

Pakistan One Fund

Terms of Reference

17 June 2008

I. Introduction

1. Piloting of UN Reform in Pakistan started in March 2007 as a nationally-driven process to enhance the impact and cost-effectiveness of UN activities in the country. Since then, the vision, mission, principles, and mechanisms for advancing the Reform process have been developed. The major components of the reform process consist of “Four Ones” i.e. One Programme, One Leader, One Budget, One Office, with National Ownership remaining as the integral pillar of the Reforms.
2. Advancement towards achieving these four Ones has been substantial, particularly in the One UN Programme which is the central activity in piloting UN reform in Pakistan and a major driver for other reform initiatives. In close consultation with relevant governmental agencies and Civil Society Organizations (CSOs), UN agencies, funds, and programmes operational in the country have been formulating the One UN Programme and related Joint Programmes that aim to include most of the UN support to the country.
3. The One UN Programme is currently grouped around the five themes of Health and Population; Education, Environment, Disaster Risk Management; and Agriculture, Rural Development and Poverty Alleviation. Formulation and implementation of activities in these five themes are led by five Thematic Working Groups (TWGs). In addition, four cross-cutting issues are included in programmatic initiatives: gender equality, human rights, refugees, and civil society participation.
4. Piloting UN Reform is conducted in a highly participatory and inclusive manner with the active participation of all members of the United Nations Country Team (UNCT) who in their capacity as UNCT members rather than heads of specific agencies, funds or programmes take on roles and responsibilities to support One UN initiatives.
5. A key component required to support the One UN and the One UN Programme is the Pakistan One Fund. With leadership of the Resident Coordinator, in consultation with the UNCT, the Pakistan One Fund aims to provide for a coherent and streamlined platform for resource mobilization, funds allocation and reporting of the One UN Joint Programme in Pakistan.
6. In light of the dynamic nature of One UN Reform in Pakistan, these Pakistan One Fund Terms of Reference (ToR) may have to be periodically updated to reflect the development of the reform experience in the country and to suggest modifications, if any, to the *modus operandi* of the Pakistan One Fund. Furthermore, the ToR will remain consistent with the UN Governing Structure mechanism for the One UN in Pakistan.

II. Purpose of the Pakistan One Fund

7. The Pakistan One Fund is intended to facilitate and streamline the provision of donor resources to UN Joint Programmes under the One UN Programme as well as to simplify substantive and financial reporting. Indeed, the Pakistan One Fund is a major vehicle for resources mobilization from donors to support the unfunded portions of the One UN Programme as well as new initiatives responding to emerging needs within the context of the One UN Programme. The initiatives to be financed by the Pakistan One Fund are elaborated in the One UN Programme and its subsidiary Joint Programmes and Joint Programme Components¹.

III. Description of the Pakistan One Fund

8. The Pakistan One Fund will be administered by UNDP for the duration of the One UN Programme, which at present is for the period 2008 - 2010, in its capacity as Administrative Agent (AA), at the request and on behalf of the Participating UN Organisations and the Resident Coordinator. UNDP will administer the fund in accordance with existing UNDP Regulations and Rules.

Contributions to the Pakistan One Fund

9. Contributions to the Pakistan One Fund may be accepted from, among others, governments of Member States of the United Nations or from intergovernmental or non-governmental organisations, International Financial Institutions (IFIs), foundations, or from private sources. Acceptance of funds from the private sector will be guided by criteria stipulated by the UNCT, agency specific guidelines, and the UN system-wide guidelines on cooperation between the United Nations and Business Community (the UN Secretary General's guidelines <http://www.un.org/partners/business/otherpages/guide.htm>).

10. In support of the objectives of the Pakistan One Fund, and to ensure maximum flexibility and adaptation to national priorities, a guiding principle for resource mobilization under multi-donor trust funds would be that donors are strongly encouraged to contribute with multi-year unearmarked resources. However, if this is not possible, earmarking by donors would be allowed up to the level of Joint Programme Components or to provincial levels therein. Earmarking to a UN Organisation is not permitted. It is expected that the percentage of earmarked resources will diminish over time.

11. Contributions to the Pakistan One Fund may be accepted in fully convertible currencies. Such contributions shall be deposited in the bank accounts designated by the Administrative Agent. 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.

¹ The term "Joint Programme Components", as used in this Terms of Reference, refers to sectors, sub-sectors or thematic areas within the Joint Programme.

Utilization of the Pakistan One Fund

12. The Pakistan One Fund will be utilized for the purpose of meeting the unfunded costs of Joint Programmes, including new initiatives responding to emerging needs, under the One UN Programme. Details of such Joint Programmes, including the respective budgets and implementation partners, will be set out in the relevant Participating UN Organizations' Standard Joint Programme Documents.

13. NGO partners involved in the One UN Programme will have access to the Pakistan One Fund through the Participating UN Organizations. The Participating UN Organizations will utilise their standard NGO cooperation modalities for this purpose.

14. In conformity with the UNDG 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 Pakistan One Fund at the time they are deposited. The indirect costs of the Participating UN Organisations will be 7% of expenditures.

IV. Governance Arrangements

High Level Committee and HLC Finance Sub-Committee

15. The High Level Committee (HLC) will be responsible for the oversight of the UN reform process in Pakistan. The HLC consists of key line agencies of the Government of Pakistan, key donors, the Resident Coordinator and the ten UNCT members who are Chairs of Thematic Working Groups. The HLC is expected to meet quarterly in the period to 2010. The HLC, as its subsidiary body, will have an HLC Finance Sub-Committee, which will also meet quarterly, consisting of the Secretary of the Economic Affairs Division (EAD) as Chair, the Resident Coordinator and one donor representing the donor community. The HLC Finance Sub-Committee carries out the following tasks:

- Ensures that earmarked contributions by donors are consistent with the programmatic and geographic priorities set forth in the One UN Programme;
- Based on recommendations and inputs of the UNCT, and through them in dialogue with Technical Ministries, national partners and donors, decides on the allocation of unearmarked contributions at the One Programme level to one or more Joint Programmes.
- Based on recommendations and inputs of the respective Joint Programme Steering Committees endorses allocations to the different Joint Programme Components within the Joint Programme. Should further clarifications be required by the HLC Finance Sub-Committee on funding allocations between JPCs the JPSC will be asked to review their recommendations and re-submit their request.
- Communicates the allocation of resources to the Joint Programme Steering Committees for their further action (as outlined below).

- Through its Chair requests the Resident Coordinator to instruct the Administrative Agent to transfer funds to Participating UN Organisations once requests from Joint Programme Steering Committees are endorsed.

The Resident Coordinator and the UN Country Team

16. Chaired by the Resident Coordinator, the United Nations Country Team (UNCT) is the primary UN forum for discussing and making decisions regarding all aspects of piloting the UN reform.

17. The overall management of the Pakistan One Fund will be led and coordinated by the Resident Coordinator, who, in consultation with the UNCT, will be responsible for:

- Strategic orientation of the Pakistan One Fund on the basis of the One UN Programme agreed to with Government;
- Mobilizing resources for the Pakistan One Fund;
- Participating in the HLC Finance Sub-Committee; promoting and advocating a balanced approach in the allocation of resources to the respective Joint Programmes;
- Ensuring communication to Participating UN Organisation, JPSCs and Task Forces (see below) of the approved resource allocations at Joint Programme and Joint Programme Component levels.
- Instructing the Administrative Agent to transfer the approved allocation of funds to Participating UN Organisations.
- Promoting synergies between Joint Programmes and Joint Programme Components to ensure coherence of One UN programmatic initiatives.

Joint Programme Steering Committees and Task Forces

18. The Joint Programme Steering Committee (JPSC) is the decision-making authority for the management of each particular Joint Programme. There will be five JPSCs, one for each of the five thematic/sectoral areas of the One UN Programme. Each JPSC is accountable to the High Level Committee. The JPSC oversees and provides strategic guidance for the implementation of the Joint Programmes in their respective areas.

19. The JPSCs will also approve prioritisation of outcomes/outputs. Furthermore, the JPSCs, through their subsidiary Component Allocation Sub-Committees consisting of the two Co-Chairs of the JPSC and the TWG Co-Chairs, and based on recommendations of the relevant Thematic Working Groups, will take note of donor contributions earmarked to their respective Joint Programme and makes recommendations to the HLC Finance Sub-Committee on the allocation of funds to each Joint Programme Component. These recommendations are then communicated to the HLC Finance Sub-Committee for its endorsement.

20. Once the allocation to Joint Programme Components within a Joint Programme is endorsed by the HLC Finance Sub-Committee, the JPSC communicates this to the Participating Organizations at the Joint Programme Component level.

Should HLC Finance Sub-Committee not endorse the allocation of resources to Joint Programme Components, the JPSC will be asked to review its recommendation and re-submit it taking into account HLC Finance Sub-Committee comments.

21. The Task Forces at Joint Programme Component level consist of the national implementation partners and all the Participating UN Organizations at the JPC level in a Joint Programme and are chaired by a UN agency. Task Forces make recommendations on resource allocation to Participating UN Organisations within the Joint Programme Component and submit these recommendations for approval to the JPSC Component Allocations Sub-Committee in the form of an Allocation Plan to Participating UN Organisations. Task Forces also monitor the implementation of JPC activities and promote synergies and collective accountability at the JPC level.

The Administrative Agent

22. The responsibilities of the Administrative Agent, which will be UNDP for the period 2008 – 2010, will include the following:

- Receipt, administration and management of contributions from Donors;
- Disbursement of funds to the Participating UN Organisations, in accordance with the instructions of the Resident Coordinator, on behalf of the HLC Finance Sub-Committee.
- Provide support to the JPSCs and the JPC Task Forces in their reporting functions, as mutually agreed by the respective parties;
- Compilation of consolidated narrative and financial reports on Pakistan One Fund Account to the High Level Committee, UNCT, donors and partners. Participating UN Organizations are responsible for preparing and submitting the reports based on the UNDG standard narrative reports and financial reports to the Administrative Agent in accordance with the reporting schedule specified in Section VII, in the case of narrative reports through their respective JPC Task Forces and JPSCs.

V. Monitoring and Evaluation

23. Monitoring and Evaluation (M & E) of the overall One UN Programme shall be undertaken in accordance with the Monitoring and Evaluation Framework developed by the Monitoring and Evaluation Networks with assistance from the Resident Coordinator Office. The Monitoring and Evaluation Framework contains outcome and output indicators as well as a calendar of M&E activities carried out, as appropriate, by Participating UN Organizations themselves or jointly as part of the JPC Task Forces. Participating UN Organizations shall also explore further thematic or functional clustering of Monitoring and Evaluation activities.

24. The donor(s), the Resident Coordinator, the Administrative Agent and the Participating UN Organizations will hold annual consultations, as appropriate, to review the status of the Pakistan One Fund.

25. In addition, the Resident Coordinator and the UNCT may commission a regular, independent lessons-learned and review exercise relating to the operations and management of the Pakistan One Fund.

26. The AA functions will be the subject of a mid-term review in late-2009 to assess lessons and make recommendations to improve operations.

VI. Audit

27. Agency specific auditing shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the respective Participating UN Organisations.

28. The activities of the Administrative Agent shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

VII. Reporting

29. Each Participating UN Organization will provide the Administrative Agent with the following financial statements and reports using standard formats approved by the UNCT:

- (a) Annual financial statements and reports for the period up to 31 December with respect to the funds disbursed to the Participating UN Organizations from the Pakistan One Fund Account, to be provided no later than four months (30 April) after the end of the calendar year; and
- (b) Certified final financial statements and final financial reports from the Participating UN Organizations after the completion of the Programme and including the final year of the Programme, to be provided no later than six months (30 June) of the year following the financial closing of the Programme.

30. In addition, each Joint Programme Steering Committee, using reports on results at the JPC level prepared by the JPC Task Forces based on Participating UN Organization reports using standard formats approved by the UNCT, will provide the Administrative Agent with the following narrative reports:

- (a) Annual narrative progress reports on the relevant Joint Programme based on Participating UN Organization reports, to be provided no later than three months (31 March) after the end of the calendar year; and
- (b) Final narrative reports on the relevant Joint Programme based on Participating UN Organization reports, after the completion of the Joint Programme and including the final year of the Programme, to be provided no later than four months (30 April) of the year following the

financial closing of the Joint Programme. The final report will give a summary of results and achievements compared to the goals and objectives of the Joint Programme.

31. The Administrative Agent will prepare consolidated narrative and financial reports, based on the reports referred to in paragraph 29 and 30 above, and will provide, for 29 (a) and 30 (a) by 31 May and for 29 (b) and 30 (b) by 31 July, those consolidated reports to the Resident Coordinator for onward submission to the UNCT, High Level Committee and to each donor that has contributed to the Pakistan One Fund Account, in accordance with the timetable established in the Administrative Arrangement.

32. The Administrative Agent will also provide the Resident Coordinator for onwards submission to the UNCT, High Level Committee, Donors and Participating UN Organizations with the following statements on its activities as Administrative Agent:

- (a) Certified annual financial statement (“Source and Use of Funds”) to be provided no later than five months (31 May) after the end of the calendar year; and
- (b) Certified final financial statement (“Source and Use of Funds”) to be provided no later than seven months (31 July) of the year following the financial closing of the Pakistan One Fund.]

33. Consolidated reports and related documents will be posted on the websites of the UNCT in Pakistan (www.un.org.pk) and the Administrative Agent (www.undp.org/mdtf).

VIII. Public Disclosure

34. The Resident Coordinator, the UNCT and Administrative Agent will ensure that decisions regarding the review and approval of Joint Programmes funded under the Pakistan One Fund as well as periodic reports on the progress of implementation of such joint programmes and associated external evaluation reports are posted for public information on the website of the UNCT in Pakistan (www.un.org.pk), as well as on the Administrative Agent’s website (www.undp.org/mdtf). Website postings may also include a record of decisions of the High Level Committee, UNCT, JPSCs, and JPC Task Forces as appropriate, summary sheets of approved Joint Programmes, fund level financial and progress reports, and external evaluation reports, including relevant information on the operations of the Pakistan One Fund.

IX. Termination of the Pakistan One Fund

35. The Pakistan One Fund will be established following the signature of the Memorandum of Understanding between the Resident Coordinator, Participating UN Organizations and the Administrative Agent and the signature of the first donor Standard Administrative Arrangement document. The Pakistan One Fund will terminate upon completion of all Joint Programmes funded through the Pakistan One Fund and after satisfaction of all commitments and liabilities. Notwithstanding the completion of the initiatives financed from the Pakistan One Fund, any unutilized balances will continue to be held in the Pakistan One Fund Account until all commitments and liabilities incurred in implementation of the Joint Programmes have been satisfied and programme activities have been brought to an orderly conclusion.

36. Any balance remaining in the Pakistan One Fund Account or in the individual Participating UN Organizations' separate ledger accounts will be used for a purpose mutually agreed upon by the donors, the UNCT and the Administrative Agent.