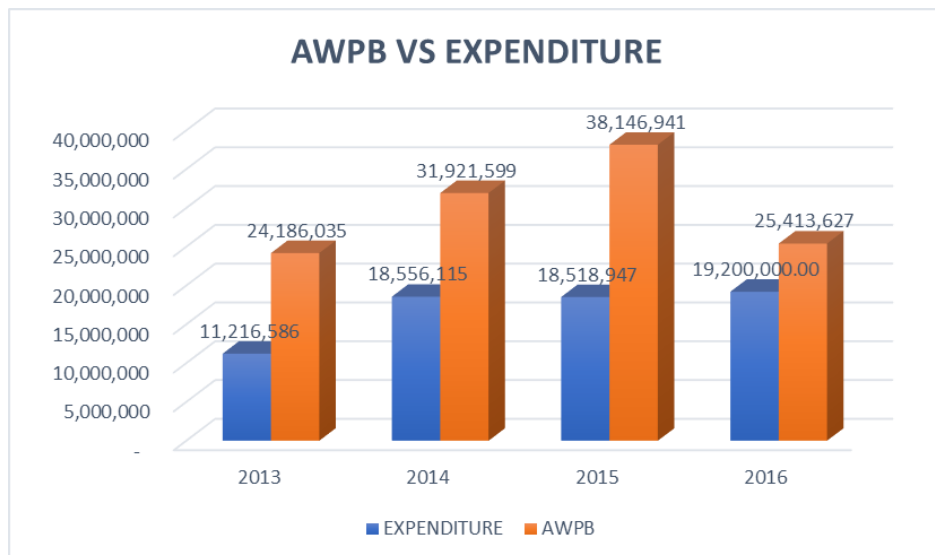


Draft Budget notes

The programme budget aims to be realistic against delivery capacities and donor funds. Both JPLG I and II were affected by overly ambitious work planning. Work plans were constructed to deliver larger amounts of funding compared to what was in hand.

At the same time the expectations and needs in Somalia and Somaliland demand for a more ambitious level of delivery. These expectations and those of the programme document were not reflected in donor funding.



The need to field a country wide programme, manage relations with a range of governments and deliver in challenging environments has challenged the teams of the JPLG and will continue to do so.

There is a need to ensure that the achievements made in Somaliland and Puntland are not reversed and as per the government's expectations are taken to all districts.

Such an operational environment is not cheap and the broad requirements of local governments dictate the need for the JPLG to have a full range of technical competencies across the country.

To remain within the overhead levels of 30% the programme will expand delivery capacities into the new federal states using existing staff and pooling all offices.

In 2016-17 the programme for the first time delivered all funds available, implementation was constrained by cash flow and not the ability to deliver.

Projected income

2016 / 7 the programme operated on budgets of 20 million USD. The next phase of the programme calls to two significant expansions:

1. In Somaliland and Puntland to take local governance systems country wide
2. Become fully operational in the new Federal states of Somalia in support of newly created representative local governments.

To be able to respond to these significant demands the programme budget has been set at 27.4 million rising to 32.6 over a five-year period.

Projected donor funds		2018	2019	2020	2021	2022
Total funding		27,400,000	29,900,000	31,400,000	32,200,000	32,600,000
Grant funds		5,050,000	5,950,000	6,710,000	7,220,000	7,280,000
Operational funding	28%	7,672,000	8,372,000	8,792,000	9,016,000	9,128,000
Programable	54%	14,678,000	15,578,000	15,898,000	15,964,000	16,192,000

In the design of JPLG III it is foreseen that programming will be significantly different, varying amounts of funding. Expansion into new areas will need to be cognizant of the funds available. The table below demonstrates that the programme does not envisage being able to implement all actions in the states of Galmudug and Hirshabelle. Galmudug is being targeted by the Somali stability fund for local governance support and so the JPLG will focus limited resources on enabling the Galmudug state to participate in the national forums and prime policies (Outcome 1).

	Funding available through donor commitme 2018				
	15 million	20 m +	25 m +	30 m +	35+
Operational overheads	30%	28%	28%	25%	22%
Somaliland	17%	15%	15%	15%	14%
Puntland	15%	14%	14%	14%	14%
Galmudug	5%	5%	4%	4%	4%
Hirshabelle	5%	5%	4%	4%	8%
BRA	5%	6%	9%	10%	10%
SFG	5%	5%	5%	4%	4%
South West State	9%	11%	11%	12%	12%
Jubbland	9%	11%	10%	12%	12%
Total	100%	100%	100%	100%	100%

Similarly Hirshabelle will not be expanded until sufficient funding is in hand.

The higher the funding available the lower the percentage of overheads.

	15,000,000	20,000,000	25,000,000	30,000,000	35,000,000
Operational overheads	4,500,000	5,600,000	7,000,000	7,500,000	7,700,000
Somaliland	2,550,000	3,000,000	3,750,000	4,500,000	4,900,000
Puntland	2,250,000	2,800,000	3,500,000	4,200,000	4,900,000
Galmudug	750,000	1,000,000	1,000,000	1,200,000	1,400,000
Hirshabelle	750,000	1,000,000	1,000,000	1,200,000	2,800,000
BRA	750,000	1,200,000	2,250,000	3,000,000	3,500,000
SFG	750,000	1,000,000	1,250,000	1,200,000	1,400,000
South West State	1,350,000	2,200,000	2,750,000	3,600,000	4,200,000
Jubbland	1,350,000	2,200,000	2,500,000	3,600,000	4,200,000
Total	15,000,000	20,000,000	25,000,000	30,000,000	35,000,000

Overhead / Operational costs

To present a more realistic picture of the divide between overhead and delivery costs the programme believe it is important to have a clear classification for what represents overhead or delivery expenditure. Miss representations / understandings in the past have caused significant difficulties for JPLG and overly reported overhead costs have for obvious reasons caused concern with donors.

The table below outlines how the programme intends to categorize these figures:

Draft Budget outline

	2018	2019	2020	2021	2022
Policy frameworks - political processes around local governance	33% 4,843,740	32% 4,984,960	31% 4,928,380	29.00% 4,629,560	29% 4,695,680
1.1 Political processes					
1.2 Policies, legislation					
Human resource capacities and systems	35% 4,843,740	35% 4,984,960	35% 4,928,380	36.00% 4,629,560	36% 4,695,680
2.1 Structures and systems					
2.2 Skills and Competencies					
2.3 Fund Management					
2.4 Urban planning					
Inclusive Local governance and Gender	12% 4,843,740	14% 4,984,960	16% 4,928,380	17.00% 4,629,560	18% 4,695,680
3.1 Gender in the work place					
3.2 Inclusion in systems / process					
3.3 Local government held to account					
Local Governments deliver services	20% 4,843,740	19% 4,984,960	18% 4,928,380	18% 4,629,560	17% 4,695,680
4.1 Local governments deliver defined services					
4.2 Citizens access core services					
Total Programme funds	100% 14,678,000	100% 15,578,000	100% 15,898,000	100% 15,964,000	100% 16,192,000
Local governance grant fund	5,050,000	5,950,000	6,710,000	7,220,000	7,280,000
Programme delivery costs - Overheads	7,672,000	8,372,000	8,792,000	9,016,000	9,128,000
Staffing costs					
Operational Costs					
Administration 7%, Security 5%, M&E 2%,					
Total costs	27,400,000	29,900,000	31,400,000	32,200,000	32,600,000

Budget notes:

Outcome 1: initially costs will be high as considerable amounts of funds will be required to ensure that processes of dialogue link well with local levels and between states and federal authorities. These processes are time consuming and in the Somali context not cheap.

Outcome 2: The launching of the Local Governance Institutes and enabling training to be made available to many of the new programming geographical areas (both north and south) will involve significant investments.

Outcome 3: This outcome represents an expanded and in some cases new activities. These are politically and culturally sensitive and will take time to expand, hence funding is anticipated to grow slowly.

Outcome 4: As the programme text specifies the programme anticipated to move away from directly funding SDMs and will focus on enabling other programmes to use the structures and systems of local governance for their delivery.

Each of the outcomes will be affected by the number of partner districts the programme aims to work with. The table below shows how the expansion is envisaged, which clearly will be contingent on funding and access.

Districts of operation	2018	2019	2020	2021	2022
Somaliland	10	12	14	14	14
Puntland	9	10	11	12	13
Galmudug	1	1	2	2	2
Hirshabelle	1	1	1	2	2
Municipality of Mogadishu	16	16	16	16	16
South West	3	4	5	6	8
Jubbaland	3	4	5	6	8
Total	43	48	54	58	63

Grant funding will be affected by a range of factors. Firstly the 'graduation strategy' for Somaliland and Puntland will make funds available from old JPLG districts to new areas of operation. This will be further complimented by increase local and central government contributions. Secondly the role out of LDF funding in the new states will start with small grants and increase as capacities, systems and financial controls improve in local governments.

Grant funding	2018	2019	2020	2021	2022	
Somaliland	2,300,000	2,760,000	2,800,000	2,800,000	2,520,000	Average fund of 230,000 per district (year 1-2)
Puntland	2,070,000	2,300,000	2,200,000	2,400,000	2,340,000	Average fund of 230,000 per district (year 1-3)
Galmudug	200,000	200,000	400,000	400,000	400,000	Average fund of 200,000 per district
Hirshabelle	60,000	60,000	60,000	120,000	120,000	Initial average of 60,000 per district
Municipality of Mogadishu	60,000	150,000	250,000	300,000	300,000	Initial project fund for city as a whole
South West	180,000	240,000	500,000	600,000	800,000	Initial average of 60,000 per district to increase to 100,000 (y3)
Jubbaland	180,000	240,000	500,000	600,000	800,000	Initial average of 60,000 per district to increase to 100,000 (y3)
Total	5,050,000	5,950,000	6,710,000	7,220,000	7,280,000	