Joint comprehensive proposal on the cost-recovery policy

Thomas Asare
Comptroller, UNICEF

UNICEF Executive Board
Second regular session 2020
Item 15: Joint comprehensive proposal on the cost-recovery policy
Reference document: DP/FPA-ICEF-UNW/2020/1
Content

1. Cost recovery: Basic principles
2. Cost recovery: Progress towards harmonization
3. Cost recovery: Rates
4. Cost recovery: Waivers
Fundamental to cost recovery is the requirement for an organization to ensure that regular resources are not used to subsidize the implementation of programmes funded from other resources.

**Direct costs** - directly linked to the delivery of development results and directly funded from regular resources or other resources, depending on where the cost originates.

**Indirect costs** - indirectly linked to the delivery of development results and recovered through the cost recovery rate.
Significant progress has been made by UNDP, UNFPA, UNICEF and UN-WOMEN in harmonizing the cost recovery policy:

- Continue a harmonized approach across the agencies
- Maximize allocation of regular resources to programmatic activities
- Minimize cross-subsidization between regular resources and other resources
- Continue to be cost-effective and competitive within the overall development cooperation system
Overview of the different cost recovery rates, by UN agency

<table>
<thead>
<tr>
<th>CONTRIBUTION TYPE</th>
<th>UNDP</th>
<th>UNFPA</th>
<th>UN-Women</th>
<th>UNICEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-thematic contributions</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Thematic contributions</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Various umbrella agreements (formal existing inter-institutional agreements)</td>
<td>Based on the respective umbrella agreement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Committee (thematic) and programme country (private sector) contributions</td>
<td>5%(b)</td>
<td>No preferential rate(c)</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Programme government cost-sharing contributions</td>
<td>Minimum of 3%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>South-South contributions</td>
<td>3%–5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

\(a\) The 5 per cent rate is applicable only to thematic contributions raised by the UNICEF National Committees.

\(b\) For UNDP, the 5 per cent rate relates to contributions from individuals (i.e., private citizens).

\(c\) UNFPA and UN-Women apply the rate of the respective contribution type for both public and private sector contributions. For UN-Women, this also includes funds mobilized by the National Committees on behalf of the organization.
Cost Recovery: Waivers

- Waivers are discouraged and should be kept to a minimum.
- Will be agreed only in exceptional cases, where programme funding is otherwise at risk.
- Can be granted by the Executive Director/Administrator.
- Each waiver will be reported transparently to the Executive Board on an annual basis.
- Number of waivers has declined considerably over the past years.
Thank you.