

UNDP/Spain Millennium Development Goals Achievement Fund

Framework Document¹

This document provides an overview of the **background, objectives, purpose and scope of the UNDP/Spain Millennium Development Goals Achievement Fund.**

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 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. This document sets out the background and objectives of the Fund and explains how it will be managed.

The year 2005 witnessed an unprecedented increase in international support to development. At the UN World Summit that year, leaders reaffirmed their support to meeting internationally-agreed development goals, including the MDGs, and the commitment of the resources, partnerships and efforts required to achieve them. The MDG-F will support these poverty-reduction efforts, promoting the kind of development which enhances individual and collective rights, capacities and opportunities.

The Fund will support innovative actions with the potential for wide replication and high-impact in select countries and sectors, within the framework of the Millennium Declaration's global partnership for development and the Paris Declaration on Aid Effectiveness. The Fund's decisions and approach will be informed by the imperatives of ensuring national and local ownership of Fund-supported activities, alignment with national policies and procedures, coordination with other donors, results-orientation and mutual accountability.

For the UN to meaningfully fulfill its role to help countries achieve the Goals by 2015 and address the global challenges of the 21st century, an intensive, coherent and efficient country level response is required from the UN development system, operating in concert. At the country level in 135 developing countries, the leadership of the UN's support to the MDGs and national development strategies is the responsibility of the UN Resident Coordinator. UN Resident Coordinators provide the strategic direction and guide the operations of the individual UN Funds, Programmes and Agencies operating locally. As a group, these organizations make up the "UN Country Team". UN Resident Coordinators also promote the normative agenda of non-resident agencies on the ground.

¹ Version of 1 August 2007 – Cleared by the MDG-F Steering Committee

To meet the MDGs and foster sustainable development, the world needs more than ever a highly effective and legitimate UN. This means a UN that has the resources, operational efficiency, and capability to help countries address these complex challenges that often cut across the mandates of individual organizations; getting girls in school, for example, requires concerted action across a range of social and economic fields. At present, the funding structures and institutional incentives for joint UN interventions are not well-enough resourced nor especially conducive in their design, to allow for coherent support by the UN for the MDGs at the country level.

With the resources assigned to this Fund, the central driver of success for MDG achievement will be the leadership of the Resident Coordinators working with their respective Country Teams. The Fund will finance, typically, collaborative UN activities that leverage the clear value-added of the UN in the sector and country concerned, particularly where the UN's collective strength is harnessed in order to address multi-dimensional development challenges.

At the same time, UN Agencies need adequate resources to provide leadership in their areas of expertise. In order to assist, the Fund may also provide limited direct support for the core mandates of the UN Funds, Programmes and Specialized Agencies entrusted with the effective delivery of the MDGs. While support for focused, time bound initiatives allow organizations to deliver on specific programmatic priorities, the regular resources available over a number of years to the core, normative and operational mandates of Agencies allow them to properly deliver on their expected role in the multilateral system, including on the longer term framework of the MDGs.

With this support, the Government of Spain is demonstrating its firm commitment to international development and to a strengthened multilateral system, and United Nations, in particular. The Spanish Master Plan for International Cooperation (2005-2008) outlines Spain's policy, advocacy and financial priorities in support of the achievement of the Millennium Development Goals. In line with these priorities, the establishment of the Spain-UNDP MDG Achievement Fund is a landmark in this expanding institutional partnership.

2. Goals & operating principles

The MDG Achievement Fund aims to accelerate progress towards attainment of the MDGs in select countries by:

- Supporting policies and programmes that promise significant and measurable impact on select MDGs;
- Financing the testing and/or scaling-up of successful models;
- Catalysing innovations in development practice; and
- Adopting mechanisms that improve the quality of aid as foreseen in the Paris Declaration on Aid Effectiveness.

A number of principles will guide the activities of the Fund and the way in which its country-level interventions will be designed:

- **First, in line with the Paris Declaration, the Fund seeks to support programmes anchored in national priorities.** The Fund's activities will be aligned with national strategies and policies. National participation in the elaboration of applications, an ongoing role in the oversight of supported programmes and active participation by national partners in implementation and evaluation processes are considered a sine qua non for support by the Fund;
- **Second, the Fund seeks to ensure the sustainability of its investments.** Applications to the Fund for country level support will need to explicitly address how national capacities will be built through the intervention and how these will be sustained beyond the life of a grant. Reflecting this commitment to capacity-building, the Fund will welcome applications of up to three years in length. Programmes of less than one year duration will not normally be considered for funding;
- **Third, the Fund seeks to apply the highest standards in quality of programme formulation, monitoring and evaluation within a management framework oriented towards results and accountability.** Concept Notes and especially full programme design documents will require elaboration of a base-line situation, with indicators, which allow for the measurement of the initial situation, progress and quality throughout the implementation phase, as well as expected outcomes. The Fund will similarly require the establishment of robust mechanisms for substantive monitoring, and both intermediate and final evaluations, with a focus on incorporating lessons-learned. The Fund is committed to wide dissemination of results.

Preference will be given to innovative development programmes which do not repeat objectives or replicate mechanisms targeted by existing UNDP/UN/Spanish initiatives and which promise concrete, transformative results for target-beneficiaries.

- **Fourth, the Fund seeks to consolidate inter-agency planning and management systems at the country level.** Applications on the part of UN Country Teams should be aligned with the [UN Development Assistance Framework](#). In addition, interventions will be designed, typically, around a Joint Programming model. This dimension of the implementation strategy is also important in distinguishing the MDG-F from other Trust Funds already supported by the Government of Spain with many individual UN entities.
- **Fifth, the Fund seeks to minimize the transaction costs associated with administering the Fund.** To this end, the Fund aims to keep bureaucratic procedures as light as possible, with a two-stage application process whereby detailed programme design work follows only after a preliminary, positive review of the initial concept. In addition, the Fund will restrict itself to programmes in excess of USD\$1 million (and not more than \$4 million) per annum in projected expenditures.

3. Governance and Administration of the Fund

Overall leadership of the MDG-F is provided by the **MDG-F Steering Committee**. The Steering Committee sets the strategic direction of the Fund, decides on individual financial allocations, monitors strategic allocations and delivery amongst priorities and countries, and tracks Fund-wide progress. The Steering Committee is made up of a representative of UNDP and the Government of Spain. Additional members may be invited at the discretion of the Steering Committee.

MDG-F Technical Sub Committees provide technical and policy advice to the Steering Committee. A number of Technical Sub-Committees will be constituted, reflecting the thematic areas of focus of the Fund. Technical Sub-Committees will be made up of 10-12 UN and independent experts appointed by the Steering Committee, meeting under a Convenor. The Sub-Committees will advise the Steering Committee on the technical and design merits of applications to the Fund in their area of competence.

The **MDG-F Secretariat** is the operational coordination unit for the Fund and services the Steering Committee and other Trust Fund mechanisms. The Secretariat sits in the Partnerships Bureau of UNDP headquarters. The Secretariat is delegated by the Steering Committee to ensure 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. Funding of the Secretariat is provided for directly from Fund resources and from interest income from the Fund account, on the basis of annual work plans approved by the Steering Committee.

Administration of the Fund is entrusted to the Multi-Donor Trust Fund (MDTF) Office of UNDP. The MDTF Office is **the Administrative Agent** of the Fund. The MDTF Office manages the distribution of resources and oversees the work of UNDP Country offices that may be involved in the provision of Administrative Agent function at the country level. The MDTF Office is responsible for consolidated reporting to the Steering Committee at the country and global level. As Administrative Agent, the MDTF Office shall be responsible for concluding Memoranda of Understanding with Participating UN Organizations. It shall receive, administer and disburse funds to Participating UN Organizations and submit periodic consolidated narrative and financial reports to country-level and Global Steering Committees. The Administrative Agent may undertake additional functions at the request of the country-level steering committee and Participating UN Organizations. The Administrative Agent will charge a one time fee of 1 per cent for fund administration and fiduciary responsibilities which will be provided in advance on the basis of Concept Note budgets approved by the Steering Committee.

The Fund will support **UN Resident Coordinators** in their strategic leadership of the UN Country Team. The Fund will rely on the Resident Coordinators to exercise leadership and provide ongoing oversight that the programme is on track, that promised results are being delivered, and that participating organizations are meeting their obligations. The Resident Coordinator will exercise his or her authority over the programme by being entrusted with leadership of the overall programme design, ongoing programmatic

oversight of the Fund's activities and by chairing regular Steering Committee meetings (with the Government and where possible Spanish Cooperation present). On receipt of consolidated country level reports, the Resident Coordinator will provide an overall assessment of the programme's progress and results. He/she will also facilitate ongoing monitoring and evaluation of Fund-supported activities in conformity with UN standards and any guidance provided by the Fund Secretariat or Steering Committee.

Each **Participating UN Organization** shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent. Each Participating UN Organization shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent. Participating UN Organizations shall be 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. Any indirect costs will be reflected in the initial Concept Note submitted to the Steering Committee. Indirect costs will not exceed 7 per cent of the project budget.

4. Fund structure

The MDG-F will primarily finance activities at the country level. To this end, the Fund will be guided by the following seven key development challenges which are widely acknowledged as central to the achievement of MDGs and internationally-agreed development goals:

- Democratic governance; understood as the strengthening of public policies and of participation and social organization, with the aim of promoting equity and social cohesion;
- Gender equality and empowerment
- Human needs and basic social services; including the fight against hunger, education and basic health services, employment, basic water and sanitation, and policies targeting vulnerable groups with special attention to youth.
- Economic and private sector development
- Environment and climate change; with special attention to the organization and management of natural resources and the environment in the context of local rural development and food security
- Conflict prevention and peacebuilding
- Culture and development; incorporating the different dimensions that link culture and development (including the economy) as well as focusing on respect for cultural diversity and addressing social exclusion of minorities.

Where the Steering Committee decides to invest resources at the country level in a given area, a '**thematic window**' will be opened for that purpose. Thematic windows will fall under one or other of the development challenges identified above. The Steering Committee may not necessarily open a thematic window for each, or conversely, may open multiple thematic windows associated with one of the challenges identified above, depending on needs and suitability within the overall Fund strategy.

For each thematic window, **Terms of Reference** will be developed which identify the policy and programmatic goals of the Fund in that area. These Terms of Reference, along

with the operating principles described in this document, will guide applications to that window, as well as provide a framework for evaluating progress and impact. They are prepared by experts in the given field and approved by the Steering Committee.

The Terms of Reference for Thematic Windows will be available on the Fund’s web site. Applications to the Fund will be addressed to one thematic window only. While synergies between windows will be encouraged, single applications to multiple windows will not be eligible for consideration.

The Fund will also set aside a part of its resources to contribute to the Coherence Fund in a number of the “One UN” country pilots.² A limited amount of ‘global’ investments in the UN system are also foreseen, to be determined by the Steering Committee. The policies relating to any such global investments will be elaborated in a separate document.

5. Countries eligible

Only select countries are eligible to apply to the MDG-F for country level support. The list of 57 eligible countries can be seen in the table below. These countries are those identified in the Spanish Master Plan for International Cooperation, approved by the Government and Parliament of Spain. In each of these countries either a ‘Country Strategy Document for Spanish Cooperation’ (in the case of ‘priority action’ countries) or a more limited ‘Plan of Action’ has been elaborated (in the case of countries falling into the categories for ‘Special Attention’ or ‘Preferential’ under the Master Plan). To learn more about the Government of Spain’s ODA policy please visit the web site for [Spanish Cooperation](#).

Region (by UNDP classification)	Eligible countries
Africa	Angola, Cape Verde, Democratic Republic of Congo, Equatorial Guinea, Ethiopia, Guinea Bissau, Mauritania, Mozambique, Namibia, Sao Tome & Principe, Senegal, South Africa
Latin America	Argentina, Bolivia, Brazil, Chile, Colombia Costa Rica, Cuba, Dominican Republic Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela
Arab States	Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Palestinian Territories, Sudan, Syria Tunisia
Europe and CIS	Albania, Bosnia-Herzegovina, Croatia, Kosovo (UN administered province), Macedonia, Montenegro, Serbia, Turkey
Asia	Afghanistan, Bangladesh, Cambodia, China, Timor-Leste, Philippines, Vietnam

This list of eligible countries may be revised at the discretion of the Steering Committee.

² To learn more about the Country Pilots please visit the [UN Development Group web-site](#).

Applications to the Fund will need to be on behalf of a single, eligible country; multi-country, regional or global projects are not eligible for funding at the time of preparation of this document.³

6. Organizations eligible and country arrangements

The Fund's primary interlocutor at the country level is the UN Resident Coordinator. The identification, development and oversight of Fund-supported activities at the country level is expected to be conducted under the auspices of the UN Country Team working under the leadership of the UN Resident Coordinator. All applications to the Fund will be formally submitted by the UN Resident Coordinator on behalf of participating UN organizations.

All members of the UN Development Group are eligible to manage MDG-F resources. A limited number of associated multilateral organizations may also be included at the discretion of the Steering Committee. In order to manage MDG-F resources, agencies must be designated a "Participating UN Organization" in the Fund, on the basis of the signing of a global Memorandum of Understanding with UNDP's Multi Donor Trust Fund Office. The MoU sets out the rules and procedures governing the management of MDG-F resources.

UNDP is the Administrative Agent for the Fund and will provide the AA function for all country-level activities. These functions are the responsibility of the Multi Donor Trust Fund (MDTF) Office at UNDP Headquarters.

Resident Coordinators are encouraged to keep Country Team members fully-informed on the activities of the Fund. Involvement of the Government in the deliberations concerning the Fund-related activities in the country is also crucial. Where practical, involvement of a representative of the Spanish Government is also highly desirable. The Fund also looks to Resident Coordinators to reach out to non-resident UN agencies, where appropriate.

The Fund recommends that Resident Coordinators institute a small Steering Committee at the country level, with representation of the Government, the UN Country Team and the Spanish Government (where resident, alternatively a dialogue with the closest representation office should be initiated) in order to oversee the development of applications to the Fund. Where the Fund has approved funding of a Joint Programme, such a Committee is mandatory, and should provide ongoing oversight of Fund-supported activities.

Activities supported by the Fund at the country level are expected to take the form of Joint UN Programmes whereby multiple UN organizations collaborate around a common programmatic goal. Funds will be channelled to individual organizations to meet their commitments to the Joint Programme, through the Administrative Agent.

³ The Fund may however look for efficiencies in 'clustering' successful applications after the review process.

7. Application processes

In order to minimize the burden on UN Country Teams and local partners, the Fund will normally apply a two-stage application process. Initial applications to Fund windows will normally be on the basis of an abbreviated ‘Concept Note’ which will provide the basis for technical vetting and approval of a funding allocation. Detailed programme designs will be requested only where the Steering Committee has provided this preliminary approval.

The Fund will solicit applications to its Thematic Windows through a Request for Proposals (RfP). Multiple rounds of RfPs are expected to be launched over the life of the Fund, depending on the availability of resources. Eligible UN Country Teams will apply to specific Thematic Windows on the basis of a ‘Concept Note’ which will be submitted formally to the Fund by the UN Resident Coordinator. The format for Concept Notes can be found on the fund’s home page at www.undp.org/mdgf. Only one Concept Note per thematic window, per country, can be submitted in any given RfP round. More than one thematic window can be applied to however. Applications should have a duration of not less than one and not more than three years, and an annual budget of not less than one and not more than four million US dollars.

RfP rounds will be announced on the Fund web site, and by email to Resident Coordinators in all 57 eligible countries and to the headquarters of UN Agencies, Funds and Programmes. Further details on the application process for Country Thematic Windows will be made available on the Fund’s web site.

Applications will be submitted through the Fund’s On-line Project Application System (OPAS) which will be available through the Fund’s home page.

8. Review and approval processes

The relevant Technical Sub-Committees for the thematic window (see ‘governance’ above for an explanation) will assess submitted Concept Notes against the substantive goals of the Fund under that theme, as elaborated in the Terms of Reference. The Convenor of each Technical Sub-Committee will facilitate a discussion amongst members, to ensure a consistent approach to the technical assessment.

Technical Sub-Committee members will also apply a set of design criteria that relate to the broader goals and strategy of the MDG Achievement Fund. These include the impact, sustainability and ‘scalability’ of the proposed intervention, its overall strategy, alignment with UN reform goals and the quality of its monitoring and evaluation framework. More details on these design criteria are annexed to the guidance on preparing Concept Notes. Technical Sub-Committee members who have been personally involved in the development of a Concept Note will recuse themselves from the assessment of that application.

The Convenor of the Technical Sub-Committees will provide a technical recommendation to the Steering Committee on behalf of Sub-Committee members from the following options:

- Suitable;
- Not recommended in its present form but encouraged to resubmit following major revision; or
- Unsuitable.

Revised Concept Notes (following recommendation 2 above) can be resubmitted in a subsequent RfP round, if the relevant Thematic Window remains open.

The Fund Secretariat will also undertake an analysis of applications recommended by the Technical Sub-Committees, in terms of any Fund-wide strategy considerations that the Steering Committee may have identified in advance.

The Steering Committee will meet after the closure of an RfP round to review the recommendations of the Technical Sub-Committees. The Steering Committee will approve an 'indicative' budget on the basis of the Concept Note and the recommendations of the Technical Sub-Committee. Steering Committee approval will be transmitted to the Resident Coordinator who should then proceed with the full formulation process.

9. Formulation process and release of funds

Resident Coordinators will lead the development of **Joint Programme documents** within 8 weeks following notification of the approval of the Concept Paper. Joint Programme documents should follow the latest Guidelines established by the Development Group Office.

An advance of up to \$20,000 may be requested to assist Country Teams in developing the Joint Programme document. The advance will be provided to one of the Participating UN Organizations to be designated by the Resident Coordinator at the time of submission of the Concept Note. The advance should be recovered from the final budget of the approved programme under 'formulation costs'. The Multi-Donor Trust Fund Office will administer the advance.

The Resident Coordinator will be responsible for ensuring that the Joint Programme document (a) reflects the original submission contained in the Concept Note which formed the basis of the Steering Committee approval (b) meets the Fund's design and accountability standards and (c) satisfactorily addresses any concerns or questions that have arisen during the review process.

The draft Joint Programme document will then be submitted to the Fund Secretariat. The Fund Secretariat will review the document with a view to ensuring consistency in design standards. The Secretariat may also seek technical comments on the draft document from a recognized expert in the field.

The Joint Programme will then be presented to the Steering Committee for final decision and budget approval.

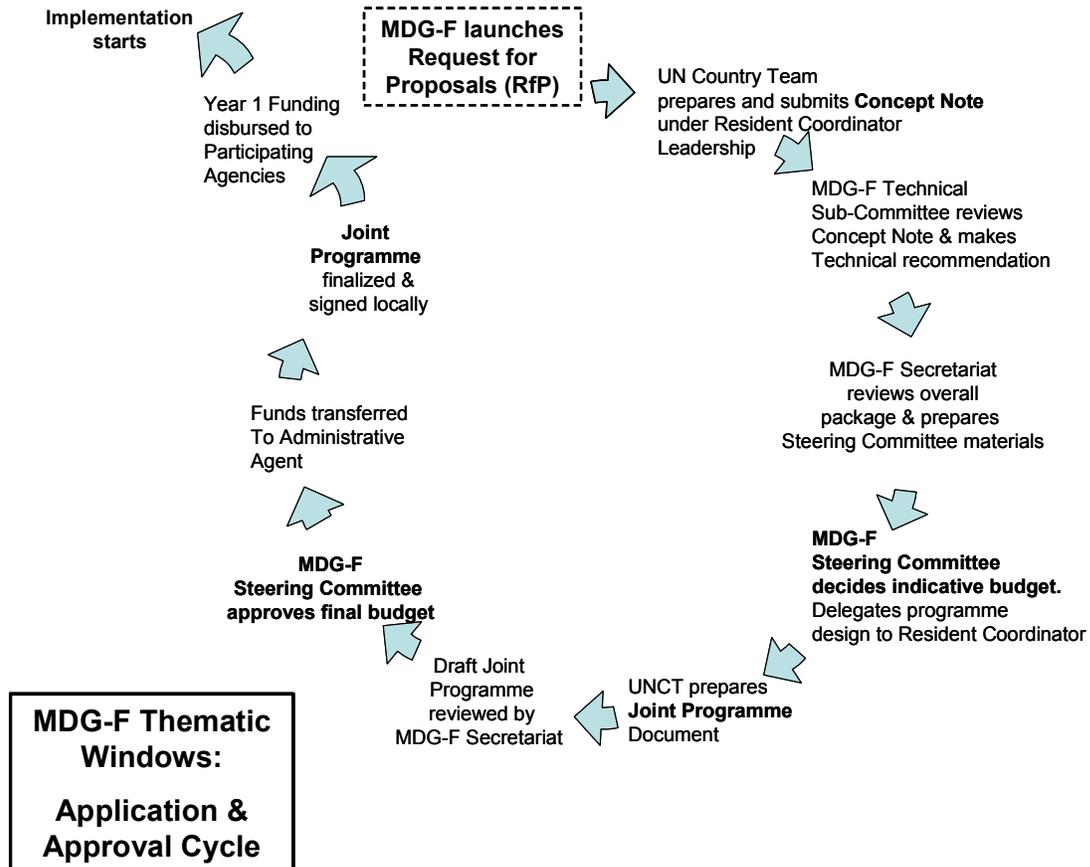
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On receipt of the Steering Committee’s final budget approval, the Fund Secretariat will release funds for the implementation of the full Joint Programme to the Multi Donor Trust Fund Office.

On receipt of a copy of the signed Joint Programme document, the Multi Donor Trust Fund Office will pass funds to the Participating UN Organization(s). The Administrative Agent will release funds to Participating UN Organizations in annual allocations, with second year advances (and beyond), subject to meeting performance and delivery benchmarks. Periodic reviews of programme management and finances will be undertaken jointly by the country-level Steering Committee.

The application process for the “One UN” Country Pilots window will be transmitted to eligible UN Country Teams as soon as it is available.

Figure 1 Application & Approval cycle for MDG-F thematic windows



10. Monitoring and accountability

Participating UN Organization in receipt of MDG-F resources will be required to provide the Administrative Agent with the following statements and reports:

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- Narrative progress reports for each twelve-month period ending 31 December, to be provided no later than two months after the end of the applicable reporting period;
- Annual financial reports as of 31 December each year with respect to the funds disbursed to it from the Joint Programme Account, to be provided no later than three months after the end of the applicable reporting period;
- A final narrative report and financial report, after the completion of all Joint Programme activities financed from the Fund, to be provided no later than 30 April of the year following the financial closing of Joint Programme activities;
- A final certified financial statement, to be provided no later than 30 June of the year following the financial closing of Project activities.

The Administrative Agent shall prepare consolidated narrative progress and financial reports consisting of the reports referred to above submitted by each Participating UN Organization, and shall provide those consolidated reports to the respective Resident Coordinators and subsequently to the MDG-F Steering Committee.

Decisions by the Steering Committee will be shared with all stakeholders in order to ensure the full coordination and coherence of MDG-F efforts. The MDG-F Secretariat will develop a dedicated web site to ensure appropriate transparency and accountability. In line with the UN's commitment towards public disclosure of its operational activities, summaries of project information, periodic progress reports and monthly updates on project commitments and disbursements, procurement requests and contract awards will be posted on the web site. Participating UN Organizations will be encouraged to publish expressions of interest, requests for proposals and invitations to bid on the public web site.

Activities carried out by the UN Agencies shall be subject to internal and external audit as articulated in their applicable Financial Regulations and Rules. In addition, the Steering Committee 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 UN Agencies. Participating Organizations will provide a summary of their internal audit key findings and recommendations for consolidation by the AA and submission to the Steering Committee.

11. 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.

12. Joint Communications

Information given to the press, to the beneficiaries of the Fund, all related publicity material, official notices, reports and publications, shall acknowledge the role of the Government of Spain, the UN Agencies, and any other relevant parties.

Whenever possible and to the extent that it does not jeopardize the privileges and immunities of UN Agencies, and the safety and security of their staff, UN Agencies will promote donor visibility on information, project materials and at project sites, in accordance with their respective regulations, rules, policies and procedures.

13. For more information

For more information about the MDG-F, please contact:

By email:

mdgf.secretariat@undp.org

By regular mail:

MDG-F Secretariat
UNDP, DC1-1962
1 UN Plaza, New York, NY 10017, USA

By fax:

+1 212 906 5634