UNDG Guidance on

Establishing, Managing and Closing

Multi-Donor Trust Funds

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**UNDG Guidance on Establishing, Managing and Closing**

**Multi-Donor Trust Funds[[1]](#footnote-1)**

# Section I - Background

The 2030 Agenda for Sustainable Development, adopted by the UN General Assembly in 2015, highlights the inter-linkages and integrated nature of the Sustainable Development Goals. Compared to the MDGs, the new development agenda is much more ambitious and universal in nature. New approaches to development issues are needed, as well as innovative solutions to address their increasing complexity and inter-dependence. Innovation and new partnerships are needed at unprecedented levels to respond to the programmatic and operational challenges of the new development agenda. National ownership, alignment with local plans, harmonization of donor requirements, the focus on results and mutual accountability for their achievement are key principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda, which constitutes an integral part of the 2030 development agenda outcome document.

While Official Development Aid (ODA) has increased since the Monterrey conference in 2002, financing the 2030 Agenda remains a formidable challenge. Notable funding trends are the rapid increase in humanitarian funding, while less money is available for stable Least Developed Countries or middle-income countries. In the Busan High-level Forum on Aid Effectiveness, both providers and recipients of ODA recognized the need for partnership and transparency in order to move from aid management to development effectiveness. The Addis Ababa Action Agenda recognized ODA as complementary to much larger private and public resource flows relevant to development, both domestic and international.[[2]](#footnote-2) As a consequence, innovative sourcing and spending instruments, which leverage larger private funding, are expected to grow in importance.

The ECOSOC dialogues[[3]](#footnote-3), following the sentiment of the 2012 QCPR resolution, revealed member states’ expectations of the UN Development System, particularly with regards to its role and funding, and the UN’s “fitness for purpose”. The continued emphasis on results requires UN organisations to apply themselves where they have comparative advantage over an ever-increasing number of international and domestic development actors with growing implementation capacity. Also for the United Nations, innovation and new partnerships are needed at unprecedented levels to respond to the conceptual and operational challenges of the new development agenda. The launch of Standard Operating Procedures for “Delivering as One” were recognized as an important step to bring UN entities together behind a single strategic programme matched with a common budgetary framework in support of nationally determined and led development programmes. However, the challenge by member states is for the UN System to “move from convergence to integration” of our agendas on peace, humanitarian assistance and development in pursuit of results. Consequently, given the shrinking share of development resources channeled through them, UN organisations need to “avoid the risk of dispersion”, and pooled funding was “strongly underscored as an essential tool”.

Multi-Donor Trust Funds (MDTFs) and other inter-agency pooled funding mechanisms represent a powerful tool in response to these challenges, and fit into the larger trend of issue-based financing. In recent years they have become an important funding mechanism to channel and leverage resources in an effective and coordinated way in support of UN system-wide development efforts, and represent an effective tool to demonstrate that the UN is “fit-for-purpose”. Their increasing use is a direct consequence of this shift in the development effectiveness agenda and its emphasis on multi-stakeholder partnerships interested in innovative blended or pooled financing. By placing strong emphasis on producing broad outcomes based on a shared theory of change, MDTFs allow for effective collaboration of a variety of UN and non-UN partners in pursuit of shared objectives. The pooling of resources facilitates the mitigation of shared risks, increases the visibility and transparency for all development actors, and holds the potential to reduce transaction costs and thereby improve the UN’s value proposition.

The UNDG guidance on MDTFs is based on the 2015 UNDG-approved revised standard legal instruments, the [Memorandum of Understanding (MOU)](https://undg.org/wp-content/uploads/2015/09/Standard-MOU-for-MPTF-August-2015-2.doc) and [Standard Administrative Arrangement (SAA)](https://undg.org/wp-content/uploads/2015/09/Standard-SAA-for-MPTFs-August-2015.doc) for UNDG MDTFs, and new UNDG guidelines approved as part of the SOPs and the broader “fit for purpose” agenda. They build on UN inter-agency work related to issues of shared accountability, such as UN Resource Pack on Joint Evaluations (2013) and the Framework for Joint Internal Audit of UN Joint Activities (2014). They reflect the experience and lessons learned of establishing, managing and closing MDTFs (see procedures in Section III). And finally, they are in line with the MDTF oversight framework as put in place through UNDG instruments[[4]](#footnote-4) and the revised [Protocol on the Administrative Agent for MDTFs and Joint Programmes, and One UN Funds](https://undg.org/wp-content/uploads/2015/04/Protocol-AA-Final-version-UNDG-approved-26.10.15.docx).

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# Section II – Policy

This policy applies to all MDTFs for which the standard UNDG MOU and SAA are signed, and which fall under UNDG oversight of the UNDG Fiduciary Management Oversight Group and the UNDG Advisory Group. [[5]](#footnote-5) This includes country level Funds, such as the “One UN Funds” or Funds set up as part of the UN response to the findings of a Post Conflict Needs Assessment or Post Disaster Needs Assessment, as well as funds operating in a non-country specific context such as thematic, global or regional MDTFs. For all these UNDG MDTFs any substantial modification to the MOU or SAA (i.e. changes linked to the legal relationships described in the MOU or SAA, such as the governance mechanisms, reporting arrangements or equivalent) needs to be cleared by the FMOG (and UNDG Advisory Group) through the UN Development Operations Coordination Office (DOCO). The policy is also relevant for funds that are not under UNDG governance mechanism, but use legal agreements aligned to the standard UNDG MOU and SAA.

## Definition and Objectives of a Multi-Donor Trust Fund

A UNDG MDTF is a type of pooled funding modality under UNDG governance mechanism, involving multiple UN organisations and designed to receive contributions from donors to support specific national, regional or global development results.

Donor resources are co-mingled and held in trust by the appointed Administrative Agent (AA) to fund projects/programmatic allocations implemented primarily by participating UN organisations (PUNOs) who use their own operating policies and procedures for implementation.

A **UN inter-agency pooled fund** is a funding mechanism that has the three following characteristics: \*

1. Fund design and administration: The pooled fund is designed to support a clearly defined programmatic purpose and results framework through contributions - usually received from more than one contributor - that are co-mingled, not earmarked to a specific UN entity and held by a UN fund administrator.

2. Joint Governance/Fund operations: Decisions on project / programmatic allocations are made by a UN-led governance mechanism, taking into account the programmatic purpose and results framework of the fund.

3. Fund implementation: Fund implementation is (fully or largely) entrusted to UN entities that assume the programmatic and financial accountability for the resources received

\* [CEB/2015/HLCM/FB/9](https://undg.org/wp-content/uploads/2015/06/Item-3-Options-Paper-for-FBN-harmonised-cost-recovery-rate-16-June-15-1.pdf), 16 June 2015

MDTFs provide more flexible, coordinated and predictable funding to support the achievement of national, regional or global results based on a clear theory of change. MDTFs facilitate and streamline funding and donor reporting by channeling donor contributions through one mechanism. By improving visibility and coordination among all stakeholders, MDTFs also provide a forum for policy dialogue, and programmatic coordination and harmonization. Overall, they have become one of the important financing tools available to the UN to help channel funds towards a strategic vision that has been defined based on an analysis of programmatic realities and in consultation with all stakeholders.

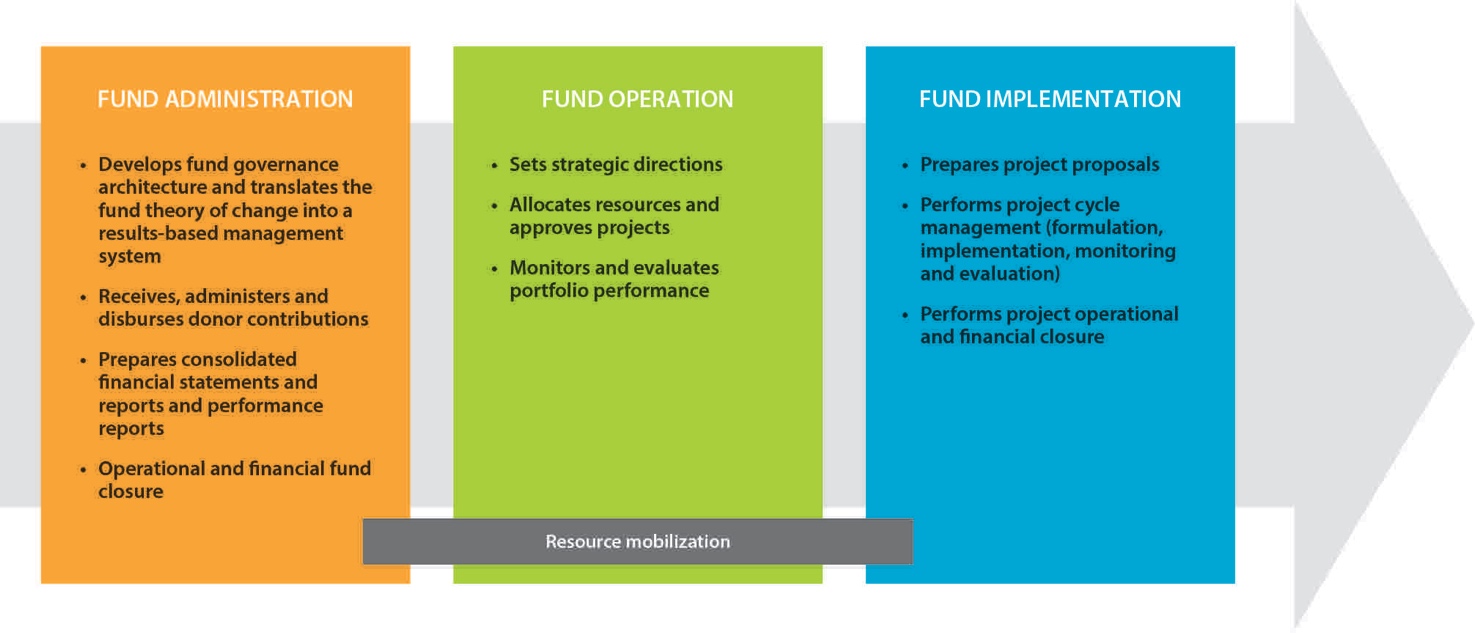
A **theory of change** (ToC) is commonly understood as an articulation of how and why a given intervention will lead to specific change. The four main purposes of ToC are strategic planning, description of main assumptions, monitoring and evaluation and learning \*\*

\*\* Stein and Valters, “[Understanding Theory of Change in International Development](http://www.theoryofchange.org/wp-content/uploads/toco_library/pdf/UNDERSTANDINGTHEORYOFChangeSteinValtersPN.pdf)”, August 2012

## Main Functions:

An MDTF fulfills up to six main functions in the pursuit of greater efficiency and development effectiveness[[6]](#footnote-6):

* **Coherence**: Support policy coherence and programme coherence by filling critical gaps and supporting underfinanced priorities;
* **Consolidation**: Reduce fragmentation with respect to particular priorities, often as the largest investment vehicle;
* **Specialized/Thematic**: Focus on a thematic issue using specific expertise, particularly in the case of global funds;
* **Risk Management**: Reduce risks to stakeholders through a comprehensive risk and results-based management system;
* **Ownership**: Use and strengthen national systems;
* **Innovation**: Provide a mechanism for clear attribution and transparency using innovative sources of finance.



## Organisation and Governance:

MDTFs represent a partnership of a set of stakeholders in pursuit of shared development objectives. To this end an MDTF is governed by common governance arrangements that ensure the participation of UN organizations and governments, in the identification, design and establishment, implementation and monitoring of activities with participation of other stakeholders, as appropriate. MDTFs usually have five common organisational (or architectural) elements:

* Steering committee or similar governance mechanism
* Participating UN organizations
* Administrative agent or MDTF administrator
* Implementing partners
* Contributors/Donors

### Steering Committee[[7]](#footnote-7)

A Steering Committee (SC) or similar entity governs the MDTF and functions as the key decision-making body; it provides strategic guidance, and holds ultimate accountability that the fund achieves its programmatic objectives. Generic terms of reference (TOR) are approved by the UNDG.

The composition of the SC will be decided during the design stage of the fund. SC composition will balance the principles of ownership, inclusiveness and balanced representation, as well as the need to have a manageable size for effective decision-making. A country level SC is normally co-chaired by the Government and the UN Resident Coordinator (RC), or the Deputy Special Representative of the Secretary General (DSRSG). Members include the UN and government representatives and may also include donors and other stakeholders. Global or regional MDTFs generally establish a global or regional level steering committee and may include similar structures at the national level as well. Membership can be on a rotational basis within each major stakeholder group (e.g. contributors, PUNOs, civil society, ministries, etc.). The AA is always an ex officio member of the SC; and (one of) the UN representative on the SC will always carry the responsibilities to sign off on decision documents such as fund transfer requests

In the case of large funds, a tiered governance structure might be considered that splits the main functions between two bodies. Rules of procedure[[8]](#footnote-8) should be developed, particularly with regards to participation and decision-making (e.g. quorum, chairing arrangements, consensus decisions). The SC should be assisted by a technical secretariat to ensure the proper discharge of the SC’s quality assurance role.

### Participating UN Organizations

The achievement of development outcomes outlined in the MDTF theory of change will require the leveraging of the mandates and specific capacities of several UN Organizations. Two or more of these UN organisations can formally decide to establish a MDTF; they become PUNOs by concluding the [MOU](http://www.undg.org/docs/2795/Standard-Memorandum-of-Understanding-(MOU),10.30.2008.doc) and thereby appointing the AA. Non-UN entities that have an intergovernmental character and have privileges and immunities comparable to the UN may also become PUNOs by concluding a separate [MOU for Non-UN Participating Organizations](https://undg.org/main/undg_document/mou-for-non-punos/) with the AA. Each PUNO operates under its own financial regulations, rules and policies and assumes full financial and programmatic accountability for the funds disbursed to it by the AA and for the implementation of the projects/programmes. PUNOs are entitled to recover its indirect programme support cost according to UNDG-endorsed rate. Currently, the rate is set at 7% irrespective of individual PUNO’s standard programme support cost. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund, including possible responsibilities for hosting a Secretariat, will be recovered as direct costs.

### Administrative Agent

The AA is the administrative interface between the donors contributing to the particular MDTF and the PUNOs. The AA accepts the appointment by PUNOs, which continues until it expires or is terminated in accordance with the MOU, and performs the functions as impartial fiduciary management and financial reporting agent. The PUNOs assume full programmatic and financial accountability for the funds disbursed to them by the AA.

The entity selected as AA is typically best placed to fulfill the AA functions for that particular MDTF, and is frequently also a PUNO. Where the AA is also a PUNO, a clear delineation, including distinct reporting lines and an accountability framework, will be established and maintained within the organization designated as the AA between its functions as an AA and its functions as a PUNO.

The AA will be entitled to allocate an administrative fee of one percent (1%) of the amount contributed by each donor, to meet the AA’s costs of performing the AA’s functions, roles and responsibilities as described in the MOU and in the AA protocol.

### Contributors or Donors[[9]](#footnote-9) to the MDTF

Donors are partners and stakeholders in MDTFs and thereby share in the results, successes and risks of such undertakings. In some cases, donors will be members of the SC governing the MDTF. However, even if a donor is not a member of the SC it will still play a significant role in the MDTF on both the programmatic and financial side. Donors that wish to contribute to an MDTF are required to sign a SAA, with the AA. A generic [SAA](https://undg.org/wp-content/uploads/2015/09/Standard-SAA-for-MPTFs-August-2015.doc) has been approved by UNDG for use in all UNDG MDTFs[[10]](#footnote-10). The SAA sets out the terms and conditions governing the receipt and administration of the contribution by the AA, the transfer to the PUNOs, the related reporting, monitoring and evaluation, and auditing requirements, as well as provisions concerning fraud, corruption and terrorism financing, and communications and transparency. Further details on the specific roles and responsibilities of the donors and other stakeholders are spelled out in a Q&A document for donors. As outlined above, members of the SC may also include donors.

### Implementing Partners

PUNOs have established mechanisms to implement activities including through national authorities and other national, regional or international organizations and through NGOs. These implementing partners may receive funds through one or more of the PUNOs. PUNOs retain full financial and programmatic accountability, using their respective standard arrangements and procedures for transferring funds to Implementing Partners.

1. *Other policy issues*

The standard UNDG MOU and SAA cover in detail a number of policy issues that relate to various aspects of the MDTF management and closing, including:

* implementation of programmatic activities,
* reporting, monitoring and evaluation,
* audit,
* fraud, corruption and unethical behaviour, and recovery of funds,
* communication and transparency.
* termination, expiration and unspent balances

Though not all policy issues integrated in the standard MOU and SAA are spelled out in detail above, they still need to be adhered to by the UN signatories of the MOU and SAA.

# Section III – Roles and Procedures

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## Detailed description of roles

1. **Steering Committee:**

* Provide general oversight and exercise overall accountability of the MDTF;
* Approve the strategic direction of the MDTF and its overall results framework;[[11]](#footnote-11)
* Approve the risk management strategy and review risk monitoring regularly;
* Review and approve proposals submitted for funding (if applicable: after being cleared by the relevant thematic working groups), ensuring their conformity with the requirements of the MDTF TOR;
* Decide the allocation of funds;
* Request fund transfers to the AA (signed off by UN member of the SC);
* Review MDTF status and oversee the overall progress against the results framework through monitoring, reporting and evaluations;
* Review and approve the periodic progress reports consolidated by the AA and the Secretariat based on the reports submitted by the implementing entities;
* Commission mid-term and final evaluations on the overall performance of the MDTF;
* Approve direct costs related to fund operations supported by the Technical Secretariat;
* Approve Fund extensions and updates to the MDTF TOR as required.
* Request PUNO(s) to perform additional tasks (not related to the AA functions) in support of the Fund/Programme

1. *Steering Committee Support Office/Technical Secretariat*

The SC may be supported by a Secretariat or a similar SC support mechanism to ensure the proper discharge of quality assurance functions. Responsibilities of the Secretariat generally involve:

* Advise the SC on strategic priorities, programmatic and financial allocations (based on the inputs of inter-agency working groups and the Administrative Agent, if applicable)
* Provide logistical and operational support to the SC;
* Organize calls for proposals and appraisal processes;
* Ensure the monitoring of the operational risks and Fund performance;
* Consolidate annual and final narrative reports provided by the PUNOs and share with the SC for review as well as with AA for preparation of consolidated narrative and financial reports;
* Facilitate collaboration and communication between PUNOs to ensure programmes are implemented effectively.
* Liaise with the AA on fund administration issues, including issues related to project/fund extensions and project/fund closure.

Generally, the Secretariat at the country level, is located in the Office of the Resident Coordinator and reports to the Resident Coordinator, but different arrangements can be made. For regional and global MDTFs, the Secretariat role should ideally be placed with the PUNO who is best placed to fulfill the Secretariat functions.

1. *(UNDAF) Results Groups/Technical Committee (optional)*

If applicable, inter-agency clusters or sector groups or a Technical Committee may play a role in the identification, review and/or development of projects/programmes as well as a role in the prioritization of allocation of contributions.

1. **Participating UN Organisations**

* Appoint the AA by concluding the [MOU](http://www.undg.org/docs/2795/Standard-Memorandum-of-Understanding-(MOU),10.30.2008.doc);
* Assume full financial and programmatic accountability for the programmes;
* Carry out the activities it is responsible for upon receipt of disbursements;
* Establish separate ledger account for its contribution, and advise the AA on bank account, transfer details, and through the SC of any change in budget;
* Provide narrative and financial reports to the AA in line with the procedures in II.2;
* Determine ownership of equipment and supplies and intellectual property rights in accordance with its regulations, rules and policies;
* Establish programmatic safeguards in the design and implementation of activities in line with shared values, norms and standards of the UN System;
* Publicize the MDTF in line with its policies and give due credit to other PUNOs;
* Not make commitments above the amount disbursed unless authorized to use own funds (and submit supplementary budget if applicable);
* Avoid and address corrupt, fraudulent, collusive, coercive, unethical, or obstructive practices, and notify the SC and AA promptly of the start and conclusion of investigations and measures taken in line with the provisions of the MOU;
* Ensure that funds are not used to provide support or assistance to individuals or entities associated with terrorism;
* Establish distinct reporting lines if the PUNO also serves as AA;
* Perform additional tasks as requested by the SC in support of the fund or programme;
* Advise the Secretariat and the AA of operational completion of all activities and ensure financial closure of projects within 18 months after operational closure;
* Exclusively audit activities in line with their regulations and rules for external and internal audit and collaborate with other PUNOs within the context of a joint internal audit.

1. **Administrative Agent**

* Support the development of the Fund concept note and the TOR. This includes notably support for the development of a logical framework based on the theory of change and the design of the fund architecture, governance arrangements and the establishment of legal instruments.
* Sign Standard Administrative Arrangements with donors and receive contributions from donors that wish to provide support to the Fund through the AA. It is noted that the AA cannot enter into any other arrangements with donors that would impose responsibilities on PUNOs without their prior written approval;
* Administer such funds received in accordance with its regulations, policies and procedures, the relevant MOU and Fund TOR and SAA, including the provisions relating to winding up the Fund account and related matters;
* Subject to availability of funds, disburse such funds to each of the PUNOs in accordance with decisions from the Steering Committee, taking into account the budget set out in the approved programmatic document and any subsequent revisions thereof;
* Ensure consolidation of statements and reports, based on submissions by the Secretariat, which consolidates reports provided by each PUNO, as set forth in the Terms of Reference, and provide these to each donor that has contributed to the Fund account and to the SC;
* Provide final reporting, including notification that the Fund has been operationally completed;
* Disburse funds to any PUNO for any additional costs of tasks that the Steering Committee may decide in accordance with the TOR.

1. **Contributors/Donors**

* Sign SAA with the AA and authorize the AA to use the contribution for the purposes of the MDTF in accordance with this SAA;
* Participate in the governance of the fund, as agreed in the TOR;
* Participate in the monitoring and evaluation of the fund;
* Receive timely annual and final consolidated narrative and financial reports and have access to internal audit reports (according to the policies and procedures of the AA and/or PUNOs)
* Take appropriate measures to promote the MDTF;
* Alert the SC to any corrupt, fraudulent, collusive, coercive, unethical, or obstructive practices, and cooperate with any UN investigation.

**Implementing Partners**

* Participating UN Organizations have established mechanisms to implement activities including through national authorities and other national, regional or international organizations and through NGOs.
* Implementing Partners may receive funds through one or more of the Participating UN Organizations.
* Participating UN Organizations assume full financial and programmatic accountability, using their respective standard arrangements and procedures for transferring funds to Implementing Partners.

## Procedures for Establishing, Managing and Closing an MDTF

### Establishing an MDTF

This phase is often also called the design phase, which ends when the MOU is signed and the Fund is formally established. Based on best practices, it is recommended to follow a number of key steps in establishing a MDTF. The steps outlined below assume the involvement of a broad group of stakeholders in the establishment of the MDTF[[12]](#footnote-12):

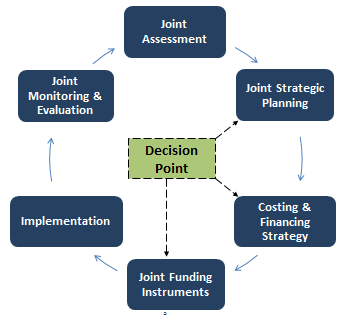


Figure 1 - The life cycle of an MDTF-

establishing, managing and closing. Information

is built up over time in an iterative fashion.

***Step 1: Convening of initial consultations between all stakeholders***

Pooled funding mechanisms do not operate in isolation but rather are linked to a strategic joint situation analysis and joint programming process, in which many stakeholders are involved. The formulation of country, regional or global programming priorities should be accompanied with a discussion on the costing and financing of these priorities, and the possible value added of an MDTF as one of the funding instruments in a broader financing strategy. During this initial phase, the stakeholders, such as e.g. UNCT[[13]](#footnote-13) members, national government(s), donors and others, should be discussing the objectives and scope of a possible MDTF, ensuring national ownership, alignment behind national priorities and plans, including for monitoring and evaluation, to maximize effective programme delivery to achieve the planned results. Before considering the creation of a MDTF, stakeholders should also consider using existing funding mechanisms to avoid duplication, or the role of a new MDTF in the broader financing strategy.

***Step 2: Development of a Concept Note***

Led by the stakeholders and often supported by a proposed AA, and drawing on the initial consultations convened with relevant stakeholders, a Concept Note stating the programmatic scope and purpose of the proposed MDTF, is developed using the standard [Concept Note](https://undg.org/main/undg_document/undg-concept-note-template/) template. The theory of change is a key aspect of the Concept Note to describe how interventions are intended to lead to change in the development situation. The Concept Note shall be used as well to outline the financial and governance arrangements, and demonstrate the ‘financial viability’ of the proposed MDTF, i.e. expressed or anticipated donor interest.

In order to establish a new MDTF, including a One Fund, or extend an existing fund for a new full programming cycle, the MDTF should adhere to the UNDG threshold policy:

* For small multi-donor trust funds with a simple structure of only one project per PUNO and no hard earmarking of contributions: expected contributions of US$2 million per year for the full operational duration of the fund, with a minimum expected duration of five years of operational activities.
* For more complex MDTFs with several outcomes at thematic and sector level at which contributions can be earmarked and PUNOs can set-up projects: expected contributions of US$5 million per year for the operational duration of the fund, with a minimum duration of five years of operational activities.

***Step 3: Decision to establish an MDTF***

Based on the agreed Concept Note outlining the programmatic scope, purpose and the financial viability of the MDTF, the stakeholders may decide to establish the MDTF. In setting up a new MDTF, stakeholders should carefully consider the impact of programmatic and operational decisions on the overall transaction costs of running the Fund.

***Step 4: Formal decision on the selection of an Administrative Agent***

The PUNOs decide on the selection of an AA to act on their behalf as their administrative interface with donors contributing to the MDTF and requests concurrence from the prospective AA in writing. In principle, any UN Organization can be appointed to serve as AA.

***Step 5: Development of MDTF TORs and Steering Committee TORs***

Using the generic UNDG-approved [MDTF TOR template](https://undg.org/wp-content/uploads/2015/04/MDTF-TOR-Final-version-UNDG-approvedl-26.10.15.docx), and based on consultations with all stakeholders, the PUNOs supported by the AA develop the MDTF TOR with functions of the MDTF, programmatic scope and theory of change, governance structures, allocation criteria, and MDTF and project/programmatic allocation and closure issues outlined. The SC TOR should be based on the UNDG-approved MDTF Steering Committee TOR template. In preparing the TOR critical dates should be established such as the tentative dates for (a) approving the last fund allocations, (b) completion of all programmatic activities (= End Date) (c) the dissemination of the final narrative report, (d) the final financial closure of all agencies projects; and (e) the financial closure of the fund; and (f) the dissemination of the final financial report and certified financial statement.

***Step 6: Finalization of MDTF Terms of Reference***

Once the often-iterative process of developing the MDTF TORs is completed, the PUNOs approve the final MDTF TOR, which is annexed to the MOU. The Fund Results Framework is often an annex to the TOR.

***Step 7: Preparing to sign the*** [***MOU***](https://undg.org/wp-content/uploads/2015/09/Standard-MOU-for-MPTF-August-2015-2.doc) ***and*** [***SAA***](https://undg.org/wp-content/uploads/2015/09/Standard-SAA-for-MPTFs-August-2015.doc)

An MOU and [[SAA](http://www.undg.org/docs/2796/Standard-Administrative-Arrangement-(SAA),-10.30.2008.doc)](#_Hlk240269213) to establish an MDTF are prepared using the UNDG-approved formats and templates. Any changes linked to the legal relationships described in the MOU/SAA, the governance mechanisms, reporting arrangements or equivalent modification to the MOU requires the prior written agreement of the PUNOs and the AA of the particular MDTF, and needs to be cleared through DOCO and the appropriate inter-agency oversight channel ([FMOG.support@undg.org](mailto:FMOG.support@undg.org)).

***Step 8: Concluding the MDTF*** [***MOU***](https://undg.org/wp-content/uploads/2015/09/Standard-MOU-for-MPTF-August-2015-2.doc) ***(and formal appointment of the AA)***

Using the UNDG-approved standard MOU, UN Organizations conclude the MDTF MOU with the AA. With the conclusion of the MOU, the MDTF is formally established and the AA is appointed.

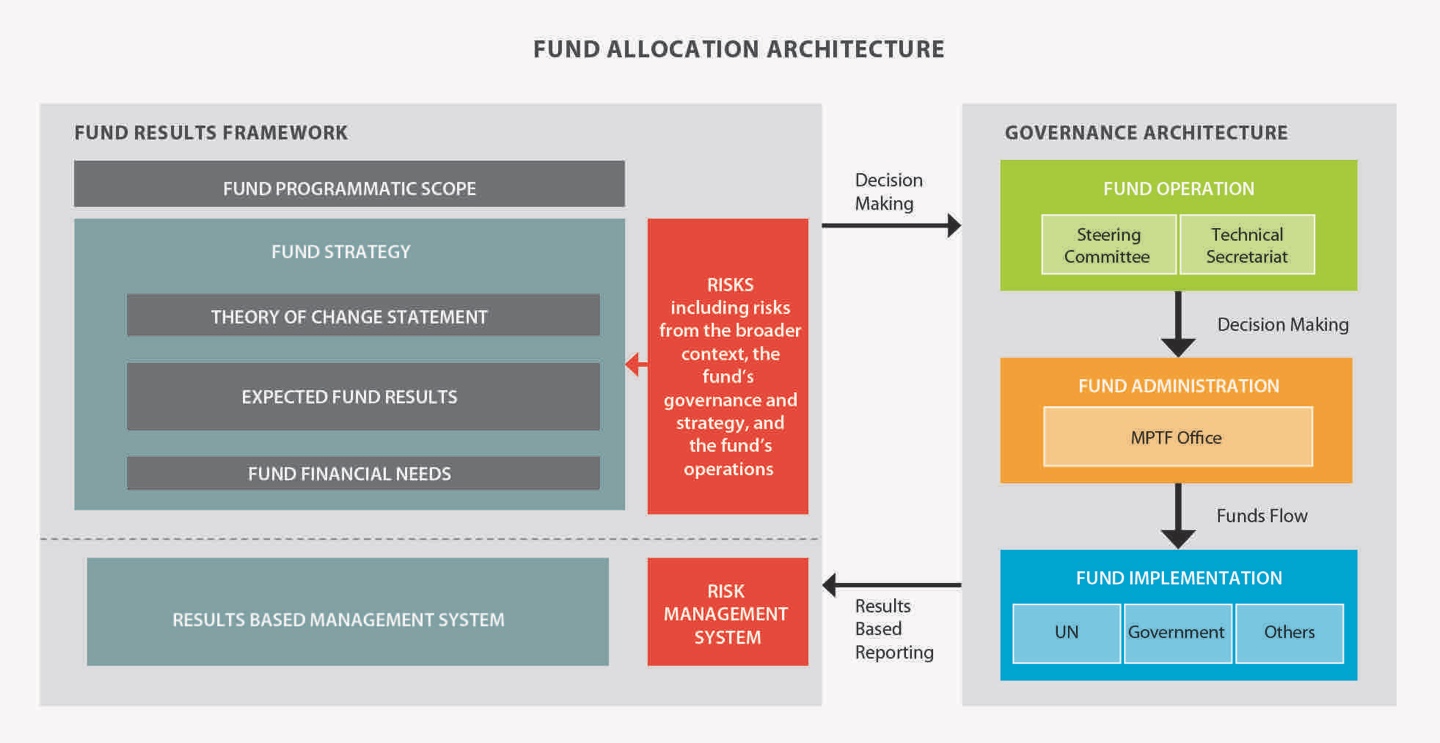
***Step 9:* *Convening of the first Steering Committee meeting***

The MDTF SC conveneits first meeting at which it adopts the SC TOR and Rules of Procedures, if applicable.

***Step 10: Concluding the MDTF*** ***[SAA](https://undg.org/wp-content/uploads/2015/09/Standard-SAA-for-MPTFs-August-2015.doc)***

Using the UNDG-approved SAA, the AA concludes SAAs with donors wishing to contribute to the MDTF. With the conclusion of the first SAA the MDTF is operational and the SC may convene to allocate resources, in accordance with the MDTF TOR and the SC TOR and Rules of Procedures. If after a given period (e.g. two years) the MDTF has still not been able to attract funding, the SC may decide to proceed to the closure of the Fund.

### Process of Managing an MDTF

Based on best practices, a number of management issues will likely need to be addressed by the SC and other stakeholders. Management and coordination practices may vary depending upon the specific context in which the MDTF operates, and the overall purpose of the MDTF (e.g. Delivering as One, recovery and reconstruction, development, climate change). Regardless of the context, the management of the MDTF should always be guided by the overall purpose for which the MDTF was created and the main functions it fulfills.

The key management issues are outlined below:

1. *Internal Coordination, results based management and Risk Management*

MDTFs preferably operate utilizing existing country, regional or global coordination structures to support fund operations in order to avoid duplication, to ensure coordination and reduce costs. Where existing sector/cluster groups operate or other coordination structures are in place, such as Delivering as One or UNDAF groups, it is recommended to utilize such structures where relevant and expand their capacities if need be to take on additional responsibilities. Where structures do not exist to carry out the requisite responsibilities, they may need to be established.[[14]](#footnote-14) In certain contexts it may be useful to consider the putting in place of an interim Secretariat function to support the Steering Committee of a newly established MDTF.

The performance of a fund greatly depends on the quality of its allocation decisions, the fund results framework, and its underlying theory of change. To design a fund for performance in line with results-based management principles and practices, a fund’s theory of change must be translated into a set of concrete expected fund results. These results summarize the change that the fund aims to bring at three levels[[15]](#footnote-15):

* Fund impacts: the long-term effects on identifiable population groups produced by an intervention, directly or indirectly and intended or unintended.
* Fund outcomes: usually show changes in institutional performance or behavior among individuals or groups.
* Fund outputs: usually show changes in skills or abilities, or the availability of new products and services that are achieved with the resources provided within the time period specified. Outputs are the level of result in which the comparative advantages of individual agencies emerge and accountability is clearest.

The monitoring of both programmatic and financial performance indicators at the outcome and output level allows the Fund to report on value-for-money (economy, efficiency and effectiveness). In addition, the SC can commission independent reviews and evaluations that analyze and verify the RBM information collected, and test the theory of change described in the fund result matrix.

Risk management is one of the tasks of the Steering Committee, for which it will receive support from the Secretariat or a separate risk management unit. MDTFs implicitly represent an element of risk sharing among all stakeholders, can assist in establishing a common understanding of risks, and can provide more efficiently and strategically for risk mitigation and adaptation measures. Risk sharing is a key element of the due diligence and operationalization of the fund, and it is understood that the residual risk is shared among all stakeholders.

Three types of risks – contextual, programmatic, and institutional – should be considered and provisions for the identification, monitoring, tolerances, and risk responses should be considered and tested as part of the fund risk management strategy. Allocation criteria, including thematic priorities and project partner selection criteria, should reflect the fund’s risk management strategy in order to accelerate delivery and increase fund impact, and to ensure that fund operations ‘do no harm’ and are used for their intended purpose.

The risk ranking matrix would capture the hierarchy of risk at different levels, allowing an assessment of the most appropriate responses to the identified risks, particularly to those risks most likely to impede success (very high and high).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | **Consequences** | | | | |
| **Insignificant (1)** | **Minor (2)** | **Moderate (3)** | **Major (4)** | **Extreme (5)** |
| **Likelihood** | **Very Likely (5)** | **Medium**  **(5)** | **High**  **(10)** | **High**  **(15)** | **Very High**  **(20)** | **Very High**  **(25)** |
| **Likely (4)** | **Medium**  **(4)** | **Medium**  **(8)** | **High**  **(12)** | **High**  **(16)** | **Very High**  **(20)** |
| **Possible (3)** | **Low**  **(3)** | **Medium**  **(6)** | **High**  **(9)** | **High**  **(12)** | **High**  **(15)** |
| **Unlikely (2)** | **Low**  **(2)** | **Low**  **(4)** | **Medium**  **(6)** | **Medium**  **(8)** | **High**  **(10)** |
| **Rare (1)** | **Low**  **(1)** | **Low**  **(2)** | **Medium**  **(3)** | **Medium**  **(4)** | **High**  **(5)** |

1. *Fund Allocation & Transfer*

Fund allocations can be made for specific projects, as is the case with ‘projectised’ funds and/or to programmatic allocations, such as in many One UN Funds. For each fund allocation a clear link will need to be established with the expected results at the output and outcome level, thus facilitating annual and final reporting, The SC is responsible for establishing and documenting the procedures and criteria for which fund allocations and project/programme approvals or allocations will be taken. Procedures shall be documented in detail in the SC TOR and Rules of Procedures or other strategic documents. The procedures should be agreed upon with the relevant stakeholders and PUNOs, and made available to all interested parties.

The minimum size of individual transfers from the AA to the PUNOs during the implementation phase should be at least $100,000 per individual transfer to reduce transaction costs. Transfers can be smaller during the last year of the programmatic framework, when the final round of allocations is made. It is recommended to limit the number of transfer rounds per year so that each project funded from a given MDTF receives funding at maximum only once per year.

Commonly used criteria for fund allocation may include[[16]](#footnote-16): relevance in view of MDTF’s strategic priorities and work plan; demonstrated value for money; overall quality of proposal; realistic implementation period within MDTF end date; recognized comparative advantage of PUNOs; scope for leveraging additional resources. Subsequent allocations or approvals may include criteria such as the programmatic performance, financial disbursement and expenditure rate for previously approved allocations. To support strategic use of the MDTF mechanism, stakeholders should ensure that total fund contributions and distinct fund allocations are large enough to have meaningful impact on programme activities.

Whenever a MDTF has been established, transfers of resources between PUNOs should only occur between the AA and the PUNOs to avoid multiple cost recovery charges by PUNOs. Therefore, all UN organisations that expect to receive funding from a MDTF should become PUNOs by signing the MOU and funds should flow directly from the AA to each PUNO. If a PUNO received funds and it is later decided that another PUNO should implement part of the programme, funds should ideally be returned to the AA for redistribution as approved by the Steering Committee, unless the amount is not material. Similarly, if a MDTF provides funding to a joint programme, the parallel funding modality should be used for the joint programme and only a single AA fee should be charged.

Guidance on the process for submitting the programmatic documents (requests for funding) should be provided in the start up phase of the MDTF. Each approved project/programmatic allocation should include a specific end date by which the activities will be concluded (operational closure date) that also enables the financial closure of the projects within the set timeline for financial closure of projects, if applicable. Where multiple transfers or allocations are made to programmatic outcomes or activities, end dates should be established in line with the overall programme implementation period for example in One UN Funds.

In support of the objectives of the MDTF, and to ensure maximum flexibility and adaptation to national priorities, donors are strongly encouraged to contribute with multi-year, un-earmarked resources. However, if this is not possible, earmarking by donors will be allowed up to the level of sectors or themes in line with national priorities for country level MDTFs. Earmarking to a PUNO is not permitted. It is expected that the percentage of earmarked resources will diminish overtime. When thematic earmarking has been agreed upon, the AA will provide detailed information in the consolidated financial updates.

As outlined in the [Protocol on the Administrative Agent for MDTFs and Joint Programmes, and One UN Funds](https://undg.org/wp-content/uploads/2015/04/Protocol-AA-Final-version-UNDG-approved-26.10.15.docx), subject to availability of funds, the AA will disburse approved funds to each of the PUNOs in accordance with instructions from the SC, taking into account the budgetary framework set out in the approved programmatic document.

As outlined in the MOU and SAA, the SC may request any of the PUNOs to perform additional tasks in support of the MDTF not related to the AA functions and subject to the availability of funds. Costs for such tasks, e.g. for the running of a Secretariat, will be agreed in advance and with the approval of the SC be charged to the MDTF as direct costs. The resources shall be approved by the SC based on the submission of a formal budget.

1. *Revisions to Approved Programme Documents/Budgets*

As indicated above, fund allocations can be made for specific projects, as is the case with ‘projectised’ Funds and/or to programmatic allocations. Once the resource allocation is approved, any substantive changes to scope of the approved programmatic document, including as in their nature, content, sequencing or duration is subject to mutual agreement in writing between the relevant PUNO and the SC. Timeline extensions should be granted within the timeframe of the MDTF end date. Formal procedures for submission and approval of budget revisions and timeline extensions should be established during the start-up phase of the MDTF. These procedures may include thresholds for modifications that require SC approval, with approvals below the threshold being delegated to e.g. the Secretariat. As outlined in the MOU, the PUNO is to promptly notify the AA through the SC, of any changes in the budget as set out in the programmatic document.

1. *Funding Availability*

The AA provides periodic consolidated financial updates to the SC, including donor contributions (and earmarking and, if applicable, any major effects of exchange rate fluctuations), interest and refunds, to inform the approval of programmes.

1. *Reporting*

The annual reporting requirements of the UNDG MDTF are outlined in the standard UNDG-approved [MOU](https://undg.org/wp-content/uploads/2015/09/Standard-MOU-for-MPTF-August-2015-2.doc) and [SAA](https://undg.org/wp-content/uploads/2015/09/Standard-SAA-for-MPTFs-August-2015.doc), and are harmonized with regards to frequency and structure across all UNDG MDTFs and Joint Programmes with pass-through modality. Financial reporting takes place using the UNDG harmonized budget categories, including for expenditures against SC approved use of direct costs.

Annual reporting cycle for MDTFs (or One UN Funds):

* PUNOs (or UNDAF results groups for One UN funds) provide annual narrative progress report to the Secretariat (or RCO for One UN funds) no later than 31 March..
* PUNOs provide annual financial report as of 31 December to the AA no later than 30 April.
* Secretariat (RCO) consolidates narrative reports based on submissions by PUNOs and AA consolidates financial reports based on submissions by PUNOs. As per the Standard Operating Procedures, the [Annual Country Results Report](https://undg.org/wp-content/uploads/2015/02/150324-One-UN-Country-Results-Report.doc) is the narrative report for One Funds.
* AA ensures that the consolidated narrative and financial report is submitted to donors by 31 May.
* AA provides certified annual financial statement no later than 31 May after the end of the calendar year.

1. *Monitoring & Evaluation*

Within the framework of an MDTF, monitoring and evaluation (M&E) takes place at both the Project/Programme level and the MDTF level.

* *At the Project/Programme Level:*

Each PUNO is responsible for the M&E of projects/programmatic allocations, which are fully or partially funded with MDTF resources, in accordance with its respective regulations, rules and procedures. Moreover, the Participating UN Organizations are responsible for implementing the M&E arrangements included in the approved programmatic document and/or the M&E Plan. In line with the 2005 UN Evaluation Norms, PUNOs are encouraged to make the evaluation Terms of Reference and reports available to the SC as a major stakeholder in all projects/programmatic allocations funded by the MDTF.

* *At the MDTF level:*

As stipulated in the standard MOU, the M&E of the MDTF will be undertaken in accordance with the provisions contained in the TOR, which are consistent with the respective regulations, rules and procedures of the PUNOs. Additionally, the donor(s), the AA and the PUNOs will hold annual consultations, as appropriate, to review the status of the MDTF. In this context, the use of standard monitoring instruments and reports is encouraged, wherever feasible. Donors will also need to be kept informed of major risks which are interfering or threaten to interfere with the successful achievement of Fund outcomes through ad-hoc information sharing.

The SC is responsible for monitoring overall implementation of the MDTF in order to track progress being made towards achieving the overall purpose for which the MDTF was created, to document ongoing lessons learned and good practices, and to identify challenges and risks that may affect the achievement of the MDTF’s overall purpose and ways to address them. Monitoring will normally take place against the Fund Results Framework, which is included as an annex to the TOR for a MDTF,

One tool to be used in this monitoring process is the annual consolidated report prepared jointly by the Secretariat (narrative) and the AA (financial) based on the submissions of PUNOs. In an effort to avoid duplication, existing UN Country Team tools, such as the annual UNDAF review mechanism, may also be used to track Fund progress for country-level funds, where applicable.

In addition, the SC is responsible for monitoring the adherence to the overall timeline of the MDTF. The SC should ensure that project/programmatic allocation end dates are within the approved MDTF end date and that PUNOs close projects on time, thereby managing an orderly MDTF closure within the agreed upon MDTF end date. To enable the SC to carry out its monitoring function, it should establish tools that enable it to track project/programmatic allocation end dates, and MDTF operational and financial end dates.

Evaluation of the MDTF will be undertaken in accordance with the TOR. The SC and/or PUNOs should recommend a joint evaluation if there is need for a broad assessment of results at the level of the MDTF or one of its outcomes. Donors may take the initiative to evaluate and review their cooperation with the AA and PUNOs together with other partners. In such a case all costs will be borne by the respective donor, unless otherwise agreed.

1. *Oversight and mutual accountability*

The Management and Accountability Framework of the UNDG and its Implementation Plan set out the overall framework for oversight in MDTFs.

At the global level, as part of the [Management and Accountability System](https://undg.org/main/undg_document/management-and-accountability-system-for-the-un-development-system-and-resident-coordinator-system/) of the UN Development System[[17]](#footnote-17) Any substantial modification to the legal relationships described in the MOU or SAA, such as the governance mechanisms, reporting arrangements or equivalent, needs to be cleared by the UNDG Advisory Group and FMOG through the UN Development Operations Coordination Office (DOCO).

1. *Auditing*

Audit provisions are covered in the standard MOU. As a principle the activities of the AA and PUNOs will be exclusively audited by their respective internal and external auditors in accordance with their respective financial regulations and rules. The Internal Audit Services of the Participants[[18]](#footnote-18) involved in the Fund may consider conducting joint internal audits in accordance with the Framework for Joint Internal Audits of UN Joint Activities, including its risk-based approach and provisions for disclosure of internal audit reports related to the Fund in question. This framework is designed to facilitate the provision of joint audit coverage of Joint Activities of the UN (of which MDTFs are a category), i.e. to provide reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. In doing so, the Internal Audit Services of the Participants will consult with the Steering Committee. The costs of MDTF audits are to be borne by the Fund as direct cost.

1. *Fraud, corruption and unethical behaviour, the recovery of funds*

In line with the provisions and definitions of the standard MOU and SAA, all Participants[[19]](#footnote-19) have an obligation to take all necessary precautions to avoid and address corrupt, fraudulent, collusive, coercive, unethical, or obstructive practices. Each Participant will maintain standards of conduct that prohibit practices contrary to this highest standard in any activity related to the MDTF. Investigations of credible allegations of wrongdoing will be carried out by the investigative service of the Participant with which the potential subject of investigation is contracted. The SC will be promptly notified if an investigation is deemed warranted, to the extent that this does not jeopardize the investigation. In case of such notification, the SC and AA will inform the relevant anti-fraud offices (or equivalent) of the donor(s). In case of a credible allegation, the relevant Participant will take timely and appropriate actions in accordance with its regulations, rules, policies and procedures. If there is evidence of improper use of funds as determined after an investigation, each Participant concerned will use its best efforts to recover any funds misused, and will consult with the SC, the AA and the donor(s).

1. *Communications and transparency*

Ideally, national government partners, implementing partners, donors(s), and each PUNO in a pooled funding arrangement should be duly recognized in key external joint communication products used to publicize the initiative for the duration of the programme. Joint and harmonized communication is encouraged, as logos are in effect an endorsement of the joint initiatives on which they appear. In relation to multiple UN Agencies, the combined logos reinforce the concept of UN coherence; they communicate symbolically that agencies are working together in a complementary manner according to their technical expertise or mandate. The Steering Committee is responsible for deciding whether to use the UN-system logo for the pooled funding arrangement or logos of each participating UN organization, together with logos of national partners and donor(s), for visibility. The creation of new logos is discouraged. The same approach applies for donors; the combined flags/logos communicate symbolically that donors are working together as partners in a joint undertaking to support the pooled funding arrangement.

### Process for Extending a MDTF End Date

A SC should take, among others, the following aspects in consideration when considering and MDTF time extension: progress in achieving the Fund outputs and outcomes, financial viability of the Fund so far, additional results to be expected during extension period, additional costs for coordination and administration during extension period, donors willingness to support extension and additional capitalisation expected during extension period.

Before a SC takes the decision to extend the MDTF end date without change in programmatic scope, it shall seek the agreement of relevant donors, PUNOs, AA and government(s). The SC decision and agreement of the contributing donors to the MDTF, government(s) and all PUNOs shall be documented and the TOR should be amended to reflect the new end date. If a donor(s) does not support an extension, this shall be documented; and if the donor concerned requests that its share of the remaining Fund balance is returned, the AA will calculate and refund this balance, if relevant, following the MDTF closure procedures.

When proposing a major change of scope of the MDTF objectives or a second phase, the SC could consider, among others, transaction costs and magnitude of change of scope when deciding either extending the MDTFs or starting a new MDTF. As outlined in the MOU, any substantive revision to the Fund needs to be discussed with all stakeholders, including the donors.

The AA is entitled to a direct cost charge in line with UNDG policy to cover the cost of continuing to render AA services during the period that the financial closure of the MDTF projects surpasses the maximum period of two years after operational closure of the MDTF due to delays of PUNOs in closing projects funded from the fund.

### Process of Closing an MDTF

Preparation for MDTF closure begins with the determination of the MDTF end date when all operational activities are to be completed during the process of establishing an MDTF. Other important dates in the life cycle of the Fund need to be discussed as well during the design stage, namely tentative dates for (a) approving the last fund allocations, (b) completion of all programmatic activities (=End Date), (c) the dissemination of the final narrative report, (d) the final financial closure of all agencies projects; (e) the financial closure of the Fund, and (f) the dissemination of the final financial report and certified financial statement. All of these dates need to be monitored as part of the implementation progress throughout the life of the MDTF, with a view to ensure that the MDTF is closed within the agreed upon timeline.

The steps outlined below are all ‘pre-conditions’ that if followed will support an orderly closure of the MDTF. The process requires the involvement of all PUNOs with a strong monitoring and leadership from the SC usually through its Secretariat, and the active involvement of the AA in the areas of project/programmatic allocation and MDTF closure. The actual closure takes place in two parts. First individual projects/programmatic are closed followed by MDTF closure.

***Project/Programme Allocation Closure***

PUNOs close projects/programmatic allocations following their respective regulations, rules and procedures within the agreed upon Fund ToR.

***Step 1: Participating UN Organizations Operationally Close Project(s)/Programme Allocations***

First, as outlined in the MOU “Each Participating UN Organization will advise the AA in writing when all activities for which it is responsible under the approved programmatic document have been completed.”

The end date of a project/programmatic allocation is the date that is in the approved project/programmatic allocation at the time of approval or the subsequent extension of duration, if applicable. As outlined in the MOU, the PUNO informs the AA in writing when all activities under the approved programmatic document have been completed, while for a joint programme the end date is the date in which the last PUNO completes its activities and informs the AA. For MDTF allocations to programme allocations in DaO countries, the end date is often aligned to the end of the UNDAF cycle. Regardless of how the end date is determined, it formalizes the ‘operational closure’ of the project/programmatic allocation.

As outlined in the MOU, a final narrative report, after the completion of activities including the final year of the activities is prepared by the PUNO and submitted to the AA to be provided no later than four months (30 April) of the year following the operational closing of the project/programme. The final report will give a summary of results and achievements compared to the goals and objectives of the MDTF.

Once all projects are operationally closed and all final narrative reports are received from all PUNOs, the final consolidated narrative report can be prepared, including the final year of the activities in the approved programmatic document. This is to be provided to the donors no later than six months (30 June) after the end of the calendar year in which the operational closure of the Fund occurs. The Secretariat will normally consolidate the final narrative report.

***Step 2: Participating UN Organizations Financially Close Project(s)/Programmatic Allocations***

After a PUNO announces it has operationally closed, it begins the process of financial closure. Before informing the AA that a project/programmatic allocation is financially closed each PUNO’s own internal project closure procedures must be adhered to and completed. Financial closure must be completed within eighteen (18) months after operational closure or according to the time period specified in the financial regulations and rules of the Participating UN Organization, whichever one comes first.

As part of financial closure of a MDTF funded project/programmatic allocation the following should be completed:

* Any unspent balance should be refunded to the AA;
* Any interest for prior and current year should be transferred to the AA if this is in accordance with PUNO’s own regulations, rules, directives and procedures, including those relating to interest;
* No expenditure in excess of funds transferred or in excess of the agreed support costs is reported and the Certified Final Financial Statement and Report is submitted;
* AA confirmes the completion of the above to the PUNO and closes the project/programme allocation within its internal system.

The MOU states that the PUNO shall submit to the AA certified final financial statements and final financial reports after the completion of the activities and including the final year of the activities no later than five months (31 May) after the end of the calendar year in which the financial closing of the Fund/Programme occurs.

However, PUNOs should be encouraged to submit their final narrative and/or certified financial reports at any time throughout the year, including the return of unutilized balances and accrued interest (if applicable), and the AA should be encouraged to receive the same at any time in the calendar year. Enabling an ongoing project/programme closure cycle will facilitate the timely reprogramming of returned, unutilized and interest funds, ensures sound financial management of the balance of funds and helps the UNDG mitigate the reputation risk related to delayed closure of projects and MDTFs.

***MDTF Closure***

The AA is responsible for MDTF closure following its respective regulations, rules and procedures. MDTF closure processes begin only after all PUNOs have satisfactorily financially closed all of their respective projects/programmatic allocation as outlined above. MDTF closure generally takes place within 12 months following the AA’s confirmation that all projects/programmatic allocations have been financially closed.

***Step 3: Confirmation of Individual Project/Programme Financial Closure***

The AA confirms that all PUNOs have satisfied financial closure procedures including report submission, and return of interested and unitized balances, if applicable, for all individual projects/programmatic allocations.

**Step 4**: ***Completion of Internal Financial Closure Processes***

The AA confirms that all closing steps are completed, and all income and expenditures have been fully recorded in line with its rules, regulations and procedures.

***Step 5: Confirmation of Remaining MDTF Fund Balance***

The AA will confirm the remaining balance in the MDTF fund account.

***Step 6: Decision on Fund Balance and Dispose of Fund Balance***

Based on the information provided by the AA (or at an earlier stage in the life of a Fund), a decision on the use of MDTF fund balances is taken by the Donors and SC. Following the decision the AA refunds or transfers the MDTF fund balances out of the MDTF fund account.

***Step 7: Final Financial Report for the Fund***

As outlined in the MOU, the AA will prepare consolidated final financial reports and will provide these consolidated reports to each donor that has contributed to the MDTF, as well as the SC, in accordance with the established timetable. The AA will prepare “certified final financial statement (Source and Use of Funds) to be provided no later than five months of year after the end of the calendar year in which the financial closing occurs.

The graph below gives a schematic overview of the annual and final reporting on inter-agency pooled funds, using an example of a JP with three agencies. This overview can be adjusted for the MDTF to guide the SC, Secretariat and AA through the closure process.

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**Reference documents:**

* [The Management and Accountability System of the UN Development and Resident Coordinator System of the UN Development and Resident Coordinator System including the ‘functional firewall’ for the RC System (27 August 2008)](https://undg.org/wp-content/uploads/2014/06/Management-and-Accountability-system.pdf)
* [Implementation Plan for the Management and Accountability Framework (29 January 2009)](https://undg.org/wp-content/uploads/2014/06/Management-and-Accountability-Framework_Implementation_Plan_Jan2009-1.pdf)
* [Protocol on the Administrative Agent for MDTFs and Joint Programmes, and One UN Funds](https://undg.org/wp-content/uploads/2015/04/Protocol-AA-Final-version-UNDG-approved-26.10.15.docx)
* [Standard Memorandum of Understanding for Multi-Donor Trust Funds and Joint Programmes Using Pass-Through Fund Management](https://undg.org/wp-content/uploads/2015/09/Standard-MOU-for-MPTF-August-2015-2.doc)
* [Standard Administrative Arrangement for Multi-Donor Trust Funds and Joint Programmes Using Pass-Through Fund Management](https://undg.org/wp-content/uploads/2015/09/Standard-SAA-for-MPTFs-August-2015.doc)

1. The current UNDG 2015 standard MOU and SAA also apply to Joint Programmes using pass-through fund management. However, the policies and procedures for establishment, managing and closing Joint Programmes are covered by the UNDG 2014 Guidance Note on Joint Programmes. [↑](#footnote-ref-1)
2. The Addis Ababa Action Agenda references the concept of “total official support for sustainable development”. [↑](#footnote-ref-2)
3. See [Summary by the Vice-Chair](http://www.un.org/en/ecosoc/qcpr/pdf/ecosoc_dialogue-vp_summary_ii.pdf), 30 January 2015. [↑](#footnote-ref-3)
4. Management, Accountability System for UN development system, Resident Coordinator System (2008) and the UNDG MDTFFiduciary Management Oversight Framework (2007). [↑](#footnote-ref-4)
5. This Guidance replaces the previous UNDG Guidance Note on Establishing, Managing and Closing MDTFs (2011). [↑](#footnote-ref-5)
6. For more details, see ‘Designing Pooled Funds for Performance’, a manual prepared by the Multi-Partner Trust Fund Office under the auspices of the UN Working Group on Transition [↑](#footnote-ref-6)
7. A Steering Committee refers to the governance/decision making entity that makes funding decisions for and provides oversight to a specific MDTF. [↑](#footnote-ref-7)
8. For complex funds, the rules of procedure will be part of the fund-specific operations manual. [↑](#footnote-ref-8)
9. In the rest of this document the term donors is used to refer to contributors, including any government, private sector or other entity, that signs a legal agreement with the AA and contribute to an MDTF. [↑](#footnote-ref-9)
10. A special contribution agreement has been approved for contributions from the European Commission. [↑](#footnote-ref-10)
11. Where there is agreement among the SC members to adopt policies specific to the MDTF (e.g.thresholds for budget revisions or time line extensions) the agreements made by the SC shall apply to all PUNOs. [↑](#footnote-ref-11)
12. In some cases a smaller group of UN Organizations may set up an MDTF. Global or regional MDTFs can be created by two or more UN organizations working together on a specific strategic theme or issue. For further details on setting up humanitarian inter-agency pooled funds, please refer to the guidelines issued by OCHA. [↑](#footnote-ref-12)
13. This Guidance Note draws upon the definition included in the UNDAF guidelines which refer to the totality of UN operations in a country (by resident and non-resident agencies, funds and programmes) [↑](#footnote-ref-13)
14. The Generic UNDG Steering Committee ToR lists the functions necessary for managing an MDTF. The ToR may be used to assess existing structures to determine if there are additional functions that may need to be established or supported. [↑](#footnote-ref-14)
15. UNDG (2011). Results-Based Management Handbook: Harmonizing RBM Concepts and Approaches for Improved Development Results at Country Level. [↑](#footnote-ref-15)
16. See [Performance-based Allocation Criteria for One Funds](https://undg.org/wp-content/uploads/2015/04/One-Fund-Performance-based-allocation-criteria-for-One-Funds.pdf), UNDG 2014 [↑](#footnote-ref-16)
17. The Fiduciary Management Oversight Framework (2007) outlines the functions and the division of responsibilities associated with oversight of MDTFs. [↑](#footnote-ref-17)
18. As defined in the Legal instruments (MoU / preamble), i.e. the Participating UN Organizations, the Administrative Agent Organization, and should the case be, the Convening Agent Organization. The same definition applies to the use of “Participant” in this section. [↑](#footnote-ref-18)
19. As defined in footnote 18. The same definition applies to the use of “Participant” in this section. [↑](#footnote-ref-19)