

**Consolidated Annual Financial
Report of the Administrative Agent
of
the JP Timor Leste INFUSE**

for the period 1 January to 31 December 2015

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

PARTICIPATING ORGANIZATIONS



United Nations Capital Development
Fund



United Nations Development
Programme

CONTRIBUTORS



Australian Agency for International
Development



TIMOR LESTE

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 JP Timor Leste INFUSE 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/JTP10>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2015, 2 contributors have deposited US\$ 3,231,150 in contributions and US\$ 21,318 has been earned in interest,

bringing the cumulative source of funds to US\$ 3,252,468.

Of this amount, US\$ 3,198,838 has been transferred to 2 Participating Organizations, of which US\$ 3,038,242 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 32,312. Table 1 provides an overview of the overall sources, uses, and balance of the JP Timor Leste INFUSE 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	-	-	3,231,150
Fund Earned Interest and Investment Income	61	107	15,466
Interest Income received from Participating Organizations	-	-	5,852
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	61	107	3,252,468
Use of Funds			
Transfers to Participating Organizations	-	-	3,198,838
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	-	-	3,198,838
Administrative Agent Fees	-	-	32,312
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	1	1	105
Other Expenditures	-	-	-
Total: Uses of Funds	1	1	3,231,255
Change in Fund cash balance with Administrative Agent	60	106	21,213
Opening Fund balance (1 January)	21,047	21,107	-
Closing Fund balance (31 December)	21,107	21,213	21,213
Net Funded Amount to Participating Organizations	-	-	3,198,838
Participating Organizations' Expenditure	619,468	26,693	3,038,242
Balance of Funds with Participating Organizations			160,596

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
Australian Agency for International Development	2,331,150	-	2,331,150
TIMOR LESTE	900,000	-	900,000
Grand Total	3,231,150	-	3,231,150

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\$ 15,466 and interest received from Participating Organizations amounts to US\$ 5,852, bringing the cumulative interest received to US\$ 21,318. 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	15,360	107	15,466
Total: Fund Earned Interest	15,360	107	15,466
Participating Organization			
UNDP	5,852		5,852
Total: Agency earned interest	5,852		5,852
Grand Total	21,211	107	21,318

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\$ **3,198,838** to 2 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
UNCDF	2,668,036		2,668,036				2,668,036		2,668,036
UNDP	530,802		530,802				530,802		530,802
Grand Total	3,198,838		3,198,838				3,198,838		3,198,838

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\$ **3,198,838** and cumulative expenditures reported by the Participating Organizations amount to US\$ **3,038,242**. This equates to an overall Fund expenditure delivery rate of **95** percent.

5.1 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	
UNCDF	2,668,036	2,668,036	2,466,774	41,644	2,508,418	94.02
UNDP	530,802	530,802	544,775	(14,951)	529,824	99.82
Grand Total	3,198,838	3,198,838	3,011,548	26,693	3,038,242	94.98

5.2 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 5.2 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 5.2 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)	150	-	150	0.01
Personnel (Old)	104,037	-	104,037	3.64
Training of Counterparts (Old)	1,403	-	1,403	0.05
Contracts (Old)	189	-	189	0.01
Other direct costs (Old)	1,560,752	-	1,560,752	54.63
Staff & Personnel Cost (New)	599,664	-	599,664	20.99
Suppl, Comm, Materials (New)	3,692	207	3,899	0.14
Equip, Veh, Furn, Depn (New)	(296,183)	-	(296,183)	(10.37)
Contractual Services (New)	420,410	41,644	462,054	16.17
Travel (New)	188,581	(14,265)	174,316	6.10
Transfers and Grants (New)	78,905	-	78,905	2.76
General Operating (New)	155,764	11,762	167,526	5.86
Programme Costs Total	2,817,364	39,348	2,856,711	100.00
¹ Indirect Support Costs Total	194,185	(12,654)	181,530	6.35
Total	3,011,548	26,693	3,038,242	

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\$ 32,312 has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ (12,654) was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 181,530 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.