



**Consolidated Annual Progress Report
on Activities Implemented under
the Montenegro One UN Country Fund**

**Report of the Administrative Agent
for the Period 1 January to 31 December 2010**

Multi-Donor Trust Fund Office
Bureau of Management
United Nations Development Programme
<http://mdf.undp.org>

31 May 2011

Montenegro One UN Country Fund

PARTICIPATING ORGANIZATIONS



Food and Agriculture Organization (FAO)



United Nations Development Programme (UNDP)



United Nations High Commissioner for Refugees (UNHCR)



United Nations Children's Fund (UNICEF)



International Organization for Migration (IOM)



United Nations Educational Scientific and Cultural Organization (UNESCO)



United Nations Industrial Development Organization (UNIDO)



United Nations Environment Programme (UNEP)



World Health Organization (WHO)

CONTRIBUTING DONORS	
 Expanded DaO Funding Window	US\$ 1,064,000

Abbreviations and Acronyms

DAO	Delivering as One
EFW	Expanded Delivering as One Funding Window
IOM	International Organization for Migration
FAO	Food and Agricultural Organization
JCSC	Joint Country Steering Committee
MDTF	Multi-Donor Trust Fund
MOU	Memorandum of Understanding
SAA	Standard Administrative Arrangement
TOR	Terms of Reference
UN	United Nations
UNCT	United Nations Country Team
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
WHO	World Health Organization

Definitions

Allocation

Amount approved by the Montenegro One UN Country Fund Steering Committee for a project.

Approved Project or Joint Programme

A project/joint programme that has been approved by the Montenegro One UN Country Fund Steering Committee for which a project or joint programme document has been subsequently signed.

Direct Costs

Costs that can be traced to or identified as part of the cost of a project in an economically feasible way.

Donor Deposit

Cash deposit received by the MDTF Office for the Montenegro One UN Country Fund.

Indirect Cost¹

A general cost that cannot be directly related to any particular programme or activity of the organization. These costs are recovered in accordance with each organization's own financial regulations and rules.

Participating Organizations

Organizations that have signed a Memorandum of Understanding with the MDTF Office in its capacity as the Administrative Agent of the Montenegro One UN Country Fund .

Project Commitment

The amount for which legally binding contracts have been signed, including multi-year commitments which may be disbursed in future years.

Project Disbursement

The amount paid to a vendor or entity for goods received, work completed, and/or services rendered (does not include unliquidated obligations).

Project Expenditure

Amount of project disbursement plus unliquidated obligations related to payments due for the year (except for UN Organizations that have adopted the International Public Sector Accounting Standards [(IPSAS]).

Project Start date

Date of transfer of first instalment from the MDTF Office to the Participating Organization.

¹ UNDG Financial Policies Working Group

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Executive Summary

Introduction

”Delivering as One” in Montenegro builds on the existing reform agenda set by United Nations (UN) member states, which asked the UN development system to accelerate its efforts to increase coherence and effectiveness of its operations in the field. The United Nations Country Team (UNCT) in Montenegro has agreed on the formulation of the Integrated UN Programme and Budgetary Framework, and creation of the UN Country Fund. To further accelerate coherence, efficiency and delivery at the country level, the Delivering as One (DAO) approach calls for future un-earmarked non-core resources to be increasingly channeled through a UN Country Fund in Montenegro.

The goal of the Integrated UN Programme for Montenegro is to enhance development results and impact by bringing together the comparative advantages of the UN system within a single strategic programme.

The **Montenegro One UN Country Fund**, established in January 2010, is a pooled funding mechanism which aims to maximize the effectiveness of UN system in Montenegro in order to ensure support for top national strategic priorities, as defined by the Integrated UN Programme and Budgetary Framework. The UN Country Fund is meant to streamline, simplify and increase harmonization and predictability of resources.

The Integrated UN Programme has the following **three Pillars: (1) Social Inclusion; (2) Democratic Governance; and (3) Sustainable Economic Development and Environmental Protection**. In all three Pillars, the core principles of human rights, gender equality and development of national capacity will be upheld and incorporated throughout the implementation of the Programme. The Integrated UN Programme prioritises the application of socially inclusive strategies throughout programme implementation. The UN’s role in advocating for the national application of international norms, standards and actions on human rights and global issues imply a shift towards intensified efforts in policy advisory services.

Development of the Integrated 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 to expand and accelerate activities to address the challenges of European integration and the effects of the global economic crisis.

Under the joint leadership of the UN Resident Coordinator and the Minister of Foreign Affairs, the One UN Country Fund has facilitated the realization of Integrated UN Programme outcomes, channelling funds towards the existing and emerging priorities.

The Multi-Donor Trust Fund Office (MDTF Office) of the United Nations Development Programme (UNDP) serves as the Administrative Agent of the Montenegro One UN Country Fund. Between January and December 2010, the Administrative Agent concluded a Memorandum of Understanding (MOU) with a total of nine United Nations (UN) Organizations (hereafter referred to as “Participating Organizations”) involved in the Montenegro One UN Country Fund. The MDTF Office receives, administers and

manages contributions from Donors, and disburses these funds to the Participating UN Organizations in accordance with the decisions of the JCSC. The Administrative Agent prepares and submits annual consolidated financial reports, as well as regular financial statements on the Montenegro One UN Country Fund account to the JCSC, for transmission to donors.

This First Consolidated Annual Progress Report on Activities Implemented under the Montenegro One UN Country Fund covers the period from 1 January to 31 December 2010 and reports on the implementation of projects and joint programmes approved for funding. This report is prepared by the MDTF Office in fulfillment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Donors. In line with the MOU, the Annual Progress Report is consolidated based on information and data contained in the individual progress reports and financial statements submitted by Participating Organizations to the MDTF Office. It is neither an evaluation of the Montenegro One UN Country Fund nor the MDTF Office's assessment of the performance of the Participating Organizations. However, the report does provide the JCSC with a comprehensive overview of achievements and challenges associated with projects and joint programmes funded through the Montenegro One UN Country Fund, enabling it to make strategic decisions and take corrective measures, where applicable.

Report Structure

This report is presented in six sections. It is consolidated based on information and data contained in individual projects and joint programmes reports submitted by Participating Organizations, for six projects approved for funding from the Montenegro One UN Country Fund.

Section one provides an overview of the Montenegro One UN Country Fund and the governance arrangements for Montenegro One UN Country Fund operations. Section two presents an overview of approved projects. Section three highlights project/programme-level achievements, compiled from individual annual progress reports and organized under the three Pillars of the Integrated UN Programme. Section four provides an overview of the financial performance of the Montenegro One UN Country Fund. The transparency and accountability framework is outlined in section five, and the conclusion to the report is presented in section six.

Implementation Achievements and Challenges

The Montenegro One UN Country Fund has concluded its first year of operations. Overall, it has been a successful and positive experience. Some important areas of UN development cooperation with Government have been promoted through the support of the UN Country Fund, including durable solutions for displaced populations, deinstitutionalization, improved health system governance, promotion of mediation and juvenile justice as well as the stimulation of sustainable economic growth models in the north of Montenegro. The governance processes of the UN Country Fund worked tolerably well, but the sensitive nature of some of the projects challenged the approval process, leading to significant delays (until November) in approval of UN Country Fund allocations supporting durable solutions for displaced populations and deinstitutionalization. These projects will only be implemented in 2011. The other projects supported by the UN Country Fund were able to begin implementation in July. The best

implementation rates were achieved by on-going projects (that had unfunded components) and joint programmes with modest resources to deliver and clear work plans for the year.

To date the only resources received by the Montenegro UN Country Fund have come from the Expanded Delivering as One Funding Window (EFW). The major challenge ahead, therefore, is to mobilize resources from other donor sources for further financing of the Integrated UN Programme in Montenegro. This will require a concerted effort of the UN Resident Coordinator, Pillar Convenors and the Government.

Financial Performance

During the 2010 reporting period, the Montenegro One UN Country Fund received a total of US\$1.06 million in donor contributions from the EFW. Nine Participating Organizations have signed an MOU for the Montenegro One UN Country Fund since its inception in January 2010. As of 31 December 2010, the Administrative Agent has transferred a total of US\$0.98 million to seven Participating Organizations, based on the approval of the Joint Country Steering Committee (JCSC). Participating Organizations reported US\$0.44 million in expenditures.

This consolidated financial report covers the period 1 January to 31 December 2010 and provides financial data on progress made in the implementation of projects funded by the Montenegro One UN Country Fund. It is posted on the MDTF Office GATEWAY (<http://mdtf.undp.org/factsheet/fund/ME100>).

Accountability and Transparency

In 2010, the MDTF Office officially launched the MDTF Office GATEWAY (<http://mdtf.undp.org>). It is a knowledge platform providing real-time data from the MDTF Office accounting system on financial information on donor contributions, programme budgets and transfers to Participating Organizations. It is designed to provide transparent, accountable fund-management services to the United Nations system to enhance its coherence, effectiveness and efficiency. The MDTF Office GATEWAY includes the Montenegro One UN Fund website (<http://mdtf.undp.org/factsheet/fund/ME100>), which provides detailed information on One UN Fund's operations.

Conclusion

The Montenegro One UN Fund is in its first year of operation. Funds amounting to approximately US\$0.9 million were transferred to six projects in 2010. This funding supported priority areas for UN cooperation with Government including durable solutions for displaced populations, deinstitutionalization, improved health system governance, promotion of mediation and juvenile justice as well as the stimulation of sustainable economic growth in the north of Montenegro.

The overall financial delivery rate, as of the end of the reporting period, is 45 per cent. However, taking into account that there have been two allocation rounds, the first allocation (where funds were transferred for Democratic Governance and Sustainable Economic Development and Environmental Protection Pillars in June 2010) have a total delivery rate of 61 percent – a notable level of implementation for the six-month period. The second round, the approval of the JCSC for funding of projects in the Social Inclusion Pillar, was delayed until December 2010 due to the sensitive and challenging nature of the projects. Nonetheless, approval was forthcoming and progress on implementation will be reported in

2011. Most of the projects funded in the Democratic Governance and Sustainable Economic Development and Environmental Protection Pillars have achieved concrete and measurable results and merit further support in the future.

The MDTF Office envisages that this first Consolidated Annual Progress Report will provide the basis on which to better assess upcoming resource requirements and to advocate and mobilize additional funding in support of the Integrated UN Programme. Similarly, it is envisaged that the Report's detailed description of progress made under projects and joint programmes funded through the Montenegro One UN Fund will provide the Government of Montenegro, contributing and new, potential donors and other stakeholders with a comprehensive overview of the results achieved as of the end of the reporting period, and thereby contribute to a better understanding of the Montenegro One UN Fund's role as a funding vehicle in the UN's work to support the Government in meeting its development priorities.

1 Introduction

The independence of Montenegro from the State Union of Serbia and Montenegro in 2006, and the subsequent dual processes of nation-building and planned accession to the European Union (EU), continues to dominate the development agenda in the country. In December 2008, the Government submitted Montenegro's application for the status of EU candidate country, thus reconfirming its commitment to EU accession. Montenegro was granted candidate status in December 2010. However, the country still faces a number of challenges in terms of achieving European standards and compliance with the Copenhagen Criteria. As an upper-middle-income country that is multi-ethnic, geo-politically stable and on track to meet most of the Millennium Development Goals, Montenegro is in a strong position to create optimal conditions for human development and security.

The over-arching strategic goal for the Government is Euro-Atlantic integration, particularly greater integration with the European Union. Between 2003 and 2008 the Government of Montenegro developed and adopted programmes, plans and strategies, all of which were instrumental in its efforts to ensure that the country would achieve the MDGs.

After three years of runaway growth, the impact of the global economic downturn led to a sharp drop in Montenegro's industrial output, trade and investments, with a long term negative impact on human development situation, regional disparities and vulnerable groups. The Government expressed interest in well coordinated multi-sectoral and multi-donor interventions, including those carried out by UN agencies, to remedy the consequences of the crisis, particularly in such areas as social inclusion, capacity development for good governance, sustainable development and climate change.

As a response, and guided by national development strategies, the **Integrated UN Programme for Montenegro** was established to enhance development results and impact by bringing together the comparative advantages of the UN system within a single strategic programme. The response of the UN system will align and support the European integration and development goals of Montenegro while complementing the assistance provided by other multilateral and bilateral development partners. The ultimate aim of the UN in Montenegro is to contribute to making a difference in the lives of all who make Montenegro their home. Through the Integrated UN Programme, in partnership with the Government and other development stakeholders in civil society and the private sector, the UN system will deliver focused and value-added results in development assistance as a harmonized organization with unity of purpose, coherence in management and efficiency in operations.

The UN panel report, *Delivering as One* (2006), presented a new, streamlined United Nations system to eliminate unnecessary fragmentation, duplication and overhead costs. It laid out several strategic directions for change to ensure that UN activities are aligned with national priorities; that appropriate mechanisms are in place to empower and support consolidation; that funding is linked to performance of Participating Organizations; and that business practices are focused on outcomes, responsiveness to needs, and delivery of results. The Expanded *Delivering as One* Funding Window for Achievement of MDGs aims to help countries address their funding challenges through the provision of un-earmarked, predictable funding.

The **Montenegro One UN Country Fund** was established in January 2010 to maximize the effectiveness of United Nations system in Montenegro by pooling resources into a common fund in order to ensure support for top national strategic priorities, as defined by the Integrated UN Programme for Montenegro and Budgetary Framework. Under the leadership of the Joint Country Steering Committee (JCSC), the UN Country Fund is intended to facilitate and contribute to the achievement of Integrated UN Programme Outcomes, channeling funds towards the highest national development priorities.

The MDTF Office of UNDP serves as the Administrative Agent (AA) of the Montenegro One UN Country Fund. Between January 2010 and May 2010, the MDTF Office as the Administrative Agent concluded a Memorandum of Understanding (MOU) with a total of eleven Participating Organizations for the Montenegro One UN Country Fund.

This First Consolidated Annual Progress Report on Activities Implemented under the Montenegro One UN Country Fund covers the period from 1 January to 31 December 2010 and reports on the implementation of projects and joint programmes approved for funding. This report is prepared by the MDTF Office in fulfillment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Donors. In line with the MOU, the Annual Progress Report is consolidated based on information and data contained in the individual progress reports and financial statements submitted by Participating Organizations to the MDTF Office. It is neither an evaluation of the Montenegro One UN Country Fund nor the MDTF Office's assessment of the performance of the Participating Organizations. However, the report does provide the JCSC with a comprehensive overview of achievements and challenges associated with projects and joint programmes funded through the Montenegro One UN Country Fund, enabling it to make strategic decisions and take corrective measures, where applicable.

The UN system's normative and operational roles, neutral positioning, convening power, policy expertise and technical capacity will be brought to bear in supporting Montenegro's European accession and national development goals. Assessment of Montenegro's progress in the implementation of the Stabilization and Association process has helped define a number of priorities to be addressed under the European Commission's Instrument for Pre-Accession Assistance (IPA). The development focus of the Integrated UN Programme will complement and support IPA implementation over the coming years, while also complementing other international partners' programmes.

Following close consultations with the Government of Montenegro, as well as other national and international stakeholders, it was agreed that the first Integrated UN Programme, supported by the UN Country Fund, would have three pillars:

1. Social Inclusion,
2. Democratic Governance, and
3. Sustainable Economic Development and Environmental Protection.

The Integrated UN Programme for Montenegro includes resident, regionally-based and specialized UN programmes, funds and agencies which strategically contribute to Montenegro's development priorities as outlined in the three Pillar Vision Statements.

For each of the three Pillars of the Integrated UN Programme there is a UN Pillar Working Group (composed of representatives of all relevant Participating Organizations) that is convened by a Pillar Convenor. The Pillar Convenor is a senior UN officer from one of the Participating Organizations, appointed by the UN Resident Coordinator in consultation with the UN Country Team. In the case of Social Inclusion, UNICEF is the Pillar Convenor, in the cases of Democratic Governance and Sustainable Economic Development & Environmental Protection, UNDP is the Convenor.

1.1 Governance Arrangements

The Montenegro One UN Country Fund is governed by the JCSC. Co-chaired by the Minister of Foreign Affairs and the UN Resident Coordinator, the JCSC is composed of: (a) up to seven representatives of line ministries, with each line ministry able to designate both a senior political figure (at Deputy Minister level) and a technical adviser, (b) all members of the UNCT, and (c) donor representatives, by invitation, based on the decision of JCSC. The AA will serve as an ex-officio member of JCSC.

JCSC was set up to ensure government commitment and leadership from the onset of the Delivering as One process. JCSC provides overall oversight to the process of design, implementation and monitoring of the Integrated UN Programme, Results and Budgetary Framework for Montenegro. In relation to the UN Country Fund, the JCSC holds three mandatory meetings each year to (i) review the annual work plan (UNAWP) for the Integrated UN Programme, (ii) take decisions on funding allocations to the Integrated UN Programme and (iii) review progress in implementation of the Integrated UN Programme (Annual Review).

The Steering Committee's specific responsibilities for the Montenegro UN Fund include: review and approve the UN Annual Work Plan for the Integrated UN Programme, Results and Budgetary Framework; review and approve the criteria to be used for deciding on resource allocations from the UN Country Fund; review and decide on allocations of UN Country Fund resources to agency-specific projects, sub-programmes and joint programmes of the Integrated UN Programme; instruct the Administrative Agent to disburse the UN Country Fund resources to the Participating Organizations according to its decisions; monitor the overall progress of the Integrated UN Programme and, in particular, the results achieved by the resources allocated to it from the UN Country Fund; approve and update, as necessary, the UN Country Fund TOR as well as the TOR of the Steering Committee, including its rules and procedures; and review and approve the consolidated narrative and financial reports prepared by the AA.

The Directorate for UN and Other International Organizations in the Ministry of Foreign Affairs and the Office of the UN Coordination Office acts as a Secretariat for the JCSC and supports it in preparing for and organizing meetings as well as ensuring follow-up on decisions taken by the JCSC.

1.1.1 Project Development and Approval

All Participating UN Organisations with funding gaps for projects or components of joint programmes in the Integrated UN Programme and Budgetary Framework are eligible to receive resource allocations from the UN Country Fund.

The unfunded project(s) or component(s) of joint programmes must be reflected in the Integrated UN Programme and Budgetary Framework, in the UN Annual Work Plan and Pillar Annual Work Plan or

Thematic Group Annual Work Plan, and be elaborated in more detailed agency-specific project documents and work plans. The Participating UN Organisation must have signed the MOU with the AA concerning the UN Country Fund.

Although the Outcomes in the Integrated UN Programme are all strategic, funding gaps remain for some projects and joint programmes which contribute to achieving these Outcomes. Prioritization has to be undertaken during the preparation of the Pillar Annual Work Plans and further by the Steering Committee when reviewing the UN Annual Work Plan.

When deciding on allocations from the UN Country Fund to Participating UN Organizations, the Steering Committee should be guided by the following criteria:

- a) projects and joint programmes within the Integrated UN Programme that have funding gaps which are prioritized in the UN Annual Work Plan should be considered first;
- b) other projects and joint programmes within the Integrated UN Programme that have funding gaps which are prioritized in the Pillar Annual Work Plans should be considered second; and,
- c) other agency-specific projects within the Integrated UN Programme that have funding gaps should be considered third, but the requesting Participating UN Organisation, and its proposed implementing partners, should have the demonstrated expertise and capacity to deliver the anticipated results in a timely manner.

The three UN Pillar Convenors and their respective Pillar Working Groups are instrumental in guiding the process of preparing and screening proposals for funding that go before the JCSC for approval. Through the process of preparing the Pillar Annual Work Plans, funding gaps are identified and prioritized for new resources, including resources from the UN Country Fund, by each Pillar. The Pillar Convenors meet with relevant Government counterparts to ensure agreement on this prioritization. Especially important in this process is the designated Sector Convenor for each Pillar: for Social Inclusion, the Ministry of Labor and Social Welfare; for Democratic Governance, the Ministry of Justice; and for Sustainable Economic Development & Environmental Protection, the Ministry of Sustainable Development & Tourism. Detailed proposals are prepared for each project that is seeking UN Country Fund support. These detailed proposals must be agreed by the relevant Pillar and Sector Working Groups as well as the UN Country Team prior to formal presentation to the JCSC.

1.1.2 The Administrative Agent

Participating Organizations have appointed the UNDP MDTF Office to serve as their Administrative Agent (AA) for the Montenegro UN Country Fund. The AA is responsible for a range of fund management services, including: (a) receipt, administration and management of donor contributions; (b) transfer of funds approved by the Montenegro UN Country Fund's JCSC to Participating Organizations; (c) reporting on the source and use of donor contributions received; (d) synthesis and consolidation of the individual annual narrative and financial progress reports submitted by each Participating Organization for submission to donors through the JCSC; and (e) ensuring transparency and accountability of Montenegro UN Country Fund operations by making available a wide range of Montenegro UN Country Fund operational information on the Montenegro UN Country Fund web site of the MDTF Office GATEWAY at <http://mdtf.undp.org/factsheet/fund/ME100>.

2 Project Approval

This section describes the timeline of when projects were approved by the Montenegro UN Country Fund JCSC, as well as how much funding was allocated to each project.

2.1 Approved Projects

As of 31 December 2010, the JCSC approved funds from the UN Country Fund to 6 projects. Funding for four of these projects was approved in June 2010, and funding for two more was approved in November 2010. The projects funded in 2010 totaled US\$ 0.98 million, as shown in the table below.

Table 2.1 JCSC Approved Projects

Project Number	Participating Organization	Funds Approved (\$)	Funds Transferred (\$)	Start Date
<i>JCSC Meeting: 8 June 2010</i>				
DG 2.2.16	UNDP	256,800	256,800	July 2010
DG 2.2.18	UNDP	107,000	107,000	Sept. 2010
DG 2.2.20	UNICEF	97,156	97,156	On-going
Sub-total for DG:		460,956	460,956	
SEDEP 3.3.4	FAO UNDP UNEP UNESCO UNIDO	267,500	267,500	On-going
Sub-total for SEDEP:		267,500	267,500	
<i>JCSC Decision: 17 November 2010</i>				
SI 1.2.6	WHO UNDP UNICEF	168,363	168,363	April 2011 (WHO, UNDP) On-going (UNICEF)
SI 1.3.3	UNDP	80,250	80,250	April 2011
Sub-total for SI:		248,613	248,613	
Grand Total:		977,069	977,069	

2.2 The Joint Country Steering Committee (JCSC)

During 2010, the JCSC held two formal meetings. At the first meeting on 9 April 2010, it: (a) reviewed and signed the programme of cooperation between Montenegro and the United Nations for the period up to 2015 (the Integrated UN Programme – Phase I); (b) approved the JCSC TOR and TOR of One UN

Country Fund for Montenegro, and (c) adopted the 2010 UN Annual Work Plan. At its meeting held on 8 June 2010, the JCSC: (a) approved allocations from the UN Country Fund totaling US\$ 728,456 for four projects in two Pillars, and (b) allocated funds in the amount of US\$ 76,291 for strengthening UNCT coordination and operations capacity. The JCSC decision of 17 November 2010 approved two more project proposals for funding, totaling US\$ 248,613, both of which were in the Social Inclusion Pillar. Table 2.1 lists all funded projects by approval dates of the JCSC.

3 Overall Fund Achievements by Pillar Objective

The following section presents a summary of key activities of all 6 projects by the seven Participating Organizations. This section contains the compilation of project achievements from the individual annual progress reports. The results are organized: (a) by Pillar Objectives and (b) by the individual project/joint programme.

3.1 PILLAR 1: SOCIAL INCLUSION

The Social Inclusion Pillar (SI) aims to promote a Montenegrin society that is progressively free of social exclusion and enjoys a quality of life that allows all individuals and communities to reach their full potential.

Under this Pillar, one joint programme and one project are being implemented by WHO, UNICEF and UNDP in close consultation with UNHCR.

The three outcomes for the SI Pillar are:

Outcome 1.1: Montenegro's legal framework is harmonized with EU/UN standards, and policies relevant to social inclusion are implemented and monitored.

Outcome 1.2: Social norms are changed in order to facilitate age and gender sensitive inclusive attitudes and practices towards vulnerable and excluded populations.

Outcome 1.3: Montenegro reduces disparities and gaps in access to quality health, education and social services, in line with EU/UN standards.

The following project and joint programme have contributed to the objectives and outcome of this Pillar:

Joint Programme SI 1.2.6 “Non-communicable diseases prevention, healthy life styles and food safety – mental health and deinstitutionalization” – WHO/UNDP/UNICEF – US\$168,363

This joint programme of the SI pillar aims to contribute to the achievement of the second Outcome, namely, social norms are changed in order to facilitate age and gender sensitive inclusive attitudes and practices towards vulnerable and excluded populations.

The funds were received by WHO, UNICEF and UNDP in December 2010 and no activities were implemented in 2010. Implementation of the main activities will start in the second quarter of 2011 and results will be reported in the 2011 Annual Report.

The joint programme will be implemented by WHO, UNDP & UNICEF, in collaboration with the Ministry of Health (MoH) and its Support Centers at the PHC level and the Ministry of Labor & Social Welfare (MLSW).

Project SI 1.3.3 “Durable solution for refugees, displaced and domiciled Roma in Montenegro” – UNDP – US\$80,250

This project of the SI pillar aims to contribute to the achievement of the third Outcome of this Pillar, namely, Montenegro reduces disparities and gaps in access to quality health, education and social services, in line with EU/UN standards.

The funds were received by UNDP in December 2010 and no activities were implemented in 2010. Implementation of the main activities will start in the second quarter of 2011 and results will be reported in the 2011 Annual Report.

The project will be implemented by UNDP, in close consultation with UNHCR, and in collaboration with the Bureau for the Care of Refugees of Ministry of Internal Affairs and Public Administration (MIAPA) and the Ministry of Labour & Social Welfare (MLSW), as well as the municipal authorities of Podgorica.

3.2 PILLAR 2: DEMOCRATIC GOVERNANCE

The Democratic Governance Pillar (DG) aims to foster a democratic society that fully respects, protects and fulfils human rights through rule of law, government transparency and accountability.

Under this Pillar, Projects are being implemented by UNDP, working closely with WHO, and UNICEF.

The three outcomes for DG Pillar are:

Outcome 2.1: National legislative framework is harmonized with UN, EU and CoE standards and relevant secondary legislation regulating implementation is developed.

Outcome 2.2: State and Independent Institutions with increased capacity to ensure the realization and monitoring of human rights, support empowerment of women, enable equal opportunities for all inhabitants, including access to efficient service delivery through a transparent system of public administration at national and local level.

Outcome 2.3: Empower Civil Society and supportive institutional mechanisms to increase awareness on human rights and the benefits and obligations of participation in decision making, advocacy, demanding quality services and accountability.

The following Projects have contributed to the objectives and outcomes of this Pillar:

Project DG 2.2.16 “Good health system governance for equitable, effective and quality health care in Montenegro” – UNDP – US\$256,800

This project of the DG pillar aims to contribute to the achievement of the second Outcome, namely, State and independent institutions with increased capacity to ensure the realization and monitoring of human rights, support empowerment of women, enable equal opportunities for all inhabitants, including access to efficient service delivery, through a transparent system of public administration at national and local level.

The project is implemented by UNDP, in close collaboration with WHO, using UNDP’s procedures. Components one and two are being implemented by WHO. The third component will be managed by UNDP.

The project received UN Country Fund allocations to address a strategic priority for Montenegro, namely the reform of the secondary and tertiary health care systems, in order to rationalize costs, enhance effectiveness and increase transparency.

The three main components of the project are:

1. Support in developing and delivering a condensed Capacity Development Program for key policy makers to strengthen their health policy planning capacity based on evidence. The Program will follow a training needs assessment and identification of gaps.
2. Support to development of the Strategy for secondary and tertiary health care level reform with the aim to ensure an adequate response to the population’s health needs and enable equal access to quality health services at the secondary and tertiary level of care to all social groups regardless of their socio-economic status and geographical distribution;
3. Support in creating an information system which would, in a user friendly manner, enable beneficiaries’ access to relevant information, thus directly contributing towards both increased transparency in health care service provision and increased health system accountability and integrity.

Achievements

The project is contributing towards the goal of increasing the capacities of staff of the Ministry of Health to carry out effective reform of the secondary and tertiary level reform. Capacity development activities, such as the study visit to Estonia, have supported the development of individual capacities, while the development of the reform strategy is addressing capacity needs at the systemic level. The latter (delivery of the strategy) has been somewhat delayed. However, it is expected that the strategy will be presented for approval in April 2011.

Under Components 1 and 2, a study visit to Estonia was organized in November 2010. The delegation of the Ministry of Health of Montenegro, led by Minister of Health, met the representatives of Estonian health sector authorities and got acquainted with their experience in the reform of secondary and tertiary health care levels. Technical assistance was provided by the team of experts, which by the end of 2010

had paid three visits to Montenegro and provided their advisory services in designing the first draft of the National Strategy.

The draft strategy was delayed due to late delivery from the consultant, and was finally submitted in mid-February 2011. It is expected that the Final draft of the Strategy will be developed by the end of April 2011.

Component 3 of the project required certain revision in terms of planned activities. The internal information system (a precondition for the development of external information system) has not been yet fully developed for secondary/tertiary level of health services. Thus, it would not be possible to process and publish the information of beneficiaries' concern, as these are to be retrieved from the internal system database. The MoH formally requested that UNDP provide support in creating an information system which would enable the Emergency Medical Service Institute (EMSI) to be more effective and efficient in the provision of municipal land ambulance emergency response, and to achieve accountability and integrity of the system. UNDP is expected to provide a scenario for design of EMS dispatch and communication system for the whole of Montenegro and also a detailed specification of the part of the system which can be implemented immediately within Project resources.

A very close collaboration between UNDP and WHO has enabled both agencies to contribute from the perspective of their comparative advantage. The WHO knowledge hub in Barcelona has contributed with expertise and knowledge. Additionally, the project team has worked closely with the Ministry of Health.

Project DG 2.2.18 “Strengthening the capacities of the National Mediation Centre (NMC) and promotion of alternative sanctions” – UNDP – US\$107,000

This project of the DG pillar aims to contribute to the achievement of the second Outcome, namely, State and independent institutions with increased capacity to ensure the realization and monitoring of human rights, support empowerment of women, enable equal opportunities for all inhabitants, including access to efficient service delivery, through a transparent system of public administration at national and local level.

The project is implemented by UNDP, in cooperation with the Mediation Centre and Ministry of Justice. The project is managed and implemented by UNDP under Direct Execution (DEX) authority.

During the reporting period, support was provided to the National Mediation Centre in Podgorica and its northern Branch Office in Bijelo Polje. UNDP conducted a Situation Analysis on mediation in Montenegro. The Mediation Centre's website was redesigned. The project organized a study visit to the Mediation Centers and other institutions dealing with alternative dispute resolution tools in Norway and Slovenia, for the purpose of exchange of contacts and experiences. In December 2010 the first Regional Ministerial Conference on Mediation was held in Montenegro. In 2010 amendments to the Law on Enforcement of Criminal Sanctions were drafted to include provisions dealing with alternative sanctions.

In addition to funding from the UN Country Fund, the project received funds from the Government of Norway in the amount of US\$ 186,237 in September 2010. Therefore, the total amount of project funds received in 2010 was US\$ 293,237 and the implementation period for the project was extended to December 2012. The activities in 2011 and 2012 will be implemented with the funds from Norway, given that the UN Country Fund allocation to this project was almost entirely spent by the end of 2010.

The project was included in an Outcome Evaluation of UNDP's Democratic Governance Cluster in November 2010, which states that the alternative dispute resolution mechanisms may be "seen also as an example of a good practice, based on learning from other country experiences and well integrated with other activities."

Achievements

The implementation of the project started in September 2010 and it already significantly contributed to the realization of two expected Results, as defined in UNAWP 2010: Result 1 - Law on Mediation amended and management capacities upgraded in the Mediation Centre's staff and the Coordinators in Bijelo Polje and Kotor; and Result 2 - Mediation Centre's capacities strengthened to initiate, develop and implement projects and build long-term partnerships.

Firstly, as regards drafting a new Law on Mediation, the preparatory work has been completed through the preparation of the Situation Analysis on Mediation in Montenegro, whose recommendations will be used by the Working Group of the Ministry of Justice that is to be tasked with the Law's drafting.

Two study visits were organized for the staff of the Mediation Centre and several local practitioners of mediation to institutions dealing with alternative dispute resolution tools in Slovenia and Norway, with the objective of increasing their professional knowledge in this area. A lot has been done to raise awareness of the mechanism of mediation, among other things through the redesign of the official website of the Center and IT equipment was also provided for the engaged Consultants and transferred to the Center's ownership, all with the aim of capacity building. With a view to increase management capacities, the Director of the Mediation Center will attend the intensive Leadership training in Belgrade, 22-23 March 2011, supported through the project.

The project has a significant gender dimension, especially regarding Family Law cases. In divorce cases, Family Law provides for a mandatory referral to mediation. This is of special benefit to women, who are often financially worse off than men, and cannot afford getting legal representation. It should be noted that a remaining priority for the UN is improved gender sensitivity in the implementation of Family Law. Training on gender sensitivity will be included in future plans. Currently, over 50 percent of divorce cases referred to mediation are resolved. Also notable, is the soon-to-be-established database on mediation cases, which will be gender disaggregated.

Project DG 2.2.20 "Child Protection: Juvenile Justice System Reform" – UNICEF – US\$97,156

This project of the DG pillar aims to contribute to the achievement of the second Outcome, namely, State and independent institutions with increased capacity to ensure the realization and monitoring of human rights, support empowerment of women, enable equal opportunities for all inhabitants, including access to efficient service delivery, through a transparent system of public administration at national and local level.

In the national Judiciary Reform Strategy for the period 2007-2012, adopted by the Ministry of Justice in June 2007, Juvenile Justice System Reform was one of the priority areas, with adoption of separate legislation for juveniles as a central part. The project received UN Country Fund allocations because of the clear commitment of the Government to comprehensive juvenile justice system reform and because of a short-term funding gap. The Ministry of Justice has been leading the reform process and important

results have been achieved in the last few years. Thanks to the UN Country Fund allocation, the momentum of the reform process is being maintained so that full harmonization of the juvenile justice system with relevant international standards can be achieved. The UN Country Fund allocation seeks to operationalize the Juvenile Justice Law by developing core secondary legislation, to introduce the regular collection and analysis of data on juveniles in conflict with the law and to promote implementation of alternative measures for children/juveniles in conflict with the law.

The Ministry of Justice has played a coordinating role and provided direction for the overall reform process. Other partners of this project include: the Ministry of Labor and Social Welfare (MLSW) which is responsible for the establishment of preconditions for implementation of alternative measure of Community Based Work for juveniles; the National Mediation Centre and its Branch Office in Bijelo Polje in relation to promotion and implementation of Victim/Offender Mediation for juveniles; and, juvenile justice professionals, including representatives of courts and prosecutors` offices in the four selected municipalities who are responsible for the implementation of alternatives to criminal prosecution.

The key project strategy is to build on the reform results achieved so far through sustainable partnerships with a wide range of stakeholders including policymakers, juvenile justice professionals, municipalities and NGOs. During project implementation there has been a high commitment from all stakeholders involved, both at national and local level. The project foresaw a significant number of activities at local level with the aim of creating preconditions for the implementation of the Juvenile Justice Law and piloting of innovative solutions. This proved to be an important strategy for giving a sense of ownership to local partners as the primary beneficiaries of the project.

Achievements

With the UN Country Fund allocation, the Government and UNICEF have been able to maintain the momentum of the juvenile justice reform process through further steps in harmonization of legislation and practice with relevant international instruments, and to contribute to improving the status and position of children in conflict with the law. This Project was primarily designed to support creation of preconditions for effective implementation of a Juvenile Justice Law which was planned to be adopted by the Parliament in the last quarter of 2010. However, various developments redirected Government`s priorities in 2010, including the obligations of the Ministry of Justice vis-a-vis the Action Plan for Montenegro`s accession to European Union. As a result, the Government postponed adoption of the Juvenile Justice Law until the second quarter of 2011. This has impacted on implementation of project activities as the development of secondary legislation and improvement of juvenile justice databases were closely linked to and conditioned by adoption of the Juvenile Justice Law (in particular in terms of final legal definitions and solutions the law will prescribe).

Despite the delay in parliamentary adoption of the Juvenile Justice Law, the following results were achieved during the first year of project implementation with UN Country Fund resources:

- ✓ audio equipment was purchased and installed in the Mediation Centre`s Bijelo Polje Branch Office, enabling child-friendly hearing procedures;
- ✓ Educational Order of Victim/Offender Mediation and Community Based Work are being implemented in 2 municipalities (Bijelo Polje and Niksic);

- ✓ the capacities of judges and prosecutors in 4 municipalities (Bar, Bijelo Polje, Podgorica and Niksic) have been increased, in order to intensify the application of Victim/Offender Mediation and Community Based Work for juveniles in conflict with the law;
- ✓ 10 children have been diverted away from judicial proceedings and officially referred to an alternative;
- ✓ 59 children have been diverted from prosecution to a Victim/Offender Mediation in pre-trial procedures;
- ✓ Victims of crime have also been supported through increased use of conflict resolution techniques during rehabilitation.

Direct target beneficiaries of the project are juvenile justice professionals, primarily judges and prosecutors. Indirect beneficiaries are juveniles in conflict with the law and their families as well as the victims of crime.

The Ministry of Justice has committed to start the development of secondary legislation immediately after the adoption of the Juvenile Justice Law in the second quarter of 2011.

The project seeks to strengthen inter-sectoral work by and ownership of the government stakeholders (Ministry of Justice, Ministry of Labor & Social Welfare and municipalities). UNICEF has also coordinated assistance with other UN Agencies, especially UNDP, in relation to promotion and implementation of conflict resolutions techniques. The successful approach of UNDP in the promotion of mediation in civil matters (see DG 2.2.18 - Strengthening the capacities of the National Mediation Centre (NMC) and promotion of alternative sanctions) has been replicated for promotion of Victim/Offender Mediation for juveniles.

3.3 PILLAR 3: SUSTAINABLE ECONOMIC DEVELOPMENT & ENVIRONMENTAL PROTECTION

The Sustainable Economic Development & Environmental Protection Pillar (SEDEP) aims to promote a Montenegrin society that translates its Constitutional commitment to the concept of an 'ecological state' into practice through achieving balanced and equitable regional economic growth based on sustainable planning and use of natural resources that will provide high quality of life and long term economic opportunities for its inhabitants.

Under this Pillar, one joint programme is being implemented by FAO, UNDP, UNEP, UNESCO and UNIDO.

The three outcomes for Pillar 3 are:

Outcome 3.1: Climate change adaptation and mitigation measures are designed and implemented to accelerate the use of renewable, clean energy, carbon trading and energy efficiency, thereby achieving low carbon emissions, climate resilient growth and better management of human health impacts.

Outcome 3.2: Established system for conservation and sustainable management of natural resources, effective prevention, control and reduction of environmental risks, and enhanced environmental awareness and participation by children, young people and adults.

Outcome 3.3: Established system for strengthening entrepreneurial capacity building and facilitating private sector partnerships for 'green jobs,' rural livelihoods and development of Medium, Small and Micro Enterprises (MSME) in order to improve economic choices and achieve balanced regional growth as well as address gender specific concerns and interests.

The following joint programme has contributed to the objectives and outcomes of this Pillar:

Joint Programme SEDEP 3.3.4. "Improving the business environment through green jobs and institution building" – FAO/UNDP/UNEP/UNESCO/UNIDO – US\$267,500

This joint programme is implemented by five UN agencies in collaboration with the relevant Governmental institutions and private sector. On one hand, the project supports the Government's strategy for sustainable economic growth (scaling up national production and service industry, rational and sustainable use of natural resources for economic growth) and, on the other hand, it seeks to help address regional development disparities that have been accentuated further with the financial crisis. At its core, the joint programme adopts the area-based development approach that targets a territory that directly or indirectly supports the livelihoods of over a quarter of the total population of the country and is the least developed region in the country. The overall joint programme's objective is the achievement of scalable, visible results and impact that would lead to balanced and equitable regional economic growth based on sustainable planning and use of natural resources that would provide high quality of life and long term economic opportunities for inhabitants of the region. The joint programme aims to contribute to achievement of the 3rd Strategic Goal of the Integrated UN Programme for Montenegro, through generation of income and creation of jobs in the north, increased competitiveness of small and family owned businesses and reduction of regional disparities. The five participating UN agencies synergized their individual comparative advantages in addressing a complex set of developmental challenges in this region, concretely: at the policy level, the work focused on legislation and strategic documents for regional development, planning in protected areas, development of business clusters, and green economy (UNDP, UNIDO, UNEP and UNESCO), at the field level, the work focused on technical support to MSMEs in the areas of tourism and food production (FAO, UNDP, UNIDO).

Achievements

The first phase of the joint programme supported by the UN Country Fund achieved the following results:

- ✓ Regional Development Strategy with the accompanying laws, bylaws and rule books developed and adopted by the Government.
- ✓ Development of a database of 200 companies, 25 entrepreneurs, 13 cooperatives, 49 educational, business support and advisory institutions.
- ✓ An analysis of high growth sectors and business clusters was conducted with the accompanying set of measures for the support in accessing markets and achieving economies of scale. Based on this, the Government has adopted a decision to scale-up this activity into a National Strategy for Strengthening Business Clusters.
- ✓ Preparation of a Feasibility Study on potentials for green economy in the Durmitor region, with policy level recommendations.

- ✓ Methodology presented for Public Use Planning (with a focus on UNESCO heritage territories) and integration of it into the national system for protected area management.
- ✓ A scalable pilot model for 'green' business start-ups in the region, with 12 pilot start-ups fully and independently functioning.
- ✓ Based on an assessment of the market potential for the new farm-based products and services as well as gaps between the supply and demand, preparation of a tailored training programme for development of new products and services, skills development for potential farmers and support / coaching to direct beneficiaries in business development (market research, pricing and development of attractive products).

Some agencies complemented the UN Country Fund allocation to this joint programme with some additional funding (for example, UNDP committed some \$200,000 from other sources to this project).

The project fully utilized, first, in-house expertise in order to build national and local capacities in different areas, as well as the available national technical expertise. A true testament to the value added of the project is that the Government, in an effort to scale up the results achieved by the joint programme, has officially requested line ministries to work on a design of a National Strategy for Strengthening Business Clusters and will request continued support from the UN in this endeavor.

Four out of five UN agencies participating in this project are non-resident. Therefore, good inter-agency communication was essential in delivering results and achieving value added. Major lessons learned for the 2nd phase include, the importance of face-to-face planning session with all the participating agencies from the outset, the need for a mid-term review and evaluation as well as a concluding session in order to adequately prepare for the next phase.

4 Financial Performance

4.1 Introduction

As of 31 December 2010, cumulatively the Montenegro One UN Country Fund received deposits of US\$ 1.064 million, and transferred US\$ 0.98 million to Participating Organizations. Participating Organizations' cumulative expenditures were US\$ 0.45 million, which represents 45 per cent delivery. The balance of funds with Administrative Agent as of 31 December 2010 was US\$ 4,000, whereas the balance of funds with Participating Organizations was US\$ 535,000.

4.2 Sources, Uses, and Balance of Funds

The Montenegro One UN Country Fund was established in January 2010. In 2010, a total amount of US\$ 1.06 million was received from the EFW² for the Fund. Table 1 provides an overview of the overall sources, uses, and balance of the Montenegro One UN Country Fund as of 31 December 2010. US\$ 1.06 million have been received from donor, and US\$ 0.98 million has been transferred to the Participating Organizations. US\$76,291 was transferred as Direct Cost for strengthening the UNCT coordination and operations capacity.

Table 1: Financial Overview for the period ending 31 December 2010 (amounts in US\$ Thousands)

	Current Year Jan-Dec 2010	TOTAL
Sources of Funds		
Gross Donor Contributions	1,064	1,064
Fund Earned Interest Income	4	4
Interest Income received from Participating Organizations	-	-
Total: Sources of Funds	1,068	1,068
Use of Funds		
Transfer to Participating Organizations	977	977
Refunds received from Participating Organizations	-	-
Net Funded Amount to Participating Organizations	977	977
Administrative Agent Fees	11	11
Direct Costs	76	76
Bank Charges	-	-
Other Expenditures	-	-
Total: Uses of Funds	1,064	1,064
Balance of Funds Available with Administrative Agent	4	4
Net Funded Amount to Participating Organizations	977	977
Participating Organizations' Expenditure	442	442
Balance of Funds with Participating Organizations	535	535

² The Expanded Delivering as One Funding Window for Achievement of the Millennium Development Goals (EFW) is a global funding facility established to support Delivering as One countries. Current donors to the EFW are the Netherlands, Norway, Spain and the United Kingdom.

Apart from donor contributions, the Montenegro One UN Country Fund also receives funds from the interest earned income. The two sources of interest income are: (1) Interest earned by the MDTF Office on the balance of funds with the Administrative Agent's (Fund) account; and (2) Interest Income from the Participating Organizations, which is the amount earned by the Participating Organizations on the undisbursed balance of the Montenegro One UN Country Fund funds. By the end of 2010, the Fund earned interest amounted to US\$ 4,020.

The Administrative Agent fee is charged at a standard rate of one percent on deposits, amounting US\$10,640 in 2010.

4.3 Donor Contributions

The Montenegro One UN Country Fund is being financed by the Expanded DAO Funding Window. Total contribution received as of 31 December 2010 is US\$ 1.064 million, representing 100 percent of the Donor Commitment to the Montenegro One UN Country Fund in 2010.

Table 2: Donor Deposits (amounts in US Thousands)

Donor	Current Year Jan-Dec 2010	TOTAL
Expanded DaO Funding Window	1,064	1,064
Total	1,064	1,064

4.4 Transfer of Funds

With the overall aim of facilitating the realization of the Montenegro Integrated One UN Programme outcomes, channeling funds towards the emerging priorities, transfers are made to the three pillars of the Fund: (1) Social Inclusion; (2) Democratic Governance; and (3) Sustainable Economic Development & Environmental Protection.

4.4.1 Transfers by Participating Organizations

Eleven Participating Organizations have signed the MOU for the Montenegro One UN Country Fund since its inception on January 2010. As of 31 December 2010, the Administrative Agent based on the approval of the Joint Country Steering Committee (JCSC), has transferred to seven Participating Organizations a total of US\$ 0.98 million. The distribution of approved funding, consolidated by Participating Organization is summarized in Table 3.

Table 3: Net funded amount by Participating Organization (amounts in US\$ Thousands)

Participating Organization	Current Year Jan-Dec 2010		TOTAL	
	Approved Amount	Net Funded Amount	Approved Amount	Net Funded Amount
FAO	54	54	54	54
UNDP	564	564	564	564
UNEP	54	54	54	54
UNESCO	54	54	54	54
UNICEF	108	108	108	108
UNIDO	54	54	54	54
WHO	91	91	91	91
Total	977	977	977	977

4.4.2 Transfers by Pillar

The Montenegro One UN Country Fund has the following three pillars: Social Inclusion; Democratic Governance; Sustainable Economic Development & Environmental Protection. Table 4 below shows the approved and net funded amounts (or transfers to Participating Organizations) by pillar.

Table 4: Net funded amount by pillar (amounts in US\$ Thousands)

Pillar	Total Approved Amount	Net Funded Amount	Number of Projects
Democratic Governance	461	461	3
Sustainable Economic Development & Environmental Protection	268	268	1
Social Inclusion	249	249	2
Total	977	977	6

The pillars were funded in 2010 as follows: US\$ 0.4 million (Democratic Governance), US\$ 0.2 million (Sustainable Economic Development & Environmental Protection), and US\$ 0.2 million (Social Inclusion).

4.5 Expenditure Reported by Participating Organizations

Project expenditures are incurred and monitored by each Participating Organization and are reported following the UN Development Group (UNDG) agreed categories in order to provide harmonized

reporting expenditure to Donors. The Participating Organizations have reported in the six harmonized UNDG categories for the period ending 31 December 2010³.

The reported expenditures were submitted to the MDTF Office by the Participating Organizations that received funding, via the MDTF Office’s reporting tool (UNEX). The expenditure data has been posted on the [MDTF Office GATEWAY](#).

4.5.1 Overall Expenditure and Financial Delivery Rates

Table 5 below displays net funded amounts (or transfers to Participating Organizations) and expenditures of the Montenegro One UN Country Fund in 2010 and presents the financial delivery rates. In 2010, reported expenditure amounted to US\$ 0.44 million, out of US\$ 0.98 million of the net funded amount. Overall cumulative delivery rate as of 31 December 2010 equals to 45 percent, since the projects were approved and funds transferred only in the second half of 2010.

In 2010 the projects in the following pillars have been funded: Democratic Governance, Sustainable Economic Development & Environmental Protection, and Social Inclusion. Table 4 below displays the financial overview in 2010.

Table 5: Financial Overview with breakdown by pillar (amounts in US\$ Thousands)

Pillar	Current Year Jan-Dec 2010		TOTAL		Delivery Rate (%)
	Net Funded Amount	Expenditure	Net Funded Amount	Expen- diture	
Democratic Governance	461	223	461	223	48.4
Sustainable Econ Dev & Environmental Protection	268	219	268	219	81.8
Social Inclusion	249	-	249	-	0.00
Total	977	442	977	442	45.2

The Pillar that has received the largest share of funding was the Democratic Governance Pillar with US\$0.46 million. The delivery rate for this Pillar was 48 percent. The Environmental Sustainability and Economic Development Pillar received US\$0.2 million. The delivery rate of this Pillar reached 82 percent as of 31 December 2010. The Social Inclusion Pillar received US\$ 0.2 million. No expenditure has been reported over this Pillar due to the fact that the funds were allocated by the JCSC in the second half of November 2010.

³ For further reference, see document “UNDG Harmonized Reporting to Donors for Joint Programmes” approved in 2006, available at www.undg.org/docs/9442/Explanatory-Note---Annex-D.doc.

4.5.2 Total Expenditure Reported by Category

Table 6 hereunder shows Fund's expenditure by the six UNDG approved categories. The largest categories of expenditure were: Personnel (69 percent) and Contracts (21 percent).

Table 6: Total Expenditure by Category (amounts in US\$ Thousands)

Category	Expenditure		% of Total Programme Costs
	Current Year Jan-Dec 2010	Total	
Supplies, Commodities, Equipment and Transport	9	9	2
Personnel	287	287	69
Training of Counterparts	5	5	1
Contracts	89	89	21
Other Direct Costs	23	23	5
Programme Costs Total	413	413	100
Indirect Support Costs	29	29	6.98
Total	442	442	

The indirect support costs represent 6.98 percent of the total programme costs, which is within the 7 percent rate specified in the Montenegro One UN Country Fund Memorandum of Understanding and the Standard Administrative Agreement.

Table 7 provides the net funded amount and expenditure information for each project funded by the Montenegro One UN Country Fund.

Table 7: Montenegro One UN Country Fund Projects and Joint Programmes by Thematic Area (amounts in US\$ Thousands)

Pillar / Project No. and Title/	Participating Organization	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate (%)
Democratic Governance					
00075496 Health System	UNDP	257	257	72	27.9
00075497 Strengthening capacities NMC	UNDP	107	107	104	96.8
00075503 Child Protection	UNICEF	97	97	48	49.2
Democratic Governance Total		461	461	223	48.4
Environmental Sustainability and Economic Development					
00075509 Green Jobs & Institution Building	FAO	54	54	25	46.8
00075509 Green Jobs & Institution Building	UNDP	54	54	53	100.0
00075509 Green Jobs & Institution Building	UNEP	54	54	47	87.3
00075509 Green Jobs & Institution Building	UNESCO	54	54	44	81.8
00075509 Green Jobs & Institution Building	UNIDO	54	54	50	93.2
Environmental Sustainability Total		268	268	219	81.8
Social Inclusion					
00076863 Mental health & deinstitutionalization	UNDP	67	67	-	0.0
00076863 Mental health & deinstitutionalization	UNICEF	11	11	-	0.0
00076863 Mental health & deinstitutionalization	WHO	91	91	-	0.0
00076864 Refugees, displaced and domiciled Roma	UNDP	80	80	-	0.0
Social Inclusion Total		249	249	-	0.0
Grand Total		977	977	442	45.2

4.5.3 Cumulative Expenditure by Participating UN Organization, with breakdown by Category

Cumulative Expenditure reported by Participating Organizations are shown in Table 8.

Table 8: Total Expenditure by Participating Organization, with breakdown by Category, as of 31 December 2010 (Amounts in US\$ Thousands)

Partic Orgs	Net Funded Amount	Total Expenditure	Expenditure by Category							% of Programme Costs
			Suppl, Equip & Transp	Personnel	Train of Countp	Contr	Other Direct Costs	Total Progr Costs	Indirect Support Costs	
FAO	54	25	-	23	-	-	0	23	2	6.8
UNDP	564	229	5	136	0	51	22	214	15	7.0
UNEP	54	47	-	44	-	-	-	44	3	7.0
UNESCO	54	44	2	36	3	-	0	41	3	7.0
UNICEF	108	48	2	30	-	11	1	45	3	7.0
UNIDO	54	50	-	17	3	27	-	47	3	7.0
WHO	91	-	-	-	-	-	-	-	-	0.0
Total	977	442	9	287	5	89	23	413	29	7.0

UNDP reported the highest amount of expenditure amongst Participating UN Agencies in the Montenegro One UN Country Fund. The amount represents 52 percent of the total reported expenditure of the Montenegro One UN Country Fund in 2010.

5 Transparency and Accountability

5.1 Transparency

Details of the JCSC's approval and implementation procedures and descriptions of the activities carried out under approved projects are posted on the web site (<http://mdtf.undp.org/factsheet/fund/ME100>). This web site provides the most current information on contributions received and projects approved and funds transferred to Participating Organizations. Periodic updates, containing highlights of project progress, project anticipated timelines, project commitments and disbursements, are posted on this site on a regular basis.

5.2 Quality Assurance and Accountability

The individual Participating Organizations have the primary responsibility for project monitoring, evaluation, and audits. In addition, the JCSC is planning to commission a "review exercise" in the third quarter of 2011.

5.3 MDTF Office GATEWAY

In 2010, the MDTF Office officially launched the MDTF Office GATEWAY (<http://mdtf.undp.org>). It is a knowledge platform providing real-time data from the MDTF Office accounting system, with a maximum of two-hour delay, on financial information on donor contributions, programme budgets and transfers to Participating Organizations. It is designed to provide transparent, accountable fund-management services to the United Nations system to enhance its coherence, effectiveness and efficiency. Each MDTF and JP administered by the MDTF Office has its own website on the GATEWAY with extensive narrative and financial information on the MDTF/JP including on its strategic framework, governance arrangements, eligibility and allocation criteria. Annual financial and narrative progress reports and quarterly/semi-annual updates on the results being achieved are also available. In addition, each programme has a Factsheet with specific facts, figures and updates on that programme.

The GATEWAY provides easy access to more than 5,000 reports and documents on MDTFs/JPs and individual programmes, with tools and tables displaying related financial data. By enabling users in the field with easy access to upload progress reports and related documents also facilitates knowledge sharing and management among UN agencies. The MDTF Office GATEWAY is already being recognized as a ‘standard setter’ by peers and partners.

Details of the Montenegro One UN Country Fund projects and joint programmes, the JCSC’s decisions, and periodic project reports are posted on the website of the Administrative Agent (<http://mdtf.undp.org/factsheet/fund/ME100>) of the GATEWAY, as well as the website of the UN in Montenegro, (www.un.org.me).

6 Conclusion

This is the First Consolidated Annual Progress Report on Activities Implemented under the Montenegro One UN Country Fund. It covers the progress in implementation of six projects funded during 2010, the first year of operation of the Montenegro One Fund, all of which address priority areas of UN cooperation with the Government.

In 2010 the Montenegro One UN Country Fund received a total of US\$1.06 million in donor contributions from the EFW. Nine Participating Organizations have signed an MOU for the Montenegro One UN Country Fund since its inception in January 2010. As of 31 December 2010, the Administrative Agent has transferred a total of US\$0.9 million to seven Participating Organizations.

Considerable progress was made in 2010 by Participating Organizations to collectively achieve concrete and measurable results in Democratic Governance and Sustainable Economic Development & Environmental Protection through the projects funded by the UN Country Fund. Projects that were approved in December 2010 in Social Inclusion Pillar began their implementation only in 2011 will be reported in the 2011 Annual Progress Report.

The resources deposited by the EFW in the Montenegro One UN Country Fund account were fully programmed by the Steering Committee. It is clear that there is need for additional funding commitments to assist the UN System to continue its cooperation in areas including durable solutions for displaced populations, deinstitutionalization, promotion of mediation and juvenile justice as well as the stimulation of sustainable economic growth in the north of Montenegro. Additional donor funding would support local and national authorities and ensure little or no interruption to the critical support that the UN provides in these priority areas. Since a number of Participating Organizations have either formulated or are ready to formulate further phases of these on-going projects or sub-programmes, further replenishment of the Montenegro UN County Fund is vital in advancing its objectives. The MDTF Office envisages that the Annual Progress Reports will give the JCSC the basis to better assess resource requirements and to advocate and mobilise for additional funding.