

EXECUTIVE ORDER No. 07-01 Rev. 3

SUBJECT: POLICY ON INDIRECT COST RECOVERY

THE SECRETARY GENERAL,

In the exercise of the powers conferred upon him by Articles 109 and 113 of the Charter of the Organization of American States ("OAS") and Articles 4, 8, 12, 14 and 80 of the General Standards to Govern the Operations of the General Secretariat of the Organization of American States (hereinafter referred to as the "General Standards"); and,

CONSIDERING:

That, on May 23, 2007, the Permanent Council, through Resolution CP/RES. 919 (1597/07), approved ad referendum of the General Assembly, the amendment to Articles 78 and 80 of the General Standards in order to more clearly set out the policy of the General Secretariat with regard to the recovery of direct and indirect costs for projects funded by Specific Funds and Trust Funds entrusted to the General Secretariat;

That, on June 5, 2007, the General Assembly, through Resolution AG/RES. 2302 (XXXVII-O/07), approved the amendment of Articles 78 and 80 of the General Standards;

That, Article 80(c) of the General Standards establishes that the budget for every project of the General Secretariat funded all or in part by Specific Funds and Trust Funds shall include all of the direct costs, as well as a line item for recovery of indirect costs, and it shall indicate their source of financing;

That, Article 80(d) of the General Standards provides that the General Secretariat shall establish the rate for the recovery of indirect costs for projects funded by Specific Funds and Trust Funds, and it shall submit reports to the Committee on Administrative and Budgetary Affairs ("CAAP") regarding the indirect costs recovered and their use by the General Secretariat;

That, it is necessary to have a uniform policy for the recovery of indirect costs throughout the General Secretariat on the amount of indirect cost to be recovered pursuant to Article 80 of the General Standards;

That, through Executive Order No. 05-11, the Secretary General established the Project Evaluation Committee as the primary body entrusted with the evaluation of the appropriateness and importance of all proposed projects in the General Secretariat;

That, the General Secretariat is financed with multiple funding sources, requiring efficiency, effective record-keeping, and a transparent environment that will earn the confidence of its donors and staff members;

That, a uniform indirect cost recovery policy will provide, among others, the following products and services: planning, monitoring, review and evaluation of projects; resource mobilization services; financial management framework (e.g., financial manuals, handbooks, guidelines, and training); staff recruitment; overall administrative functions of the General Secretariat; legal and financial review of agreements; banking operations (e.g., receipt of funds, check emission, bank reconciliations); financial reporting; external audit coordination and representation; internal audits; setup and management of accounts; procurement of goods and services; recording and processing of transactions; facilities and utilities; and general use office equipment and supplies (e.g., networks), etc.;

That, a sound indirect cost-recovery (hereinafter referred to as "ICR") policy should ensure transparency and reduce "cross-subsidization" among projects and funds;

That, it is necessary to coordinate the negotiation with donors and potential donors of the Organization's ICR recovery rate through the Secretariat for Administration and Finance (hereinafter sometimes referred to herein as "SAF");

That, well executed programs and the trust of the Member States and the international community are essential elements to sustain and increase support for the mission of the General Secretariat, as well as to meet the Organization's financing needs;

That, in accordance with AG/RES. 2815 (XLIV-O/14), the General Secretariat presented the "Strategic Plan for Management Modernization of the Organization of American States" for consideration of the Permanent Council and that the objective of this Executive Order is to reflect the recommendations included therein for improving the management of ICR;

That through AG/RES. 2892 (XLVI-O/16), entitled "Management Modernization," the General Assembly, among other things, instructed "the Secretary General to implement measures to improve Indirect Cost Recovery (ICR) by applying a rate of 13% on all projects and programs funded through specific funds and eliminating the option to waive or reduce the ICR;" and

That through AG/RES. 1 (LII-E/17), entitled "Program-Budget of the Organization for 2018," the General Assembly instructed the General Secretariat to revise the Executive Order 07-01 rev. 2 in order to provide an exception for contributions in support of holding ministerial level meetings which are co-financed by the Regular Fund, and to make such exception applicable to all such contributions in support of meetings scheduled but which have not yet occurred during the 2017 calendar year,

RESOLVES:

I. Definitions. For purposes of this Executive Order, the following definitions are used:

A. Agreement. The term "Agreement" includes, but is not limited to, contribution agreements, grant agreements, donations, exchanges of letters, amendments, and letters and memoranda of understanding entered into by the General Secretariat and third parties. The term "Agreement" shall also include those supplementary agreements and amendments to agreements in force as of the date of this Executive Order where the ICR rate was not established in the underlying agreement, but was left to later negotiation between the parties.

B. Contribution. Funds received by the General Secretariat for Specific and Trust Fund projects and activities pursuant to Agreements with Member State governments, non-Member State governments, and all other entities, organizations, and institutions. For purposes of this Executive Order, the term "Contribution" shall also include membership fees paid to the General Secretariat, income from fundraising activities by the General Secretariat, and income from the provision of services by the General Secretariat to third parties.

C. Contribution Amount. The total amount received for a particular project or activity. This amount includes Direct Costs and the amount allocated to ICR pursuant to this ICR Policy.

D. Direct Costs. Costs that can be attributed to a particular project or activity with a high degree of accuracy.

E. Indirect Costs. Costs that are incurred for a common purpose which cannot be easily attributed to a particular project or activity.

F. PEC. The Project Evaluation Committee established by the Secretary General through Executive Order No. 05-11 as the primary body entrusted with the evaluation of the appropriateness and importance of all proposed projects in the General Secretariat.

II. Indirect Cost Recovery Policy

To establish the following uniform ICR policy for Contributions received by the General Secretariat:

A. Contributions received by the General Secretariat shall include a minimum ICR rate of thirteen percent (13%). ICR shall be calculated based on the Contribution Amount in support of the project or activity.

B. Contributions in support of the holding of an OAS General Assembly and ministerial meetings which are co-financed by the Regular Fund are not subject to the requirements of this Executive Order.

III. ICR Coordination

The Secretariat for Administration and Finance is tasked with the coordination of the ICR Policy.

IV. Review of the ICR Policy established under this Executive Order

The General Secretariat, through the Secretariat for Administration and Finance, shall review annually the ICR Policy established under this Executive Order. When necessary, the General Secretariat will implement revisions to the ICR Policy.

V. Scope

A. The ICR Policy established by this Executive Order shall be applicable to all Contributions received by the General Secretariat pursuant to all Agreements that are signed by the General Secretariat after the entry into force of this Executive Order.

B. The ICR Policy established by this Executive Order shall not be applicable to Contributions received by the General Secretariat prior to the entry into force of this Executive Order nor shall it be applicable to Contributions which have not yet been received by the General Secretariat but which are pending receipt pursuant to negotiations already concluded between the General Secretariat and the donor and which are for the execution of projects already approved by the PEC prior to the entry into force of this Executive Order.

VI. Repeals and Entry into Effect

A. This Executive Order repeals and supersedes all Executive Orders and other regulatory instruments of the General Secretariat and all other past and present norms that are inconsistent with the terms of this Executive Order.

B. This Executive Order shall enter into force on the date on which it is signed.


Luis Almagro
Secretary General

Date: November 28, 2017
Original: English