

Ethiopia One UN Fund Terms of Reference

I – Introduction

1. The One UN process in Ethiopia was initiated in mid 2008. It was in part based on the General Assembly's: "Triennial comprehensive policy review (TCP) 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".
2. The One UN process in Ethiopia is being implemented in a collaborative manner under the strong leadership of the Government of Ethiopia. Overall guidance is provided by a High Level Steering Committee, co-chaired by the Resident Coordinator and the Government (Ministry of Finance and Economic Development) with representatives from the UN Country Team, Government Ministries and Donors.
3. The One UN process in Ethiopia comprises five elements: One Programme, One Fund, One Leader, One Office and One Voice as set out in the Concept Paper and Roadmap approved by the High Level Steering Committee in June 2009.
4. The Ethiopia One UN Fund (hereinafter referred to as the "One UN Fund") will support the activities set out in the document The One UN Programme in Ethiopia (Annex 1) which should be read alongside these Terms of Reference.
5. In accordance with the Paris and Accra Statements on Aid Effectiveness the One UN process is being implemented in full alignment with the measures taken in the Development Assistance Group to improve the coherence and harmonization of all external assistance to Ethiopia.
6. The Terms of Reference of the One UN Fund will be revised as required to reflect the dynamic nature of the UN reform process and the One UN Programme in Ethiopia.

II. Purpose and Principles of the Ethiopia One UN Fund

7. The overall strategic objectives for the UN in Ethiopia are set out in United Nations Development Assistance Framework 2007- 2011 (UNDAF). Following the mid-term review of UNDAF in 2009 the UNDAF Results matrix has been refined to improve focus and deliver and a set of new joint programmes has been identified. Since 2008 the UNCT in Ethiopia has been, in consultation with the Government of Ethiopia, rolling out a Delivering As One process to improve the efficiency and effectiveness of the UN system in meeting internationally agreed development goals.
8. The Joint Programmes plus change management activities required to support Delivering As One are known as the One Programme as set out in the document One UN Programme in

Ethiopia.

9. The objective of the One UN Fund is to support the coherent resource mobilization, allocation and disbursement of donor resources to the One UN Programme under the direction of the Resident Coordinator.

10. Underlying the One UN Fund is the One UN Budgetary Framework that is required to coordinate the diversity of funding sources and instruments of the One UN Programme, reduce overlap and ensure that the programmatic initiatives of the One UN Programme are adequately financed.

11. The One UN Fund is the proposed vehicle for new resources pooled by donors to support the unfunded portions of the One UN Programme components (joint programmes, change management and emerging issues). Should the need arise the One UN Fund can also be used to mobilize funds for Participating UN Organizations to respond to emerging and unforeseen circumstances, thereby enhancing the flexibility and responsiveness of the UN system, although such funds should not exceed 5% of the total annual One Fund support to the One UN Programme.

12. The One UN Fund, under the strategic guidance of the High Level Steering Committee (HLSC), is intended to facilitate the realization of One UN Programme outcomes by strengthening the planning and coordination process, aligning the funding allocation to the needs of the One UN Programme and channeling funds towards the highest priority needs of the country. The objectives of the activities to be financed by the One UN Fund are elaborated in the One UN Programme.

13. The Fund will support partnership and communication between all stakeholders involved in Ethiopia's development led by the Government of Ethiopia. Information given to the press, to the beneficiaries of the One UN Programme, all related publicity material, official notices, reports and publications, shall acknowledge the role of the Government of Ethiopia, the UN and the donors.

III- Description of the One UN Fund

a) Administration of the One UN Fund.

14. The One UN Fund shall be administered by UNDP through its Multi-Donor Trust Fund Office (MDTF Office), as Administrative Agent, on behalf of the Participating UN Organizations and the Resident Coordinator as agreed with the Government. UNDP will administer the fund in accordance with its Regulations and Rules.

UNDP's responsibilities as Administrative Agent will be performed in accordance with the UNDG approved "Protocol on the Administrative Agent for Multi Donor Trust Funds and Joint Programmes and One UN Funds"¹ and as set out in paragraph 35.

1. <http://mdtf.undp.org/document/templates>

b) Contributions to the One UN Fund

15. Contributions to the One UN Fund may be accepted from governments of Member States of the United Nations or from intergovernmental or non-governmental organizations, or from private sources. 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.

16. 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 pooled/ unearmarked resources. However, if this is not possible, earmarking at the level of Joint Programmes, change management or a particular emerging issue in the One UN Programme will be accepted. It is expected that the percentage of earmarked resources will diminish over time.

17. 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.

18. As the Administrative Agent of the One UN Fund, UNDP will be responsible for receiving all donor contributions in the Fund account established for this purpose, and in turn, will make fund transfers to the respective Participating UN Organization after the donor funds and instructions are received from Government Lead Agency or Secretariat of JPSC through the lead UN Agency and the Resident Coordinator.

19. Each donor will sign the Standardized Administrative Agreement with UNDP as Administrative Agent (attached as Annex 2), setting out the terms and conditions governing receipt and administration of the contributions.

c) Eligibility for One UN Fund

20. UN organizations and other members of the UNCT receiving funding from the One UN Fund are known as Participating UN Organizations.

21. The Participating UN Organizations will sign a standard Memorandum of Understanding (MoU) for MDTFs and Joint Programmes using pass-through fund management with UNDP (attached as Annex 3), setting out the terms and conditions under which UNDP would work as Administrative Agent and the Participating UN Organizations would receive and use funds from the One Fund Account.

22. Non state actors will be used as one of delivery mechanisms of joint programs, as required, based on mutual agreement between the Government and the UN.

d) Utilization of the One UN Fund

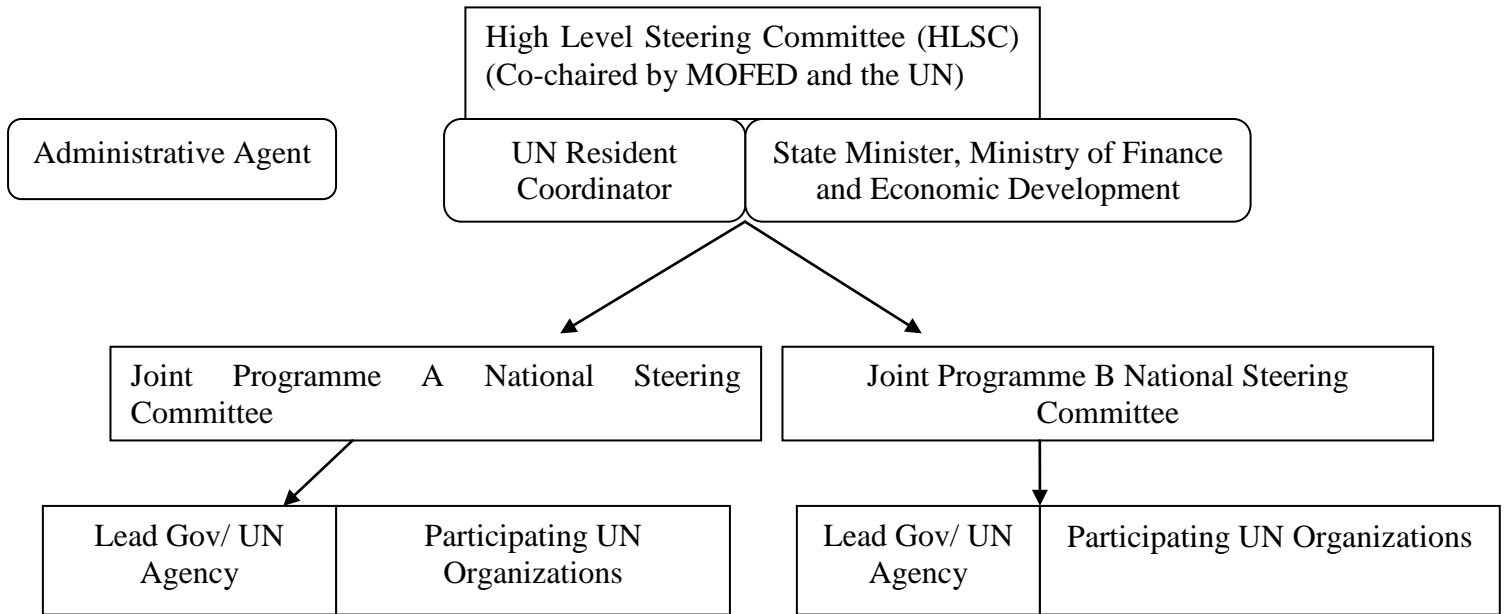
23. The One UN Fund will be utilized for the purpose of meeting the unfunded costs of initiatives, including new initiatives responding to emerging needs, under the One UN Programme. Details of such initiatives, including the respective budgets and implementation partners, will be set out in the relevant Participating UN Organisations' Annual Work Plan, programme or project documents.

24. In conformity with the UNDG Guidelines, the Administrative Agent and the Participating UN Organizations, some of whom will also serve in their capacity as Lead Agency of a Joint Programme, will be entitled to deduct their indirect costs on contributions received in accordance with the following;

- a) The Administrative Agent's fee will be 1% of the amount contributed by each donor signing a Standard Administrative Arrangement. The fee will be deducted from the contributions to the One UN Fund at the time they are deposited.
- b) The indirect costs of the Participating UN Organizations will be 7% for the funds passed through from the Administrative Agent for which Participating UN Organizations assume overall responsibility for the implementation of activities.

IV - Governance Arrangements

25. The One Fund will be governed by the following structure.



The Responsibilities of each part regarding the governance of the One UN Fund are set out below:

The High Level Steering Committee (Annex 4)

26. The High Level Steering Committee will have oversight of the operations of the One Fund. It is jointly co-chaired by the State Minister in MOFED and the UN Resident Coordinator and comprises six representatives of the Government of Ethiopia, six representatives of the UN Country team and three representatives of Donor partners.

27. The High Level Steering Committee will advise and assist in the mobilization of resources for the One UN Fund and measures to increase coherence on harmonization of UN activities in Ethiopia.

28. The High Level Steering Committee will be responsible for providing strategic guidance to the One UN Fund as well as monitoring overall delivery and results of the One UN Programme including :

- a) Making decisions regarding One UN Fund resource allocations;
 - i. For funds earmarked by donors to review and ensure the alignment of the allocations with the strategic development framework of the country and approved national priorities
 - ii. For unearmarked funds: (1) to review and approve the criteria for allocation of One UN Fund resources; and (2) to allocate One UN Fund resources to the respective One UN Programme components (joint programmes, change management and emerging issues) in-line with the agreed allocation criteria, making sure that the allocations are aligned with the strategic development framework of the country and approved national priorities.
- b) To ensure appropriate consultative processes take place with key stakeholders at the country level so as to avoid duplication or overlap between the One UN fund and other funding mechanisms;
- c) To review and approve the periodic progress reports (programmatic and financial) consolidated by the Administrative Agent based on the progress reports submitted by the UN Participating Organizations
- d) To review findings of the summary audit reports consolidated by the internal audit service of the Administrative Agent.
- e) To highlight lessons learnt and ensure the implementation of recommendations and identify critical issues.

The Ministry of Finance and Economic Development (MOFED)

29. MOFED shall exercise the responsibilities of the Government of Ethiopia in respect of the One Fund. It is responsible for:

- a) Co-chairing the High Level Steering Committee;
- b) Working jointly with the UN Resident Coordinator's Office to carry out secretariat functions.
- c) Ensuring that the decisions taken by the High Level Steering Committee, are fully aligned and consistent with the country priorities and with the agreed operational modalities.
- d) In collaboration with UN Resident Coordinator's Office mobilize resources from

different sources for the One Fund and One Program.

- e) Ensuring that the One UN Program is implemented based on the principles of Paris and Ghana AAA on aid effectiveness including ownership, leadership, harmonization, alignment, and mutual accountability as well as the various related agreements made between the UN and the Government.
- f) Ensuring that the principles of DAO and UN reform are fully applied and promoted through the implementation of the One UN Program.
- g) In collaboration with the UN Resident Coordinator's Office advising the High Level Steering Committee on the allocation of funds from the One UN Fund based on priorities agreed in the One UN Programme;
- h) In collaboration with the UN Resident Coordinator's Office ensuring that decisions taken by the HLSC are duly recorded and communicated to the members of the HLSC.
- i) Monitoring the implementation of the decisions of the High Level Steering Committee;
- j) Liaising with the Government Lead Partners participating in the Joint Programmes.
- k) Any costs of support to the One UN Fund, by MOFED, may be charged to the One UN Fund Accounts direct costs after approval of the HLSC.

The Resident Coordinator as Chair of the UN Country Team

30. The overall management of the One UN Fund will be led and coordinated by the Resident Coordinator and MOFED. The Resident Coordinator is accountable to the Chair of the undg Fiduciary Management Oversight Group for the inter-agency fiduciary issues related to the One UN Fund.

31. The Resident Coordinator is responsible for:

- a) Co-chairing the High Level Steering Committee.
- b) In consultation with MOFED, advising the High Level Steering Committee on the allocation of funds from the One UN Fund based on priorities agreed in the One UN Programme;
- c) In consultation with the UN Country Team, appointing the Administrative Agent;
- d) Ensuring that the decisions taken by the High Level Steering Committee are in accordance with the regulatory requirements and frameworks of the UN

- Participating Organizations and agreements with the programme country and donors;
- e) Monitoring the implementation of the decisions of the High Level Steering Committee;
 - f) Reporting to the UNDG Fiduciary Management Oversight Group (FMOG), an inter-agency group responsible for providing oversight and guidance to individual MDTFs on financial management, legal, and assurance issues of an inter-agency nature, on issues that may affect the operations of the Fund;
 - g) Overseeing the Change Management activities supported by the One UN Fund;
 - h) Reporting to the High Level Steering Committee on behalf of the UN County Team

The Office of the Resident Coordinator is responsible for supporting the strategic leadership role of the Resident Coordinator for the One UN Fund and for supporting the quality assurance of the One UN Fund. It will provide support in all the designated tasks for the Resident Coordinator as set out above and report on Change Management activities. In addition, the RC Office will work jointly with MOFED to carry out secretariat functions.

32. Any costs of support to the One UN Fund, including support to the HLSC by the Resident Coordinator's Office, may be charged to the One UN Fund Accounts direct costs after approval of the HLSC.

The Administrative Agent

33. UNDP's responsibilities as Administrative Agent will be performed in accordance with the UNDG approved "Protocol on the Administrative Agent for Multi Donor Trust Funds and Joint Programmes and One UN Funds" and includes the following:

- a) Conclude the MoU with the Participating UN Organizations;
- b) Enter into a Standard Administrative Arrangement (SAA) with each donor that wishes to provide financial support to the One UN Fund through the Administrative Agent;
- c) Receive contributions from donors that wish to provide financial support to the One UN Fund;
- d) Administer such funds received, in accordance with the MoU including the provisions relating to winding up the Fund Account and related matters;
- e) Disburse such funds to each of the Participating UN Organizations in accordance with instructions received through the Lead UN agency and Resident Coordinator,

in accordance with the resource-allocation decisions of the High Level Steering Committee, taking into account the budget set out in the approved programmatic document²/Joint Programme Document, as amended in writing from time to time by the Joint Programme National Steering Committee;

- f) Consolidate statements and reports, based on submissions provided by Participating UN Organizations through the lead agency, as set forth in the MoU, and provide these to the Lead Government Institution, each donor, the Resident Coordinator and the Joint Programme Steering Committee for subsequent review and approval;
- g) Issue annual and final certified financial statements (“Source and Use of Funds”) on its activities as the Administrative Agent;
- h) Provide final reporting, including notification that the Fund has been operationally completed, in accordance with Section IV below;
- i) Disburse funds to any Participating UN Organization for any additional costs of the tasks that the High Level Steering Committee may decide to allocate in accordance with this TOR.

Joint Programme Steering Committees (JPSC)

34. A Programme Steering Committee at national level will be established for each Joint Programme included in the One UN Programme, as the governing body of the Joint Programme. The JPSC will be co-chaired by the Lead Government Institution and the Lead UN agency for the Joint Program. The composition and programmatic responsibilities of the Joint Programme National Steering Committee will be specified under the implementation arrangements of each Programme.

In relation to the One Fund, the Joint Programme National Steering Committee will be responsible for:

- a) Determining financial allocations per Joint Programme component.

The UN Lead Agency

35. The UN Lead Agency selected for a Joint Programme will be responsible for:

- a) Coordinating overall implementation of the programme and ensuring sound performance and progress towards the stated objectives of the Joint Programme;
- b) Coordinating technical inputs by relevant Participating UN Organizations of the particular

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² As used in this document, an approved programmatic document refers to an annual work plan or a programme/project document, etc., which is approved by the Steering Committee for fund allocation purposes.

Joint Programme;

- c) Acting as the main interlocutor of the Joint Programme towards the JPSC, and the Lead Government Institution, on the implementation of the Joint Programme;
- d) Ensuring monitoring of overall programme activities for programme-wide coherence and impact and if needed identify and suggest corrective measures;
- e) Providing comprehensive narrative progress reports on the overall implementation of the relevant Joint Programme, based on the reports and inputs provided by the Participating UN Organization, to the JPSC for review and subsequent consolidation by the AA;
- f) Instruct the AA through the RC Office to release funds to the Participating UN Organizations based on the Joint Programme National Steering Committee decision.

Lead Government Institution

36. Where there are more than one government organization involved in the coordination and implementation of the program then the government will designate one Lead Government Institution with the responsibility of:
- a) Coordinating the preparation of Joint Programme document preparation
 - b) In Consultation with MoFED lead the preparation of AWP
 - c) Act as focal point for any communication with the UN and other stakeholders including reporting on program progress, meetings, field visits etc.
 - d) Sign on the Joint Programme document and AWP and take the responsibility on the implementation of the program.

Participating UN Organizations

37. Programme implementation will be the responsibility of the Representative /Head of respective Participating UN Organizations. Each Participating UN Organization will be programmatically and financially accountable for the funds disbursed to it by the Administrative Agent from the One Fund Account. The Resident Coordinator will hold Representatives /Head of participating UN Agencies accountable for their agency/organization's components of the results of initiatives funded through the One UN Fund.

38. The responsibility of the Participating UN Organizations will be performed in accordance with the UNDG approved Standard Memorandum of Understanding (MoU). Each Participating UN Organization will use the funds disbursed to it by the Administrative Agent from the Fund Account to carry out the activities for which it is responsible as set out in the approved programmatic document/Joint Programme Document.

39. The implementation of the Programme activities by each Participating UN Organization will be carried out in accordance with agreed standard sets of rules and procedures under One Programme. To the maximum extent possible Joint Programmes will use Government systems and procedures and aim to reduce transaction costs on partners. They will also aim to harmonize with existing donor supported initiatives such as sectoral planning mechanisms and joint funding mechanisms.

40. Any modifications to scope of the approved programmatic document/Joint Programme Document, including as to their nature, content, sequencing or the duration thereof will be subject to mutual agreement in writing between the relevant Participating UN Organization, the Joint Programme Steering Committee and the High Level Steering Committee.

41. Where a Participating UN Organization carries out its Programme activities through or in collaboration with a third party as agreed by the Government it will be responsible for discharging all commitments and obligations with such third parties, and no other Participating UN Organization, nor the Administrative Agent, will be responsible for doing so.

42. The Representatives/Heads of the participating UN organizations will be responsible for;

- a) Signing the Memorandum of Understanding with the Administrative Agent;
- b) Joint Planning, implementation, and monitoring of programme activities in accordance with the allocation of responsibilities as regards lead and support agencies set out Programme documents;
- c) Utilization of the funds allocated from the One UN Fund and ensuring the results are achieved;
- d) Providing relevant progress reports and financial statements as required in the MOU to their respective headquarters and the Administrative Agent through the UN Lead Agency;
- e) Abiding by the Standard Operating Procedures of the UNCT;
- f) Ensuring the adequate allocation of staff time, maintaining the highest standards of conduct for all staff, and ensuring staff performance;
- g) Contributing to Joint Communication of activities and results.

43. Where UNDP is also a Participating UN Organization under the One Fund, a clear delineation, including distinct reporting lines and an accountability framework, will be established and maintained within the organization designated as the Administrative Agent between its functions as an Administrative Agent and its functions as a Participating UN Organization.

V. Monitoring and Evaluation

44. Monitoring and Evaluation of the initiatives funded under the One UN Fund will follow Standard Monitoring and Evaluation procedures in line with the provisions outlined in the Standard MoU and SAA.

VI – Audit

45. The Administrative Agent and Participating UN Organizations will be audited in accordance with their own Financial Regulations and Rules and in accordance with the Framework for auditing multi-donor trust funds which has been agreed to by the Internal Audit Services of Participating UN Organizations and endorsed by the UNDG in September 2007.

46. The principles of Harmonised Approach of Cash Transfer (HACT) will apply to the One UN Fund.

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

VII- Reporting³

48. Reporting arrangements as set out in the MoU and SAA shall apply to the One UN Fund as set out below.

49. Each Participating UN Organization will provide the Administrative Agent and Lead Agency with the following statements and reports prepared in accordance with the accounting and reporting procedures applicable to the Participating UN Organization concerned, as set forth in the Joint Programme Document and Memorandum of Understanding. The Participating UN Organizations will endeavor to harmonize their reporting formats to the extent possible:.

- 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 One UN Fund Account 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/Joint Programme Document and including the final year

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³ Reporting arrangements described under these ToRs, refer only to the reporting requirements as related to the activities of the One UN Programme funded through the One Fund. However, as much of the One UN Programme will also include core and non core resources, a description of reporting arrangements of the ONE UN Programme are included under the One UN Programme Document.

of the activities in the approved programmatic document/Joint Programme Document, to be provided no later than four months (30 April) into the year following the financial closing of the Fund/Programme. The final report will give a summary of results and achievements compared to the goals and objectives of the Fund/Programme; and

- d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document/Joint Programme Document and including the final year of the activities in the approved programmatic document/Joint Programme Document, to be provided no later than six months (30 June) into the year following the financial closing of the Fund/Programme.

50. The Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in paragraph 1 (a) to (d) above, and will provide those consolidated reports to the Resident Coordinator for submission to the High Level Steering Committee, to donors contributing to the One UN Fund and to Participating UN Organizations in accordance with the timetable established in the Administrative Arrangement.

51. The Administrative Agent will also provide to the HLSC, donors and Participating UN Organizations, the following statements 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) into the year following the financial closing of the Fund/Programme.

52. Drawing on the consolidated reports from the Administrative Agent and Lead Agencies, the Office of the Resident Coordinator will analyze overall progress and draw out lessons to be learned for future programme implementation. The RC Office will circulate the finalized annual consolidated report on the One UN Fund to the High Level Steering Committee. The Office of the Resident Coordinator will ensure that these reports are distributed to all donors contributing to the Fund and maintain an appropriate level of fund information in collaboration with the Administrative Agent on www.unethiopia.org, and <http://mdtf.undp.org>, and other relevant websites to ensure transparency.

VIII – Public Disclosure

53. Consolidated One UN Fund reporting and documentation, including agreements, will be posted on the UN Ethiopia website (www.unethiopia.org), as well as on the Administrative

Agent's website (<http://mdtf.undp.org>)

54. The Office of the Resident Coordinator and Participating UN organizations will collaborate in making available public information on the One Fund and on the activities supported by it as may be deemed appropriate by the High Level Steering Committee and the Resident Coordinator.

VIII – Termination of the One UN Fund

55. The One UN Fund will be established upon signing of the Memorandum of Understanding amongst Participating UN Organizations and the Administrative Agent, and the first Standard Administrative Arrangement with a donor. The One UN Fund will terminate upon completion of all Programmes funded through the One UN Fund and after satisfaction of all commitments and liabilities as agreed upon by the donors and the HLSC

56. 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/Joint Programmes have been satisfied and project/programme activities have been brought to an orderly conclusion. Any balance remaining in the Fund Account or in the individual Participating UN Organizations' separate ledger accounts upon winding up of the Fund will be used for a purpose mutually agreed upon or returned to the donor(s) in proportion to their contribution to the One UN Fund as agreed upon by the donors and the HLSC.

57. These terms of reference may be modified from time to time with the agreement of the High Level Steering Committee.

27 December 2010
Addis Ababa

LIST OF ANNEXES

ANNEX 0: ABBREVIATIONS

ANNEX 1: THE ONE UN PROGRAMME IN ETHIOPIA

ANNEX 2: STANDARDIZED ADMINISTRATIVE ARRANGEMENT

ANNEX3: STANDARD MEMORANDUM OF UNDERSTANDING (MOU) FOR
MULTIDONOR TRUST FUNDS AND JOINT PROGRAMMES USING PASS-THROUGH
FUND MANAGEMENT

ANNEX4: THE HIGH LEVEL STEERING COMMITTEE TERMS OF REFERENCE

ANNEX 0: ABBREVIATIONS

AA	Administrative Agent
FMOG	Fiduciary Management Oversight Group (FMOG)
HACT	Harmonised Approach of Cash Transfer
HLSC	High Level Steering Committee
JP	Joint Programme
JPSC	Joint Programme Steering Committee
LA	Lead Agency
MDTF	Multi Donor Trust Fund
MOFED	Ministry of Finance & Economic Development
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisations
PO	Participating UN Organisation
RC	[United Nations] Resident Coordinator
RCO	[United Nations] Resident Coordinator's Office
SAA	Standardized Administrative Agreement
SOP	Standard Operating Procedures
TCPR	Triennial comprehensive policy review
UN	United Nations
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme