



United Nations Entity for Gender Equality
and the Empowerment of Women

Cost recovery presentation for Executive Board session

14 February, 2017

- “Requests (...) to present in accordance with the Executive Board decision 2013/2, all requested information on cost recovery to the Executive Board in time to be included for the consultations on the strategic plan 2018-2021 and the integrated budget 2018-2019 at its Annual session 2017” (Executive Board decision from September 2016)
- Agencies proposed a timeline of informal consultations leading up to June 2017 session
- First informal consultation took place on 3 February. Second informal consultation to take place in April

- The four agencies are compliant with the harmonized cost recovery and integrated budget frameworks approved by the Executive Boards
- The four agencies have applied the approved cost recovery framework and the approved cost recovery rates consistently
- The independent consultant's report has positively validated the fundamental principles of the model and the agencies' adherence to it
- Significant challenges remain, as some funding and national government implementing partners are unwilling to include eligible direct costs in programmes
- Some challenges remain, as a few funding and national government implementing partners are unwilling to accept the harmonized cost recovery rate
- Longer-term institutional agreements, including with UN partners, locked into lower cost recovery rates
- The four agencies recognize that differences in business and funding models, as well as relative size, have an impact on comparability

Actuals (use of resources per Financial Statements 2014 and 2015)	2014	2015
Regular resources	143	149
Other resources (gross)	131	169
Total	274	318
Proportionate share RR	52%	47%
Proportionate share OR	48%	53%

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

	2014	2015
Institutional Budget	73.0	82.5
Less		
Development Effectiveness Activities	(21.3)	(23.4)
Non-Comparable Special purpose Activities		
UN Development Coordination Activities	(10.4)	(12.4)
Critical cross-cutting functions based on standard costs	(18.5)	(21.0)

2. Take the amount calculated in step (i) and split it proportionally according to the levels of total planned core and non-core expenditures

Total Institutional Budget (actuals) subject to cost recovery	22.8	25.7
Regular Resources Proportional share of iB actuals	11.9	12.0
Other Resources Proportional Share of IB actuals	10.9	13.7
Cost recovery actually earned	10.3	11.5
Notional cost recovery rate	8.3%	8.1%

Year	Collected Revenue (other resources) A	Support cost Recorded B	Effective rate B divided by A
2013	123,943,170.03	8,043,760.93	6.49%
2014	146,110,705.37	10,367,460.42	7.10%
2015	165,030,949.79	11,529,076.89	6.99%

Description	Number of cases		Differential vs. standard rate		
	2014	2015	2014	2015	Total
Waivers	1	1	27,614	2,154	29,768
Legacy agreements	104	80	322,440	285,227	607,667
Total	105	81	350,054	287,381	637,435

- Cost recovery policy issued in 2015
- Budget template developed to ensure offices include direct and indirect costs in submissions for project proposals
- Training, webinars, internal communications and guidance, etc

- Cost recovery rate of 8% is adequate for the recovery of costs proportionately from core and non core resources
- The effective rate of 7% takes into account legacy agreements, umbrella agreements
- Financial impact of waivers is immaterial
- Number of legacy agreements is declining over time
- Regular policy guidance has been provided and continues to be provided to offices. However, charging of direct costs remains challenging, causing cross-subsidization
- UN Women will work with other agencies to develop a roadmap and engage with the Executive Board