



CONSOLIDATED ANNUAL FINANCIAL REPORT of the Administrative Agent

Law and Order Trust Fund for Afghanistan for the period 1 January to 31 December 2023

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

May 2024



**United Nations
MPTF Office**



DEFINITIONS

Allocation/Total Approved Budget

Amount approved by the Steering Committee for a project/programme. The total approved budget represents the cumulative amount of allocations approved by the Steering Committee.

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 donor agreement 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 donor agreement.

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization and Non-UN Organization against the 'net funded amount'. This does not include expense commitments by Participating Organizations.

Donor Agreement

Standard Administrative Arrangement and/or European Commission contribution agreement between contributor/donor and MPTF Office.

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. MPTF Office will report a project financially closed once the financial report(s) has been received and any balance of funds refunded.

Project Operational Closure

A project or programme is deemed operationally closed once all activities funded for Participating Organization(s) have been concluded, and the Steering Committee has approved the final narrative report.

Project Start Date

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

US Dollar Amount

The financial data in the report is recorded in US Dollars.

Transferred Funds

Funds transferred to Participating Organizations by the Administrative Agent in accordance with the Steering Committee's request.



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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 donor agreement signed with contributors/donors.

The MPTF Office, as Administrative Agent, is responsible for concluding an MOU with Participating Organizations and donor agreements with contributors/donors. 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 2023 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://mptf.undp.org/fund/ltof00>).



2023 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 **2023**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <https://mptf.undp.org/fund/lfo0>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2023**, **13** contributors deposited US\$ **363,408,540** and US\$ **4,469,736** was earned in interest.

The cumulative source of funds was US\$ **309,691,125**.

Of this amount, US\$ **277,410,187** has been net funded to **1** Participating Organization, of which US\$ **247,610,865** 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 2023.

Table 1 Financial Overview, as of 31 December 2023 (in US Dollars)

	Prior Years up to 31 Dec 2022	Financial Year Jan-Dec 2023	Total
Sources of Funds			
Contributions from donors	363,408,540	-	363,408,540
Sub-total Contributions	363,408,540	-	363,408,540
Fund Interest and Investment Income Earned	3,480,985	988,751	4,469,736
Refunds by Administrative Agent to Contributors	(42,715,738)	(9,186,272)	(51,902,011)
Fund balance transferred to another MPTF	(6,285,141)	-	(6,285,141)
Total: Sources of Funds	317,888,646	(8,197,521)	309,691,125
Use of Funds			
Transfers to Participating Organizations	268,310,738	-	268,310,738
Transfers to Participating Organizations for Direct Cost - Fund Secretariat etc	13,290,273	-	13,290,273
Sub-Total Transfers	281,601,011	-	281,601,011
Refunds received from Participating Organizations	-	(4,190,824)	(4,190,824)
Sub-Total Refunds	-	(4,190,824)	(4,190,824)
Administrative Agent Fees	3,070,043	-	3,070,043
Bank Charges	8,051	1,102	9,152
Other Expenditures	366,947	(71,963)	294,984
Total: Uses of Funds	285,046,052	(4,261,685)	280,784,367
Change in Fund cash balance with Administrative Agent	32,842,595	(3,935,836)	28,906,758
Opening Fund balance (1 January)	63,640,884	32,842,595	-
Closing Fund balance (31 December)	32,842,595	28,906,758	28,906,758
Net Funded Amount (Includes Direct Cost)	281,601,011	(4,190,824)	277,410,187
Participating Organizations Expenditure (Includes Direct Cost)	247,514,284	96,582	247,610,865
Balance of Funds with Participating Organizations	34,086,727	(4,287,406)	29,799,322



2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this fund as of 31 December 2023.

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 2023 and deposits received by the same date. It does not include commitments that were made to the fund beyond 2023.

Table 2. Contributions, as of 31 December 2023 (in US Dollars)

Contributors	Total Commitments	Total Deposits
European Union	36,694,719	36,694,719
Government of Canada	98,310,980	98,310,980
Government of Czechia	660,097	660,097
Government of Denmark	49,138,313	49,138,313
Government of Estonia	600,000	600,000
Government of Finland	1,587,500	1,587,500
Government of Germany	5,424,715	5,424,715
Government of Netherlands	22,646,630	22,646,630
Government of New Zealand	4,000,000	4,000,000
Government of Norway	22,312,713	22,312,713
Government of Poland	239,513	239,513
Government of the United Kingdom (other)	102,225,489	102,083,846
UNDP (United Nations Development Programme)	19,709,514	19,709,514
Grand Total	363,550,183	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 **2023**, Fund earned interest amounts to US\$ **4,469,736**.

Interest received from Participating Organizations amounts to US\$ **nil**, bringing the cumulative interest received to US\$ **4,469,736**. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2023 (in US Dollars)

Interest Earned	Prior Years up to 31-Dec-2022	Financial Year Jan-Dec-2023	Total
Administrative Agent			
Fund Interest and Investment Income Earned	3,480,985	988,751	4,469,736
Total: Fund Interest Earned	3,480,985	988,751	4,469,736
Participating Organization			
Total: Agency Interest Earned	-	-	-
Grand Total	3,480,985	988,751	4,469,736



4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2023, the AA has transferred US\$ **281,601,011** 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 up to 31-Dec-2022			Financial Year Jan-Dec-2023			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNDP	281,601,011	-	281,601,011	-	(4,190,824)	(4,190,824)	281,601,011	(4,190,824)	277,410,187
Grand Total	281,601,011	-	281,601,011	-	(4,190,824)	(4,190,824)	281,601,011	(4,190,824)	277,410,187



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 **2023** expenditure data has been posted on the MPTF Office GATEWAY at <https://mptf.undp.org/fund/ltf00>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2023**, US\$ **4,190,824** was refunded to Participating Organizations, and US\$ **96,582** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **277,410,187** and cumulative expenditures reported by the Participating Organizations amount to **US\$ 247,610,865**. This equates to an overall Fund expenditure delivery rate of **89.26** percent.

Table 5.1 Net Funded Amount and Reported Expenditures by Participating Organization, as of 31 December 2023 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years up to 31-Dec-2022	Financial Year Jan-Dec-2023	Cumulative	
UNDP	281,601,011	277,410,187	247,514,284	96,582	247,610,865	89.26
Grand Total	281,601,011	277,410,187	247,514,284	96,582	247,610,865	89.26

*The expenditures reported represent payments made against obligations made by PUNOs prior to the operational closure of projects

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 (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executives Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories.

Table 5.2. Expenditure by UNSDG Budget Category, as of 31 December 2023 (in US Dollars)

Category	Expenditures			Percentage of Total Programme Cost
	Prior Years up to 31-Dec-2022	Financial Year Jan-Dec-2023	Total	
Staff & Personnel Cost	7,029,870	-	7,029,870	2.93
Supplies, commodities and materials	5,432,851	219	5,433,071	2.27
Equipment, vehicles, furniture and depreciation	1,655,035	-	1,655,035	0.69
Contractual Services Expenses	223,288,051	67,326	223,355,377	93.25
Travel	204,490	1,603	206,093	0.09
General Operating	1,836,843	14,030	1,850,873	0.77
Programme Costs Total	239,447,141	83,178	239,530,319	100.00
¹ Indirect Support Costs Total	8,067,143	13,404	8,080,547	3.37
Grand Total	247,514,284	96,582	247,610,865	-

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 2023, 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. Cumulatively, as of 31 December 2023, US\$ **3,070,043** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. Participating Organizations may charge 7% indirect costs based on UNSDG policy, establishing an indirect cost rate as a percentage of the programmable costs for interagency pass-through pool funds. In the current reporting period US\$ **13,404** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **8,080,547** as of 31 December **2023**.

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 2023, US\$ 13,290,273 has been charged as Direct Costs.

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years up to 31-Dec-2022	Financial Year Jan-Dec-2023	Cumulative	
UNDP	13,290,273	13,290,273	12,448,491	81,490	12,529,980	94.28
Grand Total	13,290,273	13,290,273	12,448,491	81,490	12,529,980	94.28

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 daily 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.



**Law and Order Trust Fund for
Afghanistan**
Annex to Financial Report



Annex. EXPENDITURE BY PROJECT GROUPED BY THEME/OUTCOME

The Annex displays the net funded amounts, expenditures reported and the financial delivery rates by Theme/Outcome by project/ joint programme and Participating Organization

Annex. Expenditure by Project within Theme/Outcome

Theme/Outcome / Project No. and Project Title	Participating Organization	Project Status	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
Direct Cost Budget						
00113470 Trust Fund Management Unit (TFMU)	UNDP	On Going	13,290,273	13,290,273	12,529,980	94.28
Direct Cost Budget: Total			13,290,273	13,290,273	12,529,980	94.28
MOIA Payroll						
00119365 Support to payroll management	UNDP	Operationally Closed	250,000,000	250,000,000	224,015,991	89.61
MOIA Payroll: Total			250,000,000	250,000,000	224,015,991	89.61
Security						
00120128 Community-oriented Policing Se	UNDP	Operationally Closed	4,991,343	4,991,343	1,936,323	38.79
00121382 Support to Ministry of Interio	UNDP	Operationally Closed	13,319,395	9,128,571	9,128,571	100.00
Security: Total			18,310,738	14,119,914	11,064,895	78.36
Grand Total			281,601,011	277,410,187	247,610,865	89.26



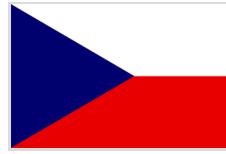
Contributors



European Union



Government of
Canada



Government of
Czechia



Government of
Denmark



Government of
Estonia



Government of
Finland



Government of
Germany



Government of
Netherlands



Government of
New Zealand



Government of
Norway



Government of
Poland



Government of the
United Kingdom
(other)



UNDP (United
Nations
Development
Programme)



UN Participating Organizations

