

**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 2016

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

31 May 2017

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.

TABLE OF CONTENTS

Introduction	4
1. Sources and Uses of Funds	5
2. Partner Contributions	6
3. Interest Earned	7
4. Transfer of Funds	8
5. Expenditure and Financial Delivery Rates	9
6. Cost Recovery	11
7. Accountability and Transparency	11

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 2016 and provides financial data on progress made in the implementation of projects of the JP Somalia - Local Governance and Decentralized Service Delivery. 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 2016. 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 2016, 6 contributors deposited US\$ 71,589,476 in contributions and US\$ 101,806 was earned in interest.

The cumulative source of funds was US\$ 71,691,282

Of this amount, US\$ 70,873,498 has been net funded to 5 Participating Organizations, of which US\$ 67,684,970 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% 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 2016.

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

	Annual 2015	Annual 2016	Cumulative
Sources of Funds			
Contributions from donors	5,105,250	-	71,589,476
Fund Earned Interest and Investment Income	505	736	83,452
Interest Income received from Participating Organizations	-	-	18,354
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	5,105,755	736	71,691,282
Use of Funds			
Transfers to Participating Organizations	5,054,197	-	70,873,498
Refunds received from Participating Organizations	-	-	-
Net Funded Amount	5,054,197	-	70,873,498
Administrative Agent Fees	-	-	617,693
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	4	4	644
Other Expenditures	51,053	-	98,202
Total: Uses of Funds	5,105,254	4	71,590,037
Change in Fund cash balance with Administrative Agent	501	732	101,245
Opening Fund balance (1 January)	100,012	100,514	-
Closing Fund balance (31 December)	100,514	101,245	101,245
Net Funded Amount	5,054,197	-	70,873,498
Participating Organizations' Expenditure	10,429,140	3,373,674	67,684,970
Balance of Funds with Participating Organizations			3,188,528

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2016.

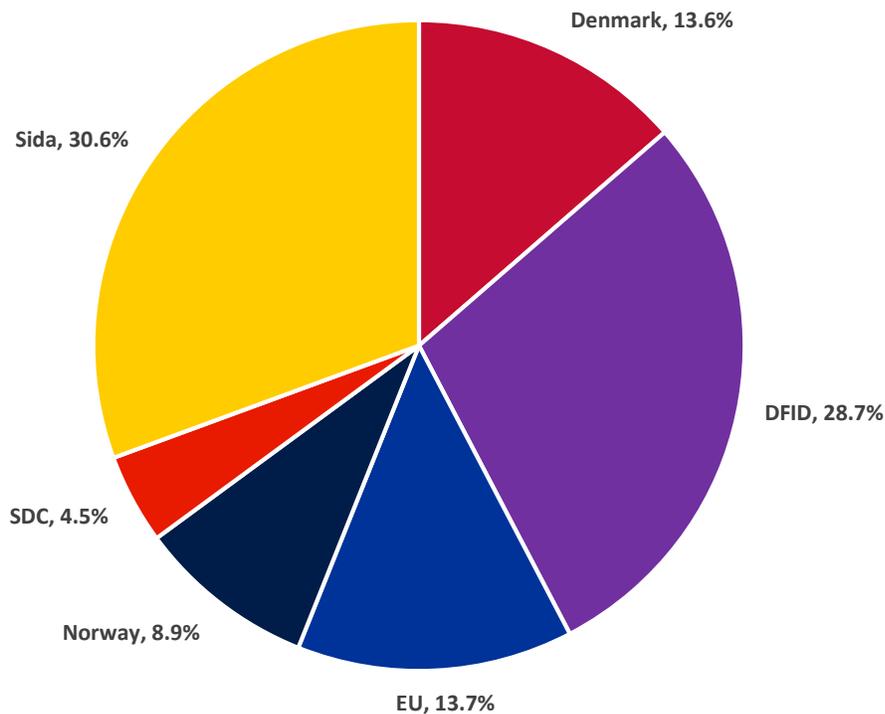
The table below includes commitments made up to 31 December 2016 through signed Standard Administrative Agreements, and deposits made through 2016.

The JP Somalia - Local Governance and Decentralized Service Delivery is currently being financed by 6 contributors, as listed in the table below.

Table 2. Contributors' Deposits, as of 31 December 2016 (in US Dollars)

Contributors	Prior Years as of 31-Dec-2015 Deposits	Current Year Jan-Dec-2016 Deposits	Total Deposits
Denmark	9,746,310	-	9,746,310
Department for International Development (DFID)	20,557,349	-	20,557,349
European Union	9,820,170	-	9,820,170
Norway	6,348,620	-	6,348,620
Swiss Agency for Development and Cooperation (SDC)	21,911,932	-	21,911,932
Swedish International Development Cooperation (Sida)	3,205,095	-	3,205,095
Grand Total	71,589,476	-	71,589,476

Figure 1: Deposits by contributor, cumulative as of 31 December 2016



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 AA.

As of 31 December 2016, Fund earned interest amounts to US\$ 83,452.

Interest received from Participating Organizations amounts to US\$ 18,354, bringing the cumulative interest received to US\$ 101,806. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2016 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total
Administrative Agent			
Fund Earned Interest and Investment Income	82,716	736	83,452
Total: Fund Earned Interest	82,716	736	83,452
Participating Organization			
UNDP	18,354		18,354
Total: Agency earned interest	18,354		18,354
Grand Total	101,071	736	101,806

4. TRANSFER OF FUNDS

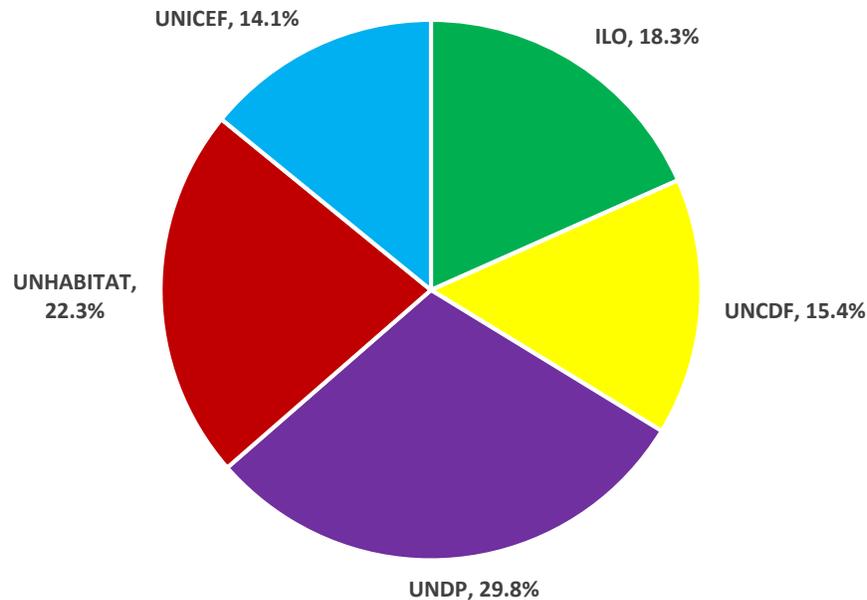
Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2016, the Administrative Agent has transferred US\$ 70,873,498 to five Participating Organizations (see list below).

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

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2016 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2015			Current Year Jan-Dec-2016			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
ILO	12,997,319		12,997,319				12,997,319		12,997,319
UNCDF	10,911,314		10,911,314				10,911,314		10,911,314
UNDP	21,155,025		21,155,025				21,155,025		21,155,025
UNHABITAT	15,808,544		15,808,544				15,808,544		15,808,544
UNICEF	10,001,296		10,001,296				10,001,296		10,001,296
Grand Total	70,873,498		70,873,498				70,873,498		70,873,498

Figure 2: Total Net funded amount by Participating Organization as of 31 December 2016



5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2016 were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

Project expenditures are incurred and monitored by each Participating Organization, and are reported as per the agreed upon categories for inter-agency harmonized reporting. The reported expenditures were submitted via the MPTF Office's online expenditure reporting tool. The 2016 expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/JSO00>

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In 2016, US\$ was net funded to Participating Organizations, and US\$ 3,373,674 was reported in expenditure.

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\$ 67,684,970. This equates to an overall Fund expenditure delivery rate of 96 percent.

The agencies with the three highest delivery rates are: UNDP (100%), ILO (100%) and UNHABITAT (98%)

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2016 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Cumulative	
ILO	12,997,319	12,997,319	12,700,659	232,122	12,932,782	99.50
UNCDF	10,911,314	10,911,314	8,584,949	(335,161)	8,249,788	75.61
UNDP	21,155,026	21,155,025	20,932,470	258,719	21,191,189	100.17
UNHABITAT	15,808,544	15,808,544	13,094,409	2,419,513	15,513,922	98.14
UNICEF	10,001,296	10,001,296	8,998,809	798,480	9,797,289	97.96
Grand Total	70,873,499	70,873,498	64,311,296	3,373,674	67,684,970	95.50

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. See table 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, 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 2016 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total	
Supplies, Commodities, Equipment and Transport (Old)	323,165	-	323,165	0.51
Personnel (Old)	5,263,171	-	5,263,171	8.32
Training of Counterparts (Old)	821,373	-	821,373	1.30
Contracts (Old)	5,656,989	-	5,656,989	8.94
Other direct costs (Old)	1,075,329	-	1,075,329	1.70
Staff & Personnel Cost (New)	11,650,944	509,131	12,160,075	19.22
Suppl, Comm, Materials (New)	177,680	22,971	200,652	0.32
Equip, Veh, Furn, Depn (New)	2,025,848	46,088	2,071,936	3.28
Contractual Services (New)	15,457,346	581,031	16,038,377	25.35
Travel (New)	3,078,045	224,805	3,302,850	5.22
Transfers and Grants (New)	9,935,331	1,135,003	11,070,333	17.50
General Operating (New)	4,656,126	614,929	5,271,055	8.33
Programme Costs Total	60,121,348	3,133,958	63,255,306	100.00
¹ Indirect Support Costs Total	4,189,948	239,717	4,429,664	7.00
Total	64,311,296	3,373,674	67,684,970	

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 2016, 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 US\$ was deducted in AA-fees. Cumulatively, as of 31 December 2016, US\$ 617,693 has been charged in AA-fees.
- Indirect Costs of Participating Organizations: Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 239,717 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 4,429,664 as of 31 December 2016.

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.