



Programme Support Costs

Background, definition and purpose

The United Nations (UN) refers to the charge that it collects on trust funds (or “extrabudgetary”) expenditures as Programme Support Costs (PSC). The PSC charge is expressed as a percentage of direct costs. The recovery and use of PSC resources are of central importance to the financing and organization of efficient and effective programme support services.

In its decision 80/44 of 27 June 1980, the UNDP Governing Council approved a PSC rate of “13 per cent of annual project expenditures”. In its report on the PSC arrangements embodied in UNDP Governing Council decision 80/44, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) recommended that the UNDP formula be approved by the UN General Assembly for use by the UN Secretariat. This recommendation was accepted in resolution 35/217 of December 1980 and further enforced through Administrative Instruction n° 286 (ST/AI/286) of 3 March 1982, both of which remain in force.

The purpose of the 13% PSC charge is to recover incremental indirect costs. Incremental costs are defined as the additional costs incurred supporting activities financed from extrabudgetary contributions. This charge is intended to ensure that the additional cost of supporting activities financed from extrabudgetary contributions is not borne by assessed funds and/or other core resources that are central to the budget review and approval process in the UN Secretariat.

Incremental costs can be divided into two basic categories, direct and indirect costs:

Direct costs are those that can be readily and directly attributed to, and recovered, either wholly or in part, from an operation, programme or project financed from extrabudgetary contributions. Their definition requires that a direct link between the cost and project can be identified. These costs include but are not limited to: (i) substantive and operational staffing, facilities, equipment and activities, and (ii) programmes services (planning, resource mobilization, monitoring, evaluation and management). They may also include direct costs pertaining to the administration of human, financial, physical and ICT resources (e.g. service costs). All direct costs should be financed by the relevant operation, programme or project.

Indirect costs are those that cannot be traced unequivocally to specific activities, projects and programmes. They include costs incurred by services providing administrative and other support functions to a range of operations, programmes and projects. These costs include but are not limited to: (i) the central administration of human, financial, physical and ICT resources; (ii) staffing, facilities, equipment, activities and legal liabilities related to (i) above; (iii) the implementation of UN-wide initiatives related to (i) above (e.g. Umoja and IPSAS implementation); and (iv) oversight (the Office of Internal Oversight Services and the Board of Auditors). They may also include indirect (or overarching) costs pertaining to central programme services (planning, resource mobilization, monitoring, evaluation and management). Indirect costs are appropriately, and cost-effectively, recovered through the support costs charge expressed as a percentage of direct costs (i.e. by PSC).



OHCHR and the use of PSC

According to above, being part of the UN Secretariat, the Office of the High Commissioner for Human Rights (OHCHR) has to deduct an amount equivalent to 13% on all extrabudgetary expenditure, a portion of which is retained by the Secretariat's central administrative services (i.e. the United Nations Office at Geneva (UNOG) in the case of OHCHR), with a further amount passed back to OHCHR to support its own administrative costs. It should be noted that OHCHR is charged by UNOG according to the amount of services used, and that costs incurred with regard to pouch and mailing costs, training of staff and salaries of certain support staff are shared between the various UN offices and departments on a pro-rata basis.

Type of service	Service provider
a) INFORMATION TECHNOLOGY	
Internet, messaging and networking services	International Computing Centre (ICC)
Remote access services	ICC
Consultancies and related projects	ICC
Managed hosting	ICC
Help desk services	ICC
Application development, maintenance and support	ICC
Field presences support	ICC
b) ADMINISTRATIVE SERVICES	
Accounting services	United Nations Office at Geneva (UNOG)
Treasury support	UNOG
Payroll services	UNOG
Medical services	UNOG
Travel services	UNOG
Visa services	UNOG
Procurement services	UNOG
Human resources services	UNOG
Security services	UNOG
Messenger services	UNOG
Conference service technician	UNOG
Maintenance of Palais Wilson	UNOG
c) RENTAL AND MAINTENANCE OF PREMISES (MOTTA)	
Contractual services	Fondation Internationale pour les Organisations Internationales (FIPOI)
General operating expenses	FIPOI
Supplies and materials	FIPOI
Furniture and equipment	FIPOI
Safety and security	FIPOI

In addition, OHCHR is charged service costs by its main partner in the field, the United Nations Development Programme (UNDP). UNDP carries out administrative functions on OHCHR's behalf, including the receipt of funds from headquarters, payment of invoices, and recruitment of local staff. This is due to the fact that OHCHR does not have full delegation of authority to act as an independent financial entity and is therefore dependent upon partner agencies to take on these responsibilities in the field.

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