

2006/7. Review of the UNICEF cost-recovery policy

The Executive Board:

1. *Welcomes* the report on the review of the UNICEF cost-recovery policy (E/ICEF/2006/AB/L.4) and acknowledges the report of the Advisory Committee on Administrative and Budgetary Questions (E/ICEF/2006/AB/L.5);
2. *Stresses* that regular resources, *inter alia*, because of their untied nature, are the bedrock of the operational activities of UNICEF and, in this regard, notes with serious concerns the stagnation of regular resources available to UNICEF and encourages all donors to strive to increase contributions to regular resources;
3. *Recalls* the objectives set out in decision 2003/9 that other resources should support the medium strategic plan (MTSP) priorities and that regular resources should not subsidize the support costs for other resources programmes;
4. *Encourages* UNICEF to apply procedures that reduce transaction costs for other resources programmes and eliminate the subsidy of support costs for other programmes by regular resources;
5. *Recognizes* that the UNICEF recovery policy should be assessed within the broader framework of enhancing partnerships to help achieve the Millennium Development Goals for children;
6. *Concurs* with the basic objectives of simplification, harmonization and fiscal prudence guiding the recovery policy:
7. *Decides* that:
 - (a) A base recovery rate of 7 per cent be adopted for other resources income, with thematic contributions assessed at 5 per cent;
 - (b) The current rate of 5 per cent for non-thematic funding raised by the private sector in programme countries be maintained;
 - (c) A 1-per-cent reduction be assessed to joint programmes, where the Executive Director considers this is in the best interests of enhancing the collective efforts of United Nations agencies;
 - (d) A 1-per-cent reduction be assessed for contributions over \$40 million, where the Executive Director is satisfied that economies of scale are met.
8. *Requests* the Executive Director, in close cooperation with the UNDG members, to present a status report in 2007 on the progress towards harmonization on cost recovery, including information on cost-recovery methodologies;

9. *Requests* the Executive Director to keep the Board informed on a regular basis on the actual costs recovered, and on the impact of the applied rates on regular and other resources.