

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

for the period 1 January to 31 December 2016

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

31 May 2017

PARTICIPATING ORGANIZATIONS



Food and Agriculture Organization



International Labour Organisation



International Organization for Migration



Joint United Nations Programme on HIV/AIDS



United Nations Capital Development Fund



United Nations Development Programme



United Nations Educational, Scientific and Cultural Organization



United Nations Population Fund



UN Centre for Human Settlement



UN High Commissioner for Refugees

CONTRIBUTORS



Department for International Development (DFID)



Delivering Results Together



Expanded DaO Funding Window



Government of GERMANY



Government of NORWAY

PRIVATE SECTOR



UNITED NATIONS CHILDREN'S FUND



Flemish Government



United Nations
Children's Fund



UN Industrial
Development
Organization



UN Office for Drug
and Crime



UNWOMEN



World Food
Programme



World Health
Organization

DEFINITIONS

Allocation

Amount approved by the Steering Committee for a project/programme.

Approved Project/Programme

A project/programme including budget, etc., that is approved by the Steering Committee for fund allocation purposes.

Contributor Commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent. A commitment may be paid or pending payment.

Contributor Deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed Standard Administrative Arrangement.

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7% of programmable costs.

Net Funded Amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN Organization or other inter-governmental Organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project Expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

Project Financial Closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project or programme is considered operationally closed when all programmatic activities for which Participating Organization(s) received funding have been completed.

Project Start Date

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

Total Approved Budget

This represents the cumulative amount of allocations approved by the Steering Committee.

US Dollar Amount

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

INTRODUCTION

This Consolidated Annual Financial Report of the **Malawi One UN Fund** is prepared by the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office) in fulfillment of its obligations as Administrative Agent, as per the terms of Reference (TOR), the Memorandum of Understanding (MOU) signed between the UNDP MPTF Office and the Participating Organizations, and the Standard Administrative Arrangement (SAA) signed with contributors.

The MPTF Office, as Administrative Agent, is responsible for concluding an MOU with Participating Organizations and SAAs with contributors. It receives, administers and

manages contributions, and disburses these funds to the Participating Organizations. The Administrative Agent prepares and submits annual consolidated financial reports, as well as regular financial statements, for transmission to contributors.

This consolidated financial report covers the period 1 January to 31 December **2016** and provides financial data on progress made in the implementation of projects of the **Malawi One UN Fund**. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/MW100>).

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

2016 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **Malawi One UN Fund** using the pass-through funding modality as of 31 December **2016**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/MW100>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2016**, **8** contributors deposited US\$ **116,595,349** in contributions and US\$ **290,426** was earned in interest. Refunds to contributors were US\$ **(21,982)**

The cumulative source of funds was US\$ **116,863,793** (see respectively, Tables 2 and 3).

Of this amount, US\$ **112,234,551** has been transferred to **16** Participating Organizations, of which US\$ **88,844,789** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **1,165,953**. Table 1 provides an overview of the overall sources, uses, and balance of the **Malawi One UN Fund** as of 31 December 2016.

Table 1. Financial Overview, as of 31 December 2016 (in US Dollars)

	Annual 2015	Annual 2016	Cumulative
Sources of Funds			
Contributions from donors	21,678,338	32,855,485	116,595,349
Fund Earned Interest and Investment Income	10,860	22,158	211,245
Interest Income received from Participating Organizations	642	4,046	79,181
Refunds by Administrative Agent to Contributors	-	(21,982)	(21,982)
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	21,689,840	32,859,707	116,863,793
Use of Funds			
Transfers to Participating Organizations	19,109,448	38,749,634	114,656,449
Refunds received from Participating Organizations	(411,551)	(777,806)	(2,421,898)
Net Funded Amount	18,697,897	37,971,828	112,234,551
Administrative Agent Fees	216,783	328,555	1,165,953
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	1,672,957
Bank Charges	158	68	599
Other Expenditures	-	-	-
Total: Uses of Funds	18,914,839	38,300,451	115,074,060
Change in Fund cash balance with Administrative Agent	2,775,002	(5,440,744)	1,789,733
Opening Fund balance (1 January)	4,455,475	7,230,477	-
Closing Fund balance (31 December)	7,230,477	1,789,733	1,789,733
Net Funded Amount	18,697,897	37,971,828	112,234,551
Participating Organizations' Expenditure	14,059,316	25,222,872	88,844,789
Balance of Funds with Participating Organizations			23,389,762

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2016.

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

The table below includes commitments made through Standard Administrative Agreements signed up to 31 December 2016, and deposits; it does not include commitments for future years.

Table 2. Contributors' Commitments and Deposits, as of 31 December 2016 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2015 Deposits	Current Year Jan-Dec-2016 Deposits	Total Deposits
Department for International Development (DFID)	56,660,828	24,550,733	29,747,853	54,298,586
Delivering Results Together	3,000,000	3,000,000	-	3,000,000
Expanded DaO Funding Window	46,043,000	46,043,000	-	46,043,000
Government of GERMANY	851,429	851,429	-	851,429
Government of NORWAY	7,380,784	5,038,726	2,342,058	7,380,784
PRIVATE SECTOR	2,736	-	2,736	2,736
Unicef	925,000	925,000	-	925,000
Flemish Government	4,093,814	3,330,976	762,839	4,093,814
Grand Total	118,957,591	83,739,864	32,855,485	116,595,349

3. INTEREST EARNED

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent ('Fund earned interest'), and 2) on the balance of funds held by the Participating Organizations ('Agency earned interest'), where their Financial Regulations and Rules allow return of interest to the AA.

As of 31 December 2016, Fund earned interest amounts to US\$ 211,245.

Interest received from Participating Organizations amounts to US\$ 79,181, bringing the cumulative interest received to US\$ 290,426.

Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2016 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total
Administrative Agent			
Fund Earned Interest and Investment Income	189,087	22,158	211,245
Total: Fund Earned Interest	189,087	22,158	211,245
Participating Organization			
FAO	619	4,046	4,664
UNDP	71,582		71,582
UNESCO	226		226
UNFPA	70		70
UNIDO	2,639		2,639
Total: Agency earned interest	75,135	4,046	79,181
Grand Total	264,222	26,204	290,426

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2016, the AA has transferred US\$ 114,656,449 to 16 Participating Organizations (see list below).

4.1 TRANSFER BY PARTICIPATING ORGANIZATION

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2016 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2015			Current Year Jan-Dec-2016			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
FAO	8,639,550	(16,333)	8,623,217	1,000,000	(389,025)	610,975	9,639,550	(405,358)	9,234,192
ILO	1,041,605	(4,084)	1,037,521				1,041,605	(4,084)	1,037,521
UNAIDS	1,687,345		1,687,345	840,376	(2,201)	838,175	2,527,721	(2,201)	2,525,520
UNCDF	230,458		230,458		(91,131)	(91,131)	230,458	(91,131)	139,327
UNDP	16,129,488	(1,272,918)	14,856,570	525,462	(231,375)	294,087	16,654,950	(1,504,294)	15,150,657
UNESCO	162,500	(7,075)	155,425				162,500	(7,075)	155,425
UNFPA	4,834,549	(34,963)	4,799,585	60,000		60,000	4,894,549	(34,963)	4,859,585
UNHABITAT	452,592		452,592				452,592		452,592
UNHCR	1,122	(1,122)		178,053		178,053	179,175	(1,122)	178,053
UNICEF	16,028,264	(291,389)	15,736,875	7,746,936		7,746,936	23,775,200	(291,389)	23,483,811
UNIDO	822,975		822,975		(7,751)	(7,751)	822,975	(7,751)	815,223
UNODC	50,000		50,000				50,000		50,000
UNWOMEN	926,704		926,704	130,000		130,000	1,056,704		1,056,704
WFP	21,145,558		21,145,558	28,668,807		28,668,807	49,814,365		49,814,365
WHO	3,354,105	(16,207)	3,337,898		(56,323)	(56,323)	3,354,105	(72,530)	3,281,575
Grand Total	75,506,815	(1,644,092)	73,862,723	39,149,634	(777,806)	38,371,828	114,656,449	(2,421,898)	112,234,551

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2016** were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

Project expenditures are incurred and monitored by each Participating Organization, and are reported as per the agreed upon categories for inter-agency harmonized reporting. The reported expenditures were submitted via the MPTF Office's online expenditure reporting tool. The **2016** expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/MW100>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2016**, US\$ **37,971,828** million was net funded to Participating Organizations, and US\$ **25,222,872** million was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **112,234,551** and cumulative expenditures reported by the Participating Organizations amount to US\$ **88,844,789**. This equates to an overall Fund expenditure delivery rate of **79** percent.

Table 5. Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2016 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Cumulative	
FAO	9,641,550	9,234,192	7,336,262	1,272,078	8,608,340	93.22
ILO	1,041,605	1,037,521	1,037,520	1	1,037,521	100.00
IOM	400,000					0
UNAIDS	2,527,721	2,525,520	1,507,061	479,203	1,986,263	78.65
UNCDF	239,438	139,327	139,327	0	139,327	100.00
UNDP	17,297,076	15,150,657	13,317,143	1,175,270	14,492,414	95.66
UNESCO	162,501	155,425	155,425		155,425	100.00
UNFPA	4,894,549	4,859,585	3,984,856	809,655	4,794,512	98.66
UNHABITAT	452,592	452,592	402,776		402,776	88.99
UNHCR	179,175	178,053		178,053	178,053	100.00
UNICEF	23,775,201	23,483,811	15,101,170	5,387,754	20,488,924	87.25
UNIDO	886,934	815,223	816,399	(1,176)	815,223	100.00
UNODC	50,000	50,000	50,000		50,000	100.00
UNWOMEN	1,056,704	1,056,704	702,211	279,503	981,714	92.90
WFP	57,127,385	49,814,365	15,792,571	15,642,400	31,434,971	63.10
WHO	3,354,106	3,281,575	3,279,197	130	3,279,327	99.93
Grand Total	123,086,537	112,234,551	63,621,916	25,222,872	88,844,789	79.16

5.2 EXPENDITURE BY UNDAF OUTCOME

Table 5 displays the net funded amounts, expenditures incurred and the financial delivery rates by UNDAF Outcome.

Table 5. Expenditure by UNDAF Outcome, as of 31 December 2016 (in US Dollars)

Country/Sector	Prior Years as of 31-Dec-2015		Current Year Jan-Dec-2016		Total		Delivery Rate %
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Malawi							
2012 Humanitarian Window	19,549,232	12,865,060	37,583,639	22,228,240	57,132,871	35,093,300	61.42
2012 T1 Econ Growth & Food Sec	2,436,203	1,995,094	387,703	942,537	2,823,905	2,937,631	104.03
2012 T2 Social Protection Serv	1,507,784	1,077,602	(751)	(623)	1,507,033	1,076,979	71.46
2012 T3 Response to HIV_AIDS	1,880,803	1,693,926	(23,335)	139,178	1,857,468	1,833,104	98.69
2012 T4 Governance & HR	4,275,575	1,687,537	186,407	1,914,695	4,461,982	3,602,232	80.73
Good Governance	7,192,103	7,082,251	(74,791)	(1)	7,117,313	7,082,250	99.51
HIV and AIDS	6,736,473	6,729,699	(9,376)	1,193	6,727,097	6,730,892	100.06
Soc Protection & Dis Reduction	5,445,793	5,429,933	(5,339)	18	5,440,454	5,429,951	99.81
Social Development	13,157,465	13,150,646	(6,817)	2	13,150,648	13,150,648	100.00
Sustainable Economic Dev.	12,081,291	11,910,168	(65,512)	(2,366)	12,015,780	11,907,802	99.10
Malawi Total:	74,262,723	63,621,916	37,971,828	25,222,872	112,234,551	88,844,789	79.16
Grand Total:	74,262,723	63,621,916	37,971,828	25,222,872	112,234,551	88,844,789	79.16

5.4 EXPENDITURE REPORTED BY CATEGORY

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executive Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditure incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditure are reported in the new eight categories. The old and new categories are noted to the right.

Table 6 reflects expenditure reported in the UNDG expense categories. Where the Fund has been operational pre and post 1 January 2012, the expenditures are reported using both categories. Where a Fund became operational post 1 January 2012, only the new categories are used.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies, commodities, equipment & transport
2. Personnel
3. Training counterparts
4. Contracts
5. Other direct costs
6. Indirect costs

Table 6. Expenditure by UNDG Budget Category, as of 31 December 2016 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total	
Supplies, Commodities, Equipment and Transport (Old)	8,110,390	-	8,110,390	9.75
Personnel (Old)	7,404,816	-	7,404,816	8.90
Training of Counterparts (Old)	4,103,125	-	4,103,125	4.93
Contracts (Old)	8,746,349	-	8,746,349	10.51
Other direct costs (Old)	1,706,003	-	1,706,003	2.05
Staff & Personnel Cost (New)	1,438,066	1,489,729	2,927,794	3.52
Suppl, Comm, Materials (New)	10,829,489	13,151,005	23,980,494	28.82
Equip, Veh, Furn, Depn (New)	483,917	320,775	804,692	0.97
Contractual Services (New)	553,773	878,877	1,432,650	1.72
Travel (New)	2,556,746	814,695	3,371,441	4.05
Transfers and Grants (New)	10,132,543	4,798,174	14,930,717	17.94
General Operating (New)	3,559,578	2,140,317	5,699,895	6.85
Programme Costs Total	59,624,795	23,593,571	83,218,366	100.00
¹ Indirect Support Costs Total	3,997,121	1,629,302	5,626,423	6.76
Total	63,621,916	25,222,872	88,844,789	

¹ Indirect Support Costs charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once projects are financially closed, this number is not to exceed 7%.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December 2016, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period US\$ **328,555** was deducted in AA-fees. Cumulatively, as of 31 December 2016, US\$ **1,165,953** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **1,629,302** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **5,626,423** as of 31 December 2016.

7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services.

The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.

8. DIRECT COSTS

The Fund governance mechanism may approve an allocation to a Participating Organization to cover costs associated with Secretariat services and overall coordination, as well as Fund level reviews and evaluations. These allocations are referred to as 'direct costs'. Cumulatively, as of 31 December 2016, US\$ **1,672,957** has been charged as Direct Costs.