A. Main elements of cost recovery policy

1. This policy implements Executive Board decision 2013/9 for UNFPA’s internal purposes. The Executive Board decision approved a new harmonized methodology and harmonized rate for the recovery of indirect costs the organization incurs to administer other resources\(^1\) (also known as “earmarked”, “restricted”, “co-financing” or “non-core”). The policy replaces the previous policy on “Recovery of Indirect Costs for Co-financing” from 2005.

2. This policy goes into effect on 1 January 2014.

3. Cost recovery refers to the requirement for the organization to recover from other resources the indirect costs embedded in its structure so that there is no undue burden on regular resources\(^1\) (also known as “un-earmarked”, “unrestricted”, or “core”).

4. The key objective is to achieve a proportional balance between regular and other resources in meeting these organizational costs which relate to management and support of programme activities. In other words, UNFPA must avoid using regular resources to subsidize activities arising from the implementation of other resources.

5. To achieve this objective UNFPA has to ensure that a) all direct costs associated with the implementation of programme activities are included as such in programmes from the onset and b) that the indirect costs are charged to the programmes funded from other resources based on the established cost recovery rate. Both of these basic principles are elaborated further in this cost recovery policy.

6. The cost recovery policy establishes the following:

   • The baseline cost recovery rate for other resources increases from 7 percent to 8 per cent.

   • The cost recovery rate for thematic contributions\(^2\) is applied at a discounted rate of 7 percent.

   • Preferential rates of 5% are maintained for government cost-sharing (contributions from programme governments contributing to their own country programme) and South-South\(^3\) contributions.

---

\(^1\) For definitions of earmarked and un-earmarked resources please refer to the Financial Rules and Regulations.

\(^2\) For definitions of thematic trust funds please refer to the Thematic Trust Fund Guidelines.

\(^3\) According to The Framework of Operational Guidelines on United Nations Support to South-South and Triangular Cooperation (SSC/17/3 dated 12 April 2012), South-South cooperation for development is a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, and through regional and inter-regional collective actions, including partnerships involving Governments, regional organizations, civil society, academia and the private sector, for their individual and/or mutual benefit within and across regions.
UNFPA
Policies and Procedures Manual
Finance
Cost Recovery Policy

- Only certain management and special purpose costs, as further elaborated in this policy, are eligible for cost recovery\(^4\).

- Development effectiveness costs are not eligible for cost recovery, and should instead be charged as direct costs\(^4\).

- All identifiable costs related to the implementation of programmes funded from other resources must be fully budgeted in the proposals for donor funding and subsequent workplans as direct costs of those programmes. The same principle applies to regular resources.

- Attribution of centrally managed services – cost of services that were previously centrally budgeted and managed – will be apportioned to programmes funded from both regular and other resources (i.e. costs which can be directly identified to the programmes will be included as a direct cost in the respective proposals for donor funding and subsequent workplans instead of funded through cost recovery).

- Estimated indirect costs, using the applicable cost recovery rate, must be fully budgeted in the proposals for donor funding and subsequent workplans of programmes funded by other resources.

7. In addition to the 5 per cent preferential rate for programme governments contributing to their own country programme, and in line with the existing policy of other organizations, in particular UNICEF, UNFPA will also apply a preferential rate of 5 per cent for South-South contributions. Table 1 provides a summary of UNFPA rates by contribution type.

<table>
<thead>
<tr>
<th>Agreement type</th>
<th>Previous rate</th>
<th>New rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard co-financing agreements</td>
<td>7 per cent</td>
<td>8 per cent</td>
</tr>
<tr>
<td>Thematic trust funds</td>
<td>7 per cent</td>
<td>7 per cent</td>
</tr>
<tr>
<td>Contributions from programme governments contributing to their own country programme</td>
<td>5 per cent</td>
<td>5 per cent</td>
</tr>
<tr>
<td>Umbrella agreements(^5)</td>
<td>7 per cent</td>
<td>Based on umbrella agreement</td>
</tr>
<tr>
<td>Renewed agreements with a cost extension</td>
<td>7 per cent</td>
<td>8 per cent</td>
</tr>
<tr>
<td>Existing agreements and renewed agreements in cases of no-cost extension</td>
<td>Agreed rate</td>
<td>Continue as per agreed rate</td>
</tr>
</tbody>
</table>

* For additional guidance on the determination of funding modality please refer to the RMB Toolkit.

---

\(^4\) This is different from the previous model, which included development effectiveness costs but excluded special purpose costs as part of cost recovery.

\(^5\) Umbrella arrangement refers to broader agreements reached jointly with one or more UN agencies vis-a-vis one or more bilateral or multilateral donors. Specific rates will apply for specific umbrella arrangements and may be revised under individual umbrella arrangements. Examples of current rates for such agreements include: Central Emergency Response Fund (CERF) - 7%; United Nations Fund for Human Security (UNFHS) - 7%; Joint Programmes using pass-through funds management - 7%; agreements with the European Commission under the Financial and Administrative Framework Agreement (FAFA) - 7%. In the framework of the wider institutional agreements, these rates may periodically be updated. Thus the prevailing and most recent agreement should be the reference point.
Differentiated rates for existing and renewed agreements

8. Existing agreements will be honored using the previous cost recovery rates and new or renewed agreements will comply with the new rates.

9. Existing agreements refer to agreements signed between donors and UNFPA prior to 1 January 2014\(^6\).

10. Renewed agreements refer to agreements that have been extended with an additional cost or with no-cost after 1 January 2014\(^6\). For additional information on agreements please refer to the RMB Toolkit.

Waivers and further information

11. On an exceptional basis and when the urgency of the circumstances requires, the Executive Director of UNFPA 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. The Executive Board will be informed of these waivers in annual financial reports. Please refer to the Resource Mobilization Policies: Co-financing procedures for the proper process on obtaining a waiver.

12. Responsibility for ensuring that donor agreements reflect the applicable rate, as approved by the Executive Board, rests with the UNFPA units negotiating agreements, while the Resource Mobilization Branch (RMB) provides oversight. Budget holders are responsible for ensuring that proposals for donor funding include the appropriate cost recovery rate as described in Table 1. If in doubt, offices must consult with RMB on determining the applicable cost recovery rate. Please use the Integrated Service Desk for this purpose.

13. The relevant background information and implication of this decision for UNFPA are outlined in this policy and discussed further in Annex I. Additional operational guidance for the implementation of this policy is provided in the Guidance note on recovery of direct and indirect costs.

---

\(^6\) Offices should endeavor to include the new rates for 2014 period, even if negotiating the agreements prior to the effective date, as the implementation of agreements will take place in 2014, so the new rates should apply.
B. Cost classification and cost recovery rate

14. Cost recovery methodology is based on the harmonized cost classification categories approved by the Executive Board\(^7\). All UNFPA incurred costs eligible for cost recovery are to be proportionally funded by regular resources and other resources based on UNFPA’s relative proportions of regular and other resources. However, the following organizational costs are excluded (not eligible) from the cost recovery rate calculation, as follows:

- **Development effectiveness**: Costs classified as development effectiveness are an integral part of development activities and therefore *directly* contribute to the achievement of development results. As such, they must be directly funded from regular resources and/or other resources; not from cost recovery.

- **Limited management costs**: A limited level of management costs relate to critical, cross-cutting functions, which are resources that are made available to support the mandate, integrity and resource mobilization platform of the organization. The cost recovery methodology takes into account that these functions are integral to the existence of and advancement of the mandate of the organizations, irrespective of the volume of programme implementation. As a result, these functions are funded from regular resources and are not part of cost recovery. Further details are available in Section E. of this policy and Annex I.

15. From a cost recovery perspective only certain management and special purpose costs are eligible for cost recovery\(^8\). Table 2 below summarizes the cost classification categories and their impact on cost recovery under the previous model compared to the new one. In addition, Table 5 provides information on types of costs included as management costs in the calculation of the cost recovery rate.

### Table 2: Impact of Cost Classification Categories on Cost Recovery Methodology and Rate

<table>
<thead>
<tr>
<th>Harmonized cost classification categories</th>
<th>Pre-2014 cost recovery model</th>
<th>2014 cost recovery model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Development Activities</strong>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Development effectiveness</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>B. United Nations Development Coordination</strong></td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

---

\(^7\) Please refer to cost classification categories and definitions approved in Executive Board decision 2010/32. Further background information and UNFPA implementation guide on cost classification are available on [DMS Resource Planning and Budgeting Branch microsite](#).

\(^8\) This is different from the 2005 cost recovery model, which included development effectiveness costs but excluded special purpose costs as part of cost recovery.
**C. Overview of direct and indirect costs for UNFPA**

16. In implementing its activities, UNFPA distinguishes two types of costs: direct and indirect costs.

17. Direct costs are broadly defined as all costs that are incurred for, and can be traced in full to, an organization’s activities and programmes in fulfilment of its mandate. Included are the costs of programme staff, personnel, equipment, programme premises (both main and decentralized offices; costs should be apportioned based on the number of approved posts, as well as programme funded service contract holders if located in UNFPA offices), travel and any other input necessary to achieve the results and objectives set out in the programmes.

18. Indirect costs are broadly defined as costs incurred by the organization as a function of and in support of its activities and programmes that cannot be traced unequivocally to specific activities and programmes.

19. Table 3 provides overview of direct and indirect costs. Each component is further elaborated in sections D and E.

**Table 3: Overview of types of costs incurred by UNFPA**

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>Indirect Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) UNFPA incurred:</td>
<td>UNFPA incurred in support of its activities and programmes. UNFPA recovers indirect costs from other resources by applying a percentage rate to all the direct costs</td>
</tr>
<tr>
<td>● Substantive – programmatic, technical, administrative, etc.</td>
<td></td>
</tr>
<tr>
<td>● Centrally managed</td>
<td></td>
</tr>
<tr>
<td>2) Implementing Partner incurred:</td>
<td></td>
</tr>
<tr>
<td>● Substantive – programmatic, technical, etc.</td>
<td></td>
</tr>
<tr>
<td>● Support costs (as applicable)</td>
<td></td>
</tr>
</tbody>
</table>
D. Direct Costs in Budget and Proposals for Donor Funding

20. Proposals for donor funding from other resources must be fully transparent and consistent to enable contributors to understand those costs that are directly charged to programmes, as well as the cost-recovery rate that is applied.

21. It is critical that offices ensure that ALL direct costs, including UNFPA and implementing partners’ costs, arising from the implementation of programmes are included in the corresponding budget and proposals for donor funding. This includes staff, personnel and any other direct inputs to the programme, including administrative costs, support costs etc. as a direct result of programme implementation.

UNFPA and Implementing Partners’ Direct Costs

22. Units managing any initiative or programme funded from both regular and other resources must build into funding proposals/ workplans all posts and related non-post costs, including post occupancy costs (POC), necessary for its implementation. These can be both of a substantive nature (e.g. programme, policy, technical, advisory), but also of an administrative and financial nature (e.g. financial, procurement, logistics) if the initiative or programme is complex and/or large enough to require additional direct support to implement it. Further operational guidance as well as the accompanying tool to calculate the standard post costs and post occupancy costs are provided in the Guidance note on recovery of direct and indirect costs.

23. Table 4 lists the inputs more commonly included under each budget item in workplans. The list of elements included under each budget item is not exhaustive, but focuses on areas that are most pertinent for programming. Please refer to Policies and Procedures for Preparation and Management of Workplans in the Policies and Procedures Manual (PPM) and related annexes on Workplan budget items for additional details on each item.

Table 4: List of direct costs included under each budget item in the workplan

<table>
<thead>
<tr>
<th>1. International Professional Posts⁹ (for UNFPA Workplans only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• International UNFPA staff only (not consultants, not service contracts and not implementing partner personnel)</td>
</tr>
<tr>
<td>2. Local Posts⁹ (for UNFPA Workplans only)</td>
</tr>
<tr>
<td>• Local UNFPA staff only (not consultants, not service contracts and not implementing partner personnel)</td>
</tr>
<tr>
<td>3. Operational Expenses</td>
</tr>
<tr>
<td>• International and local consultants, learning costs, grants, equipment and supplies, audit, overtime, United Nations Volunteers (UNV), miscellaneous, IP support costs,</td>
</tr>
</tbody>
</table>

⁹ The term “Posts” refers to UNFPA staff only (not consultants, not service contracts and not implementing partner personnel). Therefore, this budget item is only applicable to workplans implemented by UNFPA.
4. Travel

- Numbers, purpose and duration of expected missions

5. Hospitality (for UNFPA Workplans only)

6. Mandatory costs

- Service contracts, implementing partner personnel, rental of premises, construction/renovation of facilities directly relating to UNFPA’s mandate, reimbursement costs for UNDP services, common services, security

**Treatment of costs for procurement services**

24. The costs of procurement services, in particular the Procurement Services Branch (PSB), are classified as development effectiveness costs, which going forward, are treated as direct costs. Thus it is imperative that all costs of providing procurement services are included in the direct costs of every co-financing agreement (CFA)\(^{10}\), including thematic trust funds, with a procurement component. UNFPA units negotiating the agreements are responsible to consult with PSB and determine if the procurement activities emanating from the agreements will require significant additional workload by PSB and, as a result, require an additional capacity in PSB (e.g. posts, temporary assistance etc.). If this is the case, such costs must be included as direct costs to the programme funded from other resources.

**Centrally Managed Services**

25. As part of the methodology, costs managed centrally by headquarters that can be directly identified to programmes are funded directly by those programmes instead of through cost recovery. These are costs that in the past have been funded centrally but will now be embedded as direct costs in programmes. Centrally managed services will be charged to programmes funded from both regular and other resources.

26. Centrally managed services to be directly apportioned relate primarily to costs that can be linked to post occupancy. These post occupancy costs (POC) should be charged to the funding source of the post, rather than as a central lump-sum charge to any individual cost category. While for the Organization as a whole the effect is “zero-sum”, the impact by cost category is a decrease in management costs and a corresponding increase in other cost categories (including programmes), proportionate to the number of posts funded from each. As a result, offices will need to consider this additional cost per post and budget for them in their programmes, proposals for donor funding and workplans.

\(^{10}\) Treatment of Third Party Procurement services (TPP) are governed in the Third Party Procurement policy (forthcoming at the time of first issuance of this policy)
27. Specifically, direct apportionment of centrally managed services relate to the allocation of the following types of costs:

- UNDSS Contributions
- Atlas production costs
- DHR services, most notably payroll processing
- UN reimbursements and other UN payments as part of the UN MOU
- Payments to UN documents control
- ICT licenses and other ICT costs related to post occupancy

28. The Guidance note on recovery of direct and indirect costs provides details on types of costs included as POC and how to budget for them using the UNFPA Standard post cost calculation tool.

**Implementing Partners’ Support Costs**

29. Support costs are expenses reimbursed to an implementing partner as a result of their administration of programme activities financed from UNFPA funds. These implementing partner support costs are considered direct costs to UNFPA programmes for both regular and other resources. The support cost rate represents a mutually agreed contribution by UNFPA to the NGO/United Nations organization’s regular operating expenses as considered fair by both parties, and it is estimated as a percentage (ranging from 0-12%) of direct costs by the NGO/United Nations organization in the implementation of activities on behalf of UNFPA. As per UNFPA Financial Regulations and Rules no support costs shall be reimbursable to a government as an implementing partner.

30. Under this definition, support costs may include a portion of rent, utilities (such as electricity), training, administrative and accounting services, general management and other supplementary staff costs that are not directly linked to the main purpose of the activities agreed in the workplan. These costs may need to be apportioned between UNFPA and the implementing partner on a logically derived basis. No separate supporting documentation is necessary.

---

1 Financial Regulations and Rules define support cost as ‘the expenses reimbursed to an implementing partner as a result of their administration of programme activities financed from UNFPA funds’. See the RMB Toolkit for examples of the calculation of support costs.
E. Indirect Costs

31. As shown in Table 2, the cost recovery rate applied to the implementation of programmes funded from other resources aims to refund the organization for incurring certain indirect costs that are classified as management and special purpose. These costs are already embedded in the Institutional Budget component of the Integrated Budget and as a result do not represent ‘additional costs’ incurred by an office but are in fact existing costs inherent within the Organization’s structure.

32. From an organizational perspective, these are costs related to management activities at headquarters, regional and sub-regional offices, and country offices, as shown in Table 512:

Table 5: Management Activities

<table>
<thead>
<tr>
<th>Functional Cluster</th>
<th>UNFPA Office/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership and corporate direction</td>
<td>Office of the Executive Director, Legal Office, Ethics Office</td>
</tr>
<tr>
<td>Field offices oversight, management, operations support</td>
<td>Regional, sub-regional and country offices management and operations team (e.g. Director / Representative, Operations Manager, etc. and related operational costs)</td>
</tr>
<tr>
<td>Corporate evaluation</td>
<td>Evaluation Office</td>
</tr>
<tr>
<td>Corporate oversight and assurance</td>
<td>Division for Oversight Services</td>
</tr>
<tr>
<td>Corporate and external relations and partnerships, communications, and resources mobilization</td>
<td>Information and External Relations Division</td>
</tr>
<tr>
<td>Corporate financial, information, and communication technology and administrative management</td>
<td>Division for Management Services, Management Information Systems</td>
</tr>
<tr>
<td>Corporate human resources management</td>
<td>Division for Human Resources</td>
</tr>
<tr>
<td>Staff and premises security</td>
<td>Office of the Security Coordinator</td>
</tr>
</tbody>
</table>

33. As mentioned in Section B, a limited level of management costs relate to critical, cross-cutting functions that are funded from regular resources and excluded from the cost-recovery calculation. By their nature cross-cutting functions are not distinct posts or costs. Rather they represent a notional pool of basic functions needed for the organization to operate. In order to estimate the notional value of these functions, UNFPA uses as a proxy the estimated costs of leadership posts across the organization. This concept is useful for offices’ understanding of the underlying cost recovery methodology, and how it is applied to calculate the cost recovery rate (please also refer to Annex I). However, there is no action or work required by any office, it is for information only.

34. Cost recovery arising from implementation of programmes funded from other resources is credited to the institutional budget, which is approved by the Executive Board on a gross basis.

---

12 Excluding cross-cutting critical functions
In the event that the actual cost recovery is higher than the estimates included in the budget proposal, the additional amount will be retained and used to build capacity for other-resources funded programme implementation, thereby ensuring that capacity remains commensurate with actual programme delivery. Any use of cost recovery in excess of budget estimates is reported in the annual audited financial statements.

F. Implementation in Atlas

35. When setting up the budgets related to donor-funded programmes in Atlas, offices must exclude the amount related to indirect cost recovery (the cost recovery amount is estimated based on the applicable cost recovery rate as per the signed donor agreement). DMS Finance Branch pre-encumbers indirect cost recovery for all donor-funded programmes, and manages the actual charging which is done on a monthly basis.

36. Finance Branch records the cost recovery amount in Atlas at the fund and department level using general ledger journal entries. To record the cost recovery amount, adjusted expenses are extracted from Atlas general ledger module and the cost recovery rates are extracted from DARTS. No action is required by offices to record the cost recovery expenses however, offices should monitor and review the cost recovery amount charged to their office/fund code.

37. Offices must budget in Atlas for all other programme costs, including centrally managed services. DMS Resource Planning and Budgeting Branch centrally facilitates the actual monthly charging of centrally managed services using an Atlas automated process within payroll.

G. Additional Reading

Please refer to the documents below for background reading and additional information.

<table>
<thead>
<tr>
<th>UNFPA Policy and Procedures Website</th>
<th>Guidance Note on Recovery of Direct and Indirect Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Co-financing Procedures</td>
</tr>
<tr>
<td></td>
<td>Policies and Procedures for Preparation and Management of Workplans</td>
</tr>
<tr>
<td></td>
<td>Guidance Note for Third Party Procurement and Co-financing modalities When Signing an Agreement with Donors</td>
</tr>
<tr>
<td>DP-FPA/2012/1-E/ICEF/2012/AB/L.6</td>
<td>Roadmap to the integrated budget: Joint UNDP, UNFPA and UNICEF review on the impact of cost definitions and classification of activities on harmonized cost-recovery rates</td>
</tr>
<tr>
<td>A/RES/67/226</td>
<td>Quadrennial comprehensive policy review of operational activities for development of the United Nations system</td>
</tr>
<tr>
<td>DP-FPA/2013/1-E/ICEF/2013/8</td>
<td>The road map to an integrated budget: joint review of the impact of cost definitions and classifications of activities on the harmonized cost recovery rates</td>
</tr>
<tr>
<td>DP/2013/10</td>
<td>Decisions adopted by the Executive Board at its first regular session 2013 (28 January to 1 February 2013, New York)</td>
</tr>
</tbody>
</table>
Annex I: Background of Decisions Leading to the Cost Recovery Policy and methodology for the calculation of the harmonized rate

1. As part of the joint Roadmap to the Integrated Budget, UNDP, UNFPA and UNICEF were requested to review their harmonized cost recovery rate and propose a transparent methodology for its calculation, aligned with the new harmonized cost classifications. The agencies submitted the requested report in September 2012\(^\text{13}\). The Executive Boards requested the agencies\(^\text{14}\) to provide additional information so that the Executive Boards could decide on a final cost recovery rate(s) to apply within the context of the agencies’ respective integrated budgets beginning in 2014\(^\text{15}\).

2. At its 14\(^{th}\) December 2012 meeting, the Second Committee of the 67th session of the General Assembly adopted the resolution on the Quadrennial Comprehensive Policy Review (QCPR) of operational activities for development (A/RES/67/226). This resolution sought to ensure full cost recovery, proportionally from regular resources (also known as “un-earmarked”, “unrestricted”, or “core”) and other resources, and provide incentives to increase regular resources funding. The GA stressed the need to avoid the use of core/regular resources to subsidize non-core/extra-budgetary financed activities, including the use of core/regular resources to cover costs related to the management and support of non-core/extra budgetary funds and their programme activities.

3. Initiated in parallel with the QCPR negotiations, in January 2013, responding to the Executive Board’s earlier request to provide additional information, the agencies proposed a cost recovery methodology which was in line with the guidance in the QCPR and addressed the full recovery principle, the importance of increasing core resources, and incentives for improved complementarity between core and non-core resources\(^\text{16}\). A fundamental principle in the development of the new cost recovery framework was the non-subsidization of non-core resources from core funds, in line with QCPR and Executive Board mandates.

4. At its first regular session in 2013, the Executive Boards approved the harmonized methodology for calculating cost-recovery rates presented by the agencies and welcomed the increased transparency and proportionality in the new harmonized framework\(^\text{17}\). The Executive Board recognized that full cost recovery, proportionally from core and non-core resources, would lead to fewer resources being drawn from core resources to finance the management costs of

\(^{13}\) DP-FPA/2012/1 and E/ICEF/2012/AB/L.6

\(^{14}\) ‘Agencies’ for the purposes of this policy includes UNDP, UNFPA, UNICEF, and UN Women which, at the request of its Executive Board, in November 2012, joined the harmonized work of UNDP, UNFPA and UNICEF.

\(^{15}\) Executive Boards decision 2012/27 (UNDP/UNFPA) and 2012/20 (UNICEF)

\(^{16}\) DP-FPA-2013/1 and E/ICEF/2013/8

\(^{17}\) DP/2013/10
non-core contributions, and a larger share of core resources being allocated to programme activities, thereby providing incentives for core contributions.

5. The methodology initially presented in September 2012, and further developed and approved in January 2013, moves in the direction of more equitable funding of organizational costs and is based on the fundamental principle that organizational costs that are eligible for cost recovery should be proportionally funded from regular resources (RR) and other resources (OR).

6. Costs are considered eligible for cost recovery only if they are indirectly linked to the delivery of programme results. Costs directly linked to the delivery of programme results are directly funded from regular resources or other resources, depending on where the cost originates.

7. Based on the above considerations, UNFPA, UNDP, UNICEF and UN Women developed the below calculation for obtaining a harmonized cost recovery rate:

   (i) Calculate the sum of management and comparable special purpose costs and remove costs related to critical, cross-cutting functions
   (ii) Take the amount calculated in step (i) and split it proportionally according to the levels of total planned regular resources and other resources expenditures;
   (iii) Take the amount calculated in step (ii) to be recovered from other resources and calculate it as a percent of total planned other resources development expenditures
   (iv) The amount in step (iii) equals the notional cost-recovery rate on other/non-core resources.