



**Executive Board of the
United Nations Development Programme,
the United Nations Population Fund and
the United Nations Office for Project Services**

**Executive Board of the
United Nations Children’s Fund**

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

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Joint review of the existing cost definitions and classifications of activities and associated costs

Summary

The Executive Boards of the United Nations Development Programme (UNDP) and United Nations Population Fund (UNFPA), the United Nations Children’s Fund (UNICEF) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) (hereafter collectively referred to as “agencies”), in decisions 2018/21 (UNDP/UNFPA), 2018/21 (UNICEF) and 2018/6 (UN-Women), requested the agencies to “jointly review existing cost definitions and classifications of activities and associated costs, with a view to further harmonize their approaches by determining common definitions of cost categories and corresponding activities and functions at a granular level, while taking into account the different business models of the individual agencies”. The present joint report responds to that request and includes a proposal on further harmonization of cost definitions and classification of activities and associated costs for review and approval by the respective Executive Boards.

Elements of a decision

The Executive Boards may wish to: (a) take note of the analysis contained in the present document; and (b) endorse the recommendations for further alignment contained in the present report, for application effective in their integrated budgets for 2022 to 2025.

Contents

I. Introduction	3
II. Cost classification context and principles	3
III. Cost classification review	5
A. Existing harmonization of cost classification categories	5
B. Application of the harmonized cost classification categories.....	6
C. Differences in the cost classification application among the four agencies	8
D. Cross-cutting areas	10
IV. Recommendations for further alignment	10
V. Summary and next steps.....	12
Annex 1. Existing cost classification categories	13
Annex 2. Granular information of cost classification by agency	14
Annex 3. Financial overview and comparison of UNDP, UNFPA, UNICEF and UN-Women.....	24

I. Introduction

1. The Executive Boards of UNDP/UNFPA (in decision 2018/21), UNICEF (in decision 2018/21) and UN-Women (in decision 2018/6) (hereinafter referred to as “the agencies”) requested the agencies to jointly review existing cost definitions and classifications of activities and associated costs to allow for a full understanding of their composition. They further requested the agencies to conduct the review with a view to further harmonize their approaches by determining common definitions of cost categories and corresponding activities and functions at a granular level, while taking into account the different business models of the individual agencies, and to provide options for possible alignment of similar functions to the same cost classification across agencies and continues to provide a basis for comparisons among agencies as well as alignment with the strategic plans of the agencies.
2. In the same decisions, the Executive Boards also noted paragraph 28 (d) of General Assembly resolution 72/279 of 31 May 2018 on the repositioning of the United Nations development system in the context of the quadrennial comprehensive policy review of operational activities for development of the United Nations system, which calls for a further harmonization of cost recovery by individual United Nations development system entities, and in this regard commended UNDP, UNFPA, UNICEF and UN-Women for their harmonized cost-recovery framework, and further encouraged them to work with other entities of the United Nations development system, after due consideration by their respective governing bodies, to adopt a harmonized cost-recovery framework.
3. In this connection, the report of the Secretary-General on the implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2019: funding compact (A/74/73/Add.1–E/2019/14/Add.1) stipulates that the entities of the United Nations Sustainable Development Group commit to accelerating entity-specific and collective efforts to improve transparency, reporting and system-wide evaluations. The report also indicates that addressing outstanding gaps, inconsistencies and weaknesses in those areas is a condition for increasing the trust of Member States and the general public in the value of the United Nations development system’s work, and that in addition to full compliance with established cost-recovery policies, entities of the Group commit to improving the comparability of cost classifications and definitions. This will enhance transparency and enable a better-informed dialogue between the entities and their partners on the true cost of delivering mandates, programmes and projects. It will also encourage greater collaboration among entities even as they apply different recovery rates according to their different business models.
4. The review and related proposals of the four entities on cost classification, which are presented in this report, respond to the decisions of the Executive Board, and should be seen within the broader context of the United Nations funding compact. The four entities have shared this report with the United Nations Sustainable Development Group (UNSDG) entities at the July 2019 meeting of the High-Level Committee on Management Finance and Budget Network and will share the feedback from the UNSDG entities with the Executive Boards.
5. The results of the above-mentioned review are presented in the report.

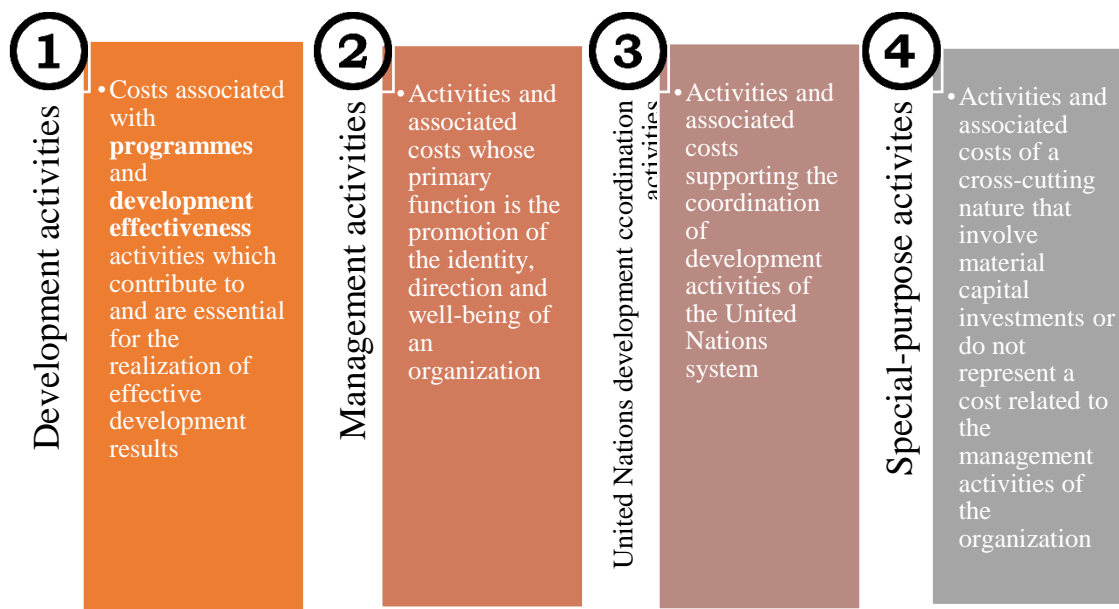
II. Cost classification context and principles

6. The existing cost classification as outlined in annex 1 was approved by the Executive Boards of UNDP/UNFPA in decision 2010/32 and UNICEF in decision 2010/20. The cost classification approved in 2010 was a result of a joint review undertaken by the agencies in response to decision 2010/2 of the UNDP/UNFPA Executive Board and decision 2010/5 of the UNICEF Executive Board, which requested the agencies to jointly review the then existing

cost definitions and classifications of activities and associated costs, as part of a road map to the integrated budget. In 2013, the Executive Board of UN-Women, in decision 2013/2, approved the harmonized framework of cost classification.

7. The approved cost classification definitions are summarized in figure 1 below.

Figure 1. Definitions of approved cost classifications



8. Cost classification has an important strategic link to results-based budgeting and the cost recovery methodology. All organizational costs are attributed to the result they are intended to achieve and classified accordingly to ensure cost alignment. As a result, cost classification reflects contribution of resources to the results articulated in each agency's strategic plan and facilitates strategic decision-making by linking results to resources.

9. The classification of costs is an integral part of the harmonized approach to cost recovery as it enables the agencies to clearly identify direct costs linked to the implementation of programmes or projects, and indirect costs associated with the organizational structure and services necessary to support the implementation of development programmes and projects. The existing harmonized cost-classification categories are the entry points to the currently approved cost-recovery methodology.

10. While the four agencies have a similar global reach and their work is done mostly at the programme-country level, they have different mandates, business models, universal presence and economies of scale. These differences directly influence the application of the harmonized cost classification categories by each agency.

11. In reviewing the existing cost classification, the four agencies reaffirm the key principles that guided the development of the harmonized cost classification categories and definitions, namely:

- The cost classification categories should provide information that would support strategic decision-making by the Executive Boards and by the respective organizations;
- There is a need to create a basis for a reasonable comparison of estimates among agencies and changes over time within the same agency;

- (c) The approach needs to be practical, transparent and simple so as to ensure that the application of the classification and reporting thereon result in meaningful, consistent estimates;
- (d) The cost classification and funding frameworks should align with the business model and the strategic plan results, within an integrated budget framework;
- (e) The categories and definitions should facilitate measurement of organizational efficiency.

III. Cost classification review

12. In the preparation of this report, the agencies undertook an in-depth review of how they currently apply the approved cost classification categories.

13. This chapter describes: (a) the existing level of harmonization and alignment among the four agencies; (b) the application of the current cost classification categories at a more granular level; (c) the differences among the four agencies; and (d) other areas related to cost classification.

14. The annexes provide information at a more granular level as follows:

- (a) Annex 1 provides the four agencies' definition of the approved cost classification categories;

- (b) Annex 2 provides granular details of the current practices of the four agencies in the application of cost classification; and

- (c) Annex 3 provides the financial overview in United States dollars terms and comparison of four agencies.

A. Existing harmonization of cost classification categories

15. As a result of the earlier harmonization efforts, the review confirmed that there is already a considerable level of harmonization among the four agencies, which is described in greater detail in paragraphs 18-33 below.

16. The cost classification definitions as approved by the Executive Boards in 2010 (for UNDP/UNFPA and UNICEF) and 2013 (for UN-Women) are common and remain valid and appropriate for all agencies.

17. The following cost classification activities among the four agencies are fully harmonized:

- (a) Management activities:

- (i) leadership and corporate direction (Executive Office, Ethics Office);
- (ii) corporate oversight and assurance (independent audit, investigation and evaluation);
- (iii) corporate financial, information and communication technology (ICT) and administrative management;
- (iv) corporate human resource management;
- (v) corporate external relations and partnerships, communications and resource mobilization;

- (b) United Nations Development coordination activities are fully aligned and harmonized for the four agencies' contributions to support cost sharing for the United Nations resident coordinator system;

- (c) Special-purpose activities are fully aligned and harmonized for capital investments.

B. Application of the harmonized cost classification categories

18. This section describes in detail the areas of harmonization of cost classification among the four agencies.

19. The differences emanating from the agencies' respective business models and mandates are reflected separately in paragraphs 34-39 below. Additionally, a cross-functional area related to the application of the multi-funding of positions against the cost classification categories is discussed in paragraph 40 below.

20. Table 1 below provides a summary of the proportions of total resources by cost classification by agency.

Table 1. Percentage of total resources by cost classification by agency

	UNDP	UNFPA	UNICEF	UN-Women	Total
Development activities					
Programme	87.6%	81.2%	84.6%	77.1%	85.4%
Development effectiveness	3.2%	3.7%	3.0%	5.7%	3.2%
Development activities costs as a percentage of total costs	90.8%	84.9%	87.6%	82.8%	88.7%
United Nations development coordination	0.5%	0.4%	0.2%	3.1%	0.5%
Management activities					
Recurring costs	7.2%	13.9%	6.7%	13.8%	7.7%
Non-recurring costs	0.1%	0.2%	n/a	n/a	0.1%
Total management costs as a percentage of total costs	7.3%	14.1%	6.7%	13.8%	7.8%
Special-purpose activities					
Capital investments	0.1%	0.5%	0.3%	0.3%	0.3%
Non-agency specific operations	1.2%	n/a	5.2%	n/a	2.8%
Special-purpose activities as a percentage of total costs	1.3%	0.5%	5.5%	0.3%	3.1%
Total costs	100%	100%	100%	100%	100%

Development activities

21. The broad classification of development activities comprises costs associated with programmes and development effectiveness activities which contribute to and are essential for the realization of effective development results, as follows:

(a) Programmes: Activities and associated costs traced to specific programme components or projects, which contribute to delivery of development results contained in country/regional/global programme documents or other programming arrangements;

(b) Development effectiveness activities: The costs of activities of a policy-advisory, technical and implementation nature that are needed to achieve the objectives of programmes and projects in the focus areas of the organizations. Development effectiveness activities include international outreach activities such as promotion of international norms and standards. These activities are essential to the delivery of development results and are not included in specific programme components or projects in country, regional, or global programme documents.

22. Both the programme and development effectiveness sub-classifications are mutually reinforcing for the realization of effective development results. Whilst the four agencies are largely harmonized in terms of the classification of activities and associated costs related to the broad classification of development activities, the application of the sub-categories is a function of the business models of the respective agencies. For the broader category of development activities, there is close to complete alignment.

23. All four agencies deliver development activities at country (including multi-country), regional and global levels, using business models that best ensure efficient, scalable and cost-effective delivery of services for their different country contexts, to support country programmes. The common application by the four entities of the classification of development costs is described at a more granular level below.

24. Development costs for all four entities include:

(a) Programme costs: All costs directly incurred in the achievement and delivery of the objectives of the programme or projects. Costs for all four agencies include: (i) programme/project implementation, comprising programme policy and advocacy, technical expertise and support, direct humanitarian response and regional intergovernmental processes; (ii) cross-country capacity-building and knowledge-sharing, including brokering national, regional and interregional resources; (iii) international outreach activities such as promotion of international norms and standards, building global technical partnerships, global intergovernmental policy dialogue, global outreach with parliamentarians and civil society, data research and policy, emergency programmes and communications; and (iv) programme/project monitoring and evaluation, programme/project procurement and logistics and direct programme/project planning and operations support costs;

(b) Development effectiveness costs, which for all four agencies include: (i) costs of overall programme development, oversight and guidance (country programme document (CPD) formulation and participation in the United Nations Development Assistance Framework (UNDAF) process), formulation and management of country programme pipeline/new business development, programme quality assurance through oversight and guidance; and (ii) programme and technical policy formulation and guidance in support of global norms and standards with the respective agencies' mandate. For UN-Women, development effectiveness also includes global intergovernmental policy dialogue and global outreach.

United Nations development coordination

25. The United Nations development coordination classification category is comprised of activities and costs associated with the coordination of development activities of the United Nations system.

26. For all four agencies combined, the estimated share of United Nations development coordination costs is less than 1 per cent of estimated total costs.

27. Costs related to the agencies' respective cost-sharing contributions to the resident coordinator system are harmonized across all four agencies.

Management activities

28. The management cost classification is comprised of costs whose primary function is the promotion of the identity, direction and well-being of an organization. At present, there are two types of management costs: recurring and non-recurring. The bulk of the costs are classified as recurring as they are ongoing in nature and a negligible share as non-recurring that are one-time in nature and are not expected to continue over time.

29. For all four agencies combined, the estimated share of management costs is 7.8 per cent of estimated total costs.

30. At headquarters level, the four agencies are harmonized in their application of costs related to the following:

- (a) support to leadership and corporate direction;
- (b) corporate oversight and assurance;
- (c) costs under their agencies' respective management and administrative divisions related to corporate financial services, ICT and administrative management;
- (d) corporate human resource management;
- (e) corporate external relations and partnerships, communications and resource mobilization.

31. At the country and regional levels, all four agencies are largely harmonized in their application of leadership and representation as well as management support functions that are not directly linked to projects and programmes (i.e. finance, administrative, operations manager posts, etc.).

Special-purpose activities

32. Special purpose activities cover activities and associated costs of a cross-cutting nature that involve material capital investments or do not represent a cost related to the management activities of the organization. It includes activities and associated costs of (a) capital investments; and (b) services for other United Nations organizations.

33. All four agencies are harmonized as they classify capital investments (one-time costs) as special-purpose.

C. Differences in the cost classification application among the four agencies

Development activities

34. UNICEF and UNFPA classify all direct operational support to programmes and projects at the country level as programme costs, and UNDP and UN-Women classify a portion of these costs as programme costs and a portion as management costs.

35. UNICEF and UNFPA classify all programmatic support at the country level as programme costs except the costs related to the functions of the Deputy Representative or national equivalent, and in the case of UNICEF, communications and monitoring and evaluation specialists, which are classified as development effectiveness costs. UNDP and UN-Women classify overall programmatic support not directly linked to distinct projects at the country level as development effectiveness costs.

36. UNDP classifies Deputy Regional Directors under management costs while UNFPA, UNICEF and UN-Women classify them under development effectiveness.

United Nations development coordination

37. Differences in the application of United Nations development coordination activities among agencies are specifically related to their mandates and business models:

(a) UNICEF has been designated by the Inter-Agency Standing Committee (for global level), Resident Coordinator and/or Humanitarian Coordinator (at country level) to lead coordination for the humanitarian clusters for water, sanitation and hygiene, nutrition and education, along with the area of responsibility at the global level in child protection. UNICEF includes costs for United Nations system cluster coordination under the United Nations coordination category in the institutional budget as the costs are incurred to fulfil the day-to-day coordination and facilitation of cluster partners' work as the designated humanitarian lead agency, for the clusters indicated above;

(b) UN-Women includes part of the cost of its United Nations coordination division at headquarters and at the regional and country levels, 50 per cent of the leadership function and the full cost of the regional coordination specialist posts. The coordination mandate of UN-Women derives from General Assembly resolution 64/289 of 2 July 2010 on system-wide coherence, which established UN-Women and assigned it the role of leading, coordinating and promoting the accountability of the United Nations system in its work on gender equality and the empowerment of women.

Management activities

38. The differences in management costs are as follows:

(a) At the headquarters level:

- (i) UN-Women classifies the corporate procurement function under management, while other agencies classify it under development effectiveness;
- (ii) UNFPA and UNICEF classify operations related to support for the harmonized approach to cash transfers (HACT) operations under development effectiveness while UNDP and UN-Women classify this under management;

(b) At the country level:

- (i) UNDP and UN-Women classify a portion of the operational support to programmes/projects at the country level as management costs while UNICEF and UNFPA classify this as programme costs;
- (ii) UN-Women classifies country leadership and representation costs as 50 per cent management and 50 per cent United Nations coordination while UNDP, UNICEF and UNFPA classify these fully as management costs;

(c) At the regional level:

- (i) UN-Women classifies regional leadership and representation costs as 50 per cent management and 50 per cent United Nations coordination while UNDP, UNICEF and UNFPA classify these as fully management costs;

- (ii) UNFPA, UNICEF and UN-Women classify Deputy Regional Director posts as development effectiveness and UNDP as management costs;
- (d) UNICEF classifies compliance with minimum operating security standards (MOSS) as capital investments under special-purpose, UNDP and UN-Women as management recurring, while UNFPA classifies MOSS and minimum operating residential security standards (MORSS) as management non-recurring costs;
- (e) UNDP and UNFPA classify a small portion of their costs as management non-recurring and UNICEF and UN-Women do not have any costs classified as non-recurring.

Special-purpose activities

39. Differences in the application of special-purpose activities among agencies are specifically related to their mandates and business models:

(a) UNICEF classifies direct costs and investments for private fundraising and partnerships as well as third-party purchasing activities under special agreements with Governments, other organizations of the United Nations system and governmental and non-governmental organizations as special-purpose. These costs are not included in the institutional budget but are presented as part of the integrated budget. The budget for investments for private fundraising is prepared annually and submitted to and approved by the UNICEF Executive Board as a separate annual appropriation;

(b) UNDP classifies support to the United Nations Volunteers programme (UNV) and United Nations Capital Development Fund (UNCDF) as well as fully reimbursable support to other United Nations agencies at the country and headquarter levels as special-purpose.

D. Cross-cutting areas

40. The remaining differences of a cross-cutting nature are specifically related to the different business models and funding of the agencies:

(a) UNDP applies multi-funding of positions at P5 level and below between cost classification categories based on the results to which the positions contribute. This was introduced in 2014. More specifically, as outlined in the UNDP integrated budget estimates for 2014-2017 (DP/2013/41), paragraphs 54-55, the integrated resources plan and integrated budget as of 2014 reflected a strategy for financing positions that recognizes the variety, multiplicity and complexity of the various UNDP funding streams so as to better respond to the evolving development needs of programme countries within the remit of the strategic plan in an accountable, sustainable and agile manner;

(b) UNFPA, UNICEF and UN-Women attribute all position costs to one specific cost classification category, in line with the current harmonized cost classification model and aligned with the existing approved cost-recovery methodology. This enables a clear and transparent separation and articulation of direct versus indirect costs and avoids potential for double-charging costs of similar nature. The one exception with UN-Women is the classification of senior leadership posts in the field (50 per cent United Nations development coordination and 50 per cent management).

IV. Recommendations for further alignment

41. As indicated in paragraphs 18-33 above, while the agencies have harmonized the majority of the cost classification categories, they are committed to further harmonization of cost classifications to enhance transparency, coherence and comparability and as such have identified further areas of cost alignment and harmonization across all categories. The proposed actions that each agency will undertake to further align the cost classification application are provided below for each cost classification category. The remaining differences

in the application of the cost classification categories continue to be driven by the agencies' different mandates, business models, universal presence and economies of scale.

Recommendation 1: Fully align HACT and MOSS cost classification

42. UNFPA will no longer classify MOSS and MORSS as management non-recurring costs. Instead, UNFPA will classify MORSS costs as direct costs to the respective cost classification. UNFPA will classify MOSS costs as special purpose: capital investments. This will bring the application of these items in line with the other three agencies.

43. UNDP and UN-Women will classify MOSS costs as special purpose: capital investments. The rationale is that these costs relate to capital investments and not to recurring or non-recurring management activities. This will bring the application of these items in line with UNICEF and UNFPA.

44. UNDP and UN-Women will no longer classify HACT operational support under management, and instead will classify these activities under development effectiveness. This is in alignment with the classification of these activities by UNICEF and UNFPA. The rationale is that HACT activities are incurred directly in support of programme implementation and hence are needed to achieve the objectives of programmes and projects.

Recommendation 2: Improve alignment between management and development activities and programme

45. UNDP and UN-Women will classify those operational support costs to projects at the country level with a direct link to projects and programmes from management to programme. This includes functions such as travel support, logistics, procurement, finance and human resource support. Furthermore, UNDP will classify the overall programmatic support at the country level from development effectiveness to programme. UN-Women will consider doing the same. This includes functions such as programme policy advisory services, supervision and communication of project activities. The rationale is to ensure that programme- and project-related costs are presented in a comprehensive manner, consistent with results-based management principles and in support to the 2030 Agenda for Sustainable Development. This fosters greater alignment with the development outcomes contained in the strategic plan, one of the key principles discussed in chapter II of this report. The related costs will henceforth be included as part of the respective programme and project costs in relevant donor-funded projects and programmes. This will improve the comparability of programme costs with similar costs in the other agencies, and thereby improve the alignment of the cost classification application for the programme cost classification category by UNDP and UN-Women with the application of this cost classification category by UNICEF and UNFPA.

Development effectiveness

46. UN-Women will classify the procurement function at headquarters under development effectiveness, which will bring the application of these costs in line with the other three agencies.

47. UNDP will classify the cost of the deputy regional directors under development effectiveness, which will bring the classification of these costs in line with the other three agencies, noting the overall programme development and guidance role of these positions.

Recommendation 3: Create separate cost classification line items in the integrated resources plan to report on and obtain separate appropriation for, i.e., separate from the institutional budget

48. UNDP, UNFPA, UNICEF and UN-Women are of the view that there is value in creating a separate cost classification line in the integrated resource plans to report on and obtain

separate appropriation, excluded from the institutional budget, for independent oversight and assurance activities as well as the resident coordinator cost-sharing contributions. Because resident coordinator cost-sharing contributions and oversight-related activities are independent of the agencies' management, classifying the cost of these activities separately would increase transparency, reinforcing their distinct identity. This will allow the agencies to separate the costs into distinct lines and not embed them within management and United Nations development coordination activities.

V. Summary and next steps

49. UNDP, UNFPA, UNICEF and UN-Women conducted a joint and in-depth review of the existing, Executive Board-approved cost classifications of activities and associated costs, including activities and functions at a granular level.

50. Whilst, as discussed in paragraphs 18-33, the four agencies have harmonized cost classifications in the majority of areas, it is important to note that some differences remain in the application of cost classification categories due to their differing mandates, business models, universal presence and economies of scale.

51. Following the detailed analysis of the composition of each category as outlined in paragraphs 18-39, the four agencies have identified areas which they currently treat differently that can be further harmonized, as outlined in the recommendations detailed in paragraphs 41-48. This will lead to an even greater level of harmonization among the four agencies.

52. In line with the decisions of the respective Executive Boards (UNDP/UNFPA decision 2018/21), UNICEF decision 2018/21 and UN-Women decision 2018/6), the next steps are as follows:

(a) At their second regular sessions of 2019, the Executive Boards are requested to decide on the recommendations made by the four agencies in the present report;

(b) The four agencies will present a preliminary comprehensive proposal on the cost-recovery policy for consideration by the Executive Boards at their first regular sessions of 2020. This preliminary comprehensive proposal will discuss, inter alia, the impact of the proposed changes to the cost classification on cost recovery;

(c) A final comprehensive proposal on cost recovery will be presented to the Executive Boards for decision at their second regular sessions of 2020. As requested by the Executive Boards, this proposal will review cost-recovery rates comprehensively and include an assessment of the reasons why full cost recovery is not currently being achieved.

53. The decisions of the Executive Boards on cost recovery taken at the second regular session in 2020 can be integrated in the agencies respective integrated resources plans and integrated budgets for 2022-2025 (2022-2023 for UN-Women).

Annex 1. Existing cost classification categories

The cost-classification categories and definitions approved in UNDP/UNFPA Executive Board decision 2010/32, UNICEF Executive Board decision 2010/20 and UN-Women Executive Board decision 2013/2 are:

Development activities: These comprise costs associated with programmes and development effectiveness activities which contribute to and are essential for the realization of effective development results, as follows:

(a) Programmes: Activities and associated costs traced to specific programme components or projects, which contribute to delivery of development results contained in country/regional/global programme documents or other programming arrangements.

(b) Development effectiveness activities: The costs of activities of a policy-advisory, technical and implementation nature that are needed to achieve the objectives of programmes and projects in the focus areas of the organizations. These inputs are essential to the delivery of development results and are not included in specific programme components or projects in country, regional, or global programme documents.

Management activities: This comprises activities and associated costs whose primary function is the promotion of the identity, direction and well-being of an organization. These include executive direction, representation, external relations and partnerships, corporate communications, legal, oversight, audit, corporate evaluation, information technology, finance, administration, security and human resources. Management costs are classified as recurrent or non-recurrent.

United Nations development coordination activities: This comprises activities and associated costs supporting the coordination of development activities of the United Nations system.

Special-purpose activities: This covers activities and associated costs of: (a) capital investments; and (b) services for other United Nations organizations.

Annex 2. Granular information of cost classification by agency

	UNDP	UNFPA	UNICEF	UN-Women
Development activities				
Programme activities	<p>At country level: Programme/project policy and advocacy, technical expertise and support; Programme/project monitoring and evaluation; Programme/project procurement and logistics; Direct programme/project planning; Programme/project communications; Direct programme/project administrative and operations support</p>	<p>At country level: Programme/project policy and advocacy, technical expertise and support; Direct humanitarian response; Programme/project monitoring and evaluation; Programme/project procurement and logistics; Direct programme/project planning; Programme/project communications and partnerships; Direct programme/project administrative and operations support;</p>	<p>At country level: Programme/project policy and advocacy, technical expertise and support; Direct humanitarian response; Programme/project monitoring and evaluation; Programme/project procurement and logistics; Direct programme/project planning; Programme/project communications; Direct programme/project administrative and operations support;</p>	<p>At country level: Programme/project policy and advocacy, technical expertise and support; Direct humanitarian response; Programme/project monitoring and evaluation; Direct programme/project administrative and operations support;</p>
	<p>At regional level: Programme/project policy, advocacy, technical expertise, coordination and support for regional projects and regional intergovernmental processes; Audit, evaluation and quality assurance services for regional projects; Direct regional programme/project administrative and operations support; Direct programmatic support and oversight of country offices and programmes;</p>	<p>At regional level: Advocacy and policy dialogue with regional and subregional entities and in multi-country settings; Regional inter-agency collaboration and coordination; Provision of technical advisory support to country programmes and intergovernmental regional processes; Direct programmatic support and oversight of country offices and programmes;</p>		<p>At regional level: Empowering and supporting country-level capacities and processes; Overseeing country and region-based delivery across normative, policy, advocacy and United Nations coordination roles; Leveraging regional United Nations coordination mechanisms and liaising closely with other regional bodies;</p>

	UNDP	UNFPA	UNICEF	UN-Women
	<p>Cross-country capacity-building and knowledge-sharing;</p> <p>At global/interregional levels: Human Development Report, including support to preparation of national human development reports; Programme/project policy and advocacy, technical expertise and support to global projects; Programme/project monitoring and evaluation of global projects; Audit and quality assurance services for global projects; Direct global programme/project administrative and operations support;</p>	<p>Cross-country capacity-building and knowledge-sharing; Regional programme coordination and implementation, including knowledge management; Direct programme/project administrative and operations support; Direct programme/project communication and media functions;</p> <p>At headquarters level: Generation, promotion, utilization of state-of-the-art technical knowledge; Promotion of international norms and standards; Building global technical partnerships; Humanitarian response and coordination; Global monitoring of implementation of the Sendai Framework for Disaster Risk Reduction; Coordination and management of prevention/response to sexual and gender-based violence; Strengthening/expansion of surge capacity; Global intergovernmental policy dialogue for International Conference on Population and Development</p>	<p>Creation and dissemination of global and regional public goods, including monitoring and analysing the situation of children for global accountability; Contribution to and strengthening relevant global and regional policy and coordination systems; Contribution to the relevant global evidence base and normative guidelines</p> <p>Global and regional programme resources are implemented by each of the seven UNICEF regional offices as well as relevant headquarters divisions and offices, including: Programme; Data, Research and Policy; Supply; Evaluation; Emergency Programmes; and Communication</p>	<p>Cross-country capacity-building and knowledge-sharing; Regional programme coordination and implementation, including knowledge management; Direct programme/project administrative and operations support; Direct programme/project communication and media functions;</p> <p>At headquarters level: Programme and project guidance; Strategic programme direction and oversight; Programme/project and operational support; Support to inter-agency coordination and normative processes; Crisis and humanitarian response; Development of global reports; Management of global projects for (a) global norms and standard; (b) political participation, governance and data; (c) women's economic empowerment; (d) ending violence against women and girls; (e) peace and</p>

	UNDP	UNFPA	UNICEF	UN-Women
Development effectiveness activities	<p>At country level: Country office presence focusing on strategic country programming (CPD formulation and participation in UNDAF process); Programme quality assurance; Formulation/management of programme pipeline/new business development; Programme policy advisory services; In-country development effectiveness support for programming; At regional level: Overall programme development, oversight and guidance role; Technical advisers; Regional development effectiveness support for South-South cooperation programme;</p>	<p>and Sustainable Development Goal follow-up and review Global outreach with parliamentarians and civil society; Complementary field support in areas not available at regional level; Undertaken by: Technical Division; Humanitarian Office; Policy and Strategy Division; Division for Communications and Strategic Partnerships; Procurement Services Branch; Liaison Office in Addis Ababa At country level: Deputy Representatives (or national equivalents, assistant representatives) performing an overall programme development, oversight and guidance role; At regional level: Deputy Regional Directors performing an overall programme development, oversight and guidance role Overall programme support to country offices, including monitoring and evaluation</p>	<p>At country level: Deputy Representatives performing an overall programme development, oversight and guidance role; Communication officers; select monitoring and evaluation officers At regional level: Deputy Regional Directors performing an overall programme development, oversight and guidance role; Technical advisers</p>	<p>security, humanitarian response. At country level: Deputy Representatives (or national equivalents, assistant representative) performing an overall programme development, oversight and guidance role; Programme/project posts performing an overall programme oversight and guidance role. At regional level: Deputy Regional Directors performing an overall programme development, oversight and guidance role Technical advisers;</p>

	UNDP	UNFPA	UNICEF	UN-Women
	At global/interregional levels: bureaux and offices responsible for programme and technical policy formulation and guidance: Bureau for Policy and Programme Support; Crisis Bureau; United Nations Office for South-South Cooperation, and the Procurement Support Office	At headquarters level: Policy and Strategy Division, except personnel whose work contributes directly to strategic plan development outcomes; Humanitarian Office (leadership and operations support); Technical Division (leadership and operations support of the Directorate and each branch); Procurement Services Branch (leadership and operations support); Quality Management Unit in the Division for Management Services, which is primarily dealing with HACT to implementing partners and partner implementation	At headquarters level: Programme Division; Division of Data, Research & Policy; Field Results Group; Office of Emergency Programmes; Supply Division; Office of Innovation; Office of Research.	Overall programme support to country offices. At headquarters level: Programme Division; Policy Division; Humanitarian Office; Civil Society.
United Nations development coordination				
	Contribution to the resident coordinator system	Contribution to the resident coordinator system	Contribution to the resident coordinator system; Office of Emergency Programmes: coordination of partners for the humanitarian clusters for water, sanitation and hygiene, nutrition and education, along with the area of responsibility at the global level in child protection	Contribution to the resident coordinator system United Nations System Coordination Division (headquarters); Regional office directors and drivers (50 per cent cost); Country office representatives/heads of office and drivers (50 per cent cost);

	UNDP	UNFPA	UNICEF	UN-Women
				Regional office United Nations coordination specialists
Management activities				
Recurring costs:				
Leadership and corporate direction	Executive Office; Ethics Office; Office of the Secretary of the Executive Board, excluding fully reimbursable Executive Board secretariat services provided to other United Nations agencies;	Office of the Executive Director Ethics Office Legal Office	Office of the Executive Director, including Ethics Office and Legal Office	HQ leadership posts in management and administration and resource mobilization and strategic partnerships
Corporate oversight and assurance	Office of Audit and Investigations; Independent Evaluation Office; Ombudsman; Board of Auditors, Joint Inspection Unit	Office of Audit and Investigations Services Evaluation Office Board of Auditors, Joint Inspection Unit	Office of Internal Audit and Investigation Evaluation Office	Independent Evaluation and Audit Services Office; Board of Auditors
Corporate financial, ICT and Administrative management	Bureau of Management Services (BMS), including Office of Financial Resources Management, Global Shared Services Unit, Procurement Oversight Office; Office of Operations; Centrally managed costs relating to finance, ICT, and administration. Office of Information Management Technology, Legal Support Office Corporate HACT- related activities. Excludes costs relating to provision of fully reimbursable services provided to other United Nations agencies, which	Division for Management Services (excluding Quality Management Unit), IT Solutions Office	Division of Financial and Administrative Management Division of Information and Communications Technology	Division of Management and Administration, includes ICT, legal, finance, budget, facilities, procurement; Centrally managed costs related to IT and administration;

	UNDP	UNFPA	UNICEF	UN-Women
Corporate human resources management	fall under the special-purpose activities classification. Cost of Office of Human Resources in relation to the UNDP corporate human resources management function, excluding the fully reimbursable human resources support provided to other United Nations agencies (covered under special-purpose activities); Centrally managed human resources costs related to staff, learning costs; contribution from UNDP to International Civil Service Commission	Division for Human Resources	Division of Human Resources	Division of Human Resources
Corporate external relations and partnerships, communications and resources mobilization	Bureau for External Relations and Advocacy	Division for Communications and Strategic Partnerships Executive Board Branch UNFPA Liaison Offices (except programmatic activities)	Division of Communication Public Partnerships Division Private Fundraising and Partnerships Division: (resources supporting specific National Committee and country office fundraising activities are included under special purpose) Office of the Secretary of the Executive Board	Strategic Partnership, Advocacy and Communications and Resource Mobilization Office of the Secretary of the Executive Board
Staff and premises security	Security Office; MOSS compliance	Office of Security Coordinator	Office of Emergency Programmes in close collaboration with the United Nations Department of Safety and Security and other United Nations security management entities	Security Office, MOSS compliance

	UNDP	UNFPA	UNICEF	UN-Women
Field/country office oversight, management and operations support	<p>At country level: Country office leadership, representation, and management functions to UNDP. This includes the full-time Resident Representative function, following the delinking of the resident coordinator role Includes a portion of operational/administrative support services dedicated to projects: financial services, Procurement services, HR, Logistics support, Field security, Equipment and Asset management, including ICT equipment; The costs of country offices' support functions to UNDP referred to above exclude costs relating to provision of fully reimbursable services provided to the United Nations agencies, which fall under the special purpose activities classification.</p> <p>At the regional and headquarters levels: Regional bureaux and regional hub leadership, including Deputy Regional Directors, representation, and management functions including regional operations support functions not directly linked to programme support.</p>	<p>At country level, full cost of: representatives, driver and personal assistant to the Representative Office operations support functions not directly linked to programme support (e.g., operations manager/international operations manager, finance/administrative, some IT and human resources support posts)</p> <p>At regional level, full cost of: Regional Directors, driver and personal assistant to the Director, plus special assistant, Resource mobilization, communications, security and human resources functions Office operations support functions not directly linked to programme support (e.g., international operations manager,</p>	<p>At country level, full cost of: Representatives and Assistant to the Representative Office operations support functions that are not directly linked to programme support (e.g. operations manager/international operations manager, finance/administrative, IT and human resources support posts)</p> <p>At regional level, full cost of: Senior leaders in each Regional Office (e.g., Regional Director, Regional Chief of Operations) and operations teams At headquarters level, full cost of: Global Shared Services Centre</p>	<p>At country level: Representatives/Heads of Office and driver posts (50 per cent); Full cost of: Operations management functions not directly linked to project/programme support (e.g., operations manager/international operations manager, finance/administrative, IT and human resources support posts) Includes a portion of direct programme/project administrative and operations support</p> <p>At regional level: Regional Directors and driver posts (50 per cent) Full cost of: Operations management functions not directly linked to project/programme support (e.g., operations manager, finance, administration, procurement posts)</p>

	UNDP	UNFPA	UNICEF	UN-Women
Non-recurring costs: Non-recurring costs	At country and headquarters levels: strategic investments to support accelerated programme delivery by improving: (1) business model performance: (a) project delivery and cost recovery; (b) cost effectiveness and efficiency; and (c) operational service arrangements for the United Nations family; (2) business model innovation, e.g., fee-for service consultancies in country offices, clustering of services.	finance/administrative support posts, ICT, etc.) Security investments to ensure compliance with MOSS and MORSS	N/A	N/A
Special-purpose activities				
Capital investments Private Sector Fundraising	N/A	ICT transformation	Technology-supported organizational solutions; Allocations to offices to support compliance with MOSS; Eco-efficiency initiatives and capital expenditure linked to premises management. Includes the activities and estimated resource requirements of Private Fundraising and Partnerships Division to support the specific private sector fundraising initiatives of the National Committees and UNICEF	ICT transformation

	UNDP	UNFPA	UNICEF	UN-Women
Other, including procurement services			<p>country offices. The activities related to implementation of the UNICEF Private Fundraising and Partnerships Plan, 2018-2021 and the appropriation for the related resource requirements will be presented to the Executive Board for approval on an annual basis.</p> <p>Supply Division administers procurement services on behalf of Governments and other partners to complement UNICEF programmes. These services provide partners with economical access to selected products, which allows them to leverage programmatic results.</p>	
Non-agency specific operations	<p>Support to other United Nations agencies: institutional budget support to UNV, UNCDF</p> <p>Direct services for United Nations partner agencies under universal price list, local price list, service level agreement arrangements: Ad hoc, payroll, security, payments, Junior Professional Officer-related, procurement, training, benefits management, travel</p> <p>At country level: Fully reimbursable country office</p>			

	UNDP	UNFPA	UNICEF	UN-Women
	<p>support to other United Nations agencies; excludes country offices' leadership, representation, and management functions to UNDP, which covers the full time Resident Representative function, following the delinking of the resident coordinator role.</p> <p>At headquarter level: Fully reimbursable headquarters-level support to other United Nations agencies; excludes cost of the Bureau of Management Services (BMS) to UNDP relating to the BMS Directorate, Office of Financial Resources Management, Global Shared Services Unit, Office of Information Management Technology, Legal Support Office, Procurement Oversight Office; Office of Operations; Centrally managed costs relating to finance, ICT and administration. Excludes corporate HACT-related activities.</p>			

Annex 3. Financial overview and comparison of UNDP, UNFPA, UNICEF and UN-Women

In millions of United States dollars (including regular resources, other resources cost recovery), based on integrated budgets for 2018-2021										
	UNDP		UNFPA		UNICEF		*UN-Women		Total	
Development activities										
Programme activities	21,042.0	87.6%	3,061.0	81.2%	20,277.3	84.6%	1,356.5	77.1%	45,736.8	85.4%
Development effectiveness activities	775.0	3.2%	139.4	3.7%	721.9	3.0%	101.0	5.7%	1,737.3	3.2%
Total development activities	21,817.0	90.8%	3,200.3	84.9%	20,999.2	87.6%	1,457.5	82.8%	47,474.0	88.7%
United Nations development coordination										
Resident coordination system cost-share	40.0	0.2%	16.6	0.4%	17.0	0.1%	5.2	0.3%	78.8	0.1%
Other costs	86.0	0.4%							86.0	0.2%
Cluster coordination					32.3	0.1%			32.3	0.1%
United Nations System Coordination Division							49.1	2.8%	49.1	0.1%
Total United Nations development coordination activities	126.0	0.5%	16.6	0.4%	49.3	0.2%	54.3	3.1%	246.2	0.5%
Management activities										
Recurring costs										
Leadership and corporate direction	32.0	0.1%	31.5	0.8%	39.1	0.2%	15.5	0.9%	118.1	0.2%
Corporate oversight and assurance	112.0	0.5%	47.2	1.3%	47.8	0.2%	25.1	1.4%	232.2	0.4%
Corporate financial, ICT and administrative management	284.0	1.2%	68.3	1.8%	245.1	1.0%	55.0	3.1%	652.4	1.2%
Corporate human resources management	166.0	0.7%	21.5	0.6%	98.0	0.4%	10.0	0.6%	295.5	0.6%
Corporate external relations and partnerships, communications and resources mobilization	105.0	0.4%	70.9	1.9%	249.4	1.0%	26.8	1.5%	452.1	0.8%
Staff and premises security	40.0	0.2%	3.6	0.1%	28.1	0.1%	3.8	0.2%	75.5	0.1%
Field/country office oversight, management and operations support	1,002.0	4.2%	282.2	7.5%	896.6	3.7%	106.0	6.0%	2,286.9	4.3%
<i>Subtotal recurring costs</i>	<i>1,741.0</i>	<i>7.2%</i>	<i>525.1</i>	<i>13.9%</i>	<i>1,604.2</i>	<i>6.7%</i>	<i>242.2</i>	<i>13.8%</i>	<i>4,112.5</i>	<i>7.7%</i>

* For UN-Women, numbers are reflective of the integrated budget 2018-2019, which have been doubled for comparative purposes.

Non-recurring costs										
Strategic investments	28.0	0.1%							28.0	0.1%
MOSS and MORSS investments			7.2	0.2%					7.2	0.0%
<i>Subtotal management non-recurring activities</i>	<i>28.0</i>	<i>0.1%</i>	<i>7.2</i>	<i>0.2%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>35.2</i>	<i>0.1%</i>
Total management activities	1,769.0	7.4%	532.3	14.1%	1,604.2	6.7%	242.2	13.8%	4,147.7	7.7%
Special-purpose activities										
Capital investments	30.0	0.1%	20.0	0.5%	80.0	0.3%	6.0	0.3%	136.0	0.3%
Non-agency-specific operations	286.0	1.2%			1,238.2	5.2%			1,524.2	2.8%
Total special-purpose activities	316.0	1.3%	20.0	0.5%	1,318.2	5.5%	6.0	0.3%	1,660.2	3.1%
Grand total	24,028.0	100%	3,769.2	100%	23,970.9	100%	1,760.0	100%	53,528.1	100%