



Interoffice Memorandum

To: Mr. José Manuel Hermida
UN Resident Coordinator
Ecuador

Date: 10 November 2008

From:
Assistant Administrator and Director, Partnerships Bureau
UNDP - New York

Extension: 6005

Subject: Economic Democratic Governance in the Water and Sanitation
sector in Ecuador in the framework of the MDGs

File: MDGF-1913

I. Approval Status

On behalf of the MDG-F Steering Committee I am pleased to inform you that your Joint Programme "Economic democratic governance in the Water and Sanitation sector in Ecuador in the framework of the MDGs" is hereby approved with an allocation of USD\$5,810,000 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

Only minor adjustments are required **to the design** of your Joint Programme. Once those adjustments have been done, 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 note that an effort has been made to address the recommendations of the technical Sub-Committee and the Steering Committee resulting into a substantial improvement of the Joint Programme's quality.

We consider that this programme includes a very accurate situation analysis and an appropriate description of proposed interventions and that the programme constitutes a model in terms of promoting national ownership. We very much appreciate the effort made to ensure the cultural and environmental sustainability of the programme as well as the sound articulation between outcomes, outputs and activities. We see as very positive its geographical focus. We also welcome the joint effort made to ensure the coordination among agencies that will enhance the added value of the UN interventions. We think that the coordination structure is sound and the establishment of a joint communication strategy is well thought. We feel that the overall gender mainstreaming aspect could be improved perhaps by seeking specialized support. We also recommend including some details on the coordination between this Joint Programme and others funded by the MDG Fund in Ecuador under other Thematic Windows.

Although it is mentioned that various consultations between the different actors have taken place, we have not received the signed minutes of the National Steering Committee and we recommend that the Committee is formed and minutes are sent to the Secretariat prior to the signature of the Joint Programme.

The proposed Monitoring framework is very well developed although budget allocated (which should be differentiated from the budget allocated for auditing) does not seem sufficient (we recommend 4% of the



total budget). Some indicators on the impact of the Programme on the quality of life of the targeted beneficiaries could be included. Nevertheless, note that 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 Paris Declaration.

III. JP re-design requirements and recommendations

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

- The overall **gender approach** could be improved by identifying in the situation analysis key gender issues, explaining in the narrative the purpose and mechanisms to involve women's organizations and including gender indicators and sex disaggregated data in the results framework and M&E plan. You may find useful the Gender guidance available in our web;
- Include some details on the coordination between this Joint Programme and **others** funded by the MDG Fund in Ecuador under other Thematic Windows;
- Establish the **National Steering Committee** and send the minutes to the Secretariat;
- Ensure sufficient funds are allocated to implement the **M&E plan**.

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. Rebeca Grynspan, Assistant Administrator and Director Bureau for Latin America and the Caribbean, UNDP, New York
H.E. Mr. D. Juan Antonio Yáñez-Barnuevo, Permanent Representative of Spain to the United Nations
H.E. Mr. Rodrigo Riofrío, Permanent Representative of Ecuador to the United Nations
Mr. Juan López-Dóriga, Director-General of Development Planning & Evaluation, MFAC Madrid
Ms. Debbie Landey, Director, United Nations Development Operations Coordinator Office (DOCO)
MDG-F Secretariat