

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

**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)

31 May 2017

## PARTICIPATING ORGANIZATIONS



United Nations Capital Development  
Fund



United Nations Development  
Programme

## CONTRIBUTORS



IRISH AID



NORWAY, 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.

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## INTRODUCTION

This Consolidated Annual Financial Report of the **JP Timor Leste LGSP** 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 Timor Leste LGSP**. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/JTP00>).

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 Timor Leste LGSP** 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/JTP00>.

### 1. SOURCES AND USES OF FUNDS

As of 31 December **2016**, 2 contributors deposited US\$ **3,908,912** in contributions and US\$ **38,338** was earned in interest.

The cumulative source of funds was US\$ **3,947,249**.

Of this amount, US\$ **3,907,085** has been net funded to **2** Participating Organizations, of which US\$ **3,429,707** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **39,089**. Table 1 provides an overview of the overall sources, uses, and balance of the **JP Timor Leste LGSP Fund** as of 31 December 2016.

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

	Annual 2015	Annual 2016	Cumulative
<b>Sources of Funds</b>			
Contributions from donors	-	-	3,908,912
Fund Earned Interest and Investment Income	5	7	14,253
Interest Income received from Participating Organizations	-	-	24,085
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
<b>Total: Sources of Funds</b>	<b>5</b>	<b>7</b>	<b>3,947,249</b>
<b>Use of Funds</b>			
Transfers to Participating Organizations	-	-	3,907,085
Refunds received from Participating Organizations	-	-	-
<b>Net Funded Amount</b>	<b>-</b>	<b>-</b>	<b>3,907,085</b>
Administrative Agent Fees	-	-	39,089
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	0	0	101
Other Expenditures	-	-	-
<b>Total: Uses of Funds</b>	<b>0</b>	<b>0</b>	<b>3,946,275</b>
<b>Change in Fund cash balance with Administrative Agent</b>	<b>5</b>	<b>7</b>	<b>975</b>
Opening Fund balance (1 January)	963	968	-
<b>Closing Fund balance (31 December)</b>	<b>968</b>	<b>975</b>	<b>975</b>
Net Funded Amount	-	-	3,907,085
Participating Organizations' Expenditure	299,363	55,929	3,429,707
<b>Balance of Funds with Participating Organizations</b>			<b>477,377</b>

## 2. PARTNER CONTRIBUTIONS

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

The **JP Timor Leste LGSP** 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
IRISH AID	2,422,123	2,422,123	-	2,422,123
NORWAY, Government of	1,486,789	1,486,789	-	1,486,789
<b>Grand Total</b>	<b>3,908,912</b>	<b>3,908,912</b>	-	<b>3,908,912</b>

### 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\$ **14,253**.

Interest received from Participating Organizations amounts to US\$ **24,085**, bringing the cumulative interest received to US\$ **38,338**.

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
<b>Administrative Agent</b>			
Fund Earned Interest and Investment Income	14,246	7	14,253
<b>Total: Fund Earned Interest</b>	<b>14,246</b>	<b>7</b>	<b>14,253</b>
<b>Participating Organization</b>			
UNDP	24,085		24,085
<b>Total: Agency earned interest</b>	<b>24,085</b>		<b>24,085</b>
<b>Grand Total</b>	<b>38,331</b>	<b>7</b>	<b>38,338</b>



#### 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\$ 3,907,085 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	2,202,919		2,202,919				2,202,919		2,202,919
UNDP	1,704,166		1,704,166				1,704,166		1,704,166
<b>Grand Total</b>	<b>3,907,085</b>		<b>3,907,085</b>				<b>3,907,085</b>		<b>3,907,085</b>

## 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/JTP00>.

## 5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2016**, US\$ was net funded to Participating Organizations, and US\$ **55,929** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **3,907,085** and cumulative expenditures reported by the Participating Organizations amount to US\$ **3,429,707**. This equates to an overall Fund expenditure delivery rate of **88** 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	
UNCDF	3,163,200	2,202,919	1,637,272	56,148	1,693,420	76.87
UNDP	2,428,982	1,704,166	1,736,506	(219)	1,736,287	101.88
<b>Grand Total</b>	<b>5,592,182</b>	<b>3,907,085</b>	<b>3,373,778</b>	<b>55,929</b>	<b>3,429,707</b>	<b>87.78</b>

## 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. 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 5.2 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)	207,576	-	207,576	6.46
Personnel (Old)	1,074,079	-	1,074,079	33.43
Training of Counterparts (Old)	9,830	-	9,830	0.31
Other direct costs (Old)	(402,116)	-	(402,116)	(12.52)
Staff & Personnel Cost (New)	1,162,975	-	1,162,975	36.20
Suppl, Comm, Materials (New)	115,217	-	115,217	3.59
Equip, Veh, Furn, Depn (New)	12,858	(68)	12,790	0.40
Contractual Services (New)	508,313	56,148	564,461	17.57
Travel (New)	118,654	(47)	118,607	3.69
Transfers and Grants (New)	296	-	296	0.01
General Operating (New)	349,217	(89)	349,127	10.87
<b>Programme Costs Total</b>	<b>3,156,899</b>	<b>55,944</b>	<b>3,212,843</b>	<b>100.00</b>
<sup>1</sup> Indirect Support Costs Total	216,879	(14)	216,865	6.75
<b>Total</b>	<b>3,373,778</b>	<b>55,929</b>	<b>3,429,707</b>	

<sup>1</sup> **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\$ was deducted in AA-fees. Cumulatively, as of 31 December 2016, US\$ **39,089** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **(14)** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **216,865** 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.