

Informal timetable of UNDP, UNFPA and UNICEF

Joint review and analysis of cost recovery rates

January 2012

Summary:

During the second regular session 2011, UNDP, UNFPA and UNICEF presented a joint note on the “status of the roadmap to an integrated budget.” More specifically, it was proposed to provide the Executive Board at its Second Regular Session 2012 with the following information: a) results of a joint review of the impact on harmonized cost recovery rates within the context of the integrated budget and new strategic plans from 2014 onwards; b) a mock integrated budget; and c) steps taken and progress achieved towards the integrated budget.

In addition, and with respect to the work on harmonized cost recovery rates, the agencies also agreed that further review and analysis is required for 2014 onwards, within the context of the integrated budget, emerging strategic plans and evolving business models. These fundamental issues need to take precedence over short term considerations that could result in only incremental and possibly limited change. In other words, any change in the designation of indirect activities as either fixed or variable and the resulting impact to the calculation of harmonized cost recovery rates should be a consequence of the structures and capacities underpinning the strategic plans.

In response, and through decisions 2011/32 for UNDP and 2011/23 for UNICEF, the Executive Board requested UNDP, UNFPA and UNICEF, to provide an “informal presentation on the timetable for the review and analysis of harmonized cost recovery rates in the first regular session 2012.” The attached joint informal timetable addresses this request.

Timetable for the review and analysis of harmonized cost recovery rates

Date	Follow-up actions to Executive Board decisions	Expected Executive Board feedback
First regular session 2012 of the Executive Boards	Joint informal Executive Board presentation on the timetable for the review and analysis of harmonized cost recovery rates.	Guidance
January to June 2012	<p>In response to UNDP decision 2011/32 and UNICEF decision 2011/23, the three agencies will further jointly review and analyze the impact of cost definitions and classification of activities on harmonized cost recovery rates. The scope of the review will include costs associated with activities funded from both regular resources and other resources within the context of the Integrated Budget and new Strategic Plans.</p> <p>Based on the outcome of the joint review, the agencies will specifically assess whether fixed indirect costs should continue to be entirely funded from regular resources, or if alternative models should be considered.</p>	Periodic consultations
	<p>The proposed joint review will focus on: cost definitions; classifications of activities and associated costs; and the role of cost recovery; and include:</p> <ol style="list-style-type: none"> 1. Benchmarking exercise with international organizations (EU, IFIs, UN re CEB/JIU) for comparative purposes and best practices; 2. Overview of the three agencies' business models within the context of the Integrated Budget and their emerging new Strategic Plans; 3. Development of a harmonized conceptual framework for defining and attributing organizational costs, with an emphasis on fixed indirect and variable indirect costs; 4. Role of cost recovery within the harmonized conceptual framework to include: applicability; rate structure; and donor incentives to improve the balance between regular resources and other resources; and 5. Assessment of the current harmonized cost recovery rate. 	
June 2012	Joint informal Executive Board presentation on progress achieved.	Guidance
Second regular session 2012 of the Executive Boards (September)	In line with the updated roadmap presented in September 2011 and this timetable, a joint report will be presented to the Executive Board containing: a) the joint review and analysis of the impact of cost definitions and	Decision

Date	Follow-up actions to Executive Board decisions	Expected Executive Board feedback
	<p>classifications of activities on harmonized cost recovery rates within the context of the Integrated Budget and new Strategic Plans from 2014 onwards; b) a mock Integrated Budget; and c) steps taken and progress achieved towards the Integrated Budget.</p>	