



Interoffice Memorandum

To: Christine McNab
UN Resident Coordinator
Bosnia and Herzegovina

Date: 26 January 2008

From: [Redacted]
Assistant Administrator and Director, Partnerships Bureau
UNDP New York

Extension: 6005

Subject: Subject: MDGF-1684: Mainstreaming environmental governance:
linking local and national action in Bosnia & Herzegovina

File: MDGF 1684

I. Approval Status

On behalf of the MDG-F Steering Committee I am pleased to inform you that your Joint Programme 'Mainstreaming environmental governance: linking local and national action in Bosnia & Herzegovina' is hereby approved with an allocation of USD\$ 5.5 million for three years. This figure includes 7% for indirect costs incurred by UN Participating Organizations. Please note the 1% AA fee will be reimbursed directly to the MDTF Office and need not be included in your allocation.

II. JP design comments

We have identified a number of changes in Section III below ('JP re-design requirements and/or recommendations') which we require to the design of your Joint Programme. Once these issues have been addressed, you may proceed directly with signature of the Joint Programme document. In addition to the Government, the UN Resident Coordinator and all Participating UN Organizations should each sign the Joint Programme document in addition to the Government (including primary national counterparts). We would encourage you to ensure some visibility for this event and for the launch of activities.

We find the Joint Programme design especially strong where it relates to municipal level planning and capacity building. The way it will expand an already-tested local environmental action plan methodology to 30 new municipalities, leverage the experience of municipalities that have already developed such plans to mentor others and follow through with a grant-making facility are all compelling features of this design.

The programme's interventions at the national level are less well-defined. While a number of components are clear (eg. support to an 'Inter-Entity Steering Committee', institutional support for a Clean Development Mechanism, a national 'State of the Environment' report) the programme would benefit from a better articulation of its capacity-building strategy at the national level. The 'Environmental Innovation Fund' also needs to be clarified at least in terms of its goals and the types of interventions it is expected to support, as well as underlining the differences between this and the local level grant facility. At the same time, we recognize that some of the details for this Fund will have to wait until later given the participatory nature of its design. We also appreciate that the proposed governance arrangements offer a credible framework in which to generate new policy and institutional dynamics on environmental issues at the national level in Bosnia-Herzegovina.

The current presentation of the Results Framework will also need some revision and so-doing may itself help answer some of the broader strategy questions. First, the current Results Framework has collapsed



the Joint Programme Outcomes with the Joint Programme Outputs, ie. we believe what currently appears under 'JP Outputs' are intended as the Joint Programme 'Outcomes'. Second, the Results Framework does not consistently identify a single agency (or 'lead agency') per SMART Output. In some cases this is implicit, in other cases it can not be established as multiple agencies are identified in the implementing partner and activities column (which is fine, but poses a problem if there isn't institutional clarity against the SMART Output in the first place). Third, generally speaking we find the indicative activities column lacking sufficient detail to place the budget in context; in other submissions we find this can be more than adequately off-set by the elaboration of the strategy in other parts of the document but this is not the case in this submission (you may want to examine the Joint Programme document of Turkey for environment as an excellent example – this can be viewed by going to the 'Joint Programme Implementation' section of our home page at www.undp.org/mdgf).

The comments of our technical reviewer on the Joint Programme document are also attached for reference. The review is very positive and includes some useful recommendations you may wish to consider in the finalization of the document or during the course of the programme's implementation. Please note the changes recommended by the reviewer are not required by the Fund, unless specified under Section 'III' below - our reviewers are sector experts and may not necessarily be fully acquainted with specifics of a given country context. Nevertheless, from a programme design view point we would encourage you to give close consideration of his suggestion that the results framework would be much clearer if Outcome 2 be reconfigured to address financing mechanisms, with Outcome 3 more clearly oriented towards national capacity building elements (Para 21).

Finally, please note that the Fund Secretariat may revert to you with comments on your Monitoring Framework in the first part of 2008. The proposed Monitoring framework does not include indicators relating to UN reform or the Paris Declaration. This has been a common feature across many submissions, and the Secretariat has been tasked with investigating what is feasible within a three-year programme and developing Fund-wide M&E standards.

III. JP re-design requirements and/or recommendations

The following changes are required to the Joint Programme document before finalization:

- Narrative Sections 2 and 3 ('Strategies' and 'Results Framework') should be revised to include greater clarity on a) capacity building goals and strategies at the national level and b) additional details on the nature of the 'Environmental Innovation Fund', its goals, expected modalities, how it differs from the municipal-level Fund etc..
- The Results Framework should be revised, and in particular:
 - Joint Programme Outputs should be identified in Column 1
 - One agency should be assigned responsibility for each SMART output in Column 2
 - Additional details should be provided in the indicative activities column for some of the larger budget items wherever possible.

Consideration should be given to revising the structure of the Results Framework Outcomes as discussed above and flagged in the independent reviewer's comments. This is a recommendation, not a requirement.



IV. Management arrangements and delegation of authority

On receipt of a copy of the signed document, the Fund Secretariat will transfer the full three-year allocation to the custody of the Multi Donor Trust Fund (MDTF) Office pending further instructions from you.

Please note the MDTF Office will pass-through funds to Participating Organizations on instruction from you as Resident Coordinator and Co-Chair of the National MDG-F Steering Committee.

As reflected in the Fund's Framework Document (Section 9 'Formulation Process & Release of Funds) and the global MoU with Participating Organizations (Article I, 2-c) the MDTF Office will release resources on an annual, advance basis. For the first advance, these funds will be transferred on the basis of receipt of the first year Annual Workplan and the signed Joint Programme document. Subsequent annual advances will be released on instructions from you and on the basis of a) receipt of the next annual work-plan approved by the National Steering Committee; b) evidence that a formal review of the programme's progress has been undertaken not more than three months earlier, either in the form of an annual progress report (if the timing coincides) or through the minutes of a National Steering Committee where this has been discussed; and c) only when combined commitments against the existing advance have exceeded 70%. Please review the initial year budget requests carefully with participating organizations in order to ensure realistic delivery targets in this regard. The annual agency apportionment projected in the final budget attached to the signed Joint Programme document should also be reviewed and can be revised up to the time of your first funds-advance request. This is important for the reasons outlined below.

In order to allow the implementation team some flexibility to adapt the strategy to unexpected challenges and opportunities, and to empower Resident Coordinators in their oversight responsibilities, this memorandum also provides you with the authority over the three year duration of the programme and with the agreement of your National Steering Committee to (a) transfer up to \$1,000,000 or 20% of the total value of the project budget – whichever is lowest – *between Participating Organizations* identified in the original Joint Programme budget and (b) re-phase up to \$1,000,000 or 20% of the total value of the project budget – whichever is lowest - *between years*. The base-line against which these ceilings will be measured is the annual budget projection (by year and by participating organization) confirmed at the time of your first funds-advance request. The MDTF Office must be informed of any revisions of this kind, decided locally and is responsible for tracking these delegation ceilings for each programme. Any changes that fall outside these parameters will have to be referred back to the (Global) MDG-F Steering Committee for approval.

The success of the MDG-F activities will depend on your ongoing leadership and engagement. We count on you to exercise this leadership and to ensure this Joint Programme remains an ongoing, integrated effort by the UN system in support of national priorities. Please also use the National Steering Committee mechanism to help ensure national ownership by the Government in particular and involve it in important financial and programmatic oversight decisions.



The Executive Coordinator of the MDTF Office, Bisrat Aklilu, will be in contact with any specific documentation requirements to ensure the programme meets compliance requirements for UNDG pass-through arrangements.

With best wishes.

cc.

[With Executive Summary]

Mr. Bisrat Aklilu, Executive Coordinator, Multi-Donor Trust Fund Office

Ms. Kori Udovicki, Assistant Administrator and Director Bureau for Europe and CIS, UNDP New York

H.E. Mr. D. Juan Antonio Yáñez-Barnuevo, Permanent Representative of Spain to the United Nations

H.E. Mr. Miloš Prica, Permanent Representative of Bosnia and Herzegovina to the United Nations

Ms. Milagros Hernando, Director-General for Planning & Evaluation, MFA Madrid

Ms. Sally Fegan-Wyles, Director, Development Group Office

MDG-F Secretariat

MDGF-1684 Mainstreaming Environmental Governance: Linking local and national action in Bosnia and Herzegovina

Executive Summary

Bosnia and Herzegovina (BiH) is renowned for its natural beauty, biodiversity and ecology, but this is being damaged through a lack of environmental management and effective delivery of environmental services. The proposed joint programme is designed to address and overcome the significant barriers faced in effectively delivering environmental services and management at the local level in Bosnia and Herzegovina (BiH). This requires a multi-level approach integrating responsive local government, improved local delivery, and national level process development, reflected in the three programme outcomes:

- Improved local level environmental planning;
- Enhanced Management of environmental resources and delivery of environmental services; and
- Increased national environmental awareness and action, localizing and achieving the MDGs.

Key to driving forward the delivery of MDGs in BiH will be two funding windows, one supporting the implementation of Local Environmental Action Plan priority projects at local level, and a second providing assistance for innovative proposals that link environmental management and poverty reduction, and provide lessons to inform further policy development at national level. These funding mechanisms will take into consideration the work done in this field so far by others and will align its functioning with other initiatives by the World Bank and EC, providing parallel co-financing and further enhancing the innovation potential of the programme.

The proposed Programme is to be jointly implemented by FAO, UNDP, UNEP, UNESCO and UNV, and will address and overcome barriers to delivering environmental services and management at the local level in BiH. Interventions centre around providing capacity and support for developing Local Environmental Action Plans for 30 municipalities (a legal requirement and the sole planning tool for local environmental implementation), providing seed funding/co-financing for implementing local environmental management and service delivery priorities, raising the awareness and national level support for environmental action through an environmental innovation fund, and developing effective systems for capturing environmental data.

The joint programme will support and improve local management of environmental resources and service delivery through improving local level environmental governance and developing replicable models for local level environmental planning. The experiences and knowledge base generated will inform and support national level planning and policy development. This will help secure the achievement of MDGs 1, 6, 7 and 8 in BiH¹. The proposed programme offers an innovative approach to strengthening the capacities for mainstreaming environment issues into policy

¹ Specifically, addressing indicators 3,23,25,26,27,28,29,30,31,34,35,41

planning, resource management and service delivery in BiH, reviving the environment sector which is critically stagnant and threatens to become one of the most serious obstacles on the country's road to European integration.

The programme highlights the links between environment and poverty, in a country with a highly inequitable growth pattern, with an approach based on the principles of social inclusion, a cross cutting issue that is a concern of all the UN agencies in the country. Social inclusion sharpens the MDG framework in the context of EU pre-accession countries such as BiH.

Design and implementation has and will involve the participation and partnership of central and local government, demonstrated by their commitment to co-finance various activities. The UN agencies involved in this proposal will bring their specific technical and management skills to the Programme. The budget for the programme is \$5,500,000 and implementation will be over three years.