Mr. President,

I am making this statement on behalf of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Iceland, Ireland, Luxembourg, New Zealand, Switzerland, the United Kingdom and my own country Germany.

We would like to thank UNICEF, UNDP, UNFPA and UN-Women for their joint report and today’s presentation.

We would also like to take the opportunity to thank the agencies for their past efforts in harmonizing their cost-recovery policies. We are aware the agreeing and maintaining a harmonized framework has its challenges and we would like to recognize the agencies for being “frontrunners” within the UN development system in this regard. Full cost recovery continues to be the guiding principle governing the financing of non-programme costs.

When the existing framework was established in 2013, the executive board made provisions for a review of the existing framework in 2016. The report presented by the agencies is the culmination of that process.

During the past two years, Member states together with the participating agencies, have carefully—and at times painstakingly—considered various options and implications. In doing so, we were guided by the overarching principles of:

1. Continuing the harmonized approach across agencies, which we see as an integral dimension of UN coherence;

2. maximizing the use of regular resources for programmatic activities that achieve concrete development results on the ground;

3. minimizing the cross-subsidization from core resources, which continue to be the bedrock of operational activities for development;

4. allowing for cost-efficiency and competitiveness of the agencies in the broader field of development cooperation; and finally

5. transparency on the details of the framework as well as its implications.

After assessing the different options presented, including the “LEGO”-models, while taking into account the differences in mandates, institutional structures and business models of the participating agencies, we conclude that the current harmonized cost-recovery framework is the most feasible option at this point in time to ensure the guiding overarching principles while reducing risks for the financial setup of the participating UN agencies.

But we also believe that we should not end there. It is in this regard that we would like to propose a few concrete steps to further improve the existing cost-recovery framework.
First, we would like to see a further harmonization of the current cost classification categories in order to provide a framework that is more clear, transparent and standardized.

Second, with regard to exemptions from the harmonized cost-recovery rates, we would like to see loopholes closed, and the number of waivers granted further reduced as much as possible. Furthermore, criteria for the granting of waivers should be transparent and standardized.

Third, based upon the outcomes of the review, at this point in time, we propose maintaining the existing cost recovery rates. With respect to the differentiated rates that provide incentives for favourable funding modalities and discourage the provision of less favourable ones, we would like to explore further the use of the full spectrum of differentiation.

Going forward, we would like to recall General Assembly resolution 72/279 which welcomed the Secretary-General’s commitment to “further harmonize cost recovery by individual United Nations development system entities”.

Thank you, Mr President.
modalities and discourage the provision of less favourable one, we would like to explore further the use of the full spectrum of differentiation. Going forward, we would like to recall General Assembly resolution 72/279 which welcomed the Secretary-General’s commitment to “further harmonize cost recovery by individual United Nations development system entities”. Thank you, Mr President.