

Consolidated Annual Financial Report of the Administrative Agent of the Ethiopia One UN Fund

for the period 1 January to 31 December 2016

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

31 May 2017

PARTICIPATING ORGANIZATIONS



International Labour Organization (ILO)



International Organization for Migration (IOM)



Joint United Nations Programme on HIV/AIDS (UNAIDS)



United Nations Capital Development Fund (UNCDF)



United Nations Development Programme (UNDP)



United Nations Educational, Scientific and Cultural Organization (UNESCO)



United Nations Population Fund (UNFPA)



UN High Commissioner for Refugees (UNHCR)



United Nations Children's Fund (UNICEF)



UN Office for Drug and Crime (UNODC)



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



World Health Organization (WHO)

CONTRIBUTORS



Italy



Norway



Sweden



UK Department for International Development (DFID)



Delivering Results Together

DEFINITIONS

Allocation

Amount approved by the Steering Committee for a Joint Programme.

Approved Joint Programme

A Joint 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.

Joint Programme 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.

Joint Programme Financial Closure

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

Joint Programme Operational Closure

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

Joint Programme 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.

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INTRODUCTION

This Consolidated Annual Financial Report of the Ethiopia One UN 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 Ethiopia One UN Fund. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/ET100>).

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 Ethiopia One UN 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/ET100>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2016, 5 contributors deposited US\$ 14,586,343 in contributions and US\$ 21,836 was earned in interest.

The cumulative source of funds was US\$ 14,608,179.

Of this amount, US\$ 14,268,130 has been net funded to 12 Participating Organizations, of which US\$ 13,437,830 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 145,863. Table 1 provides an overview of the overall sources, uses, and balance of the Ethiopia One UN 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	2,858,828	695,201	14,586,343
Fund Earned Interest and Investment Income	4,506	687	18,469
Interest Income received from Participating Organizations	1,511	-	3,367
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	2,864,845	695,888	14,608,179
Use of Funds			
Transfers to Participating Organizations	4,259,222	499,477	14,268,130
Refunds received from Participating Organizations	-	-	-
Net Funded Amount	4,259,222	499,477	14,268,130
Administrative Agent Fees	28,588	6,952	145,863
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	55	6	257
Other Expenditures	-	-	-
Total: Uses of Funds	4,287,865	506,435	14,414,250
Change in Fund cash balance with Administrative Agent	(1,423,020)	189,452	193,929
Opening Fund balance (1 January)	1,427,497	4,477	-
Closing Fund balance (31 December)	4,477	193,929	193,929
Net Funded Amount	4,259,222	499,477	14,268,130
Participating Organizations' Expenditure	2,789,911	1,919,323	13,437,830
Balance of Funds with Participating Organizations			830,300

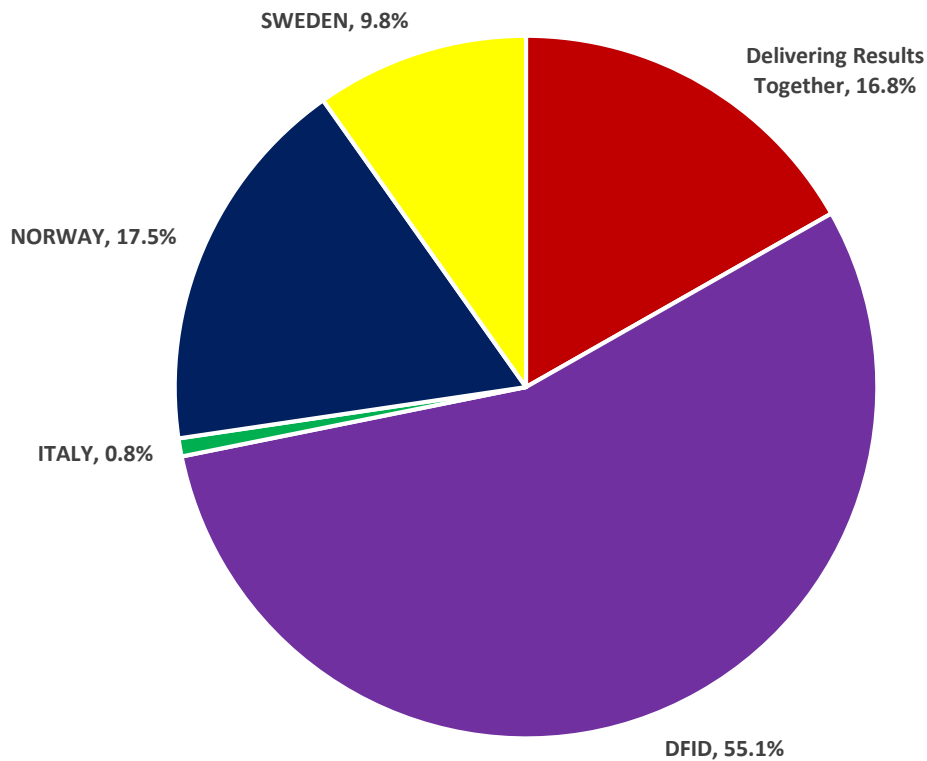
2. PARTNER CONTRIBUTIONS

Table 2 and Figure 1 provide information on cumulative contributions received from all contributors to this Fund as of 31 December 2016.

Table 2. Contributors' 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
DELIVERING RESULTS TOGETHER	2,446,800	1,946,800	500,000	2,446,800
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)	8,031,054	7,906,635	124,419	8,031,054
ITALY	121,083	121,083	-	121,083
NORWAY	2,557,968	2,487,187	70,781	2,557,968
SWEDEN	1,429,438	1,429,438	-	1,429,438
Grand Total	14,586,343	13,891,143	695,201	14,586,343

Figure 2: Deposits by contributor, cumulative as of 31 December 2016



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\$ 18,469.

Interest received from Participating Organizations amounts to US\$ 3,367, bringing the cumulative interest received to US\$ 21,836. 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	17,782	687	18,469
Total: Fund Earned Interest	17,782	687	18,469
Participating Organization			
UNDP	1,101		1,101
UNESCO	755		755
UNWOMEN	1,511		1,511
Total: Agency earned interest	3,367		3,367
Grand Total	21,149	687	21,836

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\$ 14,268,130 to 12 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 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
ILO	3,637,451		3,637,451	124,869		124,869	3,762,320		3,762,320
IOM	316,796		316,796	124,869		124,869	441,665		441,665
UNAIDS	108,900		108,900				108,900		108,900
UNCDF	379,575		379,575				379,575		379,575
UNDP	1,524,533		1,524,533				1,524,533		1,524,533
UNESCO	643,167		643,167				643,167		643,167
UNFPA	1,148,516		1,148,516				1,148,516		1,148,516
UNHCR	130,100		130,100	124,869		124,869	254,969		254,969
UNICEF	3,001,108		3,001,108				3,001,108		3,001,108
UNODC	71,000		71,000	124,869		124,869	195,869		195,869
UNWOMEN	2,530,307		2,530,307				2,530,307		2,530,307
WHO	277,200		277,200				277,200		277,200
Grand Total	13,768,653		13,768,653	499,477		499,477	14,268,130		14,268,130

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/ET100>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In 2016, US\$ 499,477 was net funded to Participating Organizations, and US\$ 1,919,323 was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ 14,268,130 and cumulative expenditures reported by the Participating Organizations amount to US\$ 13,437,830. This equates to an overall Fund expenditure delivery rate of 94 percent.

Table 5.1 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	
ILO	3,762,320	3,762,320	2,934,427	715,024	3,649,451	97.00
IOM	441,665	441,665	126,261	190,535	316,796	71.73
UNAIDS	108,900	108,900		40,447	40,447	37.14
UNCDF	379,575	379,575	409,668		409,668	107.93
UNDP	1,524,537	1,524,533	1,391,125	104,106	1,495,230	98.08
UNESCO	643,167	643,167	546,892	79,564	626,456	97.40
UNFPA	1,148,516	1,148,516	1,125,908	18,253	1,144,161	99.62
UNHCR	254,969	254,969	130,100	124,869	254,969	100.00
UNICEF	3,001,108	3,001,108	2,615,712	248,865	2,864,577	95.45
UNODC	195,869	195,869	12,467	120,769	133,236	68.02
UNWOMEN	2,530,307	2,530,307	2,225,947	168,273	2,394,220	94.62
WHO	277,200	277,200		108,618	108,618	39.18
Grand Total	14,268,134	14,268,130	11,518,507	1,919,323	13,437,830	94.18

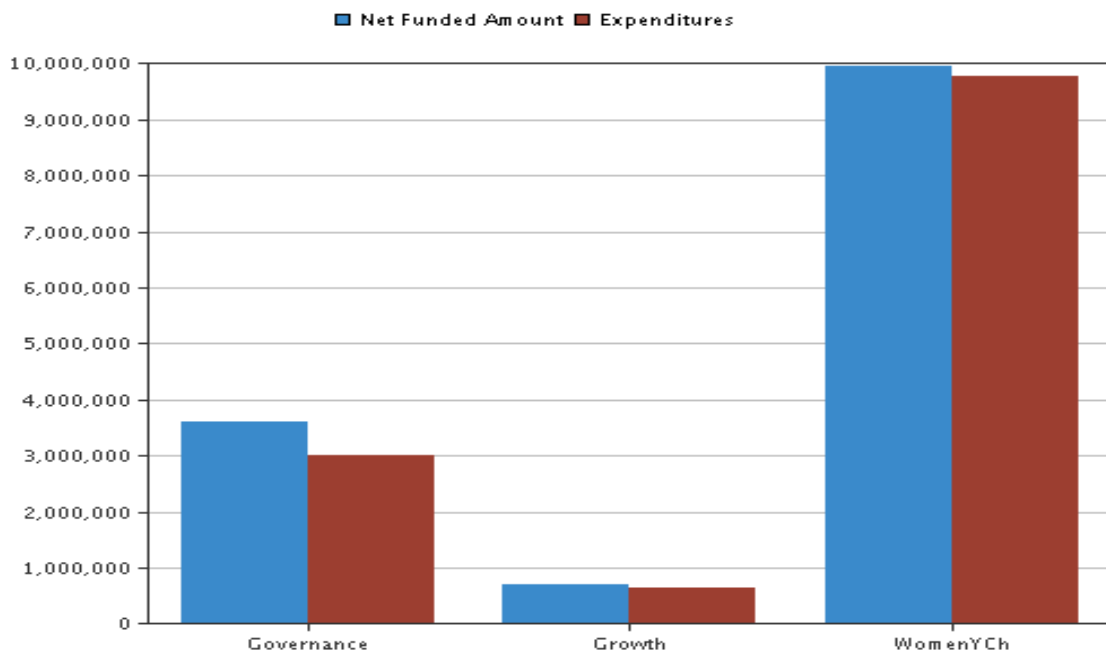
5.2 EXPENDITURE BY UNDAF PILLAR

Table 5.2 displays the net funded amounts, expenditures incurred and the financial delivery rates by Pillars.

Table 5.2 Expenditure by UNDAF Pillar, as of 31 December 2016 (in US Dollars)

UNDAF Pillar	Prior Years as of 31-Dec-2015		Current Year Jan-Dec-2016		Total		Delivery Rate %
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Ethiopia							
Economic Growth & Risk Reduction	706,795	290,945		357,084	706,795	648,029	91.69
Governance and Capacity Development	3,113,337	2,223,615	499,477	786,050	3,612,814	3,009,665	83.31
Women Youth and Children	9,948,520	9,003,947		776,189	9,948,520	9,780,136	98.31
Ethiopia Total:	13,768,653	11,518,507	499,477	1,919,323	14,268,130	13,437,830	94.18
Grand Total:	13,768,653	11,518,507	499,477	1,919,323	14,268,130	13,437,830	94.18

Figure 3: Cumulative Net Funded Amount and Expenditure with Breakdown by Pillar



5.3 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. See table below.

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 5.3 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	
Supplies, Commodities, Equipment and Transport (Old)	92,580	-	92,580	0.73
Personnel (Old)	14,760	-	14,760	0.12
Contracts (Old)	232,662	-	232,662	1.85
Other direct costs (Old)	25,460	-	25,460	0.20
Staff & Personnel Cost (New)	274,005	181,223	455,228	3.61
Suppl, Comm, Materials (New)	288,198	35,577	323,774	2.57
Equip, Veh, Furn, Depn (New)	541,561	34,978	576,538	4.57
Contractual Services (New)	1,563,435	261,896	1,825,331	14.48
Travel (New)	1,049,137	116,977	1,166,113	9.25
Transfers and Grants (New)	4,309,628	740,963	5,050,591	40.06
General Operating (New)	2,407,628	435,922	2,843,550	22.56
Programme Costs Total	10,799,052	1,807,537	12,606,588	100.00
¹ Indirect Support Costs Total	719,455	111,786	831,242	6.59
Total	11,518,507	1,919,323	13,437,830	

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\$ 6,952 was deducted in AA-fees. Cumulatively, as of 31 December 2016, US\$ 145,863 has been charged in AA-fees.
- Indirect Costs of Participating Organizations: Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 111,786 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 831,242 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.