

Consolidated Annual Financial Report of the Administrative Agent for the Malawi One UN Fund

for the period 1 January to 31 December 2018

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

31 May 2019

PARTICIPATING ORGANIZATIONS



Food and Agriculture Organization



International Labour Organization



International Organization Migration



Joint United Nations Programme on HIV/AIDS



United Nations Capital Development Fund



United Nations Development Programme



United Nations Educational, Scientific and Cultural Organization



United Nations Population Fund



United Nations Human Settlements Programme



United Nations High Commissioner for Refugees



United Nations Children's Fund



UN Industrial Development Organization

CONTRIBUTORS



Delivering Results Together



Department for International Development (DFID)



Expanded DaO Funding Window



Flemish Government



Government of Germany



Government of Norway

Private Sector



United Nations Children's Fund



UN Office for Drugs and Crime



UNWOMEN



World Food Programme



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 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 **Malawi One UN 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 **2018** and provides financial data on progress made in the implementation of projects of the **Malawi One UN Fund**. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/MW100>).

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

2018 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **Malawi One UN Fund** using the pass-through funding modality as of 31 December **2018**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/MW100>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2018**, **8** contributors deposited US\$ **120,550,943** in contributions and US\$ **348,133** was earned in interest. Refunds to contributors were US\$ **21,982**.

The cumulative source of funds was US\$ **120,877,094**

Of this amount, US\$ **117,678,566** has been net funded to **16** Participating Organizations, of which US\$ **118,678,661** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **1,205,509**. Table 1 provides an overview of the overall sources, uses, and balance of the **Malawi One UN Fund** as of 31 December 2018.

Table 1. Financial Overview, as of 31 December 2018 (in US Dollars)

	Annual 2017	Annual 2018	Cumulative
Sources of Funds			
Contributions from donors	3,654,562	301,033	120,550,943
Fund Earned Interest and Investment Income	20,278	35,647	267,171
Interest Income received from Participating Organizations	1,781	-	80,962
Refunds by Administrative Agent to Contributors	-	-	(21,982)
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	3,676,621	336,680	120,877,094
Use of Funds			
Transfers to Participating Organizations	3,901,702	609,264	119,167,415
Refunds received from Participating Organizations	(512,668)	(225,867)	(3,160,433)
Net Funded Amount	3,389,033	383,397	116,006,981
Administrative Agent Fees	36,546	3,010	1,205,509
Direct Costs: (Steering Committee, Secretariat...etc.)	-	(1,372)	1,671,585
Bank Charges	88	99	785
Other Expenditures	-	-	-
Total: Uses of Funds	3,425,667	385,134	118,884,861
Change in Fund cash balance with Administrative Agent	250,955	(48,454)	1,992,233
Opening Fund balance (1 January)	1,789,733	2,040,687	-
Closing Fund balance (31 December)	2,040,687	1,992,233	1,992,233
Net Funded Amount (Includes Direct Cost)	3,389,033	382,025	117,678,566
Participating Organizations' Expenditure (Includes Direct Cost)	12,979,841	16,854,031	118,678,661
Balance of Funds with Participating Organizations			(1,000,095¹)

¹ This information is provided by the Participating Organizations' Headquarters. Adjustments to this over-expenditure are already made and will be reflected in the final, certified financial report.

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2018.

The **Malawi One UN Fund** is currently being financed by **8** contributors, as listed in the table below.

The table below includes commitments made up to 31 December 2018 through signed Standard Administrative Agreements, and deposits made through 2018. It does not include commitments that were made to the fund beyond 2018.

Table 2. Contributors' Commitments and Deposits, as of 31 December 2018 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2017 Deposits	Current Year Jan-Dec-2018 Deposits	Total Deposits
Delivering Results Together	3,000,000	3,000,000	-	3,000,000
DEPARTMENT FOR INT'L DEVELOPMENT (DFID)	57,497,178	57,497,178	-	57,497,178
Expanded DaO Funding Window	46,043,000	46,043,000	-	46,043,000
Flemish Government	4,850,816	4,549,783	301,033	4,850,816
Government of Germany	851,429	851,429	-	851,429
Government of Norway	7,380,784	7,380,784	-	7,380,784
Private Sector	2,736	2,736	-	2,736
UNICEF	925,000	925,000	-	925,000
Grand Total	120,550,943	120,249,911	301,033	120,550,943

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 **2018**, Fund earned interest amounts to US\$ **267,171**.

Interest received from Participating Organizations amounts to US\$ **80,962**, bringing the cumulative interest received to US\$ **348,133**.

Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2018 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2017	Current Year Jan-Dec-2018	Total
Administrative Agent			
Fund Earned Interest and Investment Income	231,524	35,647	267,171
Total: Fund Earned Interest	231,524	35,647	267,171
Participating Organization			
FAO	6,446		6,446
UNDP	71,582		71,582
UNESCO	226		226
UNFPA	70		70
UNIDO	2,639		2,639
Total: Agency earned interest	80,962		80,962
Grand Total	312,486	35,647	348,133

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2018, the AA has transferred US\$ 119,167,415 to 16 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. In 2018, US\$ 383,397 was the net funded amount to Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2018 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2017			Current Year Jan-Dec-2018			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
FAO	10,021,907	(589,751)	9,432,156	270,297		270,297	10,292,204	(589,751)	9,702,453
ILO	1,041,605	(4,084)	1,037,521				1,041,605	(4,084)	1,037,521
IOM	134,307		134,307				134,307		134,307
UNAIDS	2,527,721	(225,227)	2,302,494		(65,160)	(65,160)	2,527,721	(290,387)	2,237,333
UNCDF	230,458	(91,131)	139,327				230,458	(91,131)	139,327
UNDP	17,470,246	(1,504,294)	15,965,952	108,297	(92,178)	16,119	17,578,543	(1,596,472)	15,982,071
UNESCO	162,500	(7,075)	155,425				162,500	(7,075)	155,425
UNFPA	4,894,549	(107,244)	4,787,304				4,894,549	(107,244)	4,787,304
UNHABITAT	452,592		452,592		(16,742)	(16,742)	452,592	(16,742)	435,850
UNHCR	179,175	(1,122)	178,053				179,175	(1,122)	178,053
UNICEF	23,775,200	(291,389)	23,483,811	94,000	(51,787)	42,213	23,869,200	(343,176)	23,526,024
UNIDO	822,975	(7,751)	815,223				822,975	(7,751)	815,223
UNODC	50,000		50,000				50,000		50,000
UNWOMEN	1,387,884	(30,303)	1,357,581	94,830		94,830	1,482,714	(30,303)	1,452,411
WFP	52,052,927	(354)	52,052,573	41,840		41,840	52,094,767	(354)	52,094,413
WHO	3,354,105	(74,842)	3,279,263				3,354,105	(74,842)	3,279,263
Grand Total	118,558,151	(2,934,567)	115,623,584	609,264	(225,867)	383,397	119,167,415	(3,160,433)	116,006,981

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2018** 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 **2018** expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/MW100>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2018 US\$ 16,854,031** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **116,006,981** and cumulative expenditures reported by the Participating Organizations amount to US\$ **117,007,076**. This equates to an overall Fund expenditure delivery rate of **101** percent.

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2018 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2017	Current Year Jan-Dec-2018	Cumulative	
FAO	10,316,569	9,702,453	8,989,224	429,093	9,418,317	97.07
ILO	1,041,605	1,037,521	1,037,521		1,037,521	100.00
IOM	534,307	134,307	137,307	(3,000)	134,307	100.00
UNAIDS	2,527,721	2,237,333	2,237,333	(3,280)	2,234,053	99.85
UNCDF	239,438	139,327	139,327		139,327	100.00
UNDP	20,115,038	15,982,071	15,388,672	366,546	15,755,218	98.58
UNESCO	162,501	155,425	155,425		155,425	100.00
UNFPA	4,894,549	4,787,304	4,794,512	(7,207)	4,787,304	100.00
UNHABITAT	452,592	435,850	402,776	33,075	435,850	100.00
UNHCR	179,175	178,053	178,053		178,053	100.00
UNICEF	23,869,201	23,526,024	23,479,179	43,038	23,522,217	99.98
UNIDO	886,934	815,223	815,223	1	815,224	100.00
UNODC	50,000	50,000	50,000		50,000	100.00
UNWOMEN	1,878,422	1,452,411	1,357,131	107,283	1,464,414	100.83
WFP	59,407,786	52,094,413	37,712,101	15,888,483	53,600,584	102.89 ²
WHO	3,354,106	3,279,263	3,279,263	0	3,279,263	100.00
Grand Total	129,909,943	116,006,981	100,153,045	16,854,031	117,007,076	100.86

² This information is provided by the Participating Organizations' Headquarters. Adjustments have been made and will be reflected in the final, certified financial report.

5.2 EXPENDITURE BY UNDAF OUTCOME/WINDOW

Table 5.2 displays the net funded amounts, expenditures incurred and the financial delivery rates by UNDAF Outcome.

Table 5.2 Expenditure by UNDAF Outcome/Window, as of 31 December 2018 (in US Dollars)

Country/Sector	Prior Years as of 31-Dec-2017		Current Year Jan-Dec-2018		Total		Delivery Rate %
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Malawi							
2012 Humanitarian Window	59,620,070	45,182,060	270,297	16,330,373	59,890,367	61,512,434	102.71
2012 T1 Econ Growth & Food Sec	3,449,515	3,858,731	79,474	356,618	3,528,990	4,215,349	119.45
2012 T2 Social Protection Serv	1,491,427	1,076,915		14,512	1,491,427	1,091,427	73.18
2012 T3 Response to HIV_AIDS	1,840,718	1,834,029	(6,693)		1,834,025	1,834,029	100.00
2012 T4 Governance & HR	4,851,558	3,896,112	109,018	157,582	4,960,576	4,053,694	81.72
Good Governance	7,117,313	7,087,096	(28,764)	0	7,088,549	7,087,096	99.98
HIV and AIDS	6,749,462	6,729,700	(19,762)		6,729,700	6,729,700	100.00
Soc Protection & Dis Reduction	5,440,716	5,429,951	(16,079)	(5,314)	5,424,637	5,424,637	100.00
Social Development	13,150,648	13,150,648			13,150,648	13,150,648	100.00
Sustainable Economic Dev.	11,912,158	11,907,802	(4,095)	261	11,908,063	11,908,063	100.00
Malawi Total:	115,623,584	100,153,045	383,397	16,854,031	116,006,981	117,007,076	100.86
Grand Total:	115,623,584	100,153,045	383,397	16,854,031	116,006,981	117,007,076	100.86

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 5.3 Expenditure by UNDG Budget Category, as of 31 December 2018 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2017	Current Year Jan-Dec-2018	Total	
Supplies, Commodities, Equipment and Transport (Old)	8,110,390	-	8,110,390	7.40
Personnel (Old)	7,404,816	-	7,404,816	6.76
Training of Counterparts (Old)	4,103,125	-	4,103,125	3.75
Contracts (Old)	8,746,349	-	8,746,349	7.98
Other direct costs (Old)	1,706,003	-	1,706,003	1.56
Staff & Personnel Cost (New)	3,267,475	1,274,063	4,541,538	4.15
Supplies, Commodities and Materials (New)	31,214,973	4,506,662	35,721,634	32.61
Equipment, Vehicles, Furniture, Depreciation (New)	855,888	2,552,976	3,408,864	3.11
Contractual Services (New)	2,072,591	600,684	2,673,276	2.44
Travel (New)	3,696,348	511,418	4,207,766	3.84
Transfers and Grants (New)	16,418,465	3,521,837	19,940,302	18.20
General Operating (New)	6,193,485	2,793,226	8,986,711	8.20
Programme Costs Total	93,789,908	15,760,866	109,550,774	100.00
¹ Indirect Support Costs Total	6,363,136	1,093,165	7,456,302	6.81
Total	100,153,045	16,854,031	117,007,076	

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 2018, 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\$ 3,010 was deducted in AA-fees. Cumulatively, as of 31 December 2018, US\$ 1,205,509 has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 1,093,165 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 7,456,302 as of 31 December 2018.

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 2018, US\$ 1,671,585 has been charged as Direct Costs.

Table: Direct Costs

Participating Organization	Net Funded Amount	Expenditure	Delivery Rate
UNDP	1,671,585	1,671,585	100%
Total:	1,671,585	1,671,585	100%