

UNITED NATIONS DEVELOPMENT PROGRAMME

GUIDELINES

FOR

1. DETERMINATION OF EXECUTION AND
IMPLEMENTATION ARRANGEMENTS
2. SUCCESSOR ARRANGEMENTS FOR
AGENCY SUPPORT COSTS

REVISION 1

OCTOBER 1992

Contents

I. INTRODUCTION	1
1.1 Legislative background	1
1.2 Objectives of the new arrangements	2
1.3 Applicability	3
1.4 Summary of features of support cost arrangements	3
1.4.1 The old regime	3
1.4.2 The new regime	4
II. POLICY FRAMEWORK FOR EXECUTION AND IMPLEMENTATION	5
2.1 Policy and definitions	5
2.2 Determination of execution and implementation arrangements	6
2.2.2 Designation of executing agent	7
2.2.3 Designation of implementing agents	8
2.3 The roles of various partners in execution and implementation	9
2.3.1 The role of government	9
2.3.2 The role of UN organizations	9
2.3.3 The role of UNDP	10
2.4 Operationalization in the context of successor arrangements	12
2.4.1 Applicability of the financial facilities available under the new and old regimes	12
2.4.2 Elements of operationalization	13
III. TECHNICAL SUPPORT SERVICES AT THE PROGRAMME LEVEL (TSS-1) ..	16
3.1 Policy	16
3.2 Uses of TSS-1	17
3.3 Formulation of work programme	18
3.3.1 Periodicity and timing	18
3.3.2 Development of the work programme at the field level	18
3.3.3 Criteria for selection of TSS-1 activities	19
3.3.4 Finalization of work programme at headquarters	20
3.4 Allocation of resources	21
3.5 Implementation of the workplan	21
3.5.1 Budgeting for TSS-1 services	21
3.5.2 Documentation for use of TSS-1 resources	22
3.5.3 Management of TSS-1 resources	23
3.5.4 Reporting	23

IV. TECHNICAL SUPPORT SERVICES AT THE PROJECT LEVEL (TSS-2)	24
4.1 Policy	24
4.2 Allocation of resources for TSS-2	25
4.3 Incorporating TSS-2 at the project level	26
4.3.1 Monitoring and backstopping services	26
4.3.2 Budgeting for technical support services	26
4.3.3 Documentation for use of TSS-2	27
4.3.4 Reporting on TSS-2 usage	29
4.4 Management of TSS-2 resources at the country level	30
4.5 Authority for approval of TSS-2 budgets	30
V. ADMINISTRATIVE AND OPERATIONAL SERVICES (AOS)	32
5.1 Policy	32
5.2 Establishment of clusters of AOS	32
5.2.1 Description of clusters of AOS	33
5.2.2 Rates of reimbursement applicable to AOS clusters	34
5.3 Overall budgeting requirements	35
5.3.1 Budget documentation	35
5.3.2 Budget type requirements by agency	36
5.3.3 Revisions to budget line definitions	36
5.4 Budgeting for AOS	37
5.4.1 As applied to agencies subject to the new regime	37
5.4.2 As applied to other agencies	37
5.5 Documentation for use of AOS	38
5.5.1 Provided to the executing agent	38
5.5.2 Provided to implementing agents	40
5.6 Revision of project and AOS budgets	41
5.7 Management of the IPF subline for AOS	41
5.7.1 Computation of IPF subline entitlements	41
5.7.2 Management of IPF subline resources	41
5.7.3 Use of unutilized IPF subline resources	42
5.8 Transition arrangements	42
5.8.1 For agencies in the new regime	42
5.8.2 Conversion to new regime	43
5.9 Projects funded from non-IPF sources	43
5.9.1 Government cash counterpart contributions (GCCC)	43
5.9.2 Project cost-sharing	43
5.10 Projects funded from UNDP-administered trust funds and other funds under the authority of the Administrator	43

Table 1	14
Table 2	15
Annex 1	45
Annex 2	47
Annex 3	48
Annex 4	49
Annex 5	50
Annex 6	51
Annex 7	52
Annex 8	54
Annex 9	55
Annex 10	56
Annex 11	57
Annex 12	58

I. INTRODUCTION

1.1 Legislative background

1.1.1 The UNDP Governing Council, at its thirty-eighth session (1991), adopted comprehensive legislation on successor arrangements to agency support costs¹. This is a significant decision with long-term implications for the operational activities of the UN system. By making this decision, the Council has brought to a culmination a long legislative process during which it adopted decisions 90/26 and 91/32: successor arrangements for agency support costs; decisions 90/21 and 91/27: national execution; and decision 90/34: fifth cycle planning. These decisions, which arise from and are based on General Assembly resolution 44/211 on operational activities, provide UNDP with a legislative and policy framework for its future activities.

1.1.2 The successor arrangements to agency support costs approved by the Governing Council therefore form a part of a broader policy package, which includes new initiatives relating to national execution and the programme approach, and a renewed emphasis on human development and capacity-building in development activities. These various components of the policy framework should be viewed as mutually supportive and synergistic. Taken together, these policy initiatives offer considerable opportunity to achieve increased effectiveness and relevance in UNDP-financed programmes and projects.

1.1.3 The new support cost arrangements replace a system which has been in existence, in its essential elements, for over two decades, and which was last revised through Governing Council decisions 80/44 and 81/40. The policies and procedures governing this system are reflected in various sections of the Programmes and Projects Manual (PPM). The PPM is not being revised at this time. The present document seeks to provide the immediate operational guidelines required to implement the new arrangements, which will go into effect as of 1 January 1992. These guidelines, along with those relating to national execution and the programme approach, will be updated after a period of testing and experience, and then incorporated in the relevant sections of the PPM.

¹ In these guidelines, the term "agency" is used to designate the United Nations specialized agencies and also the Department of Technical Cooperation for Development of the United Nations Secretariat and the Office for Project Services.

1.2 Objectives of the new arrangements

1.2.1 The Governing Council has placed considerable emphasis on the objectives of the various components of the new policy framework, and of the successor arrangements for agency support costs in particular. These objectives are thus seen to be shared with other policy initiatives such as national execution and the programme approach. A brief description of these objectives is provided here.

1.2.2 Enhancement of the tripartite relationship

In redefining and reinforcing the existing relationship among the various partners in technical cooperation viz., the beneficiary governments, agencies and UNDP, the Council intends to clarify their individual roles and strengthen the tripartite nature of the relationship.

1.2.3 Strengthening the technical focus and support capacities of agencies

In establishing this as an objective, the Council seeks to enhance the involvement of the agencies in the upstream stages of the programme/project cycle, thus making available to recipient governments the assistance of the UN system in the policy advisory and strategy development areas. At the same time, the Council wishes to reduce to a necessary minimum the resources allocated to administrative and operational services.

1.2.4 Provision of incentives for national execution

The Council has re-emphasized national execution as an effective means of ensuring capacity-building and enhancing sustainability.

1.2.5 Encouragement to greater openness in accessing implementation services

The new arrangements will provide greater openness and competitiveness in accessing services for implementation, by enabling recipient governments to select implementing agents from a wider range which includes agencies, national and international institutions, governmental units, non-governmental organizations and private sector firms.

1.2.6 Promotion of coherence and coordination in operational activities

The Council wishes to increase coordination among agencies in the provision of assistance and to increase coherence and effectiveness of programmes through an integrated UN system response to the needs of developing countries.

1.3 Applicability

1.3.1 "Successor arrangements" is a term used to describe the arrangements for agency support costs which will replace the present system as of 1 January 1992. The successor arrangements shall apply to all agencies. However, within these successor arrangements, a new system of reimbursement of support costs (called the "new regime") will apply only to the following five large specialized agencies of the UN system: FAO, DTCD, ILO, UNIDO and UNESCO (hereafter referred to as the five agencies). The essential elements of the old regime (except for certain modifications described in these guidelines) shall continue to apply for all other agencies except the Office for Project Services (OPS) and the World Bank Group, which will be governed by a modified new regime.

1.3.2 In this context, it should be pointed out that projects approved before 1 January 1992 against fifth cycle resources will continue to be subject to the old regime for the duration of their activities.

1.4 Summary of features of support cost arrangements

A summary of the key features of the old and new regimes is provided here.

1.4.1 The old regime

The following apply to the old regime:

- Agencies are, in general, reimbursed at the rate of 13 per cent of project expenditures.
- Reimbursement is made from resources held centrally by UNDP.
- The following exceptions apply:
 - OPS and the World Bank are reimbursed at the rate of 11 per cent.

- Agencies whose annual delivery falls below \$15 million (excluding non-autonomous entities of the United Nations) are entitled to flexibility payments on a graduated scale.

1.4.2 The new regime

The following features characterize the new regime:

- A separation between technical support services (TSS) and administrative and operational services (AOS) is made (in the old regime no such distinction is made);
- Two distinct types of technical support services are established: those provided at the programme level (called TSS-1) and at the project level (TSS-2); the former is a new facility, not present in the old regime;
- Resources for payment of AOS services are provided as part of the indicative planning figure (IPF) (a subline to be established and funded for this purpose in addition to the IPFs already announced for the fifth cycle);
- The AOS are "unbundled" into seven clusters of services; a separate rate or rates of reimbursement will apply to each cluster; these AOS services will be paid from the IPF subline referred to above;
- AOS may be obtained from a variety of sources, including agencies as well as external agents (as for example, a national institution or a non-governmental agency); and
- Resources available in the IPF subline, after payment of reimbursement for AOS, will be available for use within the country programme.

II. POLICY FRAMEWORK FOR EXECUTION AND IMPLEMENTATION²

2.1 Policy and definitions

2.1.1 The primary objective of the operational activities of the UN system is "to promote the self-reliance of developing countries through multilateral cooperation³" by "building up *inter alia*, their productive capacities and their indigenous resources and by increasing the availability of the managerial, technical, administrative and research capabilities required in the development process⁴". The basic role of UN system programmes of assistance is to provide substantive technical advice to governments and to transfer (and adapt) skills and technology, optimizing the comparative advantages of the UN system.

2.1.2 A new policy framework for United Nations operational activities has been enunciated by the General Assembly and the Governing Council in recent years. In this section, the essential elements of this policy framework, applicable to all UN organizations, are set out, and the revised and strengthened roles of governments, UNDP and the agencies within a revitalized tripartite system are explained.

2.1.3 This policy deals with development programmes/projects at three levels: **ownership, execution and implementation**. It is recognized that in the past these terms have been used interchangeably. In this policy framework, these terms continue to be used, but they are redefined and given specific, new meanings. In the guidelines that follow, these terms are used strictly in their new, redefined sense. Accordingly, the definitions presented here should be noted carefully and any confusion with the old usage should be avoided.

2.1.4 This policy recognizes that all development programmes/projects are nationally owned, directed and controlled; and that establishment of priorities, achievement of development objectives of programmes and projects, and sustainability of results produced are the responsibility of the government.

² Unless otherwise mentioned or implied by context, the provisions of this chapter should be taken to apply to intercountry as well as country activities. Similarly, they apply to project as well as programme activities.

³ General Assembly resolution 43/119.

⁴ Paragraph e(i) of annex to General Assembly resolution 3405.

2.1.5 Execution is defined as the overall management, by national government authorities or by a UN agency, of the programme/project, along with assumption of responsibility and accountability for production of outputs, achievement of programme/project objectives and for the use of UNDP resources.

2.1.6 Upon approval of a programme/project, execution responsibility will be assigned to either a national government authority or a UN organization. When execution is undertaken nationally (national execution), it will involve:

- Assumption by the national authority of overall management of the programme/project;
- Acceptance by the national authority of accountability to UNDP for production of outputs, achievement of programme/project objectives, and use of resources provided by UNDP.

When execution is entrusted to a UN organization, it will involve:

- Assumption by the organization of overall management of the programme/project;
- Acceptance by the organization of accountability to UNDP and the government for production of outputs, achievement of programme/project objectives, and for resources provided by UNDP.

2.1.7 Implementation is defined as the procurement and delivery of all programme/project inputs and their conversion into programme/project outputs. Under this policy framework, increased choice and access to a variety of agents providing implementation services will be possible. Such implementing agents could include national institutions or government departments, UN organizations, NGOs, and/or private sector firms (national and international).

2.1.8 Implementing agents are accountable to the executing agent for the quality and timeliness of project inputs assigned to them for implementation; for carrying out project activities entrusted to them; for their optimal contribution to production of the related outputs; and for the appropriate use of resources allocated to them.

2.2 Determination of execution and implementation arrangements

2.2.1 Execution and implementation modalities are determined during project design, taking into account government policies, country-specific factors and the requirements of individual

projects taken as a whole. While this determination process is carried out jointly by the government and UNDP in consultation with the relevant agencies, the authority for final designation of executing and implementing agents shall rest with the Administrator.

2.2.2 Designation of executing agent

2.2.2.1 In designating the executing agent of a project, first consideration shall be given to national authorities⁵. In doing so, the following shall be taken into account:

- (a) Availability of managerial and organizational capacity to carry out the functions associated with execution;
- (b) Existence of technical capacity to exercise oversight and supervision of project activities;
- (c) Willingness and commitment of the national authority being considered to undertake the responsibilities and to be accountable to UNDP; such accountability should cover both substantive and financial areas.

2.2.2.2 In making the assessments called for in paragraph 2.2.2.1, the Administrator will seek, as appropriate, the views of relevant agencies based on their particular knowledge of and familiarity with the national authorities under consideration. In this context, it should be noted that lack of technical capacity to supervise all aspects of a project need not bar the designation of a national authority as an executing agent, provided that other conditions mentioned above have been met, and that the necessary technical support from the relevant agency is secured.

2.2.2.3 The national authorities designated for execution should usually be those most proximate, in a substantive sense, to the project activities. The technical ministry/department concerned should be associated with the execution of the programme/project, if the government has nominated the central coordinating ministry as executing agent.

2.2.2.4 In all cases, particular attention should be paid to management arrangements for the programme/project. Where the scale of project activities permits, a full time manager should be appointed to carry out execution responsibilities. Such a manager of the programme/project should be accountable to the executing agent for effective management, in both substantive and financial terms.

⁵ In the context of intercountry activities, these authorities may include intergovernmental organizations of the countries concerned, which are not part of the UN system.

2.2.2.5 In the event that no suitable national authority is designated as executing agent, a relevant UN agency would be designated. In making this determination, the technical and managerial requirements of the project and the willingness of the agency to undertake these responsibilities should be considered.

2.2.3 Designation of implementing agents

2.2.3.1 Determination of the implementing agents which will provide administrative and operational services is made by the executing agent and is subject to the approval of UNDP. Such determination should normally be made during the project design phase and prior to the approval of the project.

2.2.3.2 The primary determinants in the designation of implementing agents are cost effectiveness, quality of services rendered and relevance to the project. In accordance with Governing Council decision 91/32 which requires "greater openness and competitiveness" in accessing services, the choice of implementing agents should be made from the widest possible range available to the country concerned, taking into account country circumstances and project requirements. While the cost of providing services is an important factor, the achievement of project objectives should be given overriding consideration. In making the choice therefore, reliability and proven experience in providing such services should also be taken into account.

2.2.3.3 Under both national execution and execution by a UN organization, full consideration should be given to national institutions as implementing agents, including governmental and other national units most directly involved in the project activities. Use of national implementing agents is particularly advisable when it would facilitate effective integration of project activities with national and governmental processes and thus enhance sustainability. A careful assessment should be made of the capacity of those agents to provide services and to be accountable to the executing agent, as set out in paragraph 2.1.8. Technical support to national implementing agents may be obtained from UN agencies. Such support could include the use of agency rosters of specialist technical personnel, technical review of bids from subcontractors, etc.

2.2.3.4 Agencies will continue to be an important source for provision of implementation services to UNDP and governments. The established infrastructure, accumulated know-how, databases and international contacts of agencies would make them the appropriate and optimal choice in a large number of cases. Thus, availability of these services from the agencies should be taken into full consideration and brought to the attention of the executing agent and the government.

2.3 The roles of various partners in execution and implementation

2.3.1 The role of government

2.3.1.1 The policy framework recognizes that all development projects are nationally owned, directed and controlled. The government has exclusive responsibility for the establishment of priorities, the achievement of development objectives of programmes and projects and the sustainability of results so produced.

2.3.1.2 The government may propose executing and implementation arrangements at the time of project design. In doing so, it will consult with UNDP and the relevant UN organizations.

2.3.1.3 Suitable national authorities will be given first consideration for designation as executing agent. This will involve overall management of the programme/project and assumption of accountability to UNDP for production of outputs and objectives and for use of UNDP-provided resources.

2.3.1.4 When implementation is undertaken by national authorities, they are accountable to the executing agent for optimal use of the resources entrusted to them; for the procurement of assigned project inputs; for carrying out project activities entrusted to them; and for making an optimal contribution to the production of related outputs.

2.3.2 The role of UN organizations

The policy framework provides for continuation and enhancement of the multilateral character of technical cooperation. In doing so, it seeks to strengthen the policy advisory role of the specialized agencies and their technical focus, while keeping to a necessary minimum their involvement in providing administrative and operational services. The framework thus provides for utilization of the technical capacities of agencies by their participation in various stages of the programme and project cycle. They are as follows:

- ▶ In the "upstream" stages, agencies will contribute through involvement in:
 - (a) Policy dialogue and sectoral advice to governments through sectoral studies and consultations;
 - (b) Aid coordination activities through participation in technical cooperation assessments and formulation exercises;

(c) Design and formulation of national development and (sub)sectoral programmes.

- ▶ In the project formulation stage, agencies may be called upon to provide technical expertise in designing and developing technical cooperation projects. They may also be called upon for assistance in the appraisal of projects formulated by national authorities and submitted to UNDP for financing.
- ▶ During the stage when the project is operational, an agency may be called upon to:
 - (a) Act as executing agent of a project when designated to do so;
 - (b) Provide technical monitoring and backstopping services, irrespective of execution and implementation arrangements;
 - (c) Provide technical support to the executing agent when requested to do so, when a project is designated for national execution;
 - (d) act as implementing agent for the entire project or part of it, at the request of the executing agent; and/or provide technical support to national implementing agencies.

2.3.3 The role of UNDP

2.3.3.1 The policy framework assigns a distinctive role for UNDP as a multilateral funding agency supporting technical cooperation for development. It does so by providing effective response to government requests for building and strengthening national capacity, including the coordination of external assistance, and by ensuring that operational arrangements reflect the principles of tripartite partnership irrespective of execution modalities.

2.3.3.2 In responding to national technical cooperation needs and in promoting the incorporation of agreed global priorities and standards, UNDP will assist countries, at their request, in systematic programming to address such needs, through instruments such as National Long-Term Perspective Studies (NLTPS), national technical cooperation assessment and programmes (NATCAPs), round-table meetings, the technical cooperation aspects of Consultative Group meetings and country programming. In this role, UNDP will use the expertise of the organizations of the UN system in:

- (a) Policy dialogue and sectoral advice to governments, through sectoral studies and consultations;

- (b) Aid coordination activities, through their participation in technical cooperation assessments and formulation exercises;
- (c) Design and formulation of national development and sectoral programmes.

2.3.3.3 UNDP has the final authority to approve execution and implementation modalities proposed by the government, taking into account government policies, country-specific factors and requirements of individual projects.

2.3.3.4 UNDP is responsible for the appraisal of UNDP-financed projects, as this is a critical aspect of the Administrator's accountability for resources placed at the disposal of UNDP.

2.3.3.5 While the Governing Council alone has the authority to approve UNDP assistance to projects, it has delegated such authority to the Administrator. The Administrator has, in turn, further delegated part of that authority to Resident Representatives.

2.3.3.6 UNDP is responsible for ensuring that projects are relevant to national priorities, plans and programmes as well as to global norms, policies and objectives of the United Nations. UNDP will also ensure that its resources are used in a cost-effective and efficient manner in order to have maximum impact. UNDP will, therefore, exercise a continuous oversight function consistent with this responsibility, and will provide such guidance and support as is necessary. In performing this role, UNDP will utilize the capacities of the UN system in providing, *inter alia*, backstopping or monitoring services, irrespective of execution and implementation modalities. When a project is designated for national execution, UNDP will bring to the attention of national authorities the capacities of the UN system to provide technical oversight and supervision for the purpose of assisting UNDP meet its substantive and programme accountability to its Governing Council.

2.3.3.7 The UNDP field office plays a supportive role in the execution and implementation of projects financed by UNDP. This may include the provision of administrative support in project execution and accountability functions and also facilitating implementation. It further calls for the provision of relevant information to permit recipient countries to assume responsibility for national execution.

2.3.3.8 UNDP provides assistance to governments to enhance their execution capacity in both the central and sectoral areas concerned with technical cooperation, as appropriate in association with the relevant agency. Such support can include training of national staff; strengthening of

institutional capacities needed by governments to assume execution responsibilities; and provision of information to national implementing agents to facilitate their understanding of international procurement requirements.

2.4 Operationalization in the context of successor arrangements

2.4.1 Applicability of the financial facilities available under the new and old regimes

2.4.1.1 The policy framework described so far is applicable to all specialized agencies of the UN system. However, in operationalizing the framework, it should be recognized that as of 1 January 1992 agencies will be subject to two different regimes of agency support costs. As such, the modalities of operationalization will differ for the two groups of agencies.

2.4.1.2 The new regime of support costs is specifically designed to support the policy framework described above. Thus, agencies participating in the new regime will have the opportunity to utilize financial facilities established specifically to enable the agencies to carry out the role and functions envisaged in the framework. Additionally, relationships among the various parties are clearly delineated and redefined. Further, modalities have been developed to ensure that the responsibilities and accountability of the various partners can be discharged effectively.

2.4.1.3 Agencies not subject to the new regime do not have access to the financial facilities established as part of that regime. As a consequence, (a) for projects for which they are the executing and implementing agent, these agencies will be reimbursed in accordance with the provisions of decision 91/32; and (b) for nationally executed and implemented projects, and in the absence of the financial facilities available to agencies subject to the new regime, arrangements should be made to ensure availability of agency technical services to governments and UNDP. UNDP offices are hereby encouraged to facilitate use of UNDP resources from IPF and other programme resources for this purpose. This is particularly important as most agencies not subject to the new regime do not have independent and separate field representation.

2.4.1.4 Tables 1 and 2 identify these services and the possible sources of funding.

2.4.1.5 It is suggested that where an agency subject to the old regime requires funding from the project budget for technical services, the methodology for costing and budgeting described in section 4.3.2 be utilized, so that uniform costing parameters are used to budget for these services.

2.4.2 Elements of operationalization

2.4.2.1 Operationalization of the policy framework, in the context of support cost arrangements, requires the following:

- (a) The functions and roles of the various participants should be clearly established;
- (b) Sources of financing, both primary and secondary, for each required service should be identified, and a methodology for costing and budgeting for these services should be established;
- (c) The relationships among the participants regarding both accountability and support should be identified and established.

2.4.2.2 The diagrams on pages 59-62 show in schematic form the elements described in section 2.4.2.1. The diagrams illustrate in particular the various services to be provided by agencies. They also show the possible sources of UNDP financing available under national execution and under execution by UN organizations, for agencies subject to the new regime as well as those under the old regime.

Table 1

Possible sources of financing agency services
in the context of national execution

Agency functions/services	Agencies subject to new regime ^a		Agencies subject to old regime	
	Agencies subject to new regime ^a		Agencies subject to old regime	
I. UPSTREAM FUNCTIONS INVOLVING SECTORAL STUDIES, PROGRAMME FORMULATION, ETC.	TSS-1/IPF/SPR/Agency regular programmes	IPF/SPR/Regular programmes/ Sectoral support	IPF/SPR/Regular programmes/ Sectoral support	IPF/SPR/Regular programmes/ Sectoral support
II. PROJECT FORMULATION AND APPRAISAL	TSS-2/Preparatory assistance/PDF/Agency regular programmes	Preparatory assistance/PDF/Agency regular programmes	Preparatory assistance/PDF/Agency regular programmes	Preparatory assistance/PDF/Agency regular programmes
III. EXECUTION AND IMPLEMENTATION:	TSS-2/Project budget (as requested)	Project budget (as requested)	Project budget (as requested)	Project budget (as requested)
A. Overall support to executing agent in technical oversight and supervision	TSS-2/Project budget (as requested)	Project budget (as requested)	Project budget (as requested)	Project budget (as requested)
B. Technical monitoring and backstopping	TSS-2/Project budget (as requested)	Project budget (as requested)	Project budget (as requested)	Project budget (as requested)
C. Implementation of designated components	IPF subline	IPF subline	IPF subline	IPF subline
D. Technical support to implementation by national implementing units	IPF subline/Project budget	IPF subline/Project budget	IPF subline/Project budget	IPF subline/Project budget
IV. PROJECT EVALUATION	TSS-2/Project budget/Agency regular programmes	Project budget/Agency regular programmes	Project budget/Agency regular programmes	Project budget/Agency regular programmes

^a See also annex I.

Table 2

**Possible sources of financing agency services
in the context of execution by UN organizations**

Agency functions/services	Agencies subject to new regime ⁷	Agencies subject to old regime
I. UPSTREAM FUNCTIONS INVOLVING SECTORAL STUDIES, PROGRAMME FORMULATION, ETC.	TSS-1/IPF/SPR/Agency regular programmes	IPF/SPR/Regular programmes/Sectoral support
II. PROJECT FORMULATION AND APPRAISAL	TSS-2/Preparatory assistance/PDF/Agency regular programmes	Preparatory assistance/PDF/Agency regular programmes
III. EXECUTION AND IMPLEMENTATION:		
A. Oversight and supervision	TSS-2/Project budget (as required)	Support costs
B. Technical monitoring and backstopping	TSS-2/Project budget (as required)	Support costs
C. Implementation of designated components	IPF subline	Support costs
D. Technical support to implementation by national implementing units	IPF subline/Project budget	IPF subline/Project budget
IV. PROJECT EVALUATION	TSS-2/Project budget/Agency regular programmes	Project budget/Agency regular programmes

⁷ See also annex 1.

III. TECHNICAL SUPPORT SERVICES AT THE PROGRAMME LEVEL (TSS-1)

3.1 Policy

3.1.1 The facility for technical services at the programme level (abbreviated as TSS-1) has been established to contribute, *inter alia*, to the achievement of a sharper technical focus by the agencies and to the enhancement of agency technical support to developing countries in the upstream stages of the programme and project cycles. This should include provision of sectoral policy advice to governments and the formulation of subsectoral and cross-sectoral strategies and programmes.

3.1.2 The resources of TSS-1 will be available for obtaining technical support services from agencies subject to the new regime. Thus, use of TSS-1 resources is limited to the five agencies concerned.

3.1.3 Services financed from TSS-1 should be considered additional and complementary to similar activities carried out under the regular programmes of participating agencies and other sources, including UNDP programme resources.

3.1.4 Conversely, resources available from the regular budgets of participating agencies and other sources should be viewed as matching funds to TSS-1, in the formulation of a programme of sectoral activities at the country level. TSS-1 should be considered, therefore, a catalyst for making more effective use, achieving a sharper country focus and providing leverage for other resources available for similar purposes within the UN system.

3.1.5 The workplan of activities to be financed from TSS-1 resources should be based on an assessment of country level demands and priorities. Therefore, the process of needs assessment should begin in the field.

3.1.6 As use of TSS-1 should be needs-based, there shall be no earmarking of resources by sector or agency. It is intended, however, that in the distribution of resources a measure of equity among countries shall exist over the five-year period of a programming cycle; it need not exist on an annual basis or for two year work programmes.

3.1.7 UNDP and the agencies concerned shall draw up collaboratively a work programme covering the resources of TSS-1 and related resources from other sources, including the regular programmes of the agencies concerned and UNDP programme resources. Within this programme, UNDP will have authority for appraisal and selection of activities to be financed by TSS-1 and will be accountable to the Governing Council for them.

3.1.8 The resources of TSS-1 will be managed centrally by UNDP.

3.2 Uses of TSS-1

3.2.1 Within the context of the overall priorities indicated by the recipient countries, the resources of TSS-1 should be targeted at the following activities:

- (a) Significant sectoral and subsectoral studies at the country level;
- (b) Formulation of sectoral programmes;
- (c) Participation in NATCAPs, country programming and other technical cooperation assessment and formulation exercises;
- (d) Thematic evaluations

3.2.2 These activities should be used for:

3.2.2.1 Policy dialogue and advice to governments

Specifically, this will be achieved through the use of sectoral and subsectoral studies as a basis for such advice, and where appropriate, by bringing together in an intersectoral and interdisciplinary context the sectoral and policy studies carried out under the regular programmes and related work by the agencies concerned. This should be done so as to provide governments with integrated and coherent, policy-level recommendations by the UN system.

3.2.2.2 Aid coordination

This will involve participation in sectoral consultations, including those which are part of the roundtable process, as well as the formulation of sectoral programmes and other programming activities, drawing, *inter alia*, on the results of studies and surveys.

3.2.2.3 Programme design and formulation

This will be based on sectoral studies and sectoral needs assessment studies, and will draw feedback from thematic evaluations.

3.3 Formulation of work programme

3.3.1 Periodicity and timing

3.3.1.1 A work programme for activities to be covered by the resources of TSS-1, supplementing resources mentioned in paragraph 3.1.3, should be jointly elaborated by UNDP and the agencies concerned. Such a work programme should be country specific but may also include intercountry activities, as appropriate.

3.3.1.2 The workplan should cover a period of two years within a forward-looking, three-year plan and should cover activities falling within the areas of competence of agencies participating in the new regime. The TSS-1 workplan should be submitted for information to the Governing Council in the year preceding the start of the biennium.

3.3.2 Development of the work programme at the field level

3.3.2.1 The process of needs identification should begin in the field. Accordingly, the Resident Coordinator/Resident Representative should elaborate a workplan of activities to be funded by TSS-1 in close consultation with the government and representatives of the agencies concerned. In cases where there is no agency field representation, special efforts should be made to consult with appropriate agency representatives at the regional or headquarters level. The workplan shall reflect first and foremost the needs and priorities of the government. The format shown in annex 12 may be used to record proposals for TSS-1 financing.

3.3.2.2 In drawing up the work programme, Resident Representatives should be guided by the Regional Bureaux for overall indications of resources available for the period concerned.

3.3.2.3 For any particular programme, the Regional Bureaux concerned may also establish, in consultation with the agencies concerned, broad target areas and priorities for use of TSS-1 resources. Such targeting may be based on country specific factors such as the scheduling of a NATCAP exercise or formulation of a country programme.

3.3.2.4 Prior to development of a workplan, agencies shall provide the Resident Representative and their field representatives with an indication of related activities already scheduled or likely to be included in their regular programmes. Such information should also include those activities of a regional or sectoral nature for which specific country identification has not yet been determined.

3.3.2.5 On the basis of the above, and the criteria set out in section 3.3.3, the Resident Coordinator shall draw up a proposed work programme for TSS-1 financing, in the context of an overall programme which also includes related activities to be carried out under agency regular programmes.

3.3.2.6 The proposed TSS-1 work programme should reflect the collective assessments of UNDP and the agencies concerned and should include observations, if any, from the Resident Coordinator and representatives of the agencies. The work programme should be submitted to UNDP headquarters for further consideration.

3.3.2.7 As requests for TSS-1 financing are likely to exceed available resources, the work programme proposed by the Resident Coordinator could indicate different levels of priority for the proposed activities.

3.3.3 Criteria for selection of TSS-1 activities

3.3.3.1 In addition to the broad purposes of TSS-1 set out in section 3.2.1 above, the criteria for selection of activities to be financed by TSS-1 resources should also take account of the following:

- (a) Possible synchronization of activities at the country level. Such synchronization of activities among the five agencies would permit more timely and effective use of the results of studies and might also lead to the collective formulation of policy recommendations by the agencies concerned;
- (b) The need to stagger and smooth out the timing of activities such that the resulting workload can be accommodated within the capacities of the agencies concerned;
- (c) Government commitment and willingness to participate in the activity;
- (d) The possible usefulness of the studies outside the country concerned.

3.3.3.2 Priority should be given to those proposals likely to contribute to national capacity-building and to achieve significant and immediate impact.

3.3.3.3 Particular attention should be given to appropriate linkages between country and intercountry activities.

3.3.3.4 Finally, multidisciplinary studies involving the collaboration of two or more agencies should be encouraged. Priority should also be given to activities designed to integrate work done by individual agencies in a country and thus achieve synergy.

3.3.4 Finalization of work programme at headquarters

3.3.4.1 The proposed work programmes submitted for individual countries will be aggregated by UNDP headquarters. Final selection of activities for TSS-1 financing will be made by UNDP, in consultation with agencies concerned. For this purpose, a joint review meeting will be scheduled, in which representatives of the agencies concerned and the UNDP Regional Bureaux will participate.

3.3.4.2 The final work programme will be country specific but will also include intercountry activities as applicable and will cover a two-year period within a forward looking, three year plan. The TSS-1 work programme will be submitted by UNDP to its Governing Council for information.

3.3.4.3 A reserve list will be maintained of activities which fall next in priority to those included in the approved work programme. This list will serve as a source of possible replacements for activities which may be deleted or discontinued during implementation.

3.4 Allocation of resources

3.4.1 The Governing Council has earmarked an amount of \$64 million for TSS-1 services for the fifth programming cycle. The use of TSS-1 resources is limited to technical services to be obtained from the five agencies subject to the new regime.

3.4.2 As stated in section 3.1.6, there will be no preallocation of resources by sector or agency. It is intended, however, that in the distribution of resources, a measure of equity among countries should exist over the five-year programming period.

3.5 Implementation of the workplan

3.5.1 Budgeting for TSS-1 services

3.5.1.1 The services required for TSS-1 activities should be budgeted in accordance with the guidelines below:

- (a) Standard workmonth concept: In order to simplify procedures for use of TSS-1 resources, it has been agreed that the services required will be quantified as "workmonths" or portions thereof (expressed in one-tenth of a workmonth) and costed using a standard unit cost per workmonth. This standard cost will be applicable regardless of the type of service or agency;
- (b) Standard unit cost per workmonth: As of 1 January 1992, the cost for each month of TSS-1 services to be provided by agency staff resources has been set, for planning purposes, at \$14,000;
- (c) The agency concerned shall determine, in consultation with the Resident Representative as necessary, whether the required services are best carried out by agency staff expertise or by external consultants or a combination of both.
- (d) For budgeting purposes only, the standard unit for costs of technical services as well as estimates of mission costs may be used;
- (e) Mission costs will be chargeable to TSS-1 on an actual cost basis.

3.5.2 Documentation for use of TSS-1 resources

Documentation for use of TSS-1 resources by agency shall consist of the following:

3.5.2.1 *The cover page*

Since the approved workplan shall constitute an agreement between UNDP and the agency concerned, both parties shall be signatories to it. A Cover Page carrying the signatures of representatives of the two organizations shall be attached to the workplan.

3.5.2.2 *The TSS-1 workplan*

The format of the workplan, covering activities to be provided by a specific agency, is shown in annex 11. The activities shown relate only to TSS-1 and are a subset of the combined workplan which covers all resources available for this purpose.

3.5.2.3 *TSS-1 Budget*

A TSS-1 aggregate budget for the agency covering the approved workplan should be attached. Annual allocations will be issued based on an estimate of requirements by year for the period of the workplan.

3.5.3 Management of TSS-1 resources

3.5.3.1 The resources of TSS-1 shall be managed centrally by UNDP. An earmarking of resources for a biennium shall be made by UNDP taking into account availability of resources, estimates of requirements at the field level and other global factors. A notional breakdown of the earmarking by region shall be made roughly in line with IPFs. The Regional Bureaux shall establish allocations by country, based on a regional strategy for use of TSS-1 resources and assessment of country level needs.

3.5.3.2 The agency will carry out activities in accordance with the workplan. In doing so, the agency shall ensure that the annual total allocations provided in the workplan are not exceeded. Within these global allocations, however, the agency will have the following flexibility in implementing the work programme: the total workmonths provided for any individual activity may be exceeded by 15 per cent or one-half of a workmonth, whichever is higher, provided that the total annual workmonths in the workplan are not exceeded. Any revision in excess of this shall be subject to agreement with UNDP.

3.5.3.3 If sufficient resources are released because of deletion and/or revisions to approved activities, additional activities can be included in the work programme, in agreement with UNDP, from the reserve list mentioned in section 3.3.4.3.

4.3 Incorporating TSS-2 at the project level

4.3.1 Monitoring and backstopping services

Requirements for technical support services should be determined on a project by project basis at the time of project design. In doing so, the services required for monitoring and backstopping may be assessed under two broad categories:

- (a) Event driven: these are services required by the scheduling of a particular project-related event, typically one that occurs within a country, such as a technical review mission;
- (b) Backstopping from headquarters: these are services provided from outside the country, typically from an agency or regional headquarters, such as technical advice and commentary on technical reports and the Project Performance and Evaluation Reports (PPER). These services are provided as part of ongoing agency technical support.

The agencies have prepared a standard list of services which may be used as approximate guidance in the determination of TSS-2 services which can be obtained from them. These are included in annex 1.

4.3.2 Budgeting for technical support services

The services required, as set out in 4.3.1, are reflected in financial terms in a TSS-2 project budget prepared in accordance with the guidelines below:

- (a) Standard workmonth concept: In order to simplify procedures for the use of TSS-2 resources, it has been agreed that the services required will be quantified as "workmonths" or portions thereof (expressed in one-tenth of a workmonth) and costed using a standard unit cost per workmonth. This standard cost will be applicable regardless of the type of service or agency. To determine the workmonths required, the five agencies have drawn up common rules of thumb for each service, shown in annex 1;

Within that overall assessment, the part to be financed by TSS-2 should be determined based on the availability of other finances mentioned in paragraph 4.1.4. It is understood that agency technical services of monitoring and evaluation would normally apply to large scale projects and projects of special complexity. As with other project components, the need for technical support should be reviewed periodically during the life of a project and revised as necessary.

4.2 Allocation of resources for TSS-2

4.2.1 The Governing Council has earmarked an amount of \$60 million for TSS-2 services for the fifth programming cycle. This amount may be augmented by an additional \$20 million as technical support for national execution, if national execution (in the sectors represented by agencies subject to the new regime) exceeds certain predetermined threshold levels. The combined resources of \$80 million for TSS-2 and technical support for national execution may be used for technical support services in accordance with the guidelines specified in these sections.

4.2.2 As stated earlier, there will be no earmarking by country or automatic entitlement to TSS-2 resources. However, to ensure equity in the distribution of resources among countries, it is intended that resources for the cycle will be allocated roughly in proportion to the IPFs. Field offices should not expect such proportionality in distribution on an annual or exact basis. The distribution of resources may reflect such factors as the technical complexity of projects in a country programme and the level of national execution, in addition to the size of the IPF.

4.2.3 In order to facilitate effective application of TSS-2 and to permit flexibility in management of resources, TSS-2 funds will be allocated to countries on an annual basis, taking account of the likely level of project approvals during the year, the status of programme build-up, the technical complexity of projects, the level of national execution and other country-specific factors. The Regional Bureaux will make these determinations based on information provided by field offices and within overall financial parameters established annually by the Planning and Co-ordination Office. At the beginning of each year, field offices will be informed of the allocation of authorized TSS-2 resources. Such allocations may be revised during the year in response to evolving needs in the programme. Field offices are responsible for management of these resources and are authorized to commit resources against allocations in line with the delegation of authority for approvals of TSS-2 budgets described in section 4.5.

IV. TECHNICAL SUPPORT SERVICES AT THE PROJECT LEVEL (TSS-2)

4.1 Policy

4.1.1 The purpose of technical support services at the project level (TSS-2) is to ensure that the highest technical quality is maintained in UNDP-financed projects and thereby assist the Administrator to discharge his accountability to the Governing Council for the quality of assistance provided to developing countries.

4.1.2 This facility is entrusted to UNDP to obtain technical support services from agencies subject to the new regime in their respective areas of competence. As such, there shall be no earmarking of resources by country, nor will governments have a direct and proportionate claim on TSS-2 resources, as they do with IPF funds. However, consistent with the tripartite partnership, both governments and the participating agencies will be consulted in the use and allocation of support services to be provided.

4.1.3 While the resources of TSS-2 are available at all stages of the project cycle, it is intended that these resources will be used primarily to provide technical support during project implementation i.e., technical monitoring and backstopping. Analysis of technical support services provided during the fourth programming cycle shows that the resources for financing technical services during the implementation stage were provided mostly through support cost income. It is for this reason that TSS-2 resources should be directed particularly to services required during the implementation stage, as otherwise the level of technical monitoring and backstopping provided to projects might decline and adversely affect the quality of project implementation.

4.1.4 Other funding sources for financing technical support services, including *inter alia*, the Project Development Facility (PDF), Special Programme Resources (SPR) and IPF (project budgets), as well the five participating agencies' own regular budgets, should continue to be used in the future. Use of TSS-2 resources should therefore be provided throughout the project cycle, taking into account the availability of other sources of funds, and in a manner designed to complement rather than replace those sources.

4.1.5 The need for, type, quantity and timing of all technical support services should be assessed and determined at the project design stage, taking into account the complexity of the project and country-specific circumstances which warrant a greater or lesser level of support.

3.5.4 Reporting

3.5.4.1 Financial reporting

Agencies shall submit to UNDP headquarters an annual delivery report, showing by activity the charges to TSS-1 resources for services provided in accordance with section 3.5.1.1. While agencies will be able to draw funds centrally from UNDP in accordance with current UNDP practices, the TSS-1 delivery reports and aggregate expenditure reports will constitute the accounting basis for reimbursement to agencies for TSS-1 services provided during the year.

3.5.4.2 Status report on TSS-1 implementation

The agency shall provide UNDP, on an annual basis, with a status report on the implementation of the TSS-1 work programme. Such a report shall provide a brief description of the status of each activity, highlighting in particular those which are not being implemented in accordance with the schedule specified in the work programme.

- (b) Standard unit cost per workmonth: The cost for each month of services budgeted under TSS-2 has been set at \$9,500⁸. This amount has been determined with the five participating agencies on a cost-sharing basis which results in an approximately equal sharing of total costs. The amount was based on a cost survey carried out by UNDP and the five agencies, and will be subject to periodic review and adjustment;
- (c) Mission costs associated with technical support should normally be provided in the regular project budget (line 16). Exceptionally, they can be provided from other available resources, including TSS-2. Where mission costs in relation to TSS-2 financed services are provided in the project budget, the agency concerned should be provided with an authorization to charge the appropriate budget for the costs of missions, within the limits of the authorization;
- (d) The TSS-2 budget need not provide for the totality of services required throughout a project. In cases where requirements for future years are unknown or uncertain, amounts should be budgeted only for the period for which requirements can be estimated. The TSS-2 budget may be revised and additional funds budgeted as new requirements become known, and/or the services provided warrant continuation and/or augmentation based on their effectiveness and usefulness. However, to facilitate agency planning for provision of these services, field offices are encouraged to provide budgets for as long a period as feasible without jeopardizing the principle outlined above.

4.3.3 Documentation for use of TSS-2

The TSS-2 document will accompany the project document and consist of three parts:

- (a) Cover page;
- (b) TSS-2 budget;
- (c) Description of services to be provided.

Samples of all three parts are provided in annexes 2 and 3.

⁸ The workmonth rate will be reviewed at the end of 1992 and thereafter on a biennial basis.

4.3.3.1 *The cover page*

Since an agreement for technical support services is entered into between UNDP and the agency concerned, government signature of the document is not required, even though appropriate government authorities are fully consulted. The standard cover page has been amended to cross-reference the document to the project being supported.

4.3.3.2 *The TSS-2 budget*

A separate budget for TSS-2 should be prepared in accordance with the guidelines set out in paragraph 4.3.2. This budget will constitute a separate type included in the package of project budgets typically annexed to a UNDP financed project and will utilize source of fund code 09. In order to maintain consistency of budget lines across all types of project budgets, a specific component 60 would be used to reflect all services to be provided. Distinct services should be listed on separate sublines with the following budget line. Budget line 61 should show services provided for project formulation; BL 62 project appraisal; BL 63 technical services support to implementation; and BL 64 project evaluation. BL 66 will specify mission costs in the exceptional circumstances when such costs must be charged to TSS-2 resources. Workmonths should be annualized and totalled and the dollar figures calculated using the standard cost per workmonth. If the latter is revised later in the programming cycle, revisions of TSS-2 budgets will be required only for amounts for current and future years.

4.3.3.3 If a project is cost shared with the government or a third-party donor, the total costs of TSS-2 shall be met in proportion to the cost-sharing contribution to the total UNDP contribution. Annex 3 illustrates the budgeting for the cost-sharing component of the TSS-2 budget.

4.3.3.4 *Description of services*

This section should describe the services which the agency agrees to provide and their associated workmonths. The description should be as detailed as possible and should specify the nature and timing of the services in order to permit monitoring of their delivery.

4.3.4 Reporting on TSS-2 usage

4.3.4.1 *Financial reporting*

The agency is requested to submit to UNDP headquarters an annual delivery report on the workmonths of services provided to each project and the US dollar equivalent of those workmonths, calculated on the basis of standard cost per workmonth. While agencies will be able to draw funds from central resources in the same manner as for other UNDP funded activities, these TSS-2 delivery reports and other aggregate expenditure reports will constitute the accounting basis for reimbursement to agencies for TSS-2 services provided during the year. All payments to agencies will be handled centrally by UNDP headquarters.

The reports should also be provided to UNDP field offices to enable them to monitor delivery of services. On the basis of the TSS-2 delivery report, UNDP will initiate mandatory review and rephasing of the budget. It should be noted that the TSS-2 budget should be revised only if undelivered services need to be rephased to future years, or if changes to the total level of services need to be incorporated. The budget revision for the TSS-2 budget should carry its own revision code. Revisions to project budgets need not necessarily result in a revision to a TSS-2 budget and vice versa; however, in the event of a substantive revision to a project budget, the TSS-2 services budget should be reexamined to determine whether it should be revised as well.

4.3.4.2 *Substantive report on technical backstopping provided by agency*

Since the purpose of TSS-2 is to assist UNDP to discharge its accountability to its Governing Council, the agency providing TSS-2 monitoring and backstopping services will submit an annual report on the substantive technical aspects of the project. However, such a report will be required only in respect of nationally executed projects for which backstopping services are provided by the agency concerned. For agency executed projects, the Project Performance and Evaluation Report (PPER), prepared by the executing agency, summarizes progress with regard to inputs/outputs/objectives. The backstopping report, on the other hand, should be viewed as covering the "technical" aspects of the PPER. This report should outline technical services provided during the period, and highlight achievements, shortcomings and issues to be addressed, from the perspective of the agency providing the backstopping services. The agency may also wish to comment on the continued relevance and validity of the project design, in the context of agency monitoring of global sectoral developments which may have relevance for the project.

To simplify preparation, a fixed format for the backstopping report is not prescribed. In some cases, agency reports prepared after recent technical reviews or project visits covering the areas mentioned above may be considered sufficient for compliance with this reporting requirement. These reports should be submitted to UNDP field offices by 15 March of the following year, and should be accompanied by the TSS-2 project delivery report.

4.4 Management of TSS-2 resources at the country level

4.4.1 It is the responsibility of the UNDP field office to ensure that total TSS-2 budgets approved for the cycle as a whole do not exceed the resources allocated for the period, but that the latter are fully utilized for the benefit of UNDP-financed projects. For this purpose, a ledger of approved TSS-2 budgets and planned approvals should be maintained, in much the same manner as an IPF ledger is used for management of IPF resources. In scheduling planned approval of TSS-2 budgets, the particular needs of nationally executed projects should be taken fully into account. The sum of approved TSS-2 budgets and planned approvals for the year is measured against authorized TSS-2 levels for the country, in order to determine annual estimated requirements for TSS-2 allocations.

4.4.2 On an annual basis, field offices will request UNDP headquarters for allocation of TSS-2 resources based on their estimate of requirements for the year. The Regional Bureaux will establish authorized TSS-2 levels by country, taking into account the total demand of all field offices (and intercountry programmes) and the availability of resources. In making these allocations, the Regional Bureaux will also take into account the need for equity in the distribution of resources, the level of national execution in each country, the technical complexity of projects and other country-specific factors.

4.5 Authority for approval of TSS-2 budgets

As technical support service is considered a design variable, approval of the initial TSS-2 budget should take place along with that of the project itself. As such, approval of the TSS-2 budget is linked to the delegation of authority for project approvals set out in section 30104 of the PPM. Thus, if the main project falls within the delegated authority of the field office, then so does its associated TSS-2 budget, regardless of the actual level of the TSS-2 budget. Likewise, if the main project requires headquarters approval, then so does its TSS-2 component, regardless of the size of the TSS-2 budget. The same principle applies to revisions of TSS-2 budgets. As outlined in section 4.3.3, a separate TSS-2 budget is required for each project requiring TSS services. TSS-2 services can be provided only for projects approved

under the new regime; that is, projects approved from 1 January 1992 in the areas of competence of the five agencies.

V. ADMINISTRATIVE AND OPERATIONAL SERVICES (AOS)

5.1 Policy

5.1.1 In the context of the definition of implementation provided in paragraphs 2.1.7 and 2.1.8 (Section II: Policy framework), administrative and operational services (AOS) are defined as the procurement and delivery of UNDP-financed programme/project inputs, and thus constitutes only an aspect of implementation.

5.1.2 As stated in paragraph 2.1.7, increased choice and access to a wide range of implementation agents providing AOS has become possible in the new regime.

5.1.3 AOS services in the new regime will be "unbundled" and reimbursement provided on the basis of specific clusters of services, in contrast to the earlier regime, in which such services were provided as a package for the project as a whole.

5.1.4 When AOS services are provided by a United Nations agency subject to the new regime, differential rates of reimbursement will apply depending on the individual services rendered.

5.1.5 To facilitate the exercise of choice by governments in the selection of individual services to be procured from implementing agents, the resources necessary to finance AOS charges will be provided as a subline of the individual country/intercountry IPF.

5.1.6 Resources remaining in the IPF subline after commitments to external agents for AOS have been met will be available for use within the country programme, in accordance with national priorities and taking into account the need to promote the development of national capacity.

5.2 Establishment of clusters of AOS

The provisions of this section will apply only to agencies participating in the new regime, as well as OPS. Procedures relating to implementing agents other than the participating agencies and OPS are described in section 5.4.2.

5.2.1 Description of clusters of AOS

5.2.1.1 As authorized in decision 91/32, seven clusters of AOS services have been established. These clusters, and their relationship to project inputs are described below.

5.2.1.2 *Cluster 1 - International personnel, duty travel and mission costs*

Cluster 1 encompasses services related to identification, selection, recruitment, fielding and administration of international project personnel (covering international project experts and consultants, as well as United Nations volunteers). It also includes duty travel and mission costs in support of project activities, for all categories of project personnel. Cluster 1 therefore shall be applied to budget lines 11:International Personnel, 12:Operational assistance experts (OPAS), 14:United Nations volunteers, 15:Duty travel, and 16:Mission costs.

5.2.1.3 *Cluster 2 - National personnel*

Cluster 2 includes national professional project personnel (NPPP) and administrative support personnel (local staff), accounted for under budget lines 13:Administrative support personnel and 17:National professional personnel respectively.

5.2.1.4 *Cluster 3 - Subcontracts*

Cluster 3 covers all services involved in the selection, bidding, award, administration and management of project subcontracts, as recorded in project budgets under component 20. This cluster will also cover rental of premises, accounted for by some agencies under budget line 43:Premises.

5.2.1.5 *Cluster 4 - Fellowships*

Cluster 4 relates to services provided in the placement and administration of individual fellowships, recorded under budget line 31:Fellowships.

5.2.1.6 *Cluster 5 - Other training services*

Cluster 5 covers all other project training services, including study tours, in-service training and any other group training, recorded under budget lines 32:Group training/Study tours and 33:In-service training.

5.2.1.7 Cluster 6 - Local procurement of equipment

Cluster 6 includes services provided in support of all activities for local procurement of equipment. Also included in this cluster, and to be budgeted under budget line 45, are recurrent costs incurred locally as well as operation and maintenance of equipment.

5.2.1.8 Cluster 7 - International procurement

Cluster 7 includes services provided in support of all activities for international procurement of equipment. This cluster covers procurement previously budgeted under budget lines 41:Expendable equipment and/or 42:Non-expendable equipment.

International procurement orders below \$70,000 will be budgeted under budget line 47. For procurement in excess of this amount, the first \$70,000 will be budgeted under budget line 47 and the remainder under budget line 46.

Budget line 47 will also be utilized at the time of budget formulation, if the type of procurement action (local versus international) is not known. Once determination has been made of the type of procurement action to be taken, reimbursement using the correct budget lines and appropriate rates will be required by the agency.

5.2.1.9 Miscellaneous services including reporting (budget line 52) and sundries (budget line 53) are not included in any of the clusters named above, and a rate of reimbursement will therefore not be applicable.

5.2.2 Rates of reimbursement applicable to AOS clusters

5.2.2.1 As requested by the Governing Council, a study of costs of providing services in the clusters described above has been carried out in the five agencies participating in the new regime, and OPS. On the basis of this study, and applying the principle of cost-sharing between UNDP and the agencies concerned, differential rates of reimbursement have been established such that total payments for the five affected agencies, taken together, will amount to 10 per cent of the value of components implemented by them, assuming that the mix of services continues to be the same in the future. These rates are specified in annex 4. These rates of reimbursement will apply to OPS-implemented projects as well.

5.2.2.2 The AOS clusters and associated reimbursement rates apply to all projects approved after 1 January 1992 for which AOS will be provided by the agencies concerned. In the case of projects approved prior to 1 January 1992, these arrangements can also apply to services provided by these agencies, in instances where a joint decision to convert to the new regime has been made by the government, UNDP and the agency concerned; this point is further elaborated in section 5.8.

5.2.2.3 Arrangements for compensation for costs of AOS provided by external implementing agents other than agencies of the UN system shall be negotiated on a case-by-case basis between UNDP and the government on the one hand, and those implementing agents on the other. However, the clusters described above and their rates of reimbursement may be used as a guide to arrive at mutually agreed rates.

5.2.2.4 Rates of reimbursement, and the composition and number of clusters, will be subject to periodic reviews. They may be revised if either the actual usage or the cost of providing services by cluster undergoes significant change in the future⁹.

5.3 Overall budgeting requirements

5.3.1 Budget documentation

5.3.1.1 As specified in chapter II: Policy framework, upon approval of a project by UNDP, an executing agent shall be designated which shall be accountable to UNDP for the totality of the resources allocated to the project. Implementing agents are accountable to the executing agent for implementation of the activities assigned to them and for the resources provided for that purpose.

5.3.1.2 Accordingly, UNDP shall provide to the executing agent a consolidated project budget covering all project inputs, AOS and associated support arrangements. The executing agent shall in turn issue an appropriate project budget covering project input and associated AOS to each implementing agent selected. The budgets for an individual implementing agent shall cover only those resources and responsibilities assigned to it.

⁹ It is proposed to review these rates at the end of 1993 in advance of the 1994-1995 biennium.

5.3.1.3 Therefore, the following budget documentation is required for each project: a consolidated project budget which shall reflect all project inputs to be financed by UNDP, agreed arrangements for provision of administrative and operational services and associated support costs. In addition, the executing agency shall issue separate budgets for each implementing agent showing the inputs for which the implementing agent will be responsible, and the associated support costs.

5.3.1.4 When an agency acts as implementing agent for selected components of a nationally executed project, detailed arrangements between the national authority (the executing agent) and the agency (the implementing agent) regarding the latter's participation should be concluded in a letter of agreement between the two parties. Such a letter should continue to be prepared in accordance with the essential provisions of the model standard letter of agreement set out in Section 30503 paragraph 5.3 of the PPM.

5.3.2 Budget type requirements by agency

The requirements for the types of budgets for the various categories of agencies are shown below:

UN Agency	Type of budgets
FAO, DTCD, UNIDO, ILO and UNESCO	Budget covering project inputs and associated AOS
(New regime)	TSS-2
OPS	Budget covering project inputs and associated AOS
Other agencies	Budget covering project inputs

5.3.3 Revisions to budget line definitions

For the agencies subject to the new regime and OPS, the budget line definitions described in Section 30305, paragraph 3.0 of the PPM will continue to apply except for budget lines 41 and 42 in the equipment component, which will specify respectively equipment procured locally and equipment procured internationally.

5.4 Budgeting for AOS

5.4.1 As applied to agencies subject to the new regime

Budgeting for AOS for services provided by agencies subject to the new regime and OPS are formulated in accordance with the guidelines below:

5.4.1.1 Costs of AOS will be documented under the appropriate budget lines in the consolidated budget. This is done by applying the relevant rate of reimbursement to the cost of project inputs in the corresponding budget lines.

5.4.1.2 The consolidated budget shall state against each budget line the implementing agent responsible for providing the services indicated, as well as the percentage rate of reimbursement.

5.4.1.3 Each budget line assigned to an external implementing agent (excluding national implementing agents) will result in a corresponding AOS entry. However, budget lines not accounted for in any cluster (such as budget lines in the Miscellaneous component) will not receive reimbursement and therefore must not have an AOS entry.

5.4.2 As applied to other agencies

Budgeting for support costs for services provided by agencies not subject to the new regime are formulated in accordance with the guidelines below:

5.4.2.1 GC decision 91/32 requires that support costs for agencies subject to the old regime be paid to the extent of 10 per cent from the IPF-subline and an additional 3 per cent from central resources. Accordingly, support costs shall be documented in the consolidated budget at a fixed rate of 10 per cent applicable to each budget line assigned to the agency.

5.4.2.2 An additional payment of 3 per cent will be made from central resources to those agencies entitled to reimbursement at the rate of 13 per cent. It should be noted, in this connection, that a reimbursement rate of 10 per cent only will be applicable in the case of projects implemented by the World Bank Group.

5.4.2.3 It should be noted that the procedure described above should be applied in all cases where an agency subject to the old regime has been designated as the executing agent. Such a

designation implies that this procedure of reimbursement will be applied, and that no other rate of reimbursement will be proposed or agreed to.

5.4.2.4 Additionally, agencies entitled to flexibility payments will be compensated from central resources in accordance with the schedule provided in decision 91/32.

5.5 Documentation for use of AOS

The following applies to agencies subject to the new regime and OPS.

5.5.1 Provided to the executing agent

As stated in section 5.3, the following documentation will accompany the main project document:

- (a) Cover page;
- (b) A consolidated budget covering all project inputs and AOS

5.5.1.1 *Cover page*

As the project budget is an agreement among UNDP as the funding agency, the Government, and the designated executing agent (United Nations or national agency), the signatories to this document include representatives of all three organizations. Standard cover pages for the project document (shown in PPM section 30200 page 18) and budget revisions should be amended accordingly. The amended pages are shown as annexes 5 and 6 respectively.

5.5.1.2 *Consolidated budget covering project inputs and AOS*

The format of the budget, including budget lines revised in accordance with the description provided in section 5.3.3, is shown in annex 7.

The following points should be noted:

- (a) The project numbering scheme used consists of the following:

CTY/YY/SEQ - where

CTY: Country/Intercountry

YY: Year of request

SEQ: Sequence number

In addition, a revision code, a source of fund code for project inputs, source of funds code for AOS, and executing agent code should be specified.

- (b) The source of fund for project inputs should typically be IPF (Code 01) or SPR (Codes 12-19);
- (c) The AOS source of fund will usually be the IPF subline (Code 03). However, under exceptional circumstances, as explained in section 5.7.2.3 below, the charge may be made to IPF (Code 01) or any other appropriate source of fund;
- (d) The agency code should represent the executing agent (99 for national execution and the appropriate codes for the five agencies and OPS);
- (e) Every budget line should carry an implementing agent designation;
- (f) The AOS amounts are computed using the appropriate rates of reimbursement (see annex 4) applied to the budget line being implemented;
- (g) If the type of procurement action (local versus international) is not known at the time of budgeting, budget line 47 should be used, as explained in section 5.2.1.8, with a rate of reimbursement as specified in note 1 of annex 4. A detailed breakdown into other budget lines may be made through a budget revision, when the required information is available.
- (h) If the project is cost shared with the government or a third party donor, the total costs of AOS shall also be shared in the proportion of the cost sharing contribution for project inputs to the total UNDP contribution. Annex 7 illustrates the budgeting of the cost sharing component of the AOS.

5.5.2 Provided to implementing agents

The following documentation will be supplied to each implementing agent providing AOS services:

- (a) Cover page;
- (b) Project budget covering inputs to be provided and corresponding AOS for the service to be provided by the implementing agent.

5.5.2.1 Cover page

As this is an agreement between the executing agent and the implementing agent, the signatories to this document shall include representatives of both organizations. In addition, UNDP shall countersign this document to signify its approval. A standard cover page is shown in annex 8.

5.5.2.2 Project budget for the implementing agent

The format of the project budget for the implementing agent is shown in annex 9.

The following points may be noted:

- (a) The only budget lines included from the consolidated budget of the executing agent are those assigned to the implementing agent concerned;
- (b) The source of fund code is typically IPF (Code 01) or SPR (Codes 12-19);
- (c) The AOS source of fund used is typically the IPF subline (Code 03);
- (d) The agency code is that of the implementing agent.
- (e) The AOS amounts are computed using the appropriate rates of reimbursement.

5.6 Revision of project budgets

5.6.1 Agencies shall provide an expenditure report against the project budget and corresponding AOS costs in accordance with presently established reporting requirements and procedures.

5.6.2 On an annual basis, consolidated project budgets will be revised in accordance with presently established procedures set out in the PPM.

5.7 Management of the IPF subline for AOS

5.7.1 Computation of IPF subline entitlements

5.7.1.1 In accordance with decision 91/32, resources amounting to 10 per cent of individual country/intercountry IPF entitlements for the fifth programming cycle shall be established as sublines of the respective IPFs for the purpose of financing administrative and operational services.

5.7.1.2 In application of the relevant provisions of decision 91/32, projects approved before 1 January 1992 against these entitlements, shall be subject to the old regime. As such, 10 per cent of the total budgets approved before that date (excluding those approved for national implementation) shall be deducted from the entitlements computed as stated above.

5.7.2 Management of IPF subline resources

5.7.2.1 Authorized IPF subline levels by country, for the cycle as a whole as well as for individual years, shall be established by UNDP headquarters on a periodic basis within overall IPF subline entitlements for each country.

5.7.2.2 UNDP field offices are expected to ensure that total approved AOS budgets, both for individual years and for the cycle as a whole, do not exceed the authorized IPF subline levels.

5.7.2.3 Under exceptional circumstances, AOS budgets in excess of annual authorized IPF subline levels may be approved, provided they can be charged to uncommitted IPF resources. This may be done by charging the AOS budget to source of fund IPF.

5.7.2.4 For the purpose of managing IPF subline resources, it is necessary to maintain a ledger of approved AOS budgets and planned approvals, in much the same manner as an IPF ledger is maintained for management of IPF resources.

5.7.3 Use of unutilized IPF subline resources

As stated earlier, resources remaining in the IPF subline, after commitments to external implementing agents for AOS have been met, will be available for use within the country programme. To determine the availability of such resources, the procedure described below shall be applied.

5.7.3.1 At the end of any particular year, 10 per cent of the IPF project budgets approved for that year will be computed. If the AOS budgets approved for that same year do not exceed the amount computed, the difference will become available for further programming in subsequent years.

5.7.3.2 In order to access unutilized IPF-subline resources, a project budget should be prepared and source of fund code 03 (IPF subline) should be used.

5.8 Transition arrangements

5.8.1 For agencies in the new regime

5.8.1.1 Projects approved before 1 January 1992 shall be subject to the old regime for the entire project duration. As such, support costs to the extent of 13 per cent of project expenditure will be made from resources maintained centrally for this purpose.

5.8.1.2 Revisions to projects subject to the old regime, which are approved after 1 January 1992, and which result in increases to the total project value, shall be subject to the following alternatives:

- (a) With the agreement of the government, UNDP and the implementing agency concerned, such projects could become subject to the new regime (see section 5.8.2), or
- (b) If it is agreed that such projects should continue to be subject to the old regime, IPF subline entitlements shall be reduced to the extent of 13 per cent

of the cumulative increases over the originally approved level. The determination of the latter is described in section 5.7.1.

5.8.2 Conversion to new regime

5.8.2.1 As stated above, budget revisions causing an increase in total project value may result in conversion of that project to the new regime. This would involve formulation of a consolidated project budget covering project input and AOS for the current and future years, in accordance with procedures described in section 5.4. However, no change in implementing arrangements should be made as a result of this process.

5.8.2.2 Projects subject to the old regime which continue to be active at the end of the fifth cycle must either be closed or converted to the new regime.

5.9 Projects funded from non-IPF sources

5.9.1 Government cash counterpart contributions (GCCC)

Funding from GCCC will be budgeted for in national currencies in type 2 budgets. Agencies will continue to be reimbursed at a rate of 3.5 per cent.

5.9.2 Project cost-sharing

5.9.2.1 The budgeting of TSS-2 and AOS services from cost-sharing sources (Government and third party) is described in section 4.3.3.3 and section 5.5.1.2, paragraph H.

5.9.2.2 In addition, a cost-sharing budget and payment schedule should be prepared for UNDP use only. An illustration of such a cost sharing budget is shown in annex 10.

5.10 Projects funded from UNDP-administered trust funds and other funds under the authority of the Administrator

5.10.1 As authorized by decision 91/32, OPS-implemented projects approved after 1 January 1992 and funded by UNDP-administered trust funds and other funds under the authority of the Administrator shall be compensated for AOS support costs at differential rates of reimbursement. For such projects, any requirements for technical support services should be provided in the project budget.

5.10.2 Projects funded by UNDP-administered trust funds and other funds under the authority of the Administrator, implemented by the five agencies shall also be subject to the new arrangements as authorized by decision 92/22.

**Types of services from Agencies
and
Rules of thumb for determination of services required**

Support/Services	Rules of thumb for quantification of required services	Possible UNDP funding source ¹	
		Nationally executed	Executed by UN agency
I. UPSTREAM FUNCTIONS INVOLVING SECTORAL STUDIES, PROGRAMME FORMULATION, ETC.	To be issued subsequently	TSS-1	TSS-1
II. FORMULATION AND APPRAISAL:			
A. Project formulation	To be negotiated on a project by project basis	Prep. Asst/ TSS-2/PDF/	Prep. Asst/ TSS-2/PDF/
B. Appraisal:	To be negotiated on a project by project basis	TSS-2/Project budget	TSS-2/Project budget
1. assessment of national entities ²			
2. assessment of executing and implementation arrangements			
3. technical appraisal ³			
III. EXECUTION AND IMPLEMENTATION:			
A. Overall support to executing agent in technical oversight and supervision ⁴	Provide a minimum of 1 workmonth for large scale projects or projects of considerable technical complexity	Project budget (as requested)	Mainly TSS-2/ Project budget
B. Monitoring and Backstopping: ⁵			
1. Event-driven:			
- participation in steering groups and technical review missions	Provide 2 times days required in the field to provide for preparation and report writing	TSS-2	TSS-2
- participation in tri-partite review meetings			

¹ See tables 1 and 2 on pages 14 and 15 for other funding sources.

² In respect of projects proposed for national execution only; see section 2.2.2.2.

³ In respect of projects not formulated by agency.

⁴ See section 2.2.2.2.

⁵ See section 4.3.1.

Support/Services	Rules of thumb for quantification of required Services	Possible UNDP funding source	
		Nationally executed	Executed by UN agency
2. Ongoing backstopping, including, <i>inter alia</i> : <ul style="list-style-type: none"> - provision of technical guidance during implementation including comments on PPER - analysis/commentary on technical/terminal reports - preparation of backstopping report 	In general, provide a minimum of 1 workmonth per annum for large scale projects	TSS-2	TSS-2
C. Implementation of designated components ⁶	Application of differential rates of reimbursement	IPF subline	IPF subline
D. Technical support to implementation by national implementing units: ⁷		IPF subline	IPF subline
1. Personnel: <ul style="list-style-type: none"> - identification of candidates - preparation of job descriptions - review of candidates 	Provide approximately 0.2 workmonth per post		
2. Training: <ul style="list-style-type: none"> - assistance in the identification and selection of individual training programmes - design of group study programmes 	Provide approximately 0.1 wm per training programme Provide 0.2 wm/study programme		
3. Equipment and subcontracts: <ul style="list-style-type: none"> - development of specifications and terms of reference - technical review of bids and offers - technical support during installation and commissioning 	Because of wide range of services to be covered, to be negotiated on a case by case basis		
IV. PROJECT EVALUATION	Provide .75 wm per evaluation	TSS-2/Project budget	TSS-2/Project budget

⁶ See chapter 5.

⁷ See section 2.2.3.3

UNITED NATIONS DEVELOPMENT PROGRAMME

Technical Support Services at the project level (TSS-2)

No. & Title : INS/89/013
Human Resources Development in Industrial Design

Executing agent : National execution (Ministry of Industry)

Revision : B

UN agency : UNIDO
(providing technical services)

TSS contribution : \$28,500 (3 workmonths)
Consisting of:

Net TSS-2 : \$ 9,500 (1 workmonth)
Cost-sharing : \$14,250 (1.5 workmonths)
(Government)
Cost-sharing : \$ 4,750 (0.5 workmonth)
(Netherlands)

On behalf of

Signature

Date

Name/Title

UNDP : _____

UN Agency : _____

Project budget covering technical support services (in US Dollars)

Project Number: INS/89/013
 Project Title: HUMAN RESOURCES DEVELOPMENT IN INDUSTRIAL DESIGN
 Source of Fund: TSS-2
 Country: INDONESIA
 Revision: B
 Version/Status: APPROVED

Code	Description	Total		Year 1 1992		Year 2 1993		Year 3 1994	
		w/m	\$	w/m	\$	w/m	\$	w/m	\$
60	TECHNICAL SUPPORT SERVICES								
61	FORMULATION								
61.99	SUBTOTAL FORMULATION								
62	APPRAISAL								
62.99	SUBTOTAL APPRAISAL								
63	TECHNICAL SUPPORT (IMPL'T)	3.0	28,500	1.4	13,300	1.0	9,500	0.6	5,700
63.99	SUBTOTAL TECHNICAL SUPPORT	3.0	28,500	1.4	13,300	1.0	9,500	0.6	5,700
64	EVALUATION								
64.99	SUBTOTAL EVALUATION								
	SERVICES COMPONENT TOTAL	3.0	28,500	1.4	13,300	1.0	9,500	0.6	5,700
66	MISSION COSTS								
66.99	MISSION COSTS								
90	TOTALS								
99.00	TOTAL TSS-2 CONTRIBUTION	3.0	28,500	1.4	13,300	1.0	9,500	0.6	5,700
100	COST-SHARING								
101	GOVT. COST-SHARING	(1.5)	(14,250)	(0.7)	(6,650)	(0.5)	(4,750)	(0.3)	(2,850)
103	THIRD PARTY COST-SHARING	(0.5)	(4,750)	(0.5)	(4,750)	-	-	-	-
109	COST-SHARING TOTAL	(2.0)	(19,000)	(1.2)	(11,400)	(0.5)	(4,750)	(0.3)	(2,850)
999	NET TSS-2 CONTRIBUTION	1.0	9,500	0.2	1,900	0.5	4,750	0.3	2,850

Description of technical support services

INS/89/013/B/09/37

Workmonths

UNIDO agrees to provide the following technical monitoring and backstopping services including:

3.0

- Participation in project steering group and technical review missions
- Ongoing backstopping including provision of technical guidance as requested; analysis of technical reports and PPER; and preparation of backstopping reports.

TOTAL

3.0

NOTE: Funds required for carrying out missions in connection with these services have been included in project budget line 16 of INS/89/013/01.

**AOS reimbursement rates applicable to services
Provided by FAO, DTCD, UNIDO, ILO, UNESCO and OPS**

Description	Rate of reimbursement
Cluster 1: International personnel	9%
Cluster 2: National personnel	11%
Cluster 3: Subcontracts	11%
Cluster 4: Fellowships	12%
Cluster 5: Other training services	21%
Equipment and supply procurement	Note 1
Cluster 6: Local procurement	6%
Cluster 7: International procurement	10% Note 2
Normal rate: Reduced rate for large orders subject to Contracts Committee review:	4% Note 3

Notes:

1. If the type of procurement action (local versus international) is not known, at the time of budget formulation, budget line 47 will be utilized. Once determination has been made of the type of procurement action to be taken, reimbursement using the correct budget lines and appropriate rate will be requested by the agency.
2. This rate will be applied to purchase orders up to a maximum level of \$70,000, a level above which a Contracts Committee review is usually required in most agencies.
3. Large purchase orders will be reimbursed at a reduced AOS rate of 4% in respect of amounts exceeding \$70,000. Thus, for example, the purchase of equipment whose value is \$200,000 will be reimbursed at the rate of 10% for \$70,000 and at the rate of 4% for \$130,000. The reimbursement will therefore be \$12,200.

STANDARD CONTENT AND FORMAT - UNDP PROJECT DOCUMENT

Sample cover page

UNITED NATIONS DEVELOPMENT PROGRAMME

Project of the Government of

PROJECT DOCUMENT

Number and title:

Duration:

Project site:

ACC/UNDP sector & subsector:

Government sector and subsector:

Government counterpart agency:

Executing agent:

Estimated starting date: _____

(month, year)

Government inputs: (local currency)

(in kind) _____

(in cash) _____

UNDP and cost sharing financing

UNDP

IPF \$ 360,000

Other \$ _____

Cost-sharing

Government \$ 400,000

Third party \$ 40,000

UNDP & cost-sharing

Total: \$ 800,000

Administrative & operational services

UNDP

IPF subline \$ 52,000

Other \$ _____

Brief description:

On behalf of:

Signature

Date

Name/Title

The Government:

Executing agent:

UNDP:

UNITED NATIONS DEVELOPMENT PROGRAMME

Country: Indonesia
 Project Number: INS/89/013
 Project Title: Human Resources Development for Industrial Design
 Source of Fund: IPF
 Executing agent: National (Ministry of Industry)

The above project is amended to reflect increased inputs.

The change to the project budget is as follows:

	\$
Previous UNDP input - Revision A (line 999)	800,000
Revised UNDP input - Revision B (line 999)	925,000
UNDP input increase/decrease	125,000
Previous AOS input	52,000
Revised AOS input	64,640
AOS input increase/decrease	12,640

 Agreed on behalf of the Government

 Date

 Agreed on behalf of the executing agent

 Date

 Agreed on behalf of the UNDP

 Date

**Project budget for executing agent
covering UNDP contribution and
Administrative and operational services
(In US dollars)**

Project Number: INS/89/013
 Project Title: HUMAN RESOURCES DEVELOPMENT FOR INDUSTRIAL DESIGN
 Budget Type: MAIN BUDGET and AOS
 Revision Code: B
 Source of Fund: IPF (MAIN BUDGET), IPF SUBLINE (AOS BUDGET)
 Executing agent: GOVERNMENT
 Version/Status: APPROVED

Component	Budget Line	Description	Impl. Agent	Total			Year 1 1992			Year 2 1993			Year 3 1994		
				w/m	Input \$	AOS \$	w/m	Input \$	AOS \$	w/m	Input \$	AOS \$	w/m	Input \$	AOS \$
10		PROJECT PERSONNEL													
	11	International personnel													
	11.01	Expert	UNIDO	10.0	100,000	9,000	8.0	80,000	5,400	4.0	40,000	3,600			
	11.51	Consultant	UNIDO	3.0	38,000	3,240	2.0	24,000	2,160	1.0	12,000	1,080			
	11.99	Subtotal		13.0	138,000	12,240	8.0	84,000	7,560	5.0	52,000	4,680			
	13	Administrative support													
	13.99	Subtotal	GOVT	38.0	38,000	0	12.0	12,000	0	12.0	12,000	0	12.0	12,000	0
	14	United Nations Volunteers													
	14.01	UNV 1	UNV	18.0	9,000	900				12.0	6,000	600	8.0	3,000	300
	14.99	Subtotal		18.0	9,000	900				12.0	6,000	600	8.0	3,000	300
	15	Duty travel													
	15.99	Subtotal	UNIDO		30,000	2,700		10,000	900		10,000	900		10,000	900
	16	Mission costs													
	16.99	Subtotal	UNIDO		50,000	4,500		30,000	2,700		20,000	1,800			
	17	National professional													
	17.99	Subtotal	GOVT	24.0	120,000	0	8.0	30,000	0	12.0	60,000	0	8.0	30,000	0
	19	Component total		91.0	381,000	20,340	26.0	168,000	11,160	41.0	180,000	7,980	24.0	65,000	1,200
20		SUBCONTRACTS													
	21	Subcontract A	UNIDO		80,000	8,800		20,000	2,200		40,000	4,400		20,000	2,200
	22	Subcontract B	OPS		50,000	5,500		40,000	4,400		10,000	1,100			
	23	Maintenance of premises	GOVT		15,000	0		5,000	0		5,000	0		5,000	0
	29	Component total			145,000	14,300		65,000	6,600		55,000	5,500		25,000	2,200

Component	Budget Line	Description	Impl. Agent	Total			Year 1 1992			Year 2 1993			Year 3 1994		
				w/m	Input \$	AOS \$	w/m	Input \$	AOS \$	w/m	Input \$	AOS \$	w/m	Input \$	AOS \$
30		TRAINING													
	31	Fellowships	UNIDO	20.0	100,000	12,000	4.0	20,000	2,400	12.0	60,000	7,200	4.0	20,000	2,400
	32	Study tours													
	33	In-service training	GOVT		40,000	0		30,000	0		10,000	0			
	39	Component total		20.0	140,000	12,000	4.0	50,000	2,400	12.0	70,000	7,200	4.0	20,000	2,400
40		EQUIPMENT & SUPPLIES													
	45	Local procurement													
	45.99	Subtotal	GOVT		16,000	0		8,000	0		8,000	0			
	46	Int. procurement over \$70,000													
	46.99	Subtotal	UNIDO		100,000	4,000		100,000	4,000						
	47	Int. procurement under \$70,000													
	47.01	Equipment item 1	UNIDO		140,000	14,000		140,000	14,000						
	47.99	Subtotal			140,000	14,000		140,000	14,000						
	49	Component Total			256,000	18,000		248,000	18,000		8,000				
50		MISCELLANEOUS													
	52	Reporting costs	GOVT		3,000	0					3,000	0			
	59	Component total			3,000	0					3,000	0			
90		TOTAL													
	99	Total UNDP contrib.		111.0	925,000	64,640	30.0	529,000	38,160	53.0	296,000	20,680	28.0	100,000	5,800
100		COSTSHARING													
	101	Govt. cost-sharing			(374,003)	(25,997)		(188,409)	(13,591)		(138,335)	(9,665)		(47,259)	(2,741)
	103	Third Party c-sharing			(37,400)	(2,600)		(18,841)	(1,359)		(13,834)	(968)		(4,726)	(274)
	109	Component total			(411,403)	(28,597)		(207,250)	(14,950)		(152,169)	(10,631)		(51,985)	(3,015)
	999	Net UNDP contribution			513,597	36,043		321,750	23,210		143,831	10,049		48,015	2,785

UNITED NATIONS DEVELOPMENT PROGRAMME

Country: Indonesia
 Project Number: INS/89/013
 Project Title: Human Resources Development for Industrial Design
 Source of Fund: IPF
 Implementing Agent: UNIDO

The budget issued to UNIDO as implementing agent is amended to reflect increased inputs.

The change to the project budget is as follows:

	\$
Previous UNDP input - Revision A (line 999)	600,000
Revised UNDP input - Revision B (line 999)	636,000
UNDP input increase/decrease	36,000
Previous AOS input	46,000
Revised AOS input	58,240
AOS input increase/decrease	12,240

Agreed on behalf of the executing agent

Date

Agreed on behalf of the implementing agent

Date

Agreed on behalf of the UNDP

Date

Project Budget for Implementing Agent UNIDO

(In US dollars)

Project Number: INS/89/013
 Project Title: HUMAN RESOURCES DEVELOPMENT FOR INDUSTRIAL DESIGN
 Revision Code: B
 Source of Funds: 01 UNDP
 AOS Source of Funds: 03 IPF Subline
 Executing agent: GOVERNMENT

Component	Budget Line	Description	Project Total (1992-1994)			Year 1 1992			Year 2 1993			Year 3 1994		
			m/m	\$	AOS \$	m/m	\$	AOS \$	m/m	\$	AOS \$	m/m	\$	AOS \$
10		PROJECT PERSONNEL												
	11	International personnel												
	11.01	Expert	10.0	100,000	9,000	6.0	60,000	5,400	4.0	40,000	3,600			
	11.51	Consultant	3.0	36,000	3,240	2.0	24,000	2,160	1.0	12,000	1,080			
	11.99	Subtotal	13.0	136,000	12,240	8.0	84,000	7,560	5.0	52,000	4,680			
	15	Travel Costs		30,000	2,700		10,000	900		10,000	900	10,000		900
	15.99	Subtotal		30,000	2,700		10,000	900		10,000	900	10,000		900
	16	Mission costs		50,000	4,500		30,000	2,700		20,000	1,800			
	16.99	Subtotal		50,000	4,500		30,000	2,700		20,000	1,800			
	19	Component total	13.0	216,000	19,440	8.0	124,000	11,160	5.0	82,000	7,380	10,000		900
20		SUBCONTRACTS												
	21	Subcontract A		80,000	8,800		20,000	2,200		40,000	4,400	20,000		2,200
	21.99	Subtotal		80,000	8,800		20,000	2,200		40,000	4,400	20,000		2,200
	29	Component total		80,000	8,800		20,000	2,200		40,000	4,400	20,000		2,200
30		TRAINING												
	31	Fellowships	20.0	100,000	12,000	4.0	20,000	2,400	12.0	60,000	7,200	4.0	20,000	2,400
	31.99	Subtotal	20.0	100,000	12,000	4.0	20,000	2,400	12.0	60,000	7,200	4.0	20,000	2,400
	39	Component total	20.0	100,000	12,000	4.0	20,000	2,400	12.0	60,000	7,200	4.0	20,000	2,400
40		EQUIPMENT												
	46	Int. procurement over \$70,000		100,000	4,000		100,000	4,000						
	47	Int. procurement under \$70,000		140,000	14,000		140,000	14,000						
	47.99	Subtotal		140,000	14,000		140,000	14,000						
	49	Component total		240,000	18,000		240,000	18,000						
90		TOTAL												
	99	Budget Total	33.0	636,000	58,240	12.0	404,000	33,760	17.0	182,000	18,980	4.0	50,000	5,500

Consolidated Budget Covering Cost-Sharing Contributions (For Internal UNDP Use Only)

Project Number: INS/89/013
 Project Title: Human Resources Development for Industrial Design
 Version: Approved

				Total	Year 1 1992	Year 2 1993	Year 3 1994
				\$	\$	\$	\$
Component	Budget Line	Description	Donor				
100		PROJECT PERSONNEL					
	101-01	Main budget	Government	374,003	188,409	138,335	47,2
	101-02	Technical support services	Government	14,250	6,650	4,750	2,8
	101-03	AOS	Government	25,997	13,591	9,665	2,7
	101	Subtotal	Government	414,250	208,650	152,750	52,8
	103-01	Main budget	Netherlands	37,400	18,841	13,834	4,7
	103-02	Technical support services	Netherlands	4,750	4,750	-	-
	103-03	AOS	Netherlands	2,600	1,359	966	2
	103	Subtotal	Netherlands	44,750	24,950	14,800	5,0
199		Total Cost-sharing		459,000	233,600	167,550	57,8

<u>Payment Schedule</u>	<u>Date</u>	<u>Amount</u>	<u>Contributor</u>
1. Cost-Sharing	January 1992	\$414,250	Recipient Government
2. Third-Party Cost-Sharing	March 1992	\$ 44,750	Netherlands

Cost-sharing is payable in US dollars, to be deposited into the "UNDP Contributions Account" No. 015-002284 with Chemical Bank, U.N. Plaza, New York.

TECHNICAL SERVICES AT THE PROGRAMME LEVEL
WORK PROGRAMME
 (For the period 1992-1993)

Agency: **FAO**

Country	Identifier	Sector/ Sub-Sector	Title	Issues to be addressed	Intended use of the results	Start of activity	Proposed Budget			Total
							Work months	Amount	Mission Costs	
Malawi	001	Agriculture	Study of Land Tenure Policies	Study of the transfer of land from tribal areas to the estate sector and the backlog of lease applications	National programme for increasing smallholder agricultural productivity and related component in UNDP country programme	April 1992	1.5	21,000	5,000	26,000
Malawi	002	Agriculture	Smallholder Production of Export Crops	Formulation of an updated policy aimed at improving cash incomes	- do -	March 1993	2.0	28,000	8,000	36,000

PROPOSALS FOR TSS-1 FINANCING

Country: _____ **Title:** _____

Agency: _____

I. BACKGROUND *(Show context, prior work related to study, linkage with regular programme funding possibilities)*

ISSUES TO BE ADDRESSED

III. INTENDED USE OF THE RESULTS

IV. EVIDENCE OF GOVERNMENT PRIORITIES, COMMITMENT AND PARTICIPATION

V. DESCRIPTION OF WORK AND SCHEDULING OF ACTIVITIES
(Including collaboration with other agencies)

VI. PROPOSED BUDGET *(Expressed in workmonths and mission costs)*

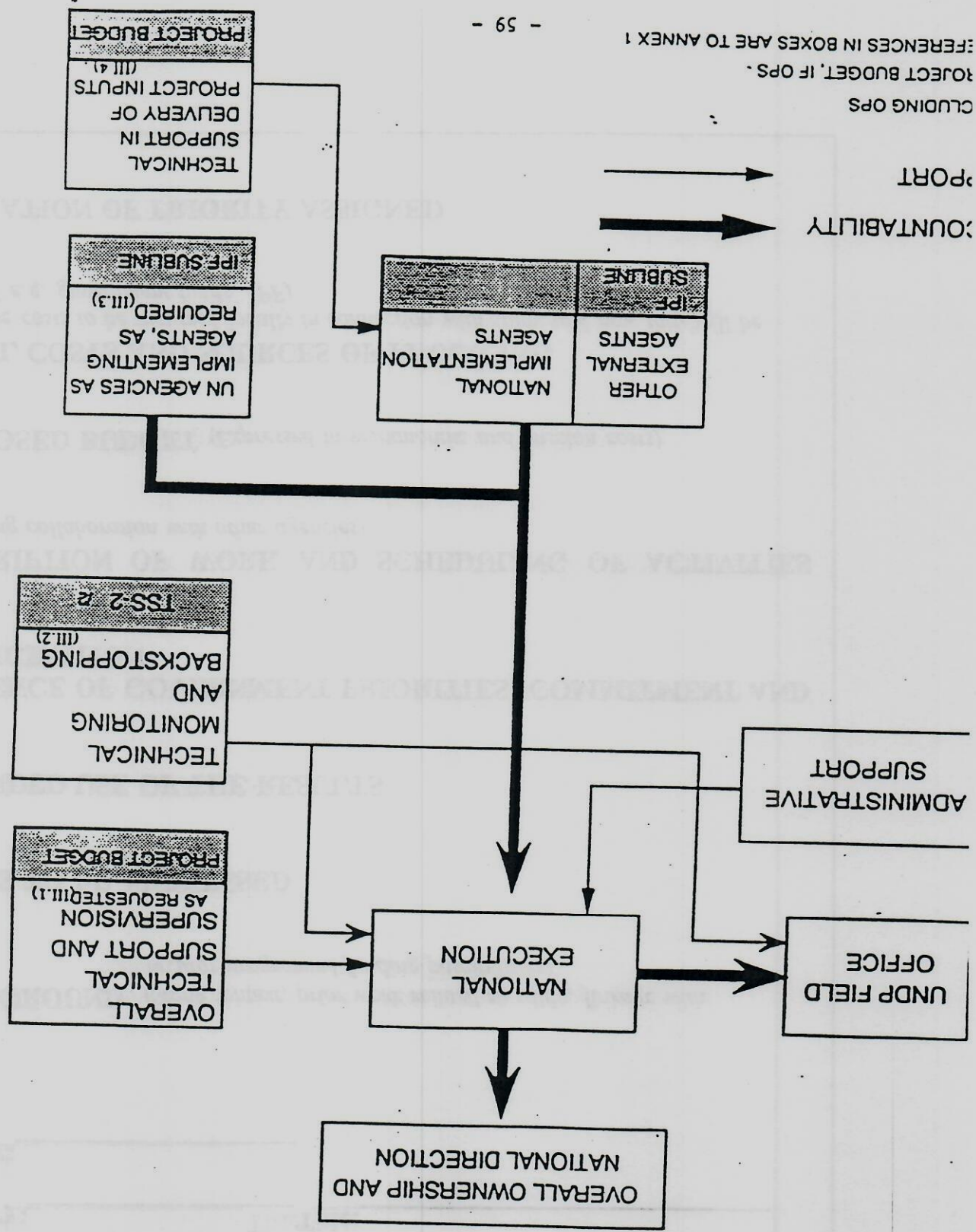
VII. LOCAL COSTS AND SOURCES OF FINANCING
(Describe costs to be incurred locally in connection with study and how they will be financed e.g. government funds, IPF)

VIII. INDICATION OF PRIORITY ASSIGNED

UN AGENCY (New Regime)

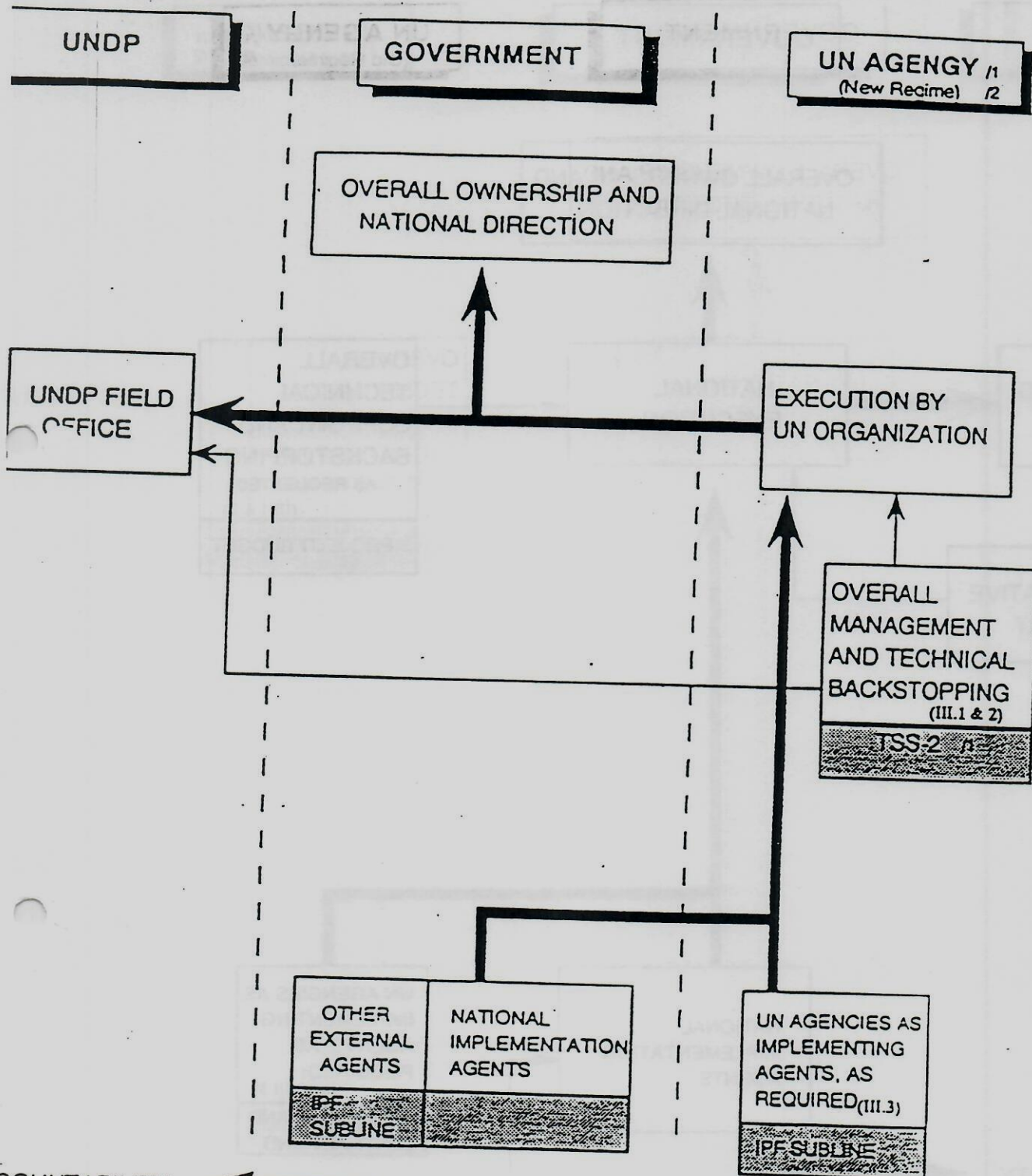
GOVERNMENT

UNDP



EXECUTION BY U N ORGANIZATIONS SUBJECT TO THE NEW REGIME

NEW REGIME



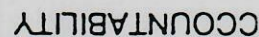
COUNTABILITY

SUPPORT

Project budget, if OPS

References in boxes are to Annex 1

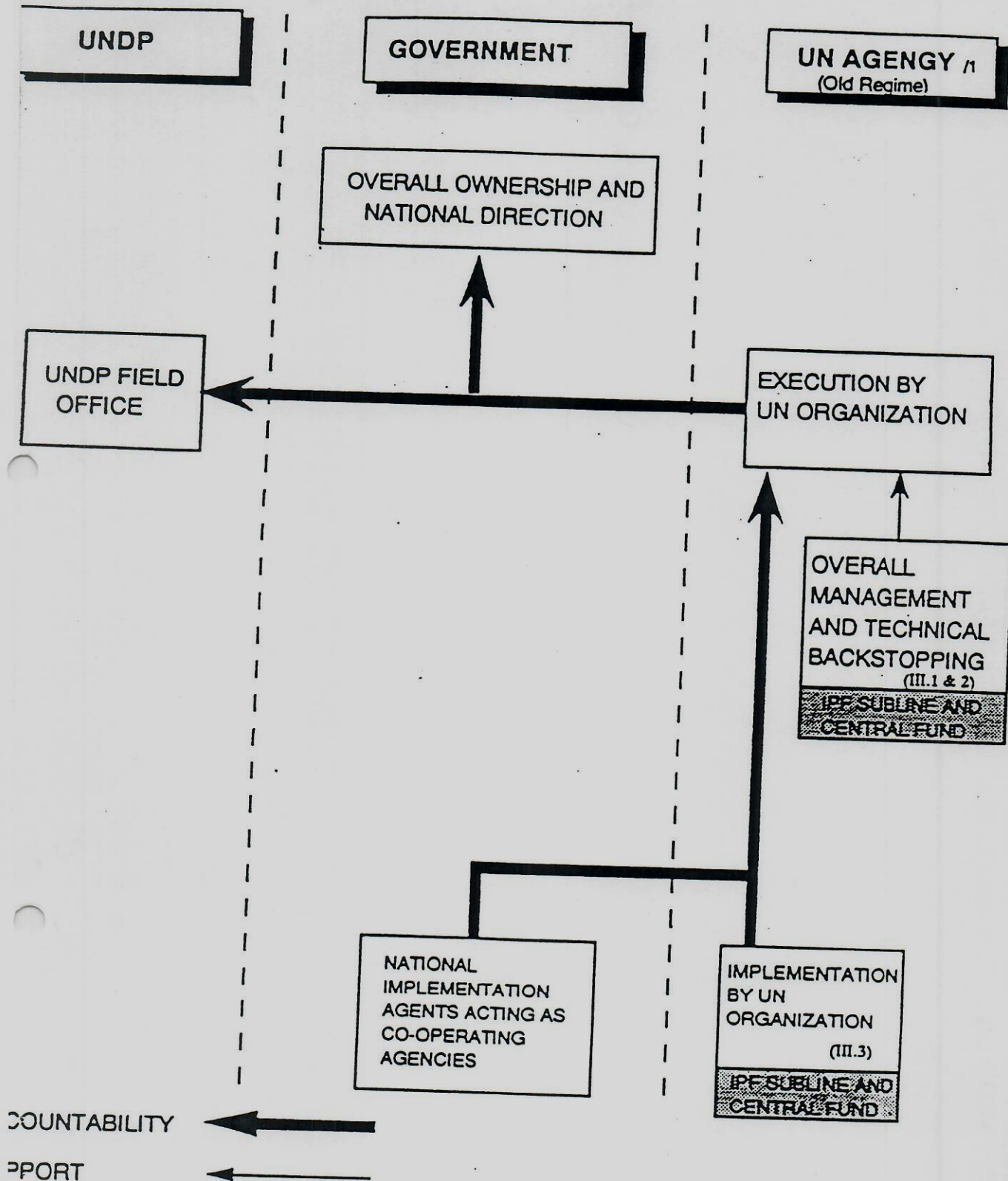
OLD REGIME



EXECUTION BY U N ORGANIZATIONS

SUBJECT TO THE OLD REGIME

OLD REGIME



References in boxes are to Annex-1