



# **European Commission United Nations Development Programme International IDEA**

***Joint Training on  
Effective Electoral Assistance***

**DAY 5**

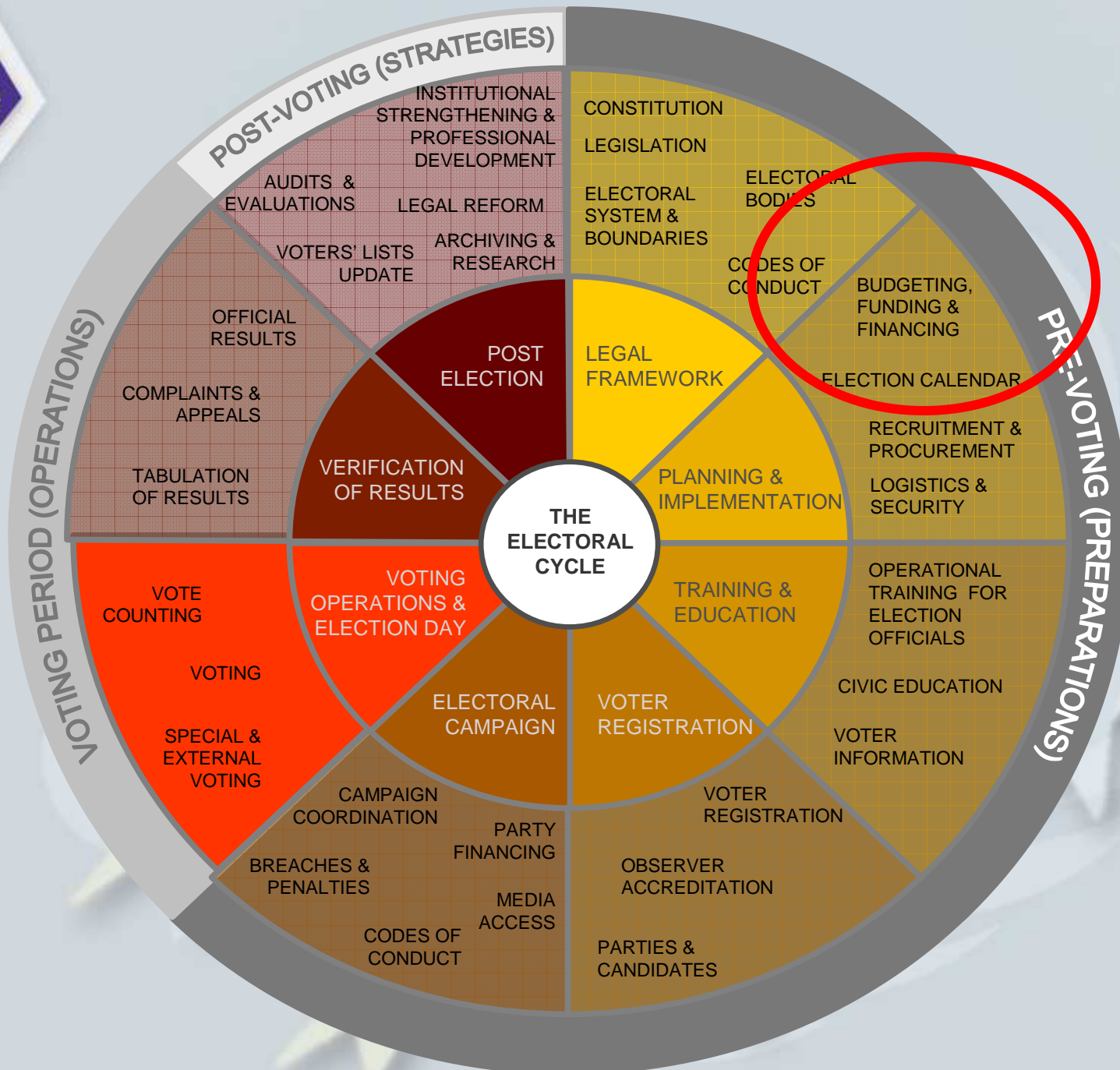
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# Project Budgeting & Resources Framework

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Joint Training on  
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# Funding mechanisms

When donor funding is raised in support of a UNDP project, then UNDP has two principal instruments to receive and manage such funding: **cost-sharing** and **trust funds**.

In the context of electoral support, '**basket fund**' arrangements can be established to better coordinate the implementation of these very complex, politically sensitive and highly visible projects.



# Cost-sharing agreements

- Cost-sharing is the **standard a co-financing modality** under which contributions can be received from “third parties” for specific UNDP projects in line with UNDP policies, aims and activities.
  - ➔ Contributors are called **third parties** because they are not parties to signing the project document.
- These funds are **multi-donors** in nature, meaning that as many donors as possible or necessary can contribute to a project .
- Funding is co-mingled and **can include funds from UNDP**



# Trust Fund

- Trust fund is a co-financing modality established as a **separate accounting entity** under which UNDP receives contributions to finance UNDP programme activities specified by the donor(s).
  - ➔ Trust fund is established by the Executive Board or by the Administrator.
- Trust fund is established either on the basis of a written agreement signed on behalf of UNDP and one or more donors or by the **issuance of ToR** for the trust fund in anticipation of receipt of contributions from prospective donors.





# Closed Trust Fund

- Any contribution from the European Commission has to be received on the basis of a standard '**closed trust fund**' arrangement.
- A closed trust funds allows receipt of only one **contribution from one donor in support of one particular project**; or, in other words, it is 'closed' to other donors and projects.
  - ➔ Closed trust fund contributions are treated the same way as cost sharing in ATLAS
  - ➔ Both arrangements are considered project-level co-financing with financial reporting at the project level.



# Basket Fund

- **Basket funds** do not represent a new funding mechanism; in such arrangements, funding continues to be received on the basis of UNDP's **standard cost-sharing** and for the EC, on a **closed trust fund arrangements**.
- **Electoral 'Basket fund'** is an instrument aimed at
  - Improving coordination among donors and partners, in particular recipient EMBs
  - Enhancing technical assistance effectiveness
  - Offering effective resource allocation (hence avoiding duplication of support and financial overlap)
  - Increasing international donors technical support and/or political leverage and visibility
  - Facilitating networking and collaboration with other partners





# Results & Resources Framework

Helps translate a policy decision into concrete activities with clear references to:

- Intended Outcome → Global Referent- what is the overall-long-term objective of the technical assistance project
- Outcome indicators → measurable achievements
- Intended outputs** → **Sectorial Referents** – what are the different sectors/areas covered by the technical assistance project
- Output targets (yearly)
- Indicative activities** –detailed listing of activities
- Responsible parties
- Inputs** → **both financial and managerial**



## Budget formulation: Two main approaches

### **Baseline budgeting**

Start designing budget proposal according to financial figures extracted from previous budgetary operations

### **Zero base budgeting**

Design budget proposal without reference to previous exercise



## How to address TA budgeting?

Two standard and complementary approaches to identify financial requirements of an electoral exercise:

- Project focused budgeting formulation
- Electoral event consolidated budget design

A new approach in line with the electoral cycle approach

- Electoral cycle budget forecast



# Project output-based budget Vs. electoral event-based budget

## Project-based budgeting:

Standard budgeting procedure is to determine financial requirements according to project outputs and detailed activities :

- Top down approach,
- Narrow focus on project outputs
- In isolation from the EMB financial structure
- Risk of duplication, overlaps and shortfalls

## Electoral-event budgeting

Design budget according to the elections financial requirements and aggregate the funding requirements for both the EMB and the TA project into a consolidated budget, covering the electoral exercise:

- Bottom up approach,
- Project budget becomes complementary to the EMB's one
- Identify financial gaps
- Assess the cost of the elections



# Consolidated budget electoral event

## REPUBLIQUE DEMOCRATIQUE DU CONGO COMMISSION ELECTORALE INDEPENDANTE BUDGET ELECTORAL PREVISIONNEL



Réunion des donateurs sur le processus électoral en RDC  
Bruxelles, 11 juillet 2005

Code	Libellé	Budget prévisionnel	
CEI	COMMISSION ELECTORALE INDEPENDANTE	\$23.090.896	
BNO	APEC CEI Opérations (BNO et Cellules techniques)	\$22.923.344	
UTE	APEC (PNUD) Unité technique	\$16.956.775	
ENR	APEC ENROLEMENT DES ELECTEURS	\$110.068.425	
REF	APEC SCRUTIN REFERENDAIRE	\$27.230.193	
ELE	APEC SCRUTINS COMBINES	\$70.721.829	
LOG	MONUC LOGISTIQUE ELECTORALE	\$103.503.151	
SEC	PNUD SECURISATION DES ELECTIONS	\$48.440.974	
		<b>\$422.935.587</b>	



## Electoral event budget: towards a consolidated budgeting approach

- Consolidate the different budgets (EA, EMB, Security) into a **single budget** encompassing all components of the electoral exercise.
- The budget formulation should start being devised upon endorsement of the EMB strategic plan
- The budget exercise is aimed at allocating adequate resources against the **outputs (objectives) of the strategic plan** and at meeting performance indicators
- Once elaborated budget should be assessed against **operational plan** (initial assumptions verified)
- In the absence of strategic plan in place, project budgeting will simply rely on **project outputs** → back to project-based budget





# Electoral Cycle Budgeting Exercise

- Look at the funding requirements from a long term perspective
- Assess the pre-election, election and post election requirements and put emphasis on the **“in-between”** elections
- Help secure funding for the “low season” of the electoral cycle to address **recommendations** from post-election assessments and observer reports
- Put emphasis on **capacity-building**, legal reform, check-and-balance (accountability) , inclusiveness ...etc.
- Develop synergies with other support activities
- Estimate the likely funding allocation from Government to identify potential gaps and shortfalls



# Challenges to electoral cycle budgeting

- Assess financial needs against specific outputs / activities
- Work on accurate assumptions
- Visualize scenari
- Raise funds when there is no election on the agenda
- Address long-term CapBuild with recipient institutions
- Government financial commitments



## From ATLAS to EC budget

### **ATLAS**

### **EC format**

Output-designed budget

Breakdown by **Activities** /  
**Donors** / **Account Codes**

- Personnel expenses
- General operating expenses
- Overhead expenses
- Miscellaneous
- Contingencies

- Expertise
- Per diem
- Transport
- Office costs
- Procurement
- Overheads



# Output-based budget formulation

UNDP Zambia  
 Years 2007-2008  
 Project Number: *tbd*  
 Preparatory assistance to the electoral cycle (PAEC)

Description	Euros	USD
1 ECZ capacity building	372.229 Ū	\$521.121
1.1 Strengthening the ECZ	58.357 Ū	\$81.700
1.2 Training	113.237 Ū	\$158.532
1.3 Electoral procedures review	32.857 Ū	\$46.000
1.4 strategic and operational planning	167.778 Ū	\$234.889
2 Harmonizing civic and voter registration	47.857 Ū	\$67.000
3 Enhancing civic participation	37.857 Ū	\$53.000
<b>Total implementation</b>	<b>457.944 Ū</b>	<b>\$641.121</b>
Indirect cost	32.056 Ū	\$44.879
<b>TOTAL BUDGET</b>	<b>490.000 Ū</b>	<b>\$686.000</b>

Exchange rate 1,4 USD / 1 Euro



## ATLAS ACCOUNT CODES

- Personnel expenses (**71000**)
  - ALD employee costs
  - International consultants
  - Local consultants
  - Contractual services individuals
  - UN Volunteers
  - Travel
- General operating expenses (**72000**)
  - Contractual services companies
  - Equipment & furniture
  - Materials and Goods
  - Comms & audiovisual equipment
  - Supplies
  - Grants
  - Hospitality
  - IT equipment
- Overhead expenses (**73000**)
  - Rental premises
- Miscellaneous (**74000**)
  - Professional services
  - Audiovisual printing costs
  - Miscellaneous (sundry)
- Contingencies (**75000**)



## At last but not least

- The project/programme budget must be agreed upon between UNDP, EC, other contributors (donors), the EMB and other stakeholders
- Transparency and accountability are paramount