provide venue and other facilities and therefore they see no need to pay their PSC portion.	Certain activities may be exempted from PSC. For example, in UNEP, there was a time when the Poverty Eradication Initiative (PEI) was not subject to PSC charges under the SIDA PCA funds.
13 UNESCO	If a donor imposes a maximum PSC rate that is lower than the standard approved by our governing bodies, if within an acceptable range we can exceptionally apply the rate on the understanding that the difference is converted and charged as direct costs to ensure full cost recovery. Such derogations are reported for information to our Executive Board. (e.g. two derogations were granted in 2024, as disclosed in document related to the implementation report 221EX/4.INF.2)	- Comparability with the rates charged by other UN Agencies and NGOs. - Lack of comprehension of our policy and impression of double charging - Perception that their funds should be used for beneficiaries and programme instead of as administrative costs - Expectation that UNESCO covers these costs as co-financing or from its regular funding	N/A. UNESCO has established its policy on the basis of funding modalities (e.g. single vs multi donor funded projects) and not based on nature of the interventions or the functions of the organization.

Org.	*3.4 What are the maximum PSC rates authorized by donors and how are they considered in PSC rate determination?*	*3.5 In case of reluctance of donors to pay PSC, what are the major issues cited as reasons for their reluctance?*	*3.6 How do PSC policies reflect the different functions carried out by organizations, ranging from broad activities (such as humanitarian or development assistance) to more specific interventions (like food assistance or cash assistance)?*
14 UNFPA	The standard joint harmonized indirect cost rate of 8% applies to all non-core contributions, except for donors with an umbrella agreement (e.g., FAFA with the European Commission), and those that fall under the differentiated indirect cost rates where the maximum indirect cost rate is set below the standard 8% rate.	- Lack of perceived benefit: Donors may not see the direct value or benefit of covering these costs, leading to hesitation in funding them. - Misunderstanding of cost structures: Donors may not fully understand the distinction between direct and indirect costs or the concept of cost recovery, causing confusion and resistance. - Concerns about "double dipping": Some donors mistakenly believe that charging both direct and indirect costs constitutes double charging, despite clear policies ensuring no duplication. - Comparisons with other organizations: Donors may argue that other development partners do not charge similar costs, despite differences in cost structures and methodologies. - Internal donor policies: Local donor offices may claim that their headquarters prohibit funding certain costs as a matter of principle or they have a cap of cost recovery rate which is lower than the standard rate. - Refusal to fund direct costs: Some donors outright refuse to include direct costs in their project budgets, shifting the financial burden to regular resources. - Demand for transparency: Donors may request detailed breakdowns of what is included in the cost recovery rate before agreeing to additional charges. - Perception of UNFPA's capacity: Donors may argue that UNFPA's institutional capacity should cover all costs, making additional charges for direct costs seem unnecessary.	The harmonized standard rate of 8% applies to both humanitarian and development activities. The policy emphasizes the inclusion of all eligible direct costs in donor proposals to ensure transparency and full cost recovery. Additionally, the cost recovery policy introduces differentiated indirect cost rates for specific contributions, including Thematic Trust Funds, Programme Government cost-sharing, and South-South Cooperation contributions, as follows: • 7% for Thematic contributions • 5% for Programme Government cost-sharing contributions • 5% for South-South Contributions
15 UN-Habitat	See responses of the United Nations.		
16 UNHCR	Donors pay the PSC rate that UNHCR requested, which is now 6.5%. Before 2019, it was 7%.	Efficiency reasons (the case of EU which sometimes insists to receive a lower rate on its programmes invoking reasons of expected increased efficiency). Local legislation or other legal reasons leading to limitations for a donor in accepting the eligibility of indirect costs (e.g., national fund-raising partners in UK or Australia invoking that the local charity law does not permit payment of indirect costs for an entity outside the country of origin; e.g., Zakat modality of fund raising). Competitive lower rate charged by other United Nations agencies, such as on Cash-Based-Assistance.	The activities fall into various cost categories. The PSC policy regulates which indirect activities can be covered from PSC revenue.

Org.	*3.4 What are the maximum PSC rates authorized by donors and how are they considered in PSC rate determination?*	*3.5 In case of reluctance of donors to pay PSC, what are the major issues cited as reasons for their reluctance?*	*3.6 How do PSC policies reflect the different functions carried out by organizations, ranging from broad activities (such as humanitarian or development assistance) to more specific interventions (like food assistance or cash assistance)?*
17 UNICEF	Various donors may have their own PSC rates but the ones that we follow are the rates approved in the Cost Recovery policy reflected under column 3.3. When there are donors who are not able to use the standard rate of 8 per cent and do not fall under any of the preferential rates, waivers may be granted by the Executive Director in an exceptional circumstance and on a case-by-case basis, considering specific priorities and furthering of the agency's mandate. All support cost waivers are reported to the Executive Board.	UNICEF is obligated by the Cost Recovery Policy to apply the Cost Recovery to all donors. In case of disagreements, column 3.4 is applied.	This is mainly reflected through the application of the preferential rates.
18 UNIDO	13% as standard PSC rate as per DGB/2016/14, UNIDO Programme Support Costs Recovery Policy. For non-standard reporting requests UNIDO may have to charge additional direct cost to ascertain full-cost recovery.	1. A lack of understanding by decision makers of different cost recovery methodologies and their implications, typically coupled with the wrong assumption that a lower "rate" implies that services are "cheaper" without any regard to cost charged as direct cost. This erroneous over-simplification was already noted by JIU in its review JIU/REP/2010/7; "One opinion considers that wide application of direct charging is less transparent (even with a lower fixed PSC per-cent rate) as it leaves room for charging of "hidden" indirect costs under different budget lines. It also requires the introduction of expensive cost accounting systems, which would increase overall transaction costs." 2. Lack of awareness of relevant decisions (General Assembly resolutions, decisions of governing bodies etc) of their own authoritative instances regarding cost recovery principles, i.e. representatives of one and the same member state or funding partner upholding contradictory positions depending on whether they act as "donor" or as "member state". 3. Desire to participate in the discussion on how PSC is used and spent, cut costs for this PSC expense line and redirect to other "more useful" categories. 4. Transparency on what PSC is used for. 5. Funding partners that do not differentiate sufficiently between commercial contracts and contributions to development cooperation activities, tend to operate based on (procurement) policies that do not consider indirect cost as an option. This is typically the case with some (development) banks or the private sector.	UNIDO is not a humanitarian agency and UNIDO's PSC policy accordingly does not differentiate between humanitarian vs. development assistance. Relevant differences between projects are mostly addressed through different direct rather than indirect cost. A differentiation applied and common to the United Nations system is for instance the rate applied to the JPO Programme/Associate Experts, as well as seconded staff funded from voluntary contributions.
19 UNODC	The United Nations Secretariat is not authorized to receive instructions from external parties, including from individual Member States, and follows decision made by its intergovernmental bodies. Therefore, the PSC rate of 13% as provided in A/RES/35/217 from 17 December 1980 prevails.	Main points raised by prospective donors in support of requests to reduced PSC rate are their own National/Regional legislation which does not allow funding of PSC at the full United Nations rate and comparison to lower PSC rate applied by the United Nations system entities such as UNDP.	PSC policies take into account different programmatic mandates, such as humanitarian and emergency relief, among the considerations in support of reduced PSC rates.

Org.	*3.4 What are the maximum PSC rates authorized by donors and how are they considered in PSC rate determination?*	*3.5 In case of reluctance of donors to pay PSC, what are the major issues cited as reasons for their reluctance?*	*3.6 How do PSC policies reflect the different functions carried out by organizations, ranging from broad activities (such as humanitarian or development assistance) to more specific interventions (like food assistance or cash assistance)?*
20 UNOPS	The maximum and minimum rates are based on UNOPS flexible fee setting. They are more theoretical rates used in the calculation algorithm. UNOPS average rate requested is 5.1%.	Often partners do not understand UNOPS unique funding structure and that for the implementation of activities we also need to collect funds to ensure UNOPS corporate structure is funded. UNOPS has two-pager notes related to fee setting, which is shared with partners.	In order to accommodate for the different service lines UNOPS has established the fee setting algorithm that allows to set rates based on the size and the complexity of an agreement. This helps to identify an adequate management fee for all services/functions and combinations thereof.
21 UNRWA	The standard rate charged as per Financial Technical Instructions, the approved ISC rate is 11 per cent.	External Relations and Communication Department (ERCD) is not aware of reluctance from public donors to pay PSC, as this is standard practice they are familiar with, even when contributing to UNRWA for the first time. The only exception might be new sub-state entities (e.g., cities, municipalities), where any hesitation would stem from a lack of awareness rather than reluctance. However, ERCD has not observed significant issues in this regard and all new sub-state contributions have been made with full PSC. Certain donors and partners - particularly local governments, United Nations agencies, IGOs, NGOs, and foundations - have internal policies that restrict or prevent contributions toward PSC. Examples include Spanish regional governments, EC ECHO. Additionally, some donors prefer to allocate their funding toward direct costs rather than PSC. UNRWA only charges PSC against direct project costs. The most common objection ERCD hear from Private Sector Partners is that UNRWA PSC is higher than other UN Agencies, many of which charge 5-7 per cent. Private donors sometimes request more information about how these funds are spent – on some occasions requesting a financial statement to share with their auditors/donors. Due to compliance issues relating to Zakat contributions, PSC on Zakat contributions from individuals and High-Value Donors is fully waived – however 11% still applies to Sadaqah.	All functions/activities carried out in UNRWA are subject to 11 per cent PSC regardless of their nature. Activities related to humanitarian nature or specific interventions are all subject to PSC unless a waiver is requested by the respective donor.

Org.	*3.4 What are the maximum PSC rates authorized by donors and how are they considered in PSC rate determination?*	*3.5 In case of reluctance of donors to pay PSC, what are the major issues cited as reasons for their reluctance?*	*3.6 How do PSC policies reflect the different functions carried out by organizations, ranging from broad activities (such as humanitarian or development assistance) to more specific interventions (like food assistance or cash assistance)?*
22 UN Tourism	In 2023 the maximum PSC rate was 15% applicable to voluntary contributions for the Organization's regional offices.	• Percentage requested by UN Tourism - According to UN Tourism Financing Rules and Regulations, the minimum percentage of PSC is 7%; however, depending on the circumstances, UN Tourism may request for high percentage of PSC. • Donors' relations with other United Nations agencies and the percentage of PSC requested by these entities for similar type of projects. • Misperception by donors of what is covered by PSC - i.e. overlap with direct project costs - reinforced by the fact that UN Tourism FRR do not define clearly what is covered by PSC. • Different interpretation of PSC (and what it covers) in rules/regulations of some donors.	Same PSC policies are applicable to all voluntary contribution projects.
23 UN-Women	Various donors may have their own PSC rates but the ones that we follow are the rates approved in the Cost Recovery policy reflected under item 3.3. When there are donors who are not able to use the standard rate of 8 per cent and do not fall under any of the preferential rates, waivers may be granted by the Executive Director in an exceptional circumstance and on a case-by-case basis, considering specific priorities and furthering of the agency's mandate. All support cost waivers are reported to the Executive Board	• Donors are not aware that UN Women has an Executive Board approved Cost Recovery Policy which defines the PSC rates; • Donors are not aware what the PSC is meant to cover and how it is distinct from direct costs; • The difference between what the PSC rate and direct project cost is misunderstood, where the donor assumes that the PSC covers the direct project implementation costs as well.	This is mainly reflected through the application of the preferential rates. For instance, some of the United Nations Humanitarian Funds, the preferential rate of 7 per cent is applied.
24 UPU	The maximum PSC rates authorized by donors vary depending on their internal policies and funding mechanisms. Some donors attempt to set a fixed ceiling on PSC (i.e., EU, IFIs) in certain cases, while others determine rates on a case-by-case basis. When determining PSC rates, the UPU takes donor limitations into account while ensuring that the applied rate aligns with the organization's financial sustainability needs. In cases where a donor-imposed cap is lower than the standard PSC rate, the UPU assesses whether project implementation remains feasible and explores alternative funding mechanisms to cover indirect costs.	As a general principle, the UPU engages with entities financing (or willing to finance) extrabudgetary projects in order to have them accept, as an intrinsic component of any such voluntary contributions, the inclusion of PSC. Nevertheless, as those entities may already be financing human resources (such as a dedicated staff position) for a specific project, they may be reluctant to apply additional fees due to: - Budget constraints: Certain donors have limited funding and prioritize maximizing direct project implementation. - Existing in-kind contributions: Some donors argue that their financial or in-kind support (e.g., seconded staff, office space) already covers certain indirect costs, reducing the need for PSC.	The UPU's PSC policies are designed to ensure cost recovery while accommodating the nature and scope of different activities. It may be noted, in this regard, that PSC rates do not depend on the thematic focus of projects. However, variations exist to reflect the level of supervision and support required: Projects requiring minimal oversight or those in LDCs may qualify for a reduced PSC rate of 5%. In cases where donor funds are already financing human resources for a specific project, PSC are normally not applied. While the UPU does not currently differentiate PSC rates based on thematic areas (e.g., humanitarian assistance, trade facilitation, or financial inclusion), it considers the specific operational needs of each project when determining support cost requirements.

Org.	*3.4 What are the maximum PSC rates authorized by donors and how are they considered in PSC rate determination?*	*3.5 In case of reluctance of donors to pay PSC, what are the major issues cited as reasons for their reluctance?*	*3.6 How do PSC policies reflect the different functions carried out by organizations, ranging from broad activities (such as humanitarian or development assistance) to more specific interventions (like food assistance or cash assistance)?*
25 WFP	WFP's ISC rates are set by the Executive Board each year in the WFP management plan based upon information provided by the WFP Secretariat. At present, the approved ISC recovery rates are 6.5 per cent (standard) and 4 percent(reduced, where permitted by General Rule XIII.4), with no consideration of donor policies.	Reluctance of donors to pay ISC usually stems from the rates being too high or higher than what is stipulated in their programming.	WFP does not generally differentiate between activity types in recovery of support costs (DSC and ISC), given they that are defined as the costs that are unattributable to specific activities. WFP's exemption for undesignated (fully flexible) contributions, for contributions directed at the Immediate Response Account or Operational Reserve, and for contributions directed at the PSA budget (in essence, at ISC) are intended to give preferential treatment to conditions to which donors are otherwise reluctant to agree.
26 WHO	Donors are familiar with the WHO standard rate of 13% PSC, as well as exceptions, and if they have a maximum rate that is lower than that, it is usually referred to the comptroller for consideration along with a justification. Our standard rate is driven by a WHA resolution approved by member states.	PSC issues arise when the donor's own governance structure policy or their own donors have set certain limits. Also, at times, donors compare WHO's rate with those applied by other United Nations agencies.	WHO grants a PSC exemption of 7% to emergency activities to reflect the type of activity and also in line with other emergency funding.
27 WIPO	WIPO charges a PSC rate of 13%	Historical patterns	N/A
28 WMO	This is dependent upon each donor. The EC, in its Horizon Europe programme, allows for 25% indirect costs. However, WMO only charges the project with the WMO policy PSC rate, with the difference being able to be utilized for additional programmatic activity. If specific donors have maximum PSC rates (e.g. Adaptation Fund), WMO will determine whether to agree to such rates through the issuance of an exception or to not go forward with the project activity. In vast majority of cases, an exception is approved. See information provided under 3.3.	Generally, these fall into: • Legislative requirements • Internal policy requirements • Prior exceptions issued by WMO • Comparison to other United Nations organizations • Requirement to have minimum amount of funding as direct costs	The policies have different rates for the activities, as identified in column 3.1. This is based upon United Nations system practice as well as the expected complexity of implementation (and resulting requirement for support from the indirect service providers). • 7% for activities supplementing the Regular Budget • 10% for Voluntary Cooperation Programme activities • 12% for JPOs • 13% for technical cooperation / capacity development activities

Table 3.3

Methodology for determining programme support cost rates

Org.	*3.7 How do PSC policies take into account the complexity of the work to be implemented, the size of the project, and the involvement of implementing partners?*	*3.8 Are PSC applied to in-kind contributions or pass-through agreements (where the funding recipient serves as a transfer channel)?*	*3.9 When PSC are shared with implementing partners, how is the allocation ratio determined?*
1 United Nations	The United Nations PSC policy takes into account all these parameters when considering the lower United Nations PSC rate when work is performed by implementing partners. More importantly, the United Nations does not treat the indirect costs of its implementing partner as direct costs and always splits the total PSC between the United Nations and its IPs, to ensure that the total cumulative indirect costs of the United Nations Secretariat and its implementing partners do not exceed the total PSC provided by the donor.	- PSC are not charged to in-kind contributions (excluding non-reimbursable loan arrangement of experts). - PSC are charged to pass-through agreements.	PSC is shared and prorated between the United Nations and the implementing partner(s) based on the following principles: (1) The cumulative prorated PSC of the implementing entity and the implementing partner(s) shall not exceed the PSC applicable to a specific voluntary contribution; and (2) the type of work and the complexities associated with the implementation by each entity and the respective workloads.
2 FAO	Complexity of work affects principally the direct operational costs of the projects. Cost Recovery elements organized centrally vary with the size of the project, the number of personnel, number and value of procurement actions, risk profile and other factors	- No ISC is charged on contributions in-kind contributions. - Pass-through arrangements with United Nations system entities are not subject to ISC.	FAO does not share ISC with partners. Direct costs of administrative nature supported and justified by partners are covered.
3 IAEA	PSC is not to be charged in the case of extrabudgetary contributions of €10 000 or less, for example in cases when Member States/private donors are contributing to Agency meetings, including meeting participant travel costs. Since 2019, approximately 100 contributions fell into this category, accounting for less than 0.20% of the total amount of contributions in this period. IAEA does not work with implementing partners.	- PSC is not applied to in-kind contributions. - IAEA does not have pass-through agreements.	At IAEA, we do not work with implementing partners.
4 ICAO	See 3.4.	The rate is charged to certain in-kind contributions and very limited pass-through arrangements, based on pre-agreed with the contributing party percentage.	N/A
5 ILO	PSC is a flat rate applied to expenditure on all projects.	ILO does not have a PSC revolving fund.	ILO applies the PSC on all expenses incurred against voluntary contributions.
6 IMO	See 3.1, 3.2 and 3.6.	See specific point on pass-through funding referenced in 3.2. IMO does not charge PSC on in-kind support, nor does it receive a great deal of in-kind support.	PSC is not generally 'shared', per se. IMO applies its PSC rates to ensure compliance with Financial Regulation 7.1 – where implementing partners are required to charge their own rates this becomes a separate discussion, and can be agreed based on the balance of administrative or support work necessary.
7 ITC	See responses of the United Nations.		
8 ITU	This is not taken into account currently, but we are in the process of analysing this in a future policy, currently under drafting.	- ITU does not apply AOS to in-kind contribution. - For pass through agreements, we apply a 1%, following practice/guidance from FMOG.	ITU shares PSC through United Nations to United Nations agreements, for which we are introducing a policy to only charge pass-through 1% for the agreements in which ITU is acting as Funding United Nations Entity. The PSC is given to the United Nations implementing agency
9 UNAIDS	PSC policy does not take into account the complexity, size etc. of work to be implemented.	- PSC is not applied to in-kind contributions. - Pass-through: not applicable to UNAIDS.	N/A
10 UNCTAD	See responses of the United Nations.		

Org.	*3.7 How do PSC policies take into account the complexity of the work to be implemented, the size of the project, and the involvement of implementing partners?*	*3.8 Are PSC applied to in-kind contributions or pass-through agreements (where the funding recipient serves as a transfer channel)?*	*3.9 When PSC are shared with implementing partners, how is the allocation ratio determined?*
11 UNDP	As per response to column 3.6, paragraph 11 of the harmonized joint cost recovery policy (DP/FPA-ICEF-UNW/2024/1) states that agencies will adopt a harmonized approach to cost recovery, including common cost classifications, methodology, and rates, while also recognizing each agency's specific business and funding models and economies of scale. However, neither paragraph 11 nor the broader policy explicitly cites "complexity" as separate grounds to alter the GMS rate itself. If a project's complexity requires extra staffing, specialized expertise, or more robust monitoring, those expenses should be directly attributed to that specific project. Hence, they are budgeted as direct costs, which the policy mandates must be "fully recovered" from the appropriate (non-core) funding source. National implementing partners providing cost sharing contributions, vertical funds and UN entities are subject to preferential rates in line with the joint cost recovery policy. The financial impact of GMS waivers and of the application of preferential/reduced rates are reported to the UNDP Executive Board annually.	No, GMS is not applied to pass through instruments and UNDP receives limited in-kind contributions.	N/A – GMS is not shared with implementing partners.
12 UNEP	When a case involves complexity or a non-standard PSC rate, UNEP must submit it to the Controller for evaluation and approval of the non-standard rate.	PSC is not applicable to in-kind contributions or pass-through agreements.	When engaging the services of implementing partners, UNEP retains a minimum of 3%. At no point shall the aggregate PSC charge on operations, programmes or projects exceed 13%. Exceptions to the new rates must be referred to the Controller for approval.
13 UNESCO	For the time being, the policy currently does not make this distinction with regards to the complexity of the project and the involvement of implementing partners. However, UNESCO has a policy that allows small contribution to be received without charging PSC (mainly for contributions below $250K). For such contributions, no narrative or financial report is issued to the donor. The list of such contributions is available in the implementation report (221 EX/4 INF 3).	- PSC is not applied to in-kind contributions - For Pass through agreements and administrative fees, it is applied but is not considered as PSC per se. For Pass through agreements an Administrative Agent fee of one per cent (1%) is applied.	This PSC is not shared with implementing partners

Org.	*3.7 How do PSC policies take into account the complexity of the work to be implemented, the size of the project, and the involvement of implementing partners?*	*3.8 Are PSC applied to in-kind contributions or pass-through agreements (where the funding recipient serves as a transfer channel)?*	*3.9 When PSC are shared with implementing partners, how is the allocation ratio determined?*
14 UNFPA	The harmonized standard indirect cost rate of 8% or the approved differentiated rates apply to all non-core contributions regardless the complexity of the work to be implemented, the size of the project, and the involvement of implementing partners.	- Cost recovery is not applicable to in-kind contributions. - Pass-through agreements, such as joint programmes where UNFPA is the Administrative Agent is subject to the cost recovery in accordance with the Standard Administrative Arrangement (SAA) for Joint Programmes Using Pass-through Fund Management.	The indirect cost is not shared with implementing partners. Implementing partners incur two types of costs: direct programme costs and support costs. - Direct Programme Cost: costs that can be unequivocally attributed to a specific activity implemented by the implementing partner on behalf of UNFPA - Support Cost: refers to costs which cannot be unequivocally attributed to a specific activity implemented by an NGO, United Nations organization, or non-governmental academic institution on behalf of UNFPA. Per UNFPA financial regulations and rules, government implementing partners are not eligible to receive a support cost. The support cost is determined based on a mutually agreed-upon rate between UNFPA and the implementing partner. This rate is calculated as a percentage of the direct programme costs incurred by the implementing partner while implementing activities on behalf of UNFPA. The support cost rate cannot exceed 12%. Both the direct programme and support costs incurred by the implementing partner are considered as direct costs to UNFPA and subject to cost recovery in accordance with the applicable indirect cost rate.
15 UN-Habitat	See responses of the United Nations.		
16 UNHCR	In general, the PSC policy is applied uniformly regardless of the mentioned criteria.	PSC does not apply to in-kind contributions. UNHCR does not frequently manage pass-through agreements and, in the rare case where UNHCR managed one, it applied a various rate different from the PSC standard rate (for example, UNHCR applied 1% administrative fee as stated in the Multi-Trust Fund Cooperation agreements).	UNHCR is not aware of situations in the last years where it has been asked to share our PSC with an implementing partner.
17 UNICEF	The PSC rates are calculated based on the overall organizational estimated contributions and while they are applied to all projects consistently, the project specific complexities are addressed through the formulation of direct project costing and project documents. Implementing partner grants are a direct cost to the project and these are considered at the time of project planning and implementation and have to be approved by the donors as part of the project document and project budget.	Yes, it is applicable for in kind contributions as well.	UNICEF does not have this practice.

Org.	*3.7 How do PSC policies take into account the complexity of the work to be implemented, the size of the project, and the involvement of implementing partners?*	*3.8 Are PSC applied to in-kind contributions or pass-through agreements (where the funding recipient serves as a transfer channel)?*	*3.9 When PSC are shared with implementing partners, how is the allocation ratio determined?*
18 UNIDO	The quoted financial rule in column 3.3 foresees the requirement to differentiate by this type of criteria and foresees therefore the possibly of applying a different rate “where an individual project or activity justifies a different rate”.	UNIDO’s policies do not foresee that a rate could be charged to contributions in-kind. Should the acceptance and management of such contributions imply costs, these would typically be charged as direct cost in consultation with other funding partners contributing to an intervention to which the contribution in-kind also contributes. As a matter of principle, indirect costs are passed through to sister agencies in proportion to the direct cost entrusted to these, in line with well-established UNSDG principles. This may imply the requirement to charge costs implied by the transfer and ancillary obligations (e.g. 1% as administrative agent, as the case may be to be charged as direct cost).	As mentioned left, indirect costs are passed through to sister agencies in proportion to the direct cost entrusted to these, in line with well-established UNSDG principles. See also the terms of the standard United Nations to United Nations Transfer Agreement according to which the cost recovery policy of the recipient United Nations entity applies. UNIDO complies with this principle on the understanding that it cannot be expected to pass-through more indirect cost than it receives.
19 UNODC	The United Nations PSC policy takes into account all these parameters when considering the lower United Nations PSC rate when work is performed by implementing partners. More importantly, the United Nations does not treat the indirect costs of its implementing partner as direct costs and always splits the total PSC between the United Nations and its implementing partners, to ensure that the total cumulative indirect costs of the United Nations Secretariat and its implementing partners do not exceed the total PSC provided by the donor.	PSC are not charged to in-kind contributions (excluding non-reimbursable loan arrangement of experts). PSC are charged to pass-through agreements.	PSC is shared and prorated between the United Nations and the implementing partner(s) based on the following principles: (1) The cumulative prorated PSC of the implementing entity and the implementing partner(s) shall not exceed the PSC applicable to a specific voluntary contribution; and (2) the type of work and the complexities associated with the implementation by each entity and the respective workloads.
20 UNOPS	See column 3.6. They are an inherent part of UNOPS fee setting.	That depends on the nature of the agreement, but they could be applied if deemed appropriate.	That depends on the nature of the agreement and the context. There is no predefined ratio.
21 UNRWA	UNRWA charges a standard rate of 11 per cent across the board for all extra-budgetary resources. All projects are directly implemented by the agency and in this regards no specific consideration is made for level of complexity or size of the project and the involvement of implementing partners.	- ISC is applied to in-kind contributions. - For pass-through agreements the application of PSC generally depends on the level of administrative effort required from UNRWA. If minimal effort is needed, PSC may be waived or reduced. However, if significant management, reporting, or other responsibilities are involved, PSC be fully applied. - In cases where contributions are simply distributed by UNRWA on behalf of the partner—without incurring additional costs, the partner typically delivers the goods directly to the point of distribution. If there are any associated costs, UNRWA will request the necessary support costs from the partner.	UNRWA implements its projects directly there are no additional overheads incurred or allocated to implementing partners.
22 UN Tourism	Same PSC policies are applicable to all voluntary contribution projects. In the case of regional offices due to its complexity and size of activities it is considered to require a higher PSC rate (recent cases a 15% rate applied).	PSC applies to monetary voluntary contribution projects and funds in trust, except for the cases the Secretary-General provided a specific waiver. PSC does not apply to in-kind contributions, nor to officials on loan.	We have no recent records of sharing PSC with implementing partners.

Org.	*3.7 How do PSC policies take into account the complexity of the work to be implemented, the size of the project, and the involvement of implementing partners?*	*3.8 Are PSC applied to in-kind contributions or pass-through agreements (where the funding recipient serves as a transfer channel)?*	*3.9 When PSC are shared with implementing partners, how is the allocation ratio determined?*
23 UN-Women	The PSC rates are calculated based on the overall organizational estimated contributions and while they are applied to all projects consistently, the project specific complexities are addressed through the formulation of direct project costing and project documents. Implementing partner grants are a direct cost to the project and these are considered at the time of project planning and implementation and have to be approved by the donors as part of the project document and project budget.	For in kind contributions the support cost applies.	UN Women does not have this practice.
24 UPU	The UPU's PSC policies consider several factors when determining applicable rates, including the complexity of the work, project size, and the involvement of implementing partners: Complexity of work: Projects requiring extensive supervision, technical expertise, or coordination across multiple stakeholders are subject to the standard PSC rate to ensure adequate administrative and operational support. Conversely, projects requiring minimal oversight may qualify for a reduced PSC rate.	The UPU does not apply PSC to in-kind contributions, as these do not generate additional administrative or operational costs for the organization. When the UPU serves solely as a transfer channel without direct project implementation responsibilities, PSC is generally not applied. However, if the UPU provides administrative, financial, or oversight support in managing the funds, a reduced PSC rate may be considered to cover the associated costs.	When PSC is shared with implementing partners, the allocation ratio is determined based on the total amount of the UPU project, as well as the respective role and involvement of the partners. The UPU then applies the relevant PSC rate (which currently may vary on a case-by-case basis) to the overall project budget before determining the allocation ratio.
25 WFP	WFP's ISC rate is calculated to ensure that the costs of the activities defined in the PSA budget and other indirect activities be fully funded from projected contribution revenue and therefore is in line with the projected level of operations. The PSA budget provides essential programme and administrative support for WFP's operations and is funded from the ISC recovered from contributions, in accordance with WFP's full cost recovery policy. The PSA budget covers mainly the recurring costs of global headquarters and the basic costs of country offices (see column 1.1). The ISC rate does not vary by type of project, programme or country of implementation. Differentiation in support cost recovery may be seen in WFP's recovery of direct support costs. WFP programs DSC funds based on each country office's annual implementation plan, ensuring that the DSC rate is context-specific, thus reflecting the complexity of the work to be implemented, the size of the programme, and the involvement of implementing partners.	WFP charges PSC to all kind of contributions, whether cash or in-kind. Some contributions may be eligible for waiver. Cash or in-kind contributions towards PSA activities are entirely exempt from the requirement to achieve full cost recovery (including recovery of support costs). In-kind contributions towards country operations are eligible for an exceptional waiver or reduction of support costs in circumstances that have been contemplated by the Executive Board. They include in-kind contributions of employees or non-food items to country operations (except when non-food items are to be distributed directly to beneficiaries); and contributions towards mandated service provision (reduced DSC only). See *Update on the Integrated Road Map* (WFP/EB.2/2018/5-A/1), from para. 60; *Decisions and recommendations of the 2018 second regular session of the Executive Board*, pp. 4-5. Pass-through: WFP does not apply full cost recovery on pass-through agreements but charges a 1 per cent transaction fee.	ISC is not shared with implementing partners. Implementing partners receive payments from WFP – including the implementing partners' overhead costs – that are charged to WFP's direct operational costs.

Org.	*3.7 How do PSC policies take into account the complexity of the work to be implemented, the size of the project, and the involvement of implementing partners?*	*3.8 Are PSC applied to in-kind contributions or pass-through agreements (where the funding recipient serves as a transfer channel)?*	*3.9 When PSC are shared with implementing partners, how is the allocation ratio determined?*
26 WHO	PSC is charged at the standard rate, or an exceptional rate is applied when the criteria are met, regardless of the size or complexity of the project involved.	To in-kind and in-service contributions, no PSC is charged. To pass through funding, a 1% admin fee is charged to the portion passing through to third parties and regular PSC is charged to the WHO portion of the funding.	Each organization charges its own PSC on their own portion of the funding. Implementing partners tend to be United Nations organisations so the rates are similar.
27 WIPO	The PSC rate is applicable for all donors.	No	N/A
28 WMO	Currently, other than the expected complexity due to the nature of the work (see column 3.6), no differentiation is made with respect to the size of the project or the involvement of implementing partners. However, this is a key question that was expected to be answered within our planned review of PSC rates. Specifically, the involvement of implementing partners, particularly where large amounts of the funding are being implemented in large implementing arrangements, needs to be reviewed and considered.	No	Indirect costs charged by an implementing partner are considered direct costs of WMO's implementation. As such, there is not an allocation of PSC away from WMO to the implementing partner.

Table 3.4

Methodology for determining programme support cost rates

Org.	*3.10 Does your organization benchmark its PSC rates in comparison to other United Nations organizations and non-United Nations entities? If so, how is this benchmarking conducted?*	*3.11 Are your PSC rates and regularized discounts/exceptions, if any, harmonized with those of other United Nations system organizations?*
1 United Nations	Yes, the United Nations is cognizant of the PSC policies and rates employed by various United Nations System entities and undertakes periodic checks through various formal interagency forums and informal bilateral discussions to ensure that the main principles and governing frameworks are consistent overall.	Yes, partially harmonized in cases of involvement of United Nations system entities.
2 FAO	FAO reviews the rates and practices of specialized agencies, funds and programmes through the mechanism of Finance & Budget Network consultations.	Yes. Discounts/Exceptions - Partners such as Global Environment Facility (GEF), Green Climate Fund (GCF) and European Commission are managed as per underlying framework agreements. Accredited Agency conditions and the FAFA terms with EU respectively - definitions of costs chargeable only to Fee instead of Direct cost and to remuneration as defined by the EU are managed as per those agreements. FAFA is applied across all United Nations system entities. We understand that other United Nations Agencies also sign Accredited Agency agreements with similar provisions as FAO has agreed to for GEF and GCF.
3 IAEA	Yes, IAEA undertakes periodic review of the PSC policy, where benchmarking has also been conducted, using i.e. surveys and desk reviews.	Yes, the Agency's Policy on the Application of PSC is consistent with the framework applied by the United Nations system. The standard rate of 7% charged by the Agency is among the lowest rates charged by the United Nations system organizations.
4 ICAO	Partially. The implementation of new cost recovery policy targets to clarify this aspect.	Partially. The same percentages are chargeable for arrangements across United Nations system e.g., JPO agreements.
5 ILO	No, it is not efficient to compare the PSC rates with other entities as the nature and methodology of work is different.	Yes, e.g., for EC and World bank funded projects.
6 IMO	Yes: Informal consultation rather than formal benchmarking.	Yes. We believe that our rates are consistent with those of similar organizations.
7 ITC	See responses of the United Nations.	
8 ITU	No	No
9 UNAIDS	Yes, UNAIDS reviews our alignment with WHO, who provides the administrative services to UNAIDS and institutional linkages between the 2 entities.	Yes, for United Nations system organizations that apply 6% (WHO) and 7% (e.g., UNHCR) we would use these rates in our agreements with them.
10 UNCTAD	See responses of the United Nations.	
11 UNDP	Yes. The Executive Boards of UNDP, UNFPA, UNICEF and UN-Women conduct a joint comprehensive review of the cost recovery policies, which maintains harmonization of cost recovery rates and frameworks of these United Nations entities.	Yes. See table 4, column 4.1.
12 UNEP	Yes. This benchmarking is conducted on ad hoc basis especially when donors request non-standard PSC rates. We analyse the donor agreements signed with other United Nations organizations and the direct and indirect costs associated with project implementation, while striving to retain the standard PSC rate as much as possible. Within the United Nations Secretariat, UNEP maintains the standard PSC rate, hence it is already benchmarked unless special approval is obtained.	Yes
13 UNESCO	No, the PSC is determined based on the calculation described in column 3.1.	Yes, for United Nations Joint Programmes, the PSC 7% is harmonized. No, it is difficult for us to harmonize or know how other United Nations agencies authorize their discounts/exceptions.

Org.	3.10 Does your organization benchmark its PSC rates in comparison to other United Nations organizations and non-United Nations entities? If so, how is this benchmarking conducted?	3.11 Are your PSC rates and regularized discounts/exceptions, if any, harmonized with those of other United Nations system organizations?
14 UNFPA	Yes, since 2013, UNFPA, UNICEF, UNDP and UN-Women adopted a unified approach for determining direct and indirect costs subject to cost recovery and a standard rate, with specific rates for certain types of contributions. The latest revision of the policy was approved by the Executive Board in 2024. The methodology to calculate the cost recovery rate, the harmonized cost recovery rate of 8 per cent for non-core contributions and the differentiated rates are harmonised between the four agencies Source: DP-FPA/2013/1, E/ICEF/2013/8 and DP/FPA-ICEF-UNW/2024/1	Yes, the UNDP, UNICEF, UNFPA, and UN-Women joint cost-recovery policy provides the following indirect cost rates for non-core contributions: • 8% standard rate • 7% for Thematic contributions • 5% for Programme Government cost-sharing contributions • 5% for South-South Contributions • Various umbrella agreements (formal existing inter-institutional agreements) - Based on the respective umbrella agreement Source: DP/FPA-ICEF-UNW/2024/1
15 UN-Habitat	Yes	Yes
16 UNHCR	Yes, at the time when the PSC Policy was revised in 2019, there was a light benchmarking exercise against a few similar United Nations organizations.	Yes, under the assumption that “harmonized” means “in the same range” (and not exactly the same).
17 UNICEF	Yes, UNICEF benchmarks with UNDP, UNICEF and UNFPA to ensure a harmonized approach to cost recovery rates. This happens during the Cost Recovery review periods and revision of the policies for submission and approval by the Executive Board.	Yes, with UNDP, UNICEF and UNFPA.
18 UNIDO	Yes, UNIDO applies a cost recovery mechanism tailored to the nature of its operations (see, in this regard, the reference cited in column 3.5 to JIU/REP/2010/7). Any comparative analysis undertaken is undertaken in very specific contexts, such as the cooperation with specific funding partners (EU eligibility requirements, GEF, MLF etc.) and primarily driven by an effort to learn from best practices and with the objective to achieve greater coherence and consistency.	No, as mentioned in column 3.3, UNIDO is not applying “discounts”. Harmonizations of exceptions tend to be limited to requirements of specific funding partners. Such harmonizations do not necessarily refer to exceptions but to the manner in which UNIDO’s cost recovery policy is applied.
19 UNODC	Yes, the United Nations is cognizant of the PSC policies and rates employed by various United Nations System entities and undertakes periodic checks through various formal interagency forums and informal bilateral discussions to ensure that the main principles and governing frameworks are consistent overall.	Yes, partially harmonized in cases of involvement of United Nations system entities.
20 UNOPS	Yes, upon request we did an external analysis (management consultancy company) of UNOPS cost recovery model including the average fee rates of other organisations (United Nations and non-United Nations).	No, given the self-financing nature of UNOPS as well as the fact that we have a flexible funding model, it would be difficult to harmonize these with other United Nations organisations. Also, the fact that they change on a biennial basis and are adjusted to UNOPS specific needs and circumstances would make a harmonization very difficult.
21 UNRWA	Yes, the review of the ISC policy in 2016 benchmarked PSC rates for other United Nations agencies. A desk review of their ISC policies was done and this informed the recommendations made when the standard ISC rate was set at 11per cent. The review considered that fact that unlike many other United Nations agencies, UNRWA implements its projects directly. This means that the cost structure of UNRWA is very transparent and covers all the cost incurred by the agency to run its operations.	Yes, the review of 2016 aimed to achieve alignment with ISC/PSC charges applied by others in the United Nations system. However, harmonization of rates is constrained by the fact that the mode of operation and constitution of costs for the PB budget may differ significantly from other agencies. As such the level of comparability is limited to definitions, structure and how other organizations relate with similar funding donors/sources.
22 UN Tourism	No	No
23 UN-Women	Yes, UN Women benchmarks with UNDP, UNICEF and UNFPA to ensure a harmonized approach to cost recovery rates. This happens during the Cost Recovery review periods and revision of the policies for submission and approval by the Executive Board.	Yes, with UNDP, UNICEF and UNFPA.

Org.	*3.10 Does your organization benchmark its PSC rates in comparison to other United Nations organizations and non-United Nations entities? If so, how is this benchmarking conducted?*	*3.11 Are your PSC rates and regularized discounts/exceptions, if any, harmonized with those of other United Nations system organizations?*
24 UPU	Yes, in 2024, the UPU benchmarked its PSC rates (which currently may vary on a case-by-case basis) against those of other United Nations organizations to ensure alignment with international best practices. This benchmarking was conducted through: - Comparative analysis: Reviewing PSC policies and rates applied by United Nations agencies, particularly those with similar mandates or funding structures. - Engagement in United Nations discussions: Participating in inter-agency dialogues and working groups on cost recovery to exchange best practices and align with system-wide approaches.	Yes, the UPU’s PSC rates and negotiated discounts/exceptions are generally aligned with United Nations system practices but adapted to the organization’s specific mandate and funding structure.
25 WFP	No, we are aware of the different rates, but benchmarking is difficult given the variations in financial frameworks, funding modalities and cost components.	No
26 WHO	Yes, periodically through the Finance Budget Network or with updates to Member States - https://apps.who.int/gb/ebwha/pdf_files/WHA70/A70_INF5-en.pdf	Yes, not the standard rate but the exceptions are sometimes harmonized with other United Nations orgs, such as funding from IFIs, EC, certain humanitarian emergency responses, United Nations to United Nations etc.
27 WIPO	No	N/A
28 WMO	No, we are hoping this activity will provide such benchmarking in an aggregated and consolidated manner.	Yes and No. Rates for Voluntary Cooperation Programme (VCP) and JPOs are consistent with other United Nations organization. Base rate of 7% is, based upon my experience, consistent with other organizations. The regularized discounts / exceptions identified are WMO specific.

Table 4
Programme support cost rates

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
1 United Nations	13%	- United Nations to United Nations: 7% - Implementing Partner arrangement: 0%+	10% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	9% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	9% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	9% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	10% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.
2 FAO	7%, reduced to 5% for projects in excess of $100 million.	See 3.3 for exceptions.	7%; there are US$ income targets, regardless of average rates	7%; there are US$ income targets, regardless of average rates	6.6%; there are US$ income targets, regardless of average rates	6.3%; there are US$ income targets, regardless of average rates	6%; there are US$ income targets, regardless of average rates
3 IAEA[b]	7%	In the case of extrabudgetary contributions to the Technical Cooperation Programme by a donor to support activities in its own country (commonly referred to as 'government cost sharing'), if the contribution is exclusively or primarily for the procurement of equipment, a PSC rate of 3% will apply. Other Government Cost Sharing contributions will not be subject to PSC. Such different PSC rate is a recognition of the work that the IAEA did in countries financed with own country resources.	4.0%	6.1%	6.1%	6.4%	6.1%

[a] E.g., Standard rate; rate applied for specific donors (specify the type of donor or donor agency); rate applied for specific beneficiaries and/or functions/types of activity (specify each component).
[b] For column 4.3, they are actual average rates.

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
4 ICAO	For capacity development and implementation projects, the nominal rates are typically the following: - Personnel-related services: 10% - Training-related services: 10% - Procurement-related services: 7% - Miscellaneous services: 10% Indirect costs is presently charged at 7 per cent.	N/A	11.3% Budget/Baseline rate 8.7%	11.8% Budget/Baseline rate 8.6%	7.4% Budget/Baseline rate 6.7%	10.3% Budget/Baseline rate 8.2%	6.5% Budget/Baseline rate 9.5%
5 ILO	13%	See column 3.3.	Overall, on average across all donors ILO is able to only recover some 11%.	Overall, on average across all donors ILO is able to only recover some 11%.	Overall, on average across all donors ILO is able to only recover some 11%.	Overall, on average across all donors ILO is able to only recover some 11%.	Overall, on average across all donors ILO is able to only recover some 11%.
6 IMO	See 3.1.	None	7%	7%	7%	7%	7%
7 ITC	See responses of the United Nations.		10% The aggregate PSC rate appears lower than the standard PSC rate due to the proportion of EU funded projects.	9% The aggregate PSC rate appears lower than the standard PSC rate due to the proportion of EU funded projects.	8% The aggregate PSC rate appears lower than the standard PSC rate due to the proportion of EU funded projects.	8% The aggregate PSC rate appears lower than the standard PSC rate due to the proportion of EU funded projects.	8% The aggregate PSC rate appears lower than the standard PSC rate due to the proportion of EU funded projects.
8 ITU	Standard rate of minimum 7% for all project agreements.	On an exceptional basis	5%	3%	6%	5%	4%
9 UNAIDS	13% from March 2025 (8% prior).	- 6%: WHO - 7%: MPTF Office, pooled funding with UNFPA as Administrative Agent, UNHCR, Global Fund, EU	7%, 8%	6%, 7%, 8%	6%, 7%, 8%	6%, 7%, 8%	7%, 8%
10 UNCTAD	See responses of the United Nations.						

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
11 UNDP	8% The Executive Board in its decision 2013/9 endorsed "a general, harmonized cost recovery rate of 8 per cent for non-core contributions," and further endorsed the following differentiated cost recovery rate structure ranging from minimum 3% (for programme country contributions) to 9.5% (for GEF contributions): "(a) a harmonized 1 per cent reduction for the thematic contributions at the global, regional and country level in UNDP, UNFPA and UNICEF (8-1=7%). See table on the right: "Summary of approved cost recovery rates". In Executive Board decision 2024/24 passed on 29 August 2024 on the Comprehensive review of the joint cost-recovery policy and its implementation (DP/FPA/ICEFUNW/2024/1), the Executive Board approved a new cost recovery policy with some modifications to definitions and components, but no changes to GMS rates. The changes will become effective on 1 January 2026.	Under the joint comprehensive cost-recovery policy (DP/FPA-ICEF-UNW/2024/1), the standard GMS rate is 8% for most non-core contributions. However, to accommodate specific donor types, foster strategic partnerships, or incentivize certain funding modalities, the policy regularizes discounts or exceptions for: 1. Thematic contributions; 2. Government Cost-Sharing / South-South Cooperation; 3. Umbrella/Framework Agreements & Vertical Funds. Waivers may be approved by Senior Management in exceptional circumstances. All waivers are reported annually to the Executive Board for full transparency. Exceptions a very few and infrequent and are reported as GMS waivers to the UNDP Executive Board annually. The latest report showing the summary of the *waivers* from 2019-2023 is published in the Executive Board's 2024 Second Regular Session Decision paper 'Appendix V of the Annex I' under subheading '*Update on general management services cost-recovery waivers'* (paragraph 12). The full document can be found here- Appendices to Annex I	6.38% Projected or budgeted: 6.05%, Actual: 6.38%	6.17% Projected or budgeted: 6.53%, Actual: 6.17%	6.01% Projected or budgeted: 6.47%, Actual: 6.01%	6.33% Projected or budgeted: 6.69%, Actual: 6.33%	6.20% Projected or budgeted: 6.27%, Actual: 6.20%

Summary of approved cost recovery rates

Funding type	**GMS rate as of 1/1/2014**
Third party contributions (Cost sharing and Trust Funds)	8%
Government cost sharing	Minimum 3%
South-South contributions	same as Government cost sharing rate
Thematic contributions at Country, Regional and Global Levels	7%
European Commission	7%
European Investment Bank	7% or 5%
International Financial Institutions	8% or 5%
Engagement Facility	8% or same as Government cost sharing rate
Global Fund to Fight AIDS, Tuberculosis and Malaria	7%
UN to UN Agency Contribution	8%
Global Environment Facility (GEF) Managed Funds	9-9.5%
Adaptation Fund	8.5%
GEF cost sharing	9.5%
Green Climate Fund (GCF)	4-8.5%
Montreal Protocol (MP) Trust Fund	7-9%
Individuals (i.e., private citizens)	5%
Interagency Pooled Funding a. United Nations Secretariat administered funds: Central Emergency Response Fund, Emergency Response Fund, United Nations Trust Fund for Human Security b. MPTF Office administered Multi Donor Trust Funds c. Joint Programmes (Pass Through) administered by a variety of United Nations organizations d. Funds provided by DPKO through assessed contributions	7%

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
12 UNEP	We have different applicable PSC rates guided by the United Nations Controller. The memo dated 24 June 2022, outlined the below: 2021 approved the Medium-Term Strategy for 2022-2025 and Controller reflected the PSC rates as follows: - UNEP 13% for tightly earmarked funding. - 10% for loosely earmarked PCAs. - 7% for United Nations to United Nations and EU agreements. - PSC rate for JPO agreements subject to DESA Programme. Major donors including Norway, Sweden and Spain have been contributing to UNEP under Programme Cooperation Agreements (PCAs) that allow flexibility through loosely earmarked funding at a PSC rate of 8%. Approval of three trust funds with 10% PSC rate to support UNEP's new thematic areas. The United Nations Environment Assembly at its Fifth Session held from 22-23 February 2021 decided the Global Environment Facility (GEF) (6 Trust Funds), Green Climate Fund (GCF) (2 Trust Funds) and Adaptation fund (1 Trust Fund) have nil PSC rate as these funds are operated under a global arrangement where all participating organizations receive fee in lieu of PSC. Multilateral Fund (1 Trust Fund (40MFL)) for UNEP's role as Treasurer for MFL and 1 Trust Fund (32/33IML) for UNEP's role as implementing partner of MLF): - 40MFL: UNEP gets an annual allocation of US$500,000 to cover the cost of the Treasurer role. In addition to this, UNEP charges 9% PSC on staff costs for MLF. - 32/33IML: The approximate annual budget of US$20 million is divided into three portions: a) Institutional Strengthening budget of approximately US$4 million per year with zero PSC rate; b) Project activity budget of approximately US$6 million with the standard 13% PSC rate for Hydrofluorocarbons Phase out Management Plan (HPMP) projects and 7% PSC for Hydrofluorocarbons (HFC) phase-out projects. c) Compliance Assistance Programme of approximately US$10 million which covers the salary costs (including most of the administrative staff) and operational costs with 8% PSC.		2019 effective PSC rate is 9%	2020 effective PSC rate is 10%	2021 effective PSC rate is 10%	2022 effective PSC rate is 10%	2023 effective PSC rate is 9%

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
13 UNESCO	- Funds-in-trust: 9% - United Nations Funding and UNESCO Multi-Partner Trust Fund: 7-8% - JPOs: 12% - UNESCO Prizes: 9% - Special Accounts:7% - Additional Appropriation to the regular programme: 0%	- United Nations Funding and UNESCO Multi-Partner Trust Fund: 7-8% - EU: 7% - GPE: 7% These rates are not exceptions and are built into the Organisation's cost recovery policy to encourage programme coherence and flexible funding as well as harmonization at the United Nations level.	N/A	8.1%	7.9%	8.0%	7.8%
14 UNFPA	8%	- 7% for Thematic contributions - 5% for Programme Government cost-sharing contributions - 5% for South-South Contributions - Various umbrella agreements (formal existing inter-institutional agreements) - Based on the respective umbrella agreement	Projected or budgeted: 7.10%, Actual: 7.25%[c]	Projected or budgeted: 7.20%, Actual: 7.22%[c]	Projected or budgeted: 7.30%, Actual: 7.25%[d]	Projected or budgeted: 7.20%, Actual: 7.32%[d]	Projected or budgeted: 7.20%, Actual: 7.37%[d]
15 UN-Habitat	See responses of the United Nations.		8% Aggregate rate. Refer to explanation given by the UN Secretariat	8% Aggregate rate. Refer to explanation given by the UN Secretariat	8% Aggregate rate. Refer to explanation given by the UN Secretariat	9% Aggregate rate. Refer to explanation given by the UN Secretariat	9% Aggregate rate. Refer to explanation given by the UN Secretariat
16 UNHCR	6.5 %	See column 3.3 in relation to discounts.	6.3%[e]	6.0%	6.1%	6.0%	6.0%
17 UNICEF	8.0%	See column 3.3.	7.0% (budgeted rate 6.8%)	7.1% (budgeted rate 6.8%)	6.9% (budgeted rate 6.8%)	6.8% (budgeted rate 6.8%)	6.8% (budgeted rate 6.8%)

[c] DP/FPA/2022/4 (Part I/Add.1).
[d] DP/FPA/2024/4 (Part I/Add.1).
[e] UNHCR does not project or budget for PSC income, thus comparison of real versus projected is not applicable. However, we can provide the rate which is the effective rate ultimately earned on our voluntary income - these calculations exclude unearmarked and in-kind contributions and are based on budget-year basis – it was 6.3% in 2019.

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
18 UNIDO	13%, or 7% plus direct service costs adding up to 13% Real PSC rates in this table do not include direct service costs.	Specific rates that may differ from standard established in UNIDO's policies are typically the result of United Nations wide negotiations with same funding partners. Refer for instance to the GEF, GCF, AF.	9%	10%	10%	9%	10%
19 UNODC	13%	- United Nations to United Nations: 7% - Implementing Partner arrangement: 0%+	7.90% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by the EU and United Nations to United Nations agreements and projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	9.30% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by the EU and United Nations to United Nations agreements and projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	7.80% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by the EU and United Nations to United Nations agreements and projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	6.80% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by the EU and United Nations to United Nations agreements and projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.	8.20% The aggregate PSC rate appears lower than the standard PSC rate of 13% due to high value of projects carried out by the EU and United Nations to United Nations agreements and projects carried out by implementing partners which their PSC are accounted as indirect costs and not as direct cost to ensure that the de-facto cumulative PSC rate does not exceed 13%.
20 UNOPS	Average of 5.1% given that the rate is flexible	Partner Personnel Services under a Global MoU: 3%	4.3%	4.8%	4.0%	3.6%	4.3% These are actual rates; before 2024, the average rate was not based on projected data. For 2024 and 2025, the projected average rate was 5.1%.

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate[a]*	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate[a]*	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate[a]*				
			2019	***2020***	***2021***	***2022***	***2023***
21 UNRWA	11% Except for instances of duly approved negotiated rates the nominal PSC rate is 11 per cent.	5-10% Spanish NATcoms have a regularized discount ranging from 0-10 per cent for different funding sources. Negotiated rates may be applied in different contexts and applied on a case-by-case basis on approval by the Director of Finance	11% This is the standard rate applied. The weighted average actual rate applied this year was 8.11%.	11% This is the standard rate applied. The weighted average actual rate applied this year was 7.87%.	11% This is the standard rate applied. The weighted average actual rate applied this year was 8.17%.	11% This is the standard rate applied. The weighted average actual rate applied this year was 8.62%.	11% This is the standard rate applied. The weighted average actual rate applied this year was 8.82%.
22 UN Tourism	At least 7% Applies to voluntary contributions received, with exceptions approved on a case-by-case basis.	All requests for reduction or waiver must be made in writing, include an appropriate justification, and be submitted to the Director of Administration who will provide her/ his recommendation on it to the Secretary-General for her/his decision.	4.36%[f]	4.17%[f]	13.54%[f]	11.49%[f]	12.37%[f]
23 UN-Women	8.8%	See column 3.3.	6.85%	6.9%	6.9%	7.18%	7.06%
24 UPU	13% Standard (guideline) rate (as explained in the preceding sections, such a rate is not fixed by the Financial Regulations)	5% PSC for projects requiring very little supervision or involving LDCs (as explained in the preceding sections, such a rate is not fixed by the Financial Regulations)	N/A	N/A	N/A	N/A	N/A
25 WFP	ISC standard rate of 6.5 percent	ISC rate of 4 per cent for contributions from the governments of developing countries and countries with economies in transition, as determined by the Executive Board; governments contributing to programmes in their own countries; and international financial institutions under such conditions as shall be determined by the Executive Board (General Rule XIII.4 (e)).	The below rates refer to rate at which WFP earned ISC income, which differs from the rate at which WFP incurred PSA expenditures. Actual ISC rate 6.4%	Actual ISC rate 6.4%	Actual ISC rate 6.3%	Actual ISC rate 6.2%	Actual ISC rate 6.1%

[f] Voluntary Contributions (VC) and Funds In Trust (FIT) are recognized as revenue at the signing of the corresponding binding funding agreement except for those which contain performance conditions as defined under IPSAS. These revenues include project support costs and are shown net of the Page | 7 provision for return to donors and refunds to donors (Reduction in contribution revenues line). For the requested rate the computation made was PSC/(VC+FIT).

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
26 WHO[g]	13%	8.5%, 8%,7%, 5%, 6%,3%, 0%	8%	7.16%	8.35%	8.54%	8.32%
27 WIPO	13% standard rate	N/A	13% 12% (weighted average)	13% 12% (weighted average)	13% 12% (weighted average)	13% 12% (weighted average)	13% 12.2% (weighted average)

[g] For column 4.3, they are actual weighted average rates. There are no projected or budget rates.

Org.	*4.1 Nominal PSC rate(s) (unit: %); and explanation of the application of PSC rate*[a]	*4.2 Regularized discounts or exceptions provided to specific donors, beneficiaries or types of activity, if any (unit: %); and explanation of the application of PSC rate*[a]	*4.3 Real PSC rates in 2019 – 2023 (unit: %); and explanation of the application of PSC rate*[a]				
			2019	***2020***	***2021***	***2022***	***2023***
28 WMO	• 7% for activities supplementing the Regular Budget • 10% for Voluntary Cooperation Programme activities • 12% for JPOs 13% for technical cooperation / capacity development activities	-2%, -4%, -1%, -6% *For technical cooperation activities:* • When recipient government or donor assumes responsibility for certain functions as direct costs – 2% discount is possible • Where the project consists only of procurement of equipment, supplies and materials – 9% rate is applied (4% discount) • Donor accepts simplified reporting – 1% discount can be granted • Recipient is least developed country – 7% rate is applied (6% discount) *For specific donors, WMO will apply the policy rate of the donor:* • Climate Funds (CF) • European Commission • UNDP • World Bank • Regional Development Banks United Nations Multi-Donor Trust Funds	0%, 5%, 7%, 8%, 8.5%, 13%, 10%, 12% • Overall Average PSC rate: 7% • 0%: Primarily related to pass through trust funds and trust funds related to entities/secretariats administered by WMO under separate agreements. Additionally, trust funds for support of regional office support by host governments have a 0% PSC rate. Some 0% PSC were granted as exceptions • 5%: Small group of activities funded by one Member country that pre-dated the PSC policy. • 7%: Policy (regular programme support) • 8%/8.5%: Exception issued to particular donor from one member as well as co-sponsored contributions related to those activities. • 13%: Policy (technical cooperation) • 10%: Policy (VCP) 12%: Policy (JPO)	0%, 5%, 7%, 8%, 8.5%, 13%, 10%, 12% • Overall average PSC rate: 10% • 0%: Primarily related to pass through trust funds and trust funds related to entities/secretariats administered by WMO under separate agreements. Additionally, trust funds for support of regional office support by host governments have a 0% PSC rate. Some 0% PSC were granted as exceptions • 5%: Small group of activities funded by one Member country that pre-dated the PSC policy • 7%: Policy (regular programme support) • 8%/8.5%: Exception issued to particular donor from one member as well as co-sponsored contributions related to those activities. • 13%: Policy (technical cooperation) • 10%: Policy (VCP) 12%: Policy (JPO)	0%, 7%, 8%, 8.5%, 13%, 10%, 12% • Overall average PSC rate: 12% • 0%: Primarily related to pass through trust funds and trust funds related to entities/secretariats administered by WMO under separate agreements. Additionally, trust funds for support of regional office support by host governments have a 0% PSC rate. Some 0% PSC were granted as exceptions • 5%: Small group of activities funded by one Member country that pre-dated the PSC policy • 7%: Policy (regular programme support) • 8%/8.5%: Exception issued to particular donor from one member as well as co-sponsored contributions related to those activities. • 13%: Policy (technical cooperation) • 10%: Policy (VCP) 12%: Policy (JPO)	0%, 7%, 8%, 8.5%, 13%, 10%, 12% • Overall average PSC rate: 12% • 0%: Primarily related to pass through trust funds and trust funds related to entities/secretariats administered by WMO under separate agreements. Additionally, trust funds for support of regional office support by host governments have a 0% PSC rate. Some 0% PSC were granted as exceptions • 5%: Small group of activities funded by one Member country that pre-dated the PSC policy • 7%: Policy (regular programme support) • 8%/8.5%: Exception issued to particular donor from one member as well as co-sponsored contributions related to those activities. • 13%: Policy (technical cooperation) • 10%: Policy (VCP) 12%: Policy (JPO)	0%, 7%, 8%, 8.5%, 13%, 10%, 12% • Overall average PSC rate: 12% • 0%: Primarily related to pass through trust funds and trust funds related to entities/secretariats administered by WMO under separate agreements. Additionally, trust funds for support of regional office support by host governments have a 0% PSC rate. Some 0% PSC were granted as exceptions • 5%: Small group of activities funded by one Member country that pre-dated the PSC policy • 7%: Policy (regular programme support) • 8%/8.5%: Exception issued to particular donor from one member as well as co-sponsored contributions related to those activities • 13%: Policy (technical cooperation) • 10%: Policy (VCP) 12%: Policy (JPO)

Table 5.1
Projected or budgeted programme support income and expenditure

Org.	*5.1 How is programme support income utilized? For example, are the collected funds used for resource mobilization, oversight and to technical implementation divisions?*	*5.2 How is programme support income treated?* *- Is it integrated into the regular budget (or its equivalent) or reinvested in support functions?* *- When this income is retained, is it collected upfront (before project implementation) or afterward (after implementation)?*	*5.3 How does your organization reflect projected programme support income and expenditure in budget submissions and/or in other documents?*
1 United Nations	The PSC revenue is used in support of activities and purposes with a demonstrable link to the voluntary contribution activities that generated the PSC revenue. PSC revenue is used efficiently and effectively, and only where the costs cannot be identified, attributed, and charged, in whole or in part, in a reasonable and cost-effective way, to voluntary contribution activities.	- Reinvested in support functions: PSC income is earmarked and segregated from assessed resources and also segregated from XB funding source, so there is no comingling. - Collected afterward.	All data with respect to extrabudgetary resources, including PSC, is captured and recorded with respect to each contribution in the official system of records, Umoja, and is reflected at the aggregated level in the formal financial statements for the trust funds and in the financial statement issued to donors for their specific contributions.
2 FAO	Support cost income is provided to cost centres described in the definitions of ISC and DSC	- Integrated into regular budget or its equivalent. - Collected afterward: During delivery (monthly uplift). Funds for voluntary contributions are paid by donor in advance of implementation and instalments, where applicable, are requested to maintain a positive cash balance in projects.	It constitutes and integral part of the Programme of Work and budget approved by the members.
3 IAEA	PSC income is allocated to the management and support service areas across IAEA on the basis of the estimated relative work performed in supporting extrabudgetary programme activities. Implementation of extrabudgetary contributions requires additional administrative activities and compliance monitoring. In this context, the purpose of PSC is to recover incremental and variable costs incurred by these administrative activities in support of extrabudgetary projects and to avoid them becoming a burden on Regular Budget resources.	A ‘Programme Support Cost Sub-Fund’ (PSC Sub-Fund) was established under the Extrabudgetary Programme Fund to record all income and expenditures related to PSC in accordance with Financial Regulation 8.03. - Collected under the PSC Sub-Fund. - Collected afterward.	The budget submissions (e.g., Budget submission 2026-27) include the indicative PSC allocations (based on 2024 actual allocated amount). The Agency produces a Report on Implementation of Programme Support Costs (PSC) to Member States, annually.
4 ICAO	Pursuant to Financial Regulations 9.3 and 9.4, income is used to cover costs of administration and operation of the Organization’s programmes of technical cooperation. In addition, income received on cost recovery on voluntary contributions is used to cover some of the costs of resource mobilization function. Some cost recovery income is applied towards Regular Budget.	See column 5.1. - Collected afterward: Cash for projects funded by earmarked voluntary contributions in advance of implementation is required. Indirect costs are charged as implementation progresses with exception of legacy cases explained in column 2.1.	Projected income and actual recovery are presented to the ICAO Council at least twice a year.

Org.	*5.1 How is programme support income utilized? For example, are the collected funds used for resource mobilization, oversight and to technical implementation divisions?*	*5.2 How is programme support income treated?* *- Is it integrated into the regular budget (or its equivalent) or reinvested in support functions?* *- When this income is retained, is it collected upfront (before project implementation) or afterward (after implementation)?*	*5.3 How does your organization reflect projected programme support income and expenditure in budget submissions and/or in other documents?*
5 ILO	Programme support income is used to support the delivery of extra-budgetary development cooperation, which includes the following functions: • Programme planning, implementation, monitoring and evaluation • Management and other administrative support • Governance and oversight • Policy support and development • Partnerships and development cooperation	- Reinvested in support functions. - Collected afterward.	PSC is not part of ILO’s budget submission.
6 IMO	See 3.1, second part, and PSC policy.	- Reinvested in support functions. - Collected afterward. Not entirely clear on the distinction being drawn here – we charge PSC on actual expenditure, and that PSC is then transferred to the General Fund where it is managed in accordance with the policy.	Historically a component of the regular budget is funded from support costs – that is, projects support cost earnings are deducted from the regular budget when calculating the assessment on Member States. Since the introduction of the new policy in 2020, amounts above that basic amount are now managed more specifically and transparently to support the Organization’s project work.
7 ITC	See responses of the United Nations.		
8 ITU	As per ITU Financial Regulations and Financial Rules, the income from programme support is accounted as income for ITU and treated as part of ITU’s annual budget. The resources are not mapped against any project-related function.	- Integrated into regular budget or its equivalent. - Collected afterward. ITU charges AOS after implementation. AOS is not charged on left over funds not implemented (which are normally returned to partners).	This is reflected as income to the organization, as determined by ITU financial regulations and rules.
9 UNAIDS	- Central administration of human, financial, physical and ICT resources related to the contribution and staffing, facilities, equipment, activities and legal liabilities related to the above. - Implementation of United Nations-wide and jointly financed initiatives as well support to the Resident Coordinator System. - Internal and external audit, oversight and risk management. - costs incurred by WHO for treasury, audit and other services.	- Reinvested in support functions. - Collected afterward.	The programme support income and expenditure are reflected as a percentage of the direct costs. The programme support income is reflected as an elimination item under segment reporting (financial report).
10 UNCTAD	See responses of the United Nations.		

Org.	*5.1 How is programme support income utilized? For example, are the collected funds used for resource mobilization, oversight and to technical implementation divisions?*	*5.2 How is programme support income treated?* *- Is it integrated into the regular budget (or its equivalent) or reinvested in support functions?* *- When this income is retained, is it collected upfront (before project implementation) or afterward (after implementation)?*	*5.3 How does your organization reflect projected programme support income and expenditure in budget submissions and/or in other documents?*
11 UNDP	Per harmonized cost recovery policy, the General Management Support (GMS) are in addition to direct project costs, representing the costs to the organization that are not directly attributable to specific projects or services, but are necessary to fund the corporate structure, management and oversight costs of the organization.	- The GMS resources are part of the resources funding the annual institutional budget of UNDP. - Collected afterward: The indirect cost recovery resources are retained at the time of programme expenditure. The indirect cost recovery burdening happens when expenditure is recorded in the project module, which automatically creates the entries for indirect cost recovery. Thus, the burdening happens at the transaction level, driven by expenditure recognition and the relevant cost indirect cost recovery rate on file. Note: UNDP does not consider indirect cost recovery as income, but rather as a resource.	As part of the proposed Integrated Resource Plan and Integrated Budget (IRP/IB), UNDP provides a comprehensive resource plan in Annex (Table 1), which outlines the projected GMS resources and expenditure for the given period.
12 UNEP	The programme support income is distributed for usage by the PSC earning technical implementation divisions, as well as corporate costs, including finance, budget, admin, HR, procurement, ICT, legal, oversight, resource mobilization and other work.	- Reinvested in support functions. - Collected upfront.	The projected programme support income and expenditure are incorporated in UNEP's Programme of Work (PoW) submission to the United Nations Environment Assembly (UNEA).
13 UNESCO	The Management cost functions are determined based on their cross-cutting support by nature and whose primary purpose is to promote the identify, direction and well-being of the Organization. The costs of these functions are indirectly linked to the projects and meet the following criteria: - Nature of support is overall wellbeing/institutional. These functions provide support for a well-managed, accountable organization through key activities such as planning, organizing, motivating and controlling. - Support programme as well as other functions both at Headquarters and in the field. These functions would comply with resource mobilization, oversight, as well as Strategic Planning, Legal Affairs, Bureau of Financial Management, Bureau of Human Resources, Direction, IT and Infrastructure, Procurement.	- Reinvested in support functions: The programme support income is transferred on a special account (Management Cost Account – MCA) as a revenue. This Special Account accommodate income and expenditure related to the recovery of management cost as defined in UNESCO's Cost Recovery Policy. - Collected afterward: The management rate is charged monthly on actual direct cost incurred on projects at the agreed rate.	The Management Cost Account is fully part of the UNESCO Integrated Budget Framework. The budget envelopes are calculated in line with the Policy defined and submitted to the General Conference for approval.
14 UNFPA	UNFPA's indirect cost-recovery model does not generate "additional revenue", but recovers the cost already embedded in the institutional budget (costs associated with the organizational structure and services necessary to support implementation of development programmes, i.e., the costs of running the organization. This cost covers institutional budget functions, activities and costs at the country, regional and headquarter level.	Indirect cost recovered is credited to the Institutional Budget. - Integrated into regular budget or its equivalent. - Collected afterward.	Projected cost recovery and expenditures are incorporated into the integrated resource plan, which is part of the quadrennial integrated budget. This budget undergoes a mid-term review every two years and is presented to the organization's executive board alongside the strategic plan for their review and approval. Additionally, the same information is shared with the ACABQ for their review.

Org.	*5.1 How is programme support income utilized? For example, are the collected funds used for resource mobilization, oversight and to technical implementation divisions?*	*5.2 How is programme support income treated?* *- Is it integrated into the regular budget (or its equivalent) or reinvested in support functions?* *- When this income is retained, is it collected upfront (before project implementation) or afterward (after implementation)?*	*5.3 How does your organization reflect projected programme support income and expenditure in budget submissions and/or in other documents?*
15 UN-Habitat	The PSC revenue is used in support of activities and purposes with a demonstrable link to the voluntary contribution activities that generated the PSC revenue. PSC revenue is used efficiently and effectively, and only where the costs cannot be identified, attributed, and charged, in whole or in part, in a reasonable and cost-effective way, to voluntary contribution activities.	- Reinvested in support functions. - Collected afterward.	UN-Habitat does not reflect projected programme support in its budget but only expenditure projections.
16 UNHCR	The ISC revenue is applied towards covering the management and administration and the programme support costs incurred at Headquarters. The same methodology will be applied towards covering programme support costs incurred at the Regional Bureaux. Should any surplus of the ISC revenue remain, this will be retained and carried forward to the following year up to a ceiling not exceeding 50% of the eligible ISC costs incurred during the previous year, in order to provide for a contingency to cover possible fluctuations in the ISC revenue or costs. If and when the cumulative surplus of ISC revenue has reached the ceiling, any further surplus will be used to address unfunded requirements in field operations.	- Integrated into regular budget or its equivalent. - Collected upfront. Donor pays in one or multiple instalments for a contribution. ISC is included in those payments. There is no differentiation of ISC and other costs in the payments.	Indirect Support Cost is not presented as a separate element in the budget submission document and other budget updates to the Standing Committee and ExCom.
17 UNICEF	As defined in the Cost Recovery policy the support cost income is used to recover costs of the Institutional Budget and include costs such as: (a) Corporate executive management; (b) Corporate resource mobilization, partnership relations and corporate advocacy and communications; (c) Corporate accounting and financial management staff; (d) Institutional legal support; (e) Corporate human resources management; (f) Country office, regional or corporate management	- Reinvested in support functions: The support cost income is reflected as part of the Institutional Budget. - Collected upfront.	This is reflected in the Integrated Budget under the Resource Planning Table. The income is based on the projected other resource contributions and the same amount is projected as expenditures under the Institutional Budget.
18 UNIDO	(a) Programme support income is the main source of funding for UNIDO's operational budget, that is approved by the Member States on a biennial basis (together with the regular budget that is assessed). Funding of activities is presented in the programme and budget document.	- Integrated into regular budget (or its equivalent): PSC income is the main source of funding for the operational budget of the organization and is in that way integrated into the budget approved by Member States on a biennial basis. - The income is collected during project implementation, as project expenditures are incurred.	The projected PSC income is presented as the level of the operational budget for approval of Member States in the formal programme and budget submissions. The income and expenditure for the operational budget is also presented in the organization's financial statements.

Org.	*5.1 How is programme support income utilized? For example, are the collected funds used for resource mobilization, oversight and to technical implementation divisions?*	*5.2 How is programme support income treated?* *- Is it integrated into the regular budget (or its equivalent) or reinvested in support functions?* *- When this income is retained, is it collected upfront (before project implementation) or afterward (after implementation)?*	*5.3 How does your organization reflect projected programme support income and expenditure in budget submissions and/or in other documents?*
19 UNODC	The PSC revenue is used in support of activities and purposes with a demonstrable link to the voluntary contribution activities that generated the PSC revenue. PSC revenue is used efficiently and effectively, and only where the costs cannot be identified, attributed, and charged, in whole or in part, in a reasonable and cost-effective way, to voluntary contribution activities.	- Reinvested in support functions: PSC income is earmarked and segregated from assessed resources and also segregated from XB funding source, so there is no comingling. - Collected afterward.	All data with respect to extrabudgetary resources, including PSC, is captured and recorded with respect to each contribution in the official system of records, Umoja, and is reflected at the aggregated level in the formal financial statements for the trust funds and in the financial statement issued to donors for their specific contributions.
20 UNOPS	To cover for all of UNOPS enabling functions and UNOPS share of United Nations development coordination activities. They are documented in UNOPS biennial budget estimates.	For UNOPS it is neither integrated into regular budget or its equivalent, nor reinvested in support functions. The management fee is the funding for UNOPS management budget which is funding all enabling functions. - Collected upfront. - Collected afterward. With every dollar of delivery the adequate management fee is charged, but UNOPS has also the ability to charge a fixed fee which can be charged upfront. In addition, given UNOPS self-financing nature, as per the UNOPS Finance Rules and regulations, “Commitments shall not be made under a project agreement prior to the receipt of project funds except in cases of approved advance financing activities.”	UNOPS does not prepare a direct cost budget shared with its governing bodies. It only prepares a budget for its indirect cost (UNOPS biennial budget estimates) for approval by the governing bodies.
21 UNRWA	ISC is used to cover costs that cannot be traced to specific project activities or programmes such as oversight, resource mobilization, administrative, managerial and logistical support, ICT support, procurement warehousing and transport costs, recruitment costs etc.	ISC income is pooled to a fund code and distributed to the PB to finance core activities of the agency aimed at achieving its mandate - Integrated into regular budget or its equivalent. Integrated into the Programme Budget (PB) which is and allocated for the delivery of core activities the agency not directly attributable to specific projects. - Collected afterward: ISC income is collected upon incurring monthly expenditure and that portion of ISC is pooled in as PB income. However, in exceptional cases for instance (i) the need to manage cashflow for payroll (ii) to respond to humanitarian crisis (iii) where there are delays in funding receivable for life saving programmatic interventions affecting the Palestine Refugees (UNRWA’s mandate) the DoF may authorize retaining ISC upfront. For earmarked contributions, UNRWA starts the implementation only after the receipt of contributions as per the bilateral agreement with the donors. Exceptions can be made by Director of Finance where there is a signed agreement and disbursement is reasonably assured.	ISC amounts are clearly stated in calculation of the total cost of the project in budgets and grant agreements. The projections are stated in the annual operational plan and budgets.

Org.	*5.1 How is programme support income utilized? For example, are the collected funds used for resource mobilization, oversight and to technical implementation divisions?*	*5.2 How is programme support income treated? - Is it integrated into the regular budget (or its equivalent) or reinvested in support functions? - When this income is retained, is it collected upfront (before project implementation) or afterward (after implementation)?*	*5.3 How does your organization reflect projected programme support income and expenditure in budget submissions and/or in other documents?*
22 UN Tourism	The PSC is charged for the purpose of covering variable indirect costs for administration, managerial, systems and financial services, including reporting. PSC earned and any excess of PSC recovered are managed for budgetary purposes through a project account under the VCF. The Secretary-General may authorize its transfer, partly or in full to the General Fund for another use. PSC is made available for expenditure in the following financial period. The Secretary-General will approve budget proposals for the utilization of PSC under the VCF on the recommendation of the Director of Administration. PSC expenditures are classified by nature as for all other expenditures in UN Tourism. Refer to UN Tourism Financial Regulations and Rules, Annex III, Utilization of PSC for further details.	- Reinvested in support functions: PSC earned and any excess of PSC recovered are managed for budgetary purposes through a project account under the VCF. The Secretary-General may authorize its transfer, partly or in full to the General Fund for another use. - Collected afterward: PSC earned and any excess of PSC recovered are managed for budgetary purposes through a project account under the VCF. The Secretary-General may authorize its transfer, partly or in full to the General Fund for another use. The Financial Regulations and Rules say no cash should be advanced.	PSC income and expenditure are disclosed in the quarterly and yearly financial situation reports submitted to Members at Governing Body sessions and documents made publicly available at UN Tourism website.
23 UN-Women	As defined in the Cost Recovery policy the support cost income is used to recover costs of the Institutional Budget and include costs such as: (a) Corporate executive management; (b) Corporate resource mobilization, partnership relations and corporate advocacy and communications; (c) Corporate accounting and financial management staff; (d) Institutional legal support; (e) Corporate human resources management; (f) Country office, regional or corporate management	- Reinvested in support functions: The support cost income is reflected as part of the Institutional Budget - Collected upfront: Based on donor specific requirements, the collection can be amended accordingly.	This is reflected in the Integrated Budget under the Resource Planning Table. The income is based on the projected other resource contributions and the same amount is projected as expenditures under the Institutional Budget.
24 UPU	As noted in section 1.4 of this questionnaire, the UPU is currently planning to revise its Financial Regulations in order to set the relevant PSC rates, better clarify the allocation of PSC within the UPU's accounts and, in particular, enable the transfer of such PSC into a dedicated fund (such as, potentially, the UPU's Special Fund or Voluntary Fund), thus providing the organization with additional financial resources for the implementation of its various activities. Currently, as per article 4.4 of Annex 2 to the UPU Financial Regulations, PSC are simply credited to the accounts of the UPU's regular budget (except for PSC pertaining to the activities of its USBs, as well as to the information technology (IT) solutions and services provided by the PTC).	- Integrated into regular budget or its equivalent. - Collected upfront: Collected upfront as set out in article 4.2 of the Financial Regulations. Regular budget integration does not apply to PSC pertaining to the activities of UPU USBs, as well as to the information technology (IT) solutions and services provided by the PTC.	As revenue

Org.	*5.1 How is programme support income utilized? For example, are the collected funds used for resource mobilization, oversight and to technical implementation divisions?*	*5.2 How is programme support income treated?* *- Is it integrated into the regular budget (or its equivalent) or reinvested in support functions?* *- When this income is retained, is it collected upfront (before project implementation) or afterward (after implementation)?*	*5.3 How does your organization reflect projected programme support income and expenditure in budget submissions and/or in other documents?*
25 WFP	PSA budget funds activities aimed at the fulfilment of WFP's institutional obligations through corporate management, representation and administrative functions, operational services, policy and advisory functions and oversight functions. PSA funds those essential activities that enable WFP to achieve its goals, strategic direction and priorities, ensure value for money in its operations and position itself to contribute to the mitigation of emerging risks. They may be recurring or one-time activities, the latter of which may span more than one year.	- Integrated into regular budget or its equivalent. - Collected upfront.	WFP discloses the projected ISC income and PSA budget in the annual management plan document and reports on PSA expenditures in the Annual Performance Report (APR).
26 WHO	The PSC income is credited to the Special account for servicing costs and used to fund the enabling function of the organization, such as the administration, infrastructure etc..	- Reinvested in support functions. - Collected afterward: collected in proportion to direct costs expenditures spending.	Projections are based on prior years level of voluntary funding contributions
27 WIPO	It is miscellaneous income and is used to fund WIPO's Program of Work and Budget.	- Integrated into regular budget or its equivalent. - Collected upfront.	Under miscellaneous income
28 WMO	PSC income is utilized in accordance the Principles for allocations and utilization of funds. It can be used for: • Enhancing project management and support structures, primarily in the overall management of the project portfolio • Support to the administrative units in the Secretariat, including staff costs • Development of project-related guidelines, manuals, processes, etc. • Training in the areas of project management and implementation • Financing of project overspend at project closure • Exceptionally, PM activities (although this is heavily limited) We are also looking at utilizing some PSC for resource mobilization activities.	- Collected afterward: PSC income is collected as expenditures are incurred.	Budget documents provide an estimate of PSC income as "other regular resources". As they do not reduce assessments (not considered other income), they are not a component of the regular budget estimates. PSC expenditures are not forecast in budget documents. However, there is a very robust internal planning and allocation process for the utilization of PSC funds. This is managed through annual utilization plans and annual allotments of the funds in the PSC Special Account. As a note, in the 2024-2027 Maximum Expenditures and the related 2024-2025 budget document, disclosure of utilization of certain amounts of PSC income were defined in support of: (a) Implementation of the ERP system – CHF 1 million (b) Reallocation of costs previously funded by the Regular Budget to be funded by PSC – CHF 1 million per year.

Table 5.2

Projected or budgeted programme support income and expenditure

Org.	*5.4 Total amount of projected or budgeted income under PSC*					*5.5 Total amount of projected or budgeted expenditure under PSC*				
	2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
1 United Nations	$113,890,378	$115,891,605	$103,885,484	$142,271,504	$163,072,242	$110,747,515	$107,800,760	$115,496,685	$132,624,497	$152,159,843
2 FAO	2018-19 $112.3 million	2020-21 $135.5 million		2022-23 $152.2 million		2018-19 $112.3 million	2020-21 $135.5 million		2022-23 $152.2 million	
3 IAEA	€7.7 million	€6.6 million	€6.0 million	€5.5 million	€6.0 million	€7.7 million	€6.6 million	€6.0 million	€5.5 million	€6.0 million
4 ICAO[a]	Can$5,460,000	Can$4,250,000	Can$3,835,000	Can$4,744,000	Can$8,406,000	Can$10,344,000	Can$10,048,000	Can$9,501,000	Can$9,558,000	Can$10,102,000
5 ILO	$20,000,000	$24,335,000	$20,000,000	$33,005,000	$30,000,000	$18,182,000	$21,955,000	$19,894,000	$24,295,000	$28,942,000
6 IMO	£1,536,000	£1,442,000	£1,598,000	£1,900,000	£2,000,000	£1,536,000	£1,442,000	£1,598,000	£1,900,000	£2,000,000
7 ITC	$3,715,500	$6,606,000	$6,267,000	$7,597,000	$7,597,000	$4,087,050	$7,266,600	$6,893,700	$8,356,700	$8,356,700
8 ITU	SwF 1,375,000.00	SwF 1,375,000.00	SwF 1,375,000.00	SwF 1,000,000.00	SwF 1,000,000.00	SwF 1,375,000.00	SwF 1,375,000.00	SwF 1,375,000.00	SwF 1,000,000.00	SwF 1,000,000.00
9 UNAIDS	N/A									
10 UNCTAD	See responses of the United Nations.									
11 UNDP	$240.7 million	$257 million	$262.5 million	$270 million	$274.2 million	$240.7 million	$257 million	$262.5 million	$270 million	$274.2 million
12 UNEP	$23,907,000	$24,805,000	$24,223,000	$22,503,000	$23,961,000	$25,517,000	$23,480,000	$23,143,000	$25,792,000	$31,879,000
13 UNESCO	$13,608,850	$14,187,200	$14,187,200	$20,840,500	$20,840,500	$13,608,850	$14,187,200	$14,187,200	$20,840,500	$20,840,500
14 UNFPA	$39,579,550	$45,674,154	$44,834,873	$49,223,637	$55,351,872	$39,579,550	$45,674,154	$44,834,873	$49,223,637	$55,351,872
15 UN-Habitat	N/A	N/A	$13,422,000	$15,359,000	$10,337,000	$13,221,000	$10,641,000	$9,779,000	$11,228,000	$10,050,000
16 UNHCR	N/A. Refer to column 5.3.									
17 UNICEF	$298.75 million	$298.75 million	$298.75 million	$341.25 million	$341.25 million	$298.75 million	$298.75 million	$298.75 million	$341.25 million	$341.25 million
18 UNIDO[b]	€17,628,000	€19,117,250	€18,454,050	€19,032,170	€18,753,370	€17,812,700	€19,255,450	€18,611,950	€19,930,750	€19,651,950
19 UNODC	$26,710,966	$25,272,293	$25,309,974	$29,037,638	$36,243,826	$29,614,484	$26,286,900	$24,741,000	$26,189,700	$29,487,090
20 UNOPS	$90,000,000	$91,000,000	$91,000,000	$100,000,000	$100,000,000	$90,000,000	$91,000,000	$91,000,000	$100,000,000	$100,000,000
21 UNRWA	$25.0 million	$25.0 million	$25.0 million	$38.0 million	$35.0 million	$33.099 million	$26.597 million	$37.869 million	$45.210 million	$38.620 million

[a] The estimates in column 5.4 are limited to Capacity Development and Implementation Support Projects. The estimates in column 5.5 are limited to Capacity Development and Implementation Support Projects. Budgeted expenses are higher than budgeted income as budgeted expenses take into account other additional sources of revenue, for example, interest income.

[b] Regarding column 5.4, UNIDO does not separate PSC budgeted income from overall UNIDO Operational Budget income which is made of PSC income, Direct Support Cost recoveries and miscellaneous income. The PSC expenditure reported in column 5.5 corresponds to the gross Operational Budget.

Org.	*5.4 Total amount of projected or budgeted income under PSC*					*5.5 Total amount of projected or budgeted expenditure under PSC*				
	2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
22 UN Tourism	PSC is not budgeted income. The previous year accumulated PSC appropriations constitute the available budget.					PSC is not budgeted expenditure. The expenditure threshold is the previous year accumulated PSC appropriations, considered the movements of the year and the future outstanding commitment.				
23 UN-Women	$15.7 million	$18.65 million	$18.65 million	$19.65 million	$19.65 million	$15.7 million	$18.65 million	$18.65 million	$19.65 million	$19.65 million
24 UPU	SwF 260,000	SwF 270,000	SwF 270,000	SwF 280,000	SwF 280,000	SwF 260,000	SwF 270,000	SwF 270,000	SwF 280,000	SwF 280,000
25 WFP	ISC income forecast $409.0 million	ISC income forecast $446.0 million	ISC income forecast $445.0 million	ISC income forecast $501.0 million	ISC income forecast $630.0 million	$454.4 million (PSA and CCI budget as per Management Plan)	$463.3 million (PSA and CCI budget as per Management Plan)	$475.7 million (PSA and CCI budget as per Management Plan)	$571.0 million (PSA and CCI budget as per Management Plan)	$626.7 million (PSA and CCI budget as per Management Plan)
26 WHO[c]	$180,000,000	$185,000,000	$210,000,000	$178,000,000	$198,000,000	$210,000,000	$155,000,000	$209,000,000	$131,000,000	$347,000,000
27 WIPO	N/A on an annual basis	SwF 2,200,000 for 2020/21 biennium		SwF 1,869,000 for 2022/23 biennium		N/A on an annual basis	SwF 2,200,000 for 2020/21 biennium		SwF 1,869,000 for 2022/23 biennium	
28 WMO	SwF 1,500,000	SwF 2,250,000	SwF 2,250,000	SwF 2,250,000	SwF 2,250,000	N/A – PSC expenditure not budgeted in years 2019-2023				

[c] Where projected expenditures are higher than projected income, the excess/balance will come from reserves on the PSC fund.

Table 6.1
Actual programme support income and expenditure

Org.	*6.1 How does your organization reflect programme support income and expenditure in financial reports and/or other documents?*
1 United Nations	Programme Support income and expenses are eliminated under the consolidated volume I financial statements. For donor financial statement, the programme support costs for United Nations and IP are disclosed under a separate line of expenditures.
2 FAO	Programme Implementation Report to Members (PIR 2022-23 Annex II) is the most recent report to Governing Bodies.
3 IAEA	Financial Statements Note 21 (IPSAS compliant) reflects PSC Revenue and Expenditure. Annual PSC implementation report is presented to Member States that provides details on the amounts of PSC income and expenditure, including PSC use by Major Programme.
4 ICAO	Income is segregated by fund group and reflected in ICAO's financial statement as "Administrative Fee Revenue"
5 ILO	Separately
6 IMO	PSC information is provided in the budget report to the Council, and is also shown in the financial statements (at a segment level, which is then eliminated to arrive at IMO's overall position to avoid inflating income and expenditure)
7 ITC	See responses of the United Nations.
8 ITU	The programme support income estimate is part of the Council document on Biennial Draft Budget which is presented to Member States for approval during Council Session and actual income amounts are shown in the annual Financial Operating Report. The support costs charged to projects are transferred to the regular budget as revenue
9 UNAIDS	Both the programme support income and expenditure are reflected as part of the overall revenue and expenditure respectively.
10 UNCTAD	See responses of the United Nations.
11 UNDP	UNDP reports its General Management Support (GMS) resources through the Detailed annual review of the financial situation, presented to the Executive Board during the Second Regular Sessions. For 2023, GMS resources represented $259 million, which was $6 million higher than in 2022. Cost recovery resources are made up of more detailed categories, including GMS, reimbursable services, administrative agent fees, NCC contributions, Upper MIC contributions, interest, and other revenue. UNDP reports the related Programme Support/GMS expenditure through the Detailed annual review of the financial situation, presented to the Executive Board during the Second Regular Sessions (DP2020-21_Annex 1). For 2023, the expenditures were $386 million.
12 UNEP	Programme Support Costs (PSC) are indirect costs applied as a specified percentage of expenditures incurred by projects or activities under various Multilateral Environmental Agreements (MEAs) within UNEP. The PSC percentage is typically outlined in individual donor agreements or mutually agreed upon by the parties involved in the MEAs, in accordance with United Nations rules, regulations, and policies. The PSC charged generates income for the organization. A key principle governing the use of PSC income is that it must be demonstrably linked to the activities from which the PSC income was derived. Both PSC income and expenditure are recorded in the Statement of Financial Performance, with PSC income classified under "Revenue" as other revenue, and PSC expenditure recorded under "Expenses." In the IPSAS-compliant annual financial statements, different types of income and expenses are allocated to specific segments, including a dedicated segment for Programme Support Costs. All income and expenditure related to PSC are categorized within this segment. To avoid double-counting, PSC transactions that generate income by recording expenditure in PSC-generating trust funds are eliminated in the corporate IPSAS financial statements of the organization.
13 UNESCO	UNESCO reports annually the management cost account and expenditure as well as the financial statement of the special account in its implementation report to the Executive Board. The budget implementation report discloses the approved budget, incurred expenditure and obligations but appropriation lines, while the financial statement provides status on the income generated (PSC, transfer from Regular Budget, Interests) and Expenditures by nature of costs.

Org.	*6.1 How does your organization reflect programme support income and expenditure in financial reports and/or other documents?*
14 UNFPA	UNFPA report the indirect costs recovered through various reports such as: - Statistical and financial review (includes Annual update on differentiated cost-recovery rates and approved waivers) - Financial report and audited financial statements - Certified donor financial reports
15 UN-Habitat	UN-Habitat reflects both programme support income and programme support expenditure as positive numbers in its financial reports.
16 UNHCR	The use of ISC is reported in UNHCR's Global Report. See, for example: Global Report 2023, page 24.
17 UNICEF	1. Integrated Budget Document: reflected as the cost recovery amount based on projected voluntary other resource contribution to be used for Institutional Budget costs 2. Financial Statement: support costs are eliminated from financial statements as they do not meet accounting definition of income or expenses. However, they are separately disclosed in the Statement of financial performance by segment of Financial Statements, in line with IPSAS requirements.
18 UNIDO	It is reported in UNIDO Financial Statements, Spending is controlled is ERP, Budget vs Expenditure reports.
19 UNODC	Programme Support income and expenses are eliminated under the consolidated financial statements for UNODC. For donor financial statement, the programme support costs for United Nations and IP are disclosed under a separate line of expenditures.
20 UNOPS	For UNOPS the revenue on budget basis in Statement V is almost exclusively reflective of the management fee collected in a year. So, it is part of UNOPS financial statements.
21 UNRWA	Indirect support cost recoveries are recognized as income under program budget and the expenditure is allocated against the project budget allotment for the ISC. On the financial statements, the revenue is recognized on a separate line under Program budget and respective charges within projects eliminated at consolidated level in segment reporting to ensure the ISC expense is not double counted.
22 UN Tourism	Quarterly and annual financial reporting.
23 UN-Women	1. **Integrated Budget Document:** reflected as the cost recovery amount based on projected voluntary other resource contribution to be used for Institutional Budget costs 2. **Financial Statement:** support costs are eliminated from financial statements as they do not meet accounting definition of income or expenses. However, they are separately disclosed in the Statement of financial performance by segment of Financial Statements, in line with IPSAS requirements.
24 UPU	Misc. revenue and expenses
25 WFP	These are reported in the Annual Financial Statements.
26 WHO	It is reported in the WHO Annual financial statement presented to member states at the World health assembly. It is also reported in certified statements of income and expenditures to donors for specific projects.
27 WIPO	Under miscellaneous income
28 WMO	PSC is shown as expenditure in our donor reports classified as indirect costs. PSC income and the related expenditure are reflected in the financial statements as a component of other income and are netted against each other for consolidation purposes.

Table 6.2
Actual programme support income and expenditure

Org.	*6.2 Total amount of actual income under PSC*					*6.3 Total amount of actual expenditure under PSC*				
	2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
1 United Nations	$86,541,381	$110,106,011	$115,069,370	$134,443,940	$159,626,112	$107,140,628	$99,158,160	$105,351,981	$122,028,433	$136,905,191
2 FAO	2018-19 $135.5 million	2020-2021 $152.2 million		2022-2023 $181.6 million		2018-19 $135.5 million	2020-2021 $152.2 million		2022-2023 $181.6 million	
3 IAEA	€6.2 million	€5.6 million	€4.8 million	€7.8 million	€9.3 million	€7.3 million	€6.5 million	€6.1 million	€5.5 million	€5.9 million
4 ICAO[a]	Can$11,067,000	Can$7,352,000	Can$4,506,000	Can$11,571,000	Can$9,473,000	Can$10,390,000	Can$10,347,000	Can$9,599,000	Can$9,764,000	Can$11,448,000
5 ILO	$30,277,000	$28,956,000	$34,488,000	$41,447,000	$51,556,000	$12,980,000	$20,632,000	$19,435,000	$21,366,000	$20,662,000
6 IMO	£1,658,800	£1,130,506	£1,280,075	£1,844,179	£2,274,343	£1,658,800	£1,130,506	£1,280,075	£1,844,179	£2,274,343
7 ITC	$8,260,000	$7,240,000	$7,770,000	$8,680,000	$8,680,000	$3,570,000	$6,980,000	$6,930,000	$8,550,000	$9,680,000
8 ITU	SwF 414,556.53	SwF 236,130.02	SwF 724,291.64	SwF 942,613.55	SwF 1,012,985.06	SwF 414,556.53	SwF 236,130.02	SwF 724,291.64	SwF 942,613.55	SwF 1,012,985.06
9 UNAIDS	$3,248,694	$4,020,455	$4,022,824	$4,257,310	$4,850,867	$2,771,957	$2,338,446	$11,604,034	$1,211,550	$7,924,219
10 UNCTAD	See responses of the United Nations.									
11 UNDP	$240 million	$236 million	$245 million	$253 million	$259 million	US$256 million (out of which US$240 million is funded by GMS)	US$311 million (out of which US$236 million is funded by GMS)	US$323 million (out of which US$245 million is funded by GMS)	US$328 million (out of which US$245 million is funded by GMS)	US$386 million (out of which US$245 million is funded by GMS)
12 UNEP	$22,465,000	$21,685,000	$24,966,000	$31,153,000	$22,934,000	$21,790,000	$22,114,000	$22,935,000	$22,935,000	$29,492,000
13 UNESCO[b]	$15,038,173	$14,575,573	$18,971,502	$20,217,400	$21,118,956	$17,608,424	$19,164,922	$19,439,631	$20,796,660	$23,823,913
14 UNFPA[c]	$52,282,809	$58,139,758	$58,638,338	$65,876,915	$74,874,391	$52,282,809	$58,139,758	$58,638,338	$65,876,915	$74,874,391
15 UN-Habitat	$10,400,000	$12,709,000	$12,189,000	$12,876,000	$14,216,000	$12,700,000	$12,966,000	$12,270,000	$10,363,000	$10,482,000
16 UNHCR	$208 million	$228 million	$213 million	$277 million	$225 million	$208 million	$211 million	$213 million	$276 million	$225 million
17 UNICEF	$311.8 million	$317.4 million	$363.2 million	$472.2 million	$496.6 million	$311.8 million	$317.4 million	$363.2 million	$472.2 million	$440.5 million
18 UNIDO[d]	€18,630,138	€18,464,118	€19,826,938	€18,177,828	€25,588,775	€16,447,345	€15,879,957	€17,058,912	€18,137,544	€19,027,064

[a] The estimates in above table are limited to Capacity Development and Implementation Support Projects.
[b] Income under PSC in column 6.2 represents part of the revenue generated on the Management Cost Account, in addition to the funding from Regular Budget and finance revenue. Actual expenditure under PSC in column 6.3 is related to the management cost account, based on the apportionment of the share of funding between regular budget and voluntary contributions, as defined in each of the C/5 (the approved programme and budget).
[c] Figures in columns 6.2 and 6.3 show the same amount provided that the collected indirect costs from non-core resources goes to the Institutional Budget to cover costs that are already incurred by the Institutional Budget.
[d] Figures in column 6.2 refer to the actual amounts of income under PSC plus other UNIDO recoveries (full cost recovery). Figures in column 6.3 refer to the actual amounts of expenditure under PSC plus other UNIDO recoveries (full cost recovery).

	6.2 Total amount of actual income under PSC					*6.3 Total amount of actual expenditure under PSC*				
Org.	***2019***	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
19 UNODC	$33,860,353	$23,615,283	$29,865,832	$37,422,929	$42,235,386	$25,137,705	$24,366,473	$23,166,580	$23,187,684	$31,613,164
20 UNOPS	$98 million	$107 million	$137 million	$124 million	$115 million	$71 million	$83 million	$75 million	$128 million	$127 million
21 UNRWA	$33.099 million	$26.597 million	$37.869 million	$45.210 million	$38.620 million	$33.099 million	$26.597 million	$37.869 million	$45.210 million	$38.624 million
22 UN Tourism	€75,875.15	€71,425.60	€123,568.20	€281,181.69	€705,125.73	€156,350.88	€84,603.27	€228,918.46	€677,615.69	€798,790.00
23 UN-Women	$24.69 million	$27.07 million	$25.36 million	$27.65 million	$26.68 million	$24.69 million	$27.07 million	$25.36 million	$27.65 million	$26.68 million
24 UPU	SwF 261,000	SwF 278,000	SwF 259,000	SwF 369,000	SwF 399,000	N/A Revenue is financing Regular budget expenditure	N/A Revenue is financing Regular budget expenditure	N/A Revenue is financing Regular budget expenditure	N/A Revenue is financing Regular budget expenditure	N/A Revenue is financing Regular budget expenditure
25 WFP	Actual ISC income $479.3 million	Actual ISC income $502.5 million	Actual ISC income $560.1 million	Actual ISC income USD 826.6 million	Actual ISC income $477.3 million	Actual indirect cost USD 423.0 million (PSA and CCI expenditures as per Statement V)	Actual indirect cost $463.0 million (PSA and CCI expenditures as per Statement V)	Actual indirect cost $491.5 million (PSA and CCI expenditures as per Statement V)	Actual indirect cost $564.1 million (PSA and CCI expenditures as per Statement V)	Actual indirect cost $603.3 million (PSA and CCI expenditures as per Statement V)
26 WHO	$182,950,000	$186,139,268	$242,634,900	$252,285,977	$274,574,535	$204,823,000	$113,637,000	$170,829,000	$170,629,000	$176,737,000
27 WIPO	SwF 1,076,649.75	SwF 605,499.52	SwF 670,223.50	SwF 733,409.80	SwF 1,030,907.75	SwF 1,076,649.75	SwF 605,499.52	SwF 670,223.50	SwF 733,409.80	SwF 1,030,907.75
28 WMO	SwF 2,079,000[e]	SwF 1,960,000[f]	SwF 2,086,000[g]	SwF 2,628,000[h]	SwF 2,700,000[i]	SwF 1,505,000	SwF 1,282,000	SwF 1,060,000	SwF 925,000	SwF 1,631,000

[e] Includes SwF 280,000 of PSC for unconsolidated entities, the base expenditure for which is excluded from table 2.3.
[f] Includes SwF 160,000 of PSC for unconsolidated entities, the base expenditure for which is excluded from table 2.3.
[g] Includes SwF 300,000 of PSC for unconsolidated entities, the base expenditure for which is excluded from table 2.3.
[h] Includes SwF 375,000 of PSC for unconsolidated entities, the base expenditure for which is excluded from table 2.3.
[i] Includes SwF 430,000 of PSC for unconsolidated entities, the base expenditure for which is excluded from table 2.3.

Table 6.3
Actual programme support income and expenditure

Org.	*6.4 In case of use of PSC revolving funds, please provide data similar to that below, extracted from the ILO financial reports and financial statements.*
1 United Nations	**UN Secretariat (Volume I): FI View: Revenue, Expenses and Net Assets from IPSAS financial statements (PSC Funds)**
2 FAO	N/A
3 IAEA	See below the extracts from the Financial Statements (in line with IPSAS) – Note 21: Movement in fund balances of individual funds with specific purposes. (in thousands of euros)

ILO (row 6.4):

Year	Net assets 31 Dec. previous year	Revenue	Expense	Foreign exchange gain (loss)	Net result	Adjustments to net assets	Net assets 31 Dec. current year
2019	80 320	30 277	(12 980)	(461)	16 836	(309)	96 847
2020	96 847	28 956	(20 632)	212	8 536	(105)	105 278
2021	105 278	34 488	(19 435)	(138)	13 608	(22)	118 864
2022	118 864	41 447	(21 366)	(2 702)	17 379	34	136 277
2023	136 277	51 556	(20 662)	(1 422)	29 472	(152)	165 597
Total for 5 years		186 724	95 075				
Average annual		37 445	19 015				

Source: ILO's financial reports and audited consolidated financial statements, Appendix, Additional unaudited information.

1 United Nations:

Year	**Beginning Net Assets**	**Revenue**	**Expenses**	**Ending Net Assets**
2019	125,822,540	136,188,426	107,140,628	154,870,338
2020	154,870,338	126,223,763	99,158,160	181,935,941
2021	181,935,941	118,874,995	105,351,981	195,458,956
2022	195,458,956	145,789,085	122,028,433	219,219,607
2023	219,219,607	180,742,477	136,905,191	263,056,894

3 IAEA:

Year	**Opening balance**	**Revenue**[a]	**Transfers to/(from)**	**Expense**	**Net gains/ (losses)**	**Closing balance**
2019	4 721	6 168	(428)	(7 299)	(45)	3 117
2020	3 117	5 551	(140)	(6 536)	180	2 172
2021	2 172	4 848	75	(6 054)	(157)	884
2022	884	7 837	(2 550)	(5 495)	(135)	541
2023	541	9 344	(65)	(5 891)	94	4 023

[a] Revenue includes contributions, interest, etc.

<table>
<tr><th>Org.</th><th>6.4 In case of use of PSC revolving funds, please provide data similar to that below, extracted from the ILO financial reports and financial statements.</th></tr>
<tr><td>4 ICAO</td><td>
ICAO’s programme support assets, revenue and expenditure (in thousands of Can$)
<table>
<tr><th>Year</th><th>Administrative fee revenue</th><th>Other revenue</th><th>Expense</th><th>Net result</th></tr>
<tr><td>2019</td><td>11,067</td><td>758</td><td>10,390</td><td>1,435</td></tr>
<tr><td>2020</td><td>7,352</td><td>1,150</td><td>10,347</td><td>(1,845)</td></tr>
<tr><td>2021</td><td>4,506</td><td>735</td><td>9,599</td><td>(4,358)</td></tr>
<tr><td>2022</td><td>11,571</td><td>1,027</td><td>9,764</td><td>2,834</td></tr>
<tr><td>2023</td><td>9,473</td><td>10,760</td><td>11,448</td><td>8,785</td></tr>
<tr><td>Total for 5 years</td><td>43,969</td><td>14,430</td><td>51,548</td><td></td></tr>
<tr><td>Average annual</td><td>8,794</td><td>2,886</td><td>10,310</td><td></td></tr>
</table>
</td></tr>
<tr><td>5 ILO</td><td>Not used.</td></tr>
<tr><td>6 IMO</td><td>N/A</td></tr>
<tr><td>7 ITC</td><td>ITC does not use PSC revolving funds.</td></tr>
<tr><td>8 ITU</td><td>Not in use by ITU.</td></tr>
<tr><td>9 UNAIDS</td><td>N/A</td></tr>
<tr><td>10 UNCTAD</td><td>See responses of the United Nations.</td></tr>
<tr><td>11 UNDP</td><td>N/A</td></tr>
<tr><td>12 UNEP</td><td>
PSC Revenue, Expenses and Nets Assets from UNEP IPSAS Financial Statements (in thousands of US$)
<table>
<tr><th>Year</th><th>Beginning Net Assets</th><th>Revenue</th><th>Expenses</th><th>Ending Net Assets</th></tr>
<tr><td>2019</td><td>16,072</td><td>30,250</td><td>27,088</td><td>19,234</td></tr>
<tr><td>2020</td><td>19,234</td><td>27,688</td><td>28,294</td><td>18,628</td></tr>
<tr><td>2021</td><td>18,628</td><td>32,617</td><td>27,302</td><td>23,943</td></tr>
<tr><td>2022</td><td>23,943</td><td>37,738</td><td>29,326</td><td>32,355</td></tr>
<tr><td>2023</td><td>32,355</td><td>43,265</td><td>35,964</td><td>39,914</td></tr>
</table>
Note: The numbers include revenues from all PSC generating funds including the Multilateral Fund.
</td></tr>
<tr><td>13 UNESCO</td><td>
UNESCO Special Account for Management Costs (in thousands of US$)
<table>
<tr><th>Year</th><th>Reserve and fund balance, beginning of period</th><th>Revenue</th><th>Expense</th><th>Excess/(Shortfall) of income over expenditure</th><th>Adjustments to reserve</th><th>Reserve balances, end of period</th></tr>
<tr><td>2019</td><td>38 058</td><td>43 017</td><td>(40 211)</td><td>2 806</td><td></td><td>40 864</td></tr>
<tr><td>2020</td><td>40 864</td><td>45 180</td><td>(42 921)</td><td>2 259</td><td>1 621</td><td>44 744</td></tr>
<tr><td>2021</td><td>44 744</td><td>46 694</td><td>(43567)</td><td>3 127</td><td>(6 900)</td><td>40 971</td></tr>
<tr><td>2022</td><td>40 971</td><td>51 897</td><td>(46 228)</td><td>5 668</td><td></td><td>46 640</td></tr>
<tr><td>2023</td><td>46 640</td><td>62 498</td><td>(52 607)</td><td>9 892</td><td></td><td>56 531</td></tr>
</table>
</td></tr>
<tr><td>14 UNFPA</td><td>N/A</td></tr>
</table>

Org.	6.4 In case of use of PSC revolving funds, please provide data similar to that below, extracted from the ILO financial reports and financial statements.

15 UN-Habitat

UN-Habitat's programme support assets, revenue and expenditure (in thousands of US$)

Year	Net assets 31 Dec. previous year	Revenue	Expense	Foreign exchange gain (loss)	Net result	Adjustments to net assets	Net assets 31 Dec. current year
2019	14,887	10,400	(12,700)	-	(2,300)	-	12,587
2020	12,587	12,709	(12,966)	-	(257)	-	12,330
2021	12,330	12,189	(12,270)	-	(81)	-	12,249
2022	12,249	12,876	(10,363)	-	2,513	-	14,762
2023	14,762	14,216	(10,482)	-	3,734	107	18,603
Total for 5 years		62,390	58,781				
Average annual		12,478	11,756				

16 UNHCR

N/A. UNHCR does not use revolving funds for PSC.

17 UNICEF

N/A

18 UNIDO

N/A

19 UNODC

UNODC's programme support assets, revenue and expenditure (in thousands of US$)

Year	Net assets 31 Dec. previous year	Revenue	Expense	Foreign exchange gain (loss)	Net result	Adjustments to net assets	Net assets 31 Dec. current year
2019	58 873	37 371	(25 620)	(31)	11 783	(805)	69 851
2020	69 851	30 165	(25 117)	450	5 498	(5 600)	69 749
2021	69 749	33 496	(23 478)	(296)	9 723	(638)	78 833
2022	78 833	40 255	(23 720)	(1,217)	15 318	(681)	93 470
2023	93 470	49 105	(32 238)	99	16 966	98	110 534
Total for 5 years		189 362	(130 173)				
Average annual		37 872	(26 035)				

Source: UNODC's financial reports and audited consolidated financial statements, Appendix, Additional unaudited information.

20 UNOPS

UNOPS does not disclose a similar overview that only covers its revenue earned from management fees.

21 UNRWA

No PSC revolving fund is applied at UNRWA.

22 UN Tourism

UN Tourism project support cost (PSC) movements for the year ended 31 December (in Euros)
CY: Calendar Year

Year	Net assets 1 January CY	Revenue	Expenses	Net result	Adjustment of net assets	Movements	Net assets 31 Dec. CY	Actual Amounts 31 Dec. CY	Outstanding commitments	Actual amounts after commitments 31 Dec. CY
2019	590,872.76	242,878.27	142,790.59	690,960.44	0.00	100,087.68	690,960.44	590,872.76	72,346.60	801,069.83
2020	866,947.49	239,339.38	332,932.45	773,354.42	156,576.78	62,983.71	929,931.20	929,931.20	218,092.91	711,838.29
2021	929,931.20	106,836.06	258,156.75	778,610.51	89,906.51	61,414.18	868,517.02	868,517.02	159,182.82	709,334.20
2022	868,517.02	525,612.10	705,582.30	605,837.24	232,548.21	52,578.01	921,095.03	921,095.03	465,673.77	455,421.26
2023	921,095.03	341,036.14	628,402.75	633,728.42	729,102.15	441,735.54	1,362,830.57	1,362,830.57	525,018.18	837,812.39
Total for 5 years		1,455,701.95	2,067,864.84							
Average annual		291,140.39	413,572.97							

23 UN-Women

N/A

Org.	*6.4 In case of use of PSC revolving funds, please provide data similar to that below, extracted from the ILO financial reports and financial statements.*
24 UPU	N/A
25 WFP	The PSA Equalization Account (PSAEA) is an account created to absorb the difference between the Indirect Support Cost (ISC) income and the PSA expenditures. When the ISC income is higher than PSA expenditures, it accrues a surplus balance, which can be used in years where ISC income is lower than PSA expenditures. The PSAEA balance can also be used for strategic investments (Critical Corporate Initiatives), strengthening of reserves and thematic support. All uses are approved by the Executive Board.

WFP's PSA Equalization Account (in millions of US$)

Year	PSAEA Opening Balance	ISC Income	PSA Expenditures	Other*	PSAEA Closing Balance
2019	247.1	479.3	(384.2)	(92.7)	249.5
2020	249.5	502.5	(421.9)	(98.5)	231.6
2021	231.6	560.1	(442.6)	14.9	364.0
2022	364.0	826.6	(511.7)	(44.3)	634.6
2023	634.6	477.3	(556.8)	(153.6)	401.5

*Other approved drawdowns, staff cost variance, and other miscellaneous entries.

Org.	
26 WHO	**WHO's programme support assets, revenue and expenditure (in thousands of USD) – based on note 6.1.b.i**

6.1.b.i Programme Support Costs Fund	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Opening balance	**449,721**	**421,924**	**518,866**	**615,393**	**692,841**	**874,702**
Revenue	**254,030**	**253,053**	**319,320**	**255,721**	**524,787**	**438,598**
Programme support costs	*182,950*	*185,196*	*245,184*	*252,286*	*274,575*	*234,015*
Other revenue (finance revenue, service agreements and transfers)	*71,080*	*67,857*	*74,136*	*3,435*	*250,212*	*204,583*
Expenses	**284,401**	**155,274**	**213,482**	**131,062**	**311,377**	**247,162**
Transfer to Special Purpose Funds	*0*	*0*	*9,000*	*41,890*	*26,415*	*55,260*
Increase/(decrease) in allowance for doubtful accounts receivables – voluntary contributions	*-2,574*	*837*	*311*	*5,321*	*5,134*	*335,137*
Closing balance	**421,924**	**518,866**	**615,393**	**692,841**	**874,702**	**675,741**

Org.	
27 WIPO	N/A
28 WMO	**WMO Programme Support Cost Special Account Activity and Balance (in SwF)**

Year	**Opening Balance**	**Income**	**Expenditure**	**Ending Balance**	**Increase**
2019	3,848,193	2,079,133	1,504,677	4,422,649	574,456
2020	4,422,649	1,959,783	1,282,074	5,100,358	677,709
2021	5,100,358	2,086,031	1,060,364	6,126,025	1,025,667
2022	6,126,025	2,627,999	924,511	7,829,513	1,703,488
2023	7,829,513	2,699,709	1,631,091	8,898,131	1,068,618
Average 2019-2023		**2,290,531**	**1,280,543**		**1,009,988**

Table 7.1
Level of cost recovery

Org.	*7.1 Is your organization achieving full recovery of PSC, or is there potential or evidence of cross-subsidization between different funding sources? How is this monitored and managed?*
1 United Nations	The United Nations Secretariat ensures full cost to prevent cross-subsidy of extrabudgetary funded activities by the assessed resources. The Secretariat utilizes "zero based" budgeting on an annual basis to capture and reflect all support costs associated with implementation of extrabudgetary activities. The budgeting is implemented by all Secretariat entities in a similar manner and at the same level of granularity of the preparation of the budgets for the assessed resources, utilizing the standard budget costs and the Umoja budget module (BPC). Therefore, we are reasonably confident that the PSC resources are adequate and there is no cross-subsidy by the assessed resources.
2 FAO	FAO Cost Recovery policy which adheres to the principle of proportionate distribution of support costs across funding sources, Support costs are recovered fully.
3 IAEA	The Agency is now achieving full recovery. IAEA undertakes periodic reviews of the cost recovery policy, including budgeting practices to mitigate over- and under-recovery, and takes corrective action as deemed necessary.
4 ICAO	Given the potential/evidence of not achieving full cost recovery or cross-subsidization between different funding sources, a new Cost Recovery Policy was developed for ICAO and is in the process of being implemented.
5 ILO	The average recovery rate across all donors for the ILO is 11%.
6 IMO	We believe that, particularly with the introduction of the new PSC policy, we are ensuring that the full cost of delivery is being charged to projects/donors, and that the regular budget is not subsidizing project delivery. There is a reasonable match between incoming PSC being charged on donor expenditures and the requests for PSC-funded support from IMO's various Divisions, indicating that the additional support needed for what is an expanding project portfolio is being delivered through the PSC mechanism.
7 ITC	See responses of the United Nations.
8 ITU	ITU has not assessed full recovery of PSC.
9 UNAIDS	The revised policy, introducing an increased PSC rate, will contribute towards full cost recovery.
10 UNCTAD	See responses of the United Nations.
11 UNDP	The organization aims to achieve full cost recovery through its policies which promote full project costing and allocation of all applicable direct costs to the activities and funding sources they apply to. UNDP programmes and projects prepare and monitor detailed workplans that cost all activities and ensure all costs are recovered from their original source thereby reducing cross-subsidization. Overall, these measures, which start with implementation and cost monitoring at the project level ensure that regular resources are not used to fund projects/programmes that are funded from other resources. Monitoring occurs through project deficit reports. In addition to project deficit reports, UNDP performs the following monitoring activities: • Quarterly / annual reviews: finance teams compile reports on the GMS collected versus related expenditures. • Transparent reporting: UNDP presents cost-recovery performance in its annual financial statements and in the "Detailed annual review of the financial situation" to the Executive Board, highlighting the financial impact of reduced rates and any waivers granted. • Adjustments / corrective measures: If, during the year, a particular project under-collects direct or indirect costs, UNDP requires that project to rectify its budget or—if deemed necessary—report it as a "deficit", preventing undue cross-subsidization from regular (core) resources.
12 UNEP	UNEP is actively working towards achieving full recovery of PSC; We monitor this process closely to ensure that funding sources are allocated appropriately and that they include the full share of the approved PSC rate. There is always the potential for cross-subsidization, and we take steps to prevent it by carefully tracking and managing our funding streams. To monitor and manage this, we use a combination of financial reporting systems and regular spot checks to ensure that each funding source is paying the standard PSC rate or presence of evidence of approval of special PSC rate whenever it applies. We also have internal controls in place, including regular reconciliations to identify any instances of cross-subsidization. These processes allow us to address any discrepancies promptly and ensure full recovery of PSC.
13 UNESCO	UNESCO's objective is to ensure full cost recovery. To this end, several financial tools have been put in place. In addition to the PSC, which makes it possible to recover management costs, the Organization also has a tool for recovering staff financed by the regular programme but working on voluntary contributions projects. In addition, the Organisation has introduced a Post Occupancy Charge (POC) in order to recover some costs not covered by the PSC.

Org.	*7.1 Is your organization achieving full recovery of PSC, or is there potential or evidence of cross-subsidization between different funding sources? How is this monitored and managed?*
14 UNFPA	UNFPA is committed to achieving full cost recovery and minimizing the risk of cross-subsidization between different funding sources. To achieve this, cost-recovery waivers are strictly limited to exceptional circumstances. All offices are also required to ensure that funding proposals comprehensively include all direct costs, and non-core donor agreements reflect the applicable indirect cost recovery rates. Additionally, office realignment proposals are thoroughly reviewed to confirm that non-core resources cover their fair share of personnel costs, thereby eliminating the potential for cross-subsidization. Indirect cost is charged monthly based on incurred expenses to ensure the timely recovery of indirect costs. These processes involve various HQ units and Regional Offices, ensuring robust oversight and compliance with the organization's cost recovery policy.
15 UN-Habitat	See responses of the United Nations.
16 UNHCR	PSC incurred in relation to ear-marked contributions are recovered through the established 6.5% rate, while PSC corresponding to unearmarked contributions are recovered as needed since unearmarked contributions are not subject to PSC rate. This is monitored annually as part of the year-end closure activities and reporting.
17 UNICEF	Cross-subsidization of indirect costs occurs when the standard indirect cost recovery rate is not applied consistently across all non-core donor agreements. This may result from waivers or the implementation of differentiated rates, where Executive Board decisions establish preferential rates lower than the standard 8 per cent rate. Due to these differentiated rates, if the “effective rate” (the actual average rate achieved) falls below the standard 8 percent, the cross-subsidy amount corresponds to the percentage point forgone as a result of the lower rates. This analysis is based on the assumption that the cost recovery model’s underlying principles remain valid and that direct costs are fully recovered—though full recovery of direct costs is often difficult to measure and quantify. UNICEF closely monitors compliance with its cost recovery policy and does not grant waivers except in exceptional circumstances.
18 UNIDO	UNIDO maximizes its efforts to achieve full cost recovery, but in many cases the efforts are limited by the donor conditions (support cost rates or direct cost limitations). There are certain signs of cross-subsidization as past cost recovery studies indicated much higher recommended PSC rates. UNIDO TC delivery has grown in recent years considerably, whiles keeping the same level of the workforce, which is an indication of higher efficiencies and hence UNIDO gets closer to overall full cost recovery targets. Cross-departmental subsidization at this point is unavoidable as projects are accepted for implementation not only from commercial/cost recovery point of view.
19 UNODC	The United Nations Secretariat ensures full cost to prevent cross-subsidy of extrabudgetary funded activities by the assessed resources. The Secretariat utilizes “zero based” budgeting on an annual basis to capture and reflect all support costs associated with implementation of extrabudgetary activities. The budgeting is implemented by all Secretariat entities in a similar manner and at the same level of granularity of the preparation of the budgets for the assessed resources, utilizing the standard budget costs and the Umoja budget module (BPC). Therefore, we are reasonably confident that the PSC resources are adequate and there is no cross-subsidy by the assessed resources.
20 UNOPS	UNOPS is monitoring and providing information if it is “breaking even” on an annual basis through its Statement V of the financial statements. Given the self-financing nature of UNOPS there is no risk of cross-subsidization.
21 UNRWA	In accordance with the ISC regulatory framework full cost recovery is expected in order that non-programme budget activities do not constitute a financial burden to the agency’s Programme Budget. While this is the case UNRWA doesn’t receive full cost recovery for its operational costs and therefore requires additional supplementary budget support to cover its financial requirements. This is monitored by regular expenditure reviews and restrictions embedded in the ERP that ensure projects remain within budgeted amounts. Any budget adjustments within existing limits of funding are authorized by respective.
22 UN Tourism	Monitoring is pending to be developed, and an assessment made on if the Organization is covering all variable indirect costs or if subsidization from other funding sources. For the time being implementing/developing a tool for this planning is not in place.

Org.	*7.1 Is your organization achieving full recovery of PSC, or is there potential or evidence of cross-subsidization between different funding sources? How is this monitored and managed?*
23 UN-Women	For indirect costs, cross-subsidization occurs when the standard indirect cost recovery rate is not applied consistently across all non-core donor agreements. This can be due to waivers, and/or due to the application of the differentiated rates where the EB decision includes preferential rates lower than the standard rate of 8 percent. Due to the differentiated rates the "effective rate" (actual average rate achieved) is lower than 8 per cent standard rate then the amount of the cross subsidy is the 1 per cent point that is forgone due to the differentiated rates. This assumes that the underlying assumptions of the model are acceptable and that there is an equally full recovery of direct costs which is not easily measured and quantifiable. UN Women monitors the compliance to the cost recovery policy and does not grant waivers unless in exceptional cases. It is worth noting that UN Women did not have waivers in 2023 and has granted only 6 waivers during the 2018-2022 period.
24 UPU	No; a percentage is defined and then used.
25 WFP	Cost recovery within the organization is planned and budgeted across all funding sources. To monitor and manage this effectively, the organization utilizes structured planning, budgeting, and reporting processes and tools, such as the annual corporate budget process (ISC rate is defined and existing cost recovery rates are disclosed/reviewed); CSP Implementation Plans, budget revisions, financial analysis, and reporting. These mechanisms are applied across all organizational levels (Headquarters, Regional Office, Country Office) to ensure transparency, proper cost allocation, and to mitigate any risk of cross-subsidization between different funding sources. From a governance perspective, on an annual basis and in the context of the corporate budget annual process, a Global Budget Committee reviews among others also existing and newly proposed cost recovery activities and proposed rates.
26 WHO	Funding collected through the PSC charges on voluntary contributions mechanisms does not yet meet the total cost of enabling functions, mainly because of increased earmarked funding, increased volumes of funding with lower rates of recovery (such as humanitarian) and difficulties in financing enabling costs directly from programmes financed by voluntary contributions. An update on these mechanisms and recommendations to improve cost recovery was presented to the WHO executive board to review WHO's position within the global funding landscape.[a]
27 WIPO	It is being charged upfront and therefore there is full recovery of the charged PSC. As noted in column 1.5, this does not entirely cover the totality of incurred costs.
28 WMO	We are not yet at full cost recovery. There are a couple of elements driving this: 1. There is evidence that we are providing in-kind support to the implementation of projects with our regular budget staff - primarily in the areas of technical backstopping of project development and project implementation. This is not PSC; however, as these costs should be charged as direct (and not indirect costs). 2. We have not done a time-based study recently to determine the actual percentage of PSC that should be charged and, rather, rely upon consistency with the United Nations system rates and the historical rates applied. We are hoping to have some further guidance / guidelines from this analysis.

[a] See Matters emanating from the Agile Member States Task Group on Strengthening WHO's Budgetary, Programmatic and Financing Governance.

Table 7.2
Level of cost recovery

	7.2 Full programme support cost recovery (projected or budgeted ratio) (Projected or budgeted income vis-à-vis projected or budgeted expenditure, column 5.4: column 5.5) (Unit: %)					*7.3 Full programme support cost recovery (actual ratio) (Actual income vis-à-vis actual expenditure, column 6.2: column 6.3) (Unit: %)*				
Org.	***2019***	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
1 United Nations	103%	108%	90%	107%	107%	81%	111%	109%	110%	117%
2 FAO	100% for biennium	100% for biennium		100% for biennium		100% for biennium	100% for biennium		100% for biennium	
3 IAEA	100%	100%	100%	100%	100%	85%	86%	79%	142%	158%
4 ICAO[a]	53%	42%	40%	50%	83%	107%	71%	47%	119%	83%
5 ILO	110%	111%	101%	136%	104%	233%	140%	177%	194%	250%
6 IMO	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
7 ITC	91%	91%	91%	91%	91%	231%	104%	112%	102%	90%
8 ITU	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
9 UNAIDS	N/A	N/A	N/A	N/A	N/A	117%	172%	35%	351%	61%
10 UNCTAD	See responses of the United Nations.									
11 UNDP	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
12 UNEP	94%	106%	105%	87%	75%	98%	100%	113%	136%	105%
13 UNESCO	100%	100%	100%	100%	100%	85%	76%	98%	97%	88%
14 UNFPA	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
15 UN-Habitat	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16 UNHCR	N/A	N/A	N/A	N/A	N/A	100%	108%	100%	100%	100%
17 UNICEF	100%	100%	100%	100%	100%	100%	100%	100%	100%	113%
18 UNIDO	The PSC expenditure reported in column 5.5 corresponds to the total Operational Budget (OB), which includes PSC income as well as other full cost recovery components (such as Direct Service Cost recoveries and miscellaneous income). Comparing PSC income (in column 5.4) to PSC expenditure may create a structural inconsistency: while PSC income represents only one portion of OB funding, PSC expenditure reflects the entire OB without distinction of its funding sources as it is not possible to attribute expenditures to specific income sources.					The PSC expenditure reported in column 6.3 corresponds to the total OB, which includes PSC income as well as other full cost recovery components (such as Direct Service Cost recoveries and miscellaneous income). While PSC income represents only one portion of OB funding, PSC expenditure reflects the entire OB without distinction of its funding sources as it is not possible to attribute expenditures to specific income sources. The reported PSC recovery ratio risks being misinterpreted—it may give the impression that UNIDO is achieving near-full cost recovery, while in reality, part of the costs remains unaccounted for in the PSC framework.				
19 UNODC	90%	96%	102%	111%	123%	135%	97%	129%	161%	134%

[a] The estimates in column 7.2 are limited to Capacity Development and Implementation Support Projects. The estimates in column 7.3 are limited to Capacity Development and Implementation Support Projects. Actual cost recovery rates reflect the reliance on other revenue sources such as interest revenue.

Org.	*7.2 Full programme support cost recovery (projected or budgeted ratio) (Projected or budgeted income vis-à-vis projected or budgeted expenditure, column 5.4: column 5.5) (Unit: %)*					*7.3 Full programme support cost recovery (actual ratio) (Actual income vis-à-vis actual expenditure, column 6.2: column 6.3) (Unit: %)*				
	2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
20 UNOPS	100%	100%	100%	100%	100%	138%	129%	183%	97%	91%
21 UNRWA	76%	94%	66%	84%	91%	100%	100%	100%	100%	100%
22 UN Tourism	N/A	N/A	N/A	N/A	N/A	48.53%	84.42%	53.98%	41.50%	88.27%
23 UN-Women	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
24 UPU	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25 WFP	90%	96%	94%	88%	101%	113%	109%	114%	147%	79%
26 WHO[b]	86%	119%	100%	136%	57%	89%	164%	142%	148%	155%
27 WIPO	N/A	100% for biennium 2020/21		100% for biennium 2022/23		N/A	100% for biennium 2020/21		100% for biennium 2022/23	
28 WMO	N/A – PSC expenditure not budgeted in years 2019-2023					138%	153%	197%	284%	166%

[b] *Notes:* PSC is only one source of funding under the PSC fund. This fund also gets significant income from finance revenue. For planning purposes, assessed contributions and PSC income can be used interchangeably for certain areas of expenditure.

Table 8.1

Realistic budgeting of programme support income and expenditure

Org.	*8.1 How are PSC rates and policies based on realistic budgeting practices that mitigate over and under budgeting?* *What are the risks for under- or over-recovery of PSC?* *How are these being mitigated?*
1 United Nations	The PSC budgets are prepared on an annual/biennial basis in Umoja budget formulation module (BPC), as appropriate, and based on the centrally defined standard budgetary rates maintained in the system, i.e. salaries, air tickets, daily subsidy allowance.
2 FAO	The principle underlying distribution of support costs between funding sources which is based on proportionality has been approved by the General Assembly.
3 IAEA	PSC allotments are issued annually, on a prospective basis, considering PSC to be earned for the forthcoming year and taking into account the PSC Sub-Fund balance. Supplementary allotments may be exceptionally issued during the year to reflect higher than anticipated actual PSC earned on direct project costs. In addition, the IAEA undertakes periodic review of the PSC policy, including budgeting practices to mitigate over- and under-budgeting, and takes corrective action as deemed necessary.
4 ICAO	In the process of development.
5 ILO	N/A. The ILO has a project appraisal process. This process serves to assess the design and coherence of project proposals. Its overall purpose is to improve the results focus and effectiveness of development cooperation. As part of this quality assurance mechanism, the project budget is reviewed by all relevant units (budget, procurement, security, evaluation, etc.) to ensure that direct costs are charged against the project budget. No project can be approved without the final clearance of Budget/Development Cooperation Unit.
6 IMO	8.2 there is not really a significant risk of over- and under-budgeting with respect to PSC – the projects budget for the direct costs associated with it, PSC is charged at a rate established by the policy and which reflects the degree of indirect work associated with its delivery, and the whole is charged to the donor-funded budget line. In terms of utilizing PSC, a reserve has been built up to mitigate against a sudden fall in PSC earnings, and all contracts funded from PSC earnings, including staff costs, have a ‘subject to available funding’ clause. The reserve was in the region of £600k at the end of 2023 – to date the PSC forecast to be charged has provided a reasonable match to the requests for usage of PSC resources to support project work, but in practice PSC actually charged has exceeded forecast in each year of the scheme.
7 ITC	See responses of the United Nations.
8 ITU	ITU has not assessed full recovery of PSC.
9 UNAIDS	To implement full cost recovery, we are aligning ourselves to the WHO Guidance Notes on Cost-Recovery and Development of Budgets for Proposals to/Agreements with Donors, January 2025. The risk of cost under-recovery is mitigated by increasing the PSC rate to 13%, effective March 2025.
10 UNCTAD	See responses of the United Nations.
11 UNDP	General Management Support (GMS) rates are approved by the Executive Board and are based on the notional rate analysis for a four-year period (aligned with the strategic planning period) as presented by UNDP, UNICEF, UN-Women and UNFPA. In follow up to columns 7.1 and 7.2, indirect cost recovery is only one of the resources that funds UNDP management budget. UNDP also recovers fees for services earns interest among other sources. Management budget resources are centralized and thus expenditure is not attributed to the source of the resources. Each year, UNDP fully utilizes indirect cost recovery within the management budget at the centralized level.

Org.	*8.1 How are PSC rates and policies based on realistic budgeting practices that mitigate over and under budgeting?* *What are the risks for under- or over-recovery of PSC?* *How are these being mitigated?*
12 UNEP	UNEP currently applies the PSC recovery process and the rates used across all Secretariat entities. The standardized rates help prevent over and under budgeting. The risk of over-recovery of PSC is the potential negative impact on donor relations, as donors will not appreciate being over recovered, which will make UNEP projects less competitive. On the under-recovery, it will lead to insufficient budget of PSC use, and cross-subsidy to the XB projects via the core funding. These have been mitigated by utilizing the standard rates set by the United Nations Controller.
13 UNESCO	UNESCO's Management Cost Account (MCA) policy balances risk-based management with operational realities, ensuring equity across the organization. It acknowledges financial risks, particularly the variability of voluntary contributions, while ensuring equity in relation to the regular program funded by Member States' assessed contributions. These mandatory contributions ensure the continuation of UNESCO's core program. The regular budget, determined biennially, does not include provisions for reserves, so any significant reduction affects the program similarly to functions financed from the Special Account for Management Costs. This policy mitigates over and under budgeting risks by proportionally sharing management costs between the regular budget and voluntary contributions, preventing under or over recovery of Program Support Costs. The policy also allows UNESCO to revise the PSC rates in case expenditure exceeds income. A reserve policy is also in place to cover potential deficits.
14 UNFPA	The indirect cost rates and policies are grounded in a harmonized cost classification and recovery methodology that ensures full cost recovery of both direct and indirect costs. This approach minimizes cross-subsidization between core and non-core resources, ensuring financial sustainability. Budget holders are required to include all direct and indirect costs in funding proposals, with indirect costs recovered through a standard rate (typically 8%) applied to direct costs. This ensures that budgeting aligns with actual programmatic and operational needs, reducing risks of over- or under-budgeting. The risks for under- or over-recovery of indirect cost: • Under-recovery: This occurs when direct or indirect costs are not fully included in funding proposals, leading to cross-subsidization of non-core projects with core resources, which undermines financial sustainability. • Over-recovery: This could happen if indirect cost recovery rates are set too high, potentially discouraging donor contributions or creating inefficiencies. These risks are mitigated through a harmonized cost classification and recovery methodology (reviewed periodically as per the request of the governing body of the organisation) that ensures proportional funding from core and non-core resources. • Mandatory inclusion of all direct and indirect costs in funding proposals, supported by tools like the Standard Post Costs Calculation tool. • Regular monitoring of resource utilization and adjustments to budgets as needed. • Transparent application of indirect cost recovery rates and oversight by different responsible offices to ensure compliance with policies and financial sustainability.
15 UN-Habitat	See responses of the United Nations.
16 UNHCR	PSC rates are established to recover, in principle, the indirect costs corresponding to ear-marked contributions that the organization targeted to cover from this ISC source (see earlier reference to UNHCR's definitions and policy). UNHCR is monitoring on yearly basis the total revenue collected from ISC vs the total indirect costs meant to be covered from this source and draws conclusions on whether material adjustments to the established rate are needed from time to time.
17 UNICEF	The support cost rates and policies provide a budgetary mechanism to recover the indirect costs that it has incurred in the management of other resource contributions. Projected other resource contributions are based on past historical trends as well as forward looking forecasts, resources mobilization strategies, politics and donor landscape. When dealing with any projections, there is always a possibility that the actuals vary, and UNICEF strives to strike a balance of using past actual data and projected trends. While the projections in the Integrated Budget are done biennially, there is a robust annual process that looks at actual data and updated resource mobilization trends allowing for needed adjustments in the cost recovery budgets to ensure that actual expenditures are always aligned with actual income. In case of recovery that is greater than the projections, the cost recovery policy defines their use in support of institutional type management type costs which is also reference approved by the Executive Board of UNICEF.

<table>
<tr><th>Org.</th><th>8.1 How are PSC rates and policies based on realistic budgeting practices that mitigate over and under budgeting?
What are the risks for under- or over-recovery of PSC?
How are these being mitigated?</th></tr>
<tr><td>18 UNIDO</td><td>As there is a tendency to have reduced PSC and due to the past cost recovery studies demonstrating under-recovery of PSC, there are no mitigation at the moment to cater for over-recovery of PSC. Detailed cost recovery analyses are required for understanding the situation with the PSC real vs accepted by the donor rates. It may lead to commercialization of United Nations approach to project selection and implementation, which has to be avoided.

Mitigation efforts include a regular dialogue with Member States in the context of UNIDO’s own Policymaking Organs, and other funding partners in bilateral and mostly United Nations wide consultative processes (e.g. FAFA Working Group).</td></tr>
<tr><td>19 UNODC</td><td>The PSC budgets are prepared on an annual/ biennial basis in Umoja budget formulation module (BPC), as appropriate, and based on the centrally defined standard budgetary rates maintained in the system, i.e. salaries, air tickets, daily subsidy allowance.</td></tr>
<tr><td>20 UNOPS</td><td>Given that UNOPS funding is completely volatile, the management fee signed and projected serves as the baseline to structure the budget for the following year. During the year the recovery is monitored and either expenditure under indirect cost is increased or lowered.
The risks of over/under recovery are that UNOPS will operationally not break even.
The mitigation that UNOPS has is a minimum operational reserve. This is meant to cover for shortfalls of recovery and will be aimed to be refilled if below the minimum amount.

See below the UNOPS minimum operational reserve balance from 2019 to 2023.
<table>
<tr><th>Year</th><th>Minimum Operational Reserve Balance (Thousands of US$)</th></tr>
<tr><td>2019</td><td>21,025</td></tr>
<tr><td>2020</td><td>21,988</td></tr>
<tr><td>2021</td><td>138,764</td></tr>
<tr><td>2022</td><td>147,252</td></tr>
<tr><td>2023</td><td>165,319</td></tr>
</table>
The increase in the balance from 2021 is due to the change in the methodology for calculating the minimum operational requirement, as approved by the EB.</td></tr>
<tr><td>21 UNRWA</td><td>The PSC rate has been determined based on understanding the overall rates that other agencies charge and informed by what donors are overall willing to consider as a fair charge for implementing projects. Apart from projects from which ISC income is derived, a significant part of UNRWAs work is mainly financed through voluntary unearmarked contributions from member states, the appropriations from the United Nations regular budget. There is always a risk of under recovery of agency’s costs that results in budget deficits which is minimized through (i) extensive fundraising activities (through the External relations activities including NATcoms) and (ii) implementing cost reduction and management approaches.</td></tr>
<tr><td>22 UN Tourism</td><td>PSC is not budgeted. The previous year accumulated PSC appropriations constitute the available budget. Therefore, the risk of over budgeting is fully mitigated.</td></tr>
<tr><td>23 UN-Women</td><td>The support cost rates and policies provide a budgetary mechanism to recover the indirect costs that it has incurred in the management of other resource contributions. Projected other resource contributions are based on past historical trends as well as forward looking forecasts, resources mobilization strategies, politics and donor landscape. When dealing with any projections, there is always a possibility that the actuals vary, and UN Women strives to strike a balance of using past actual data and projected trends.

While the projections in the Integrated Budget are done biennially, there is a robust annual process that looks at actual data and updated resource mobilization trends allowing for needed adjustments in the cost recovery budgets to ensure that actual expenditures are always aligned with actual income.

In case of recovery that is greater than the projections, the cost recovery policy defines their use in support of institutional type management type costs which is also reference approved by the Executive Board of UN Women.</td></tr>
<tr><td>24 UPU</td><td>N/A</td></tr>
</table>

Org.	*8.1 How are PSC rates and policies based on realistic budgeting practices that mitigate over and under budgeting?* *What are the risks for under- or over-recovery of PSC?* *How are these being mitigated?*
25 WFP	WFP applies the principle of full cost recovery to contributions. Each donor is expected to meet “the full operational and support costs of its contributions”. Therefore, each commodity contribution must be matched by an appropriate amount of associated costs and all contributions must include a percentage to cover ISC. This percentage is referred to as the ISC rate and is currently set at 6.5 percent. Applying the ISC rate to each donation generates ISC income. WFP’s ISC rate is calculated to ensure that the costs of the activities that cannot be linked to any single operation (indirect costs) defined in the PSA budget can be fully funded from projected contribution revenue. At the same time, the rate established should not generate excess income that could otherwise be used for direct programme implementation. The PSA budget is incorporated in the WFP Management Plan which is submitted to the Executive Board for approval at the Second Regular Session before the start of the new year. Although adjustments are sometimes made to accommodate changing needs, PSA expenditure is relatively fixed and does not fluctuate in direct proportion to the level of operations. The ISC rate is also approved at the start of each year as a component of the WFP Management Plan and is applied uniformly, with certain exceptions, to each donation received during the biennium. However, even with an ISC rate fixed for a biennium, the actual level of operations and associated income is usually substantially different from budgeted levels and therefore actual ISC income usually differs from budgeted ISC income. In order to account for these differences and improve the transparency of reporting on ISC income and PSA expenditure, the PSA Equalization Account (PSAEA) reserve was created in 2002. The difference between PSA expenditure and associated income is transferred to this reserve at the end of each financial period. All uses of the PSAEA reserve have to be approved by the Executive Board and are generally limited to support costs, including capital and capacity-building costs. In addition, the Executive Board may authorize transfers from the PSAEA reserve to other reserves, such as the Immediate Response Account (IRA). The organization issues official updates of projected contributions four times a year. If there is a significant decline in projected income, the organization will institute cost containment measures. The Executive Director has authority to reduce the PSA budget by up to 10 percent. If the projected income increases significantly, the Executive Director has authority to increase the PSA budget by 2 per cent of the additional contribution forecast.
26 WHO	Over recovery could lead to loss of funding from donors in a competitive ecosystem as well the risk of not meeting operational goals due to lower direct costs. Under recovery could lead to a funding gap for the enabling functions resulting in decreased services provided. The risks are mitigated through a regular review process of the budgetary requirements vs the income projected and collected, as well as a review of WHO’s position in the international assistance landscape. Donors are also consulted to discuss the type of funding and its flexibility or purpose in function of our overall needs to fund the general program of work.
27 WIPO	Since voluntary contributions at WIPO constitute less than 5% of its total available budget, the risk is minimal.
28 WMO	PSC rates are applied based upon policy rates and there is not a specific analysis on whether these rates are 100% accurate for each individual project. One key area where we have questions about the appropriate PSC rates is when implementing partners are being utilized for a significant portion of the implementation. Our current policy is that we charge our standard PSC rates on the whole of the project, irrespective of who is implementing. In these circumstances, the implementing partner may also be charging their indirect costs on top of ours. There is, therefore, risk of over-recovery of PSC in these cases. In other cases, generally where PSC exceptions are made, there is under recovery of PSC. In these cases, we are applying greater stringency with respect to identifying the related “in-kind” contribution by foregoing the standard PSC rates.

Table 8.2
Realistic budgeting of programme support income and expenditure

	8.2 Realistic budgeting of income under PSC (Actual income vis-à-vis projected or budgeted income, column 6.2: column 5.4) (Unit: %)					*8.3 Realistic budgeting of expenditure under PSC (Actual expenditure vis-à-vis projected or budgeted expenditure, column 6.3: column 5.5) (Unit: %)*				
Org.	***2019***	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
1 United Nations	76%	95%	111%	94%	98%	97%	92%	91%	92%	90%
2 FAO	2018-19 121%	2020-21 112%		2022-23 119%		2018-19 121%	2020-21 112%		2022-23 119%	
3 IAEA	81%	85%	80%	142%	155%	95%	98%	102%	100%	107%
4 ICAO[a]	203%	173%	117%	244%	113%	100%	103%	101%	102%	113%
5 ILO	151%	119%	172%	126%	172%	71%	94%	98%	88%	71%
6 IMO	91%	90%	90%	93%	89%	107%	89%	106%	113%	107%
7 ITC	222%	110%	124%	114%	114%	87%	96%	101%	102%	116%
8 ITU	30.15%	17.17%	52.68%	94.26%	101.3%	30.15%	17.17%	52.68%	94.26%	101.3%
9 UNAIDS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10 UNCTAD	See responses of the United Nations.									
11 UNDP	99.7%	91.8%	93.3%	93.7%	94.5%	99.7%	91.8%	93.3%	90.7%	89.4%
12 UNEP	94%	87%	103%	138%	129%	90%	93%	96%	89%	93%
13 UNESCO	110%	103%	134%	97%	101%	129%	135%	137%	100%	114%
14 UNFPA	132.10%	127.29%	130.79%	133.83%	135.27%	132.10%	127.29%	130.79%	133.83%	135.27%
15 UN-Habitat	N/A	N/A	110%	119%	73%	96%	122%	125%	92%	104%
16 UNHCR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17 UNICEF	104%	106%	122%	138%	146%	104%	106%	122%	138%	129%
18 UNIDO[b]	106%	97%	107%	96%	136%	92%	82%	92%	91%	97%
19 UNODC	126.8%	93.4%	118.0%	128.9%	116.5%	84.9%	92.7%	93.6%	88.5%	107.2%
20 UNOPS	109%	118%	155%	124%	115%	79%	92%	83%	128%	127%
21 UNRWA	132%	106%	151%	119%	110%	100%	100%	100%	100%	100%
22 UN Tourism	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23 UN-Women	157%	145%	136%	141%	128%	157%	145%	136%	141%	128%

[a] The estimates in columns 8.2 and 8.3 are limited to Capacity Development and Implementation Support Projects.
[b] Income under PSC represents UNIDO Operational Budget net of other sources of income.

Org.	*8.2 Realistic budgeting of income under PSC (Actual income vis-à-vis projected or budgeted income, column 6.2: column 5.4) (Unit: %)*					*8.3 Realistic budgeting of expenditure under PSC (Actual expenditure vis-à-vis projected or budgeted expenditure, column 6.3: column 5.5) (Unit: %)*				
	2019	***2020***	***2021***	***2022***	***2023***	***2019***	***2020***	***2021***	***2022***	***2023***
24 UPU	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25 WFP	117%	113%	126%	165%	76%	93%	100%	103%	99%	96%
26 WHO	101%	100%	116%	142%	139%	97%	73%	82%	142%	51%
27 WIPO	N/A	58% for the biennium 2020/21		94% for the biennium 2022/23		N/A	58% for the biennium 2020/21		94% for the biennium 2022/23	
28 WMO	139%	87%	93%	117%	120%	N/A – PSC expenditure not budgeted in years 2019-2023				

Table 9.1
Roles of different bodies, delegation of authority, lessons learned & good practices

Org.	*9.1 Who establishes and "owns" the PSC policy in your organization?*	*9.2 What are the respective roles of (a) executive management and (b) governing bodies?*	*9.3 - Who has the delegation of authority to approve changes, exceptions, and waivers to the policy? - How consistently are these exceptions and waivers recorded and reported to (a) governing bodies and (b) oversight mechanisms?*
1 United Nations	The General Assembly pronounced the PSC policy in its resolution A/RES/35/217, dated 17 December 1980. With the Secretariat, DMSPC is responsible for establishing rates of PSC and setting policy for the administration of PSC.	The General Assembly sets forth the policies in its resolutions and adopts the Financial Regulations. The Secretary-General issues the Financial Rules for implementation of and in conformity with the Financial Regulations, which are brought to the attention of the General Assembly. These General Assembly policies are implemented via the formal promulgation of Secretary-General bulletins (ST/SGB/), which, in turn, are further delineated into practical operational process and procedures via the issuance of administrative instruction (ST/AI) by USG/DMSPC.	The Secretary-General, as the chief administrative officer of the Organization under the Charter of the United Nations, holds the primary authority and responsibility for the administration of the Financial Regulations and Rules. The Secretary-General delegated certain authorities (for example, approving exceptions on PSC rates) to be held and exercised centrally by the USG/ DMSPC, who in turn subdelegated certain authorities to the ASG/OPPFB, Controller. (a) The information with respect to extrabudgetary resources, including with respect to PSC and waivers, is recorded and maintained consistently at a granular and comprehensive manner in the official system of record Umoja and thus constitutes integral part of the of the financial reporting. It is reflected at the aggregated level in the financial reports of the Organization, as well as in the individual and detailed financial reports to the donors. (b) The aggregated financial data included in the formal financial statements of the Organization, as well as the comprehensive and detailed underlying data are captured in Umoja and are subject to the review and inspection of the internal and external oversight bodies - OIOS and BOA - when conducting their audits.
2 FAO	Governing Bodies of FAO	(a) Implementation and monitoring (b) endorsement and progress review	Flexibility and exceptions as provided in the Published policy (see column 3.3) Since the new support cost policy was endorsed by FAO's Governing Bodies in 2016, which has introduced the flat rate of 7% and which documented all possible exceptions, the routine of reporting exceptions has been lifted.

Org.	*9.1 Who establishes and "owns" the PSC policy in your organization?*	*9.2 What are the respective roles of (a) executive management and (b) governing bodies?*	*9.3 - Who has the delegation of authority to approve changes, exceptions, and waivers to the policy?* *- How consistently are these exceptions and waivers recorded and reported to (a) governing bodies and (b) oversight mechanisms?*
3 IAEA	Director General	(a) Director General authorizes the annual PSC allotments. Division of Budget and Finance ensures that the PSC policy is applied and monitors the adequacy of the balance of the PSC Sub-Fund. Departments soliciting extrabudgetary resources ensure that provision for PSC is included in all contribution agreements with donors. (b) Annual PSC implementation report is presented to Member States that summarizes the activities of each PSC recipient area in support of extrabudgetary projects.	The Director General approves changes, exceptions, and waivers to the policy. (a) Annual PSC Implementation Report to Member States provides insights into policy applications, including modifications. (b) Changes/exceptions/waivers are reported to OIOS in the context of internal audits or advisory engagements related to financial management practices, e.g. cost recovery or budgetary controls.
4 ICAO	The new Cost Recovery Policy is approved by the Council.	Under the recently approved Cost Recovery Policy: (a) The Secretary General is responsible for: a. ensuring that ICAO's cost recovery activities are subject to sound governance practices and do not pose undue administrative burden and cost to the Organization; b. recommending the level of the indirect cost rate for consideration and approval by the Council; c. creating and managing additional Funds/Special Accounts as may be required to administer cost recoveries; d. approving the schedule of service fees and programme support rates; e. approving transfers between the Cost Recovery and other funds; f. recommending amendments to this Policy for approval by the Council; and g. issuing Administrative Instructions on cost recovery and on management of the Cost Recovery fund. (b) The Council is responsible for: a. approving the indirect cost rates or any waivers to it to be applied by the Secretariat; and b. approving amendments to this Policy.	See column 9.2. (a) Based on the policy, the Council is responsible for approving the indirect cost rates or any waivers. (b) Not yet in place
5 ILO	The Treasurer and Financial Comptroller	(a) The Treasurer is a part of the SMT of the ILO. (b) The Governing Body receives an annual update of DC activities and estimates are provided in programming documents.	Chief of Budget and Finance branch for approval. Waiver should indicate how the shortfall between the 13% and the proposed rate is recovered as a direct cost. All PCS, including any exceptions and waiver are tracked and recorded in ILO's ERP system.

Org.	*9.1 Who establishes and "owns" the PSC policy in your organization?*	*9.2 What are the respective roles of (a) executive management and (b) governing bodies?*	*9.3 - Who has the delegation of authority to approve changes, exceptions, and waivers to the policy?* *- How consistently are these exceptions and waivers recorded and reported to (a) governing bodies and (b) oversight mechanisms?*
6 IMO	The general principle is established in the Organization's Financial Regulations, which are approved by the IMO Assembly. The operationalization of this through the PSC policy was approved by the Secretary-General.	(a) To implement the overall policy goal effectively. (b) To set the overall policy goal.	The policy itself is approved by (and may be amended by) the Secretary-General. Waivers and exceptions to specific PSC rates may be approved by the Director, Administrative Division, based on rationale provided in the policy. (a) To date there have been no exceptions to the policy. (b) See above.
7 ITC	See responses of the United Nations.		
8 ITU	The current applicable framework on cost recovery is owned by ITU Council and by the Plenipotentiary Conference. Note that ITU is considering the development of an additional AOS policy to be managed by the Secretary General.	(a) ITU Council approves the ITU Financial Regulations and Financial Rules and approves biannual budget. (b) ITU Plenipotentiary Conference considered changes to the ITU Constitution and Convention adopts additional resolutions and approves ITU quadrennial budget.	ITU Council delegates on Council Working Group on Finances and Human Resources (CWG-FHR) to propose changes to the ITU Financial Regulations and Financial Rules. There have been no waivers to these roles.
9 UNAIDS	Department of Finance and Accountability	(a) Review and approve the respective rates (b) The independent external oversight committee will be informed of the change to the policy	Director, Finance and Accountability (a) and (b) Annual – SDG Funding Compact (Annex to QCPR PCB Conference Paper)
10 UNCTAD	See responses of the United Nations.		
11 UNDP	UNDP Bureau for Management Services.	Within UNDP's cost-recovery framework, executive management and the governing bodies each play distinct but complementary roles. By separating these duties—management focusing on implementation and internal controls – including reporting to the Executive Board - and the Board on policy decisions and oversight—UNDP ensures that cost-recovery practices remain both operationally efficient and transparent to Member States.	1. UNDP Administrator 2. Director of Bureau for Management Services (a) In all cases (b) In all cases
12 UNEP	See responses of the United Nations.	(a) Executive management approves the PSC budget allocations based on the PSC policy and monitor the utilization of the funds. (b) Governing body approves the Programme of Work budget, including the PSC funds.	The delegation of authority for approving changes, exceptions and waivers to the PSC policy lies with the United Nations Controller. The exceptions and waivers have been consistently recorded in Umoja and audited by United Nations Board of Auditors (UNBOA) and Office of Internal Oversight Services (OIOS). The procedures for waivers include: (a) Divisions/Offices raise requests; (b) UNEP's Corporate Service Division Director reviews and provide oversight; (c) UNEP's Corporate Services Division Director seeks approval from the United Nations Controller of budget.

Org.	*9.1 Who establishes and "owns" the PSC policy in your organization?*	*9.2 What are the respective roles of (a) executive management and (b) governing bodies?*	*9.3 - Who has the delegation of authority to approve changes, exceptions, and waivers to the policy?* *- How consistently are these exceptions and waivers recorded and reported to (a) governing bodies and (b) oversight mechanisms?*
13 UNESCO	Member States, through the Executive Board and General Conference provide the approval for the cost recovery policy of UNESCO while the Secretariat is responsible for developing and implementing the policies as approved.	(a) Executive management proposes and implements the policy (b) Governing bodies approved the policy and any significant changes	Changes to the policy can only be approved by Senior Management and the Executive Board Exceptions and waivers are approved by the Director of the Strategic Planning in consultation with the Assistant Director-General for Administration and Management. (a) We report annually to the Executive Board (b) The external auditor and IOS in their capacity of auditing UNESCO accounts and practices
14 UNFPA	The Division for Management Services (DMS) is the designated owner of the cost recovery policy within UNFPA. It is responsible for developing, implementing, and overseeing the cost recovery policy, ensuring alignment with organizational financial sustainability goals and Executive Board decisions.	(a) Executive Management: Executive management, led by the Executive Director and supported by the Resource Management Committee (RMC), is responsible for the operational oversight and implementation of resource management policies, including the preparation and execution of the Integrated Budget. They ensure alignment with the Strategic Plan, oversee cost recovery, and manage financial sustainability. The RMC approves resource allocations, budget revisions, and ensures compliance with financial policies. (b) Governing Bodies: The governing bodies, such as the Executive Board, provide strategic oversight and approval of key financial frameworks, including the Integrated Budget and cost recovery policies. They ensure alignment with organizational mandates, approve resource allocation systems, and review financial performance, including waivers and cost recovery rates, to maintain transparency and accountability.	The executive boards of UNFPA, UNDP, UNICEF and UN-Women has the authority to make changes to the policy. However, the Executive Director of UNFPA has the delegation of authority to approve exceptions, and waivers to the cost recovery rates established in the policy. Such exceptions and waivers are granted only in exceptional circumstances and duly recorded. (a) Waivers of indirect costs are reported to the governing bodies on annual basis through the Statistical and financial review (b) Such waivers are reviewed and monitored periodically through an internal oversight mechanism
15 UN-Habitat	See responses of the United Nations.		
16 UNHCR	The ISC Policy (UNHCR/HCP/2019/3) is promulgated by the High Commissioner.	(a) Executive management, including the Controller and the Directors of the Division of External Relations and of the Division of Strategic Planning and Results, have a consultative role on matters related to ISC. (b) The Global Report, issued annually, reflects information on revenue earned and expenditure related to ISC. The Global Report is shared and considered by governing bodies at the Standing Committee.	The right to grant waivers from the standard ISC rate established through the internal Policy has been delegated to the Deputy High Commissioner. Points (a)+(b) The exceptions are regulated through HC policies, and there is no obligation to report on exceptions to governing bodies and/or oversight mechanisms.
17 UNICEF	The Strategic Resource Management Section under the Division of Financial and Administrative Management (DFAM)	Deputy Executive Director, Management The UNICEF Executive Board approves the policy.	The Executive Director has the authority to waive the cost recovery rates. Governing bodies: The waivers are reported on an annual basis the 'Annual Report of the Executive Director'.

Org.	*9.1 Who establishes and "owns" the PSC policy in your organization?*	*9.2 What are the respective roles of (a) executive management and (b) governing bodies?*	*9.3 - Who has the delegation of authority to approve changes, exceptions, and waivers to the policy?* *- How consistently are these exceptions and waivers recorded and reported to (a) governing bodies and (b) oversight mechanisms?*
18 UNIDO	Director General of UNIDO, UNIDO Strategic Donor relations, UNIDO Financial Services	(a) Financial Rule 106.3/106.4.2 specifies that "Programme support and administrative services for the preparation and implementation of projects and other activities of the programme of the IDF, of a trust fund or of a reserve or special account shall be provided by the various units of the UNIDO secretariat. The Director-General shall set UNIDO's policy on the rate of reimbursement for such services from the resources of the IDF, trust fund, reserve or special account. In exceptional situations, where an individual project or activity justifies a different rate, it shall be approved by the Director-General upon the advice of the Director, Financial Services". (b) The subject of cost recovery is part of a continuous dialogue between the secretariat and its policymaking organs, which are supportive of the principle of full cost recovery.	There is none. Any exception to UNIDO's policy has to be approved by the Director General upon the advice of the Director, Financial Services. UNIDO member states are regularly informed on cost recovery matters, including on cost recovery rates applied to major funding partners. Individual project specific exceptions to UNIDO's policy are not reported. UNIDO's oversight services have full access to any such information.
19 UNODC	The General Assembly pronounced the PSC policy in its resolution A/RES/35/217, dated 17 December 1980. With the Secretariat, DMSPC is responsible for establishing rates of PSC and setting policy for the administration of PSC.	The General Assembly sets forth the policies in its resolutions and adopts the Financial Regulations. The Secretary-General issues the Financial Rules for implementation of and in conformity with the Financial Regulations, which are brought to the attention of the General Assembly. These General Assembly policies are implemented via the formal promulgation of Secretary-General bulletins (ST/SGB/), which, in turn, are further delineated into practical operational process and procedures via the issuance of administrative instruction (ST/AI) by USG/DMSPC.	The Secretary-General, as the chief administrative officer of the Organization under the Charter of the United Nations, holds the primary authority and responsibility for the administration of the Financial Regulations and Rules. The Secretary-General delegated certain authorities (for example, approving exceptions on PSC rates) to be held and exercised centrally by the USG/ DMSPC, who in turn subdelegated certain authorities to the ASG/OPPFB, Controller. (a) The information with respect to extrabudgetary resources, including with respect to PSC and waivers, is recorded and maintained consistently at a granular and comprehensive manner in the official system of record Umoja and thus constitutes integral part of the of the financial reporting. It is reflected at the aggregated level in the financial reports of the Organization, as well as in the individual and detailed financial reports to the donors. (b) The aggregated financial data included in the formal financial statements of the Organization, as well as the comprehensive and detailed underlying data captured in Umoja are captured in Umoja and are subject to the review and inspection of the internal and external oversight bodies - OIOS and BOA - when conducting their audits.

Org.	*9.1 Who establishes and "owns" the PSC policy in your organization?*	*9.2 What are the respective roles of (a) executive management and (b) governing bodies?*	*9.3 - Who has the delegation of authority to approve changes, exceptions, and waivers to the policy?* *- How consistently are these exceptions and waivers recorded and reported to (a) governing bodies and (b) oversight mechanisms?*
20 UNOPS	The Project Finance team under the CFO	(a) Executive Management is documenting the required forward looking average management fee rate and the related indirect cost to the Governing Bodies through the biennial Budget Estimates document. (b) Governing Bodies reviews and approves the management fee setting mechanism for the next biennium.	The CFO can approve exceptions to the policy. (a) The waivers are all recorded and reported through the QCPR process to governing bodies. (b) The application of the fee setting policy is ensured through Internal Audit and UNBOA.
21 UNRWA	The policy is established by Finance and is owned by the Director of Finance.	(a) Executive management provides guidance on application of the policy and monitoring compliance. (b) Governing bodies provide oversight for implementation of the policy and related reviews within existing context.	(a) The Director of Finance has the authority to approve changes exceptions and waivers to the policy. (b) The waivers to the policy are requested with required justification on recommendation by the Director of External Relations and communications (ERCD) whenever required. They are recorded in the system and regularly monitored by the Budget Division.
22 UN Tourism	It is defined in one of the three basic volumes of the Organization, namely UN Tourism Financial Regulations and Rules.	(a) All voluntary contributions and fund in trust corresponding agreements define the apportionment/rate of PSC. Agreements are approved and signed by the Secretary-General. (b) The governing bodies constitute the approving body of the framework guidelines.	(a) The governing bodies are responsible for the approvals. Any exceptions and waivers are approved by the Secretary-General. (b) Documentation is available for external audit.
23 UN-Women	The Budget Management Unit	Deputy Executive Director of Resource Management, United Nations Coordination, Sustainability and Partnerships is responsible for establishing and communicating the policy. The UN Women Executive Board approves the policy.	The Director of the Division of Management and Administration has the delegated authority to approve cost recovery waivers. Governing bodies: The waivers are reported on an annual basis the 'Annual Report of the Executive Director'.
24 UPU	The UPU Financial Regulations are adopted/amended by the Council of Administration.	(a) Preparing the policy and adopting/amending, as appropriate, any related subsidiary rules through the UPU Rules on Financial Administration (b) Approving the policy	No one; as noted in column 9.1, the policy is adopted/amended by the Council of Administration. Only related subsidiary rules may be adopted/amended by the Director General through the UPU Rules on Financial Administration. (a) N/A – the current provisions of the Financial Regulations do not (i) set fixed rates, or (ii) provide for exception/waiver processes. (b) N/A – the current provisions of the Financial Regulations do not (i) set fixed rates, or (ii) provide for exception/waiver processes.

Org.	*9.1 Who establishes and "owns" the PSC policy in your organization?*	*9.2 What are the respective roles of (a) executive management and (b) governing bodies?*	*9.3 - Who has the delegation of authority to approve changes, exceptions, and waivers to the policy?* *- How consistently are these exceptions and waivers recorded and reported to (a) governing bodies and (b) oversight mechanisms?*
25 WFP	WFP is currently finalizing a normative framework in which the Chief Financial Officer (CFO) shall own the full cost recovery framework at WFP and hold responsibility for monitoring and facilitating compliance (with primary accountability for compliance resting with managers concluding contribution and service provision agreements). At present, the CFO holds delegated authority to approve exceptions to full cost recovery in respect of contributions and management cost recovery rates in respect of service provision at country-level.	(a) Under the General Rules and Financial Regulations, the Executive Director has authority to determine when to apply the approved non-standard, reduced ISC rate (currently, 4 percent); to determine how full cost recovery shall be achieved for service provision; and to determine how full cost recovery shall be achieved for funding directed at trust funds and special accounts. The Executive Director has delegated some of those authorities to the CFO, who is a member of the WFP Senior Management Team. (b) The underlying requirement to achieve full cost recovery is set by the Executive Board, which also sets the specific policy on full cost recovery vis-à-vis contributions.	(a) The policy for full cost recovery on contributions is determined by the Executive Board in the WFP General Rules (which has granted the Executive Director narrow authority to approve exceptional waiver or reduction of support costs in limited circumstances specified by the Executive Board). The Executive Director may establish policy on full cost recovery in respect of service provision and trust funds and special accounts—and has further delegated authority to the CFO to do so. However, WFP typically considers that full cost recovery on external service provision and trust funds and special accounts cannot be reduce or waived, once set. (b) The use of exceptions in respect of contributions must be reported to the Executive Board and is done so on an annual basis. They are reported to oversight bodies on request.
26 WHO	The PSC was established based on an approved WHO resolution WHA 34.17 in 1981 and are governed by Regulation 8.2 of the WHO Financial Regulations - BASIC DOCUMENTS. Exceptions are approved by the Director General, with delegated authority to the Comptroller.	(a) Reviews the PSC policy in force in view of the requirements and revenue received. (b) Review and comment on the policies presented by the executive management.	Refer to Financial Regulation 8.2 of the Financial Regulations: BASIC DOCUMENTS. (a) The Director General, with delegated authority to the WHO Comptroller (b) Exceptions are usually long term and not for specific projects, so they are not very regularly updated. Refer to the Annual Financial Statements – for 2023 – 6.1.b.i - A77_20-en.pdf
27 WIPO	The Controller	(a) Executive management approved changes in policy and monitors implementation. (b) Reviews implementation and status of voluntary contributions every year through the WIPO Performance Report.	The Director General N/A
28 WMO	Executive Council sets the PSC policy through resolution	(a) Executive management is responsible for application of the policy and determining / approving any exceptions to be made to the policy. (b) Governing bodies are responsible for setting the policy.	Executive Council must approve changes to the policy. Secretary-General has the authority to approve exceptions and waivers to the policy. The exceptions and waivers are subject to an internal approval process and tracking by Legal Counsel (historically) and Controller (beginning in 2025). (a) Exceptions and waivers are not systematically reported to the governing bodies (b) Exceptions are reported to the oversight mechanisms (Audit and Oversight Committee) annually

Table 9.2
Roles of different bodies, delegation of authority, lessons learned & good practices

Org.	*9.4 How are the policies applied in practice?* *- Is there consistency between policy and practice?* *- Who ensures the policies are duly applied?*	*9.5 Are the PSC policies relevant and effective?*	*9.6 How transparent and consistent are the reporting practices to governing bodies and oversight mechanisms regarding PSC revenue, its distribution/expenditure, and any exceptions or waivers granted?*
1 United Nations	Under the delegation of authority framework, Heads of entity are vested with the day-to-day management and operations of the extrabudgetary resources, including the PSC funds. When exercising authorities, they must follow the Financial Regulations and Rules, policy, guidance and approved exceptions set by the Under-Secretary-General for Management Strategy, Policy and Compliance (DMPSC). Yes. Heads of Entity are required to exercise their delegated authority with full conformity with the Organizational policies. As part of its accountability framework, the Organization employs several robust monitoring and control frameworks, such as the Enterprise Risk Management and Secretariat and Entities Risk Registrars, Internal automatic control mechanisms which are built into Umoja modules, robust financial reporting and statements, KPIs monitored by Heads of Entity and BTAD among the rest, Statement of Internal Control, and others.	Yes	The financial reporting is consistent with respect to all donors for all voluntary contributions, is in accordance with the IPSAS, and with full transparency to governing bodies and oversight mechanisms. The financial information with respect to extrabudgetary resources, including with respect to PSC and waivers, is recorded and maintained consistently at a granular and comprehensive manner in the official system of record Umoja and thus constitutes integral part of the financial reporting, which is reflected at the aggregated level in the financial reports of the Organization, as well as in the individual and detailed financial reports to the donors.
2 FAO	Yes Office of Strategy, Programme and Budget	Yes	Full reporting is provided to Governing bodies. See Annex II in PIR in column 6.1
3 IAEA	Departments soliciting extrabudgetary resources ensure that provision for PSC is included in all contribution agreements with donors. Division of Budget and Finance ensures that the PSC policy is applied.	Yes	Annual PSC implementation report is presented to Member States that summarizes the activities of each PSC recipient area in support of extrabudgetary projects, as well as PSC income and expenditure.
4 ICAO	Policy implementation under development	Current cost recovery practices are sufficient to maintain and sustain Programme	Revenue projections and actual amounts are recorded under specific funds and are reported on a regular basis to governing bodies.
5 ILO	Yes PROGRAM and FINANCE	Yes	PSC is not a part of ILO's programme and budget documents.

Org.	*9.4 How are the policies applied in practice?* - *Is there consistency between policy and practice?* - *Who ensures the policies are duly applied?*	*9.5 Are the PSC policies relevant and effective?*	*9.6 How transparent and consistent are the reporting practices to governing bodies and oversight mechanisms regarding PSC revenue, its distribution/expenditure, and any exceptions or waivers granted?*
6 IMO	The more detailed and transparent PSC policy has been introduced relatively recently, and its operation has been reviewed annually by the Director, Administrative Division and the Director, Technical Cooperation and Implementation Division. Adjustments to procedures have been made where necessary to improve it in its early years. There has been a general consistency between policy and practice to date.	We believe that the new policy has been highly effective both in improving the overall transparency and accountability of the PSC process, and in providing a mechanism to ensure that there is a clearer trail from PSC charged to resources used.	Reporting has been improved since the policy's introduction, and there will no doubt be some further refinement to come.
7 ITC	See responses of the United Nations.		
8 ITU	ITU applies all policies in place in the design, management, monitoring and closure of project funds. The roles of application of the rules are applied and monitored by ITU Financial Resources Management Department, with engagement of project managers and the Project Support Division.	ITU is currently assessing further complementing the AOS policy to address some of the challenges we are experimenting, mainly the insufficient availability of funds to support project support functions, as well as the wide range of cases and complexity that is present in ITU projects. We welcome further guidance and recommendations from the JIU.	ITU is consistent in reporting the use of ITU budget to ITU governing bodies. There are no exceptions or waivers granted.
9 UNAIDS	In the budgets for the non-core contributions, the PSC is indicated as well as including the PSC clause in the agreement. Yes. The applicable PSC rate is applied across the board and any exceptions have to be requested and approved. Department of Finance and Accountability, Department of Resource Mobilization	Yes	Yes, as reported in the Financial Statement and the annual SDG funding compact.
10 UNCTAD	See responses of the United Nations.		
11 UNDP	Policies are aligned and applied in accordance with the Executive Boards' joint and harmonized comprehensive cost-recovery policy. Yes. Regional Bureaus have accountability for oversight of Country Offices and all relevant policy implementation. Bureau of Management Services will analyse and monitor GMS implementation. Office of Audit and Investigations will provide any relevant recommendations related to GMS as part of office audits.	Yes	Reporting practices to governing body (Executive Board) are transparent and done on an annual basis.

Org.	*9.4 How are the policies applied in practice?* - *Is there consistency between policy and practice?* - *Who ensures the policies are duly applied?*	*9.5 Are the PSC policies relevant and effective?*	*9.6 How transparent and consistent are the reporting practices to governing bodies and oversight mechanisms regarding PSC revenue, its distribution/expenditure, and any exceptions or waivers granted?*
12 UNEP	The polices are applied through Corporate Services Division guidance to UNEP Division/Offices. Yes. The application of the policy is ensured by Corporate Services Division, internal auditors and external auditors.	Yes	The process is transparent as the member states are informed during the Committee of Permanent Representatives (CPR) and United Nations Environment Assembly (UNEA) meetings. PSC is separately reported and transparently disclosed in UNEP's IPSAS compliant financial statements. The information is also readily available on UNEP's Audited Financial Statements. Requests for waivers of PSC are always submitted to the United Nations Controller for approval.
13 UNESCO	For new projects, UNESCO ensures that the project budgets include the applicable PSC rates. The PSC rate is systematically included in the funding agreement. Requests must be justified and approved and in principle the difference is covered through the direct costs. However, in some cases the co-financing is used to cover the gap. Therefore, there is consistency between policy and practice. The Grants and Resource Management Section of the Division of Partnerships ensure that the policy is duly applied.	Yes, the policies are relevant, however with regard to effectiveness they can be improved.	Exceptions and waivers are reported to the Governing Bodies on an annual basis.
14 UNFPA	Budget holders are required to include all direct costs in funding proposals and apply the standard indirect cost recovery rate (typically 8%) to all direct costs. Tools like the Standard Post Costs Calculation tool are used to ensure accurate budgeting. The Division for External Relations and Division for Management Services (DMS) oversee compliance, while waivers are granted only in exceptional cases by the Executive Director. There is consistency between policy and practice. The policies are systematically implemented with clear guidelines, oversight mechanisms, and regular monitoring. Annual reporting to the Executive Board ensures transparency and alignment with the approved cost recovery framework. The Division for Management Services (DMS) ensures the policies are applied. Budget holders are accountable for compliance, while the Division for External Relations provides oversight to ensure all non-core agreements include the appropriate indirect cost recovery rates. The Executive Board monitors implementation through annual reporting.	Yes, the cost recovery policy is relevant and effective. It ensures full cost recovery of both direct and indirect costs, aligning with the principles of financial sustainability, transparency, and accountability. The policies are harmonized with other United Nations agencies, minimizing cross-subsidization between core and non-core resources and promoting efficiency. Regular monitoring, clear cost classifications, and standardized recovery rates further enhance their effectiveness in practice.	UNFPA maintains transparent and consistent reporting practices regarding cost recovery, its distribution, and exceptions or waivers. Cost recovery is systematically tracked and reported annually to the Executive Board through the Executive Director's report. This report includes detailed information on waivers, specifying the programme, funding partner, financial impact, and justification for granting the waiver. Oversight mechanisms, such as the Division for Management Services (DMS) and the Division for External Relations (DER), ensure compliance with the cost recovery policy and provide regular monitoring and quality assurance. These practices uphold accountability and provide governing bodies with a clear and comprehensive view of cost recovery related activities.

Org.	*9.4 How are the policies applied in practice?* - *Is there consistency between policy and practice?* - *Who ensures the policies are duly applied?*	*9.5 Are the PSC policies relevant and effective?*	*9.6 How transparent and consistent are the reporting practices to governing bodies and oversight mechanisms regarding PSC revenue, its distribution/expenditure, and any exceptions or waivers granted?*
15 UN-Habitat	See responses of the United Nations.	Yes. They are relevant and effective	Although UN-Habitat does not report PSC rates, the reporting practices of PSC revenue in that PSC revenue is reported at every session of the Executive Board through Annex I of the Report of the Executive Director on the status of the finances of UN-Habitat.
16 UNHCR	Policies are applied as uniformly as possible, unless insistent requests come from donors – in which case an assessment of waivers is conducted as described in column 9.3. The Division of External Relations, which is recording the contributions in the ERP system, ensures that the applicable ISC is included in the agreements and charged when the contribution is recorded.	Yes	Information on ISC is presented at aggregated level in the annual Global Report which is publicly available. ISC revenue and expenditure are not reported as separate element / component in budget documents, and other budgetary reports / updates to the Standing Committee and ExCom. **Revenue:** ISC revenue is not reported as a separate element in budget documents, budget updates and other reports to governing bodies. Instead, ISC revenue is incorporated under funds available and as part of contributions received reported in relevant tables in reports to the governing bodies. **Expenditure:** Expenditure that is covered by ISC income is not presented separately in reports / updates on expenditure to governing bodies. Expenditures covered by ISC income are incorporated within expenditure reports such as by cost category, under Management and Administration (MA) and Programme Support (PS) expenditures at HQ and Regional Bureaus (RB), for example, as detailed in an Annex of the Annual programme budget submission document.
17 UNICEF	The cost recovery policy on the support cost rate is consistently applied by promulgating the EB approved policy in UNICEF's Policies, Procedures and Financial rules and regulations.	Yes, they are relevant and effective as having the Executive Board approve policies provides the needed legislative framework that ensures compliance.	1. Support cost revenue is reported in the annual financial statements 2. Waivers are reported in the Executive Director's Annual Report
18 UNIDO	UNIDO's policies require that each individual project/undertaking funded from voluntary contributions be reviewed by UNIDO's financial services and cleared by it. Yes Financial services in close cooperation with the Division of Funding Partner Relations.	Yes	UNIDO maintains a continuous dialogue with its member states/policy making organs on the matter of cost recovery, including on the reimbursement of such support costs to the operational budget of the organization. UNIDO governing bodies are also informed on specific cost recovery schemes applicable to main funding partners (UNSDG MPTFs, GEF, EU etc) – individual project specific waivers are not reported.

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19 UNODC	Under the delegation of authority framework, Heads of entity are vested with the day-to-day management and operations of the extrabudgetary resources, including the PSC funds. When exercising authorities, they must follow the Financial Regulations and Rules, policy, guidance and approved exceptions set by the Under-Secretary-General for Management Strategy, Policy and Compliance (DMPSC). Yes. Heads of Entity are required to exercise their delegated authority with full conformity with the Organizational policies. As part of its accountability framework, the Organization employs several robust monitoring and control frameworks, such as the Enterprise Risk Management and Secretariat and Entities Risk Registrars, Internal automatic control mechanisms which are built into Umoja modules, robust financial reporting and statements, KPIs monitored by Heads of Entity and BTAD among the rest, Statement of Internal Control, and others.	Yes	The financial reporting is consistent with respect to all donors for all voluntary contributions, is in accordance with the IPSAS, and with full transparency to governing bodies and oversight mechanisms. The financial information with respect to extrabudgetary resources, including with respect to PSC and waivers, is recorded and maintained consistently at a granular and comprehensive manner in the official system of record Umoja and thus constitutes integral part of the of the financial reporting, which is reflected at the aggregated level in the financial reports of the Organization, as well as in the individual and detailed financial reports to the donors.
20 UNOPS	The appropriate fee setting mechanism is part of the review process for any new funding agreements with donors. Yes, practice is fully based on the application of the policy. The Project Finance team, as owner of the policy, is also reviewing all new funding agreements for their correct applications.	Yes	Given that UNOPS can only cover its indirect cost through the charging of a management fee, the governing bodies are informed with every financial statement from UNOPS, through statement V (budget to actual) about the actual expenditures and the related management fee collected. So, there is full transparency to the governing bodies.
21 UNRWA	The policy is applied consistently across respective funding portals under the stewardship of Heads of portal who coordinate the formulation of project and Emergency Appeals funding resources and are involved in their allocation and calculation of accurate ISC. They ensure accurate record and reporting on ISC which is consistently monitored throughout the life of respective projects. The DoF and his delegate provide oversight for the review and application of the policy while the Chief of Budget Division (CBD) oversees its implementation/compliance	Yes. The ISC policy is relevant for ensuring the agency is able to recover all costs related to implementation of the projects without burdening the PB.	The reporting and oversight for ISC is transparent as all records of income expenditure including exceptions granted are recorded in the ERP, analysed and reported on regularly.
22 UN Tourism	The financial verifier constitutes the role responsible for the review of agreements, memorandums, and any transaction that may have financial impact in accordance with UN Tourism policies and practice. Any waiver must be duly approved by the Secretary-General.	Yes	Yearly disclosed in the UN Tourism Financial Report and Financial Statements subject to external audit. This report is yearly presented to the governing bodies.

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23 UN-Women	The cost recovery policy on the support cost rate is consistently applied by promulgating the EB approved policy in UN Women's Policies, Procedures and Guidance Framework (PPG) and there are established internal systems that ensure that the correct cost recovery rates are applied. UN Women is committed to complying with the cost recovery policy evidenced in the zero (o) waivers reported in 2023 and during the 2018-2022 period UN Women had only 6 waivers.	Yes, they are relevant and effective as having the Executive Board approve policies provides the needed legislative framework that ensures compliance.	1. Support cost revenue is reported in the annual financial statements 2. Waivers are reported in the Executive Director's Annual Report
24 UPU	The policies are applied in accordance with the relevant UPU legal framework, subject to a specific agreement with the contributing entity. Based on a negotiation between the International Bureau and the prospective contributing entities International Bureau (as UPU Secretariat)	Difficulties may arise depending on the specific negotiations with the contributing entity.	The PSC revenue is reported in the financial statements by segment under "other revenue" for the Union segment and under "other expenses" for Voluntary and extrabudgetary segment.
25 WFP	(a) The respective policies are applied at the time of signing contribution agreements. Upon entering on agreements, the full cost recovery policy must be respected, or, in the case of waivers under the exceptions listed in column 9.3, the waiver must be obtained before signing the contribution agreements. (b) Given that policies must be ensured in each agreement, there is consistency between policy and practice. (c) WFP directors have accountability for ensuring that the arrangements they conclude (contributions or service provision) comply with WFP's full cost recovery framework, while the CFO has responsibility for facilitating compliance and conducting monitoring and oversight.	Yes, programme support costs policies are relevant and have been effective in ensuring that the organization can cover the indirect costs. However, difficulties have arisen in securing contributions from donors whose policies would not allow for their contributions to meet WFP's full cost recovery rates, particularly the ISC rate.	Information is consistently available in the annual management plan, Annual Performance Report and annual Financial Statements. In compliance with the General Rules XIII.4 and XIII.4 (f), WFP reports the use of regularized exceptions. Reductions and waivers are reported to the Executive Board each year in the annual session (See latest report: "Report of the Executive Director on contributions, reductions and waivers of costs under General Rule XIII.4 (f) in 2023").
26 WHO	The policies are strictly applied in practice. This is ensured during the mobilization of the resources and clearance of the donor funding agreements. The staff in charge of creating awards in the ERP system perform an additional check to ensure compliance at the time of revenue recording and any deviations are referred to the comptroller or rejected.	Yes	They are transparent and consistent since they are reported annually to the member states and donors in the audited financial statements and information is available online through various portals both internally and externally. Specific exceptions, when approved by the Comptroller, are stored centrally in a repository managed by the finance unit. Refer to the latest published Audited Financial Statements for 2023 - A77_20-en.pdf
27 WIPO	All new donors are charged the standard PSC rate Yes The Controller	Yes	No waivers granted. Reporting to governing bodies is fully transparent and consistent.

Org.	*9.4 How are the policies applied in practice?* - *Is there consistency between policy and practice?* - *Who ensures the policies are duly applied?*	*9.5 Are the PSC policies relevant and effective?*	*9.6 How transparent and consistent are the reporting practices to governing bodies and oversight mechanisms regarding PSC revenue, its distribution/expenditure, and any exceptions or waivers granted?*
28 WMO	Our PSC policy is generally applied in practice. There are situations where exceptions are sought and approved. These exceptions are allowed within the policy. Controls over the application of the policy are driven by the Chief of Finance and now the Controller who need to pre-clear exception requests and who ensure the ERP system is appropriately updated.	The PSC policies are relevant; however, we believe the rates need a refreshed review. The PSC policy is deemed to be effective, with the exception of PSC rates to be set when implementing arrangements are a primary element of implementation.	There is limited reporting to governing bodies on PSC. The Financial Statements contain a summary table showing the amounts of income and expenditures related to PSC, but there is not a specific report. There is an annual report of management exceptions made in connection with the statement on internal control.

Table 9.3

Roles of different bodies, delegation of authority, lessons learned & good practices

Org.	*9.7 What are the good practices for determining PSC rates and opportunities for ensuring more comparability between different organizations?*	*9.8 How useful is inter-agency cooperation on PSC for your organization, and how can it be further enhanced?*
1 United Nations	Alignment of the financial regulation and rules, as well as of various operational practices, could facilitate better integration and comparability among the United Nations System entities.	The interagency cooperation is helpful in setting overall policies and principles that reflect similar concepts and frameworks. It is also useful in terms of allowing benchmarking and sense checks.
2 FAO	• Benchmarking • Harmonizing of definitions	The CEB's Finance and Budget Network is positively engaged in performance of support cost recovery across United Nations system agencies
3 IAEA	• Applying agreed standard PSC rates • Clear PSC policy and framework • Documenting PSC rate calculations to maintain consistency • Regular review and monitoring • Using the average method for PSC income projection • Identifying the key commonalities and differences between and within different types of organizations - and how it relates to different practices of determining PSC rates (as PSC comparability is better within a type of organization or function that shares key characteristics)	• Encourages harmonization of PSC policies and rates. • Encourage donors to support standardized PSC practices across organizations.
4 ICAO	Under review	It would be useful to benchmark the Organization's PSC rates against other agencies to constantly improve its application based on best common practices
5 ILO	N/A – see right.	Not very useful as the nature of work is very different.
6 IMO	In an IMO context, it is important to remember the purpose of PSC – it is not 'earning' or 'revenue', it is a mechanism to implement Financial Regulation 7.1 and ensure that donor-funded expenditures are not cross-subsidized by the regular budget but bear the full cost of delivery. With that in mind, a relatively simple set of categories which reflect the degree of administrative and indirect effort make the policy both explicable to donors and able to reflect that indirect effort can vary for a variety of reasons, making the charge feel 'fair' for both the donor and the Organization. In terms of using those PSC resources, a transparent process with clearly defined acceptable uses of funds has helped significantly, and as the portfolio grows has allowed the Organization to support that expansion without compromising the regular budget. An annual review with senior directors helps ensure that the policy overall is working as it should. Ensuring that any expenditures funded through PSC are subject to a 'subject to availability of funding' clause allows the Organization to be responsive in the case of sudden changes in delivery levels, and having a reserve also mitigates this risk.	It is helpful to know that our rates are aligned with others, but it is important to remember that business models vary, ability to identify and charge direct costs varies, and so consequently a one-size-fits-all process may not meet each organization's own objectives.
7 ITC	See responses of the United Nations.	
8 ITU	ITU's perception is that there is a certain competition across United Nations agencies when it comes the application of AOS/PSC charges. We would advocate for coherence across the different agencies, and to have common mechanisms and instruments to facilitate negotiation with donors, as well as approval from governing bodies.	We would like this support to be strengthened. Sometimes we feel that how each agency handles PSC is not consistent and create potential negative incentives to lower the rate of PSC.

Org.	*9.7 What are the good practices for determining PSC rates and opportunities for ensuring more comparability between different organizations?*	*9.8 How useful is inter-agency cooperation on PSC for your organization, and how can it be further enhanced?*
9 UNAIDS	Information sharing through the Finance and Budget Network.	Continue sharing of guidance notes and policies on cost recovery and strive to learn from good practices across United Nations entities.
10 UNCTAD	See responses of the United Nations.	
11 UNDP	At both planning and implementation stages, organizations should seek to appropriately charge direct costs charged to earmarked funding thus avoiding cross subsidization. This concept is outlined in paragraphs 9, 22 and 23 of the earlier referenced Comprehensive review of the joint cost-recovery policy (DP/FPA-ICEF-UNW/2024/1)	UNDP considers that the joint policy to cost recovery followed by UNDP, UNFPA, UNICEF and UN-Women has been successful at driving harmonization, creating a level playing field and encouraging collaboration within and beyond the United Nations system.
12 UNEP	The good practice is that the PSC rate is controlled and approved centrally by the United Nations Controller.	Inter-agency cooperation on PSC is useful for UNEP, as this enhances consistency among different agencies, and brings about collaboration amidst the competition among agencies for resources. It could be strengthened via a new policy which includes the aspect of inter-agency cooperation on PSC.
13 UNESCO	The Fiduciary Management Oversight Group could be a forum where United Nations agencies could discuss and share experiences towards harmonization of policies and procedures. We look forward to the JIU report on this.	United Nations inter-agency cooperation on PSC would be highly beneficial for UNESCO, especially if it would facilitate resource sharing, and promote unified approach. The mechanisms should be equitable and harmonized across United Nations agencies. Further enhancement could be achieved by improvement of information sharing. We have noted that donors at times uses the different approach by United Nations agencies as a negotiating tactic to request for lower PSC rates.
14 UNFPA	The harmonized cost classification and recovery methodologies across UNFPA, UNDP, UNICEF and UNWOMEN ensure consistency, transparency in the cost recovery process. Transparent, data-driven calculations and regular policy reviews ensure these rates remain effective and relevant. The harmonised methodology improves comparability, aligns cost definitions, and standardises reporting formats, and harmonizes indirect cost rates. The harmonized rates foster collaboration and reduce competition for funding. It also further promotes acceptance of harmonized practices, ensuring fair and consistent cost recovery across organizations. Note that due to their different mandates, structures and economies of scale, the calculation of a single notional cost recovery rate for multiple agencies is mathematically impossible. In principle, net the effect of differentiated rates and waivers, where the harmonized standard rate is lower than the notional cost recovery rate, the shortfall would be funded from regular (core) resources. Similarly, where the harmonized standard rate is higher than the notional cost recovery rate, the difference is funded from other (non-core) resources. Nevertheless, harmonized rates for comparable activities are beneficial for United Nations coherence, the simplification of negotiations and the reduction of transaction costs.	Inter-agency cooperation on cost recovery is highly beneficial for UNFPA as it supports harmonization of cost classification, recovery methodologies, and rates across agencies, promoting transparency, financial sustainability, and operational efficiency. It reduces competition, simplifies donor negotiations, and fosters collaboration, aligning with United Nations reform goals. UNFPA will continue to actively participate in the inter-agency cost recovery harmonization process. Moreover, to further enhance this cooperation, UNFPA, UNDP, UNICEF and UNWOMEN will start to present a joint harmonized report on the implementation of the cost-recovery policy, including the financial impact of differentiated rates and waivers, with detailed itemization of each waiver/discount and the resulting effective cost-recovery rates and amounts as per the decision 2024/24 (DP/2024/2).
15 UN-Habitat	See responses of the United Nations.	Inter-agency cooperation would be useful to ensure there is no PSC rate competition among entities which would lead donors to favour those accepting lower PSC rates than those asking for more. This can be enhanced through the Finance and Budget Network of the High-Level Committee on Management which is a committee of the Chief Executives Board.
16 UNHCR	UNHCR has not recently conducted any study to confirm this. We are looking forward to the JIU report that could provide information on this matter.	Inter-agency cooperation is useful if agencies are applying similar rates in a uniform manner, with minimal exceptions accepted only when such exceptions are rigorously justified and preferably agreed consistently among the United Nations agencies.

Org.	*9.7 What are the good practices for determining PSC rates and opportunities for ensuring more comparability between different organizations?*	*9.8 How useful is inter-agency cooperation on PSC for your organization, and how can it be further enhanced?*
17 UNICEF	Some good practices to determine the rate are: 1. Clear definition of what constitutes an indirect cost and the costs that need to be recovered 2. Engagement and responsiveness to governing bodies and/or donor community 3. Regular review to ensure applicability and accuracy of the rate 4. Applying a clear methodology to calculate the rate that can be understood by all stakeholders 5. Benchmarking within the same sector 6. Harmonization of cost definitions and where applicable cost recovery rates 7. Comparability should not just be based on rates but also comparability of the organizations sizes, complexities, business models, funding and mandates of the organizations	Interagency cooperation is very useful. The harmonization of the four agencies, UNDP, UNICEF, UNFPA and UN-Women reduces competition and leads to comparability of policies and costs and allows for a smoother international cooperation by creating consistent standards and procedures across different United Nations agencies and member states, leading to more efficient and effective development responses; it also reduces redundancy and simplifies processes for both governments and organizations working with the United Nations. It can be further enhanced by expanding the potential of harmonization efforts and approaching within the broader United Nations system body. Given the variables in agency sizes, complexities and mandates, harmonization and standardization may be possible, if at least in the definition of support costs and its applicability and use. Having a summary report like this one is also a huge step in taking an inventory of the support cost United Nations landscape.
18 UNIDO	In general terms, good practices are those enabling organizations to comply with full cost recovery requirements in a transparent (discourage low rates with the trade-off of “hidden” direct cost), cost efficient (avoid expensive audit trail requirements for costs that are more efficiently reported as a rate) and effective (compliance in the course of the implementation of approved rates) manner. A series of excellent efforts were undertaken under the leadership of the HLCM. Further related efforts are needed towards greater harmonization.	Inter-agency cooperation is essential and could be further enhanced through renewed efforts to reactive the constructive work undertaken so far under the HLCM.
19 UNODC	Alignment of the financial regulation and rules, as well as of various operational practices, could facilitate better integration and comparability among the United Nations System entities.	The interagency cooperation is helpful in setting overall policies and principles that reflect similar concepts and frameworks. It is also useful in terms of allowing benchmarking and sense checks.
20 UNOPS	The key element is that all costs that are classified as “enabling functions” and respective share of United Nations development coordination activities in the harmonized reporting categories are indeed by all organisations appropriately funded between assessed/unearmarked and voluntary contributions. That also means that all organisations need to make an effort to ensure that all direct cost is indeed charged as direct cost to voluntary contributions and not cross-subsidized through PSC/management fee. To have the same basis of cost classification is the basis for comparability.	The system wide harmonisation of cost classification is a beneficial key element for UNOPS.
21 UNRWA	• Understand cost drivers and determine actual cost of operations. • Applying a standard PSC but establishing metrices for negotiated/alternative rates to cater for unique unconventional donors such as private individuals, In-Kind and pass-through engagements. • Reviewing PSC rates regularly as funding environment and context change	Harmonization requires in depth understanding of the definition and composition of cost categories while ensuring peculiarities are clearly highlighted.
22 UN Tourism	For determining PSC rates, a periodical and detailed analysis on variable indirect costs should be done. To ensure more comparability between organizations, a common minimum methodology and policy would help.	It is very useful and important due to the size of UN Tourism – one of the smallest United Nations agencies.

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24 UPU	Clear methodology: Establishing a transparent and consistent methodology for calculating PSC, which reflects both direct and indirect costs associated with project implementation. This ensures accountability and helps donors understand the rationale behind the rates. Cost recovery transparency: to enhances donor trust and reduces misunderstandings regarding the use of funds. Alignment with United Nations system: Benchmarking PSC rates against other United Nations organizations to ensure consistency and comparability.	Inter-agency cooperation on PSC is valuable for the UPU in ensuring consistency, transparency, and alignment with broader United Nations system practices: To better align rates, cost structures, and best practices with other United Nations organizations to ensure fairness and competitiveness in resource mobilization. To improve donor relations: Present a unified approach to PSC across the United Nations system, addressing donor concerns and ensuring clearer justification for support costs.
25 WFP	The application of a standard Indirect Support Cost (ISC) rate has proved particularly beneficial by simplifying administration processes and eliminating the need for individual often time-consuming, negotiations with various donors. In this regard, a standard ISC results in lower administrative costs and establishing clear, standard criteria. However, in contrast to other United Nations agencies, a limitation of applying a standard ISC rate is that WFP cannot negotiate lower rates and exemptions. This has, at times, led to misunderstandings and frustration among some donors who expect a more flexible negotiation approach, similar to that of other agencies.	Strengthening inter-agency cooperation on ISC presents significant potential. It would facilitate a better understanding of how different agencies calculate their indirect support costs and the financial frameworks underpinning them. Such collaboration could also offer a clear rationale for variations in ISC rates among agencies, thereby enhancing transparency and providing donors with greater clarity.
26 WHO	Periodically representatives of the Finance Budget Network meet to discuss these issues. Each organization manages their PSC policy separately according to their own governance structure and financing models. Periodically reports are presented to the Member States on the status of cost recover - Matters emanating from the Agile Member States Task Group on Strengthening WHO's Budgetary, Programmatic and Financing Governance.	It is useful to harmonize practices across the United Nations sector and to have a common approach to certain donors (for example the work undertaken with United Nations consolidated replies to the EC). However, there are also considerable differences in each organization's funding and cost structures.
27 WIPO	PSC and cost recovery is being discussed from time to time in the CEB/Finance and Budget Network.	Voluntary contributions are minimal at WIPO so inter-agency cooperation is not so relevant.
28 WMO	It would be helpful to have a consistency of rates to be charged based upon specific project criteria. The rates should be able to be applied consistently and in a simple manner based upon the specific contribution agreement so as to ensure the ERP systems can prepare the calculation in an automated manner.	Inter-agency cooperation on PSC would be very helpful – primarily in sharing rates, criteria, and policies as well as knowledge sharing regarding exceptional PSC rates charged to individual donors.