Consolidated Annual Report on Activities Implemented under the Joint Programme "Union Parishad Governance Programme (UPGP)" in Bangladesh

Report of the Administrative Agent
for the period 1 January - 31 December 2013

Multi-Partner Trust Fund Office
Bureau of Management
United Nations Development Programme
GATEWAY: http://mptf.undp.org

31 May 2014

PARTICIPATING ORGANIZATIONS	
	United Nations Capital Development Fund (UNCDF)
	United Nations Development Programme (UNDP)
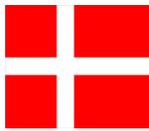
CONTRIBUTORS	
	Denmark

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EXECUTIVE SUMMARY

This Consolidated Annual Report under the Joint Programme, "Union Parishad Governance Project (UPGP)" in Bangladesh covers the period from 1 January to 31 December 2013. This report is in fulfillment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Contributor. In line with the Memorandum of Understanding (MOU) signed by Participating Organizations, the report is consolidated based on information, data and financial statements submitted by Participating Organizations. It is neither an evaluation of the Joint Programme nor an assessment of the performance of the Participating Organizations. The report provides the Steering Committee with a comprehensive overview of achievements and challenges associated with the Joint Programme, enabling it to make strategic decisions and take corrective measures, where applicable.

All the components of the Joint Programme (JP) became fully operational during 2013, which was the second year of the Union Parishad Governance Project (UPGP) implementation. The project office was set up during the year, and functional linkages were established between its national and 7 district offices, as well as with the 564 Union Parishads (UPs) being supported by the JP. Notwithstanding the challenges posed by the turbulent political environment during the year, the planned activities made good progress and significant initial results were achieved in relation to the expected JP outcome of "strengthened capacities of local governments and other stakeholders to foster participatory local development service delivery for the MDGs".

It is evident from the reported results that the quality of the democratic accountability at the UPs is being transformed at a rapid pace. Increased democratic oversight, community inclusion and transparency in local governance were in evidence during the year, alongside major expansions in the availability of basic services to achieve the MDGs, and a steady progress towards sustainability with improved mobilization of local revenues. Grants amounting to US$1.72 million triggered and supported 1,567 investments to improve basic services, estimated to benefit 2.9 million persons. Five secondary regulations were approved by the Government, to provide policy support to implement the UP Act of 2009.

The JP's partnership with the Upazila Governance Project (UZGP), operating at the sub-district level, played a significant role in strengthening the service delivery in 138 UPs, which are located in the 14 Upazilas supported by UZGP grants. Integration and synergy were achieved in planning and supporting 27 service delivery investments across 20 UPs. The strategic partnership with the Local Governance Support Programme II, allowed a standardized approach to the performance assessment of all the 564 UPs across Bangladesh carried out by 1,375 auditors trained by the UPGP. This partnership also made possible to initiate a coordinated planning and implementation of the service delivery investments across 404 UPs, which utilized the grant assistance of $1.72 million from the UPGP.

The Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP) serves as the Administrative Agent for the pass-through funded portion of the Joint Programme. The MPTF Office receives, administers and manages contributions from the Contributor, and disburses these funds to the Participating Organizations in accordance with the decisions of the Steering Committee. The Administrative Agent receives and consolidates the

Joint Programme report and submits it to the Steering Committee through the Resident Coordinator.

This report is presented in two parts. Part I is the Annual Narrative Report and Part II is the Annual Financial Report for the pass-through funded portion of the Joint Programme.

PART I: ANNUAL NARRATIVE REPORT

Programme Title & Project Number	Country, Locality(s), Priority Area(s) / Strategic Results
Programme Title: Union Parishad Governance Project **Programme Number in Atlas**: 00080905 **MPTF Office Project Reference Number:**00081864	**Country/Region:** Bangladesh **Priority area/ strategic results**: Democratic Governance

Participating Organization(s)	Implementing Partners
United Nations Development Programme (UNDP) United Nations Capital Development Fund (UNCDF)	Local Government Division, Ministry of Local Government, Rural Development and Co-operatives

Programme/Project Cost (US$)			Programme Duration	
JP Total Contribution from – Denmark (pass-through):		1,920,974		
			Overall Duration *(months)*	60
Agency Core Contribution :	UNDP UNCDF	2,000,000 1,500,000	**Start Date :**	*31/12/2011*
Government Contribution **(In kind 1,066,667)**				
Other Contribution -EU	UNDP UNCDF TOTAL	4,001,389 5,304,167 9,305,556	**Original End Date :** *30/11/2016* **Current End date :** *30/11/2016*	
TOTAL Project Budget in USD : 14,726,530				

Programme Assessment/Review/Mid-Term Eval.	Report Submitted By
Assessment/Review - if applicable ☐ Yes ■ No Date: Mid-Term Evaluation Report – ☐ Yes ■ No Date:	o **Name**: Pauline Tamesis o **Title**: Country Director o **Participating Organization (Lead):** UNDP o **Email address**: pauline.tamesis@undp.org

ABBREVIATIONS AND ACRONYMS

CO	Country Office
CPD	Country Programme Document
DANIDA	Danish International Development Agency
DDLG	Deputy Director, Local Government
DF	District Facilitator
EU	European Union
JP	Joint Programme
LGD	Local Government Division
LGI	Local Governance Institution
LGSP II	Local Governance Support Programme II
LGSP - LIC	Local Governance Support Project - Learning and Innovation Component
MDGs	Millennium Development Goals
MIS	Management Information System
M&E	Monitoring and Evaluation
MoLGRDC	Ministry of Local Government, Rural Development & Cooperatives
NPD	National Project Director
PM	Project Manager
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UP	Union Parishad
UPGP	Union Parishad Governance Project
UZGP	Upazila Parishad Governance Project
WDF	Women Development Forum

I.   PURPOSE

The UNDAF and the Country Programme Document (CPD) for Bangladesh set one of the outcomes to be "Government institutions at the national and subnational levels are able to more effectively carry out their mandates, including delivery of public services, in a more accountable, transparent, and inclusive manner". In alignment with this outcome, the overall objective of the UPGP is to strengthen capacities of local governments and other stakeholders to foster participatory local development service delivery for the MDGs. The specific purpose in implementing the UPGP is to support the piloting and evaluation of innovations to improve the functional and institutional capacity, as well as the democratic accountability of Union Parishads, thereby increasing citizen involvement leading to a more effective, efficient and accountable delivery of pro-poor infrastructure and services.

The three key output level results envisaged to be achieved by UPGP are:
- Strengthened Democratic Accountability of Union Parishads through Citizen Engagement.
- Innovation in Pro-Poor & MDG-Oriented Planning & Financing of Service Delivery by Ups.
- Strengthened national capacity for effective policy review, monitoring, lesson learning and capacity development of Local Government Institutions for enhanced Local Governance.

II.   RESULTS

i) Narrative reporting on results:

Outcomes: Significant progress has been achieved in relation to the expected JP outcome of "strengthened capacities of local governments and other stakeholders to foster participatory local development service delivery for the MDGs". The Local Government Division (LGD) of the Ministry of Local Government, Rural Development & Cooperatives (MoLGRDC), which is implementing the JP, has carried out the gazette notification of 42% of the 12 secondary regulations that were identified as necessary to facilitate the implementation of the UP Act 2009. The UPGP capacity building support has prepared 97% of the officials covered by the JP to help these local governments comply with the UP Act 2009, increase community participation and scale up local service delivery.

The improved capacities have yielded tangible results in the Union Parishads. Firstly, the quality of democratic accountability has undergone significant improvement, as reflected by the 53% of the UPs complying with norms of democratic oversight, community inclusion and transparency in local governance (33% in 2012). The mobilization of local revenues has made steady progress reaching an average of $1,600 per annum ($1,250 per annum in 2012). Grants amounting to $1.72 million triggered 1,567 investments that have improved basic services, estimated to be benefitting 2.9 million households during 2013, which was the first year of such support to these UPs.

Output 1 - Strengthened Democratic Accountability and transparency of the Union Parishads through Citizen Engagement:

The democratic functioning and leadership provided by the Union Parishad's supported by the project, made significant advances during the year. The democratic leadership is provided through UP Council meetings which are to be conducted every month. About 87% of the UPs regularly conducted monthly meetings throughout the year. The main platform for the UPs to engage with the community is the Ward Shava, which is to be conducted in each of the 9 wards of a UP. Significant results were achieved in this area, with 53% of the UPs conducting 2 Ward Shavas in all 9 wards of the UPs. The UP is supported by 13 Standing Committees, of which 6 have been identified by the UPGP as critical for development. The 6 critical Standing Committees were operational in 29% of the UPs, and 36% of the 6 Standing Committees produced the mandated monitoring reports. The UPGP, along with the UZGP, promoted the establishment of WDFs as a platform for elected women representatives of local governments. WDFs were established in 65 Upazilas in which women representatives from 484 UPs supported by the UPGP became members.

The outputs described above were achieved with the strong support of the UPGP during 2013. The 7 DFs provided direct backstopping support to 17% of the UPs through field meetings. During 2013, the UPs were supported with Planning & Management training, which improved the capacity of 97% of the members of the UPs (including 97% of women members) and their Secretaries. The resource persons who conducted the Planning & Management training were primarily drawn from the district and Upazila administrations, thereby ensuring that the ground conditions and government procedures were kept in perspective. The peer to peer visits organized by 4% UPs initiated the use of mutual support and widening use of good practices, particularly those that had been sustained and improved from the period of the LGSP-LIC. Capacity was also developed among the women members of UPs to work through the WDFs. The 65 workshops organized at the Upazilas helped women members of the UPs become active and contributing members of the WDFs.

Output 2 - Strengthened innovations in Pro-Poor and MDG-Oriented Planning, Financing and Implementation of Service Delivery by Union Parishads:

The initial steps towards establishing comprehensive development plans at the UPs were taken up during the year. One of the top priorities of the UPGP has been to facilitate long term planning to UPs with a pro-poor and MDG orientation. Among the UPs supported by the UPGP, 92% have prepared Five Year Development Plans. The project has established a performance based grant system, which incentivizes compliance with the requirements of the UP Act as well as development results. Performance based grants were delivered to the best performing 404 UPs, which amounted to $1.72 million. These resources were utilized for 1,567 service improvement interventions, of which more than 20% were oriented towards the MDGs. The capacity building support contributed to a better financial management by UPs, with about 80% of them estimated to be complying with the main financial management requirements. Revenue mobilization by the UPs through holding taxes has also improved, with the average revenue

mobilization increasing by 25%, and 39% of the UPs meeting over 80% of the targeted mobilization.

The UPGP trained 1,375 auditors recruited by the Government, who carried out performance assessments of the 4,556 Union Parishads across the country. New tools were developed for IT enabled accounting systems for UPs, which were rolled out for piloting in 100 UPs towards the end of the year. Frameworks were developed to strengthen own source revenue mobilization and provide technical support for UP level accounting, which will be rolled out in 2014.

Output 3 - Strengthened technical capacity of Local Government Division for effective policy review, monitoring, lesson learning and capacity development of LGIs for enhanced Local Governance:

While the next generation of governance pilots is being rolled out and the National Framework for Local Government Capacity Development is being designed, a significant progress has been achieved in relation to the MIS and M&E systems. The quarterly MIS reports are being generated by all the UPs across the 7 districts, and the reports are being channeled to the respective DDLG offices as well as the UPGP office in Dhaka.

The M&E strategy and tools were designed in 2013, a baseline survey was completed, and the first phase of the M&E system became operational. The M&E and MIS reports for the four quarters of 2013 were generated. The IT-enabled MIS pilot commenced in 2013 in 100 UPs, and provides the platform for a next generation of MIS.

Delays in implementation

The year 2013 was a period of political turbulence in the country, which significantly affected the routine work for approximately 30% of the working days. Although skype enabled communication helped maintain the continuity of the work, restricted mobility on these days required repeated rescheduling of trainings, field travel and meetings. Field based activities such as mentoring of MDG oriented planning and roll out of financial management support were pilot activities that were significantly delayed on account of this constraint. The other delay, which was addressed in September, was finalizing a suitable office for the project.

Risks and challenges

The results and impact of the UPGP depend heavily on the performance of the UPs where the activities are implemented. While many of the activities and outputs taken up by the UPGP are aligned to the mandated functions of the UPs, the quality and performance of the UPs in this regard poses both risks and challenges. With only one full time staff, namely the UP Secretary, the proposed additional activities and documents add up to the large volume of work they currently handle. This poses an important risk to carry out the proposed activities with the degree of attention and quality required to achieve the expected project results and outcomes.

The second risk is related to the timing of release of grants, which are now tied to the pace at which the Government carries out the performance assessment and audit. Since the audit and

performance assessment results are often delayed, the grants from the UPGP are likely to be made available only towards the end of the fiscal year, leaving little time to implement within the expected time frame.

The third challenge refers to the volume of the work taken up by the District Facilitators. Their easy access to the district administration and the fact of working closely with the DDLG on the LGSP II, substantively enhanced their effectiveness. However, the volume of routine work they handle for the LGSP II is large, particularly in the larger districts which have more than 100 UPs. Thus, some of the innovations to be piloted when implementing the specialized tasks related to the UPGP, may risk not to have the adequate support that would be required for the innovations to succeed and generate lessons.

The work of the UPGP and the LGSP II overlap in several areas, including performance grants and MIS. While some of the tasks are carried out separately, such as the delivery of grants and training, there are challenges in other areas such as the designing of the MIS for the LGD's MIE Wing. The UPGP's approach has been to pilot UP level innovations and feed them for national mainstreaming. However, in matters such as the MIS, which need to flow from the UP level to the LGD, mechanisms for closer collaboration and joint efforts are required.

The coordination mechanisms between the UPGP and the UZGP evolved during 2013, and offered a sound platform for work. However, the effectiveness of aligning the UP and Upazila level activities is bound by options under the law and the systems that are operational within the LGD's operating procedures. Designing and piloting innovations, that enables joint planning and co-financing across these two tiers of the local government, is also a key challenge to be addressed in 2014.

Lessons learned

The rapid progress of the UPs towards some of the targets set by the UPGP, affirms the importance and value of aligning capacity development with a sound policy platform. It builds on the innovations and policy work carried out by the LGSP-LIC, and the UP Act, thereby leveraging strong commitment to meeting mandatory requirements and activities, such as conducting monthly meetings, and two Ward Shavas per Ward. Alongside, it raises the challenge of adding capacities to utilize these good efforts by the UPs to produce development results such as MDG linked plans, greater inclusion of poor in planning and targeting service delivery investments, and addressing gender in development.

Large scale capacity building, particularly with the large number of Standing Committee members, poses a challenge. It is evident that conventional training approaches would not be cost effective in this context. It has become evident that the local resource persons, such as the Secretaries of the UPs, who have a large role to play in local governance, will need to be empowered and capacitated to work with the Standing Committees, to enable them to carry out their assigned tasks.

The conventional practice of the UPs is to apply a large portion of the annual grants to roads, culverts, and other kinds of infrastructure. The experience with performance based grants, and

the importance of expenditure on social and MDG oriented investments, has provided important lessons for the UP leadership to more holistically explore and address the development priorities. While such a shift in emphasis has not been made across the board, the dissemination of findings from the performance assessment, and the manner in which the investments in social and MDG oriented investments led to securing larger grants, is expected to accelerate and better target investments towards critical and pro-poor services.

Qualitative assessment

The full-fledged implementation of the UPGP took place during 2013. The results reported this year are indicative of the important achievements that can arise from the project.

Given the wide range of work envisaged in the UPGP, the work this year reflected a multi-stage approach. In keeping with the step by step approach, the focus in 2012 was on establishing the implementation platform, followed by the focus on the Union Parishad members and Women members in 2013. During 2014, the focus is shifting to the next tier, namely Standing Committees, and innovations for social mobilization and engagement in local governance to be scaled up in 2015. This multi-stage approach has allowed for building capacities at a particular level which then acts as a strong platform to thereafter support the work with the next tier.

The improved working of the UPs and the scale at which citizen engagement has taken place during 2013 has been very encouraging. The synergy generated by bringing together capacity building, backstopping and grant financing, is in evidence from the intensity with which democratic leadership and citizen engagement have improved during 2013.

The role of the performance based grants in reinforcing the commitment of the UPs to diligently comply with norms and procedures, and to increase their focus on the MDG and social sector investments. This qualitative improvement has had an impact as important as the thousands of schemes that have been implemented with the grants and have improved the availability of services to 2.9 million beneficiaries.

Leveraging the partnerships with the LGSP II and the UZGP has helped the JP to widen and deepen its impact. The breadth of impact that this partnership has made across the country, in relation to the performance based grants and the MDG oriented investments, has been accompanied by a diligence in complying with norms and procedures. On the other hand, the partnership with the UZGP has facilitated a deeper collaboration between the two tiers of local government, and important results in empowering women representatives.

ii) Indicator Based Performance Assessment:

	Achieved Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Outcome 1[1]: Strengthened capacities of local governments and other stakeholders to foster participatory local development service delivery for the MDGs			
Indicator 1: Secondary legislation instruments (Rules & Regulations) required by UP Act 09 are operational **Baseline:** 0 **Planned End of Project Target:** 12 **Planned Target 2013:** 4	5		Rules published by LGD
Indicator 2: Overall compliance with administrative requirements of UP Act 09 by project-supported UPs **Baseline:** 33% (UP Meetings & Ward Shavas) **Planned End of Project Target:** 80% **Planned Target 2013:** 50%	53%		UPGP MIS
Indicator 3: % of women/men (which also include Dalits and Indigenous People) who have attended at least one participatory planning meeting (Ward Shava) **Baseline:** 8% **Planned End of Project Target:** 50% over baseline **Planned Target 2013:** - (Next survey in 2014)	NA		Data generated from surveys; next survey is planned for mid 2014
Indicator 4: % citizens who have responded that they are very satisfied with service delivery by their UP **Baseline:** 6% **Planned End of Project Target:** 33% **Planned Target 2013:** - (Next perception survey in 2014)	NA		Data generated from surveys; next survey is planned for mid 2014
Output 1: Strengthened Democratic Accountability and transparency of the Union Parishads through Citizen Engagement			
Indicator 1.1: % of Ward Shavas that transact business according to UP Act 09 (2 Ward Shavas in all 9 wards) **Baseline:** 33% **Planned End of Project Target:** 50% **Planned Target 2013:** 40%	53%		UPGP MIS

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[1] Note: Outcomes, outputs, indicators and targets should be **as outlined in the Project Document** so that you report on your **actual achievements against planned targets**. Add rows as required for Outcome 2, 3 etc.

Indicator 1.2: % of target UPs with at least 6 key standing committee producing at least 2 monitoring reports per year **Baseline:** 28% **Planned End of Project Target:** 50% **Planned Target 2013:** 35%	**36%**		UPGP MIS
Indicator 1.3: % targeted UPs which have at least 1 woman representative participating in officially registered Women Development Forum at the Upazila Level **Baseline:** 61% **Planned End of Project Target:** 100% **Planned Target 2013:** 70%	**87%**		UPGP MIS
Output 2: Strengthened innovations in Pro-Poor and MDG-Oriented Planning, Financing and Implementation of Service Delivery by Union Parishads			
Indicator 2.1: % of targeted UPs have completed comprehensive development plans responding to local MDG assessments that will have also identified needs of the locally relevant most vulnerable groups **Baseline:** 71% **Planned End of Project Target:** 90% **Planned Target 2013**: - (Next perception survey in 2014)	NA		Data generated from surveys; next survey is planned for mid 2014
Indicator 2.2: % of targeted UPs allocate % of block grant funds to projects explicitly identified as pro-poor (including those responding to vulnerable groups' needs) or MDG-responsive in plans **Baseline:** 0 **Planned End of Project Target:** 70% **Planned Target 2013:** 10%	25%		UPGP MIS
Indicator 2.3: % of target UPs comply with 90% of accounting and record keeping requirements. **Baseline:** 99% (Cash book) **Planned End of Project Target:** 100% **Planned Target 2013:** 100%	**100%**		
Indicator 2.4: % of increase, on average, of revenue collection in target UPs **Baseline:** NA **Planned End of Project Target:** 90% **Planned Target 2013:** 20%	**25%**		UPGP MIS
Output 3: Strengthened technical capacity of Local Government Division			

Indicator 3.1: Number of drafted legislative or regulatory instruments influenced by outcome of piloting activities **Baseline:** 0 **Planned End of Project Target:** 2 **Planned Target 2013:** 0	NA		
Indicator 3.2: Existence of a National Framework for Local Government Capacity Development by the end of the project **Baseline:** None **Planned End of Project Target:** 1 **Planned Target 2013:** 0	NA		
Indicator 3.3: Implementation of functioning M&E and MIS system in the Monitoring, Investigation and Evaluation Wing of LGD **Baseline:** **Project based MIS** **Planned End of Project Target:** **1 functioning MIS covering 564 UPs** **Planned Target 2013:** **IT enabled MIS in 100 UPs**	100		UPGP MIS
Indicator 3.4: Number of DLGs who have a sustainable system for monitoring and backstopping local governments by the end of the project **Baseline:** None **Planned End of Project Target:** 7 **Planned Target 2013:** 0	NA		

iii) A Specific Story

Problem / Challenge faced: The Local Government Division has sought to establish an information system which could help it to track the performance of UPs, to provide guidance and direction on a timely basis. The main issues to be addressed were the definition of key information, facilitating the flow of information, and establishing a platform for analysis, review and direction at the LGD.

Programme Interventions: The Joint Programme developed a strategy to establish an MIS platform that could address the needs of the LGD. The diversity of project activities like Performance Based Grants, transparency and accountability, capacity building, community participation etc. and the coordination and collaboration among the LGSP-II, the UZGP and the UPGP were taken into account to design the the UPGP M&E strategy. It was proposed that in 2013 the M&E system will focus on project interventions, whereby a pilot would be designed and implemented in one district so that, from the next year, the integrated M&E system could be operational in a useful and satisfactory manner in all the districts of the project. Second, from 2014, the project will extend its collaboration with the MIE Wing of the LGD with a purpose of capacity building and will be equipped with necessary logistics. From 2015, the JP would closely work with the MIE Wing of the LGD for establishing the project's best practices on M&E at the ministry and applying the UPGP learning outside of project area in a pilot basis. And in 2015, the consolidation phase will take place.

Result: The manual MIS has become operational from the first quarter of 2013, and regular data flow from 564 UPs has been realized. Data from the UPs first reaches the districts, from where it is transferred to the UPGP office. The data is verified and reports are compiled for scrutiny of progress, and comparative analysis across the districts. The insights from the reports have provided the basis for management guidance and corrective actions, by the UPGP managers as well as the LGD officials at the district and national levels.

The success of the manual system has provided the platform to design and launch the pilot IT enabled MIS in 100 UPs of the Brahmanbaria district in late 2013.

Lessons Learned: Important lessons have been drawn from the experience in 2013. The close linkage between ledgers and files in which information is recorded in the UPs and the forms in which information is sought, has provided a sound basis for the system and minimized the possibility of errors. Robust validation practices, which have been established by the UPGP, have come in very handy to ensure data validity. By first focusing on the manual process, it was possible to rapidly roll out the system, and use the operational system as a platform for introducing the IT enabled tool.

III. OTHER ASSESSMENTS OR EVALUATIONS

The baseline study has been completed, and is being used for the 2013 report.

IV.   PROGRAMMATIC REVISIONS

No significant revision of the Programme strategy has taken place in 2012.

V.   RESOURCES

The project team, consisting of the Project Manager,the International Technical Adviser, the M&E and MIS Officers?, seven District Facilitators, seven Project Assistants, two project secretaries, one data keeper, ten drivers-cum messengers and two Finance and Admin Associates is in place. Some staff appointed for the Upazila Governance Project will work part time for the UPGP.

PART II: ANNUAL FINANCIAL REPORT

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 (SAA) 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.

2013 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the JP "Union Parishad Governance Programme (UPGP)" funds using the pass-through funding modality as of 31 December **2013**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: http://mptf.undp.org/factsheet/fund/JBD20.

1. SOURCES AND USES OF FUNDS

As of 31 December **2013**, one contributor has deposited US$ **1,940,378** in contributions and US$ **2,066** has been earned in interest,

bringing the cumulative source of funds to US$ **1,942,444** (see respectively, Tables 2 and 3).

Of this amount, US$ **1,920,974** has been transferred to two Participating Organizations, of which US$ **1,476,543** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US$ **19,404**. Table 1 provides an overview of the overall sources, uses, and balance of the JP as of 31 December **2013**.

Table 1. Financial Overview, as of 31 December 2013 (in US Dollars)*

	Annual 2012	Annual 2013	Cumulative
Sources of Funds			
Gross Contributions	1,940,378	-	1,940,378
Fund Earned Interest and Investment Income	1,449	617	2,066
Interest Income received from Participating Organizations	-	-	-
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	**1,941,827**	**617**	**1,942,444**
Uses of Funds			
Transfers to Participating Organizations	353,168	1,567,806	1,920,974
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	**353,168**	**1,567,806**	**1,920,974**
Administrative Agent Fees	19,404	-	19,404
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	0	0	0
Other Expenditures	-	-	-
Total: Uses of Funds	**372,571**	**1,567,806**	**1,940,378**
Change in Fund cash balance with Administrative Agent	**1,569,255**	**(1,567,189)**	**2,066**
Opening Fund balance (1 January)	-	1,569,255	-
Closing Fund balance (31 December)	**1,569,255**	**2,066**	**2,066**
Net Funded Amount to Participating Organizations	353,168	1,567,806	1,920,974
Participating Organizations' Expenditure	46,680	1,429,863	1,476,543
Balance of Funds with Participating Organizations			**444,431**

* Due to rounding of numbers, totals may not add up. This applies to all numbers in this report.

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December **2013**.

Table 2. Contributors' Deposits, as of 31 December 2013 (in US Dollars)*

Contributors	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total
Government of Denmark	1,940,378	-	1,940,378
Grand Total	**1,940,378**	**-**	**1,940,378**

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 **2013**, Fund earned interest amounts to US$ **2,066** and there is no interest received from Participating Organizations. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2013 (in US Dollars)*

Interest Earned	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total
Administrative Agent			
Fund Earned Interest and Investment Income	1,449	617	2,066
Total: Fund Earned Interest	**1,449**	**617**	**2,066**
Participating Organization			
Total: Agency earned interest	**-**	**-**	**-**
Grand Total	**1,449**	**617**	**2,066**

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December **2013**, the AA has transferred US$ **1,920,974** to two Participating Organizations (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, as of 31 December 2013 (in US Dollars)*

Participating Organization	Prior Years as of 31-Dec-2012			Current Year Jan-Dec-2013			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNCDF	201,306	-	201,306	893,650	-	893,650	1,094,956	-	1,094,956
UNDP	151,862	-	151,862	674,157	-	674,157	826,019	-	826,019
Grand Total	**353,168**	**-**	**353,168**	**1,567,806**	**-**	**1,567,806**	**1,920,974**	**-**	**1,920,974**

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2013** were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

As shown in table 5 below, the cumulative net funded amount is US$ **1,920,974** and cumulative expenditures reported by the Participating Organizations amount to US$ **1,476,543**. This equates to an overall Fund expenditure delivery rate of **77** percent. The agency with the highest delivery rate is UNDP (79%) followed by UNCDF (75%).

Table 5. Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2013 (in US Dollars)*

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Cumulative	
UNCDF	1,094,956	1,094,956	13,169	809,579	822,748	75.14
UNDP	826,019	826,019	33,511	620,284	653,795	79.15
Grand Total	**1,920,974**	**1,920,974**	**46,680**	**1,429,863**	**1,476,543**	**76.86**

5.2 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 expenditures incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditures 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.

In **2013**, the highest percentage of expenditure was on Transfers and grants (53%) followed by General Operating (39%).

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 2013 (in US Dollars)*

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total	
Supplies, Commodities, Equipment and Transport (Old)	-	-	-	
Personnel (Old)	-	-	-	
Training of Counterparts(Old)	-	-	-	
Contracts (Old)	-	-	-	
Other direct costs (Old)	-	-	-	
Staff & Personnel Costs (New)	-	-	-	
Suppl, Comm, Materials (New)	-	-	-	
Equip, Veh, Furn, Depn (New)	-	840	840	0.06
Contractual Services (New)	-	37,677	37,677	2.77
Travel (New)	31,319	(22,492)	8,827	0.65
Transfers and Grants (New)	-	756,608	756,608	55.54
General Operating (New)	-	558,266	558,266	40.98
Programme Costs Total	**31,319**	**1,330,899**	**1,362,218**	**100.00**
Indirect Support Costs Total	15,361	98,964	114,325	8.39
Total	**46,680**	**1,429,863**	**1,476,543**	

Indirect Support Costs: The timing of when Indirect Support Costs are charged to a project depends on each Participating Organization's financial regulations, rules or policies. These Support Costs can be deducted upfront on receipt of a transfer based on the approved programmatic amount, or a later stage during implementation.

Therefore, the Indirect Support Costs percentage may appear to exceed the agreed upon rate of 7% for on-going projects, whereas when all 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 JP Project Document, 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 **2013**, 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 **2013**, US$ **19,404** has been charged in AA-fees.

- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US$ **98,964** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US$ **114,325** as of 31 December **2013**.

- **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 **2013**, there were no direct costs charged to the Fund.

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.