



Executive Board of the United Nations Entity for Gender Equality and the Empowerment of Women

Resumed first regular session of 2013

8 February 2013

2013/2

Road map towards an integrated budget, beginning 2014, and update on cost recovery

The Executive Board

1. *Recalls* UNDP/UNFPA decision 2012/27, United Nations Children's Fund (UNICEF) decision 2012/20 and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) decision 2012/7, which requested further development of the harmonized conceptual framework and calculation methodology for cost-recovery rates, and also recalls the need to implement General Assembly resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, in particular chapter II, section D, on ensuring full cost recovery, proportionally from core and non-core funding sources, and providing incentives to increase core funding;
2. *Recognizes* that full cost recovery, proportionally from core and non-core resources, will lead to fewer resources being drawn from core resources to finance the management costs of non-core contributions, and a larger share of core resources being allocated to programme activities, thereby providing incentives for core contributions;
3. *Approves* the harmonized methodology for calculating cost-recovery rates presented in document DP-FPA/2012/1-E/ICEF/2012/AB/L.6, which is further developed in the present document (DP-FPA/2013/1-E/ICEF/2013/8), and welcomes the increased transparency and proportionality in the new harmonized framework;
4. *Endorses* a general, harmonized cost-recovery rate of 8 per cent for non-core contributions that will be reviewed in 2016, with the possibility of increasing the rate if it

is not consistent with the principle of full cost recovery, proportionally from core and non-core funding sources, as mandated by the quadrennial comprehensive policy review of operational activities for development of the United Nations system; and decides that the review of the cost-recovery rate will take place after the analysis and independent assessment of the reports mentioned in paragraphs 15 and 17, below;

5. *Underscores* that the principle of harmonized rates will also apply to differentiated cost-recovery rates, with the aim of promoting collaboration among United Nations organizations and avoiding competition in resource mobilization, and further endorses the following differentiated cost-recovery rate structure:

(a) a harmonized 1 per cent reduction for the thematic contributions at the global, regional and country level in UNDP, UNFPA and UNICEF (8 per cent - 1 per cent = 7 per cent), with the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) maintaining the 8 per cent as a temporary arrangement;

(b) maintaining the existing preferential rates for government cost-sharing, South- South contributions and private-sector contributions;

6. *Decides* that existing agreements will be honoured using the previous cost- recovery rates and that new or renewed agreements will comply with the present decision;

7. *Decides* that, on an exceptional basis and when the urgency of the circumstances requires, the Under-Secretary-General/Executive Director of UN-Women may consider granting a waiver of the cost-recovery rates on a case-by-case basis, taking into account specific priorities, modalities that incur lower management costs, and harmonization goals, and that the Executive Board will be informed of these waivers in the annual financial reports;

8. *Decides* that the new cost-recovery methodology and related rates will be applied as of 1 January 2014;

9. *Notes* the guiding principles of the integrated budget contained in: (a) the joint note of UNDP, UNFPA and UNICEF on steps taken towards the integrated budget and the mock-up of the integrated budget, submitted at the second regular session 2012; and (b) the mock-up of the integrated resource plan, with a harmonized presentation of the cost-recovery amount, contained in table 6 of the present document;

10. *Reiterates* the need for regular consultations with the Executive Board on the UN-Women integrated budget, 2014-2017, and requests UN-Women to present for review, its informal draft integrated budget, including core and non-core resources, as a part of the discussion of its draft strategic plan, 2014- 2017, at the annual session 2013;

11. *Requests* UN-Women to provide fully transparent and consistent costing proposals that will enable contributors to understand those costs that are directly charged to programmes and projects, as well as the cost-recovery rate that is applied;

12. *Stresses* the need for increasingly efficient and transparent use of the cost-recovery resources, and requests that UN-Women provide, in their annual financial reports to the Executive Board, the amounts received from cost recovery and the use thereof;
13. *Requests* UN-Women to further pursue efficiency and cost effectiveness with a view to reducing management costs, in the effort to minimize the necessary cost-recovery rate, as mandated by the quadrennial comprehensive policy review of operational activities for development of the United Nations system, and to include information and analysis in this regard in the midterm review of their integrated budgets;
14. *Requests* UN-Women to prepare an integrated budget proposal, based on the above approved cost-recovery rates and the conceptual framework of the integrated budget;
15. *Requests* UN-Women, in collaboration with UNDP, UNFPA and UNICEF, to include in the midterm review of their integrated budgets, information on the implementation of the approved cost-recovery rates, including the approved underlying calculation methodology and the inclusion of each cost category; their actual cost-recovery rates for the two previous financial years; and an analysis of compliance with the principle of full cost recovery, funded proportionally from core and non-core resources, as mandated in General Assembly resolution 67/226;
16. *Further requests* UN-Women, in the context of the midterm reviews of their integrated budgets, in collaboration with UNDP, UNFPA, and UNICEF, to recommend adjustments to the approved cost-recovery rates, as required, to be presented at the annual session 2016 of the Executive Board;
17. *Requests* that an independent and external assessment be performed in 2016 on the consistency and alignment of the new cost-recovery methodology with General Assembly resolution 67/226.

** As a result of a joint facilitation process (with Hinke Nauta representing the UNDP/UNFPA/UNOPS board, John Mosoti representing the UNICEF Executive Board, and Junichi Sumi and Roberto De León Huerta representing the UN-Women Executive Board), similar decisions were adopted by the UNDP/UNFPA/UNOPS Executive Board and UNICEF Executive Board.*