**Annex 1**

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| **DIRECT COSTS**  **Programme Resources (i.e., funded from Projects)** | **INDIRECT COSTS**  **Institutional Resources (i.e., funded from Core IB and GMS)** |
| **Costs that can be directly linked to a particular project and traced to it in a reasonable and economically feasible way. In case of personnel, such costs should be costed fully, i.e. including:** staff salary, benefits and entitlements, centrally managed costs, including payroll reserves for learning, ICT, JFA, MAIP, ASHI, EOS etc., office rent, utilities, communications, supplies, and office security.  Personnel may be directly contracted under a project, or a project may receive services from other UNDP personnel.  **Direct costs include the following functions/activities, in addition to specific project activities described in the project document:**   * Project management * Project communications, advocacy, and funding partner visibility * Independent Audit and Evaluation * Quality Assurance (QA) services * Monitoring and evaluation of projects * Project briefings and technical guidance for project stakeholders * Project meetings, progress, and final reporting * Donor-specific reporting * Support to implementing and responsible parties * HACT assessments and all assurance activities   **The following functions/activities typically require sharing of personnel, including on staff contracts, to be paid by the project as Delivery Enabling Services under specific project activities\*:**   * **Project Supervision and Coordination** * **Programme Coordination** * **Policy advice and Quality Assurance** * **Risk Management** * **Activities leading to project closure (checklist)** * **Administrative, Operational, and Other Shared Services** such as: * Creation of documents relating to revenue processing, budget, expenses, payments, vendor and project level reporting, requisitions, purchase orders, vouchers, payroll processing * Procurement of goods and services * Human resources (HR) services: recruitment and management of project personnel (recurrent personnel management, security and general administration briefings, trainings and learning tools) * Logistics services for office premises * Logistics support services such as travel and event management * Communication support for project personnel and activities * Equipment and asset management services, including information technology (IT) equipment, maintenance, licenses, and support for the project team and activities * **Contingency** | **Organizational costs that are not directly attributable to specific projects or services, but are necessary to fund the corporate structures, management and oversight costs of the organization**   * Corporate executive management functions * Corporate resource mobilization functions * Corporate communications advocacy functions * Senior management functions of CO, regional offices, and HQ * Corporate and regional offices, oversight functions (finance, HR, administration, etc.) * Accounting and financial management of staff at HQ and regional offices * Independent corporate oversight functions at HQ * Institutional legal support functions at HQ * HR management of UNDP office staff * Corporate policy guidance functions on procurement and logistics support for HQ and country or regional offices * Office management, office resource and financial management, HR management (learning, training, recruitment, performance management) * Programme and policy advisory services provided by UNDP personnel\* for Programme and Portfolio Management * Direction and oversight of overall project implementation/delivery * Design, formulation, and presentation of project documents with substantive workplans and fully costed budgets * Development of performance targets, QA indicators, and assessments * Approval of project transactions (advances and expenses) and budget revisions as per internal control framework, project closures   **Operational and administrative support services to UNDP offices for performing the following tasks/functions:**   * Financial services (annual work-planning, budgeting, disbursing, spending, and office management budgets and positions monitoring) * Procurement services for property (lease), plant and equipment for the office * HR services: recruitment and management of office personnel including HR, security and general administration briefings, trainings and learning tools * Logistics support services such as travel and office event management * Equipment and asset management services, including IT equipment, maintenance, licenses, and office support * Corporate equipment and related maintenance and depreciation * Corporate shared resources not directly attributable to the project, such as corporate IT platforms and security, corporate planning, budgeting, reporting and risk management tools |
| *\*The services can be provided by UNDP personnel in different geographical locations. Please note:*  ***- For UNDP personnel above the P5 level on positions fully funded by core IB and GMS by nature of its functions,*** *reimbursement from project budgets is not allowed irrespective of services provided to projects. Such services generally fall under the indirect cost category.*  *-* ***For UNDP personnel at the P5 level or below****, his/her activities that are directly linked to a particular project may be charged as direct project costs. However, such activities should be charged judiciously, noting its leadership function, and may not exceed 40% of the person’s cost.*  *Note: As per the Board document (DP/2013/41) and associated Board decision (DP/2014/2), effective 1 January 2014, all P5 level positions and below can be multi-funded.* | |