

# Visual Guide to UNDP Cost Recovery Business Process

## DELIVERY ENABLING SERVICES

### PLAN

- Estimate full direct costs at the project's design stage.
- Prepare project budget
- Establish Annual workplan

[Additional Resources for planning Delivery Enabling Services](#)

### IMPLEMENT

- Follow Planning and paying for Service Delivery to Projects.
- Use Multiple funding lines for positions.
- Use DPC stand-alone project (Annex 1).
- Use UPL/LPL.

[Additional Resources for implementing Delivery Enabling Services](#)

### MONITOR & REPORT

- Ensure accurate recovery.
- Review and clear DPC accounts exceptions regularly.
- Review and clear expenses in DPC Pre-financing fund code 11309

[Additional Resources for monitoring and reporting Delivery Enabling Services](#)

## GENERAL MANAGEMENT SUPPORT

### PLAN

- Recover minimum 8% for 3rd party cost sharing and trust fund contributions for newly signed agreements.
- Recover 7 % for thematic contributions at global, regional, and country level.
- Recover minimum 3-5% for Government Cost Sharing (GCS) and South-South contributions.
- Recover 8% for International Financial Institutions (IFI) or a preferential rate of 5% with certain conditions.

[Additional Resources for planning General Management Support](#)

### IMPLEMENT

- Apply GMS on contributions received from Other Resources.
- Set up GMS in ERP system.

[Additional Resources for implementing General Management Support](#)

### MONITOR & REPORT

- Review and resolve monthly GMS exceptions.

[Additional Resources for monitoring and reporting General Management Support](#)

## UN AGENCY SERVICES

### PLAN

- Recover all costs for services provided to other Agencies.
- Use UPL for standard services
- Use LPL for ad-hoc services
- Recover Global Services provided at HQ/Shared Services Center (e.g. Payroll)
- Apportion the costs of Common Shared Services

[Additional Resources for planning Agency Services](#)

### IMPLEMENT

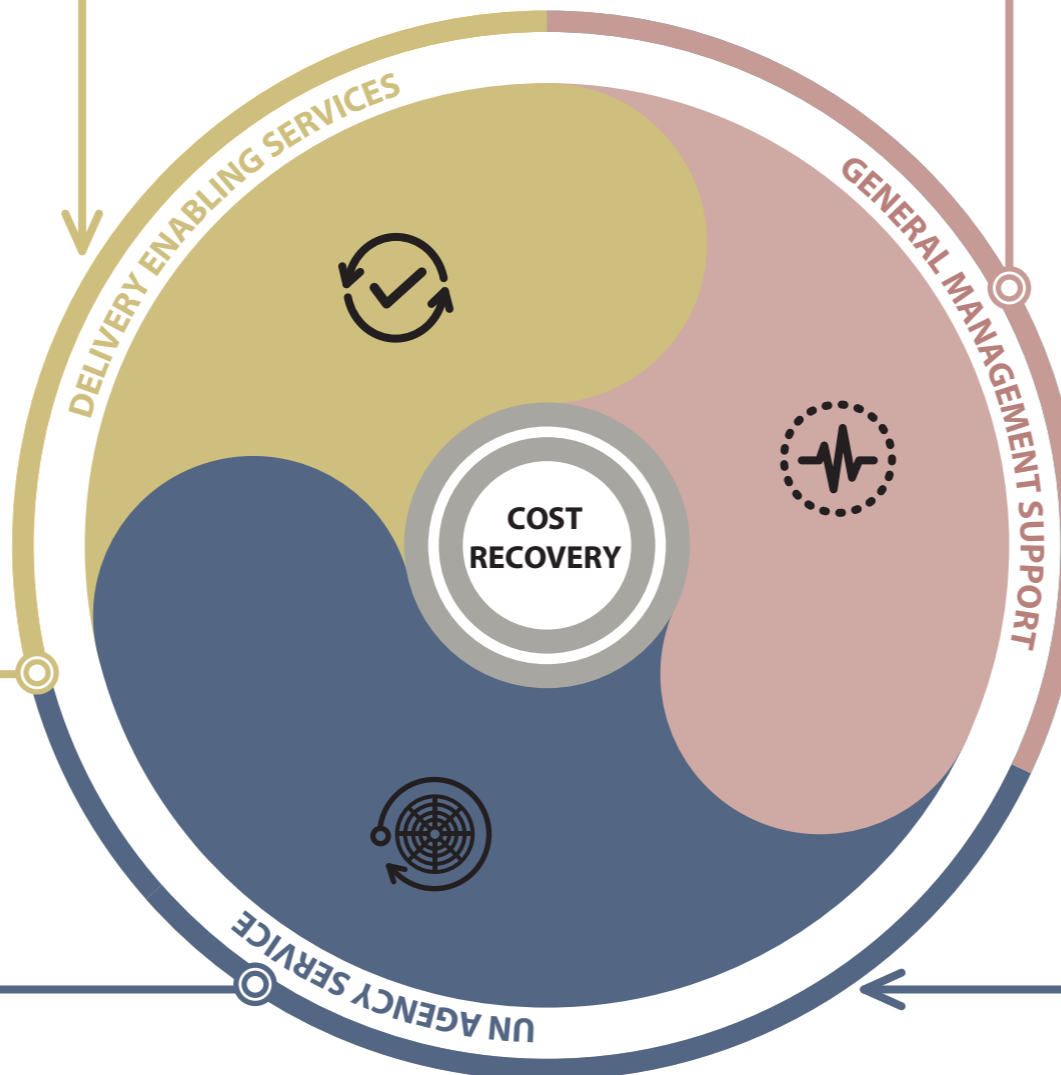
- Use MOU or Framework agreement at Headquarters level.
- Use SLA at country level when needed.
- Ensure adequate pre-funding is received for all services provided
- Ensure timely billing and collection of income from service provision

[Additional Resources for implementing Agency Services](#)

### MONITOR & REPORT

- Monitor level of funding
- Send Service Clearing Account (SCA) reports monthly/mid-year and yearly to UN Agencies (GSSU Agencies)
- Reconcile the Service Clearing Account (SCA) between the UNDP and the UN Agencies mid-year and annual basis. (GSSU Agencies)

[Additional Resources for monitoring and reporting Agency Services](#)





### TOOLS

### GUIDANCE

Estimate full Direct Costs at the project design

- Prepare Fully Costed Budgets for Projects

Budget Template - multi-year workplan

Prepare Project Budgets

- Major Budget lines - Personal and Other Operational Costs

PPM Project Document Template

Establish Annual Work Plan (AWP)

- Guidelines on UNDP Country Office Workload Survey
- Estimate number of transaction-based services applying the Use of UPL and LPL
- A project may also share personnel costs on any contractual modality for shared services in the office

Workload Study Survey Template



Annual Position Proforma

Annex 1: Direct & Indirect Cost table

Delivery Enabling Services can be implemented with the following methodologies

Follow Planning and Paying for Service Delivery to Projects Main Document

Use Multiple Funding Lines for Positions

- Use the Atlas HR module to minimize transaction costs
- Guidance note for Atlas position type

Guidance note for Atlas position type

Use DPC Stand-alone project (Annex 1)

If the funding source for staff to provide project services is unknown at the time of payment, an interim pre-funding line may be used.

Use UPL and LPL

attributing to delivery enabling services when offices find it impractical to charge the operations unit staff time through a position with multiple-funding lines.

- User guide on DPC account codes

User guide on DPC account codes

### MONITOR & REPORT



# DELIVERY ENABLING SERVICES



MONITOR & REPORT

## TOOLS

## GUIDANCE

Ensure accurate recovery of Delivery Enabling Services

Review and clear DPC accounts exceptions regularly

- 64397 - Services to projects – CO staff
- 74596 - Services to projects - GOE
- 64399 - Expert Advisory Services - HQ staff

DPC Account Exception report



User guide on DPC account codes



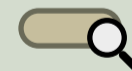
Review and clear expenses in DPC Pre-financing fund code 11309.

- The GL expenses in the Fund 11309 must be zeroed out for the current year, attributing all expenses to the appropriate development projects via GLJE.

DPC Stand-alone project Exception report (pre-financing)



Guidance note - DPC Stand-alone project



Atlas DPC queries Name & Navigation on to the frequently used queries  
(Atlas Finance > reporting tools > query > query viewer >)

1. UN\_DPC\_CHARGES
2. UN\_DPC\_PRE\_FINANCING\_GL



COST RECOVERY



## TOOLS

## GUIDANCE

### PLAN

Recover minimum 8% for 3rd party cost sharing and trust fund contributions for newly signed agreements

Recover 7% for thematic contributions at global, regional and country level

Financing Agreements and Templates

2019 FAQs on Financing Agreements

Recover minimum 3 - 5 % for Government Cost Sharing (GCS), and South-South contributions

Recover 8% for International Financial Institutions (IFI) or a preferential rate of 5% with certain conditions

International Financial Institutions (IFIs)

Guidance Note on GMS for IFIs

### IMPLEMENT

Apply GMS on contributions received from Other Resources

GMS implementation procedures

Set up GMS in ERP system

Power BI -Average GMS Rate

- The full amount of contributions shall be programmed as part of the project budget, with a separate budget line for the GMS fee component.
- The cost recovery rate is charged on the programmable budget.

GMS Calculator

Guidance note on Atlas GMS set-up & GMS reports

Use Account Codes

**\*\*\* ACCOUNT CODES:**

- \* GMS fee budget Account -75100
- \* GMS expense Account code -75105
- \* GMS current year adjustment -75110
- \* GMS prior year adjustment - 75115
- \* No GMS on exchange rate gain/loss accounts -761xx



### MONITOR & REPORT



## TOOLS

## GUIDANCE

MONITOR & REPORT

Review and resolve monthly general management support exceptions.

Monthly GMS Exception Report



The Office needs to ensure that:

- There are no missing GMS rates set-up in Grants module
- the GMS rate in the Grants module reflects the GMS rate in the Contract or Standard minimum rate.
- For any reversal of the GMS accounts (751xx) should be excluded. The subsequent GMS batch process will post GMS fees on those adjustment entries using available GMS rates in Atlas. GMS batch runs twice a month.



Frequently used GMS related queries Name & Navigation:

- 1- OFRM\_GMS\_CHECK
- 2- OFRM\_GMS\_PROJECTION
- 3- OFRM\_INST\_REVENUE\_GMS
- 4- UN\_Fund\_Status (GL)
- 5- UN\_GMS\_FNA\_DTL\_KK



Frequently used UN report Name & Navigation:

- Atlas Finance > UN Report  
> Financial Management Reports  
> Account Activity Analysis
- Atlas Finance > UN Reports > IPSAS Reports  
> Donor Reports  
> Cumulative Project Interim Financial Report (CPFR)
- Atlas Finance > Grants > Project Management  
> UNDP Project Closure Workbench  
> Search for specific Output  
> Tab Financial Closure Checklist  
> Charged GMS rate % shown



For any queries, please contact  
[bms.ofm.pdi@undp.org](mailto:bms.ofm.pdi@undp.org)



COST RECOVERY



## TOOLS

## GUIDANCE

### Recover all costs for services provided to other Agencies

- Use UPL for standard services: provided in the same way each time they are requested. Same standard procedures across UNDP offices.
- Use LPL for ad-hoc services: services that cannot be standardized across CO or vary in scope each time. Use local price.
- Recover Global Services provided at HQ/Shared Services Center (e.g. Payroll charges)
- Apportion the costs of Common Shared Services:
  - Share costs among UN agencies based on agreement
  - Ensure UNDP fully recovers the cost of managing common services.
  - Use UPL if there is no relevant Local agreement among UN agencies.
  - Use Non-UNDP fund codes 139xx for other agency portion of common services

UN Agency Services →

See: UPL in UPL&LPL →

Guidelines for shared/common services (revenue management, account codes, fund codes and expense management) →

Corporate Financial Reporting and Agency Services (CFRA) Agency Services →

Guidance on True Hourly Cost Recovery Methodology →

UNDG Guidance →

### Provisions regarding Cost Recovery from UN Volunteers

### Use MOU or Framework Agreement with a UN entity that was agreed at Headquarters level

- ✗ No need for local CO level MOUs

Repository of PCA/SCA MOU →

Repository of UN Agreements →

UN Agency Services →

### Use SLA when needed at country level. In the following cases an SLA is not mandatory

- ✗ Not mandatory if
  - Provision for SL is covered by MOU or Framework agreement
  - Services are covered by a common services MOU, Framework Agreement or Business Operations Strategies.
  - Services are within UPL and LPL



## TOOLS

## GUIDANCE

### IMPLEMENT

- Ensure adequate pre-funding is received for all services provided
  - Headquarter (OFM/FPMR/CFRA) provides a weekly funding status to all agencies

- Ensure timely billing and collection of income from service provision
  - Minimum quarterly billing.
  - At year-end, billing should be accounted for in the year when services were provided.

Service Clearing Account (SCA) for non-Atlas UN Entities: Charging, Billing and Fee Collection

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### MONITOR & REPORT

- Country office reviews and resolves the SCA rejected transactions from UN Agencies (Non-ATLAS Agencies using SCA modality).
- For Service Clearing Account (SCA), Headquarter monitors the level of funding on a weekly basis and alert UN Agencies (Non-ATLAS) when balances are low to ensure adequate funding balances are available.
- Headquarter sends Service Clearing Account (SCA) reports on a monthly/mid-year and yearly basis to UN Agencies (Non ATLAS). (GSSU Agencies)
- Headquarter reconciles the Service Clearing Account (SCA) between the UNDP and the UN Agencies (Non-ATLAS). (GSSU Agencies with support from COs)

UN Agency Services

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SCA Rejects

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Atlas Query > Finance > Reporting Tools > query > query viewer

- [ OFRM\_INST\_REVENUE\_AGY\_SRV ] →
- [ OFRM\_INST\_REVENUE ] →

Agency Services Clearing Global

- Atlas-UN Report > Financial Management Reports > Expenditure Management Reports > Agency Service Clearing Global

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Service Clearing Account (SCA) for non-Atlas UN Entities: Charging, Billing and Fee Collection

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Annual letter from UNDP to agencies

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### COST RECOVERY