

## Annex II

### **2018 waivers granted lowering the agreed cost-recovery rates**

In decision 2013/2, the Executive Board endorsed a general harmonized cost recovery rate of eight per cent for non-core contributions and at the same time further endorsed a differentiated cost-recovery rate structure for legacy agreements, thematic trust funds, South-South contributions, private sector contributions and government cost-sharing. In the same decision, the UN-Women Executive Director was given the authority to waive the cost-recovery rates on a case-by-case basis; and to keep the Executive Board informed of these waivers in the annual financial reports.

Consistent with this decision, UN-Women has annually reported to the Executive Board on the cost recovery waivers through the financial reports.

In decision 2018/6, the Executive Board requested UN-Women to reduce the granting of waivers lowering the agreed cost-recovery rates, and to provide an update on the steps taken in this regard, including on the application of waivers at its annual session in 2019.

UN-Women has instituted an online internal control framework for review of all waiver requests and as evident from the below detail of waivers granted in 2018, only approves requests where engagement promotes joint activities within the UN entities.

In 2018, UN-Women granted ten indirect cost-recovery waivers that would have generated a \$0.348 million in indirect other resources income if an eight per cent cost-recovery rate was applied instead. With the reduced cost-recovery rate of seven per cent the indirect other resources income is \$0.307 million, which represents an overall reduction of \$0.041 million (\$0.014 million in 2017).

The reduced indirect other resources income of \$0.041 million has a negligible impact in relation to the 2018 other resources income of \$235.0 million (0.01 per cent).

The table below provides a breakdown of these ten waivers with justifications and main elements summarized as follows. Out of the ten waivers:

- Four are due to the continued engagement of UN-Women in joint activities with another United Nations Development Group entity to promote effectiveness and efficiency of programme interventions. These waivers represent 78 per cent (\$0.032 million) of the total reduced indirect other resources income of \$0.041 million.
- Four are from the UN Secretariat Peacekeeping missions which represents 19 per cent (\$0.008 million) of the total reduced indirect other resources income of \$0.041 million.
- Two are from the UN Secretariat/UNSCAR and DPA which represents three per cent (\$0.001 million) of the remaining total reduced indirect other resources income of \$0.041 million.

Figure 1: Summary of 2018 UN Women Cost Recovery Waivers

#	Donor	Country	Project Description	Cost Recovery Rate %	Agreement Amount (USD)	Indirect other resources income at 8%	Indirect other resources income at 7%	Impact of Waiver	Reason for Waiver
1	UNDP	Kosovo	GFP Phase II	7%	157,850	11,693	10,327	(1,366)	UN2UN Agreement, donor EU applies a 7% cost recovery rate per legacy framework agreement.
2		Ukraine	EU Support to the East of Ukraine	7%	3,266,527	241,965	213,698	(28,267)	UN2UN Agreement, donor EU applies a 7% cost recovery rate per legacy framework agreement.
3		Mali	PARTICIPATION FEMMES AUX ELECT	7%	84,530	6,261	5,530	(731)	UN2UN Agreement, donor EU applies a 7% cost recovery rate per legacy framework agreement.
4		Ecuador	ECU_Climate Change 2019-2022	7%	155,000	11,481	10,140	(1,341)	UN2UN, donor Low Emission Carbon Programme LECP applies a 7% cost recovery rate.
5	MINUSTAH	Haiti	Implementation of Rule of Law	7%	458,707	33,978	30,009	(3,969)	UN Secretariat / Peacekeeping Mission. The 2018 guidelines about Activities funded by Peacekeeping
6			Strengthening NPH Capacities	7%	198,472	14,702	12,984	(1,717)	Assessed budgets state that the "Standard total indirect Programme Support Costs of the
7			Realization of 3 training sessions	7%	19,980	1,480	1,307	(173)	Implementing Partner shall not exceed agreed inter-agency rate of 7% of actual expenditures incurred in the performance of the services, unless an exception has been granted by the Controller".
8	UNMIK	Kosovo	GFP Phase II	7%	211,626	15,676	13,845	(1,831)	Funded by UN Secretariat / UNSCAR (No "Cost Recovery" section in the Agreement, however 7% is included in the attached Project Budget.
9	UN Office-Disarmament Affairs	Dominican Republic	Develop training modules on Gender and Disarmament	7%	85,868	6,361	5,618	(743)	UN2UN, donor DPA applies a 7% cost recovery rate.
10	DPA	Moldova	Gender and Mediation - -- Joint UNIFEM DPA	7%	60,462	4,479	3,955	(523)	
		<b>Total</b>			<b>4,699,022</b>	<b>348,076</b>	<b>307,413</b>	<b>(40,663)</b>	