



The Republic of Sudan

Darfur Community Peace and Stability Fund

Report of the Administrative Agent

For the period from 1 January 2010 to 31 December 2010

May 2011



PARTICIPATING UN ORGANIZATIONS



Food and Agriculture Organization (FAO)



United Nations Development Programme (UNDP)



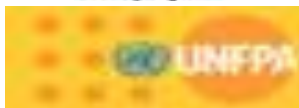
United Nations Environment Programme (UNEP)



United Nations Educational, Scientific and Cultural Organization (UNESCO)



United Nations Industrial Development Organization (UNIDO)



United Nations Population Fund (UNFPA)



United Nations High Commissioner for Refugees (UNHCR)



United Nations Entity for Gender Equality and the Empowerment of Women (UNWOMEN)



United Nations Children's Fund (UNICEF)



United Nations Office for Project Services (UNOPS)



World Food Programme (WFP)



World Health Organization (WHO)

PARTICIPATING NON-UN ORGANIZATIONS



International Organization for Migration (IOM)

Darfur Community Peace and Stability Fund

CONTRIBUTING DONORS	
DENMARK	
GERMANY	
ITALY	
NETHERLANDS	
NORWAY	
SWEDEN	
SWITZERLAND	
\ UNITED KINGDOM	

Definitions

Allocation

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

Approved Project/Programme

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

Direct Costs

Costs approved by the DCPSF Steering Committee and charged to the DCPSF account to perform additional tasks in support of the Fund not related to the Administrative Agent functions. DCPSF Secretariat costs are charged to the Fund as Direct Costs.

Donor Commitment

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

Donor Deposit

Cash deposit received by the UNDP MDTF Office for the DCPSF.

Indirect Support Costs¹

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

Managing Agent

UN Organization that has signed the MOU as a Participating UN Organization (PUNO) and performs an oversight function vis-à-vis NGOs receiving DCPSF funding. In the case of the DCPSF, UNDP 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

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

¹ UNDG Financial Policies Working Group

Participating Organizations

Organizations that have signed a Memorandum of Understanding with the UNDP MDTF Office, this includes Participating UN Organizations, as well as Non-UN Participating organizations, such as IOM.

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 installment from the MDTF Office to the Participating Organization.

Total Approved Budget

Amount approved by the DCPSF Steering Committee.

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1. Introduction

This Consolidated Annual Financial Report on the Darfur Community Peace and Stability Fund (DCPSF) is prepared by the UNDP MDTF Office of the United Nations Development Programme (UNDP) in its capacity as the Administrative Agent (AA) of the DCPSF. The Administrative Agent (AA) role for the DCPSF has been delegated by the MDTF Office's Executive Coordinator to the UNDP Sudan Country Director. The Report is submitted to the UN Resident Coordinator (RC), as Chair of the DCPSF Steering Committee in fulfillment of the reporting provisions of the DCPSF Terms of Reference (TOR), the Memorandum of Understanding (MOU) between the UNDP/MDTF Office and the Participating Organizations, and the Standard Administrative Arrangement (SAA)² between the UNDP/MDTF Office and Donors³.

The MDTF Office serves as AA for the DCPSF and is responsible for concluding the SAAs with the donors and MOUs with Participating Organizations. It receives, administers and manages contributions from Donors, and disburses these funds to the Participating Organizations in accordance with the decisions of the DCPSF Steering Committee. Finally, the AA prepares and submits annual consolidated financial reports, as well as regular financial statements on the DCPSF account to the UN RC as Chair of the DCPSF Steering Committee, 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 projects⁴ funded by the DCPSF. It is posted on the MDTF Office GATEWAY (mdtf.undp.org).

2. Sources, Uses, and Balance of DCPSF Funds

The Darfur Community Peace and Stability Fund (DCPSF) is a pooled funding mechanism established in 2007 to promote peacebuilding and reconciliation in Darfur through the implementation of community-based recovery and development activities in Darfur. By the end of 2010 a total cumulative amount of US\$33.5 million was deposited from eight donors into the DCPSF account; of which US\$11.5 million was received in 2010. By end of 2010 a total of US\$22.0 million has been transferred to three Participating UN Organizations; of

² Formerly known as Letter of Agreement (LOA).

³ While the content of this Report has been shared in previous years by the AA with the UN Resident Coordinator for inclusion in the final DCPSF 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).

⁴ Projects refer to both Projects and Programmes.

which US\$16.4 million was transferred in 2010 – namely FAO, UNICEF, and UNDP, acting both as Managing Agent (MA) and Participating UN Organization.

Cumulatively, at the end of the reporting period, the Balance of Funds with the Administrative Agent was US\$9.1 million, whereas the Balance of Funds with the Participating Organizations was US\$13.5 million. Table 1 provides an overview of the overall sources, uses, and balance of the DCPSF as of 31 December 2010.

The relatively large balance with the Administrative Agent is due to the fact that donor contributions amounting US\$7.95 million were received in November-December 2010. Due to annual closing of the AA's accounts the transfers to the Participating Organizations only took place early in 2011.

The large balance with the Participating Organizations is due to the fact that the projects approved were for a duration of 24 months. Therefore, only part of the projects' activities took place in 2010. Moreover, the transfers to 24 NGO projects were made on a quarterly basis. Out of the total approved amount of US\$ 28 million, US\$ 24.6 million (88%) was allocated to NGOs through UNDP acting as Managing Agent - the average project duration for these NGOs projects was also 24 months.

The Administrative Agent fee was charged at the standard MDTF rate of 1 percent on donors' deposits. The cumulative AA fee on the funds received at the end of 2010 amounted to US\$335,000, of which US\$124,000 was charged in 2010.

Table 1 - Financial Overview in Thousand US\$			
	Prior Years as of Current Year		TOTAL
	31-Dec-09	Jan-Dec 2010	
Sources of Funds			
Gross Donor Contributions	22,008	11,515	33,523
Fund Earned Interest Income	207	145	352
Interest Income received from Participating Organizations	-	17	17
Refunds by Administrative Agent (Interest/Others)	-	-	-
Other Revenues	-	-	-
Total: Sources Of Funds	22,215	11,677	33,892
Uses Of Funds			
Transfers to Participating Organizations	5,646	16,368	22,014
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	5,646	16,368	22,014
Administrative Agent Fees	211	124	335
Direct Costs: (Steering Committee, Secretariat...etc)	1,874	600	2,474
Bank Charges	-	-	-
Other Expenditures	-	-	-
Total: Uses of Funds	7,731	17,092	24,823
Balance of Funds Available with Administrative Agent			
Net Funded Amount to Participating Organizations	5,646	16,368	22,014
Participating Organizations' Expenditure	4,713	3,804	8,516
Balance of Funds with Participating Organizations	933	12,564	13,497

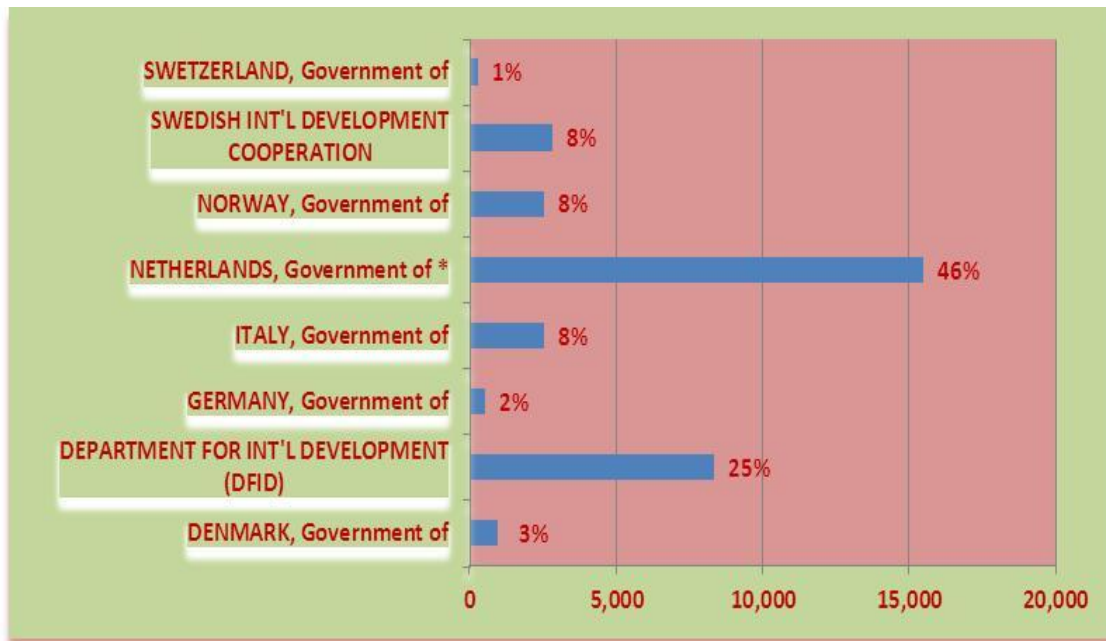
3. Donors Contributions

The DCPSF is financed by eight donors, namely Denmark, Germany, the Netherlands, Norway, Italy, Switzerland, Sweden/SIDA and the United Kingdom/DFID. Table 2 presents the breakdown of the contributions received for the years 2007 to 2010. The total contributions made to the DCPSF at the end of the reporting period amount to US\$33.5 million. The main donors are the Netherlands (46 percent), UK/DFID (25 percent), Sweden/SIDA, Norway and Italy which contributed with 8 percent each, as shown in Figure 1 below. All commitments were 100 percent deposited to the DCPSF account. In the year 2010, contributions from donors amounted to US\$11.5 million.

Table 2 - Total Donor Deposit, Cummulative as at 31 Decmber 2010, in Thousands US\$

Contributor/Partner	2007	2008	2009	2010	Grand Total
DENMARK, Government of			872	70	942
DEPARTMENT FOR INT'L DEVELOPMENT (DFID)		3,753	3,102	1,477	8,332
GERMANY, Government of	513				513
ITALY, Government of			2,557		2,557
NETHERLANDS, Government of		4,500	4,500	6,500	15,500
NORWAY, Government of		858	(27)	1,717	2,548
SWEDISH INT'L DEVELOPMENT COOPERATION			1,380	1,452	2,832
SWETZERLAND, Government of				300	300
Grand total	513	9,111	12,385	11,515	33,523

Figure 1 Percentage of Total Donor Deposits, cumulative as of 31 December 2010, in Thousand US Dollars



4. Interest earned

Apart from donor contributions, the DCPSF also receives funds from the interest income earned. 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. (2) Interest Income from the Participating Organization, which is the amount earned by the Participating Organizations on the undisbursed balance of the DCPSF funds.

As shown in table 1 above, by the end of 2010, the Fund earned interest amounted to US\$352,000, out of which US\$145,000 was UNDP acting as a Participating Organization/Managing Agent refunded interest earnings amounting to US\$17,000.

It is worth noting that the total interest amount earned of US\$369,000 fully covers the cumulative Administrative Agent's fee of US\$335,000 at the end of the reporting period.

5. Transfer of Funds to Participating Organizations

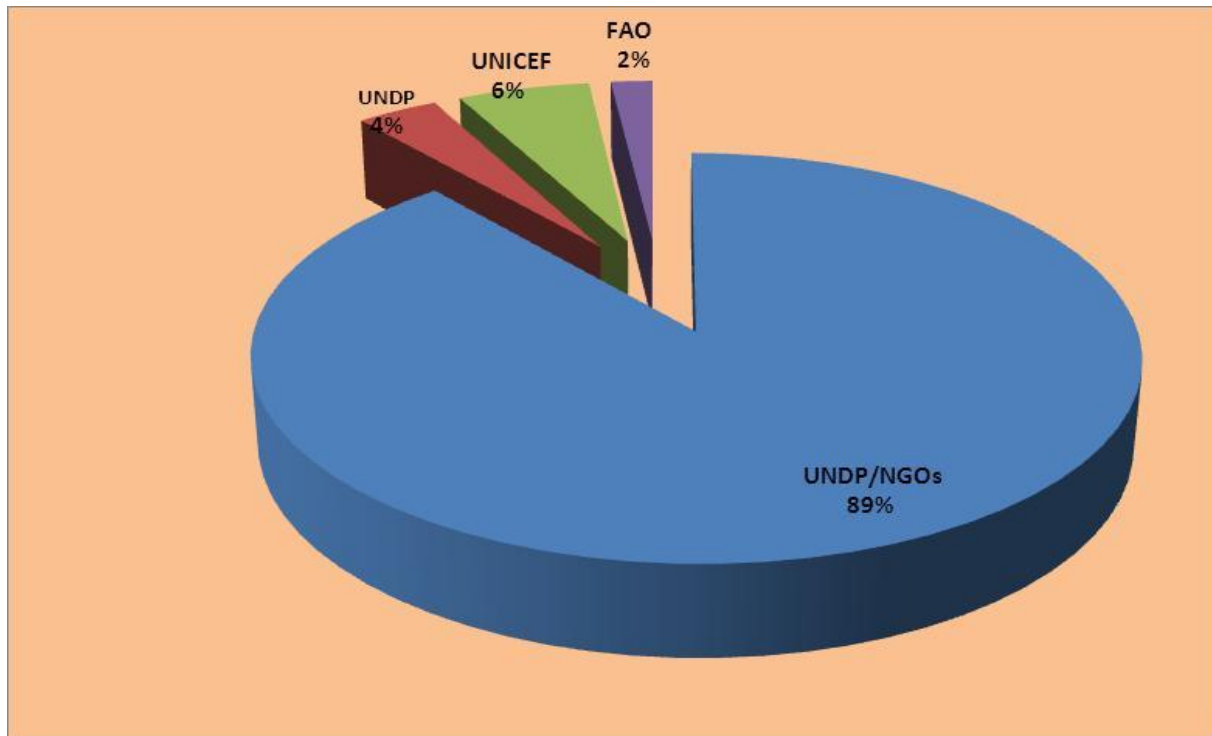
Thirteen Participating Organizations (twelve UN Organizations and IOM) have signed the MOU for the DCPSF since its inception in 2007. In 2010, the MDTF Office transferred funds from the DCPSF to three Participating Organizations for a total of US\$16.37 million, which accounted for 57.7 percent of the total approved amount. The difference between the approved amount and the net transferred is the insufficient funding in the DCPSF account - the pending approved amounts were transferred in 2011, after the Dutch contribution of US\$ 6.5 million was received at the end of December 2010.

The distribution of approved funding, consolidated by Participating Organization is summarized in Table 3. The term "Net Transferred amount" refers to amounts transferred to a Participating Organization minus refunds of unspent balances from the Participating Organization.

Participating Organization	Total approved	Net Transferred Amounts			Total
	Amounts	2008	2009	2010	
UNDP/NGO	24,576	1,905	2,426	15,245	19,576
UNDP	775		283	493	775
UNICEF	2,032	1,033		230	1,263
FAO	1,000			400	400
Total	28,383	2,937	2,708	16,368	22,014

As of 31 December 2010, NGOs receiving funding through UNDP acting as the Managing Agent (MA) received the largest amount (89 percent), which represented 24 NGO projects, followed by UNICEF (6 percent), UNDP⁵ acting as Participating Organization (4 percent) and FAO (2 percent).

Figure 2 - Fund Transferred by Participating Organization



⁵ This covers a UNDP Rule of Law Project “Promoting Peace and Human Rights in Darfur”.

6. Expenditure reported by Participating Organizations

Project expenditures are incurred and monitored by each Participating Organization. They are reported following the UN Development Group (UNDG) six categories of expenditure in order to provide harmonized and comparable reporting expenditure to donors⁶.

All expenditures reports were submitted by the Participating Organizations, by using the MDTF Office's reporting tool (UNEX). The tables were extracted and analyzed by the MDTF Office and subsequently posted on the MDTF Office GATEWAY.

6.1. Overall Expenditure and Financial Delivery Rates

Financial delivery rates are measured in terms of expenditure as a proportion of the amount transferred. In 2010 the total amount of expenditure reported by the Participating Organizations was US\$3.80 million. Cumulatively since 2008, total expenditure amount to US\$8.52 million. Table 4 below shows the breakdown of expenditure reported by prior years and the reporting year (2010). The cumulative financial delivery rate at the end of the reporting period is 39 percent. This low delivery rate can be explained by a number of factors:

- 1) The transfers for the DCPSF 3rd round of allocation (covering 11 projects) were made in the last quarter of 2010, therefore only limited activities took place in 2010. Also, the projects' durations were between 18 to 24 months;
- 2) There were also delays in the implementation of some of the projects due to the security situation in Darfur;
- 3) Finally, some implementing partners have also faced temporary restrictions from the local authorities that hindered the implementation of the projects.

⁶ 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.

Country/Sector	Total		Expenditure			Delivery Rate (%)
	Approved	Net Funded	Prior Years as of	Current Year	TOTAL	
	Amount	Amount	31-Dec-09	Jan-Dec 2010		
Sudan (Khartoum)	28,383	22,014	4,713	3,804	8,516	38.69
Darfur Peace & Stability Fund						
Sudan (Khartoum) Total	28,383	22,014	4,713	3,804	8,516	38.69
TOTAL	28,383	22,014	4,713	3,804	8,516	38.69

Table 5 below reflects expenditure by Participating Organization and Year.

Cumulatively, UNDP acting as Managing Agent reported the highest amount of expenditure due to the large amount of funding transferred to NGOs from the DCPSF (89 percent of total transferred). This amount represents 74 percent of the total reported expenditure for the DCPSF for the period ending on 31 December 2010.

Participating Organization	Total Approved Amount	Net Funded Amount	TOTAL Expenditure	Delivery Rate (%)
FAO	1,000	400	135	34
UNICEF	2,032	1,263	1,256	100
UNDP	775	775	829	107
UNDP/NGO	24,576	19,576	6,296	32
	28,383	22,014	8,516	39
TOTAL		28,383	22,014	8,516

The over-expenditure reported by UNDP for its "Rule of Law" project, can be explained by the fact that reported expenditure included expenses funded from other sources of funding to the project than the DCPSF. This over-expenditure will be reversed in the year 2011.

6.2. Total Expenditure Reported by Category

The Participating Organizations have reported their expenditure against the six UNDG harmonized categories. Table 5 hereunder presents expenditure by year and expenditure category. Cumulatively, the largest categories of expenditure are: other direct costs (76 percent), contracts (10 percent), and Personnel (8 percent).

Annex 1 presents cumulative expenditure by Participating Organization, with breakdown by Category. As shown in the table, at the end of the reporting period, the indirect support costs represented 3.92 percent of the total programme costs, which is below the 7 percent rate authorized in the DCPSF Memorandum of Understanding and the SAA with donors. The

low indirect support cost reported by UNDP/MA (4.22 percent) is a partial charge of the full 7 percent indirect support cost, that will be charged at the closing of the NGO projects by UNDP/MA.

7. Transparency and Accountability

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, the GATEWAY 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 1: Expenditure by Participating Organization, with breakdown by Category For the period ending 31 December 2010 (Thousands Amounts in US\$

TOTAL			Expenditure by Category									
Participating Organization	Approved Amount	Net Funded Amount	Expenditure	Supplies			Training of Counterparts	Contracts	Other Direct Costs	Total Programme Cost	Indirect Support Costs	% of Total Programme Costs
				Commodities	Equipment & Transport	Personnel						
FAO	400	400	135	9	66	12	19	20	126	9	7	
UNDP/NGO	19,576	19,576	6,296	-		-	-	6,041	6,041	255	4.22	
UNDP	775	775	829	6	393	-	35	420	854	-24	-2.87	
UNICEF	1,263	1,263	1,256	66	247	27	815	19	1174	82	7	
TOTAL	22,014	22,014	8,516	81	706	39	869	6,500	8,195	322	3.92	