



# **National Execution Guideline**

**United Nations Development Programme  
Tehran – September 2004**

## **Preface**

As one of its main guideposts, UNDP works to help develop and enhance the national capacities in the initiation, implementation and conclusion of the developmental undertakings in which it is involved as a partner. For this to work, it is essential that the host Governments assume the overall responsibility and direction for the execution of the UNDP-supported initiatives. This is reflected in the use of the UNDP National Execution (NEX) modality in an increasing number of programme countries.

In the Islamic Republic of Iran, NEX is the dominant way for implementing UNDP projects. Although the NEX logic and essence remain the same, its processes and procedures have been changed – and simplified - over the course of time. The present Guideline, which is an update to a previous version published in 2003, accounts for the latest modifications in NEX procedures. It defines and clarifies UNDP's overall policies and procedures and provides practical steps on how to best apply national execution in the country. I suggest that all National Project Directors and others involved with UNDP-supported projects in Iran review and study the Guideline carefully. It will help us all to plan and implement projects more efficiently and effectively for the benefit of Iran and its people.

Frederick Lyons  
Resident Representative

**Note**

This “Guideline” has been prepared based on the rules and regulations governing the process of UNDP project identification and implementation.

Where the “Guideline” is found silent or ambiguous the relevant UNDP rules and regulation (as stipulated in UNDP Manuals) must be considered as reference.

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## 1.0 Introduction

### 1.1 About UNDP

1. At the [United Nations Millennium Summit](#), world leaders put development at the heart of the global agenda by adopting the [Millennium Development Goals \(MDGs\)](#), which set clear targets for reducing poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by 2015. On the ground in 166 countries, UNDP uses its global network to help the UN system and its partners to raise awareness and track progress, while it connects countries to the knowledge and resources needed to achieve these goals. Our substantive focus is helping countries build and share solutions to the challenges of:

1. Democratic Governance;
2. Poverty Reduction;
3. Crisis Prevention and Recovery;
4. Energy and Environment; and
5. HIV/AIDS.

A number of "Service Lines" have been devised in each Practice Area to more clarify the mandate given to UNDP. For a list of Service Lines see Annex 1.A

2. UNDP is headed by the Administrator under the direction of the Executive Board and has active programmes in nearly 170 countries around the globe. UNDP head office is located in New York, USA.

3. The UNDP Resident Representative is the designated representative at the country level. He/she normally serves also as the Resident Coordinator for the UN country team and is responsible for coordinating United Nations system operational activities at the country level.

4. UNDP's partnership with the Islamic Republic of Iran is based on its Country Programme (CP), which aims to facilitate harmonization of the objectives and activities of both the Government and UNDP by matching UNDP assistance with Iran's own development plans. A new (third) CP has been finalized with the Government for 2005-2009.

5. A steering committee mechanism used to oversight the implementation of the 2<sup>nd</sup> CP (2000-2004) is to be put in function for the CP III as well. CP III has been prepared in line with the United Nations Development Assistance Framework (UNDAF) of Iran.

6. UNDP has adopted Results Based Management (RBM) as the vehicle to plan, monitor, implement and report on activities it undertakes in support of development results requested by programme countries. The Strategic Results Framework (SRF) has been developed to specify strategic outcomes being pursued in the country. These outcomes are categorized by sub goals and clustered into a number of Strategic Areas of Support (SAS). The outcomes will be highlighted in the United Nations Development Assistance Framework (UNDAF) and new CPs.

7. The adoption of the Millennium Declaration in 2000 by all 189 member states of the UN General Assembly was a defining moment for global cooperation in the 21<sup>st</sup> century. The Declaration sets out within a single framework the key challenges facing humanity at the threshold of the new millennium, outlines a response to these challenges, and establishes

concrete measures for judging performance through a set of inter-related commitments, goals and targets on development, governance, peace, security and human rights. The Millennium Development Goals (MDG) comprise ambitious global targets for 2015 set by leaders from around the world at the 2000 UN Millennium Summit. They include:

- a. Halving extreme poverty and hunger;
- b. Achieving universal primary education;
- c. Promoting gender equality;
- d. Reducing under-five mortality by two-thirds;
- e. Reducing maternal mortality by three-quarters;
- f. Reversing the spread of HIV/AIDS, malaria and TB;
- g. Ensuring environmental sustainability;
- h. Developing a global partnership for development, with targets for aid, trade and debt relief.

UNDP is mandated and determined to assist countries in their stride towards achieving MDGs.

## **1.2 Execution modalities of UNDP projects**

1. The way a programme or project is carried out is referred to as “execution” and is part of the management arrangements of the same programme or project. The arrangements are worked out in detail during the project formulation stage. The following execution modalities are applied to programmes and projects supported by UNDP:

- a. Agency Execution that allows for execution of programmes by other UN Agencies;
- b. NGO Execution which provides for national / international NGOs to execute UNDP supported projects;
- c. UNDP Direct Execution (DEX) whereby UNDP takes full responsibility of project execution by its own; and
- d. National Execution (NEX) where a national government is held responsible for executing programmes and projects.

This Guideline concerns the National Execution only. For other modalities please see the corporate UNDP Manuals.

2. NEX refers to management by a governmental entity and is the norm since it is expected to contribute most effectively to:

- a. Greater national self-reliance by effective use and strengthening of the management capabilities and technical expertise of national institutions and individuals, through learning and doing;
- b. Enhanced sustainability of development programmes and projects by increasing national ownership and commitment to development activities;
- c. Reduced workload and integration with national programmes through greater use of appropriate national systems and procedures.

3. NEX is used when there is adequate capacity in government to undertake the functions and activities of the project, in line with the long-term national plans and policies.



4. For each project, a National Executing Agency (NEA) will be nominated by the Government Coordinating Authority, in consultation with UNDP<sup>1</sup>. The NEA must be a governmental body that is directly concerned with the project activities. It is primarily responsible for the planning and overall management of project activities, reporting, accounting, monitoring and evaluation of the project, for supervision of the implementing agency(ies) and for the management and audit of the use of UNDP resources. The executing agency is accountable to the Government Coordinating Authority and to UNDP for the production of outputs, for the achievement of project objectives and for the use of UNDP resources. The NEA may, in turn, assign through the Government Coordinating Authority, the implementation of a project to a government department. This department will act as the National Implementing Agency (NIA) tasked with ensuring certain project activities are carried out. The Government Coordinating Authority may nominate one of the following national governmental entities as the NEA:
  - a. A ministry of government, or any other government authorities;
  - b. A department within a ministry; or
  - c. A governmental institution of a semi-autonomous nature, such as the central bank, a university, a regional or local authority or a municipality.
5. In the cases where the Government Coordinating Authority has nominated itself as the executing agency, the technical ministry and/or department concerned must be associated with the execution of the project as:
  - a. An implementing agency;
  - b. A member of a steering committee or other consultative mechanism.
6. The NIA may contract other entities to undertake specific tasks through a process of competitive bidding. However, if the other entity is another government institution or a United Nations agency, competitive bidding will generally not be necessary.
7. The arrangements for managing a project must include mechanisms to ensure coordination, such as a steering committee, inter-ministerial agreements, or other consultative mechanisms. All such mechanisms must be described in the project document.
8. When a United Nations agency, owing to its expertise, acts as a contractor under national execution, this agency and the NEA/NIA sign a letter of agreement. In such cases, the United Nations agency is referred to as a UN implementing agency. (A standard letter of agreement is provided as Annex 1B).
9. Contractors can be designated to be responsible for delivery of specific project inputs. These contractors may be UN agencies as mentioned in paragraph 7 above as well as other international organisations, government or semi-government agencies, non-government organisations (NGOs) or private firms which possess the pertinent technical, administrative and managerial capability.
10. The NEA or NIA may also contract an NGO to undertake specific tasks, in which case the contribution of an NGO is treated as a subcontractor and the standard provisions for

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<sup>1</sup> In the Islamic Republic of Iran, the Directorate General for the International Economic Affairs and Specialized Agencies within the Ministry of Foreign Affairs is the Government coordinating authority and focal point for all communications with UNDP on programmes and projects in the country.

contract applies. An NGO may be asked to implement activities funded by UNDP, in which case it may be named in the project document if a review of competitive bidding is obtained before the project document is signed (see chapter 9, section 9.4, paragraph 5).

### 1.3 Sources of funds

1. UNDP country offices can access a variety of funds in order to develop programme activities and achieve results in accordance with UNDP goals Practices and Service Lines.
2. The resources that can be used to develop and support programme and project activities are categorized into two main categories of funding: regular (Core) and other (Non-core) resources.

#### 1.3.1 Regular resources

1. Regular (Core) Resources finance the core UNDP operations. The funds derive from formal voluntary pledges by member states. The regular resources are consisted of the following funds:
  - a. **TRAC resources:** TRAC (Target for Resource Assignment from Core) 1 and 2 are the main regular resources and they are used in combination with other resources to fund the programmes set out in the CP.
  - b. **TRAC 3 resources:** Funds under this source are available exclusively for projects in countries in special development situations and is meant to assist in prevention of a crisis or the reduction of the severity of a crisis. Projects funded by TRAC 3 should not exceed 12 months duration.

#### 1.3.2 Other resources

1. In addition to the above-mentioned regular resources, UNDP has access to various other resources.
  - a. **Cost-sharing resources:** When a programme country government or a third-party contributes resources to UNDP-supported projects, the arrangement is known as cost-sharing. Cost-sharing forms part of the “other resources” of UNDP and is fully integrated into the UNDP budget and reported on as part of the project budgets. There are three types of cost-sharing arrangements:
    - a. Government cost-sharing;
    - b. Third-party cost-sharing; and
    - c. Country Programme cost-sharing.More detailed information on this arrangement is provided in Chapter 2 - Project Formulation and Pre-Implementation Procedures.
  - b. **Thematic Trust Funds resources:** UNDP is now introducing Thematic Trust Funds as a new instrument to help achieve development goals under a multi-year funding framework. These funds allow donors to provide additional contributions to UNDP in support of its five practice areas (see chapter 1, section 1.1).
  - c. **Trust Fund resources:** A trust fund is a mechanism established to receive contributions from one or several governmental or non-governmental donors, in support of a specific theme, project, country or region. These funds are reported upon separately in the financial statements of UNDP. Examples of trust funds are the Global Environment Facility (GEF), and the Multilateral Fund for the Implementation of the Montreal Protocol.

- d. **Private sector resources:** UNDP can receive contributions from the private sector, where private sector is defined as any non-governmental entity, in the form of untied donations to its regular resources. In practice, however, private sector contributions are almost always in the form of a cost-sharing contribution to a specific project or programme document.

## Annex 1A: Strategic goals and service lines of UNDP at a glance

Goal	Service lines
1. Achieving the MDGs and reducing human poverty	1.1 MDG country reporting and poverty monitoring 1.2 Pro-poor policy reform to achieve MDG targets 1.3 Local poverty initiatives, including microfinance 1.4 Globalization benefiting the poor 1.5 Private-sector development 1.6 Gender mainstreaming 1.7 Civil society empowerment 1.8 Making ICTD work for the poor
2. Fostering democratic governance	2.1 Policy support for democratic governance 2.2 Parliamentary development 2.3 Electoral systems and processes 2.4 Justice and human rights 2.5 E-governance and access to information 2.6 Decentralization, local governance and urban/rural development 2.7 Public administration reform and anti-corruption
3. Energy and environment for sustainable development	3.1 Frameworks and strategies for sustainable development 3.2 Effective water governance 3.3 Access to sustainable energy services 3.4 Sustainable land management to combat desertification and land degradation 3.5 Conservation and sustainable use of biodiversity 3.6 National/sectoral policy and planning to control emissions of ozone-depleting substances and persistent organic pollutants
4. Crisis prevention and recovery	4.1 Conflict prevention and peace building 4.2 Recovery 4.3 Small arms reduction, disarmament and demobilization 4.4 Mine action 4.5 Natural disaster reduction 4.6 Special initiatives for countries in transition
5. Responding to HIV/AIDS	5.1 Leadership and capacity development to address HIV/AIDS 5.2 Development planning, implementation and HIV/AIDS responses 5.3 Advocacy and communication to address HIV/AIDS

## Annex 1B: Standard Letter of Agreement

### Standard Letter of Agreement Between the Government and a United Nations Agency under National Execution

#### HOW TO USE THIS AGREEMENT

This agreement is used when a United Nations agency co-operates in carrying out activities under national execution. (It may also be adapted where a United Nations agency undertakes activities under NGO execution.)

The designated institution prepares this agreement in consultation with the United Nations agency concerned (the signatories to the letter of agreement). If required, the UNDP country office assists with formulating the agreement and liaising with the United Nations agency.

After signature, the designated institution keeps one original and provides the UNDP country office with a copy. The United Nations agency keeps the other original.

Dear *[name of head of United Nations agency]*,

Reference is made to consultations between officials of the *[insert name of the government institution designated for the programme/project]* (hereinafter referred to as "*the designated institution* ") and officials of the *[name of United Nations agency]* ("the United Nations agency") with respect to the participation of the *[name of the United Nations agency]* in the UNDP support to programme/project *[number and title of programme/project]*, to be managed by the Government. The latter shall be represented for the purpose of such management by the designated institution; *[name of the government institution so designated]*.

The designated institution recognises that *[insert name of the United Nations agency]* enjoys privileges and immunities under the Convention on the Privileges and Immunities of the Specialised Agencies, to which the Government of *[programme country]* became a signatory on *[insert date of signature of the Convention; information available with BOM/OLPS]*.

In accordance with the project document and with the following terms and conditions, we confirm our acceptance of the services to be provided by the United Nations agency towards this project. Close consultations will be held between the United Nations agency and the designated institution on all aspects of the services to be rendered as described in Attachment 1: Description of services of this letter of agreement.

The United Nations agency shall provide the services and facilities described in Attachment 1: Description of services of this letter of agreement.

The designated institution shall retain overall responsibility for the UNDP support to the programme/project and shall designate a programme/project co-ordinator *[National Director or other title of this official]*.

The personnel assigned by the United Nations agency to the programme/project, and under contract with the United Nations agency shall work under the supervision of the

programme/project co-ordinator. The supervisory arrangements shall be determined in mutual consultation and described in the relevant terms of reference of the personnel. This personnel shall remain accountable to the United Nations agency for the manner in which assigned functions are discharged.

In the event of disagreement between the programme/project co-ordinator and the programme/project personnel of the United Nations agency, the programme/project co-ordinator shall refer the matter under dispute to the United Nations agency for the purpose of finding a satisfactory solution. In the interim, the decisions of the programme/project co-ordinator shall prevail.

Upon signature of this letter of agreement and pursuant to the budget of the project document and the work plan, the designated institution agrees that UNDP headquarters will advance funds to the United Nations agency, according to the schedule of payments specified in Attachment 2: Schedule of services, facilities and payments.

The United Nations agency shall submit a cumulative statement of expenditure each quarter (31 March, 30 June, 30 September and 31 December). The statement will be submitted to the designated institution through the UNDP resident representative within 30 days following those dates. The format will follow the standard expenditure report of the United Nations agency, unless otherwise agreed to between the parties [*in which case the format will be attached to this agreement*]. The designated institution will include the expenditure reported by the United Nations agency in the financial report.

The United Nations agency shall recost and rephrase the schedule of services and facilities described in Attachment 2, as necessary, when submitting the statement of expenditure to the designated institution. The United Nations agency may incur expenditures that exceed its assigned annual budget by four per cent or by US\$20,000.00, whichever is higher, in order to cover differences between actual and pro-forma costs. The designated institution shall adjust its financial records and confirm the revision submitted by the United Nations agency.

The United Nations agency shall submit such reports relating to the programme/project as may reasonably be required by the programme/project co-ordinator in the exercise of his or her duties.

The United Nations agency shall provide the designated institution with an annual report of non-expendable equipment purchased by the United Nations agency for the programme/project. The report shall be submitted within 30 days following 31 December, and shall be included by the Government designated institution in the main inventory for the programme/project.

The United Nations agency shall submit job descriptions and candidates for the posts foreseen in section 1 of Attachment 2 and obtain clearance of the Government designated institution for the personnel to be assigned to the programme/project.

Any changes to the project document which would affect the work being performed by the United Nations agency in accordance with Attachment 1 shall be recommended only after

consultation with the United Nations agency. Any changes to these arrangements shall be effected by mutual agreement through an amendment to this letter of agreement.

The arrangements described in this agreement will remain in effect until the end of the programme/project, or the completion of activities of the United Nations agency according to Attachment 2, or until terminated in writing by either party. The schedule of payments specified in Attachment 2 remains in effect based on continued performance by the United Nations agency unless UNDP receives written indication to the contrary by the designated institution.

For any matters not specifically covered by this agreement, the appropriate provisions of the project document and revisions thereof and the appropriate provisions of the financial regulations and rules of the United Nations agency shall apply.

All further correspondence regarding this agreement, other than signed letters of agreement or amendments thereto should be addressed to [*name and address of designated institution official*].

The designated institution and the United Nations agency shall keep the UNDP Resident Representative fully informed of all actions undertaken by them in carrying out this agreement.

Except as provided in paragraph 6 above, any dispute between the designated institution and the United Nations agency arising out of or relating to this letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the Parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

The designated institution shall handle and be responsible for any third-party claim or dispute arising from operations under this agreement against UNDP or the United Nations agency, their officials or other persons performing services on their behalf, and shall hold them harmless in respect of such claims or disputes. The foregoing provision shall not apply where the parties agree that a claim or dispute arises from the gross negligence or wilful misconduct of the above-mentioned individuals.

If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this letter. Your acceptance shall thereby constitute the basis for your organisation's participation in the programme/project.

Yours sincerely,  
For the designated institution of [country]

[Name and title]  
[Date]

Signed on behalf of the [United Nations agency]  
[Name and title]  
[Date]

\*\*\*\*\*

**Attachment 1**  
DESCRIPTION OF SERVICES

Programme/project number:

Programme/project title:

Work to be performed by the United Nations agency:

Provide a summary of the results to be achieved by the United Nations agency, particularly the outputs they are expected to produce. Explain also the activities to be carried out by the United Nations agency.

Description of services:

Provide a detailed description of the programme/projects inputs by component. This may include identifying candidates for programme/project posts based on terms of reference provided by the Government-designated institution or recruiting already identified candidates.

Annexes:

Attach, as appropriate, job descriptions for consultants, terms of reference for contracts, technical specifications for equipment items, training nomination forms, etc.

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**Attachment 2**  
SCHEDULE OF SERVICES, FACILITIES AND PAYMENTS

Section	Budget line	Work months	Total costs	Estimated expenditure by year		Schedule of payments	
				Year 1	Year ...n	Year 1	Year ...n
Section 1 : Personnel							
Section 2 : contracts							
Section 3 : Training							
Section 4 : Equipment							



Section 5 : Miscellaneous							
Section 6: Micro-capital grants							
Total							

Note:

Expenditures for personnel services may be limited to salary, allowances and other entitlements, including the reimbursement of income taxes due and travel costs on appointment to the programme/project, duty travel within the programme country or region and repatriation costs.

The designated institution shall be responsible for providing miscellaneous services such as secretarial assistance; postage and cable services and transportation as may be required by the United Nations agency personnel in carrying out their assignment.

Adjustments within each of the sections may be made in consultation between the designated institution and the United Nations agency. Such adjustments may be made if they are in keeping with the provisions of the project document and if they are found to be in the best interest of the programme or project.

## 2.0 Project Formulation, Approval and Pre-Implementation Procedures

### 2.1 Government Proposal

1. UNDP projects are, in general, meant to support the CP areas and the objectives set forth therein. The initial project idea is normally put forward by a government institution or UNDP in consultation with the Government Coordinating Authority. It may also be brought forward by other entities.

2. Once a project idea is mature, the Government Coordinating Authority submits a formal request to UNDP to initiate project preparatory activities. Formal requests may also be initiated by a national institute.

### 2.2 Project Formulation

1. A “project document” is a legally binding agreement between UNDP and other partners. It provides a key reference for implementation and specifies the goals and expected results of UNDP intervention. It is a vehicle through which UNDP provides financial and technical support to achieve the expected results.

2. A wide range of stakeholders should participate in the formulation of project documents. Stakeholders being the parties having an interest in a project, including target groups, government, civil society organisations, United Nations agencies and donors.

3. The project document is normally prepared by the national institution, which is concerned with the nature of the project and which would be seen as the prospect NEA/NIA for the project. It may also be carried out by UNDP or through engaging the services of an external consultant.

4. The details of the project document’s structure are provided under para 2.3 below and a sample of the latest format of a project document is attached as Annex 2A.

5. For a project to be effectively monitored (see Chapter 6 – Monitoring and Reporting), the project document shall include:

- a. Baseline data on problems to be addressed;
- b. Project objectives and targets;
- c. Indicators for monitoring the project;
- d. Reporting requirements (format, frequency and distribution);
- e. Monitoring and evaluation responsibilities; and
- f. Sufficient budget allocated for monitoring and evaluation.

6. The Islamic Republic of Iran is not a signatory to the Standard Basic Assistance Agreement (SBAA). However, for legal reasons a standard legal text titled “Supplemental Provision to the Project Document” must be annexed to each project document (see Annex 2A).

### 2.3 Structure of Project Document


1. The structure of the project document should encompass the following:

- a. Intended outcomes/outcome indicators;
- b. Partnership strategy;
- c. Intended outputs;
- d. Output targets;
- e. Indicative activities;
- f. Inputs including budget;
- g. Work plan; and
- h. The legal context

2. Each project should be linked to one outcome of the UNDP Strategic Results Framework(SRF) (see UNDP Programme Manual for details).

## 2.4 Project Appraisal

1. After the project document has been formulated, an appraisal is required to provide a critical analytical review of the design and formulation of the project. This procedure is necessary prior to the approval of each project.

2. UNDP arranges a formal meeting of the Local Project Advisory Committee (  ) consisted of persons who were not directly involved in the formulation process.

3. The LPAC is an advisory body that makes recommendations to the Resident Representative. These recommendations are subject to Resident Representative's approval.

4. The LPAC meeting is also participated by United Nations personnel, representatives from the government and the national institutions involved in the project and representatives of other donors, civil society and target groups.

5. Minutes of LPAC meetings are prepared and recommendations are recorded therein. These are maintained on file and serve as a confirmation of the soundness of the project design. Upon approval of the LPAC recommendations by the Resident Representative, the concerned programme officer will make sure that the recommendations are incorporated in the project document accordingly.

6. A Terms of Reference for the LPAC is attached as Annex 2B.

## 2.5 guage

1. In order to maintain smooth communication among project stakeholders, English is identified as the language in which all documents are prepared. .

## 2.6 Signing of Project

1. The approval of a project document constitutes a commitment to implement that project. It is formalized through signing of the document by representatives of UNDP (Resident Representative), national executing agency and UN executing agency (if any). The number of the originally signed copies of the project document should equal to the number of signatories plus an extra original copy to be forwarded to the Government Coordinating Authority.

2. The Government Coordinating Authority will forward copies to any national recipient it may deem necessary, including the Management and Planning Organization.

## **2.7 Designation of Project Related Authorities**

1. Following the signature of the project document, the Government coordinating authority will provide UNDP with a letter in which the appointment of the National Project Director (NPD) is announced. The NPD cannot be the same official as the co-signatory of the project document. A sample Terms of Reference for NPD is provided as Annex 2C.

2. The specimen signature of the NPD shall be presented to UNDP through a formal letter by the NEA/NIA.

3. The task of an NPD should usually be appointed to a person who is capable of providing adequate time to direct the project. As the NPD is the person accountable for the project, the appointed person should have knowledge on and interest in the substance of the project. The NPD should also possess decision-making authority.

4. As an NPD is a Government official, he/she will not be paid or compensated for services to the project.

5. The NPD may appoint an external person, funded under the project, as National Project Manager (NPM). The NPM should not have any responsibilities other than those indicated in the job description should he/she be appointed from within the executing/implementing agency. Remuneration will not be made from the project if the NPM holds a governmental post. Provisions for recruitment should be foreseen at the project formulation stage and included in the project budget. In selecting and recruiting staff and consultants, service procurements and sub-contracting, the NPD ensures full consultation with and prior consent of UNDP. Transparency, competitiveness and value for money must be considered in procuring goods and services. A sample job description for NPM is attached as Annex 2D.

6. The NPD will be responsible for any substantive decisions and fund disbursements. Therefore, all requests for payments and advances should be signed by the NPD.

## **2.8 Orientation**

1. Once the project document has been signed and the project authorities appointed, UNDP and the Government (Government Coordinating Authority, NEA, NIA, etc.), will convene an orientation meeting. The purpose of the meeting is for UNDP to brief the project related authorities, staff and partners on the main project implementation and management arrangements.

2. The following main topics should be covered in the orientation meeting:

- a. Introduction of UNDP country office staff who will be directly involved in the project and who will be working with the NEA;
- b. Discussion on any contracts which the NEA needs to enter into with UN implementing agencies, if applicable to the project;

- c. Discussion of the project support required from UNDP as agreed during the project formulation;
- d. Discussion on administrative and implementation requirements including:
  - regular (quarterly and annual) revision of the project work plan to reflect the updated status of project implementation;
  - update of budgetary requirement and status in conjunction with the status of work plan;
  - reporting requirements;
  - accountability, including audit requirements;
  - advocacy and public information;
  - book-keeping for financial aspects.

**Project Cycle:**

1. Proposal development by the national institution
2. Formal submission of the project proposal to UNDP
3. Negotiations on funding arrangements
4. Preparation of the Project Document
5. Project appraisal by UNDP and other stakeholders
6. Formal submission of the project document to the Government Coordinating Authority by UNDP
7. Signing the project document by NEA and UNDP
8. Orientation meeting
9. Project activation
10. Project implementation (including monitoring & evaluation and auditing)
11. Operational closure
12. Financial closure

## Annex 2A: Project Document Format

### 1. The minimum corporate standards

The minimum essential elements of the project document are:

Cover page: The cover page itself will be a genuine cover only. A sample is attached. The cover page data and signature blocks will appear at the end of the document. The only sectoral or thematic classification system that the user needs to complete is the strategic areas of support (SAS).

Part Ia. Situation Analysis – *minimum one paragraph, suggested maximum one page*  
state the problem to be addressed and provide a reference (and hypertext links) to the relevant outcome in the country programme. Explain the national institutional and legal framework and the intended beneficiaries. Provide a reference (and hypertext links) to the findings of relevant reviews or evaluations.

Part Ib. Strategy – *minimum one paragraph, suggested maximum one page*  
Outline the national strategy including the national commitment to achieving the outcome. Explain in particular how UNDP will support policy development and strengthen national capacities and partnerships to ensure that there are lasting results.

Part II. Results Framework – *minimum one page, using attached format*  
Describe concisely the desired outcome, outcome indicator and outputs, to be produced through UNDP-supported efforts, and related activities and inputs. Include annual output targets where necessary to clarify the scope and timing of the outputs.

Please refer to the UNDP Results Framework Technical Note for an explanation of the terms and concepts. ( [://intra.undp.org/osg/results](http://intra.undp.org/osg/results))

Part III. Management Arrangements - *minimum one paragraph, suggested maximum two pages*  
Explain the roles and responsibilities for carrying out the project (execution arrangements) and include annexes as needed. Describe briefly how the key corporate principles for monitoring, measurement and evaluation will be applied for the project or outcome. Explain how the parties intend to draw, codify and share lessons from the project.

Part IV. Legal Context: Standard text

 get:

### 2. Additional elements of the project document

The elements outlined above constitute the essential minimum requirements in terms of documentation. They apply to projects that are limited in scope, duration and UNDP budgets

such as the Thematic Trust Fund projects. In other projects, it may be appropriate to spell out or provide a reference or hypertext link to certain key results of the project formulation process. This may include:

- a. a description of the process by which the project was developed, mentioning lessons learned from related projects;
- b. the main findings from a capacity assessment; and how to monitor that capacity;
- c. an assessment of opportunities and risks;
- d. social, gender and environment assessments;
- e. where more than one project is contributing to the achievement of an outcome, an explanation of how the projects will collaborate;
- f. a statement of actions required before full activities can commence (prior obligations or prerequisites);
- g. output indicators, where the outputs are not clearly measurable;
- h. a description of the inputs to be provided by national partners and by UNDP;
- i. terms of reference of consultants and contractors and of key bodies such as a steering committee;
- j. a draft work plan to clarify the timing and responsibility for carrying out activities, and the inputs required;
- k. a project or outcome monitoring plan.

The Local Programme Advisory Committee must advise the Resident Representative on the need to include one or more of these elements.

### **3. Flexibility**

In the interest of reducing the burden on programme countries, country offices may modify parts I to III of the project document format where this will permit a common format to be used by UNDP and another UN agency or other donor.

Regardless of format, the minimum standards of information quality must still be met. The elements of Part II will continue to be captured in the RBMS-FIM.

**SAMPLE COVER PAGE**

Government of \_\_\_\_\_

United Nations Development Programme

Names of additional partners, particularly agencies in the  
United Nations Development Group, as appropriate

Title of Programme or Project

Brief Description:

Date: \_\_\_\_\_



PROJECT RESULTS AND RESOURCES FRAMEWORK\*

Complete the table below for the outcome that the project is designed to address.

<b>Intended Outcome as stated in the Country Results Framework:</b> Assign a number to each outcome in the country programme (1, 2,.....).			
<b>Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target.</b>			
<b>Applicable Strategic Area of Support (from SRF) and TTF Service Line (if applicable):</b>			
<b>Partnership Strategy</b>			
<b>Project title and number:</b>			
<b>Intended Outputs</b>	<b>Output Targets for (years)</b>	<b>Indicative Activities</b>	Inputs
Specify each output that is planned to help achieve the outcome; where the output itself is not clearly measurable, include an associated output indicator, and a baseline and target to facilitate monitoring of change over time.  Number the intended outputs: 1.1, 1.2, etc.	Use this column for the more complex projects where an output takes more than one year to produce.	State the main activities needed to produce each output or annual output target  Number the activities: 1.1.1, 1.1.2, etc.	Specify the nature and cost of the UNDP inputs needed to produce each output.

**PROJECT RESULTS AND RESOURCES FRAMEWORK - SAMPLE OF AN ANNUAL INPUT-OUTPUT BUDGET**

ANNUAL OUTPUT TARGET

Year 1 - Potential risk factors and related indicators identified

WORKPLAN FOR YEAR 1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET
1.1.1 Establish the set of priority areas and indicators by organizing brainstorming sessions, involving Project Team, donors and beneficiaries in order to reflect their interest and views.	International consultant	11.01	5,000
	Travel costs	31.01	15,000
	Rental	21.01	5,000
1.1.2 Establish the data collection mechanism	International consultant	11.01	5,000
	National consultants	17.01	5,000
		17.02	5,000
<b>Total for output 1.1</b>			<b>40,000</b>

## **Standard Annex to Project Document for use in countries which are not parties to the Standard Basic Assistance Agreement (SBAA)**

### Standard Text: Supplemental Provisions to the Project Document: The Legal Context

#### General responsibilities of the Government, the United Nations Development Programme and the Executing Agency

1. All phases and aspects of the United Nations Development Programme (UNDP) assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this Project Document being provided for the benefit of the Government and the people of the Islamic Republic of Iran, the Government shall bear all risks of operations in respect of this project.
4. The Government shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities. It shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the "Co-operating Agency"), which shall be directly responsible for the implementation of the Government contribution to the project.
5. The UNDP undertakes to complement and supplement the Government participation and will provide through the Executing Agency the required expert services, training, equipment and other services within the funds available to the project.
6. Upon commencement of the project the Executing Agency shall assume primary responsibility for project execution and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Government or to an entity designated by the Government during the execution of the project.
7. Part of the Government's participation may take the form of cash contribution to UNDP. In such cases, the Executing Agency will provide the related services and facilities and will account annually to the UNDP and to the Government for the expenditure incurred.

### **Participation of the Government**

1. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document. Budgetary provision, either

in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.

2. The co-operating Agency shall, as appropriate and in consultation with the Executing Agency, assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.
3. The estimated cost of items included in the Government contribution, as detailed in the project budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.
4. Within the given number of man-months of personnel services described in the Project document, minor adjustments of individual assignments of project personnel provided by the Government may be made by the Government in consultation with the Executing agency, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.
5. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
6. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance, and replacement, if necessary after deliver to the project site.
7. Government shall make available to the project – subject to existing security provisions – any published and unpublished reports, maps, records and other data, which are considered necessary to the implementation of the project.
8. Patent rights, copyright rights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries to work within the country free of royalty and any charge of similar nature.
9. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.
10. The services and facilities specified in the Project Document which are to be provided to the project by the Government by means of a contribution in cash shall be set forth in the Project Budget. Payment of this amount shall be made to the UNDP in accordance with the Schedule of Payments by the Government.

11. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to commencement or continuation of project operations.

### **Participation of the UNDP and the Executing Agency**

1. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budgets.
2. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Manager\* who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.
3. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.
4. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.
5. The Executing Agency may, in agreement with the Government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.
6. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.
7. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.
8. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of

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\* May also be designated Project Co-ordinator or Chief Technical Adviser, as appropriate.

the project or for activities following directly there from. The UNDP may, however, at its discretion, retain title to part or all of such equipment.

9. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.
10. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

### **Rights, Facilities, Privileges and Immunities**

1. In accordance with the Agreement concluded by UNDP and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.
2. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.
3. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:
  - a. Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;
  - b. Be immune from national service obligations;
  - c. Be immune together with their spouses and relatives dependent on them from immigration restrictions;
  - d. Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;
  - e. Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.
4. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.
5. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:

- a. The salaries or wages earned by such personnel in the execution of the project;
  - b. Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;
  - c. Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b) above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and
  - d. As in the case of concessions currently granted to UNDP and Executing Agency's personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.
6. The Government shall ensure:
- a. Prompt clearance of experts and other persons performing services in respect of this project; and
  - b. The prompt release from customs of:
    - i. Equipment, materials and supplies required in connection with this project; and
    - ii. Property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.
7. The privileges and immunities referred to in the paragraphs above, to which such firm organizing and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.
8. The Executing agency shall provide the Government through the Resident Representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.
9. Nothing in this Project Document or Annex shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.

### **Suspension or termination of assistance**

1. The UNDP may, by written notice to the Government and to the Executing agency concerned, suspend its assistance to any project if in the judgment of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared

to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that it is prepared to resume its assistance.

2. If any situation referred to in paragraph 1 above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.
3. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.



## Annex 2B: Terms Of Reference For The Local Project Advisory Committee (C)

### 1. Introduction

These terms of reference are designed to establish the framework within which the in-country programme review process takes place. Country offices will elaborate the TOR according to individual needs. The requirement for record-keeping (Section 4) is mandatory.

### 2. Purpose

The Committee will provide a forum for discussion and review of the following types of documentation:

1. Country programming instruments: Common country assessment (CCA), United Nations Development Assistance Framework (UNDAF), Country Programme (CP)
2. Programme instruments: Project documents, Programme Support Documents, etc.
3. Evaluation Reports: Thematic evaluations, Programme and Project evaluations, Country Reviews, etc.
4. Policy Guidelines and Discussion Papers on matters affecting the programme locally.

The Committee will have the responsibility of recommending to the RR the next steps that should be taken in the formulation or approval process. It will be guided by the "Considerations for Quality Programming": see the Programming Manual, Annex 2A.

The mandate of the committee will cover all UNDP-managed activities, regardless of source of funding.

### 3. Composition and Operation

The Committee will be chaired by the RR or DRR. Participation will consist of UNDP programme staff drawn from a cross-section of the programme units, persons from other organisations of the UN system, from the national institutions receiving support, and from civil society, together with other stakeholders and independent specialists. Prospective donors (whether parallel or cost-sharing partners) will also be invited. Donors will, however, be invited to discussions of CPs only with the consent of the government. The presentation will be made by the individual directly responsible for the programme in question.

**Location:** Meetings will normally be held in the Country Office. Special meetings could be held at the programme or project site, particularly when it is provincially or locally based.

**Documentation:** The presenter will make the following documents available to the participants seven to ten days in advance:

1. Latest draft of the document under review.
2. A short (1-2 pages) appraisal, outlining the history of the appraisal process, main issues that need to be discussed, the procedural status, and recommended next steps.
3. Comments, if any, from UNDP HQ, other UN system organisations, national institutions and other interested parties.

#### **4. Reporting**

Following the meeting, the presenter will be responsible for drafting the minutes, summarising the major issues discussed and highlighting recommendations. The minutes will then be circulated, after approval by the DRR and RR. A permanent record will be kept of the agenda, participants and minutes of all programme advisory committee meetings.

## **Annex 2C: Terms of Reference for National Project Director**

The National Project Director (NPD) is the focal point for responsibility and accountability in the National Executing Agency. The NPD should be a staff member of the Executing/Implementing Agency at a senior level. He/she must devote enough time to supervise over the course of project implementation. The NPD's terms of reference include:

1. Acting as the focal point and responsible party for the project in the Government executing agency;
2. Ensuring that all Government inputs committed to the project are available to the project in a timely manner;
3. Appointing the National Project Manager (NPM) subject to endorsement by UNDP and identifying the project office/site, if necessary;
4. Ensuring that the project office is empowered to implement the project;
5. Resolving implementation problems, as necessary;
6. Approving candidates for project expert and consultant positions;
7. Supervising the work of the project office;
8. Signing financial and other correspondence according to the procedures of UNDP requirements, including requests for advance/direct payments, financial report, Combined Delivery Reports, annual/quarterly reports, transfer of title of equipment, etc.;
9. Bearing responsibility/accountability of advance funds received and prepare quarterly financial reports and work plans for endorsement by SC and further provision to UNDP;
10. Representing the national executing/implementing agency in the SC meetings and other programme review forums as well as any other project official meetings;
11. Taking responsibility for the project activities and coordination of these activities with other involved government/non-government organization; and
12. Ensuring the timely delivery of all outputs under the project.

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Note: In selecting and recruiting staff and consultants, service procurements and sub-contracting, the NPD ensures full consultation with and prior consent of UNDP. Transparency, competitiveness and value for money must be considered in procuring goods and services.

## **Annex 2D: Job Description for National Project Manager**

The National Project Manager (NPM) is a qualified person who is appointed, on a fulltime basis, to day-to-day implementation of project activities. The NPM must be selected through a competitive and transparent process undertaken by the National Project Director (NPD) in consultation with UNDP. The following summarizes the main items of NPM's job.


1. In general, operational management of the production of project outputs according to the project document and the procedures in the UNDP "NEX Guideline";
2. Selection through a competitive process, and recommendation to NPD for recruitment and also supervision of national/international consultants and project personnel;
3. In collaboration with the UNDP country office, ensuring that all implementation arrangements are carried out in a smooth manner;
4. Initiation of mobilization of all project inputs, in line with UNDP "NEX Guideline";
5. Preparation and updating of the project work plans in collaboration with the UNDP office and close liaison with project site;
6. Organization and management of project activities according to the work plan in order to produce the outputs;
7. Ensuring timely preparation and submission of financial reports and settlement of advances;
8. Coordination and supervision of project technical personnel;
9. Timely preparation and submission of the Annual Progress Report (APR) and any other necessary reports and assurance that reports prepared by project personnel or participants are prepared as required;
10. Reporting to the NPD on a regular basis;
11. Acting as the Secretary of the Steering Committee and arranging its meetings; and
12. Identification and resolution of implementation problems, with the guidance of the NPD.

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Note: In selecting and recruiting staff and consultants, service procurements and sub-contracting, the NPD ensures full consultation with and prior consent of UNDP. Transparency, competitiveness and value for money must be considered in procuring goods and services.

### 3.0 Project Activation

#### 3.1 Setting up of Project Office

1. The NEA/NIA is normally responsible for providing or setting up the project office within or outside of the Government premises, whichever is feasible. "Office" is here defined as the premises from where the project is managed. It should therefore be where the NPD/NPM and regular project staff sit, and where project documents, records, files and office equipment are kept.
2. The project office should set up a filing system at the start of project implementation. The filing system should be parallel to the filing system maintained in UNDP office and should be based on NEX audit requirements. (see Chapter 7 – NEX Audit). UNDP Country Office will provide the necessary guidance and assistance to ensure that the system is achieved.
3. Financial files maintained in the project office should include original documents, invoices and contracts for further audits. Verified copies should accompany respective Request for Direct Payments (RDPs) in case the latter payment modality is used (see Chapter 5, section 5. 
4. For staff selection procedures and remuneration scales, please refer to Management of Inputs and Related UNDP Support Services at Chapter 9 - section 9.5.

#### 3.2 Training Workshop for Project Personnel

1. Training project personnel helps in achieving the following two objectives:
  - a. The NEX procedures will be clear to all involved and there will be no ambiguity in regard to requirements; and
  - b. Speed of implementation and delivery will increase
2. The training will be planned and scheduled by the concerned UNDP Programme Officer who will take the lead role in conducting the sessions.
3. The training will cover all aspects of implementation and finance/administrative procedures applicable to the project.

#### 3.3 Work plan

1. The project personnel will have been thoroughly trained on the preparation and revision of work plans.
2. The update of the project work plan is of central importance to both the substantive and financial management of the project.
3. Substantively, the work plan clearly indicates what activities must be undertaken at what time to produce each and every project output required for achieving project objectives. A work plan is therefore the only way that the substantive performance of a project can be objectively assessed by the Government, the National Executing Agency and the UNDP Country Office.

4. From a financial management perspective, the work plan is the only sound basis for determining which project inputs and how much money are required and have been spent by the project within a given period. Thus, the work plan is required both to financially forecast activities on the project budget, and also to serve as the basis for reports on the financial status of the project at any given time.
5. Three types of work plans need to be prepared by the National Executing Agency:
  - a. An overall **Project Work plan** covering the entire life of the project, indicating the quarter and year in which the project outcome, outputs and targets are expected to be achieved or completed. Within two weeks after appointment of the NPD, h/she prepares the Project Work plan in partnership with other stakeholders. The overall Project Work plan is made an addendum to the project document. The suggested format for the overall project work plan is in [Annex 3A](#).
  - b. An **Annual Work plan**, which is prepared for each year of the project's life on the basis of the overall Project Work plan and is more detailed. The first annual work plan, together with the year's budget, is prepared at the same time as the overall Work plan. Subsequent Annual Work plans and budgets are prepared within the last quarter of the current project year. The Annual Work plan and budget is prepared by the NPD/NPM and is reviewed and approved jointly by NPD and UNDP Country Office. Should a steering committee have been established, the work plan will be approved in this forum. The Annual Work plan may be updated should it envisage substantive changes. It is also essential that the work plan be parallel to the latest budget situation. The format for the Annual Work plan is attached as [Annex 3B](#).
  - c. A **Quarterly Work/Expenditure Plan** for each quarter of the project's life is prepared by the NPD on the basis of the Annual Work plan. It is again more detailed than the Annual Work plan. The NPD approves the work plan and submits it to UNDP for release of funds. The format for the Quarterly Work/Expenditure Plan is attached as [Annex 3C](#). The very first Quarterly Work/Expenditure Plan is prepared along with the Annual Work plan. Thereafter, the Quarterly Work/Expenditure Plan is prepared during the last month of each quarter of the project's life. The Quarterly Work/expenditure Plan should be reviewed and approved by the NPD and endorsed by UNDP Country Office.
6. The project implementation will actually commence, upon submission of the first set of the work plans.

**Filing System:**

As a minimum-filing requirement, the following folders and sub-folders are suggested to be produced and kept at the project office and at UNDP as well:

1. General Communication

2. Financial Matters:

- Project document and its amendments
- Budget revisions
- Combined Delivery Reports (CDR)/Project Delivery Reports (PDR)
- RDPs along with the copies of supporting documents signed by the NPD
- Personnel file (contracts)
- Advance Requests
  - o Financial reporting
  - o Original receipts (kept at project office)

3. Equipment

4. Reports

5. Mission/Experts/Fellowship

**Annex 3A: Format for Project Work Plan**

<b>Project Work Plan</b>													
Project Name:													
Project Number:													
National Executing Agency:													
Implementing Agency:													
Period from ____ / ____ / ____ to ____ / ____ / ____													
Outputs	Activities	Year 1				Year 2				Year 3			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q

- Project work plan is prepared by NPD/NPM, indicating the quarter/year in which the project outputs and sets of activities are expected to be achieved or completed. Project work plan is made an addendum to the project document.



**Annex 3B: Format for Annual Work Plan**



**United Nations Development Programme  
Iran**

**Year:  
Project  
Number:**

**Project Title:**

Proj. ID	Expected Output	Key Activities	Timeframe				Resp. Partner	Planned Budget				
			Q1	Q2	Q3	Q4		Fund	Donor	Budget Description	Amount	
<b>Sub total</b>											<b>0</b>	
<b>Sub total</b>											<b>0</b>	

**Annex 3C: Format for Quarterly Work Plan**

Quarterly Work Plan														
Project Name:														
Project Number:														
National Executing Agency:														
Implementing Agency:														
Period from ____ / ____ / ____ to ____ / ____ / ____														
Activities	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Estimated Expenditure	
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec.	Amount	B.L.

## 4.0 Budget

### 4.1 Budget Composition

1. A standard budget format is used for UNDP projects. The format includes budget "Accounts" for different categories of inputs and annual expenditures for each of the inputs. The format does not take account of in-kind contributions, if any.
2. For effective management and for the purposes of reporting and analysis, inputs must be budgeted according to the appropriate Account.
3. UNDP-financed inputs are budgeted using the best estimate of the likely cost. In a few cases, a standard cost formula may be applied.
4. As every project has to be audited at least once in a lifetime (see Chapter 7 – NEX Audit) provisions are required to be made for anticipated audit costs at the time of budget formulation.
5. A separate provision is required to be made for advocacy expenditures related to the project.
8. Provisions for UNDP monitoring and mission costs should be foreseen in the budget composition. The project document should clearly indicate the nature of expenditure to be incurred by UNDP.
9. Should the project be expected to undergo evaluation, provisions should also be foreseen in the project document and budget for related costs.
10. Adequate budget must also be allocated for UNDP to recover the costs it incur over the course of formulating and implementing a project (see section 4.4)

### 4.2 Government and Third Party Cost-Sharing

#### 4.2.1 Definition of cost-sharing

1. When a programme country government or a third-party contributes resources to UNDP-supported projects, the arrangement is known as cost-sharing. Cost-sharing forms part of the "other resources" of UNDP and is fully integrated into the UNDP budget and reported on as part of project budgets.

#### 4.2.2 Policies on cost-sharing

1. UNDP encourages cost-sharing contributions in support of activities that fall within its mandate. Such contributions must be used in accordance with UNDP programme policies and procedures and financial regulations and rules.
2. A cost-sharing contribution may not be earmarked for any specific budget Account, specific inputs or specific component. The contribution is applied to the budget of the project in general.

3. In some cases, a project document is fully funded by the programme country government or a third party. This is known as 100 per cent cost-sharing and is administered in the same manner as other cost-sharing contributions.
4. The costs incurred by UNDP in development and managing cost-sharing contributions must be fully recovered in accordance with UNDP rules and procedures.
5. Cost-sharing payments are normally payable in US dollars. Payment in other currencies requires the prior approval of UNDP Treasury.
6. The use of contributions unspent because of changes in project implementation may be subject to negotiation with the contributor. If activities are cancelled, unused funds may either be refunded or reprogrammed after consultation with the contributor and the UNDP Country Office.
7. Refund or reprogramming can be made only after the UNDP Resident Representative has signed the final budget revision and upon receipt of authorisation for payment from UNDP Treasury.

#### **4.2.3 Government cost-sharing**

1. Government cost-sharing is the modality by which a programme country government allocates its own funds (including the proceeds of a loan from an international financial institution that was channelled through the government) as a contribution to a UNDP-supported project.
2. The contribution is administered by UNDP on behalf of the government, along with other project funds.
3. For these purposes UNDP defines “the Government” as the central government coordinating authority or another branch of central or local government that has been authorized by the central authority.
4. The signed project document, together with a schedule of payments and a budget reflecting the cost-sharing elements, constitutes the legal agreement between UNDP and the programme country government. However, at the government’s request, a formal agreement may be made using the standard cost-sharing agreement. (see Annex 4A for the sample of the agreement).
5. Payments made to UNDP under government cost-sharing are made in accordance with the payment schedule included in the signed cost-sharing agreement.

#### **4.2.4 Third-party cost-sharing**

1. Third-party cost-sharing is the modality by which bilateral donor governments, international financial institutions (IFIs) and private entities contribute funds to individual projects.

2. In the case of third-party cost-sharing, the standard cost-sharing agreement or an approved, modified agreement is required as the third party does not sign the project document. This constitutes the legal agreement between UNDP and the donor.

#### **4.3 Budget revisions**

1. An Annual Work Plan will be set at the start of a year to adjust budget.

2. Any changes needed to be made in the objectives, expected results, outputs, activities, indicators and inputs as well as the budget total have to be updated as required.

3. Revisions may also be prepared as a follow-up to decisions of tripartite review meetings, to changes in the work plan or to monitoring reports at any time during the year.

4. Whenever the project scope changes, budget will need to be revised. Substantive revisions must be agreed on between the partners.

5. A revision may also be prepared every October-November, to update the estimate of expenditure for the current year. This revision will provide a more realistic budget status.

6. .

6. Revisions may be prepared as a follow-up to recommendations or decisions of annual meetings, to changes in the work plan or to monitoring reports. Revisions can also be made at any time when changes in budgetary allocations or more substantial changes in project document are deemed necessary.

7. Budget revisions should reflect the approximate expenditure to be incurred for implementing the activities of the annual work plan.

8. All signatories to the original project document must sign the revision when it involves a change in the objectives or outputs.

9. In other cases the UNDP Resident Representative (RR) alone may sign, provided that the other signatories have no objections. This procedure is particularly applicable to annual mandatory revisions or to revisions with the purpose of rephrasing activities.

#### **4.4 Cost recovery**

1. In its role as a development partner, UNDP participates in formulating, monitoring and evaluating programmes and projects in order to achieve results. UNDP also assists with financial reporting and sometimes make direct payments to contractors and suppliers with the agreement of the national implementing agency.

2. In addition UNDP country office may provide services that would normally be undertaken by the national implementing agency (see Chapter 9, section 9.1).

3. In order to be able to provide the required services UNDP will recover costs of a minimum of  $\frac{1}{3}$  of the project budget delivery, increasable to  $\frac{2}{3}$  should the services involve clearly identifiable and additional costs to the office.
4. With the agreement of the programme country government, the costs and related payment schedules are described in the annex to the project document, which deals with the provision of the UNDP support services.
5. Payment arrangements will be foreseen in the project document. Payment is usually made annually in previously agreed instalments.
6. Should the project budget level undergo changes during the project lifetime, the UNDP support cost will be adjusted at the same time.
7. Under direct execution, the cost to the country office of taking on additional tasks must be calculated during project formulation and included in the project budget.

## Annex 4A: Standard Cost-sharing Agreement

### THIRD-PARTY COST-SHARING AGREEMENT BETWEEN THE [DONOR] (THE DONOR) AND THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

WHEREAS the Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of [project title] in [programme country].

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the programme/project,

WHEREAS the Government of (programme country) has been duly informed of the contribution of the Donor to the programme/project,

WHEREAS UNDP shall designate an Executing Agency for the implementation of the Programme/project (the Executing Agency),

NOW THEREFORE, UNDP and the Donor hereby agree as follows:

#### **Article I. The Contribution**

1. The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of (amount in dollars). The contribution shall be deposited in the [bank and bank account].

Schedule of payments  
[due date]

Amount  
[specify amount]

**[The following paragraph should be included only in the event that the contribution is not in US dollars: refer to chapters 3. 9.10 of the UNDP Programme Manual]**

2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be available, the assistance to be provided to the programme/project may be reduced, suspended or terminated by UNDP.

3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of programme/project delivery.

4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.

### **Article II. Utilization of the Contribution**

1. The implementation of the responsibilities of UNDP and of the Executing Agency pursuant to this Agreement and the programme/project document shall be dependent on receipt by UNDP of the contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the Donor on a timely basis a supplementary estimate showing the further financing that will be necessary. The Donor shall use its best endeavours to obtain the additional funds required.
3. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2 above is not forthcoming from the Donor or other sources, the assistance to be provided to the programme/project under this Agreement may be reduced, suspended or terminated by UNDP.
4. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

### **Article III. Administration and Reporting**

1. Programme/project management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Executing Agency.
2. UNDP headquarters and country office shall provide to the Donor all or parts of the following reports prepared in accordance with UNDP accounting and reporting procedures.
  - 2.1 For Agreements of one year or less:
    - a. From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data;
    - b. From UNDP Bureau of Management/Comptroller's Division, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year;



- c. From UNDP Bureau of Management/Comptroller's Division on completion of the programme/project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.
- 2.2 For Agreements of more than one year:
- a. From the country office (or relevant unit at headquarters in the case of regional and global projects) every year, the status of programme/project progress for the duration of the Agreement, as well as the latest available approved budget.
  - b. From UNDP Bureau of Management/Comptroller's Division, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
  - c. From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data.
  - d. From UNDP Bureau of Management/Comptroller's Division, on completion of the programme/project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.
3. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of the Donor. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

#### **Article IV. Administrative and Support Services**

1. In accordance with the decisions and directives of UNDP's Executive Board, the contribution shall be charged:
  - (a) (3-5 per cent) for the additional cost incurred by UNDP in administering the contribution;
  - (b) (X per cent) for administrative and operational services provided by the Executing and/or Implementing Agency (ies); and/or
  - (c) (If necessary) UNDP support services provided to the Executing and/or Implementing Agency (ies).
2. The aggregate of the amounts budgeted for the programme/project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the programme/project under this Agreement as well as funds which may be available to the programme/project for programme/project costs and for support costs under other sources of financing.

#### **Article V. Equipment**

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

### **Article VI. Auditing**

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information shall be made available to the Donor.

### **Article VII. Completion of the Agreement**

1. UNDP shall notify the Donor when all activities relating to the programme/project have been completed.
2. Notwithstanding the completion of the programme/project, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of the programme/project have been satisfied and programme/project activities brought to an orderly conclusion.
3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the Donor and consult with the Donor on the manner in which such commitments and liabilities may be satisfied.
4. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.

### **Article VIII. Termination of the Agreement**

1. After consultations have taken place between the Donor, UNDP and the programme country Government, and provided that the payments already received are, together with other funds available to the programme/project, sufficient to meet all commitments and liabilities incurred in the implementation of the programme/project, this Agreement may be terminated by UNDP or by the Donor. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.
2. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments and liabilities incurred in implementation of the programme/project up to the date of termination have been satisfied and programme/project activities brought to an orderly conclusion.
3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.

### **Article IX. Amendment of the Agreement**

The Agreement may be amended through an exchange of letters between the Donor and UNDP. The letters exchanged to this effect shall become an integral part of the Agreement.

**Article X. Entry Into Force**

This Agreement shall enter into force upon signature and deposit by the Donor of the first contribution-payment to be made in accordance with the schedule of payments set out in Article I, paragraph 1 of this Agreement and the signature of the Programme Support Document/project document by the concerned parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

For the Donor:

(Name)

(Title)

(Date)

For the United Nations Development Programme:

(Name)

(Title)

(Date)

## 5.0 Financial Management

### 5.1 UNDP ATLAS System

1. Financial management of UNDP projects is currently processed through a globally used system called ATLAS, which allows it to effectively monitor the financial status and actual progress of projects.
2. In ATLAS, each UNDP project is identified by an eight-digit number. These “mother” projects are each broken down into child projects (Outputs) with their own ID numbers. Each output has a number of “Activities”. To materialize an Activity, budget must be allocated to items under that Activity. These budget items are disbursed on the procurement of good and services as stipulated in the project document.
3. Any budget item is identified in ATLAS by a “Chart of Account” i.e. a set of codes that correspond the budget item to: an Output, an Activity, an Account, a Fund and a Donor. The Chart of Account must be mentioned when settling advances or requesting direct payments.

### 5.2 Payment modalities

1. Payments on NEX projects are mainly based on two modalities, namely Advance and Direct . While Direct Payment is the norm, In cases where it is not possible/practicable, Advance payment may be practiced.. Agreement on Advance modality should be reflected either in the project document or recorded through signing a letter of agreement between NPD and UNDP after the project document is signed and the NPD is designated.
2. In cases where a United Nations agency acts as a contractor/implementing agency to undertake specific tasks such as procurement of equipment and consultancies, payments under the relevant budget Accounts would require a payment authorization from the implementing agencies. (see section 5.3.2 - Project Delivery Report, on reporting requirements for such budget lines).
3. Both payment modalities can be used simultaneously based on prior agreement of UNDP and the NPD.

#### 5.2.1 Advance modality

1. The UNDP country office makes advances of funds to the NIA once it has submitted to UNDP a completed and signed financial report (see Annex 5A for a sample Financial Report Form). The financial report contains both an explanation of previous expenditures and a request for a new advance.
2. The national implementing agency requests for an advance of funds on the basis of the up-to-date work plan and its corresponding budget.

3. Advances of funds and subsequent reporting of the advance are made in the local currency.
4. Advances are made for a three-month period or less, depending on the needs of the project. The frequency is agreed on between the NPD and the UNDP country office at the outset of the project.
5. The minimum period for an advance is normally one month; the maximum recommended period is three months.
6. The key steps in requesting making an advance of funds are:
  - a. The NIA sends along with the quarterly work plan, the request for the advance to the UNDP country office in the standard financial report format. To ensure efficient use of UNDP resources, the request must reflect a realistic forecast of expenditures for the next period, in line with the project work plan;
  - b. Request for advance is made in lump sum and not by budget accounts;
  - c. The UNDP country office verifies that resources are available and uses the work plan to verify that the amount requested does not exceed the expenditures that may reasonably be expected during the next period. It also verifies the use of funds for the previous period and whether progress is being made towards the achievement of the expected results;
  - d. The UNDP country office pays the advance of funds into the project bank account of the NIA (see point 7 below on bank account) and records the advance in its financial management system;
  - e. The NIA disburses funds against the advance and records the transactions in its accounting system;
  - f. The NIA prepares the financial report, showing the actual expenditures in each month of the period covered by the reports and makes the request for advance for the next period, repeating step (a);
  - g. Reporting of expenditures requires a total for each budget account only. A breakdown for each budget account is not required in the financial report. However, detailed records will have to be kept on file and recorded in the project office;
  - h. The financial report should be signed by the NPD;
  - i. The same financial report form should be used to either request or settle an advance (refer to [Annex 5A](#)).
7. The NIA operates a separate bank account in the name of the respective project in order to receive and disburse project funds. The bank account must be operated with two signatories (one of whom must be the NPD), and must be used for transactions under the respective project exclusively. The NEA provides to UNDP, in writing, the bank name and address, the account number and the names of persons who are authorized to sign cheques or otherwise order money withdrawals..
8. The records maintained by the NIA should be in line with the project budget composition. Records maintained by the project authorities and UNDP country office should be consistent with one another.

9. Payment of any advance is subject to settlement of previous advances.
10. At the end of a project, the NIA returns any unused advances to the UNDP country office.
11. Any interest earned on the project bank account from the advances is returned to UNDP country office.
12. The following special procedures apply for projects with budgets of less than \$150,000 and duration of less than a year:
  - a. The UNDP country office may provide, upon approval by the NEA/NIA, the advance of funds to the NIA in a single instalment at the start of the project. This procedure is done to simplify financial management. However, normal procedures still apply, including reporting on results.
  - b. The NIA must send a final financial report marked: "Project budget previously expended on [Date]" to the UNDP country office, showing the amount advanced and the expenditure by budget sub-line. This statement on the report is made to avoid duplication of entry and to alert the UNDP country office that the report is for review and adjustment only.
13. Government rules and procedures and national audit requirements should apply in the case of advance payment modality. Such rules and procedures should have been known to UNDP at the outset of project implementation.

### **5.2.2 Direct Payments**

1. The NIA may request UNDP to make direct payments to other parties for goods and services procured by the project office and provided to the project.
2. Requests for direct payments must be forward to the UNDP country office by using a standard "Request for Direct Payment "(RDP) duly completed and signed by the NPD (see Annex 5B for the standard RDP form).
3. The UNDP country office verifies the information provided in the RDP and proceeds with payment.
4. All original documentation, including invoices will remain with the national implementation agency. Certified copies of supporting documents must be provided to UNDP along with each respective RDP.
5. RDPs cannot be signed by the same person as the payee, i.e. should the RDP be related to a payment in respect of NPD, it should be signed by a higher authority within the NIA/NEA.
7. Direct payments received through RDPs are not to be confused with the payments made by UNDP under support services (which includes procurement, recruitment etc. as agreed to in the project document). Please refer to Chapter 9.

8. Government rules and procedures and national audit requirements should apply in the case of direct payment modality. Such rules and procedures should have been introduced by NPD to UNDP at the outset of project implementation.

9. RDPs should be in line with agreed work plans.

<b>Payment Modalities:</b>	
<b>Advance Payment</b>	<b>Direct Payment</b>
❖ Separate project account	❖ Receipt of RDPs with attachments
❖ Submission of Financial Report with workplan	❖ Verification of request by UNDP
❖ Payment in lump sum	❖ Maintenance of original records at Project Office
❖ Maintenance of records at project site	❖ Providing UNDP with certified supporting documents for each payment
❖ Government rules and procedures apply	❖ Government rules and procedures apply

### 5.3 Accountability and financial reporting

1. There are three main types of reporting:
  - a. The financial report (FR);
  - b. The expenditure statement from United Nations implementing agencies also known as the Project Delivery Report (PDR), if applicable;
  - c. The Combined Delivery Report (CDR).

#### 5.3.1 The Financial Report

1. The financial report is prepared by the NPD in order to:
  - a. Record the expenditures in the current period against the advance funds received;
  - b. Request an advance of funds for the next period in line with the project work plan and corresponding budget.
2. The NPD must submit the financial report to the UNDP country office each time a request for advance is made. The review of the financial report should be linked to the substantive reporting on progress towards results and to monitoring as indicated in the work plan that is attached to the financial report.
3. The NPD should send a financial report to the UNDP country office no later than 15 days after the end of the period covered by the last advance.

4. The financial report is recorded into the UNDP FIM system, which is incorporated into the CDR (see section 5.3.3).

5. When the advance is given, the local currency amount is set in US dollars at the exchange rate in the effect. All expenditures made from that advance during the quarter will be recorded at that rate. At the end of the quarter, any outstanding advances are revalued at the exchange rate in effect at the end of the quarter and gains or losses calculated.

6. UNDP considers any funds transferred by the NPD to its contractors as expenditures, which are consequently recorded against the appropriate budget accounts. The NPD remains responsible for monitoring the spending and activities of its contractors.

7. For the final period of the project, the NPD certifies **“FINAL”** on the financial report.

### **5.3.2 The Project Delivery Report (PDR)**

1. United Nations agencies undertaking activities under national execution must report their expenditures every quarter with a Project Delivery Report. The report shows the expenditures by component and budget account.

2. The report is submitted to the NPD through the UNDP country office not later than 30 days after the end of each quarter.

### **5.3.3 The Combined Delivery Report (CDR)**

1. The Combined Delivery Report summarises all project expenditures at the end of each quarter, for the periods ending 31 March, 30 June, 30 September and 31 December.

2. The CDR is generated by the UNDP country office using its ATLAS System.

3. The CDR comprises the disbursements of:

- a. The NIA from advances of funds;
- b. The UNDP country office, as direct payments or for country office support services to national execution;
- c. UNDP headquarters as direct payments made on behalf of the project;
- d. Other UNDP country offices as direct payments made on behalf of the project; and
- e. United Nations agencies as implementing agencies under national execution.

4. The UNDP country office sends the CDR to the NPD. The NPD verifies and certifies the report within 30 days of receipt and returns it to the UNDP country office. If there are discrepancies in the records of the UNDP country office and the NPD, the parties must consult each other and agree on corrective action.

5. For the final period of the project, the NPD certifies **“FINAL”** on the combined delivery report.

6. A copy of the signed CDR should be maintained at the project office/site.

7. The CDR of 31 December of each year constitutes the official record of expenditure for that year.



8. The CDR of 31 December of each year also forms the basis of the annual NEX audit exercise for each project due to be audited in the following year.

#### **5.4 Documentation**

1. Correct documentation is important in enhancing the smooth operation of the project implementation. It avoids delays mainly resulted from payment requests being returned to the designated institution for correction.

2. Correct documentation is also essential in order to ensure compliance to NEX audit requirements.

## Annex 5A: Format for Financial Report

## Financial Report

FR01

To be used by institutions implementing UNDP projects starting end of first quarter 2004



- (a) Designated Institution: \_\_\_\_\_  
 (b) Programme/Project number \_\_\_\_\_  
 Programme/Project title \_\_\_\_\_  
 (c) For the period: \_\_\_\_\_ to \_\_\_\_\_  
 (d) Currency: \_\_\_\_\_

(I) Item	(II) Chart of Account			Month I	Month II	Month III
(f) Opening Balance:						
(g) Advanced Received:						
(h) Available Funds:				(f) + (g)	(f) + (g)	(f) + (g)
<u>Detail Expenditures:</u>	Account	Fund	Donor			
<u>Project ID</u>						
Activity ID						
Budget Description						
Activity ID						
Budget Description						
Activity ID						
Budget Description						
(i) Total Expenditures						
(j) Closing Balance:				(h) – (i)	(h) – (i)	(h) – (i)
(k) Outstanding Obligations:						
(l) Planned Expenditures:						
(m) Total Requirements:				(k) + (l)	(k) + (l)	(k) + (l)
(n) Advance Requested:				(m) – (j)	(m) – (j)	(m) – (j)

Designated institution approval/signature:

Country office approval/signature:

Title: *[Name and title of authorized official]*  
 Date:

Title: *[Resident Representative]*  
 Date:

## Instruction for the Financial Report

### Introduction

The new Financial Report (FR) shall be used by institutions who receive advances of funds from UNDP in order to help them manage budgets and expenditures. Its main features are similar to those of the Financial Report used in previous procedures:

- It incorporates the Request for Advance.
- It requires only summarized reporting over a given period rather than month-by-month reporting.
- Advances of funds are requested in a lump sum based on the agreed work plan.

The Financial Report (FR) presents several modifications to accommodate the changes deriving from the ERP implementation:

- It reflects the new structure oriented towards outputs budgeting, and the reporting is therefore made against activities
- Expenditures are recorded based on the new Chart of Account (COA)

The FR, including the request for advance, is submitted at the end of the quarter. The UNDP country office must provide the advance within two weeks of receipt of the FR. Each UNDP country office and institution should discuss how to manage this change during the transitional period.

The calculation of exchange gains and losses to UNDP is now automated with the ERP, therefore the submission of a second table in US dollars is no longer required. When the advance is given, the local currency amount is set in US dollars at the exchange rate in effect. All expenditures made from that advance during the quarter will be recorded at that rate. At the end of the quarter, any outstanding advances are revalued at the exchange rate in effect at the end of the quarter and gains or losses calculated.

The institution should begin using the new Financial Report as soon as the first revision in PeopleSoft has been approved (i.e. no later than 15 March 2004), and stop using the previous format. The institution must submit the Financial Report as soon as possible after the end of the quarter/period to ensure that the next advance may be provided on a timely basis. The FR must be submitted to the UNDP country office no later than 15 days after the end of the quarter. The institution must submit the Financial Report to the UNDP country office whenever a new advance is required, and for every calendar quarter as a minimum. More frequent reporting is encouraged if agreed to by the UNDP country office and the institution.

The template for the Financial Report is available in Microsoft Word from Country Offices Finance Unit, and on the UNDP Portal

### Instructions for the institution

How to fill out the top of the FR

- Field (a) : Fill in the name of the institution
- Field (b) : Fill in the title and number of the programme or project.
- Field (c) : Fill in the period for which expenditures are being reported. The period can be the quarter or a different period if advances are made on a more frequent basis.

- Field (d) : Fill in the currency in which the advance from UNDP is requested. If the institution receives advances in more than one currency for the same programme/project, complete the form for each advance.
- Field (f) “Opening balance” : Fill in the local currency amount of the advance outstanding at the beginning of the period. It *must* agree with the Closing Balance of the last Financial Report. For new programmes or projects, this amount will be zero (See Requesting an Initial Advance below).
- Field (g) “Advance received” : Fill in the local currency amount of the advance received this period. Only one advance received is recorded for each Financial Report.
- Field (h) “Available funds “: This is the sum of (f) Opening Balance and (g) Advance Received.
- Expenditures by Activity/Budget Description: Based on its accounting books, the institution records the total expenditures against budget description under each activity for the period. This includes all expenditures incurred since the last Financial Report to the date of the end of the period. For projects which started prior to 2004, budget lines are translated in PeopleSoft to Budget Description. Expenditures must be recorded according to the fields indicated under the new Chart of Accounts.
- Field (i) “Total expenditures” : Add up all the expenditures by activity/budget category recorded above.
- Field (j) “Closing balance”: Calculate (h) Available Funds minus (i) Total Expenditures.
- Field (k) “Outstanding obligations”: Record here all expenditures that the institution has a legal obligation to pay but that have not yet been paid at the end of the period. This will include any contract amounts to be
  - paid for service rendered, any goods ordered and/or received, invoices not paid, that will be paid in the next quarter.
- Field (l) “Planned expenditures”: Record here all cash expenditures planned for the next quarter/period according to the latest project work plan. Do not include expenditures already reflected in (k) Outstanding Obligations.
- Field (m) “Total requirements” : This is the sum of (k) Outstanding Obligations and (l) Planned expenditures.
- Field (n) “Advance requested”: This is the amount of funds needed for the next quarter/period. It consists of (m) Total Requirements minus (j) Closing Balance. After review and approval, the UNDP country office will provide this amount as advance to the institution through a cheque/bank draft/wire transfer.

The authorized official of the institution must sign and date the Financial Report before sending it to the UNDP country office.

### **Requesting an initial advance**

When the institution wants to request an initial advance for a new project, it fills out the top of the report and fields (l) Planned Expenditure, (m) Total Requirements, Closing Balance (put zero), and (n) Advance Requested of the Financial Report. All other lines and columns are left blank.

### **Instructions for the UNDP Country Office**

Upon receipt of the Financial Report, the UNDP country office performs the following steps.

- Ensure that the Opening Balance agrees with the Closing Balance in the last Financial Report;
- Verify that the Advance Received agrees with the UNDP country office records;

- Validate the arithmetic of the report;
- Check the reasonableness of the Outstanding Obligations, Planned Expenditures and Advance Requested to the project budget, work plans and other documentation available;
- Prepare and provide advances to the government executing agent using Pre-payment process in PeopleSoft; and
- Sign and date the Country office approval/signature.

## Annex 5B: Request for Direct Payment

**Request For Direct Payment**

RDP01

To be used by projects executed by National Agencies or NGOs



**To:** UNDP Country Office **From:** *[Requesting Agency to complete]*  
*[Agency to complete]*

**Attn:** UNDP Resident Representative **Authorizing Officer:** *[requesting Agency to complete]*  
*[Agency to complete]*

**FAX** Country Office fax number **Signature:**  
*[Agency to complete]*

**Cc** **Request Date:**

**Subject:** Request for Direct Payment to be made by UNDP

In accordance with the activities as defined in the Annual Work Plan (APW), we hereby request UNDP to make the following direct payment to the payee below

<b>Project Title and Number</b>	
<b>Total Amount</b>	
<b>Purpose of Payment</b>	<i>Short description</i>
<b>Payee:</b> (please provide as much details as possible)	<b>Name:</b> Address: Invoice n.:                      Contract n.: Due date: [one time date or recurrent monthly date] Payment mode requested: Cheque/Transfer Blanket payment for monthly salaries/personnel: from dd/mm/yy to dd/mm/yy  <b>For Bank Transfer only</b> Bank Name: Account n.:

<b>Cost distribution</b>					
Project ID	Activity	Donor	A. Fund	Budget Account	Curr/Amount

**Certification:** The authorized official hereby certifies:

- that this payment has not previously been made;
- that this payment is in accordance with the Annual Work Plan (AWP);
- that this payment is covered by funds available in the project budget;
- that this payment is for goods and services that have been delivered to the satisfaction of the requesting agency;
- that copies of invoices and other supporting documentation will be available for audit verification.

NOTE: Instead of transmission by fax, the signed form should be sent via email whenever possible. Supporting documentation when required by the office should also be scanned and attached to the email.

## 6.0 Monitoring, Reporting and Evaluation

### 6.1 Monitoring

1. Project implementation is continuously monitored to determine whether *inputs* have been provided, *activities* undertaken and *outputs* produced as stipulated in the project document and scheduled in work plans. It aims to provide indications of progress or early warning on possible delays or shortcomings. The main prerequisites for monitoring are work plans and project budget prepared by the NPD. Monitoring deals with both the substantive and financial performance of a project.

2. The NPD shall prepare and circulate the necessary reports on the progress of project (see Chapter 6, section 6.2), which shall form the basis for discussion and analysis. UNDP shall be charged with the overall monitoring of the progress of projects towards outcomes, while the NPD shall undertake close monitoring of the activities at the project level. As appropriate, other relevant national and international organizations and individual consultants shall be engaged to give their independent opinions on project implementation.

#### 6.1.1 Monitoring at the project level

1. Monitoring at the project level shall be focused on measuring the progress of project activities, including social and gender dimensions and the delivery of outputs against established schedules and indicators of progress. The methodology for such monitoring shall be participatory.

2. Project level monitoring shall include the following:
- a. Analysis of the project description to assess the validity of activities, costs, objectives, expected results, time horizon, etc.;
  - b. Progress in implementation of outputs; and
  - c. Forecast and expectations; and
  - d. recommendations.

#### 6.1.2 Monitoring tools

1. The following tools shall be used for monitoring purposes:

- a. **Work plans:** Work plans are matrices that indicate the milestones in the course of implementation of the project and set the dates by which the activities/outputs will have been materialized. Different types of work plans with different levels of details are prepared by the NPD in consultation with UNDP. For details please see Chapter 3, Section 3.3.
- b. **Financial Reporting:** Different financial reports shall be prepared by both the NPD and UNDP at various stages of project implementation. For details please see Chapter 5, section 5.3.
- c. **Annual Review Meetings:** The annual review meetings aim at addressing project implementation issues and take into consideration annual project reports (see 6.2.1), latest budget, latest proposed work plan for the coming year, evaluation and audit reports, if any. It is recommended that the date of annual review meeting be mentioned in the annual work plan. UNDP shall be responsible for organizing annual review meetings in close cooperation with the concerned NPD. Annual review meeting shall be held towards the end of year for which the review is carried out based on the agreed schedule. The meeting agenda will be prepared by UNDP in taking full account of the inputs provided by the NPD.
- d. **Quarterly Progress Reporting:** At the end of each calendar quarter, NPD shall take stock against relevant Quarterly Work Plan of the progress of project implementation. Progress made in accomplishing each work plan item, the outputs produced, the possible delays and the reasons as well as corrective measures to remedy the delays/shortcomings shall be addressed.
- e. **Project Visits:** Two types of site visits may be undertaken for the monitoring/implementation purposes:
  - i. In-country Duty Travels by project staff: During project implementation, project staff will travel in the course of their work for different purposes including monitoring. Please refer to Chapter 9, section 9.6 for the administrative aspect of duty travel on the project.
  - ii. Monitoring visits: Field visits are undertaken when the nature of project necessitates so. A representative from UNDP country office should visit each project contributing to the strategic results in the SRF at least once a year. Field visits may be undertaken jointly by the NPD and/or a team from the UNDP country office. Such visits are undertaken after agreement between UNDP and the NIA. The authority to travel will be given by the UNDP Resident Representative. (see Internal Travel Authorization format in Annex 6B). All people authorized to travel for project monitoring under this arrangement will be paid according to the UN Daily Subsistence Allowance (DSA) rate (see Chapter 9, section 9.6).
- f. **Project Steering Committee:** For each NEX project a Steering Committee may be established for the purpose of monitoring the project implementation and providing guidance on various aspects of the project. The composition, mandate and the terms of reference for steering committee shall be included in the project document under the Management Arrangements. Normally, the steering committee is composed of the NPD and representatives from the NEA/NIA, the national authority responsible for planning, local authorities (if applicable), UNDP and other relevant stakeholders.
- g. **Project Audits:** See Chapter 7 - NEX Audit.



## 6.2 Reporting

1. Reporting is the systematic and timely provision of all project parties with essential information on the progress and or results of project implementation. Timely reporting creates basis for decision-making at appropriate management levels. Reports are normally produced in standard formats and follow regular periodicity.
2. The following types of reports are produced under the NEX modality:
  - a. Annual Project Report;
  - b. Quarterly Progress Report;
  - c. Quarterly Financial Reporting by the NPD;
  - d. Site visit Reports;
  - e. Audit Reports;
  - f. Final Report.

### 6.2.1 Annual Project Report (APR)

1. NPD in consultation with all stakeholders and UNDP prepare the Annual Project Report. The report should be submitted to UNDP two weeks prior to the Annual Review Meeting. UNDP will circulate the report along with its comments to all parties one week before the Annual Review Meeting.
2. There is no standard format for Annual Project Report. A suggested format is attached as Annex 6A.

### 6.2.2 Quarterly Progress Report (QPR)

1. A Quarterly Progress Report shall be prepared for each calendar quarter.
2. The NPD shall prepare and submit to the NEA/NIA, the Ministry of Foreign Affairs, the steering committee members and UNDP a copy of each Quarterly Progress Report. The report shall be submitted along with the Financial Report within 15 days after the end of each calendar quarter. The QPR shall be prepared on the basis of the quarterly work/expenditure plan. More frequent reporting schedule may be agreed on. Stand-alone reports may also be requested for at any stage of project implementation.

### 6.2.3 Quarterly Financial Reporting by National Project ctor

1. It is essential that a regular system of financial reporting is maintained by the NPD parallel to the regular reporting by UNDP. Such reports should be submitted to UNDP by the NPD and should reflect the current status of expenditure. This report should be prepared based on the requests for direct or advance payments submitted by the NPD, and the expenditure lists received from UNDP. Upon submission of this report, UNDP will crosscheck it against its own records. Should any discrepancies exist, efforts will be made by both parties to ensure that both UNDP and NPD records are reconciled.

### 6.2.4 Site Visit Reports

1. Site visit reports are prepared to present to all parties a summary of what has been observed during the visit. The report should reflect any progress made or delays occurred in

the course of project implementation. The format in Annex 6C, is suggested to be used for this purpose.

### **6.2.5 Final Reports**

1. Preparation of final reports is not mandatory. However, if agreement has been reached between project parties to prepare a final report, this should be prepared by NPD and circulated to other parties.

### **6.3 Evaluation**

1. Evaluation is a process of systematic assessment to determine, against a set of stated *indicators*, whether *immediate project objectives* are being achieved and are contributing to the attainment of *development objectives*.

2. It is a time-bound exercise that attempts to assess systematically and objectively the relevance, performance and success of ongoing and completed projects. Unlike monitoring, which must be undertaken for all projects, evaluations are carried out more selectively for practical reasons. Evaluation, when compared to the project monitoring, is concerned more with the results of a project and the lessons learned rather than the inputs and activities, which produced those results. As such, evaluation is more focused on the project outcomes.

3. Project evaluation is a joint responsibility of the Government, UNDP and the Executing Agency of the project. Each country office will prepare an evaluation plan based on areas of focus. UNDP Headquarters will indicate the number of evaluations that a UNDP country office should undertake and the UNDP country office will be evaluated on compliance to this evaluation requirement. The evaluation plan will be shared by UNDP with the Government to ensure proper coordination.

4. The followings could be considered as the selection criteria when projects are screened:

- a. How strategic the project is;
- b. The size of the project and budget;
- c. If the project bears innovative aspects;
- d. Intention to extend project or to prepare a new project supporting same outcomes;
- e. A project with anticipated problems should be evaluated;
- f. Projects that can provide lessons learnt to other countries should also be evaluated.

5. The following steps are taken for evaluating projects and programmes:

- a. The CO will prepare the plan and terms of reference of the evaluation;
- b. UNDP and the Government will then identify person or institution to evaluate the set of projects under one area of focus;
- c. The evaluation report is discussed by the Government, UNDP and the national executing agency;
- d. The final report is posted on the UNDP web site and sent to the Evaluation Office.

**Annex 6A: Format for Annual Project Report (APR)**

**Basic programme/project information** (To be provided by programme or project management)

Programme or project number and title: \_\_\_\_\_

Designated institution: \_\_\_\_\_

Project starting date: \_\_\_\_\_

Originally planned: \_\_\_\_\_

Actual: \_\_\_\_\_

Project completion date: \_\_\_\_\_

Originally planned: \_\_\_\_\_

New: \_\_\_\_\_

Total budget (\$): \_\_\_\_\_

Original: \_\_\_\_\_

Latest signed revision: \_\_\_\_\_

Period covered by the report: \_\_\_\_\_

**PART I: NUMERICAL RATING**

Rate the relevance and performance of the programme or project using the following scale:

1 - Highly satisfactory

2 - Satisfactory

3 - Unsatisfactory, with some positive elements

4 - Unsatisfactory

X - Not applicable

Place your answers in the column that corresponds to your role in the programme or project.

<b>SUBSTANTIVE FOCUS</b>	<b>Target group(s)</b>	<b>Programme or project manager</b>	<b>Government</b>	<b>UNDP</b>
<b>A. RELEVANCE</b>				
1. How relevant is the programme or project to the development priorities of the country?				
2. How relevant is the programme or project to the promotion of sustainable human development? Indicate your rating on the focus area which the programme or project was designed to address.  (a) Poverty eradication and sustainable livelihoods  (b) Protection and regeneration of the environment  (c) Gender in development  (d) Promoting an enabling environment for SHD, including governance				
3. To what extent are appropriate beneficiary groups being targeted by the programme or project, based on the following considerations?  (a) Gender  (b) Socio-economic factors  (c) Geographic location				
4. Given the objectives of the programme or project, are the appropriate institutions being assisted?				

SUBSTANTIVE FOCUS	Target group(s)	Programme or project manager	Government	UNDP
<b>B. PERFORMANCE</b>				
<p>1. Using the following indicators rate the contribution of the outputs to the achievement of the immediate objectives:<sup>a/</sup></p> <p>(Indicator 1)</p> <p>(Indicator 2)</p> <p>(Indicator 3)</p>				
2. Rate the production of target outputs.				
3. Are the management arrangements of the programme or project appropriate?				
<p>4. Are programme or project resources (financial, physical and manpower) adequate in terms of:</p> <p>(a) quantity?</p> <p>(b) quality?</p>				
5. Are programme or project resources being used efficiently to produce planned results?				
6. Is the programme or project cost-effective compared to similar interventions?				

<sup>a/</sup> The programme or project manager must list the indicators as reflected in the programme support document or project document or as agreed on by the stakeholders.

SUBSTANTIVE FOCUS	Target group(s)	Programme or project manager	Government	UNDP
<b>B. PERFORMANCE</b>				
7. Based on its work plan, how would you rate the timeliness of the programme or project in terms of:  (a) Production of outputs and initial results?  (b) Inputs delivery?				

SUBSTANTIVE FOCUS	Target group(s)	Programme or project manager	Government	UNDP
<b>OVERALL RATING OF THE PROGRAMME OR PROJECT</b>				

Explain the basis of your rating, which need not be limited to, or which may be different from, the relevance and performance criteria rated above. For the last year of the programme or project, the overall rating should include an assessment of the potential success of the programme or project as well as its relevance and performance.

## **PART II: TEXTUAL ASSESSMENT**

1. What are the major achievements of the programme or project *vis-à-vis* the expected results during the year under review? To the extent possible, include an assessment of the potential impact, sustainability and contribution to capacity development.
2. What major issues and problems are affecting the achievement of programme or project results?
3. How should these issues or problems be resolved? Please explain in detail the action(s) recommended. Specify who should be responsible for such actions. Also indicate a tentative time-frame and the resources required.
4. What new developments (if any) are likely to affect the achievement of programme or project results? What do you recommend to respond to these developments?
5. What are the views of the target groups with regard to the programme or project? Please note any significant gender-based differences in those views.
6. To date, what lessons (both positive and negative) can be drawn from the experience of the programme or project?
7. If the programme or project has been evaluated, what is the implementation status of the recommendations made by the evaluators?

8. Do you propose any substantive revision to the programme or project document? If yes, what are they? State justification.
9. Provide any other information that may further support or clarify your assessment of the programme or project. You may include annexes as you deem necessary.

<b>For target groups:</b> Name: Title: Signature: _____ Date: _____
<b>For the programme or project management:</b> Name: Title: Signature: _____ Date: _____
<b>For the government:</b> Name: Title: Signature: _____ Date: _____
<b>For UNDP:</b> Name: Title: Signature: _____ Date: _____

PART III: Programme or project summary table

<b>Programme/project title and number:</b>		<b>Management arrangement:</b>	
<b>Designated institution:</b>		<b>Period covered:</b>	
<b>OVERALL ASSESSMENT</b>			
Brief analysis of progress achieved in the contribution of the programme or project to the expected results:			
<b>FINANCIAL SUMMARY</b>			
Source of funds	Annual budget (\$ '000)	Estimated annual expenditure (\$ '000)	Delivery rate (%)
<b>TRAC (1 and 2)</b> <b>TRAC 3</b> <b>Other</b>  <b>Cost-sharing:</b> <b>Government</b> <b>Financial institution</b> <b>Third party</b>  <b>Trust funds</b> <b>AOS (where applicable)</b>			



<b>SUMMARY OF RESULTS</b>		
Programme Support Objectives (PSOS) or Immediate Objectives	Indicators	Achievements
<b>Obj. 1</b>		
<b>Obj. 2</b>		
<b>Obj. 3</b>		
...		
<b>Obj. 1</b>		
Output 01 Output 02 Output 03 ...		
<b>Obj. 2</b>		
Output 01 Output 02 Output 03 ...		

## Annex 6B: Format for Internal Travel Authorization

### NOTICE OF OFFICIAL TRAVEL IN IRAN AND VOUCHER FOR PERDIEM, TRANSPORTATION AND OTHER RELATED EXPENSES

**PART I** (For completion prior to travel)

Traveller: \_\_\_\_\_ Level: \_\_\_\_\_ Agency: \_\_\_\_\_

Banking Instruction:

Purpose of Journey:

Itinerary authorized Departure Date: \_\_\_\_\_ Return Date: \_\_\_\_\_  
(Including number of days of official business at each point)

Mode of Travel:

Agreement of counterpart / Date: \_\_\_\_\_  
Department/Agency

**PART II** (For completion on return from travel)

Itinerary Place \_\_\_\_\_ Date \_\_\_\_\_ Hours \_\_\_\_\_

DEP  
ARR  
DEP  
ARR  
DEP  
ARR  
DEP  
ARR  
DEP

**Per Diem (A)**

No. of Days	Rate	Rls./US\$
<b><u>Transportation Costs (B)</u></b>		

Free lodging (Including tent/caravan/boat) provided on \_\_\_\_\_  
Free board provided on \_\_\_\_\_

**PART III** (For completion by UNDP Finance Section)

Sub-Total (A) Sub-Total (B)

Grand Total (A + B) = Rials / US\$

Less: Advance if any, received from UNDP ARL  
Net Amount (US\$ at Rials 1US\$) Net Payment /Rls./US\$

Cost distribution					
Project ID	Activity	Donor	Fund	Budget Account	Curr/Amount

\_\_\_\_\_  
Signature of claimant

\_\_\_\_\_  
Signature of Project Manager/Chief of Mission

CERTIFIED BY  
Certifying Officer

APPROVED BY  
Approving Officer

PAYMENT RECEIVED  
Signature of Payee

**Annex 6C: Format for Field Visit Report****General Instructions**

Use this form to prepare your field visit report. Be concise in presenting your assessment of the programme or project. In writing your findings, conclusions and recommendations, reflect the views of stakeholders, especially the target groups, whom you have interviewed. Be sure to list in an annex the names of persons whom you met and the organizations they represent. Provide your office and the designated institution with copies of this report.

**I. Basic programme or project information**

Programme or project number and title: \_\_\_\_\_

Designated institution: \_\_\_\_\_

Implementing agency(ies): \_\_\_\_\_

Project starting date:

Originally planned

\_\_\_\_\_ Actual

Project completion date:

Originally planned

\_\_\_\_\_ New

**II. Purpose of the field visit**

The general purpose of a field visit is to obtain a first-hand account of the progress in achieving programme or project results. In addition to this, however, list any special objectives that you might have, e.g., to look into reported refusal of farmers to use new agricultural practices being introduced by the programme.

**III. Findings**

State facts on the status of the programme or project in terms of producing expected results, using established indicators and benchmarks. Present significant issues that need to be addressed, and, similarly, any observed opportunities for improving the programme or project.

**IV. Conclusions**

Based on your findings, state whether or not the programme or project is making progress as planned. If you had any special objective in making the field visit, also include your conclusions relating to it.

**V. Recommendations**

State your recommendations clearly. Describe the actions proposed. Identify who are responsible for implementing them. Provide an indication of the timeframe and any significant resources required.

_____ Name	_____ Signature
_____ Title	_____ Date of visit
_____ Organization represented	

**VI. Field visit report annex**

List of persons met and the organizations they represent

## 7.0 NEX Audit

1. Audit is an integral part of sound financial and administrative management. UNDP administrative and programme funds are audited regularly and the findings are reported to the UNDP Executive Board. The audit for national execution (NEX audit) is organised at country level and is conducted at least once a year. In addition to the NEX audit, UNDP country offices are also regularly audited by internal auditors.
2. All nationally executed projects must be audited at least once in their lifetime.
3. The audit exercise for each year is conducted during the first quarter of the following year.

### 7.1 Objective and scope

1. In auditing projects, the objective is to assure UNDP and the government that project resources are being managed in accordance with:
  - a. The financial regulations, rules, policies and procedures that apply to and have been prescribed for the projects;
  - b. The project document and the work plans, including activities, management arrangements, expected results, monitoring, evaluation and reporting provisions;
  - c. The key considerations for management, in the areas of management, administration and finance.
2. The audit of nationally executed projects must cover, but may not necessarily be limited in scope to, the review of the following:
  - a. Assessment of rate of delivery;
  - b. Financial accounting, monitoring and reporting;
  - c. Management systems for recording, documenting and reporting on use of resources;
  - d. Equipment use and management;
  - e. Management structure, including the adequacy of internal control and record-keeping mechanisms; and
  - f. Transparency of contracting practices.
3. Having reviewed the above, the audit of nationally executed projects must confirm and certify that:
  - a. Disbursements are made in accordance with the activities, work plan and budgets of the project document;
  - b. Disbursements are supported by adequate documentation;
  - c. Financial reports are fairly and accurately presented and represent correctly the financial position;
  - d. Appropriate management structure, internal controls and record-keeping systems are maintained;
  - e. Monitoring and evaluation of activities and the progress towards expected results are undertaken as planned and according to the key considerations for management;

- f. Procurement, use and disposal of equipment are in accordance with the key considerations for management, the procedures governing the project and UNDP rules;
- g. Transparency and accountability have been considered in contracting processes; and
- h. Satisfactory measures have been taken by the national implementing agency and by UNDP to comply with the recommendations of prior audits.

## **7.2 Audit and management arrangements**

1. All nationally managed projects must be audited by UNDP periodically. An annual audit plan is drawn up by December of each year and conveyed to UNDP Headquarters.
2. Auditors will be selected by UNDP on a competitive basis from sources external to UNDP. Upon selection, contract of up to three years duration may be awarded to the successful bidder to ensure consistency.
3. The auditors of UNDP shall have right of access to relevant project records in both UNDP country office and project office/site.
4. Audit reports have to be finalized and submitted to UNDP Headquarters prior to end April of each year. This includes preparation of management comments by the NPD in coordination with the concerned UNDP programme officer. Such comments shall be forwarded by the NPD through an official letter to UNDP Resident Representative not later than two weeks after the receipt of the audit report.

## **7.3 Basis of selection**

1. Selection of projects for the annual NEX audit exercise is based on the following criteria:
  - a. All UNDP projects (including GEF projects and others funded from funds and trust funds) with estimated expenditures over \$100,000;
  - b. All GEF projects with estimated expenditures over \$20,000 not included in the list compiled under conditions of item (a) above;
  - c. As all UNDP projects should be audited at least once in their lifetime, any project that has not been audited and is due to be completed within the audit year, should also be included in the audit plan regardless of level of expenditure.

## **7.4 Audit Process**

1. The audit must be conducted with conformity to generally accepted common auditing standards and in accordance with the professional judgement of the auditor.
2. The UNDP country office will organise briefings with the auditors before the audit exercise and upon the completion of the audit even if the auditors have prior experience of auditing UNDP projects.
3. If the project follows the advance or direct payment modality, the audit is normally carried out at the project site, where the original documentation is held. In case of direct

payment modality towards UNDP support services, auditors may, however, also need to visit UNDP to review the documentation (see Chapter 5, section 5.2.2).

4. The auditors must discuss the findings of the draft audit report with the parties concerned (the national implementing agency, including appropriate project management staff; the government coordinating authority; the resident representative) and include their comments in the final report.

5. The audit report once finalized must be dispatched by UNDP country office to reach UNDP Headquarters by 30 April of the year the audit exercise has taken place.

6. The annual financial report on the status of funds as at 31 December, that is the Combined Delivery Reports (CDRs) must be certified by the auditors and sent with the audit reports as mentioned in para 5 above.

7. The audit report is an integral part of the monitoring and evaluation process. Its contents are taken into account in the annual progress review of projects, in project evaluation and the country review.

8. The national implementing agency must ensure that appropriate action is taken by relevant parties to implement audit recommendations. A follow-up of audit recommendations and an action plan is prepared by UNDP in consultation with project authorities and submitted to UNDP Headquarters to ensure that the required corrective action are taken.

9. The UNDP Resident Representative is responsible for setting up a control mechanism within the UNDP CO to follow up on audit recommendations with the national implementing agency and with project management until they are implemented.

10. The actions for follow-up should be included in the work plan of the projects concerned.

**Checklist of the documents required for the NEX audit:**

1. Official letter of designation of NPD required on file at start of project;
2. Updated inventory of non-expendable equipment which should be certified and dated by NPD (data should include at least the amount in US dollar, date of purchase, name of vendor and serial number);
3. Total figures purchased in each year and listed in inventory should match total expenditure under budget line for non-expendable equipment in the expenditure list or last CDR (expendable equipment should not be purchased and charged to budget line for non-expendable equipment);
4. All non-expendable equipment should have been insured and labelled;
5. Budget revisions other than the annual mandatory revisions should be based on revised work plans;
6. All CDRs should have been signed by the NPD. Should the CDR be considered the project's final CDR, "final" status should be indicated.
7. Regular field visits should take place and field visit reports should subsequently be prepared and kept on file;
8. Annual Project Review report (APR) should be prepared by the NPD to assess the overall activities of the year.
9. Regular Progress reports to be prepared by NPD;
10. Terminal Report – if any;
11. Reporting requirements of participants in training programmes must be met and copies of reports should be kept on file;
12. Any report to outline the conducted seminars and workshops outputs and achievements in the required year;
13. Any report prepared by those participated in the study and/or group training tours;
14. Note for the File should be prepared and kept on file in the case where substantial decisions or changes have taken place (whether as a result of a telephone conversation or informal meeting, etc.)
15. Any financial reports prepared by the NEA/NIA;
16. All payment requests should be supported by adequate documentation in accordance with UNDP requirements (including original invoices);
17. Any SSA agreement signed and/or valid for the required year. Duration of SSA contracts should tally;
18. Any annually up-dated work plan for implementation;
19. The Government rules and procedures concerning procurement.



## 8.0 Asset Maintenance and Reporting

1. Assets are procured under projects to facilitate the process of technical assistance.

### 8.1 Definitions

1. The following definitions and policies apply:
  - a. Equipment refers to manufactured and semi-manufactured goods, raw materials and other supplies that are needed in order to produce the outputs of a UNDP-supported programme or project;
  - b. Non-expendable equipment refers to all items valued at US\$1,000 or more. The national implementing agency must maintain an up-to-date inventory of non-expendable equipment (see section 8.3 on Inventory);
  - c. Expendable equipment refers to items of equipment valued at less than US\$1,000. An inventory is not required for this equipment but the NIA should ensure that a list of the more important durable or valuable items, such as cameras, calculators and computers, is maintained.
2. The procurement of goods and services must be in line with the principles described in the document entitled "Common guidelines for procurement by organisations of the United Nations System".

### 8.2 Asset Management

1. The NIA is responsible for ensuring that the equipment and supplies procured with UNDP funds are used strictly for the purposes of the project, as described in the project document.
2. Equipment must be kept in good working order.

### 8.3 Inventory

1. The NIA must provide annually to the UNDP country office a certified inventory of all non-expendable equipment financed by UNDP (see Annex 8A for sample Inventory Form).
2. The inventory should specify each item by breakdown and indicate the present location of the item as well as its original cost (in both US\$ and local currency), date of purchase, serial number, type and model, vendor's name and working condition.
3. All equipment included in the inventory must be labelled with UNDP stickers. In the case of vehicles under projects, these must be clearly marked with UNDP logos and the project number.
4. Changes in the location of the project equipment to locations other than the agreed to in the project document shall be done only in consultation with UNDP. UNDP may withhold this permission if the change in location affects the objectives and performances of the project.
5. Although an inventory is not mandatory for expendable equipment (see section 8.1, item 1c for definition of expendable equipment), it is however, recommended that a list of

durable items such as computers, cameras, printers etc. be maintained at the project site and updated regularly.

#### **8.4 Insurance**

1. The NPD must make sure that the non-expendable equipment purchased with UNDP funds is insured. After transfer, the recipient institution is responsible for insuring the equipment. Insurance costs before transfer of ownership may be paid from the project budget.
2. In cases of damage, theft or other loss of vehicles or other equipment, the national implementing agency must provide the UNDP country office with a report, including a police report, giving full details of the events leading to the loss of the equipment. The report will be used for the purposes of insurance and disciplinary action.

#### **8.5 Disposal of Equipment**

1. Assets procured under the project will remain the property of UNDP until they are formally disposed of, normally at the end of each project. The disposal of project equipment may include:
  - a. Sale of equipment;
  - b. Transfer to a new project; or
  - c. Transfer to a national institution.
2. In general the following principles apply:
  - a. The UNDP resident representative is responsible for deciding on the transfer or other forms of disposal of equipment financed by UNDP. He/she does so in consultation with the other parties to the project;
  - b. Transfer of equipment normally takes place at the end of the project. However, equipment may be transferred to the government for project activities managed by the recipient institution at any time during the life of a project;
  - c. Equipment may be temporarily placed in the custody of the UNDP country office, pending transfer or sale. The custody period shall not exceed nine months. The need for custody usually arises once UNDP support for the project has come to an end;
  - d. When no longer needed by the project, equipment may be transferred to another project or to the government, or it may be disposed of by sale or donation. In all cases of transfer, a transfer document must be prepared and kept on file. If equipment is sold, UNDP country office and the national implementing agency will jointly conduct the sale procedures; and
  - e. Funds earned from sale of equipment should be refunded to the party who originally provided funds for their purchase.

**Annex 8A: Format for Inventory of Equipment**

Project No.:  
 Project Title:  
 Date:

No.	Name and Brand	Date of Procurement	Price		Serial Number	UNDP Tag Number	Supplier	Location	Status of Insurance	Condition
			Rls.	US\$						

Certified by National Project Director

Name:

Signature:

Date:

## 9.0 Management of inputs and related UNDP Support Services

1. Inputs are obtained on the basis of the project work plan and the corresponding budget and include equipment, contracts, personnel and training.
2. The NIA is responsible for ensuring that the inputs are put to good use in order to produce the planned outputs. It must also keep the UNDP country office informed of the systems and procedures used for securing the inputs.
3. The NIA must follow its own procurement rules and procedures given they provide for competitiveness and transparency and secure reasonable value for money.

### 9.1 UNDP Support Services

1. The UNDP country office may obtain certain inputs on behalf of the national implementing agency. UNDP provides inputs that are both necessary and sufficient to produce planned outputs. The UNDP country office may provide the following services that would normally be undertaken by the NIA. These support services are subject to cost recovery (see Chapter 4, section 4.4):
  - a. Procurement of goods and services;
  - b. Identification and recruitment of project personnel;
  - c. Identification of training activities and assistance in carrying them out.
2. UNDP also assists with financial reporting and sometimes makes direct payments to contractors and suppliers with the agreement of the national implementing agency.
3. The need for UNDP support services must be identified at the formulation stage and described in the project document (see Chapter 4, section 4.4 on Cost Recovery). Clear expected results of such support should be indicated.
4. The nature and scope of the services must also be described in annexes to the project document. As the full range of services may not be clear at the formulation stage, the annex to the project document should be updated once the nature of the services becomes clear.
5. Should the NIA decide at a later stage that UNDP support services are required for a one-time input, this request should be officially conveyed to UNDP.

### 9.2 Request from Government

1. UNDP provides support services upon request from the NIA, for activities indicated in project document, in accordance with the regulations, rules and procedures of UNDP.
2. The UNDP Resident Representative is accountable for the provision of the services as well as for their quality and timeliness and will therefore obtain legal protection for country office support services to national execution through an agreement with the government, signed by an official authorised to confer such legal protection, privileges and immunities.

### **9.3 Procurement of equipment**

1. Equipment specified in the project document, may be procured either locally or internationally.
2. Should the procurement be made either under the advance modality or through direct payments made by UNDP, government audit requirements will determine procedures to be followed. In both cases, the NPD must inform UNDP of the Government rules and procedures concerning procurement.
3. In case procurement is made to fulfil a government request for support services by UNDP, the latter's audit requirements, rules and regulations will be adhered to, as stated in section 9.3.1, para 2 below.

#### **9.3.1 Local procurement**

1. Should local procurement be made under a project using advance modality, government rules and regulations must apply (see section 9.0 above, para 3). A close monitoring system should be enforced by project authorities, ensuring that procedures have been followed and that original documentation is maintained in project files.
2. Should payment of procurement be made through the provision of UNDP support services, project authorities must ensure that procedures have been followed in accordance to the following methods:
  - a. For procurement under US\$ 2,499 no quotations are required;
  - b. For procurement from US\$2,500 to US\$29,999: quotations must be obtained from three suppliers. In addition, a purchase order will have to be issued by UNDP country office;
  - c. For procurement from US\$30,000 to US\$99,999: prior to issuance of a purchase order, successful bidder must be selected by the UNDP country office Contracts, Assets and Procurement (CAP) Committee, which will review the quotations;
  - d. For procurement from US\$100,000 and over: approval from UNDP Headquarters is required.

#### **9.3.2 International procurement**

1. The same procedures mentioned under section 9.3.1 above, also apply to international procurement.
2. International procurement can be made by the following methods:
  - a. By the national implementing agency (project authorities) under NEX budget lines. The government's international competitive procurement procedures must be followed;
  - b. A United Nations agency contracted as implementing agency specifically under international procurement budget lines (see Chapter 1, section 1.2.1 on NEX). In this case a maximum cost of 10% should also be allotted for Administrative and Operational Services (AOS). The rules and procedures of the concerned agency would apply;
  - c. Through the Inter-Agency Procurement Services Organization (IAPSO) of the United Nations. An estimated 8% charge is made for their services; the minimum

charge is \$500. Requests for procurement under \$10,000 are normally not accepted by IAPSO.

#### **9.4 Contracting**

1. A contract is an agreement between two entities to carry out specific activities, or to provide specific goods or services. Contracting is used where the parties agree that it would be the most cost-effective way of achieving the desired results. This may, for example, occur when a coherent approach is needed to carry out a specific set of activities, or when a component or large part of a project needs to be undertaken by a single entity.
2. The NIA may contract the services of private sector companies, NGOs, or any other institution. In doing so, competitiveness and transparency must be respected in full compliance with the NIA's rules and regulations.
3. The NIA is responsible for the oversight and monitoring of contractors' work. For this purpose, the contract should describe progress benchmarks and indicators for measuring the outputs of the contract.
4. Where it is decided that part of a project will be carried out by one or more non-governmental organisations (NGO), the NGO activities are treated as those of a sub-contract. The NGOs are chosen according to the same transparent, competitive process that would apply to a private company.
5. NGOs that are under consideration are not normally named in the project document. If however, a particular NGO is considered at the time of project formulation with the intent to name the NGO in the project document, the CAP Committee must review the suitability of the NGO and agree on a waiver of competitive bidding (see Chapter 1, section 1.2.4 para 9). The decisions of the CAP to this effect must be properly recorded for reference purposes.
6. The procedures for awarding contracts are the same as procedure for procurement of equipment stated in section 9.3.2 above.

#### **9.5 Personnel**

1. Recruitment of personnel would exclude those personnel who are assigned by the government from its own staff to participate in project activities. Remunerations for these personnel, termed as government staff, are provided by the Government. University professors are exempted from this provision.
2. The NPD should normally provide contracts for recruitment of project staff. Recruitment must be in full compliance with the Government rules and regulations and ensure competitiveness and transparency. UNDP recruitment contract may be used when engaging the services of international consultancies, in which case UNDP should be fully and directly involved in the selection process and will have to ensure that proper procedures have been followed. In such cases, UNDP rules and regulations will apply.
3. The NIA is responsible for ensuring that minimum qualifications are identified and job descriptions are prepared for all UNDP-supported personnel. Job descriptions are an

essential part of the recruitment process. These must be updated regularly and must clearly identify the outputs the person is expected to produce. This also serves as a basis for measuring performance. A copy of the job description should be attached to the contract awarded to the UNDP-supported personnel.

### 9.5.1 Recruitment

1. Remuneration and entitlements are based on the following policies and procedures:
  - a. UNDP finances project personnel whose skills are needed to attain the project objectives but that are not available within or to the government;
  - b. The Government should follow competitive process in selecting project staff. This process should be properly documented. Adequate minimum qualifications, such as knowledge of language etc. should be considered in the selection process.
  - c. The salaries and other entitlements of locally recruited personnel must not exceed those within the United Nations system for comparable functions and types of contracts in the country concerned. The NIA and the UNDP country office determine the salaries and other entitlements of UNDP-supported project personnel.
  - d. In principle, government officials cannot be funded under the UNDP contribution to a project since this would undermine national ownership and sustainability.
  - e. The entitlement for travel of personnel funded by the project staff must not exceed those for UNDP staff.

### 9.5.2 Recruitment by UNDP

1. The UNDP country office may recruit personnel for projects according to UNDP rules, either as part of UNDP country office support services to national execution or under direct execution. Recruitment will in principle be mainly consisted of international or local consultancies. For this purpose, UNDP will issue a Special Services Agreement (SSA). The maximum duration for this type of contract should not exceed 11 consecutive months. A performance evaluation form will have to be completed by the NPD and will accompany payment of salary requests for UNDP contract holders.
2. The following categories of personnel may be involved in UNDP-supported projects and are recruited by the national implementing agency or its contractor unless otherwise specified:
  - a. **National and international consultants:** Primary function would be to provide advisory and training services to strengthen national skills, in line with the objectives and activities of the project document. Recruitment of both national and international consultants can be made directly by the NIA in full consultation with UNDP. Where a UN agency has been engaged to implement specific activities of the project document, the latter may recruit international consultants in full consultation with NIA and UNDP (see Chapter 1, section 1.2.4 para 7). For international consultants, visa arrangements should be made by the NIA.
  - b. **Administrative support staff** includes accountants, secretaries and drivers who provide support that cannot be provided by the government. Recruitment should be made through advertisement in the local media.

## 9.6 Travel

### 9.6.1 Local Travel

1. During project implementation, project staff will travel in the course of their work for different purposes including monitoring. The travel authorization to travel on duty is approved in advance by the NPD if the travel is being made by government employees. In this case, government regulations will apply. In the case of UNDP contract holders (including SSA and service contracts), the travel authorization will be issued in advance by UNDP and signed by the UNDP Resident Representative. Security clearance must be sought by UNDP for UNDP contract holders who travel on duty. Such clearance should have been issued before the travel starts.
2. Mission reports will have to be prepared upon return, a copy of which should be submitted at the time of settlement of travel expenses.
3. After the mission is carried out and upon provision of mission report(s), the Daily Subsistence Allowance (DSA) for project staff are settled either from the advance budget available to the NPD or by UNDP upon receipt of a Request for Direct Payment (RDP) and a duly filled travel claim form. The prevailing local DSA rates will apply.
4. The standard form for travel authorisation and travel expense claim is attached as [Annex 9A](#).

### 9.6.2 International Travel

1. International travel by project staff for the purposes indicated in the project work plans are undertaken upon issuance of a travel authorisation by the NPD. A travel authorisation from UNDP country office is issued only in the case where UNDP is providing support services to the project in which case, UNDP rules and regulations and procedures will apply.
2. Should international travel be funded under UN agency implemented budget lines, a travel authorization must be provided by the UN agency. In such cases, UNDP will make payments on the basis of this authorisation.
3. The prevailing DSA rate for the destination is paid from project funds. Travellers are entitled to receive an 80% advance of the DSA rate. Settlement of the balance entitlement is made upon submission of a duly filled UNDP F10 form (see [Annex 9B](#)), ticket stubs and other receipts, as well as the mission report.

## 9.7 Training

1. UNDP finances training designed to further the objectives and expected results of a project and to strengthen national capacities. Training activities must be in line with the project work plan.

### 9.7.1 Policies and principles

1. The key policies on organising training, namely fellowships and other training are as follows:



- a. Participants in training are project beneficiaries and government staff. Consultants are not eligible for training within a project since they are recruited to perform specific tasks for which they must already be qualified. However, all personnel may participate in local group training activities. UNDP programme resources may not be used for the training of UNDP country office staff alone;
  - b. UNDP does not normally finance academic degrees or long-term studies of individuals unless this is part of capacity development essential for the achievement of sustainability or other objectives of the project.
  - c. UNDP does not finance the participation of officials in international meetings and conferences where the main purpose is to present government policy. Participation in such meetings must be financed by the government.
  - d. UNDP may finance travel by government staff to conferences, meetings and other events that were not foreseen at the formulation stage, provided that their participation in such an event is necessary in order to produce the results of the project. In such cases, the work plan will have to be updated to reflect this;
  - e. UNDP may finance travel and allowances for participants who live somewhere in the country other than where the training event takes place. However, UNDP does not pay sitting fees or otherwise remunerate individuals simply to attend training.
2. The general principles that apply in organising any type of training are:
- a. **Planning:** All training must contribute directly to the project objectives, be necessary to produce the outputs and achieve results, and take place in accordance with the project document and work plan;
  - b. **Reporting:** Beneficiaries of training must prepare a back-to-office report preferably within two weeks and not more than one month after their training ends (see Chapter 6, section 6.2). The report is distributed to all parties concerned. The employer, normally the government, is responsible for ensuring that the participant puts the training to good use to achieve results. The impact of the training must regularly be assessed. Settlement of remaining DSA entitlement will be withheld until receipt of the report. All reports should be maintained in project files;
  - c. **Selection:** The NIA must establish procedures to ensure that the best-qualified candidates are selected for training. The selection of candidates and of the training venue are based on the job description, actual performance on the job and the experience, aptitudes and academic background of the candidate.

### 9.7.2 Various types of training

1. The various types of training include the following:
  - a. **Group training:** participation of several people in short-term courses or workshops locally or internationally. If well designed, group training can be an effective capacity-building tool. It reaches a number of participants, is easily adaptable to local needs and allows a team to work together in strengthening skills;
  - b. **Study tour:** visits by individuals or groups to counterpart institutions in various locations to observe programmes and projects and learn from exchange of

- experiences. The purpose is to enable beneficiaries, national managers and technical personnel to broaden their understanding and upgrade their efficiency in performing their tasks, through study, review and comparison of activities which are similar to their own;
- c. **Conferences/Seminars/Workshops:** Participation in conferences, seminars or workshops must contribute directly to the project objectives and be necessary to produce the outputs of the project.

## 9.8 Payments

1. UNDP country office makes payments in both hard currency and local currency, depending on the nature of payment, for example:
  - a. All payments to project staff recruited locally, local consultancies, local procurements, local travel settlements, reimbursement of air tickets etc. are paid in local currency;
  - b. Payments in hard currency would include international procurement, international consultancies, international travel entitlements, etc.
2. UNDP country office makes payments on behalf of the national implementation agency on the basis of requests for direct payment (see Chapter 5, section 5.2.2). Availability of sufficient funds under the relevant budget line must be confirmed by the NPD at the time of RDP submission. It is essential that forms be fully completed by the NPD in order to enable timely processing of payment by UNDP.
3. Payments made for projects under advance modalities are not recorded as expenditures in the UNDP finance system but as advances. Settlements are entered manually in the UNDP financial management system (FIM) (see Chapter 5, section 5.2.1), and will only then be reflected as disbursements/expenditures.
4. Complete and appropriate supporting documentation at time of payment request is of the utmost importance and will avoid unnecessary delay in payments. These include:
  - a. Copies of invoices and quotations certified and duly signed by NPD;
  - b. Verification of satisfactory receipt/completion of goods and services (including personnel services);
  - c. Copies of valid contracts in cases where contracts have been issued for such services as consultancy, procurement and other services;
  - d. Copies of travel authorisations, completed F10 forms, ticket stubs and travel related receipts in the case of settlement of travel entitlements.
5. An appropriate time span should be maintained between termination of contracts and settlement of payments. Payments may not be made if request for payment is submitted more than 3 months after the termination date of the contract.

**United Nations – Nations Unies  
TRAVEL AUTHORIZATION**

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ORIGINAL-TO TRAVELLER; THROUGH TRAVEL UNIT, COUNTRY OFFICE

RECORD OF TRAVEL ADVANCES							
DATE	U.N. OFFICE	CURRENCY	AMOUNT	EXCHANGE RATE TO U.S.\$	ADVANCE IN U.S.\$	VOUCHER NO. AND O.V.	SIGNATURE OF PAYING OFFICER
<p>USE THE FOLLOWING SPACE FOR ANY ADDITINOAL OR EXPLANATORY INFORMATION, INCLUDING FULL INFORMATION AS TO UNUSED TICKETS, REFUNDS, ETC.</p>							

UNITED NATIONS  NATIONS UNIES

**VOUCHER FOR REIMBURSEMENT**

**OF EXPENSES**

To be completed by Controller	Cheque No.	Examiner:	Currency:	Voucher No.:
<b>Amount:</b>	Bank No.	Approving Officer:	Country:	Date:

**TO BE COMPLETED BY CLAIMANT (Please TYPE or PRINT)**

PAYEE: \_\_\_\_\_ CATEGORY: \_\_\_\_\_

**Cheque to be**

- Called for at CASHIER's office - Indicate your Tel. Ext.
- Mailed to following address:
- Mailed to following BANK A/C:  
AND  
Payee Advice to be mailed to:

**This space to be filled**

**HQ.**  
 Duty Station: \_\_\_\_\_  
 Dept./Div. Or Office: \_\_\_\_\_  
 P.T.8 or MOD No.: \_\_\_\_\_  
 Account No. \_\_\_\_\_

DATE	At- tach- ment No.	DESCRIPTION OF EXPENSES	LOCAL CURRENCY	EXCHANGE RATE	U.S.\$ EQUIVALENT	For F Ser
		Tickets purchased, Terminal expenses, Telegrams, Taxis, Authorized excess baggage, etc.				Approv
TOTAL TRAVEL ALLOWANCE (See REVERSE SIDE)						

I claim the subsistence and terminal expenses in connection with the journey (as indicated on the reverse side hereof), which I certify to have been made as authorized. I further certify that all expenses claimed represent actual disbursements made by me, and dependants indicated, actually traveled as shown.

Signature of Claimant: \_\_\_\_\_ Date: \_\_\_\_\_

This claim is in conformity with the journey as actually authorized. Payment of subsistence and/or transit allowances, is approved for all official stopovers and necessary travel time reported by the Claimant on the reverse side, except as otherwise noted by me.

- NO EXCEPTIONS  FINAL CLAIM  FOR EXCEPTIONS, SEE REVERSE

Signature of Admin./Certifying Officer: \_\_\_\_\_ Date \_\_\_\_\_

TOTAL	
LESS ADVANCES	
BALANCE DUE UN	
IF ANY .....	
NET PAYMENT	

GENERAL ACCOUNT	AMOUNT (U.S.\$) Dr. or Cr.*	ALLOTMENT ACCOUNT	LIQUIDATION AMOUNT	OBLIGATION DOCUMENT	DESCRIPTION/I.O.V
Total Debits	Total Credits		Total Liquidations		

\*Indicate by brackets F.10 (6-86) E. (over)

**Submit Claim** - ORIGINAL plus ONE copy to FINANCIAL SERVICES  
 - ONE copy to CERTIFYING OFFICER

**TO BE COMPLETED BY CLAIMANT**

**PLEASE TYPE or PRINT:** Extra sheets should be attached with full explanation of lengthy or involved travel. Submit a separate Form F.10 if eligible dependants have itineraries which differ from yours. Subsistence may be subject to a reduction after 60 days under Staff Rules.

Do you have eligible dependants residing with you at your official duty station? Yes  No

ANNUAL LEAVE TO BE CHARGED:

\_\_\_\_\_ DAYS

**Remarks:** List names and ages of dependants

**For Use of Controller ONLY**

CITY AND COUNTRY OF DEPARTURE AND ARRIVAL	MODE OF TRAVEL	DATE			HOUR*	Indicate whether UN or GOVT. vehicle was made avail-able at DEP and/or ARR		COMMENTS ADM/CERTIFYING REGARDING STOP DELAYS, ETC
		D A Y	M O N T H	Y E A R		Yes	No	
DEP:						<input type="checkbox"/>	<input type="checkbox"/>	
ARR:						<input type="checkbox"/>	<input type="checkbox"/>	
	Official <input type="checkbox"/> Personal <input type="checkbox"/>							
DEP:						<input type="checkbox"/>	<input type="checkbox"/>	
ARR:						<input type="checkbox"/>	<input type="checkbox"/>	
	Official <input type="checkbox"/> Personal <input type="checkbox"/>							
DEP:						<input type="checkbox"/>	<input type="checkbox"/>	
ARR:						<input type="checkbox"/>	<input type="checkbox"/>	
	Official <input type="checkbox"/> Personal <input type="checkbox"/>							
DEP:						<input type="checkbox"/>	<input type="checkbox"/>	
ARR:						<input type="checkbox"/>	<input type="checkbox"/>	
	Official <input type="checkbox"/> Personal <input type="checkbox"/>							
DEP:						<input type="checkbox"/>	<input type="checkbox"/>	
ARR:						<input type="checkbox"/>	<input type="checkbox"/>	
	Official <input type="checkbox"/> Personal <input type="checkbox"/>							
DEP:						<input type="checkbox"/>	<input type="checkbox"/>	
ARR:						<input type="checkbox"/>	<input type="checkbox"/>	
	Official <input type="checkbox"/> Personal <input type="checkbox"/>							

\*HOUR should indicate time of departure from or arrival at airports, piers or railroad stations. Any deviation from itinerary and standards of accommodation authorized by Form **PT**, and any stop-over not authorized thereby must be supported by full explanation; otherwise your claim may be reduced.

**NOTICE TO TRAVELLER:** All receipts for transportation and excess baggage, used air transportation stubs and any unused transportation tickets and excess baggage coupons (MCO's) must be returned to the United Nations together with the original Travel Authorization (PT.8) and attached to the claim. The Laissez-Passer should be returned to the Purchase and Transportation Service upon completion of the travel.

REMARKS: (List here attached unused tickets by stating ticket Number and the route covered by the ticket.)

**Total Travel Allowance in U.S.\$ .....**

Value of MCO's received:	U.S.\$
Value of MCO's used:	U.S.\$
BALANCE of MCO's to be Returned to the U.N.:	U.S.\$

The balance of the MCO's is represented by the following coupon numbers:

## 10.0 Project Completion

### 10.1 Operational Completion

1. A project is operationally complete when the last UNDP-financed inputs have been provided and the related activities have been completed. The project work plan will clearly indicate when the last activities are to be completed. No activities beyond the operational completion date may be committed. This includes contract extensions and issuance of new contracts, new initiations for procurement or other services, or new training activities. The national implementing agency promptly notifies the UNDP country office of the preparation of the final work plan and the agreed operational completion date. Should the national implementing agency not do so, the UNDP Resident Representative will determine when the project is operationally complete.
2. When a project is operationally complete, the parties must agree on the disposal of any equipment that is still the property of UNDP. This is done in accordance with the procedures mentioned in Chapter 8, section 8.5
3. When completion of project is approaching, the NIA must prepare a terminal (final) report (see Chapter 6, section 6.2.5). The UNDP country office and the NIA should also consider the need for an ex-post evaluation to determine the impact and sustainability.
4. The project budget will remain open, however, the operational completion of the project will be reflected as such in the UNDP Financial Management System (FIM) by indicating the agreed end date of the project.
5. Care should be taken in terms of payment from the project budget once it has been declared operationally completed. Only payments formerly committed against the budget and indicated in the latest work plan will be made after the date of operational completion.

### 10.2 Financial completion

1. A project is financially complete when:
  - a. It has been operationally completed or has been cancelled;
  - b. The national implementing agency has reported all financial transactions to UNDP;
  - c. UNDP has closed the accounts;
  - d. In the case of advance modality, the project budget's operating fund account is zero;
  - e. The UNDP resident representative has signed a final budget revision.
2. Projects should be financially completed not more than 12 months after being operationally completed or after the date of cancellation. During these 12 months, the national implementing agency is required to identify and settle all financial obligations and to prepare the final revision of the budget. The UNDP Resident Representative will ensure the prompt processing of the final budget revision and the closing of accounts.
3. Should the project budget include budget lines implemented by UN agencies, assurance must be secured that no financial obligations remain pending on the project.

4. Once a project has been financially completed, no financial adjustments are possible. Should the need arise for an adjustment, the matter must be referred to the UNDP Headquarters by the country office.

### 10.3 Suspension and cancellation

1. A project may be cancelled if circumstances arise that jeopardise the achievement of the expected results and where a redesign may not bring a permanent solution:

2. The UNDP Resident Representative takes the final decision to suspend or cancel a project and confirms this in writing to the parties concerned, in consultation with the national coordinating authority and the national executing agency. In keeping with his/her accountability for the use of UNDP resources, the Resident Representative must cancel projects that are unlikely to achieve the expected results.

3. Suspension of a project is also possible where financial misconduct is suspected.

4. The procedures for cancellation and suspension of a project are as follows:

a. **Suspension:** A project is cancelled only after a period of suspension. During this period, the parties consult and try to resolve the problems by corrective measures. If the problems are resolved, the project activities may be resumed. The UNDP Resident Representative confirms to the parties the date for resuming the activities. However, UNDP may proceed directly with cancellation, if it is deemed an emergency situation.

b. **Cancellation:** If the problems have not been resolved in a reasonable period of time, the project must be cancelled. Unspent TRAC1 or 2 funds from a cancelled project may be reprogrammed, taking into account the outstanding obligations of the cancelled project. The NEA/NIA proceeds with the steps required for financial completion. If cancellation significantly affects the approved CP, a CP amendment may be needed.

### 10.4 Reimbursement of unspent cost-sharing

1. The need for reimbursement of any unspent cost-sharing may arise to either suspension/cancellation of project or because of changes in project implementation.

2. Any refund or reprogramming of the unspent cost-sharing may only be made after the UNDP Resident Representative has signed the final budget revision. That is, the operational completion of the project is not automatically and immediately followed by reimbursement of cost-sharing.

3. Reimbursement of unspent cost-sharing is made upon receipt of an authorisation from the UNDP Treasury. Payment is normally made through the local country office in local currency.

4. Apportionment of balance to be refunded will be made in accordance with the proportion of each cost-sharing contribution to the total project budget.



## Acronyms

<b>AOS:</b>	Administrative and Operational Services
<b>APR:</b>	Annual Project Report
<b>CAP:</b>	Contracts, Assets and Procurement Committee
<b>CCA:</b>	Common Country Assessment
<b>CDR:</b>	Combined Delivery Report
<b>CP:</b>	Country Programme
<b>DEX:</b>	Direct Execution
<b>DSA:</b>	Daily Subsistence Allowance
<b>FR:</b>	Financial Report
<b>GEF:</b>	Global Environment Facility
<b>IAPSO:</b>	Inter-Agency Procurement Services Organization
<b>IFI:</b>	International Financial Institution
<b>MP-MLF:</b>	Multilateral Fund for the Implementation of the Montreal Protocol
<b>NEA:</b>	National Executing Agency
<b>NEX:</b>	National Execution
<b>NGO:</b>	Non-Government Organisations
<b>NIA:</b>	National Implementing Agency
<b>NPD:</b>	National Project Director
<b>NPM:</b>	National Project Manager
<b>PDR:</b>	Project Delivery Report
<b>QPR:</b>	Quarterly Progress Reports
<b>RBM:</b>	Results Based Management
<b>RDP:</b>	Request for Direct Payment
<b>RR:</b>	Resident Representative
<b>SBAA:</b>	Standard Basic Assistance Agreement
<b>SLT:</b>	Standard Legal Text
<b>SRF:</b>	Strategic Results Framework
<b>SSA:</b>	Special Services Agreement
<b>SURF:</b>	Sub-Regional Resource Facilities
<b>TRAC:</b>	Target for Resource Assignment from Core
<b>UNDAF:</b>	United Nations Development Assistance Framework
<b>UNDP:</b>	United Nations Development Programme