**Joint Programming Policy**

**Structure Element – Relevant Policies**

1. **Scope and application**
	1. The purpose of this policy is to ensure that the revenue attributable to joint programming and pass-through arrangements is properly recorded. Policies should be applied so that arrangements are recorded and receivables raised, and the handling of cash and receipts takes place in a consistent, timely and accurate manner.
2. **Joint Programming Fund Management Options**
	1. Three fund management options for joint programming are as follows:
	* Parallel;
	* Pooled; and
	* Pass-through.
	1. While the parallel and pooled management modalities apply only to a joint programme, the pass-through arrangement is formalized through a single standalone joint program or multi-donor trust fund. The Multi-Donor Trust Fund Office (MPTFO) is only involved with pass-through funding mechanisms; country offices manage other funding arrangements, including certain pass-through arrangements where UNDP is administrative agent (AA).

**Parallel funding**

* 1. Under parallel fund management, each organization independently manages its own funds from regular and other resources. The joint programme document consists at a minimum of a common workplan agreed by all participating UN organizations, an aggregated/consolidated budget showing the inputs from the various parties involved, the coordination mechanism and signatures of participating organizations.

* 1. If UNDP is directing resources to the joint programme**,** standard UNDP co-financing agreements will apply. Revenue will be recorded in the General Ledger when the agreement is signed. The balance of consecutive instalments during the year will also be recognized as revenue upon signature of the agreement and not in accordance with dates in the schedule of payments in the agreement. The same applies to multi-year contributions.
	2. Recognition of the revenue depends on the clause in the signed agreement. “Entry into effect” clauses in agreements could be that, in certain cases, the agreement is conditional upon certain conditions. In such instances, revenue is recognized based on the full agreement amount at the time of signature of the agreement/ProDoc, etc. if it is known that these conditions form part of the donor’s general annual process. For instances where approval of a condition is required after which a formal communication from the donor is required before the commitment is confirmed, revenue should only be recognized upon submission of the confirmation by the donor or receipt of funds.
	3. Funds received prior to the agreement being signed are recorded in the General Ledger as a liability, as it is not considered revenue until the agreement is signed. Once the agreement is signed, the amount is recorded as revenue.

**Pass-through fund management – UNDP as an administrative agent (AA)**

* 1. Under the pass-through fund management, two or more organizations develop a multi-donor trust fund or joint programme. If the donor(s) and participating UN organizations agree to channel the funds to participating organizations through one UN organization, then the pass-through modality applies. The UN organization channelling resources, called the Administrative Agent (‘AA’), is jointly selected by all participating organizations.

**(i) MPTFO:**

* 1. Where UNDP is selected as the AA, this role is in most cases fulfilled by the Multi-Partner Trust Fund Office (MPTFO) to maintain the segregation between UNDP as a participating UN organization (PUNO) and as an AA. The multi-donor trust fund or joint programme is formalized through a memorandum of understanding signed by each participating UN organization and the Multi-Partner Trust Fund Office as the AA. The Fund will be established upon signature by all participants.

* 1. Funds received for other participating organizations will be recorded in a separate joint programme/multi-donor trust fund account. Disbursements made to the participating organizations will be made from this fund within the timeframe set out in the memorandum of understanding, signed between MPTFO and PUNOs. This process is managed through the Multi-Partner Trust Fund Office.

* 1. AA fees of 1 percent are considered exchange revenue and must be recorded as revenue when services have been rendered. For multi-year projects, the AA fee is recorded in accordance with UNDP’s IPSAS policy. The total amount of the fee that UNDP will charge against each contribution for providing administrative services remains at 1 percent of the total contribution amount.

**(ii) UNDP Offices:**

* 1. If UNDP is selected to administer a pass-through fund management arrangement, the Multi-Partner Trust Fund Office (MPTFO) must be contacted for further instruction (executivecoordinator.mptfo@undp.org). In situations where the MPTFO does not support the joint programme, such as when minimum thresholds are not met, the local direct pass-through arrangement may be used. Please refer to the Policy: [*Pass-Through Fund Management: UNDP as Administrative Agent (AA)*](https://popp.undp.org/node/11221) for further details.For guidance on this arrangement, please reach out to OFM/FPMR/CFRA.
	2. Such agreements should be submitted to GSSC via the UNITY/UNall **within 1 week** of these agreements being signed.

**Pass-through fund management – UNDP as a participating UN organization (‘PUNO’)**

* 1. Revenue recognition by UNDP as a participating organization will be recorded in the General Ledger after the Memorandum of Understanding is signed and upon receipt of an approved programmatic document by the Steering Committee or a signed project document (ProDoc) between the PUNOs.
	2. UNDP Offices should provide the signed ProDoc and the approved Steering Committee minutes that reflect fully the approved amount for UNDP so that the Global Shared Service Centre(GSSC) can record the total approved allocation for UNDP, as revenue under GL account 51005, including for multi-year agreements.
	3. Such agreements should be submitted to GSSC via the UNITY/ UNall **within 1 week** of these agreements being signed.

**Pooled funding – UNDP as a managing agent**

* 1. Under this option, participating UN organizations (PUNOs) pool funds together and send them to one UN organization, called the managing agent (‘MA’), chosen jointly by participating UN organizations in consultation with the (sub-) national partner. The managing agent will support the (sub) national partner in managing the programme. Programme and financial accountability for UN support to the joint programme will rest with the managing agent.

* 1. The memorandum of understanding signed between the managing agent and the parties is a binding agreement that enters into force upon signature by authorized officials of the parties.

* 1. Revenue for joint programme implementation administered by UNDP as a managing agent, including on multi-year agreements, is recorded in the General Ledger when the agreement is signed. The total contribution in the agreement is recognized as revenue upon signature and not in accordance with the dates in the schedule of payments in the agreement.

Structure Element – Procedures

1. **Revenue Recognition**

* 1. Revenue recognition is the process of recording revenue in the General Ledger accounts that is reported in the UNDP financial statements. Under IPSAS, while revenue may be recorded before cash is received, spending can only take place when cash is deposited in the UNDP bank accounts.
	2. Revenue for joint programme implementation administered by UNDP is recorded in the General Ledger when the agreement is signed.
	3. For multi-year contributions, revenue is recognized when the agreement is signed and not in accordance with the dates in the schedule of payments in the agreement.
	4. AA fees of 1 percent are considered exchange revenue and are recorded as revenue when services have been rendered. For multi-year projects, the AA fee is recorded in accordance with UNDP’s IPSAS policy. This means that it is to be taken into income as services are rendered, but for practical purposes, and because the amounts are not material, UNDP records these fees upfront. The total amount of the fee that UNDP will charge against each contribution for providing administrative services remains at 1 percent of the total contribution amount.
	5. UNDP Offices should provide the signed ProDoc and the approved Steering Committee minutes that reflect fully the approved amount for UNDP so that the Global Shared Service Centre (GSSC) can record the total approved allocation for UNDP, as revenue under GL account 51005, including for multi-year agreements.
	6. Such agreements should be submitted to GSSC via the UNITY/UNall **within 1 week** of these agreements being signed.

**Parallel funding**

* 1. Standard UNDP agreements are signed in these instances. Procedures under non-core contributions apply, as the agreements are between UNDP and the donor, and UNDP is programmatically accountable. The process should, therefore, follow the process for UNDP cost-sharing agreements under [*non-core contributions*](https://popp.undp.org/node/11161).

**Pass-through Fund Management**

**UNDP as an AA**

* 1. This occurs in most cases through a multi-donor trust fund. To maintain the segregation between the roles of UNDP as a participating UN organization and as an AA, the Multi-Partner Trust Fund Office fulfils the role as AA. Please refer to the Policy: [Pass-Through Fund Management: UNDP as Administrative Agent (AA)](https://popp.undp.org/node/3531) for further details.
	2. In all cases, the Multi-Partner Trust Fund Office should be approached for AA arrangements. In cases where funds go directly to a country office that may enter into a memorandum of understanding with the donor(s), such funds are held by country offices on behalf of other agencies. Once these funds are deposited in UNDP bank accounts, the country office should inform the GSSC **within 1 week of receiving these funds** through the UNall to create the invoice number and apply the funds.

**UNDP as participating UN organization (PUNO)**

* 1. For a joint programme/multi-partner trust fund with the pass-through modality, where UNDP serves as a participating organization, the trigger for revenue recognition is the receipt of the approved Steering Committee minutes and signed project document (ProDoc). These documents should clearly state the funded and unfunded budget for UNDP and the full approved amount for UNDP.
1. Country offices must upload the signed ProDoc and the Steering Committee minutes that reflect fully the approved amount for UNDP via the UNITY/UNall **within 1 week of signing the ProDoc/ receipt of the Steering Committee minutes**, so that they can be processed by GSSC.
2. A process should be in place to ensure that the secretariat of the steering committee communicates the minutes to the finance unit as soon as they are approved. Hard copies should be retained and stored.
3. Agreements for funds directly under the programmatic responsibility of UNDP should be uploaded to the UNITY/UNall.
4. After a case created in UNall, GSSC will advise the respective program officer on donor code and fund code. The program officer will then set up project, award and budget in Quantum PPM on a timely basis. It should be noted that the use of donor code 10714 is only allowed in certain cases, please refer to section titled (*Use of Donor Code 10714 for UNDP as PUNO only*). ([List of current MPTF-Donor Codes](https://intranet.undp.org/unit/ofrm/fbp/Donor%20Codes/Forms/AllItems.aspx?RootFolder=/unit/ofrm/fbp/Donor%20Codes/Donor%20codes%20for%20MPTFs%20%28MPTFO%20as%20AA%29&FolderCTID=0x012000DF1C897A51C31F42936D80339CD40E0F&View=%7b140539DE-DCCC-487D-8BC2-6B6F12AA96E9%7d)).
5. An electronic cover sheet with the following information should be uploaded to the UNITY/UNall together with the Award created:

|  |  |
| --- | --- |
| Business Unit | The respective Business Unit to which the agreement relates.  |
| Donor Reference | In certain cases, agreements may include a donor reference; if this does exist, it should be included in this field. GSSC will check and ensure the MPTF project number has been updated in Quantum Manage Financial Project Settings page  |
| MPTF Project Number | This is the only link to UNDP project ID and thus key information for our quarterly reporting to MPTFO through UNEX upload, in the list of items to be submitted in the UNITY/UNall(it could be donor reference or additional field) |
| Currency  | This is the currency in which payments are to be made as stated in the schedule of payments in the agreement  |
| GMS Rate | Update the applicable GMS rate |
| Agreement End Date | Include this date if included in the agreement  |
|  Chart of Accounts | Users should indicate the relevant Chart of Account information for each project that is included in the Agreement  |
| Schedule of payments:  | Users should allocate the schedule of payment to all projects based on the allocation agreed with the donor for the specific schedule of payment. Use the “+” to add multiple payment tranches or multiple COAs |
| Supporting Document  | 1. There is a **Comments field** which can be used when users want to include additional information or comments.
2. This is where the scanned PDF file for the signed ProDoc and Steering Committee minutes should be uploaded. Please ensure that documents are clear and legible and include all pages of the signed agreements. Include any amendments that should accompany this agreement.

• Where possible, donor agreements should be saved in the following format: Example: Cost sharing agreement signed between Honduras and Denmark on 10 July 2011 (Format of file: HND\_DEN\_CS\_0711) (Government Cost Sharing =GSC; Trust Funds =TF; Third Party Cost Sharing =CS; Joint Programming =JP; Letter of Arrangements =LOA) * Users should provide Clearance from Legal Office for signing Non-Standard Financing Agreements.
* OFM clearance for GMS rate below the minimum as per UNDP’s cost recovery policy.
 |
|  CC Users | Input Secondary Contact if any. This Secondary focal person will receive notifications throughout the case processing (It is useful in absence of primary initiator). |
| Report submission/ Funds Transfer Request | Applicable for cases when payment will be made by Donor upon receiving report submission or Fund transfer form. Users to include the date the report was submitted or funds were requested. |
| Report Approval Request  | Applicable for cases when payment will be made by Donor upon approval of progress report. Users to indicate the date when the report was approved by Donor. |
| Amendment Request | Amendments can be made to original contracts that have already been entered in the Contract Management Module. Applicable when there is amendment to the negotiated amount; scheduled of payments or COA.  |
| Deliverable | User should enter any deliverable relevant to the agreement. Quantum will send automatic notification throughout the timeline deliverable provided as reminder |

1. The GSSC will be responsible for entering the information into the Contract Management Module.
2. Entry into Quantum

The Contract Management Module in Quantum is used for recording contributions. Information should be entered relating to the agreement and the necessary accounting information to ensure that revenue is recorded in the General Ledger and reflected correctly in UNDP accounts. The contract module is set up to ensure all IPSAS conditions relating to agreements have been identified by the GSSC and appropriately entered. The GSSC will also flag all non-standard agreements for follow-up by the UNDP Office who will be required to obtain clearance from the Legal Office/BMS. Key information to be entered in the Contract Management Module by the GSSC will be as follows:

|  |
| --- |
| **Contract Module Information to be entered** |
|  Overview | Includes all the general information relating to the agreement |
| AccountingDistribution | This is the full chart of account information relating to the revenue and accounts receivable provided by the UNDP Office to GSSC. |
| Agreement date | ​Is the date that the agreement came into effect and is the key trigger that is set-up in the Contract Module for revenue recognition. These are dependent on type of agreements and interpretation of relevant IPSAS policy. |
|  Invoice Event | The invoice Event includes the event type that need to be achieved to create the billing and generate Accounts Receivable entries in the General Ledger. |
| Revenue Event | The revenue event will be created upon signing the relevant contribution agreement as revenue entries are generated upon signature of the contribution agreement. |
| Amendments | Amendments can be made to original contracts that have already been entered in the Contract Management Module using the amend function. |

**NOTE:** Offices should submit their signed agreements and/or amendments to legal agreements to the GSSC revenue team via the UNITY/ UNall , **within 1 week of signature**.

1. The GSSC will access the information uploaded to the UNITY/ UNall and enter the information into the Contract Management Module. It will record revenue in the General Ledger, create the accounts receivable item for fund application.
2. Funds will be transferred by the Multi-Partner Trust Fund Office based on the request made by the steering committee to the headquarters bank account. In addition, the office will send notifications to GSSC when funds are transferred.
3. Country Offices are also required to submit signed amendments **within 1 week** of signing the amendment to GSSC so that the revenue can be recorded or adjusted accordingly.
4. At the end of every year, the Head of Office will be required to certify in the annual representation that all signed agreements/amendments to agreements have been submitted to GSSC on a timely basis prior to the closure of the financial ledgers. This will help ensure that UNDP revenue is captured in a timely manner as any late submission of these documents poses a significant management reporting risk and audit risk as revenue will not be reported accurately in the UNDP financial statements, including quarterly financial statements.
5. The GSSC will review unapplied receipts (bank accounts) and identify cash received that needs to be applied.
6. Before recording the contributions revenue, the GSSC will:
	* 1. Check if country offices have entered the MPTF Quantum Project Number field under Additional Information tab in Manage Financial Project Settings page to enable reporting back to the fund through the [MPTF Gateway](http://mptf.undp.org/); and
		2. Ensure that revenue recorded to a UNDP project ID is from only one Multi-Partner Trust Fund project ID only (refer to [POPP guidance](https://popp.undp.org/node/11216)).

GSSC should ensure that offices associate one UNDP project ID to one MPTF project ID only, without comingling two MPTF project funds into one UNDP project ID.

1. Offices can comingle other non-Multi-Partner Trust Fund Office funds with projects that use Multi-Partner Trust Fund Office funds as long as:
2. A UNDP project uses funds from only one Multi-Partner Trust Fund Office project.
3. Different Donor (External Sponsor) codes are used for non-Multi-Partner Trust Fund Office funds.
	1. UNDP Offices can programme funds of one Multi-Partner Trust Fund Office project ID in more than one UNDP Project, as long as each of those projects will be funded by only one and the same Multi-Partner Trust Fund Office project ID, and all UNDP projects thus funded have the same project IDs in MPTF Quantum Project Number field. Hence, CO requests through the UNITY/ UNall for contract creation and receipt application should include the COA of all projects that will be funded from a particular MPTFO project.
	2. Once a MPTF Quantum Project Number field is used for a UNDP project reflecting the one MPTF reference ID, that project ID should not reuse the field to reflect another MPTF project ID fund, even after the MPTF project fund is completely utilized. This also means that the UNDP project should not be funded from another MPTF project ID/fund, even after the initial MPTF project fund is completely utilized. UNDP Project ID is entered in MPTF Quantum Project Number field, even after the initial MPTF project fund is completely utilized. The original project MPTF project ID in the MPTF Quantum Project Number field should remain unchanged to enable reporting of past periods.
	3. Once the MPTF Quantum Project Number field is used for a UNDP project reflecting the one MPTF project reference ID, the information in the field should not be removed even after the funds from MPTF project ID are completely utilized. The original MPTF Project ID in the MPTF Quantum Project Number field should remain unchanged, to enable subsequent reporting of past periods. A detailed guidance can be found [here](https://intranet.undp.org/unit/ofrm/sitepages/Donor%20Reporting.aspx).

**Use of Donor Code 10714 for UNDP as PUNO only**

* 1. Donor code 10714 is only used for the joint programmes under the Multi-Partner Trust Fund Office listed below.
1. DRC Pooled fund (no specified end date)
2. CAR Common Humanitarian Fund (no specified end date)
3. UN\_REDD Programme Fund (end 2020)
4. South Sudan Recovery Fund SSRF (no specified end date)
5. Rwanda One UN Fund (end 2018)
	1. Donor code 10714 should not be used for other joint programmes /MPTF funded by MPTFO. Instead, respective unique MPTFO donor codes must be used where they exist (refer to List of current MPTF-Donor Codes).
	2. The donor code for non-Multi-Partner Trust Fund Office joint programmes is 12622.

**4.0 RelateRelated Policies**

* [Parallel Fund Management](https://popp.undp.org/node/11196)
* [Pooled Fund Management](https://popp.undp.org/node/11276)
* [Pass-Through Fund Management: UNDP as a participating UN organization](https://popp.undp.org/node/11216)
* [Pass-Through Fund Management: UNDP as Administrative Agent (AA)](https://popp.undp.org/node/11221)
* [Finalized Guidance Note on Joint Programming](https://popp.undp.org/node/2891)

# UNDP Revenue Recognition policy paper

* [IPSAS 23 Policy Paper](https://popp.undp.org/node/2931)