One UN Fund for Malawi

Terms of Reference

I. Introduction

1. The One UN initiative in Malawi was initiated in early 2006. It was in part based on the General Assembly's 'Triennial comprehensive policy review (TCPR) of operational activities for development of the United Nations system', A/RES/59/ 250 of 17 December 2004. This resolution 'stresses that the purpose of reform is to make the United Nations development system more efficient and effective' and 'requests the funds and programmes and specialized agencies to implement 'joint offices'. Prior to the release of the Secretary Generals Report of the High Level Panel on System Wide Coherence, the UN in Malawi was already addressing ways to strengthen the effectiveness and coherence of the UN at the country level, as reflected in the 'UN in Malawi Position Paper,' 2006. The One UN Initiative in Malawi comprises three of four elements: One Programme, One Budgetary Framework including One Fund and One Leader.

2. Following a study commissioned by the Overseas Development Institute, the UN in Malawi is ready to move forward with the introduction of a Single Budgetary Framework. The Single Budgetary Framework is the total estimated amount of resources (both regular and other) needed to implement the UNDAF 2008-2011 (hereinafter referred to as the One Programme), copy of which is attached hereto as ANNEX A. The proposed One Fund for Malawi is a new common fund mechanism to mobilize and allocate additional resources at the country level in a simplified, coherent manner consistent with the overall purpose of the One UN Initiative. This arrangement in Malawi is subscribed to by all members of the UN Country team (hereinafter referred to as the participating UN Organisations). Other UN Organisations may wish to join this funding arrangement in the future. A Copy of which is attached hereto as ANNEX B.

3. The One UN Initiative in Malawi is being implemented in a collaborative manner under the strong leadership of the Government of Malawi. Notably, the Office of the President and Cabinet, the Ministry of Finance and the Ministry for Economic Planning and Development.

4. The introductory part of these Terms of Reference of the One UN Fund for Malawi will be revised to reflect the dynamic nature of the UN reform process in Malawi, particularly when circumstances change or other UN Organisations join as new participants.

II. Purpose of the One UN Fund

5. The objective of the One Fund is to support the coherent resource mobilization, allocation and disbursement of donor resources to the One Programme under the direction of the UN Resident Coordinator (hereinafter referred to as Resident Coordinator) as leader of the UN Country Team (UNCT).

6. The One Fund is one of the proposed vehicles for new resources pooled by donors to support the unfunded gap of the One Programme. The Fund, under the guidance of the UNDAF Clusters and the joint M&E Technical Working Group, and leadership of the Resident Coordinator and UNCT, is intended to facilitate the realization of One Programme outcomes by strengthening the planning and coordination process, and channelling consistent and predictable funds towards the highest priority needs.

7. The Fund will support partnership and communication between all stakeholders involved with Malawi’s development led by the Government of Malawi. Information given to the press, to the beneficiaries of the One Programme, all related promotion material, official notices, reports and publications, shall acknowledge the role of Government of Malawi, the United Nations and the donors.

III. Description of the One UN Fund
8. The One UN Fund for Malawi shall be administered by UNDP, as Administrative Agent, on behalf of the participating UN Organisations and the Resident Coordinator as agreed with the Government. UNDP will administer the fund in accordance with its Regulations and Rules, and a Memorandum of Understanding among the participating organizations.

Contributions to the One UN Fund

9. Contributions to the One UN Fund may be accepted from governments of Member States of the United Nations or from intergovernmental or non-governmental organisations, or from private sources. Acceptance of funds from the private sector will be guided by criteria stipulated in the UN system-wide guidelines on cooperation between the UN and Business Community (the UN Secretary General’s guidelines: http://www.un.org/partners/business/otherpages/guide.htm).

10. In support of the overarching aim of the One UN Fund, and to ensure maximum flexibility and adaptation to national priorities, a guiding principle for resource mobilization would be that donors are encouraged to contribute with multi-year unearmarked resources. However, if this is not possible, earmarking at the level of the 5 One Programme Clusters and/or outcomes will be accepted. It is expected that the percentage of earmarked resources will diminish over time.

11. Contributions to the One UN Fund may be accepted in fully convertible currency. Such contributions shall be deposited in the bank accounts designated by UNDP. The value of a contribution-payment, if made in other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment.

Utilization of the One UN Fund

12. The One UN Fund will be utilized for the purpose of meeting the unfunded gap of initiatives, including new initiatives responding to emerging needs, under the One Programme. Details of such initiatives, including the respective budgets and implementation partners, will be set out in the relevant Participating UN Agencies’ Annual Work Plans.

13. The UNDAF Cluster Annual Work plan is the programmatic document that will serve as the basis for funding requests and allocations.

14. Implementing Partners such as NGOs involved in the One Programme will have access to the One UN Fund through the Participating UN Organizations. The Participating UN Organisations will utilise their standard NGO cooperation modalities for this purpose and charge the corresponding direct and indirect costs to the One UN Fund on the basis of its financial regulations and rules.

15. In conformity with the UN Development Operations Coordination Office (UNDOCCO) Guidelines on Joint Programming, the Administrative Agent and the Participating UN Organisations will be entitled to deduct their indirect costs on contributions received. The Administrative Agent’s administrative fee will be 1%. The fee will be deducted from the contributions to the One UN Fund at the time they are deposited. The indirect costs of the Participating UN Organisations will be 7%.

IV. Governance Arrangements

The UNCT Special Session

15. The UNCT Special Session in Malawi is comprised of the Resident Coordinator as chair, and UN Heads of Agencies, or as otherwise delegated to Officer in Charge. The sitting members of the UNCT Special Session are UN Agencies that signed the UNDAF 2008-2011. The following stakeholders will attend upon invitation - one representative from the Office of the President and Cabinet, one representative from the Ministry of Finance, one representative from the Ministry for Economic Planning and Development and one donor representative. The UNCT Special Session guides and decides on the overall strategic orientation of all aspects of delivering the One Programme in Malawi. The UNCT Special Session requires a quorum of Four UN Agencies and the chair. The Administrative Agent participates in the UNCT Special Session as observer.
The Resident Coordinator

16. The overall management of the One UN Fund will be led and coordinated by the Resident Coordinator in consultation with the Participating UN Organisations. In line with the overall objective of the One UN in Malawi to deliver more effectively at the country level, the Resident Coordinator will be responsible for:

- Strategic leadership of the One UN Fund on the basis of the One Programme;
- Mobilizing resources for the One UN Fund in collaboration with Participating UN Organisations;
- Signing the Standard Administrative Agreement with Donors and the Memorandum of Understanding with Participating UN Organisations as a witness;

The UN Country Team/Allocation Committee

17. The UN Country Team will be responsible for prioritization and allocation decisions of the One Fund under the leadership of the UN Resident Coordinator, according to the agreed allocation criteria and process. A copy of which is attached hereeto as ANNEX C.

18. The UN Country Team will be responsible for developing a joint resource mobilisation strategy, for approving prioritization of allocation of funds from the One UN Fund, and for providing oversight of the management and operations of the One UN Fund. The prioritisation for allocation will be guided by recommendations from the outcome of the Malawi Growth & Development Strategy 2007-2011 Annual Reviews, recommendations by the UNDAF bi-annual Review process, and the overall strategic orientation of the UNDAF joint M&E Technical Working Group independent validation of implementation.

19. In this prioritisation process, the Resident Coordinator and the UNCT can seek inputs from the Office of the President and Cabinet, Ministry of Finance and the Ministry for Economic Planning and Development.

20. Decisions of the UNCT are made by consensus. In the event that no consensus is reached, the Resident Coordinator can make ultimate decisions on fund allocation (with documented process and rationale for these decisions). Programme implementation will be the responsibility of the Country Directors/Head of Participating UN Organisations.

The UNDAF Programmatic Clusters

21. The UNDAF Programmatic Clusters are responsible for making recommendations on the allocation of the resources within each UNDAF Outcome on the basis of the criteria and process listed in this document.

The Administrative Agent

22. UNDPs responsibilities as Administrative Agent will include the following:

- Signing the Standard Administrative Agreement with Donors, and the Memorandum of Understanding with Participating UN Organisations;
- Receipt, administration and management of contributions from Donors;
- Disbursement of such funds to the participating UN Organisations in accordance with the approved Annual Work Plans;
- Provide consolidated narrative and financial reports, in accordance with the MOU, on the One UN Fund Account to the Resident Coordinator based on reports of the participating UN Organisations.

Support services provided by the Resident Coordinator’s Office

23. The Office of the Resident Coordinator is responsible for support to the strategic leadership role of the Resident Coordinator for the One UN Fund. It will provide support in all the designated tasks for the Resident Coordinator as listed in paragraph 17 above. Drawing on the review report provided by each of the UNDAF Clusters, the Office of the Resident
Coordinator shall make recommendations to the UNCT, on initial prioritisation and continued funding, based on the financial status of the One Fund for Malawi. The Office of the Resident Coordinator will provide strategic focus including analysis of progress and lessons to be learned for future programme implementation. It will circulate the finalised annual consolidated report on the One UN Fund to the UNCT Special Session for information. The Office of the Resident Coordinator will ensure that these reports are distributed to all donors contributing to the One Fund and maintain an appropriate level of fund information on the UN system website for Malawi (www.unmalawi.org) to ensure transparency.

24. The Office of the Resident Coordinator will i) provide coordination support to the Administrative Agent in consolidating the narrative and financial reports and ii) support UNDAF Programmatic Cluster Conveners to prepare and report on consultations with stakeholders regarding the One Programme and One Fund in Malawi. Any tasks that fall outside of the Terms of Reference of the Office of the Resident Coordinator will, following approval of the UNCT Special Session, be charged directly to the One Fund for Malawi account by the Administrative Agent in accordance with Article 1 para 6a of the Memorandum of Understanding between the Administrative Agent and the UN participating organizations.

25. The Office of the Resident Coordinator will serve as the secretariat to the Single Budgetary Framework Task Force that comprises of focal points from each Participating Organization. The Single Budgetary Framework Task Forces provides information on the financial situation of Participating UN Agencies. Regular Resources and Other Resources.

V. Activities of Participating UN Organizations

26. The implementation of the Programme activities will be the responsibility of the Participating UN Organizations and will be carried out by each Participating UN Organization in accordance with applicable regulations, rules, directives and procedures. The UNDAF Cluster Annual Work plans will serve as the reference document for proposed programme activities.

27. The participating UN Organizations will carry out the activities for which they are responsible, in line with the budget contained in the approved UNDAF Cluster Annual Work plan, as amended from time to time by the UNCT Special Session in accordance with the regulations, rules, directives and procedures applicable to it. Accordingly, personnel will be engaged and administered, equipment, supplies and services purchased, and contracts entered into in accordance with the provisions of such regulations, rules, directives and procedures.

28. In the event where a participating UN Organization is unable to deliver as committed, any resources allocated should be re-allocated to other agreed priorities, as approved by the UNCT Special Session.

29. The participants recognize that it is important to take all necessary precautions to avoid corrupt, fraudulent, collusive or coercive practices.

VI. Monitoring and Evaluation

30. Monitoring and evaluation of the projects/programmes shall be undertaken in accordance with the Terms of Reference of the joint M&E Technical Working Group developed under the direction of the Resident Coordinator, to monitor and evaluate the One Programme implementation. The joint M&E Technical Working Group Documents include i) Results Matrices for the five UNDAF Programmatic Clusters ii) Annual Work Plan with outcome and output Indicators and iii) a calendar of M&E activities carried out, as appropriate, by Participating UN Agencies and jointly. Participating UN Organizations shall also explore further thematic or functional clustering of Monitoring and Evaluation activities.

VII. Audit

31. The Administrative Agent and Participating UN organizations will be audited in accordance with their own Financial Rules and Regulations. The Internal Audit Services of all UN organizations will prepare summaries of their internal audit reports and share those with the UNCT and Administrative Agent;
32. The principles of HACT should apply to all participating agencies in the One UN Fund.

VIII. Reporting

33. Each participating UN Organisation shall provide the Administrative Agent with the following statements and reports prepared in accordance with harmonised accounting and reporting procedures applicable to the participating UN Organisation concerned:

- Annual financial reports as of 31 December each year with respect to the funds disbursed to it from the One Fund Account, to be provided no later than three months (31 March) after the end of the applicable reporting period;

- A final financial report, after the completion of the One Programme and including the final year of the Programme, to be provided no later than three months (30 April) of the year following the financial closing of the Programme;

- A final certified financial statement, to be provided no later than 30 June of the year following the financial closing of the Programme.

34. The One Programme Mid-year and Annual progress reports will serve as the narrative part of the One Fund report for both unearmarked and earmarked contributions, to be provided no later than one month after the end of the applicable reporting period in accordance with article 27 above.

35. The One Programme Mid-year and Annual progress reports will include a review of budgets as actually expended versus planned.

36. In collaboration with each participating UN Organisation, the joint M&E Technical Working Group shall provide the Administrative Agent who will in turn provide the Resident Coordinator with the following reports prepared in accordance with harmonised reporting procedures applicable to the participating UN Organisation concerned:

- UNDAF Cluster Annual reports as of 31 December each year with respect to the implementation of the One Programme, to be provided no later than one month (31 March) after the end of the applicable reporting period;

- A final narrative report, after the completion of the One Programme and including the final year of the Programme, to be provided no later than 30 April of the year following the financial closing of the One Programme;

37. In line with the Paris Declaration Principles on Aid Effectiveness, until such a time that a harmonised reporting format and procedure is mutually agreed and accepted by Government and participating UN Agencies, the participating UN Organisations will utilise for financial reporting the five categories agreed by the UNDGCO Financial Policies Working Group.

38. The Administrative Agent shall prepare consolidated financial reports consisting of the reports referred to in paragraph 33 above submitted by each participating UN Organisation, and shall provide those consolidated reports to the Resident Coordinator once these have been agreed upon by all participating UN Organisations but no later than 4 months upon receipt thereof.

39. The Administrative Agent shall also provide to the Resident Coordinator for submission to donors and participating UN Organizations, an annual certified Financial Report on its activities as Administrative Agent ('Report on Sources and Uses of Funds') as well as a final Financial Report and certified Financial Statement no later than 30 June of the year following the financial closing of the One UN Fund.

40. Consolidated One Fund reporting and documentation, including agreements, will be posted on the UN Malawi web site (www.unmalawi.org) and the Multi-donor Trust Fund webpage (www.undp.org/mdtf).

IX. Joint Communication
41. Each participating UN Organization will take appropriate measures to publicize the One Fund and to give due credit to the Participating UN Organizations. Information given to the press, to the beneficiaries of the One Fund, all related publicity material, official notices, reports and publications, will acknowledge the role of the Government of Malawi, the donors, the Participating UN Organizations, the Administrative Agent and any other relevant entities.

42. The Administrative Agent in consultation with the UNCT Special Session will ensure that decisions regarding the review and approval of the One Fund as well as periodic reports on the progress of implementation of the One Fund, associated external evaluation are posted, where appropriate, for public information on the websites of the UN in Malawi and the Administrative Agent.

X. Other Matters

43. The One Fund will be established upon signing of the Memorandum of Understanding by 2 participating UN Organisations and the Administrative Agent. The One Fund will terminate upon completion of all Projects/Programmes funded through the One Fund and after satisfaction of all commitments and liabilities. Notwithstanding the completion of the initiatives financed from the One UN Fund, any unutilized balances will continue to be held in the One UN Fund Account until all commitments and liabilities incurred in implementation of the Projects have been satisfied and project activities have been brought to an orderly conclusion. Any balance remaining in the One UN Fund Account or in the individual participating UN Agencies’ accounts shall be used as decided by the Resident Coordinator in consultation with the UNCT, the contributing donors and participating UN Organisations.
ANNEX A: The Single Budgetary Framework for the One UN Fund in Malawi

Single Budgetary Framework:
Budget – Income (Regular Resources + Other Resources) = Outcome gap

UNDAF Resource Gap

While the UNDAF is described by very ambitious timelines and demand for professionalism in delivery, the possibility of achieving the results fundamentally rests on funding. The four Ex-com UN Agencies in Malawi, on December 13, 2007 signed four separate agreements with the GoM (called CPAPs and DPAP for WFP) on how the UNDAF would be delivered. These documents indicated that, together the agencies raised US$75 million from their Regular Resources, and US$155 million from Other Resources. However, looking at the US$340 million resource requirement, there still remains a funding gap of US$110 million. This is The One UN Fund as of December 2008.

UNDAF Resource Structure

<table>
<thead>
<tr>
<th>Theme</th>
<th>Resource requirements per theme (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1: Sustainable Economic Development</td>
<td>US$ 45,900,000</td>
</tr>
<tr>
<td><strong>CP Outcome 1</strong>: Strengthened Government capacity to coordinate and implement food and nutrition security policies and plans by 2011</td>
<td>US$ 10,500,000</td>
</tr>
<tr>
<td><strong>CP Outcome 2</strong>: Agricultural productivity increased, especially at household level, and oriented towards commercialization by 2011</td>
<td>US$ 24,400,000</td>
</tr>
<tr>
<td><strong>CP Outcome 3</strong>: Enhanced conservation of natural resource base by 2011</td>
<td>US$ 11,000,000</td>
</tr>
<tr>
<td>Theme 2: Social Protection and Disaster Reduction</td>
<td>US$ 27,866,895</td>
</tr>
<tr>
<td><strong>CP Outcome 1</strong>: Proportion of vulnerable groups benefiting from social protection increased by 2011</td>
<td>US$ 25,316,895</td>
</tr>
<tr>
<td><strong>CP Outcome 2</strong>: Government will have disaster risk reduction and emergency management systems and practices for efficient response at national and sub-national levels by 2011</td>
<td>US$ 2,550,000</td>
</tr>
<tr>
<td>Theme 3: Social Development</td>
<td>US$ 91,983,000</td>
</tr>
<tr>
<td><strong>CP Outcome 1</strong>: Equitable access to essential health services increased by 2011</td>
<td>US$ 23,235,000</td>
</tr>
<tr>
<td><strong>CP Outcome 2</strong>: Improved nutrition outcomes for under 5 children, pregnant and lactating women, PLWHAs and other at risk groups by 2011</td>
<td>US$ 12,696,000</td>
</tr>
<tr>
<td><strong>CP Outcome 3</strong>: Equitable access to and use of safe water supply, sanitation and hygiene in rural and peri-urban areas and promotion of environmental health by 2011</td>
<td>US$ 26,200,000</td>
</tr>
<tr>
<td><strong>CP Outcome 4</strong>: By 2011, the proportion of girls and boys’ enrolment, attendance, completion and achievement increased by 2011.</td>
<td>US$ 29,852,000</td>
</tr>
<tr>
<td>Theme 4: HIV and AIDS</td>
<td>US$ 60,050,000</td>
</tr>
<tr>
<td><strong>CP Outcome 1</strong>: Improved equitable access to and uptake of preventive services by 2011</td>
<td>US$ 20,700,000</td>
</tr>
<tr>
<td><strong>CP Outcome 2</strong>: Improved and equitable access to and uptake of AIDS treatment, care and support services by 2011</td>
<td>US$ 600,000</td>
</tr>
<tr>
<td><strong>CP Outcome 3</strong>: Reduced social and economic impact of HIV and AIDS on families and communities by 2011</td>
<td>US$ 30,000,000</td>
</tr>
<tr>
<td><strong>CP Outcome 4</strong>: Improved national and district level capacity to coordinate manage and monitor HIV responses in line with the Three Ones Principles by 2011</td>
<td>US$ 8,750,000</td>
</tr>
<tr>
<td>Theme 5: Good Governance</td>
<td>US$ 113,225,000</td>
</tr>
<tr>
<td><strong>CP Outcome 1</strong>: By 2011, an informed public actively claiming good governance and human rights.</td>
<td>US$ 32,125,000</td>
</tr>
<tr>
<td><strong>CP Outcome 2</strong>: By 2011, improved national capacity to formulate policy, manage, monitor and deliver services to protect the rights of vulnerable groups</td>
<td>US$ 67,100,000</td>
</tr>
<tr>
<td><strong>CP Outcome 3</strong>: By 2011, gender equality and women’s empowerment enhanced</td>
<td>US$ 14,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>US$ 339,024,895</strong></td>
</tr>
</tbody>
</table>

Note: The numbers above are estimates. Exact financial projections will depend on approved annual work plans. As implementation progresses resource estimates will change based on the reporting of financial status by Participating UN Agencies (Regular Resources + Other resources). Specialised Agencies have agreed country programme documents signed with the Government based on a biennial cycle. Projections for the 4 year period will be incorporated into Cluster Annual Work plans.
ANNEX B: One Fund for Malawi Model

Strategic Priorities

Allocation Criteria and Process

Disbursement & Reporting

MGDS 2007-2011

UNDADF 2008-2011

$ Administrative Agent

RR, OR, GAP

Agency

RR, OR, GAP

Agency

RR, OR, GAP

Agency

RR — Regular Resources
OR — Other Resources
ANNEX C: Allocation Process and Criteria for the One Fund in Malawi

1. The UNCT Special Session will approve the Total Funding gap.

2. In line with the Malawi Development Assistance Strategy Aid coordination mechanisms supported by the joint M&E Technical Working Group, the UNCT Special Session will first propose allocation at the level of the 5 UNDAF Programmatic Clusters based on the funding gap as expressed in the budgetary framework. Allocation from the One Fund within the 5 UNDAF clusters will be made in accordance with national priorities.

3. Allocations within each UNDAF Outcome will be proposed by the Cluster Convener to the UNCT Special Session. Once approved by the UNCT Special Session they will be presented to the Government of Malawi for information.
   a. Outcome Leaders are responsible for ensuring that proposed activities and budgets meet minimum criteria for eligibility for One Fund Allocation.
   b. Cluster Convener is responsible for submitting requests to receive One Fund allocations according to pre-defined performance criteria.
   c. The Resident Coordinator will have the final decision on allocations in the event of lack of agreement.

Frequency of allocation

4. Resources from the One Fund will be disbursed in 2 tranches.
   i. Requests for receipt of funds will be presented to the UNCT
   b. Following UNDAF reviews the UNCT Special Session will propose reallocations as deemed necessary:
      i. Performance
      ii. Disbursement rate
   c. The UNCT Special Session will decide on the threshold of receipt of resources for the annual work plan year at the beginning of the year before allocating funds to Clusters.
   d. UN Agencies will provide the Resident Coordinators Office with quarterly updates on their financial status vis a vis other resources.
   e. The Resident Coordinators Office will provide a financial statement to the UNCT on a quarterly basis reflecting the status of funds in the One Fund.
ONE FUND ALLOCATION PROCESS

1. UNCT Special Session
   1. – Definition of Strategic priorities inline with MGDS

2. Cluster
   2. – Submission of request and planning documents

3. RC/UNCT Special Session
   3. – Review of Request and planning documents. Follow proposed allocation criteria and process

4. RCO/AA

5. Implementation

6. Reporting
   6. – Agency submits programmatic and financial progress report to Outcome Leader. Outcome Leader submits programmatic and financial progress report to Cluster Convener. Cluster Convener submits to RCO/AA who in turn presents to the UNCT Special Session.

5. – Activity carried out as planned

4. – Disbursement of funds to Implementing Partner

ONE FUND ALLOCATION CRITERIA

Donors will be encouraged to provide unearmarked funding.

5. Criteria – Initial Allocation (to meet one or more criteria)
   i. UNDAF and MDG Relevance
   ii. Unfunded gap at Outcome level
   iii. One Fund ‘Spirit’ – 2 or more agencies implementing
   iv. Implementation Capacity (Policy and Technical Capacity)
   v. Comparative advantage in implementing the activities
   vi. Priorities which would otherwise not be funded
   vii. Realistic Outcome Budget

Subsequent allocations will include the following
   vii. Capacity of Agency to absorb

Previous track record:
   1. Delivery
   2. Results
   3. Financial Management
   4. Reporting