

One UN Coherence Fund for Albania
Terms of Reference – Final 12 December 2016

I. Introduction

1. The One UN initiative in Albania was initiated in early 2007 following the request made by the Prime Minister in December 2006. It was in part based on the General Assembly's: *"Triennial comprehensive policy review (TCP) of operational activities for development of the United Nations system"*, A/RES/59/ 250 of 17 December 2004. This resolution "stresses that the purpose of reform is to make the United Nations development system more efficient and effective" and "requests the funds and programmes and specialized agencies" to implement "joint offices".
2. The One UN Initiative in Albania comprises of five elements: One Programme, Common Budgetary Framework and One Fund, One Leader Operating as One and Communicating as One. The Common Budgetary Framework enables UN Country Teams to present all planned and costed programme activities in one place and thus it contributes to better delivery of UN system support and the One Fund is a catalyst for an inclusive approach to UN engagement, encompassing a broader range of organizations. The One Leader will have the authority to approve and allocate funds from the One UN Coherence Fund based on priorities identified by the Joint Govt/UN One UN Programme Joint Executive Committee, and against the programmatic priorities agreed in the One UN Programme. The interdependence between the nexus of One UN Programme - One UN Coherence Fund - One Leader in Albania is subscribed to by UNDP, UNICEF, UN WOMEN, UNFPA, UNHCR, WHO, FAO, IOM, IAEA, UNCTAD, UNECE, UNEP, UNESCO, UNIDO, ILO, UNAIDS, UNODC (hereafter referred to as the Participating UN Organisations). Other UN Organisations may wish to join this nexus in the future.
3. The One UN Initiative in Albania is being implemented in a collaborative manner under the strong leadership of the Government of Albania. The Prime Minister approved the Agreed Principles, Objectives and Instruments to achieve One United Nations in Albania in October 2007.
4. The Albania One UN Coherence Fund conforms to the principles governing pooled and pass-through fund management modalities based on the United Nations Development Group (UNDG) Guidance Note on Establishing, Managing and Closing Multi-Donor Trust Funds, approved by UNDG in October 2015. Additionally, Participating UN Organizations follow the Standard Operating Procedures for Countries Adopting the "Delivering as One" approach (August 2014). The Resident Coordinator is the leader of the UN Country Team and plays a central role in making possible the coordination of UN operational activities for development at the country level in support to national priorities and capacity-building. As the designated representative of – and reporting to – the Secretary-General, the Resident Coordinator ensures effective advocacy of the core values, standards, principles and activities of the UN system. The RC will lead the UNCT strategic planning process and high level policy dialogue. The RC will approve the 5 year UNDAF and lead on the process of developing the UNDAF and its operationalisation. Furthermore, s/he will ensure that the agency annual plans are in line with the UNDAF and One UN Programme results.

The RC will monitor and report on the performance of the UNCT in delivering the UNDAF results; this is linked to the UNDAF and One UN Programme annual review. The RC will also support, at the country level, the mobilization of resources for the UNDAF and the One UN Programme. The RC will specifically take the final decision on strategic focus and allocation of funds from the One Fund and resources against that focus if consensus is not reached within the UNCT.

5. The introductory part of these Terms of Reference of the One UN Coherence Fund will be revised to reflect the dynamic nature of the UN reform process in Albania.

II. Purpose of the One UN Coherence Fund

6. The objective of the One UN Coherence Fund is to support the coherent resource mobilization, allocation and disbursement of donor resources to the One UN Programme of Cooperation for Sustainable Development 2017-2021 (PoCSD) under the direction of the Resident Coordinator. The Coherence Fund intends to serve as a catalyst to joined results by covering around 20% of overall funding needs of the Programme implementation. The results supported by the One UN Coherence Fund are articulated and contextualized in the PoCSD, whereas the relevant activities, including the respective budgets and implementation partners, will be set out in the respective outcome level bi-annual joint work plans, on which any request for funding from the UN Coherence Fund will be based. This funding mechanism complements other funding resources such as the core or regular resources of individual Agencies that are committed to the implementation of the PoSCD.

7. The One UN Coherence Fund is the proposed vehicle for new resources pooled by donors to support the unfunded portions of the One UN Programme of Cooperation for Sustainable Development and new initiatives responding to emerging needs within the context of the One UN Programme. The One UN Coherence Fund, under the management leadership of the Resident Coordinator, is intended to facilitate the realization of One UN Programme outcomes by strengthening the planning and coordination process, tying the funding allocation to the One UN Programme and channelling funds towards the highest priority needs. The objectives of the activities to be financed by the One UN Coherence Fund are elaborated in the One UN Programme.

8. The One UN Coherence Fund will support partnership and communication between all stakeholders involved with Albanian development led by the Government of Albania. Information given to the press, to the beneficiaries of the One UN Programme, all related publicity material, official notices, reports and publications, shall acknowledge the role of Government of Albania, the UN and the donors.

III. Description of the One UN Coherence Fund

9. The One UN Coherence Fund shall be administered by UNDP, represented by its Multi-Partner Trust Fund Office (MPTF office), as Administrative Agent, on behalf of the Participating UN Organisations and the Resident Coordinator as agreed with the

Government. UNDP will administer the fund in accordance with its Regulations and Rules.

Contributions to the One UN Coherence Fund

10. Contributions to the One UN Coherence Fund may be accepted from governments of Member States of the United Nations or from intergovernmental or non-governmental organisations, or from private sources. Acceptance of funds from the private sector will be guided by criteria stipulated in the UN system-wide guidelines on cooperation between the UN and Business Community (the UN Secretary General's guidelines:

<http://www.un.org/partners/business/otherpages/guide.htm>).

11. In support of the overarching aim of the One UN Coherence Fund, and to ensure maximum flexibility and adaptation to national priorities, a guiding principle for resource mobilization would be that donors are encouraged to contribute with multi-year pooled/ un-earmarked resources. However, if this is not possible, earmarking at the level of outcome in the One UN Programme will be accepted.

12. Contributions to the One UN Coherence Fund may be accepted in fully convertible currency. Such contributions shall be deposited in the bank accounts designated by UNDP. The value of a contribution-payment, if made in other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment.

Utilization of the One UN Coherence Fund

13. The One UN Coherence Fund will be utilized for the purpose of meeting the unfunded costs of initiatives, including new initiatives responding to emerging needs, under the One UN Programme. Details of such initiatives, including the respective budgets and implementation partners, will be set out in the relevant Participating UN Agencies' JWPs, programme or project documents.

14. The Resources will be allocated once or twice a year based on the specific agreements with donors to the Coherence Fund. Final allocation decisions are consensual. In case that agreement is not reached by the JEC on the allocation of financial resources available in the UN Coherence Fund, the matter will be referred to the RC for ultimate decision with documented process and rationale for the decisions. As per the above, the UN Coherence Fund reinforces the importance of country-level decisions and enables quick and flexible funding in response to changing priorities. To make final decisions the UN Coherence Fund will make use of three categories of criteria: eligibility, performance and exceptional priority.

A.1. Eligibility

In general, all participating agencies that contribute towards the achievement of result areas in the integrated results framework of the PoCSD are eligible to receive funds. However, there are three elements to be taken into account. Agencies, when requesting funds, will be asked to reflect on all three in the short narrative that introduces their proposals.

- ***Contribution to the results in the PoCSD***

The Request for Funds is based on a signed bi/annual joint work plans and specifies the exact output to which the activities envisaged to be funded by the UN Coherence Fund, will be contributing.

- ***Demonstrated capacity***

Participating agencies receiving funds under any outcome of the PoCSD document, must be able to demonstrate sufficient capacity to deliver results in the given time period. In this context, capacity includes technical capacity (staff, network and expertise) as well financial resources (other sources of funds that complement the resources requested from the UN Coherence Fund).

- ***Delivering as One and aid effectiveness***

Agencies must be able to demonstrate their contribution to the overall UN Reform targets (e.g. actively promoting, and contributing to joint management arrangements) when designing, implementing and monitoring this programme together and take the larger aid effectiveness agenda as a starting point for these endeavours.

A.2. Performance

Upon establishing the eligibility the assessment reviews the past performance to justify additional allocations to a particular programme. This means that criteria have been designed in order to provide the JEC with important information on the status of indicators, the annual targets, the implementation rate (activities and resources) and national ownership.

A.3. Exceptional Priority

A last area to reflect upon before consensual decisions are being taken on the final allocation will be the setting of priorities. This category reflects on evolving contexts, including evolving national priorities, and the time sensitivity of certain activities. This category is meant for exceptional situations only, meaning that in practice, requests will mostly not be scoring points in this category.

15. A risk management strategy for the One UN Coherence Fund will be developed by the support of UNRC office, PUNOs, Government and Development partners. The risk management strategy will focus on risk related to the fund's governance and strategy; and the funds programmes and operational risk emanating from the design and implementation. The objective of the risk management strategy will be to: i) inform Fund portfolio management; and ii) protect the One UN Fund resources and reputation. The risk management strategy will be presented to JEC no later than 31st December 2017.

16. NGO partners involved in the One UN Programme will have access to the One UN Coherence Fund through the Participating UN Organizations. The Participating UN Organisations will utilise their standard NGO cooperation modalities for this purpose and charge the corresponding direct and indirect costs to the One UN Coherence Fund on the basis of its financial regulations and rules.

17. In conformity with the UNDG Guidelines on Joint Programming, the Administrative Agent and the Participating UN Organisations will be entitled to deduct

their indirect costs on contributions received. The Administrative Agent's administrative fee will be 1%. The fee will be deducted from the contributions to the One UN Coherence Fund at the time they are deposited. The indirect costs of the Participating UN Organisations will be 7%.

IV. Governance Arrangements

The Joint Executive Committee

18. The Joint Executive Committee is co-chaired by the Deputy Prime Minister and the UN Resident Coordinator. The JEC meets once a year with the participation of Ministers, Prime Minister's Office and UN Country Team members and reports to the GoA Strategic Planning Committee. In addition, the JEC will be convened on a regular basis under the leadership of the Director of the Department for Development, Financing and Foreign Aid (DDFFA) and the UN Resident Coordinator (UNRC). Members are representatives from line Ministries, heads of the participating UN agencies, or authorised representatives. It meets at a minimum three times a year, but it may be convened by the co-chairs if and when necessary.

The One UN Joint Executive Committee will be responsible to:

- Assess overall progress against planned outcomes and their contribution to NSDI II priorities and related SDGs;
- Ensure ongoing alignment and coordination between Programme of Cooperation for Sustainable Development results and strategies and those of the NSDI II including sector programmes and implementation mechanisms such as the IPMGs;
- Conduct the annual review and review and endorse major changes to results and strategies;
- Advise and assist the outcome groups and output working groups, as required;
- Allocate financial resources of the Coherence Fund, based on performance-based allocation criteria;

19. In this process, the Resident Coordinator and the One UN Joint Executive Committee can seek inputs from the Government Strategic Planning Committee, the Outcome Groups (OGs), and Output Working Groups and/or establish ad hoc sub-working 'task' groups to tackle specific issues, as appropriate.

20. The Director of the DDFFA and the UN Resident Coordinator will jointly make ultimate decisions on fund allocation (with documented process and rationale for these decisions). The Admins Agent participates as ex-officio member. Programme implementation will be the responsibility of the Country Directors/Head of Participating UN Organisations. The UNRC will hold Country Directors/Head of Participating UN Organisations accountable for their agency/organization's components of the results of initiatives funded through the One UN Coherence Fund.

The Resident Coordinator

21. The overall management of the One UN Coherence Fund will be led and coordinated by the Resident Coordinator in consultation with the Participating UN Organisations. In line with the Standard Operating Procedures, Resident Coordinator will be responsible for:

- Strategic leadership of the One UN Coherence Fund on the basis of the One UN Programme;
- Mobilizing resources for the One UN Coherence Fund in collaboration with Participating UN Organisations;
- Signing the Standard Administrative Arrangements with Donors and the Memorandum of Understanding with Participating UN Organisations;
- Overseeing the programme coordination support allocation; and
- Co-chairing the One UN Joint Executive Committee together with the Deputy Prime Minister (once a year) and for funds allocation with the Director of the Department for Development, Financing and Foreign Aid (DDFFA) of the Council of Ministers.

The Administrative Agent

22. On behalf of the Participating UN Organizations, as per the Memorandum of Understanding, UNDP's responsibilities as Administrative Agent will include the following:

- (a) Receive contributions from donors that wish to provide financial support to the Fund;
- (b) Administer such funds received, in accordance with this Memorandum of Understanding and the Administrative Arrangement (as defined below in paragraph 5 of this Section) including the provisions relating to winding up the Fund Account and related matters;
- (c) Subject to availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with decisions from the Steering Committee, taking into account the budget set out in the approved programmatic document¹.
- (d) Consolidate financial statements and reports, based on submissions provided to the Administrative Agent by each Participating UN Organization, as set forth in the TOR; and submit the consolidated financial statements and reports and the consolidated narrative progress reports provided by the Resident Coordinator's Office to each donor that has contributed to the Fund Account, and to the Steering Committee;

¹ As used in this document, an approved programmatic document refers to an annual work plan or a programme/project document, etc., which is approved by the Steering Committee for fund allocation purposes.

- (e) Provide final reporting, including notification that the Fund has been operationally completed;
- (f) Disburse funds to any Participating UN Organization for any additional costs of the tasks that the Steering Committee may decide to allocate in accordance with this TOR.

Support services provided by the Resident Coordinator's Office and the One UN Communications Team

23. The Office of the Resident Coordinator is responsible for support to the strategic leadership role of the Resident Coordinator for the One UN Coherence Fund. It will provide support in all the designated tasks for the Resident Coordinator as listed in paragraph 17 above. The Office of the Resident Coordinator will, based on the inter-agency deliberations, provide strategic focus including analysis of progress and lessons to be learned for future programme implementation. It will circulate the finalised annual consolidated report on the One UN Coherence Fund to the JEC and or /Government DDDFA for consultation. The Office of the Resident Coordinator will ensure that these reports are distributed to all donors contributing to the Fund and maintain an appropriate level of fund information on <http://www.un.org.al> and <http://mptf.undp.org> to ensure transparency.

24. In accordance with the Memorandum of Understanding and the Standard Administrative Arrangements, the Resident Coordinator may request any of the Participating UN Organizations, to perform additional tasks in support of the Fund not related to the Administrative Agent functions detailed in Section I, Paragraph 4 of the Memorandum of Understanding and subject to the availability of funds. In this case, costs for such tasks will be decided in advance and with the approval of the Joint Executive Committee be charged to the Fund as direct costs. Such tasks may also include support to the Delivering as One provided by the Resident Coordinator's Office and the One UN Communications Team.

V. Monitoring and Evaluation

25. Monitoring and evaluation of the of the activities of the Annual Work Plans/Programmatic Documents funded under the One UN Coherence Fund will be undertaken in accordance with the provisions contained in the specific Programmes submitted by the concerned Participating UN Organization and approved by the Resident Coordinator, which are consistent with the respective regulations, rules and procedures of the Participating UN Organisations.

26. Fiduciary monitoring of the One UN Coherence Fund will follow the UN Standard Monitoring and Evaluation procedures.

VI. Audit

27. Auditing shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the respective Participating UN Organisations.

28. The activities of the Administrative Agent and the Resident Coordinator shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

VII. Reporting

29. Each participating UN Organisation shall provide the Administrative Agent with the following statements and reports prepared in accordance with harmonised accounting and reporting procedures applicable to the participating UN Organisation concerned:

- (a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;
- (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Fund Account, to be provided no later than four months (30 April) after the end of the calendar year;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than four months (30 April) of the year following the financial closing of the Fund. The final report will give a summary of results and achievements compared to the goals and objectives of the Fund; and
- (d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the Fund.

30. The Annual Progress Report on One UN Programme implementation will serve as the narrative part of the One UN Coherence Fund report for both un-earmarked and earmarked contributions, to be provided no later than five months (31 May) after the end of the applicable reporting period.

31. The Administrative Agent shall also provide to the Resident Coordinator for submission to donors and participating UN Organizations, an annual certified Financial Report on its activities as Administrative Agent (“Report on Sources and Uses of Funds”) as well as a final Financial Report and certified Financial Statement no later than 30 June of the year following the financial closing of the One UN Coherence Fund.

32. The Office of the Resident Coordinator shall, in close consultation with the relevant inter-agency working group tasked with consolidating the annual narrative reports, provide such reports to the Resident Coordinator no later than four months after

the applicable reporting period, and provide the final narrative report no later than 30 June of the year following the closure of the One UN Programme.

33. Consolidated One UN Coherence Fund reporting and documentation, including agreements, will be posted on the websites of the UN Albania <http://www.un.org.al> and the Administrative Agent <http://mptf.undp.org>.

VIII. Public Disclosure

34. The Resident Coordinator and the Administrative Agent will ensure that decisions regarding the review and approval of programmes funded under the One Plan Fund II, as well as periodic reports on the progress of implementation of such programmes and associated external evaluation reports are posted for public information on the websites of the UN Albania <http://www.un.org.al> and the Administrative Agent <http://mptf.undp.org>.

IX. Other Matters

35. The One UN Coherence Fund was established upon signing of the Memorandum of Understanding amongst Participating UN Organisations, Resident Coordinator and the Administrative Agent. The One UN Coherence Fund will terminate upon completion of all Projects funded through the One UN Coherence Fund and after satisfaction of all commitments and liabilities. Notwithstanding the completion of the initiatives financed from the One UN Coherence Fund, any unutilized balances will continue to be held in the One UN Coherence Fund Account until all commitments and liabilities incurred in implementation of the Projects have been satisfied and project activities have been brought to an orderly conclusion. Any balance remaining in the One UN Coherence Fund Account or in the individual participating UN Agencies' accounts shall be used as decided jointly by the Resident Coordinator and the Director of the DDFFA in consultation with the Joint Executive Committee, the contributing donors and participating UN Organisations on the priorities established by the Joint Executive Committee.