

**Standing open-ended intergovernmental working group  
on improving the governance and financial situation  
of the United Nations Office on Drugs and Crime**

**Deviations from the standard programme support charge of  
13 per cent**

**Non-paper prepared for the standing open-ended intergovernmental  
working group on improving the governance and financial situation of  
UNODC**

**20 November 2009**

1. At the request of the Commission on Narcotic Drugs (resolution 50/14) and of the Commission on Crime Prevention and Criminal Justice (resolution 16/6), the Executive Director submitted to the Commissions on 14 March 2008 a report entitled “Deviations from the standard programme support charge of 13 per cent during the period 2005-2007” (E/CN.7/2008/14-E/CN.15/2008/19 of 14 March 2008). This report presented the exemptions and reductions provided to donors during the previous three years in respect of the standard 13 per cent programme support charge (PSC) and the basis for such exemptions and reductions. During the period 2005-2007, reduced PSC rates were applied to the following: projects under the national execution modality, projects implemented in partnership with other organizations in the United Nations system, projects partially or fully financed by the European Commission and governed by the Financial and Administrative Framework Agreement between the European Community and the United Nations, other projects. In all instances where a lower PSC rate was granted, UNODC has endeavoured to build the costs associated with project implementation into the associated project. That practice is in accordance with the agreement reached by the Commission on Narcotic Drugs at its forty-ninth session, whereby:

*“The Commission therefore agreed that the cost factors and formulas to be used for itemized direct cost recovery from ongoing projects would be agreed on a project-by-project, donor-by-donor basis, taking into consideration the proportionate infrastructure requirements of the respective field office for each such project directly executed by UNODC, ensuring that that was in line with donors’ financial regulations and that recovery of direct itemized costs did not duplicate charges already subject to recovery as project support costs.”*

2. In 2008 and 2009, UNODC continued to apply the policies and procedures of the United Nations with respect to PSC and continued to ensure the application of clear and consistent criteria in the granting of exceptions to the standard 13 per cent rate. In addition, UNODC ensured the application of the programme support charge policies being developed under the One United Nations initiative.

3. The table below presents a summary of the programme support cost income projections for the biennium 2010-2011 and of the anticipated PSC deviation.

**Table - Projection of PSC income for the biennium 2010-2011**

(Thousands of United States dollars)

<i>Category of Donor/Partner</i>	<i>2010-2011 Budget (net of PSC)<sup>1</sup></i>	<i>UNODC estimated PSC income 2010-2011</i>	<i>Average PSC (%)</i>
Standard 13% PSC rate	183,535.9	23,859.7	13
National Execution	28,574.7	1,397.0	5
UN-EC (FAFA)	48,161.7	3,299.1	7
UN Trust fund for Human Security	846.0	59.2	7
Project implemented in partnership with specialized agencies of the United Nations system or funded by other organizations	3,004.6	210.3	7
Field Office Umbrella projects	2,508.9	175.6	7
UNDEF	302.2	15.1	5
UNOPS Implemented (UNOPS retains 7.5% of the PSC earned)	9,105.4	500.8	5.5
Others	39,667.6	2,711.7	7
Unknown pipeline, assumed 7%, realised rate might be higher	34,956.7	2,447.0	7
<b>Total</b>	<b>350,663.6</b>	<b>34,675.4</b>	<b>10</b>

4. As can be seen from the table above, the average PSC projected for the 2010 - 2011 biennium is 10%. Exceptions included in the budget are in accordance with the policies and procedures of the United Nations with respect to PSC and are based on the application of clear and consistent criteria before granting an exception to the 13%. Of the funding to which exceptions are being applied, 29% (\$48.1 million) are to be financed partially or fully by the European Commission and governed by the Financial and Administrative Framework Agreement between the European Community and the United Nations. An additional 25% (\$41.8 million) is under the national execution modality or to be implemented in partnership with other specialized agencies of the United Nations system, in which case, the programme support charge is deemed to have been shared between the United Nations Office on Drugs and Crime (UNODC) and the partner Government or organization concerned.

5. Within the projections for the 2010 – 2011 biennium shown above, there could only be room to apply the full 13% PSC rate to the funding to be received for the last category in the table, for which the source of funding has not been identified yet. This could bring up to \$2 million in additional PSC funding, but it is important to note that if the funding for the projects under the category “unknown pipeline” is provided by partners with whom a reduced PSC rate has been negotiated by the UN institutionally, this reduced PSC rate will be applied.. It is also important to underline that UNODC endeavours to build the costs associated with project implementation into the associated projects in all cases where a lower PSC is to be granted.

<sup>1</sup> Excluding UNICRI