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## **UNITED NATIONS POPULATION FUND**

### **Integrated budget, 2018-2021**

#### **Annex I – Cost recovery - detailed information based on current cost recovery methodology**

##### *Summary*

The present document provides detailed descriptions of UNFPA costs under each Executive Board approved cost classification category. It also provides information on the 2018-2021 integrated budget based on the current cost recovery methodology, as approved by the Executive Board in decision 2013/9.

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## I. Cost Classification

### A. Definitions

1. Costs arising from various activities are classified according to the framework, approved by the Executive Board (decision 2013/9). The classification of activities and corresponding cost categories are:

**Development activities:** These comprise costs associated with ‘programmes’ and ‘development effectiveness’ activities which contribute to the effective delivery of 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:** the costs of activities of a policy-advisory, technical and implementation nature that are needed for achievement of 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.

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

**Management:** 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 between recurrent and non-recurrent.

**Special purpose:** This covers activities and associated costs of a cross-cutting nature that (a) involve material capital investments; or (b) do not represent a cost related to the management activities of the organization.

**B. Overview of UNFPA institutional budget costs under each cost classification category**

<b>Development effectiveness</b>	
Headquarters	Programme Division Technical Division Procurement Services Branch DMS Quality Management Unit (primarily dealing with HACT and NEX)
Regional Offices	Deputy regional directors who are performing an overall programme development and guidance role; Programme posts dealing with overall programme support to country offices, including monitoring and evaluation
Country Offices	Deputy Representatives (or national equivalents, Assistant Representatives)

<b>United Nations development coordination</b>	
Corporate	UNFPA share of the Resident Coordinator system costs

<b>Management</b>	
Headquarters	Executive Office Office of Internal Audit and Investigations Evaluation Office Ethics Office Legal Office Division for Communications and Strategic Partnerships, including liaison offices Division for Governance and Multilateral Affairs, including liaison offices Office of the Security Coordinator Division for Management Services Division of Human Resources Management Information Services Branch
Regional Offices	Regional directors Resource mobilization, communications, security and human resources functions Office operations support functions
Country Offices	Representatives Office operations support functions

<b>Special purpose</b>	
Corporate	Premises capital plan (comparable) ICT transformation (non-comparable)

**C. Calculation of cost recovery rate based on the approved methodology (in millions of dollars)**

	<b>Use of resources</b>	<b>Total 2018-2021</b>
A1	Regular resources (RR)	1,392.3
A2	Other resources (OR), gross (subject to cost recovery)	2,194.1
	<b>Total</b>	<b>3,586.4</b>
	<b>1. Calculate the proportionate percentage share of RR and OR in the planned use of resources</b>	
B1	Proportionate share RR	39%
B2	Proportionate share OR	61%
	<b>2. Calculate the sum of management and comparable special purpose costs (and remove costs related to critical, cross-cutting management functions)</b>	
C	Institutional budget	722.4
	Less:	
C1	Development effectiveness activities	(141.0)
	Headquarters	(54.1)
	Regional offices	(24.5)
	Country offices	(62.4)
C2	UN Development coordination activities	(9.4)
C3	Critical cross-cutting management functions	(174.8)
	Headquarters	(60.2)
	Regional offices	(11.2)
	Country offices	(103.4)
C4	Non-comparable special purpose activities (ICT transformation)	(20.0)
	<b>3. Take the amount calculated in step 2. and split it proportionally according to the levels of total planned core and non-core use of resources</b>	
D=C-(C1:C4)	Institutional budget subject to cost recovery based on approved methodology	377.2
E1=B1*D	Regular resources proportional share of IB	146.6
E2=B2*D	Other resources proportional share of IB	230.7
F=E2/(A2-E2)	Notional rate	11.7%

**Critical cross-cutting management functions** represent a concept that there needs to be an assured level of core resources to ensure a provision of resources to support the mandate, integrity and resource mobilization platform. Certain functions that are integral to the existence and the advancement of the mandate of the organization must be carried out, irrespective of the volume of

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programme implementation and therefore, their funding must be assured from the regular resources.

As an illustration of the scope of these functions, the estimates of critical cross cutting functions represent key leadership functions and include the cost of all heads of office in Headquarters and the Field. As such, the notion is limited only to key, leadership functions, and not extended to wider areas of work which are essentially volume-driven. These key leadership positions are estimated using the standard posts costs plus 30 per cent added for general operational expenses as a proxy of the associated direct costs.

<b>Critical crosscutting management functions</b>	
Headquarters	Executive and Deputy Executive Directors Directors of Divisions Chiefs of Offices and Chiefs of Branches
Regional Offices	Regional Directors
Country Offices	Representatives