

UNDP-Spain Millennium Development Goals Achievement Fund (MDG-F)

Operational Guidance Note for the Participating UN Organizations

This document provides guidance to the Participating UN Organizations on establishing the country arrangements and associated support functions for joint programmes funded by the MDG-F.

1. Background

On 18 December 2006, UNDP Administrator Kemal Derviş and Spanish Secretary of State for International Cooperation, Leire Pajín, signed a landmark agreement to programme €528 million (US\$ 700 million) over the next four years through the UN system, towards key Millennium Development Goals and related development goals in select sectors and countries. This agreement paved the way for the establishment of the UNDP-Spain MDG Achievement Fund (MDG-F) which was launched in the first quarter of 2007.

Approximately 85% of the available funds (US\$ 600 million) will be allocated for Joint Programmes in 57 eligible countries. Funding will be made available through thematic windows.

As described in detail in the MDG-F framework document, overall leadership of the MDG-F is provided by the Fund Steering Committee. The Steering Committee sets the strategic direction of the Fund, decides on individual financial allocations and monitors fund-wide progress. The Fund Steering Committee has delegated to the MDG-F Secretariat the responsibility to ensure that policies and strategies decided by the Steering Committee are implemented and adhered to. The Secretariat also coordinates the proposal review process and manages the Fund's overall monitoring and evaluation strategy.

2. Joint Programme Modality

The administration of the programme follows the "Pass-Through" fund management option, in accordance with the planning and financial procedures as explained in the UNDG Guidance Note on Joint Programming. As per these guidelines, the arrangements for management, review and coordination should be documented, including the roles and responsibilities of the Administrative Agent (AA).

UNDP will act as Administrative Agent in accordance with the policy of 26 June 2007 on "Accountability when UNDP is acting as Administrative Agent in UNDP Multi-Donor Trust Funds and/or UN Joint Programmes". (<http://www.undp.org/mdtf/docs/UNDP-AA-guidelines.pdf>). As per this policy, accountability for UNDP's Administrative Agent function rests with the Executive Coordinator of the MDTF Office. However, specific tasks related to the Administrative Agent role can be performed by UNDP Resident Representatives with explicit delegation from the Executive Coordinator of MDTF Office.

In the performance of Administrative Agent tasks at the country level under delegated authority the UNDP Resident Representative will be accountable to the Executive Coordinator of the MDTF Office. Detailed agreements on the delegated performance of specific Administrative Agent tasks will be established by the MDTF Office on a case by case basis ensuring that capacity requirements are met.

3. Joint Programme document preparation

Upon approval of the Concept Note, the joint programme team will begin preparing the joint programme document. The Joint Programme document should follow the template found in Annex D of the Joint Programming Guidance Note which can be found on the www.undg.org. Formulation advances are transferred to participating UN organizations' HQ, who will in turn use their normal procedures to make the

funds available at country level. For UNDP, the MDTF Office transfers the formulation advance to the country office using Fund 30000, donor 00220 and the country OU code through a GLJE. The MDTF office advises the country office of the transfer, at which time the country office is in a position to transfer the funds to the project set up in Atlas.

4. Coordination and Oversight Mechanisms

The Fund will rely on UN Resident Coordinators (RC) to facilitate collaboration between Participating UN Organizations to ensure that the programme is on track and that promised results are being delivered. The Resident Coordinator will exercise his/her authority over the programme by being entrusted with leadership of the overall programme design, ongoing programmatic oversight of the Fund's activities by co-chairing the National Steering Committee meetings.

To ensure proper checks and balances of programme activities the RC is called upon to establish committees at two levels:

- A National Steering Committee (NSC), and
- Programme Management Committee(s) (PMC).

There should only be one NSC in each country, while there should be one PMC for each Joint Programme.

The NSC's role is to provide oversight and strategic guidance to the programme. The NSC should be small and the membership should formally consist of *non-implementing* parties to allow for independence. The NSC members should at a minimum be a representative of the Government, a representative from Government of Spain and the RC. The RC and the representative from the Government will co-chair the NSC. Other representatives and observers can be invited by the co-chairs (Civil Society, other donors, etc.). Depending on the country specific context other formal members may be included in the NSC. The NSC will normally meet semi-annually and will make decisions by consensus.

The PMC's role is to provide operational coordination to the Joint Programme. The membership will consist of *implementing* Participating UN Organizations of the Joint Programme and relevant Government Counterparts. The RC or *his/her designate* will chair the PMC. Joint Programme managers and experts can be invited to the PMC meetings as needed. The PMC will normally meet quarterly, but may have to meet more often depending on the need to address issues related directly to management and implementation of the programme.

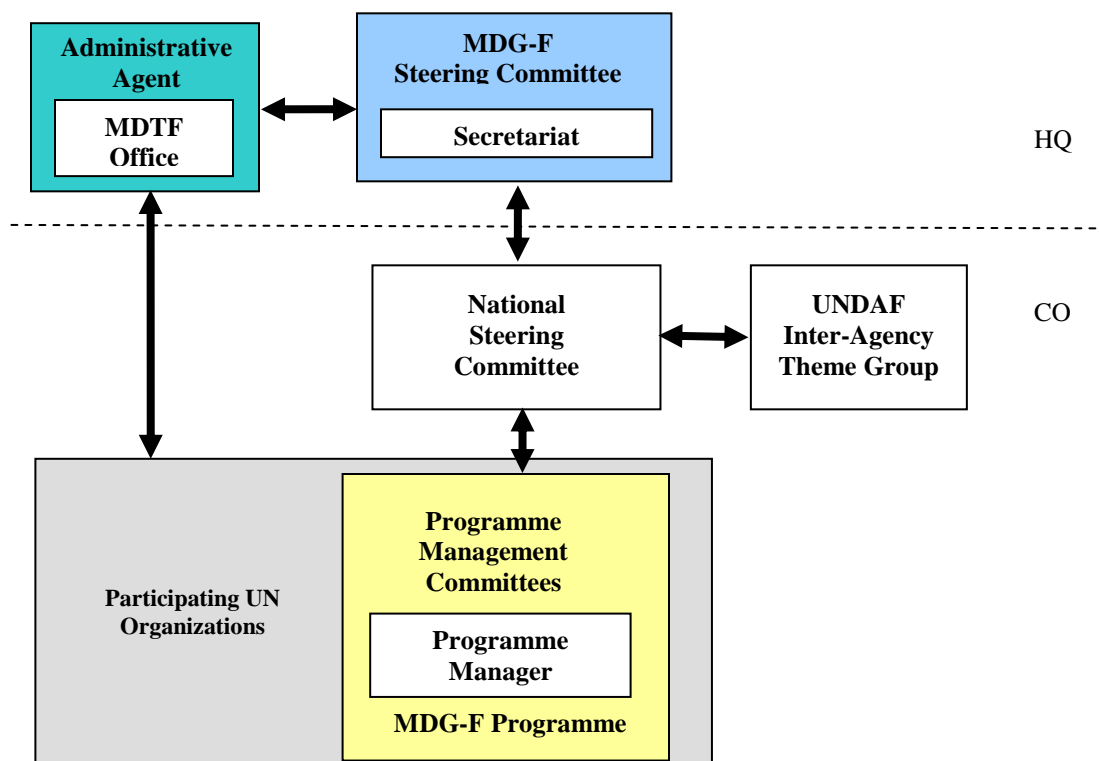
Both the NSC and especially the PMC should seek to integrate its work under the UNDAF thematic structures already in place in the country. The two committees may wish to organize occasional joint meetings to enhance communication between the oversight and operational coordination functions.

The responsibilities of the NSC will include:

- a. Reviewing and adopting the Terms of Reference and Rules of Procedures of the NSC and/or modify them, as necessary (Generic Terms of Reference can be found on the MDTF website)
- b. Approving the Joint Programme Document before submission to the Fund Steering Committee. Minutes of meeting to be sent to MDG-F Secretariat with final programme submission.
- c. Approving the strategic direction for the implementation of the Joint Programme within the operational framework authorized by the MDG-F Steering Committee.
- d. aligning MDG-F funded activities with the UN Strategic Framework or UNDAF approved strategic priorities;
- e. Approving the documented arrangements for management and coordination
- f. establishing programme baselines to enable sound monitoring and evaluation

- g. Approving the annual work plans and budgets as well as making necessary adjustments to attain the anticipated outcomes.
- h. Reviewing the Consolidated Joint Programme Report from the Administrative Agent and provide strategic comments and decisions and communicate this to the Participating UN Organizations.
- i. Suggesting corrective action to emerging strategic and implementation problems.
- j. Creating synergies and seeking agreement on similar programmes and projects by other donors.
- k. Approving the communication and public information plans prepared by the PMCs.

Figure 1. Generic Management Structure of MDG-F Joint Programmes



The responsibilities of the PMC will include:

- a. ensuring operational coordination
- b. appointing a Programme Manager or equivalent thereof;
- c. managing programme resources to achieve the outcomes and output defined in the programme;
- d. establishing adequate reporting mechanisms in the programme;
- e. integrating work plans, budgets, reports and other programme related documents; and ensures that budget overlaps or gaps are addressed;
- f. providing technical and substantive leadership regarding the activities envisaged in the Annual Work Plan;
- g. agreeing on re-allocations and budget revisions and make recommendations to the NSC as appropriate;
- h. addressing management and implementation problems;
- i. identifying emerging lessons learned; and

- j. establishing communication and public information plans.

5. Administrative Agent Function

UNDP is the Administrative Agent (AA) for the Fund and provides the AA function for all approved programmes. These functions are the responsibility of the Multi Donor Trust Fund (MDTF) Office at UNDP Headquarters. The MDTF Office as AA will be responsible for:

- a. Disbursing approved resources to the Participating UN Organizations.
- b. Consolidating the joint programme narrative report with financial reports from Participating UN Organizations; including analysis of financial and narrative data; for forwarding to the NSCs
- c. Providing the Consolidated Joint Programme Progress Reports, and other reports as appropriate to the donor, i.e. the Fund Steering Committee through the Secretariat,
- d. Streamlining the reporting systems and harmonizing reporting formats based on joint programming best practices.
- e. Facilitate the work of the Participating UN Organizations to ensure adherence to a results based reporting structures around outcomes and outputs.
- f. Ensuring that fiduciary fund management requirements are adhered to.

In certain cases the consolidation of the Joint Programme Narrative Report with the financial reports of Participating UN Organizations may be delegated by the MDTF Office to the UNDP Resident Representative. Such a delegation could be considered in cases, where a request for delegation of authority has been made to the Executive Coordinator of the MDTF confirming that:

- a. Availability of systems renders it more efficient to delegate. (e.g. use of web-based DevInfo v. 5.0 to track outputs)
- b. Sufficient staff capacity exists and is available at country level.

6. Reporting Arrangements

The MDG-F has several levels of reporting requirements at both fund and programme levels. A generic flow of reports is visualised in figure 2 on page 6.

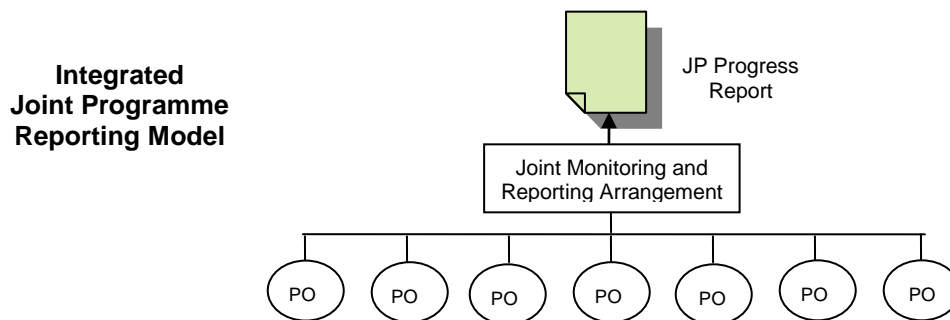
On an annual basis, the Participating UN Organizations are required to provide narrative reports on results achieved, lessons learned and the contributions made to the Joint Programme.

How the Joint Programme Narrative Progress Reports are produced at country level may vary from country to country and programme to programme. Thus, the programme reporting arrangements must be detailed in the programme document with clear indication of reporting mechanisms and responsibilities.

The reporting mechanism should be anchored in the common Results Frame Work (for format refer to UNDG Guidance Note on Joint Programming) and should facilitate consolidation around outcomes and output. Therefore, it is desirable to organize the agencies to channel their report contributions directly into an integrated reporting system rather than each participating organization drafting a separate report, which are subsequently reorganized into one single report entailing unnecessary duplication and workload.

The reports consolidation around outcomes and outputs would happen directly in a one-step process. To ensure that this model functions as intended the Participating UN Organizations (PO) should make budget provisions in the Joint Programme to cover the operating costs of a joint monitoring and reporting unit and/or

contribute to the unit with staff time. The monitoring system should track the Participating UN Organizations' individual contributions to the programme outputs.



The agreed reporting mechanism of the Participating UN Organizations should to the extent possible limit transaction costs through integration of the reporting process while ensuring the best possible quality of the Narrative Joint Programme Progress Reports.

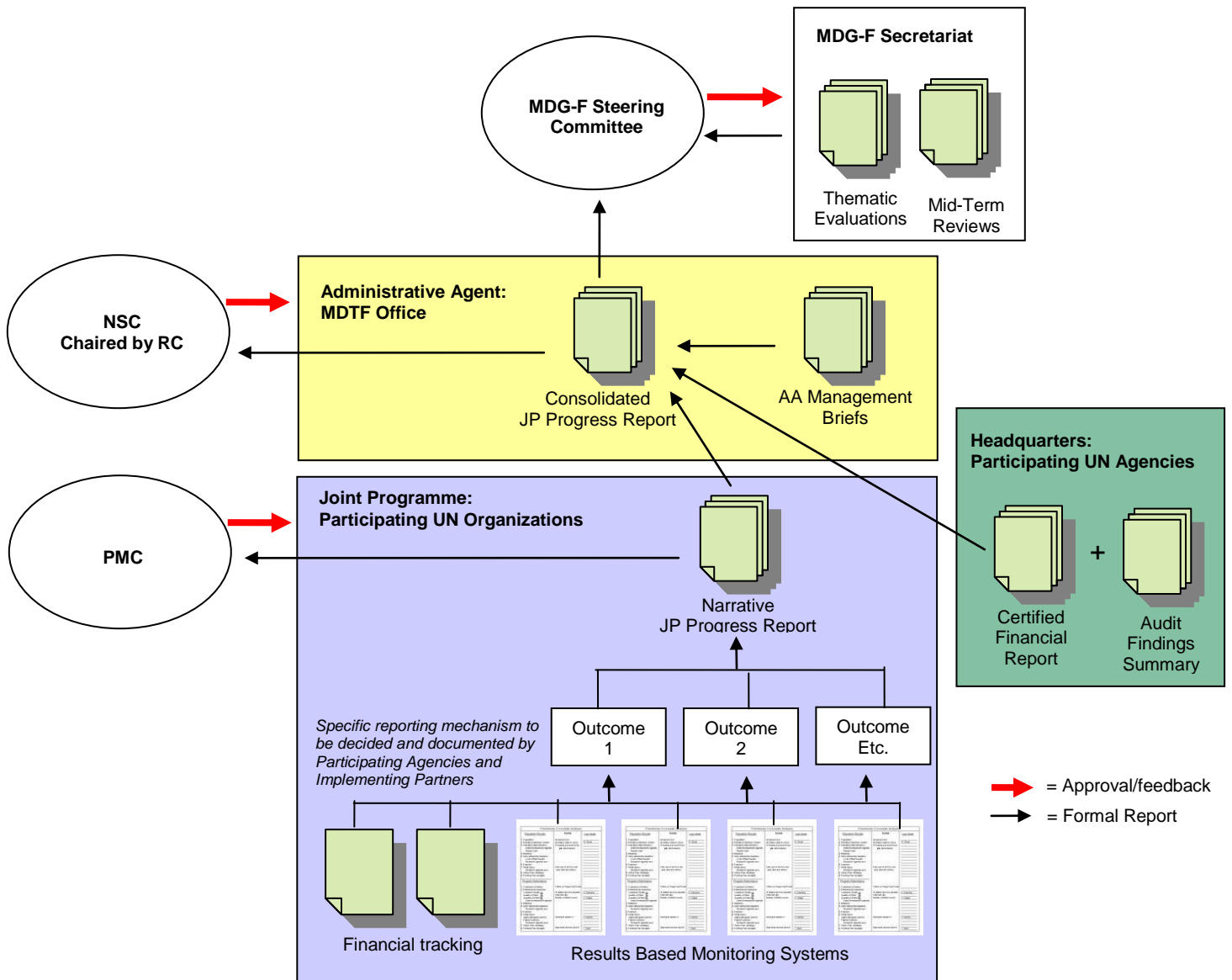
The MDTF Office will provide guidance on reporting formats and procedures to ensure that all fiduciary reporting requirements are met. The MDTF Office is responsible for the annual **Consolidated Joint Programme Progress Report**, which will consist of three parts:

- a. **AA Management Brief.** The Management brief consist of analysis of the certified financial report and the narrative report. The management brief will identify key management and administrative issues, if any, to be considered by the NSC.
- b. **Narrative Joint Programme Progress Report.** This report is produced through an integrated Joint Programme reporting arrangement. The report should be reviewed and endorsed by the PMC before it is submitted to the MDTF Office on 31 March of each year.
- c. **Financial Progress Report.** Each Participating UN organization will submit to the MDTF Office a financial report stating expenditures incurred by each programme during the reporting period. The dead-line for this report is 30 April.

Report Name	Coordinating Author /Consolidator	Approving Authority	Dead-Line (reporting period: 1 Jan - 31 Dec)	Required Language
Consolidated Joint Programme Progress Report (including AA Management Brief, JP Narrative Report and Financial Reports)	MDTF Office	MDTF Executive Coordinator	31 May	AA Management Brief in English
Narrative Joint Programme Report	Participating UN Organizations jointly at Country Level	PMC	31 March	Working Language of CO
Financial Progress Reports	Participating UN Organizations HQ Level	Financial Officer/ Comptroller	30 April	English

Upon completion, the MDTF Office submits the Consolidated Joint Programme Progress Reports to the RC who distributes it to the NSC members. Decisions and comments by the NSC should be duly recorded and shared with all stakeholders in order to ensure the full coordination and coherence of MDG-F efforts.

Fig. 2: MDG-F Reporting Structure



In addition to the required annual reports Participating UN Organizations will be encouraged to provide quarterly updates to ensure an open flow of information to the donor and others. The quarterly update will be designed to satisfy basic information requirements to serve as a “rough”, but timely management tool. The MDTF will design and roll out an online system to capture the updates. The systems will be designed to let Participating UN Organizations report informally on outputs and achievements over the past quarter by using a standard online form.

7. Administration of Funds

Upon receipt of the Fund Steering Committee’s final approval of the Joint Programme Document, the Fund Secretariat will release funds for the implementation of the full Joint Programme to the MDTF Office. On receipt of a copy of the signed Joint Programme document, the MDTF Office will transfer the first annual

instalment to each Participating UN Organization. To request the fund transfer, the RC must submit the Fund Transfer Request Form (http://www.undp.org/mdtf/mdgf/docs/Fund_Transfer_Request.doc) to the MDTF Office. The transfer of funds will be made to the Headquarters of each Participating UN Organization. Each organisation assumes complete programmatic and financial responsibility for the funds disbursed to it by the administrative agent and can decide on the execution modality, and method of fund transfer to its partners and counterparts following the organisation's own regulations.

Each Participating UN Organization establishes a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent. Participating UN organisations are requested to provide certified financial reporting according to the budget template in Annex 1. Participating UN Organizations are entitled to deduct their indirect costs on contributions received according to their own regulations and rules, taking into account the size and complexity of the particular programme. However, indirect costs cannot exceed 7 % of programme expenditure.

8. Annual Work Plans and Budget

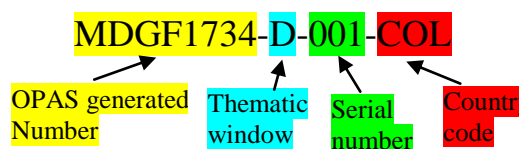
Subsequent instalments will be released in accordance with Annual Work Plans approved by the NSC. The release of funds is subject to meeting a minimum commitment threshold of 70% of the previous fund release to the Participating UN Organizations combined (Commitments are defined as legally binding contracts signed, including multi-year commitments which may be disbursed in future years)¹. If the 70% threshold is not met for the programme as a whole, funds will not be released to any organization, regardless of the individual organization's performance.

On the other hand, the following year's advance can be requested at any point after the combined commitment against the current advance has exceeded 70% and the work plan requirements have been met. If the overall commitment of the programme reaches 70% before the end of the twelve-month period, the participating UN Organizations may upon endorsement by the NSC request the MDTF to release the next instalment ahead of schedule. The RC will make the request to the MDTF Office on NSC's behalf.

Any fund transfer is subject to submission of an approved Annual Work Plan and Budget to the MDTF Office.

9. Funding Release Reference Numbering

To ensure proper tracking of fund releases to Participating UN Organizations, each fund transfer will be identified by numbering string as shown, which include the programme number generated by the OPAS system, an alpha code reflecting the thematic window, a serial number and a country code.



	<u>Thematic Window</u>	<u>Alpha Code</u>
1	Environment and Climate Change	E
2	Gender Equality and Women's Empowerment	B
3	Economic Governance	A
4	Culture and Development	G
5	Youth, Employment and Migration	H
6	Conflict Prevention and Peacebuilding	F
7	Private Sector Development and Public-Private Partnerships	D

¹ Please note that in an earlier version of the MDG-F Operational Guidance Note issued by the MDTF Office reference was made to expenditure. For administrative purposes this was changed to a minimum **commitment** threshold.

10. Monitoring, Mid-Term Review and Evaluation

The Fund will establish an Evaluation Plan which ensures that all programmes supported by the Fund will undertake a final evaluation, which will assess the relevance and effectiveness of the intervention, and measure the development impact of the results achieved, on the basis of the initial analysis and indicators described at the time of programme formulation. Furthermore, the Fund Secretariat will lead Mid-Term Reviews and thematic reviews for all programmes.

11. Audit

Activities carried out by the Participating UN Organization shall be subject to internal and external audit as articulated in their applicable Financial Regulations and Rules. In addition, the Secretariat will consult with the UN Agencies on any additional specific audits or reviews that may be required, subject to the respective Financial Regulations and Rules of the Participating UN Organizations. Participating UN Organizations will provide a summary of their internal audit key findings and recommendations for consolidation by the AA and submission to the Fund Steering Committee and NSC as applicable.

MDG-F

Certified Financial Statement

as at 31-DEC-2007
(US \$)

Participating UN Organization:
Reporting Period:

		Programme XXX	Programme YYY	Programme ZZZ	TOTAL
Funds Received	A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Expenditure					
Cummulative Programme Costs (from Schedule B)	B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cummulative Indirect Support Costs (from Schedule B)	C	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Expenditure	B+C	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Funds on Hand	A-D	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cummulative Interest Earnings		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

[Name]
Controller

Date:

Annex 1: Financial Report Template

Schedule B

MDG-F

Country: _____

**Detailed Financial Report (in US\$)
as of 31 December 2008**

**Recipient UN Organization:
Programme Title:
Programme No.:**

	Approved Project Budget/Budget Revision**/***	Previous periods** [insert date] (A)	Current period [insert date] (B)	Total (C=A+B)
Programme Costs*:				
1. Supplies, commodities, equipment and transport				
2. Personnel (staff, consultants and travel)				
3. Training of counterparts				
4. Contracts				
5. Other direct costs				
Total Programme costs <i>(transfer to Schedule A)</i>				
Indirect support costs <i>(transfer to Schedule A)</i>				
Total Expenditure:				
Interest Earnings				

Signature: _____

Name: _____

Title: _____

Date: _____

* Based on the UNDG Harmonized reporting to Donors for Joint programmes approved in 2006. Definition of the categories can be found in the instruction which is available on see: http://www.undg.org/archive_docs/8746-Harmonised_Financial_Reporting_to_Donors_in_IPs_-_Explanatory_Note.doc Annex D.

** For both the budget and Previous periods' reporting (prior to 2008), the previous 8 categories must be aggregated to match the 2006 categories. For example, Personnel = (Personnel + Travel)

*** According to the UNDG Financial Management Oversight Group, the AA will not monitor budget categories. It will ensure that the total expenditure reported does not exceed the approved total budget and will report what the participating organizations have reported.