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Consolidated Annual Progress Report on Activities Implemented under the Malawi One Fund

**Report of the Administrative Agent of the Malawi One UN Fund
for the Period 1 January to 31 December 2012**

Multi-Partner Trust Fund Office
Bureau of Management
United Nations Development Programme
<http://mptf.undp.org>

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PART II Malawi One UN Fund: FINANCIAL REPORT

1.) Introduction

One UN Fund in Malawi was established upon the signing of the “Terms of Reference on One UN Fund for Malawi” on 1 December 2008. The objective of the One UN Fund is to support coherent resource mobilization, allocation and disbursement of donor resources to the One Plan to achieve the national development goals under the direction of the UN Resident Coordinator (RC).

As of 31 December 2012, 13 Participating UN Organizations (PUNO) signed the above-mentioned MoU, which are: Food and Agriculture Organization (FAO); International Labour Organization (ILO); Joint United Nations Programme on HIV/AIDS (UNAIDS); United Nations Capital Development Fund (UNCDF); United Nations Development Programme (UNDP); United Nations Education and Science Commission (UNESCO); United Nations Population Fund (UNFPA); United Nations Human Settlements Programme (UNHABITAT); United Nations High Commission for Refugees (UNHCR); United Nations Children’s Fund (UNICEF); United Nations Industrial Development Organization (UNIDO); World Food Programme (WFP); and World Health Organization (WHO). Under the MoU, UNDP has been serving as Administrative Agent (AA) for the Fund.

The One Fund Malawi is administered by the UNDP Multi-Partner Trust Fund Office (MPTF Office) in New York, with certain functions delegated to UNDP at country-level. This financial report was prepared as one of the agreed reporting requirements depicted in the MoU and will constitute a part of the UNDAF Action Plan report for 2012. The data in this report are based on the official financial statements which were submitted by the headquarters of the PUNOs and consolidated by UNDP Multi-Partner Trust Fund Office (MPTF Office) in its role as the AA of the Malawi One UN Fund, and are considered as the official financial reporting figures for the year 2012.

2.) Fund Extension

In 2012, the Malawi One UN Fund was extended until December 2016 to correspond to the new UNDAF. The extension of the fund included an updating of the Terms of Reference, which included a new window for humanitarian activities.

The aim of the humanitarian window is to provide a rapid and flexible in-country funding mechanism to help respond to shocks and meet the short-term emergency needs of vulnerable communities. The emphasis of the window will be to support rapid response projects seeking to contribute to sustaining lives and prevention of further erosion of livelihood assets through supporting positive coping mechanism of communities. The window will also be available to strategically fill gaps (geographic or sectoral) within an overall emergency response plan as reflected in the national contingency plan.

3.) Financial Overview

As of the end of the reporting period ending on 31 December 2012, the balance remaining with the Administrative Agent was US\$1,303,751. Cumulatively, total contributions amounted to US\$50,939,559. In addition, US\$ 172,187 was earned in interest by the fund, and US\$74,071 received by Participating UN Organizations in interest. Thus, the cumulative source of funds was US\$ 51,185,817. Of this amount, US\$48,762,729 was transferred to 14 Participating UN Organizations. The Administrative Agent fee was charged at the approved rate of 1% on deposits and amounted to US\$ 509,396 as at 31 December 2012. In addition, direct costs of US\$ 1,574,414 were charged to the fund. These costs included expenses by the Resident Coordinator's Office to fund various activities by the Technical Working Groups as part of the UN transformation Plan. Allocations to the direct cost budget were approved by the Special Session. Table 1 shows the change in fund cash balance with the Administrative Agent of the fund as of 31 December 2012.

Table 1. Change in fund cash balance with Administrative Agent for the period ending 31 December 2012 ¹(US dollars)

	Annual 2011	Annual 2012	Cumulative
Sources of Funds			
Gross Contributions	11,438,861	8,060,803	50,939,559
Fund Earned Interest and Investment Income	8,256	15,067	172,187
Interest Income received from Participating Organizations	37,514	16,297	74,071
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MPTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	11,484,632	8,092,167	51,185,817
Use of Funds			
Transfer to Participating Organizations	8,858,904	8,803,418	48,762,729
Refunds received from Participating Organizations	-	-64,733	-964,733
Net Funded Amount to Participating Organizations	8,858,904	8,738,685	47,797,996
Administrative Agent Fees	114,389	80,608	509,396
Direct Costs: (Steering Committee, Secretariat...etc.)	622,390	641,122	1,574,414
Bank Charges	56	138	260
Other Expenditures	-	-	-
Total: Uses of Funds	9,595,739	9,460,553	49,882,066
Change in Fund cash balance with Administrative Agent	1,888,893	-1,368,386*	1,303,751
Opening Fund balance (1 January)	783,244	2,672,137	-
Closing Fund balance (31 December)	2,672,137	1,303,751	1,303,751
Net Funded Amount to Participating Organizations	8,858,904	8,738,685	47,797,996
Participating Organizations` Expenditure	6,830,163	10,173,317	42,275,921
Balance of Funds with Participating Organizations			5,522,076

*The negative balance indicates that funds received in previous years were transferred.

Apart from donor contributions, the other source of funds is interest income. The two sources of interest earned income are 1) Administrative Agent (Fund) earned interest, which is the interest earned by the MPTF Office as the Administrative Agent on the balance of funds remaining in the JPF account, and 2) agency earned interest, which is the amount earned by the Participating UN Organizations on the undisbursed balance received funds. As of 31 December 2012, the fund earned interest was US\$172,187 and the interest received from Participating UN Organizations was US\$74,071, bringing the cumulative interest received to US\$246,258.

¹ In response to requests from various stakeholders, the MPTF Office has standardized this table to include more information on the change in cash balance from year to year, as such, it differs slightly from the presentation in previous years.

Total interest received by the fund in 2012 was US\$31,364 which brought the cumulative amount of interest received by the fund to US\$246,258. Of this amount, interest earned by funds held by the Administrative Agent in 2012 was US\$15,607 bringing the cumulative amount earned in interest by the Administrative Agent to US\$172,187. Regarding interest received from Participating Organizations, in 2012, FAO, UNDP, UNESCO and UNIDO transferred a total of US\$16,297 to the fund bringing the cumulative interest returned by Participating Organizations to US\$74,071. Details of the interest received by the fund are shown in Table 2.

Table 2. Sources of Interest and Investment Income (in US dollars)

Interest Earned	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Administrative Agent			
Fund Earned Interest and Investment Income	156,580	15,607	172,187
Total- Fund Earned Interest			
Participating Organizations (PO)			
FAO	56,193	51	51
UNDP	94	15,389	71,582
UNESCO	70	132	226
UNFPA	1,417	-	70
UNIDO		725	2,142
Total- Interest Income received from PO	57,774	16,297	74,071
Grand Total	214,894	31,364	246,258

4.) Donor Contributions

Table 3 shows total contributions received up through 31 December 2012 amounting to US\$50,393,559. Of this amount, US\$8,060,803 were deposited in 2012. The bulk of the contribution (US\$7.4) million was from the Expanded Funding Window, and the remaining US\$614 thousand from the Flemish Government.

Table 3. Donor Contributions(in US dollars)

Contributors	Prior Years as of 31-Dec-2011	Current Year Jan-Dec-2012	Total
DEPARTMENT FOR INT'L DEVELOPMENT (DFID/UK)	388,445	-	388,445
Expanded DaO Funding Window	38,597,000	7,446,000	46,043,000
FLEMISH GOVERNMENT	-	614,803	614,803
Government of NORWAY	3,893,311	-	3,893,311
Grand Total	42,878,756	8,060,803	50,939,559

The Terms of Reference allows for earmarked contributions to climate change and the humanitarian window. Table 4 provides details on earmarked contributions. These contributions are included in the total contributions listed in Table 2.

Table 4: Earmarked Contributions (in US dollars)

Earmarked contributions	Prior Years as of 31-Dec-2011	Current Year Jan-Dec-2012	Total
Climate Change			
Department for International Development (DFID/UK)	388,445		388,445
FLEMISH GOVERNMENT		355,443	355,443
Government of NORWAY	1,788,787		1,788,787
Total Climate Change window	2,177,232	355,443	2,532,675
Humanitarian Window			
FLEMISH GOVERNMENT		259,360	259,360
Total Humanitarian window		259,360	259,360

5.) Approvals, Transfers and Expenditures

Funds are approved by the Special Session and transferred when all required documents are provided to the Administrative Agent. As of 31 December 2012, US\$ 49,400,634 a net amount of US\$47,797,996 was transferred to 14 Participating UN Organizations². The term "Net funded amount" refers to amounts transferred to a Participating Organization minus refunds of unspent balances from the Participating Organization. Not all amounts approved in 2012 were transferred since some projects preferred to receive allocations made late in the year in 2013. Of the total net amount transferred US\$42,275,921 or 88 percent was delivered. Details per Participating Organization are shown in Table 5.

² Amounts approved for IAEA and UNEP were not transferred because all supporting documentation was not provided

Table 5. Approvals, Transfers and Expenditure

Participating Organization	Approved Amount	Transfers (Net Funded Amount)	Expenditure	Delivery Rate Percentage
FAO	7,060,685	6,875,372	5,665,864	82
IAEA	45,413	-	-	-
ILO	1,108,968	1,041,605	909,688	87
UNAIDS	1,387,345	1,387,345	1,140,536	82
UNCDF	212,843	162,309	16,558	10
UNDP	11,405,726	10,329,189	9,972,834	96
UNEP	40,818	-	-	-
UNESCO	162,500	162,500	120,815	74
UNFPA	3,361,545	3,361,545	2,705,928	80
UNHABITAT	452,592	452,592	365,778	80
UNHCR	14,622	1,122	-	-
UNICEF	13,441,457	13,441,457	12,105,310	90
UNIDO	882,175	759,016	727,605	95
UNODC	50,000	50,000	-	-
WFP	6,873,953	6,873,953	6,191,452	90
WHO	2,899,995	2,899,994	2,353,553	81
Grand Total	49,400,634	47,797,996	42,275,921	88

6.) Total Expenditure Reported by Category

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed upon categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) set six categories against which UN entities must report project expenditures. Effective 1 January 2012, the UN Chief Executive Board modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditures reported up to 31 December 2011 are presented in the previous six categories, and all expenditure reported from 1 January 2012 is presented in the new eight categories. The old and new categories are noted below.

Table 6. Expenditure categories

2006 UNDG Expense Categories	2012 CEB Expense Categories
1. Supplies	1. Staff and personnel costs
2. Personnel	2. Supplies, commodities and materials
3. Training	3. Equipment, vehicles, furniture and depreciation
4. Contracts	4. Contractual services
5. Other direct costs	5. Travel
	6. Transfers and grant
	7. General operating expenses
6. Indirect costs	8. Indirect costs

In 2012, Supplies, Personnel and Contracts together made up 70% of the expenditures with each category³ exceeding 20% of total expenditures. All the other expenditure categories were at or below 10%. Table 7 provides the breakdown of expenditure category for each project and Participating UN Organization.

Table 7. Total Expenditure by Category (in US dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Year as of 31-Dec-2011	Current Year Jan-Dec-2012	Total	
Supplies, Commodities, Equipment and Transport (Old)	8,110,390	-	8,110,390	20.50
Personnel (Old)	7,404,816	-	7,404,816	18.71
Training of Counterparts (Old)	4,103,125	-	4,103,125	10.37
Contracts (Old)	8,746,349	-	8,746,349	22.10
Other direct costs (Old)	1,706,003	-	1,706,003	4.31
Staff & Personnel Cost (New)	-	1,024,462	1,024,462	2.59
Supplies, Commodities, Materials (New)	-	2,063,893	2,063,893	5.22
Equipment, Vehicles, Furniture, Depreciation (New)	-	103,375	103,375	0.26
Contractual Services (New)	-	962,262	962,262	2.43
Travel (New)	-	1,199,788	1,199,788	3.03
Transfer and Grants (New)	-	2,806,538	2,806,538	7.09
General Operating (New)	-	1,338,081	1,338,081	3.38
Programme Costs Total	30,070,683	9,498,398	39,569,081	100.00
Indirect Support Costs Total	2,031,921	674,919	2,706,840	6.84
Total	32,102,604	10,173,317	42,275,921	100

³ Combination of old and new categories.

7.) Project closure

All projects under the first phase of the fund were extended until 30th June 2013 due to the late receipt of funds from the expanded funding window (August 2012) which did not allow for the completion of project by end 2012.

8.) Transparency and accountability

The MPTF Office continued to provide information on its GATEWAY (<http://mptf.undp.org/factsheet/fund/MWI00>), a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating UN Organizations. All documents related to the programme are posted on the MPTF Office GATEWAY which provides easy access to about 10,000 relevant reports and documents, with tools and tables displaying financial and programme data. By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partners. The MPTF Office GATEWAY will be upgraded in 2013 to enable better results reporting.