Joint statement (UNDP/UNFPA) on Cost Classification
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1. My UNFPA colleague Ms. Laura Londén and I are here to formally present the joint report DP/FPA-ICEF-UNW/2019/1 on Cost Classification. This report was prepared in response to Executive Board decision 2018/21, which requested us, together with UNICEF, and UN Women, 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".

2. These recommendations are important as they relate to the larger stage of the UN funding compact that calls for further collective harmonization efforts in order to help achieve the Sustainable Development goals through improved transparency, reporting, and simplified negotiation. In this regard, whilst the present exercise is being conducted by the four agencies, we are also reaching out to the broader UN system through the HLCM/ FB network, which UNDP co-chairs. The support from your delegations in the governing bodies of other UN entities is essential to help with the UN system-wide harmonization efforts.

3. The joint report includes a proposal on further harmonization of cost definitions and classification of activities and associated costs. The joint report also proposes the establishment of separate cost classification line items in the integrated resources plan to report on and obtain a separate appropriation for independent oversight and assurance activities as well as the resident coordinator cost-sharing contributions. This will allow the agencies to separately illustrate the costs into distinct lines and not embed them within the management and UN development coordination activities. The latter will be in line with the GA resolution 72/279.

4. Whilst the four agencies have harmonized cost classifications in the majority of areas, some differences remain in the application of cost classification categories due to their differing mandates, business models, universal presence and economies of scale. We had very good informal discussions with the executive boards and are pleased to have been able to provide additional written answers to the questions raised. Following the detailed analysis of the composition of each cost classification category, the four agencies have identified areas that can be further harmonized. This reflects progress and a change in mindset from the agencies, in coming closer together on this important topic. Hence, if the Board accepts the recommendations, there will be an even greater level of harmonization among the four agencies.

5. The work on cost recovery continues and it will address in particular the very important role of core resources and avoidance of cross-subsidization, in line with the QCPR. This is an important step in that process.