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Fourth Consolidated Annual Progress Report on Activities Implemented under the United Nations Bhutan Country Fund

**Report of the Administrative Agent of the United Nations Bhutan Country Fund
for the Period 1 January to 31 December 2013**

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

31 May 2014

United Nations Bhutan Country Fund

PARTICIPATING ORGANIZATIONS



Food and Agriculture Organization of the United Nations (FAO)



International Fund for Agricultural Development (IFAD)



Joint United Nations Programme on HIV/AIDS (UNAIDS)



Office for the Coordination of Humanitarian Affairs (OCHA)



United Nations Capital Development Fund (UNCDF)



United Nations Children's Fund (UNICEF)



United Nations Conference on Trade and Development (UNCTAD)



United Nations Development Programme (UNDP)



United Nations Educational, Scientific and Cultural Organization (UNESCO)



United Nations Environment Programme (UNEP)



United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)



United Nations Population Fund (UNFPA)



United Nations Volunteers (UNV)



World Food Programme (WFP)

CONTRIBUTING DONORS



Expanded Delivering as One Funding Window for Achievement of the MDGs
(The Netherlands, Norway, Spain and the United Kingdom/DFID)

Abbreviations and Acronyms

List of abbreviations and acronyms commonly used in the report:

cCPAP	Common Country Programme Action Plan
DDM	Department of Disaster Management
GNH	Gross National Happiness
EFW	Expanded Delivering as One Funding Window for Achievement of the MDGs
FAO	Food and Agriculture Organization of the United Nations
FYP	Five Year Plan
IFAD	International Fund for Agricultural Development
IMNCI	Integrated Management of Neonatal and Childhood Illness
MDGs	Millennium Development Goals
MPTF	Multi-Partner Trust Fund
MPTF Office	UNDP Multi-Partner Trust Fund Office
MoAF	Ministry of Agriculture and Forests
MoE	Ministry of Education
MoHCA	Ministry of Home and Cultural Affairs
MOU	Memorandum of Understanding
OCHA	Office for the Coordination of Humanitarian Affairs
RC	Resident Coordinator
RGoB	Royal Government of Bhutan
SAA	Standard Administrative Arrangement
TOR	Terms of Reference
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNV	United Nations Volunteers
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WFP	World Food Programme

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Executive Summary

The United Nations (UN) Bhutan Country Fund was formally established on 30 June 2009 with the conclusion of the Memorandum of Understanding (MOU) between 14 Participating Organizations¹ and UNDP's Multi-Partner Trust Fund Office (MPTF Office) in its capacity as the Administrative Agent of the UN Bhutan Country Fund. The UN Bhutan Country Fund became operational in December 2009 with the first contribution from the Expanded Delivering as One Funding Window for Achievement of the MDGs (EFW)².

Governed by its Steering Committee in accordance with the UN Bhutan Country Fund Terms of Reference, the Steering Committee is responsible for prioritization and allocation decisions of the UN Bhutan Country Fund. The overall management of the UN Bhutan Country Fund is led and coordinated by the Resident Coordinator in consensus with the Heads of the Participating Organizations.

This Fourth Consolidated Annual Progress Report on Activities under the UN Bhutan Country Fund reports on the implementation of programmes (i.e. UNDAF Outcomes) approved for funding as of 31 December 2013.

Through the UNDAF/CCPAP, the UN family in Bhutan has agreed to combine its efforts behind one overall priority of furthering the achievement of the MDGs in the country and five programmatic priorities:

- Poverty Reduction
- Health
- Education
- Governance
- Environment & Disaster Management

Although there were no allocations made to any of the Participating Organizations in 2013, UNDP and UNFPA has reported expenditures in 2013 on spill-over activities from 2012. As of the end of the current reporting period, 31 December 2013, the net funded amount to Participating Organizations totalled \$2,334,215, with transfers being made to 9 Participating Organizations implementing activities within five outcomes/programmes.

Of the five UNDAF Outcomes, two (Health and Poverty and MDGs) had operational programme activities during the reporting period that were funded through the UN Bhutan Country Fund. There were also no EFW contributions in 2013 to the UN Bhutan Country Fund. The EFW has been the only donor to the UN Bhutan Country Fund, creating a dependency on this funding source.

In 2013, the Participating Organizations reported expenditures amounting to a total \$357,556 across the two outcomes/programmes.

The major vehicle for public transparency of operations under the UN Bhutan Country Fund during the reporting period was the MPTF Office GATEWAY (<http://mptf.undp.org>), and the dedicated UN Bhutan Country Fund website (<http://mptf.undp.org/factsheet/fund/BT100>)

¹ FAO, IFAD, UNICEF, UNFPA, UNDP, UNESCO, UNAIDS, UNOCHA, UNCDF, UNEP, UN Women, UNCTAD, UNV and WFP.

² The Expanded Delivering as One Funding Window for Achievement of the Millennium Development Goals (EFW) is a global funding facility established to support UN Delivering as One countries. Donors to the EFW were the Netherlands, Norway, Spain and the United Kingdom/DFID.

Introduction

The Fourth Consolidated Annual Progress Report on Activities Implemented under the UN Bhutan Country Fund is submitted to the Steering Committee and Donors contributing to the UN Bhutan Country Fund, in fulfilment of the reporting provisions of the UN Bhutan Country Fund Terms of Reference (TOR), the Memorandum of Understanding (MOU) between the United Nations Development Programme (UNDP) as an Administrative Agent (AA) and Participating Organizations, and the Standard Administrative Arrangement (SAA) between UNDP as an AA and donors. The UNDP Multi-Partner Trust Fund Office (MPTF Office) serves as the AA of the UN Bhutan Country Fund.

The Annual Report covers the annual reporting period, 1 January - 31 December 2013, but also includes information on programmes approved in 2009-2012. It provides information on progress made in the implementation of programmes funded by the UN Bhutan Country Fund, as well as on common challenges and lessons learned.

The Annual Report is consolidated based on information and data contained in the individual progress reports and financial statements submitted by Participating Organizations to the MPTF Office, through the Resident Coordinator's Office. It is neither an evaluation of the UN Bhutan Country Fund nor the MPTF Office's assessment of the performance of the Participating Organizations – tasks that belong to an independent evaluation. However, the report does provide the Steering Committee with a comprehensive overview of achievements and challenges associated with programmes funded through the UN Bhutan Country Fund, enabling it to make strategic decisions and take corrective measures, as appropriate.

Report Structure

The Annual Report consists of three chapters: Chapter One provides an overview of the strategic framework of the UN Bhutan Country Fund. Chapter Two provides an overview of the UN Bhutan Country Fund's governance and fund management arrangements. Chapter Three provides an update on allocations and programme approvals and the implementation status during the reporting period, as well as highlights on programme implementation, with details on each of the funded programmes. The consolidated financial report of the UN Bhutan Country Fund is annexed.

1. Strategic Framework

Bhutan became a democracy following the successful elections to the country's first democratically elected Parliament in March 2008. This major political transition requires support over the long term. Challenges remain to build a firm foundation for the smooth functioning of a democratically elected government, through further strengthening of the constitutional bodies, enhanced capacity development of local governments, and expanding the role of civil society, an independent media and continued progress in the socio-economic arena. The credibility of democratic governance, central to the achievement of human development, is dependent on the success of this new democracy.

Bhutan's unique long term vision and guiding development philosophy of Gross National Happiness (GNH) is seamlessly aligned with the MDGs. The core pillars of GNH: sustainable and equitable socio-economic development, conservation of the environment, preservation and promotion of cultural heritage and good governance cover all of the MDGs. As such, just as the MDGs serve as a practical global road map for the Millennium Declaration, in Bhutan the MDGs are viewed as a highly relevant development strategic framework contributing to realizing Gross National Happiness as the country's long term development goal. This synergy between GNH and MDGs has enabled Bhutan to be one of the few countries in the region which is on track to achieving almost all of the MDGs by 2015. However Bhutan needs to pay attention on the increasing youth unemployment and the increasing number of HIV cases.

The UNDAF Action Plan for Bhutan (Common Country Programme Action Plan; cCPAP 2008-2013) was developed in response to the challenges and opportunities associated with this transition to democracy as well as the significant capacity constraints in most sectors to adequately support the country's socio-economic development. It is the result of a highly consultative and participatory process involving the Royal Government of Bhutan, key national implementing partners, all resident and non-resident UN agencies supporting Bhutan and other international partners. The UNDAF/cCPAP is fully aligned with national development priorities laid out in the 10th Five-Year Plan of the Royal Government.

The UN Bhutan's Delivering as One approach has several components:

UN Programme: The overall goal of a common CPAP, an UNDAF operational Plan, is to maximize the contributions of Participating Organizations by enhancing coordination, coherence, and programmatic synergies to assist in building an equitable, prosperous and democratic Bhutan. There has already been a significant reduction in the number of work plans and project documents between the Royal Government and the UN Organizations as a result.

Common Services and Harmonized Business Practices: Taking advantage of the robust UN harmonization, both at programme and operations level, a joint Business Continuity Plan was first developed in March 2009, which further reinforces UN Bhutan's Delivering as One with mutual back-up facilities and equipment in case of major disruptive events.

Joint Communication: The UN Bhutan Communications Group comprising of representatives from all six resident agencies is responsible for ensuring a One UN image. The Group provides advisory support to the UNCT and ensures UN advocacy and communications through various channels.

Common Premises: The design incorporates a one 'UN Operations Centre' as opposed to agency-specific administrations. Such a set-up is expected to achieve stronger integration of UN agencies' administration promoting more efficient work flows.

Common Budgetary Framework and Joint Resource Mobilization: The UN Bhutan Country Fund is an opportunity for the UN in the country to have a common Fund as a new pooled mechanism to mobilize and allocate additional resources at the country level, targeting the unfunded gaps in the cCPAP.

Organizational Change – Leadership, Structure, Skills and Culture: Organizational change has taken root in UN Bhutan through successful UN harmonization, both at programme and operations level. The Government has expressed its appreciation to the subsequent reduction in transaction costs as a result of the harmonized processes.

The UN Bhutan Country Fund responds to both the Delivering as One approach and commitment to Aid Effectiveness as per the Paris Declaration. It was established to channel additional donors' funding to support the underfunded portions of the UNDAF/cCPAP and new initiatives responding to emerging needs. This enhances the flexibility and responsiveness of the UN system through the UNDAF/cCPAP to adapt to national priorities. The UN Bhutan Country Fund contributes to realizing the UNDAF/cCPAP outcomes by strengthening the planning and coordination process, and channelling consistent and predictable funds towards the highest programme priorities. Contributions to the UN Bhutan Country Fund may be accepted from governments of Member States to the United Nations, from intergovernmental and non-governmental organizations, or from private sources.

2. Governance of the UN Bhutan Country Fund

2.1 Country Programme Board

The Country Programme Board comprises of secretaries of all relevant ministers and representatives of the UN agencies signatory to the UNDAF/cCPAP. The board is co-chaired by the secretary of the GNH Commission and the UN Resident Coordinator. The Government is fully involved at all levels of the UNDAF/cCPAP implementation. The Country Programme Board is responsible for the overall implementation and supervision of the UNDAF/cCPAP. It is kept abreast of developments under the UN Bhutan Country Fund through regular updates provided by the Steering Committee (see below).

2.2 Steering Committee

The Steering Committee is responsible for prioritization and allocation decisions of the UN Bhutan Country Fund. The initial prioritization for allocation is guided by recommendations from the Joint Theme Groups' annual review process. The Steering Committee also provides guidance on the operations and management of the Fund. The Steering Committee ensures that the Country Programme Board is informed of the allocations, and will take into consideration the Country Programme Board's strategic priorities. The Steering Committee is governed by its Terms of References.

The Steering Committee is comprised of the signatories to the UN Bhutan Country Fund MOU who have contributed to the resource gap analysis in any given year and the Gross National Happiness (GNH) Commission. Other UN signatories to the UNDAF/cCPAP may participate as observers.

Similar to the Country Programme Board, the Steering Committee is co-chaired by the Secretary of the GNH Commission and the UN Resident Coordinator. The Steering Committee makes decisions by consensus. Prior to presenting their position on a significant issue to the Steering Committee, its UN members have to make sure that it is endorsed internally by their Agencies and is in line with their Agencies' regulatory requirements. Decisions on programme/project proposals will only be taken upon completion of a review by the appropriate thematic clusters, sector working groups or other Steering Committee agreed review bodies.

During the reporting period, no Steering Committee meeting was convened as there were no allocation decisions to be taken.

2.3 Theme Groups

The Country Programme Board provides supervision and guidance to the joint Theme Groups who are responsible for policy dialogue, planning of joint work plans and monitoring of the UNDAF/cCPAP through the 18 month work-plans with their implementing partners (i.e. Ministries, Commissions and NGOs). The 18 month work-plans are a functional compromise to adapt to the national fiscal cycle and are in accordance with the Paris Declarations on Aid Effectiveness. These work-plans are derived from the budgetary framework of the UNDAF/cCPAP. The UNDAF/cCPAP have five priority areas; Poverty Reduction, Health, Education, Governance and Environment & Disaster Management. The joint Theme Groups submit their priorities for funding based on the updated funding gap matrix, finalized at their annual review meetings in November-December each year.

2.4 UN Resident Coordinator

The overall management of the UN Bhutan Country Fund is led and coordinated by the UN Resident Coordinator in consensus with the Heads of the Participating Organizations. In line with the overall objective of 'Delivering as One' in Bhutan, the UN Resident Coordinator is responsible for:

- Strategic leadership of the UN Bhutan Country Fund on the basis of the UNDAF/cCPAP;
- Advocating and mobilizing resources for the UN Bhutan Country Fund in collaboration with Participating Organizations;
- Lead a consultative process on allocations from the UN Bhutan Country Fund, and make final decision if consensus cannot be reached, with documented process and rationale for these decisions;
- Signing the Memorandum of Understanding with Participating Organizations and the Standard Administrative Agreement(s) as a witness; and
- Implementation of the programme activities funded by the resources from the UN Bhutan Country Fund will be the responsibility of the Participating Organizations, as stipulated in the Memorandum of Understanding. The RC will hold the Heads of Participating Organizations accountable for their Organization's results that are funded through the UN Bhutan Country Fund.

2.5 Allocation Criteria and Decision-Making Process

The allocation criteria for the UN Bhutan Country Fund provide an objective basis for resource allocation decisions by the Steering Committee to allocate resources to the respective outcomes/outputs of the UNDAF/cCPAP. The criteria for initial allocation are mainly related to UNDAF/cCPAP relevance, Delivering as One, resource gaps and agency's comparative advantage. Additional criteria for subsequent allocation are related to absorption capacity. The Joint Theme Groups are responsible for ensuring that their proposed activities meet the fund allocation criteria. The requests should preferably not be below \$10,000 in order to encourage programmatic approaches and ensure operational efficiency.

The UN Bhutan Country Fund is open to all agencies that have signed to the UNDAF/cCPAP, and become Participating Organizations by concluding a Memorandum of Understanding with the MPTF Office. Organizations can access the funds upon signing the Memorandum of Understanding and upon submission of their annual funding gaps based on the UNDAF/cCPAP Results Matrix.

Criteria for initial allocation:

- UNDAF/cCPAP relevance
- Unfunded gap at outcome level
- Joint AWP i.e. 2 or more Participating Organizations implementing
- Implementation Capacity³
- Comparative advantage in implementing the activities
- Priorities which would otherwise not be funded

³ This includes available human resources and financial contributions of the organizations to the result, in addition to the UN Bhutan Country Fund contributions.

- Activities which support core UN development priorities⁴ on the MDGs, such as gender, human rights and capacity development supplemented by priorities identified by the Steering Committee and Country Programme Board at the start of the annual programme cycle
- Realistic Outcome Budget

Subsequent allocations will in addition to the above include the following:

- Implementing partners and Participating Organizations' absorption capacity
- Previous track record: i) Results; ii) Expenditure rate and financial management; and iii) Reporting – timeliness and quality of reporting

2.6 Administrative Agent

The United Nations Development Programme's Multi-Partner Trust Fund Office (MPTF Office) serves as the Administrative Agent (AA) for the UN Bhutan Country Fund. Its responsibilities as AA include the receipt, administration and management of contributions from Donors; disbursement of funds to the Participating Organizations in accordance with instructions from the Steering Committee, through the RC, and consolidation of narrative and financial reports produced by each of the Participating Organizations as well as the provision of these reports to the Steering Committee and Donors. The MPTF Office performs the full range of AA functions in accordance with the UNDG-approved "Protocol on the Administrative Agent for Multi-Donor Trust Funds and Joint Programmes, and One UN Funds".

In line with the Memorandum of Understanding (MOU) concluded between Participating Organizations and the MPTF Office, a clear delineation, including distinct reporting lines and an accountability framework, has been established and will be maintained within UNDP between its functions as an AA and its functions as a Participating Organization.

⁴ UNDG has identified 5 core mandate areas for UN development interventions include human rights, gender, MDGs and capacity development.

3. Approval and Implementation Updates

3.1 Programme Allocation Overview and Status

In January 2012, a total of \$197,610 was allocated and approved for funding in support of 4 programme areas to 4 Participating Organizations. This was followed by a second allocation in October 2012 of \$372,503 in 3 programme areas to 3 Participating Organisations. Thereafter, no allocations were made and as at the end of the current reporting period, 31 December 2013, net allocations amounting to a cumulative total of \$2,334,215 across 5 programmes were approved and funds transferred to 9 Participating Organizations.

Table 3.1, below, provides a brief overview of transfer of funds as of the end of the reporting period.

Table 3.1 Transfers of Funds as of 31 December 2013				
UNDAF Outcomes	Participating Organizations	Priors Years Net Transfers	2013 Net Transfers	TOTAL Net Transfers
1. Poverty Reduction	FAO, UNCTAD, UNDP, UNICEF	311,534	199,851	511,385
2. Health	UNFPA, UNICEF	396,369	-	396,369
3. Education	UNFPA, UNICEF, WFP	675,386	-	675,386
4. Governance	UNCDF, UNDP	293,765	7	293,773
5. Environment & Disaster Management	UNEP, UNESCO, UNICEF, UNDP	657,160	(209,996)	447,164
Total		2,334,215	(10,138)	2,324,077

3.2 Programme Implementation Status

Well targeted priorities and diligent follow-up by Participating Organizations contributed to the financial implementation rate as of end-2013 of 99 percent. Table 3.2 provides a brief summary of the status of each programme, with further details provided in section 3.3 Implementation Achievements and Challenges.

Table 3.2, below, provides a brief overview of the programme implementation status as of the end of the reporting period.

Table 3.2 Programme Implementation Status as of 31 December 2013			
UNDAF Outcomes	Participating Organizations	Net Transfers	Programme Implementation Status
1. Poverty Reduction	FAO, UNCTAD, UNDP, UNICEF	511,385	Last allocation was made in January 2012.
2. Health	UNFPA, UNICEF	396,369	Last allocation was made in October 2012.
3. Education	UNFPA, UNICEF, WFP	675,386	Operationally Closed
4. Governance	UNCDF, UNDP	293,773	Operationally Closed
5. Environment & Disaster Management	UNEP, UNESCO, UNICEF, UNDP	447,164	Operationally Closed
Total		2,324,077	

3.3 Implementation Achievements and Challenges

The sections below provide an overview of the main implementation achievements and challenges encountered during the implementation of programmes, as reported by the respective Participating Organizations. It only reports on programmes that had operational activities during the reporting period. Additional information on the programmes, including future work plans, is available in individual programme reports posted on the MPTF Office GATEWAY (<http://mptf.undp.org>). Previous years' achievements and results are included in the 2010, 2011 and 2012 UN Bhutan Annual Report (<http://mptf.undp.org/document/download/6704>); <http://mptf.undp.org/document/download/9141>).

3.3.1 UNDAF Outcome 1: Poverty Reduction

Table 3.3.1 UNDAF Outcome/Programme 1: Poverty Reduction			
Participating Organizations	Priors Years Net Transfers	2013 Net Transfers	TOTAL Net Transfers
FAO	65,743	-	65,743
UNCTAD	17,343	-	17,343

UNICEF	34,000	-	34,000
UNDP	194,299	200,000	394,299
Total	311,385	200,000	511,385

As of 31 December 2013, FAO, UNCTAD, UNICEF, and UNDP were the four Participating Organizations that had received funding under the Poverty Outcome. During the 2013 reporting period, no additional allocations were received but there was an internal UNDP transfer (with the approval of the Steering Committee) of USD 200,000 to the Poverty Reduction Theme Group which was initially allocated to the Environment and DM Theme Group in October 2012 by the Steering Committee.

The programme contributes to **UNDAF Outcome 1: By 2012, opportunities for generation of income and employment increased in targeted poor areas. (MDGs 1, 8)**

Achievements and Results

The funds were used by **UNDP** to support the RGoB in the implementation of their Rural Economy Advancement Programme (REAP), which is one of its strategies in the 10th Five Year Plan (2008-2013) to alleviate poverty through target interventions in the poorest villages in the country. UNDP's intervention focused on the four remote and poorest villages in Samdrup Jongkhar district in partnership with the Gross National Happiness Commission Secretariat and Samdrup Jongkhar⁵ District authorities to address specific causes of poverty. It was done so by expanding livelihood opportunities and improving agricultural productivity. These villages are also deprived of road connections, and it takes at least two to three days to reach from the District headquarter, which has been preventing the villages from receiving development services. A total of 136 households with a rough population of 578 were supported. These people are now engaged in various income generating activities such as vegetable production, promotion of organic farming, dairy production, training on value addition of cane & bamboo products and provided basic skills on tailoring.

As a result of the targeted interventions, the level of food security, in terms of accessibility, availability and better nutrition, has been improved among those villagers. Income security has been also increased by micro-businesses such as dairy, poultry farms and handicraft, the foundation of which has been made more sustainable through the formation of community self-help groups.

UNDP has supported the Secretariat of New Development Paradigm in developing a New Development Paradigm (NDP) Report to broaden the international understanding of development that encompasses not only economics, but also includes the full spectrum of development ranging from social, cultural and human dimensions. The NDP report "Happiness: Towards a New Development Paradigm" has been submitted to the Secretary General of the UN, with a request to share with all member states. As key members of the Technical Working Group, UNDP contributed to formulating the report, which is expected to influence the global development dialogue, and the approach that UN will take after the current Millennium Development Goals come to an end in 2015. With the publication of the New Development

⁵ According to the Poverty Analysis Report 2012, Samdrup Jongkhar's poverty rate stands at 21% as compare to the national poverty rate of 12%.

Paradigm Report, it is expected to influence the global development dialogue, and the approach that UN will take after the current Millennium Development Goals come to an end in 2015. At the national level, the work of the New Development Paradigm has informed and contributed to Royal Government of Bhutan's preparations for various intergovernmental meetings, including at the regional and sub-regional forums related to the post-2015 development agenda.

Challenges

The project reported some challenges such as: delay in implementation due to the remoteness of the project sites; delay in fund release from the GNHC to the *Gewog* (local Block Administration Office) and; limited capacities of project managers at the central and local levels.

3.3.2 UNDAF Outcome 2: Health

Table 3.3.2 UNDAF Outcome/Programme 2: Health			
Participating Organizations	Priors Years Net Transfers	2013 Net Transfers	TOTAL Net Transfers
UNFPA	283,956	-	283,956
UNICEF	112,413	-	112,413
Total	396,369	-	396,369

As of 31 December 2013, UNFPA and UNICEF were the two Participating Organizations that had received funding under the Health Outcome. During the 2013-reporting period, no allocations were received but UNFPA had operational activities for funds received in the last quarter of 2012 and hence, expenditures to report.

The programme contributes to **UNDAF Outcome 2: *By 2012, increased access and utilization of quality health services, with emphasis on reproductive health, maternal and child health and nutrition, HIV/AIDS, tuberculosis, malaria and other non-communicable diseases (MDGs 4, 5 and 6).***

Achievements and Results

The funding received by UNFPA through the One Fund under the Health Programme was used to fill critical resource gap in conducting the National Health Survey in 2013. In particular, the fund was utilized to meet the funding gap specifically for development of data processing framework and programming, data entry and data collection phase of the National Health Survey, 2012. This activity was intended to significantly improve data availability on health indicators for policy and planning purposes. The primary beneficiary of the NHS are the health policy makers and planners at all levels (central and districts) and other socio economic sectors had also benefited. Further, capacities of national and local health institutions to formulate, update and implement evidence-based policies, strategies and guidelines have been strengthened.

The last National Health Survey was conducted in 2000 and since then, information on some of the important health indicators like maternal mortality rate (MMR), Infant mortality rate (IMR) and contraceptive prevalence rate (CPR) remained to be updated and there was also the need to collect most recent data on health indicators to enhance assessment of progress in terms of plan targets, MDGs and to provide latest data basis for the 11th Five Year planning of the Government as well as for the UNDAF One Programme 2014-18. In addition to traditional health indicators, 2012 National health survey provided some new additional key indicators on domestic violence and health expenses.

Challenges

Major delay in implementation of National Health Survey occurred at the field phase during data collection and at data analysis and report preparation phase.

- Delayed initiation of field work since recruitment and training of data collectors had to be conducted twice due to high drop out from the first batch. Also additional survey questionnaire modules (EPI, Domestic Violence & inclusion of age 10-75 years for Individual) added to duration increase and cost escalation.
- Data entry was delayed due to inadequate inhouse expertise on use of CSPro 4.1 for the data entry tool. Bug fixing and testing of CSPro data entry application and double entry of all data and editing also contributed to delayed data entry process.
- Due to lack of technical expertise in-country, batch editing, data validation and analysis depended much on availability of external expert working offshore.

3.3.3 UNDAF Outcome 3: Education

Table 3.3.3 UNDAF Outcome/Programme 3: Education			
Participating Organizations	Priors Years Net Transfers	2013 Net Transfers	TOTAL Net Transfers
UNFPA	29,729	-	29,729
UNICEF	195,755	-	195,755
WFP	449,902	-	449,902
Total	675,386	-	675,386

As of 31 December 2013, UNFPA, UNICEF and WFP were the three Participating Organizations that had received funding under the Education Outcome. This Programme is operationally closed. For more information on this programme/outcome please see the [“2013 Annual Report for the UN Bhutan Country Fund”](#).

3.3.4 UNDAF Outcome 4: Governance

Table 3.3.4, below, provides a brief overview of UNDAF Outcome 4: Governance as of 31 December 2013

Table 3.3.4 UNDAF Outcome/Programme 4: Governance			
Participating Organizations	Priors Years Net Transfers	2013 Net Transfers	TOTAL Net Transfers
UNCDF	20,000	-	20,000
UNDP	273,773	-	273,773
Total	293,773		293,773

As of 31 December 2013, UNCDF and UNDP were the two Participating Organizations that had received funding under the Governance Outcome. This Programme is operationally closed. For more information on this programme/outcome please see the [“2010 Annual Report for the UN Bhutan Country Fund”](#).

3.3.5 UNDAF Outcome 5: Environment & Disaster Management

Table 3.3.5 UNDAF Outcome/Programme 5: Environment & Disaster Management			
Participating Organizations	Priors Years Net Transfers	2013 Net Transfers	TOTAL Net Transfers
UNEP	48,165	-	48,165
UNESCO	25,000	(141)	24,859
UNICEF	100,935	-	100,935
UNDP	483,060	(209,855)	273,205
Total	657,160	(209,996)	447,164

As of 31 December 2013, UNEP, UNESCO, UNICEF and UNDP were the four Participating Organizations that had received funding under the Environment and Disaster Management Outcome. This Programme is operationally closed. For more information on this programme/outcome please see the [“2013 Annual Report for the UN Bhutan Country Fund”](#).

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PARTICIPATING ORGANIZATIONS



Food and Agriculture
Organization



United Nations Capital
Development Fund



UN Conference on Trade and
Development



United Nations Development
Programme



United Nations Environment
Programme



United Nations Educational,
Science and Cultural
Organization



United Nations Population Fund



United Nations Children's Fund

CONTRIBUTORS



Expanded DaO Funding Window



World Food Programme

DEFINITIONS

Allocation

Amount approved by the Steering Committee for a project/programme.

Approved Project/Programme

A project/programme including budget, etc., that is approved by the Steering Committee for fund allocation purposes.

Contributor Commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent. A commitment may be paid or pending payment.

Contributor Deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed Standard Administrative Arrangement.

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7% of programmable costs.

Net Funded Amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN Organization or other inter-governmental Organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project Expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

Project Financial Closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project or programme is considered operationally closed when all programmatic activities for which Participating Organization(s) received funding have been completed.

Project Start Date

Date of transfer of first instalment from the MPTF Office to the Participating Organization.

Total Approved Budget

This represents the cumulative amount of allocations approved by the Steering Committee.

2013 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the Bhutan UN Country Fund using the pass-through funding modality as of 31 December 2013. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/BT100>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2013, one contributors have deposited US\$ 2,419,000 in contributions and US\$ 8,830 has been earned in interest,

bringing the cumulative source of funds to US\$ 2,427,830 (see respectively, Tables 2 and 3).

Of this amount, US\$ 2,592,051 has been transferred to nine Participating Organizations, of which US\$ 2,306,041 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 24,190. Table 1 provides an overview of the overall sources, uses, and balance of the Bhutan UN Country Fund as of 31 December 2013.

Table 1. Financial Overview, as of 31 December 2013 (in US Dollars)*

	Annual 2012	Annual 2013	Cumulative
Sources of Funds			
Gross Contributions	373,000	-	2,419,000
Fund Earned Interest and Investment Income	527	46	3,765
Interest Income received from Participating Organizations	292	-	5,064
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	373,819	46	2,427,830
Use of Funds			
Transfers to Participating Organizations	570,113	200,000	2,592,051
Refunds received from Participating Organizations	(10,434)	(210,138)	(267,974)
Net Funded Amount to Participating Organizations	559,679	(10,138)	2,324,077
Administrative Agent Fees	3,730	-	24,190

Direct Costs: (Steering Committee, Secretariat...etc.)	39,000	-	58,120
Bank Charges	3	1	11
Other Expenditures	-	-	-
Total: Uses of Funds	602,412	(10,137)	2,406,398
Change in Fund cash balance with Administrative Agent	(228,593)	10,183	21,432
Opening Fund balance (1 January)	239,843	11,249	-
Closing Fund balance (31 December)	11,249	21,432	21,432
Net Funded Amount to Participating Organizations	559,679	(10,138)	2,324,077
Participating Organizations' Expenditure	290,425	357,556	2,306,041
Balance of Funds with Participating Organizations			18,037

* Due to rounding of numbers, totals may not add up. This applies to all numbers in this report.

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2013.

Table 2. Contributors' Deposits, as of 31 December 2013 (in US Dollars)*

Contributors	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total
Expanded DaO Funding Window	2,419,000	-	2,419,000
Grand Total	2,419,000	-	2,419,000

3. INTEREST EARNED

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 Organizations ('Agency earned interest') where their Financial Regulations and Rules allow return of interest

to the AA. As of 31 December 2013, Fund earned interest amounts to US\$ 3,765 and interest received from Participating Organizations amounts to US\$ 5,064, bringing the cumulative interest received to US\$ 8,830. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2013 (in US Dollars)*

Interest Earned	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total
Administrative Agent			
Fund Earned Interest and Investment Income	3,720	46	3,765
Total: Fund Earned Interest	3,720	46	3,765
Participating Organization			
UNDP	4,780		4,780
UNFPA	50		50
UNCTAD	235		235
Total: Agency earned interest	5,064		5,064
Grand Total	8,784	46	8,830

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2013, the AA has transferred US\$ 2,592,051 to nine Participating Organizations (see list below).

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2013 (in US Dollars)*

Participating Organization	Prior Years as of 31-Dec-2012			Current Year Jan-Dec-2013			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
FAO	65,743		65,743				65,743		65,743
UNCDF	20,000		20,000				20,000		20,000
UNCTAD	20,000	(2,657)	17,343				20,000	(2,657)	17,343
UNDP	986,453	(35,179)	951,274	200,000	(209,997)	(9,997)	1,186,453	(245,176)	941,277
UNEP	48,165		48,165				48,165		48,165
UNESCO	25,000		25,000		(141)	(141)	25,000	(141)	24,859
UNFPA	333,685	(20,000)	313,685				333,685	(20,000)	313,685
UNICEF	443,103		443,103				443,103		443,103
WFP	449,902		449,902				449,902		449,902
Grand Total	2,392,051	(57,836)	2,334,215	200,000	(210,138)	(10,138)	2,592,051	(267,974)	2,324,077

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2013 were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

As shown in table 5 below, the cumulative net funded amount is US\$ 2,324,077 and cumulative expenditures reported by the Participating Organizations amount to US\$ 2,306,041. This equates to an overall Fund expenditure delivery rate of 99 percent. The agencies with the three highest delivery rates are: UNCTAD, UNESCO, UNICEF, WFP with 100 percent, and FAO and UNEP with 99.6 percent.

Table 5. Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2013 (in US Dollars)*

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Cumulative	
FAO	65,743	65,743	65,491		65,491	99.62
UNCDF	20,000	20,000	19,113		19,113	95.56
UNCTAD	17,343	17,343	17,343		17,343	100.00
UNDP	1,161,708	941,277	725,683	199,283	924,966	98.27
UNEP	48,165	48,165	47,994		47,994	99.64
UNESCO	25,000	24,859	24,859		24,859	100.00
UNFPA	313,685	313,685	235,906	73,052	308,958	98.49
UNICEF	443,103	443,103	443,199	4,215	447,414	100.97
WFP	449,902	449,902	368,896	81,006	449,902	100.00
Grand Total	2,544,649	2,324,077	1,948,484	357,556	2,306,041	99.22

5.2 EXPENDITURE BY UNDAF OUTCOME

Table 5 displays the net funded amounts, expenditures incurred and the financial delivery rates by UNDAF Outcome.

Table 5. Expenditure by UNDAF Outcome, as of 31 December 2013 (in US Dollars)*

Country/Sector	Prior Years as of 31-Dec-2012		Current Year Jan-Dec-2013		Total		Delivery Rate %
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Bhutan							
Education	675,386	594,383		81,006	675,386	675,389	100.00
Environment	657,160	451,094	(209,996)	197	447,164	451,291	100.92
Governance	293,765	292,886	7		293,773	292,886	99.70
Health	396,369	314,583		77,070	396,369	391,653	98.81
Poverty and MDGs	311,534	295,539	199,851	199,283	511,385	494,822	96.76
Bhutan Total:	2,334,215	1,948,484	(10,138)	357,556	2,324,077	2,306,041	99.22
Grand Total:	2,334,215	1,948,484	(10,138)	357,556	2,324,077	2,306,041	99.22

5.4 EXPENDITURE REPORTED BY CATEGORY

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executive Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditure incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditure are reported in the new eight categories. The old and new categories are noted to the right.

Table 6 reflects expenditure reported in the UNDG expense categories. Where the Fund has been operational pre and post 1 January 2012, the expenditures are reported using both categories. Where a Fund became operational post 1 January 2012, only the new categories are used.

As of 2013, the highest percentage of expenditure was on Supplies, Commodities, Equipment and Transport with 28.5%. The second highest expenditure was on Personnel with 17%, and the third highest expenditure was on Training of Counterparts with 16%.

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, commodities, equipment & transport
2. Personnel
3. Training counterparts
4. Contracts
5. Other direct costs
6. Indirect costs

Table 6. Expenditure by UNDG Budget Category, as of 31 December 2013 (in US Dollars)*

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total	
Supplies, Commodities, Equipment and Transport (Old)	615,187	-	615,187	28.50
Personnel (Old)	358,282	-	358,282	16.60
Training of Counterparts (Old)	355,513	-	355,513	16.47
Contracts (Old)	207,920	-	207,920	9.63
Other direct costs (Old)	13,325	-	13,325	0.62
Staff & Personnel Cost (New)	141	(23,128)	(22,987)	(1.06)

Suppl, Comm, Materials (New)	115,669	86,971	202,640	9.39
Equip, Veh, Furn, Depn (New)	-	20,723	20,723	0.96
Contractual Services (New)	4,560	(70,784)	(66,224)	(3.07)
Travel (New)	39,874	152,187	192,061	8.90
Transfers and Grants (New)	77,125	113,235	190,360	8.82
General Operating (New)	32,124	59,729	91,853	4.26
Programme Costs Total	1,819,720	338,933	2,158,653	100.00
Indirect Support Costs Total	128,764	18,623	147,387	6.83
Total	1,948,484	357,556	2,306,041	

Indirect Support Costs: The timing of when Indirect Support Costs are charged to a project depends on each Participating Organization's financial regulations, rules or policies. These Support Costs can be deducted upfront on receipt of a transfer based on the approved programmatic amount, or a later stage during implementation.

Therefore, the Indirect Support Costs percentage may appear to exceed the agreed upon rate of 7% for on-going projects, whereas when all projects are financially closed, this number is not to exceed 7%.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December 2013, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period there were no AA-fees deducted. Cumulatively, as of 31 December 2013, US\$ 24,190 has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 18,623 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 147,387 as of 31 December 2013.
- **Direct Costs:** The Fund governance mechanism may approve an allocation to a Participating Organization to cover costs associated with Secretariat services and overall coordination, as well as Fund level reviews and evaluations. These allocations are referred to as 'direct costs'. In 2013, there were no direct costs charged to the Fund.

7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services.

The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.