



**UNITED NATIONS
DEVELOPMENT GROUP**



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

**Report of the Administrative Agent of the CHF-Somalia
for the period 1 January to 31 December 2010**

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

May 2011

Common Humanitarian Fund for Somalia (CHF-Somalia)

PARTICIPATING UN ORGANIZATIONS



Food and Agriculture Organization (FAO)



United Nations Children's Fund (UNICEF)



United Nations Development Programme (UNDP)



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)

Common Humanitarian Fund for Somalia (CHF-Somalia)

CONTRIBUTING DONORS	
Government of Denmark	
Government of Italy	
Irish Aid	
Government of Finland	
Government of Norway	
Swedish International Development Cooperation (Sida)	
Swiss Agency for Development and Cooperation (SDC)	
Government of the Netherlands	
UK Department For International Development (DFID)	

Definitions

Allocation

Amount approved by the CHF-Somalia Humanitarian Coordinator for a project/programme.

Approved Project/Programme

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

Donor Commitment

A Donor contribution as per signed Standard Administrative Arrangement (SAA) with the UNDP Multi-Donor Trust Fund Office (MDTF Office), in its capacity as the Administrative Agent of the CHF- Somalia.

Donor Deposit

Cash deposit received by the UNDP MDTF Office for the CHF- Somalia.

Indirect support costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. These costs are recovered in accordance with each Participating Organizations' own financial regulations and rules.

Net funded amount

Amount transferred to a Participating Organization minus refunds of unspent balances from the Participating Organization.

Participating Organizations

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

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 activities for which a Participating Organization is responsible under the approved programmatic document have been completed.

Project Commitment

The amount for which legally binding contracts have been signed, including multi-year commitments that may be disbursed in future years.

Project Disbursement

The amount paid to a vendor or entity for goods received, work completed, and/or services rendered (does not include unliquidated obligations).

Project Expenditure

Amount of project disbursement plus unliquidated obligations related to payments due for the year, except for UN Organisations that have adopted the International Public Sector Accounting Standards (IPSAS).

Project Start Date

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

Total Approved Budget

Amount approved by the Humanitarian Coordinator.

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1. Introduction

This Consolidated Annual Financial Report of the Common Humanitarian Fund for Somalia (CHF-Somalia) is prepared by the United Nations Development Programme (UNDP) Multi-Donor Trust Fund Office (MDTF Office) in fulfillment of its obligations as Administrative Agent of the CHF-Somalia, contained under the CHF-Somalia Guidelines, the Memorandum of Understanding (MOU) signed between the UNDP MDTF Office and the Participating Organizations, and the Standard Administrative Arrangements (SAAs) between the UNDP MDTF Office and Donors¹.

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

This consolidated financial report covers the period 1 January to 31 December 2010 and provides financial data on progress made in the implementation of projects² funded by the CHF-Somalia. It is posted on the MDTF Office GATEWAY (<http://mdtf.undp.org/factsheet/fund/HSO10>).

As of 31 December 2010, the CHF-Somalia received deposits of US\$ 31.18 million, and transferred US\$ 20.71 million to Participating Organizations. Participating Organizations' expenditures were US\$ 12.14 million, which represents 59 percent of the funds transferred. Since the projects were approved and funds transferred only in the second half of 2010, this delivery rate can be considered as a solid indicator of the CHF Somalia strong performance.

2. Sources, Uses, and Balance of Funds

The CHF-Somalia fund was established in June 2010, as an upgrade of the existing Humanitarian Response Fund (HRF) in Somalia to a larger and more strategic Common Humanitarian Fund. By the end of 2010, a total amount of US\$ 31.18 million was received

¹ The content of this Report has been shared by the AA with the Humanitarian Coordinator for Somalia, and OCHA for inclusion in the final CHF-Somalia Annual Report. This year, the report is also finalized as a stand-alone AA Report. For increased public transparency, it is posted on the MDTF Office GATEWAY (mdtf.undp.org).

² Project is used it refers broadly to Projects and Programmes indistinctly

from nine donors for the Fund: the Government of Denmark, the United Kingdom Department For International Development (DFID), the Government of Finland, Irish Aid, the Government of Italy, the Government of the Netherlands, the Government of Norway, the Swedish International Development Cooperation (Sida) and the Swiss Agency for Development and Cooperation (SDC).

Table 1 provides an overview of the overall sources, uses, and balance of the CHF-Somalia Fund as of 31 December 2010. US\$ 31.18 million have been received from donors, and US\$ 20.71 million has been transferred to the Participating Organizations.

Table 1: Financial Overview for the period ending 31 December 2010

(amounts in US\$ Thousands)

	Current Year Jan-Dec 2010	TOTAL
Sources of Funds		
Gross Donor Contributions	31,182	31,182
Fund Earned Interest Income	106	106
Interest Income received from Participating Organizations	-	-
Refunds by Administrative Agent (Interest/Others)	-	-
Other Revenues	-	-
Total: Sources of Funds	31,287	31,287
Use of Funds		
Transfer to Participating Organizations	20,711	20,711
Refunds received from Participating Organizations	-	-
Net Funded Amount to Participating Organizations	20,711	20,711
Administrative Agent Fees	312	312
Direct Costs: (Steering Committee, Secretariat... etc)	-	-
Bank Charges	-	-
Other Expenditures	-	-
Total: Uses of Funds	21,023	21,023
Balance of Funds Available with Administrative Agent	10,264	10,264
Net Funded Amount to Participating Organizations	20,711	20,711
Participating Organizations' Expenditure	12,135	12,135
Balance of Funds with Participating Organizations	8,576	8,576

Apart from donor contributions, the CHF-Somalia also receives funds from the interest earned income. The two sources of interest income are: (1) Interest earned by the MDTF Office on the balance of funds with the Administrative Agent's (Fund) account; and (2) Interest Income from the Participating Organizations, which is the amount earned by the Participating Organizations on the undisbursed balance of the CHF-Somalia funds. By the end of 2010, the Fund earned interest amounted to US\$ 106,000. Since 2010 is the first

year of operation of the CHF-Somalia, 2010 interest income from the Participating Organizations will be credited to the Fund in 2011. All interest earned by the Participating Organizations is credited to the Fund unless the Humanitarian Coordinator, in consultation with the donors, has approved decisions that govern the specific use of interest earned on donors contributions.

The Administrative Agent fee is charged at an approved rate of 1 percent on deposits, amounting US\$ 312,000 in 2010.

3. Donor Contributions

Table 2 displays the breakdown of the contributions received. The CHF-Somalia is currently being financed by nine donors that signed the SAA, namely the Government of Denmark, DFID, the Government of Finland, Irish Aid, the Government of Italy, the Government of the Netherlands, the Government of Norway, Sida and SDC. Total contribution received as of 31 December 2010 is US\$ 31.18 million, representing 100 percent of the Donor Commitments to the CHF-Somalia in 2010.

Table 2: Donor Deposits (amounts in US\$ Thousands)

Donor Name	Deposits	
	Current Year Jan – Dec 2010	Grand Total
Government of Denmark	4,317	4,317
Government of Finland	2,617	2,617
Government of Italy	2,618	2,618
Government of Netherlands	9,043	9,043
Government of Norway	1,700	1,700
UK Department For International Development (DFID)	6,100	6,100
Swedish Int. Development Cooperation (Sida)	2,559	2,559
Swiss Agency for Development and Cooperation	936	936
Irish Aid	1,292	1,292
Total:	31,182	31,182

4. Transfer of Funds

Funds are transferred to Participating Organizations with the overall aim of improving timeliness and coherence of the humanitarian response, improving needs assessment and enhancing the Consolidated Appeal (CAP) and in line with the strategic planning document, transfers are made to the ten priority clusters of the Fund: Health, Water and Sanitation, Agriculture and Livelihoods, Food Assistance, Nutrition, Education, Logistics, Protection, Shelter, and Enabling Programming.

4.1. Transfers to Participating Organizations

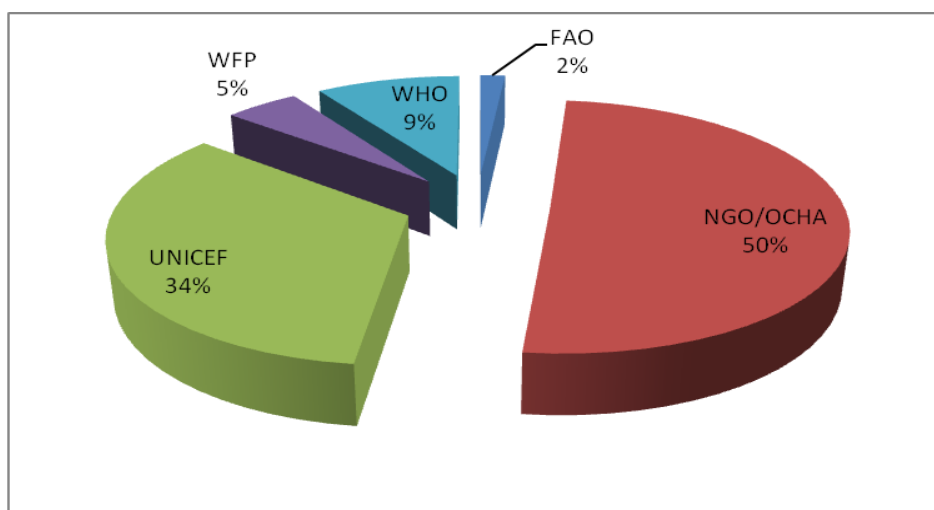
Ten Participating Organizations have signed the MOU for the CHF-Somalia since its inception on June 2010. As of 31 December 2010, the Administrative Agent based on the approval of the HC, has transferred funds to five Participating Organizations for a total of US\$ 20.71 million. The distribution of approved funding, consolidated by Participating Organization is summarized in Table 3.

Table 3: Net funded amount by Participating Organization (amounts in US\$ Thousands)

Participating Organizations	Current Year Jan – Dec 2010	TOTAL
FAO	335	335
NGO/OCHA	10,413	10,413
UNICEF	7,029	7,029
WFP	995	995
WHO	1,939	1,939
Total Transfers to Organizations	20,711	20,711

In 2010, OCHA in its role as a Managing Agent (MA) for funds approved by the Humanitarian Coordinator for implementation by NGOs, received the largest share of funding (50 percent) which was transferred to 27 NGO projects, followed by UNICEF (34 percent), WHO (9 percent), WFP (5 percent) and FAO (2 percent), as shown in Figure 3 below.

Figure 1: Net funded amount by Participating Organizations for the period of 1 January to 31 December 2010 (in percentages)



4.2. Transfers by Thematic Clusters

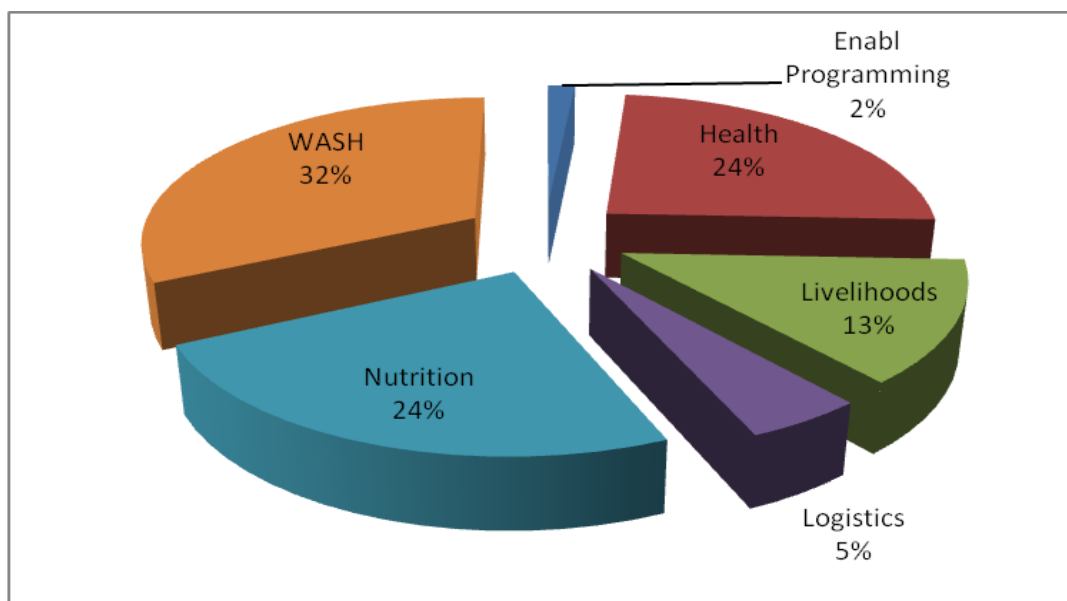
The CHF-Somalia has the following ten priority clusters: Health, Water and Sanitation, Agriculture and Livelihoods, Food Assistance, Nutrition, Education, Logistics, Protection, Shelter, and Enabling Programming. Table 4 below shows the approved amount by thematic cluster.

Table 4: Net funded amount by Thematic Cluster (amounts in US\$ Thousands)

Thematic Clusters	Current Year Jan – Dec 2010	TOTAL
Enabling Programming	316	316
Health	4,998	4,998
Agriculture and Livelihoods	2,731	2,731
Logistics	995	995
Nutrition	5,000	5,000
Water and Sanitation	6,671	6,671
Total Transfers to Organizations	20,711	20,711

As shown in Figure 2, funding was provided to six thematic clusters, US\$ 6.67 million to Water and Sanitation, US\$ 5 million to Nutrition, US\$ 5.00 million to Health, US\$ 2.73 million to Agriculture and Livelihoods, US\$ 1 million to Logistics, and US\$ 0.32 million to Enabling Programming.

Figure 2: Net funded amount by Thematic Cluster (in percentages)



5. Expenditure Reported by Participating Organizations

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the UN Development Group (UNDG) categories in order to provide harmonized reporting expenditure. The Participating Organizations have reported in the six harmonized UNDG categories for the period ending 31 December 2010³.

The reported expenditures were submitted to the MDTF Office by the Participating Organizations that received funding, via the MDTF Office's reporting tool (UNEX). The expenditure data has been posted on the [MDTF Office GATEWAY](#).

5.1. Overall Expenditure and Financial Delivery Rates

Table 5 below displays transfers and expenditures of the CHF-Somalia in 2010 and presents the financial delivery rates. In 2010, reported expenditure amounted to US\$ 12.14 million, out of US\$ 20.71 million of the net funded amount. Overall cumulative delivery rate as of 31 December 2010 equals to 59 percent. **Since the projects were approved and funds transferred only in the second half of 2010, the 59 percent delivery rate can be considered as a solid indicator of the CHF Somalia strong performance.**

³ For further reference, see document "UNDG Harmonized Reporting to Donors for Joint Programmes" approved in 2006, available at www.undg.org/docs/9442/Explanatory-Note---Annex-D.doc.

In 2010 the projects in the following clusters have been funded: Enabling Programming, Health, Livelihoods, Logistics, Nutrition, and WASH. Table 5 below displays the financial overview in 2010.

Table 5: Financial Overview with breakdown by Thematic Cluster (amounts in US\$ Thousands)

Thematic Cluster	Current Year Jan-Dec 2010		TOTAL		Delivery Rate (%)
	Net Funded Amount	Expenditure	Net Funded Amount	Expenditure	
Enabling Programming	316	316	316	316	100
Health	4,998	2,941	4,998	2,941	59
Livelihoods	2,731	2,530	2,731	2,530	93
Logistics	995	995	995	995	100
Nutrition	5,000	1,303	5,000	1,303	26
Water and Sanitation	6,671	4,050	6,671	4,050	61
Total	20,711	12,135	20,711	12,135	59

The thematic clusters that have received the largest share of funding were WASH with US\$ 6.67 million and with a delivery rate of 61 percent; Nutrition with US\$ 5 million, with a delivery rate of 26 percent; and Health with US\$ 4.99 million with 59 percent delivery rate. The lower delivery rate of the Nutrition cluster is due to the fact that largest project of this Cluster began in the last quarter of 2010, as shown in Table 5 below.

Annex A provides the net funded amount and expenditure information for each project funded by the CHF-Somalia.

5.2. Total Expenditure Reported by Category

Table 6 hereunder shows Fund's expenditure by the six UNDG approved categories. The highest amounts of expenditure were: Other Direct Costs (84 percent), followed by Supplies, Commodities, Equipment and Transport (11 percent) and Personnel (3 percent). The high percentage reported against Other Direct Costs category is due to the fact that NGO projects managed by OCHA recorded all their expenditure against the above-mentioned category.

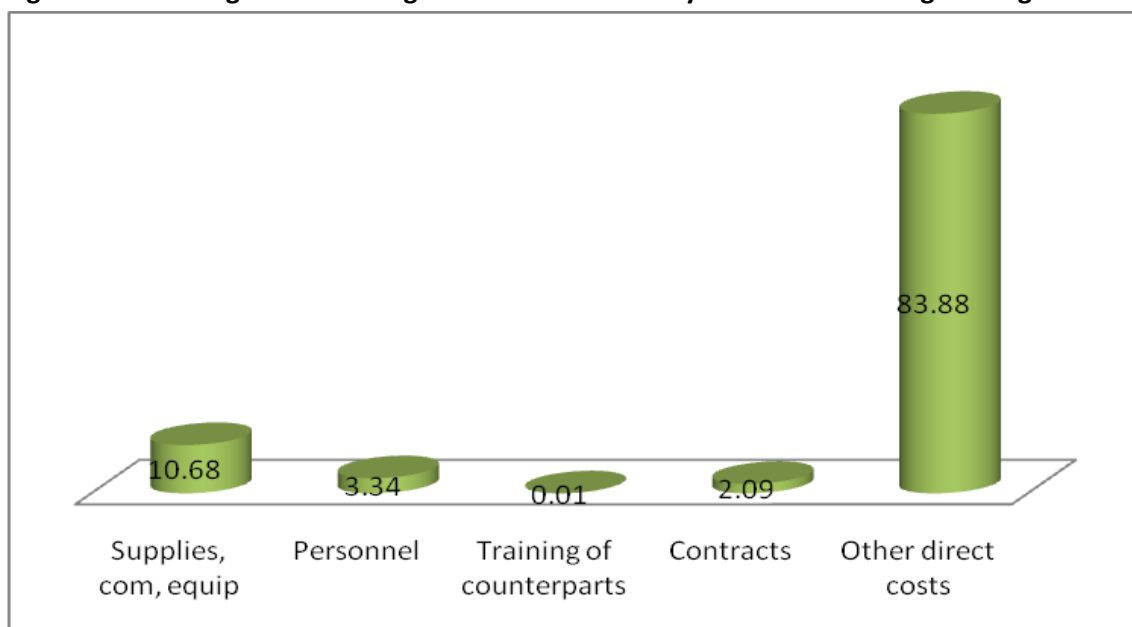
Table 6: Total Expenditure by Category (amounts in US\$ Thousands)

Category	Expenditure	% of
	Jan – Dec 2010	Total Programme Costs
Supplies, Commodities, Equipment and Transport	1,237	10.68
Personnel	387	3.34
Training of counterparts	1	0.01
Contracts	242	2.09
Other direct costs	9,722	83.88
Programme Costs Total	11,59	100.00
Indirect Support Costs	545	4.70*
Total	12,135	

*The Indirect Support Costs for the NGO project managed by OCHA have not been requested/charged by OCHA in 2010 and will be requested in 2011.

Figure 3 below reflects amounts expended in each of the six categories for the CHF-Somalia in 2010.

Figure 3: Percentage of Total Programme Costs sorted by the six UNDG budget categories



Other direct cost account for the highest category disbursed (83.9 percent), due to the mapping of NGO expenditure to this category by OCHA, as explained above.

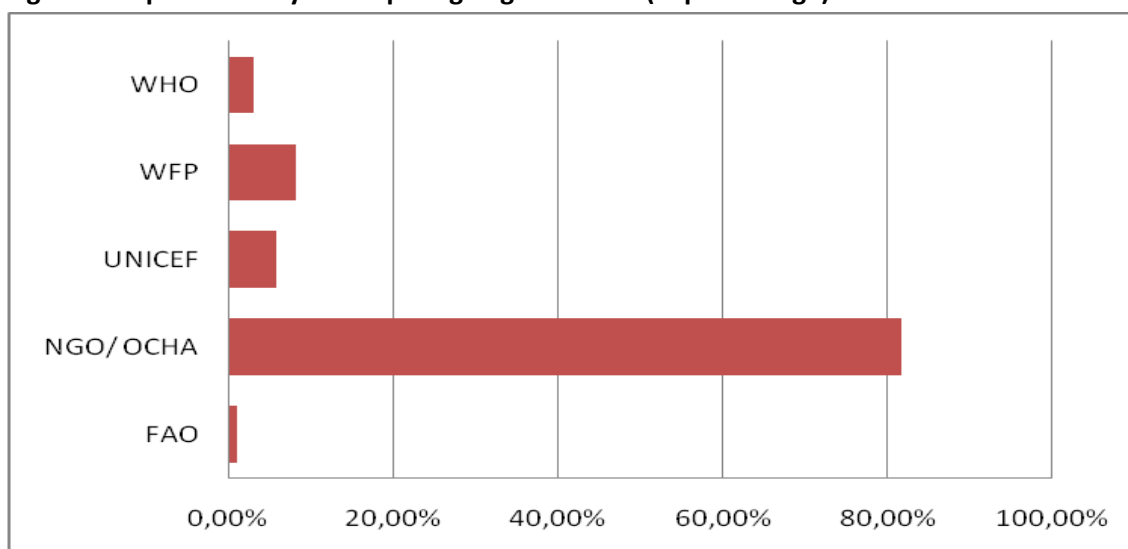
5.3. Cumulative Expenditure of Participating Organizations, with breakdown by Category

Cumulative expenditure reported by Participating Organizations are shown in the six UNDG harmonized categories in Table 7.

Table 7: Total Expenditure by Participating Organization, with breakdown by Category, as of 31 December 2010 (amounts in US\$ Thousands)

Partic UN Organization	Funds Transferred	Total Expend	Expenditure by Category						
			Suppl, com, equip	Personnel	Training	Contracts	Other direct costs	Total Progr Cost	Indirect support costs
FAO	335	134	-	125	-	-	-	125	9
NGO/ OCHA	10,413	9,920	-	-	-	-	9,623	9,623	298
UNICEF	7,029	712	425	43	-	196	1	665	47
WFP	995	995	691	99	1	42	98	930	65
WHO	1,939	374	122	120	-	5	1	248	127
Total	20,711	12,135	1,237	387	1	242	9,722	11,590	545

Figure 4: Expenditure by Participating Organizations (in percentage)



OCHA acting as Managing Agent reported the highest amount of expenditure amongst Participating Organizations in the CHF-Somalia. The amount represents 82% of the total reported expenditure of the CHF-Somalia in 2010.

6. Accountability and transparency

In 2010, the MDTF Office officially launched the MDTF Office GATEWAY (<http://mdtf.undp.org>). It is a knowledge platform providing real-time data from the MDTF Office accounting system, with a maximum of two-hour delay, on financial information on donor contributions, programme budgets and transfers to Participating Organizations. It is designed to provide transparent, accountable fund-management services to the United Nations system to enhance its coherence, effectiveness and efficiency. Each MDTF and JP administered by the MDTF Office has its own website on the GATEWAY with extensive narrative and financial information on the MDTF/JP including on its strategic framework, governance arrangements, eligibility and allocation criteria. Annual financial and narrative progress reports and quarterly/semi-annual updates on the results being achieved are also available. In addition, each programme has a Factsheet with specific facts, figures and updates on that programme.

The GATEWAY provides easy access to more than 5,000 reports and documents on MDTFs/JPs and individual programmes, with tools and tables displaying related financial data. By enabling users in the field with easy access to upload progress reports and related documents also facilitates knowledge sharing and management among UN agencies. The MDTF Office GATEWAY is already being recognized as a 'standard setter' by peers and partners.

ANNEX A: CHF Somalia Projects: Transfers and Expenditures as of 31 December 2010 (in US\$ Thousands)

Project Number	Project Title	CHF Project Number	Part Orgs	NGOs	Start date	Net Funded Amount	Expend	Delivery rate
Cluster: Enabling Programming						316	316	100%
75916	CHF Somalia ENABLING PROGRAMMI	CHF-DMA-0489-028	OCHA	DRC	30-Jul-10	316	316	100%
Cluster: Health						4,998	2,941	59%
75912	CHF Somalia HEALTH/OCHA-NGOs		OCHA		29-Jul-10	3,058	2,566	84%
	Emergency health support	CHF-DMA-0489-007		COOPI	29-Jul-10	258		
	Health support for vulnerable communities	CHF-DMA-0489-008		AFREC	29-Jul-10	123		
	Ensure access to quality emergency health services	CHF-DMA-0489-009		CESVI	29-Jul-10	258		
	Bay Primary Health Care	CHF-DMA-0489-010		World Vision	29-Jul-10	249		
	Emergency primary health care - Puntland	CHF-DMA-0489-011		Merlin	29-Jul-10	250		
	Provision of emergency health assistance to IDPs	CHF-DMA-0489-012		Islamic Relief	29-Jul-10	493		
	Provision of strengthened prim health care services	CHF-DMA-0489-013		Islamic Relief	29-Jul-10	347		
	Strengthening the health services	CHF-DMA-0489-014		CISP	29-Jul-10	250		
	Health Response for IDPs	CHF-DMA-0489-015		Muslim Aid	29-Jul-10	250		
	Integrated Health Program	CHF-DMA-0489-016		Relief Internatl	29-Jul-10	250		
	Emergency Primary Health Care- Galgaduud	CHF-DMA-0489-017		Merlin	29-Jul-10	330		
76056	Blood transfusion services for emergency services	CHF-DMA-0489-030	WHO		13-Aug-10	197	13	7%
76057	EmOC and reproductive health	CHF-DMA-0489-031	WHO		16-Aug-10	672	276	41%
76073	Outbreak ctrl & response to comun diseases	CHF-DMA-0489-032	WHO		17-Aug-10	1,070	86	8%
Cluster: Agriculture and Livelihoods						2,731	2,530	93%
76055	Food Security and Nutrition Analysis Unit	CHF-DMA-0489-029	FAO		13-Aug-10	335	134	40%
75910	CHF Somalia LIVELIHOODS/OCHA-NGOs		OCHA		29-Jul-10	2,396	2,396	100%
	Incorporated cashf for work and productive assets	CHF-DMA-0489-001		ARDO	29-Jul-10	255		
	Quick livelihood support integration...	CHF-DMA-0489-002		CPD	29-Jul-10	553		
	Improving self reliance of conflict affected	CHF-DMA-0489-003		DRC	29-Jul-10	291		
	Emergency livelihood support to vulnerable IDPs	CHF-DMA-0489-004		WOCCA	29-Jul-10	358		
	Livelihood serv to drought affected pastoralists	CHF-DMA-0489-005		SADO	29-Jul-10	689		
	Broad based improved food security	CHF-DMA-0489-006		CEFA	29-Jul-10	250		
Cluster: Logistics						995	995	100%
76161	Humanitarian Air Service	CHF-DMA-0489-035	WFP		24-Aug-10	995	995	100%
Cluster: Nutrition						5,000	1,303	26%
75913	CHF Somalia NUTRITION/OCHA-NGO		OCHA		29-Jul-10	1,241	1,241	100%
	Emergency Nutrition Response	CHF-DMA-0489-018		CISP	29-Jul-10	337		
	Selective Feeding and Nutrition	CHF-DMA-0489-019		Relief Internatl	29-Jul-10	253		
	Capacity building of nutrition actors	CHF-DMA-0489-020		DIAL	29-Jul-10	255		
	Prevention and treatment of acute malnutrition	CHF-DMA-0489-021		OXFAM Novib	29-Jul-10	396		
76516	Humanitarian response: malnutrition	CHF-DMA-0489-033	UNICEF		18-Oct-10	3,759	62	2%
Cluster: Water and Sanitation						6,671	4,050	61%
75914	CHF Somalia WASH/OCHA-NGOs		OCHA		29-Jul-10	3,401	3,401	100%
	Emergency WASH response to IDPs	CHF-DMA-0489-022		OXFAM GB	29-Jul-10	689		
	WASH Disaster Mitigation Project	CHF-DMA-0489-023		Relief Internatl	29-Jul-10	288		
	Emergency drilling of deep wells	CHF-DMA-0489-024		YME	29-Jul-10	823		
	Access to life saving water	CHF-DMA-0489-025		Internatl Aid Serv	29-Jul-10	400		
	Basic hygene conditions	CHF-DMA-0489-026		NRC	29-Jul-10	530		
	Emerg provision of water & sanitation facilities	CHF-DMA-0489-027		Islamic Relief	29-Jul-10	671		
76525	Safe water, sanitation facilities & hygenie promotion	CHF-DMA-0489-034	UNICEF		19-Oct-10	3,270	649	20%
Grand Total:						20,711	12,135	59%