

**Consolidated Annual Financial
Report of the Administrative Agent of
the JP Somalia - Local Governance and
Decentralized Service Delivery**

for the period 1 January to 31 December 2015

Multi-Partner Trust Fund Office
United Nations Development Programme
[GATEWAY: http://mptf.undp.org](http://mptf.undp.org)

31 May 2016

PARTICIPATING ORGANIZATIONS



International Labour Organization (ILO)



United Nations Capital Development Fund (UNCDF)



United Nations Development Programme (UNDP)



United Nations Human Settlements Programme (UN-HABITAT)



United Nations Children's Fund (UNICEF)

CONTRIBUTORS



Denmark



UK Department for International Development (DFID)



European Union



Norway



Swiss Agency for Development and Cooperation (SDC)



Swedish International Development Cooperation (Sida)

DEFINITIONS

Allocation

Amount approved by the Steering Committee for a project/programme.

Approved Project/Programme

A project/programme including budget, etc., that is approved by the Steering Committee for fund allocation purposes.

Contributor Commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent. A commitment may be paid or pending payment.

Contributor Deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed Standard Administrative Arrangement.

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7% of programmable costs.

Net Funded Amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN Organization or other inter-governmental Organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project Expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

Project Financial Closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project or programme is considered operationally closed when all programmatic activities for which Participating Organization(s) received funding have been completed.

Project Start Date

Date of transfer of first instalment from the MPTF Office to the Participating Organization.

Total Approved Budget

This represents the cumulative amount of allocations approved by the Steering Committee.

US Dollar Amount

The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

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INTRODUCTION

This Consolidated Annual Financial Report of the Joint Programme Somalia - Local Governance and Decentralized Service Delivery is prepared by the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office) in fulfillment of its obligations as Administrative Agent, as per the terms of Reference (TOR), the Memorandum of Understanding (MOU) signed between the UNDP MPTF Office and the Participating Organizations, and the Standard Administrative Arrangement (SAA) signed with contributors.

The MPTF Office, as Administrative Agent, is responsible for concluding an MOU with Participating Organizations and SAAs with contributors. It receives, administers and manages contributions, and disburses these funds to the Participating Organizations. The Administrative Agent prepares and submits annual consolidated financial reports, as well as regular financial statements, for transmission to contributors.

The Somalia Compact as agreed by the Somalia New Deal Conference provided the basis for establishing the Somalia Development and Reconstruction Facility (SDRF) with multiple windows. The Somalia UN MPTF Window was established in December 2013 and Joint Programme Somalia - Local Governance and Decentralized Service Delivery (UN JPLG) has been rolled into Somalia UN MPTF in 2015. The financial information of UN JPLG and UN JPLG II from 2008 through 30 April 2015 is provided on <http://mptf.undp.org/factsheet/fund/JSO00>, while activities of UN JPLG II after 1 May 2015 are reflected on Somalia UN MPTF at <http://mptf.undp.org/factsheet/fund/4SO00> under PSG5 as a separate line for "UN JPLG II".

This consolidated financial report covers the period 1 January to 31 December 2015 and provides financial data on progress made in the implementation of projects of the JP Somalia Loc Gov & Decentral. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/JSO00>).

The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

2015 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the JP Somalia - Local Governance and Decentralized Service Delivery using the pass-through funding modality as of 31 December 2015. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/JSO00>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2015, six contributors have deposited US\$ 71,589,476 in contributions and US\$ 101,071 has been earned in interest,

bringing the cumulative source of funds to US\$ 71,690,546 (see respectively Tables 2 and 3)

Of this amount, US\$ 70,873,498 has been transferred to five Participating Organizations, of which US\$ 64,311,296 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of one percent on deposits and amounts to US\$ 617,693. Table 1 provides an overview of the overall sources, uses, and balance of the JP Somalia - Local Governance and Decentralized Service Delivery as of 31 December 2015.

Table 1. Financial Overview, as of 31 December 2015 (in US Dollars)

	Annual 2014	Annual 2015	Cumulative
Sources of Funds			
Gross Contributions	18,059,421	5,105,250	71,589,476
Fund Earned Interest and Investment Income	10,843	505	82,716
Interest Income received from Participating Organizations	-	-	18,354
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	18,070,264	5,105,755	71,690,546
Use of Funds			
Transfers to Participating Organizations	21,072,221	5,054,197	70,873,498
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	21,072,221	5,054,197	70,873,498
Administrative Agent Fees	180,594	-	617,693
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	312	4	640
Other Expenditures	-	51,053	98,202
Total: Uses of Funds	21,253,127	5,105,254	71,590,033
Change in Fund cash balance with Administrative Agent	(3,182,864)	501	100,514
Opening Fund balance (1 January)	3,282,876	100,012	-
Closing Fund balance (31 December)	100,012	100,514	100,514
Net Funded Amount to Participating Organizations	21,072,221	5,054,197	70,873,498
Participating Organizations' Expenditure	18,990,121	10,429,140	64,311,296
Balance of Funds with Participating Organizations			6,562,202

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2015.

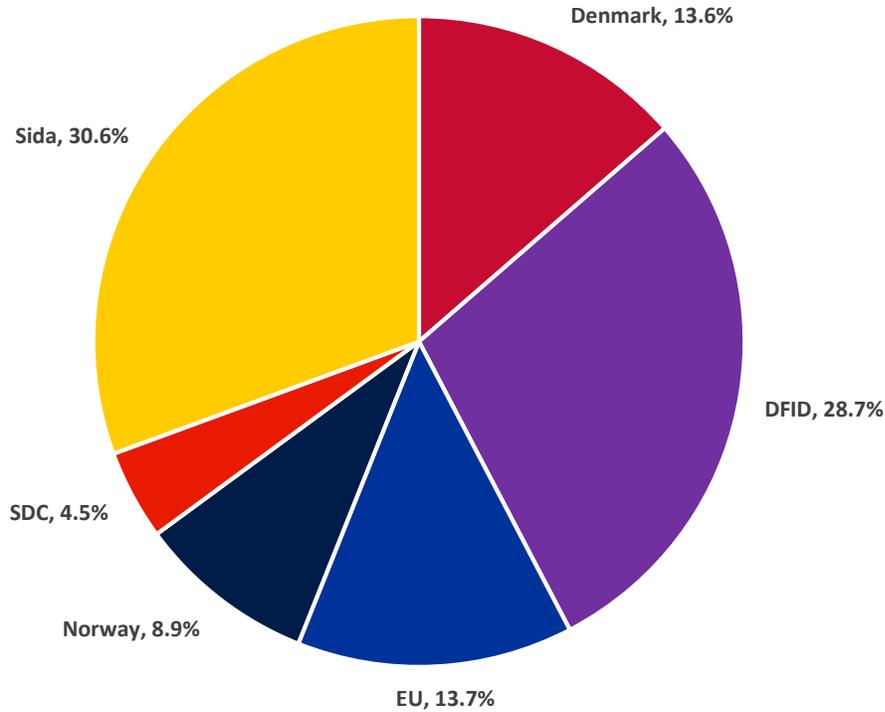
The JP Somalia - Local Governance and Decentralized Service Delivery is currently being financed by six contributors that have signed SAAs, namely the European Union, Governments of Denmark and Norway, the UK's Department for

International Development (DFID), the Swedish International Development Cooperation Agency (Sida), and the Swiss Agency for Development & Cooperation (SDC). In 2015, the JP Somalia - Local Governance and Decentralized Service Delivery, as stand-alone Joint Programme, received US\$ 5.10 million in contributions, bringing the total fund contributions to US\$ 71.59 million.

Table 2. Contributors' Deposits, as of 31 December 2015 (in US Dollars)

Contributors	Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Total
Denmark	9,746,310	-	9,746,310
Department for International Development (DFID)	20,557,349	-	20,557,349
European Union	4,714,920	5,105,250	9,820,170
Norway	6,348,620	-	6,348,620
Swiss Agency for Development and Cooperation (SDC)	3,205,095	-	3,205,095
Swedish International Development Cooperation (Sida)	21,911,932	-	21,911,932
Grand Total	66,484,226	5,105,250	71,589,476

Figure 1: Deposits by contributor, cumulative as of 31 December 2015



3. 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 Organizations ('Agency earned interest') where their Financial Regulations and Rules allow return of interest to the

Administrative Agent. As of 31 December 2015, Fund earned interest amounts to US\$ 82,716 and interest received from Participating Organizations amounts to US\$ 18,354, bringing the cumulative interest received to US\$ 101,071. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2015 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Total
Administrative Agent			
Fund Earned Interest and Investment Income	82,211	505	82,716
Total: Fund Earned Interest	82,211	505	82,716
Participating Organization			
UNDP	18,354		18,354
Total: Agency earned interest	18,354		18,354
Grand Total	100,566	505	101,071

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2015, the Administrative Agent has transferred US\$ 70,873,498 to five Participating Organizations (see list below).

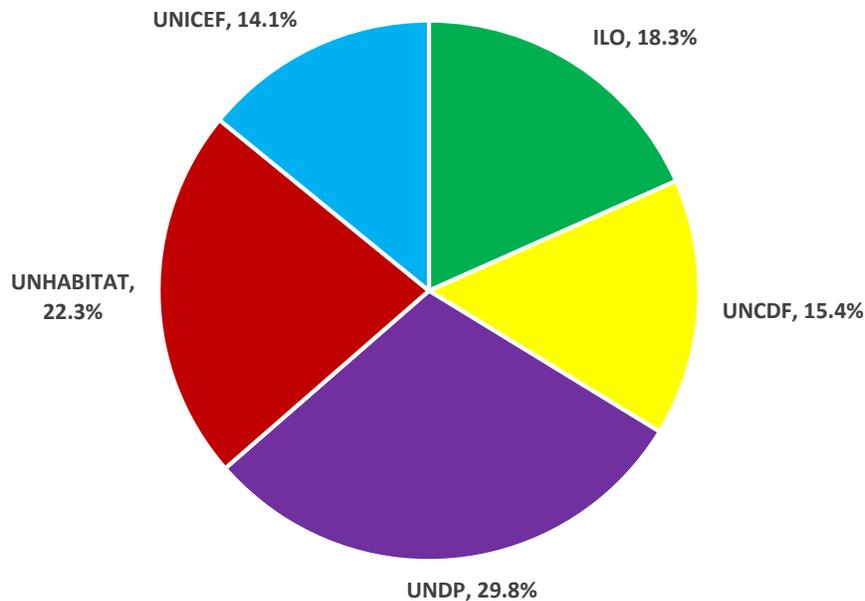
Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

As shown in Figure 2, UNDP received the largest share of cumulative net funded amount (US\$ 21.16 million or 30 percent), followed by UNHABITAT (US\$ 15.81 million or 22 percent), ILO (US\$ 12.99 million or 18 percent) and others.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2015 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2014			Current Year Jan-Dec-2015			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
ILO	11,828,789		11,828,789	1,168,530		1,168,530	12,997,319		12,997,319
UNCDF	9,776,141		9,776,141	1,135,173		1,135,173	10,911,314		10,911,314
UNDP	19,886,927		19,886,927	1,268,098		1,268,098	21,155,025		21,155,025
UNHABITAT	14,986,732		14,986,732	821,812		821,812	15,808,544		15,808,544
UNICEF	9,340,712		9,340,712	660,584		660,584	10,001,296		10,001,296
Grand Total	65,819,301		65,819,301	5,054,197		5,054,197	70,873,498		70,873,498

Figure 2: Total Net funded amount by Participating Organization as of 31 December 2015



5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2015 were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

As shown in table below, the cumulative net funded amount is US\$ 70,873,498 and cumulative expenditures reported by the Participating Organizations amount to US\$ 64,311,296. This equates to an overall Fund expenditure delivery rate of 91 percent. The agencies with the three highest delivery rates are: UNDP (99 percent), ILO (98 Percent) and UNICEF (90 percent)

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2015 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Cumulative	
ILO	12,997,319	12,997,319	10,843,482	1,857,177	12,700,659	97.72
UNCDF	10,911,314	10,911,314	8,584,949		8,584,949	78.68
UNDP	21,155,026	21,155,025	16,494,212	4,438,259	20,932,470	98.95
UNHABITAT	15,808,544	15,808,544	11,208,459	1,885,949	13,094,409	82.83
UNICEF	10,001,296	10,001,296	6,751,053	2,247,755	8,998,809	89.98
Grand Total	70,873,499	70,873,498	53,882,156	10,429,140	64,311,296	90.74

5.2 EXPENDITURE REPORTED BY CATEGORY

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

Table 5.2 reflects expenditure reported in the UNDG expense categories. Where the Fund has been operational pre and post 1 January 2012, the expenditures are reported using both categories. Where a Fund became operational post 1 January 2012, only the new categories are used.

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, commodities, equipment & transport
2. Personnel
3. Training counterparts
4. Contracts
5. Other direct costs
6. Indirect costs

Table 5.2 Expenditure by UNDG Budget Category, as of 31 December 2015 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2014	Current Year Jan-Dec-2015	Total	
Supplies, Commodities, Equipment and Transport (Old)	323,165	-	323,165	0.54
Personnel (Old)	5,263,171	-	5,263,171	8.75
Training of Counterparts (Old)	821,373	-	821,373	1.37
Contracts (Old)	5,656,989	-	5,656,989	9.41
Other direct costs (Old)	1,075,329	-	1,075,329	1.79
Staff & Personnel Cost (New)	8,819,653	2,831,292	11,650,944	19.38
Suppl, Comm, Materials (New)	171,679	6,002	177,680	0.30
Equip, Veh, Furn, Depn (New)	1,687,460	338,388	2,025,848	3.37
Contractual Services (New)	12,426,753	3,030,594	15,457,346	25.71
Travel (New)	2,268,876	809,169	3,078,045	5.12
Transfers and Grants (New)	8,449,916	1,485,414	9,935,331	16.53
General Operating (New)	3,312,118	1,344,008	4,656,126	7.74
Programme Costs Total	50,276,481	9,844,867	60,121,348	100.00
¹ Indirect Support Costs Total	3,605,675	584,273	4,189,948	6.97
Total	53,882,156	10,429,140	64,311,296	

¹ **Indirect Support Costs** charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once projects are financially closed, this number is not to exceed 7%.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December 2015, were as follows:

- The Administrative Agent (AA) fee: 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period there were no deductions as Administrative Agent fees. Cumulatively, as of 31 December 2015, US\$ 617,693 has been charged in Administrative Agent fees.
- Indirect Costs of Participating Organizations: Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 584,273 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 4,189,948 as of 31 December 2015.

7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office GATEWAY (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office GATEWAY has become a standard setter for providing transparent and accountable trust fund administration services.

The GATEWAY provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the GATEWAY provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the GATEWAY collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.