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Executive Board of UNICEF  
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Executive Board of UN-Women  
**Second regular session 2025**  
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Item 4 of the provisional agenda

## **Annual joint report of UNDP, UNFPA, UNICEF and UN-Women on the implementation of the joint cost-recovery policy, including differentiated cost-recovery rates and approved waivers**

### *Summary*

In decisions 2024/24 (DP/2025/2), 2024/25 (E/ICEF/2024/33), and 2024/10 (UNW/2024/9), the respective Executive Boards of the United Nations Development Programme (UNDP)/the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) approved the joint comprehensive cost-recovery policy (DP/FPA-ICEF-UNW/2024/1). This policy encompassed cost-classification categories, effective 1 January 2026, along with the cost-recovery methodology and applicable rates.

The respective Executive Boards requested UNDP, UNFPA, UNICEF and UN-Women to present a joint harmonized report for discussion under the agenda item concerning the structured dialogue on financing the results of their respective strategic plans, to be convened during the second regular session each year.

The present joint harmonized report is submitted in response to the requests made by the respective Executive Boards. It provides consolidated information on the progress of the implementation of the cost-recovery policy, including the financial impact stemming from the harmonized differentiated cost-recovery rates and any waivers granted.

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## I. Introduction

1. In decisions 2024/24 (DP/2025/2), 2024/25 (E/ICEF/2024/33), and 2024/10 (UNW/2024/9), the respective Executive Boards of the United Nations Development Programme (UNDP)/ the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) approved the joint comprehensive cost-recovery<sup>1</sup> policy (DP/FPA-ICEF-UNW/2024/1). This policy encompasses cost-classification categories, effective 1 January 2026, along with the methodology and applicable rates. As summarized in table 1 below, the policy reaffirmed a standard, harmonized indirect cost-recovery rate of 8 per cent for contributions to other resources; differentiated indirect cost-recovery rates for thematic contributions, programme Government cost-sharing contributions, South-South contributions, National Committee and programme country (private sector) contributions (applicable to UNDP and UNICEF), legacy agreements; and the authority of the respective Executive Directors to waive cost-recovery rates on a case-by-case basis.

Table 1  
**Overview of the differentiated cost-recovery rates, by agency**

<i>Contribution type</i>	<i>UNDP</i>	<i>UNFPA</i>	<i>UN-Women</i>	<i>UNICEF</i>
Non-thematic contributions	8%	8%	8%	8%
Thematic contributions	7%	7%	7%	7%
Various umbrella agreements (formal existing inter-institutional agreements)	Based on the respective umbrella agreement			
National Committee and programme country (private sector) contributions	5%	No preferential rate		5%
Programme Government cost-sharing contributions	Minimum of 3%	5%	5%	5%
South-South contributions	3%–5%	5%	5%	5%

2. Furthermore, the respective Executive Boards requested UNDP, UNFPA, UNICEF and UN-Women to present a joint harmonized report for discussion under the agenda item concerning the structured dialogue on financing the results of their respective strategic plans, to be convened during the second regular session each year.

3. The Executive Boards also requested that UNDP, UNFPA, UNICEF and UN-Women present a joint report on the progress of the policy's implementation, including the financial impact of the harmonized differentiated rates applied and waivers granted, the resulting effective cost-recovery rates and actual cost-recovery amounts realized, and details pertaining to each waiver or discount, specifying the donor, programme name, contribution amount, cost-recovery rate applied and the amount of the waiver or discount.

4. The present joint harmonized report is submitted in response to the aforementioned requests from the respective Executive Boards. It provides consolidated information on the progress of the implementation of the cost-recovery

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<sup>1</sup> Cost recovery includes both direct and indirect costs. Costs are categorized as direct (directly linked and traceable to a programme or project and to benefits derived by programme or project beneficiaries), or as indirect (not directly linked or traceable to a programme or project).

policy, including the financial impact stemming from the harmonized differentiated cost-recovery rates and any waivers granted.

## II. Financial impact of the differential cost-recovery rates in 2024

5. Table 2 below indicates the financial impact of the differentiated rates compared to the 8 per cent rate, broken down by financial impact, in the following categories, where applicable:

- (a) thematic funding;
- (b) framework/umbrella agreements;
- (c) programme Government preferential rates. In addition, the table also presents the financial impact of the waivers.

Table 2  
**Financial impact of the differential cost-recovery rates, 2024**  
(in United States dollars)

Agency and category	Financial impact in 2024
	United States dollars
<b>UNDP</b>	
Thematic contributions	1 860 364
Framework/umbrella agreements	7 801 496
Preferential rates (programme government and South-South contributions)	43 953 068
Waivers	1 629 945
<b>Total impact</b>	<b>55 244 873</b>
<b>UNFPA</b>	
Thematic trust funds	2 253 475
Framework/umbrella agreements	1 592 115
Preferential rates (programme Government and South-South contributions)	2 048 620
Multilateral agreements with inherited reduced indirect cost rate <sup>2</sup>	49 774
Waivers	344 748
<b>Total impact</b>	<b>6 288 732</b>
<b>UNICEF<sup>3</sup></b>	
Thematic funding	10 188 376
Framework/umbrella agreements	9 602 124
Preferential rates (programme Government and private sector, South-South contributions)	13 865 047
Waivers	29 497 021
<b>Total impact</b>	<b>63 152 568</b>

<sup>2</sup> Details are provided in the UNFPA-specific appendix.

<sup>3</sup> UNICEF numbers represent the cost-recovery amounts actually accrued on expenditures incurred during 2024 under agreements with approved cost-recovery rates below the standard 7 per cent, including agreements approved in prior periods.

Agency and category	Financial impact in 2024
	United States dollars
<b>UN-Women</b>	
Framework/umbrella agreements	1 157 455
Preferential rates (programme Government)	468 205
Waivers	3 232
<b>Total impact</b>	<b>1 628 892</b>

### III. Effective cost-recovery rates

6. Comparative information about the effective cost-recovery rates based on actual financial performance for each agency over the last four years, 2021 to 2024, is summarized in table 3 below. The effective rate represents the actual cost-recovery rate realized after considering the effect of differentiated rates and waivers granted each year.

Table 3  
Effective indirect cost-recovery rate for each agency, 2021–2024

Agency	Effective indirect cost-recovery rate (per cent)				Average
	2021	2022	2023	2024	2021–2024
UNDP	6.01	6.33	6.20	6.43	6.24
UNFPA	7.25	7.32	7.37	7.14	7.27
UNICEF	6.90	6.80	6.80	6.69	6.80
UN-Women	6.90	7.18	7.06	7.03	7.04

### IV. Cost-recovery waivers

#### A. Summary of cost-recovery waivers

7. In 2024, UNDP, UNFPA, UNICEF and UN-Women continued to limit the granting of cost-recovery waivers to only exceptional cases. A summary of the cost-recovery waivers approved in 2024 with the associated financial impact is provided in table 4 below:

Table 4  
Summary of cost-recovery waivers granted in 2024  
(in United States Dollars)

	UNDP	UNFPA	UNICEF	UN-Women
Number of cost-recovery waivers granted in 2024	2	3	9	1
Financial impact on annual cost-recovery income from:				
Waivers granted in the current year	136 000	472	5 603 397	3 232
Waivers granted in previous years	1 493 945	344 276	2 031 854	– <sup>4</sup>
<b>Total financial impact</b>	<b>1 629 945</b>	<b>344 748</b>	<b>7 635 251</b>	<b>3 232</b>

<sup>4</sup> UN-Women does not have any continuing waivers from previous years.

## B. Cost-recovery waivers granted in 2024

8. Cost-recovery waivers were granted in 2024 in exceptional cases when deemed essential and funding would otherwise have been at risk, negatively impacting the ability to support programme countries to achieve development results; for urgent and life-saving work; and to promote new funding opportunities, or innovations, or both. Details of the waivers granted in 2024 are provided in table 5 below:

Table 5  
**Details of cost-recovery waivers granted in 2024**  
(in United States dollars)

<i>Donor name</i>	<i>Programme name and duration</i>	<i>Cost-recovery rate</i>	<i>Total contribution</i>	<i>Total financial impact</i>	<i>Financial impact in 2024</i>	<i>Justification</i>
		<i>Percentage</i>		<i>Amount</i>		
<b>UNDP</b>						
Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund)	<b>Name:</b> Global Fund contribution to HIV programme in the Democratic Republic of the Congo  <b>Duration:</b> 2024–2026	6.5	163 709 018	718 306	6 423	Waiver was granted to allow UNDP to act as a Principal Recipient in a difficult humanitarian situation with serious capacity constraints at the national and provincial levels, where no national entity was able to serve as Principal Recipient.
Global Fund	<b>Name:</b> Global Fund contribution to HIV, tuberculosis and malaria in Angola  <b>Duration:</b> 2024–2027	6.5	125 964 744	552 695	129 577	Waiver was granted due to the unique specificities of the case and the high volume of procurement activities for the Global Fund's contribution to a HIV, tuberculosis and malaria grant in Angola.
<b>Total impact</b>				<b>1 271 001</b>	<b>136 000</b>	
<b>UNFPA</b>						
Novo Nordisk Foundation	<b>Name:</b> Strengthening climate resilience through enhanced capacity of individuals, communities and institutions for the development and implementation of climate adaptation actions using innovative, participatory and rights-based approaches	7	643 564	5 569	0	Partner policy is not to exceed a 7per cent indirect cost rate for all grants, and the objective is to grow the partnership with this entity.

<i>Donor name</i>	<i>Programme name and duration</i>	<i>Cost-recovery rate</i> <i>Percentage</i>	<i>Total contribution</i>	<i>Total financial impact</i> <i>Amount</i>	<i>Financial impact in 2024</i>	<i>Justification</i>
	<b>Duration:</b> 1 January – 31 December 2025					
Saudi Arabia	<b>Name:</b> Improving maternal and newborn health among the affected population in the Gaza Strip, State of Palestine  <b>Duration:</b> 1 January– 31 December 2025	7	1 485 000	12 850	0	In alignment with the indirect cost rate applied by other United Nations agencies for agreements with the King Salman Humanitarian Aid and Relief Centre , the donor requested a reduction of the indirect cost rate from 8 to 7 per cent, as it was the maximum rate eligible for the indirect cost rate. The same discounted rate of 7 per cent is applied by other United Nations agencies.
Private individuals	<b>Name:</b> Individual giving programme Zakat pilot campaign in 2024 – State of Palestine and Yemen  <b>Duration:</b> 2024–2025	0	99 861	7 397	472	Zakat, a pilot project under the individual giving programme, requires 100 per cent of collected funds to go towards direct services and beneficiaries in order to build trust with the programme’s Muslim donors and encourage a higher rate of donations.
<b>Total impact</b>				<b>25 817</b>	<b>472</b>	
<b>UNICEF</b>						
World Bank (International Development Association, IDA)	<b>Name:</b> Yemen – Third additional financing for the Emergency Social Protection Enhancement and COVID-19 Response Project	3	150 000 000	2 773 925	2 773 925	Since 2017, UNICEF has consistently applied a cost-recovery rate of 3 per cent to the Emergency Cash Transfer project. The waiver allows UNICEF to access unique IDA funding to preserve a critical social protection programme in Yemen that reaches

<i>Donor name</i>	<i>Programme name and duration</i>	<i>Cost-recovery rate</i> <i>Percentage</i>	<i>Total contribution</i>	<i>Total financial impact</i> <i>Amount</i>	<i>Financial impact in 2024</i>	<i>Justification</i>
						9 million vulnerable individuals.
World Bank (IDA)	<b>Name:</b> Afghanistan – Education Emergency Response in Afghanistan – Additional Financing Project	4	70 000 000	641 026	641 026	UNICEF has consistently applied a cost-recovery rate of 4 per cent to the project since 2022. The waiver allows UNICEF to access funding for critical programming in education and water, sanitation and hygiene with targeted support to increase access to education for girls and access to livelihoods for female education staff in Afghanistan.
World Bank (IDA)	<b>Name:</b> Yemen – Third additional financing for Yemen Emergency Human Capital Project	3	71 000 000	1 312 991	1 312 991	UNICEF has consistently applied a cost-recovery rate of 3 per cent to the project since 2016. The waiver allows UNICEF to access IDA funding to preserve a critical health and nutrition programme in Yemen that has reached 14.1 million vulnerable people to date.
World Bank (IDA)	<b>Name:</b> Afghanistan – Education Emergency Response in Afghanistan – Additional Financing	4	25 000 000	228 938	228 938	The waiver allows UNICEF to access funding for critical education and water, sanitation and hygiene programming with targeted support to increase girls' access to education and access to livelihoods by female education staff in Afghanistan.
World Bank (IDA)	<b>Name:</b> Multiple countries – The Pandemic Fund	7	74 711 531	646 517	646 517	The Pandemic Fund supports global pandemic prevention, preparedness and response by providing additional



<i>Donor name</i>	<i>Programme name and duration</i>	<i>Cost-recovery rate</i> <i>Percentage</i>	<i>Total contribution</i>	<i>Total financial impact</i> <i>Amount</i>	<i>Financial impact in 2024</i>	<i>Justification</i>
						financial resources and incentivizing countries to increase their investments in these areas. The waiver has been obtained to maintain a harmonized rate across the United Nations implementing entities (UNICEF, the World Health Organization and the Food and Agriculture Organization of the United Nations) for the Pandemic Fund.
<b>Total impact</b>				<b>5 603 397</b>	<b>5 603 397</b>	
<b>UN-Women</b>						
Food and Agriculture Organization of the United Nations	<b>Name:</b> Promoting rural women's empowerment in Kosovo <sup>5</sup>  <b>Duration:</b> 2024–2026	7	533 618	4 617	3 232	The 7 per cent indirect cost rate was the maximum rate allowed based on a signed agreement between FAO and the Austrian Development Agency.
<b>Total impact</b>				<b>4 617</b>	<b>3 232</b>	

### C. Cost-recovery waivers granted in prior years for projects ongoing in 2024

9. Table 6 that follows provides details on programmes implemented in 2024 for which cost-recovery waivers were approved in previous years, including their financial impact. The justifications for these waivers were reported to the Executive Boards in the respective organizations' reports.

<sup>5</sup> References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999).

Table 6  
**Details of cost-recovery waivers granted in prior years for projects ongoing in 2024**  
(in United States dollars)

Donor name	Programme name and duration	Cost-recovery rate	Total contribution	Financial impact in 2024
		Percentage		Amount
UNDP				
Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund)	<b>Name:</b> Global Fund contribution to HIV programme (Zimbabwe) <b>Duration:</b> 2021–2023	4	169 545 845	748 410
World Bank	<b>Name:</b> Emergency Social Protection Enhancement and COVID-19 Response Project (Yemen) <b>Duration:</b> 2023–2026	3	63 500 000	745 535
Total impact				1 493 945
UNFPA				
Switzerland	<b>Name:</b> Relocation costs of UNFPA humanitarian staff to Geneva <b>Duration:</b> 2023–2027	0	700 000	13 998
Children’s Investment Fund Foundation	<b>Name:</b> Adolescent sexual and reproductive health Development Impact Bond <b>Duration:</b> 2023–2026	1	5 125 000	291 587
La Croix-Rouge française	<b>Name:</b> Integrated project to strengthen the prevention of HIV transmission, and the prevention and management of cases of sexual violence <b>Duration:</b> 2023–2024	7	2 408 917	10
African Development Bank	<b>Name:</b> Strengthening climate resilience through enhanced capacity of individuals, communities and institutions for the development and implementation of climate adaptation actions using innovative, participatory and rights-based approaches in at least 10 countries in East and Southern Africa <b>Duration:</b> 2023–2025	5	998 192	9 552

<i>Donor name</i>	<i>Programme name and duration</i>	<i>Cost-recovery</i>	<i>Total contribution</i>	<i>Financial impact in 2024</i>
		<i>rate</i> <i>Percentage</i>		
Saudi Arabia	<b>Name:</b> Improving access to quality maternal health services for displaced and vulnerable women and girls in Somalia  <b>Duration:</b> 2023–2025	7	1 455 000	1 632
Saudi Arabia	<b>Name:</b> Provision of emergency gender-based violence and livelihood services for the most vulnerable women and girls in Yemen  <b>Duration:</b> 2023–2024	7	1 945 455	13 715
Islamic Development Bank	<b>Name:</b> Feasibility study to review potential gender outcomes and evidence-based girls’ empowerment interventions  <b>Duration:</b> 2021–2024	0	70 000	3 447
Ireland	<b>Name:</b> Empowering adolescents to prevent unplanned pregnancy within COVID-19 recovery  <b>Duration:</b> 2021–2024	6	1 055 836	4 052
Anonymous	<b>Name:</b> P5 fixed term appointment post in Humanitarian Office (located in Kenya) and P4 temporary appointment post in Washington, D.C.  <b>Duration:</b> 2020–2025	7	2 696 400	6 284
<b>Total impact</b>				<b>344 276</b>
<b>UNICEF</b>				
Italy	Global Office of Research and Foresight, Italy: Additional financing for the Emergency Human Capital Project	1	6 524 537	246 093
Asian Development Bank	Afghanistan: Sustaining Human Capital Project	4	110 800 000	1 014 652

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<i>Donor name</i>	<i>Programme name and duration</i>	<i>Cost-recovery</i>	<i>Total contribution</i>	<i>Financial impact in 2024</i>
		<i>rate</i> <i>Percentage</i>		<i>Amount</i>
World Bank (International Development Association, IDA)	Afghanistan: Additional financing for the Afghanistan Health Emergency Response Project	4	87 000 000	796 703
World Bank (IDA)	Yemen: Financing for the Emergency Human Capital Project	4	(1 384 006)	(25 594)
<b>Total impact</b>				<b>2 031 854</b>

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*Note:* Due to rounding, the totals may differ slightly from the sum of the column.