

UN COUNTRY FUND FOR MONTENEGRO

TERMS OF REFERENCE

INTRODUCTION

1. To further accelerate coherence, efficiency and delivery at the country level, the Delivering as One (DAO) approach calls for future un-earmarked non-core resources to be increasingly channelled through a UN Country Fund for Montenegro. Resources for the UN Country Fund will be jointly mobilized by the UNCT from various sources, including the Expanded Delivering as One Funding Window. This joint development fund aims to maximize the effectiveness of United Nations system in Montenegro by pooling resources into a common fund in order to ensure support for top national strategic priorities, as defined by the Integrated UN Programme, Results and Budgetary Framework.

2. The UN Country Fund is meant to streamline, simplify and increase harmonization and predictability of resources. Donors to the UN Country Fund are encouraged to contribute during the early stages of implementation of the Integrated UN Programme and on a multi-year basis, to the extent possible. This will enhance predictability and help ensure that funding decisions are driven by the highest national development priorities and strategies as contained in the Integrated UN Programme.

3. The UNCT has agreed on the creation of a UN Country Fund and selected UNDP, through its Multi-Donor Trust Fund Office in New York, to perform the Administrative Agent functions for the Fund. Participating UN Organisations of the Integrated UN Programme will sign a standard Memorandum of Understanding with UNDP to act as the Administrative Agent.

DESCRIPTION OF THE UN COUNTRY FUND

4. The UN Country Fund conforms to the principles governing a multi-donor pass-through arrangement¹. Funds will be received by one organization (UNDP, through its Multi-Donor Trust Fund Office in New York) on behalf of all Participating UN Organizations and will be, subsequently, disbursed to respective Participating UN Organizations for approved agency-specific projects or Joint Programmes.

5. Under the leadership of the Joint Country Steering Committee (henceforth, Steering Committee), the UN Country Fund is intended to facilitate and contribute to the achievement

¹ In a pass-through arrangement, donors and Participating UN Organizations agree to channel funding through one Participating UN Organization, referred to as the Administrative Agent, which is jointly selected by all Participating UN Organizations. As such, the Administrative Agent is the appointed interface between the Participating UN Organizations and the donors. The programmatic and financial accountability for individual projects and Joint Programmes rests with the Participating UN Organizations to which funds are disbursed by the Administrative Agent.

of Integrated UN Programme Outcomes, channelling funds towards the highest national development priorities

6. The UN Country Fund shall be administered by the UNDP Multi-Donor Trust Fund Office (MDTF Office) as Administrative Agent (AA), on behalf of the Participating UN Organizations. The AA will administer the Fund in accordance with its own specific rules and regulations.

CONTRIBUTIONS TO THE UN COUNTRY FUND

7. Contributions to the UN Country Fund may be accepted from governments of Member States of the United Nations, from inter-governmental or non-governmental organizations, or from private sources (in this document, collectively described as 'donors'). Acceptance of funds from the private sector will be guided by criteria stipulated in the UN system-wide guidelines for cooperation between the UN and the business community.

8. In support of the aim of the UN Country Fund, and to ensure maximum flexibility and adaptation to national priorities, donors are encouraged to contribute with multi-year, un-earmarked resources. If this is not possible, donors may earmark funds for a specific Pillar of the Integrated UN Programme.

9. Contributions to the UN Country Fund may be accepted in fully convertible currency. Such contributions shall be deposited in the bank account designated by the AA in favour of the UN Country Fund for Montenegro. The value of a contribution, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of receipt.

10. The AA will establish a separate ledger account under its financial rules and regulations for the receipt and administration of the funds received from donors who wish to provide financial support to the Integrated UN Programme through the UN Country Fund.

11. The AA will be responsible for concluding a standard Memorandum of Understanding (MOU) between UNDP and each Participating UN Organization (see Annex 1) that sets out the duties and responsibilities of each party.

12. The AA will also be responsible for signing Standard Administrative Arrangements (SAA) with donors to the UN Country Fund which set out the terms and conditions governing the receipt and administration of the contribution (see Annex 2). It will receive, administer and disburse funds to Participating UN Organizations upon instruction from the Steering Committee and submit periodic consolidated narrative and financial reports to the Steering Committee before further submission to contributing donors.

13. Subject to the availability of funds, the AA will normally make agreed disbursements to the Participating UN Organizations within three to five business days after receipt of instructions from the Steering Committee.

UTILISATION OF THE UN COUNTRY FUND

14. The UN Country Fund will be utilized for the purpose of meeting the unfunded portions of projects and Joint Programmes of the Integrated UN Programme, as indicated in the up-dated Integrated Budgetary Framework.

15. Resources from the UN Country Fund will be utilized for the purpose of meeting the direct and indirect costs of projects selected for funding and managed by the Participating UN Organizations. Details of such projects, including respective budgets and implementation partners (national entities, NGOs, civil society organizations, non-state actors and inter-governmental organizations) will be set out in the relevant project documents. Indirect costs of the Participating UN Organizations will be seven percent (7%). The indirect costs will be reflected in the project documents submitted to the Steering Committee.

16. The AA will charge a one-time fee of one per cent (1%) of the contribution from the donor to cover the costs of performing the AA functions. The fee will be deducted from the contribution to the UN Country Fund at the time of its deposit.

GOVERNANCE ARRANGEMENTS

17. The UN Country Fund will be managed and coordinated by the Steering Committee.

The Joint Country Steering Committee

18 The Steering Committee is co-chaired by the Minister of Foreign Affairs and the UN Resident Coordinator. The Steering Committee is composed of:

- (a) up to seven (7) representatives of line ministries, with each line ministry able to designate both a senior political figure (at Deputy Minister level) and a technical adviser; and,
- (b) all members of the UNCT, as well as
- (c) donor representatives, by invitation, based on the decision of the Steering Committee.

The AA will serve as an ex-officio member of the Steering Committee.

19. The Steering Committee is tasked with reaching a common understanding of the DAO concept and, specifically, the Integrated UN Programme from 2010, and agreeing on a roadmap for its implementation, ensuring alignment of the Integrated UN Programme with national priorities, deciding on the strategic orientations of key planning documents, monitoring the progress of implementation of the Integrated UN Programme and proposing corrective measures, where appropriate. Specifically, in relation to the UN Country Fund, the Steering Committee will:

- (a) review and approve the UN Annual Work Plan for the Integrated UN Programme, Results and Budgetary Framework;
- (b) review and approve the criteria to be used for deciding on resource allocations from the UN Country Fund;

- (c) review and decide on allocations of UN Country Fund resources to projects and Joint Programmes of the Integrated UN Programme;
- (d) instruct the AA to disburse the UN Country Fund resources to Participating UN Organizations according to its decisions;
- (e) monitor the overall progress of the Integrated UN Programme and, in particular, the results achieved by the resources allocated to it from the UN Country Fund;
- (f) Approve and update, as necessary, this UN Country Fund TOR as well as the TOR of the Steering Committee, including its rules and procedures;
- (g) review and approve the consolidated narrative and financial reports prepared by the AA.

The Administrative Agent

20. The UNDP Multi-Donor Trust Fund Office (MDTF Office), acting as Administrative Agent (AA) of the UN Country Fund will:

- (a) receive contributions from donors wishing to provide financial support to the Integrated UN Programme through the UN Country Fund;
- (b) administer funds received, in accordance with a Memorandum of Understanding signed between the Participating UN Organizations and the AA and a Standard Administrative Arrangement between each donor and the AA;
- (c) subject to the availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with instructions from the Steering Committee. The AA will normally make each disbursement within three (3) to five (5) business days after having received instructions from the Steering Committee along with the relevant project and Joint Programme documents signed by all participants concerned;
- (d) consolidate narrative and financial periodic progress reports for the UN Country Fund based on submissions provided to the AA by each Participating UN Organization and provide the consolidated progress reports to the Steering Committee prior to onward submission to donors;
- (e) provide final financial reports and statements, upon conclusion of the funded project or Joint Programme and/or the utilization of all funds for this purpose from a donor;
- (f) disburse funds to any Participating UN Organization for any additional costs of tasks that the Steering Committee may decide as appropriate, and in accordance with this TOR for the UN Country Fund; and,
- (g) maintain the UN Country Fund for Montenegro webpage on the MDTF Office website (www.undp.org/mdtf), where periodic portfolio information, including consolidated reports and related documents will be posted

Support Services

21. The Directorate for UN and Other International Organizations in the Ministry of Foreign Affairs and the Office of the RC / UN Coordination Office will act as a secretariat for the Steering Committee and will support it in preparing for and organizing meetings as well as ensuring follow-up on decisions taken by the Steering Committee.

The UN Resident Coordinator

22. The UN Resident Coordinator (RC) will:

- (a) as co-chair of the Steering Committee, provide strategic leadership and guidance on the use of UN Country Fund resources to the best effect in relation to the Integrated UN Programme; and,
- (b) lead the process of joint resource mobilisation, together with other UNCT members and Pillar Convenors, for additional donor allocations to the UN Country Fund.

Participating UN Organizations

23. The Participating UN Organizations will be responsible for the implementation of the agency-specific projects and relevant components of Joint Programmes. Participating UN Organizations shall assume full programmatic and financial accountability for the UN Country Fund resources transferred to them by the AA.

ELIGIBILITY AND ALLOCATION CRITERIA

Eligibility of Participating UN Organizations

24. All Participating UN Organisations with funding gaps for projects or components of Joint Programmes in the Integrated UN Programme, Results and Budgetary Framework are eligible to receive resource allocations from the UN Country Fund. However, before the Steering Committee can consider a request for funding from a Participating UN Organisation, all necessary project and legal documentation must be complete.

25. The unfunded project(s) or component(s) of Joint Programmes must be reflected in the Integrated UN Programme, Results and Budgetary Framework, in the UN Annual Work Plan and Pillar Annual Work Plan and be elaborated in more detailed agency-specific project documents and work plans. The Participating UN Organisation must have signed the MOU with the AA concerning the UN Country Fund.

Allocation criteria

26. Although the Outcomes in the Integrated UN Programme are all strategic, it is likely that funding gaps will remain for some projects and Joint Programmes which contribute to achieving these Outcomes. Prioritization will have to be undertaken during the preparation of the Pillar Annual Work Plan and further by the Steering Committee when reviewing the UN Annual Work Plan.

27. Therefore, when deciding on allocations from the UN Country Fund to Participating UN Organisations, the Steering Committee should be guided by the following criteria:

- (a) projects and Joint Programmes within the Integrated UN Programme that have funding gaps which are prioritized in the UN Annual Work Plan should be considered first;

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

AUDIT AND FINAL CONSIDERATIONS

28. Auditing shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the respective Participating UN Organizations.

29. The activities of the AA shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

30. In the event that the terms contained in these Terms of Reference are incompatible with those contained in the MoU between Participating UN Organizations the AA, then the latter shall govern and prevail.

ANNEX 1 - MOU signed between Participating UN Organizations and UNDP as Administrative Agent

ANNEX 2 – Standard Administrative Arrangement between the Administrative Agent and donors.