

ANNEX 1

**Consolidated Annual Financial
Report of the Administrative Agent
of
the Bhutan UN Country Fund**

for the period 1 January to 31 December 2015

Multi-Partner Trust Fund Office
Bureau for Management Services
United Nations Development Programme
[GATEWAY: http://mptf.undp.org](http://mptf.undp.org)

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,
Scientific and Cultural
Organization



United Nations Population
Fund



United Nations Children's Fund



World Food Programme

CONTRIBUTORS



Austrian Development Agency



Delivering Results Together



Expanded DaO Funding Window



SWISS AGY FOR DEVELOPMENT &
COOPERATION

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.

2015 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 2015. 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 2015, 4 contributors have deposited US\$ 3,576,120 in contributions and US\$ 9,412 has been earned in interest,

bringing the cumulative source of funds to US\$ 3,585,532 (see respectively, Tables 2 and 3).

Of this amount, US\$ 3,708,511 has been transferred to 9 Participating Organizations, of which US\$ 3,308,518 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 35,761. Table 1 provides an overview of the overall sources, uses, and balance of the Bhutan UN Country Fund as of 31 December 2015.

Table 1. Financial Overview, as of 31 December 2015 (in US Dollars)

	Annual 2014	Annual 2015	Cumulative
Sources of Funds			
Gross Contributions	1,157,120	-	3,576,120
Fund Earned Interest and Investment Income	217	365	4,348
Interest Income received from Participating Organizations	-	-	5,064
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	1,157,337	365	3,585,532
Use of Funds			
Transfers to Participating Organizations	1,116,460	-	3,708,511
Refunds received from Participating Organizations	(21,037)	(887)	(289,898)
Net Funded Amount to Participating Organizations	1,095,423	(887)	3,418,613
Administrative Agent Fees	11,571	-	35,761
Direct Costs: (Steering Committee, Secretariat...etc.)	(411)	-	57,709
Bank Charges	2	3	16
Other Expenditures	-	-	-
Total: Uses of Funds	1,106,585	(884)	3,512,098
Change in Fund cash balance with Administrative Agent	50,752	1,249	73,434
Opening Fund balance (1 January)	21,432	72,184	-
Closing Fund balance (31 December)	72,184	73,434	73,434
Net Funded Amount to Participating Organizations	1,095,423	(887)	3,418,613
Participating Organizations' Expenditure	71,203	931,275	3,308,518
Balance of Funds with Participating Organizations			110,094

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2015.

Table 2. Contributors' Deposits, as of 31 December 2015 (in US Dollars)

Contributors	Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Total
Austrian Development Agency	378,120	-	378,120
Delivering Results Together	754,000	-	754,000
Expanded DaO Funding Window	2,419,000	-	2,419,000
SWISS AGY FOR DEVELOPMENT & COOPERATION	25,000	-	25,000
Grand Total	3,576,120	-	3,576,120

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 2015, Fund earned interest amounts to US\$ 4,348 and interest received from Participating Organizations amounts to US\$ 5,064, bringing the cumulative interest received to US\$ 9,412. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2015 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Total
Administrative Agent			
Fund Earned Interest and Investment Income	3,982	365	4,348
Total: Fund Earned Interest	3,982	365	4,348
Participating Organization			
UNCTAD	235		235
UNDP	4,780		4,780
UNFPA	50		50
Total: Agency earned interest	5,064		5,064
Grand Total	9,047	365	9,412

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2015, the AA has transferred US\$ 3,708,511 to 9 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 2015 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2014			Current Year Jan-Dec-2015			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		(887)	(887)	20,000	(887)	19,113
UNCTAD	119,000	(2,657)	116,343				119,000	(2,657)	116,343
UNDP	1,706,933	(261,487)	1,445,446				1,706,933	(261,487)	1,445,446
UNEP	48,165		48,165				48,165		48,165
UNESCO	25,000	(141)	24,859				25,000	(141)	24,859
UNFPA	511,390	(24,727)	486,663				511,390	(24,727)	486,663
UNICEF	762,378		762,378				762,378		762,378
WFP	449,902		449,902				449,902		449,902
Grand Total	3,708,511	(289,011)	3,419,500		(887)	(887)	3,708,511	(289,898)	3,418,613

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2015 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 below, the cumulative net funded amount is US\$ **3,418,613** and cumulative expenditures reported by the Participating Organizations amount to US\$ **3,308,518**. This equates to an overall Fund expenditure delivery rate of **97** percent.

Table 5. Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2015 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Cumulative	
FAO	65,743	65,743	65,491		65,491	99.62
UNCDF	20,000	19,113	19,113		19,113	100.00
UNCTAD	116,343	116,343	17,343	43,867	61,210	52.61
UNDP	1,682,188	1,445,446	996,169	394,446	1,390,615	96.21
UNEP	48,165	48,165	47,994		47,994	99.64
UNESCO	25,000	24,859	24,859		24,859	100.00
UNFPA	491,390	486,663	308,958	177,350	486,308	99.93
UNICEF	762,378	762,378	447,414	315,612	763,026	100.09
WFP	449,902	449,902	449,902	0	449,902	100.00
Grand Total	3,661,109	3,418,613	2,377,244	931,275	3,308,518	96.78

5.2 EXPENDITURE BY [UNDAF OUTCOME OR THEMATIC AREA]

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

Table 5. Expenditure by UNDAF Outcome, as of 31 December 2015 (in US Dollars)

Country/Sector	Prior Years as of 31-Dec-2014		Current Year Jan-Dec-2015		Total		Delivery Rate %
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Bhutan							
2018 Essential Social Services	298,980			299,564	298,980	299,564	100.20
2018 Gender Equal & Child Prot	306,000	19,922		314,078	306,000	334,000	109.15
2018 Governance & Participatn	353,080	51,281		219,065	353,080	270,347	76.57
2018 Sustainable Development	158,400			102,879	158,400	102,879	64.95
Education	675,386	675,389		(3)	675,386	675,386	100.00
Environment	447,164	451,291		(4,298)	447,164	446,993	99.96
Governance	293,773	292,886	(887)		292,886	292,886	100.00
Health	391,642	391,653		(11)	391,642	391,642	100.00
Poverty and MDGs	495,074	494,822			495,074	494,822	99.95
Bhutan Total:	3,419,500	2,377,244	(887)	931,275	3,418,613	3,308,518	96.78
Grand Total:	3,419,500	2,377,244	(887)	931,275	3,418,613	3,308,518	96.78

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.

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 2015 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Total	
Supplies, Commodities, Equipment and Transport (Old)	615,187	-	615,187	19.87
Personnel (Old)	358,282	-	358,282	11.57
Training of Counterparts (Old)	355,513	-	355,513	11.48
Contracts (Old)	207,920	-	207,920	6.72
Other direct costs (Old)	13,325	-	13,325	0.43
Staff & Personnel Cost (New)	(22,987)	34,573	11,587	0.37
Suppl, Comm, Materials (New)	202,640	49,572	252,212	8.15
Equip, Veh, Furn, Depn (New)	28,542	18,725	47,267	1.53
Contractual Services (New)	(49,968)	183,951	133,983	4.33
Travel (New)	202,506	51,884	254,389	8.22
Transfers and Grants (New)	190,360	154,581	344,941	11.14
General Operating (New)	124,436	376,732	501,168	16.19
Programme Costs Total	2,225,756	870,017	3,095,773	100.00
¹ Indirect Support Costs Total	151,488	61,258	212,745	6.87
Total	2,377,244	931,275	3,308,518	

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 2015, 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\$ 0 was deducted in AA-fees. Cumulatively, as of 31 December 2015, US\$ 35,761 has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 61,258 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 212,745 as of 31 December 2015.

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'. In 2015, no direct costs were charged to the fund.