2016 (Sixth) Annual consolidated report on activities implemented under the Iraq UNDAF Fund

Report of the Administrative Agent of the Iraq UNDAF Fund for the period 1st of January – 31st of December 2016

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

Iraq UNDAF Fund

Participating Organizations

Economic and Social Commission for Western Asia (ESCWA)

Food and Agriculture Organization (FAO)

United Nations Children's Fund (UNICEF)

United Nations Development Programme (UNDP)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

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

United Nations Environment Programme (UNEP)

United Nations Human Settlements Programme (UN-HABITAT)

United Nations Office for Project Services (UNOPS)

United Nations Population Fund (UNFPA)

World Health Organization (WHO)

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Table of contents

Abbreviations and acronyms

AA	Administrative Agent
AWP	Annual Work Plan
COR	Council of Representatives of Iraq
CSO	Civil Society Organization
DGBV	Domestic and Gender-based Violence
DSRSG	Deputy Special Representative of the Secretary-General
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
FPU	Family Protection Unit
GoI	Government of Iraq
GRB	Gender Responsive Budgeting
IHCHR	Independent High Commission for Human Rights
IHEC	Independent High Electoral Commission
ILO	International Labour Organization
IPSAS	International Public Sector Accounting Standards
I-PSM	Iraq Public Sector Modernization Programme
IRFFI	International Reconstruction Fund Facility for Iraq
ITF	Iraq Trust Fund
JP	Joint Programme
KBA	Kurdistan Bar Association
KPSM	Kurdistan Public Sector Modernization Project
KRBSA	Kurdistan Region Supreme Board of Audit
KRG	Kurdistan Regional Government
MoEn	Ministry of Environment
MoF	Ministry of Finance
MoH	Ministry of Health
MoI	Ministry of Interior
MoLSA	Ministry of Labour and Social Affairs
MoP	Ministry of Planning
MoU	Memorandum of Understanding
MoWA	Ministry of Women's Affairs
MPTF	Multi-Partner Trust Fund
MPTF Office	Multi-Partner Trust Fund Office
NDP	National Development Plan
NGO	Nongovernmental Organization
PAR	Public Administration Reform
PARHC	Public Administration Roadmap Higher Committee

PCN	Programme/Project Concept Note
PMAC	Prime Minister's Advisory Commission
PSM	Public Sector Modernization
PWG	Priority Working Group
RC	Resident Coordinator
SAA	Standard Administrative Arrangement
SCSO	Steering Committee Support Office
SDS	Sand and Dust Storms
SES	Senior Executive Service
SGP	Strategic Government Plan
TOR	Terms of Reference
TOT	Training of Trainers
UNCAC	United Nations Convention against Corruption
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services
UNV	United Nations Volunteers
UPR	Universal Periodic Review
WFP	World Food Programme
WHO	World Health Organization

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 (SAA) with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent (AA). 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 SAA.

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 percent 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 installment from the MPTF Office to the Participating Organization.

Total approved budget
This represents the cumulative amount of allocations approved by the Steering Committee.

Executive summary

The 2016 Annual Progress Report on activities implemented under the Iraq United Nations Development Assistance Framework (UNDAF) Fund is submitted to the Prime Minister's Office (PMO) and the Ministry of Planning (MoP) of the Government of Iraq (GoI) in addition to the donors of the Iraq UNDAF Fund by the United Nations Development Programme (UNDP) Multi- Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent (AA) of the Iraq UNDAF Fund in fulfillment of the reporting provisions of the Standard Administrative Arrangement (SAA). The information presented in this Progress Report covers the period of 1 January to 31 December 2016.

The ISIL war that started in 2014 has significantly impacted the UNDAF 2015-2019 implementation including the set up of its governance mechanisms. Based on the prevailing situation, UN agencies have adjusted their country programmes documents focusing on humanitarian assistance and few development programmes with a national coverage. During 2016, UNCT explored the opportunities to adjust UNDAF 2015-2019 to the new era but this could not be achieved since the government priorities were on country liberation and support to displaced people. However UNCT kept a momentum with the Government on development issues with the identification of key priority areas for the recovery and resilience for the war affected population while development programs are being considered for non-war affected zones.

Among on-going programmes, the "Iraq Public Sector Modernization Programme (I-PSM) has continued to be the spearhead in guiding the public sector reform based on the road map approved in 2013 and annually adjusted. No new programme under UNDAF framework was initiated in 2016 since the country liberation did not happened as initially expected. The UN focus was effectively on humanitarian assistance but more importantly due to the Government funding gap for programmes cost sharing mechanism that was agreed in UNDAF 2015-2019. Even for the I-PSM, the Government continued to rely only on ITF available funds for implementing key activities to sustain the programme that has been the cornerstone for the decentralization. 2016 was also the year when the Anti Corruption Programme was accomplished with the provision of all equipment and the capacity building of all teams.

Due to prevailing circumstances, the Government has again requested a special consideration to extend the Fund hoping that a more regular planning and programme implementation processes will be in place the soonest.

The reporting period covering 1 January to 31 December 2016 focuses on activities implementation for the two remaining programmes; the "I-PSM" and the "Institutional Development of the Iraqi Anti-Corruption Academy". The Institutional Development of the Iraq Anti-Corruption Academy has been completed during the year while the I-PSM is still running based on funds received in 2015.

On the two project, the Institutional Development for Iraq Anti-Corruption Academy was programmatically closed during 2016 with the handover of the last IT equipment/software and the training and workshops conducted to ACA staff for the use the delivered equipment and the system management using the specialized software. While the ACA establishment is already finalized, much more is needed for the effective implementation and action in the field.

Despite a challenging environment particularly the lack of GoI funds for implementing all roadmap activities, I-PSM achievements in 2016 are quite significant. Pursuing the implementation of the 2013 Roadmap with UNDAF ITF contribution, I-PSM has managed to decentralize services delivery for Health, education and WATSN including the financial devolution in some cases. The initiation of new working mechanisms systems for the public administration at central and governorates level is also an important achievement from the I-PSM support. There is a hope that with the war winding up, efforts will be turned to the needed reforms for implementing the federalism and reaching the population with adequate services.

A total of US$ 832,822 in transfers from the United Nations Development Group Iraq Trust Fund (UNDG ITF) was deposited into the Iraq UNDAF Fund in 2016 and a total fund earning interest of $21,218 was reported, bringing the total accumulated deposits to the Fund to US$ 43,120,185. As of 31 December 2016, total transfers to Participating Organizations were US$ 39,517,806. During the reporting period, total expenditure reported was US$ 3,293,676 bringing total cumulative reported expenditure to US$ 35,410,262.

1. Introduction

The 2016 Annual (Sixth) Progress Report on activities implemented under the Iraq UNDAF Fund is submitted to the Prime Minister's Office and the Ministry of Planning for the Government of Iraq (GoI), as well as the donors to the Iraq UNDAF Fund by the UNDP Multi Partner Trust Fund (MPTF) Office, in its capacity as the AA of the Iraq UNDAF Fund in fulfillment of the reporting provisions of the SAA. The information presented in this Progress Report covers the period 1 January to 31 December 2016.

The war against ISIL, the internal political struggles such as the relations between the federal level and the Kurdistan Region as well as for other governorates and the low oil prices have continued to hamper the government capacity to provide required allocation funds for development programmes overall the country. The situation has led to halting many regional and governorate's programmes interruption such as the Kurdistan Vision 2020 Facility.

The focus at responding to the humanitarian crisis has continued during all 2016 pushing into background the rest of the UNCT activities. In fact despite all efforts for reviewing and adjusting the UNDAF 2015-2019, the government insisted to focus on stabilizing the liberated areas while still providing relief support to affected population. A reconstruction framework for the liberated zones was developed and UNCT has discussed and identified 7 key thematic sectors of that framework where it has added value. UNCT agreed to develop needed strategies and provide policy support for these priorities during 2017.

During 2016, UNCT continued to support some national programmes including the I-PSM and the "Institutional Development of the Iraqi Anti-Corruption Academy" with the funds received previously. Unfortunately the lack of Government funds due to financial crisis has slowed the project implementation. With I-PSM being considered by the Government a cornerstone of the Public Sector Reform and since funds are still available; the government expects to keep it going. Again, the Government insisted to keep the programme ongoing with only UN contributions and expressed its interest to fund it after the country liberation.

The information contained within the remainder of the report is consolidated based on information and data provided in the individual progress reports prepared at country level and financial statements submitted by Participating Organizations at headquarter level to the MPTF Office; as well as information on decisions taken by the Iraq UNDAF Steering Committee throughout the course of the reporting period. It is neither an evaluation of the Iraq UNDAF Fund nor the MPTF Office's assessment of the performance of the Participating Organizations tasks that belong to an independent evaluation

2. Strategic frameworks on hold

With the signature of UNDAF 2015-2019 on 04 April 2014 that was expected to start on 01 January 2015, UNCT Iraq and the GoI had considered an ambitious programmatic shift from direct support to projects implementation to policy advisory assistance. With ISIL war that sparked early April 2014 in Anbar and by June was threatening the whole, UNDAF was put on hold temporarily expecting a quick resumption, once the attacking forces were pushed back. From there up to now the wait for favorable conditions is interminable. With few programs still under UNDAF governance mechanism, efforts were made in 2016 to map all UN agencies in Iraq programs in correlation with the UNDAF priority results and goals aiming at revising the UNDAF according to the current reality. Minimum required conditions are not yet met to proceed even agencies continue to support the national essential programs such as the I-PSM, the Local area development programme, the immunization programme, the basic education programs, etc.

While coping with the ongoing humanitarian crisis to provide assistance to people in need, UNCT and the Government have started strategic discussions in preparation of the UNDAF review that will integrate the reconstruction dimensions of war affected zones and aligned to the new GoI strategic planning tools (NDP, PRS, Reconstruction Framework) and vision including the SDGs. Even if the major efforts were put on humanitarian assistance, stabilization support for the returnees in liberated areas has also received appropriate attention based on available funds. The financial needs for relief assistance are enormous even for at least covering the basic needs of all affected population. Expectations are therefore very limited for the development programs funding especially for Iraq as a high middle-income country.

3. Governance arrangements

3.1 Governance arrangements

The governance mechanism in place for the UNDAF 2011-2014 was reshuffled in relation to the on-going projects. While the Steering Committee composition was not changed since April 2014, it mainly met regularly at the Co-Chairs levels especially for the I-PSM follow up. The strategic and operational mechanisms such as the High Level Committee (HLC) and the Steering Committee (SC), the Support office for the SC, the UNDAF PWG, etc. were simply not established since the UNDAF 2015-2019 did not materialize. The functions of the Steering Committee Support Office were minimalized and assumed by the Resident Coordinator Office. These include the programs monitoring and reporting as well as the follow up on specific requests from I-PSM. The below UNDAF structure arrangements was developed to be established when UNDAF is operational to ensure that the

Fund management, oversight and other functions are equally provided for within the scope of the various structures.

The following section outlines the roles and processes, and describes how they contributed to the overall governance and accountability of the Iraq UNDAF Fund.

3.1.1   Iraq UNDAF Fund governance structure

Figure 3-1 Iraq UNDAF Fund Governance Structure

Figure 3-1 Iraq UNDAF Fund Governance Structure
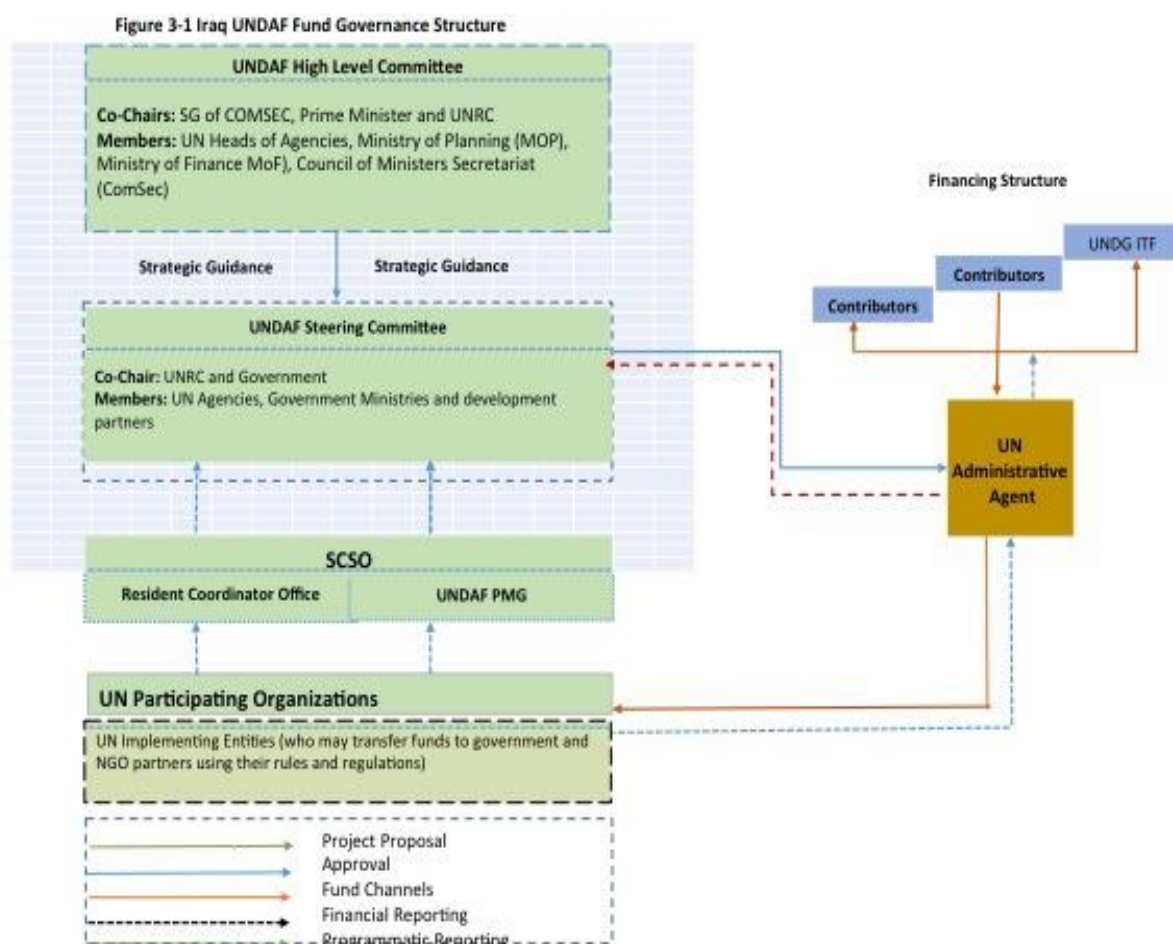
3.1.2 The High Level Committee and the Steering Committee

The joint High Level Committee (HLC) was designed by the UNCT and the Government of Iraq to provide the overall strategic direction for the UN-GOI development partnership. The HLC, Co-Chaired by the Secretary of Council of Ministers (COMSEC) and the Deputy Special Representative of the Secretary-General (Development & Humanitarian/UN Resident Coordinator, RC) periodically reviews achievements and strategic management issues

arising from the implementation of the UNDAF, and take decisions to adjust the scope and geography to ensure achievement of agreed results. The Membership consists of UN Heads of Agencies (HoAs), and high level representation from the Ministry of Planning (MoP), the Ministry of Finance (MoF), and the Council of Ministers Secretariat (CoMSec) including members from Kurdistan Region of Iraq (KRI).

Based on the strategic directions provided by the HLC, the UNDAF Steering Committee (SC) coordinates and oversees the operations of the Iraq UNDAF Fund and provides overall strategic guidance and oversight, as well as acts as a decision making body for fund allocation. The SC is co-chaired by the Government (Co-Chairperson, Secretary of COMSEC) and the UN (Co-Chairperson Resident Coordinator) with balanced representation from the GoI and the UN, including representation from line Ministries, the UNCT and donors contributing to the Fund. The SC met for the last time in 2014 and only emails exchanged since then mainly between the Co-Chairpersons. The membership remained also the same since 2013 and should be reviewed as soon as possible especially if UNNDAF is extended up to 2018 as requested by the Government.

3.1.3   Steering Committee Support Office (SCSO)

In principle, the mandate of the SCSO is to support and facilitate the work of the Steering Committee, including assistance in proposal development, as well as review of submissions prior to the Steering Committee's approval. The SCSO also tracks the status of the proposals, provides advice to the Participating UN Organizations and Steering Committee, and follows up on decisions taken by the various contributing structures to ensure timely follow-up and adherence to agreed Iraq UNDAF Fund procedures. The structure as such has been reduced to the minimum that consists of liaising with the MPTF

3.1.4. The UNDAF Programme Working Group

The UNCT and GOI are supposed to jointly manage the UNDAF through Programme Working Group comprised of all Agencies, Ministries and other partners contributing to the achievement of the UNDAF priority results but this group has not been set up due to the UNDAF hold on. The group was supposed to manage the collective effort toward priority results and outcomes achievements. A Monitoring and Evaluation (M&E) Group for evidence-based decision-making as well as other UNCT coordination mechanisms (i.e. GTF, Policy Engagement WG, Youth Task Force, Returnees TF, etc. were established in 2016 in preparation of the UNDAF review and adjustment.

3.1.6   Administrative Agent (AA)/Multi-Partner Trust Fund Office (MPTF Office)

The role of the MPTF Office, as the AA for the Iraq UNDAF Fund, includes the receipt, administration and management of contributions from donors, disbursement of funds to Participating UN Organizations in

accordance with decisions of the Steering Committee, consolidation and dissemination of progress reports to the MoP and donors. The consolidated report produced by the MPTF Office presents the progress of the projects funded by the Iraq UNDAF Fund, narrative and financial, aligned to the PWG structure. Through the MPTF Office GATEWAY, a public website on all MPTFs administered by the MPTF Office, it ensures full transparency of the operations of the Iraq UNDAF Fund.

4. Project/programme achievements

Even if the RC Office was informed about available funds, it was not possible to allocate the amount during 2016 due to the humanitarian assistance prioritization and the awaited UNDAF revision. By end of 2016, the available programmable amount was estimated at $........... including old UNDG IRFFI returned funds. Strategically, it was expected that the changing planning environment would lead to the UNDAF review and adjustment in 2016 so available funds could be used in key areas of common interest and cross-cutting issues for most of UNCT members. Previous financial information remains valid on disbursements and no additional action was initiated during the reporting period.

4.1 Programme achievements

4.1.1 P1-03: Institutional development of the Anti-Corruption Academy

4.1.1.1 Programme objectives and rationale

Since Iraq has become a signatory of the United Nations Convention against Corruption (UNCAC) in March 2008, efforts were made to operationalize the Convention in the country by putting in place measures to fight corruption and improve the delivery of services in this regard. Based on the law instituting the Commission of Integrity, the Anti-Corruption Academy is the operational branch for dealing with the corruption issues. A strategy was put in place followed by a thorough capacity building that was based on the preliminary assessment findings. Inception activities were initiated including putting in place all needed structures under the Directorate of Scientific and Technical Affairs. The established structure in Iraq was hailed as a unique model in the region and recommended as an example to be followed.

The purpose of the Institutional Development of the Anti-Corruption Academy project (ACA), initiated in 2012, was to contribute to strengthening the Iraq anti-corruption agencies to be knowledgeable, skillful, motivated and committed and to carry out their functions effectively.

4.1.1.2 Programme achievements and results

During 2016, Iraqi anti - corruption Academy, has provided the online training system through the advanced professional training MOODLE system. MOODLE is a specialized information technology company that has delivered the Enterprise management system (ECM) application to ACA aiming at optimizing the management of corporate data/ information at various locations of the ACA and Commission of Integrity (CoI). The ECM serves simultaneously as management and planning tool since it also allows ACA to organize its work and control the institution operational cost.

Key achievements of the planned outputs for 2016 are the following:

> ***Output 1: Anti-Corruption Academy has sustainable organizational arrangements.***

- The Academy's organizational structures were set up from federal level to governorates, and ACA became an official Directorate of the Federal Commission of Integrity in line with Article 10 Law 30 (2011). The Academy was equipped with up-to-date IT technology to perform its tasks.

- Experienced national staff, including administrative staff, academics and trainers specialized in Anti-Corruption matters, were appointed for performing the duties of the Commission of Integrity and Anti-Corruption Academy.

> ***Output 2: Relevant resources in place for the Anti-Corruption Academy.***

- Enterprise content management system (Laserfiche) was installed and tested in ACA structures.

- Capacity building program was conducted for the ACA's staff on the IT equipment and the use of the software provided through MOODLE.

> ***Output 3: Anti-Corruption Academy ability and capacity to deliver training established.***

- The capacity building started previous years was enhanced with Training of Trainers (TOT) and the operationalization of the MOODLE system in addition to the on-line courses. The courses consist of twenty modules for 180 staff responsible for managing the anti-corruption activities at various levels. This training was followed by e-learning courses for a limited number of staff who will maintain the system and regularly conduct the on-job training and the training of trainers for the MOODLE system.

4.1.1.3 Challenges, lessons learned

The management change within the CoI in 2014 has delayed the project inception since the structures could not be set up on time to allow the activities implementation as initially scheduled. The delay was also compounded by the increased insecurity due to war eruption during the year, the elections hold and the government change in addition to the important number of staff at various levels to be trained within the project lifetime. As a key lesson learned, the programme flexibility enjoyed during the implementation timeframe was instrumental for achieving the project's goals. Despite that flexibility, the project remained consistent on initial defined goals, which has led to ensuring provision of support at each level where the project was supposed to be implemented. And for the project credibility and sustainability, those initiatives tailored to the local context for building trust and local partnership were the most successful.

4.1.2 P1-05: Iraq Public Sector Modernization (I-PSM) – Phase II

4.1.2.1 Project/programme objectives and rationale

The Iraq - Public Sector Modernization (I-PSM) Programme is a Government-led UN JP supporting Iraq's Strategic Government Plan (SGP) 2015–2019 and its NDP 2013–2017. The programme is fully aligned with UNDAF 2011–2014, and has four themes: i) Developing policy and building machinery at the center of government for managing Public Sector Modernization (PSM); ii) Supporting system-wide reform for development management, gender mainstreaming, e-governance and national statistics; iii) Piloting reform in the three key sectors of health, education and water and sanitation (WATSAN); and iv) Supporting decentralized services delivery and local governance initiatives. This phase builds on lessons learned and recommendations emerging from the implementation and external evaluation of the I-PSM Phase I. I-PSM Phase I was the foundation for the analytical assessment and preparatory work enabling the Government to develop a system-wide Public Administration Reform (PAR) plan, as well as sector-specific modernization plans for three pilot sectors; health, education and WATSAN; and three pilot governorates.

4.1.2.2 Overall programme achievements and results

4.1.2.2.1 Achievements

In the year 2016, I-PSM Participating UN Organizational continued the implementation of reform activities while guided by both IPSM Project Document and Public Administrative Roadmap endorsed by GoI in 2013. In addition, 2016 has witnessed the rolling out of the models I-PSM UN Participating Organizations have developed over the last three years of its existence at the national and sub-national levels. This included for example: School-Based Management approach, Gender Responsive Budgeting, Decentralized Service Delivery in WATSAN and Health

Sectors, Decentralized Water Management, Knowledge Management in CSO, Simplification of Services Delivery and Work Systems & Procedures, etc.

During the reporting, I-PSM/UNDP has also provided at GoI request an additional support to strengthen GoI capacity to oversee the implementation of current Government Program (2014 – 2018). The support has focused on three key result areas, namely: (1) Enhanced National Capacity in Planning, Monitoring and Evaluation for Development Results, (2) Enhanced Institutional Performance Management, and (3) Improved Public Sector Reform. In this regards, Results-Based Planning, Monitoring and Evaluation readiness across Public Sector Institutions was assessed and translated into two-year functional capacity development plan targeting three layers for actions: individual, organizational and institutional. The implementation of the two-year plan has resulted in its first year an enhanced capacity and upgraded skills of the participating staff from various Public Sector Institutions and Civil Society Organizations across Iraq. The enhanced capacity was demonstrated in the development of a number of RBM-based Strategic Results Frameworks for a number of sector, Quality Control mechanism for National Development Planning, and Guidelines on Preparing National Development Plan (2018 – 2022) for Development Results". On a related note, the Capacity of GoI to set and re-prioritize National Priority Actions was enhanced. A "Prioritization Mechanism" to organize the strategic interventions of the Government Program (2014 – 2018), was developed and formally adopted for use by GoI. As a result, the Strategic Actions of the government program (2014 – 2017) were re-organized in their order of importance thus developing GoI 2017 Work Plan. Moreover, public awareness was increased at the federal and provincial levels on the Sustainable Development Goals, including the "Human Rights" and "Gender Equality and Women Empowerment" dimensions. A series of sensitization workshops, were implemented, targeting the Higher National Committee for Sustainable Development, Sustainable Development Teams at provincial level and a number of Civil Society Organizations. The first draft on "Introducing Sustainable Development Goals (SGDs) to the Iraqi Context", was developed by the participants and is currently subject to national consultation. In addition, a national conference on "Leaving No Woman Behind: Towards Transformative Inclusive Development" in light of SDGs (2015 – 2030), was organized and attended by a wide range of Iraqis. A document on the proposed priority actions for GoI and Women's Organizations in Iraq was produced to consider the SGD-5 in the national planning cycle, and shared with GoI for consideration.

The capacity of some of Public Sector Institutions at federal and sub-national level was enhanced to simplify work systems, procedures and service delivery models through the implementation of a capacity development program including site visits. Ten Work Systems, Procedures and Service Delivery Models, were simplified, including for example: property registration, construction permits, academic certification, housing loans, inheritance, payment

of contractors, pension, allocation of lands to citizens, etc. Guidelines on "Simplification of Work Systems, Procedures and Service Delivery Models", were in addition drafted and supported by real-life examples from Iraq, for wider dissemination at a later stage.

For the "Public Administration Systems at National and Sub-national Levels", IPSM implemented improvement activities targeting specific systems. This included for example: Gender Responsive Budgeting, Simplification of work systems, procedures and service delivery model at federal and local levels for education, WATSAN and health, the revitalization of National Network on GRB, etc., the development of Reproductive Heath Strategy of MoH, etc.

In addition, year 2016 witnessed rolling out of the models that UN Participating Organizations have established since the inception of IPSM phase II. Examples include: School-Based Management, Gender Responsive Budgeting, Decentralized Service Delivery in WATSAN and Health Sectors, Decentralized Water Management, Knowledge Management in CSO and KRSO, Simplification of Services Delivery and Work Systems & Procedures, e-provinces, etc.

For the "**Reform and Modernization Plans in Education, Health and WATSAN Sectors",** year 2016 was marked by the followings:

"**Health Sector**": the launching of "National Standards of Accreditation of Medical Colleges in Iraq" and delivery of a comprehensive capacity development program targeting mostly the deans and deputy deans of medical colleges in Iraq. The Civil Registration and Vital Statistics mechanism was strengthened as part of the family practice model, and a number of capacity development workshops were successfully conducted in this regards, targeting the key stakeholders including: Ministry of Health – Department of Health Statistics, Ministry of Interior and Iraq Central Statistics Organization, and the automation of the Civil Registration and Vital Statistics mechanism thoroughly researched and being taken care of. Furthermore, hospital management capacity was further strengthened in preparation for hospital accreditation, and a capacity development program was implemented to improve the management and leadership capacity at senior and technical levels. Additionally, the national and sub-national capacity was enhanced on planning and delivery of quality Primary Health Care services through the family health approach. In addition, the essential health services package delivered at the primary care facilities, was reviewed and defined in collaboration between WHO Iraq Office, Iraqi Ministry of Health and Directorates of Health in Basra, Waseet, and Najaf.

"**Education Sector**": the School-Based Management model was rolled out, triggering a process of change involving the decentralization of some administrative and management decision making authorities from ministry to school levels to improve school governance and education quality. Structures and mechanisms for implementing School Based Management approach were put in place and are successfully functioning in the 400 pilot schools spread in 11 governorates. This is coupled with the dissemination of the Arabic/ Kurdish "Guidelines for Implementing School-Based Management". Technical support is being provided to KEMAC, EMAC and the relevant ministerial committees to ensure efficient and timely implementation of School Based Management approach in the targeted Schools. On a different note, the "Student Information Management System" is still under development and being piloted by Ministry of Higher Education and Scientific Research.

"**WATSAN Sector**": through partnership with both MoP and MoCHM, the first phase of the e-Governance "Online Water Billing and Complaints System for the Mayoralty of Baghdad and the Ministry of Construction, Housing and Municipalities" was completed. Moreover an Online Smart Water Meters at the Mayoralty of Baghdad, was Developed and being piloted in a number of selected locations at national and sub national level. In addition, a new public Arc GIS database at the Mayoralty of Baghdad is currently being awarded. This approach will enhance the technical capacity of the local staff through the design and delivery of an integrated training program on the installation, configuration, reading, using of the new Database, the integration with the "Online Water Billing and Complaints System".

The final English/ Arabic Guidelines on the Drought Management Plan, were shared with their respective counterparts. The "Water and Sanitation Law in Iraq" is currently under revision prior its submission to the Iraqi CoRs for endorsement, and "Water Quality Management Strategy in Iraq", was developed. Furthermore, a "Land Management System" was developed and is currently being piloted at federal and local levels in Basra and Karbala Governorates. In addition, Phase 2 of the Knowledge Management Project for the Mayoralty of Baghdad and Ministry of Municipalities & Public Works (MMPW), kick-started. The existing GIS systems in MMPW and MoP, assessed to identify capacity gaps and develop a capacity building program. MoB and MMPW were provided with IT equipment along with training courses on KM operational aspect, and the existing database system in MMPW and MoP, was revamped to align it with the new legacy software.

Within the framework of IPSM, support to Government of Iraq to "Strengthen the National and Sub-national Governance and Decentralized Service Delivery Systems across Iraq", a program on "Enhancing the Leadership Capacity of Senior Executives at the sub-national Level" was launched in connection with efficient and effective revitalization of the Provincial Powers Act (Law 21). The senior staff of eight service directorates in Karbala Governorate were capacitated in the first instance, and more will follow soon. Participants were able

to demonstrate their understanding of the first module of the capacity development program and produced the revised version of the employee evaluation system. In addition, they proposed a set of institutional performance management criteria to include in the overall institutional performance management system at the sub-national.

Another a related note, the decision-making capacity for the public sector institutions at the sub-national level in Karbala Governorate, was enhanced. An Integrated GIS-Assisted Decision Support System for Sectoral Planning, Utilities Management and Land Use Planning, was designed and is under construction.

Models developed under the three sectors; health, education and WATSAN were piloted at the sub-national levels as explained in details the respective sections above.

The short and medium term consequences of the implemented activities on the welfare of individuals and communities have not materialized yet. However, they are all ultimately intended to satisfy the needs and expectations of target populations by improving the efficiency of operation within public sector institutions and enhance the efficiency and effectiveness of the delivery of basic and essential services. By focusing on improving service delivery, the Government can demonstrate to the Iraqi people that public sector modernization has concrete and tangible benefits for the population.

4.1.2.2.2 **Challenges and lessons learned**

The challenges in 2016 remain similar to the previous years consisting of (1) the increased deteriorated security situation across the country even if ISIL is being pushed back, (2) the political instability with persistent protestations about reform and corruption (3) the protracted economic and financial crisis, (4) the prolonged humanitarian crisis and (5) the systematic postponement of development initiatives. All of these factors are undermining the development programmes implementation due to their immediate and indirect effects on resources availability and in the induced delays for processing projects activities. Indeed the Public Reform Roadmap provides a straightforward plan of a number of actions needed to initiate an effective public administration reform but there is still a long way to go to ensure that a harmonized approach that encompasses all sectors is being undertaken through smooth and coordination processes.

Over the period of its existence, I-PSM has established itself as one of the reliable and effective mechanism to support the Government for the public sector reform. Based on the preliminary results, the GoI has prioritized the public sector reform within its four-year program (2015 – 2018) and is considering the programme approach as a model pilot to initiate new initiatives. In 2016, the Government turned to I-PSM for initiating an additional support

to oversee the implementation of the government program and to advance the development agenda in Iraq. This ended up in supporting the National Development Plan 2018-2022 and the establishment of results based monitoring system for all nationally managed programs as examples.

5. Financial performance

2016 FINANCIAL PERFORMANCE
This chapter presents financial data and analysis of the **Iraq UNDAF Trust 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/IRQ00.

5.1. SOURCES AND USES OF FUNDS
As of 31 December **2016**, 23c ontributors deposited US$ **42,940,912** in contributions and US$ **179,273** was earned in interest.

The cumulative source of funds was US$ **43,120,185** (see respectively Tables 2 and 3).

Of this amount, US$ **39,517,806** has been net funded to **11** Participating Organizations, of which US$ **35,410,262** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US$ **429,409**. Table 1 provides an overview of the overall sources, uses, and balance of the **Iraq UNDAF Trust 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	988,344	832,822	42,940,912
Fund Earned Interest and Investment Income	25,088	18,970	171,226
Interest Income received from Participating Organizations	1,822	2,248	8,047
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	**1,015,254**	**854,041**	**43,120,185**
Use of Funds			
Transfers to Participating Organizations	5,276,201	-	39,617,247
Refunds received from Participating Organizations	(6,147)	(93,294)	(99,441)
Net Funded Amount	**5,270,054**	**(93,294)**	**39,517,806**
Administrative Agent Fees	9,883	8,328	429,409
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	421,993
Bank Charges	180	107	2,155
Other Expenditures	-	-	-
Total: Uses of Funds	**5,280,118**	**(84,859)**	**40,371,363**
Change in Fund cash balance with Administrative Agent	**(4,264,864)**	**938,900**	**2,748,822**
Opening Fund balance (1 January)	6,074,786	1,809,922	-
Closing Fund balance (31 December)	**1,809,922**	**2,748,822**	**2,748,822**
Net Funded Amount	5,270,054	(93,294)	39,517,806
Participating Organizations' Expenditure	7,118,182	3,293,676	35,410,262
Balance of Funds with Participating Organizations			**4,107,545**

5.2. PARTNER CONTRIBUTIONS

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

The **Iraq UNDAF Trust Fund** is currently being financed by **23** 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	1,383,708	1,345,962	37,746	1,383,708
BELGIUM, Government of	57,726	56,151	1,575	57,726
CANADIAN INTERNATIONAL DEVELOPMENT AGENC	2,787,316	2,711,281	76,036	2,787,316
DENMARK, Government of	9,830,594	9,815,800	14,794	9,830,594
FINLAND, Government of	336,501	327,321	9,179	336,501
GREECE, Government of	158,618	154,291	4,327	158,618
ICELAND, Government of	21,849	21,253	596	21,849
INDIA, Government of	218,493	212,533	5,960	218,493
IRELAND, Government of	53,592	52,130	1,462	53,592
ITALY, Government of	1,714,375	1,667,608	46,767	1,714,375
JAPAN, Government of	15,773,026	15,342,750	430,276	15,773,026
KUWAIT, Government of	218,493	212,533	5,960	218,493
LUXEMBOURG, Government of	101,333	98,569	2,764	101,333
NETHERLANDS, Government of	292,649	284,666	7,983	292,649
NEW ZEALAND, Government of	147,039	143,028	4,011	147,039
NORWAY, Government of	306,296	297,940	8,356	306,296
QATAR, Government of	218,493	212,533	5,960	218,493
REPUBLIC of KOREA, Government of	917,670	892,637	25,033	917,670
SPAIN, Government of	4,071,537	3,960,469	111,068	4,071,537
SWEDISH INT'L DEVELOPMENT COOPERATION	3,235,091	3,218,812	16,279	3,235,091
The Scottish Goverment	484,731	484,731	-	484,731
TURKEY, Government of	393,287	382,559	10,729	393,287
USAID	218,493	212,533	5,960	218,493
Grand Total	**42,940,912**	**42,108,089**	**832,822**	**42,940,912**

5.3. 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$ **171,226**.

Interest received from Participating Organizations amounts to US$ **8,047**, bringing the cumulative interest received to US$ **179,273**.

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	152,256	18,970	171,226
Total: Fund Earned Interest	**152,256**	**18,970**	**171,226**
Participating Organization			
FAO		36	36
UNESCO	5,799	2,212	8,011
Total: Agency earned interest	**5,799**	**2,248**	**8,047**
Grand Total	**158,055**	**21,219**	**179,273**

5.4. 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$ **39,617,247** to **11** 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
ESCWA	717,608		717,608				717,608		717,608
FAO	140,000		140,000		(11,560)	(11,560)	140,000	(11,560)	128,440
UNDP	20,522,086		20,522,086				20,522,086		20,522,086
UNEP	140,000		140,000		(33,169)	(33,169)	140,000	(33,169)	106,831
UNESCO	2,932,229	(6,147)	2,926,082				2,932,229	(6,147)	2,926,082
UNFPA	2,161,094		2,161,094				2,161,094		2,161,094
UNHABITAT	2,393,947		2,393,947				2,393,947		2,393,947
UNICEF	5,047,947		5,047,947				5,047,947		5,047,947
UNOPS	1,038,592		1,038,592		(48,565)	(48,565)	1,038,592	(48,565)	990,027
UNWOMEN	1,311,932		1,311,932				1,311,932		1,311,932
WHO	3,211,812		3,211,812				3,211,812		3,211,812

Grand Total	39,617,247	(6,147)	39,611,100		(93,294)	(93,294)	39,617,247	(99,441)	39,517,806

5.5. 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/IRQ00.

5.5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2016**, US$ **(93,294)** was net funded to Participating Organizations, and US$ **3,293,676** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US$ **39,517,806** and cumulative expenditures reported by the Participating Organizations amount to US$ **35,410,262**. This equates to an overall Fund expenditure delivery rate of **90** percent.

The agencies with the three highest delivery rates are: UNOPS (100%), FAO (100%) and UNEP (100%)

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	
ESCWA	717,608	717,608	572,018	71,571	643,589	89.69
FAO	140,000	128,440	128,440		128,440	100.00
UNDP	20,522,086	20,522,086	15,920,391	1,961,679	17,882,069	87.14
UNEP	140,000	106,831	106,830		106,830	100.00
UNESCO	2,932,229	2,926,082	2,319,058	260,423	2,579,480	88.15
UNFPA	2,161,094	2,161,094	2,057,344	78,771	2,136,115	98.84
UNHABITAT	2,393,947	2,393,947	2,202,891		2,202,891	92.02
UNICEF	6,824,148	5,047,947	4,512,940	180,474	4,693,414	92.98
UNOPS	1,038,592	990,027	990,027		990,027	100.00
UNWOMEN	1,311,932	1,311,932	1,027,721	125,973	1,153,694	87.94
WHO	3,211,812	3,211,812	2,278,926	614,785	2,893,711	90.10
Grand Total	41,393,448	39,517,806	32,116,586	3,293,676	35,410,262	89.61

5.5.2 EXPENDITURE BY PROJECT

Table 6 displays the net funded amounts, expenditures reported and the financial delivery rates by Participating Organization.

Table 6. Expenditure by Project within Sector, as of 31 December 2016 (in US Dollars)

Sector / Project No.and Project Title		Participating Organization	Project Status	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
Environment							
00079817	P3-01 Env/Drought Risk Managem	FAO	Operationally Closed	140,000	128,440	128,440	100.00
00079817	P3-01 Env/Drought Risk Managem	UNDP	Operationally Closed	264,883	264,883	264,604	99.89
00079817	P3-01 Env/Drought Risk Managem	UNEP	Operationally Closed	140,000	106,831	106,830	100.00
00079817	P3-01 Env/Drought Risk Managem	UNESCO	Operationally Closed	215,001	208,854	208,854	100.00
Environment: Total				**759,884**	**709,009**	**708,728**	**99.96**

Sector / Project No.and Project Title		Participating Organization	Project Status	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
Governance and Human Rights							
00081967	P1-01Gov/Empowering CSOs in Ir	UNDP	On Going	2,221,818	2,221,818	2,179,187	98.08
00081968	P1-02 Gov/Family Protection fo	UNDP	On Going	2,467,880	2,467,880	2,435,786	98.70
00081968	P1-02 Gov/Family Protection fo	UNICEF	On Going	2,296,228	1,500,000	1,496,983	99.80
00081969	P1-03 Gov/ID of Anti Corruptio	UNDP	On Going	2,727,273	2,727,273	2,296,478	84.20
00082895	P1-04 Gov/Transparent Particip	UNDP	On Going	3,091,526	3,091,526	3,012,423	97.44
00084209	P1-05 Gov/ I-PSM II	ESCWA	On Going	717,608	717,608	643,589	89.69
00084209	P1-05 Gov/ I-PSM II	UNDP	On Going	7,983,844	7,983,844	5,937,943	74.37
00084209	P1-05 Gov/ I-PSM II	UNESCO	On Going	2,717,228	2,717,228	2,370,626	87.24
00084209	P1-05 Gov/ I-PSM II	UNFPA	On Going	2,161,094	2,161,094	2,136,115	98.84
00084209	P1-05 Gov/ I-PSM II	UNHABITAT	On Going	2,393,947	2,393,947	2,202,891	92.02
00084209	P1-05 Gov/ I-PSM II	UNICEF	On Going	4,527,920	3,547,947	3,196,431	90.09
00084209	P1-05 Gov/ I-PSM II	UNWOMEN	On Going	1,311,932	1,311,932	1,153,694	87.94
00084209	P1-05 Gov/ I-PSM II	WHO	On Going	3,211,812	3,211,812	2,893,711	90.10
00087994	P1-06 Gov/Support to IHEC ph.2	UNDP	Operationally Closed	1,764,862	1,764,862	1,755,649	99.48
00087994	P1-06 Gov/Support to IHEC ph.2	UNOPS	Operationally Closed	1,038,592	990,027	990,027	100.00
Governance and Human Rights: Total				**40,633,564**	**38,808,798**	**34,701,533**	**89.42**

Grand Total				**41,393,448**	**39,517,806**	**35,410,262**	**89.61**

5.5.3   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 7. 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	
Personnel (Old)	5,599	-	5,599	0.02
Staff & Personnel Cost (New)	10,103,114	621,062	10,724,177	32.38
Suppl, Comm, Materials (New)	(1,244,812)	1,380,075	135,263	0.41
Equip, Veh, Furn, Depn (New)	283,284	34,927	318,211	0.96
Contractual Services (New)	10,925,776	(737,993)	10,187,783	30.76
Travel (New)	2,485,580	459,314	2,944,893	8.89
Transfers and Grants (New)	2,225,317	369,204	2,594,521	7.83
General Operating (New)	5,231,050	974,275	6,205,326	18.74
Programme Costs Total	**30,014,908**	**3,100,865**	**33,115,772**	**100.00**
[1] Indirect Support Costs Total	2,101,678	192,811	2,294,489	6.93
Total	**32,116,586**	**3,293,676**	**35,410,262**	

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[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%.

5.6. 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$ **8,328** was deducted in AA-fees. Cumulatively, as of 31 December **2016**, US$ **429,409** has been charged in AA-fees.

- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US$ **192,811** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US$ **2,294,489** as of 31 December **2016**.

5.7. 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.

5.8. 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 the reporting period, direct costs charged to the fund amounted to US$ **0**. Cumulatively, as of 31 December **2016**, US$ **421,993** has been charged as Direct Costs.