



联合国
粮食及
农业组织

Food and Agriculture
Organization of the
United Nations

Organisation des Nations
Unies pour l'alimentation
et l'agriculture

Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الغذية والزراعة
للأمم المتحدة

E

FINANCE COMMITTEE

Hundred and Fifty-sixth Session

Rome, 3 - 7 November 2014

Annual Report on Support Costs Expenditure and Recoveries

Queries on the substantive content of this document may be addressed to:

Mr Boyd Haight

Director, Office of Strategy, Planning and Resources Management

Tel: +3906 5705 5324

*This document can be accessed using the Quick Response Code on this page;
a FAO initiative to minimize its environmental impact and promote greener communications.
Other documents can be consulted at www.fao.org*



m1746c

EXECUTIVE SUMMARY

- This paper reports on the implementation of the FAO policy on support costs for the period June 2013 through May 2014, during which time FAO opened 485 Trust Fund projects. The paper provides a categorised distribution of the project servicing costs (PSC) rates applied to these projects in terms of project numbers and lifetime budgets. It is noted that about 88.2 percent of new projects (by value) approved during the period have been sanctioned at their ceiling rates, and the remaining projects have been charged at rates that fall within the currently approved policy.
- The paper includes statistics on projects approved at their ceiling rates broken down to show the type, number and volume of such projects approved at a non-standard and standard PSC rates.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to note the experience in the implementation of the policy of support costs during the period June 2013 - May 2014.

Draft Advice

- **The Committee took note of the implementation of the policy of support costs during the period June 2013- May 2014.**

Implementation of the Support Cost Reimbursement Policy

1. The FAO policy for setting project servicing cost (PSC) rates was endorsed by the Council in November 2000¹. The policy is based on the principle that there should be a reasonable alignment of charges to the actual costs of providing administrative and operational support (AOS) to projects, taking due regard of existing arrangements and the need for a simple and transparent approach. Refinements to the application of the policy were made in September 2001, September 2002², September 2005³ and September 2006⁴.

2. The categories of extrabudgetary funded projects to which PSC rates apply are defined as: *technical assistance and direct support of Regular Programme (RP) activities*, where a standard 13 percent rate is in effect; *emergency assistance*, where a ceiling rate of 10 percent applies; and *jointly funded activities* (zero to 10 percent). The rate may be reduced when the variable indirect support costs on a given project are expected to be lower. The function of appraising variations from standard rates is entrusted to the Office of Strategy, Planning and Resources Management. Within each category, the circumstances that merit a departure of PSC rates from the applicable ceiling rates are identified.

3. The statistics provided in this report cover the period from 1 June 2013 through 31 May 2014, during which FAO opened 485 Trust Fund projects. Table 1 provides a categorized distribution of PSC rates applied to these projects in terms of the number of projects and the lifetime budgets. All projects have been charged at rates that fall within the presently approved policy.

4. The vast majority of projects – 88.2 percent of cases by volume - are charged at their ceiling rates, as shown in rows 1-3 of Table 1. As requested by the Finance Committee,⁵ for projects approved at their ceiling rates the table provides statistics on the type, number and volume of such projects approved at non-standard and standard PSC rates within the policy.

5. The projects tabulated in rows 4-8 of Table 1 – 11.8 percent of cases by volume - are in categories charged below the ceiling rate within the policy.

6. The weight of total budgets approved at their ceiling rates slightly declined from 90.4 percent of total budgets by value in the previous reporting period to 88.2 percent in the current period, mainly due to the increase in other categories, in particular the Global Environment Facility and projects with high proportion of procurement.

¹ CL 119/13 Annex II

² CL 112/4 paragraphs 21-23 and FC 100/5

³ CL 128/4 paragraphs 20-25 and FC 110/4

⁴ CL 131/7 paragraphs 49-52 and FC 115/14

⁵ CL 148/6 paragraph 24b)

Table 1: Distribution of the categories of PSC rates applied to projects opened June 2013 – May 2014, showing for projects approved at their ceiling rates the type, number and volume of such projects approved at non-standard and standard PSC rates.

PSC Category		Number of Projects	Lifetime Budget (USD)	% of Total Budget
Projects approved at their ceiling rate				
1	Emergency Assistance projects	185	292,966,206	39.5%
	<i>a) Emergency assistance projects - approved at 7% PSC rate (EU, CERF, etc.)</i>	73	72,452,572	9.8%
	<i>b) Emergency assistance projects - approved at standard 10% PSC rate</i>	112	220,513,634	29.7%
2	Technical assistance projects	97	276,778,355	37.3%
	<i>a) Technical assistance projects - approved at 7% PSC rate (EU, CERF, etc.)</i>	29	163,843,382	22.1%
	<i>b) Technical assistance projects – approved at standard 13% PSC rate</i>	68	112,934,973	15.2%
3	Projects in direct support of RP activities	82	84,329,645	11.4%
	<i>a) Projects in direct support of RP activities approved at 7% PSC rate (EU, CERF, etc.)</i>	25	24,210,250	3.3%
	<i>b) Projects in direct support of RP activities approved at standard 13% PSC rate</i>	57	60,119,395	8.1%
Subtotal – projects approved at their ceiling rate		364	654,074,206	88.2%
Projects charged below the ceiling rate within the policy				
4	Projects with high proportion of contracts, supplies and equipment (Manual Section 250 Appendix A applies)	15	40,573,610	5.5%
5	Global Environment Facility	32	35,215,968	4.7%
6	United Nations Joint Programmes	20	7,020,520	0.9%
7	Projects in direct support of RP activities approved at lower than ceiling rate (under circumstance in conformity with the policy)	13	4,544,972	0.6%
8	Telefood - zero rate per Conference Resolution 3/97	41	369,662	0.1%
Subtotal – projects charged below the ceiling rate within the policy		121	87,724,732	11.8%
Grand Total		485	741,798,938	100.0%