**PEACEBUILDING FUND**

**Project Budget Revision with No Additional Funds but Cost Reduction
Implication and No Outcome Change**

Project Title: Support to the Federal Government of Somalia in Stabilization in Newly Recovered Areas	Recipient UN Organization(s): UNDP
Project Contact: Sofia Carrondo Address: United Nations Assistance Mission in Somalia, Mogadishu Head Office Telephone: E-mail: carrondo@un.org	Implementing Partner(s) – name & type (Government, CSO, etc): Federal Government of Somalia, Ministry of Interior and Federalism; UNDP (in partnership with civil society organisations and women groups)
Project Number: <i>To be completed by UNDP MPTF Office</i>	Project Location: South Central Somalia
Project Description: The project will support the FGS in its stabilization efforts in the newly recovered areas, through establishment of caretaker and interim local administrations capable of leading an inclusive dialogue towards the formation of governance structures and promoting reconciliation.	PBF Approved budget (reduced): \$4,123,420 Total project budget: \$4,205,295
	Project Start Date: June 2015 Initial Project End Date: December 2016 Revised End Date: December 2016
Gender Marker Score¹: <u>2</u>	
Project Outcomes: Tangible and visible peace dividends delivered to Somali citizens in Newly Recovered Areas with the establishment of Caretaker Administrations in the 25 newly recovered areas. The Caretaker Administrations will oversee the peaceful establishment of interim local administration through inclusive dialogue process, including through empowerment of youth and women; initial law enforcement presence in newly recovered areas ensured.	



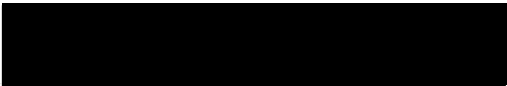
¹ The PBSO monitors the inclusion of women and girls in all PBF projects in line with SC Resolutions 1325, 1612, 1889, 1889.

Milestones:

1. Four stabilisation programmes endorsed and discussion with development partners on alignment behind these programmes;
2. Action plans for agreed geographic priority areas finalised
3. Implementation of agreed workplans initiated

PBF Outcomes which best summarizes the focus of the project:

PBF Outcomes across 2.1, 2.2 and 2.3

<i>(for IRF-funded projects)*</i>	
Recipient UN Organization(s)  Philippe Lazzarini Resident Representative UNDP <u>23/5/15</u> Date & Seal	Representative of National Authorities <i>[Federal Govt of Somalia endorsement as per the signed letter of 4 May 2015, Ref: RCHC/LT/15/031]</i> Name of Government Counterpart Date & Seal
Peacebuilding Support Office (PBSO)  Oscar Fernandez-Taranco Assistant Secretary-General for Peacebuilding Support Peacebuilding Support Office, NY Date & Seal	Special Representative of the Secretary-General  Nicolas Kay Special Representative of the Secretary-General UNSOM <u>23/5/15</u> Date & Seal

** If the budget change within the project is less than 15% between the categories, then only the signature of the RUNO is required. This form is then provided to the Government, to PBSO and to MPTF for information only. If the budget change within the project is more than 15% between the categories, then the signatures of the Government and the Resident Coordinator are needed, before submission to PBSO for approval.*

Table of contents:

Length: Max. 5 pages

I. Reason for changes to the project and justification**a) Nature of change and justification**

In line with the Federal Government of Somalia (FGS) request the UNSOM strived to achieve the dual objectives of the project: i) to support the stabilization activities and stabilization coordination functions of the Ministry of Interior and Federalism, and ii) the use of the national systems.

From the onset, it had been made clear that the use of the national systems would require a number of checks and balances, namely information on the public management system of the government, a template budget for the resources being challenged to the districts level and an expert fiduciary oversight agent.

Currently, the contracting of an external fiduciary agent is missing part. While the UN had advanced with the procurement of this service, unfortunately the offer received is beyond the authorised ceiling below which the UN is authorized to conduct sole source procurement. Because of this situation, it has been determined that is not possible to precisely estimate how much more time is required to finalise this process without jeopardizing the overall project objectives. This means that pursuing at the same time the objective of swift support to stabilization and the use of national systems are becoming incompatible with the latter requiring more time to be in place.

Therefore, and in response to the FGS call to accelerate the resolution of the transfer of these funds to support the activities they are aimed at, UNSOM and the Ministry of Interior and Federalism (as per the signed letter of 4 May 2015, Ref: RCHC/LT/15/031) have agreed to focus on the swift release of the funds. This would mean transferring the totality of funds to UNDP. The implementations would be carried on using the existing letter of agreement between UNDP and the Ministry.

b) Impact on the project outcomes

None

II. Budget impact**a) Budget revision**

The adjustment in the project strategy means the transferring the totality of the project budget to UNDP.

I. Reason for changes to the project and justification

- a) **Nature of change and justification:** *This section outlines the nature of the revision being sought and the justification for the change.*

Part of the project budget amounting to \$1,887,500 which was supported to be channelled through the Government system via the Somalia MPTF National Window will now be transferred and disbursed through UNDP. This would mean transferring the totality of the project funds amounting to \$4,123,420 (including 7% management fee) to UNDP. The implementations would be carried on using the existing letter of agreement between UNDP and the Ministry.

- b) **Impact on the project outcomes:** *This section articulates what impact the budget revision will have on the project outcomes, if any. If impact is significant, template 2.3 should be used and approval sought from PBF. If impact is not significant, this section should explain how this will be ensured with particular reference to the percentage change in the budget.*

None.

However, for now the project will not be able to test the new disbursement systems that had been put in place because the project does not have the mandatory and required an external fiduciary agent to provide monitoring and oversight services.

II. Budget impact

- a) **Budget revision:** *If there are any changes within the budget of more than 15% between to any cost category, this should be justified and approval must be sought first from PBF. If changes are less than 15% between categories, this form will be provided to PBF, the Government and MPTF for information only. Please use the two budget tables below.*

Table 1: Project Activity Budget

Outcome 1:			
Output number	Output name	Output budget	Any remarks (e.g. on types of inputs provided or budget justification)
Output 1.1			
Output 1.2			
Output 1.3			
Outcome 2:			

Output 2.1			
Output 2.2			
Output 2.3			
Etc			

Table 2: Project budget by UN categories by RUNO

PBF PROJECT BUDGET - UNDP			
CATEGORIES	Original Budget	Proposed Increase/Decrease	Proposed new budget
1. Staff and other personnel	\$1,045,608	-	\$1,045,608
2. Supplies, Commodities, Materials	\$1,268,439	-	\$1,268,439
3. Equipment, Vehicles, and Furniture (including Depreciation)	\$-	-	\$-
4. Contractual services	\$1,431,065	(\$200,000)	\$1,231,065
5. Travel	\$221,348	-	\$221,348
6. Transfers and Grants to Counterparts	\$-	-	\$-
7. General Operating and other Direct Costs	\$87,205	-	\$87,205
Sub-Total Project Costs	\$4,053,664	(\$200,000)	\$3,853,664
8. Indirect Support Costs*	\$151,631	\$118,125	\$269,756
TOTAL	\$4,205,295	(\$81,875)	\$4,123,420
Notes: *- Management fees increases because UNDP transfer has a 7% fee compared to the zero for the previous national window transfer.			

Annex:

UNSOM letter to the Federal Govt of Somalia of 4 May 2015, Ref: RCHC/LT/15/031 endorsed and signed off by H.E. Abdirashid Hidi, the State Minister, Ministry of Interior and Federalism, FGS