

Global Green Growth Institute

Third session of the Council

Songdo, 8-9 June 2013

Overhead percentage proposal

At the sixth meeting of the Facilitative Sub-Committee (FSC), the FSC discussed a proposal from the Audit & Finance Sub-Committee (AFSC) to apply a uniform overhead percentage to earmarked funded projects.

Currently, the GGGI's earmarked funded projects have different cost allocation agreements with donors. This leads to core funds being used to subsidize part of the overhead cost of the earmarked funded projects. To assure full transparency and accountability of overhead allocation across all projects regardless of funding sources, the overhead cost should be managed in a more uniform manner.

The FSC would like to recommend that the Council apply a minimum of seven (7) percent of overhead cost recovery rate to earmarked funded projects. For comparison, seven to eight percent is the standard overhead percentage applied by other international organizations, including UNDP, UNICEF, UNFPA and WFP. On this basis, seven percent should be deemed as a reasonable level of overhead cost recovery rate for the GGGI.

In accordance with Regulation 6.6.b of the interim Financial Regulations, the Council is invited to consider applying a minimum of seven (7) percent of overhead cost recovery rate for GGGI earmarked funded projects.