

REVISION OF UNDP FINANCIAL REGULATIONS AND RULES

EXPLANATORY NOTE

I. Introduction

1. In this note, the Administrator describes the process leading to the comprehensive revision of UNDP financial Regulations and Rules, and presents to the Executive Board the changes made to UNDP financial Regulations and Rules and the rationale for those changes. Annex I shows the new structure of the document. Annex II contains the revised UNDP financial Regulations and Rules. Annex III is a table prepared by the United Nations Office of Legal Affairs comparing the current Regulations (UNDP/FIN REG & RULES/Rev.1 and Rev.2) with the proposed revised Regulations.
2. The Administrator will, at the first regular session 2000, seek the approval of the Executive Board for the proposed revised financial Regulations. To that end, the Administrator has submitted all proposed revisions to the current financial Regulations to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for its consideration and comments. The United Nations External Auditors have also scrutinized the proposed new financial Regulations and Rules.

II. Steps followed during the comprehensive revision

3. At the third regular session 1997, the Administrator reported to the Executive Board in document DP/1997/24 that revised Financial Regulations and Rules would be presented in 1998, as a result of the adoption by the Executive Board of the successor programming arrangement (decisions 95/23 and 96/7) and budget harmonization (decision 97/6).
4. During the preparatory work, it appeared that in addition to an interim update of some Financial Regulations and Rules, the entire document would benefit from an in-depth revision. The comprehensive revision would reflect the new framework of authority and accountability over financial management arising out of the UNDP 2001 change process, the result of the financial risk assessment completed in 1998, the impact of the reform proposals of the Secretary-General being implemented by UNDP and other necessary adjustments.
5. At the third regular session 1998, in decision 98/18, the Executive Board approved the interim update of the Financial Regulations. Those interim changes, which are now incorporated in and, therefore, superseded by the comprehensive revision, included a revised structure for UNDP Financial Regulations and Rules as well as changes to the Financial Regulations related to the harmonized biennial support budget, cost-sharing contributions from non-governmental sources, and the procurement function in UNDP.

6. To ensure that the needs and concerns of all UNDP operational units, at headquarters and in country offices, would be taken into consideration in the comprehensive revision of the financial Regulations and Rules, internal consultations took place at all stages of the process. The United Nations External Auditors and the United Nations Office of Legal Affairs were also consulted from the early stages of the project. In addition, a review of all UNDP financial procedures was conducted in parallel, with the active participation of many country office staff members, thus allowing the Administrator to identify some key policy issues, which have been reflected in the revision of the financial Rules.
7. The proposed comprehensive revision of the Financial Regulations and Rules introduces both editorial and substantive changes. Editorial changes include modifications made to the structure of the document and to the presentation of the information. Substantive changes include both updates incorporated to reflect past decisions made by the Executive Board and policy changes already introduced by the Administrator, and new policies for which no clear mandate or policies exist yet and for which the Administrator is seeking endorsement by the Executive Board.

III. Proposed editorial revisions

New structure

8. The 9 chapters and 17 articles of the current UNDP financial Regulations and Rules do not ease the reading of the document. Subjects of a similar nature are addressed in different chapters, and articles tend to mix policies not related to each other.
9. The new structure of the document (annex I), with 8 new chapters and 27 new articles, aligns the Financial Regulations and Rules with the main management functions used by UNDP to receive, allocate, spend and account for both its Regular and Other resources. This new structure allows a more logical organization of the information and provides greater clarity in the lines of accountability for the respective management functions. For example, policies governing the utilization of UNDP resources by executing entities are grouped under a specific chapter and a consistent set of Articles, whereas in the current document, those financial Regulations and Rules are distributed in different chapters.

Hierarchy between Regulations and Rules

10. Regulations are the policies and mandates determined by the Executive Board to establish the framework within which the Administrator operates, while Rules are the operational policies determined by the Administrator for UNDP.
11. The review of the current UNDP financial Regulations and Rules has shown that in many instances, authority is not placed at the appropriate level, with authorities belonging to the Executive Board framed in financial Rules and some authorities of the Administrator placed at the

Regulation level. In the proposed revision, the hierarchy between Regulations and Rules has been respected.

12. As a result, it is proposed that the content of the following current financial Rules be upgraded to the level of Regulations: Rule 101.1 (b) on applicability; Rule 104.5 on reporting on utilization difficulties of currencies; Rule 104.8 on contributions toward country office costs; Rule 104.12 on currency of cost-sharing contributions; Rule 108.2 on preparation and consideration of regional programmes; Rule 108.3 on resources available for country and regional programming; Rule 108.9 on the revision of global projects; Rule 108.10 on projects requiring Executive Board approval; Rule 108.14 on designation of an executing entity; Rule 108.20 a) and b) on suspension or termination of UNDP Programme activities; Rule 109.5 on budgetary contingency provisions, Rule 114.27 b) on management and other support services; Rule 114.34 on ownership of property and; Rule 117.1 on biennial audit.
13. Conversely, it is proposed that the content of the current financial Regulations 8.11, which regards the time at which UNDP approval of Programme activities becomes effective, and 8.10 e) (i) to (v), which regards the conditions for the designation of governmental, intergovernmental and non-governmental institutions as executing entities, be downgraded to the level of Rules.
14. In addition, in line with efforts to decentralizing authority to the appropriate levels, certain authorities contained in the current financial Rules has been removed from the document and instead incorporated in the relevant UNDP Manuals of procedures (Programming, Finance, or Administration). This is the case of most dollar limits, which will now be under the full oversight of the Associate Administrator and Assistant Administrators in charge of corporate functions, as delegated to them by the Administrator. Current Rules 108.11 on the delegation of authority to approve UNDP Programme activities, 108.13 on the content of agreements with executing entities, 114.7 on the receipt and deposit of moneys, and 114.9 on petty cash advances have also been incorporated in the relevant UNDP Manual.

Terminology

15. The terminology of the Regulations and Rules has been updated to reflect the way UNDP business operations have evolved and to ensure consistency in expressions used throughout the document. "Programme country" replaces "recipient Government" and "requesting Government"; "executing entity" replaces "executing agency"; "UNDP Programme activities" replaces "UNDP assistance", "UNDP technical cooperation" and "UNDP project"; "regional" replaces "intercountry"; "UNDP mandate" replaces "UNDP purpose", "UNDP aim" and "UNDP objectives".
16. The terminology adopted in Executive Board decision 97/6 on the harmonized budget presentation as contained in document DP/1997/2, and in Executive Board decision 95/23 on the successor programming arrangement has also been introduced throughout the document. Definitions of committing officer, liquidity, UNDP Programme activities, verifying

officer, voluntary contribution, and working capital have also been introduced.

IV. Proposed substantive changes for which a mandate exists

New mechanism for voluntary contributions to UNDP regular resources

17. Revised Regulation 6.07 reflects Executive Board decision 98/23 regarding a UNDP funding strategy with respect to the designation of the second regular session of the Executive Board as the time when all member countries would announce their voluntary contributions to UNDP for the coming year and, to the extent possible, subsequent years.

Resource planning frameworks

18. The implementation of both the successor programming arrangement and the multi-year funding framework adopted in Executive Board decision 98/23 implies a change in the financial planning frameworks used by the Administrator. The revised chapter D on resource planning and financial authorization incorporates the policy changes approved in this context.

Execution modalities

19. Over the past years, the shift to national execution has changed the nature of the relationship between the various parties involved in carrying out UNDP Programme activities. The current UNDP financial Regulations and Rules, however still reflect the earlier situation in which execution was predominantly undertaken by the specialized agencies of the United Nations systems. The financial Regulations and Rules have, therefore, been updated to take into account national execution as well as other emerging execution modalities.
20. Chapter E on utilization of UNDP resources by executing entities now reflects the importance of national execution and the changing role played by organizations of the United Nations systems in the implementation of UNDP Programme activities.
21. As the Administrator informed the Executive Board in DP/1997/CRP.8, UNDP has expanded the use of non-governmental organizations for the execution of UNDP Programme activities, where this modality presented advantages for UNDP-assisted programmes and with government agreement. While the mandate to use this new execution modality is embedded into the current Regulation 8.10 e), the United Nations Office for Legal Affairs has advised that UNDP seek to confirm its mandate. To that end, it is proposed that, through revised Regulation 17.04, the Administrator be authorized to select an intergovernmental or non-governmental organization as executing entity, provided it has operational and managerial capacity, can provide the needed services in a cost-effective manner, and can ensure its accountability to the Administrator. Other conditions under which non-governmental execution would be authorized have been included in revised

financial Rule 117.04 and in the new Programming Manual where adequate procedures for NGO execution have been developed.

22. Direct execution has also been placed within a more clearly defined accountability framework. In particular, and in accordance with Executive Board decisions 94/28 and 98/2, revised Regulation 17.05 provides that UNDP shall be designated as executing agent only when it can be demonstrated that it is essential to safeguard the full responsibility and accountability of the Administrator for the effective delivery of UNDP Programme activities. In revised Rule 117.03, the Administrator specifies that UNDP shall limit its role as executing agent to countries in special development circumstances and sets the delegation of authority for the approval of the direct execution modality. While the Administrator recognizes that the latter limitation was set by the Executive Board in the text of its decision 98/2, in order to allow the Administrator to use direct execution in a situation created by operational exigencies, it is proposed to maintain this specific limitation at the Rule level.

Framing of the respective authorities of UNDP corporate functions

23. The current financial Regulations and Rules in many instances lack clarity about the various lines of accountability and delegations of authority from the Administrator through the Associate Administrator and Assistant Administrators to the UNDP staff authorized to act on behalf of the organization.
24. At the Regulation level, revised Regulations 2.01, 3.01, 5.01, 10.01, 21.01, 24.01, and 25.01 specify the overall responsibility and accountability of the Administrator for each broad management function of UNDP.
25. At the Rule level, direct delegation of authority by the Administrator to the Associate Administrator and to specific Assistant Administrators are described for internal control (revised Rules 103.01 and 103.02), mobilization of other resources (revised Rules 107.01 and 108.01), resource planning and allocation (revised Rule 110.01), utilization of resources by executing entities (revised Rules 116.02 and 117.01), commitment of funds (revised Rule 120.01), procurement (revised Rule 121.01) verification for payments (revised Rule 122.01), assets management (revised Rule 124.01), cash management (revised Rule 125.01), and accounting (revised Rule 126.01).

Simplified resource assignment process for selected countries

26. In some countries and territories eligible to benefit from UNDP Programme activities, and in particular in small island countries, to which relatively modest levels of regular resources are assigned, the traditional formulation and approval process leading to the approval of the Country Cooperation Framework has proven to place a disproportional burden on both the Governments and UNDP country offices.
27. It is proposed therefore, that through revised Regulation 12.02 c) the Administrator be authorized to simplify the preparation and approval

process of Country Cooperation Frameworks for those countries and territories eligible to receive UNDP resources, to which the assigned level of TRAC-1 resources is below a threshold to be set by the Administrator.

Cost recovery

28. Executive Board decision 98/2 provides the principles to guide cost-recovery by UNDP for services rendered by the organization to support national execution. The revised financial Regulations and Rules incorporate those principles and expand the scope of cost-recovery to include the support services provided by UNDP to activities financed by organizations of the United Nations system, and for which no provision exist in UNDP biennial support budget.
29. Therefore, through revised Regulations 15.01 to 15.03, it is proposed that the Administrator be authorized to provide such support services and to make adequate arrangements for the reimbursement of related costs incurred by UNDP.

Payment of execution fees to non-governmental organizations

30. In current Regulation 8.10 f), only executing entities authorized by the Executive Board can be reimbursed for their support cost. While this Regulation, now numbered as revised Regulation 18.06, regulates the support cost arrangements for organizations of the United Nations system, the principles governing the reimbursement of actual cost associated with the implementation of UNDP Programme activities under other execution modalities are not clearly articulated in the current financial Regulations and Rules.
31. Therefore, with a view to accommodating the practice of payments by UNDP of an execution fee under the NGO execution modality, it is proposed, through revised Regulation 18.06, to authorize the Administrator to reimburse to entities outside of the United Nations system the costs associated with the implementation of UNDP Programme activities. Revised Rule 118.05 explicitly maintains the policy whereby executing entities of a Programme country government are not eligible for the reimbursement of such costs.

Revised policy on expenditure control

32. In order to strengthen the control systems of UNDP and to mitigate financial risks, the expenditure control processes in UNDP need to be adjusted to the greater decentralization of many authorities. To assist UNDP staff members who have been delegated financial authority, the Administrator has introduced a new policy on expenditure control.
33. The new policy aims at simplifying the expenditure control processes while at the time clarifying the assignment of responsibilities and strengthening the segregation of duties for every given financial transaction, between the various staff members who have been authorized to act on behalf of the organization.

34. At the Regulation level, revised Regulation 20.02 explicitly establishes the segregation of duty between the staff members who have been delegated financial authorities as the basis for internal control. The proposed revised financial Regulations also clarify the purposes of the three distinct functions of commitment of funds (revised Regulation 20.03), verification for payments (revised Regulation 22.01) and receipt and disbursement of funds (revised Regulation 25.02).
35. The revised financial Rules describe further the initial delegation of those financial authorities from the Administrator to the Chief Procurement Officer, the Comptroller and the Treasurer respectively. Those authorities were previously all embedded in the function of Director of Finance, which disappeared as a result of the UNDP 2001 change process. Principles related to the responsibilities of each one the new functions of committing officers (replacing certifying officers), verifying officers (replacing approving officers) and disbursing officers (replacing signatory panels) are also described in the revised financial Rules 120.01, 122.01, 122.02, 125.03.

New procurement framework

36. Procurement is a major area of focus in the common services initiative included in the reform proposals of the Secretary-general. A working group of the United Nations Secretariat, Funds and Programmes, including UNDP, has developed a set of harmonized procurement-related regulations and rules. Overall, the proposed revised Regulations and Rules put a greater focus on the overall guiding principles for procurement while providing a greater authority for the Chief Procurement Officer to develop specific procurement procedures.
37. The Regulations and Rules proposed by the United Nations working group have been integrated into the UNDP financial Regulations and Rules, with such minor amendments necessitated by those conditions specific to UNDP. For example, a clear delineation of authority has been introduced between the authority to procure services rendered by individuals in direct contract with UNDP (i.e. Special Services Agreement and Reimbursable Loan Agreements), delegated directly to the head of personnel services, and the authority to procure goods and other services, delegated to the Chief Procurement Officer.

Other resources reserve

38. Revised Regulation 25.06 b) reflects Executive Board decision 99/9 regarding the establishment of a reserve for other resources activities.

Increased dollar limits

39. It is proposed, in revised Regulation 23.01, to increase the authority of the Administrator to approve ex-gratia payments up to \$ 50,000 (compared to the current limit of \$ 40,000), so as to take into consideration inflation.

40. Although, as described in paragraph 14 above, a number of authorities limited by the specific amount involved have been moved to the level of procedures, certain dollar limits have been maintained at the level of Rules, in order for the Administrator to continue to exercise strict control, although with revised financial limits to take into account inflationary factors. In revised Rule 126.16, the Administrator specifies that any write-off of loss in excess of \$100,000 shall be submitted to him, and sets the amount authorized for waiver of investigation on write-off at \$ 1,000. In revised Rule 126.10, the Administrator asks that adjustments above \$ 50,000 on financially completed projects be submitted to the Chief Financial Officer.

V. Proposed substantive changes for which no clear mandate exist

Grant modality

41. Under the current financial Regulations and Rules, for UNDP to enter into a direct partnership with an institution and provide resources to such institution, an executing entity agreement governed by UNDP policies on the designation of executing entities, or a regular contract governed by UNDP policies regarding procurement of services must be signed.
42. In some instances, and in particular in the case of time-bound efforts within the activities of the country cooperation framework, it has been found that neither of the above two modalities is fully suitable. Examples of such situations are the preparation of the national human development report by a specific national research institute, or the strengthening of the capacities of a specific institution asked to play an active role in the implementation of a larger Programme activity. In such cases, UNDP must either develop a small stand-alone project, channel funds through the executing entity of another Programme activity, or follow a lengthy and sometimes inappropriate process of request of waiver of competitive bidding. In all cases, this results in implementation delays and in a heavy and costly administrative process.
43. To avoid those situations, the Administrator proposes the establishment of a new type of partnership agreement, in expanding the use of the existing grant modality. This proposal is consistent with the emphasis placed on UNDP's role in leveraging partnerships in Programme countries, and is also motivated by the successful implementation of the Global Environment Facility's Small Grants Programme.
44. The current Regulation 8.12 authorizes the Administrator to incorporate micro-capital grants to UNDP Programme activities. It is proposed, through revised Regulation 19.01 to authorize the Administrator to expand the scope of the grant modality outside of micro-capital grants and to incorporate grants to governmental and non-governmental organizations, but excluding commercial and other for-profit entities, into UNDP programming activities, with the approval of the government.

45. Revised Rule 119.01 spells out the proposed delegation of authority and reporting mechanism for such grants. Detailed procedures will be established to ensure a collegial selection process of the grant beneficiaries and phased payment of each grant based on the achievement of expected results, in line with UNDP's result based management policy.

Limited authority to advance regular resources

46. The Executive Board has instructed UNDP that cost-sharing contributions (in current Regulation 4.15 b)) and trust funds contributions (in current regulation 5.2) shall be paid in advance of the implementation of the relevant UNDP Programme activities. The principle that other Resources can be accepted only on a fully funded basis has proven in certain cases to be an obstacle to effective Programme implementation. Donors often request from UNDP the flexibility to start the implementation of the activities ahead of the actual payment of the contributions.
47. It is proposed through revised Regulation 16.03 that the Administrator will have a limited authority to advance Regular resources prior to the receipt of anticipated contributions to other resources, to the extent that such advances in the event of default could be covered by the Regular resources available for programming under that respective country, regional or global cooperation framework.

VI. Implementation of the revised Financial Regulations and Rules

48. Following the approval of the Financial Regulations by the Executive Board, the Administrator will issue the proposed revised Financial Rules, in accordance with revised Financial Regulation 2.02.
49. The Administrator believes that the proposed comprehensive revision will increase the user-friendliness of the Financial Regulations and Rules and further strengthen UNDP's internal control and accountability.
50. The release of the revised Financial Regulations and Rules followed by the release of a revised Finance Manual will be supported by learning instruments enabling UNDP staff members to quickly grasp the nature of the changes introduced and comply with the new financial policies.
51. As a measure to facilitate the continuous updating of the financial Regulations and Rules, and accompanying procedures, it is proposed that any Executive Board decision that has an impact on UNDP financial Regulations and Rules be accompanied by the respective proposed changes in the relevant financial Regulations and/or Rules.

Annex I: New structure of the revised UNDP financial Regulations and Rules

Chapter A. Applicability

Article 1. Applicability

Chapter B. Accountability

Article 2. Accountability
Article 3. Internal control
Article 4. External audit

Chapter C. Resources

Article 5. General framework
Article 6. Regular resources
Article 7. Other resources: Cost-sharing contributions
Article 8. Other resources: Trust funds
Article 9. Other resources: Other contributions and incomes

Chapter D. Resource Planning and Financial Authorization

Article 10. General framework
Article 11. Programme activities: Distribution of resources
Article 12. Programme activities: Resource assignment
Article 13. Biennial support budget: Submission and approval
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Chapter E. Utilization of Resources by Executing Entities

Article 16. General framework
Article 17. Designation, selection and termination of the executing entity
Article 18. Financial oversight of the executing entity functions
Article 19. Grants

Chapter F. Utilization of Resources by UNDP

Article 20. General framework
Article 21. Procurement of goods and services
Article 22. Verification for payments
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Chapter G. Administration of Resources

Article 24. Assets management
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Chapter H. Definitions

Article 27. Definitions

UNDP Revised Financial Regulations and Rules

A. Applicability

1. Applicability

B. Accountability

2. Accountability
3. Internal control
4. External audit

C. Resources

5. General framework
6. Regular resources
7. Other resources: Cost-sharing contributions
8. Other resources: Trust funds
9. Other resources: Other contributions and incomes

D. Resource Planning and Financial Authorization

10. General framework
11. Programme activities: Distribution of resources
12. Programme activities: Resource assignment
13. Biennial support budget: Submission and approval
14. Biennial support budget: Appropriations
15. Support services

E. Utilization of Resources by Executing Entities

16. General framework
17. Designation, selection and termination of the executing entity
18. Financial oversight of the executing entity functions
19. Grants

F. Utilization of Resources by UNDP

20. General framework
21. Procurement of goods and services
22. Verification for payments
23. Ex-gratia payments

G. Administration of Resources

24. Assets management
25. Cash management
26. Accounting

H. Definitions

27. Definitions

UNDP Revised Financial Regulations and Rules (Draft)

A. Applicability / 1. Applicability

Chapter A : Applicability

Article 1 : Applicability

Regulation 1.01 :

These Regulations shall govern the financial management of the United Nations Development Programme (UNDP) and shall, unless otherwise provided by the General Assembly or the Executive Board and except as specified in these Regulations and the annexes thereto, apply to all resources administered by UNDP and to all the Funds placed under the administration of the Administrator.

Regulation 1.02 :

Amendments and exceptions to these Regulations may be made only by the Executive Board, after review by the Advisory Committee.

Regulation 1.03 :

These Regulations shall become effective on 1 January 2000.

Regulation 1.04 :

In regard to any matter not specifically covered by these Regulations, the appropriate provisions of the United Nations Financial Regulations shall apply.

Regulation 1.05 :

a) Unless otherwise specified in b) below, the UNDP Financial Regulations and Rules shall apply to all resources administered by the United Nations Capital Development Fund, by the United Nations Revolving Fund for Natural Resources Exploration, by the United Nations Fund for Science and Technology for Development, by the United Nations Development Funds for Women, by the United Nations Volunteer Programme, and by any other Fund or Programme administered by UNDP.

b) Additions or amendments to the UNDP Financial Regulations and Rules, which shall be applicable to the United Nations Capital Development Fund and to the United Nations Revolving Fund for Natural Resources Exploration and which are necessary in order to take account of the special requirements of their operations, are contained in the relevant annex to UNDP Financial Regulations and Rules;

c) The UNDP Financial Regulations and Rules are not applicable to UNFPA, which operates under its own financial Regulations and Rules

as approved by the Executive Board at its thirtieth session.

Rule 101.01 :

(a) These Rules shall apply to the financial administration of all activities of UNDP except as may otherwise be provided by the General Assembly or the Executive Board.

(b) In regard to any matter not specifically covered by these Rules, the appropriate provisions of the United Nations Financial Regulations and Rules shall apply.

Chapter B : Accountability

Article 2 : Accountability

Regulation 2.01 :

The Administrator of UNDP is fully responsible and accountable to the Executive Board for all phases and aspects of UNDP activities.

Regulation 2.02 :

(a) The Administrator shall issue detailed financial Rules and procedures in order to ensure effective financial administration and the exercise of economy; the Administrator shall circulate the financial Rules to Members of the Executive Board for information at least 30 days before they become effective;

(b) The Administrator may amend the financial Rules and shall circulate amendments to these Rules to Members of the Executive Board for information at least 30 days before they become effective;

(c) The Administrator may, when he/she deems it necessary, suspend the application of any of these financial Rules and shall circulate suspensions of these Rules to Members of the Executive Board for information as soon as they become effective.

Regulation 2.03 :

There shall be established UNDP Accounts to which all resources received by UNDP and receivable in cash shall be credited and against which all expenditures on behalf of UNDP shall be charged.

Regulation 2.04 :

The financial period for the purpose of both proposed utilization of resources and the incurring of and accounting for expenditures in respect of the biennial support budget shall consist of two consecutive calendar years (hereinafter referred to as biennium), the first of which shall be an even year.

Rule 102.01 :

(a) Powers and responsibilities delegated by the Administrator to other UNDP personnel shall follow these Rules. A record of such delegations shall be maintained by the Assistant Administrator, Bureau for Financial and Administrative Services.

(b) The Assistant Administrator, Bureau for Financial and Administrative Services, shall be responsible, on behalf of the Administrator, for the administrative maintenance of these Regulations and Rules, including any application of the United Nations Financial Regulations and Rules.

(c) The Assistant Administrator, Bureau for Financial and Administrative

B. Accountability / 2. Accountability

Services, shall issue such instructions or establish such procedures as she/he may deem necessary for the administration of these Rules.

Rule 102.02 :

All personnel of UNDP are responsible to the Administrator for the regularity of actions taken by them in the course of their official duties. Any personnel who takes any action contrary to these Financial Rules or to the instructions which may be issued in connection therewith may be held personally responsible and financially liable for the consequences of such action.

Article 3 : Internal control

Regulation 3.01 :

The Administrator shall maintain an internal financial control which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:

(i) The regularity of the receipt, custody and disposal of all financial resources administered by UNDP;

(ii) The conformity of commitments and expenditures with the allocations, appropriations or other financial provisions decided upon by the Executive Board, with allocations decided upon by the Administrator or with agreements with other United Nations organizations and other entities;

(iii) The effective and efficient management of UNDP and the effective, efficient and economic use of all resources administered by UNDP.

Rule 103.01 :

Unless specified otherwise in these financial Rules, authority and responsibility to issue instructions and establish procedures for the implementation of these Regulations and Rules are delegated by the Administrator to:

- the Associate Administrator for chapter E of these financial Regulations and Rules governing the utilization of resources by executing entities;

- the Assistant Administrator, Bureau for Resource and External Affairs, for chapter C of these financial Regulations and Rules governing the mobilization of resources;

- the Assistant Administrator, Bureau for Planning and Resource Management, for chapter D of these financial Regulations and Rules governing resource planning and financial authorizations, and;

- the Assistant Administrator, Bureau for Finance and Administration Services, for chapters F and G of these financial Regulations and Rules governing respectively the utilization of resources by UNDP and the administration of resources.

Rule 103.02 :

The Office of Audit and Performance Review shall be responsible for the

B. Accountability / 3. Internal control

internal audit of UNDP and shall have free access to all books, records and other documents which are, in its opinion, necessary for the performance of the audit. Its reviews shall be conducted in accordance with generally accepted auditing standards, shall provide comments and recommendations to the Administrator on financial, management and operational activities, in respect of:

(a) The regularity of the receipt, custody, expenditure, accounting and reporting of all financial resources of UNDP, funds administered by UNDP and non-UNDP funds administered by UNDP, and the effectiveness of existing internal controls and accounting systems;

(b) The conformity of expenditures with the purposes for which funds were appropriated or otherwise provided by the Executive Board and the financial authorizations issued thereunder, or with the purposes and Rules relating to other funds administered by UNDP or with agreements with other United Nations organizations and other entities;

(c) The compliance of all financial activities and transactions with established Regulations, Rules, policies, procedures and administrative instructions;

(d) The effective and efficient management of UNDP and the effective, efficient and economic use of UNDP resources, funds administered by UNDP and non-UNDP funds administered by UNDP.

Article 4 : External audit

Regulation 4.01 :

The External Audit provisions of Article XII of the United Nations Financial Regulations have been annexed for information to these Regulations and shall, as appropriate, apply to UNDP, except that:

(a) The reports of the Board of Auditors, together with the audited financial statements and the comments thereon of the Advisory Committee, shall also be transmitted to the Members of the Executive Board;

(b) Organizations of the United Nations system entrusted with the implementation of UNDP Programme activities shall transmit to the Administrator for submission to the Executive Board biennial accounts showing the status of funds allocated to them by the Administrator. Such accounts shall bear audit certificates from the organizations' External Auditors and shall be accompanied by their reports, if any, and copies of any relevant resolutions adopted by their legislative or governing bodies; and

(c) In submitting the above biennial accounts to the Executive Board, and as part of the comments submitted with the audited financial statements of UNDP, the Administrator shall comment on the Auditors' substantive observations and on their follow-up.

Chapter C : Resources

Article 5 : General framework

Regulation 5.01 :

(a) The Administrator is responsible for mobilizing effectively and efficiently UNDP resources in furtherance of the mandate and activities of UNDP.

(b) The Administrator may delegate authority, as appropriate, for the mobilization of resources.

Regulation 5.02 :

Contributions may be accepted by UNDP from Governments of Member States of the United Nations, of the specialized agencies and of the International Atomic Energy Agency, as well as from those organizations and agencies. Contributions may also be accepted from any intergovernmental, non-governmental, or private sector sources subject to such conditions and criteria as the Executive Board and the Administrator may establish.

Regulation 5.03 :

(a) The Administrator may indicate to the contributing party the currency or currencies required for UNDP activities.

(b) Contributions shall be denominated in United States dollars; however, the Administrator may accept payment in the local currency of the contributing party to the extent the Administrator considers that such currency could be used to meet operational requirements.

Regulation 5.04 :

Should the Administrator agree to accept payment of a contribution in a currency other than United States dollars, the recorded contribution shall be adjusted by any consequent identifiable loss or gain on exchange, unless, in the case of loss, the contributing party agrees to reimburse it.

Regulation 5.05 :

Where the purpose of the contribution is the general support of UNDP and no limitations are imposed by the contributor as to its use, the monies or in-kind provisions received shall be credited to the UNDP Regular Resources Account.

Regulation 5.06 :

Where the purpose of the contribution is for specific purposes consistent with the policies, aims and activities of UNDP, the contributions received shall be credited to the UNDP Other Resources Account and shall be treated under the provisions of Article 7, 8 or 9 below, as appropriate.

Regulation 5.07 :

Contributions to Other resources shall be subject to the following conditions:

- (a) Contributions shall be consistent with the policies, aims and activities of UNDP;
- (b) Contributions shall be paid pursuant to an agreement made between the contributor and the Administrator;
- (c) Contributions shall be paid in advance of the allocation made for the implementation of planned UNDP Programme activities; exceptions are governed by Regulation 16.03 below;
- (d) additional costs incurred by UNDP in administering the contribution shall be fully covered from the contribution.

Regulation 5.08 :

In cases of default by a contributor of payment of part or all of a contribution to UNDP Other resources, or in case of unforeseen contingencies, the resources available for UNDP Programme activities at the country, regional or global level shall subsequently be charged with those costs which would otherwise have been financed from the contribution to Other resources.

Regulation 5.09 :

The Administrator shall report annually to the Executive Board on contributions received from each contributor, including from non-governmental sources.

Article 6 : Regular resources

Regulation 6.01 :

The overall target for voluntary contributions shall be established by the Executive Board.

Regulation 6.02 :

Voluntary contributions may be pledged either on a multi-year or on an annual basis.

Regulation 6.03 :

Voluntary contributions and other contributions to Regular Resources shall be made without limitation as to use by a specific executing entity, in a specific Programme country or region, or for specific UNDP Programme activities. No contributing Government shall receive special treatment with respect to its voluntary contribution, nor

shall negotiation take place for the use of currencies contributed to UNDP between contributing Governments and Programme countries.

Regulation 6.04 :

Voluntary contributions shall be made in currencies which are readily usable by UNDP, consistent with the need for efficiency and economy of operations.

Regulation 6.05 :

Entities headquartered in a net contributor country which has contributed in a non-convertible currency shall be reimbursed for services and equipment purchased under the Programme only in the currency of that country where such a currency is accumulated and until such accumulation is used; conversely, if when utilizing a non-convertible contribution, costs are incurred in other currencies, these shall be reimbursed to UNDP in a convertible currency.

Regulation 6.06 :

The Administrator shall provide annually information to the Executive Board on any difficulties encountered in fully utilizing the currencies available to UNDP, together with any additional information requested by the Executive Board on currency utilization.

Regulation 6.07 :

Without prejudice to the annual pledging conference convened by the Secretary-General, a special UNDP Funding Meeting to be convened on an annual basis within the context of the second regular session of the UNDP/UNFPA Executive Board at which voluntary contributions to UNDP Regular resources will be formally announced. This Funding Meeting will be the time when all member countries would:

(a) announce their voluntary contributions to UNDP as follows: a firm funding commitment for the current year; for those in a position to do so, a firm contribution or indication of the contribution for the following year; and a firm or tentative contribution for the third year;

(b) announce payment schedules for the current year, taking into account that early payments are encouraged; and

(c) review the past payments of contributions to UNDP Regular resources and government contributions to local office costs made in the previous calendar year as well as the timing of the payments.

Article 7 : Other resources: Cost-sharing contributions

Regulation 7.01 :

The Administrator is authorized to enter into cost sharing agreements, provided these have been accepted by the Programme country or countries, subject to such principles as the Executive Board may establish.

C. Resources / 7. Other resources: Cost-sharing contributions

Rule 107.01 :

The authority to mobilize cost-sharing resources is delegated to the Associate Administrator, who may delegate this authority, through the Regional Bureau Director concerned, to UNDP Resident representatives in Programme countries.

Rule 107.02 :

Cost sharing contributions shall be set forth in the project document or programme support document and/or in an agreement with the contributing party. These contributions shall be due in advance of the related expenditures according to a schedule of payments agreed to in writing by UNDP.

Rule 107.03 :

Any unexpended cost sharing contributions remaining after the related UNDP Programme activities are financially completed shall be disposed of by UNDP, in accordance with the agreement under which the contribution is made.

Article 8. Other resources: Trust funds

Regulation 8.01 :

Trust funds may be established by the Executive Board or by the Administrator for specified purposes consistent with the policies, aims and activities of UNDP. Trust funds which directly or indirectly involve additional financial liability for UNDP shall be established only by the Executive Board.

Regulation 8.02 :

The Administrator shall issue guidelines for the establishment and administration of trust funds. To ensure cost-effective administration of trust funds, the Administrator may determine a minimum contribution level below which he/she may refuse the establishment of a trust fund.

Regulation 8.03 :

The Administrator may establish trust funds at the request of the Secretary General to provide assistance in responding to resolutions of the Security Council or General Assembly.

Rule 108.00 :

(a) Each trust fund shall be established either on the basis of a written agreement signed on behalf of UNDP and one or more contributors or by the issuance of terms of reference for the trust fund concerned in anticipation of receipt of contributions from prospective contributors.

(b) The authority to mobilize trust fund resources, including the authority to sign trust fund agreement and to issue terms of reference for trust funds, is delegated to the Associate Administrator, who may delegate

C. Resources / 8. Other resources: Trust funds

this authority, through the Regional Bureau Director concerned, to UNDP Resident representatives in Programme countries.

(c) Unless otherwise provided by the Executive Board, the trust fund and activities financed therefrom shall be administered in accordance with the applicable UNDP Regulations, Rules and directives.

Article 9. Other resources: Other contributions and incomes

Regulation 9.01 :

Host Government contributions to country office costs

a) The Administrator shall arrange for the collection from host Governments of their contributions in cash and/or in kind towards the costs of UNDP country offices, in accordance with the agreements between the Administrator and the host Governments concerned. Negotiations with respect to the amount and/or form of such contributions shall be in accordance with relevant Executive Board decisions and take into consideration the economic conditions of the countries concerned and may result in the granting by the Administrator of a partial waiver of contributions.

b) Contributions in cash toward country office costs shall be credited to the biennial support budget for UNDP.

Regulation 9.02 :

Programme country counterpart contributions

Programme countries shall assist in defraying costs associated with UNDP Programme activities in their countries by making available, either in cash or in kind or both, a substantial part of the requirements necessary for the implementation of UNDP Programme activities, except in cases of hardship. In the light of policies established by the Executive Board, the level, nature and timing of such contributions will be determined in agreement with the Programme country or countries and will be described, as appropriate, in the relevant project or programme support document.

Regulation 9.03 :

At the request of Programme countries, UNDP may provide management and other support services associated with the financing of activities by Governments, or intergovernmental or governmental organizations. Such management and other support services shall be consistent with the policies, aims and activities of UNDP. The income derived from the provision of such management and other support services shall be considered as income to UNDP.

Regulation 9.04 :

Income other than contributions, direct refunds of expenditures in respect of Programme activities or in respect of the biennial support budget during their approved period and revenue derived from the

Staff Assessment Plan, shall be classified as miscellaneous income.

Rule 109.01 :

Host Government contributions in kind to support the cost of UNDP country offices (e.g. goods, services or premises) shall be appropriately recognized in the biennial support budget of UNDP.

Rule 109.02 :

Counterpart contributions from Programme countries to defray the cost of specific UNDP programme activities within the country may be:

(a) In cash (Government cash counterpart contributions) and payable in accordance with the payment schedule specified in the work plan and budget of the relevant UNDP Programme activities; or

(b) In kind, in the form of services, goods, equipment and facilities to be provided in accordance with the work plan contained in the relevant UNDP Programme activities document.

Should the expected Government cash counterpart contribution towards specific Programme activities not be forthcoming, the Administrator may either modify the value thereof or charge the relevant costs to the Programme country(ies) TRAC.

Rule 109.03 :

Each management services and support services arrangement shall be covered by a written agreement between UNDP and the Programme country concerned, which agreement shall, inter alia, specify the services which UNDP is to furnish and provide for full reimbursement to UNDP of any costs incurred thereby by UNDP headquarters and/or country offices.

Chapter D : Resource Planning and Financial Authorization

Article 10. General framework

Regulation 10.01 :

- a) The Administrator is responsible and accountable for planning the use of UNDP resources and issuing financial authorizations effectively and efficiently in furtherance of the policies, aims and activities of UNDP;
- b) The Administrator may delegate authority, as appropriate, for the planning of the use of UNDP resources and issuance of financial authorizations.

Regulation 10.02 :

- a) UNDP shall have an integrated financial framework for the planning and management of regular resources that shall cover a fixed multi-year period;
- b) This fixed financial framework shall consist of four consecutive calendar years;
- c) Within this multi-year fixed integrated financial framework, and at least two years prior to the beginning of such a new framework, the Administrator shall submit to the Executive Board for its approval a distribution of UNDP regular resources in percentage share between specific categories as defined in Regulation 11.01.

Regulation 10.03 :

Subject only to the maintenance on a continuous basis of the Reserves set forth under Article 25 and for working capital, and after provision has been made for the biennial support budget, all resources of UNDP shall be available to the maximum extent possible for Programme activities, including reimbursement of related support costs.

Regulation 10.04 :

Financial authorizations against UNDP Regular resources shall be issued on a partially funded basis.

Regulation 10.05 :

To provide for continuity in UNDP Programme activities, subject to guidelines that the Executive Board may set forth, the Administrator is authorized to take the measures that may be necessary to ensure a smooth transition from one multi-year fixed financial framework to the next.

Rule 110.01 :

D. Resource Planning and Financial Authorization / 10. General framework

The Assistant Administrator, Bureau for Planning and Resource Management, shall be responsible, on behalf of the Administrator, for planning and allocating the resources made available to UNDP so as to optimize their use.

Rule 110.02 :

For internal resource planning purposes, UNDP will have a rolling planning period which will formally roll-over at the end of the calendar year and normally cover at least the current year and two future years.

Article 11 - Programme activities: Distribution of resources

Regulation 11.01 :

Regular resources available for UNDP Programme activities are distributed by the Executive Board in the following main categories:

- (a) Programme activities at the country level, including TRAC 1 and 2, and TRAC 3 for resources for development in countries in special situation;
- (b) Programme activities at the regional level;
- (c) Programme activities at the global level;
- (d) Evaluation;
- (e) Technical Cooperation between Developing Countries activities;
- (f) Support costs;
- (g) Support to the Resident Coordinator;
- (h) Other categories as may be established by the Executive Board.

Regulation 11.02 :

The distribution of resources among the different programme categories may be changed only by the Executive Board on the basis of principles it shall have established.

Regulation 11.03 :

Percentage shares for Programme countries, in the form of targets for resource assignment from regular resources (hereafter referred to as TRAC-1 and TRAC-2) shall be calculated using the criteria and methodology endorsed by the Executive Board, under the separate categories established by the Executive Board for Programme activities at the country level.

Regulation 11.04 :

Consistent with the objectives set forth in the programme categories established by the Executive Board, the Administrator shall plan for

D. Resource Planning and Financial Authorization / 11. Programme activities: Distribution of resources

the delivery of all UNDP Programme activities at rates expected to achieve the targeted resource levels.

Regulation 11.05 :

Subject to decisions that the Executive Board may make with regard to specific programme categories, at the end of a fixed financial framework, any unexpended balance of resources assigned to a specific programme category shall in principle be available for the same respective category in the next fixed financial framework. Similarly, any over-expenditure in a specific category in a fixed financial framework shall constitute a first charge against the respective category in the next fixed financial framework.

Rule 111.01 :

(a) At least annually, at the end of each calendar year, the Assistant Administrator, Bureau for Planning and Resource Management, shall incorporate for the rolling planning framework estimates of the resources expected to be available for programme expenditures, and existing commitments against those resources.

(b) Should these estimates exceed or fall short of the targets set, the Assistant Administrator, Bureau for Planning and Resource Management, shall propose adjustments upwards or downwards in the authorized programming levels. Such adjustments shall be on a proportionate basis with the percentage share established by the Executive Board for the main programme categories.

(c) The Assistant Administrator, Bureau for Planning and Resource Management, will prepare a separate resource planning framework for each separate programme category that the Executive Board may have established.

(d) Within the resource planning framework, the Administrator shall set annual authorized programming levels, annual ceilings for commitments, and annual expenditure targets.

Article 12: Programme activities: Resource assignment

Regulation 12.01 :

a) Within the Regular resources distributed to Programme countries and to regional and global Programme activities, and taking into account anticipated Other resources, the Administrator shall submit, on the basis of principles laid down by the Executive Board, cooperation frameworks to be presented to the Executive Board;

b) Such cooperation frameworks may be established at the country, regional, or global level, as appropriate;

c) Cooperation frameworks shall each contain a resource mobilization table outlining the level of funding targeted from both Regular and Other resources for the entire planning period covered by the cooperation framework.

Regulation 12.02 :

- a) The cooperation frameworks shall be formulated in accordance with relevant Executive Board decisions and shall be submitted to the Executive Board for approval.
- b) The approval of a cooperation framework by the Executive Board forms the basis for subsequent allocation of UNDP resources towards the achievement of the development objectives specified therein.
- c) Cooperation frameworks will normally cover a planning period of three to five consecutive calendar years, taking into account national and harmonized United Nations system planning horizons.
- d) The Administrator may determine a TRAC-1 threshold below which the approval process of the country cooperation framework shall be simplified. The Administrator shall inform the Executive Board and the Programme countries to which the simplified process is applied of this threshold.

Regulation 12.03 :

To provide for continuity in the programming and implementation of UNDP Programme activities, the financial period for the purpose of the proposed utilization of resources and of the entering into commitments shall be the duration of each UNDP Programme activity.

Regulation 12.04 :

Whenever the Executive Board has approved UNDP Programme activities on a reimbursable basis, the requesting Government shall reimburse the cost of such UNDP Programme activities to UNDP in accordance with an agreement to be concluded between UNDP and the Government concerned.

Regulation 12.05 :

The Administrator may expend annually up to one-tenth of 1 per cent of the resources available for the regional and global cooperation frameworks preparation and review without further recourse in either case to Governments or to the Executive Board.

Rule 112.01 :

All resources available for UNDP Programme activities, including those transferred from the previous fixed financial framework period shall be fully distributed by the end of the current fixed financial framework period or, if not, transferred to the next period.

Rule 112.02 :

The cooperation frameworks period need not coincide with the multi-year fixed integrated financial framework period or with the rolling planning period.

Article 13 : Biennial support budget: Submission and approval

Regulation 13.01 :

The Administrator shall prepare the proposed biennial support budget which shall cover Programme support, management and administration of the organization, and support to operational activities of the United Nations. The proposed biennial support budget shall be related to the current planning period.

Regulation 13.02 :

The biennial support budget shall cover proposed expenditures and anticipated income related to the biennium and shall be presented in United States dollars.

Regulation 13.03 :

The Administrator shall, in the second year of a biennium, submit the proposed biennial support budget for the following biennium to the Executive Board. This proposed biennial support budget shall be transmitted to all Members of the Executive Board at least six weeks prior to the opening of that session of the Board.

Regulation 13.04 :

(a) The biennial support budget estimates shall be submitted to the Advisory Committee for comment prior to presentation to the Executive Board.

(b) The proposed budget, together with the Advisory Committee report thereon, shall be considered for approval by the Executive Board in September of the year preceding the biennium to which the budget relates.

(c) The approved budget and the related comments of the Advisory Committee shall be submitted to the General Assembly for information at the time the relevant annual report of the Executive Board is considered.

Regulation 13.05 :

The Advisory Committee is requested to prepare a report to the Executive Board on the proposed biennial support budget. This report shall be transmitted to all Members of the Executive Board as soon as it is available.

Regulation 13.06 :

The Executive Board shall, in the second year of a biennium, adopt the biennial support budget for the following biennium.

Regulation 13.07 :

The proposed biennial support budget, both for income and expenditure, shall be prepared in the form adopted by the Executive Board in relevant decisions on the harmonization of budget presentations.

Regulation 13.08 :

The Administrator may submit supplementary proposals to amend the biennial support budget whenever necessary.

Regulation 13.09 :

The Administrator, in preparing supplementary proposals to amend the biennial support budget, shall do so in a form consistent with the approved biennial support budget and shall submit such proposals to the Executive Board. They shall also be submitted to the Advisory Committee, which is requested to review them and report thereon to the Executive Board.

Regulation 13.10 :

Subsequent to a Executive Board session in the second year of a biennium, the Administrator may utilize the budgetary contingency provision of 3 per cent of the approved gross appropriations for unforeseen requirements resulting from currency movements, inflation or decisions of the General Assembly. Such usage shall be reported to the next regular session of the Executive Board and to the Advisory Committee, which is requested to review it and report thereon to the Executive Board.

Rule 113.01 :

(a) For each biennium, the UNDP biennial support budget shall be established within the parameters of the current planning framework.

(b) The Assistant Administrator, Bureau for Planning and Resource Management, shall develop the budget proposals in consultation with the heads of organizational units of UNDP and make his/her recommendations to the Administrator.

(c) The Administrator shall decide as to the proposed biennial support budget to be submitted to the Executive Board.

Rule 113.02 :

(a) Should heads of organizational units, as an exceptional measure, seek additional funds for reasons other than those described in (a) above, they shall furnish the Assistant Administrator, Bureau for Planning and Resource Management, with such detailed justification as maybe required.

(b) All supplementary biennial support budget proposals shall be reviewed by the Assistant Administrator, Bureau for Planning and Resource Management, who shall make recommendations to the Administrator. In each case the Administrator shall decide whether or not to submit a

D. Resource Planning and Financial Authorization / 13. Biennial support budget: Submission and approval

supplementary biennial support budget proposal.

Rule 113.03 :

The proposed biennial support budget shall comprise of:

- (i) An executive summary providing an overview and the strategy adopted;
- (ii) The financial framework of the organization, covering resources available and the use of resources, for both regular and other resources;
- (iii) The budget proposals with explanatory statements covering Programme support, management and administration and, support to operational activities of the United Nations;
- (iv) Relevant tables and figures on budget estimates and posts; and,
- (v) The draft appropriations decision.

Rule 113.04 :

- (a) Supplementary proposals to amend the biennial support budget may be submitted if inflation forecasts, currency fluctuations, or other cost factors are expected to have a significant impact on approved appropriations.
- (b) The proposed biennial support budget shall contain provision for the refund to UNDP staff members of income taxes levied on them in respect of earnings derived from employment with UNDP.

Article 14: Biennial support budget: Appropriations

Regulation 14.01 :

Appropriations for the biennial support budget approved by the Executive Board shall constitute an authorization to the Administrator to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

Regulation 14.02 :

Appropriations for the biennial support budget shall be available for obligation during the biennium to which they relate.

Regulation 14.03 :

a) Appropriations shall remain available for 12 months following the end of the biennium to which they relate to the extent that they are required to discharge any outstanding legal obligation of the biennium. The balance of the appropriations shall revert to the UNDP Regular resource Account.

b) Any unliquidated obligations of the biennium in question shall at that time be cancelled or, where the obligation remains a valid

charge, transferred as an obligation against current appropriations.

Regulation 14.04 :

Transfers between the appropriation lines for the biennium may be made by the Administrator, subject to such limits as the Executive Board may specifically decide, with the concurrence of the Advisory Committee.

Rule 114.01 :

(a) The Assistant Administrator, Bureau for Planning and Resource Management, is responsible for ensuring that the allotments remain within the approved appropriations.

(b) Authorization by the Assistant Administrator, Bureau for Planning and Resource Management, to expend biennial support budget appropriations may take the form of:

(i) An allotment of funds or other authorization to commit funds for a specific period and/or a specific purpose; and/or

(ii) An authorization for the employment of staff or of consultants.

Rule 114.02 :

(a) An allotment advice shall be issued at least annually by the Assistant Administrator, Bureau for Planning and Resource Management, to each organizational unit for the objects of expenditure under its control.

(b) Each organizational unit is responsible for ensuring that expenditure control policies and procedures are adhered to as described in Chapter G.

Rule 114.03 :

Allotments against the biennial support budget, in the interest of UNDP, against resources anticipated for future financial periods may be authorized only by the Assistant Administrator, Bureau for Planning and Resource Management. Such allotments shall normally be restricted to administrative requirements of a continuing nature and to other contractual arrangements where longer lead-times are required to ensure timely delivery and shall be treated as a first charge to the relevant appropriations as these are approved by the Executive Board.

Rule 114.04 :

(a) An authorized staffing table shall be issued biennially by the Assistant Administrator, Bureau for Planning and Resource Management to each organizational unit, indicating the number and level of approved posts.

(b) The Assistant Administrator, Bureau for Planning and Resource Management, shall be responsible for exercising overall staffing table control to ensure that total posts by level as authorized by the Executive Board are not exceeded.

Rule 114.05 :

The Assistant Administrator, Bureau for Planning and Resource Management, may redeploy resources as among organizational units and objects of expenditure, provided such redeployments are within the total appropriations approved by the Executive Board for an appropriation line.

Article 15: Support services

Regulation 15.01 :

The Administrator is authorized to provide a range of support services consistent with the policies, aims and activities of UNDP. These services may include:

- (i) support to activities financed by organizations within the United Nations system and,
- (ii) support services to national execution and other executing entities, and to the implementation of UNDP Programme activities, within the parameters established by the Executive Board

Regulation 15.02 :

The Administrator is authorized to make adequate arrangements with organizations which are within the United Nations system for reimbursement of costs incurred by UNDP in support of activities financed by such organizations.

Regulation 15.03 :

The Administrator is authorized to make adequate arrangements with the Government, executing entity, or organization of the United Nations system, as appropriate, for reimbursement of costs incurred by UNDP for support services to national execution and/or to the implementation of UNDP Programme activities.

Rule 115.01 :

Goods, services and other requirements may be provided to development partners such as Governments, international or intergovernmental or non-governmental organizations or activities financed from trust or similar funds or special accounts on a reimburseable, reciprocal or other basis as may be approved by the Assistant Administrator, Bureau for Planning and Resource Management.

(i) Where the supply of such goods, services and other requirements is of a regular and continuing nature, except where reciprocal arrangements have been made with the approval of the Assistant Administrator, Bureau for Planning and Resource Management, the relevant budget shall include provision both for the cost of such goods, services and other requirements, and for any repayment thereof as income; and

(ii) In the absence of budgetary provision, the Assistant Administrator, Bureau for Planning and Resource Management, may institute a reimbursement arrangement by authorizing expenditures to be incurred and charged to accounts receivable pending recovery from the party concerned.

Rule 115.02 :

Each support service shall be covered by a written agreement between UNDP and the entity concerned, which agreement shall, inter alia, specify the services which UNDP is to furnish and provide for reimbursement to UNDP of costs incurred thereby by UNDP headquarters and/or country offices.

Chapter E : Utilization of Resources by Executing Entities

Article 16 : General framework

Regulation 16.01 :

The Executive Board shall have sole authority to approve, within the limits of resources allocated, UNDP Programme activities, which the Executive Board or the requesting Government has specifically asked the Administrator to submit to the Executive Board.

Regulation 16.02 :

Under such limits prescribed by the Executive Board and within the limits of resources allocated for UNDP Programme activities, the Administrator is authorized to approve UNDP Programme activities at the country, regional and global levels.

Regulation 16.03 :

(a) The Administrator may authorize, on an exceptional basis and with the agreement of the Programme country, advancing resources prior to the receipt of expected contributions to Other resources, to the extent that such advances in the event of default could be covered by the Regular resources available for programming under that respective country, regional or global cooperation framework.

(b) Exceptions made by the Administrator to start activities in advance of the receipt of contributions should be documented. Those exceptions for which contributions have not been received at the end of any calendar year shall be reported to the Executive Board on an annual basis.

Regulation 16.04 :

UNDP Programme activities shall be subject to the following arrangements:

(a) Agreements shall be entered into between UNDP and individual Governments, specifying the general terms and conditions which are to govern UNDP Programme activities in their respective countries and territories;

(b) Arrangements for the establishment and financing of UNDP Programme activities shall be subject to the agreement between the Programme country or countries and UNDP, in the form of a project document or programme support document.

Regulation 16.05 :

The Administrator shall ensure that executing entities shall require auditors to follow the audit principles and procedures prescribed for the United Nations in respect to funds obtained from or through UNDP and shall ensure that each UNDP Programme activity is audited at least once in its lifetime, or as otherwise required pursuant to the

relevant agreements governing such Programme activity.

Regulation 16.06 :

(a) The administration by executing entities of resources obtained from or through UNDP shall be carried out under their respective financial Regulations, Rules, practices and procedures only to the extent that they are appropriate.

(b) Where the financial governances of an executing entity do not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, those of UNDP shall apply.

Regulation 16.07 :

The Administrator shall establish, from time to time, criteria determining UNDP Programme activities executed by entities other than organizations from the United Nations system which are to be audited biennially. Such criteria shall be made available to the Board of Auditors.

Rule 116.01 :

UNDP programme activities in countries in special development situation and for which no cooperation framework has been approved shall be approved by the Executive Board.

Rule 116.02 :

a) The authority to approve UNDP Programme activities, within the limit of resources allocated to those activities, is delegated to the Associate Administrator. The Associate Administrator may delegate this authority through the Director of the Regional Bureau concerned, to UNDP Resident Representatives in the Programme countries;

b) Approval of UNDP Programme activities becomes effective upon signature of the project document or programme support document by the Government or Governments and UNDP and, where appropriate, by the executing entity. This does not apply to Support services for programme and policy development (SPPD) and Support for technical services (STS) which do not require the signature of the Government.

c) The Associate Administrator shall issue such instructions and establish such operational procedures as he/she may deem necessary for the approval of UNDP Programme activities.

Rule 116.03 :

(a) The existence of an agreement governing UNDP Programme activities in a Programme country, in the form of a standard agreement or in the absence of a standard agreement, of a standard annex to the project document or programme support document, is a precondition for the approval of UNDP Programme activities or otherwise entering into a commitment for UNDP Programme activities.

(b) Such agreements shall provide that UNDP Programme activities shall in each instance be subject to the availability of the necessary resources. Other general terms and conditions of such agreements shall, inter alia, indicate the financial responsibilities which the Government shall assume, the services and facilities including privileges and immunities it shall provide, and arrangements for suspension or termination of activities, settlement of disputes, and orderly winding up of operations.

Rule 116.04 :

The Associate Administrator and the Director of the Office for Audit and Performance Review shall be responsible for establishing the criteria determining UNDP Programme activities executed by agents other than organizations within the United Nations system, which are to be audited biennially and for informing the Board of Auditors accordingly.

Rule 116.05 :

Responsibility for signature, on behalf of UNDP, of preparatory assistance and advance authorization documents relating to UNDP Programme activities at the country level shall rest with resident representatives. Signature of such a document shall constitute its approval. The document shall become effective upon such signature.

Rule 116.06 :

The Associate Administrator shall be responsible for monitoring all advances made prior to the receipt of Other Resources contributions as per Regulation 16.03 above and reporting the status of such advances to the Administrator annually.

Article 17 : Designation, selection and termination of the executing entity

Regulation 17.01 :

(a) In consultation with and with the agreement of the Programme country, the Administrator shall select a single executing entity among the designated entities for each specific UNDP Programme activity. With the agreement of the Programme country and UNDP, the selected executing entity may associate one or more other entities with it in the implementation of UNDP Programme activities.

(b) Selection of an executing entity shall be conditional upon the existence of a signed executing agreement or other agreed arrangement between UNDP and the entity concerned, specifying the terms and conditions which are to govern UNDP Programme activities for which that entity has been selected.

(c) The Administrator may delegate authority, as appropriate, for the selection of executing entities and the oversight of their performance.

Regulation 17.02 :

National execution, should be the norm for UNDP Programme activities, taking into account the capacities of Programme countries and the nature of UNDP Programme activities.

Regulation 17.03 :

Where national execution is found not to be appropriate, consideration in the selection of an executing entity shall be given to organizations of the United Nations system and UNOPS. Such selections shall be subject to the agreement of the requesting Programme country or countries.

Regulation 17.04 :

The Administrator may also designate for executing UNDP Programme activities an intergovernmental entity not part of the United Nations system or a non-Governmental entity, provided it has operational and managerial capacity, can provide the needed services in a cost-effective manner, and can ensure its accountability to the Administrator.

Regulation 17.05 :

The Administrator may designate UNDP as executing entity only when it can be demonstrated that it is essential to safeguard the full responsibility and accountability of the Administrator for the effective delivery of UNDP Programme activities.

Regulation 17.06 :

(a) The Administrator may, by written notice to the Government and the executing entity, under the terms and conditions of UNDP's agreement with such party, suspend UNDP Programme activities if any circumstance arises which in his/her opinion interferes or is likely to interfere with their successful completion or the accomplishment of their purposes and results.

(b) If such circumstance continues for a period of 14 days after written notice of such suspension to the Programme country and the executing entity, the Administrator may, by written notice to the same parties: (i) terminate UNDP Programme activities; or (ii) terminate the executing entity's execution of UNDP assistance thereto and, with the Government's consent, take over such execution or entrust it to another executing entity.

Rule 117.01 :

a) The authority to select executing entities and responsibility to oversee their performances is delegated to the Associate Administrator. The Associate Administrator may delegate this authority through the Director of the Regional Bureau concerned, to UNDP Resident Representatives in the Programme countries;

b) The Associate Administrator shall issue operational procedures and

E. Utilization of Resources by Executing Entities / 17. Designation, selection and termination of the executing entity

guidelines governing the selection of executing entities.

Rule 117.02 :

The existence of an agreed arrangement between UNDP and an entity to be designated executing entity is a precondition for the designation of this entity as an executing entity. Such agreed arrangement shall be constituted by:

- (i) the standard basic execution agreement for executing entities which are organizations of the United Nations system;
- (ii) a execution agreement specifically related to the relevant UNDP Programme activities to be administered for executing entities which are non-governmental organizations;
- (iii) the relevant project document or programme support document for national executing entities.

Rule 117.03 :

- a) UNDP shall limit its role as executing entity to countries in special development situations;
- b) The Associate Administrator is authorized to approve the designation of UNDP as executing entity for specific UNDP Programme activities and shall establish criteria according to which such designation may take place;
- c) whenever UNDP has been designated as executing entity, policies and procedures governing the use of resources by UNDP under chapter F below shall apply.

Rule 117.04 :

Execution of UNDP Programme activities may be assigned to an intergovernmental or non-governmental organization if the entity meets most of the following conditions:

(i) it has the ability to: reach and mobilize local associations and groups at the local level; interpret and communicate national policy, goals and strategies at the local level; and ensure the sustainability of UNDP Programme activities beyond the funding period;

(ii) it has technical and/or scientific capacities not available in the United Nations system;

(iii) it has special qualifications for building collective decision-making systems which are respectful of local customs and traditions;

(iv) it has the capacity to strengthen the capacities of local organizations in areas essential to the promotion of sustainable human development;

(v) it has special qualifications for bringing about dialogue and partnership arrangements between the government and the local community.

Rule 117.05 :

In the event of any UNDP Programme activities termination, UNDP shall

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reimburse the executing entity for the costs it may incur or may have incurred (and for which provision has been made in the agreed document) in executing UNDP Programme activities up to the effective date of the termination, including:

(i) Reasonable costs incurred in phasing out its execution of UNDP Programme activities; and

(ii) Reimbursable executing entity support costs, as per agreed arrangements between UNDP and the executing entity.

Article 18 : Financial oversight of the executing entity functions

Regulation 18.01 :

The budget covering UNDP Programme activities, as contained in an approved document, shall constitute the allocation of resources by the Administrator to the executing entity, authorizing the incurring of expenditures and the entering into of commitments.

Regulation 18.02 :

The budget covering UNDP Programme activities shall be presented in annual segments and shall constitute a ceiling on expenditures for the current year and on commitments for future years in connection with UNDP Programme activities for which the allocation was made.

Regulation 18.03 :

UNDP Programme activities approved by the Executive Board may be revised without further reference to the Executive Board, after appropriate consultations with the parties involved in the preparation of such UNDP Programme activities, provided that the major development objectives of those UNDP Programme activities remain unchanged and only limited financial adjustments are involved.

Regulation 18.04 :

To ensure the effective management of resources allocated to executing entities, the Administrator is authorized to specify in the relevant agreements with such entities, the basis, content and periodicity of reports on funds obtained from or through UNDP which are to be submitted by executing entities.

Regulation 18.05 :

Each executing entity shall maintain such accounts and records as are necessary to enable it to report on the financial status of funds obtained from or through UNDP, including in particular the balance of recorded allocations, expenditures and commitments.

Regulation 18.06 :

Organizations of the United Nations system participating in the support cost arrangements may be reimbursed for their support costs associated with the implementation of UNDP Programme activities, up

to levels determined by the Executive Board.

Regulation 18.07 :

Entities, other than organizations of the United Nations system participating in the support cost arrangements, may be authorized by the Administrator to be eligible for reimbursement of the costs they have incurred in implementing UNDP Programme activities, based on estimates of actual costs.

Regulation 18.08 :

- a) Following completion of UNDP Programme activities, the balance of the allocation between actual expenditure and the allocation shall revert to the respective TRAC;
- b) The final allocation shall remain available for the period of time required to discharge any outstanding legal obligation for UNDP Programme activities it relates to.

Rule 118.01 :

Agreed documents describing UNDP Programme activities shall include a budget to be established on an annualized basis for the duration of UNDP Programme activities. The budgetary provision contained in the agreed document shall constitute an allocation and a commitment by UNDP to finance UNDP Programme activities described therein, subject to the availability of resources.

Rule 118.02 :

At agreed regular intervals all executing entities shall be required to submit to UNDP reports on the status of allocations made to them by UNDP, including information in respect of their total recorded allocations, disbursements, unliquidated obligations, commitments, cash holdings and other financial data.

Rule 118.03 :

While budget revision may be proposed by all parties, it shall be the responsibility of the executing entity to ensure that budgets are realistic at all times and to prepare budget revisions whenever necessary.

Rule 118.04 :

- a) Budget revisions which do not increase the total budgeted amounts at the line level by more than an amount to be specified by the Associate Administrator and budget revisions which do not increase the total budgeted amount at the total level shall require only the approval of UNDP and the executing entity;
- b) All other budget revisions shall require the approval of the Government, the executing entity, and UNDP.

E. Utilization of Resources by Executing Entities / 18. Financial oversight of the executing entity functions

Rule 118.05 :

Governments are not eligible to reimbursement by UNDP of the costs associated with the implementation of UNDP Programme activities.

Rule 118.06 :

An NGO execution fee will be negotiated for non-governmental executing entities based on estimates of actual costs.

Rule 118.07 :

Organizations of the United Nations system participating in the support costs arrangements, as determined by the Executive Board, may be reimbursed the following support costs related to the implementation of UNDP Programme activities:

(a) Administrative and Operational services (AOS), which shall be expressed in United States dollar terms and reimbursed at the following rates applied to annual expenditure:

(i) for activities financed under regular resources (excluding support cost resources), through cost-sharing arrangements, and from trust or similar funds other than the United Nations Capital Development Fund and the United Nations Sudano-Sahelian Office, at a standard rate not exceeding 10 per cent;

(ii) for activities financed from Government cash counterpart contributions, at rates not exceeding 3.5 per cent of expenditures from such contributions;

(b) Support services for programme and policy development (SPPD), which can be only accessed by eligible United Nations agencies and regional commissions. SPPD reimbursement is based on an agreed work-month rate and actual costs; and

(c) Support for technical services (STS), which can be only accessed by eligible United Nations agencies and regional commissions. STS reimbursement is based on an agreed work-month rate and actual costs.

Rule 118.08 :

a) Budgets and their individual budget lines shall constitute ceilings for expenditures on UNDP Programme activities for current and future years;

b) However, in any given year, an executing entity's expenditures may exceed an approved project budget for that year by 4 per cent of that year's annual project budget (excluding the cost-sharing budget). These expenditures are authorized provided the total amount of excess expenditures of the executing entity for that year does not exceed 2 percent of the total UNDP fund (excluding cost-sharing funds) approved for the expenditure by that executing entity for that year.

Rule 118.09 :

E. Utilization of Resources by Executing Entities / 18. Financial oversight of the executing entity functions

(a) As soon as UNDP Programme activities have ceased, the executing entity shall declare them operationally completed. It shall inform UNDP of such operational completion and submit to UNDP a budget revision, in conformity with established procedures for budget revision, reflecting actual and estimated expenditures to date.

(b) UNDP Programme activities shall be considered financially completed if they have been operationally completed, or terminated, if all financial transactions have been recorded, the relevant accounts closed, and a final project budget revision approved.

(c) The financial completion of UNDP Programme activities shall be accomplished within 12 months after the month in which they are operationally completed or terminated.

Article 19. Grants

Regulation 19.01 :

The Administrator is authorized to incorporate grants, for purposes consistent with the policies, aims and activities of UNDP and with the agreement of the Programme country or countries, to governmental and non-governmental organizations, including civil society organizations, but excluding commercial and other for-profit entities, into UNDP Programme activities and is responsible for establishing appropriate rules and procedures for the application of the grant modality.

Rule 119.01 :

a) The Associate Administrator shall develop detailed operational procedures for the application of the grant modality;

b) Grants may be provided to a governmental or non-governmental organization, as direct beneficiary or intermediary, for the undertaking of development-related activities;

c) Grants shall be recorded as an expenditure when payment to the direct beneficiary or intermediary is made.

Chapter F : Utilization of Resources by UNDP

Article 20 : General framework

Regulation 20.01 :

Expenditures for the current year and commitments for future years shall be incurred only after allocations for Programme activities, allotments in respect of the biennial support budget or other appropriate authorizations have been made in writing under the authority of the Administrator.

Regulation 20.02 :

There shall be a segregation of duties:

- (i) between the staff who may incur obligations or commitments on behalf of UNDP and the staff who may verify for payments on behalf of UNDP, and
- (ii) between the staff who may verify for payments on behalf of UNDP and the staff who may disburse resources on behalf of UNDP.

Regulation 20.03 :

The Administrator shall:

- (a) Designate the staff who may make commitments on behalf of UNDP;
- (b) Cause all commitments to be made on the basis of supporting documents which ensure that funds are available to cover the anticipated claim, in the form of an allocation or an allotment;
- (c) Ensure that all commitment decisions are within UNDP's mandate and provide best value for money to the organization.

Rule 120.01 :

(a) The Assistant Administrator, Bureau for Finance and Administration Services, in his/her capacity of Chief Procurement Officer, shall designate one or more staff as committing officer for the procurement of all goods and services, except those services rendered by individual under direct contract with UNDP, for each organizational unit. The responsibilities of those committing officers, including those for specific accounts assigned to them, shall be established by the Chief Procurement Officer.

(b) The Assistant Administrator, Bureau for Planning and Resource Management, shall designate one or more staff as committing officer(s) for those services rendered by individual under direct contract with UNDP, for each organizational unit. The responsibilities of those committing officers, including those for specific accounts assigned to them, shall be established by the Assistant Administrator, Bureau for Planning and Resource Management.

(c) Any authority granted and responsibility assigned to such staff is a personal one and cannot be delegated. Alternates may also be designated to

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act in the absence of the committing officer(s).

(d) The purpose of committing funds is to ensure, ahead of the facts, that:

(i) the activities to be financed are within UNDP's mandate and policies, within the approved strategy, and within UNDP's framework and plans;

(ii) funds necessary to satisfy the present or anticipated claim are currently available in the relevant account for which the committing officer is responsible and;

(iii) the commitment decision provides value for money to the organization.

Rule 120.02 :

(a) The Chief Procurement Officer shall specify the amounts above which establishment or amendment of an obligation document are required. Such amounts shall include series of obligations for the same purpose.

(b) For commitments or changes in commitments above the amounts specified by the Chief Procurement Officer, and apart from the employment of staff under an authorized staffing table and consequential commitments under the Staff Regulations and Rules, no contract, agreement or undertaking of any nature shall be entered into until resources have been reserved in the accounts.

(c) Resources must be obligated, by means of an obligating document, as soon as a contract, agreement or undertaking of any nature has been entered into.

Rule 120.03 :

(a) Each proposed obligation document, accompanied by appropriate supporting documentation, shall be signed by a committing officer.

(b) Committing officers shall submit such further explanations or justifications as the Chief Procurement Officer may require.

(c) The Chief Procurement Officer may reject any proposal for obligation or expenditure.

(d) The Chief Procurement Officer shall have authority to certify obligations under all accounts.

Article 21 : Procurement of goods and services

Regulation 21.01 :

The Administrator is responsible and accountable for carrying out the procurement functions of UNDP effectively and efficiently in furtherance of the mandate and activities of UNDP.

(a) The procurement functions of UNDP include all actions necessary for the acquisition, by purchase or lease, of goods, real property, and services, including works and construction;

(b) The Administrator may delegate authority, as appropriate, for such procurement functions.

Regulation 21.02 :

The following general principles shall be given due consideration in carrying out the procurement functions of UNDP:

- (a) Best value for money, considering all relevant factors, including costs and benefits to UNDP;
- (b) Fairness, integrity and transparency;
- (c) Effective international competition;
- (d) The interest of UNDP.

Rule 121.01 :

Functions and powers of the Chief Procurement Officer

- a) The Assistant Administrator, Bureau for Financial and Administrative Services, in his/her capacity of Chief Procurement Officer (CPO) of the organization, is responsible and accountable to the Administrator for all procurement functions of UNDP for all its locations, except for those services rendered by individuals under direct contract with UNDP, which shall be under the responsibility of the Assistant Administrator, Bureau for Planning and Resource Management, who shall issue such instructions and establish such procedures as he/she may deem necessary for the acquisition of such services.
- b) The CPO may delegate responsibility under these Rules as may be appropriate in fulfilling the purposes of these Rules. Hereinafter references to the CPO shall also include personnel acting under delegated authority from the CPO.
- c) The CPO shall establish the necessary controls for the procurement functions, including controls for the delegation of authority related thereto. The CPO shall issue procedures for purposes necessary to protect the integrity of the procurement process and the interest of the organization. To this end, the CPO shall establish review committees, at headquarters and other locations, to render written advice to the CPO on procurement actions leading to the award or amendment of contracts, including contracts which involve income to UNDP. The CPO shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.
- (d) Where, under the preceding provisions of this Rule, the advice of the review committee is required to be sought, no commitment may be entered into before such advice is acted upon by the CPO or his/her authorized delegates. In cases where the CPO or his/her authorized delegates decides not to accept the advice of such committee, he/she shall record the reasons for such decision.

Rule 121.02 :

Procurement Modalities

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a) Entering into procurement by contract. No contract shall be entered into on behalf of UNDP except by the CPO, who shall be responsible for ensuring that the procurement functions are carried out pursuant to these Regulations and Rules, and administrative instructions related thereto.

b) Cooperating with other UN organizations. The CPO may cooperate with other organizations of the United Nations System to meet the procurement requirements of UNDP, and as appropriate enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together with other UN organizations, or UNDP entering into a contract in reliance on a procurement decision of another UN organization, or requesting another UN Organization to carry out procurement activities on behalf of UNDP.

c) Cooperating with governments and other organizations. The CPO may, in accordance with the relevant legislation of the Executive Board, authorize cooperation with a government, non-governmental organization, or other public international organization, in respect of procurement activities, and as appropriate enter into agreements for such purposes.

Rule 121.03 :

Reliance on Competition

Consistent with the provisions contained in Regulation 21.02, above, and except as otherwise provided in Rule 121.05 below, procurement contracts shall be entered into on the basis of effective competition, and to this end, the competitive process will, as necessary, include:

- a) an overall procurement strategy;
- b) market research for identifying potential suppliers;
- c) competition on as wide a geographic basis as practicable and suited to market circumstances;
- d) consideration of prudent commercial practice; and
- e) formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers; or informal methods of solicitation, such as requests for quotations. The CPO shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.

Rule 121.04 :

Award of procurement contracts on the basis of formal methods of solicitation

a) The award of a contract shall be made after due consideration has been given to the general principles described in Regulation 21.02 and in accordance with the following:

i) When formal invitations to bid have been issued, contracts shall be awarded to the qualified bidder whose bid substantially conforms to requirements set forth in the solicitation documentation and offers the lowest cost to UNDP, considering only price and price-related factors.

ii) When formal requests for proposals have been issued, contracts shall be awarded to the qualified offeror whose proposal, all factors

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considered, is the most responsive to the requirements set forth in the solicitation documentation and offers the best value to UNDP.

b) The CPO may, in the interest of UNDP, reject bids or proposals for particular procurements, recording the reasons for rejection in writing. The CPO shall then make a determination whether to undertake a new solicitation, or to negotiate a contract pursuant to Rule 121.05, below, or to terminate or suspend the requirement.

Rule 121.05 :

Award of procurement contracts on the basis of exceptions to the use of formal methods of solicitation

a) The CPO may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of UNDP:

- i) When the amount of the contract is below the monetary value required for formal methods of solicitation;
- ii) When there is a lack of a competitive marketplace for the resource; such as where a monopoly exists, where prices are fixed by legislation or a regulatory body, or where the requirement involves a proprietary product or service;
- iii) When there is a need for standardization with existing equipment or services;
- iv) When the proposed contract is the result of cooperation with other UN organizations, pursuant to Rule 121.02, above;
- v) When offers for identical items have been obtained through competition within a reasonable period and the prices and conditions offered remain competitive;
- vi) When a prior formal solicitation has not produced satisfactory results;
- vii) When there is a need to purchase or lease real property;
- viii) When there is a genuine exigency for the requirement;
- ix) When the proposed contract relates to obtaining the services of specific individuals, other than for staff services; or
- x) When the CPO otherwise decides that a formal solicitation will not give satisfactory results.

b) When a decision is made pursuant to sub-paragraph a) above, the CPO shall record the reasons in writing and may then award a contract on the basis of an informal method of solicitation, or authorize a directly negotiated contract, to the qualified vendor whose offer substantially conforms to the requirements at an acceptable price.

Rule 121.06 :

Written procurement arrangements

Written procurement arrangements, including contracts and purchase orders, shall be used to formalize every procurement made to a supplier for a monetary value over specific thresholds established by the CPO. Such arrangements shall, as appropriate, specify in detail:

- a) the nature of the material or services being provided;
- b) the quantity being provided;
- c) the contract or unit price;
- d) the period covered;
- e) conditions to be fulfilled, including standard general conditions;

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- f) terms of delivery and payment; and
- g) name and address of supplier.

Written procurement arrangements shall not be interpreted to restrict the use of any electronic means of data interchange. Before using any electronic means of data interchange the CPO shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information.

Article 22. Verification for payments

Regulation 22.01 :

The Administrator shall:

- (a) Designate the staff who may verify for payments on behalf of UNDP;
- (b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made.

Rule 122.01 :

(a) The Comptroller, Bureau for Financial and Administrative Services, shall have authority to approve for all payments under all accounts;

(b) The Comptroller, Bureau for Financial and Administrative Services, shall where appropriate, designate certain staff in other organizational units as verifying officers.

(c) Those staff so designated shall have the responsibility to verify for payments and other financial transactions on behalf of UNDP. The responsibility assigned to a verifying officer cannot be delegated.

Rule 122.02 :

(a) A verifying officer shall approve a voucher for payment when:

- (i) It has been determined that payment had not previously been made;
- (ii) It is supported by documents which indicate that the goods or services for which payment is claimed, have been received or rendered in accordance with the terms of the contract and the related obligation;
- (iii) the payment is made against a recorded commitment of resources entered into by an appropriate committing officer and;
- (iv) No other information is available which would bar the payment.

(b) Should an invoice be presented for payment in an amount which exceeds the existing relevant obligation by the amount specified by the Chief Procurement Officer in Rule 120.02 or more, prior commitment of resources by a committing officer is required.

(c) For payments for which funds did not need to be reserved by the recording of an obligation as per Rule 120.02, the documentation

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supporting the payment voucher must be signed by a committing officer before the payment may be approved by a verifying officer.

Article 23 : Ex-gratia payments

Regulation 23.01 :

The Administrator may make such ex gratia payments not exceeding \$50,000 as he/she deems to be necessary in the interest of UNDP, provided that a statement of such payments shall be submitted to the General Assembly and the Executive Board with the financial statements.

Rule 123.01 :

(a) Ex gratia payments may be made in cases where, although in the opinion of the United Nations Office of Legal Affairs there is no legal liability on UNDP, the moral obligation is such as to make payment desirable in the interest of UNDP.

(b) Request for the approval of all ex gratia payments shall be prepared by the Assistant Administrator, Bureau for Planning and Resource Management, and cleared by the Assistant Administrator, Bureau for Financial and Administrative Services.

Chapter G : Administration of Resources

Article 24 : Assets management

Regulation 24.01 :

The Administrator is responsible and accountable for managing UNDP's property effectively and efficiently in furtherance of the mandate and activities of UNDP.

(a) The management of property includes all actions necessary for receipt, maintenance and disposal of the property of UNDP;

(b) The Administrator may delegate authority, as appropriate, for such management of property.

Regulation 24.02 :

Non-expendable equipment and other property financed or provided by UNDP shall belong to UNDP unless and until such time as ownership thereof is transferred, on terms and conditions mutually agreed upon between the Programme Country and UNDP.

Rule 124.01 :

(a) The Assistant Administrator, Bureau for Financial and Administrative Services, shall determine the types of supplies, equipment and other property for which records shall be maintained and shall establish the nature and extent of the records in keeping with the purpose of these Rules.

(b) The Assistant Administrator shall be responsible for the maintenance of the property records established under (a) above. Such records shall be maintained both for headquarters and for UNDP country offices and shall show separately supplies, equipment and other property belonging to UNDP and/or entrusted to the charge of UNDP.

(c) Physical inventories shall be taken of supplies, equipment or other property owned by UNDP, or entrusted to the charge of UNDP, annually or at such intervals as deemed necessary to ensure adequate control over such property. The selection of items to be inventoried shall be the responsibility of the Assistant Administrator who shall also arrange for the conduct of physical inventories at headquarters.

(d) The Assistant Administrator may delegate the responsibilities assigned to him under (a), (b), and (c) above.

Rule 124.02 :

The Assistant Administrator, Bureau for Financial and Administrative Services, shall establish property survey boards for headquarters and other locations, to render written advice to him/her in respect of loss, damage or other discrepancy in relation to the property of UNDP. The Assistant Administrator, Bureau for Financial and Administrative Services may delegate responsibility under this Rule as may be appropriate in fulfilling the purposes of this Rule. He/she shall establish the

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composition and terms of reference of such boards, which shall include procedures on determining the cause of such loss, damage or other discrepancy, the disposal action, and the degree of responsibility, if any, attaching to any official of UNDP or other party, for such loss, damage or other discrepancy. The Assistant Administrator, Bureau for Financial and Administrative Services shall be responsible for the disposal of property by means other than sale and shall issue administrative instructions for such disposal actions.

Rule 124.03 :

(a) The Assistant Administrator, Bureau for Finance and Administration Services, shall be responsible for the disposal of property by sale. He/she shall establish administrative instructions for the sale of property and may delegate authority as necessary.

(b) Sales of supplies, equipment or other property declared surplus or unserviceable following a recommendation by a Property Survey Board shall be made after competitive bidding, provided that such competitive bidding is not necessary when:

(i) The inventoried value per item is less than an amount to be specified by the Assistant Administrator, Bureau for Finance and Administration Services;

(ii) The exchange of surplus property in partial or full payment for replacement equipment or supplies will, in the opinion of the Board, be in the interest of UNDP;

(iii) The destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property; and

(iv) The interests of UNDP will be served by disposal by gift or sale at nominal prices to a Government or Government agency or some other non-profit-making organization.

Rule 124.04 :

All supplies, equipment or other property received by UNDP shall immediately be inspected to ensure that the items comply with the specifications of the purchase contract and that their condition is satisfactory. As an item is received, an appropriate receiving report shall be issued and the item shall be entered, if required under Rule 124.01(a), into the property records.

Rule 124.05 :

Sales of UNDP property shall be on the basis of payments on or before delivery. Exceptions to this Rule may be authorized in writing by the Assistant Administrator, Bureau for Financial and Administrative Services when, in his/her view, this is in the interest of UNDP.

Rule 124.06 :

Ownership of equipment may be transferred at any time after its arrival in the country being assisted and shall be effected by the resident representative after consultation with the parties concerned.

Article 25 : Cash management

Regulation 25.01 :

The Administrator, under the authority delegated by the Secretary-General as custodian of all funds, is responsible and accountable for the effective and efficient management of cash resources in UNDP custody.

(a) cash management includes all actions necessary for receipt, deposit, advance, investment and disbursement of cash, including the designation of banks and opening of bank accounts;

(b) the Administrator may delegate authority, as appropriate, for such cash management.

Regulation 25.02 :

The Administrator shall designate the staff who may receive and/or disburse moneys.

Regulation 25.03 :

Working capital shall be provided from the cash resources of the UNDP Accounts.

Regulation 25.04 :

Account being taken of the objectives and policies of UNDP and the special requirements of its operations, including liquidity, moneys not required immediately may be placed in liquid fixed-term instruments by the Administrator.

Regulation 25.05 :

Notwithstanding the provisions of Regulation 25.04 above, and within limits and terms established by the Executive Board, UNDP funds may be placed in the form of participation in development loans by international or regional development banks, or loaned under the provisions of the Reserve for Field Accommodation.

Regulation 25.06 :

Within the UNDP Accounts, the following reserves shall be established at levels set by the Executive Board:

(a) An Operational Reserve, the purpose of which is to guarantee the financial viability and integrity of UNDP. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The elements to be compensated for and covered by it shall be limited to:

- (i) Downward fluctuations or shortfalls in resources;
- (ii) Uneven cash flows;
- (iii) Increases in actual costs as compared to planning estimates or fluctuations in delivery; and
- (iv) Other contingencies which result in a loss of resources for which UNDP has made commitments for programming;

The decision to make a drawdown from the Operational Reserve shall rest solely with the Administrator, who will report all drawdowns to the Executive Board at its next regular session and between sessions, to Members of the Executive Board as may be prescribed by the Board or whenever the situation in the Administrator's opinion so merits;

(b) An Other Resources Reserve, the purpose of which is to ensure that financial risks associated with Other Resources activities are prudently managed. A drawdown from the Other Resources Reserve will occur only when resources available subject to Regulation 5.08 have been exhausted. The decision to make a drawdown from the Other Resources Reserve shall rest solely with the Administrator, who will report all drawdowns to the Executive Board at its next regular session and between sessions, to Members of the Executive Board as may be prescribed by the Board or whenever the situation in the Administrator's opinion so merits.

(c) A fully funded Reserve for Field Accomodation, for housing for internationally recruited, UNDP-financed field personnel and, exceptionally, for office accommodation. The terms and conditions under which the Administrator may agree to such loans shall be established by the Executive Board. The Administrator shall report annually to the Executive Board on the status of such loans;

(d) Such other reserves as may be approved by the Board.

Regulation 25.07 :

The specific advance approval of the Executive Board shall be required for any loan of UNDP resources not authorized under the provision of these Regulations.

Regulation 25.08 :

The Administrator may establish such credit facilities as are normally needed in the course of operational activities, such as commercial letters of credit. However, the specific advance approval of the Executive Board shall be required for any borrowing of resources not specifically authorized under the provision of these Regulations.

Rule 125.01 :

The Treasurer, Bureau for Finance and Administration Services, is

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authorized to designate the bank or banks in which UNDP and UNDP administered funds will be deposited and maintained. A designation of bank shall cover all branches of that bank. The Treasurer shall promulgate criteria for the qualification of such banks.

Rule 125.02 :

The Treasurer shall establish criteria for the opening of bank accounts in emergency situations.

Rule 125.03 :

The Treasurer shall designate the initial signatories to operate UNDP bank accounts, and the personnel authorized to amend the signatory panels.

Rule 125.04 :

(a) The Treasurer shall make full and effective use of all currencies available to UNDP to the extent possible, and in doing so may effect the purchase or sale of one currency for another whenever it is deemed to be in the best interest of UNDP.

(b) The Treasurer, or other official designated by him/her, may utilize commercial foreign exchange markets or other United Nations programmes under parameters approved in UNDP's "Investment and Cash Management Guidelines"

Rule 125.05 :

The Treasurer shall communicate the United Nations operational rates of exchange to the organizations from the United Nations system associated with the implementation of UNDP Programme activities and UNDP country offices for their use in the recording of all UNDP-financed activities.

Rule 125.06 :

(a) All disbursements shall be made by cheque or bank transfer, except to the extent that cash disbursements are authorized by the Treasurer or by a duly authorized personnel in a country office.

(b) Cheques or payment instructions to banks shall be signed by two authorized signatories. The Treasurer may, where adequate safeguards are provided, authorize the signing of cheques by one signatory only.

(c) Transfers of funds shall be authorized by the Treasurer or his/her designate.

Rule 125.07 :

Oversight of liquidity management activities is the responsibility of the Investment Committee, which is chaired by the Assistant Administrator, Bureau for Finance and Administration Services, through delegation from the Administrator. The Administrator shall approve the mandate of the

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Committee and its membership.

Rule 125.08 :

(a) Executing entities and organizations from the United Nations system associated with the implementation of UNDP Programme activities may obtain funds through remittances from UNDP. Such remittances shall not exceed the amount needed to cover a reasonable period of foreseen cash requirements related to UNDP-financed activities. Prior to the remittance of funds, the Treasurer may request information to substantiate the need for such remittances.

(b) Country offices may obtain funds through remittances from headquarters. Such remittances shall be limited, unless otherwise justified, to the cash advance level established for each country office by the Treasurer. Those country offices maintaining a United States dollar account in New York may not draw funds in excess of the cash advance level established for the country office without prior approval of the Treasurer, or his/her designate.

Rule 125.09 :

Petty cash advances may be made to officials designated by the Treasurer. These cash advances shall be maintained on an imprest basis. The amount and purposes of each advance shall be defined by the Treasurer the amount being held to the minimum compatible with working requirements.

Rule 125.10 :

All bank accounts shall be reconciled on a regular basis, at least monthly, with the statements submitted by the banks.

Rule 125.11 :

Advance Payments

Except where normal commercial practice or the interests of UNDP so require, no contract shall be made on behalf of UNDP which requires a payment or payments on account in advance of the delivery of goods or performance of contractual services. Whenever an advance payment is agreed in accordance with UNDP administrative instructions, the reasons therefor shall be recorded.

Rule 125.12 :

In addition to advances specified above, the Treasurer may authorize other cash advances such as advances permitted by the Staff Rules and administrative instructions.

Article 26 Accounting

Regulation 26.01 :

The Administrator shall submit financial statements biennially in respect of the UNDP Regular Resources Account, Other Resources Account and in respect of all Funds administered by UNDP, in

accordance with the United Nations System Accounting Standards showing:

- (a) Income and expenditures;
- (b) Assets and liabilities, Reserves and Fund(s) Balances
- (c) Statement of cash flows
- (d) Movement in resource balances
- (e) The status of allocations for programme activities and the amounts charged against those allocations; and
- (f) The status of appropriations approved by the Executive Board for the biennial support budget and the amounts charged against those appropriations.

The Administrator shall also give such other information as may be appropriate to indicate the current financial position and shall maintain such accounting records and other records as are necessary to report to the Executive Board and the General Assembly on the financial status of Funds administered by UNDP.

Regulation 26.02 :

The financial statements shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Administrator may deem necessary.

Regulation 26.03 :

Separate accounting records shall be maintained for all reserves within the UNDP Accounts.

Regulation 26.04 :

Miscellaneous income shall be credited to the relevant UNDP Account to which the income accrued or from which it derived.

Regulation 26.05 :

The financial period for the purpose of incurring and accounting for expenditures in respect of UNDP Programme activities, including reimbursement of related agency support costs, shall consist of a single calendar year.

Regulation 26.06 :

The Administrator may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the

Board of Auditors with the accounts. The Administrator may establish, from time to time, an amount below which full investigation and formal write-off are not required. Such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line.

Regulation 26.07 :

All trust funds shall be reported in detail to the Executive Board through the Advisory Committee.

Regulation 26.08 :

The financial statements shall be submitted by the Administrator, not later than 30 April of the year following the end of each biennium, to the United Nations Board of Auditors for examination and opinion.

Rule 126.01 :

The Comptroller, Bureau for Finance and Administration Services, shall prescribe and maintain financial records and subsidiary records and shall institute systems and procedures, including those in respect of UNDP country offices, which would permit accurate and timely financial reporting on all activities to the Administrator and to appropriate governing bodies.

Rule 126.02 :

The accounting and other financial records and all supporting documents shall be retained for such periods as may be agreed with the Board of Auditors, after which, on the authority of the Comptroller such records and documents may be destroyed.

Rule 126.03 :

A record of pledges shall be maintained in the currency pledged. Pledges made in other than United States dollars shall be reported in the equivalent of United States dollars converted at the United Nations operational rate of exchange in effect on the date of the report or, if paid, on the date of payment.

Rule 126.04 :

Payments of voluntary contributions intended for credit to UNDP in United States dollars shall be recorded as income in the actual amount received by UNDP. Payments of voluntary contributions in other than United States dollars shall be recorded as income expressed in United States dollars at the United Nations operational rate of exchange in effect on the date of payment.

Rule 126.05 :

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Host Government cash contributions toward the cost of UNDP country offices shall be credited as income in the gross biennial support budget of UNDP. If received in local currency, credit in United States dollars will be at the United Nations operational rate of exchange in effect on the date of payment.

Rule 126.06 :

a) Gains or losses resulting from exchange adjustments arising from payment of voluntary contributions shall be recorded separately as an offset to these contributions.

b) Exchange adjustments (net) arising from other financial transactions shall be recorded as miscellaneous income.

Rule 126.07 :

(a) Income from investments shall be recorded as miscellaneous income in the relevant UNDP Account or the appropriate account to the Programme, Trust Fund, or development activity, the financial administrator of which has been entrusted to the Administrator.

(b) Investment income derived from a third party cost sharing contribution, may be charged to miscellaneous income in the relevant UNDP Account and credited to the project or programme to which the contribution had been made, or returned to the concerned third party donor, as agreed between UNDP and the donor, provided that UNDP support costs relating to the cost sharing activity have been met from the cost sharing contribution.

(c) Investment income derived from Programme country cost sharing contributions may be charged to miscellaneous income in the relevant UNDP Account and apportioned to extra-budgetary resources to meet UNDP's support costs relating to the cost sharing activity. Any investment income remaining after such cost have been met, may be made available to the project for which the cost sharing contribution had been made, or to programme cost sharing account of the Programme country, or returned to the Government which made the cost sharing contribution.

Rule 126.08 :

The proceeds from the sale of property shall be credited as miscellaneous income to the source of funds originally charged with the purchase thereof, except:

(a) Where a Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies, any excess shall be taken into account as miscellaneous income;

(b) That the trade-in of property is not considered to be a sale and the trade-in allowance shall be applied against the cost of the replacement property;

(c) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage, the Assistant Administrator, Bureau for Financial and Administrative Services may authorize the

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crediting of these proceeds to the account from which procured, provided that the account has not been closed;

(d) That the proceeds from the sale of surplus project equipment shall be credited to the accounts of that project provided that they have not been closed; or

(e) That where equipment is transferred from one project for use in another and the accounts of the releasing project are open, the fair market value of such equipment shall be credited to the accounts of the releasing project and charged to the accounts of the project receiving the equipment.

Rule 126.09 :

(a) Refunds of expenditures financed from a given biennial support budget shall be credited to the accounts originally charged, if received in the same financial period or, if subsequently received, to miscellaneous income.

(b) Refunds of project expenditures received during the life of a project, i.e. before the final allocation of UNDP assistance is made, shall be credited to the project account originally charged. Refunds subsequently received shall be credited to miscellaneous income.

Rule 126.10 :

(a) Savings/deficits on the liquidation of obligations charged to financially completed UNDP Programme activities shall be credited/charged to the relevant UNDP Account under Miscellaneous Income.

(b) Unforeseen disbursements or refunds in respect of financially completed UNDP Programme activities shall be charged/credited to the relevant UNDP Account under Miscellaneous Income.

(c) Such net adjustments on account of financially completed UNDP Programme activities shall not exceed 10% of the final allocation made to the relevant budget or \$50,000 whichever is less without the approval of the Assistant Administrator, Bureau for Finance and Administration Services.

Rule 126.11 :

The establishment of an obligation is to be based on a contract, agreement or other form of undertaking by UNDP or based on a liability recognized by UNDP.

Rule 126.12 :

When a commitment is incurred in currencies other than United States dollars, it shall be recorded in the accounts in the United States dollar equivalent at the prevailing United Nations operational rate of exchange. At the time of payment, where currency fluctuation has resulted in a change in the United States dollar equivalent from the original amount obligated, the difference is to be charged or credited to the same account against which the obligation was recorded. In such cases, an amendment to the original obligation document is not required. Valid obligations at 31

G. Administration of Resources / 26. Accounting

December should be revalued to reflect the United Nations operational rate of exchange in effect on that date, and an amended obligation document issued, should the revalued obligation exceed the original by the amount specified by the Chief Procurement Officer as per Rule 120.02.

Rule 126.13 :

(a) The Assistant Administrator, Bureau for Financial and Administrative Services, may, after full investigation in each case, authorize the writing-off of losses of UNDP property or such other adjustment of the records as will bring the balance shown by the records into conformity with the actual quantities, except for those proposals to write-off which exceed \$100,000 and which shall be submitted to the Administrator for approval.

(b) Final determination as to all recoveries to be made from staff members or others as the result of losses will be made by the Assistant Administrator.

Rule 126.14 :

(a) Outstanding obligations retained against appropriations of the previous financial period in accordance with Regulation 14.03 shall be jointly reviewed periodically by the committing or alternate committing officers and the Bureau for Financial and Administrative Services. Obligations which after review are no longer considered valid shall be cancelled and the resulting credit surrendered. If after 12 months of the ensuing biennium an outstanding obligation continues to be valid, it shall be reobligated against appropriations of the then current financial period.

(b) Reasonably frequent reviews of all unliquidated obligations shall be conducted in the interest of returning any resulting savings to the UNDP accounts.

Rule 126.15 :

(a) Disbursements shall be recorded as of the date they are made, that is, when the cheque is issued, the bank transfer is requested or cash is paid out;

(b) Receipts shall be recorded on the date received.

Rule 126.16 :

(a) The Assistant Administrator, Bureau for Financial and Administrative Services, may, after full investigation, authorize the writing-off of losses of cash, accounts receivable and notes receivable deemed to be irrecoverable, except that proposals to write-off amounts in excess of \$100,000 shall be submitted to the Administrator for approval.

(b) The investigation shall, in each case, fix the responsibility, if any, attaching to any official of UNDP for the loss. Such official may be required to reimburse the loss either partially or in full.

(c) The amount authorized for waiver of investigation and write-off is \$1,000.

Rule 126.17 :

In addition to the financial statements, there shall be provided to the United Nations Board of Auditors information on:

- (a) Ex gratia payments;
- (b) Supplies, equipment and other property for which property records are kept;
- (c) Losses of cash, stores and other assets written-off; and
- (d) Such other information as the Board may require.

Rule 126.18 :

(a) For purposes of accounting for and reporting on UNDP assets, liabilities and transactions, and the maintenance of other financial records, other currencies will be translated into United States dollars at the United Nations operational rate of exchange in effect on the date of the report or the date of the transaction as may be appropriate.

(b) When the United Nations operational rate of exchange for a currency has been revised, any asset or liability held in that currency shall be revalued, for financial statement purposes, in terms of United States dollars and any gain or loss shall be debited or credited to miscellaneous income.

Rule 126.19 :

The principal accounts shall consist of:

- (a) Project accounts by source of funds, showing:
 - (i) Project number;
 - (ii) Project allocations;
 - (iii) Disbursements;
 - (iv) Unliquidated obligations; and
 - (v) Unencumbered balances of allocations;
- (b) Biennial support budget accounts showing:
 - (i) Original appropriations;
 - (ii) Appropriations after modification by any transfers between programmes;
 - (iii) Credits, if any, other than appropriations made available by the Executive Board;
 - (iv) Allotments made;
 - (v) Disbursements;

- (vi) Unliquidated obligations;
 - (vii) Unencumbered balances of allotments; and
 - (viii) Unencumbered balances of appropriations;
- (c) General ledger accounts showing for the UNDP Regular and Other resources all income, expenditure, cash at banks, investments, receivables and other assets, reserves, payables and other liabilities; and
- (d) Other accounts similarly structured as those described under (a)-(c) above as may be appropriate for any trust funds or Funds administered by UNDP.

Rule 126.20 :

Separate accounting records shall be maintained to record all financial transactions relating to management services agreements. The balances of such records shall be reported in the UNDP financial statements under accounts payable. Any interest earned on resources held shall be credited to the respective management services. The amount included in the agreement for reimbursement of UNDP costs shall be charged to the related management services and credited to the UNDP Other resources Account as extrabudgetary income.

Rule 126.21 :

The Comptroller, Bureau for Financial and Administrative Services shall certify that to the best of his/her knowledge, information, and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules.

Chapter H : Definitions

Article 27 : Definitions

Regulation 27.01 :

For the purpose of the Financial Regulations of UNDP, the following definitions of the main entities involved in the activities of UNDP shall apply:

- (a) "UNDP" shall mean the United Nations Development Programme established by resolution 2029 (XX) of the United Nations General Assembly;
- (b) "General Assembly" shall mean the General Assembly of the United Nations;
- (c) "Executive Board" shall mean the Executive Board of UNDP;
- (d) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions;
- (e) "Secretary-General" shall mean the Secretary-General of the United Nations or the official to whom the Secretary-General has delegated authority and responsibility for the matter in question;
- (f) "Administrator" shall mean the Administrator of UNDP or the official to whom the Administrator has delegated authority and responsibility for the matter in question;
- (g) "Government" shall mean the Government of a State Member of the United Nations or of a Specialized Agency or of the International Atomic Energy Agency. Within these Regulations, the term "Government" has also been used in conjunction with the following:
 - (i) "host" Government shall mean the Government, as defined above, of a country within whose legal boundaries an office of UNDP is located, or which receives administrative services from a UNDP office located elsewhere;
 - (ii) "Programme country" shall mean a country or territory which, as a result of an Executive Board decision, is entitled to benefit from UNDP Programme activities;
- (h) "executing entity" shall mean the entity responsible for the overall management of UNDP Programme activities, including accountability for the production of outputs, achievement of objectives and for the use of UNDP resources.
- (i) "Fund" or "Programme" shall mean an independent accounting entity, established by resolution of an appropriate legislative organ, which resolution specifies in whom responsibility for both executive direction and legislative guidance is vested.
- (j) "Programme": see Fund

Regulation 27.02 :

For the purposes of the Financial Regulations of UNDP, the following definitions in respect of specific terms used shall apply. These terms are listed in alphabetical sequence.

A

(i) "allocation" shall mean a financial authorization issued by the Administrator to incur expenditures and commitments for specific purposes related to UNDP Programme activities and within specified limits, during a definite period;

(ii) "allotment" shall mean a financial authorization issued by the Administrator to an official or to a unit to incur obligations for specific purposes related to the biennial support budget and within specified limits, during a definite period;

(iii) "appropriations" shall mean the total amount approved by the Executive Board for specified purposes for the current biennial support budget against which obligations may be incurred for those purposes up to the amounts so approved. The appropriations are divided into "appropriations lines" for each which a specific amount is shown in the appropriate decision adopted for each biennium by the Executive Board and within which the Administrator is authorized to make transfers without prior approval;

(iv) "appropriation line" shall mean a subdivision of the appropriations for which a specific amount is shown in the appropriate decision and within which the Administrator is authorized to make transfers without prior approval;

B

(i) "biennial support budget" shall mean the budget covering the costs of UNDP related to Programme support, management and administration, and support to operational activities of the United Nations;

(ii) "balance of resources" shall mean the available resources on a given date.

C

(i) "capital assets" shall mean assets intended for long-continued use or possession, e.g., land, buildings and non-expendable equipment;

(ii) "commitment" shall mean an anticipated or contingent liability against resources of one or more future years;

(iii) "committing officer" shall mean a UNDP staff who has been delegated the authority to commit UNDP resources and has

accepted personal liability and accountability for it;

(iv) "contribution" shall mean cash or in-kind resources (the latter being in the form of goods or services) provided to UNDP. Contributions are used to cover UNDP Programme activities as well as Programme support, management and administration, and support to operational activities of the United Nations, including costs associated with the administration of contributions received for special purposes;

(v) "cost sharing" is a co-financing modality under which contributions from Other resources can be received as a supplement to Regular resources for specific UNDP Programme activities. Such activities must be consistent with the policies, aims and activities of UNDP;

(vi) "country cooperation framework" shall mean the framework for UNDP Programme activities in a particular country, prepared by the Government of that country, indicating the proposed use of UNDP resources towards the achievement of selected national development objectives during a specific period.

D

(i) "disbursement" shall mean the actual amount paid.

E

(i) "ex-gratia payment" shall mean a payment made where there is no legal liability but the moral obligation is such as to make payment justifiable;

(ii) "execution" shall mean the overall management of specific UNDP programme activities and the acceptance of accountability to the Administrator for the effective use of UNDP resources; and

(iii) "expenditure" shall mean total charges incurred whether paid or unpaid, i.e. the sum of disbursements and unliquidated obligations for the current year in respect of UNDP Programme activities and for the biennium in respect of the biennial support budget.

F

G

"Global cooperation framework" shall mean UNDP Programme activities of a world-wide significance, and shall indicate the proposed use of UNDP resources towards the achievement of the global development objectives concerned;

H

I

J

K

L

"liquidity" shall mean the difference between current assets and current liabilities. In the specific context of UNDP, this shall normally be taken to mean the sum of working capital and reserves.

M

(i) "management and administration of the organization" shall mean the activities of UNDP organizational units whose primary functions are the maintenance of the identity, direction and well-being of the organization. This shall typically include units that carry out the functions of executive direction, policy and evaluation, external relations, information, planning and resource management, finance and administration, and audit;

(ii) "management and support services" shall mean a range of services, which may include procurement and full financial services, to be provided by UNDP against full reimbursement.

N

"national execution" shall mean the overall management of a programme or project in a specific programme country carried out by an eligible government entity of that country.

O

(i) "obligation" shall mean an engagement involving a liability against the resources of the current year in respect of UNDP Programme activities and the current biennium in respect of the biennial support budget;

(ii) "Other resources" shall mean the resources of UNDP, other than Regular resources, which are received for a specific programme purpose consistent with the policies, aims and activities of UNDP and for the provision of specific services to third parties.

P

(i) "partially funded basis" shall mean the authority to allocate resources against anticipated future years' receipts;

(ii) "personnel" shall mean staff of UNDP and other persons engaged by UNDP, under other contractual arrangements, to perform services for UNDP Programme activities or for programme support;

H. Definitions / 27. Definitions

(iii) "programme support", within the context of the form of presentation of the biennial support budget, shall mean organizational units whose primary function is the development, formulation, delivery and evaluation of UNDP's Programme activities. This will typically include units that provide backstopping of UNDP Programme activities either on a technical, thematic, geographic, logistical or administrative basis.

Q

R

(i) "regional cooperation framework" is a document articulating UNDP Programme activities of a regional significance. A regional cooperation framework shall include the budget of resources to be used towards the achievement of the regional development objectives concerned;

(ii) "Regular resources" shall mean the resources of UNDP that are commingled and untied. These will include voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

(iii) "resources administered by UNDP" shall include all contributions received and all income earned by UNDP.

S

"support costs" shall mean the reimbursable expenses incurred by an entity as a result of its implementation of UNDP Programme activities.

T

(i) "TRAC" or Target Resources Assigned from the Core shall mean an order of magnitude of the regular resources expected to be available from UNDP during a specified period for the financing of UNDP Programme activities at the country level;

(ii) "Trust fund" is a separate accounting entity established by the Administrator under which UNDP receives contributions to finance UNDP Programme activities specified by the contributor.

U

(i) "UNDP Accounts" shall mean the Accounts established for the purposes of accounting for the receipt and use of all resources entrusted to the Administrator and activities thereby financed, and shall include:

- a Regular resources Account, which shall include all Regular resources of UNDP, activities thereby financed, and related income and,
- a Other resources Account, which shall include all Other

H. Definitions / 27. Definitions

resources of UNDP, activities thereby financed, and related income and;

- a UNDP Funds Account, which shall include all resources received by Funds entrusted to the Administrator, activities thereby financed, and related income;

(ii) "UNDP Programme activity or activities" shall mean activities funded from UNDP resources and directly associated with the accomplishment of UNDP's mandate, through projects or supports to national programme frameworks (or coherent set of interrelated policies, strategies, activities and investments designed to achieve a specific time-bound national development objective or set of objectives). UNDP Programme activities are planned and carried out through the means of a signed project document or programme support document and its revisions, covering the agreed arrangements for the implementation of UNDP Programme activities;

(iii) "UNDP resources" shall mean resources credited to UNDP Regular Resources Account or Other Resources Account and therefore excludes resources credited to the UNDP Funds Account;

(iii) "unliquidated obligation" shall mean an obligation or that portion of an obligation which is not yet disbursed.

V

(i) "verifying officer" shall mean a UNDP staff who has been delegated the authority to verify payments against UNDP resources and has accepted personal liability and accountability for it.

(ii) "voluntary contributions" shall mean contributions to UNDP regular resources from Governments of Member States of the United Nations, of the specialized agencies or of the International Atomic Energy Agency.

W

"working capital" shall mean the residual of cash flows into and out of UNDP used to provide advances to executing agents, fund unliquidated obligations and pay ongoing administrative expenses.

X

Y

Z



ANNEX 3

OLD FRR	NEW FRR	OLA'S COMMENTS
<p style="text-align: center;">A. APPLICABILITY Article I. APPLICABILITY</p> <p><u>Regulation 1.1:</u> These Regulations shall govern the financial management of the United Nations Development Programme (UNDP) and shall, unless otherwise provided by the General Assembly or the Executive Board and except as specified in these Regulations and the annexes thereto, apply, <u>mutatis mutandis</u>, to all funds administered by UNDP.</p> <p><u>Regulation 1.2:</u> Amendments and exceptions to these Regulations may be made only by the Executive Board.</p> <p><u>Regulation 1.3:</u> These Regulations shall become effective on 1 January 1995.</p> <p><u>Regulation 1.4:</u> In regard to any matter not specifically covered by these Regulations, the appropriate provisions of the United Nations Financial Regulations shall, <u>mutatis mutandis</u>, apply.</p> <p style="text-align: center;">[New]</p>	<p style="text-align: center;">A. APPLICABILITY Article 1. APPLICABILITY</p> <p><u>Regulation 1.01:</u> These Regulations shall govern the financial management of the United Nations Development Programme (UNDP) and shall, unless otherwise provided by the General Assembly or the Executive Board and except as specified in these Regulations and the annexes thereto, apply to resources administered by UNDP and to all the Funds placed under the oversight of the Administrator.</p> <p><u>Regulation 1.02:</u> Amendments and exceptions to these Regulations may be made only by the Executive Board, after review by the Advisory Committee.</p> <p><u>Regulation 1.03:</u> These Regulations shall become effective on 1 January 2000.</p> <p><u>Regulation 1.04:</u> In regard to any matter not specifically covered by these Regulations, the appropriate provisions of the United Nations Financial Regulations shall apply.</p> <p><u>Regulation 1.05 :</u> a) Unless otherwise specified in b) below, the UNDP Financial Regulations and Rules shall apply to all resources administered by the United Nations Capital Development Fund, by the United Nations Revolving Fund for Natural Resources Exploitation, by the United Nations Fund for Science and Technology for</p>	

<p>[New]</p> <p>[New]</p>	<p>Development, by the United Nations Development Funds for Women, by the United Nations Volunteer Programme, and by any other Fund or Programme administered by UNDP.</p> <p>b) Additions or amendments to the UNDP Financial Regulations and Rules, which shall be applicable to the United Nations Capital Development Fund and to the United Nations Revolving Fund for Natural Resources Exploitation and which are necessary in order to take account of the special requirements of their operations, are contained in the relevant annex to UNDP Financial Regulations and Rules;</p> <p>c) The UNDP Financial Regulations and Rules are not applicable to UNFPA, which operates under its own financial Regulations and Rules as approved by the Executive Board at its thirtieth session.</p>	
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OLD FRR	NEW FRR	OLA'S COMMENTS
<p>B. DEFINITIONS Article II. DEFINITIONS</p> <p><u>Regulation 2. 1:</u> For the purpose of the Financial Regulations of UNDP, the following definitions of the main entities involved in the activities of UNDP shall apply:</p> <p>X X X X X X X X X X X X X X X X X</p>	<p>[B. DEFINITIONS Article II. DEFINITIONS]</p> <p>[The whole Article II, Regulation 2.1 was moved to new Chapter H, Article 27 Regulations 27.01 to 27.02]</p>	

OLD FRR	NEW FRR	OLA'S COMMENTS
<p data-bbox="161 68 493 97">C. ACCOUNTABILITY</p> <p data-bbox="110 102 554 131">Article III. ACCOUNTABILITY</p> <p data-bbox="20 178 221 207"><u>Regulation 3.1:</u></p> <p data-bbox="20 211 645 321">The Administrator of UNDP is fully responsible and accountable to the Executive Board for all phases and aspects of UNDP activities.</p> <p data-bbox="20 357 231 385"><u>Regulation 14.1:</u></p> <p data-bbox="20 392 332 421">The Administrator shall:</p> <p data-bbox="20 428 645 642">(a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy, and circulate the Financial Rules to Members of the Executive Board for information at least 30 days before they become effective;</p> <p data-bbox="292 685 372 721">[New]</p> <p data-bbox="292 828 372 863">[New]</p> <p data-bbox="20 935 231 963"><u>Regulation 12.1:</u></p> <p data-bbox="20 971 645 1299">There shall be established a UNDP Account to which all of the income to UNDP derived from the sources specified in Article IV and receivable in cash shall be credited and against which all expenditures on behalf of UNDP shall be charged, except for income and expenditures in respect of Funds, Programmes, other accounting entities and trust funds administered by UNDP.</p>	<p data-bbox="897 28 1058 57">NEW FRR</p> <p data-bbox="806 68 1149 97">B. ACCOUNTABILITY</p> <p data-bbox="756 102 1199 131">Article 2. ACCOUNTABILITY</p> <p data-bbox="665 178 887 207"><u>Regulation 2.01:</u></p> <p data-bbox="665 211 1290 321">The Administrator of UNDP is fully responsible and accountable to the Executive Board for all phases and aspects of UNDP activities.</p> <p data-bbox="665 357 897 385"><u>Regulation 2.02 :</u></p> <p data-bbox="665 392 1290 642">(a) The Administrator shall issue detailed financial Rules and procedures in order to ensure effective financial administration and the exercise of economy; the Administrator shall circulate the Financial Rules to Members of the Executive Board for information at least 30 days before they become effective;</p> <p data-bbox="665 685 1290 899">(b) The Administrator may, when he/she deems it necessary, suspend the application of any of these financial Rules and shall circulate suspensions of these Rules to Members of the Executive Board for information as soon as they become effective.</p> <p data-bbox="665 935 887 963"><u>Regulation 2.03:</u></p> <p data-bbox="665 971 1290 1156">There shall be established UNDP Accounts to which all resources received by UNDP and receivable in cash shall be credited and against which all expenditures on behalf of UNDP shall be charged.</p>	

Regulation 6.5:

The financial period for the purpose of both proposed utilization of resources and the incurring of and accounting for expenditures in respect of the biennial budget shall consist of two consecutive calendar years (hereinafter referred to as biennium), the first of which shall be an even year.

Regulation 2.04:

The financial period for the purpose of both proposed utilization of Resources and the incurring of and accounting for expenditures in respect of the biennial support budget shall consist of two consecutive calendar years (hereinafter referred to as biennium), the first of which shall be an even year.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 14.1:</u> The Administrator shall:</p> <p>X X X X X X X X X X X</p> <p>(d) Maintain an internal financial control which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:</p> <p>(i) The regularity of the receipt, custody and disposal of all (funds and other) financial resources of UNDP, funds administered by UNDP and non-UNDP funds managed by UNDP;</p> <p>(ii) The conformity of expenditures and commitments with the allocations, appropriations or other financial provisions decided upon by the Executive Board or with agreements with other United Nations organizations and other entities;</p> <p>(iii) The effective and efficient management of</p>	<p><i>Article 3: Internal Control</i></p> <p><u>Regulation 3.01</u></p> <p>The Administrator shall maintain an internal financial control which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:</p> <p>(i) The regularity of the receipt, custody and disposal of all financial resources administered by UNDP;</p> <p>(ii) The conformity of commitments and expenditures with the allocations, appropriations or other financial provisions decided upon by the Executive Board, with allocations decided upon by the Administrator or with agreements with other United Nations organizations and other entities;</p> <p>(iii) The effective and efficient management of</p>	

UNDP and the effective, efficient and economic use of resources of UNDP, funds administered by UNDP and non-UNDP funds administered by UNDP.

UNDP and the effective, efficient and economic use of all resources administered by UNDP.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 17.1:</u> The External Audit provisions of Article XII of the United Nations Financial Regulations have been annexed for information to these Regulations and shall, <u>mutatis mutandis</u>, apply to UNDP, except that:</p> <p>(a) The reports of the Board of Auditors, together with the audited financial statements and the comments thereon of the Advisory Committee, shall also be transmitted to the Members of the Executive Board.</p> <p>(b) Executing agencies which are organizations of the United Nations system shall transmit to the Administrator for submission to the Executive Board biennial accounts showing the status of funds allocated to them by the Administrator for the execution of UNDP activities. Such accounts shall bear audit certificates from the organizations' External Auditors and shall be accompanied by their reports, if any, and copies of any relevant resolutions adopted by their legislative or governing bodies; and</p> <p>(c) In submitting the above biennial accounts to the Executive Board, the Administrator</p>	<p style="text-align: center;"><i>Article 4 : External audit</i></p> <p><u>Regulation 4.01:</u> The External Audit provisions of Article XII of the United Nations Financial Regulations have been annexed for information to these Regulations and shall, as appropriate, apply to UNDP, except that:</p> <p>(a) The reports of the Board of Auditors, together with the audited financial statements and the comments thereon of the Advisory Committee, shall also be transmitted to the Members of the Executive Board;</p> <p>(b) Organizations of the United Nations system entrusted with the implementation of UNDP Programme activities shall transmit to the Administrator for submission to the Executive Board biennial accounts showing the status of funds allocated to them by the Administrator. Such accounts shall bear audit certificates from the organizations' External Auditors and shall be accompanied by their reports, if any, and copies of any relevant resolutions adopted by their legislative or governing bodies; and</p> <p>(c) In submitting the above biennial accounts to the Executive Board, and as part of the</p>	

shall comment on the Auditors' substantive observations and on their follow-up.	comments submitted with the audited financial statements of UNDP, the Administrator shall comment on the Auditors' substantive observations and on their follow-up.	
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OLD FRR	NEW FRR	OLA'S COMMENTS
<p>[New]</p> <p><u>Regulation 4.1:</u> Voluntary contributions may be accepted by UNDP from Governments of Member States of the United Nations, of the specialized agencies or of the International Atomic Energy Agency.</p> <p>[New]</p> <p><u>Regulation 4.15:</u></p>	<p><i>Chapter C : Resources</i> <i>Article 5 : General framework</i></p> <p><u>Regulation 5.01 :</u> (a) The Administrator is responsible for mobilizing effectively and efficiently UNDP resources in furtherance of the mandate and activities of UNDP.</p> <p>(b) The Administrator may delegate authority, as appropriate, for the mobilization of resources.</p> <p><u>Regulation 5.02:</u> Contributions may be accepted by UNDP from Governments of Member States of the United Nations system and of the International Atomic Energy Agency, as well as from those organizations and agencies. Contributions may also be accepted from any intergovernmental, non-governmental, or private sector sources subject to such conditions and criteria as the Executive Board and the Administrator may establish.</p> <p><u>Regulation 5.03:</u> (a) The Administrator may indicate to the contributing party the currency or currencies required for UNDP activities.</p>	<p>“system” in the third line of Reg. 5.02 should be deleted.</p>

(a) Contributions shall be denominated in United States dollars; however, the Administrator may accept payment in the local currency of the contributing Government or Governments to the extent the Administrator considers that such currency could be used to meet operational requirements;

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Regulation 5.3:

Contributions, other than those identified under Article IV, which are accepted for purposes specified by a donor shall be treated as trust funds.

[New]

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(b) Contributions shall be denominated in United States dollars; however, the Administrator may accept payment in the local currency of the contributing party to the extent the Administrator considers that such currency could be used to meet operational requirements.

Regulation 5.04:

Should the Administrator agree to accept payment of a contribution in a currency other than United States dollars, the recorded contribution shall be reduced or increased by any consequent identifiable loss or gain on exchange, unless, in the case of loss, the contributing party agrees to reimburse it.

Regulation 5.05 :

Where the purpose of the contribution is the general support of UNDP and no limitations are imposed by the contributor as to its use, the monies or in-kind provisions received shall be credited to the UNDP Regular Resources Account.

Regulation 5.06 :

Where the purpose of the contribution is for specific purposes consistent with the policies, aims and activities of UNDP, the contributions received shall be credited to the UNDP Other Resources Account and shall be treated under the provisions of Article 7, 8 or 9 below, as appropriate.

Regulation 5.07 :

Contributions to Other resources shall be subject to the following conditions:

"reduced or increased" in the fourth line of Reg. 5.04 should be changed to "adjusted".

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 7.1:</u> The overall target for voluntary contributions for each planning period shall be established by the Executive Board, normally two years prior to the beginning of a new planning period.</p> <p><u>Regulation 4.3:</u> Voluntary contributions may be pledged either on an annual basis or for a number of years.</p> <p><u>Regulation 4.4:</u> Voluntary contributions shall be made without limitation as to use by a specific executing agency, in a specific recipient country or region, or for a specific project. No contributing Government shall receive special treatment with respect to its voluntary contribution, nor shall negotiation for the use of currencies contributed to UNDP take place between contributing and recipient Governments.</p> <p><u>Regulation 4.5:</u> Voluntary contributions shall be made in currencies which are readily usable by UNDP, consistent with the need for efficiency and economy of operations, or convertible to the greatest possible extent into currencies readily usable by UNDP.</p> <p><u>Regulation 4.7:</u> Entities headquartered in a net donor country which has contributed in a non-convertible currency shall be reimbursed for services and</p>	<p style="text-align: center;"><i>Article 6 : Regular resources</i></p> <p><u>Regulation 6.01:</u> The overall target for voluntary contributions shall be established by the Executive Board.</p> <p><u>Regulation 6.02:</u> Voluntary contributions may be pledged either on a multi-year or on an annual basis.</p> <p><u>Regulation 6.03:</u> Voluntary contributions shall be made without limitation as to use by a specific executing entity, in a specific Programme country or region, or for specific UNDP Programme activities. No contributing Government shall receive special treatment with respect to its voluntary contribution, nor shall negotiation take place for the use of currencies contributed to UNDP between contributing Governments and Programme countries.</p> <p><u>Regulation 6.04:</u> Voluntary contributions shall be made in currencies which are readily usable by UNDP, consistent with the need for efficiency and economy of operations.</p> <p><u>Regulation 6.05:</u> Entities headquartered in a net contributor country which has contributed in a non-convertible currency shall be reimbursed for</p>	<p>“and other contributions to Regular Resources” should be inserted after “contributions” in the first line of Reg. 6.03.</p>

contributions to local office costs made in the previous calendar year as well as the timing of the payments.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 4.14:</u> The Administrator is authorized to enter into project, programme and/or third-party cost sharing agreements, provided these have been accepted by the recipient country or countries, subject to such principles as the Executive Board may establish.</p>	<p><i>Article 7 : Other resources: Cost-sharing contributions</i></p> <p><u>Regulation 7.01:</u> The Administrator is authorized to enter into cost sharing agreements, provided these have been accepted by the Programme country or countries, subject to such principles as the Executive Board may establish.</p>	

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 5.1:</u> Trust funds may be established by the Executive Board or by the Administrator for specified purposes consistent with the policies, aims and activities of UNDP. Trust funds which directly or indirectly involve additional financial liability for UNDP shall be established only by the Executive Board. Trust funds established by, the Administrator shall be reported in detail to the Executive through the Advisory Committee.</p> <p>[New]]]</p>	<p><i>Article 8 : Other resources: Trust funds</i></p> <p><u>Regulation 8.01 :</u> Trust funds may be established by the Executive Board or by the Administrator for specified purposes consistent with the policies, aims and activities of UNDP. Trust Funds which directly or indirectly involve additional financial liability for UNDP shall be established only by the Executive Board.</p> <p><u>Regulation 8.02 :</u> The Administrator shall issue guidelines for the establishment and administration of trust funds. To ensure cost-effective administration of trust</p>	<p>Regulation 8.01 should maintain the requirement of reporting through ACABQ. The following should be inserted at the end of the clause: "Trust funds established by the Administrator shall be reported in detail to the Executive Board through the Advisory Committee."</p>

<p>]</p> <p>]</p> <p>]</p> <p>]</p> <p><u>Regulation 5.4:</u> The Administrator may establish trust funds at the request of the Secretary General to provide assistance in responding to resolutions of the Security Council or General Assembly. The Administrator will establish cost effective execution modalities for such trust funds, as appropriate, utilizing resources available in the United Nations system to the extent possible, and ensuring that all related costs are fully covered from the trust fund. The Administrator shall report on such trust funds to the Executive Board through the Advisory Committee.</p>	<p>funds, the Administrator may determine a minimum contribution level below which he/she may refuse the establishment of a trust fund.</p> <p><u>Regulation 8.03 :</u> The Administrator may establish trust funds at the request of the Secretary-General to provide assistance in responding to resolutions of the Security Council or General Assembly.</p>	<p>Regulation 8.03 should maintain the requirement of reporting through ACABQ. The following should be inserted at the end of the clause: "The Administrator shall report on such trust funds to the Executive Board through the Advisory Committee."</p>
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OLD FRR	NEW FRR	OLA'S COMMENTS
<p>[New]</p> <p>[New]</p> <p>[New]</p>	<p><i>Article 9 : Other resources: Other contributions and incomes</i></p> <p><u>Regulation 9.01 :</u> <i>Host Government contributions to country office costs</i></p> <p>a) The Administrator shall arrange for the collection from host Governments of their contributions in cash and/or in kind towards the costs of UNDP country offices, in accordance with the agreements between the Administrator and the host Governments concerned. Negotiations with respect to the amount and/or form of such Contributions shall be in accordance with relevant Executive Board</p>	

decisions and take into consideration the economic conditions of the countries concerned and may result in the granting by the Administrator of a partial waiver of contributions.

b) Contributions in cash toward country office costs shall be credited to the biennial support budget for UNDP.

Regulation 4.9:

Recipient Governments are expected to assist in defraying costs associated with UNDP-supported activities in their countries:

(a) By making additional cash contributions as a separately identified part of their voluntary contributions to UNDP, at such levels as the Executive Board shall recommend, to assist in defraying local costs of a general nature associated with projects and which are payable by UNDP or its executing agencies;

Rule 114.27:

(b) At the request of recipient Governments, UNDP may also provide management and other support services. In this connection, management and other support services shall mean a range of services, which may include procurement and full financial services, associated with the financing of activities by Governments, or intergovernmental or governmental organizations. Such activities shall be consistent with the policies, aims and activities of UNDP.

Regulation 9.02:

Programme country counterpart contributions
Programme countries shall assist in defraying costs associated with UNDP Programme activities in their countries by making available, either in cash or in kind or both, a substantial part of the requirements necessary for the implementation of UNDP Programme activities, except in cases of hardship. In the light of policies established by the Executive Board, the level, nature and timing of such contributions will be determined in agreement with the Programme country or countries and will be described, as appropriate, in the relevant project or programme support document.

Regulation 9.03:

At the request of Programme countries, UNDP may provide management and other support services associated with the financing of activities by Governments, or intergovernmental or governmental organizations. Such activities shall be consistent with the policies, aims and activities of UNDP. The income derived from the provision of such management and other support services shall be considered as income to UNDP.

	<p><u>Regulation 9.04:</u> Income other than contributions, direct refunds of expenditures in respect of Programme activities or in respect of the biennial support budget during their approved period and revenue derived from the Staff Assessment Plan, shall be classified as miscellaneous income.</p>	Where is this from?
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OLD FRR	NEW FRR	OLA'S COMMENTS
<p>[New]</p> <p>[New]</p> <p>[New]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>[New]</p> <p>]</p> <p>]</p> <p><u>Regulation 7.2:</u> At least one year prior to the beginning of a new</p>	<p><i>Chapter D : Resource Planning and Financial Authorization</i></p> <p><i>Article 10 : General framework</i></p> <p><u>Regulation 10.01 :</u> a) The Administrator is responsible and accountable for planning the use of UNDP resources and issuing financial authorizations effectively and efficiently in furtherance of the policies, aims and activities of UNDP;</p> <p>b) The Administrator may delegate authority, as appropriate, for the planning of the use of UNDP resources and issuance of financial authorizations.</p> <p><u>Regulation 10.02 :</u> a) UNDP shall have an integrated financial framework for the planning and management of regular resources that shall cover a fixed multi-year period;</p> <p>b) This fixed financial framework shall consist of at least four consecutive calendar years;</p> <p>c) Within this multi-year fixed integrated</p>	

planning period, the Administrator shall submit to the Executive Board for its consideration a plan for the utilization of expected resources formulated within the framework set forth in Regulations 7.1 above, and 7.3 and 7.4 below. In cases where it would seem that the objective had been overestimated, the Executive Board would take the necessary measures to revise the overall target referred to in Regulation 7.1 above.

Regulation 7.3:

Subject only, to the maintenance on a continuous basis of the Reserves set forth under Article XII and for working capital, and after provision has been made for the biennial budget, all resources of UNDP shall be available to the maximum extent possible for programme activities, including reimbursement of related agency support costs.

Regulation 8.10:

UNDP assistance to projects approved under Regulations 8.8 and 8.9 above shall be approved on a partially funded basis consistent with the provisions of Regulation 8.7 above and shall be subject to the following arrangements for project implementation:

Regulation 8.3:

To provide for continuity in programming and project implementation, subject to such guidelines as the Executive Board may set forth, the Administrator is authorized to take such measures as are necessary to ensure a smooth transition from one IPF cycle to the next.

financial framework, and at least two years prior to the beginning of such a new framework, the Administrator shall submit to the Executive Board for its approval a distribution of UNDP Regular Resources in percentage share between specific categories as defined in Regulation 11.01.

Regulation 10.03:

Subject only to the maintenance on a continuous basis of the Reserves set forth under Article 25 and for working capital, and after provision has been made for the biennial support budget, all resources of UNDP shall be available to the maximum extent possible for Programme activities, including reimbursement of related support costs.

Regulation 10.04:

Financial authorizations against UNDP Regular resources shall be issued on a partially funded basis.

Regulation 10.05:

To provide for continuity in UNDP Programme activities, subject to guidelines that the Executive Board may set forth, the Administrator is authorized to take the measures that may be necessary to ensure a smooth transition from one multi-year fixed financial framework to the next.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 7.4:</u> The Executive Board shall determine the distribution of resources available for programme activities as among country, regional, interregional and global IPF programmes, Special Programme Resources, and such other purposes as the Executive Board shall decide.</p> <p>[New]</p> <p><u>Regulation 8.1:</u> In submitting his plan for resource utilization to the Executive Board, the Administrator shall propose for the Board's determination separate IPFs for each country and territory entitled to development assistance, for each region, for interregional and global programmes, and for each other category as may be entitled to an IPF</p>	<p><i>Article 11 : Programme activities: Distribution of resources</i></p> <p><u>Regulation 11.01 :</u> Regular resources available for UNDP Programme activities are distributed by the Executive Board in the following main categories: (a) Programme activities at the country level, including TRAC1 and 2, and TRAC3 for resources for development in countries in special situation; (b) Programme activities at the regional level; (c) Programme activities at the global level; (d) Evaluation; (e) TCDC activities; (f) Support costs; (g) Support to the Resident Coordinator; (h) Other purposes as may be established by the Executive Board.</p> <p><u>Regulation 11.02:</u> The distribution of resources among the different programme categories may be changed only by the Executive Board on the basis of principles it shall have established.</p> <p><u>Regulation 11.03:</u> Percentage shares for Programme countries, in the form of targets for resource assignment from regular resources (hereafter referred to as TRAC-1 and TRAC-2) shall be calculated using the criteria and methodology endorsed by the Executive Board, under the separate categories established by the Executive Board for</p>	<p>“purposes” in Reg. 11.01(h) should be changed to “categories”.</p> <p>Ensure that “Regular resources” and other terms throughout the text are capitalized in a consistent manner</p>

under the decisions of the Executive Board. These IPFs shall be calculated using the criteria and methodology endorsed by the Executive Board.

Regulation 8.7 :

Consistent with the objectives set forth in intercountry programmes and country programmes, as approved by the Executive Board, the Administrator shall plan for the delivery of UNDP assistance to projects at rates expected to achieve the approved levels of the individual IPFs, subject to resources reasonably expected to be available.

Regulation 8.4 :

At the end of an IPF cycle, any unexpended balance of an individual IPF shall be available to the recipient of that IPF for expenditure in the next cycle; similarly, any over-expenditure in one cycle shall constitute a first charge against the respective IPF approved for the next IPF cycle.

Programme activities at the country level.

Regulation 11.04:

Consistent with the objectives set forth in the programme categories established by the Executive Board, the Administrator shall plan for the delivery of all UNDP Programme activities at rates expected to achieve the targeted resource levels.

Regulation 11.05:

Subject to decisions that the Executive Board may make with regard to specific programme categories, at the end of a fixed financial framework, any unexpended balance of resources assigned to a specific programme category shall in principle be available for the same respective category in the next fixed financial framework. Similarly, any over-expenditure in a specific category in a fixed financial framework shall constitute a first charge against the respective category in the next financial framework.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p>]</p> <p>]</p> <p>]</p> <p>[New]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>[New]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>[New]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>[New]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p> <p>[New]</p> <p>]</p> <p>]</p> <p>]</p> <p>]</p>	<p><i>Article 12 : Programme activities: Resource assignment</i></p> <p><u><i>Regulation 12.01 :</i></u></p> <p>a) Within the Regular resources distributed to each Programme countries and to regional and global Programme activities, and taking into account anticipated Other resources, the Administrator shall submit, on the basis of principles laid down by the Executive Board, cooperation frameworks to be presented to the Executive Board;</p> <p>b) Such cooperation frameworks may be established at the country, regional, or global level, as appropriate;</p> <p>c) Cooperation frameworks shall each contain a resource mobilization table outlining the level of funding targeted from both Regular and Other resources for the entire planning period covered by the cooperation framework.</p> <p><u><i>Regulation 12.02:</i></u></p> <p>a) The cooperation frameworks shall be formulated in accordance with relevant Executive Board decisions and shall be submitted to the Executive Board for approval.</p> <p>b) The approval of a cooperation framework by the Executive Board forms the basis for subsequent allocation of UNDP Resources towards the achievement of the development objectives specified therein.</p>	<p>Delete "each" in the second line of Reg. 12.01.</p>

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c) Cooperation frameworks will normally cover a planning period of three to five consecutive calendar years, taking into account national and harmonized United Nations system planning horizons.

d) The Administrator may determine a TRAC-1 threshold below which the approval process of the country cooperation framework shall be simplified. The Administrator shall inform the Executive Board of this threshold and the Programme countries to which the simplified process is applied.

“of this threshold” in the third line from the bottom should be moved to the end of Regulation 12.02(d).

Regulation 6.3:

To provide for continuity in the programming and implementation of UNDP assistance to projects, the financial period for the purpose of the proposed utilization of resources and of the entering into commitments in respect of programme activities, as defined in Regulation 2.2 P (iv), shall be the duration of each project as specified in the project document.

Regulation 12.03:

To provide for continuity in the programming and implementation of UNDP Programme activities, the financial period for the purpose of the proposed utilization of resources and of the entering into commitments shall be the duration of each UNDP Programme activities.

In the last line of Reg. 12.03, change "Programme activities", to "Programme activity".

Regulation 4.16:

Whenever the Executive Board has approved assistance on a reimbursable basis in respect of a country programme, the requesting Government shall reimburse the cost of such assistance to UNDP in accordance with an agreement to be concluded between UNDP and the Government concerned.

Regulation 12.04:

Whenever the Executive Board has approved UNDP Programme activities on a reimbursable basis, the requesting Government shall reimburse the cost of such UNDP Programme activities to UNDP in accordance with an agreement to be concluded between UNDP and the Government concerned.

Rule 108.2:

The Administrator may expend annually for the interregional and regional programmes up to one-tenth of 1 per cent of the intercountry IPF for programme preparation and review, and for

Regulation 12.05:

The Administrator may expend annually up to one-tenth of 1 per cent of the resources available for the regional and global cooperation frameworks preparation and review

<p>global programmes up to \$125,000 on preparatory work in any given field, without further recourse in either case to Governments or to the Executive Board. The intercountry programmes prepared by the Administrator shall be submitted to the Executive Board for consideration and decision on their content.</p>	<p>without further recourse in either case to Governments or to the Executive Board.</p>	
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OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 9.1 :</u> The proposed biennial budget shall cover programme support and administrative services. It shall be prepared by, the Administrator and shall be related to the plan submitted for the current planning period or, should the biennium span more than one planning period, the current and the following period.</p> <p><u>Regulation 9.2:</u> The biennial budget shall cover proposed expenditures and anticipated income related to the biennium and shall be presented in United States dollars.</p> <p><u>Regulation 9.3:</u> The Administrator shall, in the second year of a biennium, submit his proposed biennial budget for the following biennium to the Executive Board. This proposed biennial budget shall be transmitted to all Members of the Executive Board at least six weeks prior to the opening of that session of the Board.</p>	<p><i>Article 13 : Biennial support budget: Submission and approval</i></p> <p><u>Regulation 13.01:</u> The Administrator shall prepare the proposed biennial support budget which shall cover Programme support, management and administration of the organization, and support to operational activities of the United Nations. The proposed biennial support budget shall be related to the current planning period.</p> <p><u>Regulation 13.02:</u> The biennial support budget shall cover proposed expenditures and anticipated income related to the biennium and shall be presented in United States dollars.</p> <p><u>Regulation 13.03:</u> The Administrator shall, in the second year of a biennium, submit the proposed biennial support budget for the following biennium to the Executive Board. This proposed biennial support budget shall be transmitted to all Members of the Executive Board at least six weeks prior to the opening of that session of the Board.</p>	

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Regulation 13.04 :

(a) The biennial support budget estimates shall be submitted to the Advisory Committee for comment prior to presentation to the Executive Board.

(b) The proposed budget, together with the Advisory Committee report thereon, shall be considered for approval by the Executive Board in September of the year preceding the biennium to which the budget relates.

(c) The approved budget and the related comments of the Advisory Committee shall be submitted to the General Assembly for information at the time the relevant annual report of the Executive Board is considered.

Regulation 13.05:

The Advisory Committee is requested to prepare a report to the Executive Board on the proposed biennial support budget. This report shall be transmitted to all Members of the Executive Board as soon as it is available.

Regulation 13.06:

The Executive Board shall, in the second year of a biennium, adopt the biennial support budget for the following biennium.

Regulation 13.07 :

The proposed biennial support budget, both for income and expenditure, shall be prepared in the form adopted by the Executive Board in relevant decisions on the harmonization of budget presentations.

Regulation 9.5:

The Advisory Committee is requested to prepare a report to the Executive Board on the proposed biennial budget. This report shall be transmitted to all Members of the Executive Board as soon as it is available.

Regulation 9.6:

The Executive Board shall, in the second year of a biennium, adopt the biennial budget for the following biennium.

Regulation 9.7:

The proposed biennial budget shall be divided into programmes and programme components, and shall be accompanied by such information annexes and explanatory statements as may be requested by the Executive Board or as the Administrator may deem necessary and useful.

Regulation 9.8:

Supplementary proposals to amend the biennial budget may be submitted by the Administrator whenever necessary.

Regulation 9.9:

The Administrator shall prepare supplementary proposals to amend the biennial budget in a form consistent with the approved biennial budget and shall submit such proposals to the Executive Board. They shall also be submitted to the Advisory Committee which is requested to review them and report thereon to the Executive Board.

Rule 109.5:

Subsequent to an Executive Board session in the second year of a biennium, the Administrator may utilize the budgetary contingency provision of 3 per cent of the approved gross appropriations for unforeseen requirements resulting from currency movements, inflations or decisions of the General Assembly. Such usage is subject to the prior concurrence of the Advisory Committee and shall be reported to the next regular session of the Executive Board.

Regulation 13.08:

The Administrator may submit supplementary proposals to amend the biennial support budget whenever necessary.

Regulation 13.09:

The Administrator, in preparing supplementary proposals to amend the biennial support budget, shall do so in a form consistent with the approved biennial support budget and shall submit such proposals to the Executive Board. They shall also be submitted to the Advisory Committee, which is requested to review them and report thereon to the Executive Board.

Regulation 13.10:

Subsequent to a Executive Board session in the second year of a biennium, the Administrator may utilize the budgetary contingency provision of 3 per cent of the approved gross appropriations for unforeseen requirements resulting from currency movements, inflation or decisions of the General Assembly. Such usage shall be reported to the next regular session of the Executive Board and to the Advisory Committee, which is requested to review it and report thereon to the Executive Board.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 11.1:</u> Appropriations for the biennial budget approved by the Executive Board shall constitute an authorization to the Administrator to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.</p> <p><u>Regulation 11.2:</u> Appropriations for the biennial budget shall be available for obligation during the biennium to which they relate.</p> <p><u>Regulation 11.3:</u> Appropriations shall remain available for 12 months following the end of the biennium to which they relate to the extent that they are required to discharge any outstanding legal obligation of the biennium. The balance of the appropriations shall revert to the UNDP Account.</p> <p><u>Regulation 11.4:</u> At the end of the 12-month period provided in Regulation 11.3 above, the then remaining balance of any appropriations retained will revert to the UNDP Account. Any unliquidated obligations of the biennium in question shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.</p>	<p align="center">Article 14 : Biennial support budget: Appropriations</p> <p><u>Regulation 14.01:</u> Appropriations for the biennial support budget approved by the Executive Board shall constitute an authorization to the Administrator to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.</p> <p><u>Regulation 14.02:</u> Appropriations for the biennial support budget shall be available for obligation during the biennium to which they relate.</p> <p><u>Regulation 14.03 :</u> a) Appropriations shall remain available for 12 months following the end of the biennium to which they relate to the extent that they are required to discharge any outstanding legal obligation of the biennium. The balance of the appropriations shall revert to the UNDP Regular resource Account.</p> <p>b) Any unliquidated obligations of the biennium in question shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.</p>	

reimbursement of costs incurred by UNDP for support services to national execution and/or to the implementation of UNDP Programme activities.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 8.8:</u> The Executive Board shall have sole authority to approve UNDP assistance to global projects.</p> <p><u>Regulation 8.9:</u> Under such limits as the Executive Board may from time to time prescribe, the Administrator is authorized to approve UNDP assistance to country, regional and interregional projects.</p> <p>[New]]]]]]]</p>	<p><i>Chapter E : Utilization of Resources by Executing Entities</i> <i>Article 16 : General framework</i></p> <p><u>Regulation 16.01:</u> The Executive Board shall have sole authority to approve, within the limits of resources allocated, UNDP Programme activities, which the Executive Board or the requesting Government have specifically asked the Administrator to submit to the Executive Board.</p> <p><u>Regulation 16.02:</u> Under such limits prescribed by the Executive Board and within the limits of resources allocated for UNDP Programme activities, the Administrator is authorized to approve UNDP Programme activities at the country, regional and global levels.</p> <p><u>Regulation 16.03 :</u> (a) The Administrator may authorize, on an exceptional basis and with the agreement of the Programme country, advancing resources prior to the receipt of expected contributions to Other resources, to the extent that such advances in the event of default could be covered by the Regular resources available for programming under that respective country, regional or global cooperation framework.</p>	<p>After "Government" in second line from the bottom, change "have" to "has".</p> <p>Regulation to be amended to reflect Executive Board decision on the Operational Reserve.</p>

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Regulation 8.10:

UNDP assistance to projects approved under Regulations 8.8 and 8.9 above shall be approved on a partially funded basis consistent with the provisions of Regulation 8.7 above and shall be subject to the following arrangements for project implementation:

(a) Agreements shall be entered into between UNDP and individual Governments, specifying the general terms and conditions which are to govern UNDP's assistance to projects in their respective countries;

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Regulation 17.2:

The Administrator shall ensure that Governments which are executing agencies, and other parties selected for project implementation under Regulation 8.10 (e), shall require their auditors to follow, to the extent feasible, the audit principles and procedures prescribed for the United Nations in respect to funds obtained from or through UNDP and shall

(b) Exceptions made by the Administrator to start activities in advance of the receipt of contributions should be documented. Those exceptions for which contributions have not been received at the end of any calendar year shall be reported to the Executive Board on an annual basis.

Regulation 16.04:

UNDP Programme activities shall be subject to the following arrangements:

(a) Agreements shall be entered into between UNDP and individual Governments, specifying the general terms and conditions which are to govern UNDP Programme activities in their respective countries and territories;

(b) Arrangements for the establishment and financing of UNDP Programme activities shall be subject to the agreement between the Programme country or countries and UNDP, in the form of a project document or programme support document.

Regulation 16.05:

The Administrator shall ensure that executing entities shall require auditors to follow the audit principles and procedures prescribed for the United Nations in respect to funds obtained from or through UNDP and shall ensure that each UNDP Programme activity is audited at least once in its lifetime.

Reg. 16.05 should take into account NGO execution. Suggest the following be inserted after "lifetime": "or as otherwise required pursuant to the relevant agreements governing such Programme activity".

ensure that each project is audited at least once in its lifetime and shall submit audit reports together with the reports specified in the project document and under Article XV of these Regulations.

Regulation 15.1:

The administration by executing agencies of funds obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures to the extent that they are appropriate. Where the financial governances of an executing agency do not provide the required guidance, those of UNDP shall apply.

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Regulation 16.06:

(a) The administration by executing entities of resources obtained from or through UNDP shall be carried out under their respective financial Regulations, Rules, practices and procedures only to the extent that they are appropriate.

(b) Where the financial governances of an executing entity do not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, those of UNDP shall apply.

Regulation 16.07:

The Administrator shall establish, from time to time, criteria determining UNDP Programme activities executed by agents other than organizations from the United Nations system which are to be audited biennially. Such criteria shall be made available to the Board of Auditors.

We understand this will be consistent with the text prepared by the Common Services Working Group on Procurement. You may wish to incorporate after “guidance” the following: “to respect the principles of UNDP regulations, rules procedures and directives, including best value for money”

To be consistent, “agents” should be changed to “entities”.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Rule 108.14:</u> (a) In consultation with and with the agreement of the recipient Government, the Administrator shall designate a single executing agency for each project. With the agreement of the recipient Government and UNDP, the designated executing agency may associate one or more other agencies with it in the implementation of such project.</p> <p>(c) All designations shall be conditional upon the existence of a signed executing agency agreement or other agreed arrangement between UNDP and the entity concerned.</p> <p style="text-align: center;">[New]]]]]]]]</p> <p><u>Regulation 8.10:</u> (b) Agreements shall be entered into between UNDP and executing agencies which are</p>	<p style="text-align: center;"><i>Article 17 : Designation, selection and termination of the executing entity</i></p> <p><u>Regulation 17.01:</u> (a) In consultation with and with the agreement of the Programme country, the Administrator shall select a single executing entity among the designated entities for each specific UNDP Programme activity. With the agreement of the Programme country and UNDP, the selected executing entity may associate one or more other entities with it in the implementation of UNDP Programme activities.</p> <p>(b) Selection of an executing entity shall be conditional upon the existence of a signed executing agreement or other agreed arrangement between UNDP and the entity concerned, specifying the terms and conditions which are to govern UNDP Programme activities for which that entity has been selected.</p> <p>(c) The Administrator may delegate authority, as appropriate, for the designation of executing entities and the oversight of their performance.</p> <p><u>Regulation 17.02:</u> National execution, should be the norm for UNDP Programme activities, taking into account the capacities of Programme countries and the nature of UNDP Programme activities.</p> <p><u>Regulation 17.03:</u> Where national execution is found not to be appropriate, consideration in the selection of an</p>	<p>We suggest that Reg. 17(a) be changed to the following: "Categories of executing entities shall be designated by the General Assembly, the Economic and Social Council or the UNDP Executive Board."</p> <p>Reg. 17.01(b) should be your previous Reg. 17.01(a) except that the third line beginning "shall select ..." should be modified as follows: "shall select a single executing entity, from the categories designated by the applicable governing bodies of UNDP, for each specific UNDP Programme activity".</p> <p>Reg. 17.01(b) should be renumbered Reg. 17.01(c) and Reg. 17.01(c) should be renumbered Reg. 17.01(d).</p> <p>After "system" in the third line from the bottom, insert "and UNOPS".</p>

organizations of the United Nations system, specifying the general terms and conditions which are to govern UNDP's assistance to projects for which that organization has been designated as an executing agency;

Regulation 8.10:

(e) The Administrator may, subject to the agreement of the requesting Government or Governments, contract for the services of other agencies, private firms or individual experts in the execution of projects and assign projects to a governmental, intergovernmental, or organization not part of the United Nations system, or to UNDP itself, if the entity meets the following conditions:

- (i) it has the ability to: reach and mobilize local associations and groups at the local level; interpret and communicate national policy, goals and strategies at the local level; and ensure project sustainability beyond the funding period;
- (ii) it has technical and/or scientific capacities not available in the United Nations system;
- (iii) it has special qualifications for building collective decision-making systems which are respectful of local customs and traditions;
- (iv) it has the capacity to strengthen the capacities of local organizations in areas essential to the promotion of sustainable human development;
- (v) it has special qualifications for bringing about dialogue and partnership arrangements between the government and the local community; and
- (vi) it has proven operational and managerial capacity and the ability to provide the needed

executing entity shall be given to organizations of the United Nations system. Such selections shall be subject to the agreement of the requesting Programme country or countries.

Regulation 17.04:

The Administrator may also select for executing UNDP Programme activities an institution not part of the United Nations system, provided it has operational and managerial capacity, can provide the needed services in a cost-effective manner, and can ensure its accountability to the Administrator. The entity so designated may be governmental, intergovernmental, or non-governmental.

OLA previously understood that NGO execution was to be carried out on a pilot basis. UNDP should confirm general mandate to carry out NGO execution. In the event that such mandate is confirmed, we suggest Reg. 17.04 be replaced with the following: "Subject to the agreement of Programme countries, the Administrator may select a non-governmental organization for the execution of UNDP Programme activities if the entity has proven operational and managerial capacity and the ability to provide the needed services in a cost-effective manner and ensure its accountability to the Administrator, and if it meets one of the following conditions:

(i-v)..... [insert conditions]"

services in a cost-effective manner and ensure its accountability to the Administrator.

(f) Executing agencies authorized by the Executive Board may be reimbursed for their support costs up to levels determined by the Executive Board.

Regulation 8.10:

(e) The Administrator may, subject to the agreement of the requesting Government or Governments, contract for the services of other agencies, private firms or individual experts in the execution of projects and assign projects to a governmental, intergovernmental, or organization not part of the United Nations system, or to UNDP itself, if the entity meets the following conditions:

Rule 108.20:

(a) The Administrator may, by written notice to the Government and the executing agency, under the terms and conditions of UNDP's basic agreement with such party, suspend UNDP assistance to a project if any circumstance arises which in his opinion interferes or is likely to interfere with the successful completion of the project or the accomplishment of its purposes.

(b) If such circumstance continues for a period of 14 days after written notice of such suspension to the recipient Government and the executing agency, the Administrator may, by written notice to the same parties: (i) terminate UNDP assistance to the project; or (ii) terminate the executing agency's execution of UNDP assistance

Regulation 17.05:

The Administrator may designate UNDP as executing entity only when it can be demonstrated that it is essential to safeguard the full responsibility and accountability of the Administrator for the effective delivery of UNDP Programme activities.

Regulation 17.06 :

(a) The Administrator may, by written notice to the Government and the executing entity, under the terms and conditions of UNDP's agreement with such party, suspend UNDP Programme activities if any circumstance arises which in his/her opinion interferes or is likely to interfere with their successful completion or the accomplishment of their purposes and results.

(b) If such circumstance continues for a period of 14 days after written notice of such suspension to the Programme country and the executing entity, the Administrator may, by written notice to the same parties: (i) terminate UNDP Programme activities; or (ii) terminate the executing entity's execution of UNDP assistance thereto and, with the Government's

We suggest that Reg. 17.05 be replaced with the following: "Subject to the agreement of Programme countries, the Administrator may select UNDP itself for the execution of UNDP Programme activities in countries in special circumstances and only when it can be demonstrated that execution by UNDP is essential to safeguard the full responsibility and accountability of the Administrator for effective delivery of UNDP Programme activities".

thereto and, with the Government's consent, take over such execution or entrust it to another executing agency.

consent, take over such execution or entrust it to another executing entity.

OLD FRR

NEW FRR

OLA'S COMMENTS

Regulation 10.1:

The project budget covering UNDP's assistance to the project, as contained in an approved project document, shall constitute the allocation of funds by the Administrator to the executing agency implement UNDP's assistance to the project. For the purposes of Regulation 10.2 below, the project budget shall be presented in annual segments.

Regulation 10.2:

An allocation by the Administrator, which authorizes the incurring of expenditures and the entering into of commitments, shall constitute a ceiling on expenditures for the current year and on commitments for future years in connection with UNDP's assistance to the project for which the allocation was made.

Rule 108.9:

Individual global projects approved by the Executive Board may be revised without further reference to the Executive Board, after appropriate consultations with the parties involved in the preparation of such projects, provided that the major development objectives of those projects remain unchanged and only

Article 18 : Financial oversight of the executing entity functions

Regulation 18.01:

The budget covering UNDP Programme activities, as contained in an approved document, shall constitute the allocation of resources by the Administrator to the executing entity, authorizing the incurring of expenditures and the entering into of commitments.

Regulation 18.02:

The budget covering UNDP Programme activities shall be presented in annual segments and shall constitute a ceiling on expenditures for the current year and on commitments for future years in connection with UNDP Programme activities for which the allocation was made.

Regulation 18.03 :

UNDP Programme activities approved by the Executive Board may be revised without further reference to the Executive Board, after appropriate consultations with the parties involved in the preparation of such UNDP Programme activities, provided that the major development objectives of those UNDP

limited financial adjustments are involved.

Regulation 15.3:

To ensure the uniformity and usability of data required for UNDP management purposes, the Administrator is authorized, after consultation with the executing agencies, to specify the basis, content and periodicity of reports on funds obtained from or through UNDP which are to be submitted by executing agencies.

Regulation 15.2:

Each executing agency shall maintain such accounts and records as are necessary to enable it to report on the financial status of funds obtained from or through UNDP, including in particular the balance of recorded allocations, expenditures and commitments.

[New]

Regulation 8.10:

(f) Executing agencies authorized by the Executive Board may be reimbursed for their support costs up to levels determined by the Executive Board.

Programme activities remain unchanged and only limited financial adjustments are involved.

Regulation 18.04:

To ensure the effective management of resources allocated to executing entities, the Administrator is authorized to specify the basis, content and periodicity of reports on funds obtained from or through UNDP which are to be submitted by executing entities.

Regulation 18.05:

Each executing entity shall maintain such accounts and records as are necessary to enable it to report on the financial status of funds obtained from or through UNDP, including in particular the balance of recorded allocations, expenditures and commitments.

Regulation 18.06:

Organizations of the United Nations system participating in the support cost arrangements may be reimbursed for their support costs associated with the implementation of UNDP Programme activities, up to levels determined by the Executive Board.

Regulation 18.07:

Entities, other than organizations of the United Nations system participating in the support cost arrangements, may be authorized by the Administrator to be eligible for reimbursement of the costs they have incurred in implementing UNDP Programme activities, based on estimates of actual costs.

After "specify", insert "in the relevant agreements with such executing entities".

Rule 108.17: In the case of the executing agencies whose levels of annual delivery do not exceed \$15 million and which are United Nations Specialized Agencies or the International Atomic Energy Agency, the Administrator shall negotiate with each such executing agency the level of UNDP's support cost reimbursement which shall in principle correspond to the agency's actual support costs, subject to the following conditions:

x x x x x x x x x x x x

Regulation 10.3: An allocation shall be available for expenditure and for commitment for the duration of the project to which it relates. Following project completion, the project budget shall be revised to reflect actual expenditure incurred and shall constitute the final allocation for UNDP's assistance to the project. The balance of the allocation shall revert to the respective IPF.

Regulation 10.4: The final allocation for UNDP's assistance to a project made under the provisions of Regulation 10.3 above shall remain available for the period of time required to discharge any outstanding legal obligation of the project. When all legal obligations against the final allocation have been discharged, any balance shall revert to the UNDP Account and shall be classed as miscellaneous income.

Regulation 18.08 :

a) Following completion of UNDP Programme activities, the balance of the allocation between actual expenditure and the allocation shall revert to the respective TRAC;

b) The final allocation shall remain available for the period of time required to discharge any outstanding legal obligation for UNDP Programme activities it relates to.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p>[Regulation 8.12]</p>	<p><i>Article 19 : Grants</i></p> <p><u>Regulation 19.01 :</u> The Administrator is authorized to incorporate grants, for purposes consistent with the policies, aims and activities of UNDP and with the agreement of the Programme country or countries, to governmental and non-governmental organizations, including civil society organizations, but excluding commercial and other for-profit entities, into UNDP Programme activities and is responsible for establishing appropriate rules and procedures for the application of the grant modality.</p>	<p>New mandate. A specific comment and request for new mandate for such grants must be included in the note to ACABQ and Executive Board.</p>

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 14.2:</u> Expenditures for the current year and commitments for future years shall be incurred only after allocations for programme activities, allotments in respect of the biennial budget or other appropriate authorizations have been made in writing under the authority of the Administrator.</p> <p>[New]]]]</p>	<p><i>Chapter F : Utilization of Resources by UNDP</i> <i>Article 20 : General framework</i></p> <p><u>Regulation 20.01 :</u> Expenditures for the current year and commitments for future years shall be incurred only after allocations for programme activities, allotments in respect of the biennial support budget or other appropriate authorizations have been made in writing under the authority of the Administrator.</p> <p><u>Regulation 20.02 :</u> There shall be a segregation of duties: (i) between the staff who may incur obligations or commitments on behalf of UNDP and the staff who may verify for payments on behalf of</p>	

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UNDP, and

(ii) between the staff who may verify for payments on behalf of UNDP and the staff who may disburse resources on behalf of UNDP.

Regulation 14.1:

The Administrator shall:

(c) Designate the officers who may receive moneys, incur obligations or commitments and make payments on behalf of UNDP;

(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;

[New]

Regulation 20.03:

The Administrator shall:

(a) Designate the staff who may make commitments on behalf of UNDP;

(b) Cause all commitments to be made on the basis of supporting documents which ensure that funds are available to cover the anticipated claim, in the form of an allocation or an allotment;

(c) Ensure that all commitment decisions are within UNDP's mandate and provide best value for money to the organization.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Rule 114.17:</u> (a) The Assistant Administrator, Bureau for Finance and Administration, shall be responsible for all procurement functions of UNDP in respect of headquarters and country office activities, projects which UNDP itself executes, and any other activity or service undertaken by UNDP as may be authorized by the Executive Board.</p> <p>(b) The procurement functions of UNDP shall cover, <u>inter alia</u>, activities necessary for the purchase, rental, or sale of goods, services, and other requirements such as works and property, including realty.</p> <p style="text-align: center;">[New]</p> <p><u>Rule 114.18:</u> The following general principles shall be given due consideration in carrying out the procurement functions of UNDP under these Rules:</p> <p>(a) Economy and efficiency;</p> <p>(c) International soliciting of proposals and competitive bidding to allow prospective proposers and bidders fair and equal opportunities to provide those goods, services and other requirements being sought by UNDP;</p> <p>(b) The interests of the UNDP programme;</p>	<p><i>Article 21 : Procurement of goods and services</i></p> <p><u>Regulation 21.01 :</u> The Administrator is responsible and accountable for carrying out the procurement functions of UNDP effectively and efficiently in furtherance of the mandate and activities of UNDP.</p> <p>(a) The procurement functions of UNDP include all actions necessary for the acquisition, by purchase or lease, of goods, real property, and services, including works and construction;</p> <p>(b) The Administrator may delegate authority, as appropriate, for such procurement functions.</p> <p><u>Regulation 21.02 :</u> The following general principles shall be given due consideration in carrying out the procurement functions of UNDP:</p> <p>(a) Best value for money, considering all relevant factors, including costs and benefits to UNDP;</p> <p>(b) Fairness, integrity and transparency;</p> <p>(c) Effective international competition;</p> <p>(d) The interest of UNDP.</p>	<p>We understand that the text prepared by the Common Services Working Group on Procurement will be used for Regulations 21.01 and 21.02.</p>

(d) The utilization of currencies available to UNDP and which require special management;

(e) Preferential treatment to be accorded to sources of those supplies indigenous either to the country being assisted or to other developing countries; and

(f) Equitable geographical distribution consistent with maximum effectiveness.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 14.1</u>: The Administrator shall:</p> <p>(c) Designate the officers who may receive moneys, incur obligations or commitments and make payments on behalf of UNDP;</p> <p>(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;</p>	<p><i>Article 22 : Verification for payments</i></p> <p><i>Regulation 22.01 :</i></p> <p>The Administrator shall:</p> <p>(a) Designate the staff who may verify for payments on behalf of UNDP;</p> <p>(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made.</p>	

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 14.3:</u> The Administrator may make such ex gratia payments not exceeding \$40,000 as he deems to be necessary in the interest of UNDP, provided that a statement of such payments shall be submitted to the General Assembly and the Executive Board with the accounts.</p>	<p><i>Article 23 : Ex-gratia payments</i></p> <p><u>Regulation 23.01 :</u> The Administrator may make such ex gratia payments not exceeding \$50,000 as he/she deems to be necessary in the interest of UNDP, provided that a statement of such payments shall be submitted to the General Assembly and the Executive Board with the financial statements.</p>	

OLD FRR	NEW FRR	OLA'S COMMENTS
<p>[New]]]]]]]]]]]</p>	<p><i>Chapter G : Administration of Resources</i> <i>Article 24 : Assets management</i></p> <p><u>Regulation 24.01 :</u> The Administrator is responsible and accountable for managing UNDP's property effectively and efficiently in furtherance of the mandate and activities of UNDP.</p> <p>(a) The management of property includes all actions necessary for receipt, maintenance and disposal of the property of UNDP;</p> <p>(b) The Administrator may delegate authority, as appropriate, for such management of property.</p>	<p>We understand that the text prepared by the Common Services Working Group on Procurement will be used for Regulation 24.01.</p>

Rule 114.34:
 Technical and other equipment, non-expendable materials, supplies and other property financed or provided by UNDP shall belong to UNDP unless and until such time as ownership thereof is transferred, on terms and conditions mutually agreed upon between the Government and UNDP, to the Government or to an entity nominated by it. Ownership of equipment may be transferred at any time after its arrival in the country being assisted and shall be effected by the resident representative after consultation with the executing agency concerned.

Regulation 24.02 :
 Non-expendable equipment and other property financed or provided by UNDP shall belong to UNDP unless and until such time as ownership thereof is transferred, on terms and conditions mutually agreed upon between the Programme Country and UNDP.

OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 13.1:</u> The Secretary-General shall act as custodian of UNDP funds and shall designate the bank or banks in which such funds shall be kept.</p> <p><u>Regulation 13.2:</u> The Secretary-General may delegate to the Administrator such authority with respect to custody of funds as would facilitate the efficient and effective management of UNDP funds and such delegated authority may be accepted by the Administrator in writing.</p> <p><u>Regulation 14.1:</u> (c) Designate the officers who may receive moneys, incur obligations or commitments and</p>	<p><i>Article 25 : Cash management</i> <u>Regulation 25.01:</u> The Administrator, under the authority delegated to him/her by the Secretary-General as custodian of all funds, is responsible and accountable for the effective and efficient management of cash resources in UNDP custody.</p> <p>(a) cash management includes all actions necessary for receipt, deposit, advance, investment and disbursement of cash, including the designation of banks and opening of bank accounts; (b) the Administrator may delegate authority, as appropriate, for such cash management.</p> <p><u>Regulation 25.02 :</u> The Administrator shall designate the staff who may receive and/or disburse moneys.</p>	

make payments on behalf of UNDP;

Regulation 12.4:

Working capital shall be provided from the cash resources of the UNDP Account.

Regulation 13.5:

Account being taken of the objectives and policies of UNDP and the special requirements of its operations, including liquidity, moneys not required immediately may be placed mainly in short-term instruments by the Secretary-General, in consultation with the Administrator.

Regulation 13.6:

Notwithstanding the provisions of Regulation 13.5 above and within limits and under terms established by the Executive Board, funds may be placed in the form of participation in development loans by international or regional development banks or in loans provided under the terms and conditions of the Reserve for Construction Loans to Governments set forth in Regulation 12.2(b).

Regulation 12.2:

Within the UNDP Regular Resources Account, the following reserves shall be established at levels set by the Executive Board:

(a) An Operational Reserve, the purpose of which is to guarantee the financial viability and integrity of UNDP. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The elements to be compensated for and covered by it shall be limited to:

Regulation 25.03:

Working capital shall be provided from the cash resources of the UNDP Accounts.

Regulation 25.04:

Account being taken of the objectives and policies of UNDP and the special requirements of its operations, including liquidity, moneys not required immediately may be placed in liquid fixed-term instruments by the Administrator.

Regulation 25.05:

Notwithstanding the provisions of Regulation 25.04 above, and within limits and terms established by the Executive Board, UNDP funds may be placed in the form of participation in development loans by international or regional development banks, or loaned under the provisions of the Reserve for Field Accommodation.

Regulation 25.06 :

Within the UNDP Accounts, the following reserves shall be established at levels set by the Executive Board:

(a) An Operational Reserve, the purpose of which is to guarantee the financial viability and integrity of UNDP. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The elements to be compensated for and covered by it shall be limited to:

- (i) Downward fluctuations or shortfalls in resources;
- (ii) Uneven cash flows;
- (iii) Increases in actual costs as compared to planning estimates or fluctuations in delivery; and
- (iv) Other contingencies which result in a loss of resources for which UNDP has made commitments for programming;

The decision to make a drawdown from the Operational Reserve shall rest solely with the Administrator, who will report all drawdowns to the Executive Board at its next regular session and between sessions, to Members of the Executive Board as may be prescribed by the Board or whenever the situation in the Administrator's opinion so merits;

(b) A fully funded Reserve for Field Accommodations, for housing for internationally recruited, United Nations field personnel and, exceptionally, for office accommodation. The Administrator shall report annually to the Executive Board on the status of the Reserve;

(c) Such other reserves as may be approved by the Board.

Regulation 13.7:

The specific advance approval of the Executive Board shall be required for any loan not clearly

- (i) Downward fluctuations or shortfalls in resources;
- (ii) Uneven cash flows;
- (iii) Increases in actual costs as compared to planning estimates or fluctuations in delivery; and
- (iv) Other contingencies which result in a loss of resources for which UNDP has made commitments for programming;

The decision to make a drawdown from the Operational Reserve shall rest solely with the Administrator, who will report all drawdowns to the Executive Board at its next regular session and between sessions, to Members of the Executive Board as may be prescribed by the Board or whenever the situation in the Administrator's opinion so merits;

(b) An Other Resources Reserve, the purpose of which ...

(c) A fully funded Reserve for Field Accommodation, for housing for internationally recruited, UNDP-financed field personnel and, exceptionally, for office accommodation. The terms and conditions under which the Administrator may agree to such loans shall be established by the Executive Board. The Administrator shall report annually to the Executive Board on the status of such loans;

(c) Such other reserves as may be approved by the Board.

Regulation 25.07:

The specific advance approval of the Executive Board shall be required for any loan of UNDP

Sub-para (b) is not complete.

<p>authorized under the provisions of these Regulations.</p> <p><u>Regulation 13.7:</u> The specific advance approval of the Executive Board shall be required for any loan not clearly authorized under the provisions of these Regulations.</p>	<p>resources not authorized under the provisions of these Regulations.</p> <p><u>Regulation 25.08 :</u> The Administrator may establish such credit facilities as are normally needed in the course of operational activities, such as commercial letters of credit. However, the specific advance approval of the Executive Board shall be required for any borrowing of resources not specifically authorized under the provisions of these Regulations.</p>	<p>Confirm authority for borrowing of resources without General Assembly authorization, including the advancing of funds or credit to UNDP by a bank.</p>
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OLD FRR	NEW FRR	OLA'S COMMENTS
<p><u>Regulation 16.1:</u> The Administrator shall submit accounts biennially in respect of the UNDP Accounts, showing:</p> <p>(a) The income and expenditures; (b) The assets and liabilities;</p> <p style="text-align: center;">New] [New]</p> <p>(c) The status of allocations for programme activities and the amounts charged against those allocations; and (d) The status of appropriations approved by</p>	<p style="text-align: center;">Article 26 : Accounting</p> <p><u>Regulation 26.01:</u> The Administrator shall submit financial statements biennially in respect of the UNDP Regular Resources Account, Other Resources Account, and in respect of all Funds administered by UNDP, in accordance with the United Nations System Accounting Standards showing:</p> <p>(a) Income and expenditures; (b) Assets and liabilities, Reserves and Fund(s) Balances (c) Statement of cash flows (d) Movement in resource balances (e) The status of allocations for programme activities and the amounts charged against those allocations; and (f) The status of appropriations approved by the</p>	

the Executive Board for the biennial support budget and the amounts charged against those appropriations.

The Administrator shall also give such other information as may be appropriate to indicate the current financial position and shall maintain such accounts and records as are necessary to report to the Executive Board and the General Assembly on the financial status of funds administered by UNDP.

Regulation 16.2:

The accounts shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Administrator may deem necessary.

Regulation 12.3:

Separate accounts shall be maintained for all reserves within the UNDP Account and for each Fund, Programme, other accounting entity and trust fund administered by UNDP.

Regulation 4.18:

Miscellaneous income shall be credited to the UNDP Account, as defined in Regulation 2.2 U (I), or to such other funds administered by UNDP to which the income accrued or from which it derived.

Regulation 6.4:

The financial period for the purpose of incurring and accounting for expenditures in respect of programme activities, including reimbursement of related agency support costs, shall consist of a single calendar year.

Executive Board for the biennial support budget and the amounts charged against those appropriations.

The Administrator shall also give such other information as may be appropriate to indicate the current financial position and shall maintain such accounting records and other records as are necessary to report to the Executive Board and the General Assembly on the financial status of Funds administered by UNDP.

Regulation 26.02:

The financial statements shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Administrator may deem necessary.

Regulation 26.03:

Separate accounting records shall be maintained for all reserves within the UNDP Accounts.

Regulation 26.04:

Miscellaneous income shall be credited to the relevant UNDP Account to which the income accrued or from which it derived.

Regulation 26.05:

The financial period for the purpose of incurring and accounting for expenditures in respect of UNDP Programme activities, including reimbursement of related agency support costs, shall consist of a single calendar year.

Regulation 14.4:

The Administrator may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts. The Administrator may establish, from time to time, an amount below which full investigation and formal write off are not required. Such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line.

Regulation 5.1:

Trust funds may be established by the Executive Board or by the Administrator for specified purposes consistent with the policies, aims and activities of UNDP. Trust funds which directly or indirectly involve additional financial liability for UNDP shall be established only by the Executive Board. Trust funds established by the Administrator shall be reported in detail to the Executive through the Advisory Committee.

Regulation 16.3:

The accounts shall be submitted by the Administrator, not later than 30 April of the year following the end of each biennium, to the United Nations Board of Auditors for examination and opinion.

Regulation 26.06:

The Administrator may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts. The Administrator may establish, from time to time, an amount below which full investigation and formal write-off are not required. Such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line.

Regulation 26.07:

All trust funds shall be reported in detail to the Executive Board through the Advisory Committee.

Regulation 26.08:

The financial statements shall be submitted by the Administrator, not later than 30 April of the year following the end of each biennium, to the United Nations Board of Auditors for examination and opinion.

Chapter H: Definitions
Article 27 : Definitions

Regulation 2.1:

For the purpose of the Financial Regulations of UNDP, the following definitions of the main entities involved in the activities of UNDP shall apply:

- (a) "UNDP" shall mean the United Nations Development Programme established by resolution 2029 (XX) of the United Nations General Assembly;
- (b) "General Assembly" shall mean the General Assembly of the United Nations;
- (c) "Executive Board" shall mean the Executive Board of UNDP;
- (d) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions;
- (e) "Secretary-General" shall mean the Secretary-General of the United Nations or the official to whom the Secretary-General has delegated authority and responsibility for the matter in question;
- (f) "Administrator" shall mean the Administrator of UNDP or the official to whom the Administrator has delegated authority and responsibility for the matter in question;

Regulation 27.01:

For the purpose of the Financial Regulations of UNDP, the following definitions of the main entities involved in the activities of UNDP shall apply:

- (a) "UNDP" shall mean the United Nations Development Programme established by resolution 2029 (XX) of the United Nations General Assembly;
- (b) "General Assembly" shall mean the General Assembly of the United Nations;
- (c) "Executive Board" shall mean the Executive Board of UNDP;
- (d) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions;
- (e) "Secretary-General" shall mean the Secretary-General of the United Nations or the official to whom the Secretary-General has delegated authority and responsibility for the matter in question;
- (f) "Administrator" shall mean the Administrator of UNDP or the official to whom the Administrator has delegated authority and responsibility for the matter in question;

(g) "Government" shall mean the Government of a State Member of the United Nations or of a Specialized Agency or of the International Atomic Energy Agency. Within these Regulations, the term "Government" has also been used in conjunction with the following:

(i) "host" Government shall mean the Government, as defined above, of a country within whose legal boundaries an office of UNDP is located, or which receives programme support and administrative services from a UNDP office located elsewhere;

(ii) "recipient" Government shall mean the Government, as defined above, of a country which receives UNDP assistance to projects. Within these Regulations, this term has been used to apply, mutatis mutandis, to all entities entitled, as a result of an Executive Board decision, to receive UNDP assistance;

(h) "executing agency" shall mean an entity, to which the Administrator has entrusted the overall management, by national government authorities or by a United Nations agency, of a programme/project, along with the assumption of responsibility and accountability for the production of outputs, achievement of programme/project objectives and for the use of UNDP resources; and shall include the following:

(i) A recipient Government or Governments;

(ii) Organizations of the United Nations system, i.e. the United Nations, the specialized agencies, the International Atomic Energy

(g) "Government" shall mean the Government of a State Member of the United Nations or of a Specialized Agency or of the International Atomic Energy Agency. Within these Regulations, the term "Government" has also been used in conjunction with the following:

(i) "host" Government shall mean the Government, as defined above, of a country within whose legal boundaries an office of UNDP is located, or which receives administrative services from a UNDP office located elsewhere;

(ii) "Programme country" shall mean a country or territory which, as a result of an Executive Board decision, is entitled to benefit from UNDP Programme activities;

(h) "executing entity" shall mean the entity responsible for the overall management of UNDP Programme activities, including accountability for the production of outputs, achievement of objectives and for the use of UNDP resources;

Agency, other organizations that are or become part of the United Nations system, and the United Nations Office for Project Services.

These organizations are referred to as participating and executing agencies;

(iii) A governmental or intergovernmental institution or agency not part of the United Nations system; and

(iv) UNDP itself.

Where the provisions of a Regulation apply to only one or some of the categories of executing agencies referred to above, the Regulation so specifies.

(i) "implementing agency", if other than the executing agency, shall mean an entity engaged by and accountable to the executing agency to procure and deliver programme/project inputs and their conversion into programme/project outputs.

F

(ii) "Fund" shall mean an independent accounting entity, established by resolution of an appropriate legislative organ, which resolution specifies in whom responsibility for both executive direction and legislative guidance is vested; (See also "Programme"); and

P

(iii) "Programme" shall mean an independent accounting entity, established by resolution of an appropriate legislative organ, which resolution specifies in whom responsibility for both executive direction and legislative guidance is vested. (See also "Fund");

(i) "Fund" or "Programme" shall mean an independent accounting entity, established by resolution of an appropriate legislative organ, which resolution specifies in whom responsibility for both executive direction and legislative guidance is vested; and

(j) "Programme": see Fund

Regulation 2.2:

For the purposes of the Financial Regulations of UNDP, the following definitions in respect of specific terms used shall apply. These terms are listed in alphabetical sequence.

A

(i) "agency support costs" shall mean the expenses incurred by an executing agency as a result of its administration of programme activities financed from UNDP funds;

(ii) "allocation" shall mean a financial authorization issued by the Administrator to an executing agency to incur expenditures and commitments for specific purposes related to programme activities and within specified limits, during a definite period;

(iii) "allotment" shall mean a financial authorization issued by the Administrator to an official or to a unit to incur obligations for specific purposes related to the biennial budget and within specified limits, during a definite period;

(v) "appropriations" shall mean the total amount approved by the Executive Board for specified purposes for the current biennial budget against which obligations may be incurred for those purposes up to the amounts so approved.

Regulation 27.02:

For the purposes of the Financial Regulations of UNDP, the following definitions in respect of specific terms used shall apply. These terms are listed in alphabetical sequence.

A

(i) "allocation" shall mean a financial authorization issued by the Administrator to incur expenditures and commitments for specific purposes related to UNDP Programme activities and within specified limits, during a definite period;

(ii) "allotment" shall mean a financial authorization issued by the Administrator to an official or to a unit to incur obligations for specific purposes related to the biennial support budget and within specified limits, during a definite period;

(iii) "appropriations" shall mean the total amount approved by the Executive Board for specified purposes for the current biennial support budget against which obligations may be incurred for those purposes up to the amounts so approved. The appropriations are divided into "appropriations lines" for each which a specific amount is shown in the appropriation decision adopted for each biennium by the Executive Board and within which the Administrator is authorized to make

"appropriation decision" should be "appropriate decision".

(iv) "appropriation line" shall mean a subdivision of the appropriations for which a specific amount is shown in the appropriations resolution and within which the Administrator is authorized to make transfers without prior approval; and

B

(i) "biennial budget" shall mean the budget to cover programme support and administrative services costs of UNDP.

[New]

C

(i) "capital assets" shall mean assets intended for long-continued use or possession, e.g., land, buildings and non-expendable equipment;

(ii) "commitment" shall mean an engagement involving a liability against resources of one or more future *years*;

[New]

(iii) "contribution" shall mean cash or in-kind assistance provided by a Government, by a governmental or intergovernmental institution or agency not part of the United Nations system, or by nongovernmental sources,

transfers without prior approval;

(iv) "appropriation line" shall mean a subdivision of the appropriations for which a specific amount is shown in the appropriate decision and within which the Administrator is authorized to make transfers without prior approval;

B

(i) "biennial support budget" shall mean the budget covering the costs of UNDP related to Programme support, management and administration, and support to operational activities of the United Nations;

(ii) "balance of resources" shall mean the available resources on a given date.

C

(i) "capital assets" shall mean assets intended for long-continued use or possession, e.g., land, buildings and non-expendable equipment;

(ii) "commitment" shall mean an anticipated or contingent liability against resources of one or more future *years*;

(iii) "committing officer" shall mean a UNDP staff who has been delegated the authority to commit UNDP resources and has accepted personal liability and accountability for it;

(iv) "contribution" shall mean cash or in-kind resources (the latter being in the form of goods or services) provided to UNDP. Contributions are used to cover UNDP Programme activities as well as programme support, management and

including civil society organizations and entities from the private sector, as well as from individuals. Contributions cover programme costs as well as programme support and administrative services, including costs associated with the administration of contributions received for special purposes;

(iv) “contribution-in-cash” shall mean payment made in cash received by UNDP;

(v) “contribution-in-kind” shall mean the provision of goods and services including capital assets received by UNDP;

(vii) “cost sharing” shall mean an arrangement by which costs of projects that are normally charged to an IPF and the reimbursement of the related agency support costs are covered in full or in part by a contribution from the recipient Government or Governments, one or more Governments other than the recipient Government or Governments, or an organization of Governments, or organizations of the United Nations system, or from inter-governmental institutions, or agencies not part of the United Nations system. Such arrangements may be made on the following basis:

- Project cost sharing whereby the contribution relates to a specific project;
- Programme cost sharing whereby the contribution does not relate to a specific Project but to all or several projects in a recipient country or region; and
- Third party cost sharing, which can be either project or programme cost sharing, whereby the contribution is paid by one or more

administration, and support to operational activities of the United Nations, including costs associated with the administration of contributions received for special purposes;

(v) “cost sharing” is a co-financing modality under which contributions from Other resources can be received as a supplement to Regular resources for specific UNDP Programme activities. Such activities must be consistent with the policies, aims and activities of UNDP;

entities other than the recipient Government or Governments.

(vi) "country programme" shall mean the programme of UNDP technical co-operation in a particular country, prepared by the Government of that country, in collaboration with the United Nations system, indicating the proposed use of UNDP resources towards the achievement or furtherance of selected national development objectives during the period covered by the country programme;

D
(i) "disbursement" shall mean the actual amount paid.

E
(i) "ex-gratia payment" shall mean a payment made where there is no legal liability but the moral obligation is such as to make payment justifiable;

(iii) "execution" shall mean the overall management, by national government authorities or by a United Nations agency, of the programme/project, along with the assumption of responsibility, and accountability for the production of outputs, achievement of programme/ project objectives and for the use of UNDP resources.

(ii) "expenditure" shall mean total charges incurred whether paid or unpaid, i.e. the sum of disbursements and unliquidated obligations for the current year in respect of programme activities and for the biennium in respect of the biennial budget; and

(vi) "country cooperation framework" shall mean the framework for UNDP Programme activities in a particular country, prepared by the Government of that country, indicating the proposed use of UNDP resources towards the achievement of selected national development objectives during a specific period.

D
(i) "disbursement" shall mean the actual amount paid.

E
(i) "ex-gratia payment" shall mean a payment made where there is no legal liability but the moral obligation is such as to make payment justifiable;

(ii) "execution" shall mean the overall management of specific UNDP Programme activities and the acceptance of accountability to the Administrator for the effective use of UNDP resources; and

(iii) "expenditure" shall mean total charges incurred whether paid or unpaid, i.e. the sum of disbursements and unliquidated obligations for the current year in respect of UNDP Programme activities and for the biennium in respect of the biennial support budget.

F

(i) "fully funded basis" shall mean that funds are available in the form of cash on hand or an irrevocable letter of credit;

(iii) "funds administered by UNDP" shall include funds in the UNDP Account and funds of trust funds established by the Executive Board or the Administrator, as well as funds of Programmes, Funds, other entities and trust funds established by the General Assembly or the Secretary-General and entrusted to UNDP for administration, i.e. , to the Executive Board for legislative guidance or to the Administrator for executive direction.

G

[New]

H

I

(i) "Indicative Planning Figure (IPF)" shall mean an order of magnitude of the resources expected to be available from UNDP during a specified period for the financing of assistance to country and intercountry projects;

(ii) "intercountry", shall mean activities carried out on a regional, interregional or global basis;

(iii) "Intercountry programme" shall mean the programme of UNDP technical co-operation in

F

G

"Global cooperation framework" shall mean UNDP Programme activities of a world-wide significance, and shall indicate the proposed use of UNDP resources towards the achievement of the global development objectives concerned;

H

I

a particular intercountry, subdivision, as defined in (ii) above, prepared by the Administrator, on the basis of principles laid down by the Executive Board, in collaboration with the Governments concerned and with the United Nations system, indicating the proposed use of UNDP resources towards the achievement or furtherance of the development objectives of the intercountry subdivision concerned; and (iv) "implementation" shall mean the procurement and delivery of programme/project inputs and their conversion into programme/project outputs.

J
K
L

[New]

M

[New]

[New]

J
K
L

"liquidity" shall mean the balance between current assets and current liabilities. In the specific context of UNDP, this shall normally be taken to mean the sum of working capital and reserves.

M

(i) "management and administration of the organization" shall mean the activities of UNDP organizational units whose primary functions are the maintenance of the identity, direction and well-being of the organization. This shall typically include units that carry out the functions of executive direction, policy and evaluation, external relations, information, planning and resource management, finance and administration, and audit;

(ii) "management and support services" shall mean a range of services, which may include procurement and full financial services, to be

(i) "micro-capital grant" shall mean the financial assistance provided to an intermediary which includes non-governmental or grass roots organizations in an amount not exceeding \$150,000 for each individual grant.

N
(i) "non-UNDP funds administered by UNDP" shall include non-UNDP funds entrusted to UNDP for administration and management, such as those under Management Service Agreements (bilateral, development banks, etc.), and agreements with United Nations system organizations and other entities.

(ii) "national execution" shall mean the acceptance, inter alia, of overall responsibility for the formulation and management of UNDP-assisted programmes/projects by the recipient country and accountability to the Administrator for the effective use of UNDP resources.

O
(i) "obligation" shall mean an engagement involving a liability against the resources of the current year in respect of programme activities and the current biennium in respect of the biennial budget.

[New]

provided by UNDP against full reimbursement.

N

"national execution" shall mean execution in a specific programme country carried out by an eligible government entity of that country.

O
(i) "obligation" shall mean an engagement involving a liability against the resources of the current year in respect of UNDP Programme activities and the current biennium in respect of the biennial support budget;

(ii) "Other resources" shall mean the resources of UNDP, other than Regular resources, which are received for a specific programme purpose consistent with the policies, aims and activities of UNDP and for the provision of specific services to third parties;

This is not the definition of national execution as agreed by the CCPOQ and contained in the national execution guidelines. We recommend the definitions be consistent.

P

(i) "partially funded basis" shall mean the authority to allocate funds against anticipated future years' income;

(ii) "personnel" shall mean staff of the organization and other persons employed by the organization, under other contractual arrangements, to perform services for a programme or project activity or for programme support;

(iv) "programme" within the context of the form of presentation of the biennial budget shall mean the grouping of costs associated with an activity, of a programme support and administrative services nature;

(v) "programme activities" shall mean activities directly associated with the planning, programming and implementation of UNDP assistance through country, regional, interregional and global projects and shall be distinguished from activities of a programme support and administrative services nature;

(vi) "programme support and administrative services" shall include those activities that are undertaken by UNDP to provide management, technical, administrative, financial and logistical support to its programme activities;

P

(i) "partially funded basis" shall mean the authority to allocate resources against anticipated future years' receipts;

(ii) "personnel" shall mean staff of UNDP and other persons engaged by UNDP, under other contractual arrangements, to perform services for UNDP programme activities or for programme support;

(iv) "programme support", within the context of the form of presentation of the biennial support budget, shall mean organizational units whose primary function is the development, formulation, delivery and evaluation of UNDP's Programme activities. This will typically include units that provide backstopping of UNDP Programme activities either on a technical, thematic, geographic, logistical or administrative basis.

(vii) "project" shall mean a separately identified development undertaking of one or more Governments and assisted by UNDP and;

(viii) "project document" shall mean the formal document, including revisions thereof, covering the agreed arrangements for the implementation of the project which includes, inter alia, a budget for UNDP assistance to the project.

Q
R

[New]

[New]

S
(i) "Special Programme Resources", shall mean the amount of resources set aside during the current planning period to finance such

Q
R

(i) "regional cooperation framework" is a document articulating UNDP Programme activities of a regional significance. A regional cooperation framework shall include the budget of resources to be used towards the achievement of the regional development objectives concerned;

(ii) "Regular resources" shall mean the resources of UNDP that are co-mingled and untied. These will include voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

(iii) "resources administered by UNDP" shall include all contributions received and all income earned by UNDP;

S

programme activities as may be determined by, the Executive Board.

[New]

T

[New]

(i) "trust fund" shall mean funds which are accepted by UNDP under the terms of these Financial Regulations to finance activities specified by the contributor, which activities must be consistent with the policies, aims and activities of UNDP.

U

(i) "UNDP Account" shall mean the Account established for the purposes of accounting for all income to UNDP, which excludes funds of trust funds established by the Executive Board or the Administrator and funds of Programmes, Funds, other entities and trust funds established by the General Assembly or the Secretary-General and entrusted to UNDP for administration, and all expenditures made by or on behalf of UNDP against that income;

"support costs" shall mean the reimbursable expenses incurred by an entity as a result of its administration of UNDP Programme activities.

T

(i) "TRAC" or Target Resources Assigned from the Core shall mean an order of magnitude of the regular resources expected to be available from UNDP during a specified period for the financing of UNDP Programme activities at the country and regional level;

(ii) "Trust fund" is a separate accounting entity under which UNDP receives contributions to finance UNDP Programme activities specified by the contributor.

U

(i) "UNDP Accounts" shall mean the Accounts established for the purposes of accounting for the receipt and use of all resources entrusted to the Administrator and activities thereby financed, and shall include:

- a Regular resources Account, which shall include all Regular resources of UNDP, activities thereby financed, and related income and,

- a Other resources Account, which shall include all Other resources of UNDP, activities thereby financed, and related income and;

<p>[New]</p> <p>[New]</p> <p>(iv) "unliquidated obligation" shall mean an obligation or that portion of an obligation which is not yet disbursed.</p> <p>(ii) "UNDP assistance to a project" shall mean the contribution to a project which is funded from the UNDP Account;</p> <p>(iii) "UNDP funds" shall include all sources of income which are credited to the UNDP Account;</p>	<p>- a UNDP Funds Account, which shall include all resources received by Funds entrusted to the Administrator, activities thereby financed, and related income;</p> <p>(ii) "UNDP Programme activity or activities" shall mean activities funded from UNDP resources and directly associated with the accomplishment of UNDP's mandate, through projects or supports to national programme frameworks (or coherent set of interrelated policies, strategies, activities and investments designed to achieve a specific time-bound national development objective or set of objectives). UNDP Programme activities are planned through the means of a signed project document or programme support document and its revisions, covering the agreed arrangements for the implementation of UNDP Programme activities;</p> <p>(iii) "UNDP resources" shall mean resources credited to UNDP Regular Resources Account or Other resources Account and therefore excludes income credited to the UNDP Funds Account;</p> <p>(iv) "unliquidated obligation" shall mean an obligation or that portion of an obligation which is not yet disbursed.</p>	
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V

[New]

V

"verifying officer" shall mean a UNDP staff who has been delegated the authority to verify payments against UNDP resources and has accepted personal liability and accountability for it.

“voluntary contributions” shall mean contributions to UNDP regular resources from Governments of Member States of the United Nations, of the specialized agencies or of the International Atomic Energy agency.

W

[New]

W

"working capital" shall mean the residual of cash flows into and out of UNDP used to provide advances to executing agents, fund unliquidated obligations and pay ongoing administrative expenses.

X

Y

Z

X

Y

Z