

**Consolidated Annual Financial
Report of the Administrative Agent
for
the JP Pacific Financial Inclusion Fund**

for the period 1 January to 31 December 2016

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

11 May 2017

PARTICIPATING ORGANIZATIONS



United Nations Capital Development Programme



United Nations Development Programme

CONTRIBUTORS



AUSTRALIA, Government of



NEW ZEALAND, Government of

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.

INTRODUCTION

This Consolidated Annual Financial Report of the **JP Pacific Financial Inclusion Fund** is prepared by the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office) in fulfillment of its obligations as Administrative Agent, as per the terms of Reference (TOR), the Memorandum of Understanding (MOU) signed between the UNDP MPTF Office and the Participating Organizations, and the Standard Administrative Arrangement (SAA) signed with contributors.

The MPTF Office, as Administrative Agent, is responsible for concluding an MOU with Participating Organizations and SAAs with contributors. It receives, administers and

manages contributions, and disburses these funds to the Participating Organizations. The Administrative Agent prepares and submits annual consolidated financial reports, as well as regular financial statements, for transmission to contributors.

This consolidated financial report covers the period 1 January to 31 December **2016** and provides financial data on progress made in the implementation of projects of the **JP Pacific Financial Inclusion Fund**. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/JXB00>).

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

2016 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **JP Pacific Financial Inclusion Fund** using the pass-through funding modality as of 31 December **2016**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/JXB00>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2016**, 2 contributors deposited US\$ **14,036,017** in contributions and US\$ **34,079** was earned in interest.

The cumulative source of funds was US\$ 14,070,096 (see respectively, Tables 2 and 3).

Of this amount, US\$ 11,239,679 has been net funded to 2 Participating Organizations, of which US\$ 7,997,639 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 140,360. Table 1 provides an overview of the overall sources, uses, and balance of the JP Pacific Financial Inclusion Fund as of 31 December 2016.

Table 1. Financial Overview, as of 31 December 2016 (in US Dollars)

	Annual 2015	Annual 2016	Cumulative
Sources of Funds			
Contributions from donors	4,218,353	2,965,390	14,036,017
Fund Earned Interest and Investment Income	7,138	16,694	34,079
Interest Income received from Participating Organizations	-	-	-
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	4,225,491	2,982,084	14,070,096
Use of Funds			
Transfers to Participating Organizations	3,138,264	1,803,408	11,239,679
Refunds received from Participating Organizations	-	-	-
Net Funded Amount	3,138,264	1,803,408	11,239,679
Administrative Agent Fees	42,184	29,654	140,360
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	64	115	418
Other Expenditures	-	-	-
Total: Uses of Funds	3,180,511	1,833,177	11,380,457
Change in Fund cash balance with Administrative Agent	1,044,980	1,148,907	2,689,640
Opening Fund balance (1 January)	495,753	1,540,733	-
Closing Fund balance (31 December)	1,540,733	2,689,640	2,689,640
Net Funded Amount	3,138,264	1,803,408	11,239,679
Participating Organizations' Expenditure	3,051,878	3,465,348	7,997,639
Balance of Funds with Participating Organizations			3,242,040

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2016.

The JP Pacific Financial Inclusion Fund is currently being financed by 2 contributors, as listed in the table below.

The table below includes commitments made up to 31 December 2016 through signed Standard Administrative Agreements, and deposits made through 2016. It does not include commitments that were made to the fund beyond 2016

Table 2. Contributors' Commitments and Deposits, as of 31 December 2016 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2015 Deposits	Current Year Jan-Dec-2016 Deposits	Total Deposits
AUSTRALIA, Government of	11,388,577	9,498,827	1,889,750	11,388,577
NEW ZEALAND, Government of	2,647,440	1,571,800	1,075,640	2,647,440
Grand Total	14,036,017	11,070,627	2,965,390	14,036,017

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 2016, Fund earned interest amounts to US\$ 34,079.

Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2016 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total
Administrative Agent			
Fund Earned Interest and Investment Income	17,385	16,694	34,079
Total: Fund Earned Interest	17,385	16,694	34,079
Participating Organization			
Total: Agency earned interest			
Grand Total	17,385	16,694	34,079

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2016, the AA has transferred US\$ **11,239,679** to 2 Participating Organizations (see list below).

4.1 TRANSFER BY PARTICIPATING ORGANIZATION

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 2016 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2015			Current Year Jan-Dec-2016			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNCDF	6,294,544		6,294,544	1,557,083		1,557,083	7,851,627		7,851,627
UNDP	3,141,727		3,141,727	246,325		246,325	3,388,052		3,388,052
Grand Total	9,436,271		9,436,271	1,803,408		1,803,408	11,239,679		11,239,679

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2016** were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

Project expenditures are incurred and monitored by each Participating Organization, and are reported as per the agreed upon categories for inter-agency harmonized reporting. The reported expenditures were submitted via the MPTF Office's online expenditure reporting tool. The **2016** expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/JXB00>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2016**, US\$ **1,803,408** was net funded to Participating Organizations, and US\$ **3,465,348** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **11,239,679** and cumulative expenditures reported by the Participating Organizations amount to US\$ **7,997,639**. This equates to an overall Fund expenditure delivery rate of **71** percent.

Table 5. Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2016 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Cumulative	
UNCDF	7,851,627	7,851,627	3,018,566	2,528,744	5,547,310	70.65
UNDP	3,388,052	3,388,052	1,513,725	936,603	2,450,328	72.32
Grand Total	11,239,679	11,239,679	4,532,291	3,465,348	7,997,639	71.16

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, which were subsequently modified in 2012 by the UN Chief Executive Board (CEB) as a result of IPSAS adoption to comprise eight categories.

Table 7 reflects expenditure reported in the UNDG/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

Table 6. Expenditure by UNDG Budget Category, as of 31 December 2016 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total	
Staff & Personnel Cost	1,502,163	969,473	2,471,636	34.01
Supplies, Commodities, Materials	1,254	-	1,254	0.02
Equip, Vehicles, Furniture, Depreciation	19,974	11,744	31,718	0.44
Contractual Services	330,694	308,122	638,816	8.79
Travel	494,750	323,031	817,781	11.25
Transfers and Grants	1,275,803	1,472,589	2,748,392	37.82
General Operating	370,044	187,543	557,587	7.67
Programme Costs Total	3,994,682	3,272,502	7,267,184	100.00
¹ Indirect Support Costs Total	537,609	192,845	730,454	10.05
Total	4,532,291	3,465,348	7,997,639	

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 2016, 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\$ **29,654** was deducted in AA-fees. Cumulatively, as of 31 December 2016, US\$ **140,360** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **192,845** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **730,454** as of 31 December 2016.

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.