

**Consolidated Annual Financial
Report of the Administrative Agent
of
the Malawi One UN Fund**

for the period 1 January to 31 December 2014

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

PARTICIPATING ORGANIZATIONS



Food and Agriculture Organizat



International Labour Organisat



Joint United nations Programme



United Nations Capital Develop



UNDP(MDTF/PUNO only).



United Nations Educational, Sc



United Nations Population Fund



UN Centre for Human Settlement



UN High Commissioner for Refug



United Nations Children's Fund



UN Industrial Development Orga



UN Office for Drug and Crime



World Food Programme



World Health Organization

CONTRIBUTORS



DEPARTMENT FOR INT'L DEVELOPMENT (DFID)



Delivering Results Together



Expanded DaO Funding Window



NORWAY, Government of



UNITED NATIONS CHILDREN'S FUND



FLEMISH GOVERNMENT

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.

US Dollar Amount

The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

2014 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the Malawi One UN Fund using the pass-through funding modality as of 31 December 2014. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/MW100>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2014, 6 contributors have deposited US\$ 62,061,526 in contributions and US\$ 252,720 has been earned in interest,

bringing the cumulative source of funds to US\$ 62,314,246.

Of this amount, US\$ 56,797,366 has been transferred to 14 Participating Organizations, of which US\$ 49,562,600 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 620,615. Table 1 provides an overview of the overall sources, uses, and balance of the Malawi One UN Fund as of 31 December 2014.

Table 1. Financial Overview, as of 31 December 2014 (in US Dollars)

	Annual 2013	Annual 2014	Cumulative
Sources of Funds			
Gross Contributions	1,119,059	10,002,908	62,061,526
Fund Earned Interest and Investment Income	2,205	3,836	178,227
Interest Income received from Participating Organizations	406	16	74,493
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	1,121,669	10,006,760	62,314,246
Use of Funds			
Transfers to Participating Organizations	1,475,924	6,558,713	56,797,366
Refunds received from Participating Organizations	(5,031)	(262,777)	(1,232,541)
Net Funded Amount to Participating Organizations	1,470,893	6,295,936	55,564,825
Administrative Agent Fees	11,191	100,029	620,615
Direct Costs: (Steering Committee, Secretariat...etc.)	98,543	-	1,672,957
Bank Charges	44	69	373
Other Expenditures	-	-	-
Total: Uses of Funds	1,580,671	6,396,034	57,858,771
Change in Fund cash balance with Administrative Agent	(459,002)	3,610,726	4,455,475
Opening Fund balance (1 January)	1,303,751	844,749	-
Closing Fund balance (31 December)	844,749	4,455,475	4,455,475
Net Funded Amount to Participating Organizations	1,470,893	6,295,936	55,564,825
Participating Organizations' Expenditure	5,711,383	1,575,297	49,562,600
Balance of Funds with Participating Organizations			6,002,225

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2014.

Table 2. Contributors' Deposits, as of 31 December 2014 (in US Dollars)

Contributors	Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Total
DEPARTMENT FOR INT'L DEVELOPMENT (DFID)	1,178,053	5,986,640	7,164,694
Delivering Results Together	-	1,500,000	1,500,000
Expanded DaO Funding Window	46,043,000	-	46,043,000
NORWAY, Government of	3,893,311	-	3,893,311
UNITED NATIONS CHILDREN'S FUND	-	900,000	900,000
FLEMISH GOVERNMENT	944,253	1,616,268	2,560,521
Grand Total	52,058,618	10,002,908	62,061,526

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 2014, Fund earned interest amounts to US\$ 178,227 and interest received from Participating Organizations amounts to US\$ 74,493, bringing the cumulative interest received to US\$ 252,720. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2014 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Total
Administrative Agent			
Fund Earned Interest and Investment Income	174,391	3,836	178,227
Total: Fund Earned Interest	174,391	3,836	178,227
Participating Organization			
UNDP	71,582		71,582
UNIDO	2,548	16	2,564
FAO	51		51
UNFPA	70		70
UNESCO	226		226
Total: Agency earned interest	74,477	16	74,493
Grand Total	248,868	3,852	252,720

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2014, the AA has transferred US\$ 56,796,244 to 14 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 2014 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2013			Current Year Jan-Dec-2014			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
FAO	7,117,805	(533)	7,117,272	621,745		621,745	7,739,550	(533)	7,739,017
ILO	1,041,605		1,041,605		(1,686)	(1,686)	1,041,605	(1,686)	1,039,919
UNAIDS	1,387,345		1,387,345				1,387,345		1,387,345
UNCDF	230,458		230,458				230,458		230,458
UNDP	12,128,765	(964,200)	11,164,565	761,686	(156,279)	605,406	12,890,451	(1,120,479)	11,769,971
UNESCO	162,500	(1,685)	160,815				162,500	(1,685)	160,815
UNFPA	3,421,545		3,421,545		(34,963)	(34,963)	3,421,545	(34,963)	3,386,581
UNHABITAT	452,592		452,592				452,592		452,592
UNICEF	13,560,939	(3,346)	13,557,593		(55,111)	(55,111)	13,560,939	(58,456)	13,502,482
UNIDO	822,975		822,975				822,975		822,975
UNODC	50,000		50,000				50,000		50,000
WFP	6,961,009		6,961,009	5,061,366		5,061,366	12,022,375		12,022,375
WHO	2,899,994		2,899,994	113,917	(13,616)	100,301	3,013,910	(13,616)	3,000,294
Grand Total	50,237,531	(969,763)	49,267,768	6,558,713	(261,655)	6,297,058	56,796,244	(1,231,419)	55,564,825

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2014 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\$ **55,564,825** and cumulative expenditures reported by the Participating Organizations amount to US\$ **49,562,600**. This equates to an overall Fund expenditure delivery rate of **89** percent. The agencies with the three highest delivery rates are: UNIDO with 100.71%¹, UNODC with 100% and ILO with 99.77% delivery rate. UNCDF had the lowest delivery rate of 60.46%, WFP had the second lowest delivery rate of 61.53%, and UNHABITAT is at 84.86%. The rest of the agencies are within the 95-98% range

Table 5. Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2014 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Cumulative	
FAO	7,924,330	7,739,017	6,810,489	377,946	7,188,435	92.89
ILO	1,108,968	1,039,919	1,037,520		1,037,520	99.77
UNAIDS	1,387,345	1,387,345	1,332,676	(6,166)	1,326,510	95.61
UNCDF	280,992	230,458	142,436	(3,109)	139,327	60.46
UNDP	13,510,146	11,769,971	10,827,309	736,716	11,564,025	98.25
UNESCO	162,501	160,815	155,425		155,425	96.65
UNFPA	3,421,545	3,386,581	3,327,339	510	3,327,848	98.27
UNHABITAT	452,592	452,592	409,570	(25,519)	384,051	84.86
UNHCR	1,122					0
UNICEF	13,560,940	13,502,482	13,307,329	(41,166)	13,266,163	98.25
UNIDO	946,134	822,975	830,146	(1,366)	828,780	100.71
UNODC	50,000	50,000	50,000		50,000	100.00
WFP	12,022,375	12,022,375	6,887,944	509,918	7,397,862	61.53
WHO	3,013,911	3,000,294	2,869,123	27,533	2,896,656	96.55
Grand Total	57,842,900	55,564,825	47,987,304	1,575,297	49,562,600	89.20

¹ Over-expenditures will be corrected in the final financial reporting.

5.2 EXPENDITURE BY [UNDAF OUTCOME OR THEMATIC AREA]

Table 6 displays the net funded amounts, expenditures incurred and the financial delivery rates by UNDAF Outcome.

Table 6. Expenditure by UNDAF Outcome, as of 31 December 2014 (in US Dollars)

Country/Sector	Prior Years as of 31-Dec-2013		Current Year Jan-Dec-2014		Total		Delivery Rate %
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Malawi							
2012 Humanitarian Window	604,135	471,002	5,982,186	1,032,924	6,586,321	1,503,926	22.83
2012 T1 Econ Growth & Food Sec	949,877	713,088	563,571	663,024	1,513,448	1,376,112	90.93
2012 T2 Social Protection Serv	1,200,682	1,041,430		17,478	1,200,682	1,058,908	88.19
2012 T3 Response to HIV_AIDS	730,869	678,263	(2,059)	11,103	728,810	689,366	94.59
2012 T4 Governance & HR	878,017	713,948	(102,943)	(122,139)	775,074	591,808	76.36
Good Governance	7,262,040	7,067,285	(29,255)	14,956	7,232,785	7,082,241	97.92
HIV and AIDS	6,788,890	6,746,743	(44,260)	(7,941)	6,744,631	6,738,801	99.91
Soc Protection & Dis Reduction	5,480,075	5,436,451	(262)	(427)	5,479,813	5,436,024	99.20
Social Development	13,258,073	13,161,481	(39,647)	(1,512)	13,218,425	13,159,969	99.56
Sustainable Economic Dev.	12,116,232	11,957,614	(31,396)	(32,168)	12,084,836	11,925,446	98.68
Malawi Total:	49,268,890	47,987,304	6,295,936	1,575,297	55,564,825	49,562,600	89.20
Grand Total:	49,268,890	47,987,304	6,295,936	1,575,297	55,564,825	49,562,600	89.20

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 7 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.

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 7. Expenditure by UNDG Budget Category, as of 31 December 2014 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Total	
Supplies, Commodities, Equipment and Transport (Old)	8,110,390	-	8,110,390	17.46
Personnel (Old)	7,404,816	-	7,404,816	15.94
Training of Counterparts (Old)	4,103,125	-	4,103,125	8.83
Contracts (Old)	8,746,349	-	8,746,349	18.83
Other direct costs (Old)	1,706,003	-	1,706,003	3.67
Staff & Personnel Cost (New)	1,216,636	154,383	1,371,020	2.95
Supplies, Commodities, Materials (New)	2,418,821	379,287	2,798,108	6.02
Equipment, Vehicles, Furniture, Depreciation (New)	300,379	94,402	394,781	0.85
Contractual Services (New)	(1,019,308)	95,227	(924,081)	(1.99)
Travel (New)	1,955,539	92,122	2,047,661	4.41
Transfers and Grants (New)	7,528,366	387,163	7,915,529	17.04
General Operating (New)	2,498,900	275,785	2,774,685	5.97
Programme Costs Total	44,970,015	1,478,371	46,448,385	100.00
¹ Indirect Support Costs Total	3,017,289	96,926	3,114,215	6.70
Total	47,987,304	1,575,297	49,562,600	

¹ Indirect Support Costs charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once 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 2014, 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 US\$ **100,029** was deducted in AA-fees. Cumulatively, as of 31 December 2014, US\$ **620,615** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **96,926** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **3,114,215** as of 31 December 2014.

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.

8. 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'. There were no direct costs charged to the fund in 2014.