Annexes to
DP/FPA-ICEF-UNW/2018/1
Joint report on cost recovery
ANNEX 1
Evidence based on financial information from 2014-2017 actuals
### Annex 1A [UNDP]

**Table 1 - Effective average cost recovery rate for 2014-2017**

*in millions of US dollars*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-core programme expenses</td>
<td>Cost recovery revenue</td>
<td>Non-core programme expenses</td>
<td>Cost recovery revenue</td>
<td>Non-core programme expenses</td>
</tr>
<tr>
<td>Third-party cost sharing</td>
<td>1,293.4</td>
<td>77.6</td>
<td>1,296.5</td>
<td>82.6</td>
<td>1,200.5</td>
</tr>
<tr>
<td>European Union</td>
<td>254.7</td>
<td>16.4</td>
<td>347.4</td>
<td>20.8</td>
<td>241.1</td>
</tr>
<tr>
<td>Programme Country government cost sharing</td>
<td>907.1</td>
<td>35.0</td>
<td>918.0</td>
<td>35.5</td>
<td>798.8</td>
</tr>
<tr>
<td>South-South contributions</td>
<td>3.1</td>
<td>0.2</td>
<td>2.6</td>
<td>0.2</td>
<td>2.7</td>
</tr>
<tr>
<td>Thematic trust funds</td>
<td>114.7</td>
<td>6.8</td>
<td>107.1</td>
<td>4.4</td>
<td>60.3</td>
</tr>
<tr>
<td>Global Environment Facility</td>
<td>350.8</td>
<td>37.1</td>
<td>374.2</td>
<td>41.7</td>
<td>397.0</td>
</tr>
<tr>
<td>Global Fund to Fight AIDS, Tuberculosis and Malaria</td>
<td>474.0</td>
<td>31.2</td>
<td>423.2</td>
<td>28.6</td>
<td>395.5</td>
</tr>
<tr>
<td>Montreal Protocol</td>
<td>382.7</td>
<td>14.7</td>
<td>247.4</td>
<td>9.5</td>
<td>319.4</td>
</tr>
<tr>
<td>Other trust funds</td>
<td>64.1</td>
<td>3.7</td>
<td>511.1</td>
<td>3.6</td>
<td>58.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,882.8</strong></td>
<td><strong>225.2</strong></td>
<td><strong>3,805.5</strong></td>
<td><strong>229.3</strong></td>
<td><strong>3,504.9</strong></td>
</tr>
</tbody>
</table>

**Effective average cost recovery rate:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.1%</td>
<td>6.3%</td>
<td>6.4%</td>
<td>6.1%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

**Notes:**

2. Note that in calculation of the effective average cost recovery rate, the denominator is adjusted for $34.3m for 2014, $38.5m for 2015 and $45.4m for 2016 to take into account GEF/Montreal Protocol related accounting.
3. Programme country governments also contribute to offset local office costs through cash as well as in-kind contributions.

The effective average cost recovery rate is calculated as: Total Cost recovery revenue divided by (Total non-core programme expenses less Total Cost recovery revenue)
The effective average cost recovery rate is calculated as follows:

\[
\text{Total Cost recovery revenue} = \frac{\text{Total Cost recovery revenue}}{\text{Total non-core programme expenses less Total Cost recovery revenue}}
\]

### Table 2

**Effective average cost recovery rates by funding stream**

<table>
<thead>
<tr>
<th>Effective average cost recovery rate:</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding stream</th>
<th>GMS rate from ARA reports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Third party cost sharing</td>
<td>6.23%</td>
</tr>
<tr>
<td>EC</td>
<td>6.40%</td>
</tr>
<tr>
<td>Government cost sharing</td>
<td>4.06%</td>
</tr>
<tr>
<td>South-South contributions</td>
<td>6.06%</td>
</tr>
<tr>
<td>Thematic contributions</td>
<td>7.01%</td>
</tr>
<tr>
<td>GEF</td>
<td>9.5% on &lt;$10m; 9.0% on &gt;$10m</td>
</tr>
<tr>
<td>GFATM</td>
<td>6.69%</td>
</tr>
<tr>
<td>Montreal Protocol</td>
<td>7.80%</td>
</tr>
<tr>
<td>LOTFA</td>
<td>4.00%</td>
</tr>
<tr>
<td>Other trust funds</td>
<td>4.50%</td>
</tr>
</tbody>
</table>

**Note:**

* Programme country governments also contribute to offset local office costs through cash as well as in-kind contributions.
### Annex 1A [UNDP]

**Table 3 - UNDP Calculation of rate in line with approved formula in documents – 2014-2017**

DP-FPA/2013/1-E/ICEF/2013/8

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A1</strong> Regular resources (RR)</td>
<td>835</td>
<td>714</td>
<td>621</td>
<td>611</td>
<td>2,781</td>
</tr>
<tr>
<td><strong>A2</strong> Other resources (OR), gross (A)</td>
<td>4,191</td>
<td>4,258</td>
<td>4,016</td>
<td>4,520</td>
<td>16,985</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,026</td>
<td>4,972</td>
<td>4,637</td>
<td>5,130</td>
<td>19,766</td>
</tr>
</tbody>
</table>

1. Calculate the proportionate percentage share of RR and OR in the planned use of resources

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B1</strong> Proportionate share RR</td>
<td>17%</td>
<td>14%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>B2</strong> Proportionate share OR (B)</td>
<td>83%</td>
<td>86%</td>
<td>87%</td>
<td>88%</td>
</tr>
</tbody>
</table>

2. Calculate the sum of management and comparable Special Purpose costs [and remove costs related to critical, cross-cutting functions]

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C1</strong> Development Effectiveness Activities</td>
<td>(122)</td>
<td>(148)</td>
<td>(134)</td>
<td>(108)</td>
</tr>
<tr>
<td><strong>C1 - a</strong> Core funded</td>
<td>(56)</td>
<td>(63)</td>
<td>(43)</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>C1 - b</strong> Cost recovery funded (in 2014-2016)</td>
<td>(66)</td>
<td>(85)</td>
<td>(91)</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>C2 - a</strong> Non-Comparable Special purpose Activities (core funded)</td>
<td>(14)</td>
<td>(11)</td>
<td>(9)</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>C2 - b</strong> Non-Comparable Special purpose Activities (agency services + UNV programme funded)</td>
<td>(53)</td>
<td>(59)</td>
<td>(68)</td>
<td>(47)</td>
</tr>
<tr>
<td><strong>C3</strong> UN Development Coordination Activities</td>
<td>(73)</td>
<td>(76)</td>
<td>(77)</td>
<td>(77)</td>
</tr>
<tr>
<td><strong>C4</strong> Critical cross-cutting management functions based on standard cos</td>
<td>(40)</td>
<td>(41)</td>
<td>(41)</td>
<td>(41)</td>
</tr>
</tbody>
</table>

3. Take the amount calculated in step 2. and split it proportionally according to the levels of total planned core and non-core use of resources

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>D=C-(C1:C4)</strong> Institutional Budget Subject to Cost Recovery based on approved methodology</td>
<td>368.0</td>
<td>324.0</td>
<td>304.8</td>
<td>300.4</td>
</tr>
<tr>
<td><strong>E1=B1*D</strong> Regular Resources Proportional Share of IB</td>
<td>61.1</td>
<td>46.5</td>
<td>40.8</td>
<td>35.8</td>
</tr>
<tr>
<td><strong>E2=B2*D</strong> Other Resources Proportional Share of IB</td>
<td>306.9</td>
<td>277.5</td>
<td>264.0</td>
<td>264.6</td>
</tr>
<tr>
<td><strong>F=E2/(A2-E2)</strong> Notional Rate</td>
<td>7.9%</td>
<td>7.0%</td>
<td>7.0%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

*) Based on data reported in UNDP ARFS for 2014, 2015 and 2016 in annexes 1&2, net of GLOC and in-kind contributions. 2017 data based on unaudited financial information.
<table>
<thead>
<tr>
<th></th>
<th>2014-2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Core</td>
<td>Non-core</td>
</tr>
<tr>
<td>A   Delivery (basis for calculation of actual cost recovery charged)</td>
<td>$2,008</td>
<td>$15,255</td>
</tr>
<tr>
<td>B Actual cost recovery charged (see slides for details on non-core)</td>
<td>$106</td>
<td>$895</td>
</tr>
<tr>
<td>% ($B / (A - B))</td>
<td>5.6%</td>
<td>6.2%</td>
</tr>
<tr>
<td>C EB approved Transitionary measures</td>
<td>$199</td>
<td>$199</td>
</tr>
<tr>
<td>D = B + C Total actual cost recovery including Transitionary measures</td>
<td>$305</td>
<td>$1,094</td>
</tr>
<tr>
<td>E Critical cross cutting management functions ('CCCM')</td>
<td>$163</td>
<td>-</td>
</tr>
<tr>
<td>F = D + E Total (including Transitionary measures and CCCM)</td>
<td>$468</td>
<td>$1,094</td>
</tr>
<tr>
<td>% of non-core delivery</td>
<td>7.62%</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

* Based on financial information reported in UNDP’s audited financial statements and annual financial reports for 2014, 2015, 2016 and unaudited financial statements for 2017.

$468m in core total expenditure under ‘F’ reconciles with total UNDP core expenditure on management activities plus capital investments.
Effective Cost recovery rate, and impact of differentiated rates, legacy and waivers vs. the standard rate

<table>
<thead>
<tr>
<th>IC category</th>
<th>Effective rates</th>
<th></th>
<th></th>
<th>Variance vs. standard 8% rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IC waiver approved</td>
<td>5.20%</td>
<td>5.19%</td>
<td>6.71%</td>
<td>6.66%</td>
<td>123,685</td>
</tr>
<tr>
<td>Legacy agreements</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>901,586</td>
</tr>
<tr>
<td>Programme Country</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>452,914</td>
</tr>
<tr>
<td>Standard (8% IC)</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>-</td>
</tr>
<tr>
<td>Thematic Trust Funds</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>1,898,992</td>
</tr>
<tr>
<td>Various umbrella agreements - EC, UN Pooled / Harmonized</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>999,231</td>
</tr>
<tr>
<td>Total</td>
<td>7.07%</td>
<td>7.10%</td>
<td>7.27%</td>
<td>7.33%</td>
<td>4,376,408</td>
</tr>
</tbody>
</table>

Note: Variance vs. the standard rate represents the difference between the effective cost recovery received and the cost recovery that would have been earned using the standard approved rate of 8%. Thus the amount is not exactly the same when comparing the effective cost recovery received to the notional rate derived by applying the approved methodology.

Also excluded are IC recorded for the JPO programme and ePAS as the IC is not credited to the Institutional Budget.
## UNFPA Calculation of rate in line with approved formula in documents – 2014-2017
**DP-FPA/2013/1–E/ICEF/2013/8**

Calculation of Rate based on Approved Methodology 2014-2017 (in US$ Million) - UNFPA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Regular resources (RR)</td>
<td>445.0</td>
<td>420.3</td>
<td>361.0</td>
<td>317.0</td>
<td>1,543.0</td>
</tr>
<tr>
<td>A2 Other resources (OR), gross (A) (expenditures subject to cost recovery)</td>
<td>512.2</td>
<td>502.2</td>
<td>508.0</td>
<td>572.0</td>
<td>2,094.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>957.1</td>
<td>922.6</td>
<td>868.8</td>
<td>888.6</td>
<td>3,637.1</td>
</tr>
</tbody>
</table>

1. Calculate the proportionate percentage share of RR and OR in the planned use of resources

- **B1 Proportionate share RR**
  - 46% in 2014
  - 46% in 2015
  - 42% in 2016
  - 36% in 2017
  - 42% in Total 2014-2017

- **B2 Proportionate share OR (B)**
  - 54% in 2014
  - 54% in 2015
  - 58% in 2016
  - 64% in 2017
  - 58% in Total 2014-2017

2. Calculate the sum of management and comparable Special Purpose costs (and remove costs related to critical, cross-cutting functions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional Budget</strong></td>
<td>139.5</td>
<td>140.3</td>
<td>136.8</td>
<td>141.5</td>
<td>558.1</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C1 Development Effectiveness Activities</strong></td>
<td>(30.4)</td>
<td>(31.1)</td>
<td>(30.7)</td>
<td>(29.7)</td>
<td>(122.0)</td>
</tr>
<tr>
<td><strong>C2 Non-Comparable Special purpose Activities</strong></td>
<td>(2.0)</td>
<td>(2.1)</td>
<td>(2.2)</td>
<td>(2.3)</td>
<td>(8.6)</td>
</tr>
<tr>
<td><strong>C3 UN Development Coordination Activities</strong></td>
<td>(38.3)</td>
<td>(37.9)</td>
<td>(37.1)</td>
<td>(37.8)</td>
<td>(151.0)</td>
</tr>
</tbody>
</table>

3. Take the amount calculated in step 2. and split it proportionally according to the levels of total planned core and non-core use of resources

| D=C-(C1+C4) Institutional Budget Subject to Cost Recovery based on approved methodology | 68.9 | 69.2 | 66.7 | 71.7 | 276.5           |
| E1=B1*D Regular Resources Proportional Share of IB | 32.0 | 31.5 | 27.7 | 25.5 | 117.3           |
| E2=B2*D Other Resources Proportional Share of IB | 36.9 | 37.7 | 39.0 | 46.1 | 159.7           |
| F=E2/(A2-E2) Notional Rate | 7.76%| 8.11%| 8.32%| 8.77%| 8.25%          |
| **G Cost Recovery actually earned** | 33.8 | 33.3 | 34.4 | 39.0 | 140.6           |
| **H=G/(A2-G) Effective Rate** | 7.07%| 7.10%| 7.27%| 7.33%| 7.19%          |
### Annex 1C [UNICEF]

#### Table 1

UNICEF Calculation of rate in line with approved formula in documents – 2014-2017

DP-FPA/2013/1–E/ICEF/2013/8

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Regular Resources (RR)</td>
<td>1,124</td>
<td>1,085</td>
<td>1,087</td>
<td>1,097</td>
<td>4,393</td>
</tr>
<tr>
<td>A2 Other Resources (OR)</td>
<td>3,680</td>
<td>4,193</td>
<td>4,454</td>
<td>4,205</td>
<td>16,531</td>
</tr>
<tr>
<td>Total</td>
<td>4,804</td>
<td>5,277</td>
<td>5,541</td>
<td>5,302</td>
<td>20,925</td>
</tr>
</tbody>
</table>

1. Calculate the proportionate percentage share of RR and OR in the planned use of resources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>B1 Proportionate share of RR</td>
<td>23%</td>
<td>21%</td>
<td>20%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>B2 Proportionate share of OR</td>
<td>77%</td>
<td>79%</td>
<td>80%</td>
<td>79%</td>
<td>79%</td>
</tr>
</tbody>
</table>

2. Calculate the sum of management and comparable special purpose costs (and remover costs related to critical, cross-cutting functions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C1 Development Effectiveness</td>
<td>(113)</td>
<td>(129)</td>
<td>(135)</td>
<td>(149)</td>
<td>(527)</td>
</tr>
<tr>
<td>C2 Special Purpose Activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C3 UN Development Coordination</td>
<td>(8)</td>
<td>(6)</td>
<td>(7)</td>
<td>(7)</td>
<td>(29)</td>
</tr>
<tr>
<td>C4 Critical cross-cutting functions based on standard costs</td>
<td>(38)</td>
<td>(35)</td>
<td>(35)</td>
<td>(40)</td>
<td>(149)</td>
</tr>
<tr>
<td>Net</td>
<td>282</td>
<td>299</td>
<td>306</td>
<td>336</td>
<td>1,223</td>
</tr>
</tbody>
</table>

3. Take the amount calculated in step2. and split it proportionally acc to levels of total planned core and non-core use of resources

<table>
<thead>
<tr>
<th>D=C-(C1+C4) IB subject to Cost Recovery based on approved methodology</th>
<th>282</th>
<th>299</th>
<th>306</th>
<th>336</th>
<th>1,223</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1=B1*D RR proportional share of IB</td>
<td>66</td>
<td>61</td>
<td>60</td>
<td>70</td>
<td>257</td>
</tr>
<tr>
<td>E2=B2*D OR proportional share of IB</td>
<td>216</td>
<td>237</td>
<td>246</td>
<td>267</td>
<td>966</td>
</tr>
<tr>
<td>F=E2/(A2-E2) Notional Rate</td>
<td>6.2%</td>
<td>6.0%</td>
<td>5.8%</td>
<td>6.8%</td>
<td>6.2%</td>
</tr>
<tr>
<td>G = Cost Recovery Actually Earned</td>
<td>220</td>
<td>257</td>
<td>275</td>
<td>295</td>
<td>1,047</td>
</tr>
<tr>
<td>H=G/(A2-G) Effective Rate</td>
<td>6.3%</td>
<td>6.5%</td>
<td>6.6%</td>
<td>7.5%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>
## UN WOMEN Calculation of cost recovery rate in line with approved formula in documents- 2014-2017

### Table 1

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A1</strong> Regular resources</td>
<td>143.0</td>
<td>149.0</td>
<td>142.4</td>
<td>141.6</td>
</tr>
<tr>
<td><strong>A2</strong> Other resources (gross)</td>
<td>131.0</td>
<td>168.9</td>
<td>201.5</td>
<td>189.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274</td>
<td>318</td>
<td>344</td>
<td>330.6</td>
</tr>
</tbody>
</table>

1. Calculate the proportionate percentage share of RR and OR in the planned use of resources

| Proportionate share RR | 52% | 47% | 41% | 43% | 45% |
| Proportionate share OR | 48% | 53% | 59% | 57% | 55% |

2. Calculate the sum of management and comparable Special Purpose costs [and remove costs related to critical, cross-cutting functions]

| Institutional Budget | 73.0 | 82.5 | 78.5 | 75.5 | 309.5 |
| Less | | | | | |
| Development Effectiveness Activities | (21.3) | (23.4) | (21.2) | (17.5) | (83.4) |
| Non-Comparable Special purpose Activities | (10.4) | (12.4) | (12.2) | (12.0) | (47.0) |
| UN Development Coordination Activities | (18.5) | (21.0) | (22.4) | (22.4) | (84.2) |
| **C=** | | | | | |

3. Take the amount calculated in step (i) and split it proportionally according to the levels of total planned

| Institutional Budget Subject to cost recovery based on approved methodology | 22.8 | 25.7 | 22.8 | 23.7 | 95.0 |
| Regular Resources Proportional share of IB | 11.9 | 12.0 | 9.4 | 10.1 | 43.2 |
| Other Resources Proportional Share of IB | 10.9 | 13.7 | 13.4 | 13.5 | 51.8 |
| **Notional cost recovery rate** | 8.3% | 8.1% | 6.6% | 7.2% | 7.5% |

| Cost recovery actually earned | 10.3 | 11.5 | 12.6 | 13.9 | 48.3 |
| Effective Rate | 7.12% | 7.00% | 7.14% | 7.25% | 7.13% |

* 2017 estimated until books are closed.
ANNEX 2
Evidence based on 2018-2019/2021 EB approved integrated budgets
Development effectiveness (DE) activities comprise:

- ‘programme’ level activities, (e.g. programme design and formulation, programme Q.A., formulation and management of programme pipeline); and
- ‘project’ level activities (e.g. programme policy advisory services)

The current model excludes all abovementioned DE activities from the calculation of the cost recovery rate. In the Modular ‘LEGO’ approach, ‘programme’ level DE activities are proposed to be funded through regular resources funded ‘LEGO’ blocks plus cost recovery; and ‘project’ level DE activities are to be funded directly by the related projects.
### Annex 2A – UNDP application of lego blocks (including differences between option A and B) (*)

<table>
<thead>
<tr>
<th>Block</th>
<th>Description</th>
<th>Option A: Takes into account full cost of the functions which are included in ‘LEGO building blocks’.</th>
<th>Option B: Focus is on leadership(**) (green and yellow LEGO blocks) and on country facing activities (blue LEGO block). Remaining functions are proportionally covered through indirect cost recovery.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive leadership, Country Office leadership, Independent Assurance</td>
<td>Executive Office, Ethics Office and Ombudsman</td>
<td>Fully covered by regular resources</td>
<td>Only leadership posts (fully loaded cost of D1 and higher graded positions), plus UNDP contribution to Ombudsman office, are fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Independent corporate oversight and assurance • Internal and external audit and investigation • Evaluation</td>
<td>Fully covered by regular resources</td>
<td>Only leadership posts (fully loaded cost of D1 and higher graded positions plus P5 unit chiefs) are fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Posts of Representative (CD, where applicable) and Deputy Representative (or national equivalent) (***) 2 Senior positions for all COs are fully covered by regular resources</td>
<td>Fully covered by regular resources</td>
<td>(***) 2 Senior positions for large COs, and 1 senior position for medium/small COs, including operations leadership fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Support to UN Development Coordination Support to UNV and UNCDF</td>
<td>Fully covered by regular resources</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td>Directing advocacy, resource stewardship and technical leadership</td>
<td>Leadership of management functions at HQ and Regional Office levels: Fiduciary, IT, Human Resources, Partnerships and Security management functions</td>
<td>Fully covered by regular resources</td>
<td>Only leadership posts (fully loaded cost of D1 and higher graded positions) are fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Leadership of development effectiveness functions at HQ and Regional Office levels: Technical leadership, programmatic policy and support for norm setting functions</td>
<td>Fully covered by regular resources</td>
<td>Only leadership posts (fully loaded cost of D1 and higher graded positions) are fully covered by regular resources.</td>
</tr>
<tr>
<td>Integrating professional standards, norms and quality assurance</td>
<td>Remaining development effectiveness functions: • Integration of professional standards and quality assurance • Programme-policy advisory functions</td>
<td>Fully covered by regular resources</td>
<td>Only positions that provide country level support, as well as country-facing programme policy advisory support, including south-south cooperation are covered by regular resources.</td>
</tr>
</tbody>
</table>

(*) Coverage of positions under both options A and B relates to post plus related non-post costs.

(**) Leadership sets the direction, is responsible for executive management, inter-bureaux and inter-agency coordination, reporting to the Executive Board, research and innovation, partnerships, oversight and assurance, fiduciary functions and operations. Leadership also spearheads the policy, planning and overall management in the respective functional areas for each organization. Leadership ensures that UN norms and standards are integrated across all areas of work.

(***) Represents the ‘RR’ portion of the cost of positions, whereas the ‘RC’ portion is covered under support to UN Development Coordination. For option B, this covers the financial equivalent of the fully loaded cost of Resident Representative positions in all LICs/MICs plus a pool of regular resources for operations leadership.
### Comparison current vs. potential adjusted methodology based on 2018-2021 budget (in US$ Million) - UNFPA

**Current model, Modular LEGO A, and Modular LEGO B**

<table>
<thead>
<tr>
<th>Use of resources</th>
<th>Current Model (per decision 2013/9)</th>
<th>Modular ‘LEGO’ approach - LEGO A</th>
<th>Modular ‘LEGO’ approach - LEGO B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A1</strong> Regular resources (RR)</td>
<td>1,392.3</td>
<td>1,392.3</td>
<td>1,392.3</td>
</tr>
<tr>
<td><strong>A2</strong> Other resources (OR), gross (A)</td>
<td>2,194.1</td>
<td>2,194.1</td>
<td>2,194.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,586.4</td>
<td>3,586.4</td>
<td>3,586.4</td>
</tr>
</tbody>
</table>

1. Calculate the proportionate percentage share of RR and OR in the planned use of resources

<table>
<thead>
<tr>
<th></th>
<th>Proportionate share RR</th>
<th>Proportionate share OR (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B1</strong></td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td><strong>B2</strong></td>
<td>61%</td>
<td>61%</td>
</tr>
</tbody>
</table>

2. Calculate the sum of management and comparable Special Purpose costs (and remove costs related to critical, cross-cutting functions)

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C</strong> Institutional Budget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C1</strong> Development Effectiveness Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C2</strong> Non-Comparable Special purpose Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C3</strong> UN Development Coordination Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C4</strong> Critical cross-cutting management functions based on standard costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal protected functions</strong></td>
<td>345.2</td>
<td>345.2</td>
<td>345.2</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C5</strong> Agency specific areas (RC system support, support to other agencies)</td>
<td>9.4</td>
<td>9.4</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>C6a</strong> Non-CO (include HQ + RO) leadership (+ 30% GOE for harmonized management functional clusters: Corp HR, Corp External relations &amp; Partnership; Security; Corp Finance, ICT etc; Field Oversight, Management, support)</td>
<td>49.3</td>
<td>49.3</td>
<td>49.3</td>
</tr>
<tr>
<td><strong>C6b</strong> Leadership at HQ and RO level for DE functions (+ 30% GOE)</td>
<td>28.0</td>
<td>28.0</td>
<td>28.0</td>
</tr>
<tr>
<td><strong>Subtotal protected functions for block 1 (green)</strong></td>
<td>356.9</td>
<td>356.9</td>
<td>356.9</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C7</strong> Integrating professional standards, norms and quality assurance</td>
<td>46.3</td>
<td>46.3</td>
<td>46.3</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C8=(C1+C7)</strong> Total protected functions for blocks 1+2+3 (green+yellow+blue)</td>
<td>345.2</td>
<td>414.7</td>
<td>397.6</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>D=C-(C1:C7)</strong> Institutional Budget Subject to Cost Recovery based on approved methodology</td>
<td>363.2</td>
<td>293.7</td>
<td>310.8</td>
</tr>
</tbody>
</table>

3. Take the amount calculated in step 2. and split it proportionally according to the levels of total planned core and non-core use of resources (cumulative)

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E1=B1*D</strong> Regular Resources Proportional Share of IB</td>
<td>140.1</td>
<td>114.0</td>
<td>120.6</td>
</tr>
<tr>
<td><strong>E2=B2*D</strong> Other Resources Proportional Share of IB</td>
<td>222.2</td>
<td>179.7</td>
<td>190.1</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F=E2/(A2-E2)</strong> Notional Rate for block1, block 2, and block 3</td>
<td>11.3%</td>
<td>8.9%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>
## Annex B – UNFPA application of Lego blocks (including differences between option A and B)

<table>
<thead>
<tr>
<th>Block Description</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Block 1: Executive leadership, Country Office leadership, Independent Assurance</strong></td>
<td>Executive Office, Ethics and Ombudsman</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Independent corporate oversight and assurance</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>* Internal and external audit and investigation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Evaluation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Posts of Representative and Deputy Representative (or national equivalent)</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Support to UN Development Coordination</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td><strong>Block 2: Directing advocacy, resource stewardship and technical leadership</strong></td>
<td>Leadership of management functions at HQ and RO levels: Fiduciary, IT, Human Resources, Partnerships and Security management functions</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Leadership of development effectiveness functions at HQ and RO levels: technical leadership, programmatic policy and support for norm setting functions</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td><strong>Block 3: Integrating professional standards, norms and quality assurance</strong></td>
<td>Remaining development effectiveness functions:</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>* Integration of professional standards and quality assurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Programme-policy advisory functions</td>
<td></td>
</tr>
</tbody>
</table>
## Annex 2C – UNICEF – table 1

<table>
<thead>
<tr>
<th>Use of resources</th>
<th>Current Model (per decision 2013/9)</th>
<th>Modular 'LEGO' approach - LEGO A</th>
<th>Modular 'LEGO' approach - LEGO B</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Regular resources (RR)</td>
<td>6,420.3</td>
<td>6,420.3</td>
<td>6,420.3</td>
</tr>
<tr>
<td>A2 Other resources (OR), gross (A)</td>
<td>17,550.6</td>
<td>17,550.6</td>
<td>17,550.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,970.9</strong></td>
<td><strong>23,970.9</strong></td>
<td><strong>23,970.9</strong></td>
</tr>
</tbody>
</table>

1. Calculate the proportionate percentage share of RR and OR in the planned use of resources

| B1 Proportionate share RR                      | 27%                                 | 27%                             | 27%                             |
| B2 Proportionate share OR (B)                  | 73%                                 | 73%                             | 73%                             |

2. Calculate the sum of management and comparable Special Purpose costs (and remove costs related to critical, cross-cutting functions)

| C Institutional Budget                        | 2,455.5                             | 2,455.5                         | 2,455.5                         |

Less

| C1 Development Effectiveness Activities        | (721.9)                             |                                  |                                  |
| C2 Non-Comparable Special purpose Activities   | 0.0                                 |                                  |                                  |
| C3 UN Development Coordination Activities      | (49.3)                              |                                  |                                  |
| C4 Critical cross-cutting management functions based on standard costs | (102.1) | | |

### C5

| Agency specific areas (RC system support, support to other agencies) | (23.3) | (23.3) |
| Non Comparable Special Purpose |                                  |                                  |
| Corporate Leadership and Direction | (37.2) | (15.0) |
| Corporate Oversight and Assurance | (47.8) | (14.3) |
| **subtotal protected functions for Block 1 ‘green’** | (447.3) | (391.6) |

**Notional Rate if only Block 1 is protected**

| 9.1% | 9.4% |

| C6 Directing advocacy, resource stewardship and technical leadership | (88.9) | (88.9) |

**Notional Rate if Blocks 1 and 2 are protected**

| 8.7% | 9.0% |

| C7 Integration professional standards, norms and quality assurance | (438.8) | (377.1) |

**Total functions protected for Blocks 1, 2 and 3 using Core (regular) resources**

| (973) | (975.0) | (857.6) |

**Notional Rate if Blocks 1, 2 and 3 are protected**

| 6.6% | 7.1% |

3. amount calculated in step 2, split proportionally per levels of total planned core and non-core use of resources

| D = C - [C1-C8] Institutional Budget Subject to Cost Recovery | 1,482.2 | 1,480.5 | 1,597.9 |
| E1 = B1 * D Regular Resources Proportional Share of IB      | 397.0   | 396.5   | 428.0   |
| E2 = B2 * D Other Resources Proportional Share of IB        | 1,085.2 | 1,084.0 | 1,169.9 |
| F = E2/[A2-E2] Notional Rate                                | 6.6%    | 6.6%    | 7.1%    |
Annex 2C – UNICEF application of lego blocks (including differences between Option A and Option B)

<table>
<thead>
<tr>
<th>Block Description</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Block 1: Executive leadership, Country Office leadership, Independent Assurance</strong></td>
<td>Executive Office, Ethics and Ombudsman</td>
<td>Executive and Ethics Offices fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Executive Office, Ethics and Ombudsman</td>
<td>Leadership posts (+30% GOE), plus 40% of UNICEF contribution to Ombudsman office, are fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Independent corporate oversight and assurance</td>
<td>Remaining functions are proportionally covered through indirect cost recovery.</td>
</tr>
<tr>
<td></td>
<td>* Internal and external audit and investigation</td>
<td>Only leadership posts (+30% GOE) are fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>* Evaluation</td>
<td>Remaining functions are proportionally covered through indirect cost recovery.</td>
</tr>
<tr>
<td></td>
<td>Posts of Representative and Deputy Representative (or national equivalent)</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Posts of Representative and Deputy Representative (or national equivalent)</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Support to UN Development Coordination</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td><strong>Block 2: Directing advocacy, resource stewardship and technical leadership</strong></td>
<td>Leadership of management functions at HQ and RO levels: Fiduciary, IT, Human Resources, Partnerships and Security management functions</td>
<td>All Critical Recurring senior management functions (+30% GOE) fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Leadership of development effectiveness functions at HQ and RO levels: technical leadership, programmatic policy and support for norm setting functions</td>
<td>Critical Recurring senior management functions (+30% GOE) fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Leadership of development effectiveness functions at HQ and RO levels: technical leadership, programmatic policy and support for norm setting functions</td>
<td>Remaining functions are proportionally covered through indirect cost recovery.</td>
</tr>
<tr>
<td></td>
<td>Leadership of development effectiveness functions at HQ and RO levels: technical leadership, programmatic policy and support for norm setting functions</td>
<td>Critical Recurring senior management functions (+30% GOE) fully covered by regular resources.</td>
</tr>
<tr>
<td></td>
<td>Leadership of development effectiveness functions at HQ and RO levels: technical leadership, programmatic policy and support for norm setting functions</td>
<td>Remaining functions are proportionally covered through indirect cost recovery.</td>
</tr>
<tr>
<td><strong>Block 3: Integrating professional standards, norms and quality assurance</strong></td>
<td>Remaining development effectiveness functions:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Integration of professional standards and quality assurance</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>* Programme-policy advisory functions</td>
<td>Remaining functions in headquarters and regional offices covered proportionally through indirect cost recovery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Substantive functions (international professional positions +30% GOE) in headquarters and regional offices covered by regular resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Remaining functions in headquarters and regional offices covered proportionally through indirect cost recovery.</td>
</tr>
</tbody>
</table>
## Annex 2D - UN Women

### BACKGROUND SCENARIO - Comparison current vs. potential adjusted methodology (in US$ Million) - UN Women based on 2018-2019

<table>
<thead>
<tr>
<th>Use of resources</th>
<th>Current Model (per decision 2013/9)</th>
<th>Modular 'LEGO' approach - LEGO A</th>
<th>Modular 'LEGO' approach - LEGO B</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Regular resources (RR)</td>
<td>400.0</td>
<td>400.0</td>
</tr>
<tr>
<td>A2</td>
<td>Other resources (OR), gross (A)</td>
<td>480.0</td>
<td>480.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>880.0</strong></td>
<td><strong>880.0</strong></td>
<td><strong>880.0</strong></td>
</tr>
</tbody>
</table>

1. Calculate the proportionate percentage share of RR and OR in the planned use of resources

<table>
<thead>
<tr>
<th></th>
<th>Proportionate share RR</th>
<th>Proportionate share OR (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>B2</td>
<td>55%</td>
<td>55%</td>
</tr>
</tbody>
</table>

2. Calculate the sum of management and comparable Special Purpose costs (and remove costs related to critical, cross-cutting functions)

<table>
<thead>
<tr>
<th></th>
<th>Institutional Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>201.8</td>
</tr>
<tr>
<td>Less</td>
<td></td>
</tr>
<tr>
<td>C1</td>
<td>Development Effectiveness Activities</td>
</tr>
<tr>
<td>C2</td>
<td>Non-Comparable Special purpose Activities</td>
</tr>
<tr>
<td>C3</td>
<td>UN Development Coordination Activities</td>
</tr>
<tr>
<td>C4</td>
<td>Critical cross-cutting management functions based on standard costs</td>
</tr>
</tbody>
</table>

![Subtotal protected functions for Block 1 'green'](image)

<table>
<thead>
<tr>
<th></th>
<th>Notional rate if Block 1 is protected</th>
</tr>
</thead>
<tbody>
<tr>
<td>C5</td>
<td>(27.2)</td>
</tr>
<tr>
<td>C6</td>
<td>(26.6)</td>
</tr>
<tr>
<td>C7</td>
<td>(27.9)</td>
</tr>
</tbody>
</table>

Notional rate if Block 1 and 2 are protected

<table>
<thead>
<tr>
<th></th>
<th>12.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>C6</td>
<td>(27.9)</td>
</tr>
<tr>
<td>C7</td>
<td>(23.3)</td>
</tr>
</tbody>
</table>

Total functions protected for Blocks 1, 2 and 3 using core (regular) resources

<table>
<thead>
<tr>
<th></th>
<th>(126)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Notional Rate if Blocks 1, 2 and 3 are protected

<table>
<thead>
<tr>
<th></th>
<th>8.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>(69.5)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>9.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>E2</td>
<td>(34.4)</td>
</tr>
</tbody>
</table>

3. amount calculated in step 2, split proportionally per levels of total planned core and non-core use of resources

<table>
<thead>
<tr>
<th></th>
<th>Institutional Budget Subject to Cost Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>75.6</td>
</tr>
<tr>
<td>E1</td>
<td>34.4</td>
</tr>
<tr>
<td>E2</td>
<td>41.2</td>
</tr>
</tbody>
</table>

Notional Rate

<table>
<thead>
<tr>
<th></th>
<th>9.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>E2</td>
<td>(31.6)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>9.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>37.9</td>
</tr>
</tbody>
</table>

Notional Rate
### UN WOMEN application of lego blocks (including differences between Option A and Option B)

<table>
<thead>
<tr>
<th>Block</th>
<th>Description</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Block 1: Executive leadership, Country Office leadership, Independent Assurance</strong></td>
<td>Corporate leadership support to the Executive Office</td>
<td>Fully covered by regular resources</td>
<td>Covered by regular and indirect resources</td>
</tr>
<tr>
<td></td>
<td>Posts of Representative, Country Director (or national equivalent),</td>
<td>Fully covered by regular resources</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Support to UN Development Coordination</td>
<td>Fully covered by regular resources</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Independent corporate oversight and assurance</td>
<td>Fully covered by regular resources</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>* Internal Audit Office</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Block 2: Directing advocacy, resource stewardship and technical leadership</strong></td>
<td>Leadership of management functions at HQ and RO levels: Fiduciary, IT, Human Resources, Partnerships and Security management functions</td>
<td>Fully covered by regular resources</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td></td>
<td>Leadership of development effectiveness functions at HQ and RO levels: technical leadership, programmatic policy and support for norm setting functions</td>
<td>Fully covered by regular resources</td>
<td>Fully covered by regular resources</td>
</tr>
<tr>
<td><strong>Block 3: Integrating professional standards, norms and quality assurance</strong></td>
<td>Remaining development effectiveness functions:</td>
<td>Fully covered by regular resources</td>
<td>International Professional Posts at HQ and RO covered by regular resources and all others by indirect cost recovery</td>
</tr>
<tr>
<td></td>
<td>* Integration of professional standards and quality assurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Programme-policy advisory functions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 3
Summary of evidence based on 2018-2019/2021 EB approved integrated budgets
## Annex 3
### Table 1 - High level financial implications of the application of each proposal for each agency

*In US$ millions*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A: Regular resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current model</td>
<td>$1,353m - 12%</td>
<td>$1,353m - 12%</td>
<td>$1,353m - 12%</td>
<td></td>
<td></td>
<td>$6,420.3m - 27%</td>
<td>$6,420.3m - 27%</td>
<td></td>
<td></td>
<td>$6,420.3m - 27%</td>
<td>$6,420.3m - 27%</td>
<td></td>
<td></td>
<td>$6,420.3m - 27%</td>
<td>$6,420.3m - 27%</td>
</tr>
<tr>
<td>LEGO option A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,392.3m - 39%</td>
<td>$1,392.3m - 39%</td>
<td></td>
<td></td>
<td>$1,392.3m - 39%</td>
<td>$1,392.3m - 39%</td>
<td></td>
<td></td>
<td>$1,392.3m - 39%</td>
<td>$1,392.3m - 39%</td>
</tr>
<tr>
<td>LEGO option B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application of LEGO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>blocks to UNDP business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B: Other resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current model</td>
<td>$10,320m - 88%</td>
<td>$10,320m - 88%</td>
<td>$10,320m - 88%</td>
<td></td>
<td></td>
<td>$17,550.6m - 73%</td>
<td>$17,550.6m - 73%</td>
<td></td>
<td></td>
<td>$17,550.6m - 73%</td>
<td>$17,550.6m - 73%</td>
<td></td>
<td></td>
<td>$17,550.6m - 73%</td>
<td>$17,550.6m - 73%</td>
</tr>
<tr>
<td>LEGO option A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,194.1m - 61%</td>
<td>$2,194.1m - 61%</td>
<td></td>
<td></td>
<td>$2,194.1m - 61%</td>
<td>$2,194.1m - 61%</td>
<td></td>
<td></td>
<td>$2,194.1m - 61%</td>
<td>$2,194.1m - 61%</td>
</tr>
<tr>
<td>LEGO option B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application of LEGO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>blocks for UNICEF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>business model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C: Cost of functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>protected by regular</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current model</td>
<td>$367m</td>
<td>$533m</td>
<td>$413m</td>
<td></td>
<td></td>
<td>$814.5m</td>
<td>$975.1m</td>
<td></td>
<td></td>
<td>$857.6m</td>
<td>$345.2m</td>
<td></td>
<td></td>
<td>$397.6m</td>
<td>$126.2 (Core)</td>
</tr>
<tr>
<td>LEGO option A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application of LEGO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>blocks for UNFPA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>business model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>D: Notional cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>recovery rate</td>
<td>5.9%</td>
<td>5.8%</td>
<td>7.0%</td>
<td>6.6%</td>
<td>6.6%</td>
<td>7.1%</td>
<td>11.3%</td>
<td>8.9%</td>
<td>9.5%</td>
<td>9.4%</td>
<td>8.6%</td>
<td>9.5%</td>
<td></td>
<td>9.5%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Current model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEGO option A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application of LEGO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>blocks for UN Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>business model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E: Cost recovery from</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>regular resources using</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>notional rate</td>
<td>$76m</td>
<td>$74m</td>
<td>$88m</td>
<td>$397.0m</td>
<td>$396.5m</td>
<td>$428.0m</td>
<td>$141.0m</td>
<td>$114.0m</td>
<td>$120.6m</td>
<td>$34.4m</td>
<td>$31.6m</td>
<td>$34.7m</td>
<td></td>
<td>$239.9m</td>
<td></td>
</tr>
<tr>
<td>Current model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEGO option A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application of LEGO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>blocks for UN Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>business model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F: Regular resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>available for programatic</td>
<td>$910m</td>
<td>$746m</td>
<td>$852m</td>
<td>$4,243.8m</td>
<td>$4,083.6m</td>
<td>$4,169.7m</td>
<td>$906.1m</td>
<td>$863.6m</td>
<td>$874.0m</td>
<td>$239.4m</td>
<td>$236.1m</td>
<td>$239.9m</td>
<td></td>
<td>$239.9m</td>
<td></td>
</tr>
<tr>
<td>component</td>
<td>[67.3% of total]</td>
<td>[55.1% of total]</td>
<td>[63.0% of total]</td>
<td>[66.0% of total]</td>
<td>[63.6% of total]</td>
<td>[65.0% of total]</td>
<td>[65.1% of total]</td>
<td>[62.0% of total]</td>
<td>[62.8% of total]</td>
<td>[59.9% of total]</td>
<td>[59.0% of total]</td>
<td>[60.0% of total]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Annex 3**

**Table 2A. Annualized ‘subsidy’ between regular and other resources for each proposal vs. current cost recovery rate**

*In US$ millions*

<table>
<thead>
<tr>
<th>Table 2A proposed format - annualized calculation - relative subsidy between non-core to core resources vs an 8% cost recovery rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>A: Notional cost recovery rate</td>
</tr>
<tr>
<td>B: Cost recovery from other resources with the notional cost recovery rate</td>
</tr>
<tr>
<td>C: Cost recovery from other resources with an 8% cost recovery rate</td>
</tr>
<tr>
<td>D: (C - B) Difference in cost recovery between the notional cost recovery rate and an 8% cost recovery rate</td>
</tr>
<tr>
<td>E: for reference - annualized size of the organization (total regular and other resources)</td>
</tr>
</tbody>
</table>
Annex 3

Table 2B. Annualized ‘subsidy’ between regular and other resources for each proposal vs. current cost recovery rate

In US$ millions

B. Calculations for the four agencies combined as a total

<table>
<thead>
<tr>
<th></th>
<th>Current model</th>
<th>LEGO option A</th>
<th>LEGO option B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net subsidy (from other</td>
<td>$129</td>
<td>$148</td>
<td>$69</td>
</tr>
<tr>
<td>to regular resources)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For reference - annualized size of the four agencies combined (total regular and other resources)</td>
<td>$13,166</td>
<td>$13,166</td>
<td>$13,166</td>
</tr>
</tbody>
</table>