

**Consolidated Annual Financial
Report of the Administrative Agent
for
the Montenegro UN Country 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)

10 May 2017

PARTICIPATING ORGANIZATIONS



Food and Agriculture
Organization



International Labour
Organisation



UN Conference on Trade and
Development



United Nations Development
Programme



United Nations Environment
Programme



United Nations Educational,
Scientific and Cultural
Organization



United Nations Children's
Fund



UN Industrial Development
Organization



World Health Organization

CONTRIBUTORS



Delivering Results Together



Expanded DaO Funding Window



MONTENEGRO, Government of

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 **Montenegro UN Country 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 **Montenegro UN Country Fund**. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/ME100>).

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 **Montenegro UN Country 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/ME100>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2016, **3** contributors deposited US\$ **3,118,852** in contributions and US\$ **13,876** was earned in interest.

The cumulative source of funds was US\$ **3,132,728** (see respectively, Tables 2 and 3).

Of this amount, US\$ **2,950,825** has been transferred to **9** Participating Organizations, of which US\$ **2,360,665** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **31,189**. Table 1 provides an overview of the overall sources, uses, and balance of the **Montenegro UN Country 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	715,852	655,000	3,118,852
Fund Earned Interest and Investment Income	742	64	6,368
Interest Income received from Participating Organizations	50	-	7,508
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	716,644	655,064	3,132,728
Use of Funds			
Transfers to Participating Organizations	708,742	648,450	2,964,484
Refunds received from Participating Organizations	-	(11,391)	(13,659)
Net Funded Amount	708,742	637,059	2,950,825
Administrative Agent Fees	7,159	6,550	31,189
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	138,451
Bank Charges	7	0	25
Other Expenditures	-	-	-
Total: Uses of Funds	715,907	643,609	3,120,489
Change in Fund cash balance with Administrative Agent	737	11,455	12,239
Opening Fund balance (1 January)	48	784	-
Closing Fund balance (31 December)	784	12,239	12,239
Net Funded Amount	708,742	637,059	2,950,825
Participating Organizations' Expenditure	126,927	647,475	2,360,665
Balance of Funds with Participating Organizations			590,160

2. PARTNER CONTRIBUTIONS

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

The **Montenegro UN Country Fund** is currently being financed by 3 contributors, as listed in the table below. The most recent donor is the Delivering Results Together Fund.

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

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
Delivering Results Together	1,155,000	500,000	655,000	1,155,000
Expanded DaO Funding Window	1,748,000	1,748,000	-	1,748,000
MONTENEGRO, Government of	215,852	215,852	-	215,852
Grand Total	3,118,852	2,463,852	655,000	3,118,852

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\$ **6,368**. Interest received from Participating Organizations amounts to US\$ **7,508**, bringing the cumulative interest received to US\$ **13,876**. 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	6,304	64	6,368
Total: Fund Earned Interest	6,304	64	6,368
Participating Organization			
UNDP	7,120		7,120
UNIDO	293		293
FAO	53		53
UNESCO	41		41
Total: Agency earned interest	7,508		7,508
Grand Total	13,812	64	13,876

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\$ **2,964,484** to **9** 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	53,500	(1,781)	51,719				53,500	(1,781)	51,719
ILO	123,333		123,333	98,875		98,875	222,208		222,208
UNCTAD				123,625		123,625	123,625		123,625
UNDP	1,395,312		1,395,312	198,375		198,375	1,593,687		1,593,687
UNEP	98,500		98,500				98,500		98,500
UNESCO	68,500	(108)	68,392				68,500	(108)	68,392
UNICEF	316,189	(379)	315,810				316,189	(379)	315,810
UNIDO	133,750		133,750	227,575	(11,391)	216,184	361,325	(11,391)	349,934
WHO	126,950		126,950				126,950		126,950
Grand Total	2,316,034	(2,268)	2,313,766	648,450	(11,391)	637,059	2,964,484	(13,659)	2,950,825

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/ME100>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2016**, US\$ **637,059** million was net funded to Participating Organizations, and US\$ **647,475** million was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **2,950,825** and cumulative expenditures reported by the Participating Organizations amount to US\$ **2,360,665**. This equates to an overall Fund expenditure delivery rate of **80** 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	53,500	51,719	51,719		51,719	100.00
ILO	222,208	222,208		113,537	113,537	51.09
UNCTAD	123,625	123,625		25,988	25,988	21.02
UNDP	1,593,687	1,593,687	993,480	453,708	1,447,188	90.81
UNEP	98,500	98,500	97,588	912	98,500	100.00
UNESCO	68,500	68,392	68,392		68,392	100.00
UNICEF	316,189	315,810	252,698	53,334	306,032	96.90
UNIDO	361,325	349,934	122,363	(4)	122,359	34.97
WHO	126,950	126,950	126,950		126,950	100.00
Grand Total	2,964,484	2,950,825	1,713,190	647,475	2,360,665	80.00

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	
Montenegro							
Democratic Governance	570,956	550,684		202	570,956	550,886	96.48
Environmental Sustainability a	455,861	443,553	637,059	74,884	1,092,920	518,437	47.44
Social Inclusion	1,286,949	718,953		572,389	1,286,949	1,291,342	100.34
Montenegro Total:	2,313,766	1,713,190	637,059	647,475	2,950,825	2,360,665	80.00
Grand Total:	2,313,766	1,713,190	637,059	647,475	2,950,825	2,360,665	80.00

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)	51,672	-	51,672	2.34
Personnel (Old)	484,040	-	484,040	21.91
Training of Counterparts (Old)	16,547	-	16,547	0.75
Contracts (Old)	288,628	-	288,628	13.07
Other direct costs (Old)	71,942	-	71,942	3.26
Staff & Personnel Cost (New)	8,318	72,399	80,716	3.65
Suppl, Comm, Materials (New)	(2,094)	90	(2,005)	(0.09)
Equip, Veh, Furn, Depn (New)	20,602	9,373	29,975	1.36
Contractual Services (New)	330,073	305,789	635,862	28.78
Travel (New)	64,672	33,935	98,606	4.46
Transfers and Grants (New)	203,947	122,865	326,813	14.79
General Operating (New)	65,709	60,588	126,296	5.72
Programme Costs Total	1,604,055	605,037	2,209,092	100.00
¹ Indirect Support Costs Total	109,135	42,437	151,573	6.86
Total	1,713,190	647,475	2,360,665	

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\$ 6,550 was deducted in AA-fees. Cumulatively, as of 31 December 2016, US\$ 31,189 has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 42,437 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 151,573 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'. In reporting period, direct costs amounting to US\$ 0. Cumulatively, as of 31 December 2016, US\$ 138,451 has been charged as Direct Costs.