PRESENTATION AT JOINT TECHNICAL REVIEW
OF
PARTNERSHIP FUND
FOR
DEVELOPMENT PARTNERS JOINT FUNDING
OF
WATER & SANITATION SECTOR PROGRAMME SUPPORT

MWLE/DWD, March 2004
Presentation of Partnership Fund Arrangement

1. Background

A framework for Sector Wide Approach (SWAp) to planning for the Water & Sanitation Sector was adopted at the Joint Sector Review in September 2002. Introduction of funding modalities supporting SWAp is an essential part of this framework, that means replacement of the traditional Project Aid Modality - first with a Basket Funding Modality for Sub-Sector Support – and next with a Budget Support Modality.

To initiate such development the Water Sector Working Group prepared and endorsed late 2002 a concept paper for the establishment of a basket fund named Partnership Fund. In parallel both Danida and Sida in their programming of support for the following 2003-07 period included the objectives to support Rural W&S-infrastructure development thru a general budget modality with sector earmarking and to support W&S Capacity development (plus for Danida Small Towns Infrastructure development) thru a basket fund modality. Besides, DFID expressed willingness to add their remaining funds for the on-going NWSSP to such basket fund if established.

Based on the WSWG concept paper a Memorandum of Understanding (MoU) for the establishment of the Partnership Fund was prepared early 2003 by the Danida, Sida and DFID representatives and their advisors in co-operation with the MWLE/DWD Management. The MoU outlining purpose, participation and principles for the management & operation of the Fund was signed 17 April 2003 by GoU represented by the PS/MWLE, by the ambassadors of Denmark and Sweden and by the Head of DFID Uganda Office. After the first half-year management & operation of the Programme Components it was found convenient to adjust the interfaces between two of the Components and hence, an Addendum to the MoU was approved by the participants to the MoU on 14 October 2003.

2. Participants

By the establishment of the Partnership Fund arrangement the Participants are the GoU, Danida, Sida and DFID. However, according to the MoU it is an arrangement open also for other Development Partners. Hence, support from other Development Partners can be included in the on-going joint funded programme or the scope of this programme expanded. On the other hand Development Partner also may decide to leave the arrangement and the MoU also preparing for that.

Though, the on-going joint funded programme includes in particular central managed Capacity Development it also includes central managed WS-infrastructure development. Hence, it is an outstanding issue if the Partnership Fund ahead is a funding modality to be restricted to Capacity Development or it is to be expanded in general to include Central Managed Programme Support. This will probably depend on the programme portfolio of other Development Partners considering to joint the Fund and the alternative funding modalities in the WS-sector.

3. Joint Funded Programme

The Government of Uganda has obtained commitments of grants from the national aid agencies of Denmark, Sweden and United Kingdom, hereinafter respectively referred to as DANIDA, SIDA and DFID, for the support of the Government of Uganda's Water and Sanitation Sub-Sector Programme, hereinafter referred to as the WSPS. Whereas the DANIDA and SIDA are supporting
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the programme throughout the calendar year 2003-2007, the DFID support started in April 2000 and to be completed end of March 2004.

The part of these WSPS programmes that has been joint funded through the Partnership Fund from the beginning of 2003 includes the four Components outlined below:

- Water Resource Management Component (WRM Component)
- Policy & Sector Capacity Development Component (PSCD Component)
- Rural Water & Sanitation Capacity Development Component (RWSCD Component)
- Small Towns Water Supply & Sanitation Component (STWSS Component)

The WRM, PSCD and RWSCD Components include development and implementation of Capacity Building, whereas the STWSS Component also includes the support of WS-infrastructure development and implementation in small towns.

The MoU does not imply GoU programme co-financing direct thru the Partnership Fund, however to facilitate SWAp the assumed GoU co-financing is included in the MoU for information. Besides, the four joint funded Components are structured equal to the GoU funded projects and the accounts based on the GoU Chart of Accounts also this way to facilitate SWAp through combined donor and GoU budget & accounts.

The joint donor commitments are in the MoU stated in the respective donor currencies, however for illustration also presented in equivalent US Dollars. Since, the Partnership Fund is operated in US Dollars the MoU commitments in USD equivalents also reflects the initial Fund Budget. For illustration of the scope of the joint funded programme support the initial MoU commitments / Fund Budget is presented in Table 1.

Table 1. Joint Donor Partnership Fund Commitments

<table>
<thead>
<tr>
<th>Component</th>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Donor</td>
<td>x1000</td>
<td>x1000</td>
<td>x1000</td>
<td>x1000</td>
<td>x1000</td>
<td>x1000</td>
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<tr>
<td>Policy &amp; Sector Capacity Development</td>
<td>Danida</td>
<td>1,167</td>
<td>1,102</td>
<td>729</td>
<td>684</td>
<td>681</td>
<td>4,343</td>
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<td></td>
<td>DFID</td>
<td>1,100</td>
<td>918</td>
<td>0</td>
<td>0</td>
<td>2,018</td>
<td></td>
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<tr>
<td></td>
<td>Sida</td>
<td>577</td>
<td>577</td>
<td>385</td>
<td>385</td>
<td>385</td>
<td>2,308</td>
</tr>
<tr>
<td>Total</td>
<td>USD</td>
<td>2,844</td>
<td>2,597</td>
<td>1,114</td>
<td>1,049</td>
<td>1,065</td>
<td>8,669</td>
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<tr>
<td>Rural Water &amp; Sanitation Capacity Development</td>
<td>Danida</td>
<td>1,458</td>
<td>1,134</td>
<td>810</td>
<td>486</td>
<td>162</td>
<td>4,051</td>
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<tr>
<td></td>
<td>DFID</td>
<td>842</td>
<td>817</td>
<td>0</td>
<td>0</td>
<td>1,658</td>
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<tr>
<td></td>
<td>Sida</td>
<td>2,179</td>
<td>2,179</td>
<td>2,179</td>
<td>1,923</td>
<td>1,795</td>
<td>10,256</td>
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<tr>
<td>Total</td>
<td>USD</td>
<td>4,479</td>
<td>4,130</td>
<td>2,990</td>
<td>2,409</td>
<td>1,957</td>
<td>15,966</td>
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<tr>
<td>Water Resources Management</td>
<td>Danida</td>
<td>1,620</td>
<td>1,296</td>
<td>972</td>
<td>648</td>
<td>324</td>
<td>4,861</td>
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<tr>
<td></td>
<td>Sida</td>
<td>64</td>
<td>64</td>
<td>256</td>
<td>256</td>
<td>897</td>
<td>1,504</td>
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<tr>
<td>Total</td>
<td>USD</td>
<td>1,684</td>
<td>1,360</td>
<td>1,229</td>
<td>905</td>
<td>580</td>
<td>5,759</td>
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<tr>
<td>Small Towns Water Supply &amp; Sanitation</td>
<td>Danida</td>
<td>486</td>
<td>972</td>
<td>1620</td>
<td>1782</td>
<td>1620</td>
<td>6,481</td>
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<tr>
<td>Funds Management</td>
<td>USD</td>
<td>486</td>
<td>972</td>
<td>1,620</td>
<td>1,782</td>
<td>1,620</td>
<td>6,481</td>
</tr>
<tr>
<td>Agent Assistant</td>
<td>Danida</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td>Total</td>
<td>USD</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>USD</td>
<td>9,508</td>
<td>9,074</td>
<td>6,967</td>
<td>6,159</td>
<td>5,239</td>
<td>36,945</td>
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</table>

Exchange rates:

<table>
<thead>
<tr>
<th>Currency</th>
<th>USD1.00</th>
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<tbody>
<tr>
<td>DKK</td>
<td>7.48</td>
</tr>
<tr>
<td>GBP</td>
<td>0.60</td>
</tr>
<tr>
<td>SEK</td>
<td>1.80</td>
</tr>
</tbody>
</table>

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Whereas the MoU commitments / Fund Budget in total and per Component is fixed in nominal amounts of the joint donor currencies for the overall 5-year programme period, the allocation per year and Component is adjusted every year in November previous to the Annual Component Work-Plan preparations in consultation with the joint donors. If required, the Fund Budget is also adjusted previous to the mid year Budget Revision. Besides, the PF budget based on USD will vary also for the total programme period depending on the development in the USD/Donor currency exchange rates.

To be noticed is that in order to account for Development Partners interest of undertaking themselves part of the funding direct (i.e. larger contracts) the Fund Budget is a combined programme budget, however not in total equal to contribution in cash to the Fund bank account. However, to facilitate SWAp also such Direct Donor Payments are accounted for in the financial management of the Components.

The MoU commitment / Fund budget may also vary ahead, either due to the inclusion of more Participants support or due to the expansion of the existing Participants support. Hence, depending on the JTR’s and ISR’s recommendation of the proposal of support to a Water for Production programme such is expected to be added as a fifth Component under the Partnership Fund arrangement.

4. Funding modality

The Development Partners joint funding through the Partnership Fund arrangement is based on a Basket Fund modality. The basic structure of the arrangement is outlined in the diagram below.

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The Partnership Fund is established with the function as an Component subsidizing agent implicating that when funds are transferred from the respective Development Partners accounts to the Partnership Fund account they are considered utilized on the joint program support. Hence, it is the responsibility of the Fund to carry out the current disbursements and control of the use of funds to the supplier of program implementing, namely MWLE/DWD.

Since, the arrangement is so far possible based on delegation to the supplier of program implementation, the Development Partners are neither direct nor through the Partnership Fund undertaking any ex-ante control of the current use of funds. Control are only carried out ex-post through regular Progress Reporting against agreed annual Component Work-Plans and the controlling carried out ex-post at general level by the Financial Management Advisor in support of the Fund management. Actual cases are occasionally implying a questioning among the Development Partners of this basic set-up, however as procedures become more routine and the MWLE/DWD managers at Component implementing level take full responsibility of the delegated authority such cases are expected to be history.

Since, the joint supported program is combined by parts of the respective Development Partners Programs the Partnership Fund arrangements is in its initial stage a modality for funding of earmarked sub-sector support. However, the arrangement might transcend into a modality for general sub-sector after completion in 2007 of the on-going program support if the joint partners at that time decide to prepare a joint program for the next following 5-year period within the Partnership Fund arrangement and not separate by each Development Partner.

Funds are on quarterly basis on request by the Fund management transferred in USD from the Development Partners to the Fund bank accounts. This request is equal to the quarterly budgets prepared as part of the Component Annual Work-Plans, however with adjustment for Progress Reports on actual spending and performance.

From the Fund bank account funds are by current DWD management requests (in practice on monthly basis) disbursed to the bank accounts held in USD and UGS that support respectively the Components managed in DWD/Luzira and DWD/Entebbe. The request for disbursements from the Fund are based on the MWLE/DWD monitoring of current cash requirements for on-going implementing activities against actual cash at bank balances.

Whether funds are still remaining on the Fund bank account or are disbursed to the Component bank accounts, funds are actual granted and hence GoU national assets. Consequently, the Permanent Secretary at MWLE is responsible for the implementation of the financial systems and procedures under the Partnership Fund arrangement.
5. Management & Operations

The functions set-up for the management and operation of the Partnership Fund arrangement are outlined in summary below.

Programme Management Committee

The Programme Management Committee (PMC) is the General Management body to the Fund and is according to the MoU for Partnership Fund and the Terms of Reference for the PMC to carry out the functions outlined below:
- Provide Policy guidance for the Component business planning, development and management
- Coordinate between the Component businesses
- Review and approve Five Year Operational Plans, resource requirements and allocation criteria
- Mobilise resources for the Component businesses and guide its utilization, to ensure efficiency and cost effectiveness
- Review and approve Annual Component Work-Plans, including quarterly breakdowns
- Review and approve Quarterly Component Progress reports
- Review and approve requirements of donor fund transfer to Partnership Fund
- Review and approve disbursements from Fund to Component accounts
- Review and approve Annual Accounting Reports for Fund and Components
- Review and take notice of Audit Report for the Fund and Component accounts
- Take action when ever required as an implication of the above undertakings

Joint MoU Managers

The Joint MoU Managers (JMM's) is the Executive Management body to the Fund. According to the MoU for Partnership Fund and the Terms of Reference for the PMC the Lead Donor Representative and the PS/MWLE are to make this body and to carry out the functions outlined below:
- Responsibility for the overall planning of matters relating to the MoU
- Ensure that participants to the Fund arrangement are kept abreast of progress against each of the Components
- Ensure that regular financial and progress reports are provide to the participants
- Management of the Partnership Fund, including in particular approval of requests to the joint donors for transfers to the Fund and approval of applications for disbursements from the Fund to the respective bank accounts servicing the Components

The JMM's is reporting to the PMC.

Permanent Secretary to MWLE / Director DWD

The Permanent Secretary to MWLE (PS/MWLE) is according to the MoU for Partnership Fund to carry out the functions outlined below:
- Be the Chairperson to the PMC
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- Overall responsibility for the implementation of the MoU procedures and management structure

In case of vacancy the PS/MWLE functions under the Partnership Fund will be undertaken by the Director/DWD.

The PS/MWLE will be the primary GoU signatory to the Fund bank account and the Director/DWD his attendant GoU signatory.

The PS/MWLE is reporting to the Government of Uganda.

Lead Donor Representative/Attendant

Which one of the joint donors to make Lead Donor is agreed upon between the donors. Hence, by the establishment of the Partnership Fund and until other might be agreed upon Danida is the one Lead Donor and consequently the 1st Secretary at the Royal Danish Embassy (RDE) in charge of Water Sector Program Support affairs the one Lead Donor Representative (LDR).

Besides, undertaking his part of the JMM functions the LDR will be the one to approve in each case any use of donor regulations for procurement. By the establishment of the Fund and until other is agreed upon between the joint donors such cases have to be based on Danida procurement regulations, including:

- Procurement Agreement between Danida/RDE, DWD and Crown Agents on the use of the latter services for procurement of goods and related services
- Danida/RDE Regulation on Local Consultancy Contract on procurement of local consultancy services and related goods

In case of vacancy the LDR functions is while Danida is the Lead Donor to be undertaken by the WSPS Officer at RDE.

While Danida is the Lead Donor the said 1st Secretary and WSPS Officer will respectively be the one primary Joint Donor signatory and attendant Joint Donor signatory to the Fund bank account.

The LDR is reporting to the donor local representation/embassy and consulting on joint donor matters with the other joint donor representatives.

Permanent Secretary to MoFPED

The function of the Permanent Secretary to MoFPED (PS/MoFPED) is in general sector coordination and controlling of the sector ministries budget and accounts, in particular thru the MTEF procedure the budgeting and controlling of the project GoU and Donors budget ceilings, including for the Components under the Partnership arrangement.

The PS/MoFPED is reporting to the Government of Uganda.

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External Auditor

The function of the External Auditor is to carry out audits on the Fund and Components accounts in accordance with the audit programme as specified for the audit service procurement.

The External Auditor is reporting thru the PMC to the GoU General Auditor.

Examiner at DWD

The function of the Examiner is to carry out internal audit of commitment and cash release in DWD as specified in an Internal Audit Programme, including for the Component activities.

The Examiner at DWD is reporting to the PS/MWLE.

Under Secretary/Principal Accountant at MWLE

The function of the Under Secretary / Principal Accountant (US/PA) is to manage the overall MWLE budget & accounting systems and procedures, and the monitoring of current GoU and Donor accounting operations at sub-accounting units, including DWD.

The US/PA is currently supporting the PS/MWLE, however formally reporting to the MoFPED.

The US and PA is respectively to be primary and attending signatories to the Component Bank accounts.

Director/Commissioners

The function of the Director/Commissioners is as the DWD board of directors to:
- To approve all plans and reports for submission to the PMC and JMM’s
- To monitor the Component Manager businesses
- Approve all commitments implicating expenditures at a value more than USD 10,000 and other commitments that due to GoU regulations can not be approved at their subordinates level (i.e. travels abroad)
- Approve all requests passed thru the FMA to the LDR for permission to use donor procurement regulations
- Approve applications to the JMM’s for disbursement from the Partnership Fund bank account to the respective bank accounts servicing the Components regulations

The Director is to be primary signatory on all component bank accounts, where as one Commissioner in DWD HQ and the WRMD Commissioner is the attendant signatories for the bank accounts respectively servicing the Components in DWD HQ and WRMD/DWD. However, none of these to sign in cases when they have also approved the commitment.

Component Managers

The function of the Component Managers is in general to manage the overall Component businesses, including in particular:
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- Ensure the preparation and submission thru the Director/Commissioners in due time of required plans and reports for the PMC
- Ensure that Component activities are carried out within budgets in accordance with planned time schedules and performance targets
- Approve all commitments implicating expenditures at a value less/equal to USD 10,000
- Ensure in extraordinary cases preparation and submission thru the Director/Commissioners of request for procurement based on donor regulations

The Component Managers are reporting to their respective Director/Commissioner

Financial Management Advisor/Fund Accountant

According to the MoU for Partnership Fund, the ToR for the PMC and the ToR for the FMA position the function of the Financial Management Advisor (FMA) and the Fund Accountant (FA) assisting him is to support the PS in the implementation of the Partnership Fund and to support the JMM’s in their Fund management undertakings.

This supportive function is in more detail to include,

- Preparations of system and procedures to support financial management & operations of Fund and Components
- Controlling in general of the Component performances against plans and reports approved by the PMC
- Liaison with the various actors on the Component financial management & operation system & procedures
- Preparations of requests for transfer of funds from the donors to the Partnership Fund bank account
- Support to the Component Accountants in their preparations of applications for disbursements from the Partnership Fund
- Fund accounts operations
- Processing of requests to LDR approved by Director/Commissioner for permission to initiate procurement based on donor regulations and if such permission given then,
  - Submission of the Components procurement specifications to Crown Agent and liaison with the Agent until procurement completed
  - Support to the Components on procurement and contract preparations on local consultancy services

The FMA/FA is reporting to the JMM’s, however currently in liaison on general issues with all parties in the DWD organisation that participates in the management & operation of the Partnership Fund and Components

Senior Accountant at DWD

The function of the Senior Accountant (SA) is to manage current GoU accounting operations in DWD and to monitor the various project donor accounts, including the Fund and Component accounts.

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The SA is currently supporting the Director/Commissioners, however formally reporting to the PA/MWLE.

**Component Accountants**

The two Component Accountants (CA’s) located respectively in DWD/HQ and WRMD/DWD Coordinator at WRMD/DWD is supposed to undertake the functions outlined below for Components managed at their respective locations. However, the CA in WRMD/DWD is in respect of the undertaking of these functions supposed also to support other accounting task in WRMD conditioned by separate agreement with the DWD/Senior Accountant and the Commissioner to WRMD/DWD.

- **Supervision of**
  - Accountant Assistants, if any
    - Store Officers, in so far these are participating direct in the accounting for store and/or fixed asset transactions
    - Transport Officer, in so far these are participating direct in the accounting for vehicle O&M

- **Accounting operations and controls, including in particular,**
  - Assistance on the preparation of memos and contracts for approval of financial commitment
  - Preparation and controlling of Payment Vouchers
  - Controlling the timely accounting for advances
  - Component FMS journal entering and posting
  - Printing accounting reports from the CFMS for regular Comp. reporting
  - Regular validation of accounts
  - Preparation of proposal for update of CFMS set-up data

- **Monitoring/Undertaking of Store & Fixed asset operations, including in particular,**
  - Preparation of bulk procurement to store
  - Preparation and controlling of Store Requisitions
  - Preparation and controlling of Payment Vouchers on fixed asset procurements, including additional information required for CFMS fixed asset registration
  - Entering of Store Requisitions and Payment Vouchers on Fixed assets to CFMS
  - Preparation of proposals for regulations on store and fixed asset values
  - Regular controlling of physical stores and fixed assets against store accounts and logistic registrations

- **Monitoring/Undertaking of specific Vehicle O&M accounts, if any**

- **Cash operations and controls, including in particular**
  - Preparation of payment orders for Cash Management approval
  - Updating of Cash-Books for Cash Management approval
  - Contacts with bank to ensure i.e. monthly bank statements
  - Preparation of monthly bank reconciliation reports
  - Current monitoring of cash balances on bank accounts
  - Preparation of request for disbursement from Partnership Fund

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- **Budgeting and budget control operations, including in particular,**
  - Assistance on budgeting, including on use of Chart of Account
  - Entering approved budgets to the CFMS
  - Printing budget control reports from the CFMS for Comp. Managers
  - Analysis of budget control reports and prepare proposals for follow-up if required

- **Assistance on regular Component planning and reporting, including in particular,**
  - Assistance on the preparation of Annual Component Work-Plan
  - Assistance on the preparation of Component 5-year Operational Plan
  - Assistance on the preparation of Quarterly Component Progress Reports
  - Assistance on the preparation of Annual Component Report

- **Assistance on audits and Reviews, including in particular**
  - Supply of accounting materials by Auditor/Review-Team request
  - Preparation of comments on Audit/Review report

- **Liaison with the FMA and his assisting Fund Accountant on all management & operation issues under the Partnership Fund arrangement, in particular on the,**
  - Processing of regular Component plans and report for the PMC
  - Provision of information on request by the PMC or the Joint MoU Managers
  - Support on action required to follow-up on PMC or Joint MoU Managers decisions
  - Response on requests implied by FMAs/Fund Accountants general budget and cash controlling
  - Assistance to FMA/Fund Accountant to implement occasional adjustments of system (CFMS) and procedures in operation

The CA's are currently supporting the Component Managers, however formally reporting to the SA/DWD. However, the CA in WRMD/DWD is in respect of the undertaking of this support and reporting also supposed to support the Commissioner to WRMD/DWD in the undertaking of other accounting task in WRMD conditioned by separate agreement with the DWD/Senior Accountant and the Commissioner to WRMD/DWD. The monitoring of the respective CA's overall performance against their contract/ToR is on location undertaken by the Head of WSLD/DWD and the Commissioner/WRMD.

The functions and relationships outlined in the previous sections are illustrated in the organogram, including explanation on the next following two page.
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ORGANOGRAM ON THE FUNCTIONS AND RELATIONSHIPS OF MANAGEMENT AND OPERATIONS OF THE PARTNERSHIP FUND ARRANGEMENT

Programme Management Committee
(Approval of Component Plans/Reports and Funding)

Joint MoU Managers
(Approval of Fund Disbursements to Components)

External Auditor
(Auditing of Fund and Component Accounts)

PS/MFPEd
(Controlling in general)

Director
(Transactions)

Director/Commissioners

FMA/FAc
(Controlling in general of Component performances, Liaison on PF-procedures, Preparation of Fund cash transactions & accounts, Submit request for procurement)

Component Manager

SA at DWD
(General operation and monitoring of development projects)

SA at DWD HQ

Executive DWD
Preparation of communications &综合体 cash release

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Explanation on Symbols Used in the Organogram:

Structures

- Joint Management structure:

- GoU Management structure:

- Donor Management structure:

Relationships

- Formal Reporting:

- Current support:

- Liaison:

Combined Commitment & Procurement Authority levels

A. Director/Commissioner authority level

A1. Commitments to be processed thru central MWLE Procurement Committee and at an expected expenditure level more than USD 10,000.

A2. Commitments to be processed thru local DWD Procurement Committee and at an expected expenditure level less than/equal to USD 10,000 and with requirement of approval by superiors to Component Managers due to GoU/MWLE regulations.

B. Director/Commissioner and LDR joint authority level

B. Commitments at an expected expenditure level more than USD 10,000 requested by matter of circumstances to be processed by procurement based on donor regulations.

C. Component Manager authority level

C. Commitments to be processed thru local DWD Procurement Committee and at an expected expenditure level less than/equal to USD 10,000 and without any requirement of approval by superiors to Component Managers due to GoU/MWLE regulations.
6. Plans & Reports

The programme support is planned in more detail per Component Activity in Annual Component Work-Plans to be submitted in December for PMC approval. The Work-Plan includes separate presentations of Activity Time-Schedules, Activity Performance Targets, Activity Budgets, Expenditure Budgets and Procurement Plans. Presented in an Output/Activity structure these are all following the Logical Framework structure in the donor Project Document in order to facilitate comparison when required for controlling purposes. Hence, any change from the original donor Project Documents has to be submitted as an explicit part of the Work-Plan for Programme Management Committee approval.

Besides, the Expenditure budget is included at Component level to facilitate coordination between the Work-Plan budgeting and the GoU’s MTBF procedure. Though the PF budget is allocated in calendar years, two quarters have been added to the Work-Plan period also this way to facilitate coordination with MTBF finance year.

Quarterly Component Progress Reports on specification levels equal to the Work-Plan are submitted for PMC approval. These reports includes both the current quarter and the cumulative period until end current quarter. The report for the April/July-Quarter are also including proposal if any for a mid year Budget Revision and the report for the October/December-Quarter is part of the Annual Component Accounting Report.

Annual Accounting Reports are prepared respectively for the Partnership Fund accounts and for the consolidate Component accounts. The latter is besides standard statements of Balance Sheet and Income Sheet also including Bank Reconciliation and the October/December Component Progress Reports presenting both the said quarter and the year cumulative Component Activity finance and performances.

Procurement of an annual External Audit program is for the moment under preparation. Besides, traditional Financial Audit the program will include audit on Activity Performance, Cost Efficiency and a Review of the Effectiveness of Procedures.

Since, the MoU was not signed until 17 April the first Component Work-Plans for 2003 was submitted for PMC approval in May and the Work-Plans for 2004 in preliminary version in December and final version early February. The first Progress Report for the July-September quarter was submitted for the PMC in October. The second for the October-December quarter is part of the Annual 2003 Accounting Report and as such expected to be submitted for the PMC mid April. Since, extraordinary resources have been required both for the design and first preparations of plans and reports the submission of the first versions have been somewhat delayed compared to the ideal time-schedule. However, with the now build-up experience the preparation of the following plans and reports are expected to be submitted on schedule.

To be noticed is that since neither the MoU nor the design of operational systems and procedures were at hand before the actual joint program initiation January 1st, 2003, the first five month of the program funded by interim budgets and procedures. Accounts for this period has afterwards been included in the now operated Component accounts. For the eventual set-up of other basket funds it is from this experience recommended to arrange a period of around three month for the design of basic systems and procedures before the joint program start.
7. System Support

To support the Fund and Component Budget & Accounts a Financial Management Systems (FMS) has been designed based on the standard accounting package, Navision Attain.

To facilitate SWAp the system chart of account is identical to the new GoU chart of account, however expanded with more dimensions for coding in particular of Component Activity. This way the system support both GoU and MWLE/DWD Component management information requirements.

The system is installed on the server in DWD HQ in Luzira, however with on-line connected clients both in DWD HQ and WRMD/DWD in Entebbe. Besides, the MWLE HQ has access to on-line reporting from the system.

An identical system has recently been installed also to support GoU financed projects, including the four Components under the Partnership arrangement. This way system based budget control is now possible against the combined donor funded and GoU funded budgets in the Component Work-Plans.