**National Implementation**

# Legal Context, Roles and Responsibilities

1. Responsibility for NIM projects rests with the government, as reflected in the Standard Basic Assistance Agreement signed by UNDP with the government, and with the implementing partner, as agreed in the country programme action plan or United Nations development assistance framework action plan and respective annual work plan.
2. The implementing partner:
   * Assumes full responsibility for the effective use of UNDP resources and the delivery of outputs in the signed project document;
   * Must report fairly and accurately on project progress against agreed work plans in accordance with the reporting schedule and formats included in the project document; and
   * Maintains documentation and evidence of the proper and prudent use of project resources in conformity to the project document and in accordance with applicable regulations and procedures. Documentation should be available on request to project monitors and designated auditors.

# UNDP’s Accountability

3. Under NIM, UNDP is accountable for the effective and efficient use of resources for the achievement of programme results in conjunction with the implementing partner. This encompasses the design of projects, the assessment of capacities of implementing partners, the joint selection of implementing partners, and the financing and evaluation of programme activities. UNDP must monitor progress towards intended outputs and appropriate use of resources.

UNDP project assurance should ensure that:

* Funds are made available to the project
* The project is making progress towards intended outputs
* Regular monitoring and assurance activities take place, including periodic monitoring visits and ‘spot checks’ of expenses and results achieved
* Resources entrusted to UNDP are utilized appropriately
* Critical project information is monitored and updated in Quantum
* Financial reports are submitted to UNDP on time, and combined delivery reports are prepared quarterly and submitted to the project board
* Risks are properly managed, and the risk log in Quantum is regularly updated
* Reports from the government are reviewed and used to design assurance procedures
* NIM audit reports are reviewed and implementing partners take any identified corrective actions

Ongoing monitoring should encompass operational, financial and programmatic considerations.

# Project Document

4. For each NIM project, a project document must be formulated and approved by all parties involved (see [POPP: Programmes and Projects).](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx) This constitutes the legal framework for the project. In addition to background information, expected outputs, work plan, etc., it must include a clear indication of procedures, a determination of the implementing partner, different roles and responsibilities of all parties involved, a clear definition of actions carried out by the implementing partner, a Project budget and corresponding agreed cost recovery (General Management Support - GMS - and Delivery Enabling Service Costs (DES).

# Country Programmes

1. The term 'execution' is defined as the overall ownership and responsibility for UNDP programme activities at the country level. The government, through the government coordinating authority, exercises its ownership and responsibility for UNDP programme activities by approving and signing the country programme action plan with UNDP. All activities within the country programme action plan are, therefore, nationally executed.
2. The term 'implementation' is defined as the management and delivery of project activities to achieve specified results including the procurement and delivery of UNDP project activity inputs and their use in producing outputs, as set forth in the annual work plan, signed by UNDP and the implementing partner.
3. The country programme action plan or UNDP action plan, and annual work plan (combined) constitute the minimum requirements for a project document. Implementation responsibilities are separated from execution responsibilities and placed under the responsibility of implementing partners. Implementing partners are responsible for the management and delivery of programme activities to achieve results in the annual work plan.

# Recording a NIM Project in Quantum

8. Quantum incorporates terminology consistent with UNDP’s programme policy. It allows formulation and revision of projects/budgets and captures all project information on this basis. Other modules (i.e. General Ledger) reflects specific titles for some chart string elements. The following are relevant aspects to take into account when managing a project in Quantum:

* Country programme action plan signed with the government outside Quantum
* Projects/annual work plans signed with the implementing partner. The term ‘Project/AWP’ in UNDP programme policy represents a Project in Quantum. There may be one Project with different outputs and activities. The budget is controlled at the Project level.
* The executing agent signs the country programme action plan. This is not entered into Quantum.
* The implementing partner manages and delivers programme activities to achieve specified results "Institution ID” in the Quantum Proposal.
* A responsible party is engaged by the implementing partner to carry out activities within a project
* Responsible parties must be reflected in Quantum in the chart fields at the budget level. The ‘Implementing Agent’ field reflects the responsible party.

This may be summarized as follows:

|  |  |
| --- | --- |
| **UNDP Programme Instruments** | |
| **Project Management modules** | **Terminology in Quantum** |
| COUNTRY PROGRAMME ACTION PLAN | Not recorded in Quantum |
| EXECUTION | N/A |
| PROJECT WITH ANNUAL WORK PLANS | Project |
| OUTPUT /ACTIVTIES | Work Breakdown Structure/Tasks |
| IMPLEMENTING PARTNER | "Institution ID" |
| RESPONSIBLE PARTY | Responsible Party |

# National Implementing Partners: Eligible Institutions

1. The following national institutions are eligible for managing UNDP-supported projects:
   * A ministry of the government;
   * A department within the ministry;
   * A governmental institution of semi-autonomous nature, such as the central bank, a university, a regional or local authority or a municipality;
   * A non-governmental organization (NGO);
   * An intergovernmental organization.
2. The arrangements for managing a programme or project must include mechanisms to ensure coordination, such as steering committees, inter-ministerial agreements or other consultative mechanisms. All such mechanisms must be described in the project document or annual work plan. Procedures to be followed in each project/annual work plan must be clearly stated in the project document.
3. The designated institution may contract or agree with other entities to undertake specific tasks asresponsible parties:
   * If the entity is another government institution, competitive bidding will generally not be necessary. The local project appraisal committee evaluates and decides on the best arrangements for undertaking the project in such cases.
   * If the entity is an NGO, the country programme action plan should designate it as an implementing partner or independent contractor. The former requires a competitive process but is not considered a procurement action (the local project appraisal committee reviews the proposal to designate the NGO and verifies its competitiveness). When the NGO is not the implementing partner, the relationship is usually one of contractor, and standard provisions for contracting apply.
   * When a United Nations agency acts as a responsible party under national implementation, this agency and the designated institution sign a letter of agreement. In such cases, the United Nations agency is referred to as a responsible party. UNDP financial procedures (advance of funds, reporting/PDR and accounting treatment) are the same as where the agency is an implementing partner. Refer t[o POPP: Agency Implementatio](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx)[n](https://intranet.undp.org/global/popp/ppm/Pages/Defining-a-Project.aspx)[f](https://intranet.undp.org/global/popp/ppm/Pages/Defining-a-Project.aspx)or policies and procedures.

# Capacity Assessment

1. For an entity to be engaged as an implementing partner or responsible party on a UNDP project, a capacity assessment must be performed. Parties concerned with project formulation and design, particularly the UNDP office, the government and the institution that will manage the project, must review needed capacities. They first determine which tasks apply to the project. For each applicable task, the parties define any additional measures to ensure that tasks can be performed. The measures must be documented for follow-up action. This may be done, for example, through an action plan, an annex to the project document or through minutes of a design meeting or workshop. Refer to[**POPP HAC**](https://intranet.undp.org/global/popp/frm/pages/agency-execution.aspx)[**T**](https://undg.org/main/undg_document/face-form/)[**c**](https://intranet.undp.org/global/popp/ppm/Pages/Defining-a-Project.aspx)**hapter** and **POPP Engagement of NGOs in UNDP Programmes**.

The following are key considerations for capacity assessments:

* + **Technical capacity:** ability to monitor the technical aspects of the project.
  + **Managerial capacity:** ability to plan, monitor and coordinate activities.
  + **Administrative capacity:** ability to procure goods, services and works, and recruit and manage the best qualified personnel on a transparent and competitive basis; ability to prepare and sign contracts, and to manage and maintain equipment.
  + **Financial capacity:** ability to produce project budgets; ensure the physical security of advances and cash and records; disburse funds in a timely, proper and effective manner; ensure financial recording and reporting; and prepare, authorize and adjust commitments and expenses.

1. The implementing partner’s technical, managerial, administrative and financial capacities should be reassessed throughout the life of the project, preferably annually.
2. Detailed information on the programme/project process, including selection of implementing partners and responsible parties, and capacity assessment can be found in th[e POPP: Programmes](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx) [and Projects>Defining a Projec](https://undg.org/main/undg_document/face-form/)[t](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx)[a](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx)nd the [**POPP HAC**](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx)[**T**](https://intranet.undp.org/global/popp/ppm/Pages/Defining-a-Project.aspx)[**c**](https://intranet.undp.org/global/popp/frm/pages/direct-payments.aspx)**hapter**.

# Cash Transfer Modalities

1. UNDP provides required financial resources to the implementing partner to carry out project activities during the annual cycle. These arrangements must be clearly stated in the annual work plan and will constitute a driver for UNDP for the establishment of cost recovery within the project.

Under HACT [(](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx)[**POPP HAC**](https://undg.org/main/undg_document/face-form/)[**T**](https://intranet.undp.org/global/popp/frm/pages/direct-cash-transfers-and-reimbursements.aspx)[**c**](https://intranet.undp.org/global/popp/frm/pages/direct-cash-transfers-and-reimbursements.aspx)**hapter**), three cash transfer modalities are available:

* + Direct cash transfer: UNDP advances cash funds based on the agreed work plan to the implementing partner, who in turn reports expenses through[Funding](https://intranet.undp.org/global/popp/frm/pages/direct-payments.aspx) [Authorization](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx) [and Certification of Expenditure](https://intranet.undp.org/global/popp/frm/pages/direct-payments.aspx)[s](https://intranet.undp.org/global/popp/frm/pages/agency-execution.aspx)[(](https://intranet.undp.org/global/popp/frm/pages/direct-payments.aspx)FACE) forms. The recording of expenses, from requisition to disbursement, occurs in the books of the implementing partner. (See POPP: Direct Cash Transfers and Reimbursements). UNDP prefunds activities with advances of cash. UNDP must record the expenses in its accounts in the period that such good/services were incurred by the implementing partner. Therefore, it is critical that FACE forms are submitted to UNDP within 15 days after the quarter end.
  + Direct payment: The implementing partner carries out the procurement activity but requests UNDP to make the disbursement directly to vendors through FACE. In this arrangement, UNDP is undertaking only the fiduciary function on behalf of the implementing partner. However, such payments are recognised as UNDP expenses and should be recorded in line with IPSAS, i.e. in the period that such good/services were incurred by the implementing partner. (See [POPP:](https://intranet.undp.org/global/popp/frm/pages/direct-cash-transfers-and-reimbursements.aspx) [Direct Payment](https://intranet.undp.org/global/popp/frm/Pages/revenue-and-expense-management.aspx)[s](https://intranet.undp.org/global/popp/frm/pages/direct-agency-implementation.aspx)[)](https://intranet.undp.org/global/popp/frm/pages/direct-payments.aspx)[.](https://intranet.undp.org/global/popp/frm/pages/agency-execution.aspx)
  + Reimbursement: Unlike direct cash transfer, a reimbursement arrangement is where UNDP pays the implementing partner after the implementing partner has itself made a disbursement based on the annual work plan. This is a pre-financing arrangement made by the implementing partner based on prior arrangement with UNDP.

However, such reimbursements are recognised as UNDP expenses and should be recorded in line with IPSAS, i.e. in the period that such good/services were incurred by the implementing partner.(See POPP: [Direct Cash Transfers and Reimbursement](https://intranet.undp.org/global/popp/frm/pages/agency-execution.aspx)[s](https://intranet.undp.org/global/documents/frm/Project_Completion_Check_List_E.pdf)[)](https://intranet.undp.org/global/popp/frm/pages/direct-agency-implementation.aspx)[.](https://intranet.undp.org/global/popp/frm/pages/direct-cash-transfers-and-reimbursements.aspx)

*FACE Forms*

FACE forms are to be submitted by the 15th day of the month following each quarter for reporting and recognition of expenses.

1. In addition, direct agency implementation, where the agency makes commitments and incurs expenses in support of activities agreed in annual work plans (see [POPP: Agency](https://intranet.undp.org/global/popp/frm/pages/direct-agency-implementation.aspx) [Implementatio](https://intranet.undp.org/global/documents/frm/Project_Completion_Check_List_E.pdf)[n](https://intranet.undp.org/global/popp/frm/Pages/revenue-and-expense-management.aspx)for policies and procedures) may be used. It is not covered by HACT.

This may be summarized as follows:

|  |  |  |
| --- | --- | --- |
| **NATIONAL IMPLEMENTING PARTNERS** | | |
| **Cash Transfer Modality** | **Procurement/commitment** | **Disbursement** |
| Direct Cash Transfer | Implementing Partner | Implementing Partner |
| Direct Payment | Implementing Partner | UNDP |
| Reimbursement | Implementing Partner | Implementing Partner |
| Direct agency implementation | Agency | Agency |

1. It is possible to use the four modalities in the same project, for different activities and/or inputs. This is not recommended, due to the inherent complexity. The final decision to change cash transfer modalities should rest with the project board. For specific details on each cash transfer modality, including roles and responsibilities, and documentation requirements, refer to the associated POPP chapter (links above).

# Expense Recognition

18. Expenses are to be recognized in the period that the expense was incurred. These expenses could be incurred by UNDP or by the Implementing Partner. Expenses should be recognized on the date incurred irrespective of the date that the FACE form was submitted, approved or the payment was made.

|  |  |  |  |
| --- | --- | --- | --- |
| **NATIONAL IMPLEMENTING PARTNERS** | | |  |
| **Cash Transfer Modality** | **Procurement/ commitment** | **Disbursement** | **EXPENSE RECOGNITION** |
| Direct Cash Transfer | Implementing Partner | Implementing Partner | Funds are advanced to the partner. Expenses are reported quarterly to UNDP using the FACE Form.  Expenses are incurred and disbursed by the partner.  Expenses to be recorded when the expenses were incurred by the Implementing Partner as per the time period on the FACE Form:  *Example:*  FACE Form submitted: 5 October 2021  FACE Form approved: 7 October 2021  Expenses incurred as per FACE Form: Quarterly period: Jul -Sep 2022  Expense Recognition: Expenses to be recognised in the September accounting period. |
| Direct Payment | Implementing Partner | UNDP | Expenses are reported to UNDP using the FACE Form for payment to the vendor by UNDP.  Expenses to be recorded when the expenses were incurred by the Implementing Partner as per the dates on the FACE Form:  *Example:*  FACE Form submitted: 5 October 2021  FACE Form approved: 7 October 2021  Payment for expenses: 10 October 2021  Expenses incurred as per FACE Form: Monthly period: Sep 2022  Expense Recognition: Expenses to be recognised in the September accounting period. |
| Reimbursement | Implementing Partner | Implementing Partner | Expenses are reported to UNDP using the FACE Form. Expenses are incurred and disbursed by the Partner.  The Partner is reimbursed for expenses incurred.  Expenses to be recorded when the expenses were incurred by the Implementing Partner as per the period covered by the FACE Form.  *Example:*  FACE Form submitted: 5 October 2021  FACE Form approved: 7 October 2021  Payment for expenses: 10 October 2021  Expenses incurred as per FACE Form: Period: Jul -Sep 2022  Expense Recognition: Expenses to be recognised in the September accounting period. |
| Direct agency implementation | Agency | Agency | Expenses are to be recognised in the period the expenses where incurred.  PDR – Signed (SBEA)  Corporate advance – PDR  Local advance – FACE Form |

Note: The cash transfer modality, does not change the expense recognition.

# *Year-end submission of FACE Forms*

1. There may be instances where there is a delay in the submission of FACE forms at the year end in accordance with the dates of the closing instructions . These delays may result in expenses not being recognised in the correct period. The UNDP office is still required to estimate/accrue the amount of expenses incurred by the project Implementing Partner and record the estimated expense in Quantum.
2. In the event that the FACE Form for the last quarter is not available, the last available FACE Form or similar expenditure report can be used as the basis for estimating the value of the unrecorded expenses incurred for the last quarter. The estimate should be performed by personal that have the requisite knowledge of the project in conjunction with the finance unit. This is normally done by the project manager and verified by the finance personnel.
3. It is the responsibility of the country office to make an estimate of the expenses to be recognised for the reporting period. A reconciliation should be performed when the FACE forms are submitted between the estimated and the actual amounts and appropriate adjustments.

# Rejection of Expenses

19. UNDP has a responsibility to accept appropriate cash advance requests, reported expenses or direct payments that are consistent with the annual work plans and UNDP’s Financial Rules and Regulations, and to reject improper advance requests, expenses or requests for direct payments. If subsequent information becomes available that questions the appropriateness of expenses recorded or direct payments already made, these should be rejected at any point up to the issuance and signature of the Combined Delivery Report (refer to details in each specific POPP chapter).

# UNDP Support Services to NIM

1. UNDP support services to NIM have traditionally been concentrated in procurement and recruitment. In accordance with the definition of a responsible party, services may also include carrying out activities and producing outputs (see [POPP: UNDP Support Services to NIM](https://popp.undp.org/node/11701)).
2. UNDP undertakes transactions from requisition through to disbursement on behalf of the project with no cash transferred to the implementing partner. The implementing partner has full programmatic control, however, and so full accountability for project activities.

# Origin of the Funds

22. Policies and procedures covered in this section apply irrespective of the origin of the funds to implement the project. Funds may be corporate (i.e., core resources), or from UN agencies, trust funds, the government through cost sharing, international financial institutions, bilateral donors, etc. Receipt and expensing of all funds is recorded in Quantum according to established procedures for revenue and expenses (see [POPP: Financial Resources>Revenue & Expense Managemen](https://intranet.undp.org/global/popp/frm/Pages/revenue-and-expense-management.aspx)[t](http://content.undp.org/go/userguide/finance/fin-mgmt-exec-mod/natl-excut-nex-fin-ngo-execut-fin/cmbd-dliver-rprt/)[)](https://intranet.undp.org/global/documents/frm/Project_Completion_Check_List_E.pdf)[.](https://intranet.undp.org/global/popp/frm/pages/direct-agency-implementation.aspx)

# Combined Delivery Report

23. UNDP prepares a mandatory[**Combined Delivery Repor**](http://content.undp.org/go/userguide/finance/fin-mgmt-exec-mod/natl-excut-nex-fin-ngo-execut-fin/cmbd-dliver-rprt/?lang=en#top)[**t**](https://intranet.undp.org/global/documents/frm/Project_Completion_Check_List_E.pdf?lang=en#top) [a](https://intranet.undp.org/global/popp/frm/Pages/Harmonized-Approach-to-Cash-Transfers.aspx?lang=en#top)t the end of each quarter and at the end of the year. It reflects incurred and agreed expenses and funds used on a project and must be signed by UNDP and certified by the designated authorized official of the implementing partner to confirm the validity of the expenses.

If the project uses the cash advance modality, the **FACE** form must be submitted to UNDP at least quarterly within 15 days after quarter end, signed by the authorized official of the implementing partner. The UNDP programme officer or finance associate must control outstanding advances balances to monitor the correct utilization of funds.

# Other Quantum Reports

Reports to monitor and control NIM resources include:

* Project Budget Balance
* Project Transaction Detail
* UN AP Prepayment Aging Report
* UN Account Analysis Report

Refer to the associated POPP chapters (links above) for a detailed discussion of each.

# Audits

24. The overarching objective of audit exercises is to provide UNDP with assurance that resources are being properly used. UNDP Financial Regulation 16.04 includes the requirement that each UNDP programme activity is audited "at least once in its lifetime." Another requirement is that a project must be audited once in its lifecycle in the year following cumulative expenses reaching or exceeding $300,000. This criterion does not apply in the first year of activities. The audit becomes due in the following year when the cumulative expenditure has reached or exceeded the threshold.

# Project finalization

25. At the finalization of a project, the remaining balance of cash deposited in the project bank account must be refunded to UNDP. Any unspent resource balances to donors as per the contribution agreement is dealt with in line with the agreement signed with the donor. Both the implementing partner and UNDP must sign off on the final Combined Delivery Report, which must reflect the total expenses of the project. The certification of the final report must be done before the project is financially closed in Quantum. The [check list for projec](https://intranet.undp.org/global/popp/frm/Pages/financial-closure-of-development-projects-and-trust-funds.aspx)[t](https://intranet.undp.org/global/documents/frm/Project_Completion_Check_List_E.pdf) [closur](https://intranet.undp.org/global/popp/frm/pages/agency-execution.aspx)[e](http://content.undp.org/go/userguide/finance/fin-mgmt-exec-mod/natl-excut-nex-fin-ngo-execut-fin/cmbd-dliver-rprt/)[sh](https://intranet.undp.org/global/popp/frm/Pages/financial-closure-of-development-projects-and-trust-funds.aspx)ould be completed and copies kept in the project file. See [Financial Closure of Development Projects and Trust Fund](https://intranet.undp.org/global/popp/frm/Pages/financial-closure-of-development-projects-and-trust-funds.aspx)[s](https://intranet.undp.org/global/popp/frm/pages/agency-execution.aspx)[.](https://intranet.undp.org/global/popp/ppm/Pages/Contents.aspx)