



UNITED NATIONS  
DEVELOPMENT GROUP



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Resilient nations.*

**Consolidated Annual Financial Report on  
Activities Implemented under the Joint Programme  
“Local Governance and Decentralized Service Delivery in Somalia”  
(JPLG)**

**Report of the Administrative Agent  
for the period 1 January - 31 December 2012**

**Multi-Partner Trust Fund Office**  
Bureau of Management  
United Nations Development Programme  
<http://mptf.undp.org>

31 May 2013

## PARTICIPATING ORGANIZATIONS



International  
Labour  
Organization

International Labour Organization (ILO)



United Nations Capital Development Fund (UNCDF)



United Nations Children's Fund (UNICEF)



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United Nations Development Programme (UNDP)

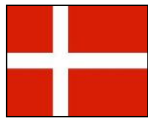


United Nations Human Settlements Programme  
(UN-HABITAT)

## CONTRIBUTORS



UK Department For International Development (DFID)



Danish International Development Agency (DANIDA)



Norway



Swedish International Development Cooperation (Sida)

## **DEFINITIONS**

### **Contributor Deposit**

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

### **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 a Joint Programme or by Participating Organization within a Joint Programme.

### **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.

### **Net funded amount**

The amount transferred to a 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 MPTF Office.

### **Expenditure**

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

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## 1. Introduction

The UN Joint Programme on Local Governance and Decentralized Service Delivery (JPLG) in Somalia is a country-level joint programme involving five partners: UNHABITAT, UNDP, UNICEF, ILO and UNCDF. From its inception, funding of the JPLG has comprised a hybrid structure consisting of both pass-through and bilateral fund mechanisms.

The Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP) serves as the Administrative Agent of the pass-through funded portion of the Joint Programme and is responsible for concluding Memorandum of Understanding (MOU) with Participating Organizations and Standard Administrative Arrangements (SAA) with contributors. The MPTF Office receives, administers and manages contributions from Donors, and disburses these funds to the Participating UN Organizations in accordance with the decisions of the JPLG Steering Committee. The Administrative Agent receives and consolidates annual financial reports and submits to the Steering Committee. Some Administrative Agent (AA) functions of the JPLG are exercised by the Somalia UNDP Country Office under a delegation of authority issued by the MPTF Office Executive Coordinator to the UNDP Somalia Country Director.

This Consolidated Annual Financial Report of JPLG is prepared by the MPTF Office in fulfillment of its obligations as Administrative Agent of the JPLG, contained under the JPLG Project Document, the MOU signed between the UNDP MPTF Office and the Participating Organizations, and the SAA signed with contributors.

This report covers the period 1 January to 31 December 2012 and presents financial data<sup>1</sup> and analysis of the Joint Programme funds using the pass-through funding modality. Financial information is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/JSO00>.

## 2. Sources and Uses of Funds

As of 31 December 2012, contributors using the pass-through funding modality (the Department for International Development (DFID), the Governments of Denmark and Norway and the Swedish International Development Cooperation Agency (SIDA)) deposited US\$ 28,347,632 and US\$ 83,189 was earned in interest, bringing the cumulative source of funds to US\$ 28,430,821. Of this amount, US\$ 28,064,151 was transferred to five Participating Organizations of which US\$ 24,093,903 was reported as expenditure. The Administrative Agent fee was charged at the approved rate of 1 percent on deposits and amounted to US\$ 283,477. Table 1 provides an overview of the overall sources, uses, and balance of the Joint Programme funds as of 31 December 2012.

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<sup>1</sup> Due to rounding, total in the tables may not add up.

**Table 1. Financial Overview (in US Dollars)**

	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
<b>Sources of Funds</b>			
Gross Contributions	21,726,438	6,621,194	28,347,632
Fund Earned Interest and Investment Income	54,966	9,869	64,835
Interest Income received from Participating Organizations	5,536	12,818	18,354
Refunds by Administrative Agent to Contributors	-	-	-
Other Revenues	-	-	-
<b>Total: Sources of Funds</b>	<b>21,786,939</b>	<b>6,643,881</b>	<b>28,430,821</b>
<b>Uses of Funds</b>			
Transfer to Participating Organizations	17,274,201	10,789,950	28,064,151
Refunds received from Participating Organizations	-	-	-
<b>Net Funded Amount to Participating Organizations</b>	<b>17,274,201</b>	<b>10,789,950</b>	<b>28,064,151</b>
Administrative Agent Fees	217,265	66,212	283,477
Direct Costs (Steering Committee, Secretariat...)	-	-	-
Bank Charges	119	50	170
Other Expenditures	-	-	-
<b>Total: Uses of Funds</b>	<b>17,491,585</b>	<b>10,856,212</b>	<b>28,347,797</b>
<b>Balance of Funds Available with Administrative Agent</b>	<b>4,295,354</b>	<b>(4,212,331)</b>	<b>83,023</b>
Net Funded Amount to Participating Organizations	17,274,201	10,789,950	28,064,151
Participating Organizations' Expenditure	14,044,429	10,049,474	24,093,903
<b>Balance of Funds with Participating Organizations</b>	<b>3,229,772</b>	<b>740,476</b>	<b>3,970,248</b>

### 3. Partner Contributions

The JPLG is currently being funded by four contributors that have signed SAAs, namely the DFID, the Governments of Denmark and Norway and SIDA. In 2012 the JPLG received US\$ 6.6 million in contributions through the pass-through funding mechanism.

Table 2 provides information on cumulative contributions received as at 31 December 2012.

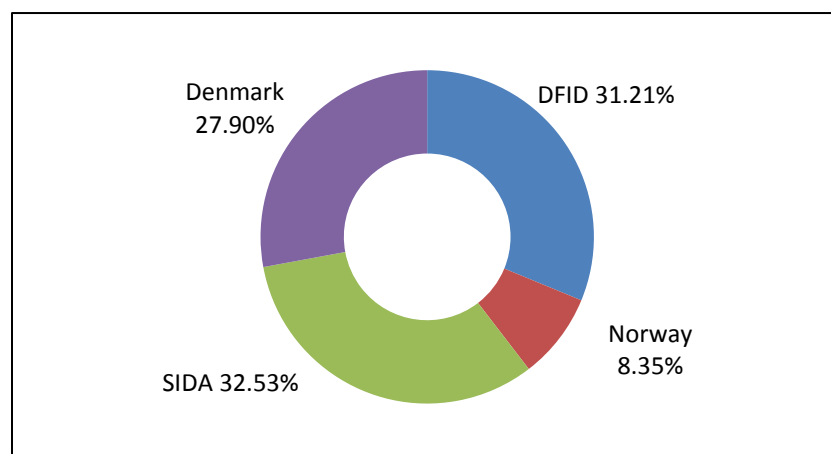
**Table 2. Partner Contributions (in US dollars)**

Contributor	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Department for International Development (DFID)	7,830,474	1,018,170	8,848,645
Government of Denmark	4,427,451	3,482,173	7,909,624
Government of Norway	2,367,231	-	2,367,231
Swedish International Development Cooperation Agency (SIDA)	7,101,282	2,120,850	9,222,132
<b>Total</b>	<b>21,726,438</b>	<b>6,621,194</b>	<b>28,347,632</b>

As of 31 December 2012, out of a total of US\$ 28,347,632 was received through the pass-through channel.

As shown in Figure 1, the three biggest contributors to the JPLG were SIDA (32.5 percent), DFID (31 percent) and Denmark (28 percent) followed by Norway (8 percent).

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



#### 4. Interest earned

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent ('Fund earned interest'), and 2) on the balance of funds held by the Participating UN Organisations ('Agency earned interest') where their Financial Regulations and Rules do not prohibit the return of interest. As of 31 December 2012, Fund earned interest amounted to US\$ 64,835 and interest received from UNDP amounted to US\$ 18,354, bringing the cumulative interest received to US\$ 83,189. Details are shown in Table 3.

**Table 3. Sources of Interest and Investment Income (in US dollars)**

	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
<b>Administrative Agent</b>			
Fund Earned Interest Income	54,966	9,869	64,835
<b>Total: Fund Earned Interest Income</b>	<b>54,966</b>	<b>9,869</b>	<b>64,835</b>
<b>Participating Organization (PO) Earned Interest Income</b>			
ILO	-	-	-
UNCDF	-	-	-
UNDP	5,536	12,818	18,354
UN-HABITAT	-	-	-
UNICEF	-	-	-
<b>Total: Interest Income received from PO</b>	<b>5,536</b>	<b>12,818</b>	<b>18,354</b>
<b>Total</b>	<b>60,501</b>	<b>22,688</b>	<b>83,189</b>

## 5. Transfer of Funds

Work planning continues to be a jointly undertaken activity with the work plan determining the allocation ratios of contributions received through the pass-through funding modality.

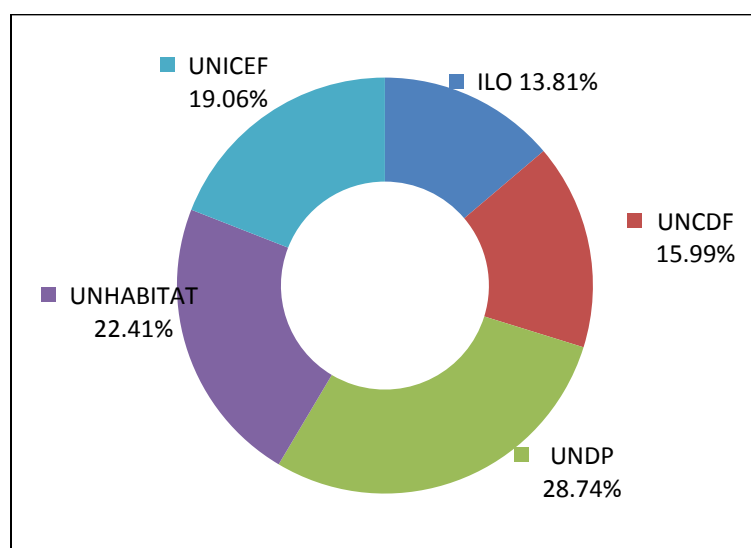
Allocations to the JP Participating Organizations are approved by the JPLG Steering Committee and disbursed by the Administrative Agent (AA). The AA transferred US\$ 28,064,151 to five Participating Organizations (ILO, UNCDF, UNDP, UN-HABITAT and UNICEF) as of 31 December 2012. Table 4 provides information on the cumulative amount transferred to each Participating Organization.

**Table 4. Transfers by Participating Organization (in US dollars)**

Participating Organization	Prior Years as of 31 Dec 2011	Current Year Jan-Dec 2012	TOTAL
	Transferred Amount	Transferred Amount	Transferred Amount
ILO	3,292,595	1,489,555	4,782,150
UNCDF	498,874	1,725,603	2,224,477
UNDP	5,997,247	3,100,601	9,097,848
UN-HABITAT	4,968,271	2,417,661	7,385,932
UNICEF	2,517,214	2,056,530	4,573,744
<b>Total</b>	<b>17,274,201</b>	<b>10,789,950</b>	<b>28,064,151</b>

As shown in Table 4 and Figure 2 below, in 2012 UNDP received the largest share of funding (US\$ 3.1 million or 29 percent), followed by UN-HABITAT (US\$ 2.4 million or 22 percent), UNICEF (US\$ 2.06 million or 19 percent ), UNCDF (US\$ 1.7 million or 16 percent ) and ILO (US\$ 1.5 million or 14 percent).

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





## 6. Overall Expenditure and Financial Delivery Rates

All expenditures reported for the year 2012 were submitted by the Headquarters' of the Participating Organizations via the MPTF Office Reporting Portal. These were consolidated by the MPTF Office.

### 5.1. Expenditure by Participating Organization

As shown in Table 5.1, cumulative net funded amount was US\$ 28,064,151 and cumulative expenditures amount reported by the Participating Organizations was US\$ 24,093,903. This represents the delivery rate of 86 percent. The expenditure rates by Participating Organizations vary from 77 percent to 95.6 percent.

**Table 5.1. Cumulative Expenditure of Participating Organizations and Financial Delivery Rate (in US dollars)**

Participating Organization	Net Funded Amount	Total Expenditure	Delivery Rate Percentage
ILO	4,782,150	4,331,014	90.57
UNCDF	2,224,477	1,712,899	77.00
UNDP	9,097,848	8,697,823	95.60
UN-HABITAT	7,385,932	5,718,707	77.43
UNICEF	4,573,744	3,633,461	79.44
<b>Total</b>	<b>28,064,151</b>	<b>24,093,903</b>	<b>85.85</b>

### 5.2. Total Expenditure by Category

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed upon categories for harmonized inter-agency 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. The old and new categories are noted below.

#### 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

Table 5.2 reflects expenditure as of 31 December 2012. All expenditures reported up to 31 December 2011 are presented in the old six categories, and all expenditures reported from 1 January 2012 are presented in the new eight categories.

In 2012, the highest expenditure was reported on Staff and personnel costs with an amount of US\$ 2,653,374 followed by Contractual services with an amount of US\$ 1,871,640 and Supplies, commodities and materials with an amount of US\$ 1,702,198. Indirect support costs are slightly over 7 percent due to the fact that some agencies charge indirect support costs up-front.

**Table 5.2. Total Expenditure by Category (in US dollars)**

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL	
Supplies, Commodities, Equipment and Transport (Old)	323,165	-	323,165	1.44
Personnel (Old)	5,263,171	-	5,263,171	23.41
Training of Counterparts (Old)	821,373	-	821,373	3.65
Contracts (Old)	5,656,989	-	5,656,989	25.16
Other direct costs (Old)	1,075,329	-	1,075,329	4.78
Staff & Personnel Cost (New)	-	2,653,374	2,653,374	11.80
Suppl, Comm, Materials (New)	-	1,702,198	1,702,198	7.57
Equip, Veh, Furn, Depn (New)	-	1,167,140	1,167,140	5.19
Contractual Services (New)	-	1,871,640	1,871,640	8.33
Travel (New)	-	787,187	787,187	3.50
Transfers and Grants (New)	-	630,210	630,210	2.80
General Operating (New)	-	529,834	529,834	2.36
<b>Programme Costs Total</b>	<b>13,140,027</b>	<b>9,341,582</b>	<b>22,481,609</b>	<b>100.00</b>
Indirect Support Costs Total	904,402	707,893	1,612,294	7.17
<b>Total</b>	<b>14,044,429</b>	<b>10,049,474</b>	<b>24,093,903</b>	

## 7. Transparency and accountability

The MPTF Office continued to provide information on its GATEWAY (**Error! Hyperlink reference not valid.** a knowledge platform providing real-time data, with a maximum two-hour refresh, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating Organizations. All narrative 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.