UN-Habitat Working Group on CPR

COST RECOVERY PRESENTATION

FORMAL MEETING 22-23 FEBRUARY 2017
What is Cost Recovery

Purpose is to limit the financial burden on the “regular programme of work” from the execution of extra-budgetary projects.

Serves as a mechanism for attributing costs directly and **correctly** to projects:

- a) Transactional variable costs payable to UNON
- b) Transactional fees attributable to Project
- c) Direct charge to project - Fee for time
- d) Direct charge to project - Fee for service/outcome
Types of Costs

Indirect Fixed (RB and FGP)
- Costs Incurred regardless of scope
- Cannot be traced in full
- Base Structure of Org (0 projects)

Indirect Variable (PSC)
- Costs incurred as a function of project implementation in support of activities
- Cannot be traced unequivocally to specifics

Direct (TC, FSP & HCR)
- be directly attributable to the action and arise as a direct consequence of it
Eligible Direct Costs – EU FAFA

3.1. To be considered eligible as direct costs in the context of an Action financed or co-financed by the Commission, costs must:

- be directly attributable to the action and arise as a direct consequence of it;
- be necessary for carrying out the Action, be provided for specifically in the contribution-specific agreement and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have actually been incurred during the implementation period of the Action specified in the contribution-specific agreement, whatever the time of actual disbursement by the UN organisation;
- be recorded in the United Nations’ or United Nations’ partners' accounts, be identifiable, backed by originals of supporting evidence, and verifiable pursuant to the provisions on the verification clause attached as the annex.
PSC

- Must be used in areas where a relationship exists between the supporting activity concerned and the activities that generated the programme support revenue
- Programme support cost revenue must be used where costs cannot be readily and directly attributed to, or recovered from, individual extra-budgetary substantive activities, projects or programmes
- In cases where PSC revenue is insufficient
  - a greater level of support costs directly attributable to programmes and projects in field operations and offices needs to be classified and recovered as direct costs.
PSC Rates

Standard
- 13%

Inter-agency and “Delivering as one” Programmes
- 7%

Pass-Through Arrangements Rate
- 3%, 1%

Minimum flat fee
- USD 6,500
Types of Costs

- Indirect Fixed Costs
  - RB & FGP
- Indirect Variable Costs
  - PSC
- Direct Costs
  - Earmarked Activities
  - TC, FSP & HCR
Support to Procurement & Procurement Services
Preparation & Monitoring of Budgets
Maintenance of Project Accounts
Non Technical Supervision
Identification of Personnel
Other direct costs relating to projects
Project Staff
Equipment
Project premises
Travel
Meetings
Report preparation

Costs incurred by project activities
Can be traced in full
Indirect Fixed Costs

Executive coordination and management
Representational functions
Servicing of statutory bodies such as the Governing Council
Corporate level legal services
Corporate level evaluation services
Corporate level administrative functions
Core normative, policy and standard setting work which is essential for UN-Habitat as the lead agency in the United Nations for human settlements and sustainable urbanization.

Costs Incurred regardless of scope
Cannot be traced in full Base Structure of Org (0 projects)
Indirect Variable Costs

Costs incurred as a function of project implementation in support of activities cannot be traced unequivocally to specifics

PSC

Central administration services provided by UNON Central programme/departmental administration: Corporate level policy, systems and standards Programme and portfolio services

Central Services at Headquarters
Administrative units in field offices