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2012 Financial Report for the Joint Programme “Strengthening Capacity for Inclusive Local Development in South Serbia”

**Report of the Administrative Agent
as of 31 December 2012**

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

31 May 2013

PARTICIPATING ORGANIZATIONS



International Labour Organization (ILO)



United Nations Development Programme (UNDP)

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United Nations Children's Fund (UNICEF)

CONTRIBUTORS



Norway



Swiss Agency for Development and
Cooperation (SDC)



Swedish International Development
Cooperation (Sida)

2012 ANNUAL FINANCIAL REPORT

This report presents financial data¹ and analysis of the Joint Programme funds as of 31 December 2012. Financial information is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/JRS00>.

1. Sources and Uses of Funds

As of 31 December 2012, contributors (the Swiss Agency for development and Cooperation (SDC), the Government of Norway and the Swedish International Development Cooperation Agency (SIDA)) have deposited US\$ 5,710,259 and US\$ 45,018 has been earned in interest, bringing the cumulative source of funds to US\$ 5,755,277. Of this amount, US\$ 5,692,394 has been transferred to five Participating Organizations of which US\$ 4,754,158 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 57,103. Table 1.1 provides an overview of the overall sources, uses, and balance of the Joint Programme funds as of 31 December 2012.

Table 1.1. Financial Overview (in US Dollars)

	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Sources of Funds			
Gross Contributions	5,082,542	627,717	5,710,259
Fund Earned Interest and Investment Income	32,325	5,448	37,773
Interest Income received from Participating Organizations	1,974	5,272	7,245
Refunds by Administrative Agent to Contributors	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	5,116,840	638,437	5,755,277
Uses of Funds			
Transfer to Participating Organizations	3,116,409	2,575,985	5,692,394
Refunds received from Participating Organizations	(5,000)	-	(5,000)
Net Funded Amount to Participating Organizations	3,111,409	2,575,985	5,687,394
Administrative Agent Fees	50,825	6,277	57,103
Direct Costs (Steering Committee, Secretariat...)	-	-	-
Bank Charges	60	28	88
Other Expenditures	-	-	-
Total: Uses of Funds	3,162,294	2,582,290	5,744,585
Balance of Funds Available with Administrative Agent	1,954,546	(1,943,853)	10,692
Net Funded Amount to Participating Organizations	3,111,409	2,575,985	5,687,394
Participating Organizations' Expenditure	2,523,646	2,230,512	4,754,158
Balance of Funds with Participating Organizations	587,763	345,473	933,236

¹ Due to rounding, total in the tables may not add up.

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent ('Fund earned interest'), and 2) on the balance of funds held by the Participating Organisations ('Agency earned interest') where their Financial Regulations and Rules do not prohibit the return of interest. As of 31 December 2012, Fund earned interest amounts to US\$ 37,773 and interest received from UNDP amounts to US\$ 7,245, bringing the cumulative interest received to US\$ 45,018. Details are shown in the table below.

Table 1.2. Sources of Interest and Investment Income (in US dollars)

	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Administrative Agent			
Fund Earned Interest and Investment Income	32,325	5,448	37,773
Total: Fund Earned Interest and Investment Income	32,325	5,448	37,773
Participating Organization (PO) Earned Interest Income			
ILO	-	-	-
UNDP	1,974	5,272	7,245
UNICEF	-	-	-
Total: Interest Income received from PO	1,974	5,272	7,245
Total	34,298	10,720	45,018

2. Contributions

Table 2 provides information on cumulative contributions received by contributor as at 31 December 2012.

Table 2. Contributions (in US dollars)

Contributor	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Government of Norway	1,878,785	-	1,878,785
Swedish International Development Cooperation Agency (SIDA)	2,453,757	-	2,453,757
Swiss Agency for Development and Cooperation (SDC)	750,000	627,717	1,377,717
Total	5,082,542	627,717	5,710,259

3. Transfer of Funds

Allocations to the JP Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent (AA). The AA has transferred US\$ 5,692,394 to three Participating Organizations (ILO, UNDP and UNICEF) as of 31 December 2012. Table 3 provides information on the cumulative amount transferred to each Participating Organization. The term “Net funded amount” refers to funds transferred to a Participating Organization less any unspent balances returned by the Participating Organization to the AA.

Table 3. Transfers by Participating Organization (in US dollars)

Participating Organization	Prior Years as of 31 Dec 2011			Current Year Jan-Dec 2012			TOTAL		
	Transfers	Refunds	Net Funded Amount	Transfers	Refunds	Net Funded Amount	Transfers	Refunds	Net Funded Amount
ILO	820,020	-	820,020	229,980	-	229,980	1,050,000	-	1,050,000
UNDP	1,486,918	-	1,486,918	1,734,268	-	1,734,268	3,221,186	-	3,221,186
UNICEF	809,471	(5,000)	804,471	611,737	-	611,737	1,421,208	(5,000)	1,416,208
Total	3,116,409	(5,000)	3,111,409	2,575,985	-	2,575,985	5,692,394	(5,000)	5,687,394

4. Overall Expenditure and Financial Delivery Rates

All expenditures reported for the year 2012 were submitted by the Headquarters’ of the Participating Organizations via the MPTF Office Reporting Portal. These were consolidated by the MPTF Office.

4.1 Expenditure Reported by Participating Organization

As shown in table 4.1, cumulative funded amount is US\$ 5,687,394 and cumulative expenditure amount is US\$ 4,754,158. This equates to an expenditure delivery rate of 84%. UNDP has the highest delivery rate with a reported expenditure amount of US\$ 2,770,180 (86% delivery). The term “Net funded amount” refers to funds transferred to a Participating Organization less any unspent balances returned by the Participating Organization to the AA.

Table 4.1. Cumulative Expenditure of Participating Organizations and Financial Delivery Rate (in US dollars)

Participating Organization	Net Funded Amount	Total Expenditure	Delivery Rate Percentage
ILO	1,050,000	791,945	75.42
UNDP	3,221,186	2,770,180	86.00
UNICEF	1,416,208	1,192,033	84.17
Total	5,687,394	4,754,158	83.59

4.2. 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 harmonized inter-agency 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. The old and new categories are noted below.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies
2. Personnel
3. Training
4. Contracts
5. Other direct costs
6. Indirect costs

Table 4.2 reflects expenditure as of 31 December 2012. All expenditures reported up to 31 December 2011 are presented in the previous six categories, and all expenditures reported from 1 January 2012 are presented in the new eight categories.

In 2012, the highest expenditure was reported on Supplies, commodities and materials with an

amount of US\$ 601,228 followed by Transfers and grants with an amount of US\$ 597,819 and Staff and personnel costs with an amount of US\$ 445,948. Indirect support costs are within range at 7%.

Table 4.2. Total Expenditure by Category (in US dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL	
Supplies, Commodities, Equipment and Transport (Old)	287,304	-	287,304	6.47
Personnel (Old)	955,336	-	955,336	21.50
Training of Counterparts (Old)	54,692	-	54,692	1.23
Contracts (Old)	745,521	-	745,521	16.78
Other direct costs (Old)	315,676	-	315,676	7.10
Staff & Personnel Cost (New)	-	445,948	445,948	10.04
Suppl, Comm, Materials (New)	-	601,228	601,228	13.53
Equip, Veh, Furn, Depn (New)	-	69,163	69,163	1.56
Contractual Services (New)	-	79,588	79,588	1.79
Travel (New)	-	222,420	222,420	5.01
Transfers and Grants (New)	-	597,819	597,819	13.45
General Operating (New)	-	68,886	68,886	1.55
Programme Costs Total	2,358,529	2,085,051	4,443,580	100.00
Indirect Support Costs Total	165,117	145,460	310,577	6.99
Total	2,523,646	2,230,512	4,754,158	

5. Transparency and accountability

The MPTF Office continued to provide information on its GATEWAY (<http://mptf.undp.org>) a knowledge platform providing real-time data, with a maximum two-hour refresh, on financial information from the MPTF Office accounting system on contributions, programme budgets and transfers to Participating Organizations. All narrative reports are published on the MPTF Office GATEWAY which provides easy access to nearly 9,600 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.