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UNITED NATIONS POPULATION FUND

UNFPA integrated budget, 2026-2029

(DP/FPA/2025/10)

Annex 2

Cost recovery

Detailed information based on the current cost recovery methodology

Summary

The present document provides detailed descriptions of UNFPA costs under each cost classification category approved by the Executive Board.

It also provides information on UNFPA integrated budget, 2026-2029 (DP/FPA/2025/10), based on the cost recovery methodology approved by the Executive Board in decision 2024/24.

Cost classification

A. Definitions

Costs arising from various activities are classified according to the framework, approved by the Executive Board (decision 2024/24). The classification of activities and corresponding cost categories are:

- (a) *Development/humanitarian activities*: costs associated with programmes and development effectiveness activities that contribute to and are essential for the realization of effective development and humanitarian results, as follows:
 - (i) *Programmes*: activities and associated costs traced to specific programme components or projects, which contribute to delivery of development and humanitarian results contained in country/regional/global programme documents or other programming arrangements;
 - (ii) *Development effectiveness activities*: costs of activities of a policy-advisory, technical and implementation nature that are needed to achieve the objectives of programmes and projects in the focus areas of the organizations. These inputs are essential to the delivery of development and humanitarian results and are not included in specific programme components or projects in country, regional or global programme documents
- (b) *United Nations development coordination activities*: activities and associated costs supporting the coordination of development activities of the United Nations system;
- (c) *Enabling functions*: services and associated costs which are typically provided corporately to promote the identity, direction and well-being of an organization to collectively enable the organization to deliver its mandated programmes and normative agendas. These indirect functions and associated costs cannot be readily or easily traced to specific 'programmes.' It contains the following subcategories:
 - (i) *Management activities*: activities and costs associated with executive direction, representation, external relations and partnerships, corporate communications, legal, information technology, finance, administration, security and human resources. Management costs can be classified as recurrent or non-recurrent;
 - (ii) *Independent oversight and assurance activities*: activities and associated costs supporting the independent audit and investigations and corporate evaluation functions;
 - (iii) *Special-purpose activities*: activities and associated costs of capital investments; and services for other United Nations organizations.

B. Overview of UNFPA institutional budget costs under each cost classification category

Development effectiveness	
Headquarters	<p><i>Programme Division</i> – leadership and operations support (excludes personnel whose work contributes directly to strategic plan development/humanitarian outcomes and outputs, which are classified as programme);</p> <p><i>Humanitarian Response Division</i> – leadership and operations support;</p> <p><i>Division for Management Services, Quality Management Unit</i> – primarily deals with the harmonized approach to cash transfers to implementing partners and partner implementation assurance.</p>
Regional offices	<p><i>Deputy regional directors</i> – performing an overall programme development, oversight and guidance role;</p> <p>Functions dealing with <i>overall programme support</i> to country offices, including <i>monitoring and evaluation</i>.</p>
Country offices	No development effectiveness functions at country level.
United Nations development coordination	
Corporate	UNFPA share of the resident coordinator system costs
Enabling functions	
Management	
Headquarters	<p>Office of the Executive Director;</p> <p>Ethics Office;</p> <p>Legal Office;</p> <p>Office of the Security Coordinator;</p> <p>Division for External Relations, including representation offices (except programmatic activities);</p> <p>Division of Human Resources, including positions embedded with regional offices;</p> <p>Division for Management Services;</p> <p>Information Technology Solutions Office.</p>
Regional offices	<p>Regional Directors, personal and special assistant to the Director;</p> <p>Resource mobilization, communications, security and human resources functions;</p> <p>Office operations support functions not directly linked to programme support (e.g., international operations manager, finance/administrative support posts, ICT).</p>
Country offices	Representatives
Independent oversight and assurance activities	
Headquarters	<p>Office of Audit and Investigations Services;</p> <p>Independent Evaluation Office;</p> <p>Costs of Board of Auditors and the Joint Inspection Unit.</p>

C. Calculation of cost recovery rate based on the approved methodology

		Total 2026-2029
Use of resources		
A1	Regular resources (RR)	1,437.2
A2	Other resources (OR)	3,804.4
	Total	5,241.6
1. Calculate the proportionate percentage share of RR and OR in the planned use of resources		
B1	Proportionate share of RR	27%
B2	Proportionate share of OR	73%
2. Calculate the sum of management and comparable special-purpose costs (and remove costs related to critical, cross-cutting functions)		
C	Institutional budget	556.5
	<i>Less:</i>	
C1	Development effectiveness activities	-
C2	Non-comparable specialpurpose activities	-
C3	United Nations development coordination activities	-17.6
C4	Critical cross-cutting management functions	-99.9
C5	Critical cross-cutting oversight and assurance functions	-
	Total - institutional budget (IB) subject to cost recovery	439.0
3. Take the amount calculated in step 2 and split it proportionally according to the levels of total planned core and non-core use of resources		
D=C-(C1:C5)	Institutional budget subject to cost recovery based on approved methodology	439.0
E1=B1*D	RR proportional share of IB	120.4
E2=B2*D	OR proportional share of IB	318.6
	F=E2/(A2-E2) Notional rate	9.1%

D. Critical cross-cutting functions

The cost-recovery methodology considers that certain elements of enabling functions costs are integral to the existence and the advancement of the mandate of the organization, and must be carried out, irrespective of the volume of programme implementation; therefore, their funding must be assured from regular resources. For UNFPA, these represent the cost of the representatives in country offices.