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Resilient nations.*

Consolidated Annual Financial Report on Activities Implemented under the Somalia Common Humanitarian Fund

Report of the Administrative Agent of the Somalia CHF for the period 1 January – 31 December 2012

Multi-Partner Trust Fund Office
Bureau of Management
United Nations Development Programme

<http://mpf.undp.org>

15 May 2013

PARTICIPATING UN ORGANIZATIONS



Food and Agriculture Organization (FAO)



United Nations Children's Fund (UNICEF)



United Nations Development Programme (UNDP)

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United Nations Human Settlements Programme (UN-HABITAT)



United Nations High Commissioner for Refugees (UNHCR)



UN Office for the Coordination of Humanitarian Affairs (OCHA)



United Nations Office for Project Services (UNOPS)



United Nations Population Fund (UNFPA)



World Food Programme (WFP)



World Health Organization (WHO)

PARTICIPATING NON-UN ORGANIZATIONS



International Organization for Migration (IOM)

CONTRIBUTORS



Australian Agency for International Development (AusAID)



Azerbaijan



Denmark



Finland



Germany



Guyana



Irish AID



Italy



Netherlands



Norway



Poland



Swedish International Development Cooperation (Sida)



Swiss Agency for Development and Cooperation (SDC)



UK Department For International Development (DFID)

Private Sector

DEFINITIONS

Approved Project

A project document, including budget, etc., that is approved by the Humanitarian Coordinator for fund allocation purposes.

Delivery rate

A financial indicator of the percentage of funds that have been utilized by comparing the expenditures reported by a Participating Organization against the 'net funded amount' (i.e. the amount transferred to the Participating Organization by the MPTF Office, less any refunds transferred back by the Participating Organization). The delivery rate may be calculated for an individual project within a Fund or for a Participating Organization across a Fund.

Contributor Commitment

An amount intended to be contributed by a contributor to a Fund based on a signed Standard Administrative Arrangement (SAA) with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent of the Somalia CHF. The commitment may have been fulfilled through a deposit received from the contributor to the Fund or expected to be fulfilled through a future deposit.

Contributor Deposit

A deposit of cash for the Fund received and applied by the UNDP MPTF Office.

Indirect support costs

A general cost that cannot be directly related to any particular project or activity of the Participating Organizations. As per UNDG policy, all UN entities may charge a maximum of 7 percent as indirect costs.

Managing Agent

A UN Organization that has signed the MOU as a Participating UN Organization (PUNO) and performs an oversight function vis-à-vis NGOs receiving funding. In the case of the Somalia CHF OCHA is the Managing Agent. The Managing Agent has the same obligations as any other PUNO that has signed the MOU, including for reporting.

Net funded amount

The amount transferred to the Participating Organization by the MPTF Office, less any refunds transferred back by the Participating Organization.

Participating Organizations

The Organizations that have signed a Memorandum of Understanding with the UNDP MPTF Office.

Project Expenditure

The sum of expenses reported by all Participating Organizations irrespective of which basis of accounting each Participating Organization follows.

Total Approved Budget

Amount approved by the Humanitarian Coordinator.

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1. INTRODUCTION

This Consolidated Annual Financial Report of the Somalia Common Humanitarian Fund (Somalia CHF) is prepared by the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office) in fulfillment of its obligations as Administrative Agent of the Somalia CHF, contained under the Somalia CHF Guidelines, the Memorandum of Understanding (MOU) signed between the UNDP MPTF Office and the Participating Organizations, and the Standard Administrative Arrangements (SAAs) signed with contributors.¹

The MPTF Office, as Administrative Agent for the Somalia CHF, is responsible for concluding an MOU with Participating Organizations and SAAs with contributors. It receives, administers and manages contributions from contributors, and disburses these funds to the Participating Organizations in accordance with the decisions of the Humanitarian Coordinator (HC). The Administrative Agent prepares and submits annual consolidated financial reports, as well as regular financial statements on the Somalia CHF account to the HC, for transmission to contributors.

This consolidated financial report covers the period 1 January to 31 December 2012 and provides financial data on progress made in the implementation of projects funded by the Somalia CHF. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/HSO10>).

¹ This Report has been shared by the Administrative Agent with the Humanitarian Coordinator for Somalia, and OCHA for inclusion in the final Somalia CHF Annual Report. For increased public transparency, it is posted on the MPTF Office GATEWAY (mptf.undp.org).

2. FINANCIAL OVERVIEW

The Somalia CHF was established in May 2010, as an upgrade of the Humanitarian Response Fund (HRF) in Somalia to a larger and more strategic Common Humanitarian Fund.

By the end of 2012, total contributions of US\$ 201.86 million have been received from fifteen contributors as further described in Section 3.

Table 1 provides an overview of the overall sources, uses, and balance of the Somalia CHF as of 31 December 2012. Out of US\$ 201.86 million received from contributors, US\$ 198.55 million has been transferred to the Participating Organizations.

Apart from contributions, the Somalia CHF also receives funds from interest income earned on the balance of funds. Earned interest comprises two sources of interest income: (1) interest earned on the balance of funds held by the Administrative Agent; and (2) interest earned on the balance of funds held by Participating Organizations where the Financial Regulations and Rules of the Participating Organization permit remittance of interest. By the end of 2012, the earned interest amounted to US\$ 495,313. All interest credited to the Fund is used for additional projects as determined by the Humanitarian Coordinator.

The Administrative Agent (AA) fee is charged at the standard rate of 1 percent of contributions received. In 2012, the AA fees charged to the Somalia CHF totaled US\$ 710,142.

Table 1: Financial Overview for the period ending 31 December 2012 (in US Dollars)

	Annual 2011	Annual 2012	Cumulative
Sources of Funds			
Gross Contributions	99,666,477	71,014,223	201,862,374
Fund Earned Interest Income	176,644	194,617	476,991
Interest Income received from Part Organizations	-	18,322	18,322
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MPTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	99,843,122	71,227,162	202,357,687
Use of Funds			
Transfer to Participating Organizations	87,285,047	90,553,586	198,549,902
Refunds received from Participating Organizations	-	(11,441)	(11,441)
Net Funded Amount to Participating Organizations	87,285,047	90,542,145	198,538,461
Admin Agent Fees	996,665	710,142	2,018,624
Direct Costs: (Secretariat...etc.)	-	-	-
Bank Charges	1,201	1,433	2,634
Other Expenditures	-	-	-
Total: Uses of Funds	88,282,913	91,253,720	200,559,718
Change in Fund cash balance with Admin Agent	11,560,209	(20,026,558)	1,797,968
Opening Fund balance (1 January)	10,264,317	21,824,526	-
Closing fund balance (31 December)	21,824,526	1,797,968	1,797,968
Net Funded Amount to Participating Organizations	87,285,047	90,542,145	198,538,461
Participating Organizations' Expenditure	88,427,978	75,255,709	175,818,796
Balance of Funds with Participating Organizations			22,719,665

3. PARTNER CONTRIBUTIONS

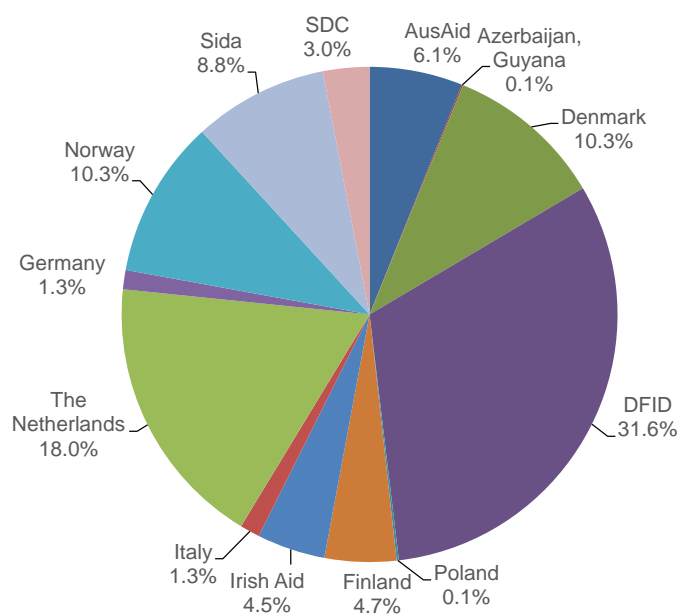
Table 2 displays the breakdown of the received contributions. The Somalia CHF is currently being financed by fifteen contributors that have signed SAAs, namely the Governments of Azerbaijan, Denmark, Finland, Germany, Guyana, Italy, Netherlands, Norway, and Poland, the Australian Agency for International Development (AusAID), the UK's Department for International Development (DFID), the Irish Aid, Swedish the International Development Cooperation Agency (Sida), the Swiss Agency for Development & Cooperation (SDC), and a private individual. **In 2012 Somalia CHF received US\$ 71.01 million in contributions**, bringing the total fund contributions to US\$ 201.86 million.

Table 2: Contributions (in US Dollars)

Contributors	Deposits		
	Prior Years as of 31 Dec 2011	Current Year Jan – Dec 2012	Total
AusAid	3,098,400	9,154,900	12,253,300
Azerbaijan	100,000	-	100,000
Denmark	15,518,793	5,332,480	20,851,273
DFID	38,748,523	25,086,400	63,834,923
Finland	5,428,200	3,990,600	9,418,800
Germany	-	2,529,700	2,529,700
Guyana	75,000	-	75,000
Irish Aid	4,695,630	4,291,700	8,987,330
Italy	2,618,000	-	2,618,000
Netherlands	27,742,657	8,500,000	36,242,657
Norway	17,359,803	3,474,032	20,833,835
Poland	297,921	-	297,921
Private sector	10,000	-	10,000
Sida	10,844,650	6,852,960	17,697,610
SDC	4,310,574	1,801,452	6,112,026
Grand Total :	130,848,151	71,014,223	201,862,374

As shown in Figure 1, the four biggest contributors to the Somalia CHF have been DFID (31.6 percent), the Netherlands (18.0 percent), Norway (10.3 percent) and Denmark (10.3 percent).

Figure 1: Deposits by Contributor, cumulative as of 31 December 2012 (in percentages)



4. INTEREST EARNED

Table 3 provides a summary of the interest earned.

4.1 ADMINISTRATIVE AGENT (FUND-LEVEL) EARNED INTEREST

During the reporting period, the Somalia CHF AA (Fund-level) earned interest income was US\$ 194,617, which when combined with the interest income for prior years brings the total Fund-level earned interest to US\$ 476,991.

4.2 INTEREST EARNED BY PARTICIPATING ORGANIZATIONS

All interest earned by the Participating Organizations is credited to the Somalia CHF account unless the governing bodies of the said Participating Organizations have approved decisions that govern the specific use of interest earned on contributions. US\$ 18,322 in interest earnings was received from FAO and UNDP.

Table 3: Earned Interest and Investment Income (in US Dollars)

Administrative Agent	Prior Years as of 31 Dec 2011	Current Year Jan – Dec 2012	Total
Fund Earned Interest and Investment Income	282,374	194,617	476,991
Total – Fund Earned Interest and Investment Income	282,374	194,617	476,991
FAO	-	383	383
UNDP	-	17,939*	17,939
Total - Interest Income received from PO	-	18,322	18,322
Total	282,374	212,939	495,313

*The 2011 earned interest reported in 2012.

5. TRANSFER OF FUNDS

With the overall aim of improving the timeliness and coherence of the humanitarian response, improving needs assessment and enhancing the Consolidated Appeal Process (CAP), upon decision of the Humanitarian Coordinator transfers of funds were made to projects in ten Clusters of the Somalia CHF namely: Agriculture and Livelihoods, Education, Enabling Programming, Food Assistance, Health, Logistics, Nutrition, Protection, Shelter and Non-Food Items (NFIs), and Water and Sanitation (WASH).

5.1 TRANSFERS TO PARTICIPATING ORGANIZATIONS

Ten Participating Organizations have signed the MOU for the Somalia CHF since its inception in May 2010. **In 2012 the Administrative Agent, based on the approval of the HC, transferred US\$ 90.55 million to ten Participating Organizations, bringing the total cumulative amount transferred to US\$ 198.55 million.** The distribution of transferred funding, consolidated by Participating Organization is summarized in Table 4. The term "Net Funded Amount" refers to amounts transferred to a Participating Organization less any refunds transferred back by the Participating Organization.

Table 4: Transfers, Refunds and Net Funded Amount by Participating Organization (in US Dollars)

Participating Organization	Prior Years as of 31 Dec 2011			Current Year Jan - Dec 2012			Total		
	Transfers	Refunds	Net Funded Amount	Transfers	Refunds	Net Funded Amount	Transfers	Refunds	Net Funded Amount
FAO	5,486,244	-	5,486,244	5,104,658	(11,441)	5,093,216	10,590,902	(11,441)	10,579,461
NGO/OCHA	75,323,349	-	75,323,349	61,275,845	-	61,275,845	136,599,194	-	136,599,194
OCHA	-	-	-	665,075	-	665,075	665,075	-	665,075
UNDP	2,216,024	-	2,216,024	960,000	-	960,000	3,176,024	-	3,176,024
UNFPA	500,000	-	500,000	1,176,368	-	1,176,368	1,676,368	-	1,676,368
UNHABITAT	-	-	-	854,224	-	854,224	854,224	-	854,224
UNHCR	2,960,020	-	2,960,020	2,943,250	-	2,943,250	5,903,269	-	5,903,269
UNICEF	13,130,330	-	13,130,330	6,021,081	-	6,021,081	19,151,411	-	19,151,411
UNOPS	398,793	-	398,793	1,511,471	-	1,511,471	1,910,264	-	1,910,264
WFP	4,695,100	-	4,695,100	7,533,217	-	7,533,217	12,228,317	-	12,228,317
WHO	3,286,456	-	3,286,456	2,508,399	-	2,508,399	5,794,855	-	5,794,855
Grand Total	107,996,316	-	107,996,316	90,553,586	(11,441)	90,542,145	198,549,902	(11,441)	198,538,461

OCHA serves as a Managing Agent (MA) for funds approved by the HC for implementation by NGOs. As shown in Table 4 and Figure 2, in 2012 OCHA as a Managing Agent received the largest share of funding for NGO projects (US\$ 61.28 million or 67.7 percent), followed by WFP (US\$ 7.53 million or 8.3 percent), UNICEF (US\$ 6.02 million or 6.7 percent), FAO (US\$ 5.10 million or 5.6 percent), UNHCR (US\$ 2.94 million or 3.3 percent), WHO (US\$ 2.50 million or 2.8 percent) and others, as shown in Figure 2.

Figure 2: Net funded amount by Participating Organization for the period of 1 January to 31 December 2012 (in percentages)

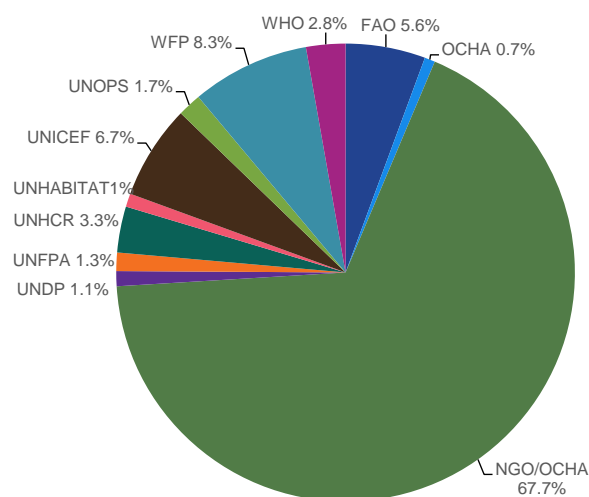


Photo: Nutrition project in Mogadishu. Wet feeding for children. NGO SCAID.2012

5.2 TRANSFERS BY CLUSTER

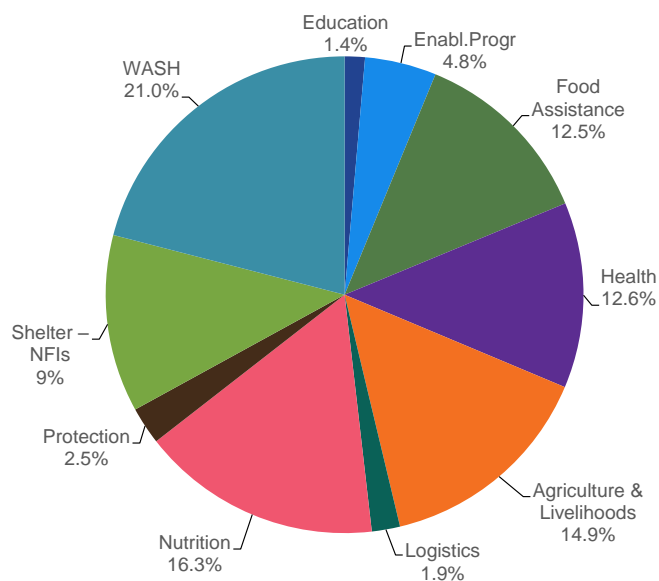
The Somalia CHF has the following ten clusters: Education, Enabling Programming, Food Assistance, Health, Agriculture and Livelihoods, Logistics, Nutrition, Protection, Shelter and NFIs, and WASH. Table 5 below shows the total approved funding by Cluster.

Table 5: Cumulative Net funded amount by Cluster as of 31 December 2012 (in US Dollars)

Clusters	Total Net Funded Amount
Agriculture and Livelihoods	29,658,153
Education	2,720,255
Enabling Programming	9,613,768
Food Assistance	24,876,871
Health	25,003,088
Logistics	3,791,198
Nutrition	32,320,961
Protection	5,050,462
Shelter – NFIs	23,882,091
WASH	41,633,054
Total	198,549,902

As shown in Figure 3, the clusters receiving the largest share of funding in 2012 were: WASH (21.0 percent), Nutrition (16.3 percent), Agriculture and Livelihoods (14.9 percent), Health (12.6 percent) and Food Assistance (12.5 percent).

Figure 3: Cumulative Net funded amount by Cluster as of 31 December 2012 (in percentages)



6. EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATIONS

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed upon categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) set six categories against which UN entities must report project expenditures. Effective 1 January 2012, the UN Chief Executive Board modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditures reported up to 31 December 2011 are presented in the previous six categories, and all expenditure reported from 1 January 2012 are presented in the new eight categories. The old and new categories are noted to the right.

The reported expenditures were submitted to the MPTF Office by the Participating Organizations via UNEX – the MPTF Office's expenditure reporting tool. The 2012 expenditure data has been posted on [MPTF Office GATEWAY](#) and can be found in this report in Tables 6 and 7.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies
2. Personnel
3. Training
4. Contracts
5. Other direct costs
6. Indirect costs

6.1 OVERALL EXPENDITURE AND FINANCIAL DELIVERY RATES

Table 6a presents the net funded amount, expenditures incurred and the financial delivery rates with breakdown by Participating

Table 6a: Expenditure with breakdown by Participating Organization (in US Dollars)

Participating Organization	Current Year Jan-Dec 2012		Total		Delivery Rate (%)
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
FAO	5,093,216	1,515,992	10,579,461	4,682,455	44
NGO/OCHA	61,275,845	60,862,410	136,599,194	135,693,388	99
OCHA	665,075	469,156	665,075	469,156	71
UNDP	960,000	1,809,042	3,176,024	2,999,282	94
UNFPA	1,176,368	779,149	1,676,368	1,072,182	64
UNHABITAT	854,224	15,492	854,224	15,492	2
UNHCR	2,943,250	1,684,468	5,903,269	4,381,937	74
UNICEF	6,021,081	3,311,555	19,151,411	14,318,441	75
UNOPS	1,511,471	417,861	1,910,264	813,883	43
WFP	7,533,217	3,193,690	12,228,317	7,888,790	65
WHO	2,508,399	1,196,894	5,794,855	3,483,790	60
Total	90,542,145	75,255,709	198,538,461	175,818,796	89

Table 6b: Expenditure with breakdown by Cluster (in US Dollars)

Clusters	Current Year Jan-Dec 2012		Total		Delivery Rate (%)
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Education	2,402,614	2,395,691	2,720,255	2,713,331	100
Enabling Programming	6,199,888	4,119,129	9,613,768	6,507,224	68
Food Assistance	18,572,259	17,395,977	24,876,871	23,700,589	95
Health	9,410,628	7,620,882	25,003,088	21,234,719	85
Agriculture and Livelihoods	1,227,359	2,398,660	29,646,712	28,498,231	96
Logistics	2,796,098	2,796,098	3,791,198	3,791,198	100
Nutrition	15,717,647	9,605,286	32,320,961	25,823,989	80
Protection	4,184,991	4,161,126	5,050,462	4,764,046	94
Shelter – NFIs	14,050,178	8,841,285	23,882,091	18,673,196	78
WASH	15,980,482	15,921,576	41,633,054	40,112,365	96
Total	90,542,145	75,255,709	198,538,461	175,818,796	89

Organization, and Table 6b shows the net funded amount, expenditures incurred and the financial delivery rates, by Cluster. In 2012, US\$ 90.54 million was transferred to Participating Organizations, which reported US\$ 75.26 million in expenditure.

The cumulative **delivery rate** as at 31 December 2012 is **89 percent**. This delivery rate is a solid indicator of the Somalia CHF's robust performance since its establishment.

The Clusters that have reported the highest expenditure cumulatively were WASH with US\$ 40.11 million in expenditure; Agriculture and Livelihoods with US\$ 28.50 million; Nutrition with US\$ 25.82 million and Food Assistance with US\$ 23.70 million, as shown in Figure 4.

Figure 5 depicts the cumulative delivery rate by Cluster. Logistics reported 100 percent; Education reported more than 99 percent and WASH and Food assistance more than 95 percent delivery rate at the end of 2012.

Figure 5: Cumulative Delivery Rate by Cluster as of 31 December 2012 (in percentages)

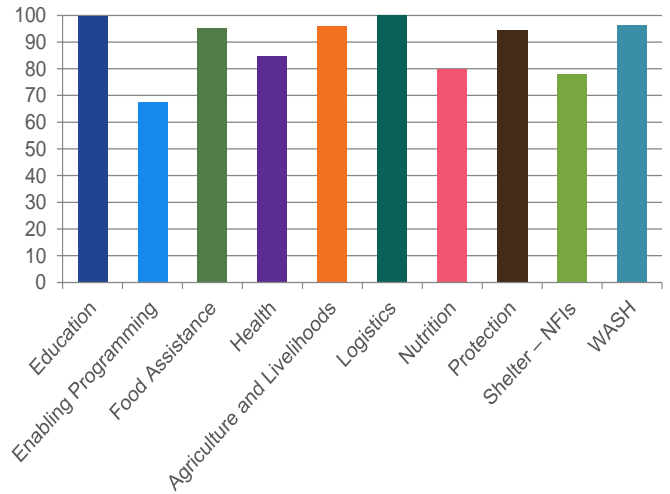
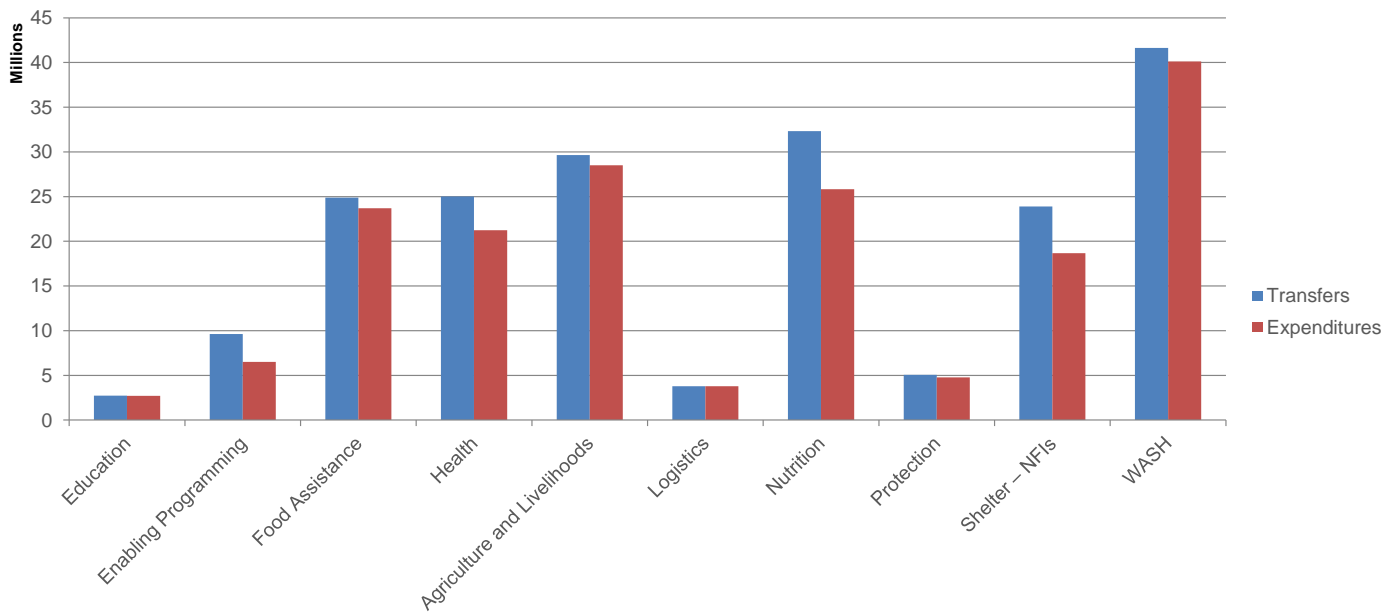


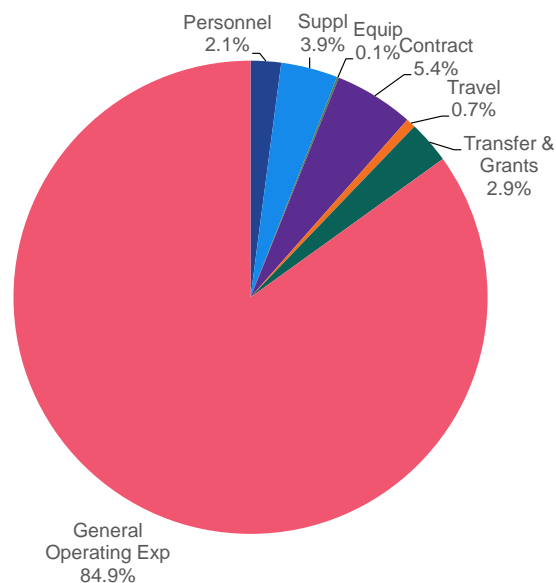
Figure 4: Cumulative Net Funded Amount and Expenditure with Breakdown by Cluster



6.2 TOTAL EXPENDITURE REPORTED BY CATEGORY

Table 7 shows the expenditure of the CHF as per the agreed upon reporting categories. As per Figure 6, the highest amounts of 2012 expenditure were: General Operating Expenses (US\$ 61.39 million or 85 percent), followed by Contractual Services (US\$ 3.92 million or 5 percent) and Supplies, Commodities and Materials (US\$2.80 million or 4 percent). The high percentage of expenditure reported against 'General Operating Expenses' category is due to the fact that NGO projects (for which OCHA serves as a Managing Agent) recorded most of their expenditure against the above-mentioned category.

Figure 6: Expenditure by new budget category 1 January through 31 December 2012 (in percentage)



Note: "General Operating Expenses" category is the highest expenditure category in 2012 (84.9 percent), due to the recording the NGO expenditure in this category by OCHA, as explained above.

Table 7: Total Expenditure by Category (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31 Dec 2011	Current Year Jan-Dec 2012	TOTAL	
Supplies, Commodities, Equipment and Transport (Old)	13,054,474	-	13,054,474	7.73
Personnel (Old)	4,178,697	-	4,178,697	2.47
Training of Counterparts (Old)	152,121	-	152,121	0.09
Contracts (Old)	4,989,527	-	4,989,527	2.95
Other direct costs (Old)	74,293,079	-	74,293,079	43.98
Staff & Personnel Cost (New)	-	1,496,400	1,496,400	0.89
Suppl, Comm, Materials (New)	-	2,800,670	2,800,670	1.66
Equip, Veh, Furn, Depn (New)	-	94,711	94,711	0.06
Contractual Services (New)	-	3,919,277	3,919,277	2.32
Travel (New)	-	474,695	474,695	0.28
Transfer and Grants(New)	-	2,102,723	2,102,723	1.24
General Operating Expenses (New)	-	61,387,099	61,387,099	36.34
Programme Costs Total	96,667,898	72,275,575	168,943,473	100.00
Indirect Support Costs Total	3,895,188	2,980,135	6,875,323	4.07
Grand Total	100,563,087	75,255,709	175,818,796	0.00

7. COST RECOVERY

The cost recovery for the Somalia CHF is guided by the applicable provisions of the Somalia CHF Guidelines, the SAAs concluded by the MPTF Office, as the AA of the Somalia CHF, with contributors, and the MOU concluded with the Participating Organizations.

For the period ending 31 December 2012, the actual costs were as follows:

- a) The AA fee of US\$ 2.02 million, charged for the entire duration of the fund, is one percent of total contributions deposited in the fund bank account as per the SAA and the MOU, and is in line with the AA fee charged by UNDP MPTF Office for administering similar funds.
- b) The cumulative indirect support costs of the Participating Organizations as of 31 December 2012 were US\$ 6.88 million, which represents 4.07 percent of total programme costs.

This information is presented in Tables 1 and 7.

8. ACCOUNTABILITY AND TRANSPARENCY

The MPTF Office continued to provide information on its GATEWAY (<http://mptf.undp.org>)—a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on contributions, programme budgets and transfers to Participating Organizations. All MPTF Office reports are published on the MPTF Office GATEWAY which provides easy access to nearly 9,600 relevant reports and documents, with tools and tables displaying financial and programme data. By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partners.