



CONSOLIDATED ANNUAL FINANCIAL REPORT of the Administrative Agent

Law and Order Trust Fund for Afghanistan

for the period 1 January to 31 December 2021

UN Multi-Partner Trust Fund Office
United Nations Development Programme
PARTNERS GATEWAY: <https://mptf.undp.org>

20 May 2022



**United Nations
MPTF Office**



**Law and Order Trust Fund for
Afghanistan**
Financial Report
prepared by the Administrative Agent

20 May 2022



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 contributor 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'. This does not include expense commitments by Participating Organization.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNSDG policy establishes a fixed indirect cost rate of 7% of programmable costs for inter-agency pass-through MPTFs.

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 a 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

Project/ Joint programme start date as per the programmatic document.

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

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INTRODUCTION

This Consolidated Annual Financial Report of the **Law and Order Trust Fund for Afghanistan** 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 stakeholders.

This consolidated financial report covers the period 1 January to 31 December 2021 and provides financial data on progress made in the implementation of projects of the **Law and Order Trust Fund for Afghanistan**. It is posted on the MPTF Office GATEWAY (<https://beta.mptf.undp.org/fund/ltf00>).



2021 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **Law and Order Trust Fund for Afghanistan** using the pass-through funding modality as of 31 December 2021. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <https://beta.mptf.undp.org/fund/ltf00>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2021, 13 contributors deposited US\$ 363,408,540 and US\$ 3,056,894 was earned in interest.

The cumulative source of funds was US\$ 348,685,972.

Of this amount, US\$ 281,601,011 has been net funded to 1 Participating Organization, of which US\$ 244,224,013 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 3,070,043. Table 1 provides an overview of the overall sources, uses, and balance of the **Law and Order Trust Fund for Afghanistan** as of 31 December 2021.

Table 1. Financial Overview, as of 31 December 2021 (in US Dollars)

	Annual 2020	Annual 2021	Cumulative
Sources of Funds			
Contributions from donors	168,649,270	57,361,619	363,408,540
Sub-total Contributions	168,649,270	57,361,619	363,408,540
Fund Earned Interest and Investment Income	1,188,925	328,956	3,056,894
Refunds by Administrative Agent to Contributors	0	(11,494,321)	(11,494,321)
Fund balance transferred to another MPTF	0	(6,285,141)	(6,285,141)
Total: Sources of Funds	169,838,195	39,911,112	348,685,972
Use of Funds			
Transfers to Participating Organizations	128,310,738	100,000,000	268,310,738
Net Funded Amount	128,310,738	100,000,000	268,310,738
Administrative Agent Fees	1,289,504	573,616	3,070,043
Direct Costs	6,480,000	0	13,290,273
Bank Charges	3,140	2,244	7,087
Other Expenditures	366,947	0	366,947
Total: Uses of Funds	136,450,329	100,575,860	285,045,088
Change in Fund cash balance with Administrative Agent	33,387,866	(60,664,748)	63,640,884
Opening Fund balance (1 January)	90,917,766	124,305,632	
Closing Fund balance (31 December)	124,305,632	63,640,884	63,640,884
Net Funded Amount (Includes Direct Cost)	134,790,738	100,000,000	281,601,011
Participating Organizations Expenditure (Includes Direct Cost)	155,916,649	84,806,458	244,224,013
Balance of Funds with Participating Organizations	(21,125,911)	15,193,542	37,376,998



2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this fund as of 31 December 2021.

The **Law and Order Trust Fund for Afghanistan** is currently being financed by **13** contributors, as listed in the table below

The table includes financial commitments made by the contributors through signed Standard Administrative Agreements with an anticipated deposit date as per the schedule of payments by 31 December 2021 and deposits received by the same date. It does not include commitments that were made to the fund beyond 2021.

Table 2. Contributions, as of 31 December 2021 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2020 Deposits	Current Year Jan-Dec-2021 Deposits	Total Deposits
Government of Canada	98,310,980	72,581,571	25,729,409	98,310,980
Government of Czechia	660,097	660,097	0	660,097
Government of Denmark	49,138,313	36,453,993	12,684,320	49,138,313
Government of Estonia	600,000	600,000	0	600,000
European Union	52,409,241	36,694,719	0	36,694,719
Government of Finland	1,587,500	1,587,500	0	1,587,500
Government of Germany	5,424,715	5,424,715	0	5,424,715
Government of Netherlands	22,646,630	22,646,630	0	22,646,630
Government of New Zealand	4,000,000	4,000,000	0	4,000,000
Government of Norway	22,312,713	11,409,702	10,903,012	22,312,713
Government of Poland	239,513	239,513	0	239,513
Government of United Kingdom of Great Britain and Northern Ireland	102,225,489	94,038,967	8,044,879	102,083,846
UNDP (United Nations Development Programme)	19,709,514	19,709,514	0	19,709,514
Grand Total	379,264,705	306,046,922	57,361,619	363,408,540



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 **2021**, Fund earned interest amounts to US\$ **3,056,894**.

Interest received from Participating Organizations amounts to US\$ **nil**, bringing the cumulative interest received to US\$ **3,056,894**. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2021 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2020	Current Year Jan-Dec-2021	Total
Administrative Agent			
Fund Earned Interest and Investment Income	2,727,938	328,956	3,056,894
Total: Fund Earned Interest	2,727,938	328,956	3,056,894
Participating Organization			
Total: Agency earned interest			
Grand Total	2,727,938	328,956	3,056,894



4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December **2021**, the AA has transferred US\$ **268,310,738** to **1** Participating Organization (see list below).

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 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2020			Current Year Jan-Dec-2021			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNDP	168,310,738	0	168,310,738	100,000,000	0	100,000,000	268,310,738	0	268,310,738
Grand Total	168,310,738	0	168,310,738	100,000,000	0	100,000,000	268,310,738	0	268,310,738



5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported are submitted as certified financial information by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

Joint programme/ project expenditures are incurred and monitored by each Participating Organization, and are reported to the Administrative Agent as per the agreed upon categories for inter-agency harmonized reporting. The expenditures are reported via the MPTF Office's online expenditure reporting tool. The **2021** expenditure data has been posted on the MPTF Office GATEWAY at <https://beta.mptf.undp.org/fund/ltf00>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2021**, US\$ **100,000,000** was net funded to Participating Organizations, and US\$ **82,011,895** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **268,310,738** and cumulative expenditures reported by the Participating Organizations amount to US\$ **234,482,012**. This equates to an overall Fund expenditure delivery rate of **87.39** percent.

Table 5.1. Net Funded Amount and Reported Expenditures by Participating Organization, as of 31 December 2021 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2020	Current Year Jan-Dec-2021	Cumulative	
UNDP	268,310,738	268,310,738	152,470,117	82,011,895	234,482,012	87.39
Grand Total	268,310,738	268,310,738	152,470,117	82,011,895	234,482,012	87.39



5.2. Expenditures 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 (UNSDG) 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. See table below.

Table 5.2. Expenditure by UNSDG Budget Category, as of 31 December 2021 (in US Dollars)

Category	Expenditures		Total	Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2020	Current Year Jan-Dec-2021		
Staff & Personnel Cost	27,925	224,112	252,036	0.11
Supplies, commodities and materials	4,336,982	1,065,539	5,402,521	2.38
Equipment, vehicles, furniture and depreciation	1,247,613	233,387	1,481,000	0.65
Contractual Services Expenses	141,882,032	77,363,208	219,245,241	96.47
Travel	-	20,437	20,437	0.01
General Operating	278,657	579,682	858,339	0.38
Programme Costs Total	147,773,210	79,486,366	227,259,576	100.00
¹ Indirect Support Costs Total	4,696,907	2,525,529	7,222,436	3.18
Grand Total	152,470,117	82,011,895	234,482,012	

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 2021, 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\$ **573,616** was deducted in AA-fees. Cumulatively, as of 31 December **2021**, US\$ **3,070,043** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **2,525,529** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **7,222,436** as of 31 December **2021**.

8. DIRECT COSTS

The Fund governance mechanism may approve an allocation to a Participating Organization to cover costs associated with Fund coordination covering overall coordination, and fund level reviews and evaluations. These allocations are referred to as 'direct costs'. Cumulatively, as of 31 December 2021, US\$ 13,290,273 has been charged as Direct Costs.

Participating Organization	Current Year Net Funded Amount	Current Year Expenditure	Total Net Funded Amount	Total Expenditure
UNDP	0	2,794,563	13,290,273	9,742,001
Total	0	2,794,563	13,290,273	9,742,001

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 (<https://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.



Annex 1. EXPENDITURE BY PROJECT WITHIN SECTOR

Annex 1 displays the net funded amounts, expenditures reported and the financial delivery rates by Sector by project/ joint programme and Participating Organization.

Annex 1 Expenditure by Project within Sector

Sector / Project No. and Project Title		Participating Organization	Project Status	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
MOIA Payroll							
00119365	Support to payroll management	UNDP	On Going	250,000,000	250,000,000	223,649,799	89.46
MOIA Payroll: Total				250,000,000	250,000,000	223,649,799	89.46
Security							
00120128	Community-oriented Policing Sec	UNDP	On Going	4,991,343	4,991,343	1,833,430	36.73
00121382	Support to Ministry of Interior	UNDP	On Going	13,319,395	13,319,395	8,998,782	67.56
Security: Total				18,310,738	18,310,738	10,832,212	59.16
Grand Total				268,310,738	268,310,738	234,482,012	87.39



Annex 2. EXPENDITURE BY PROJECT GROUPED BY COUNTRY

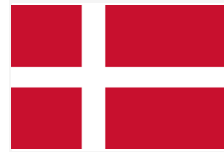
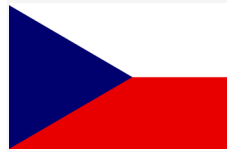
Annex 2 displays the net funded amounts, expenditures reported and the financial delivery rates by Country by project/ joint programme and Participating Organization.

Annex 2 Expenditure by Project, grouped by Country

Country / Project No. and Project Title		Participating Organization	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
Afghanistan						
00119365	Support to payroll management	UNDP	250,000,000	250,000,000	223,649,799	89.46
00120128	Community-oriented Policing Sec	UNDP	4,991,343	4,991,343	1,833,430	36.73
00121382	Support to Ministry of Interior	UNDP	13,319,395	13,319,395	8,998,782	67.56
Afghanistan: Total			268,310,738	268,310,738	234,482,012	87.39
Grand Total			268,310,738	268,310,738	234,482,012	87.39



Contributors



UN Participating Organizations

