**Country Co-Financing Cost Sharing Interest (Fund 11888), Non-Earmarked Programme Cost Sharing (Fund 30083), Country Co-Financing Project Residual balances (Fund 11890)**

**Fund 11888 – Country Co-Financing Cost Sharing Interest on Cost Sharing resources**

1. Effective 1 January 2023, Fund 11888 will only be used to record interest earned on cost sharing projects (except EC funded projects). This fund should be used primarily to fund UNDP programme activities, including Development Effectiveness activities. The resource recorded under this fund code shall be only interest earned on unspent cost sharing resource balances, credited to the Country Office by OFM through the annual interest apportionment exercise.
2. Fund 11888 is classified as cost sharing in UNDP’s financial statements and transfers to the fund are recorded using GL Account 53045 (Allocated Interest Income) which rolls up to revenue in the financial statements. The funds should be used primarily to fund UNDP programme activities, including Development Effectiveness activities.
3. Consistent with UNDP’s Financial Regulations and Rules, interest balances retained under 11888 are UNDP resources.
4. Whilst the overall accountability with respect to the use of 11888 falls under Regional Bureau or HQ (cost centre), the Head of office (or delegate) is accountable to the extent of fund spent/ administered by their respective offices. No prior approval from the host programme government is required for the usage of this fund as a funding source for agreed programme activities, or for the transfer of these funds elsewhere within the Region

**Fund 11890 – Resources from financially closed projects**

1. Effective 1 January 2023, Fund 11890 will be used to record residual resource balances in financially closed projects. This fund should be used primarily to fund UNDP programme activities, including Development Effectiveness.
2. The resources recorded under this fund code shall comprise of:
3. Transfers from unexpended resource balances remaining on closed cost sharing projects (except EC funded projects) that may be retained by UNDP as per the provisions of contribution agreements and/or the written agreement with the donor – Please refer to POPP on [Refunds to Donors](https://popp.undp.org/node/11431).
4. Other balances as may be approved by the donor e.g., proceeds and gains from sale of project assets after closure of the project, Trust Fund unexpended balances if approved by donors etc.
5. Fund 11890 is classified as cost sharing in UNDP’s financial statements and transfers to the fund are recorded using GL Account 51035 (transfers/adjustments) which rolls up to revenue in the financial statements. The funds should be used primarily to fund UNDP programme activities, including Development Effectiveness activities.
6. Consistent with UNDP’s Financial Regulations and Rules, interest and projects residual balances retained under Fund 11890 are UNDP resources. Any interest earned on fund 11890 resources balances will be credited to fund 11888.
7. Whilst the overall accountability with respect to the use of 11890 resources fall under Regional Bureau or HQ (cost centre), the Head of office (or delegate) is accountable to the extent of fund spent/ administered by their respective offices. No prior approval from the host programme government is required for the usage of this fund as a funding source for agreed programme activities, or for the transfer of these funds elsewhere within the Region.

**Fund 30083 - “Non-Earmarked” Contributions from Programme Governments**

1. Fund 30083 shall be used to record un-earmarked cost sharing contributions received from Programme Governments pending a programming decision. Non-earmarked contributions from other donors such as Trust Fund contributions, should be sent to GSSC and shall **not be** recorded under this fund code.
2. Fund 30083 is classified as cost sharing in the UNDP’s financial statement and income is recorded using GL Account 51005 (contribution revenue).
3. If the contribution is intended to fund projects under the existing CPD or UNDAF (and a specific project has not yet been formulated), a new agreement does not need to be signed. The revenue will be booked as “non-earmarked” and the country office should forward (i) a note to file from the Head of office (or his/her delegate) certifying that the funds received from the Government are meant for the programs within the CPD / UNDAF and (ii) the communication received from the government. If the contribution is intended for new programmes that are not part of the existing CPD and UNDAF, the revenue will still be booked as non-earmarked. However, an appropriate instrument is needed to enable the non-earmarked funds to be later applied to an agreed/approved project.
4. Programming decisions under this fund, including transfers to other projects, should be done in consultation with the national government. The un-programmed resources in 30083 should be monitored by the Country office, throughout the year.
5. Any interest earned on fund 30083 resources balances will be credited to fund 11888.

**Financial Recording**

**Accounting for Fund 11888**

1. Interest allocation will be posted annually by OFM at the operating unit and department level to fund 11888 using account 53045. Project ID is not part of the Distribution combination, but the Project ID is included in the journal description line. The generic donor code 00250 is used to record the funds:

**Debit**

Account: 51035 (transfers to/from funds)

Fund: Applicable fund code

Operating Unit: Applicable OU

**Donor code: Applicable donor code**

Cost Center Applicable Dept.

Interagency 0.

Project ID Applicable Project ID

Description: Clear reasons and details of “from” & “to” for the transfer.

i.e. the debit entry should charge the project using the appropriate project Distribution combination

**Credit Entry:**

Account: 51035 (transfers to/from funds)

Fund: 11890

Operating Unit: Applicable

**Donor code:** **000012 (UNDP)**

Cost Center: Applicable Dept.

Project ID is not part of the distribution combination and donor code 000012 (UNDP) should be used for all resource balance transfers to fund 11890. This is important to ensure that the funds are not incorrectly reported as donor funds.

In the Quantum Budgetary Control module, fund 11890 is cash-controlled at fund and department level.

Journal Entry should be approved in accordance with Journal Entry guideline

**Accounting for Fund 30083**

1. Revenue into this Fund shall be recorded through the Quantum Contract Module by the GSSC using account 51005 as part of the normal revenue transaction process. Project ID is not required.
2. In Quantum Budgetary control module, funds 30083 is cash-controlled at Fund and Department level.

**Programming**

**Programming of Fund 11888 Resources through Fund 30084**

1. The funds should be used primarily to fund UNDP programme activities, including Development Effectiveness activities.
2. Resources under fund 11888 can be used by the respective cost centre with approval from the bureau. Resources under fund 11888 should be allocated primarily to fund development activities including development effectiveness; and for funding the organizational structure of functions that provide support and service to programme activities, including project formulation and related activities. These include:
3. To fund new or existing development projects.
4. To support upstream policy results and test innovations with scaling-up potential under the Engagement Facility. See [Engagement Facility](https://popp.undp.org/node/10706).
5. Pre-funding stand-alone Delivery Enabling Services project. See  [Planning and Paying for Delivery Enabling Services to Projects](https://popp.undp.org/node/11271) policy and procedures: procedure step 3.1 and 3.2 (under a Delivery Enabling Services project, salaries can also be funded by assigning 11888 resources to a project).
6. Clear project deficit balances on financial closure of development projects and trust funds. See [[Financial Closure of Development Projects and Trust Funds](https://popp.undp.org/node/10801).](https://popp.undp.org/SitePages/POPPSubject.aspx?SBJID=125&Menu=BusinessUnit)
7. To facilitate the monitoring and tracking of balances, no expenditures should be recorded under fund code 11888. Fund 11888 should be used only for accounting the revenue (i.e., transfer-in and transfer-outs). For programming purposes, resources must be transferred out to 30084 with respective project ID and the expenses should be incurred in fund 30084 (with project ID). Spending in Fund 30084 will cash-controlled at Fund-Project-donor level.
8. UNDP’s normal programme and financial policies and procedures apply, including planning, multi-year budgeting and cost recovery. Consistent with the UNDP’s FRRs, interest balances retained in fund 11888 and spent in 30084 are UNDP resources. Similarly, any interest earned on fund 30084 resources balances will be credited to fund 11888. No prior approval from the host programme government is required for the usage of UNDP’s own funds.
9. The following distribution combination should be used for transferring balances via Journal Entry when funds are programmed:

**Debit Entry:**

Account: 51035 (transfers to/from funds)

Fund: 11888

Operating Unit: Applicable

Donor code: 000012 (UNDP)

Cost center: Applicable Dept.

Description: Clear reasons and details of “from” & “to” for the transfer.

Project ID should not be used on the debit entry and donor code 000012 (UNDP) should be used for resource transfers from fund 11888.

In the Quantum Budgetary Control module, fund 11888 is cash-controlled at fund and department level.

Journals should be approved in accordance with General Ledger Journal Entry [Guideline](https://popp.undp.org/_layouts/15/POPPOpenDoc.aspx?ID=POPP-11-2028).

**Credit Entry**:

Account: 51035 (transfers to/from funds)

Fund: 30084

Operating Unit: Applicable OU

**Donor code:** 000012 (UNDP)

Cost center: Applicable Dept.

Interagency 0

Project ID Applicable Project ID

i.e. the programmed resources should be recorded at project level using the appropriate distribution combinations with the donor code 000012.

1. Transfer of resources from 11888 to 30084 for programming should be cleared by the respective Bureau and Journal entries should follow the [Guidelines](https://intranet.undp.org/unit/bom/ofrm/fbm/_layouts/WopiFrame.aspx?sourcedoc=/unit/bom/ofrm/fbm/FBM%20Document%20and%20Archives/GL_JE%20Comprehensive%20Guidance%20-Nov%202014.pdf&action=default&Source=https%3A%2F%2Fintranet%2Eundp%2Eorg%2Funit%2Fbom%2Fofrm%2Ffbm%2FFBM%2520Document%2520and%2520Archives%2FForms%2FAllItems%2Easpx&DefaultItemOpen=1) on journal entry.
2. GMS at an 8% standard minimum rate for non-core projects is applicable from 1 January 2018 on fund code 30084 to cover the organization’s management costs to support these projects. GMS will be calculated based on expenses in general ledgers when the F&A process runs. Offices should therefore ensure that the applicable GMS rate is correctly setup and budgeted properly in the grants management module.

**Programming of Fund 11890 Resources through Fund 30095**

1. The funds should be used primarily to fund UNDP programme activities, including Development Effectiveness activities.
2. Resources under fund 11890 can be used by the respective cost centre. Resources under fund 11890 should be allocated primarily to fund development activities including development effectiveness; and for funding the organizational structure of functions that provide support and service to programme activities, including project formulation and related activities. These include:
3. To fund new or existing development projects.
4. To support upstream policy results and test innovations with scaling-up potential under the Engagement Facility. See [Engagement Facility](https://popp.undp.org/node/10706).
5. Pre-funding stand-alone Delivery Enabling Services project. See  [Planning and Paying for Delivery Enabling Services to Projects.](https://popp.undp.org/node/11271) (Under a Delivery Enabling Services project, salaries can also be funded by assigning 11890 resources to a project)
6. Clear project deficit balances on financial closure of development projects and trust funds. See [Financial Closure of Development Projects and Trust Funds](https://popp.undp.org/node/10801).
7. To facilitate the monitoring and tracking of balances, no expenditures should be recorded under fund code 11890. Fund 11890 should be used only for accounting the revenue (i.e., transfer-in and transfer-outs). For programming purposes, resources must be transferred out to 30095 with respective project ID and the expenses should be incurred in fund 30095 (with project ID). Spending in Fund 30095 will be cash-controlled at Fund-Project-Donor level.
8. UNDP’s normal programme and financial policies and procedures apply, including planning, multi-year budgeting and cost recovery. Consistent with the UNDP’s FRRs, project balances retained in funds 11890 and spent in 30095 are UNDP resources. Similarly, any interest earned on fund 30095 resources balances will be credited to fund 11888. No prior approval from the host programme government is required for the usage of UNDP’s own funds.
9. The following distribution combination should be used for transferring balances via Journal Entry when funds are programmed:

**Debit Entry:**

Account: 51035 (transfers to/from funds)

Fund: 11890

Operating Unit: Applicable

Donor code: 000012 (UNDP)

Cost center: Applicable Dept.

Description: Clear reasons and details of “from” & “to” for the transfer.

Project ID should not be used on the debit entry and donor code 000012 (UNDP) should be used for resource transfers from fund 11890.

**Credit Entry**:

Account: 51035 (transfers to/from funds)

Fund: 30095

Operating Unit: Applicable OU

**Donor code:** 000012 (UNDP)

Cost center: Applicable Dept.

Interagency 0.

Project ID Applicable Project ID

i.e. the programmed resources should be recorded at project level using the appropriate distribution combinations with the donor code 000012.

Transfer of resources from 11890 to 30095 for programming should be cleared by the respective Bureau and Journal entries should follow the [Guidelines](https://intranet.undp.org/unit/bom/ofrm/fbm/_layouts/WopiFrame.aspx?sourcedoc=/unit/bom/ofrm/fbm/FBM%20Document%20and%20Archives/GL_JE%20Comprehensive%20Guidance%20-Nov%202014.pdf&action=default&Source=https%3A%2F%2Fintranet%2Eundp%2Eorg%2Funit%2Fbom%2Fofrm%2Ffbm%2FFBM%2520Document%2520and%2520Archives%2FForms%2FAllItems%2Easpx&DefaultItemOpen=1) on journal entry.

1. GMS at an 8% standard minimum rate for non-core projects is applicable from 1 January 2023 on fund code 30095 to cover the organization’s management costs to support these projects. GMS will be calculated based on expenses in general ledgers when the F&A process runs. Offices should therefore ensure that the applicable GMS rate is correctly setup and budgeted properly in the grants management module.

**Programming of Fund 30083**

1. Resources under fund 30083 should be used to record non-earmarked Government Cost-Sharing contributions received. Donor Government’s approval must be obtained prior to programming resources from fund 30083, including for projects under Engagement Facility using fund code 11999
2. To facilitate the monitoring and tracking of balances, the resources fund 30083 should be programmed under the respective project fund code e.g. fund 30071 for a government cost sharing project. **Resources should not be programmed under fund code 30083.**
3. The following distribution combination should be used for transferring balances via Journal Entry when the funds are programmed:

**Debit Entry:**

Account: 51035 (transfers to/from funds)

Fund: 30083

Operating Unit: Applicable

Donor code: Applicable Donor Code

Cost center: Applicable Dept.

Description: Clear reasons and details of “from” & “to” for the transfer.

Project ID is not required

**Credit Entry**:

Account: 51035 (transfers to/from funds)

Fund: Applicable fund code (e.g. 30071)

Operating Unit: Applicable OU

Donor code**:** Applicable Donor Code

Cost center: Applicable Dept.

Impl. Agent Applicable I.A.

Project ID Applicable Project ID

i.e., the credit entry should charge the project using the appropriate distribution combination.

1. GMS will be calculated based on expenses incurred in general ledgers and recorded under the applicable donor code when the F&A process runs. Offices should therefore ensure that the applicable GMS rate is correctly setup in the grants module.

**Agreements and Templates:**

**Interest and Unspent Project Balances**

1. UNDP’s standard cost sharing agreements (see Standard Cost Sharing Agreements [templates](https://intranet.undp.org/unit/pb/resmob/SitePages/Financing-Agreements-and-Templates.aspx) library) should contain the following clause:
2. Any interest revenue attributable to the contribution shall be credited to the UNDP Account and shall be utilized in accordance with established UNDP procedures.
3. In cases where the Project is completed in accordance with the project document any funds **[**below 5,000 USD (or other amount agreed with the donor)**]** that remains unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds **[**above 5,000 USD (or other amount agreed with the donor)**]** that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the Donor.

**Non-earmarked Contributions under fund 30083**

1. For contributions to projects under the existing CPD or UNDAF (and a specific project has not yet been formulated), the revenue will be booked as “non-earmarked” and the country office should forward (i) a note to file from the Head of office (or his/her delegate) certifying that the funds received from the Government are meant for the programs within the CPD / UNDAF and (ii) the communication received from the government. Programming decisions under this fund, including transfers to other projects, should be done in consultation with the national government. The Un-programmed resources in 30083 will be monitored by the Country office periodically, throughout the year.
2. If the contribution is intended for new programmes that are not part of the existing CPD and UNDAF, the office should sign a cost sharing agreement using UNDP’s Standard Programme Country Government Cost-Sharing Agreement [template](https://intranet.undp.org/unit/pb/resmob/SitePages/Financing-Agreements-and-Templates.aspx) library.