



Interoffice Memorandum

To: Ms. Christine McNab
UN Resident Coordinator
Bosnia and Herzegovina
Date: 18 November 2008

From: Mr. Bruce Jenks [redacted]
Assistant Administrator and Director, Partnerships Bureau
UNDP- New York
Extension: 6005

Subject: Bosnia and Herzegovina/Economic Democratic Governance (Rd-2)
"Securing Access to Water through Institutional Development and
Infrastructure"
File: MDGF 1913

I. Approval Status

On behalf of the MDG-F Steering Committee I am pleased to inform you that your Joint Programme Securing Access to Water through Institutional Development and Infrastructure is hereby approved with an allocation of USD\$4,450,000 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 in section III below, **some changes we require to the design** of your Joint Programme prior to signature of the Joint Programme document. Once these adjustments have been reflected in the document, you may proceed with signature of the Joint Programme document. In addition to the Government, the UN Resident Coordinator and Participating UN Organizations should each sign the Joint Programme document. We would encourage you to ensure some visibility for this event and for the launch of implementation.

We consider that this Joint Programme aims at the improvement of the access to water by addressing the issues of financial sustainability of water utilities, policy making and resource planning capacities at all levels of Government in BiH, and the quality of citizen participation in the decision-making process within the Water sector. A set of initiatives that include capacity development for a variety of stakeholders ie water utilities municipality staff, water users' associations, infrastructure investment, the development of participatory mechanisms will be carried out to reach the proposed objectives. The programme will be focused in 10 municipalities and work with all levels of government including the Federation, entity, cantons and municipalities. It has the potential for innovation and replicability.

The MDG-F Secretariat has reviewed the draft Joint Programme presented and considers it a faithful extension of the approved concept note. We recognize that an acceptable effort has been made to address the recommendations of the Technical Sub-Committee. However, we believe that the issue of government interventionism in determining the water tariffs still needs to be addressed in the proposed strategy of intervention or in your risk management strategy.



Relevance and external coherence

We believe the Joint Programme meets a number of the Fund's strategic goals. It can be expected to contribute to the attainment of MDGs, although the joint programme has not drawn explicit links. It is framed within the UNDAF targets and expected results, contributing to achieve UNDAF outcomes 1 and 2 aiming at strengthening accountability and responsiveness to pro-active citizens and improved access to education, health and social protection services. It is also linked to the Bosnia's and Herzegovina's international commitments such as CEDAW and ICESR. The National context is clearly outlined, and outputs take into account existing policies and legal frameworks. The Joint Programme is framed and aligned with the National Strategic plans and EU Accession requirements.

A National Steering Committee has been formed, including Government and Spanish representation and endorses the programme design.

The programme draws on available UN services and expertise in order to deliver effectively a multi-sectoral approach to development. Results and accountabilities for participating agencies are clearly defined. The submitted Joint Programme has a sound analysis of lessons learnt and builds specific strategies taking them into account. It has also been developed in consultation with other development partners, and it is likely that the programme team will work closely with the team preparing a World Bank supported Programme entitled *BiH Municipal Development Project*.

Internal Coherence

The articulation between problems identified and intervention strategies proposed is sound leading to logic relation of activities, outputs and outcomes. It has also developed an excellent annex C highlighting more explicitly all these linkages and interrelations. The biggest weakness of the joint programme document is that the 10 municipalities are yet to be identified and hence the lack of available information and data.

The gender analysis is fairly limited lacking sex disaggregated data. It would be advisable that the gender problems identified are addressed with concrete actions during the implementation phase. The identification of gender indicators and baseline data would also be helpful.

The proposed management and implementation arrangements need to be further elaborated to reflect the joint nature of the programme. Similarly, this is the case for the proposed methodology of work in the domain of communications and monitoring and evaluation of the programme.

While currently it is not explicit in the document, it is expected that this joint programme is linked to other two Joint Programmes supported by the MDGF ie. *Improving Cultural Understanding in Bosnia and Herzegovina*; and *Mainstreaming environmental governance: linking local and national action in Bosnia and Herzegovina*.

Sustainability

The Joint Programme proposes sustainable interventions by supporting the identified national priorities and plans, and encouraging the participation of national relevant institutions, beneficiaries, civil society and private sector during the implementation of the project.



Monitoring and evaluation

The Monitoring and Evaluation frameworks are acceptable but they need to include some additional outcome, impact and MDG indicators. In addition, the Secretariat plans to work with all approved programmes during 2008 to address their M&E frameworks and to develop a small number of common indicators relating to the MDGs, thematic windows, UN reform and the Paris Declaration.

III. JP re-design requirements

The following changes are required to the Joint Programme prior to its finalization and signature. The Secretariat recommends that:

- The political risk of increasing **water tariffs** to cover the costs of water utilities is addressed within the programme strategy or in the risk management section.
- Since Bosnia and Herzegovina has two additional joint programmes approved, the document should identify the **synergies and economies of scale** that will be sought in the implementation of these initiatives ie joint logistics, joint communication, joint monitoring and evaluation systems, etc.
- Whilst we acknowledge the importance of **monitoring and evaluation by the Resident Coordinator**, and this is a modality used in different countries, we believe the joint programme unit should be in charge of daily monitoring and therefore allocate resources to this effect.
- **Additional indicators** are developed to capture progress at the outcome, impact and MDG levels.
- The **gender strategy of intervention** is better developed addressing the gender problem identified in the situation analysis, and the inclusion of gender disaggregated baseline data and indicators.

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 (most particularly delivery issues), 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 in consultation with Participating Organizations 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.

As you will appreciate, one of the MDG-F's express goals is to strengthen the role of Resident Coordinators as leaders of Country Teams. 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 signed Joint Programme document and the completed Fund Release Form should be sent to the MDG-F Secretariat and MDTF Office within 30 days of the receipt of this memorandum. If this deadline is not possible, please inform the secretariat accordingly.

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 the Fund's pass-through arrangements.

With best wishes.

- cc. Mr. Bisrat Aklilu, Executive Coordinator, Multi-Donor Trust Fund Office
Ms. Kori Udovicki, Assistant Administrator and Director Bureau for Europe and the Commonwealth of Independent States, 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
Mr. Juan López-Dóriga, Director General for Planning and Evaluation, MFAC Madrid
Ms. Debbie Landey, Director, United Nations Development Operations Coordinator Office (DOCO)
MDG-F Secretariat