**Direct Implementation (DIM) Modality**

1. Direct Implementation (DIM) is the modality whereby UNDP takes on the role of Implementing Partner. In DIM modality, UNDP has the technical and administrative capacity to assume the responsibility for mobilizing and applying effectively the required inputs in order to reach the expected outputs. UNDP assumes overall management responsibility and accountability for project implementation. Accordingly, UNDP must follow all policies and procedures established for its own operations.

1. The responsibility for the execution of the DIM projects rests with UNDP. This role in some projects is reflected in the Standard Basic Assistance Agreement (SBAA) signed by UNDP with the Government (or other document of agreement with the host Government).

1. UNDP may identify a Responsible Party to carry out activities within a DIM project. A Responsible Party is defined as an entity that has been selected to act on behalf of the UNDP on the basis of a written agreement or contract to purchase goods or provide services using the project budget. The Responsible Party may manage the use of these goods and services to carry out project activities and produce outputs. All Responsible Parties are directly accountable to UNDP in accordance with the terms of their agreement or contract with UNDP.

1. As per UNDP’s Financial Regulations and Rules (FRR) (21.02), the following general principles must be given due consideration: Best value for money; fairness, integrity, transparency; effective international competition and the interest of UNDP.

1. Under the UNDP FRR 16.05, the Responsible Party may follow its own procedures only to the extent that they do not contravene the FRR principles. Where the financial governance of the responsible party, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, shall apply.

1. Irrespective of whether a responsible party is selected, the Project Manager is responsible for:
   * Managing the overall conduct of the project;
   * Implementing activities by mobilizing goods and services;
   * Checking on progress and plan deviations;
   * Ensuring that changes are controlled and problems addressed;
   * Monitoring progress and risks; and
   * Reporting on progress including measures to address challenges and opportunities.

**FINANCIAL MANAGEMENT:**

1. In the context of DIM, Quantum provides the management information system to ensure accuracy and transparency of financial information. The Country Office should use Quantum to keep track of the financial status of the project at all times, to control expenses; handle outstanding commitments; make payments; and monitor the performance of contractors.
2. Quantum shall be used for both financial management and substantive monitoring. This will enable the production of reports that are part of UNDP Country Office central oversight and monitoring while serving as the building blocks for periodic reviews and communications with stakeholders.
3. Any adjustments to the initial approved budget shall be reflected as budgetary revisions in Quantum which to be finalized for the year(s) affected by the adjustment.

**RECORDING A DIM PROJECT IN QUANTUM**

1. The following aspects must be taken into account when recording a project in Quantum:
   * CPAP - Signed with the Government - outside Quantum
   * AWPs - Recorded in Quantum, including different Tasks
2. The term ‘Project’ in UNDP represents the ProDoc and a project is created for each ProDoc. There is a one-to-one relationship between the Project and the ProDoc. The budget is controlled at the Project level. The project results hierarchy of outcome, output and activities are represented by the terms Work Breakdown Structure/Tasks in the Quantum (L1 Tasks represents outputs and L2 Tasks represents activities):
   * “Executing Agent” – For harmonized programmes, this is the institution which signs the CPAP. This is not entered into Quantum.
   * Responsible Party – It is UNDP for DIM projects and is reflected in the Quantum when creating the Proposal, Award, and Project, in the “Institution ID” (Institution ID - Atlas code: 99999). UNDP should also be reflected in the Responsible Partner field (Implementing. Agent - Atlas code: 001981)
   * Responsible Parties must be reflected in Quantum in the Distribution at the budget level, in the field “Responsible Partner” (for non-harmonized programmes, here should be reflected the Implementing Agency). However, tasks, another party (“Responsible Party”) may be designated. This party may be the government, an NGO, or an Agency of the UN System.
3. The Project Financial Plan in Quantum is the planned project budget (ProDoc) for all funding sources. The Award in Quantum is the Funding Arrangement (Donor Agreement) which generates the contract that creates the invoice and revenue plan.
4. In accordance with the UNDP revenue policy, all funds will be recorded in Quantum according to the established rules for Receivables irrespective of the origin of the funds to implement the project. Funds may be corporate (i.e. TRAC), Agencies’ funds, Trust funds, Cost Sharing from the Government, International Financial Institutions, Bilateral Donors, etc. Refer to the section of the Policies and Procedures on [Revenue management](https://popp.undp.org/taxonomy/term/106) for detailed information on how to record revenue for the projects.

1. In accordance with the UNDP expense policy and IPSAS, expenses will be recognized when the goods or services have been received by UNDP.
   * Property, Plant and Equipment that meet the capitalization threshold will be capitalized and depreciation charged as an expense within the reporting period.
   * Payments made in advance of receipt of goods and services will be recognized as prepayments which are offset on the first invoiced payment. Prepayments are not expenses.
2. Refer to the section of the Policies and Procedures on [Management of Expenses](https://popp.undp.org/taxonomy/term/111) for detailed information on how to record expenses for the projects.

**FINANCIAL REPORTING**

1. The financial reporting and control mechanisms used to monitor DIM are:
   * Combined Delivery Report (CDR).
   * Project Budget Balance
   * Project Transactions detail report

# The Combined Delivery Report (CDR)

1. Based on expenditures recorded in Quantum from project implementing partners and agents, UN Agencies and UNDP direct implementation, UNDP issues a **Combined Delivery Report (“CDR”)** at the end of each quarter and at the end of the year for nationally implemented projects and directly implemented projects (upon financial closure of the reporting period). The reports reflect cumulative expenditures i.e. 2nd quarter CDR covers expenses incurred from January to June, 3rd quarter CDR covers cumulative expenditures from January to September and the 4th quarter CDR covers cumulative expenditures from January to December. The Combined Delivery Report is a mandatory official report that reflects project expenditures. When a CDR is generated, the UNDP Office should verify that all financial information is complete and accurate, and the information is consistent with the approved work plan and the project budget. Any required adjustments should be made in Quantum where necessary before the CDR is certified. Expenses are to be recognized in the period that the expense was incurred.

1. The CDR is generated by Project and is divided into the following three sections:
   1. Expenditure by Fund Code: Shows expenditure grouped by project and fund code broken down into the respective general ledger accounts.
   2. Expenditure by Task: Shows expenditure grouped by project, work breakdown structure (outputs/activities) and fund code broken down into the respective general ledger accounts
   3. Fund Utilization: Reports outstanding NIM advances with the Responsible Partner, undepreciated fixed assets, unamortized intangible assets, prepayments, inventory and outstanding commitments made by UNDP as direct support to the project.

1. Upon communication of the financial closure of each quarter by OFM, CDRs will be automatically generated and delivered to the [CDR Bridge](https://bridge.undp.org/login) platform for access by UNDP Offices. Offices are required to use the [CDR Bridge](https://bridge.undp.org/login) to certify CDRs. The platform automatically tracks the acceptance and rejection of quarterly CDRS. Offices can also use the [CDR Bridge](https://bridge.undp.org/login) platform to print CDRs for review and manual certification but Offices are strongly encouraged to certify the CDRs electronically on the platform. A recorded training video of how to use the [CDR Bridge](https://bridge.undp.org/login) platform is available on the platform. Offices can also refer to the [CDR Bridge Navigation Guide](https://popp.undp.org/node/2866).
2. The expenditure by fund code and project and the fund utilization reports form part of the CDR package that needs to be certified. Before the report is certified, a UNDP official must electronically confirm in the [CDR Bridge](https://bridge.undp.org/login) platform that the financial information in the report is complete and accurate and is consistent with the project work plan and project budget. The CDR can then be sent electronically via email or printed and sent manually to the authorized UNDP official (programme staff) to certify and confirm the validity of the reported expenses. The CDR Bridge will automatically generate a cover letter to accompany the CDR certification request.

1. CDRs for Q1, Q2, Q3 and Q4 will be available in the [CDR Bridge](https://bridge.undp.org/login) but certification of Q1 CDR is not mandatory. Only Q2, Q3 and Q4 need to be certified. The cover letter generated by the CDR bridge requires the CDR to be certified within 15 calendar days. If no response is received within 15 days, the platform will send a follow-up request indicating that the Combined Delivery Report shall be deemed to have been accepted if a response is not received within 15 days from the date of the second request. The platform will track, via a colour coded scheme, the status of CDR certification requests including where no response has been received and the CDR was deemed automatically accepted.

1. At year-end OAI requires audit firms who carry out HACT financial audits or DIM audits to include in their audit reports a copy of the certified CDR. Offices should therefore ensure that all Q4 CDRs where UNDP is the implementing partner are certified.

1. If adjustments to the recorded expenses reported in the Combined Delivery Report are required, the adjustments should be recorded in the period to which the Combined Delivery Report relate. UNDP Offices must ensure timely issuance and thorough review of CDRs and FACE forms to minimize recording of adjustments in subsequent periods that cause cut-off errors.

The Project Budget Balance

23. The **Project Budget Balance** is a report used to monitor and manage budgetary availability for a particular project for a single year. The report shows approved budgets, commitments, and expense plus the full asset cost for a particular project. It shows outstanding NEX advances for current and prior years. It shows budget balances and budget utilization rate of the project. A user can use this report when monitoring the financial movements of projects.

The Project Transaction Detail

24. The **Project Transaction Detail** report is used to provide the lowest level of transactional details supporting commitments, expense, and full cost of asset amounts shown on the project budget balance report. The report shows transactions at the project/, work breakdown structure, tasks /Chart of Accounts(Distribution) level, including invoice/purchase order IDs, vendor ID and name, and line descriptions. Any user who needs to have more detailed information about project transactions can run this report for monitoring the financial movements of all projects.

# RESULTS MANAGEMENT

1. The Project Manager should coordinate the preparation of financial reports with the finance section of the Country Office. In DIM projects the Resident Representatives, or staff who have received delegated authority in accordance with UNDP’s Delegation of Authority policy, are responsible for certifying the CDRs or in the case of regional projects, designated Project Managers are responsible.

1. Upon finalization of a project, the remaining balance of funds (not if UNDP regular funds) deposited in the UNDP accounts for the project activities must be reimbursed to the same Donor that initially provided the funds, or may be re-programmed if so agreed with the Donor (refer to POPP on [Refunds to Donors](https://popp.undp.org/node/11431)).

1. The Project Manager should coordinate with the administrative units of the Country Office on the follow up of disbursements against obligations. Country Office administrative units or sections that are managing recruitment, contracting and procurement for DIM projects may follow-up and update records of outstanding obligations.

# Audit

1. The audit of DIM projects is made through the UNDP’s Office of Audit and Investigation (OAI). Resident Representatives may request OAI to undertake audits of DIM projects as an exception. Refer to the [OAI site](https://undp.sharepoint.com/teams/OAI-Portal/)for further information.

**Cost Recovery**

1. Cost recovery is the charge levied on Other Resources programme expenses for the estimated incremental costs to UNDP associated with managing the implementation of programmes funded through Other Resources. GMS should be charged if funds other than core funds are budgeted in a DIM project. Delivery enabling services to projects (formerly Direct Project Charging DPC) is followed to charge for all direct services provided irrespective of the funding mechanism (both Core and Non-Core resources).