

## **ANNEX 5: TOR FOR ONE FUND**

### **One UN Programme in Kyrgyzstan**

#### **TERMS OF REFERENCE One Fund in Kyrgyzstan**

##### **Introduction**

1. In a continuous effort to improve aid effectiveness and timely support to the host government, the UN system in Kyrgyzstan has designed a **One UN Programme (2010 – 2011)**, which is the UN system's planning and response framework to address energy and food insecurity and the global economic crisis affecting the most vulnerable in the country. Development of the One UN Programme has given the UN system the unique opportunity to increase its effectiveness within the country by adopting the "Delivering as One" (DaO) guiding principles to expand and accelerate activities to address energy and food insecurity and the global economic crisis, and as a mechanism to attract additional funds.
2. The One UN Programme for 2010-2011 was designed on the commitments of the previous United Nations Development Assistance Framework 2005-2011 (henceforth, UNDAF) and consisted of two types of initiatives: 1) On-going UN organizations' specific initiatives under current UNDAF commitments and funded by current funds; 2) New or expanded initiatives formulated in response to emerging national needs and addressing the effects of energy and food insecurity and the global economic crisis. These are developmental initiatives (to be implemented with urgency) and humanitarian initiatives (addressing defined humanitarian needs)
3. The Kyrgyzstan One Fund has concluded its second year of operations in 2011 **and will continue its operations in 2012 and 2013**. The United Nations in Kyrgyzstan is committed to pooling strengths and *Delivering as One* by streamlining the United Nations system, eliminating unnecessary fragmentation, duplication, and promoting coherent and coordinated joint delivery. Twelve Participating Organizations'/structures' projects and joint programmes will continue to be funded by Kyrgyzstan One Fund during 2012 and 2013. They fall under six thematic areas: (1) Social Services, (2) Food Security, (3) Agriculture, (4) Energy, (5) Environment, and (6) Risk Management. These thematic areas were chosen because they reflect the United Nations system core capacities, which have the greatest effect in improving the lives of vulnerable people.
4. The restoration of stability, people's confidence in the electoral/legislative processes and recovery of the conflict-affected areas of the south are major positive trends, although more work needs to be done in the area of judiciary, law enforcement institutions, anti-corruption and human rights. The United Nations Country Team in Kyrgyzstan decided to provide the appropriate joint response by implementing sustainable short- and medium-term interventions to mitigate the impacts of multiple crises on vulnerable groups. The Government of the Kyrgyz Republic expressed its support to DaO approach that supports the country's recovery and sustainable development and has proved to be a valuable approach in the crisis setting.
5. The interventions within the One UN Programme will contribute to three priority areas identified in the current UNDAF 2012-2016: Peace and Cohesion, Effective Democratic Governance, and Human Rights; Social Inclusion and Equity; Inclusive and Sustainable Job-Rich Growth for Poverty Reduction.
6. "One Fund", and associated management mechanisms, will be established as a pooled funding mechanism specifically to support the new or expanded initiatives (1b above). Resources for the One Fund will be mobilized by the UNCT through various sources, including the

Expanded Delivering as One Funding Window. The on-going UN organizations' specific initiatives will be managed through existing mechanisms separately from those supported by the One Fund, but in close coordination, and will not receive resources from the One Fund;

7. Following UN Country Team (henceforth, UNCT) discussions, the framework for One UN Programme was approved by the Regional Directors Team.
8. Development of the One UN Programme has given the UN system the unique opportunity to increase its effectiveness within the country by adopting the 'Delivering as One' guiding principles in order to expand and accelerate activities to address the effects of energy and food insecurity and the global economic crisis, and as a mechanism to attract additional funds for this purpose.
9. This document, therefore, presents the key principles behind the One Fund, following the principles of the 'Delivering as One' approach.

### **Description of the One Fund**

10. The One Fund conforms to the principles governing a multi-donor pass-through arrangement<sup>1</sup>. Funds will be received by one organization (UNDP as agreed by the UNCT) on behalf of all Participating Organizations and will be, subsequently, disbursed to respective Participating Organizations for approved agency-specific projects or joint programmes.

11. Under the leadership of the UN Resident Coordinator in collaboration and consultation with the Joint Steering Committee (henceforth, Steering Committee), the One Fund is intended to facilitate the realization of One UN Programme outcomes, channeling funds towards the emerging priorities as defined in paragraph 1b) above.

12. As agreed by the UNCT, the One Fund shall be administered by the UNDP Multi-Partner Trust Fund Office (MPTF Office) as Administrative Agent, on behalf of the Participating UN Organizations. UNDP will administer the fund in accordance with its regulations and rules.

### **Contributions to the One Fund**

13. Contributions to the One Fund may be accepted from governments of Member States of the United Nations, from intergovernmental or non-governmental organizations, or from private sources (in this document, collectively described as 'donors'). Acceptance of funds from the private sector will be guided by criteria stipulated in the UN system-wide guidelines for cooperation between the UN and the business community.

14. In support of the aim of the One Fund, and to ensure maximum flexibility and adaptation to national priorities, donors are encouraged to contribute with multi-year, un-earmarked resources. If this is not possible, donors may earmark funds for a specific thematic area. Any funds earmarked for a specific agency will be given to the concerned agency directly without them passing through the One Fund. Such funds will not be approved or monitored by the Steering Committee, but rather will be managed using the standard planning, implementation, and review procedures employed by the agency in their interaction with the Government.

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<sup>1</sup> In a pass-through arrangement, donors and Participating UN Organizations agree to channel funding through one Participating UN Organization, referred to as the Administrative Agent, that is jointly selected by all Participating UN Organizations. As such, the Administrative Agent is the appointed interface between the Participating UN Organizations and the donors. The programmatic and financial accountability for individual projects and joint programmes rests with the Participating UN Organizations to which funds are disbursed by the Administrative Agent upon instruction of the Steering Committee.

15. Contributions to the One Fund may be accepted in fully convertible currency. Such contributions shall be deposited in the bank account designated by UNDP in favour of the One Fund in Kyrgyzstan. 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.

16. The Administrative Agent (AA) will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from donors who wish to provide financial support to the One Fund through the AA.

17. The Administrative Agent will be responsible for concluding Memorandum of Understanding (MOU) with Participating UN Organizations and Standard Administrative Arrangements (SAA) with donors. It will receive, administer and disburse funds to Participating UN Organizations upon instruction from the Steering Committee and submit periodic consolidated narrative and financial reports to the Steering Committee before further submission to contributing donors.

18. A single, standard MOU will be signed between UNDP as Administrative Agent and each Participating UN Organization that sets out the duties and responsibilities of each party. This MOU will cover all projects and joint programmes specified in paragraph 1b) to be participated in by the Participating UN Organization.

19. Each donor contributes to the One Fund by signing a SAA with UNDP as Administrative Agent that sets out the terms and conditions governing the receipt and administration of the contribution.

20. Subject to the availability of funds, the Administrative Agent will normally make each disbursement to the Participating UN Organization within three to five business days after receipt of instructions from the Steering Committee.

### **Utilization of the One Fund**

21. The One Fund will be utilized for the purpose of meeting the unfunded costs of the projects and joint programmes specified in paragraph 1 b) above.

22. Resources from the One Fund will be utilized for the purpose of meeting the direct and indirect costs of projects selected for funding and managed by the Participating UN Organizations. Details of such projects, including respective budgets and implementation partners (national entities, NGOs, civil society organizations, non-state actors and inter-governmental organizations) will be set out in the relevant project documents. Indirect costs of the Participating UN Organizations will be seven percent (7%). The indirect costs will be reflected in the project proposal approved by the Steering Committee.

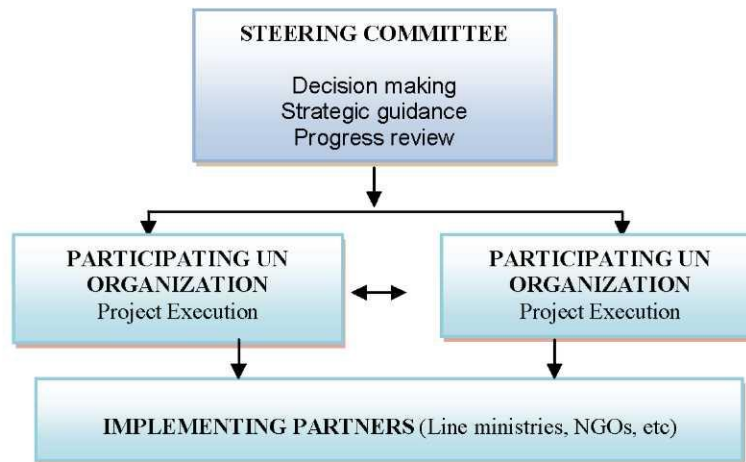
23. The Administrative Agent will charge a one-time fee of one per cent (1 %) of the contribution by the Donor to cover the Administrative Agent's costs of performing the Administrative Agent's functions. The fee will be deducted from the contributions to the One Fund at the time they are deposited.

24. Joint Programmes will utilize parallel or pooled funding modalities as appropriate and needed. Regular reports are required to demonstrate how funds were used and achievements made towards shared outcomes through defined activities.

### **Governance Arrangements**

25. The overall management of the One Fund will be led and coordinated by the Steering Committee.

**Graph 1: Governance Arrangements of the One Fund:**



***The Joint Country Steering Committee***

The Steering Committee will be co-chaired by the UN Resident Coordinator, and Office of the President of the Kyrgyz Republic, and will consist of representatives of Participating UN Organizations. Donors may be invited to be members of the Steering Committee based on the decision of the Steering Committee. The Administrative Agent is an ex-officio member of the Steering Committee.

26.. The Steering Committee will:

- Monitor the overall progress of the One UN Programme and results achieved by the Implementing partners - governmental or non-governmental - as supported by the Participating UN Organizations.
- Review and jointly approve criteria for resource allocation described in the section 'Criteria for Allocation for the One Fund Resources'.
- Review and jointly approve allocations of One Fund resources to projects and joint programmes.
- Instruct the Administrative Agent to disburse the One Fund resources to the Participating UN Organizations accordingly (pass-through fund modality only)
- Approve and update, as necessary, the One Fund TOR as well as the TOR of the Steering Committee TOR and rules and procedures;
- Review and approve the consolidated narrative and financial reports prepared by the Administrative Agent (for pass-through funding modality) for submission to the Steering Committee.

***The UN Resident Coordinator***

27.. The Resident Coordinator will:

- Provide strategic leadership to guide the use of One Fund resources based on the One UN Programme;
- Ensure , in consultation with the Steering Committee, the allocation of the One Fund resources, based on the criteria described in section 'Criteria for Allocation for the One Fund Resources';
- Lead the process for mobilisation of resources for the One Fund in collaboration with Participating UN Organizations;

- Be accountable for the overall efficient management of the One Fund and the utilization of the funds in the One Fund.

### ***Participating UN Organizations***

28. The Participating UN Organizations will be responsible for the implementation of the agency-specific projects and joint programmes. Participating UN Organizations shall assume full programmatic and financial accountability for the funds transferred to them by the Administrative Agent.

### ***The Administrative Agent***

29. UNDP, as Administrative Agent, will:

- Receive contributions from donors that wish to provide financial support to the One Fund through the Administrative Agent;
- Administer funds received, in accordance with a Memorandum of Understanding signed between the Participating UN Organizations and the Administrative Agent (AA) and a Standard Administrative Arrangement between the donors and the AA;
- Subject to availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with instructions from the Steering Committee. The Administrative Agent will normally make each disbursement within three (3) to five (5) business days after having received instructions from the Steering Committee along with the relevant project/joint programme documents signed by all participants concerned;
- Consolidate narrative and financial periodic progress reports for One Fund based on submissions provided to the Administrative Agent by each Participating UN Organization and provide the consolidated progress reports to the Steering Committee for onward submission to donors;
- Provide final financial reporting, including notification that the One Fund has been operationally completed;
- Disburse funds to any Participating UN Organization for any additional costs of the task that the Steering Committee may decide in accordance with One Fund
- Maintain One Fund Kyrgyzstan webpage on the MPTF Office website (<http://mptf.undp.org>), where periodic portfolio information, including consolidated reports and related documents will be posted

### ***Support Services of the Resident Coordinator's Office***

30. The Office of the Resident Coordinator is responsible for support to the strategic leadership role of the Resident Coordinator for the One Fund. It will provide support for all the tasks designated to the Resident Coordinator listed above, including secretarial functions such as agenda preparation for the Steering Committee meetings, taking minutes during the meetings of the Steering Committee, distribution of background documents prior the meetings of the Steering Committee, and analytical functions such as monitoring the progress reports, and preparing quarterly updates for the Steering Committee on approved projects. Drawing on the consolidated reports from the Administrative Agent, the Office of the Resident Coordinator will provide strategic focus including analysis of progress and lessons to be learned for future programme implementation. The Office of the Resident Coordinator will maintain an appropriate level of fund information on the UN Kyrgyzstan country website ([www.un.org.kg](http://www.un.org.kg)) to ensure transparency.

### **Criteria for Allocation of the One Fund Resources**

31. Allocation of One Fund resources will be made based on the following criteria:

Recognizing the inherent subjective nature of any criteria which attempt to assess the 'value' of a project or joint programme prior to implementation, the allocation of resources from the One Fund will be based on the following two overarching elements:

- **Initial allocation:** Individual projects and joint programmes **must meet a 'preparedness criteria'**
- **Performance-based additional allocations:** Programme implementation **must be assessed as 'satisfactory'**

The two elements of the system are described below:

#### **A) Initial Allocation to agency-specific projects and joint programmes**

32. In order to be considered for an initial allocation from the One Fund, Participating UN Organizations' agency-specific projects and joint programmes must meet the following 'preparedness criteria' to be considered for approval by the Steering Committee:

- Agency-specific projects and joint programmes relate to national needs as identified in Country Development Strategy 2009-2011 and national policies and strategies.
- Initial project or joint programme concept notes must detail the justification for the project or programme, its objectives, outcomes, key indicators and activities.
- In addition, a budget outline for one or two years (depending on the duration of the individual project or joint programme) must be included with the above documentation for assessment.

33. After approval by the Steering Committee, Participating UN Organizations will be invited to prepare full project and/ joint programme documents, which must include the following information:

- Finalized agency-specific project or joint programme document
- Results framework
- Annual workplan
- Monitoring and evaluation plan
- Partnership strategy

34. All agency-specific projects and joint programmes documents will be reviewed by the Steering Committee. Allocations from the One Fund resources will be based on the joint decision of the Steering Committee, and according to the unfunded costs of the agency-specific project and joint programme documents.

35. The initial allocation will be made for the twelve (12) months period. The success of the implementation of the first 12 month budget allocation will be taken into consideration when a second budget allocation is being requested

36. The total amount of funds available in the One Fund will be programmed by the Steering Committee and transferred to Participating Organizations, as per the approved agency-specific project and joint programme documents.

#### **B) Performance-Based Additional Allocation to agency-specific projects or joint programmes**

37. Following the initial allocation of twelve (12) months, every 6 months there will be an opportunity for Performance-Based Additional Allocations. These will be based on a review of

the implementation performance of agency-specific projects and joint programmes in relation to **progress towards outcomes and outputs** defined in the project or joint programme documents and Results Based Matrices. The executing agency for agency-specific project or executing agencies within the joint programme will summarise progress towards the defined outcomes and outputs, into a standard format prepared in collaboration and consent with the Steering Committee. This analysis will be reviewed by the Steering Committee.

38.If progress is deemed 'satisfactory', and additional funds are needed, then the agency-specific project or a joint programme may request an additional allocation. The Steering Committee will examine what percentage of the agency-specific project or a joint programme is unfunded and the importance it was given (based on prioritization) in the initial allocation of the One Fund funds to determine the amount for additional allocation.

### **Monitoring and Evaluation**

39.Monitoring and Evaluation of the agency-specific projects and joint programmes funded under the One Fund will be undertaken in accordance with the provision contained in the agency-specific projects and joint programmes submitted by concerned Participating UN Organizations, which are consistent with the respective rules, regulations and procedures of the Participating UN Organizations.

40.Monitoring and evaluation of the agency-specific projects and joint programmes funded under the One Fund will follow Standard Monitoring and Evaluation procedures described in the One UN Programme document.

41.In addition, the Steering Committee may commission a regular, independent lessons-learned and review exercise on the operations and management of the One Fund.

### **Audit**

42.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 Organizations in line with harmonized procedures applicable to the Participating UN Organizations.

43.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.

### **Reporting**

For each project and joint programme approved for funding from the One Fund, each Participating UN Organization shall provide the Administrative Agent with the statements and reports prepared in accordance with the accounting and reporting procedures applicable to the Participating UN Organization concerned:

- (a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;
- (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the One Fund, to be provided no later than four months (30 April) after the end of the calendar year;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than four months (30 April) of the year following the financial closing of the One Fund; and
- (d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the

activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the One Fund.

The Administrative Agent will provide the Donors, through the Delivering as One Steering Committee, with the following statements and reports, based on submissions provided to the Administrative Agent by each Participating UN Organization prepared in accordance with the accounting and reporting procedures applicable to it, as set forth in this TOR:

- (a) Annual consolidated narrative progress reports, based on annual narrative progress reports received from Participating UN Organizations, to be provided no later than five months (31 May) after the end of the calendar year;
- (b) Annual consolidated financial reports, based on annual financial statements and reports, to be received from the Participating UN Organizations, as of 31 December with respect to the funds disbursed to them from the One Fund, to be provided no later than five months (31 May) after the end of the calendar year;
- (c) Final consolidated narrative report, based on final narrative reports received from Participating UN Organizations after the completion of the activities in the approved programmatic document including the final year of the activities in the approved programmatic document, to be provided no later than seven months (31 July) of the year following the financial closing of the One Fund; and,
- (d) Final consolidated financial report, based on certified final financial statements and final financial reports received from Participating UN Organizations after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than seven months (31 July) of the year following the financial closing of the One Fund.

The Administrative Agent will provide the Donors, the Delivering as One Steering Committee and Participating UN Organizations with the following reports on its activities as Administrative Agent:

- (a) Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) 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 SF.

Consolidated reports and related documents will be posted on the websites of the UN in Kyrgyzstan [www.un.org.kg](http://www.un.org.kg) and the Administrative Agent at <http://mptf.undp.org>.

### **Termination of One Fund**

44. The One Fund will be established upon signing of the Memorandum of Understanding between Participating UN Organizations and the Administrative Agent and will become operational with the signature of the first Standard Administrative Arrangement between a donor and the Administrative Agent. The One Fund will terminate upon completion of all individual projects and joint programmes funded through the One UN Fund and after satisfaction of all commitments and liabilities. Notwithstanding the completion of the initiatives financed from the One Fund, any unutilized balances will continue to be held in the One Fund until all commitments and liabilities incurred in implementation of the projects/programmes have been satisfied and project activities have been brought to an orderly conclusion. Any balance remaining in the One Fund or in the individual Participating UN Organizations' accounts shall be used as decided by the Steering Committee in consultation with the contributing donors. Any funds returned to donors will be in proportion to their contributions to the One Fund for Kyrgyzstan.



## **Public Disclosure**

45. The UN Resident Coordinator, Steering Committee and Administrative Agent (UNDP MPTF Office) will ensure that decisions regarding the review and approval of projects and joint programmes funded under the One Fund as well as periodic reports on the progress of implementation of such projects and joint programmes and associated external evaluation reports are posted for public information on the website of the UN System in Kyrgyzstan ([www.un.org.kg](http://www.un.org.kg)), as well as on the Administrative Agent's website (<http://mptf.undp.org>). Website postings may also include a record of decisions of the Steering Committee as appropriate, summary sheets of approved individual projects and joint programmes, fund level financial and progress reports, and external evaluation reports, including relevant information on the operations of the One Fund in Kyrgyzstan.

46. In the event that the terms contained in these Terms of Reference are incompatible with those contained in the MoU between the Administrative Agent and UN Participating Organizations, then the latter shall govern and prevail.