European Commission
United Nations Development Programme
International IDEA

Joint Training on
Effective Electoral Assistance

DAY 5
Brussels, 22-26 October 2007
Project Budgeting & Resources Framework

Jerome Leyraud
Election Specialist

Joint Training on Effective Electoral Assistance
Day 5
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 fund 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
REPUBLIQUE DEMOCRATIQUE DU CONGO
COMMISSION ELECTORALE INDEPENDANTE
BUDGET ELECTORAL PREVISIONNEL

R’union des donateurs sur le processus électoral en RDC
Bruxelles, 11 juillet 2005

<table>
<thead>
<tr>
<th>Code</th>
<th>Libellé</th>
<th>Budget pr´visionnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEI</td>
<td>COMMISSION ELECTORALE INDEPENDANTE</td>
<td>$23.090.896</td>
</tr>
<tr>
<td>BNO</td>
<td>APEC CEI Op´rations (BNO et Cellules techniques)</td>
<td>$22.923.344</td>
</tr>
<tr>
<td>UTE</td>
<td>APEC (PNUD) Unité technique</td>
<td>$16.956.775</td>
</tr>
<tr>
<td>ENR</td>
<td>APEC ENROLEMENT DES ELECTEURS</td>
<td>$110.068.425</td>
</tr>
<tr>
<td>REF</td>
<td>APEC SCRUTIN REFERENDAIRE</td>
<td>$27.230.193</td>
</tr>
<tr>
<td>ELE</td>
<td>APEC SCRUTINS COMBINES</td>
<td>$70.721.829</td>
</tr>
<tr>
<td>LOG</td>
<td>MONUC LOGISTIQUE ELECTORALE</td>
<td>$103.503.151</td>
</tr>
<tr>
<td>SEC</td>
<td>PNUD SECURISATION DES ELECTIONS</td>
<td>$48.440.974</td>
</tr>
</tbody>
</table>

$422.935.587
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 scenarios
- 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**

Output-designed budget

Breakdown by Activities / Donors / Account Codes

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

**EC format**

- 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)

<table>
<thead>
<tr>
<th>Description</th>
<th>Euros</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ECZ capacity building</td>
<td>372,229</td>
<td>$521,121</td>
</tr>
<tr>
<td>1.1 Strengthening the ECZ</td>
<td>58,357</td>
<td>$81,700</td>
</tr>
<tr>
<td>1.2 Training</td>
<td>113,237</td>
<td>$158,532</td>
</tr>
<tr>
<td>1.3 Electoral procedures review</td>
<td>32,857</td>
<td>$46,000</td>
</tr>
<tr>
<td>1.4 strategic and operational planning</td>
<td>167,778</td>
<td>$234,889</td>
</tr>
<tr>
<td>2 Harmonizing civic and voter registration</td>
<td>47,857</td>
<td>$67,000</td>
</tr>
<tr>
<td>3 Enhancing civic participation</td>
<td>37,857</td>
<td>$53,000</td>
</tr>
<tr>
<td>Total implementation</td>
<td>457,944</td>
<td>$641,121</td>
</tr>
<tr>
<td>Indirect cost</td>
<td>32,056</td>
<td>$44,879</td>
</tr>
<tr>
<td>TOTAL BUDGET</td>
<td>490,000</td>
<td>$686,000</td>
</tr>
</tbody>
</table>

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