Netherlands comments on draft ERSO Operational Procedures and Guidelines (29-02-2008)

Overall comments

- The improved draft and presentation of the ERSO Operational Procedures and Guidelines (OP) is appreciated and makes the thinking of the secretariat clearer and more understandable.
- The substances of this draft OP does however not reflect the many concerns as expressed by many countries, including the Netherlands during the subcommittee meeting in November and de CPR-meeting in December: focus on the poorest of the poor, too broad scope, Steering Committee, resources, milestones for success,
- The Netherlands strongly feels that these concerns need to be taken into account to ensure endorsement in the CPR of April 3, 2008 and hopes that future discussion in subcommittee meetings and CPR’s are reflected in the documentation.
- We are willing to cooperate closely with the other member states and the secretariat (formally and informally) and hope to have open and frank discussion to improve ERSO and ensure endorsement in April. The weeks to come are very important as the success of this process will reflect on the organisation and its support.

Comments

Focus/target group
The document that ERSO will contribute to the goal of achieving significant improvement in the lives of at least 100 mln. slum-dwellers by 2020. We support this endeavour from a poverty perspective. However, ERSO is not focussing on the slum dwellers, but on 4/5 decile of a society, being the middle-class. I understand this from a financial perspective. However, this is an important dilemma of ERSO which needs more attention and explanation of the secretariat. This dilemma is strengthened by the explanation of the secretariat that an average project will cost 2-5 mln. US$ and will serve 200-500 households. This implies on average a US$10.000 loan per household which is a very substantial amount for the poorest of the poor (below US$1 a day) or even the poor (below US$ 2 a day).

Scope
The purpose of ERSO TF is to field-test experimental reimbursable seeding operations. It is an experiment which has to be a success. However, the OP is drafted as a full-blown approach to reimbursable seeding operations. The experiment has been lost in the process. An experiment should start small and beautiful. Test one or two approaches/models, evaluates, learns lessons and scale-up if applicable. One cannot learn lessons from implementing ten different models/approaches through ten different projects.

The current OP has far too a wide of a scope. In chapter 3 (3.4-3.6) it mentions various objectives and approaches. In chapter 5 this is extend with additional intentions on the scope of ERSO and in chapter 6 it articulates 5 models which will be used. This scope has to be reduced and the character of an experiment has to be reinstalled.

Governance
The Netherlands has consistently expressed concerns on the governance structure of ERSO. It is an experiment with high political risks and therefore governments should be involved in the monitoring through the CPR by three monthly meetings on the progress of ERSO.
The Steering and Monitoring Committee must be established according to the resolution which does include government representatives, not experts from outside governments. The SMC should have more responsibility than only providing advice and guidance. The SMC cannot be chaired by the ED to whom the SMC also reports. That is improper design of a governance structure.

*Milestones and success factors*

The Netherlands insisted in the CPR that the secretariat defines the milestones and success factors for ERSO for 2011 to properly evaluate the experiment and for member states to consider continuation or not and the way forward. The executive director replied that a success would be that the projects have been started. This is in our opinion not a success for an experiment. We need to see concrete results in 2011.

The current OP only has a very brief paragraph on monitoring and evaluation which mostly focuses on progress of individual projects. The Netherlands wants very clear indicators for success of ERSO in the OP. This is fully in-line with the ambition of UNHABITAT to be results-based.

*Resources*

The discussion on ERSO was always done in relation to the MTSIP implementation and a strong feeling that ERSO has substantial opportunity costs (as also states by the ED in the CPR) which reduces capacity within the organisation to implement the full MTSIP. The Netherlands therefore remains concerned about the amount of efforts which is currently going into ERSO by the ED, DED, financial and legal department and the Human Settlements Financing Division. The amount mentioned in the MTSIP Action Plan of US$60,000 is probably an underestimation of costs. The Netherlands appreciates the commitment of the secretariat to provide an overview table at the next session of the subcommittee.

Furthermore, the operational structure of ERSO TF raises concerns. Many responsibilities of ED, DED, SMC, Financial and Technical Advisory Group, Director of Human Settlements, ERSO Technical Team and UN-HABITAT Internal Working Group are described in detail. This is enormous amount of human capital involved and the Netherlands wants to be completely sure that this is all funded by the ERSO TF. This structure is also more appropriate for a regular TF-structure instead of an experiment.