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Final Narrative Report on Activities Implemented under the Joint Programme “Local Governance Support Project: Learning and Innovation Component”

**Report of the Administrative Agent
for the period July 2006 - 31 December 2011**

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

31 May 2012

PARTICIPATING UN ORGANIZATIONS



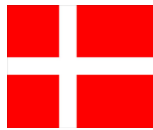
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**Local Governance Support Project: Learning and Innovation Component
FINAL PROGRAMME NARRATIVE REPORT**

REPORTING PERIOD: JULY 2006 – 31 DECEMBER 2011

Programme Title & Project Number <ul style="list-style-type: none">• Programme Title: Local Governance Support Project: Learning and Innovation Component• Programme Number: 00055642• MPTF Office Project Reference Number: MPTF Office Atlas Number: 00067642	Country, Locality(s), Thematic/Priority Area(s) <p><i>Country/Region: Bangladesh</i></p> <p><i>Thematic/Priority: Democratic Governance</i></p>
Participating Organization(s) <p>UNDP, UNCDF</p>	Implementing Partners <p>Local Government Division, Ministry of Local Government, Rural Development and Cooperatives, the Government of the People's Republic of Bangladesh</p>
Programme/Project Cost (US\$) <p>JP funding (Pass-Through) from Denmark:</p> <ul style="list-style-type: none">• UNDP: USD 454,470• UNCDF: USD 1,969,367 <p>TOTAL: USD 2,423,837</p>	Programme Duration <p>Overall Duration 60 months</p> <p>Start Date 23 July 2009</p> <p>End Date (or Revised End Date) 31 March 2012</p> <p>Operational Closure Date 31 March 2012</p> <p>Expected Financial Closure Date 31 March 2013</p>
Programme Assessment/Review/Mid-Term Eval. <p>Assessment/Review <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date: 31/12/2011</p> <p>Mid-Term Evaluation Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date: September 2010</p>	Report Submitted By <ul style="list-style-type: none">○ Name: Stefan Priesner○ Title: Country Director○ Participating Organization (Lead): UNDP○ Email address: Stefan.priesner@undp.org

Acronyms and abbreviations

AWP	Annual Work Plan
CAPAM	Commonwealth Association for Public Administration and Management
DANIDA	Danish Development Assistance
DC	Deputy Commissioner
DDC	District Development Committee
DDCC	District Development Coordination Committee
DDLG	Deputy Director Local Government
DF	District Facilitator
DPP	Development Project Proforma
EBG	Expanded Block Grant
EU	European Union
ERD	Economic Relations Division
LGD	Local Government Division
LGIDC	Local Governance Information and Documentation Centre
LGSP	Local Governance Support Project
LIC	Learning and Innovation Component
MC	Minimum Conditions
MDGs	Millennium Development Goals
MLGRD&C	Ministry of Local Government, Rural Development and Co-operatives
MMC	Measuring Minimum Conditions
NILG	National Institute of Local Government
NPD	National Project Director
PBG	Performance Based Block Grant
PEM	Public Expenditure Management
PM	Project Manager
REOPA	Rural Employment Opportunities for Public Assets
SBG	Supplementary Block Grant
SDC	Swiss Agency for Development and Cooperation
SLGDP	Sirajganj Local Governance Development Project
SSC	Scheme Supervision Committee
TBG	Transitional Block Grant
UCO	Upazila Cooperative Officer
UDCC	Upazila Development Coordination Committee
UFT	Union Facilitation Team
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNO	UpazilaNirbahi Officer
UP	Union Parishad
UPGP	Union Parishad Governance Project
UZGP	UpazilaParishad Governance Project
UPPC	Union Parishad Planning Committee
WDC	Ward Development Committee
WDF	Women Development Forum

1. Executive Summary

This 2011 Consolidated Annual Progress Report under the Joint Programme, “Local Governance Support Project: Learning and Innovation Component” in Bangladesh covers the period from 1 January to 31 December 2011. This report is in fulfillment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Donor. In line with the Memorandum of Understanding (MOU) signed by Participating UN Organisations, the Annual Progress Report is consolidated based on information, data and financial statements submitted by Participating Organizations. It is neither an evaluation of the Joint Programme nor an assessment of the performance of the Participating Organizations. The report provide the Steering Committee with a comprehensive overview of achievements and challenges associated with the Joint Programme, enabling it to make strategic decisions and take corrective measures, where applicable.

LIC has promoted an effective form of accountability through the Ward level formal institution which gives the weak (poor, women, vulnerable) the possibility to make their voice heard. UP act 2009 (amended) has incorporated Ward level participatory planning and open budget meeting as mandatory legal provisions after it was successfully implemented in LIC UPs. LIC has been an effective mechanism in supporting the empowerment of women. Some of the measures introduced are: 30% of UP spending must be on schemes that are proposed by women during the Ward planning process; the women development forum (WDF) promote effective participation of women in local affairs; mandatory participation of women in all UP related committees and institutional bodies in which they hold effective responsibility

The LGSP-LIC has demonstrated that the UP absorptive capacity is high across the country. The Performance Based Grant System (PBGS) has enhanced institutional capacity and performance at the UP level and performance has improved faster in the LGSP-LIC UPs than in the UPs that were outside the LGSP-LIC but within broader LGSP.

The Supplementary Block Grants (SBG) mechanism systems and processes have contributed to improve the UP capacity for effective and accountable delivery of local infrastructure and services: During the project period (2007-2011), 10,242 schemes were implemented with active participation of local communities in the processes of need identification and prioritization, open budgeting and implementation of schemes. Labor intensive investments lead to employment generation and local business development, and to some extent, to poverty reduction.

LIC UPs have 9.3% higher expenditure level of total spending ability than non –LIC. On average, revenue collected during the three LIC years increased by 42.5% compared to those collected during the three years preceding LIC. LIC UPs have reported better availability of services: statistically significant are the services relating to maintenance of local markets, immunization, number of business establishments, registration of birth and deaths.

The Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP) serves as the Administrative Agent of the Joint Programme. The MPTF Office receives, administers and manages contributions from the Donor, and disburses these funds to the Participating UN Organizations in accordance with the decisions of the Steering Committee. The Administrative Agent receives and consolidates the Joint Programme annual reports and submits it to the Steering Committee.

This report is presented in two parts. Part I is the Annual Narrative Progress Report and Part II is the Annual Consolidated Financial Progress Report. Part I is presented in seven sections. Section I is the Executive Summary; Section II provides the purpose of the Joint Programme; Section III presents an overview of

resources; Section IV highlights implementation and monitoring arrangements; Section V provides an overview of the achievement of the Joint Programme and the challenges; Section VI draws on lessons learned and Section VII presents indicator based performance assessment. The report covers achievements for all funding sources.

PART I: NARRATIVE REPORT

II. PURPOSE

The Learning and Innovation Component (LIC) of the Local Governance Support Project (LGSP) aims to promote poverty reduction and MDG achievement through building the basic service delivery capacities of Union Parishads (UPs). LGSP-LIC is an integral part of the wider LGSP – a national project to promote better local governance and local service delivery – supported by a World Bank/IDA loan. LGSP-LIC provided substantive support in five main areas: (i) UP performance-linked financing arrangements; (ii) local public expenditure management procedures; (iii) local accountability institutions; (iv) institutional framework for UP human resource development & training; and (v) national policy development and coordination. LGSP-LIC finished field testing the successful innovations already pioneered in the UNCDF/UNDP Sirajganj project and channeled these “second generation” innovations into the national LGSP. The Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) executed the LIC as part of the LGSP. The project team was headed by the National Project Director (Joint Secretary) who covered the wider LGSP and LIC and a Focal Point for LIC (Deputy Secretary Upazila, LGD). The project was monitored and overseen by the LIC’s Project Board within the *LGSP’s Project Steering Committee*. The outcome and outputs of the project are given below;

Outcome: Improved Local Governance for Poverty Reduction: Capacities and partnerships developed of local governance actors for policy formulation, service delivery and resource management.

Outputs: The project has identified five key outputs which are given below;

Output 1: Increased financial resources made available to Union Parishad (UPs) in equitable & appropriate ways

Output 2: Improved public expenditure systems for UPs are developed and used

Output 3: Enhanced mechanisms for local accountability are established & implemented

Output 4: More effective framework for capacity development support is established

Output 5: Policy development is informed by lessons of programme implementation

The project outcome is related with the United Nations Development Assistance Framework (UNDAF) outcome under democratic governance thematic area which is “*The human rights of children, women, and vulnerable groups are progressively fulfilled within the foundations of strengthened democratic governance.*”

III. Resources

Financial Resources: The total budget for this Joint Programme was US\$ 2,423,837. It did not face any bottlenecks to receive funds during the reporting period.

Human Resources: The project has one National Project Director who is also the Joint Secretary of the implementing ministry and one Focal point who is the deputy secretary of the concerned ministry. However, they are not considered as project staff. The project has one Project Manager, one Monitoring and Evaluation Officer, six District Facilitators, two Finance and Administration Assistants, two Data Keepers, two Secretaries and ten drivers cum messengers. The project did not have any regular international staff.

IV. Implementation and Monitoring Arrangements

Implementation Mechanism: This is a National Execution (NEX) Project implemented by the Local Government Division (LGD) of the Government of Bangladesh. The project team is headed by the National Project Director (Joint Secretary) who covers the wider LGSP and LIC and a Focal Point for LIC (Deputy Secretary Upazila, LGD). The project is monitored and overseen by the *LGSP's Project Steering Committee (PSC)*. Although the LGSP's Steering Committee is scheduled to take place twice a year, it has so far taken place five times since October 2007. The final PSC meeting was held on 22 November, 2011. In addition, there is a team in charge of project quality assurance composed by UNDP and UNCDF Programme Staff based in Dhaka.

Procurement procedures: Project procurement is the responsibility of UNDP and UNCDF, as participating organizations, and UPs. Each institution follows the procurement rules as prescribed by UN standard procedures. UNDP procures local technical assistance and some service provisions, while UNCDF procures international technical assistance. In addition, the implementing agent, the Local Government Division (LGD) of the Government procures through NEX advance for project management. UPs which receive block grants as part of the LIC project conduct their procurement with these funds following the government's rules and procedures.

Monitoring: LGD is mainly responsible for monitoring project's activities and outputs. Field activity monitoring is ensured both from the project's side with the District Facilitators and from the Local Government Division side with the Upazila Cooperative Officer (UCO) and Deputy Director Local Government (DDLG) playing an important monitoring role. This latter function has been performed with mixed reviews as their interventions have been done on an ad-hoc basis rather than with a strategic perspective. It is also worth noting that with regards to monitoring and quality assurance, the communities themselves play a key role through the various committees they are involved in, particularly the Scheme Supervision Committee (SSC) and their level of awareness of UP affairs facilitated through the project. Women are members of SSCs, WDCs and WDFs and can have an active role in the local development process, voice concerns or interests and promote inclusiveness.

UNDP and UNCDF teams pay regular visits to the project and perform quality monitoring and quality assurance functions with inputs into the project team for improvements or sharing of best practices. A monitoring strategy has been developed for LGSP-LIC by a national expert to further enhance this system and has started to implement from the middle of 2010. During the reporting period, an electronic Management Information System (MIS) has been developed to capture statistics to monitor and capture progress. The MIS was installed in six LIC districts.

Evaluation and studies: UNDP and UNCDF commissioned a Final evaluation of LGSP-LIC that was completed in December, 2011. This has provided a comprehensive assessment of the project status, lessons and achievements. The summary of assessment is given below;

Summary of key findings of Final Evaluation
(1) The Project aimed at deepening and consolidating the innovations introduced initially under the SLGDP; obviously, most of the mechanisms and processes developed and tested under the LIC arrangements proved to be effective, viable, and can be institutionalized nationwide; and indeed, the design of the LGSP II has already benefited from the lessons learnt from LIC Project, and adopted some of its features. Also, the Project has demonstrated that UPs, if provided with adequate support, can manage increased financial resources and use them

for delivering local infrastructure in a responsive, accountable manner.

(2) The performance-based grants are highly appreciated by all local stakeholders because they are predictable, directly accessible (without transiting by Upazila reducing the risk of delay and leakage as well as transaction costs), enabled UPs to deliver more than 10,000 basic infrastructure schemes, and motivating them to improve their performance in applying good governance practices in the management of public resources and responding to people's needs – contributing to enhance UP legitimacy as a local governance institution.

(3) The Project has to a large extent successfully demonstrated the feasibility and viability of a degree of fiscal decentralization to the Union Parishad level and has created a space for national policy changes as attested by the enactment of the LG Act in 2009, and the scaling up nationwide (LGSP and LGSP II) of the funding modalities of the Project.

(4) Infrastructure schemes funded from the Project grants contributed to improving to some extent the living conditions of local communities as construction of rural roads and paths did facilitate communication and access to other services such as schools and health facilities or markets; also, UP investment did provide employment and business opportunities for local manpower and contractors.

(5) The above achievements could be taken a step further in the future if the Government were to engage a comprehensive national decentralization policy - to be built around the following pillars: (i) Architecture of the decentralization system (tiers of local government); (ii) Development of a legal framework for the establishment and functioning of local governments; (iii) Clear definition of the role and functions of each level of government; (iv) Assignment of revenue sources to each tier of local government (both own-source revenue and fiscal transfers) commensurate with the scope of their respective assigned functions; (v) Assignment of adequate human and other resource to each level of government to enable them function effectively; (vi) Design and deployment of a national programme to develop institutional and technical capacities of local governments; and (vii) Assignment of clear responsibilities for driving the policy and overseeing its implementation to a dedicated government agency within a clearly defined timeframe.

(6) Meanwhile, and until such policy is agreed and implemented and building on the experience gained under SLGSP and LGSP-LIC, there are room for further improvements to the local government system, including for instance:

- Enabling Union Parishads to fulfill their mandates under the Local Government Act 2009, and in particular, in respect of the provision of sectoral services in the areas of agriculture, education and health (piloting sectoral block grants)
- Developing and applying a mechanism to monitor and measure the UP performance in targeting the poor and vulnerable communities.
- Developing innovative funding mechanisms for UP capacity building in the areas of generic local good governance and technical skills for effective planning and delivery of sectoral services

LIC facilitated the following field study / survey / reports in 2011:

Name of Study	Objective	Remarks
Study to identify trends of UP revenue mobilization	Identify trends of UP Revenue, challenges and potentials to increase local revenue & to recommend GOB for intervention	Survey report shared, presented with concern stakeholders including Finance Division, Planning Commission, and submitted to LGD.
Planning & Budgeting Guideline for UP	User friendly planning and budgeting guideline for UP for better service delivery	Draft planning guideline prepared, presented, shared with concern stakeholders and submitted to LGD.
Gender policy strategy for UP Women Members	To empower the UP Women members to perform responsibilities	Survey report shared, presented to the Ministry of Women and Children Affairs, Prime Minister's Office, Planning Commission, Economic Relations Division and submitted to LGD.
UP Model Tax Schedule, 2011	To update the UP tax schedule to increase local revenue and motivate people	UP Model Tax Schedule drafted, presented and shared with concern stakeholders and submitted to LGD.
Manual for UNOs & DDLGs	Specified roles of UNOs and DDLGs to facilitate for local service delivery	Draft manual submitted to LGD.
UP Fund flow study	To develop an unified fiscal transfer system	Study findings accommodated in the new UPGP/UZGP projects.
Study on the Assessment of Performance of Union Facilitation Team (UFT)	identify UFT performance and supporting their role to UPs	Study report, presented and submitted to LGD
Study on results of use of supplementary block grants (SBG) provided to UPs	identify the outcomes/impacts of use of block grants	Study report presented, shared and submitted to LGD
WDF Registration with its Constitution	WDF registration in process	Study report shared, presented and submitted to LGD
Gap Analysis on UP Act, 2009	identify the gap of UP Act, 2009	Study report presented in a national workshop, and submitted to LGD
Role of line agencies in UPs service delivery	identify the role of line agencies to work with LGIs to improve service delivery	Study report presented, shared in a workshop and submitted to LGD
Assessment of Performance Grants in LGSP-LIC	develop performance based grant system	GOB has adopted
M&E Framework for LGD wing	Improve capacity of MIE Wing and develop a sound M&E mechanism for LGIs	Study report shared, presented in a workshop and submitted to LGD

The Administrative Agent

Participating Organizations have appointed the UNDP MPTF Office to serve as their Administrative Agent (AA) for this Joint Programme. 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 this Joint Programme to Participating Organizations; (c) Consolidation of statements and reports, based on submissions provided to the AA by each Participating UN Organization; (d) synthesis and consolidation of the individual annual narrative and financial progress reports submitted by each Participating Organization for submission to donors through the Steering Committee. Transparency and accountability of this Joint Programme operation is made available through the Joint Programme website of the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/JBD00>.

V. Results

LGSP-LIC has achieved significant progress in the last year of the project and implemented almost all the planned activities of the Annual Work Plan (AWP) 2011. All the activities have been implemented by maintaining high quality, standard, appropriate process and procedure involving local community with bottom up approach. During this period, the project has implemented 4739 small scale development schemes at rural level focusing on MDGs and poverty alleviation.

The project has facilitated organizing one meeting of the Project Steering Committee (PSC) the top policymaking body of the project and, three meetings of the Project Executive Group (PEG), the management body of the project. Other management events included monthly and periodic meetings including a national workshop, Journalistic Award giving event for media reporting of Local Governance/LIC, annual progress review and planning meeting, an international training course on Fiscal Decentralization, and a study tour to the Philippines.

The project also facilitated 13 field studies/survey/research and two video documentations, and produced five types of IEC materials focusing on local governance, decentralization and to improve of basic service delivery to citizens. In addition to that LGSP-LIC has conducted a number of training courses for local elected bodies including newly elected UP Representatives on UP Acts, financial management, project management, training for village police, Ward Shava, WDF (as elected UP Women members) including communities and different committees i.e. SSC, WDC, UPPC to improve their capacity and confidence. These trainings helped the local functionaries to discharge their responsibilities effectively.

In 2011 the project has successfully achieved its all 5 (five) key results –formulated UP Rules and Regulations, formulated New UP Model Tax Schedule based on LGSP-LIC piloting, established MDGs focused Planning and Budgetary Framework for Union Parishad, established an effective M&E Framework for Local Government Division and finally developed Policy Strategy for UP Women Member (reserved seat).

The Annual Key activities/outputs and achievements (data & information) of LGSP-LIC in 2011 are as follows:-

- i. Project has directly disbursed funds to 362 UP accounts a total of 33.11 million BDT (\$4.59 million as per 1\$=72 BDT) as Block Grant (SBG, PBG and TBG).
 - ii. 5.33 million people (2.99 million male and 2.34 million female) have been benefited from 4739 small scale schemes.
 - iii. A comprehensive UP planning and budgeting guideline has been developed (pending approval by LGD) for UPs.
-

- iv. Conducted 6 District level training for district/Upazila administration, UP Chairman, key line department on “How to organized ward shova/meeting at ward level.
 - v. 388 newly elected UP Chairman trained on UP Acts/Rules, Development Projects and Financial Management in 6 batches at 6 Districts Level.
 - vi. 5044 newly elected UP representatives and 3492 Union Parishad Facilitation Team (UFT) received training on how to facilitate and organize ward shova/meeting
 - vii. 5,044 newly elected UP representatives received training on UP Act, Rules and Responsibilities.
 - viii. 388 UP Chairman and 388 UP Secretaries received training on basic Computer Skill development.
 - ix. 24,444 WDC, SSC and 388 UPPC members received the refresher’s training on how to organize and facilitate the ward and para level participatory planning meeting and how to monitor and ensure the quality of scheme implementation through 1164 batches.
 - x. 2,376 UFT members received refresher’s training on project M&E strategy and 1116 UFT members received TOT during the reporting period.
 - xi. A user friendly UP Accounting Software developed and shared with LGD for installing to UPs
 - xii. 1,100 WDF members received training on Leadership Development, Human Right and Stop Violence Against Women (SVAW).
 - xiii. A full-fledged UP Model Tax Schedule’s Guideline-2011 is under process based on UP Act-2009 has been developed and applied in pilot UPs for raising UP revenues.
 - xiv. For encouraging people to pay their taxes to get better services from the UPs, 388 Billboard at UP level and 25 Billboard at Upazila Parishad premises were installed for motivating citizen to pay tax to UPs and linked with basic services delivery.
 - xv. 3,880 Village Police received training on their basic roles and responsibility.
 - xvi. 14 UP Rules and Regulations formulated based on UP Act 2009
 - xvii. A UP accounting software has been developed, approved and installed in 388 UPs.
 - xviii. For capturing filed level date on project activities, an MIS was designed and a software was developed and installed in six LIC districts.
-

Some of the overall key results of this project are presented below under the five outputs:

Output 1: Increased financial resources made available to Union Parishad (UPs) in equitable & appropriate ways

33.11 million BDT was disbursed to 362 Union Parishads in the form of Supplementary Block Grants (SBG), Performance Block Grants (PBG) and Transitional Block Grants (TBG) in addition to government's Basic Block Grants (BBG) and World Bank's Extended Block Grants (EBG).

The LGSP-LIC has demonstrated that UP absorptive capacity is high across the country

The "absorptive capacity" lesson is reflected in the LGDSP II design as follows:

The size of Block Grants to be provided by the project to all UPs is higher than it was under LGSP – starting at Tk 1.1 million in year 1 (2012) to reach Tk 1.8 million in year 5 (2016), i.e. by 12% every year.

*Mainstreaming LIC Lessons into LGSP II

Performance Based Grant System (PBGS) in general has enhanced institutional capacity and performance at the UP level and performance has improved faster in the LGSP-LIC UPs than in the "control group".

Some of the core results are:

- Average performance has improved from 2007 to 2010 by an average 32% in the LIC-UPs
- Average performance in the LIC-UPs is 58% above the non-LIC UPs
- Performance has improved significantly in the sampled UPs in 3 performance areas (Operation of Committees/Office functioning, Gender Performance and Planning, Budgeting and PFM).
- The performance of the sampled LIC UPs was above the non-LIC.
- Most UPs found that the system has a high or moderate impact on the performance in the 5 core areas of performance.

*Final Report on the Assessment of the LGSP_LIC Performance-Based Grant System – PBGS
Ministry of Local Government, Rural Development and Co-operatives

Output 2: Improved public expenditure systems for UPs are developed and used

The SBG pilot has stimulated an increase of fiscal transfers (block grants) from the central governments to all UPs.

The SBG mechanism systems and processes have contributed to improve the UP capacity for effective and accountable delivery of local infrastructure and services: more than 10,000 schemes were implemented with active participation of local communities in the processes of need identification and prioritization, open budgeting and implementation of schemes. Labor intensive investments lead to employment generation and local business development, and to some extent, to poverty reduction.

Some results are highlighted below:

- LIC UPs have higher expenditure level of total spending ability than non-LIC
9.3% higher growth in spending than non-LIC UPs
Poorer UPs registered higher spending growth (signs of convergence)
Expenditure growth has been higher in areas with better education, implying the possible presence of the factor of "good leadership".
- LIC UPs has a higher level of development spending ability than non-LIC and higher resource absorption capacity
Development expenditure grew by 21% during 2007-2010 compared with 9% of overall spending.

- LIC UPs have higher level of total revenue than non-LIC and higher growth rate in own revenue (2007-2011)

In most cases, LIC UPs have reported better availability of services: statistically significant are the services relating to maintenance of local markets, immunization, number of business establishments, registration of birth and deaths (only available in LIC).

*Study on results of use of supplementary block grants (SBG) provided to UPs.

Sen, Hossain, Tahrima, BIDS.

Output 3: Enhanced mechanisms for local accountability are established & implemented

LIC has promoted an effective form of accountability through the Ward level formal institution which gives the weak (poor, women, vulnerable) the possibility to make their voice heard.

- Institutional and operational arrangements for the implementation of the UP investments contributed to enhancing participation and ownership, resulting in cost-effective, better quality schemes.
- LG UP act 2009 (amended) has incorporated Ward level participatory planning as a mandatory legal provision after it was successfully implemented in LIC UPs.
- Provision of open budget meeting was also incorporated into the LG UP Act 2009 (amended).
- Introduction of modalities like “family cards” to record services received by each family along with information on taxes paid. The card, originally designed as a tax record document has become a sort of social security document, with the introduction of the registration of services received by families.
- Increased participation and empowerment of local communities in the local decision making processes (ward planning, budget and scheme supervision meetings in particular) have raised the level of transparency and accountability on the part of elected officials, and as a result, UPs regained the trust of the community.
- LIC has been an effective mechanism in supporting the empowerment of women. Some of the measures introduced are as follows: 30% of UP spending must be on schemes that are proposed by women during the Ward planning process; the women development forum (WDF) promote effective participation of women in local affairs; mandatory participation of women in all UP related committees and institutional bodies in which they hold effective responsibility;

*Final Report on the Assessment of the LGSP_LIC Performance-Based Grant System – PBGS

Stefferson, Monem, Hossain

*Mainstreaming LIC Lessons into LGSP II

Output 4: More effective framework for capacity development support is established

Building Capacity of the UP was the primary goal of the project. The project has developed local capacities in the area of participatory local needs assessments and prioritization, transparent resources allocation, scheme design and implementation, and financial accountability. It has introduced several innovations which can be replicated on a nation-wide scale. The following are capacity building activities which have taken place in 2011:

- Conducted 6 District level training for district/upazila administration, UP Chairman, key line department on “How to organize ward shova meeting at ward level.
- 388 newly elected UP Chairman trained on UP Acts/Rules, Development Projects and Financial Management in 6 batches at 6 Districts Level.

- 5044 newly elected UP representatives and 3492 Union Parishad Facilitation Team (UFT) received training on how to facilitate and organize ward shova/meeting
- 5,044 newly elected UP representatives received training on UP Act, Rules and Responsibilities.
- 388 UP Chairman and 388 UP Secretaries received training on basic Computer Skill development.
- 24,444 WDC, SSC and 388 UPPC members received the refresher's training on how to organize and facilitate the ward and para level participatory planning meeting and how to monitor and ensure the quality of scheme implementation through 1164 batches.
- 2,376 UFT members received refresher's training on project M&E strategy and 1116 UFT members received TOT during the reporting period.
- 1,100 WDF members received training on Leadership Development, Human Right and Stop Violence Against Women (SVAW).
- 3,880 Village Police received training on their basic roles and responsibility.

Output 5: Policy development is informed by lessons of programme implementation

The Project had some impact on the development of the local government policy and legal framework to the extent that the UP Local Government Act-2009 adopted some of the features and innovations from the LIC:

- Local Government UP Act 2009 (amended) has incorporated ward level participatory planning as a mandatory legal provision after it was successfully implemented in LIC unions.
- Provision of open budget meeting was also incorporated into the Local Government UP Act 2009 (amended).
- The Government has issued a new tax schedule based on the results of the LGSP-LIC
- 14 UP Rules and Regulations formulated based on Local Government UP Act 2009 which operationalize the UPs effectively and improve its capacity, authority and management for better service delivery.

*Final Report on the Assessment of the LGSP_LIC Performance-Based Grant System – PBGS
Stefferson, Monem, Hossain

Challenges

LGSP-LIC faced several challenges during the reporting period. The six-months long UP Election-2011 was the most difficult challenge. It caused delays in accomplishing many tasks. Frequent transfer/changes of DDLGs and UCOs was another problem facing smooth functioning of the project.

Partnerships: The project is being implemented by the Ministry of Local Government, Rural Development and Co-operatives (MLGRD&C) through its Local Government Division (LGD), with whom the project team is working in an integrated manner on a daily bases. The LGD has provided strong support to the project from the inception describing UNDP&UNCDF as long-term trusted partners.

With regards to decentralization, the GoB has a set vision and plan. Expectations have not always fully matched, however, LGD and the project have worked in a constructive manner together to ensure the project

brings positive change in the lives of rural people in Bangladesh. The project team adopts a patient and strategic positioning with regards to its government counterparts as the best way to guide the LGD through a successful implementation of the LIC. Decentralization is a sensitive issue for the central government functionaries and political leaders although they welcome the project's initiative and the possibility to give block grants directly to rural communities through UPs.

The project has a very good relationship with the Union Parishads in the 6 (six) LIC districts. They have welcomed the LGSP-LIC initiative as a means to strengthen their capacity to provide better public service to their constituencies. UPs collaborate very closely with the project and show high levels of commitment to the successful achievement of the LIC implementation. The presence of the project's District Facilitators and regular monitoring visits from the team in Dhaka (both the project team as well as UNDP & UNCDF teams) have greatly contributed to establishing a trusting relationship.

The relationship with other levels of Local Government like the Upazila and District levels is also good and cooperative. These levels are required to be engaged in the action mostly for monitoring, supervision, coordination and capacity building initiatives. As the direct impact of the action at these levels is less tangible this relationship requires higher levels of compromise, strategic positioning and patience.

UNDP & UNCDF maintains a very strong relation with development partners involved such as the EC and DANIDA through regular communication and involvement in relevant project activities. The common engagement in wider Development Partners' coordination mechanisms related to local governance also contributes to this.

UNDP & UNCDF are closely engaged with the wider LGSP initiative through the LIC that is a component of this nationwide initiative supported by the World Bank. Coordination and knowledge transfer are done on a regular basis. A common operational manual is being used in UP, which are included in both LGSP and LIC districts, in using governance tools such as participatory planning, open budgeting, women's participation and leadership in local governance. World Bank is planning to introduce performance grants in LGSP2, which has been piloted in LIC districts. World Bank is also interested to learn from UP revenue mobilization, which is being piloted in LIC districts currently.

Another link worth mentioning is with the Rural Employment Opportunity for Public Assets (REOPA) and its Capacity and Strengthening Component (REOPA-CSC) initiative, also funded by the EC (and UNDP) and implemented by UNDP. Both work in the 6 LIC districts and target the most destitute households in those rural areas. The projects have been coordinating and communicating both at central level and in the field but it is recognized that this relationship should be further strengthened and improved in terms of creating synergies.

VI. Lessons Learnt

LGSP is an institutional model to reinvigorate the UP at the grass root level towards the establishment of good governance. While manifold lessons have emerged the central focus remains on the strategic importance of the LIC project. How its design and procedures infused dynamism and changed the scenario of an almost stagnant phenomenon should be a major focus of the relevant analysis.

LIC has introduced a number of institutional organs such as WDC, SSC, UPPC or the UFT which proved to be enhancing the effectiveness of UP by infusing the principle of community participation ranging from scheme identification to effective implementation. Such innovations have been recognized as pragmatic ones. UPs made best use of their technical expertise in scheme design and construction and, in cases, in the

management of service facilities, through sub-contracting. UP proved an important catalyst to facilitate local development. Lack of transparency or accountability known to characterize UP could be modified by virtue of community participation at different stages of developmental intervention, showed by LIC. It also builds ownership of the community of UP activities.

It in turn testifies that the community volunteers its valuable time and effort if there is reciprocal benefit in the process. Similarly open budget session contributed to the establishment of accountability. LIC innovations significantly contributed to the improvement of the quality of schemes by ensuring optimal expenditure stipulated in the budget for a scheme. Close supervision of SSC is a key to such achievement. In LIC structure WDC is an important institution. It is entrusted with the task of choosing schemes and through SSC community oversees the implementation. To ensure the effectiveness of WDC, quarterly meeting proved to be useful mechanism.

Para or neighborhood is the lowest informal entity that provides social control in rural Bangladesh through *samaj* or the spirit of corporate hood. In course of innovation it proved that to ensure attention to the need of the community the efficacy of *para* meeting could be remarkable. Rigid planning from above may hinder the optimal benefits of a scheme, which could be overcome by integrating local ideas. Pre-condition for the tapping of local ideas is the freedom for decision making that has been promoted by WDC or *para* meeting. LIC encouraged different modalities (e.g., for the free flow of information and it is found that such transparency is essential to build trust of the community. LGSP-LIC has also brought the opportunity for forging partnership in support of local governance in Bangladesh.

VII. INDICATOR BASED PERFORMANCE ASSESSMENT

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
Outcome 1 Increased financial resources are made available to UPs in equitable and appropriate ways							
Indicator 1.1.	Predictable formula based allocation mechanism developed		a) Guidelines developed for ADP funding to UPs as block grant for 6 pilot districts (2007)	Developed and being implemented		Progress report	
Indicator 1.2	Increased discretionary funding		b) Performance assessment arrangements established and assessment teams trained	The UPs are now getting Supplementary Block Grants (SBG) which are bigger in size than the money UPs used to get earlier.		Progress report Government Circular	
Indicator 1.3	Timely flow of funds		c) Performance assessments undertaken in a satisfactory and timely manner each year for all UPs in the 6 Districts	Funds for LIC has been disbursed timely		Progress report	
Indicator 1.4	Procedures for incentivising Union Parishads performance improvement institutionalized		d) UPs qualify for performance funding in increasing numbers from year to year: 40%-60%-75%-	Procedure developed		Performance Grant Manual	
Indicator 1.5	No of schemes implemented by UPs			10,000 Schemes have been implemented		Scheme lists	

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
Indicator 1.6	Improved revenue collection by UPs		<p>85%</p> <p>e) GoB adopts the performance-based methodology for UP funding nationwide</p> <p>f) Other funding agencies cost-share and/or replicate the performance-based funding approach.</p> <p>g) Average annual increase of own revenue collection in all UPs 25%</p>	UPs revenue collection is improving gradually in LIC areas		<p>Study report</p> <p>Mid-term/Final Evaluation report</p>	
Outcome 2 Improved public expenditure systems for local government institutions (UPs) are developed and used							
Indicator 2.1	UP prepared pro poor and gender sensitive 5 year Development Plans and annual action plans and budgets		<p>a. Planning & Implementation guidelines developed and disseminated (2007)</p> <p>b. Participatory planning operational in 30% of UPs in 2007 increasing to 100% by</p>	All UPs which are getting fund from LIC have developed pro-poor and gender sensitive budget.		UP plan	
Indicator 2.2	Special budgetary allocation for addressing			Budget for women development has been allocated. 1,100 women received training on leadership and violence		<p>Scheme list</p> <p>Progress report</p>	

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
	vulnerability and gender		2010.	against women.			
Indicator 2.3	Improved procurement practices		c. All plans include provision for O&M and 30% of schemes are exclusively identified by women's groups (2007+)	As community people are engaged in implementation, the procurement practices have been improved and misuse has been reduced.		Mid-term/Final Evaluation report	
Indicator 2.4	Effective Scheme implementation system in place		d. Tendering undertaken at UP level and threshold for tendering increased to T100,000 (2007+)	The schemes which are being implemented under LGSP-LIC maintaining a sound system where community people are taking part.		Mid-term/Final Evaluation report	
Indicator 2.5	UDCCs technically coordinate UP plans		e. Scheme Supervision Committees operational for 100% of all works (2007+)	Instead of UDCCs, BGCC (Block Grant Coordinator Committee) are coordinating UPs plan.		Mid-term/Final Evaluation report	
Indicator 2.6	UP budgetary provision for O&M		f. Weatherproof notice boards covering 100% of schemes modified to include O&M requirements	It has been advocated to allocate some budget from UPs for maintenance of the schemes developed under LIC		Mid-term/Final Evaluation report Progress report	
Indicator 2.7	Timely technical support from Upazila (LGED) for technical design and certification of works		g. Development of guidelines to	UPs are getting technical support from LGED for designing the schemes. However, there are some bottlenecks which have been observed in this regard. Consequently, a study to identify bottlenecks to get LGED support has been		Mid-term/Final Evaluation report Progress report	

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
			DDLG and UNOs for UP supervision, mentoring and internal audit (2007)	conducted and launched.			
Indicator 2.8	Upazila (UCO) giving support for community mobilization at Union and ward levels		<p>h. Reduction of waiting time for in LGED approvals and design reduced by 30% (2007),</p> <p>i. UCO support UFTs and UPs in 30% of UPs (2007) gradually increasing</p>	UCOs are actively involved in community mobilization.		<p>Final Evaluation report</p> <p>Progress report</p>	
Outcome 3 Enhanced mechanisms for local accountability are established and implemented							
Indicator 3.1.	Public dissemination of UP budgets, accounts and scheme implementation arrangements		<p>a. Dissemination of UP budgets and accounts in 30% of UPs in 2006-7 increasing to 100% by 2010</p> <p>b. Scheme notice-boards erected for all UP-funded projects (2009)</p>	UPs in LIC areas are announcing their budget through open budget meeting. Information on schemes are available near each scheme in LIC areas.		<p>Mid-term/Final Evaluation report</p> <p>Progress report</p>	
Indicator 3.2	Regular feedback to Ward constituents by		c. Regular	UPs in LIC areas are announcing their budget through open budget meeting.		Mid-term/Final Evaluation report	

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
	UP members		(quarterly) Ward meetings facilitated by UP members in	Information on schemes are available near each scheme in LIC areas.		Progress report	
Indicator 3.3	UP standing committees interact on a regular basis with line departments		Xx% of UPs (2009) d. Xx% of UP standing committees meet on a regular basis with relevant line departments	During scheme implementations, UP standing committees are interacting with line department. However, effectiveness of UP standing committees are not remarkable.		Mid-term/Final Evaluation report Progress report	
Indicator 3.4	Upazila level fora for UP Chairmen monitor service delivery		e. Xx% of UP Chairmen Fora meet on a regular basis with line departments	UP chairmen of each upazila are holding quarterly learning sharing meeting.		Mid-term/Final Evaluation report Progress report	
Indicator 3.5	UP women members' fora interact with line departments on service delivery issues		f. Xx% of UP women members' fora meet on a regular basis with line departments (2009)	UP Women Development Forum are working with line departments for improving service delivery.		Mid-term/Final Evaluation report Progress report	
Outcome 4 More effective framework for capacity development support is established							

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
Indicator 4.1	Strategy for LG Training		a. Strategy developed on LG Training, TNA procedures involving UPs, funding mechanisms, oversight, M&E and QA (2007)	No progress so far.	Another development partner has started working in this area, LIC will work in another area.		
Indicator 4.2	Strategy for NILG capacity enhancement		b. Strategic plan for capacity enhancement of NILG (2007) c. XX NILG and DLG staff with skills and experiences in HRD for autonomous LGs (2007+)	No progress.	Another development partner has started working in this area, LIC will work in another area.		
Indicator 4.3	Standard training modules		d. Xx Standard training modules reviewed and improved as appropriate for TOT delivery and responding to LG demands	Modules for WDF members on leadership and violence against women developed in 2011.		Training manual	
Indicator 4.4	UPs planning and financing own capacity building		e. Procedures developed and implemented	Some training modules for LIC have been developed and which have been revised in 2010 which are being used in six LIC districts.		Mid-term/Final Evaluation report Progress report	
Indicator 4.5	Training evaluations			As a whole, training evaluations have not been conducted. But Mid-Term Evaluations/Final evaluation has		Mid-term/Final Evaluation report Progress report	

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
			<p>for UP demand led training funded through share of block grant (2008)</p> <p>f. UPs plan and budget for training and other capacity building (xx UPs implement own funded capacity building 2008+)</p> <p>g. Training evaluation mechanisms developed and implemented (2008+)</p>	identified the loopholes of all training.			
Outcome 5 Policy development is informed by lessons of programme implementation							
Indicator 5.1	Improved legal and regulatory framework for UPs		<p>a. Block grant regulations (2007),</p> <p>b. UP Procurement Regulations 2007),</p>	UP Act 2009 has been passed by the Parliament which incorporated learning from project such as holding Ward Shava, open budget, publishing citizen's charter and so on.		<p>Mid-term/Final Evaluation report</p> <p>Progress report</p>	
Indicator 5.2	Documented experiences of UP block		c. Research findings on UP block grant	A lessons learnt report has been finalized and will be shared through		Mid-term/Final Evaluation report	

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
	grant funding		funding (2007+)	a national workshop to mainstream LIC learning.		Progress report	
Indicator 5.3	Proposals for refined policy, legal and regulatory framework		d. Proposals for refined policy, legal and regulatory framework for UPs (2008+)	Rules for UPs have been formulated and will be approved in 2011.		UP rules (Drfat)	
Indicator 5.4	MIE Wing with reliable UP performance data		e. Gender strategy for LG f. Adequate LGD/MIE database on Xx% of UPs	MIE Wing is collecting data from UPs quarterly basis on their performance.		Mid-term/Final Evaluation report Progress report	
Indicator 5.5	DDLG performing LG MIE effectively		g. Establish knowledge networking with UNDP regional centres	DDLG in six LIC districts are monitoring LGSP activities.		Mid-term/Final Evaluation report Progress report	
Indicator 5.6	Sharing GOB policy papers on LG with the region through the UNDP regional centres			UNDP Regional centers are getting updates on LG issues for Bangladesh.			

PART II: FINANCIAL REPORT

1) Source and Use of Fund

As of the end of the reporting period ending on 31 December 2011, the total contribution received from the donor (Government of Denmark) amounted to US\$2,448,320. Of this amount, US\$2,423,837 had been transferred to two Participating UN Organizations. Additionally, US\$83,698 had been earned in interest, bringing the cumulative source of funds to US\$2,532,019. Table 1 provides an overview of the overall sources, uses, and balance of the Joint Programme as of 31 December 2011.

Table 1. Financial Overview for the period ending 31 December 2011 (US Dollars)

	Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	TOTAL
Sources of Funds			
Gross Donor Contributions	2,448,320	-	2,448,320
Fund Earned Interest Income	75,440	670	76,110
Interest Income received from Participating Organizations	1,915	5,674	7,588
Refunds by Administrative Agent (Interest/Others)	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	2,525,675	6,344	2,532,019
Use of Funds			
Transfer to Participating Organizations	2,423,837	-	2,423,837
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	2,423,837	-	2,423,837
Administrative Agent Fees	24,483	-	24,483
Direct Costs	-	-	-
Bank Charges	66	5	70
Other Expenditures	-	-	-
Total: Uses of Funds	2,448,386	5	2,448,391
Balance of Funds Available with Administrative Agent	77,289	6,340	83,628
Net Funded Amount to Participating Organizations	2,423,837	-	2,423,837
Participating Organizations' Expenditure	1,373,005	1,054,436	2,427,441
Balance of Funds with Participating Organizations	1,050,832	(1,054,436)	(3,604)

Apart from Donor contributions, the other source of funds for the JP is interest income. The two sources of interest earned income are 1) Administrative Agent (Fund) earned interest, which is the interest earned by the MPTF Office as the Administrative Agent on the balance of funds remaining in the JPF account, and 2) agency earned interest, which is the amount earned by the Participating UN Organizations on the undisbursed balance of JPF funds. As of 31 December 2011, the fund earned interest was slightly over US\$76,000 and the interest received from Participating UN Organizations was over US\$7,500, bringing the cumulative interest received to US\$83,698.

The Administrative Agent fee was charged at the approved rate of 1% on deposits and amounted to US\$24,483 thousand as at 31 December 2011. It is important to note that the AA fee is fully covered by the amount of the cumulative interest received.

2) Donor Contributions

Table 2 indicates the details of the total contribution received amounting to US\$2,448,320 as of the end of the reporting period, 31 December 2011. The total contribution was made by Denmark.

Table 2. Donor Contributions

	Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	TOTAL
Government of Denmark	2,448,320	-	2,448,320
Total	2,448,320	-	2,448,320

3) Transfer of Funds

As of 31 December 2011, the JP had transferred funds to two Participating UN Organizations (UNDP and UNCDF) for approved projects amounting to a total of US\$2,423,837. One hundred per cent of the approved budget has been transferred. The distribution of approved funding, consolidated by Participating UN Organization for the reporting period, is summarized in Table 3.

Table 3. Transfers/ Net Funded Amount by Participating UN Organization

Participating Organization	Prior Years as of 31 Dec 2010		Current Year Jan-Dec 2011		TOTAL	
	Approved Amount	Net Funded Amount	Approved Amount	Net Funded Amount	Approved Amount	Net Funded Amount
UNCDF	1,969,367	1,969,367	-	-	1,969,367	1,969,367
UNDP	454,470	454,470	-	-	454,470	454,470
Total	<u>2,423,837</u>	<u>2,423,837</u>	=	=	<u>2,423,837</u>	<u>2,423,837</u>

4. Expenditure Reported by Participating Organization

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the six categories for inter-agency harmonized reporting of expenditure approved by the UN Development Group (UNDG) organizations.

All expenditure reported for the year 2011 were submitted by the Headquarters' of the Participating UN Organizations via UNEX, the MPTF Office Reporting Portal. These were extracted and analyzed by the MPTF Office and verified by the Country Office AA with delegated authority.

4.1 Overall Expenditure and Financial Delivery Rates

As shown in table 4, out of the cumulative net transferred amount of US\$2,423,837, total cumulative expenditure amounted to US\$ 2,427,441, bringing delivery to slightly over 100%¹.

Table 4. Financial Delivery Rate

Joint Programme	Net Funded Amount	Expenditure			Delivery Rate (%)
		Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	Total	
JP Bangladesh LGSP-LIC	2,423,837	1,373,005	1,054,436	2,427,441	100.15
Total	2,423,837	1,373,005	1,054,436	2,427,441	100.15

4.2 Total Expenditure Reported by Category

Table 5.1 reflects expenditure as categorized in the UNDG approved 6-category expenditure format. A summary of the reported expenditure is given in Table 5.2.

The highest percentage of expenditure was on other direct cost (77.19%). As per the agreement with the donor, most of the contribution received is to be used for block grants, making the percentage of direct costs, the highest. The second highest expenditure was on personnel (10.20%), and third, on training of counterparts (9.32%). Supplies and equipment made up 3.29% of total expenditure.

Table 5.1. Total Expenditure by Category

Category	Expenditure			% of Total Programme Costs
	Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	Total	
Supplies, Commodities, Equipment and Transport	52,862	21,883	74,744	3.29
Personnel	110,938	120,535	231,473	10.20
Training of Counterparts	62,845	148,493	211,338	9.32
Contracts				
Other Direct Costs	1,006,101	744,974	1,751,075	77.19
Programme Costs Total	1,232,746	1,035,886	2,268,631	100.00
Indirect Support Costs	140,259	18,550	158,809	7.00
Total	1,373,005	1,054,436	2,427,441	

¹ Over-expenditure was due to an error that will be corrected in 2012.

4.3 Cumulative Expenditure of Participating Organisations with breakdown by Category

The summary of expenditure by Participating UN Organization is given in Table 5.2. As shown in this table the delivery rate of UNCDF is 100% and UNDP is 100.79%².

Table 5.2. Financial Delivery Rate by Participating Organization

Joint Programme Title	Participating Organization	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate (%)
JP Bangladesh LGSP-LIC	UNCDF	1,969,367	1,969,367	1,969,367	100.00
	UNDP	454,470	454,470	458,074	100.79
Total		2,423,837	2,423,837	2,427,441	100.15

Table 5.3 shows expenditure by category and Participating UN Organisation. The table indicates that that total expenditure made by UNCDF is on Other Direct Costs and Personnel and for UNDP, the highest expenditure was on Training of Counterparts, and Personnel.

Table 5.3. Expenditure by Participating Organization, with breakdown by Category

Participating Organization	Net Funded Amount	Total Expenditure	Expenditure by Category							% of Programme Costs
			Supplies, Commodities, Equip & Transport	Personnel	Training of Counterparts	Contracts	Other Direct Costs	Total Programme Costs	Indirect Support Costs	
UNCDF	1,969,367	1,969,367	-	96,710	-	-	1,743,820	1,840,530	128,837	7.00
UNDP	454,470	458,074	74,744	134,763	211,338	-	7,255	428,101	29,972	7.00
Total	2,423,837	2,427,441	74,744	231,473	211,338	-	1,751,075	2,268,631	158,809	7.00

5. Transparency and accountability

The MPTF Office continued to provide information on its GATEWAY (<http://mptf.undp.org>) a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating UN Organizations. All narrative reports are published on the MPTF Office GATEWAY which provides easy access to nearly 8,000 relevant reports and documents, with tools and tables displaying financial and programme data. By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partners.

² Over-expenditure was due to an error that will be corrected in 2012.