

Item 6: Balance of Funds for Transfer to the Red Book

Background:

The Direct Funding facility is a flexible mechanism used to address development activities that are not easily addressed through the Government Red Book system.

In situations where activities approved for Direct Funding do not progress as intended or do not add up to the total budget available under the Direct Funding facility, the Steering Committee can transfer the estimated balance of unused funds to the Government Red Book.

Based on the expenditures incurred till date, the current amount of outstanding advances with implementing agencies, the registered financial commitments and obligations for the remaining period of the year, the Secretariat has calculated the amount of funds that will remain unutilised by end of the calendar year, and therefore can be transferred to the Government's Red Book by end of the month. Table 6.1 below summarises the calculations.

Table 6.1: Balance of funds for transfer to Red Book.

Programme	DKK (million) *	NRS (million)
EFA	0.5	7.2
SESP	3.8	55.9
Total	4.3	63.0

* Note: Exchange rate in use of 18-Aug-09 is DKK 1 = NRS 14.79

Objective:

The objective of this item on the agenda is to ensure the optimal utilisation of the funds available under the Direct Funding facility.

Expected Outputs:

The information on financial progress till date combined with estimated funds requirement for the remaining period till end of December 2009 will allow the SC members to decide the amount of funds that should be transferred to the Government Red Book system during the last week of November 2009.

Financial implications:

To be assessed following the SC's decision on the amount to be transferred to the Government Red Book.

Post Review:
Ongoing

Recommendation:

The estimated balance of funds that will remain unutilised at the end of the year is presented for the SC's information and discussion. It is recommended that the SC decides the amount to be transferred to the Government Red Book and facilitates the transfer of these funds by creating space in the Red Book during the last week of November.

Supporting Documents:

A more detailed break down of the estimate of balance of funds that will remain by end of the year and can be transferred to the Government's Red Book is included with the meeting documents immediately after this agenda item page. The estimate is based on current expenditures till date, amount of outstanding advances and the current schedule of financial commitments and payments to be made.