



# CONSOLIDATED ANNUAL FINANCIAL REPORT of the Administrative Agent

## Systematic Observations Financing Facility for the period 1 January to 31 December 2022

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

May 2023



United Nations  
MPTF Office



**Systematic Observations Financing  
Facility**  
Financial Report  
prepared by the Administrative Agent

May 2023



## 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 Organizations.

### **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 **Systematic Observations Financing Facility** 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 2022 and provides financial data on progress made in the implementation of projects of the **Systematic Observations Financing Facility**. It is posted on the MPTF Office GATEWAY (<https://mptf.undp.org/fund/sof00>).



## 2022 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **Systematic Observations Financing Facility** using the pass-through funding modality as of 31 December 2022. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <https://mptf.undp.org/fund/sof00>.

### 1. SOURCES AND USES OF FUNDS

As of 31 December 2022, 7 contributors deposited US\$ 19,461,747 and US\$ 106,018 was earned in interest.

The cumulative source of funds was US\$ 19,567,765.

Of this amount, US\$ 3,000,000 has been net funded to one Participating Organization (for Direct Cost), of which US\$ 371,688 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 194,617. Table 1 provides an overview of the overall sources, uses, and balance of the **Systematic Observations Financing Facility** as of 31 December 2022.

Table 1 Financial Overview, as of 31 December 2022 (in US Dollars)

	Annual 2021	Annual 2022	Cumulative
<b>Sources of Funds</b>			
Contributions from donors	-	19,461,747	19,461,747
<b>Sub-total Contributions</b>	-	<b>19,461,747</b>	<b>19,461,747</b>
Fund Interest and Investment Income Earned	-	106,018	106,018
<b>Total: Sources of Funds</b>	-	<b>19,567,765</b>	<b>19,567,765</b>
<b>Use of Funds</b>			
Administrative Agent Fees	-	194,617	194,617
Direct Costs	-	3,000,000	3,000,000
Bank Charges	-	133	133
<b>Total: Uses of Funds</b>	-	<b>3,194,750</b>	<b>3,194,750</b>
Change in Fund cash balance with Administrative Agent	-	16,373,015	16,373,015
Closing Fund balance (31 December)	-	16,373,015	16,373,015
Net Funded Amount (Includes Direct Cost)	-	3,000,000	3,000,000
Participating Organizations Expenditure (Includes Direct Cost)	-	371,688	371,688
<b>Balance of Funds with Participating Organizations</b>	-	<b>2,628,312</b>	<b>2,628,312</b>



## 2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this fund as of 31 December 2022.

The **Systematic Observations Financing Facility** is currently being financed by 7 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 2022 and deposits received by the same date. It does not include commitments that were made to the fund beyond 2022.

Table 2. Contributions, as of 31 December 2022 (in US Dollars)

Contributors*	Total Commitments	Prior Years as of 31-Dec-2021 Deposits	Current Year Jan-Dec-2022 Deposits	Total Deposits
Austrian Development Agency	2,037,658	-	2,037,658	2,037,658
Government of Denmark	3,501,896	-	3,501,896	3,501,896
Government of Iceland	100,000	-	100,000	100,000
Government of Ireland	1,259,655	-	1,259,655	1,259,655
Nordic Development Fund	10,042,250	-	10,042,250	10,042,250
Government of Norway	2,520,288	-	2,520,288	2,520,288
Government of Finland*	1,055,197	-	-	-
Government of United States of America*	13,337,000	-	-	-
<b>Grand Total</b>	<b>35,109,910</b>	<b>-</b>	<b>19,461,747</b>	<b>19,461,747</b>

\*Deposit for 2022 estimated commitment amounts were made in 2023.

\*\*An additional contribution of \$ 3,000,000 was received from the Government of Spain; SAA signature pending



### 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 **2022**, Fund earned interest amounts to US\$ **106,018**.

Interest received from Participating Organizations amounts to US\$ **nil**, bringing the cumulative interest received to US\$ **106,018**. Details are provided in the table below.

**Table 3. Sources of Interest and Investment Income, as of 31 December 2022 (in US Dollars)**

Interest Earned	Prior Years as of 31-Dec-2021	Current Year Jan-Dec-2022	Total
<b>Administrative Agent</b>			
Fund Interest and Investment Income Earned	-	<b>106,018</b>	<b>106,018</b>
<b>Total: Fund Interest Earned</b>	-	<b>106,018</b>	<b>106,018</b>
<b>Participating Organization</b>			
<b>Total: Agency Interest Earned</b>	-	-	-
<b>Grand Total</b>	-	<b>106,018</b>	<b>106,018</b>





#### 4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent.

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

As of 31 December 2022, the AA has only been requested to make transfers to Participating Organizations for Direct Cost as shown on point 8 below.

**Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization (in US Dollars)**

Participating Organization	Prior Years Cumulative as of 31-Dec-2021			Current Year Jan-Dec-2022			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
<b>Grand Total</b>	-	-	-	-	-	-	-	-	-



## 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.

As of 31 December 2022, the AA has only been requested to make transfers to Participating Organizations for Direct Cost as shown on point 8 below.

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 2022 expenditure data has been posted on the MPTF Office GATEWAY at <https://mptf.undp.org/fund/sof00>.

**Table 5. Net Funded Amount and Reported Expenditures by Participating Organization, as of 31 December 2022 (in US Dollars)**

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2021	Current Year Jan-Dec-2022	Cumulative	
<b>Grand Total</b>	-	-	-	-	-	-



## 5.1. 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.

*As of 31 December 2022, the AA has only been requested to make transfers to Participating Organizations for Direct Cost as shown on point 8 below.*

**Table 5.1. Expenditure by UNDG Budget Category, as of 31 December 2022 (in US Dollars)**

Category	Expenditures			Percentage of Total Programme Cost
	Prior Years Cumulative as of 31-Dec-2021	Current Year Jan-Dec-2022	Total	
<b>Programme Costs Total</b>	-	-	-	-
<sup>1</sup> Indirect Support Costs Total	-	-	-	-
<b>Grand Total</b>	-	-	-	-

**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 2022, 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\$ **194,617** was deducted in AA-fees. Cumulatively, as of 31 December **2022**, US\$ **194,617** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **00** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **00** as of 31 December **2022**.

## 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'. In the reporting period, direct costs charged to the fund amounted to US\$ 3,000,000. Cumulatively, as of 31 December 2022, US\$ 3,000,000 has been charged as Direct Costs.

Participating Organization	Current Year Net Funded Amount	Current Year Expenditure	Total Net Funded Amount	Total Expenditure
WMO	3,000,000	371,688	3,000,000	371,688
<b>Total</b>	<b>3,000,000</b>	<b>371,688</b>	<b>3,000,000</b>	<b>371,688</b>

## 7. ACCOUNTABILITY AND TRANSPARENCY

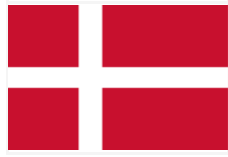
In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<https://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise 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.



## Contributors

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## UN Participating Organizations

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