

# **Joint comprehensive proposal on the cost-recovery policy**

**Joint Consultation with the UNDP/UNFPA, UNICEF &  
UN-Women Executive Boards**

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# 1. Guidance Principles

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- Value of joint approach to cost recovery and cost classification is supported by UNDP, UNFPA, UNICEF and UN Women and acknowledged by Executive Board and QCPR
- Agencies propose to maintain the joint harmonized approach
- More specifically, Agencies propose to
  - Continue to enhance and institutionalize the attribution of all direct costs to projects/programmes related to programme and allocable operational support activities
  - Maintain the current approved harmonized rates for indirect cost recovery
  - Fine-tune the existing cost classifications (see next slide), with agencies continuing to review the classification of all costs and functions in their application of the joint approach

## 2 Overview of cost classification: proposal

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### Current

1. Development activities
  - a. Programme
  - b. Development Effectiveness

2. UN Development Coordination

3. Management Activities

4. Independent oversight and assurance

5. Special Purpose

### Proposed

- Development/Humanitarian activities
- a. Programme
  - b. Development Effectiveness

UN Development Coordination

Enabling functions:

- a. Management
- b. Independent oversight and assurance
- c. Special Purpose

### 3. Agency-specific changes

UNDP	UNFPA	UNICEF	UN WOMEN
<p>Very minor changes to Annex I, including clarifying under section III, Management activities, that the unallocable costs of UNDP Global Shared Services Centre will be reported under Management activities. This change further harmonizes costing practice with the other agencies, reducing cross subsidization and ensuring full cost recovery.</p>	<p>Moved country offices Deputy Representative roles and country-level operations functions to programme since they are considered to be contributing directly to programme outputs. This change improves cost recovery by enabling further attribution of the direct programme costs and reduces cross-subsidization and reliance on regular resources.</p> <p>Added its individual giving programme to the Annex I as a function under “special purpose”, similar to other agencies.</p>	<p>Very minor changes to Annex I, reflecting the fully operational status of the Global Shared Services Center (GSSC).</p> <p>Previously, the total cost of the GSSC was categorized under Management costs. The revised policy now allocates only the cost of the Senior Leadership of the GSSC to this category.</p>	<p>Minor changes relate to structural changes such as Budget Unit reflected separately instead of under the Department of Management and Administration, and other costs relate to alignment and harmonization such as finance costs under centrally managed costs and investigations under oversight and assurance; correctly showing SRMM under special purpose in the Annex 1.</p>

# Questions

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