# 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 DES (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

## DELIVERY ENABLING SERVICES

## GENERAL MANAGEMENT SUPPORT

## UN AGENCY SERVICE

## COST RECOVERY

## UN AGENCY SERVICE

### 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 (GSSC Agencies
- Reconcile the Service Clearing Account (SCA) between the UNDP and the UN Agencies mid-year and annual basis. (GSSC Agencies)

Additional Resources for monitoring and reporting  Agency Services

# DELIVERY ENABLING SERVICES
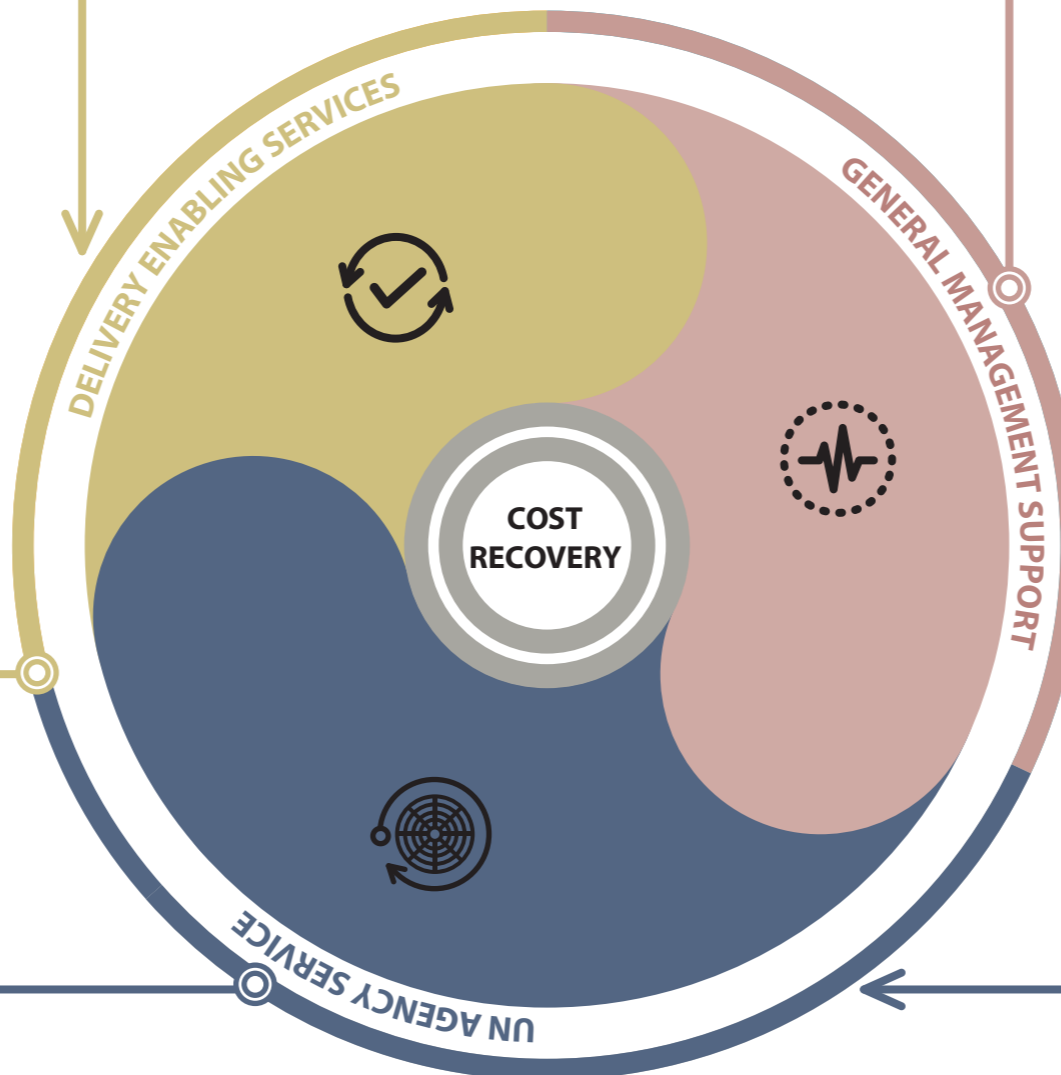
⚙ **TOOLS**          📄 **GUIDANCE**

## PLAN

**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 →

## IMPLEMENT

**Delivery Enabling Services can be implemented with the following methodologies**

**Follow Planning and Paying for Service Delivery to Projects** ↗

**Use Multiple Funding Lines for Positions** ↗

- **Use the HR module to minimize transaction costs**
- **Guidance for position Management in Quantum**

  Guidance for Position Management in Quantum →

**Use DES (DPC) Stand-alone project** ↗
**If the funding source for staff to provide project services is unknown at the time of payment,
(Annex 1) an interim pre- funding line may be used.**

  User guide for DES (DPC) Entries in Quantum →

**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 DES (DPC) account codes →

## MONITOR & REPORT

# DELIVERY ENABLING SERVICES

## TOOLS ## GUIDANCE

**MONITOR & REPORT**

**Ensure accurate recovery of Delivery Enabling Services**

**Review and clear DES (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 DES
(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 -
DES (DPC)
Stand-alone
project

Quantum queries for 2023 to be developed soon

**COST RECOVERY**

**GENERAL MANAGEMENT SUPPORT**

Visual Guide
**Business Process for Cost Recovery**
Procedures, Tools and
Guidance at Glance

UNDP

**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

Power BI -Average
GMS Rate

Set up GMS in ERP system

- The full amount of contributions shall be programmed
  as part of the project budget,
  with a separate budget line for the GMS fee component.

GMS Calculator

Guidance note
on GMS setup in
Quantum

- The cost recovery rate is charged on the programmable budget.

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

# GENERAL MANAGEMENT SUPPORT

## ⚙ TOOLS        📄 GUIDANCE

**MONITOR & REPORT**

**Review and resolve monthly general management support exceptions**

GMS Exceptions
- Power Bi
➡

**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 Quantum.**

🔍
**Frequently used GMS related queries Name & Navigation: Quantum queries for 2023 under development.**

🔍
**Quantum queries for 2023 under development.**

@ **For any queries, please contact bms.ofm.pdi@undp.org** ➡

## COST RECOVERY

# UN AGENCY SERVICES

## TOOLS

## GUIDANCE

### PLAN

**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

**Provisions regarding Cost Recovery from UN Volunteers**

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) →

Guidance on True
Hourly Cost
Recovery
Methodology →

UNSDG Guidance →

### IMPLEMENT

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

- ✖ No need for local CO level MOUs

**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

Repository -
PCA/SCA – For
UN/Other
Partners →

Repository of UN
Agency
Agreements →

UN Agency Services →

## 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 efficient agency service management through UNALL Agency portal**

- All services requested by UN Agencies should be managed through the Agency Portal and cases should be closed in the portal upon completion of service provision to ensure that service fees are timely and accurately recorded in the service period.

Agency Services Report

### MONITOR & REPORT

**Country office reviews and resolves the SCA rejected transactions from UN Agencies (Non-Quantum Agencies using SCA modality).**

UN Agency Services

**For Service Clearing Account (SCA),**
Headquarter monitors the level of funding on a weekly basis and alert UN Agencies (Non-Quantum) when balances are low to ensure adequate funding balances are available.

SCA Rejects

**Headquarter sends Service Clearing Account (SCA) reports on a monthly/mid-year and yearly basis to UN Agencies (Non-Quantum). (GSSC Agencies)**

**Headquarter reconciles the Service Clearing Account (SCA) between the UNDP and the UN Agencies (Non-Quantum). (GSSC Agencies with support from COs)**

**Quantum reports for 2023 under development.**

**Country Offices should ensure that service request cases are immediately closed in the Agency Portal after completion of service provision to ensure timely and complete accounting for exchange revenue.**

**Country Offices should ensure that basic information and documentation regarding the identification and authorization of services requested are provided and included in Agency portal and Quantum to minimize the risk of rejection and facilitate tracking and reconciliation.**

**Country office review SCA Transactions from UN Agencies using the UNALL Agency Portal Report.**

**Headquarter monitors the level of funding on a weekly basis and alert UN Agencies (Non-Quantum when balances are low to ensure adequate funding balances are available.**

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

**Headquarter sends Service Clearing Account (SCA) reports on a monthly/mid-year and yearly basis to UN Agencies (Non QUANTUM). (GSSC Agencies)**

Annual letter from UNDP to agencies

### COST RECOVERY