**Annex 1**

**Guidance on Cost Methodology**

**(True Hourly Cost Methodology)**

The current methodology used involves a work process analysis, which determines the amount of time each person involved spends in providing the service to assess the cost.

**Space**, occupied by each staff member involved in providing services. This figure is converted into a percentage of total space occupied by UNDP. UNDP’s non-personnel cost for rent (if any), utilities, furniture, and IT systems are spread over all UNDP staff based on the amount of space they occupy. Non-personnel costs for which separate reimbursement is in place (e.g. security, outsourced services) were not included. Hence, “Space” is the main driver used to allocate non-personnel cost proportionately, with UNDP covering the cost for all non-service units, and each UN Agency (including UNDP) paying a share of the cost of the service units, based on the amount of services actually received by the agency.

**Staff**, who will actually perform the services, are clearly identified. All staff involved in the process of providing a service are listed, even if their participation in the process was not being charged (e.g. Resident Representative, Junior Professional Officer).

**UN salaries**, based on actual cost using monthly payroll for each staff involved in providing the service. This is the total cost of the staff to UNDP, including gross salary, benefits, contributions to pension fund, and insurance. Annual actual staff costs] divided by 12 months divided by 16.845 working days per month divided by 7.5 hours divided by 60 minutes

The number of working days per month consists of:

Number of working days per year = 261 days

Less:

Annual leave 30 days

National holidays 10 days

Training days 12 days

Sick leave 7 days

UOLUPL

Total workday per year = 202 days

Total workdays per month = 16.84 days