

**Consolidated Annual Financial
Report of the Administrative Agent
for
the Bhutan UN Country Fund**

for the period 1 January to 31 December 2017

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

31 May 2018

PARTICIPATING ORGANIZATIONS



Food and Agriculture
Organization



United Nations Capital
Development Fund



United Nations Conference on
Trade and Development



United Nations Development
Programme



United Nations Environment
Programme



United Nations Educational,
Scientific and Cultural
Organizations



United Nations Population
Fund



United Nations Children's
Fund



World Food Programme

CONTRIBUTORS



Austrian Development Agency



Delivering Results Together



Expanded DaO Funding Window



Swiss Agency for Development &
Cooperation

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 **Bhutan UN Country Fund** is prepared by the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office) in fulfillment of its obligations as Administrative Agent, as per the terms of Reference (TOR), the Memorandum of Understanding (MOU) signed between the UNDP MPTF Office and the Participating Organizations, and the Standard Administrative Arrangement (SAA) signed with contributors.

The MPTF Office, as Administrative Agent, is responsible for concluding an MOU with Participating Organizations and SAAs with contributors. It receives, administers and

manages contributions, and disburses these funds to the Participating Organizations. The Administrative Agent prepares and submits annual consolidated financial reports, as well as regular financial statements, for transmission to contributors.

This consolidated financial report covers the period 1 January to 31 December 2017 and provides financial data on progress made in the implementation of projects of the **Bhutan UN Country Fund**. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/BT100>).

The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

2017 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **Bhutan UN Country Fund** using the pass-through funding modality as of 31 December **2017**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/BT100>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2017**, 4 contributors deposited US\$ **3,576,120** in contributions and US\$ **10,018** was earned in interest.

The cumulative source of funds was US\$ **3,586,138**. Of this amount, US\$ **3,549,695** has been net funded to **9** Participating Organizations, of which US\$ **3,509,492** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **35,761**. Table 1 provides an overview of the overall sources, uses, and balance of the **Bhutan UN Country Fund** as of 31 December 2017.

Table 1. Financial Overview, as of 31 December 2017 (in US Dollars)

	Annual 2016	Annual 2017	Cumulative
Sources of Funds			
Contributions from donors	-	-	3,576,120
Fund Earned Interest and Investment Income	538	55	4,940
Interest Income received from Participating Organizations	14	-	5,078
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	552	55	3,586,138
Use of Funds			
Transfers to Participating Organizations	-	73,500	3,782,011
Refunds received from Participating Organizations	(126)	-	(290,025)
Net Funded Amount	(126)	73,500	3,491,986
Administrative Agent Fees	-	-	35,761
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	57,709
Bank Charges	3	1	19
Other Expenditures	-	-	-
Total: Uses of Funds	(123)	73,501	3,585,475
Change in Fund cash balance with Administrative Agent	675	(73,446)	663
Opening Fund balance (1 January)	73,434	74,109	-
Closing Fund balance (31 December)	74,109	663	663
Net Funded Amount (Includes Direct Cost)	(126)	73,500	3,549,695
Participating Organizations' Expenditure (Includes Direct Cost)	103,704	97,269	3,509,492
Balance of Funds with Participating Organizations			40,203

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2017.

The **Bhutan UN Country Fund** is currently being financed by **4** contributors, as listed in the table below.

The table below includes commitments made up to 31 December 2017 through signed Standard Administrative Agreements, and deposits made through 2017. It does not include commitments that were made to the fund beyond 2017.

Table 2. Contributors' Commitments and Deposits, as of 31 December 2017 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2016 Deposits	Current Year Jan-Dec-2017 Deposits	Total Deposits
Austrian Development Agency	378,120	378,120	-	378,120
Delivering Results Together	754,000	754,000	-	754,000
Expanded DaO Funding Window	2,419,000	2,419,000	-	2,419,000
SWISS AGY FOR DEVELOPMENT & COOPERATION	25,000	25,000	-	25,000
Grand Total	3,576,120	3,576,120	-	3,576,120

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 2017, Fund earned interest amounts to US\$ **4,940**.

Interest received from Participating Organizations amounts to US\$ **5,078**, bringing the cumulative interest received to US\$ **10,018**.

Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2017 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2016	Current Year Jan-Dec-2017	Total
Administrative Agent			
Fund Earned Interest and Investment Income	4,885	55	4,940
Total: Fund Earned Interest	4,885	55	4,940
Participating Organization			
FAO	14		14
UNCTAD	235		235
UNDP	4,780		4,780
UNFPA	50		50
Total: Agency earned interest	5,078		5,078
Grand Total	9,963	55	10,018

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2017, the AA has transferred US\$ **3,782,011** to **9** 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 2017 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2016			Current Year Jan-Dec-2017			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
FAO	65,743	(126)	65,617				65,743	(126)	65,617
UNCDF	20,000	(887)	19,113				20,000	(887)	19,113
UNCTAD	119,000	(2,657)	116,343				119,000	(2,657)	116,343
UNDP	1,706,933	(261,487)	1,445,446	73,500		73,500	1,780,433	(261,487)	1,518,946
UNEP	48,165		48,165				48,165		48,165
UNESCO	25,000	(141)	24,859				25,000	(141)	24,859
UNFPA	511,390	(24,727)	486,663				511,390	(24,727)	486,663
UNICEF	762,378		762,378				762,378		762,378
WFP	449,902		449,902				449,902		449,902
Grand Total	3,708,511	(290,025)	3,418,486	73,500		73,500	3,782,011	(290,025)	3,491,986

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2017 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 2017 expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/BT100>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In 2017, US\$ **73,500** was net funded to Participating Organizations, and US\$ **39,561** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **3,491,986** and cumulative expenditures reported by the Participating Organizations amount to US\$ **3,451,783**. This equates to an overall Fund expenditure delivery rate of **99** percent.

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2017 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2016	Current Year Jan-Dec-2017	Cumulative	
FAO	65,743	65,617	65,491	126	65,617	100.00
UNCDF	20,000	19,113	19,113		19,113	100.00
UNCTAD	116,343	116,343	112,243	12	112,255	96.49
UNDP	1,755,688	1,518,946	1,447,237	39,422	1,486,659	97.87
UNEP	48,165	48,165	48,165		48,165	100.00
UNESCO	25,000	24,859	24,859		24,859	100.00
UNFPA	491,390	486,663	486,308		486,308	99.93
UNICEF	762,378	762,378	758,905		758,905	99.54
WFP	449,902	449,902	449,902		449,902	100.00
Grand Total	3,734,609	3,491,986	3,412,223	39,561	3,451,783	98.85

5.2 EXPENDITURE BY THEMATIC AREA

Table 5 displays the net funded amounts, expenditures incurred and the financial delivery rates by Thematic Area

Table 5.2 Expenditure by Thematic Area, as of 31 December 2017 (in US Dollars)

Country/Sector	Prior Years as of 31-Dec-2016		Current Year Jan-Dec-2017		Total		Delivery Rate %
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Bhutan							
2018 Essential Social Services	298,980	298,314			298,980	298,314	99.78
2018 Gender Equality & Child Protection	306,000	331,497		(75,531)	306,000	255,966	83.65
2018 Governance & Participation	353,080	326,600	73,500	114,953	426,580	441,553	103.51
2018 Sustainable Development	158,400	153,912		12	158,400	153,924	97.17
Education	675,386	675,386			675,386	675,386	100.00
Environment	447,164	447,164			447,164	447,164	100.00
Governance	292,886	292,886			292,886	292,886	100.00
Health	391,642	391,642			391,642	391,642	100.00
Poverty and MDGs	494,948	494,822		126	494,948	494,948	100.00
Bhutan Total:	3,418,486	3,412,223	73,500	39,560	3,491,986	3,451,783	98.85
Grand Total:	3,418,486	3,412,223	73,500	39,560	3,491,986	3,451,783	98.85

5.4 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 6. Expenditure by UNDG Budget Category, as of 31 December 2017 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2016	Current Year Jan-Dec-2017	Total	
Supplies, Commodities, Equipment and Transport (Old)	615,187	-	615,187	19.04
Personnel (Old)	358,282	-	358,282	11.09
Training of Counterparts (Old)	355,513	-	355,513	11.00
Contracts (Old)	207,920	-	207,920	6.43
Other direct costs (Old)	13,325	-	13,325	0.41
Staff & Personnel Cost (New)	55,988	466	56,453	1.75
Suppl, Comm, Materials (New)	251,057	-	251,057	7.77
Equip, Veh, Furn, Depn (New)	47,404	-	47,404	1.47
Contractual Services (New)	145,265	265	145,530	4.50
Travel (New)	269,359	2,120	271,479	8.40
Transfers and Grants (New)	344,274	-	344,274	10.65
General Operating (New)	529,159	35,814	564,973	17.48
Programme Costs Total	3,192,732	38,665	3,231,397	100.00
¹ Indirect Support Costs Total	219,491	895	220,386	6.82
Total	3,412,223	39,561	3,451,783	

¹ **Indirect Support Costs** charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once projects are financially closed, this number is not to exceed 7%.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December 2017, 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 2017, US\$ **35,761** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **895** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **220,386** as of 31 December 2017.

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.

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'. Cumulatively, as of 31 December 2017, US\$ **57,709** has been charged as Direct Costs.

Table: Direct Costs

Participating Organization	Net Funded Amount	Expenditure	Delivery Rate
UNCDF	39,000	39,000	100%
UNDP	9,120	9,120	100%
UNFPA	9,589	9,589	100%
Total:	57,709	57,709	100%