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EVALUATION

OF UNDP INTER-AGENCY POOLED FINANCING SERVICES

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FOREWORD

It is my pleasure to present the evaluation of UNDP inter-agency pooled financing services. The evaluation, which covered the period 2010 to 2017, examined the efficiency and effectiveness of UNDP inter-agency pooled financing services provided through the Multi-Partner Trust Fund Office. Its aim was to provide useful recommendations to improve and inform UNDP's positioning as a provider of inter-agency pooled financing services. The analysis covered 19 countries including those hosting UN agency headquarters: Austria (Vienna), France (Paris), Italy (Rome), Kenya (Nairobi), Switzerland (Geneva), the United Kingdom (London) and the United States (New York). A total of 35 UN entities, 16 donors and 6 non-UN organizations were consulted during the evaluation.

The evaluation comes at a time when the United Nations is going through reforms to reposition the United Nations development system to address the full range of development challenges and opportunities to support the implementation of Agenda 2030. From the financing perspective, the reform proposal calls for doubling the pooled financing to the UN system over the next five years and enhancing functional efficiencies in the UN system. While the information set out in this evaluation, and the timing of its release, may be useful as the UN development system reform moves forward, it offers no comment or recommendations on these reforms. Its intent is aimed directly at UNDP and the Multi-Partner Trust Fund Office and their current provision of UN pooled financing services.

The evaluation points to areas in which the UN pooled financing services provided by the Multi-Partner Trust Fund Office work well and areas that need improvements. It re-affirms the point that pooled financing has become a well-established mechanism over the past decade and will continue play an important role in the implementation of Agenda 2030. It confirms that pooled funds play a key role in harmonizing aid in line with the Paris principles and good donor practices. Pooled funds bring together multiple strengths of different UN organizations, promote UN coherence, assure proper fund utilization, provide an opportunity to work at scale, and help leverage resources, especially from small and non-traditional donors. Concerns remain, however, on the unclear results focus of some funds and loss of donor visibility and transparency in fund utilization down the results delivery chain.

The evaluation offers suggestions for further enhancing pooled financing services. These include improving the transparency in fund utilization; strengthening the implementation of quality standards by fund steering committees and participating UN organizations; making information on new funds available to all resident and non-resident agencies; timely closure of funds; and establishment of a multi-stakeholder steering committee including partner UN organizations and donor representatives that meets annually, reviews progress and strategizes the way forward.

I hope this evaluation will inform the strategic positioning of the UNDP Multi-Partner Trust Fund Office as a provider of inter-agency pooled financing services in support of the Sustainable Development Goals.

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ACRONYMS AND ABBREVIATIONS

CBPF	Country-based pooled fund
IATI	International Aid Transparency Initiative
IEO	Independent Evaluation Office
MDG	Millennium Development Goal
MDTF	Multi-donor trust fund
MOU	Memorandum of understanding
MPTF	Multi-partner trust fund
SAA	Standard administrative arrangements
SDG	Sustainable Development Goal
TORs	Terms of reference
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group

UN ENTITIES

ECA	Economic Commission for Africa
EOSG	Executive Office of the Secretary-General
FAO	Food and Agriculture Organization of the United Nations
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
IOM	International Organization for Migration
ITC	International Trade Centre
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the United Nations High Commissioner for Human Rights
PAHO/WHO	Pan American Health Organization/World Health Organization
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees

UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UN REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
WFP	World Food Programme
WHO	World Health Organization

EXECUTIVE SUMMARY

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) has undertaken an evaluation of the effectiveness and efficiency of UNDP inter-agency pooled financing services provided through the Multi-Partner Trust Fund Office (MPTF Office). The evaluation was undertaken as part of the IEO's multi-year evaluation plan (2018–2021), which was approved by the UNDP Executive Board at its first regular session of 2018, in January, and is in line with the UNDP Evaluation Policy.

The evaluation was conceived with the purpose of strengthening UNDP accountability to global and national development partners, including the UNDP Executive Board; to support better oversight, governance and risk management practices in UNDP; and to aid organizational learning. The evaluation is also relevant and timely as the UN development system undergoes restructuring under the UN Secretary-General's reform proposal to reposition the UN development system to deliver the 2030 Agenda.

Inter-agency pooled financing is a mechanism used to receive contributions from multiple financial partners and allocate such resources to multiple implementing entities to support specific national, regional or global development priorities. The UN pooled funds are administered by the MPTF Office, which is hosted by UNDP. The Office acts as the administrative agent for the funds from donors and passes them to participating UN organizations. UNDP — with a firewall in place to avoid any conflict of interest — also implements projects and programmes as a participating UN organization. Multi-donor trust funds (MDTFs) and joint programmes are the two major types of pooled funds. These inter-agency pooled funds constitute one of the key streams of UN non-core funds to participating UN organizations.

The objectives of the evaluation are to (a) assess the effectiveness and efficiency of UNDP in providing inter-agency pooled financing services to participating UN organizations and contributing donors; and (b) provide findings, conclusions and recommendations to improve and inform UNDP's comparative advantage and positioning as a provider of inter-agency pooled financing services. More specifically, the evaluation addressed the following key questions deriving from the theory of change developed during the evaluation:

1. How effective and efficient is UNDP in providing pooled financing services to its partners?
2. What is the operational performance of UNDP pooled financing mechanisms?
3. What are the added value, benefits and risks of the pooled financing mechanism as a system-wide service?
4. Do pooled financing mechanisms contribute to supporting country-level UN development system priorities?

The evaluation, which covered the period 2010–2017, is limited to the inter-agency services provided by UNDP through the MPTF Office.

The evaluation builds on previous reviews, both internal and external, of the pooled funding mechanism, as well as related examinations of inter-agency activity, including those commissioned by the United Nations Development Group (UNDG) and individual UN agencies. Mixed methods for data collection, both qualitative and quantitative, were used to gather evidence. These included calibrated surveys of UN entities, donors and non-UN entities; a sample of desk and country case studies; financial flows and trend analysis in pooled financing; and interviews and focus group discussions with all key stakeholders. The evaluation covered 19 countries including UN agency headquarters in the United States (New York), Switzerland (Geneva), Italy (Rome), Austria (Vienna), the United Kingdom (London), France (Paris) and Kenya (Nairobi). A total of 35 UN entities, 16 donors and 6 non-UN organizations participated in the evaluation.

Quality assurance for the evaluation was provided by a member of the International Evaluation Advisory Panel, an independent body of development and evaluation experts. Quality assurance was conducted in line with IEO principles and criteria to ensure a sound and robust methodology and analysis of the evaluation findings, conclusions and recommendations. The expert reviewed the application of IEO norms and standards for quality of methodology, triangulation of data collected and analysis, as well as independence of information and credibility of sources. The evaluation also underwent internal IEO peer review prior to final clearance.

EVALUATION FINDINGS

A. TRENDS IN POOLED FINANCING

Pooled financing has become a well-established mechanism over the past decade. Since it began in 2004, the MPTF Office has managed over $10 billion in funding through 148 funds, supporting activities in over 110 countries, with 52 participating UN organizations and 98 donors (93 countries and 5 non-country donors). There are several types of pooled funds, categorized by theme. These include six humanitarian funds (for Afghanistan, Central African Republic, Democratic Republic of the Congo, Somalia, South Sudan and Sudan), accounting for $3.6 billion; 32 transition funds, accounting for $3.3 billion; 66 development funds, accounting for $1.6 billion; 21 UN One funds, accounting for $1 billion; and 13 climate change funds, accounting for $0.6 billion.

The total value of annual contributions to the pooled funding managed by the MPTF Office increased in the period 2010–2017 compared to the 2004–2009 period. It has been largely stable on an annual basis over the more recent period. While the number of donors has increased over time, the average annual contribution per donor has varied over the years, decreasing from $15.9 million in 2010 to $12.5 million in 2017.

The total number of donors to funds managed by the MPTF Office increased from 53 in 2004–2009 to 95 in 2010–2017. Sixty-three of the 98 donors who contributed between 2004 and 2017 contributed to three or fewer funds, of which 38 contributed only to a single fund. This included 30 donors that contributed only to UN Secretary-General funds. Of the 98 donors, 88 contributed to the Secretary-General funds and an additional 24 contributed to a single other fund. The top 10 donors made 85 percent of the total contributions. The bottom 80 donors made less than 4 percent of the total contributions, while 40 percent of donor countries contributed only to the Secretary-General funds, providing 0.3 percent of total contributions.

The 10 largest donors (in descending order of contribution amount) are United Kingdom, Spain, Norway, Sweden, Netherlands, European Union, Japan, Australia, Canada and Denmark. From the first period (2004–2009) to the second (2010–2017), 45 new donors were added. A comparison of donor contributions in the two periods revealed that 35 donors increased their contributions in the second period while 12 donors reduced theirs. Even though Japan, Spain and the European Union reduced their contributions in 2010–2017 by more than 75 percent compared with their 2004–2009 contributions, they remained among the top 10 donors overall. The number of donors per fund during 2010–2017 varied from 1 to 45. On average, the top three donors in each of these funds contributed nearly 60 percent of the total value.

While 46 multi-donor trust funds (MDTFs) and joint programmes received contributions in 2004–2009, this number more than tripled to 146 during 2010–2017. Throughout the evaluation period, the 10 largest funds by amount of contribution were the UNDG Iraq Trust Fund, Sudan Humanitarian Fund, Democratic Republic of the Congo Humanitarian Fund, Peacebuilding Fund, the Millennium Development Goals (MDG) Achievement Fund, South Sudan Humanitarian Fund, Somalia Humanitarian Fund, UN REDD Programme Fund, Expanded Delivering as One funding window and the United Republic of Tanzania UN One Fund. All of these funds continued to be among the largest recipients in 2010–2017 (with the exceptions of the UNDG Iraq Trust Fund and the MDG Achievement Funds, both of which concluded early in the period). They were joined in the second half of the evaluation period by the Afghanistan Humanitarian Fund, Somalia Multi-Window Trust Fund, UNDG Haiti Reconstruction Fund, Ebola Response MPTF, South Sudan Humanitarian Fund and Central African Republic Humanitarian Fund, each of which received in excess of $150 million.

Twenty funds received contributions from 10 or more donors over the period 2004–2017. The Peacebuilding Fund had the largest number of donors (57), which also included private sector organizations and the United Nations. The top three funds in terms of number of donors (Peacebuilding Fund, Ebola Response MPTF and Haiti Cholera Response MPTF) were all UN Secretary-General funds. The others included five UNDG MDTFs, six UN Secretariat humanitarian funds and five UNDG Delivering as One funds.

At the other extreme, 67 funds had only a single donor in the 2010–2017 period (compared to 18 between 2004 and 2009), and 14 funds had only two donors. Three quarters of the single-donor funds were for joint programmes, with a total of 19 donors, of which Sweden alone contributed to 10. Five of the single donor funds had a single participating UN organization that had received transfers as of December 2017, while 27 single donor funds (40 percent) made transfers to only two or three organizations.

The total number of UN agencies participating in the MDTFs and joint programmes increased significantly from the first period (33 in 2004–2009) to the second (52 in 2010–2017). Between 2004 and 2017 a total of 62 entities (52 participating UN organizations, 7 non-UN organizations and 3 governments) received $9.8 billion from the MPTF Office, of which $6.7 billion was received during 2010–2017. During that period UNDP received 39 percent of the total transfers (UNDP, 21.7 percent; NGO/UNDP,[1] 17.2 percent; UNDP/UN Volunteers, 0.02 percent). The top three UN organizations (UNDP, UNICEF and FAO) together received 57 percent of the total transfers. The other large UN participants were WFP, NGO/OCHA, WHO, IOM, UNOPS and UNFPA. These top 10 entities accounted for 83 percent of the total fund transfers from the MPTF Office.

In 2016, for the first time, non-UN organizations were included as a part of the pooled financing mechanism without having to go through a UN entity as a managing agent. There were seven: ACORD, Care, Educare Liberia, Humanity & Inclusion (previously Handicap International), Interpeace, Mercy Corps and Search for Common Ground. All transfers were made in 2017 and from the Peacebuilding Fund. The total transfers amounted to $3.1 million (0.4 percent of total 2017 transfers). Also new in this period was the transfer of funds to three governments, those of Mali ($41.5 million), Central African Republic ($4.5 million) and Somalia ($2.8 million). These together amounted to 0.5 percent of total transfers between 2010 and 2017.

Over 110 countries benefited from pooled financing between 2004 and 2017. Of these, 74 received funding during 2004–2009 and 110 during 2010–2017. Transfers to Democratic Republic of the Congo, Somalia, South Sudan

1 NGO/UNDP, NGO/OCHA and NGO/UN-Women refer to the contributions received by UNDP, OCHA and UN-Women respectively as managing agents to transfer funds to NGOs.

and Sudan constituted 45 percent of the funding in 2010–2017. The top five countries received 50 percent of the total funding, while 90 of the 110 countries received about 20 percent.

There was a significant variation in donor contributions among fund themes between 2010 and 2017. Funding increased for climate change (from $39.7 million to $99.8 million), development ($65.2 million to $80.6 million, with a peak of over $200 million in 2014) and transition funds ($103.4 million to $288.8 million). Contributions to humanitarian funds remained largely unchanged, averaging $265 million. Delivering as One funds saw a decline in funding from $66.9 million to $28.8 million. UN Secretariat funds (particularly humanitarian funds) and UNDG MDTFs attracted more funding volume, while Secretary-General funds attracted more donors, primarily with small contributions.

There are seven categories of pooled funds: UN Secretariat funds, UN Secretary-General funds, UNDG MDTFs, UNDG Delivering as One funds (also referred to as UN One funds), UNDG joint programmes, multi-window trust funds and national funds. The largest contributions were to the UN Secretariat funds, particularly the humanitarian funds ($3.7 billion, or 36 percent), followed closely by UNDG MDTFs ($3.6 billion, or 35 percent). While 89 percent of donors contributed to UN Secretary-General funds, the contributions constituted only 10 percent ($1 billion) of the total. Forty eight donors contributed to only one category, mostly the UN Secretary-General funds. Twenty four donors contributed to two categories. Denmark, Netherlands, Norway and Sweden contributed to all seven categories.

B. EFFECTIVENESS AND EFFICIENCY OF INTER-AGENCY POOLED FINANCING MECHANISM

Design, establishment and governance

The MPTF Office has established itself as a strong, credible and neutral provider of UN pooled financing services, establishing high standards for administrative agent services. Its provision of these services is highly regarded by donors and agencies alike. The MPTF Office and its staff are praised for their client-focused professionalism and support to the design of new funds. Donors and agencies recognize the value of work done by the Office to standardize the various agreements used for pooled financing, as well as their provision of standard financial reports acceptable to donors. Donors stated that the MPTF Office sets the standard for administrative agent service of all agencies.

There is, however, considerable scope for strengthening the design of funds and their governance. This would be best accomplished with a much stronger MPTF Office role, not only to ensure the quality of fund design but also to monitor the implementation of UNDG quality standards by respective steering committees and participating UN organizations, and through a multi-stakeholder advisory and consultative mechanism.

With notable exceptions (MDG Fund, Peacebuilding Fund) earlier funds often lacked a clearly articulated theory of change and results framework, which has greatly weakened results reporting. UNDG 2015 guidance highlights the importance of each fund having a clear theory of change and results framework. Donors and agencies recognize that the continuing lack of an appropriate results framework established at the beginning of each fund weakens the attractiveness to donors and agency ability to manage and report on results. While the administrative agent can be called upon to support the development of the logical framework, no party is responsible to ensure that the theory of change and results frameworks are of acceptable standard. If this is not done at the establishment of the fund, fund quality and results reporting will be weaker.

UNDG guidelines accept that any agency may serve as the administrative agent of multi-donor trust funds and joint programme funds. Usually when an agency other than the MPTF Office serves as administrative agent, they do so for joint programmes in which their agency is the lead organization. Most agencies do not have the same level of capability as the MPTF Office, typically providing administrative agent services through non-dedicated finance department units. This often results in non-uniform reporting, a lower level of support and less transparency. Agencies and donors consistently affirmed that the MPTF Office is able to support development of funds better than any other entity. These capabilities are especially important for MDTFs, since joint programmes can often rely on the design support of the lead entity.

In 2014 UNDG established thresholds for annual contributions for new joint programmes ($1 million per participating UN organizations) and MDTFs ($2 million for simple and $5 million for more complex MDTFs[2]). These thresholds were meant to guide agencies towards minimum values that would be more cost effective and to ensure that the correct UN instrument is being used given the risk profile of each instrument, including the programmatic and financial risks associated with small programmes and MDTFs. The establishment of a minimum threshold for acceptance of new MDTFs and joint programmes may have resulted in some cost savings to the MPTF Office and a reduction in the number of new joint programmes accepted. However, agencies report that the thresholds have left them without a good alternative for the administration of smaller funds, resulting in higher support costs and use of standard agreements not designed to support joint programming.

The UNDG 2015 guidance does not set out clear best practice to include donor membership on the steering committee for all global funds and UN One funds, instead leaving each fund to decide. While most global or country funds include donors on the steering committee, sometimes the donor has to request this, which frustrates them. There is a need for UNDG to revisit the guidance and make it explicit.

Operational performance

Financial transfers to and from the MPTF Office are generally quite prompt. The Office exceeded its 2017 key performance indicator target of making 95 percent of transfers to participating UN organizations within five days of receipt of request. However, internal delays sometimes occur within the UN organizations when transfers are not clearly identified. On the client survey undertaken as part of this evaluation, overall respondent satisfaction with the MPTF Office in meeting partner operational needs was highest with regard to “prompt transfer of funds”, “accountability”, “transparency”, “financial reporting” and “narrative reporting”. Satisfaction was lowest with regard to “results reporting”, “supporting the SDGs”, “innovative partnership” and “support to fund design”.

Pooled financing has reduced transaction costs for donors but substantially increased such costs for UN agency country staff and resident coordinators. This finding corresponded with the findings from IEO survey data and some earlier studies and evaluations. Transaction costs have increased for agencies due to additional needs for negotiation, planning and coordination processes and meetings, and they are a greater burden when the allocations are small. Higher agency transaction costs are not seen to improve projects; their benefit (if any) reportedly may be found in improved UN country team or inter-agency planning and programming, as well as engagement with government.

The MPTF Office and donors alike called attention to the widespread problem of delayed closure of projects by participating UN organizations, which has often taken several years. Some progress has been made since 2016, but the problem remains. As a result, significant resources may be held by the recipient agency until project closure, making them unavailable for use by others and perhaps leaving a balance to refund at closure.

2 Simple MDTFs are those with one project per participating UN organization, while more complex ones have more than one project per organization.

The problem is greatest with UNDP and OCHA in their managing agent roles, but is also an issue for other UNDP and OCHA allocations, as well as those for UN-Habitat and UN-Women.

Reporting and accountability

The MPTF Gateway is recognized by stakeholders as a transparent tool for reporting information on donor contributions. Multiple improvements to make the site more useful were identified during the evaluation, in particular more frequent updating of expenditures and clearer organization of documents. Overall, all respondents found the quality of all three types of reporting to be satisfactory. Financial reporting was rated highest, narrative reporting second and results reporting somewhat problematic. Some donors commented that the financial information provided by the MPTF Office through the Gateway is clearer and more complete than what they receive from OCHA or the World Bank. In fact, they had suggested these agencies use the MPTF Gateway as a model to improve their reporting. Annual financial and narrative reporting of MPTF Office-administered funds and joint programmes follows the UNDG guidance on reporting and fulfils donor headquarters (HQ) requirements. However, annual reporting is not considered sufficiently frequent for stakeholder monitoring or management of the funds.

Although the quality of narrative reporting is varied, it was generally found acceptable for agencies and governments. However, more than half of HQ and country-based donor respondents viewed results reporting as less than satisfactory. Primary concerns were that reports do not present outcome-level changes or show how fund resources contribute to outcomes down the delivery chain. Respondents attributed this weakness to insufficient attention to the theory of change and results frameworks during fund establishment. Resolving this would not necessarily ensure good results reporting, but is a pre-condition to obtain it.

In order to avoid any real or perceived conflicts of interest between the fund administrative agent and its role as a participating UN organization in the MDTFs/joint programmes/UN One funds, there is a functional firewall between the MPTF Office as administrative agent and UNDP as an implementing organization. The firewall is working appropriately. Nevertheless, a significant minority of participating UN organizations felt that UNDP's connection with the resident coordinator at the country level gives it an unfair advantage in accessing multi-donor funding. Dissatisfaction was higher among specialized agencies and UN Secretariat entities. The evaluation found no evidence of firewall violation.

Managing agent and NGO participation

For years UN development agencies have contracted NGOs as implementing partners for UN agency programmes, but NGO projects were not funded outside the context of an agency programme. To address this concern the managing agent role was created in 2006 to enable NGOs to access funding for their own projects under the first humanitarian funds. These were established in Democratic Republic of the Congo and Sudan that year. UNDG guidelines for the managing agent stipulate that "Each Participating Organization assumes full financial and programmatic accountability for the funds disbursed to it by the administrative agent and for the implementation of the project." This is fine for the majority of participating UN organizations, which fund NGOs to carry out projects that are part of their broader programme. However, these guidelines do not fit in humanitarian situations where the steering committee selects an NGO and the NGO's project and then allocates funds to a participating UN organization as managing agent, which in turn contracts the NGO. As a result, the managing agent cannot exercise "programmatic accountability".

UNDP has been providing managing agent services since 2006, but it has been slow in adapting its procedures for the provision of such services (NGO access for NGO projects) under country-based pooled funds that are under the overall authority of the humanitarian coordinator, supported by OCHA. This has been the cause of tensions between UNDP and OCHA on the managing agent services. UNDP's delay in full implementation of revised procedures undercuts the argument for its comparative advantage in provision of such services.

The MPTF Office and OCHA both provide managing agent services under humanitarian pooled funds, but they have different contribution agreements. The differences between the legal instruments and contracts creates complexity and raises transaction costs for donors contributing to humanitarian funds, who would like to see the legal instruments standardized.

Direct access by NGOs to UN pooled funds has been an issue since the early days of humanitarian reform (in the common humanitarian funds for Democratic Republic of the Congo and Sudan) and before that with the UNDG Iraq Trust Fund. There has been a further push with the 'localization' thrust of the 'grand bargain' agreed at the 2016 World Humanitarian Summit.[3] Working with the Peacebuilding Fund since 2016, the MPTF Office has managed a pilot for direct transfer of funds to NGOs as non-UN participating organizations. This provides a third option for NGO access to UNDG pooled financing resources (in addition to that of an implementing partner for a UN agency or by being contracted by a managing agent for the NGO's own project). The non-UN organization pilot has demonstrated promising results for the Peacebuilding Fund, but delays in standardizing the memorandum of understanding (MOU) have impeded its full roll-out for wider use.

C. ROLE OF POOLED FUNDS IN SUPPORTING UN DEVELOPMENT SYSTEM PRIORITIES AT THE COUNTRY LEVEL

MPTF Office-supported United Nations pooled funds have contributed positively to promoting donor coordination and United Nations coherence, despite the increased competition for resources among participating organizations. While multi-donor trust funds and joint programmes have been instrumental in promoting integrated planning at the country level in support of United Nations Development Assistance Frameworks and supporting national ownership, the success of these – according to respondents – is varied and depends largely on the commitment of the resident coordinator to the One United Nations philosophy; the relationship between the resident coordinator and United Nations country team heads/resident representatives; and pressure from the recipient government as to how the United Nations should operate in their country ('delivering as one').

United Nations pooled funds are seen by donors as harmonizing aid in line with the principles of the Paris Declaration on Aid Effectiveness and good donor practices. They bring together the strengths of various United Nations organizations, promote United Nations coherence and collaboration, assure proper fund utilization, provide an opportunity to work at scale, reduce overhead costs and help leverage resources to address national priorities. Concerns remain, however, on the unclear results focus of funds, loss of donor visibility and transparency in fund utilization further down the delivery chain, and value for money.

With regard to gender equality and women's empowerment, the majority of respondents stated that the MPTF Office-supported pooled funds encouraged incorporation of gender considerations. MPTF Office guidelines on designing pooled funds for performance make reference to the importance of incorporating gender as a cross-cutting issue. However, there are no clear criteria that rank or prioritize funds or programmes that promote gender equality or women's empowerment. The evaluation noted that this was not an integral feature of the mechanism but rather of agencies' own policies and practices on gender mainstreaming.

3 For more information see https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf.

Respondents' overall impression was that, while pooled financing may be consistent with UN coherence and coordination, it requires a degree of political commitment by the key actors, together with a clear focus of the fund and shared understanding of how the programme should produce desired results. It has to some extent contributed in promoting UN development system priorities at the country level and national ownership. This is especially true in the case of development, transition and climate funds.

CONCLUSIONS

Conclusion 1: Pooled financing has become a well-established mechanism over the past decade. The number of funds (administered by the MPTF Office), donors and participating organizations have all increased substantially. However, annual funding has been relatively stable over recent years, with decreased average contributions per donor. While development, transition and climate change funds have attracted more donor funding, 'delivering as one' funds have seen a decline, although contributions to humanitarian funds have remained nearly stable. The donor pool is top-heavy. Ten donors provide over 85 per cent of funding to all categories of funds, while 80 per cent of donors provide less than 5 per cent of funds, including 40 per cent of donors that contributed solely to funds sponsored by the Secretary-General, with 0.3 per cent of total contributions.

Increasing the amount of donor funding through pooled funds, and the effectiveness of United Nations programming supported by pooled funds, is critical to the Secretary-General's reform proposals and the implementation of the 2030 Agenda. While the number of contributing donors can be increased by promoting pooled-financing services for the Secretary-General's funds among United Nations member states, increasing the amount of total contributions depends mainly on a combination of (a) Quadrennial Comprehensive Policy Review-related dialogue with a limited number of key donor countries to increase the share of pooled financing in their contributions; (b) United Nations Development Group-related dialogue and the reform of pooled fund design and management to increase the results focus of United Nations organizations participating in pooled funds; (c) exploring innovative sourcing of contributions, including private sector engagement; and (d) continued strengthening of the quality and value addition of administrative agent services provided by the MPTF Office.

Conclusion 2: The MPTF Office is a key provider of system-wide inter-agency pooled financing services that administers United Nations pooled funds. It is highly regarded by donors and participating organizations for its strong fund design and administration capability and high credibility to collect and make known 'best practices', setting standards for other organizations providing administrative agent services. It is recognized by most donors and participating organizations as the preferred choice for administrative agent. Nonetheless, major concerns remain with respect to the quality of fund design and the weak results focus. While the parties to each fund are responsible for the results focus, no one is currently responsible for ensuring that the results focus and quality standards of the United Nations Development Group policy are adequately reflected in fund design.

Conclusion 3: MPTF Office annual financial reporting and Gateway information on donor transfers meet the donor reporting requirements for contributions to the United Nations. Nonetheless, the lack of more frequently updated expenditure reporting on the Gateway is considered a weakness in terms of its usefulness for stakeholder information and management of progress from the fund or at the country level. While the quality of narrative reporting is generally considered satisfactory by participating organizations, donors remain concerned about the reporting on outcome-level changes further down the results delivery chain.

Conclusion 4: The provision of managing agent services (to contract non-governmental organizations selected for their own projects by the Multi-Donor Trust Fund Steering Committee) under humanitarian and transition funds is not supported by appropriate United Nations Development Group policy. The United Nations Development Group requirement that the participating United Nations organization providing managing agent services have "full programmatic and financial accountability" for non-governmental organization projects holds the participating United Nations organization or managing agent accountable without any control or authority. This puts UNDP offices providing managing agent services in an untenable position.

UNDP has been providing managing agent services since 2006. However, it has been slow in adapting its procedures to the provision of managing agent services for humanitarian funds, and has not established the mechanisms necessary to enable smooth managing agent service delivery for these funds. Greater attention is needed to ensure the timely implementation of recent policy changes that hold out promise for improvement to managing agent services under the humanitarian funds.

Conclusion 5: The pilot allowing non-governmental organizations to receive funding directly from the administrative agent as a non-United Nations participating organization under the Peacebuilding Fund is a welcome test for wider use, and may have particular relevance for humanitarian and transition funds. Once the pilot has been assessed and adjustments made to United Nations Development Group guidance, it should be more widely available for funds with a risk profile appropriate for this instrument.

Conclusion 6: The firewall between the MPTF Office as an administrative agent and UNDP as a participating United Nations organization is working as it should. However, there is a perception among a significant minority of participating United Nations organizations that the firewall at the country level is less effective than it should be, with greater dissatisfaction among specialized agencies. Non-resident agencies are concerned that they do not learn of new opportunities until things have already been decided by UNDP and other major organizations in the country, creating the perception that UNDP benefits unfairly from its close connection to the resident coordinator. Many donors and participating United Nations organizations noted that allocations were generally made by a steering committee where all partners participated, so biased allocation would be noticed and objected to – of which the evaluation found no evidence. While the minority perceptions of bias can be discounted, they suggest the need for improved dissemination of information to all potentially interested organizations regarding new fund opportunities.

Conclusion 7: Insufficient attention to fund closure undermines United Nations claims of efficiency and accountability in the use of the pooled funds entrusted to it. While MPTF Office efforts over the recent years have led to improvements in organizational performance with respect to financial closure rates of operationally closed outstanding projects (bringing down the unclosed projects balance from $34 million at the end of 2015 to $14 million at the end of 2017), stricter compliance by participating organizations on timely fund closure of projects would free up significant resources that could be potentially used by other organizations with active projects under the fund.

Conclusion 8: UNDP is recognized by all stakeholders as the best institutional location for the MPTF Office, although its location can sometimes create a false perception as to the system-wide nature of its services. For the MPTF Office to be truly seen as a service of the United Nations system rather than a UNDP service, there is a need to institutionalize a multi-stakeholder steering committee mechanism that includes partner United Nations organizations and contributing partners.

Conclusion 9: United Nations pooled funds play a key role in harmonizing aid in line with the principles of the Paris Agreement and good donor practices. They bring together multiple strengths of different United Nations organizations; promote United Nations coherence and collaboration; assure proper fund utilization; provide an opportunity to work at scale; reduce overhead costs; and help leverage resources, especially from small and non-traditional donors. Concerns remain among some donors, however, on the unclear results focus of some funds, loss of donor visibility, transparency in fund utilization further down the delivery chain, and value for money.

Conclusion 10: United Nations pooled funds supported by the MPTF Office have contributed positively to promoting donor coordination and United Nations coherence, despite the increased competition for resources among participating United Nations organizations. While multi-donor trust funds and joint programmes have been instrumental in promoting integrated planning at the country level in support of United Nations Development Assistance Frameworks, the success of these efforts, according to respondents, is varied and depends largely on the resident coordinator's commitment to the One United Nations philosophy, the relationship between the resident coordinator and the United Nations country team heads or resident representatives, and pressure from the recipient government as to how the United Nations should operate in their country ('deliver as one').

While most of the multi-donor trust funds and joint programmes supported by the MPTF Office incorporate gender concerns, this is not an integral feature of the mechanism but rather of the policies and practices of the particular organization on gender mainstreaming. More systematic effort is needed to promote gender equality and women's empowerment in MPTF Office-supported funds and programmes.

RECOMMENDATIONS

Recommendation 1: UNDP should initiate a dialogue with the United Nations Development Group to increase transparency in fund utilization further down the results delivery chain, and to demonstrate a clear United Nations comparative advantage and value for money, enhanced by long-term country presence as a trusted partner with government and the international community. To contribute to that effort, the MPTF Office should refine its financial and narrative reporting framework and guidelines for participating United Nations organizations. This will increase donor confidence, help mobilize resources, and contribute to the Secretary-General's vision and reform agenda, including by doubling pooled financing over the next four years.

Recommendation 2: UNDP should advocate for a much stronger administrative agent role in monitoring the fulfilment of United Nations Development Group quality standards by the respective steering committees and participating United Nations organizations. The administrative agent should be charged not only with supporting the design of funds and programmes, but also monitoring and supporting organizational quality in implementation. The MPTF Office should require that all fund terms of reference include a clear theory of change and results framework as part of fund design to structure reporting. The Office should engage with the participating United Nations organizations of each fund and provide support and quality assurance regarding compliance with the terms of reference, confirmed in the administrative agent's written acceptance of the fund.

Recommendation 3: UNDP may consider initiating a dialogue with the United Nations Development Group for the revision of its policy and documents to properly reflect the role of the managing agent by indicating that its accountability is limited to financial and project management issues, while programmatic accountability lies with the responsible project authority (steering committee or humanitarian coordinator) and the respective non-governmental organization.

Recommendation 4: UNDP needs to fast-track the implementation of its updated guidelines and responsible party agreement for the managing agent function under humanitarian funds (and update programme and operations procedures to reflect the special dispensation required for provision of such services).

Recommendation 5: The MPTF Office should assess the non-United Nations participating organization pilot for direct access to United Nations pooled funds by non-governmental organizations, and should propose necessary adjustments to United Nations Development Group guidance (including the preparation of a revised standard administrative arrangements and memorandum of understanding for such modality), so that they can be rolled out as an option for other funds (particularly humanitarian and transition funds) where relevant.

Recommendation 6: The MPTF Office ought to make information on new funds available to all interested parties. The Office should act to ensure that any potential participating organization could become aware of new opportunities, by providing that information on the Gateway. Furthermore, the Office should encourage resident coordinators to make such information available and to actively brief the country teams about new funds under discussion or agreed, without implying that everyone will necessarily have a "share".

Recommendation 7: UNDP, as a participating United Nations organization, should increase its efforts to close the backlog of old project allocations that are essentially concluded but not yet financially closed, particularly in the four countries where it is managing agent to country-based pooled funds.

Recommendation 8: The MPTF Office should initiate a process for establishing a multi-stakeholder steering committee, including partner United Nations organizations and donor representatives, that meets at least on an annual basis to review progress and discuss trends in global financing and strategies on the way forward. Such a mechanism will strengthen partner engagement and reinforce the confidence of donors and partner organizations in the mechanism and its use.

Recommendation 9: The MPTF Office should develop guidelines and procedures to ensure that considerations related to gender equality and empowerment are reviewed for 'quality at entry' and incorporated into fund design, appraisal and allocation processes.

Chapter 1

INTRODUCTION

1.1 BACKGROUND

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) has undertaken an evaluation of the effectiveness and efficiency of UNDP inter-agency pooled financing services provided through the Multi-Partner Trust Fund Office (MPTF Office).[4] The evaluation is in line with the UNDP Evaluation Policy and was undertaken as part of the IEO's 2018–2021 evaluation plan, approved by the UNDP Executive Board at its first regular session of 2018, in January. The findings will be presented to the Executive Board at its second regular session of 2018, in September.

The purpose of the evaluation is to strengthen UNDP accountability to global and national development partners, including the UNDP Executive Board; support better oversight, governance and risk management practices in UNDP; and support organizational learning. The evaluation is also relevant and timely as the United Nations development system undergoes restructuring under the Secretary-General's reform proposal to reposition the UN development system to deliver Agenda 2030.

1.2 OBJECTIVE AND SCOPE OF THE EVALUATION

Inter-agency pooled funding is a mechanism used to receive contributions from multiple financial partners and allocate those resources to multiple implementing entities. The purpose of such funding is to support specific national, regional or global development priorities. An inter-agency pooled fund is made up of contributions that are co-mingled, not earmarked to a specific UN entity and held by a UN fund administrator. In pooled financing the UN takes a lead role in making fund allocation decisions as well as in fund implementation, making these funds a more flexible form of non-core contributions.

The objectives of the evaluation are to (a) assess the effectiveness and efficiency of UNDP in providing inter-agency pooled financing services to contributing donors and participating UN organizations; and (b) provide findings, conclusions and recommendations to improve and inform UNDP's comparative advantage and positioning as a provider of inter-agency pooled financing support services.

The evaluation assessed the the extent to which UNDP management of pooled funds (a) responds to the concerns of its two primary partners, the participating UN organizations and contributing donors, and (b) contributes to the policy purposes for which the multi-donor trust fund (MDTF)/joint programmes instrument was established. These include increased donor harmonization; improved UN programme coherence; improved inter-agency coordination; reduced transaction costs; improved risk management and leverage; and increased incentives for collaboration within the UN development system.[5]

4 This is not an evaluation of the MPTF Office or of other pooled funding services that UNDP may provide. The evaluation addresses the roles of UNDP/MPTF Office as administrative agent, UNDP as a participating UN organization and UNDP as a managing agent.

5 Further reaffirmed in Report of the Secretary-General (A/72/684; E/2018/7), 'Repositioning the United Nations development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet'.

In addition to the MDTFs and joint programmes administered by the MPTF Office and donors' own bilateral channels, donors have access to other multi-donor funding mechanisms. These include (a) those managed by the International Bank for Reconstruction and Development and regional development banks; (b) donor-administered MDTFs; and (c) agency-specific and joint funding arrangements administered by other UN agencies. The evaluation seeks to better understand how donors choose among funding mechanisms and under what conditions donors would prefer the funds administered by the MPTF Office.

The evaluation, which covered the period 2010–2017, is limited to the inter-agency services provided by UNDP through the MPTF Office. It covers the Office's work between 2010 and 2013 and that carried out under its 2014–2017 strategic plan. The evaluation also aligns with structural changes in UNDP resulting from the Agenda for Organizational Change, launched by the UNDP Administrator in 2010, which included efforts designed to improve efficiencies and implement a review of UNDP business models.[6]

1.3 KEY EVALUATION QUESTIONS

The evaluation addressed the following key questions deriving from the theory of change (Figure 1):

- How effective and efficient is UNDP in providing pooled financing services to its partners?
- What is the operational performance of UNDP-administered pooled financing mechanisms?
- What are the added value, benefits and risks of the pooled financing mechanism as a system-wide service?
- Do pooled financing mechanisms contribute to supporting country-level priorities of the UN development system?

1.4 APPROACH AND METHODOLOGY

The evaluation adopted a theory-based approach.[7] An abridged theory of change was developed at the inception to explain causality and change, including underlying assumptions. This was further refined as the evaluation progressed, based on discussions with stakeholders about how the inter-agency pooled financing services contributed to improving the effectiveness and efficiency of specific agency mandates and eventually to improving the quality of life for people in the supported countries. Choices about the evaluation methods and the proposed strategy for undertaking the evaluation were grounded in the theory of change and its assumptions.

The evaluation methodology adheres to the United Nations Evaluation Group Norms & Standards.[8] Mixed methods for data collection, both qualitative and quantitative, were used to gather evidence. These included calibrated surveys of UN entities, donors and non-UN entities; a sample of desk reviews and country case studies; financial flows and trend analysis in pooled financing (receipts, transfers, approvals, disbursements); and interviews and focus group discussions with all key stakeholders. Table 1 summarizes the evaluation questions and the data sources used in the evaluation. The evaluation was carried out in a phased manner between January and June 2018.

Desk review of documents: The evaluation team first undertook an extensive review of documents, including reviews, audits and evaluations, both internal and external, covering the UN pooled financing mechanism. It also examined doc-

6 E/2011/35.

7 Theory-based evaluations are usually based on a theory of change and/or results framework that seeks to explain causality and changes, including underlying assumptions.

8 http://www.uneval.org/document/detail/21.

Figure 1. Theory of change: Inter-agency pooled financing services

IMPACT

UN entities are better able to achieve results that improve the quality of life of inhabitants in the supported countries

OUTCOMES

Improved efficiency and effectiveness of inter-agency pooled financing services

- More synergies
- Improved fund design
- Increased donor confidence and resources
- Reduced transaction costs
- implification of processes
- Policy coherence
- Transparency
- Collaboration
- Coordination
- Risk reduction
- Integration
- Reduced resource competition
- Improved accountability
- Innovations

OUTPUTS

UN agencies receive high-quality fund administration and design services

- Fund design
- Fund administration
- Fund agreements
- Financial transfers
- Reports — finance
- Reports — progress

INPUTS

Structures, guidance, tools, instruments

- MPTF Office
- Model documents: SAA and MOU
- MPTF Gateway

ASSUMPTIONS

- Economies of scale, donor and UN country mandates and funding constraints create both pressures and opportunities for pooling and cooperating closely on financial services.
- UN agencies recognize value in pooling resources and programming to strengthen UN response.
- UNDP has the proper culture, tools and instruments to provide efficient services with strong client orientation.
- UNDP is the best value for money, and donors are willing to pay for UNDP financial services.
- Pooled financing improves coherence and flexibility and promotes innovation.

RISKS

- UN agencies resist pooled funding if they believe it favours others and impinges on their ability to deliver on their mission.
- UNDP fund administration and reporting do not meet client expectations.
- Other options available to donors provide better value for money.
- Organizational culture in UNDP is difficult to change to become more responsive to clients.
- Procedures and organizational culture of UN organizations are difficult to change to make them become more accountable for results.

Table 1. **Evaluation questions and data sources**										
Key evaluation questions	**KII – PUNO (HQ)**	**KII – Donor (HQ)**	**KII – MPTF Office**	**Survey – UN (HQ)**	**Survey – Donor (HQ)**	**E-Survey – UNRC**	**Country – PUNO**	**Country – Donor**	**Country – UNRC**	**Country – Government**
How effective and efficient is UNDP in providing pooled financing services to its partners?	P	S	P	P	S	P	P	S	P	S
How have UNDP pooled financing mechanisms performed in terms of reporting and accountability?	P	P	P	P	P	P	P	P	P	P
Do pooled financing mechanisms contribute to increased coherence, coordination, results focus, risk reduction, etc.? Do they do so better than other financing mechanisms?	P	P	P	P	P	P	P	P	P	P
What are the added value, benefits, transaction costs and other criteria considered by UN agencies in deciding whether to prefer UNDP provision of inter-agency financial services over other arrangements? When are the MPTF Office services the preferred option?	P	S	P	P	S	P	P	S	P	S
What are the added value, benefits, transaction costs and other criteria considered by donors in deciding whether to prefer UNDP provision of inter-agency financial services over other arrangements? When are the MPTF Office services the preferred option?	S	P	S	S	P	P	S	P	S	S
What are the added value, benefits and transaction costs for UNDP to provide inter-agency pooled financing services?	P	S	P	P	S	P	P	S	P	S

Note: P = primary; S = secondary; KII = key informant interview; UNRC = UN resident coordinator; PUNO = participating UN organization

uments on related inter-agency activity such as those commissioned by the United Nations Development Group (UNDG).[9]

Financial portfolio and trend analysis: The evaluation team undertook a full review of the MPTF Gateway pooled financing dataset to develop an overall profile and analysis of important trends. The team considered the trends in development of pooled financing over the period 2004–2017. Data from the period 2004–2009 were analysed to provide the background to the emerging trends during the evaluation period of 2010–2017.

Country missions: Field missions for data collection were undertaken to gather evidence in 19 countries[10] representing the cross-section of MPTF Office projects. Discussions were held

9 OCHA (2014), Independent Assessment of the Managing Agent Function in Common Humanitarian Funds; Scanteam (2007), Review of Post-Crisis Multi-Donor Trust Funds; Scanteam (2010), Review of Programmatic Trust Funds in Fragile and Conflict Affected Situations; UNDG/DOCO (2011), Study of the Operational Effectiveness of Multi-Donor Trust Funds; UNDG/DOCO (2012), Independent Evaluation of Delivering-as-One; UNDG/DOCO (2013), Review of UNDG Joint Programme Mechanism; UNDG/DOCO (2016), Stocktaking of the UNDP Mutual Accountability System; UNDP (2010), UNDP/Sudan Fund Management Unit – Lessons Learned Review; MPTF Office reports on financing for development and crisis response; and Office of Audit and Investigations reports regarding MPTF Office management of several individual funds.

10 UN agencies in Amman, Antananarivo, Bogota, Bamako, Brasilia, Dar-es-Salaam, Geneva, Hanoi, Kuala Lumpur, London, Luanda, Moroni, Nairobi (including Somalia country office), New York, Paris, Praia, Rome and Vienna.

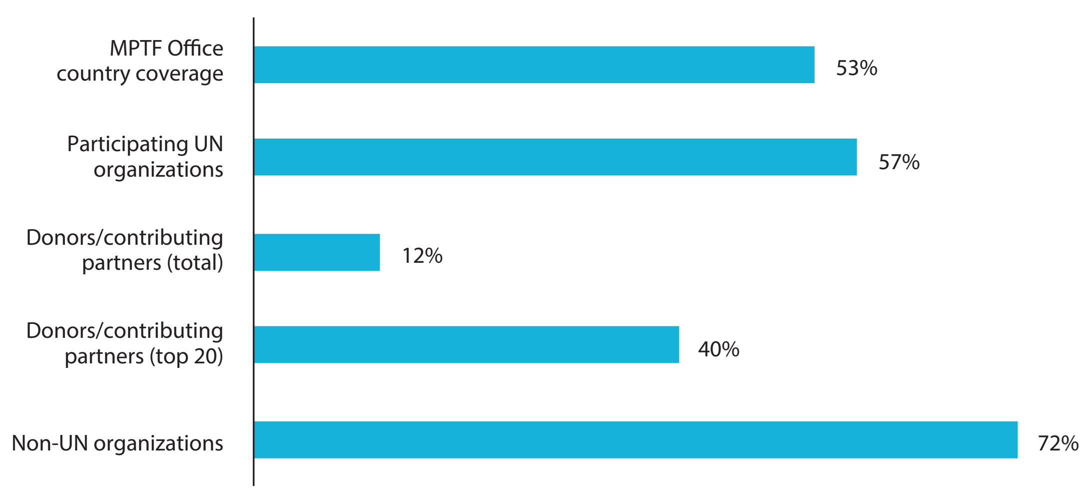
with the UN country teams to discuss their experience with pooled funds managed by the MPTF Office. Donor counterparts in the countries were also interviewed for their perspectives on country-based projects and programmes financed by pooled funds. Primary attention at the country level was given to operational performance, effects on coherence, effectiveness in programme implementation and reporting.

Semi-structured interviews and focus group discussions: Interviews were conducted with key staff covering both policy and programmatic components from the participating UN organizations, donors/contributing partners and non-UN participating organizations. The purpose was to assess their perspectives on the strengths and weaknesses of the MDTF mechanism and their preference for the UN pooled funds. This included a total of 263 staff from 31 UN agencies (including UNDP); 22 donor representatives from 11 countries; 5 representatives from 4 non-UN organizations; and key staff (both current and past) from the MPTF Office. Interviewees' responses were coded and analysed by fund categories, themes and UN agency classification to blend responses with the portfolio analysis. The analysis of data collected was grounded in the proposed theory of change to answer the evaluation questions addressing the triangulated evidence from surveys, desk reviews and country case studies.

Client satisfaction survey: To widen stakeholder participation, ensure global coverage and triangulate the evaluation findings, a client satisfaction survey was launched. It covered all participating UN organizations in their headquarters as well as country offices, including all resident coordinator offices and UN country teams, all contributing partners and non-UN entities who have engaged with one or more pooled funds managed by the MPTF Office.

A total of 140 responses were received, covering 58 of the 110 countries that benefited from the 148 MDTFs and joint programmes. These included 108 responses from 29 UN entities of the total 51 participating UN organizations (69 respondents were from funds and programmes, 27 from specialized UN agencies and 12 from the UN Secretariat); 27 responses from contributing partners representing 11 donor countries (from a total 98 countries); and 5 responses from the 7 non-UN participating organizations (Figure 2).

Figure 2. **IEO pooled financing online survey coverage (% of respondents)**



Evaluation quality assurance: Quality assurance for the evaluation was ensured by a member of the International Evaluation Advisory Panel, an independent body of development and evaluation experts. Quality assurance was conducted in line with IEO principles and criteria, to ensure a sound and robust evaluation methodology and analysis of the evaluation findings, conclusions and recommendations. The expert reviewed the application of IEO norms and standards to ascertain the quality of the methodology, triangulation of data and analysis, independence of information and credibility of sources. The evaluation also underwent internal IEO peer review prior to final clearance.

1.5 EVALUATION CONSIDERATIONS

The evaluation comes at a time when both the UN and UNDP are undergoing a reform process. The aim is to reposition the UN development system to address the full range of development challenges and opportunities to support the implementation of Agenda 2030. From the financing perspective, the Secretary-General's proposal[11] calls for doubling pooled financing in the UN system over the next five years and enhancing functional efficiencies. The reform proposal also has direct implications for the resident coordinator system, the UN country teams and the UNDP presence and role at country level and globally. The evaluation recognizes that some of the stakeholder opinions, particularly from UN agencies and contributing partners, may have been influenced by the organizational climate during this reform process.

The evaluation considered the high level of complexity and variability associated with the pooled financing. There are a multitude of actors (more than 52 participating UN organizations and 118 donors and non-UN organizations); a great variety of UN agency categories (funds and programmes, specialized agencies and UN Secretariat entities); several fund categories (UNDG MDTFs, UNDG One funds and joint programmes, UN Secretary-General funds, UN Secretariat funds, multi-window trust funds and national funds); multiple fund themes (development, transition, humanitarian, Delivering as One and climate change); and the perspectives of donors and personnel from UN agency headquarters and field offices. While the process was challenging, the evaluation took into consideration all perspectives in their own right during analysis to ensure the final evaluative judgments are well triangulated and evidence based.

Analysing the MPTF Office data brought forward several challenges. The MPTF Gateway data are very detailed and reflect the Office's business processes, but they are sometimes difficult to decipher. For example, in some cases funds transit other funds (for example the feeder funds, which receive contributions from donors and then transfer money to other funds) or UN agencies (which receive direct contributions from donors and then transfer them to other funds) before arriving to a fund for final use. The evaluators had to address such nuances before deciding what to consider as the donor source. Another limitation was that many funds and programmes had concluded several years before the evaluation, and it was often difficult to locate relevant staff from the UN organization and the government. Nonetheless, the evaluation tried to reach out to as many stakeholders as possible from previous evaluations and to blend their perspectives with those from the more recent and ongoing MDTFs and joint programmes to make informed, evidence-based conclusions and recommendations.

To cover more ground in a relatively short time, the evaluation utilized some field mission data from ongoing UNDP independent country programme evaluations being carried out by the IEO. This reduced travel for the team and ensured a wide coverage of sample countries. The evaluation utilized focus groups where possible,

11 General Assembly resolution on the repositioning of the United Nations development system, in the context of the QCPR, Section VI, Article 25 (Revised draft, 30 April 2018).

which also significantly helped the team to cover larger numbers of UNDP clients.

The evaluation also faced significant challenges incorporating an equity-focused and gender-responsive approach. Probing was necessary, as some respondents had difficulties understanding how gender influences decision processes in pooled financing mechanisms. Interview data were triangulated with survey data and documentation review where possible, to highlight gender aspects of the mechanism.

The IEO multi-year evaluation plan (2018–2021) also included an assessment of the four UNDP funding windows launched in 2016 to provide pooled, flexible funding for UNDP and partners for country level programming in support of the Sustainable Development Goals. This was to be undertaken as part of this evaluation. A preliminary review of this mechanism and its funded programmes/projects indicated that only nine government partners have contributed a total of $65 million to these funding windows, of which only $12 million had been utilized as of December 2017. As such, it was too early to review the results emerging from the projects and programmes funded under this umbrella. It was also noted that this funding window was purely a UNDP pooled financing mechanism central to its own service delivery platform; it was not conceived as an inter-agency mechanism. IEO management thus decided to defer this part of the evaluation to a later stage when the projects/programmes would be sufficiently mature to be evaluated.

Chapter 2

UN INTER-AGENCY POOLED FINANCING – CONTEXT AND EVOLUTION

This chapter discusses the context and evolution of UN system-wide pooled financing as administered through the MPTF Office. It describes the purpose, typology and governance structure of pooled financing mechanisms and their evolution over time.

2.1 UN INTER-AGENCY POOLED FINANCING AND THE MPTF OFFICE

Inter-agency pooled funds constitute one of the key streams of UN non-core funds to participating UN organizations. The UN pooled funds administered by the MPTF Office are designed to support a clearly defined programmatic scope and results framework through contributions from multiple funders that are held and managed by a UN fund administrator. The use of such funds is expected to (a) strengthen coherence and collaboration within the UN development system, bridging silos among humanitarian, peace, security and development assistance entities; (b) improve risk management; (c) broaden the contributor base; and (d) better position the UN system to deliver on the 2030 agenda.

Pooled financing mechanisms operate in a wide range of contexts and on different geopolitical scales: global, regional, national and subnational. They can be managed by the UN or nationally. They may operate through a single funding window or multiple windows, based on the scope and complexity of the programmatic goals and the number and diversity of implementing partners.

UNDP plays a central role in the design and administration of the UN pooled financing mechanisms, through the MPTF Office. The Office acts as the administrative agent to pool financing from donors and passes it to participating UN organizations, including UNDP, with a firewall in place to avoid any conflict of interest. The core of the administrative agent function is to receive funds from donors and provide them to participating organizations, within the framework of specific fund agreements. The administrative function builds on fund management roles typically carried out by finance and resource mobilization departments. The administrative agent, which could be any UN organization, does not have formal responsibility regarding the quality of pooled fund design or management.

The MPTF Office administers seven categories of pooled funds: UN Secretariat funds, UN Secretary-General funds, UNDG MDTFs, UNDG Delivering as One funds (also referred to as UN One funds), UNDG joint programmes, multi-window trust funds and national funds. MDTFs and joint programmes are the two major types. MDTFs are pass-through financing tools[12] available to the UN for pooling funds to support a strategic goal, which is outlined in a clear results matrix. The programmatic scope of the MDTFs is broad and transformative, with several high-level outcomes. UN MDTFs can be established at the global, regional or country level; they are often thematic in nature, targeting specific development, transition, environmental or humanitarian needs.

Most UN MDTFs have similar governance arrangements. Fund implementation is the responsibility of UN organizations, which may work with their government and NGO partners consistent

12 In pass-through mechanisms, the fund administrator (the MPTF Office in this case) receives funding from multiple donors and provides that funding to multiple participating UN organizations.

with their own rules and regulations. Fund operation is governed by a steering committee, chaired or co-chaired by the UN and supported by a secretariat (or the resident coordinator's office in the case of a Delivering as One fund). The steering committee sets overall direction, makes resource allocation decisions and carries out independent reviews. As the appointed fund administrator, the MPTF Office supports the fund design and is responsible for the receipt, administration and release of funds to implementing entities in accordance with decisions from the steering committee. It also consolidates financial reports.

Stand-alone joint programmes are pass-through financing tools available to UN organizations for pooling funds to support a strategic objective/outcome. They are outlined in a document with a clear results framework and budget. The joint programme normally has a well-defined and limited scope and is based on a partnership typically involving two to five UN organizations. At country level, the programmatic scope is aligned with national priorities as reflected in an UNDAF/One UN programme or equivalent programming instrument or development framework. A joint programme can be established at national level (involving one country) or regional or global levels (involving two or more regions or countries). Global and regional joint programmes usually tend to address normative and policy issues, while national programmes normally focus on operational activities in one thematic area in one country.

Joint programmes have governance arrangements similar to those of MDTFs. Fund implementation is the responsibility of UN organizations, who may work with their government and NGO partners as per their own rules and regulations. Fund operation is directed by a steering committee, chaired or co-chaired by the UN and supported by a convening agency. The steering committee sets overall direction, makes resource allocation decisions and carries out independent reviews. The convening agency is responsible for operational and programmatic coordination, including the coordination of narrative reporting. As the appointed fund administrator, the MPTF Office receives the contributions from the contributors and channels them to participating UN organizations based on steering committee decisions.

2.2 ORIGIN AND DEVELOPMENT OF UNDG POOLED FINANCING AND THE MPTF OFFICE

The pooled financing mechanism was developed during the period 2004–2007. In 2004 the international donor community wanted a joint World Bank-United Nations mechanism to provide reconstruction support to Iraq. UNDP agreed to host the Iraq Trust Fund on behalf of the UNDG for this purpose, and it developed agreements and procedures drawing on existing joint programme guidance. The resulting fund was considered very successful, attracting nearly three times more funds than the World Bank window.

In 2005 there were several important reform initiatives by the UN and donors, one result of which was the establishment, in 2006, of common humanitarian funds in Democratic Republic of the Congo and Sudan. Based on the Iraq Trust Fund experience, administration of these humanitarian funds was entrusted to the MDTF Office, as the renamed Iraq Trust Fund Office was called. Further measures were taken in the context of UN reform in 2007, including the creation of the Peacebuilding Fund, MDG Fund and the beginning of Delivering as One and UN One funds. In 2008 the UNDG issued standard agreements with donors (standard administrative arrangements, or SAAs) and agencies (memorandums of understanding, or MOUs) (Figure 3).

In recent years the standard agreements were revised to provide greater attention to fund design and results, as well as to clarify roles, responsibilities and various legal aspects. The number of funds increased significantly. There was also an opening to receive contributions from private and non-governmental entities, and to consider NGOs as potential direct recipients of funding. This included using the World Bank as an implementing partner for funds.

Figure 3. Key milestones in the evolution of UN pooled financing mechanisms

Year	Development
2003	UN and World Bank launch first pooled financing mechanism, the International Reconstruction Fund Facility for Iraq
2004	Iraq Trust Fund Office established. UNDP provides service for International Reconstruction Fund Facility for Iraq on behalf of UN development system (through Iraq Trust Fund Office)
2005	Paris Declaration on Aid Effectiveness and humanitarian reform
2006	UN reform initiative launched
	Common humanitarian funds launched, building on successful management of Iraq Trust Fund
	MDTF Office established, renamed from Iraq Trust Fund Office
2007	Delivering as One initiated (leading to global MDG Fund, national Delivering as One funds, Expanded Delivering as One funding window)
	Peacebuilding Fund established
2008	First UN global climate change fund established
	Joint programmes established under UN pooled funds
	Standard guidance note and agreements with donors (SAAs) and agencies (MOUs) developed
2010	Significant expansion in number of funds and joint programmes
	Expansion in number and types of participating UN organizations
	National funds established (MDTF Office as fiscal agent/administrative agent only)
	Contributions begin from private sector and NGO organizations
	OCHA engagement with managing agent role (Afghanistan and Somalia); dissatisfaction with UNDP in role
2011	MPTF Office established (renamed from MDTF Office)
	Establishment of first crowd funding modality
	Busan High-Level Forum on Aid Effectiveness, 'New Deal' for engagement in fragile states
2012	Independent evaluation of Delivering as One; suggests Delivering as One funds, as innovative mechanisms for un-earmarked and predictable funding; questions sustainability of approach
2013	First national stabilization fund established (Mali)
	First country transition fund established to support New Deal compact (Somalia)
2014	Revised guidance note on joint programmes released (part of package of standard operating procedures)
	Introduction of minimum thresholds for joint programmes (as part of guidance note) and MDTFs (as stand-alone document that was part of standard operating procedures)
2015	Revision of SAA and MOU documents and other UNDG guidance (on joint programmes, allocation criteria, thresholds, etc.)
	Attention to theory of change and results framework in design of funds
	Investment in support to fund design by MPTF Office
	OCHA Guidelines for Management of Country-Based Pooled Funds released (agreed in principle by UNDP with regard to managing agent function)
2016	Peacebuilding Fund pilots NGO direct access to administrative agent for funds (non-UN entities)
	Central African Forest Initiative pilots World Bank access as implementing partner for funds
2017	Secretary-General reform agenda launched: Calls for doubling pooled financing
	Launch of Joint Fund for 2030 Agenda

Chapter 3

ASSESSMENT OF THE INTER-AGENCY POOLED FINANCING MECHANISM

This chapter reviews the trends in pooled financing and assesses UNDP's effectiveness and efficiency in providing inter-agency pooled financing services through the MPTF Office. It describes (a) the various elements of the pooled financing mechanism that have worked and areas for improvement; (b) factors contributing to or hindering the satisfaction of participating UN organizations and donors with the quality of services, the value added, the benefits and transaction costs of the pooled financing mechanism; and (c) contributions to addressing the priorities of the UN development system at country level.

3.1 ANALYSIS OF TRENDS IN POOLED FINANCING

The evaluation team analysed the full MPTF Gateway pooled financing dataset in order to develop a profile and analyse important trends. The team considered the development of pooled financing over the period 2004–2017. The period 2004–2009 provides background; the principal attention of the evaluation was focused on 2010–2017. The Gateway dataset is quite comprehensive, albeit dense and challenging to decipher. This section summarizes key elements of the analysis to clarify the development and trends in use of pooled financing.

MPTF Office-managed pooled funds at a glance

- Since its inception in 2004, the MPTF Office has managed over $10 billion in funding. It has worked through 148 funds, supporting activities in over 110 countries, with 52 participating UN organizations and 98 donors (93 countries and 5 non-country donors). There are several types of pooled funds by theme, including 6 humanitarian funds (for Afghanistan, Central African Republic, Democratic Republic of the Congo, Somalia, South Sudan and Sudan), accounting for $3.6 billion; 32 transition funds, accounting for $3.3 billion; 66 other development funds, accounting for $1.6 billion; 21 UN One Funds, accounting for $1 billion; and 13 climate change funds, accounting for $0.6 billion.
- Two of the 52 participating organizations — UNDP (including funds for NGO implementation under humanitarian funds) and UNICEF — accounted for 50 percent of the budgets approved for 2010–2017; WFP, FAO and OCHA (including NGO implementation under humanitarian funds since 2010) accounted for an additional 20 percent of pooled funding allocated to participating UN organizations. Other large recipients were UNOPS, WHO, UNFPA, IOM and UN-Women. Together these top 10 recipients received 87 percent of the total funding, and another 42 organizations received 12 percent of funding. Governments (since 2014) and non-UN organizations (since 2017) received about 1 percent.
- While nearly 100 countries have contributed to the funds, five countries (Netherlands, Norway, Spain, Sweden and United Kingdom) accounted for 62 percent of funding provided from 2004 to 2017; four of those countries each contributed to 40 or more funds (Netherlands, Norway, Sweden and United Kingdom). The top 10 donors contributed 85 percent of the total. On the other hand, 80 contributing countries provided a combined total of under 4 percent. Forty percent of countries contributed to only one or more of three funds sponsored by the Secretary-General: Peacebuilding Fund, Ebola Response MPTF and Haiti Cholera Response MPTF.
- The high value of the MPTF Office portfolio is due to contributions by fewer than a dozen donors to the Iraq Trust Fund, humanitarian funds and the Millennium Development Goals Fund (MDG Fund). The large number of donors overall is due to support to the three Secretary-General funds. Five UN organizations received 70 percent of all funding, while 20 organizations combined received less than 1 percent.

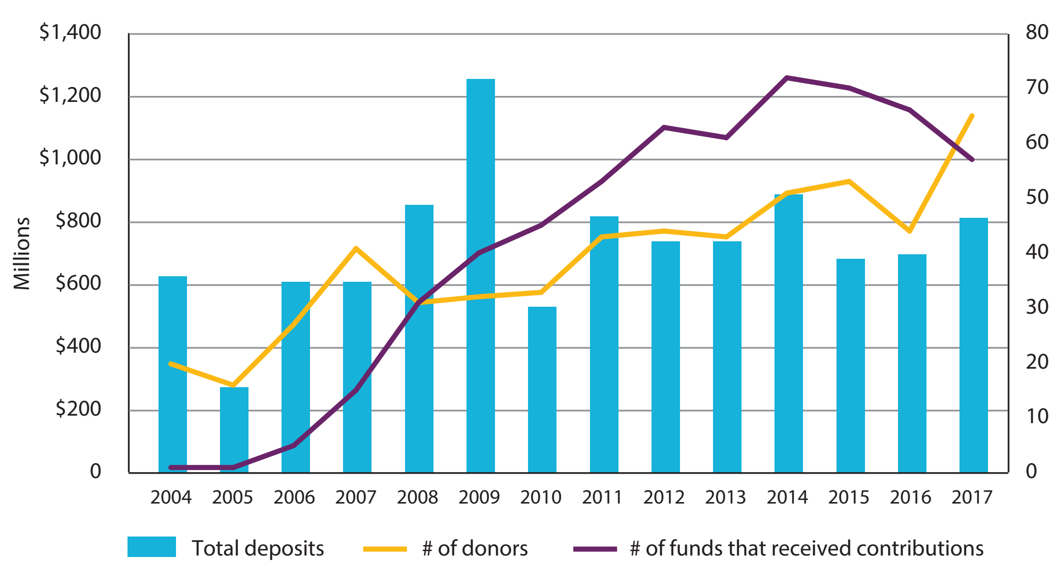
Finding 1: The total value of annual contributions to the pooled funding managed by the MPTF Office increased in the period 2010–2017 compared to the 2004–2009 period, and has been largely stable annually more recently. While the number of donors has increased over time, the annual contribution per donor has decreased.

Since its inception in 2004, the MPTF Office has received total contributions of $10.1 billion — $4.2 billion between 2004 and 2009 and $5.9 billion between 2010 and 2017. These funds have come from 98 unique donors, including 93 countries, the European Union, African Union, World Bank, United Nations and private entities/NGOs/crowd funding.[13] These monies have funded 82 MDTFs and 66 joint programmes administered by the MPTF Office.

The number of funds receiving annual contributions started with a single fund in 2004 (Iraq Trust Fund) and increased to 73 funds by 2014. Since then the number gradually declined, with 59 funds receiving contributions in 2017 (Figure 4). While the number of donors has tended to increase, their total annual contributions have varied over the years and have not increased since 2011. The average contribution per donor fell from $15.9 million in 2010 to $12.5 million in 2017.

The MPTF Office transfers funds to participating UN organizations,[14] non-UN participating organizations and governments for implementation of projects under each fund. Between 2004 and 2017, the MPTF Office transferred funds to 62 participating organizations: 20 UN Secretariat entities, 18 funds and programmes, 12 specialized agencies and 12 other entities (including the

Figure 4. Donors, funds and contribution trends of the MPTF Office (2004–2017)



13 Crowdfunding is the practice of funding a project by raising small amounts of money from a large number of people, typically via the Internet

14 For the purpose of this Evaluation's analysis, UN entities have been classified into the following categories:

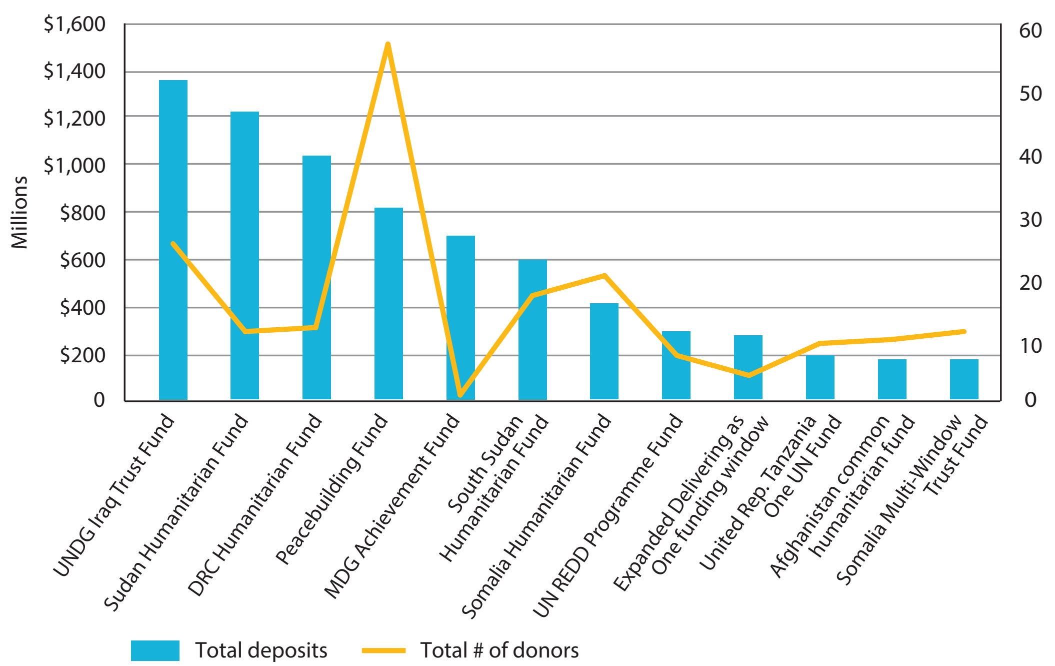
- UN funds and programmes: IOM, ITC, NGO/UNDP, UNAIDS, UNCDF, UNCTAD, UNDP, UNDP (UN Volunteers), UNEP, UNFPA, UN-HABITAT, UNHCR, UNICEF, UNOPS, UNRWA, UN-WOMEN, NGO/UN-WOMEN, WFP;
- UN specialized agencies: FAO, IAEA, IBRD, ICAO, IFAD, ILO, IMO, PAHO/WHO, UNESCO, UNIDO, UNWTO, WHO;
- UN Secretariat: ECA, ECE, ECLAC, EOSG, ESCAP, ESCWA, NGO/OCHA, OCHA, OHCHR, OSRSG/SVC, UNDESA, UNDPA, UNDPKO, UNICRI, UNITAR, UNMAS, UNMEER, UNODC, UNOLA, UNSSC.

African Union, NGOs and governments for the first time during 2010–2017). Over 110 countries received services from these 62 organizations. Of these, UN funds and programmes were involved in activities in 109 countries, specialized agencies in 100 countries and UN Secretariat entities in 53 countries. All non-UN organizations that received direct funding from the MPTF Office operated under the Peacebuilding Fund.

In 2004–2009, 46 MDTFs and joint programmes received contributions, while 146 did so during 2010–2017. The 10 largest funds by amount of contribution were the UNDG Iraq Trust Fund, Sudan Humanitarian Fund, Democratic Republic of the Congo Humanitarian Fund, Peacebuilding Fund, MDG Achievement Fund, South Sudan Humanitarian Fund, Somalia Humanitarian Fund, UN REDD[15] Programme Fund, expanded Delivering as One funding window and the United Republic of Tanzania UN One Fund. All of these funds continued to be among the largest recipients in the 2010–2017 period (except for the Iraq Trust Fund and the MDG Achievement Fund, both of which concluded early in the period). They were joined in the second half of the evaluation period by the Afghanistan Humanitarian Fund, Somalia Multi-Window Trust Fund and South Sudan Humanitarian Fund, each of which received in excess of $180 million (Figure 5).

Twenty funds received contributions from 10 or more donors over the period 2004–2017. The Peacebuilding Fund had the largest number of donors (57), which also included private sector organizations and the United Nations. The top three funds in terms of the number of donors (Peacebuilding Fund, Ebola Response MPTF and Haiti Cholera Response MPTF) were all UN Secretary-General funds. The others included five UNDG MDTFs, 6 UN Secretariat humanitarian funds and 5 UNDG UN One Funds (Figure 6).

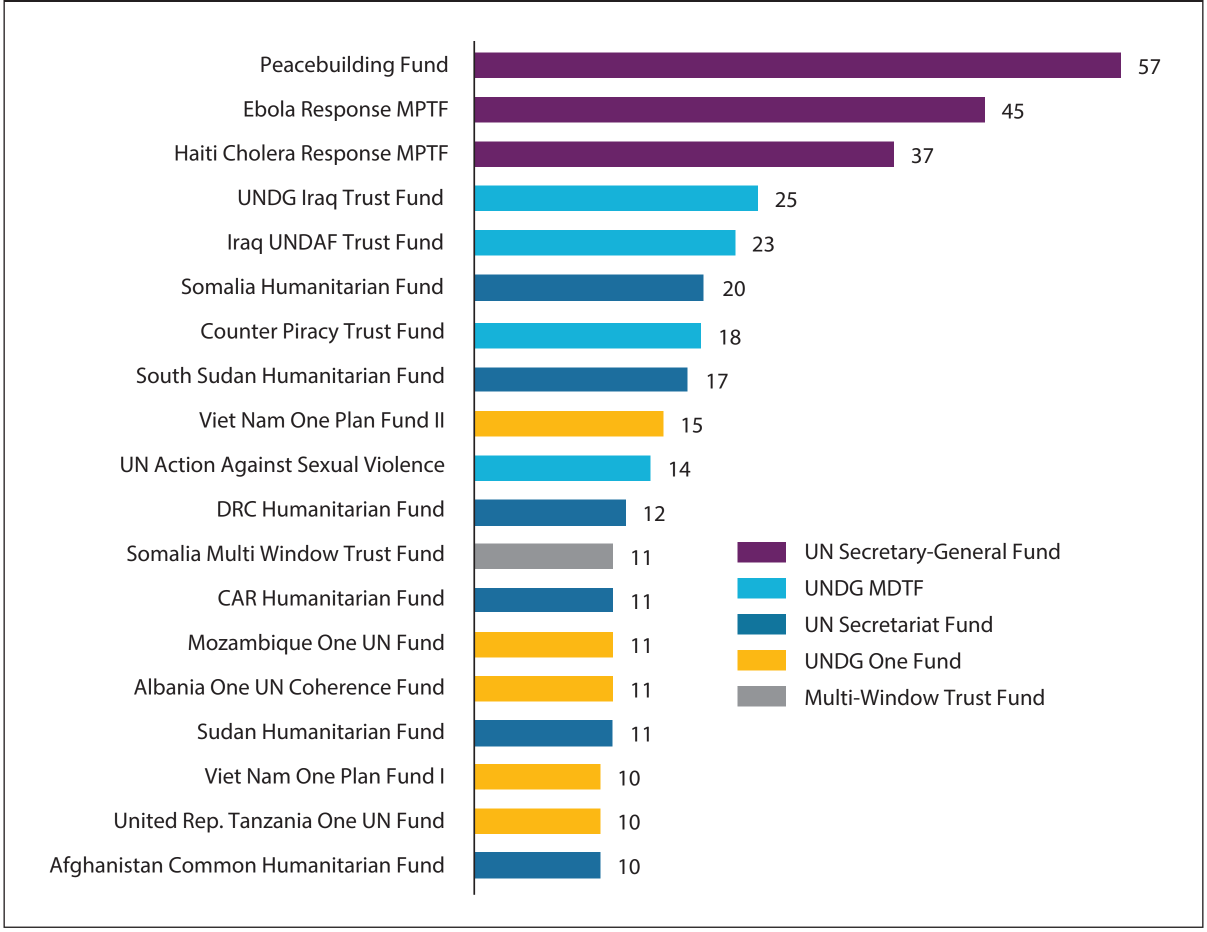
Figure 5. Largest funds by number of donors



Note: DRC = Democratic Republic of the Congo

15 The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries.

Figure 6. Funds with 10 or more donors (2004–2017)



Note: DRC = Democratic Republic of the Congo; CAR = Central African Republic

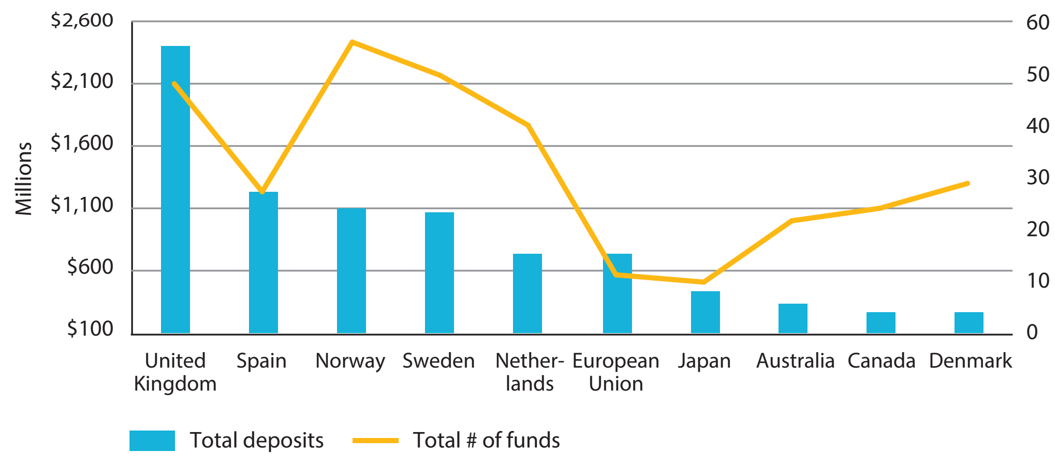
At the other extreme, 67 funds had only a single donor[16] in the 2010–2017 period (compared to 18 between 2004 and 2009), and 14 funds had only two donors. Three quarters of the single-donor funds were for joint programmes, with a total of 19 donors, of which Sweden alone contributed to 10. Five of the single donor funds had a single participating UN organization that had received transfers as of December 2017, while 27 single donor funds (40 percent) made transfers to only two or three organizations.

The total number of donors to funds managed by the MPTF Office increased from 53 in 2004–2009 to 95 in 2010–2017. Of these donors, 63 contributed to three or fewer funds, of which 38 contributed to one fund only, including 30 that contributed only to UN Secretary-General funds. Of the 98 donors, 88 contributed to the Secretary-General funds and an additional 24 contributed to a single other fund. The top 10 donors made 85 percent of total contributions. The bottom 80 donors made less than 4 percent of total contributions, while 40 percent of donor countries contributed only to the Secretary-General funds, providing 0.3 percent of total contributions.

The 10 largest donors (in descending order by amount of contribution) are United Kingdom, Spain, Norway, Sweden, Netherlands, European

16 This is often the case when the funds/joint programmes are established with one donor initially committing to the fund in anticipation that others will join the pool. If others don't join, it remains as a single donor fund.

Figure 7. Ten largest donors and their contributions (2004–2017)



Union, Japan, Australia, Canada and Denmark (Figure 7). From the first period (2004–2009) to the second (2010–2017), 45 new donors were added. A comparison of the donor contributions in the two periods revealed that 35 donors increased their contributions in the second period while 12 donors reduced theirs. Even though the European Union, Japan and Spain reduced their contributions in 2010–2017 by more than 75 percent compared with their 2004–2009 contributions, they remained among the top 10 donors overall. The number of donors per fund during 2010–2017 varied from 1 to 45. On average, the top three donors in each of these funds contributed nearly 60 percent of the total value.

Contributions were made by both member countries of the Development Assistance Committee (DAC) and non-members (Table 2). Twenty eight DAC member countries made 89 percent of the total contributions. The European Union contributed 7 percent, and the remaining 4 percent came

Table 2. Contributions by DAC and non-DAC member countries to funds managed by the MPTF Office

Category	DAC countries (including European Union)		Non-DAC countries[17]	
	Number of funds	Sum of deposits	Number of funds	Sum of deposits
UN Secretariat funds	6	3,649,013,010	2	252,500
UNDG MDTFs	36	3,251,449,330	12	12,382,907
UNDG UN One funds	16	1,032,939,071	1	215,852
UN Secretary-General funds	6	945,600,443	4	83,123,470
UNDG joint programmes	61	560,420,712	4	23,923,815
Multi-window trust funds	2	200,372,820	1	3,332,364
National funds	4	66,613,608	1	1,142,142
Total	**131**	**9,706,408,994**	**25**	**224,373,050**

17 This does not include contributions of the African Union ($2,000,000), private donors ($3,409,150), United Nations ($26,661,424) and World Bank ($167,580,000).

from 65 non-DAC countries and others. In a similar proportion, DAC countries contributed to a total of 131 funds (89 percent). Non-DAC countries contributed to 18 percent of funds and the European Union to 8 percent (11 funds) (Table 2). The European Union contributions declined considerably in 2010–2017 compared to the earlier period, while the number of funds to which they contributed increased significantly. While the DAC member countries contributed to the full range of funds, the non-DAC countries contributed primarily to the UN Secretary-General funds.

Finding 2: Over 110 countries benefited from pooled financing between 2004 and 2017. The number of UN organizations participating in the MDTFs and joint programmes increased significantly from the first period (2004–2009) to the second (2010–2017). Participation was expanded to national governments in three funds and to NGOs in the Peacebuilding Fund. UNDP received the single largest share of funding, while the top five participating UN organizations received approximately three fourths of all funding.

Between 2004 and 2017 a total of 62 entities (52 UN organizations, 7 non-UN organizations and 3 governments) received $9.8 billion from the MPTF Office. Of this, $6.7 billion was received during 2010–2017. From 2010–2017 UNDP received 39 percent of the total transfers (UNDP, 21.7 percent; NGO/UNDP, 17.2 percent; UNDP/United Nations Volunteers, 0.02 percent). The top three UN organizations (UNDP, UNICEF and FAO) together received 57 percent of the total transfers. The other large UN participants were WFP, NGO/OCHA, WHO, IOM, UNOPS and UNFPA. These top 10 UN organizations accounted for 83 percent of the total fund transfers from the MPTF Office (Figure 8).

Figure 8. **Fifteen largest participating UN organizations and the contributions they received (2004–2017, in millions)**

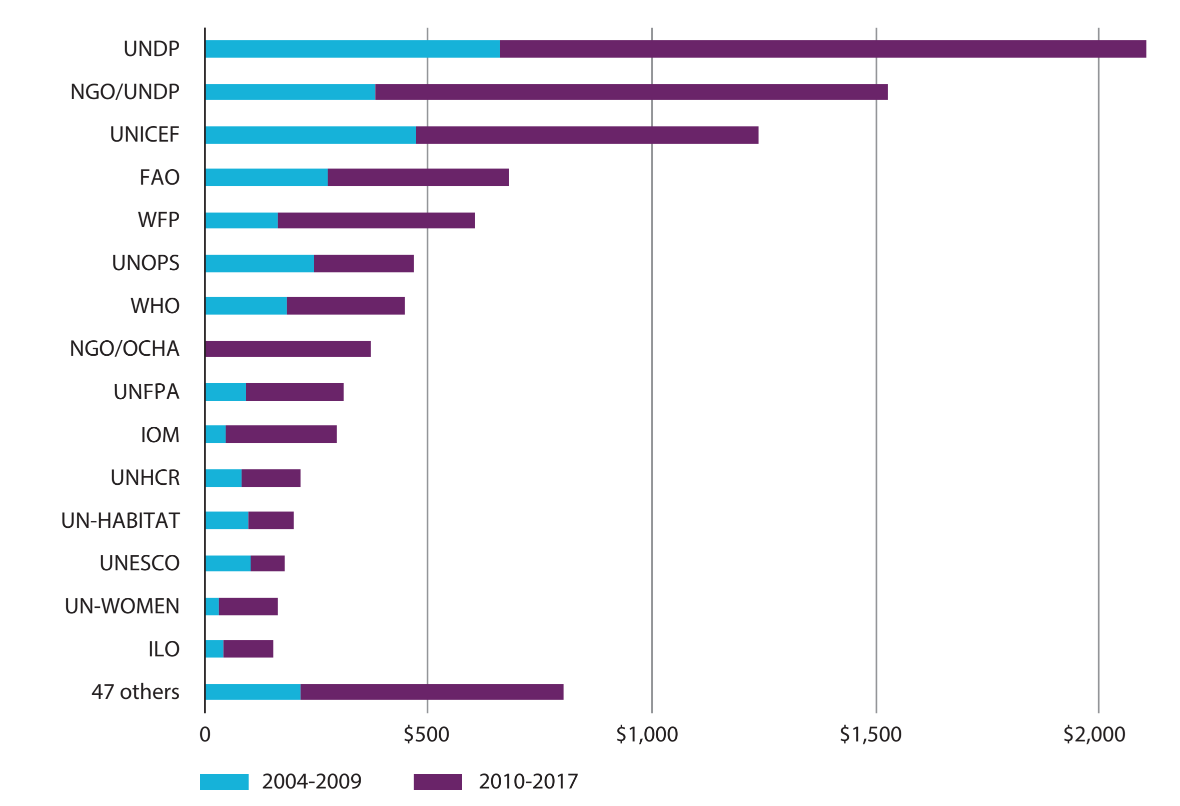
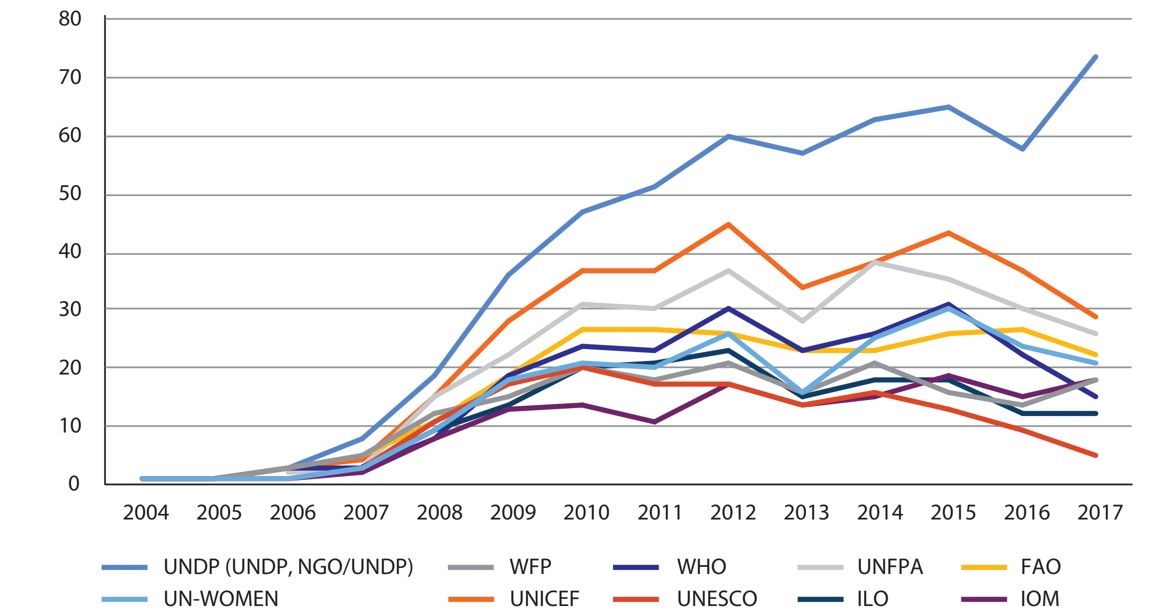


Figure 9. Number of funds for which participating UN organizations received contributions (2004–2017)



The number of funds in which each UN organization participated gradually increased from 2004 to 2010. However, among the UN entities participating in at least 10 funds in 2010, most experienced a decline in the number of funds from which they received contributions each year during 2010–2017. The exceptions were UNDP (which increased from 47 funds in 2010 to 73 funds in 2017) and IOM (which increased from 14 funds in 2010 to 18 funds in 2017) (Figure 9).

Beginning in 2016, non-UN organizations were included as a part of the pooled financing mechanism without having to go through a UN entity as a managing agent. The seven non-UN entities were ACORD, Care, Educare Liberia, Humanity & Inclusion (previously Handicap International), Interpeace, Mercy Corps and Search for Common Ground. All transfers were in 2017 and came from the Peacebuilding Fund. The total transfers amounted to $3.1 million (0.4 percent of total 2017 transfers). Also new in this period was the transfer of funds to three governments. Mali received $41.5 million, Central African Republic received $4.5 million and Somalia received $2.8 million. This amounted to 0.5 percent of total transfers between 2010 and 2017.

During 2010–2017, the Peacebuilding Fund had the largest number of entities receiving transfers (32), including for the first time non-UN organizations. Other funds with large numbers of participating UN organizations were the MDG Achievement Fund (26), Mozambique UN One Fund (20) and Rwanda UN One Fund (20) (Figure 10). In 2010–2017, 32 funds (28 MDTFs, 4 joint programmes) had 10 or more organizations receiving transfers. Thirty four funds had 5 to 9 participating UN organizations. There were 10 funds (9 MDTFs, 1 joint programme) with only 1 UN participant (UNDP in two thirds of these cases), and 22 funds (5 MDTFs, 17 joint programmes) with only 2 participating UN organizations.

Over 110 countries benefited from funding through pooled financing between 2004 and 2017. Of these, 74 received funding during 2004–

Figure 10. Funds with largest number of participating organizations (UN and non-UN)

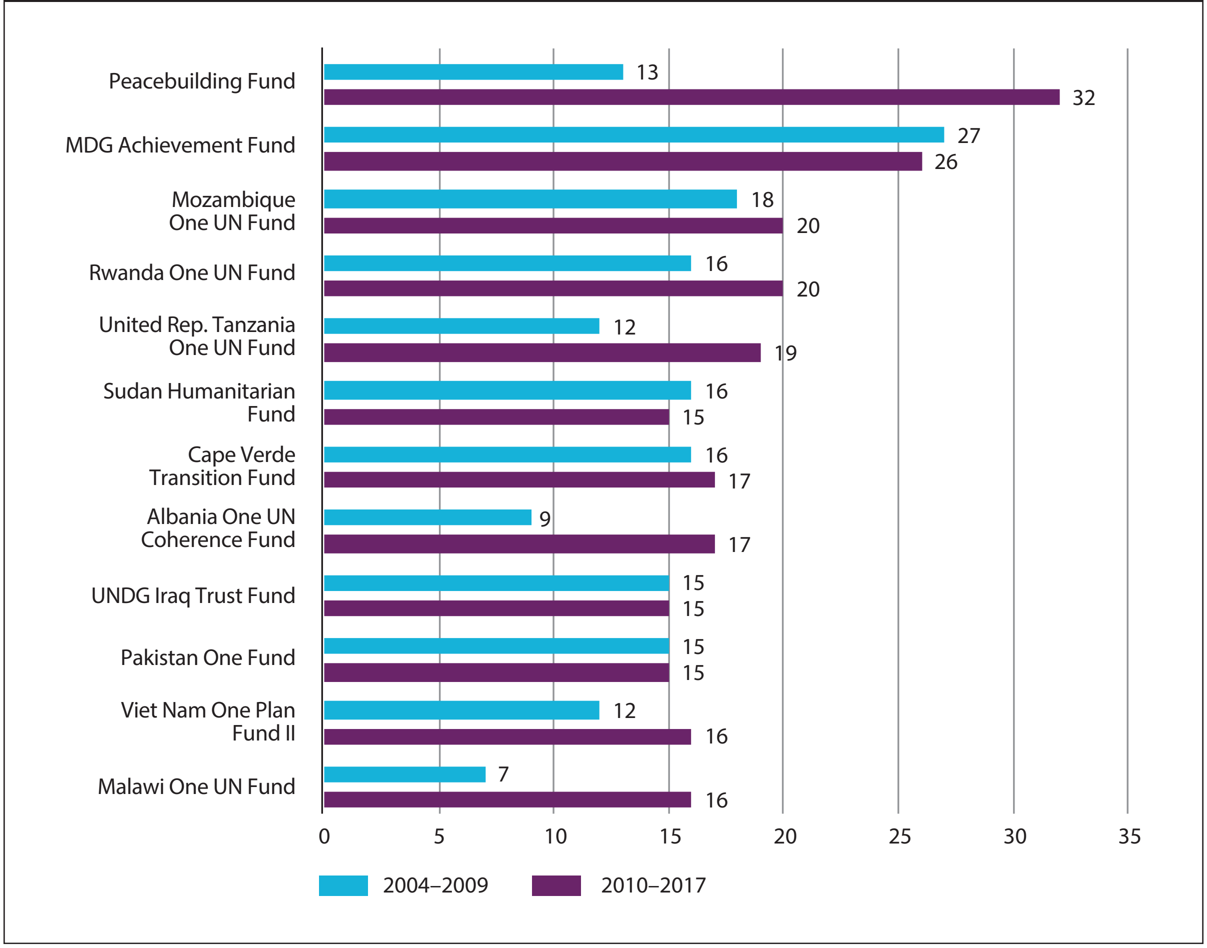
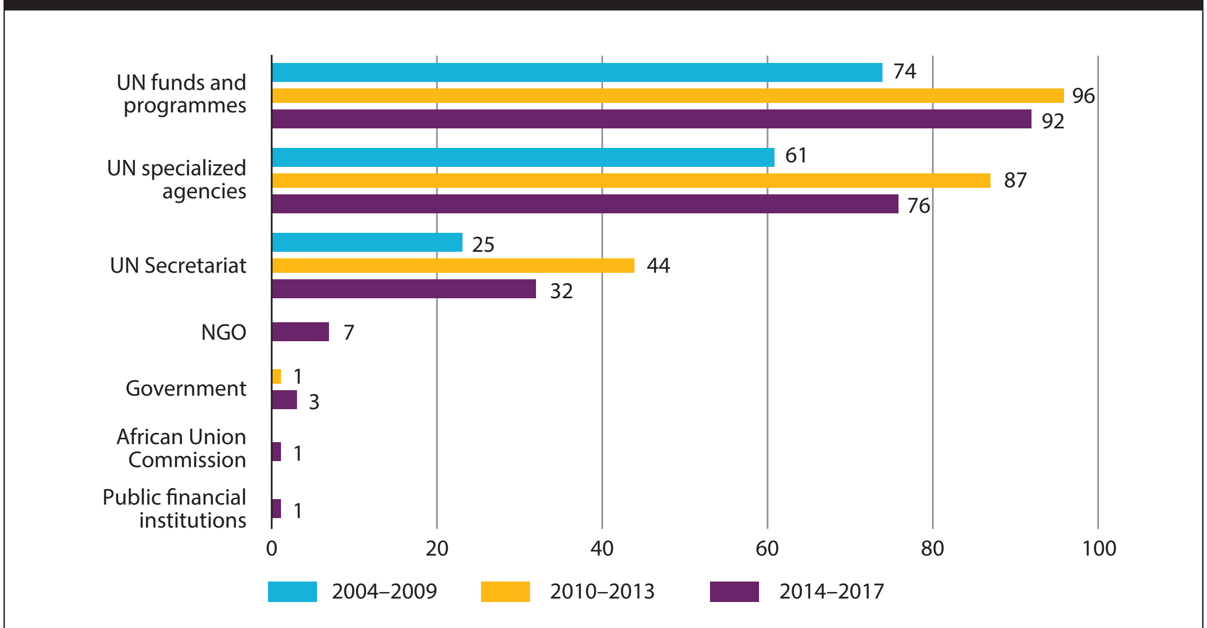


Figure 11. Number of countries for which the MPTF Office provided services (by fund categories)



2009 and 110 during 2010–2017. Transfers to Democratic Republic of the Congo, Somalia, South Sudan and Sudan constituted 45 percent of the funding in 2010–2017. The top five countries received 50 percent of the total funding, while 90 of the 110 countries received about 20 percent. Of the UN system entities, the UN funds and programmes were involved in the greatest number of countries (109), participated in the largest number of funds and accounted for three quarters of the transfers. The UN specialized agencies carried out activities in 100 countries and the UN Secretariat in 53 countries. They accounted for 17 percent and 7 percent of the transfers respectively. The number of countries with pooled financing activities increased between 2004–2009 and 2010–2017, but fell between 2014 and 2017 (Figure 11). While the share of funding received by the funds and programmes remained essentially stable, the share for specialized agencies fell and that of UN Secretariat entities grew (particularly for OCHA as managing agent).

Finding 3: There was a significant variation in donor contributions among the five fund themes (climate change, Delivering as One, development, humanitarian and transition) between 2010 and 2017. Funding increased for climate change (from \$39.7 million to \$99.8 million), development (\$65.2 million to \$80.6 million, with a peak in 2014 of over \$200 million) and transition funds (\$103.4 million to \$288.8 million). Contributions to humanitarian funds remained largely unchanged, averaging \$265 million. Delivering as One funds saw a decline over the period from \$66.9 million to \$28.8 million.

Development funds had the greatest number of donors overall between 2004 and 2017, with 77 donors, followed by transition funds, with 66 donors. In 2017, development funds had 53 donors while transition funds had 34. Both development and transition funds saw a steady rise in the number of donors over the years. Donor participation in the climate change funds was highest in 2011, with 14 donors, and has gradually fallen, by 50 percent in 2017. Donor involvement in humanitarian funds has changed little since 2011. The Delivering as One funds also experienced a decline in donor participation in 2017 (Figure 12).

Figure 12. Number of donors by fund themes (2004–2017)

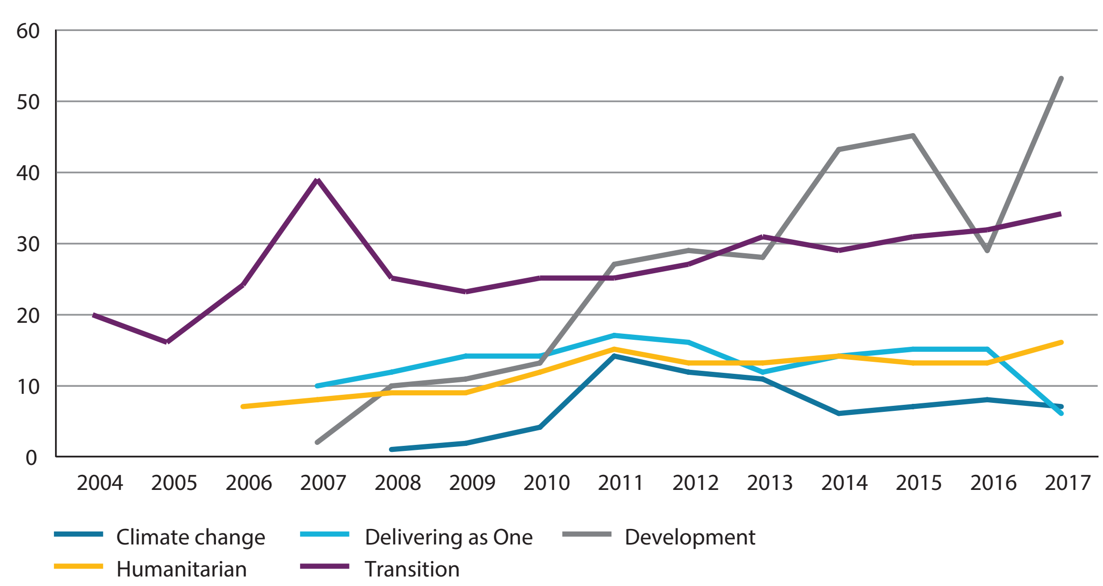
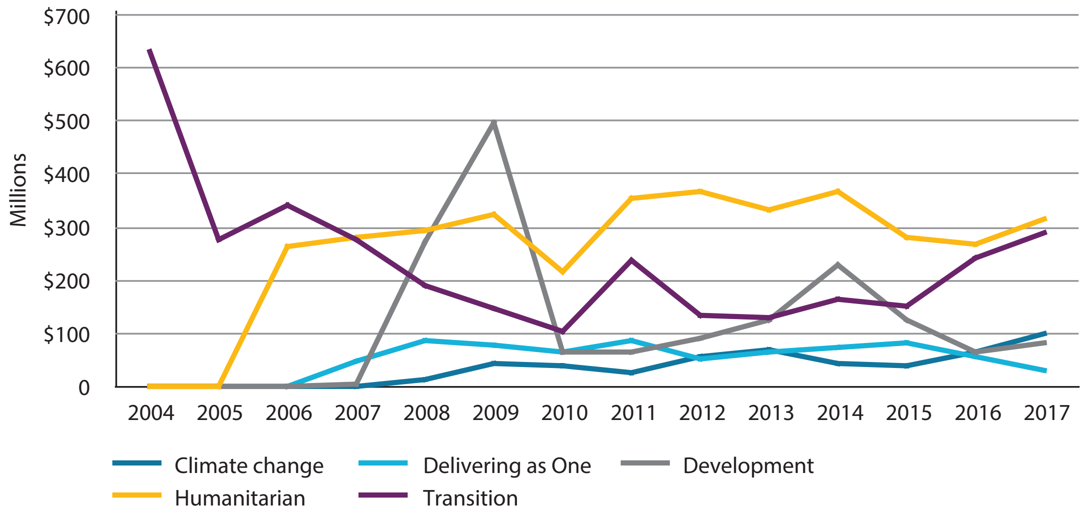


Figure 13. Trends in donor contributions by fund themes (2004–2017) (in millions of US dollars)



During 2010–2017, 15 donors contributed to funds in all five thematic areas. Most donors (42) contributed to only one theme. These contributions were mostly to development funds, particularly those of the UN Secretariat, followed by transition funds, particularly the Peacebuilding Fund. During 2004–2009, most donors who contributed to only one fund theme supported the transition funds (Iraq Trust Fund and Peacebuilding Fund).

Donors who contributed in the first period generally increased the number of funds to which they contributed in the second period. Of the 28 contributing DAC countries, 25 increased the number of funds to which they contributed. Of the 70 non-DAC entities (European Union, African Union, World Bank, United Nations and private entities), 59 increased the number of funds to which they contributed in the second period.

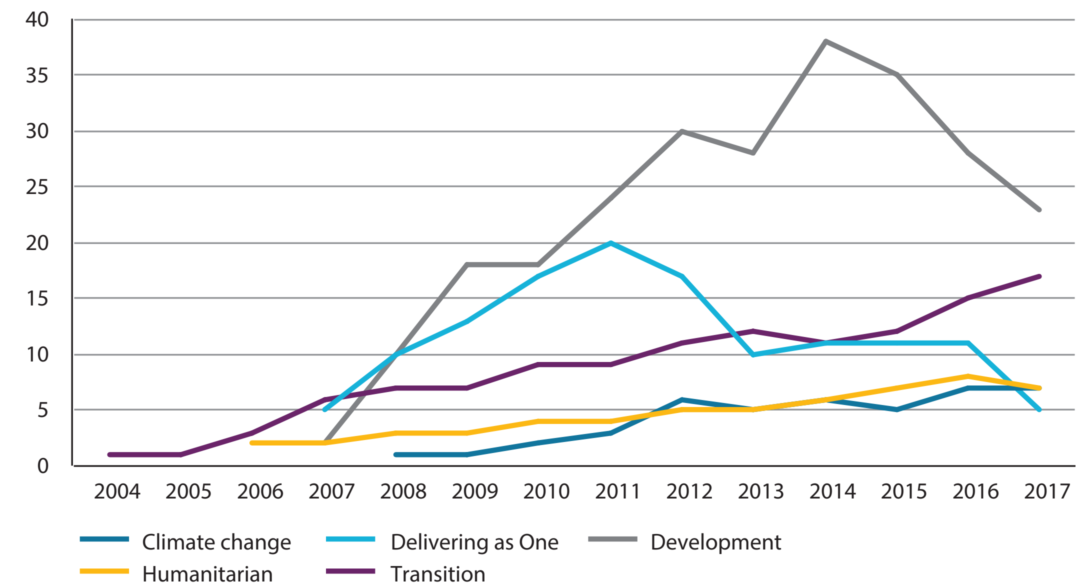
The largest contributions overall in the 2004–2017 period were to the humanitarian funds ($3.66 billion). Of this, $2.28 billion was contributed during 2010–2017. Although the number of donors contributing to development funds has increased over time (as seen from the previous section), the contribution amounts remain low, compared to the 2010–2011 time period (Figure 13).

The development funds category had the highest number of funds, with 69. The number of funds grew during the first half of the 2010–2017 period, peaking in 2014 at 38 funds receiving new contributions. These numbers declined during the second half of the period, and the number of development funds receiving contributions fell to 23 in 2017. The number of transition funds receiving contributions has steadily grown from 2004 to 2017, and it is now the second largest thematic area. The number of Delivering as One funds has declined to five, while the number of climate change and humanitarian funds has gradually increased in the second part of the evaluation period (2014–2017) (Figure 14).

Finding 4: UN Secretariat funds (particularly humanitarian funds) and UNDG Multi-Donor Trust Funds attract more funding, while Secretary-General funds attract more donors, primarily with small contributions.

Among the seven categories of pooled funds, the largest contributions were to the UN Secretariat funds. In particular, the humanitarian funds received $3.7 billion, or 36 percent, followed closely by UNDG MDTFs, at $3.6 billion, or 35 percent. While 89 percent of donors contributed to UN Secretary-General funds, the contribu-

Figure 14. Number of funds receiving donor contributions by fund theme



tions constituted only 10 percent ($1 billion) of the total. Almost half of donors (48) contributed to only one category, mostly the UN Secretary-General's funds (Figure 15). Twenty four donors contributed to two categories. Four countries — Denmark, Netherlands, Norway and Sweden — contributed to all seven categories.

Figure 15. Amount of contributions and number of donors by fund category (2004–2017) (contributions in millions of US dollars)

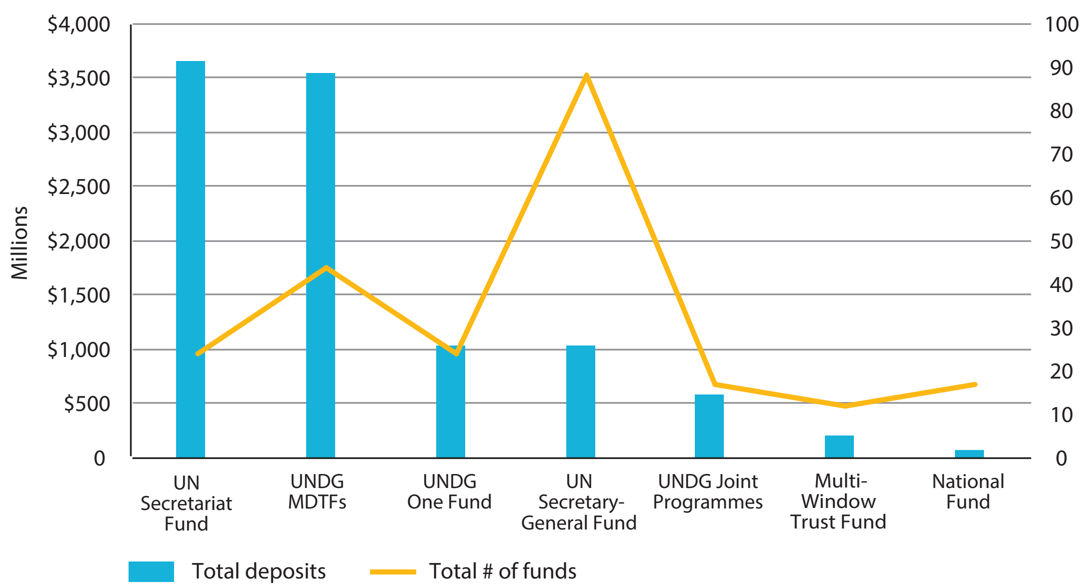
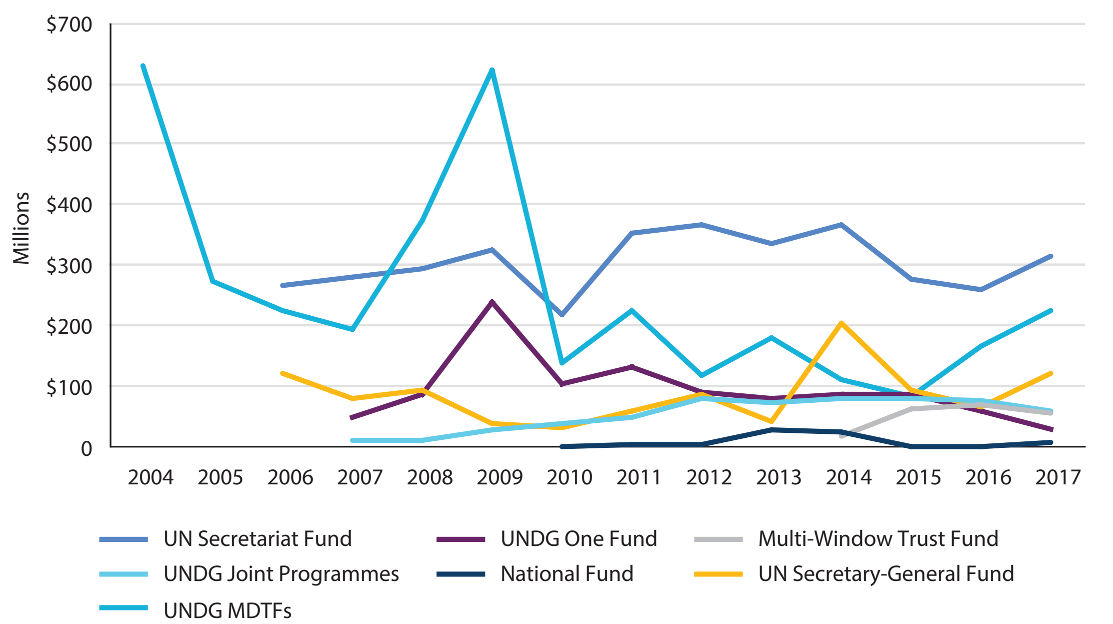


Figure 16. Annual contributions by fund categories (2004–2017)



A year-on-year analysis of the contributions to the pooled fund categories shows a peak in the UNDG MDTFs in 2004 (due to the $628 million deposit in the Iraq Trust Fund) and in 2009 (due to $453 million in contributions to the MDG Achievement Fund). The peak for the UN Secretary-General funds in 2014 corresponds to the $125 million Ebola Response MPTF (Figure 16). Delivering as One funds experienced a significant reduction in both number of donors and amount of contributions received beginning in 2009.

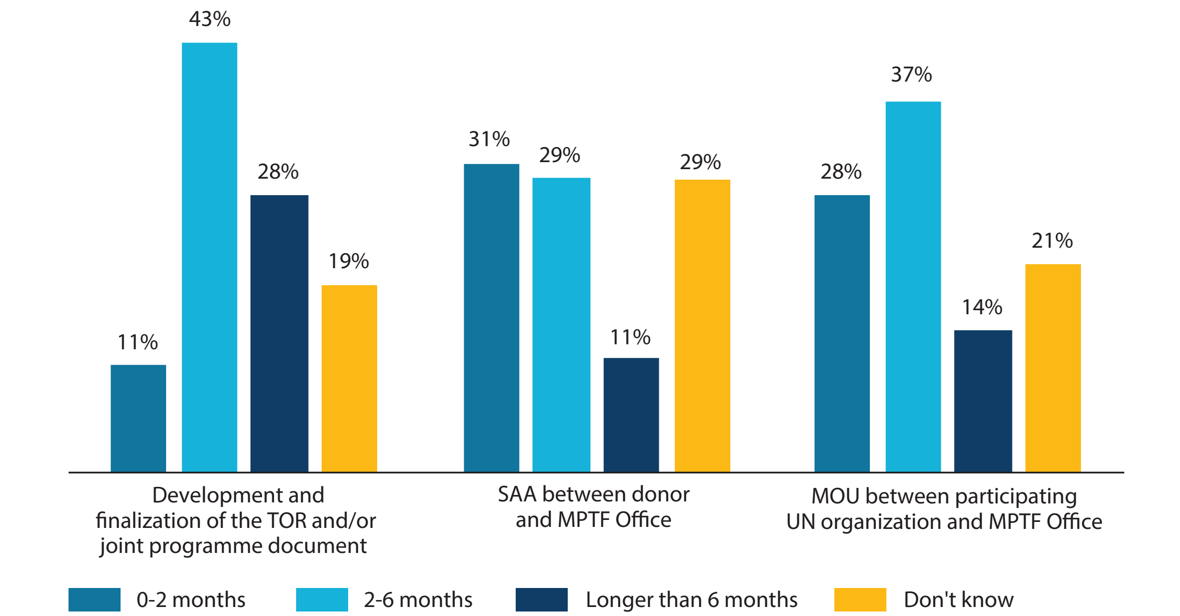
3.2 EFFECTIVENESS AND EFFICIENCY OF INTER-AGENCY POOLED FINANCING MECHANISM

Finding 5: The pooled financing mechanism administered by the MPTF Office is highly regarded by donors and agencies alike. The Office and its staff are praised for their client-focused professionalism and support to the design of new funds. Donors and agencies recognize the value of the work done by the MPTF Office to standardize various agreements used for pooled financing, as well as the Office's provision of standard financial reports acceptable to donors. Respondents stated that the Office sets the standard for administrative agent service of all agencies.

FUND ESTABLISHMENT

Multi-donor trust funds are a UNDG instrument. UNDG has issued guidance, standard legal documents and processes that UNDG members have agreed to apply in all relevant cases established by the UNDG; these also serve as reference for funds that are not under UNDG oversight that choose to utilize the same documents. First approved in 2008, this guidance was updated in 2015. The revised guidelines and standard legal documents, in effect at the time of the evaluation, reflect a shift in focus from partnership with donors ('good donorship' through pooling contributions) towards partnership with UN organizations ('UN coherence') and other partners. This is consistent with the change of name from multi-donor trust funds to multi-partner trust funds.

Figure 17. Amount of time taken to negotiate and agree on/sign agreements



Source: IEO client survey, 2018

Partnerships under some pooled funds have also since expanded to include national governments and NGOs. While the updated policy guidance and standard documents maintain the key elements of the earlier ones, they clarify certain aspects regarding (a) the roles and procedures of the various participants in the MDTF structure; (b) fraud, corruption and unethical behaviour; (c) risk management as a task of the steering committee; and (d) a new focus on development effectiveness, including the need for clear fund focus articulated in a theory of change and a related results framework for each fund.

The process of fund establishment is clearly laid out in the UNDG guidelines, with standard UN organization and donor agreements (MOU and SAA, respectively). Support is available from the MPTF Office, or in principle from any other candidate administrative agent for the fund. While each participating organization manages the funds according to its own regulations, rules and processes, any variation from the standard arrangements must be reviewed and approved by the Fiduciary Management Oversight Group, comprised of the principal agencies that most often make use of the MDTF mechanism. Although some funds take longer to establish, and some funds never achieved the level of capitalization (contributions) that had been planned, there were no complaints regarding the timeliness of establishment of funds (Figure 17).

FUND ESTABLISHMENT – RESULTS FOCUS

Finding 6: With notable exceptions (MDG Fund, Peacebuilding Fund), earlier funds often lacked a clearly articulated theory of change and results framework, which has greatly weakened results reporting. UNDG 2015 guidance highlights the importance of these for each fund. Donors and agencies recognize that the lack of an appropriate results framework at the time of establishment of each fund weakens the attractiveness to donors as well as the agency's ability to manage and report on results. While the administrative agent can be called upon to support the development of the logical framework, no party is responsible for ensuring that the theory of change or results framework are of

acceptable standards.[18] If this is not done when the fund is established, fund quality and results reporting will be weaker.

The 2015 UNDG guidance highlights the importance of designing MDTFs to achieve results. It calls on the administrative agent to "support 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". While participating UN organizations and donors alike agree that good results reporting is based on good results frameworks, there is no quality assurance of this aspect of fund design at the project level, which is the responsibility of the fund secretariat. A random review of 15 project documents approved between 2016 and 2017 shows that while most of the recent documents include a results framework and a theory of change, their quality, depth and detail are generally average, with much scope for improvement. The Peacebuilding Support Office and OCHA have created standard project templates (with a results framework) that force project proponents to more carefully consider results while developing proposals.

The 2015 UNDG guidance indicates that the process of establishing a country-level fund should be led by the UN country team, the concept note should be posted on the resident coordinator's website, and draft MDTF terms of reference should be circulated to all country team members, with time to comment. The 2015 guidance introduces the theory of change as a component of a well-designed MDTF; furthermore, it indicates that the theory of change should be included in the concept note, which should also consider financial viability (donor interest). It notes that "the fund results framework is often an annex to the TOR" and that each fund allocation should have a clear link to expected results at the output (project) and outcome (fund) levels.

Some donors state that the quality of fund design is inconsistent, particularly with regard to the clarity of the fund's purpose and the results framework. Several donors expressed their frustration with the lack of consistency in application of UNDG guidelines, particularly with regard to clear focus of the fund and the results framework. Some interviewees suggested that the MPTF Office should develop standard operating procedures to increase the coherence, transparency and impartiality of the fund design and allocation process.

Donors recognize that improving the quality of results frameworks requires more guidance at the stage of development of the fund terms of reference (TORs). Donors sometimes send back TORs for review when they are of insufficient quality, but that can be complicated if they have already been approved. Some donors would welcome the opportunity to engage with the likely fund participants on final review of the results framework prior to formal approval. While agencies are appropriately protective of their responsibility in designing fund TORs, the general sense among donor and agency respondents is that the best funds are those with a clear focus and theory of change supported by a clear and realistic results framework. All respondents emphasized the need for greater attention to this during the design of funds and TORs. Some suggested it could be beneficial to allow a period of time for donor comments on the near-final draft of the TORs, prior to their formal approval and signature of MOUs. The MPTF Office has accumulated considerable experience and lessons learned that can help partners prepare a clearer design of their fund. However, agency respondents do not necessarily agree that the MPTF Office has

18 The administrative agent, which could be any UN organization, does not have formal responsibility regarding quality of pooled fund design or management. Although it has expanded the role, the MPTF Office has no more authority in this regard than any other UN organization. It can identify best practices and provide guidance, but it cannot insist that such guidance is incorporated in fund design or management. However, if the final fund design is not of the required minimum quality, as documented through the MPTF Office's internal quality review process, the MPTF Office can decide not to take on the administrative agent role.

the right to insist on review of quality of design. UNDG should clarify whether the administrative agent should ensure quality of fund design.

FUND ESTABLISHMENT – ADMINISTRATIVE AGENTS

Finding 7: UNDG guidelines accept that any agency may be the administrative agent of MDTF and joint programme funds. Usually when an agency other than the MPTF Office serves as administrative agent, it is because the agency is the lead organization for a joint programme and thus a logical choice for playing this role. Most agencies do not have the same level of capability as the MPTF Office, and they typically provide administrative services through non-dedicated finance department units. This often results in non-uniform reporting, a lower level of support and less transparency. Agencies and donors consistently affirmed that the MPTF Office sets the standard for administrative agent service and is able to support development of funds better than any other entity. These capabilities are especially important for MDTFs, since joint programmes can often rely on the design support of the lead entity.

Currently all agencies are allowed to serve as administrative agent if they wish to do so. However, donors and agencies highlighted the fact that this increases complexity, given that unequal capacity results in varied efficiency and transparency of services. Nonetheless, donors reported that the finance departments of most agencies provide an acceptable quality of financial reporting. Since most do not have the full range of reporting or technical support capabilities of the MPTF Office, donors acknowledge such capabilities to be welcome extras, rather than requirements for donor financing.

Discussions underscored the fact that most agencies only take on the administrative role for joint programmes that fit their mandate and for which they are the lead agency in implementation. One agency that is administrative agent for over two dozen funds explained that it considers serving in the administrative role in cases when (a) there is a strong UNDAF agreement that identifies the agency as lead agency; or (b) there is an explicit donor preference for the agency to manage the funds; and (c) the agency has the capacity to carry out the function (in country and at headquarters). After the MPTF Office, UNICEF, OCHA and UNFPA have the largest development fund portfolios as administrative agent in the UNDG. While OCHA is administrative agent for 13 funds, the combined value of its deposits is larger than that of the MPTF Office with 83 funds (Table 3).

Table 3. Administrative agents, total deposits and number of funds administered

Administrative agent	Deposits (2014–2017)*	Deposits (2015–2016)	Number of funds as administrative agent (2015–2016 data)
OCHA	3,709,822,236	1,579,241,607	13
MPTF Office	3,096,804,150	1,387,831,977	83
UNFPA	318,034,629	79,170,010	11
UNICEF	297,128,062	138,997,280	21
UN-Women	21,889,248	8,359,272	4
ILO	17,725,180	8,543,936	3
WFP	15,058,333	6,369,162	7
UNOPS	15,839,869	7,714,109	1

* 2017 figures are estimates as of 1 April 2018.

Source: MPTF Office, 2018

While the MPTF Office is recognized as the repository of lessons learned regarding MDTFs in particular, it does not have a formal role in assuring that guidelines and lessons are applied. Some donors suggested that UNDG should mandate that administrative agents have quality assurance responsibilities at both the design and implementation stages. The agent could be required to sign off on quality of the results framework as part of acceptance of the administrative agent role, and to report on whether the steering committee and other fund governance operate as per the guidelines. These donors suggested that the MPTF Office should ensure that lessons learned are applied, including on design of funds.

The 2015 UNDG guidance introduced the offer of administrative agent support to ensure good design of MDTFs, stating that the agent "may be requested" to support the design stage, including "informing stakeholders of applicable UNDG policies and guidance relevant to the design of the fund/programme", including regarding "fund operations", "internal coordination and risk management", "fund allocation and transfer (including thresholds)", "fund monitoring, evaluation and reporting" and "extending … and closing" funds. There were differing views among respondents about the role of the MPTF Office in the design stage; while some argued for a much stronger role, others felt it was intervening more than appropriate at the fund design stage.

While any agency may administer pooled funds that come directly to it from donors, there is value to the system to have one organization that provides high-quality administrative services; is attentive to issues and opportunities to develop the role and mechanism; and concerns itself with quality assurance of the tools. Donors and agencies recognize that the MPTF Office has played this role over the past decade and a half.

FUND ESTABLISHMENT – THRESHOLDS

Finding 8: The establishment of a minimum financial threshold for acceptance of new MDTFs and joint programmes may have resulted in some cost savings to the MPTF Office and a reduction in the acceptance of new joint programmes. Agencies report that the thresholds have left them without a good alternative for administering smaller funds, resulting in higher support costs and use of standard agreements not designed to support joint programming.

In 2014 the UNDG established thresholds for annual contributions for new joint programmes ($1 million per participating UN organization) and MDTFs ($2 million for simple and $5 million for more complex MDTFs[19]). These were meant to guide agencies toward minimum values that would be more cost effective and to ensure that the correct UN instrument is being used, given the risk profile of each instrument. This includes the programmatic and financial risks associated with small joint programmes and MDTFs for the different stakeholders. Several agency respondents stated that when funds are below the UNDG threshold, the MPTF Office normally rejects them, leaving one of the member agencies to take on the financial administration role while relying on staff with more narrow experience. Sometimes they are forced to resort to alternative inter-agency arrangements with higher support costs, like a UNDG UN-to-UN agreement. However, this type of agreement was not intended for joint programmatic work, and it increases support costs.

According to some agency interviewees, the MPTF Office should be willing to provide administrative agent service in all cases, and agencies should accept that there might be additional administrative cost in some cases. The MPTF Office could handle the administrative role for all funds, as long as the funds meet min-

19 Simple MDTFs are those with one project per participating UN organization, while more complex MDTFs are those with more than one project per organization.

imum standards for design and confirmed donor interest. The Office's role should be to make standards known and to accept the administrative role when a fund meets the minimum design standards. When funds are below the current threshold, there should be an alternative mechanism for direct charge of costs, or a minimum fee. This would become even more relevant if the MPTF Office were to be recognized as the preferred administrative agent services provider of the UN development system.

STEERING COMMITTEE INCLUSION OF DONORS

Finding 9: The UNDG 2015 guidance does not set out clear best practice to include donors as members of the steering committee for all global funds and Delivering as One funds, instead leaving each fund to make its own determination. While most global or country funds include donors on the steering committee, sometimes the donors have to ask to be included, which frustrates them. The UNDG needs to revisit the guidance and make it explicit.

Donors generally are considered primarily as funders, and not necessarily as full partners and steering committee members. The UNDG 2015 guidance indicates only that "donors may also be included; decision on the inclusion of donors will be taken at the country level". Donors argue that best practice would be to include donors from the beginning.

According to comments by donors and UN agency headquarters interviewees, there is general agreement that donors should be included on the steering committee of all global funds and the country-level steering committees of major funds (including at a strategic level to guide many country funds), but that donors are not always present on fund steering committees unless they request it. Most donors expressed their frustration with the process and questioned why donor presence cannot be institutionalized.

NGO PARTICIPATION, MANAGING AGENT AND PROGRAMMATIC ACCOUNTABILITY

Finding 10: UNDG guidelines stipulating that "Each participating organization assumes full financial and programmatic accountability for the funds disbursed to it by the administrative agent and for the implementation of the project" do not apply in situations where the steering committee selects an NGO and its project and then allocates funds to a UN agency as managing agent to contract the NGO.

UN development agencies for years have contracted NGOs as implementing partners for their programmes; however, NGO projects were not funded outside the context of an agency programme. This was called strongly into question during implementation of the Iraq Trust Fund (beginning in 2004) when security concerns imposed on UN agencies limited both staff access and normal agency design of programmes, resulting in heavy UN reliance on international and national NGOs. Donors leading the humanitarian reform process in 2005 shifted significant levels of funding to the UN, with the expectation that NGOs they had traditionally supported would be eligible to directly receive some of the funds that had been shifted and channeled through the UN. Due to a variety of concerns, particularly linked to the nature of UN agency internal control processes and intergovernmental oversight, UN agencies decided that 'direct access' meant that NGOs could apply in their own name (rather than as part of a UN agency programme), but that the funding would be disbursed to them by a UN agency taking on this extra role.

The managing agent role was created de facto in 2006 to enable NGOs to access funding for their own projects under the first humanitarian funds established that year in Democratic Republic of the Congo and Sudan. UNDP was the managing agent in the first humanitarian funds (renamed by OCHA as country-based pooled funds, or CBPFs). Unfortunately, it took several years for UNDP to successfully adapt its existing NGO implementation approach and instruments, which were designed for use within a UNDP programme framework. By 2010, UNDP's working relationship with NGOs at the country level was well established, but OCHA still often criticized UNDP for its apparent lack of understanding and efforts to impose development processes in a humanitarian context. Since 2010 issues with the managing agent function have been identified in various audits[20] and evaluations,[21] but UNDP has been slow to respond.

The 'management agent' was first referred to in UNDG policy documents only in 2015 in the generic TORs for MDTFs. These indicated that civil society partners would have access to the MDTF through the participating UN organizations, "with one of the UN agencies appointed as the management agent with programmatic and financial accountability for funding channeled to NGOs, … in which case the managing agent will utilize their standard NGO cooperation modalities". This is fine for the majority of UN entities, which are funded to carry out projects that are part of their broader programme, including through implementing partners. It does not fit those situations in which the humanitarian coordinator or steering committee selects an NGO and its own project and then requests a UN organization to act as managing agent to contract with that NGO on behalf of the fund authority so the NGO may carry out its project.

Since the beginning UNDP has argued that it is unrealistic for it to assume such responsibility since the NGO partners did not operate within the framework of a UNDP programme, nor had UNDP selected the NGO partners or projects. In such cases the managing agent is only acting as provider of contract administrative services; it is not acting within the framework of its own programme; and the NGO and the steering committee are programmatically accountable, not the intermediary UN entity. As a result, the managing agent cannot exercise "programmatic accountability". This is a problem for UNDP when it is a managing agent.

While UNDP's standard procedures have been an impediment to its role as a managing agent in humanitarian funds, UNDP has taken on the managing agent role in several transition funds (in Colombia, the Darfur region of Sudan, Democratic Republic of the Congo and South Sudan). In two of these countries (Democratic Republic of the Congo and Sudan), UNDP had an already established managing agent unit for the humanitarian funds, but a separate unit was created for transition funds. UN-Women serves as managing agent for the Women's Peace and Humanitarian Fund in the countries where the fund operates. The option of having a managing agent could be valuable for funds other than CBPFs. It requires revision of UNDG standard policy to exclude the managing agent role from programmatic responsibility.

COUNTRY-BASED POOLED FUNDS AND THE MANAGING AGENT FUNCTION

Finding 11: UNDP has been slow in adapting its procedures to provide the managing agent services (NGO access for NGO projects) under CBPFs, which are under the overall authority of the humanitarian coordinator, supported by OCHA. This has been the cause of tensions between UNDP and OCHA. UNDP's delay in full implementation of these procedures undercuts the argument for its comparative advantage in provision of such services.

UNDP has been providing managing agent services (NGO access for NGO projects) under four humanitarian funds established between 2006 and 2011. As of 2017, there are six humanitarian funds in the MPTF Office portfolio, with the managing agent function fulfilled by UNDP or OCHA. UNDP is managing agent for four of them (Democratic Republic of the Congo, 2006; Sudan, 2006; Central African Republic, 2008;

20 UNDP Office of Audit and Investigations, 'Audit of the Sudan Common Humanitarian Fund', 2010.

21 Downs, Charles, 'Lessons Learned Review of the UNDP Sudan Fund Management Unit', 2010.

and South Sudan, 2011) and OCHA serves that role for two (Somalia, 2010 and Afghanistan, 2014). Together the six common humanitarian funds account for over one third of all funding passed through the MPTF Office, and NGOs receive 20 percent of all MPTF Office funding disbursed through the managing agents. In all six cases, OCHA supports the humanitarian coordinator and the steering committee in designing the strategy, allocating funds and managing response, with a humanitarian fund unit financed as a direct cost to the respective fund.

The managing agent role is very important to UNDP in the four countries where it serves that role, both in terms of the size of the portfolio (providing one third to over one half of annual UNDP delivery) and the interaction it provides with NGOs. Discussions and past evaluations revealed that it has been difficult to get sustained attention from UNDP HQ management to support the managing agent role in a way that would enable it to work well. While country-level working relationships reportedly were generally quite good, the HQ relationship between UNDP and OCHA regarding management of the common humanitarian funds reached a low in 2013/2014. In January 2015 OCHA issued guidelines on country-based pooled funds (CBPFs), the culmination of a significant effort over several years to improve and standardize management and reporting on the CBPFs. The guidelines removed the reference to the managing agent's programmatic responsibility, while the MOU/SAA of the common humanitarian funds/CBPFs remained unchanged. The inconsistency between the legal framework and OCHA's policy framework should be addressed through UNDG policy.

Although UNDP has agreed in principle with the guidelines in the OCHA CBPF operational handbook (embodied in UNDP's December 2016 guidelines), it has been slow to implement them. UNDP required nearly two years to issue its own mirror guidelines for the managing agent function in December 2016, and nearly another year and a half passed before roll-out of the corresponding NGO contract instruments (revised responsible party agreement, released in April 2018). The revised agreement rolled out during this evaluation largely responds to these requirements, if it is implemented as presented and promptly.

LEGAL DOCUMENTATION IN CONTEXT OF HUMANITARIAN POOLED FUNDS

Finding 12: Differences between the legal instruments and contracts for humanitarian pooled funds issued by the MPTF Office and OCHA create complexity and raise transaction costs for donors contributing to humanitarian funds.

Following revision of the 2015 UNDG legal agreements (MOU and SAA), OCHA and the MPTF Office jointly reviewed the MOU and SAA for humanitarian funds. For these revised agreements, OCHA requested replacement of annex A (the former TORs for the humanitarian funds) by the CBPF operational manual for each country, in line with the OCHA revised procedures and templates. The purpose of the manual is to describe governance arrangements, objectives, allocation modalities and accountability mechanisms, and to detail the roles and responsibilities of the stakeholders. Since the country operational manual is not a strategic document, some stakeholders/donors have suggested that it would be more appropriate to include the manual as a supplement to rather than replacement of the fund TORs. Furthermore, the current standard document refers specifically to OCHA as managing agent, though there are at least two possible managing agents (OCHA and UNDP).

The humanitarian departments of major donors (who also provide development assistance) complain about the different contribution agreements for funds administered by OCHA and the MPTF Office and the extra work and uncertainty these create. While they question the differences in the legal instruments, they would like to see them standardized, or at least to have a clear explanation of the differences between them, noting that multiple instruments result in higher transaction costs for donors.

DIRECT PARTICIPATION OF NGOS AS NON-UN PARTICIPATING ORGANIZATIONS

Finding 13: Working with the Peacebuilding Fund since 2016, the MPTF Office has managed a pilot for direct transfer of funds to NGOs as non-UN participating organizations. This provides a third option for NGOs and civil society organizations to access UNDG pooled financing resources (in addition to serving as implementing partner for a UN agency or contracting to serve as managing agent of the NGO's own project). The pilot has demonstrated promising results for the Peacebuilding Fund, but delays in standardizing the MOU have impeded its full roll-out for wider use.

Direct access by NGOs to UN pooled funds has been an issue since the early days of humanitarian reform (involving the common humanitarian funds in Democratic Republic of the Congo and Sudan) and before that with the UNDG Iraq Trust Fund. This issue has been given a further push with the 'localization' thrust of the 'grand bargain' agreed at the 2016 World Humanitarian Summit, which was intended to reduce the organizational distance between the initial donor and the final recipient of assistance.[22] Several donors interviewed for this evaluation confirmed their commitment to localization, despite realizing this may bring higher risks. They said they are willing to accept such risks with appropriate due diligence.

Under a procedure piloted since 2016 with the Peacebuilding Fund, the NGO receives funds directly from the administrative agent, designated as a non-UN participating organization. This takes place based on steering committee allocation of funds and due diligence by the administrative agent and the secretariat of the fund regarding the NGO's financial management capability and issues such as in-country legal registration or tax exemption status. This is the most direct access, although the extent of localization depends on the nature of the NGO and its relationship to in-country implementation. This option removes at least one layer in the chain between donor and beneficiaries.

This mechanism seeks to establish an exclusive legal donor-NGO relationship, with transfer of risk to the non-UN participating organization (in lieu of a UN entity), based on an assessment by the administrative agent of the residual financial and reputational risk. The relevant documents to support this modality (including revised SAA and MOU) are developing with use and are not yet supported in UNDG guidance. There are a few issues with the approach, which among others include:

- Documents are based on UNDP policy and legal interpretation and are not generic
- The approach does not necessarily fit well in some instances, especially for humanitarian emergency or crisis countries — such as the requirement for programme country government endorsements of project proposals, progress reports and payments.

One donor indicated that it could not accept direct channeling of funds to NGOs by the administrative agent, since national law mandates that its funds can only go to entities with which it has a legal relationship, which provides recourse in case of problems. The MPTF Office reports that it considers the non-UN organization arrangement to be "direct funding from donor to NGO", and that the MOU provides for direct recourse by donors vis-à-vis the NGOs, should there ever be a dispute. It was not clear that donors agreed with this interpretation. If most donors do not accept direct transfer to NGOs, it would not be possible to directly fund NGOs; however, as this seems to be a concern of only a minority of donors, the MPTF Office has developed a procedure to permit exclusion of funds of certain donors from such uses (which in principle goes against the intent of untied pooled financing).

22 For more information see https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf.

The initial pilot with the Peacebuilding Support Office, starting in 2016, experienced hitches but provided considerable learning and positive results for involved stakeholders. From the perspective of the NGOs concerned, the biggest problem was that the signed MOU contained some sections that were not relevant and lacked basic information to be expected in a contract/grant: starting and ending dates, budget flexibility, reporting requirements, closure process, etc. It was suggested the MOU should be revised to be directly relevant as an instrument for a non-UN organization, containing the range of appropriate specific information that could be contained in an annex or allocation terms attachment. Non-UN organizations interviewed did not have a preference for direct funding versus contracting with a managing agent.

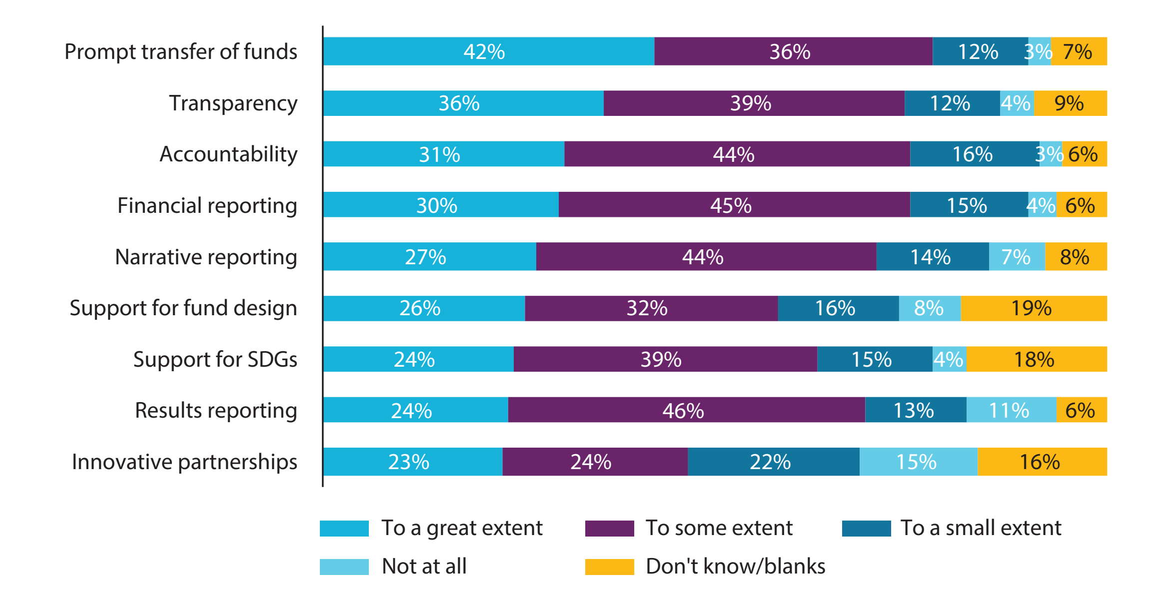
OPERATIONAL PERFORMANCE – FINANCIAL TRANSFERS

Finding 14: Financial transfers to and from the MPTF Office generally take place promptly. However, internal delays sometimes occur in UN organizations when transfers are not clearly identified.

All parties reported that financial transfers occur without significant delay. The MPTF Office exceeded its key performance indicator 2017 target of 95 percent of transfers to partner UN organizations within five days of receipt of request. The evaluation noted that while the MPTF Office promptly makes transfers to the agency headquarters, several agencies reported there is sometimes a delay in the transfer of funds from the headquarters to the country office. They repeatedly asked for the MPTF Office to advise both the headquarters and the country/project office when it sends funds.

Overall, respondents to the survey question on meeting partner operational needs expressed their highest satisfaction with regard to prompt transfer of funds, accountability, transparency, financial reporting and narrative reporting. Satisfaction was lowest with regard to results reporting, supporting the Sustainable Development Goals, innovative partnerships and support to fund design (Figure 18).

Figure 18. Stakeholder satisfaction on how MPTF Office-supported MDTFs and joint programmes meet their needs



Source: IEO client survey, 2018

OPERATIONAL PERFORMANCE – TRANSACTION COSTS

Finding 15: Pooled financing has reduced transaction costs for donors, but they have substantially increased for UN agency country staff and resident coordinators.

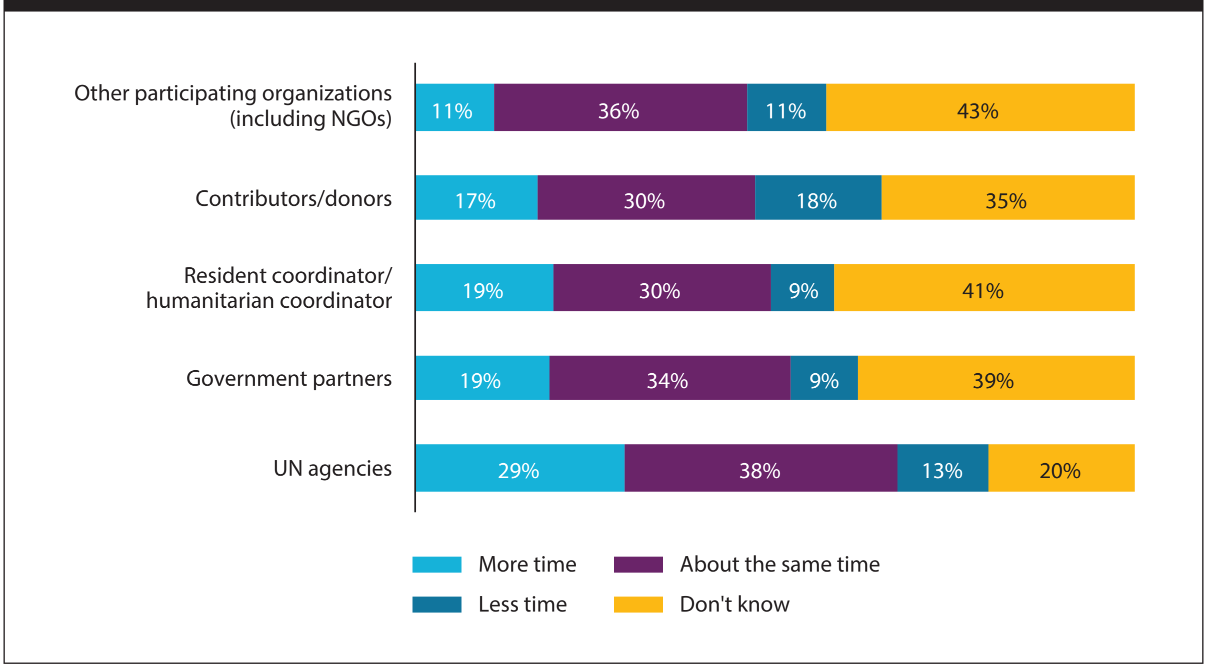
Donors and agencies reported that transaction costs were reduced significantly for donors at headquarters, but increased substantially for agencies and resident coordinators. This corresponds to the findings from IEO survey data (Figure 19) and some earlier studies[23] and evaluations.[24] Transaction costs have increased for agencies due to the need for additional negotiation, planning and coordination processes and meetings. They are a greater burden when the allocations are small. Higher agency transaction costs are not seen to improve projects; their benefit (if any) reportedly may be found in improved UN country team or inter-agency planning and programming, as well as engagement with government.

REPORTING AND ACCOUNTABILITY OVERVIEW

Finding 16: The MPTF Gateway is recognized by stakeholders as a transparent tool for reporting information on donor contributions. Multiple improvements to make the site more useful were identified during the evaluation, in particular, more frequent updating of expenditures and clearer organization of documents.

Roughly two thirds of all respondents found that reporting under the MPTF Office-supported pooled funds was neither more nor less demanding than with other non-core funding. Remaining respondents were split; some found each type of report (financial, narrative and results) more demanding and some found them less so. In general, most categories of respondents found financial reporting somewhat less demanding and results reporting relatively more demanding. The exception was the specialized agencies, which found the MPTF Office results reporting less demanding.

Figure 19. Comparison of transaction costs of pooled financing for different stakeholders

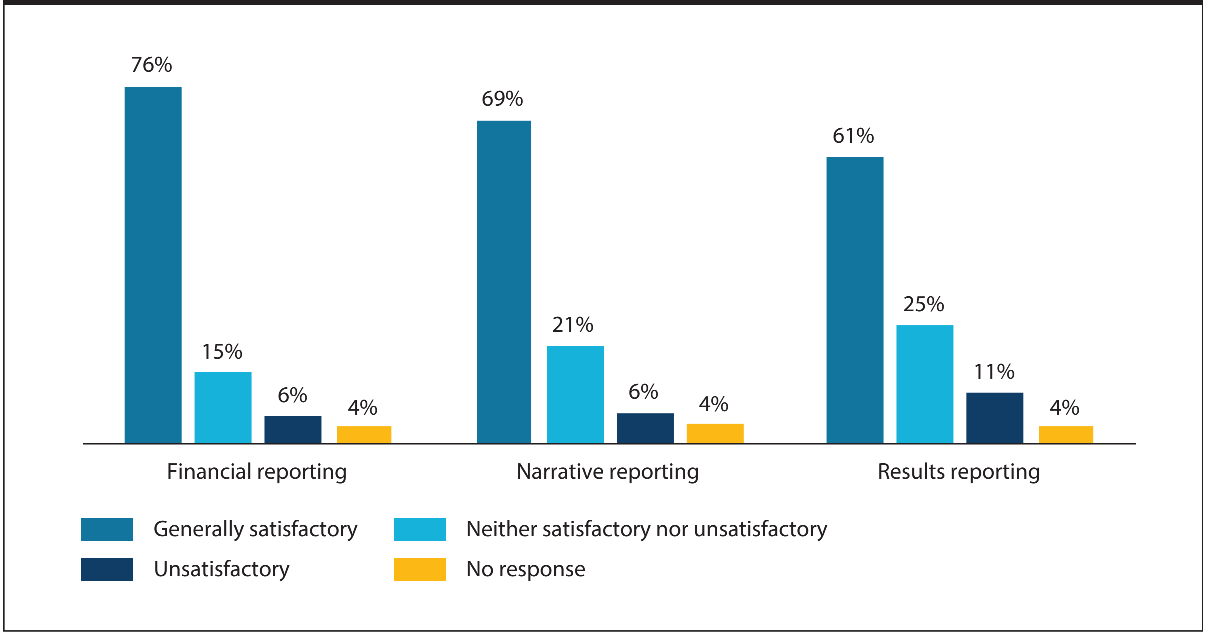


Source: IEO client survey, 2018

23 Downs, Charles, 'Operational effectiveness of the UN MDTF mechanism: Final Report', May 2011.

24 International Evaluation Team, 'Independent evaluation of the lessons learned from "Delivering as One"', April 2012.

Figure 20. Quality of reporting for MPTF Office-administered pooled funds to donors and recipient governments



Source: IEO client survey, 2018

All respondents found the quality of all three types of reporting to be satisfactory; financial reporting was rated highest, narrative reporting second and results reporting somewhat problematic. There were, however, some different perspectives: specialized agency respondents found both narrative and results reporting to be somewhat less acceptable, with one third indicating that these reports were not satisfactory, while financial reporting was judged relatively less satisfactory by country-based donor and agency respondents (Figure 20).

Some donors commented that the financial information provided by the MPTF Office through the Gateway is clearer and more complete than what they receive from OCHA or the World Bank. In fact, they had suggested those agencies use the MPTF Gateway as a model to improve their reporting.

Although the Gateway provides substantial transparency, donor and agency respondents indicated that it was not always easy to find the information and documents they wanted, including which standard documents were in effect. Agency and donor respondents suggested that improvements could include (a) creating a client-oriented users' guide to Gateway; (b) organizing the documents on the site to provide all relevant documents on the same page; (c) including on the award notification the list of contributing donors (since some donors, such as the European Union, have special reporting requirements); (d) making fund-page links to all relevant documents including steering committee minutes and project documents; and (e) establishing consistent use of an appropriate naming convention for documents, together with archiving of documents that are no longer relevant (such as old guidelines).

REPORTING AND ACCOUNTABILITY – FINANCIAL REPORTING

Finding 17: Annual financial and narrative reporting of MPTF Office-administered funds and joint programmes follows the UNDG guidance on reporting and fulfils donor HQ requirements. However, annual reporting is not considered sufficiently frequent for stakeholder monitoring or management of the funds.

MPTF Office financial reporting is considered by all stakeholders to be very reliable and transparent. It presents contributions, allocations and transfers in near real-time on the MPTF Gateway, together with acceptable annual and final financial statements. In-country respondents often expressed the need for more frequent progress reporting, and some donors expressed dissatisfaction with the lack of clarity regarding the use and results of funds along the delivery chain. Three-monthly or six-monthly financial and narrative updates are commonly required at the country level, and donors would like such updates included on the MPTF Gateway.

Expenditure reporting is incomplete during most of the year and is up-to-date only when the certified annual financial statement is prepared at end May of the following year. From the donor HQ perspective, this meets the official requirement for UN agency reporting and is generally satisfactory. At national levels (agencies, government and donor), annual reporting is insufficient, and most funds require three-month or six-month financial updates. Although unofficial, the updates provide reasonable tracking of financial advance. In-country donors and agencies would like the MPTF Office to require participating UN organizations to deliver interim financial updates. Reporting could also include procurement and sub-grantees, as done during the Iraq Trust Fund, which would assist monitoring of 'localization' progress through identification of locally based partners.

Many donor and agency respondents would like to see provisional interim data on the Gateway. Since the Gateway is fed by UNDP's Atlas enterprise resource planning system, it can only accept data from other agency official financial/enterprise resource planning systems. For example, regarding humanitarian funds, Atlas can accept records from the Umoja system but cannot accept unofficial tracking records such as general management support fees charged by UNDP, since correcting those records later would require adjustments to financial records, not simply replacement of an Excel file. Nevertheless, UN agencies and technical secretariats are able to upload their own financial tracking tables to the respective fund page (not the Gateway figures), which can be accessed by any interested stakeholder.

The MPTF Office has encouraged agencies to report quarterly, but the response has been inconsistent. So far UNDP is the only agency that has committed to doing so, as part of its International Aid Transparency Initiative actions. It would be helpful if the UNDG and the executive boards of the respective agencies were to communicate their expectation for quarterly transfer of financial information from agency enterprise resource planning systems to the MPTF Office; only the annual financial statements would be certified. Since all agencies have such systems, it should be simple to provide uncertified reports quarterly.

REPORTING AND ACCOUNTABILITY – NARRATIVE/RESULTS REPORTING

Finding 18: The quality of narrative reporting is generally acceptable for agencies and governments, but more than half of HQ and country-based donor respondents consider results reporting to be less than satisfactory. The primary concerns are that reports do not present outcome-level changes or show how fund resources contribute to outcomes down the delivery chain. Respondents attribute the weakness to insufficient attention to the theory of change and results frameworks during fund establishment. Resolving this would not necessarily ensure good results reporting, but it is a pre-condition to obtaining it.

The 2015 standard SAA and MOU state that, "Annual and final reporting will be results-oriented and evidence based. Annual and final narrative reports will compare actual results with expected results at the output and outcome level, and explain the reasons for over or underachievement. The final narrative report will also contain an analysis of how the outputs and outcomes have contributed to the overall impact of the Fund. The financial reports will provide information on the use of financial resources against the outputs and outcomes in the agreed upon results framework." Donors and agencies agree that these stipulations have not been fulfilled.

Narrative reporting quality is quite varied. Narrative reporting was never the MPTF Office responsibility; nonetheless since the Iraq Trust Fund staff of the MPTF Office have spent considerable time rewriting reports, but without all the necessary project-level technical knowledge. The 2015 guidance clarified that narrative reporting is the responsibility of the fund secretariat or resident coordinator's office. Each agency submits its own section of the report, and these are stitched together by the resident coordinator's office or other technical unit staff — rarely do they constitute a single integrated report. To some extent, weak draft reports may reflect limited integration among implementing agencies. Donors are sometimes upset that narrative reports do not seem to reflect input by the MPTF Office, even though it is not responsible for the work. From the perspective of the MPTF Office (which issues the annual and final narrative reports), partner interest in reporting seems limited in many cases, with weakly developed reports submitted late and requiring further editing. The MPTF Office tries to balance the need for consistent quality in reporting with the division of responsibilities.

Agencies and donors expressed dissatisfaction with the quality of results reporting. Specialized agency respondents in particular stated that their normal reporting was better linked to results and more useful than that provided through the MPTF Office. Several donors complained that narrative reports are not focused on results, and are not linked to expenditures. Donors, agencies and the MPTF Office suggested this is a result of an inadequate theory of change or results framework in many cases, hampering the ability to report against meaningful outcomes.

One donor respondent called for higher standards for basic narrative reporting, including incorporation of indicators on gender equality in all projects, whether or not the specific project is gender focused. Another respondent, very engaged with humanitarian funds, noted that MPTF Office narrative reporting is much better than that of OCHA, stating that OCHA does not usually consolidate individual grant reports into single fund reports or report on overall outcome level results.

ADMINISTRATIVE AGENTS AND THE FIREWALL[25]

Finding 19: The firewall between the MPTF Office as administrative agent and UNDP as implementer is working appropriately. Nevertheless, a significant minority of participating UN organizations feel that UNDP's connection with the resident coordinator at the country level gives it an unfair advantage vis-à-vis access to multi-donor funding. Dissatisfaction is greater among specialized agencies and UN Secretariat entities. The evaluation found no evidence of firewall violation.

Non-resident agencies in particular feel that they do not learn of new opportunities until decisions have already been made by UNDP and other major agencies, and that UNDP benefits unfairly from its close connection to the resident coordinator (not from its role as administrative agent). Many donors and UN agencies noted that allocations are generally made by a steering committee in which all partners participate, so biased allocation would be noticed and objected to, but no evidence of this was found.

The importance of the firewall has been identified consistently in evaluations of pooled financing and of the resident coordinator system. The firewall was already contemplated in early UNDG policies, including in the 2008 "Management and Accountability System of the UN Development and Resident Coordinator System, including the 'functional firewall' of the RC System." Neither

25 The firewall was established to avoid any real or perceived conflicts of interest between the fund administrative agent and its dual role as a participating UN organization in the MDTFs/joint programmes/UN One funds.

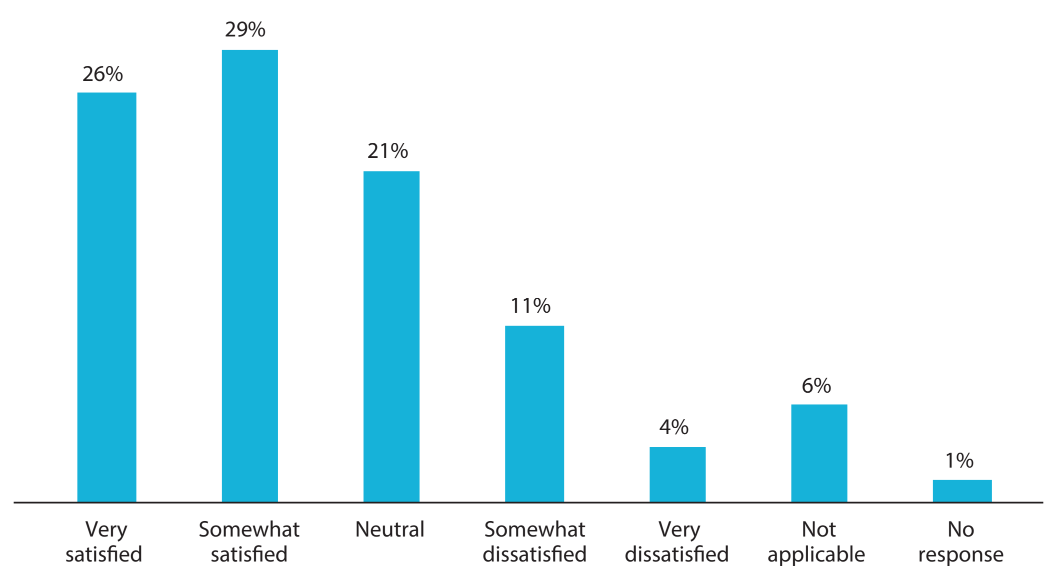
donors nor agencies spoke of any major concerns with the firewall between the MPTF Office and UNDP. While some specialized agencies at the country level did point to UNDP receiving a large share of the pooled financing, they also appreciated its broader organizational mandate.

Among the respondents to the survey, 55 percent stated that while the firewall works to a "great extent" or to "some extent" as it should, almost 25 percent found that it works as it should only to a "small extent" or "not at all." The majority of donor respondents said they did not know, as did over 20 percent of non-UN and UN respondents.

Headquarters respondents were more satisfied with the operation of the firewall than those who were country based. UN agencies were more critical than donors or non-UN participants; respondents from funds and programmes were almost twice as positive as respondents from specialized agencies and the Secretariat. About 55 percent of respondents were satisfied that neither UNDP nor any other agency unduly benefits from access to multi-donor funding, while over 40 percent were neutral or dissatisfied (Figure 21). While respondents from funds and programmes were less concerned about this issue, more respondents from specialized agencies were neutral or dissatisfied than were satisfied or very satisfied that UNDP does not benefit unduly.

The evaluation probed the concern raised by some agencies that the firewall does not operate as it should, especially between UNDP at the country level and the resident coordinator, and the impression that UNDP takes advantage of the pooled financing to increase its own share. When pressed for details, respondents suggested that because the resident coordinator and her or his staff generally come from UNDP, and typically share office space, it is natural that UNDP learns first about new opportunities and has more opportunity to shape and benefit from them. Donors and resident coordinator staff often pointed out that the project requirements under many funds are closely aligned with the UNDP areas of programme focus and that UNDP and other large agencies are often best equipped to develop a clear programme framework. Donors and resident coordinator staff also pointed out that allocations are made or recommended by the fund's steering committee, which normally includes all agencies and key donors. If allocations were contrary to

Figure 21. Level of satisfaction with MPTF Office administration of UN pooled funds



Source: IEO client survey, 2018

the recommendations of the steering committee, both agencies and donors would speak up – and the evaluation did not encounter any cases of this. The survey responses confirmed this as well.

Agencies serving as administrative agent usually receive the largest share of funds managed. This is viewed as reflecting their role as lead agency, rather than as a demonstration of favoritism. An analysis of the data from the UN pooled fund database highlights the fact that the reality is very different from the widespread perception that UNDP receives the largest share when MPTF Office is administrative agent. In fact, in 2015–2016, UNICEF, UNFPA, WFP and UN-Women all transferred a larger share of resources to their own agency when they served as the fund's administrative agent in comparison to UNDP (Table 4).

FUND CLOSURE

Finding 20: MPTF Office closing of funds is significantly backlogged due to agency delays in closure of projects. As a result, significant resources may be held by the recipient agency until project closure, making them unavailable for use by others, and perhaps leaving a significant balance to refund at closure. The problem is greatest with UNDP and OCHA in their managing agent roles, but it is also significant for other UNDP and OCHA allocations, as well as those for UN-Habitat and UN-Women.

The MPTF Office and the donors alike called attention to the widespread problem of delayed participating UN organization closure of projects, which has often extended for several years. Some progress has been made since 2016, but the problem remains significant. Under the standard financial procedures of many UN agencies, financial closure of a project can only take place at the end of the second fiscal year following project operational completion (to allow time for settlement of any outstanding liabilities or credits). The MPTF Office estimates that it normally requires at least three years from project operational conclusion to full financial closure (by both the agency and the MPTF Office), with fund closure possible only after the last project has been financially closed.

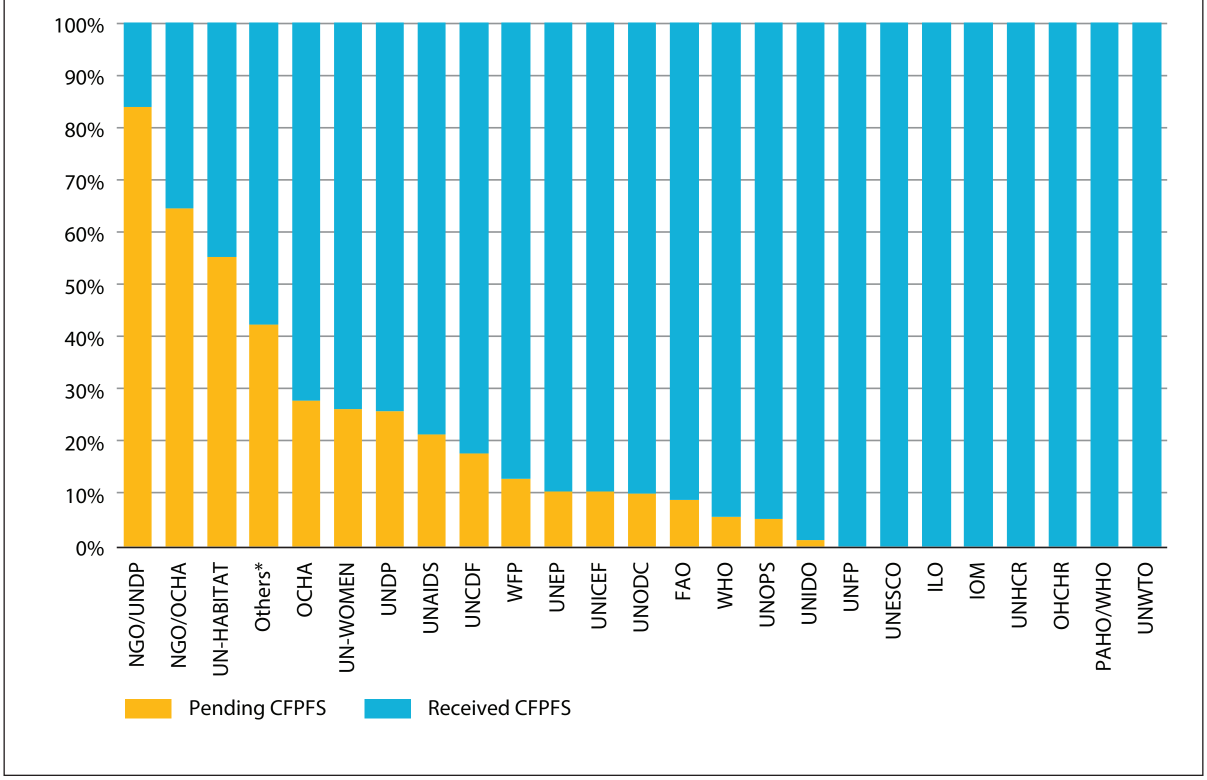
The MPTF Office 2017 annual report demonstrates that increased attention to this issue has

Table 4. Comparative data on UN administrative agents of inter-agency pooled funds (2015–2016)

Administrative agents	MPTF Office	UNFPA	UNICEF	UN-Women	UNOPS	WFP	ILO
Amount transferred as AA (2015-2016)	$1,579,023,150	$204,675,755	$149,254,092	$9,801,412	$7,223,099	$6,848,569	$2,535,753
Percent of total AA transfers (excluding OCHA)	81%	10%	8%	1%	0%	0%	0%
Percent transferred to own agency	41%	44%	61%	48%	35%	60%	0%
Percent transferred to other agencies	59%	56%	39%	52%	65%	40%	100%
Number of other UN agencies that received transfers	34	7	11	4	8	4	5

AA = administrative agent.
Source: MPTF Office, UN pooled funds database, 2015–2016

Figure 22. Agency performance on financial closure of projects



CFPFS = Certified final project financial statement

Source: MPTF Office, 2017 annual report

reduced the backlog and that timely financial closure is possible — eight agencies (holding 25 percent of projects) have closed 100 percent of their projects within two years after operational conclusion. Nonetheless, a few agencies still have a high proportion of projects overdue for closure. UNDP has the greatest number and value of projects pending closure, followed by OCHA, UN-Habitat and UN-Women. Over half of the total current backlog belongs to UNDP and OCHA as managing agents for humanitarian funds/country-based pooled funds (Figure 22).

Some donors have tighter requirements for project financial closure reports. For example, UNDP and the European Union have agreed that the final financial report will be submitted within six months of operational closure.[26] This is much sooner than most agencies would normally close projects. A problem arises because of the nature of pooled financing — if a donor with such a requirement is a contributor to any fund that finances the project, then the requirement generally applies to all projects financed by the fund regardless of the amount of funding. Nonetheless, agencies report that they can meet this requirement as long as they know to expect it. Currently, the awarded agency often does not know which donors contributed and whether they have any special requirements that have been accepted by the fund.

AUDIT ARRANGEMENTS

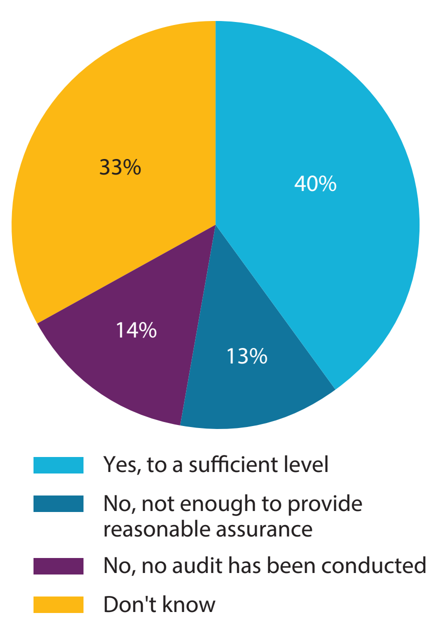
The MPTF Office is audited as part of the annual UNDP audit by the UN Board of Auditors, which was established by the General Assem-

26 According to the Financial and Administrative Framework Agreement between the European Union and the UN.

bly in 1946 to carry out the external audit of the accounts of the United Nations and its funds and programmes. As such there is no separate audit of the MPTF Office, and its audit findings are contained in the UNDP annual audit report. For internal audit purposes, the fund projects are audited individually by the respective agency's internal audit office (including the administrative and managing agent functions when within the audit scope). Attention is paid to coordination of joint audits according to the United Nations Representatives of Internal Audit Services risk-based selection and UNDG joint audit policy.

When asked if the existing MPTF Office audit arrangements provide necessary assurance that pooled funds are used as planned, one third of respondents had no opinion. But 60 percent of the survey respondents, both donors and partners, found the MPTF Office audit arrangement satisfactory to provide necessary assurance on the appropriate use of funds (Figure 23).

Figure 23. Are MPTF Office-supported UN pooled funds audited at a level sufficient to provide assurance that resources are used as planned?



Source: IEO client survey, 2018

3.3 MPTF OFFICE POOLED FINANCING AS A SYSTEM-WIDE SERVICE: VALUE-ADDITION, BENEFITS AND RISKS

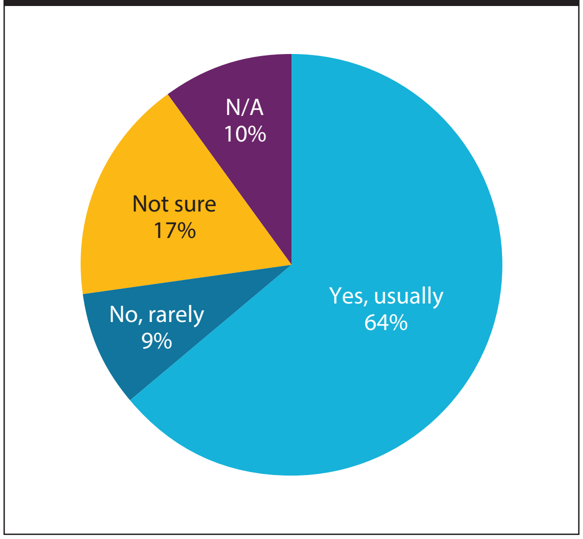
MPTF OFFICE AS A SYSTEM-WIDE PROVIDER OF ADMINISTRATIVE AGENT SERVICES

Finding 21: The MPTF Office has established itself as a strong, credible and neutral provider of UN pooled financing services, establishing standards for administrative agent services. However, there is considerable scope for strengthening the design and governance of funds. This would be best accomplished with a much stronger MPTF Office role not only to ensure the quality of fund design but also to monitor implementation of UNDG quality standards by respective steering committees and participating UN organizations, and through a system-wide advisory and consultative mechanism.

The MPTF Office is recognized as being strong in fund design and administration, and its credibility is high. All parties agree that it sets the standard for the service an administrative agent could provide. One respondent noted, "MPTF Office processes are very good and allow agencies to focus on the technical side. They are extremely focused on proper use of funds – the first priority of donors. They operate in a way that makes good sense to donors, with simple but robust procedures. They are very client focused and understand country-level complexities that may be relevant."

Some respondents asked why another agency should create an administrative agent for a small fund, when the more sophisticated MPTF Office can be its administrative agent for just 1 percent of total funding provided. Having an external entity provide quality management of funds allows agencies to focus primarily on their technical role. One pooled fund manager summarized the views of others in fund secretariats, saying, "MPTF Office is a great service to the UN system. It would not be good to create the same capacity outside of it, with lower quality. It has a unique depth of expertise, level of staff professionalism and dedication, and a unique culture of country-centred activity." Another noted that "MPTF Office is a good partner to work with. It called attention to best practices and potential problems in fund design, and that was very helpful." This was corroborated by the IEO client survey, which found that three fourths of respondents from funds and programmes would recommend the MPTF Office as an administrative agent. (Figure 24).

Figure 24. Would you recommend MPTF Office as an administrative agent for a new MDTF/joint programme for which your agency is taking the lead?

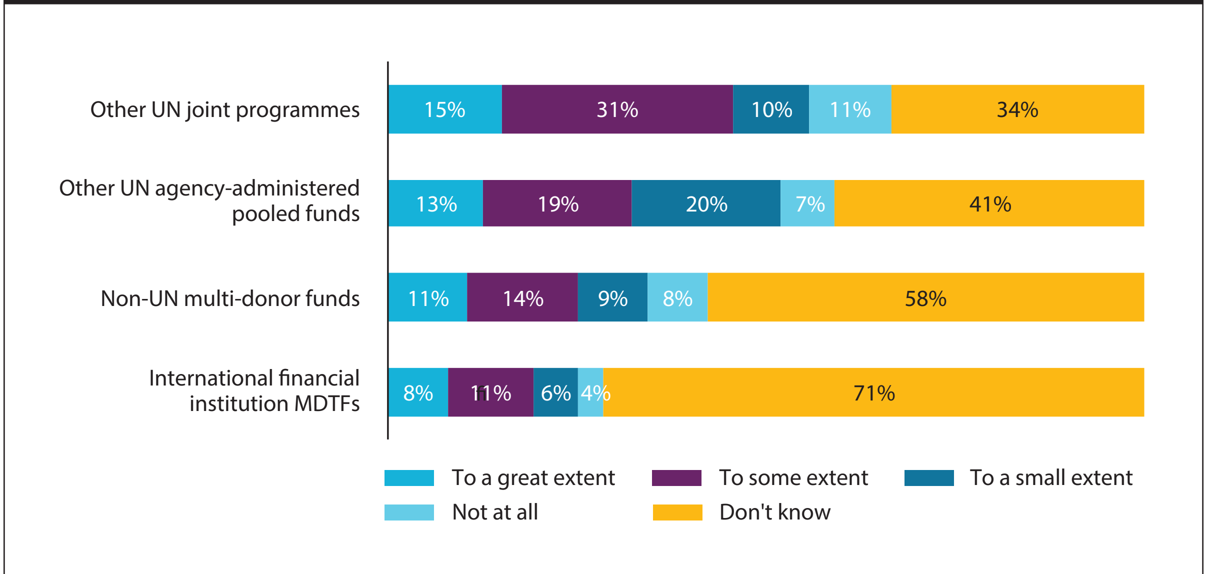


Source: IEO client survey, 2018

With regard to fund design, MPTF Office-supported pooled funds are seen by all parties as better designed and administered than other UN joint programmes and (to a lesser extent) better than pooled funds administered by other UN agencies (Figure 25). Most respondents do not have experience with non-UN multi-donor funds and they did not have an opinion about which would be better.

Some donors expressed frustration with what they saw as weak quality assurance and limited value addition by the MPTF Office. They would like the various UNDG guidelines to provide stronger standards and for the MPTF Office to monitor the fulfilment of those standards by the respective steering committees and participating UN organizations. This presumes a 'governance' decision by the UNDG, to provide a mandate to the MPTF Office to not only support stron-

Figure 25. Extent to which MPTF Office-supported UN pooled funds are better designed and administered than:



Source: IEO client survey, 2018

ger design of funds and programmes but also to monitor and support organizational quality in implementation.

On the governance and location of the MPTF Office, most respondents agreed that UNDP is the best institutional support for it, given its wide country presence, effective systems and country-level orientation. They felt that since MPTF Office services are provided without expenditure of UNDP budgetary funds, there is no conflict of interest between the two. On the other hand, a minority of respondents — both donors and UN agencies — felt that the MPTF Office is too close to and dependent upon UNDP, and that this limits the possibility of the Office being more than a UNDP service to the system. When respondents were probed further, their suggestion was that pooled financing is a 'mechanism' rather than an 'agency', so the MPTF Office would benefit from a multi-stakeholder advisory and consultative mechanism involving partner agencies and donor representatives. They also felt that it should meet regularly to review progress and discuss trends and the way forward.

The evaluation further probed whether UNDP unduly benefited from the MPTF Office. It found that, like any other participating UN organization, UNDP benefits from the UN pooled funds through the project activity and budgets that it manages as a participating UN organization and the income it derives from those projects. UNDP does not derive income from the funds managed by the MPTF Office as administrative agent, nor does it include those funds in the UNDP portfolio. UN funds pooled through the MPTF Office received by UNDP as a participating organization constitute roughly 5 percent to 7 percent of UNDP's total contributions in any given year; in 2016 this figure was approximately 7 percent. A majority of respondents, including those from UNDP, viewed this as due to the larger and broader development and political mandate of UNDP and its synergy with the goals and objectives of the MDTFs/ joint programmes.

PERSPECTIVES OF CONTRIBUTING PARTNERS/DONORS

Finding 22: UN pooled funds are seen by donors as harmonizing aid in line with the Paris principles and good donor practices. They bring together the multiple strengths of different UN organizations, promote UN coherence and collaboration, assure proper fund utilization, provide an opportunity to work at scale, reduce overhead costs and help leverage resources to address national priorities. Concerns remain, however, on the unclear results focus of funds, loss of donor visibility and transparency in fund utilization down the delivery chain, and value for money.

Contributing partners/donors view the MPTF Office as an instrument of the UN system as a whole. The principal motivation of donors in supporting UN pooled funds is to harmonize aid in line with the Paris Declaration on Aid Effectiveness and good donor practices. This is expected to result in increased efficiencies through less duplication and better coordination of UN agency efforts. The first multi-donor trust funds focused on pooled financing as good donor practice; with time the focus shifted to improved UN coherence, donor coordination and efficiency gains, and better results — all of which remain of concern to donors and contributing partners. Donors would like to see pooled financing strengthened, consistent with the Secretary-General's funding compact and reform of the UN development system.

Donors consider pooled financing to the UN as it brings together multiple strengths of different partners and reduces their overhead. In particular, it provides donors with assurance that funds will be used for approved purposes, which is one of their primary concerns. While the MPTF Office provides this most transparently, donors seemed equally confident in the financial reporting of other UN agencies.

Many donors view pooled financing as an integrator and an instrument to work at scale. They believe this will lead to greater coordination among donors, bring in more donors (particularly non-traditional and smaller ones) and build on the UN infrastructure and comparative advantage to enable them to work at scale on important regional or global issues. At the national level this also enables some donors with specific national programme priorities to leverage additional donor funding and convene an inter-agency response. This allows them to raise their profile and visibility in a way that their own funds alone would not be able to achieve.

A majority of the donors expressed their preference for pooled financing — including in countries where they don't have a strong presence — when they see it can strengthen UN coherence, collaboration and response at the country level. Particular reference was made to the well-designed Delivering as One and joint programmes supporting country UNDAFs, which are implemented with an integrated work plan to achieve planned results.

On the criteria for fund allocation, a majority of the donors indicated that the quality of the proposal and service provider and the added value of their contribution are often the most important factors in selection. Donor ministries sometimes consider alternatives, including factors such as overhead (the UN's is lower than the World Bank's) and strengthened collaboration within the UN system, which fits well with pooled financing and donor government policy priorities on development cooperation.

Humanitarian funds are typically allocated by the foreign affairs ministry, including to the Peacebuilding Fund, but development funding is typically allocated by development departments, often responding to other national aid priorities and embassy requests. Many donor countries respond to selected funds based on priority assigned by the Secretary-General. In some cases (Peacebuilding Fund, Haiti Cholera Response MPTF, Ebola Response MPTF) pooled financing was seen by contributing partners as a means for countries to participate in high priority UN/Secretary-General programmes — as "good global citizens." As a result, Secretary-General funds tend to have the greatest number of donors, including many countries that are not regular contributors to development cooperation and are often not represented in the UNDG funds.

Discussion during the evaluation highlighted the fact that donors often make deliberate choices when they want strong visibility or have other goals, and when they are more concerned to minimize risk. In some cases (humanitarian, transition), pooled financing reduces the risk when compared to bilateral engagement. In other cases, donors choose pooled financing when aid could be politicized and they want to maintain neutrality — for example, when supporting fair and transparent elections to promote the rule of law and democracy. In other cases, pooled financing is seen as a means for a donor to be viewed as the champion of a major programmatic initiative (MDG Fund, UN REDD, Spotlight Initiative).

In discussions donors expressed a variety of concerns that may affect their individual decision-making, including:

- Global funds (e.g., Peacebuilding Fund) are designed to support an important thematic issue, but may also divert resources away from individual donor priority countries; thematic funds and country funds sometimes respond better to donor priorities.
- Even donors that welcome the 'localization' of development and humanitarian assistance may not support direct transfer to NGOs if their national legislation requires that funds be given only to entities with which the donor has an ongoing relationship and thus recourse in the case of a dispute.
- It is difficult for donors to support a pooled fund when the focus of the fund is not clear or it lacks a clear comparative advantage or message as to why pooled financing would be better than funding directly to agencies.
- To the extent the MPTF Office is seen as managing funds for the UN system (rather

than just for UNDP), some donors will be more inclined to contribute. While this might also apply when donors seek to support a programme through UNDP, it is less likely to be the case if their support is meant primarily for another specific agency.

- If donor funds are provided at the country level, they are usually from budget lines that are already closely earmarked. This restricts donor provision of funding to MDTFs/joint programmes, unless the fund is designed with donor areas of attention in mind.
- Some donors are reluctant to lose visibility, expressing concern that recipient countries and even participating organizations may not be aware that the individual donor is providing support. While donors accept the loss of some profile as part of participation in pooled funds, they expect to be known and recognized as one of the supporting donors.
- Some donors referred to the changing aid architecture in donor countries and its impact on funding decisions in future. Some argued that the UN should make a clear value-for-money proposition with demonstrable results coupled with fund accountability and transparency down the delivery chain. One donor indicated that the UN needs to come out of the "culture of entitlement", recognize taxpayer needs in donor countries, demonstrate results and prove itself as a viable partner among other development partners. Another suggested, "UN agencies cannot have waiver from scrutiny; it needs to change, be more transparent and demonstrate it is fit for the purpose in the present context."

3.4 SUPPORT TO UN DEVELOPMENT SYSTEM PRIORITIES AT THE COUNTRY LEVEL

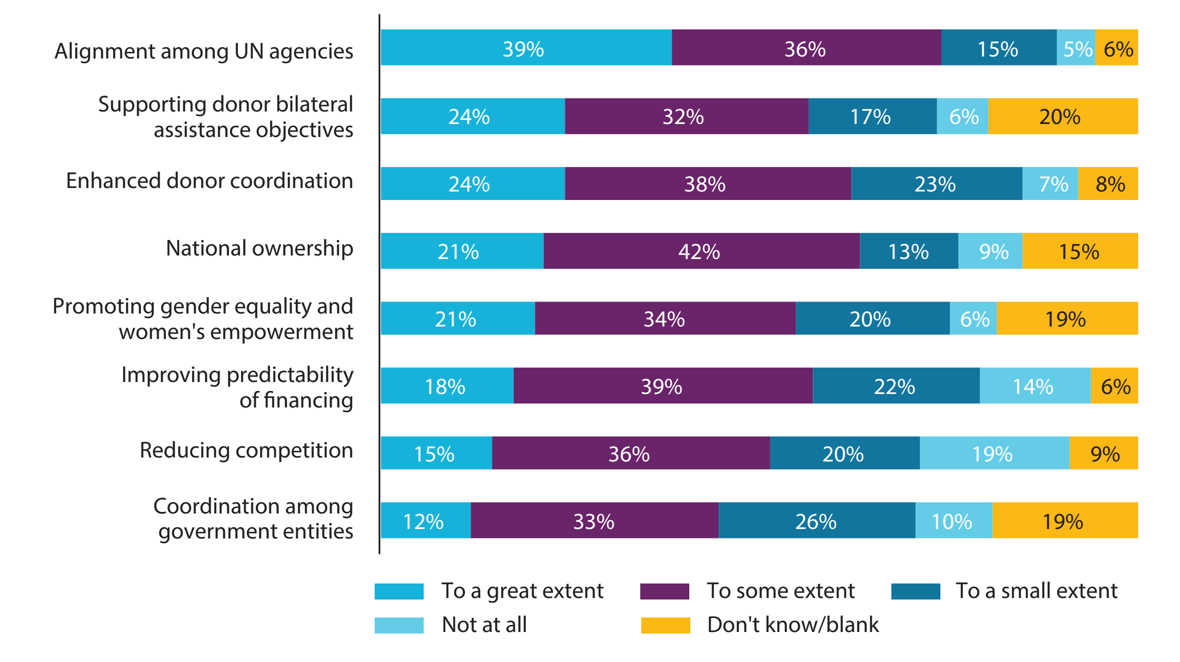
Finding 23: MPTF Office-supported UN pooled funds have positively contributed to promoting donor coordination and UN coherence, despite the increased competition for resources among participating UN organizations. MDTFs and joint programmes have been instrumental in promoting integrated planning at the country level in support of UNDAFs and of national ownership. However, respondents view the success of these efforts as varied and largely dependent on (a) the resident coordinator's commitment to the One UN philosophy; (b) the relationship between the resident coordinator and the UN country team heads/resident representatives; and (c) pressure from the recipient government on how the UN should operate in their country (under Delivering as One). More systematic efforts are needed, however, to promote gender equality and women's empowerment in MPTF Office-supported funds and programmes.

All respondents (participating UN organizations and donors at HQ and country levels alike) agreed that among the positive results of the MPTF Office-supported funds are contributions to donor coordination and alignment among UN agencies. Some donors also mentioned support for donor bilateral assistance objectives and improved predictability of financing. UN organizations noted contributions to national ownership as a positive result (Figure 26).

Overall, respondents indicated that pooled funds generally provided the least contribution to coordination among government entities, reduced competition and promotion of gender equality. They felt that humanitarian funds in particular provide little contribution to national ownership, coordination among government entities or support for donor bilateral assistance objectives.

The pooled financing mechanism contribution is most widely recognized as good donorship. This improved donor behaviour was recognized from the beginning — with the Iraq Trust Fund and the first common humanitarian funds — and reinforced the Delivering as One and UN One country funds. Over time, some donors returned to efforts to leverage their own policy goals with larger levels of funding. At the same time, there was a sense that UN agency programming changed less than did donor behaviour, resulting

Figure 26. Extent to which MPTF Office-supported UN pooled funds are concretely contributing to:



Source: IEO client survey, 2018

in more pressure for greater UN coherence and a results focus.

There is broad agreement among donors and agencies that pooled financing is an appropriate instrument to support coherence and coordination among UN agencies. The financial instrument is seen as a good match for the political intention. Pooled financing helps break down silos between agencies, and between humanitarian, peacebuilding and development programmes. However, there is also strong agreement that pooled financing alone cannot increase coherence. Rather, according to different respondents (partners, donors and government counterparts), it depends very much on the personality of the resident coordinator; his or her commitment to One UN and relationships with the UN country team representatives in the country; the personalities of the heads of agencies and instructions they receive from their own HQ in this regard; pressure from the recipient government on how the UN should operate in their country, especially in Delivering as One countries; and on donor efforts to support broader UN coherence rather than individual agencies.

Whether or not pooled financing is associated with increased donor coordination and UN coherence varies from country to country and depends in part on the nature of the specific fund. Interviews suggest that global funds with strong secretariats contributed more to country-level or global UN coherence (e.g. the MDG Fund and the Peacebuilding Fund); well-defined funds with clear political priority brought greater donor coordination and UN coherence (Peacebuilding Fund, Ebola Response MPTF, Haiti Cholera Response MPTF); and that generally the six humanitarian funds contributed to greater donor coordination and UN coherence through focused support to the humanitarian coordinator based on the respective humanitarian response plan.

In the early years of the MPTF Office, Delivering as One/UN One funds were established to make the UN more effective, efficient, coherent, coordinated and better performing, through support to the resident coordinator to bring the UN agencies together at the country level. This was a sufficient reason for several donors to support them at the time; it may reflect an 'institutional' theory of change rather than a focus on final results. Some of the One UN/Delivering as One funds brought greater UN coherence, as they were designed and expressed through clear UNDAF or equivalent frameworks (Iraq Trust Fund is another example). Similarly, some joint programmes may have enabled stronger coordination among the limited number of agencies involved. However, while the UN One funds were meant to promote a unified UN response at the country level, this has only worked when there is the right constellation of agency willingness, donor support and government insistence.

Respondents, resident coordinators in particular, concur that pooled financing is a natural fit to strengthen the role of the resident coordinator, particularly with certain global MDTFs (MDG Fund and Peacebuilding Fund) and country funds (Delivering as One). But they did not feel this is inherently so, and it does not seem to be the case for many joint programmes. Agencies and donors commented that joint programmes are seldom truly joint — they are more often different agency projects put together under the rubric of one joint programme to support the UNDAF. Implementation takes place in silos, with agencies working in parallel rather than together. Evaluation country visits highlighted cases in which agencies worked well together for the life of the joint programme, but this cooperation only lasted while the programme was active. While participants often had fond memories of close work with colleagues from other agencies under specific pooled financing projects (e.g., MDG Fund), they reported this did not have any effect on closer work between agencies in the long term.

With regard to promoting gender equality and women's empowerment, a majority of respondents stated that the MPTF Office-supported pooled funds encouraged incorporation of gender. MPTF Office guidelines on designing pooled funds make reference to the importance of incorporating gender as a cross-cutting issue, but there are no clear criteria that rank or prioritize funds or programmes that promote gender equality or women's empowerment. The evaluation noted that promotion of gender equality was not an integral feature of the mechanism but rather of agencies' own policies and practice on gender mainstreaming.

Respondents had the general impression that, while pooled financing may be consistent with UN coherence and coordination, it requires a degree of political commitment by the key actors, together with clear focus of the fund and shared understanding of how the programme should produce desired results. It has to some extent contributed to promoting UN development system priorities at the country level and promoting national ownership. This is especially true with development, transition and climate funds.

Chapter 4

CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

4.1 CONCLUSIONS

Conclusion 1: Pooled financing has become a well-established mechanism over the past decade. The number of funds (administered by the MPTF Office), donors and participating organizations have all increased substantially. However, annual funding has been relatively stable over recent years, with decreased average contributions per donor. While development, transition and climate change funds have attracted more donor funding, 'delivering as one' funds have seen a decline, although contributions to humanitarian funds have remained nearly stable. The donor pool is top-heavy. Ten donors provide over 85 per cent of funding to all categories of funds, while 80 per cent of donors provide less than 5 per cent of funds, including 40 per cent of donors that contributed solely to funds sponsored by the Secretary-General, with 0.3 per cent of total contributions.

Increasing the amount of donor funding through pooled funds, and the effectiveness of United Nations programming supported by pooled funds, is critical to the Secretary-General's reform proposals and the implementation of the 2030 Agenda. While the number of contributing donors can be increased by promoting pooled-financing services for the Secretary-General's funds among United Nations member states, increasing the amount of total contributions depends mainly on a combination of (a) Quadrennial Comprehensive Policy Review-related dialogue with a limited number of key donor countries to increase the share of pooled financing in their contributions; (b) United Nations Development Group-related dialogue and the reform of pooled fund design and management to increase the results focus of United Nations organizations participating in pooled funds; (c) exploring innovative sourcing of contributions, including private sector engagement; and (d) continued strengthening of the quality and value addition of administrative agent services provided by the MPTF Office.

Conclusion 2: The MPTF Office is a key provider of system-wide inter-agency pooled financing services that administers United Nations pooled funds. It is highly regarded by donors and participating organizations for its strong fund design and administration capability and high credibility to collect and make known 'best practices', setting standards for other organizations providing administrative agent services. It is recognized by most donors and participating organizations as the preferred choice for administrative agent. Nonetheless, major concerns remain with respect to the quality of fund design and the weak results focus. While the parties to each fund are responsible for the results focus, no one is currently responsible for ensuring that the results focus and quality standards of the United Nations Development Group policy are adequately reflected in fund design.

Conclusion 3: MPTF Office annual financial reporting and Gateway information on donor transfers meet the donor reporting requirements for contributions to the United Nations. Nonetheless, the lack of more frequently updated expenditure reporting on the Gateway is considered a weakness in terms of its usefulness for stakeholder information and management of progress from the fund or at the country level. While the quality of narrative reporting is generally considered satisfactory by participating organizations, donors remain concerned about the reporting on outcome-level changes further down the results delivery chain.

Conclusion 4: The provision of managing agent services (to contract non-governmental organizations selected for their own projects by the Multi-Donor Trust Fund Steering Committee) under humanitarian and transition funds is not supported by appropriate United Nations Development Group policy. The United Nations Development Group requirement that the participating United Nations organization providing managing agent services have "full programmatic and financial accountability" for non-governmental organization projects holds the participating United Nations organization or managing agent accountable without any control or authority. This puts UNDP offices providing managing agent services in an untenable position.

UNDP has been providing managing agent services since 2006. However, it has been slow in adapting its procedures to the provision of managing agent services for humanitarian funds, and has not established the mechanisms necessary to enable smooth managing agent service delivery for these funds. Greater attention is needed to ensure the timely implementation of recent policy changes that hold out promise for improvement to managing agent services under the humanitarian funds.

Conclusion 5: The pilot allowing non-governmental organizations to receive funding directly from the administrative agent as a non-United Nations participating organization under the Peacebuilding Fund is a welcome test for wider use, and may have particular relevance for humanitarian and transition funds. Once the pilot has been assessed and adjustments made to United Nations Development Group guidance, it should be more widely available for funds with a risk profile appropriate for this instrument.

Conclusion 6: The firewall between the MPTF Office as an administrative agent and UNDP as a participating United Nations organization is working as it should. However, there is a perception among a significant minority of participating United Nations organizations that the firewall at the country level is less effective than it should be, with greater dissatisfaction among specialized agencies. Non-resident agencies are concerned that they do not learn of new opportunities until things have already been decided by UNDP and other major organizations in the country, creating the perception that UNDP benefits unfairly from its close connection to the resident coordinator. Many donors and participating United Nations organizations noted that allocations were generally made by a steering committee where all partners participated, so biased allocation would be noticed and objected to – of which the evaluation found no evidence. While the minority perceptions of bias can be discounted, they suggest the need for improved dissemination of information to all potentially interested organizations regarding new fund opportunities.

Conclusion 7: Insufficient attention to fund closure undermines United Nations claims of efficiency and accountability in the use of the pooled funds entrusted to it. While MPTF Office efforts over the recent years have led to improvements in organizational performance with respect to financial closure rates of operationally closed outstanding projects (bringing down the unclosed projects balance from $34 million at the end of 2015 to $14 million at the end of 2017), stricter compliance by participating organizations on timely fund closure of projects would free up significant resources that could be potentially used by other organizations with active projects under the fund.

Conclusion 8: UNDP is recognized by all stakeholders as the best institutional location for the MPTF Office, although its location can sometimes create a false perception as to the system-wide nature of its services. For the MPTF Office to be truly seen as a service of the United Nations system rather than a UNDP service, there is a need to institutionalize a multi-stakeholder steering committee mechanism that includes partner United Nations organizations and contributing partners.

Conclusion 9: United Nations pooled funds play a key role in harmonizing aid in line with the principles of the Paris Agreement and good donor practices. They bring together multiple strengths of different United Nations organizations; promote United Nations coherence and collaboration; assure proper fund utilization; provide an opportunity to work at scale; reduce overhead costs; and help leverage resources, especially from small and non-traditional donors. Concerns remain among some donors, however, on the unclear results focus of some funds, loss of donor visibility, transparency in fund utilization further down the delivery chain, and value for money.

Conclusion 10: United Nations pooled funds supported by the MPTF Office have contributed positively to promoting donor coordination and United Nations coherence, despite the increased competition for resources among participating United Nations organizations. While multi-donor trust funds and joint programmes have been instrumental in promoting integrated planning at the country level in support of United Nations Development Assistance Frameworks, the success of these efforts, according to respondents, is varied and depends largely on the resident coordinator's commitment to the One United Nations philosophy, the relationship between the resident coordinator and the United Nations country team heads or resident representatives, and pressure from the recipient government as to how the United Nations should operate in their country ('deliver as one').

While most of the multi-donor trust funds and joint programmes supported by the MPTF Office incorporate gender concerns, this is not an integral feature of the mechanism but rather of the policies and practices of the particular organization on gender mainstreaming. More systematic effort is needed to promote gender equality and women's empowerment in MPTF Office-supported funds and programmes.

4.2 RECOMMENDATIONS

Recommendation 1: UNDP should initiate a dialogue with the United Nations Development Group to increase transparency in fund utilization further down the results delivery chain, and to demonstrate a clear United Nations comparative advantage and value for money, enhanced by long-term country presence as a trusted partner with government and the international community. To contribute to that effort, the MPTF Office should refine its financial and narrative reporting framework and guidelines for participating United Nations organizations. This will increase donor confidence, help mobilize resources and contribute to the Secretary-General's vision and reform agenda, including by doubling pooled financing over the next four years.

Recommendation 2: UNDP should advocate for a much stronger administrative agent role in monitoring the fulfilment of United Nations Development Group quality standards by the respective steering committees and participating United Nations organizations. The administrative agent should be charged not only with supporting the design of funds and programmes, but also monitoring and supporting organizational quality in implementation. The MPTF Office should require that all fund terms of reference include a clear theory of change and results framework as part of fund design to structure reporting. The Office should engage with the participating United Nations organizations of each fund and provide support and quality assurance regarding compliance with the terms of reference, confirmed in the administrative agent's written acceptance of the fund.

Recommendation 3: UNDP may consider initiating a dialogue with the United Nations Development Group for the revision of its policy and documents to properly reflect the role of the managing agent by indicating that its accountability is limited to financial and project management issues, while programmatic accountability lies with the responsible project authority (steering committee or humanitarian coordinator) and the respective non-governmental organization.

Recommendation 4: UNDP needs to fast-track the implementation of its updated guidelines and responsible party agreement for the managing agent function under humanitarian funds (and update programme and operations procedures to reflect the special dispensation required for provision of such services).

Recommendation 5: The MPTF Office should assess the non-United Nations participating organization pilot for direct access to United Nations pooled funds by non-governmental organizations, and should propose necessary adjustments to United Nations Development Group guidance (including the preparation of revised standard administrative arrangements and memorandum of understanding for such modality), so that they can be rolled out as an option for other funds (particularly humanitarian and transition funds) where relevant.

Recommendation 6: The MPTF Office ought to make information on new funds available to all interested parties. The Office should act to ensure that any potential participating organization could become aware of new opportunities, by providing that information on the Gateway. Furthermore, the Office should encourage resident coordinators to make such information available and to actively brief the country teams about new funds under discussion or agreed, without implying that everyone will necessarily have a "share".

Recommendation 7: UNDP, as a participating United Nations organization, should increase its efforts to close the backlog of old project allocations that are essentially concluded but not yet financially closed, particularly in the four countries where it is managing agent to country-based pooled funds.

Recommendation 8: The MPTF Office should initiate a process for establishing a multi-stakeholder steering committee, including partner United Nations organizations and donor representatives, that meets at least on an annual basis to review progress and discuss trends in global financing and strategies on the way forward. Such a mechanism will strengthen partner engagement and reinforce the confidence of donors and partner organizations in the mechanism and its use.

Recommendation 9: The MPTF Office should develop guidelines and procedures to ensure that considerations related to gender equality and empowerment are reviewed for 'quality at entry' and incorporated into fund design, appraisal and allocation processes.

4.3 MANAGEMENT RESPONSE

Evaluation recommendation 1: **UNDP should initiate a dialogue with the United Nations Development Group to increase transparency in fund utilization further down the results delivery chain, and to demonstrate a clear United Nations comparative advantage and value for money, enhanced by long-term country presence as a trusted partner with government and the international community. To contribute to that effort, the MPTF Office should refine its financial and narrative reporting framework and guidelines for participating United Nations organizations. This will increase donor confidence, help mobilize resources and contribute to the Secretary-General's vision and reform agenda, including by doubling pooled financing over the next four years.**
Management response: UNDP and the MPTF Office agree with this recommendation and appreciate that the evaluation recognized the important place that United Nations pooled financing has come to occupy over the past decade within United Nations financing instruments and, related to that, of the importance of further increasing the effectiveness and value for money of United Nations programming supported by pooled funds. The December 2017 Secretary-General's report on the repositioning of the United Nations development system and the related General Assembly resolution 72/L.52 point to the rapidly changing environment within which pooled funds are being designed and administered. Existing UNDG agreements related to pooled funds may need to evolve so as to enable the United Nations to meet its commitments in accordance with the proposed funding compact, including in terms of (a) annual reporting on system-wide support to the Sustainable Development Goals and system-wide results; and (b) compliance with the highest international transparency standards on all financial information. Within existing UNDG inter-agency structures, UNDP will explore opportunities to contribute to enhanced transparency in fund utilization further down the results delivery chain of United Nations pooled funds. Within its current UNDG agreements on pooled funds, the MPTF Office can already commit to (a) mainstreaming the proposed United Nations data standard on linking its financial flows to the Sustainable Development Goals in MPTF Office fund- and project-level planning and reporting; (b) configuring the next generation Gateway (Gateway 2.0) in such a way that information on fund results (outcomes and outputs, planned and delivered) can be better captured and presented; and (c) improving the traceability of United Nations pooled funds resources by enhancing the quality of the data compared to what is already being published through the International Aid Transparency Initiative (IATI). In addition, the MPTF Office will continue to share its acquired knowledge in this area with fund steering committees and fund secretariats. Further, the MPTF Office is ready to prepare, in consultation with participating United Nations organizations, a proposal for a refined financial and narrative reporting framework for discussion within the UNDG, and – if that is accepted – support the development of appropriate United Nations guidance. As part of the refinement, the Office is ready to advocate for a harmonized UNDG standard for more frequent reporting on all contributions passed through United Nations pooled funds. The Office already has all the technical and support systems ('UNEX') in place for United Nations organizations to report expenditures quarterly on an unofficial basis, with dedicated staff capacity available to provide assistance.

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Status	Comments
1.1 Building on the ongoing support to UNDG in publishing United Nations development data through IATI, UNDP will offer advisory support to UNDG to enhance transparency in fund utilization further down the results delivery chain of United Nations pooled funds.	June 2019	Bureau for Policy and Programme Support/ Development Impact Group		

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Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Status	Comments
1.2 Mainstream the proposed United Nations data standard on linking United Nations financial flows to the Sustainable Development Goals in MPTF Office fund- and project-level planning and reporting.	Planning: December 2019 Reporting: December 2020	MPTF Office	Planning: within 12 months after United Nations agreement on data standard. Reporting: within 24 months after United Nations agreement on data standard	
1.3 Configure the next generation Gateway (Gateway 2.0) in such a way that information on fund- and project-level results (outcomes and outputs, planned and delivered) can be far better captured and presented.	Second half 2019	MPTF Office	Defining the specifications (December 2018) followed by building the software and going live in Gateway 2.0	
1.4 Ensure the traceability of resources that pass through United Nations pooled funds by (a) annually publishing pooled fund data through IATI, with duly populated IATI fields for contributors and participating United Nations organization projects; and (b) inclusion of IATI fields, where appropriate, in contribution agreements and transfer notifications.	(a) Q3 2019 (b) by 1 January 2019	MPTF Office	Q3 2019 is the normal timeframe for publishing the data on 2018 aid flows.	
1.5 Prepare a proposal for a refined financial and narrative reporting framework for discussion within relevant UNDG working group.	November 2019	MPTF Office	This will need to be included in the UNDG workplan.	

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Evaluation recommendation 2:
UNDP should advocate for a much stronger administrative agent role in monitoring the fulfilment of United Nations Development Group quality standards by the respective steering committees and participating United Nations organizations. The administrative agent should be charged not only with supporting the design of funds and programmes, but also monitoring and supporting organizational quality in implementation. The MPTF Office should require that all fund terms of reference include a clear theory of change and results framework as part of fund design to structure reporting. The Office should engage with the participating United Nations organizations of each fund and provide support and quality assurance regarding compliance with the terms of reference, confirmed in the administrative agent's written acceptance of the fund.
Management response: UNDP and the MPTF Office agree with this recommendation, noting that full implementation is beyond their remit. Management appreciates that the evaluation recognized the important place that high-quality fund design and results-based implementation play in ensuring strong, results-based management at the level of the fund.   The administrative agent role is defined in the protocol and standard legal agreements signed between the administrative agent and fund proponents. Given the firewall between the administrative agent and the participating United Nations organizations, any "support and quality assurance role" that goes beyond what is in the current administrative agent protocol-mandated tasks will need to be agreed to by the UNDG. The December 2017 Secretary-General's report on the repositioning of the United Nations development system and the related General Assembly resolution A/72/L.52 point to the rapidly changing United Nations environment within which United Nations pooled funds are being designed and administered, including the expanded authority for the resident coordinator to ensure alignment of inter-agency pooled funding for development with national development needs and the United Nations Development Assistance Framework.   UNDP will present a discussion document to the UNDG on the issue of approaches to strengthening quality in design and results frameworks in a United Nations pooled-fund context.   Within its current mandated role, the MPTF Office already has a robust fund design and appraisal process in place to ensure that funds are well designed before it accepts the administrative agent role, involving MPTF Office portfolio managers with broad and substantive results-based management experience. However, fund proponents such as the resident coordinators and resident coordinators' offices for country-level funds, and the key/lead participating United Nations organizations for global-level funds, are responsible for using their expertise in programming substance and context to take the substantive lead in developing the theory of change and the results framework.   Similarly, during fund implementation, the steering committees and technical secretariats take the lead in the substantive monitoring of fund performance. The enhanced tools that the MPTF Office is putting in place through Gateway 2.0 should support them in their role. The MPTF Office stands ready to continue to engage and share its acquired knowledge with fund steering committees and fund secretariats in connection with this topic.   As a very active member in several relevant United Nations inter-agency mechanisms, the MPTF Office has been (co-) leading the work streams that ensure that UNDG has quality standards in place, including that UNDG legal agreements and guidance are solid and updated as required, that training is provided to all relevant stakeholders, and that United Nations financial data standards are being introduced. Work in this area will be continued.

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Status	Comments
2.1 UNDP will present a discussion document to the UNDG on possible approaches/tools/templates to strengthen quality standards in joint programme design and results frameworks.	End 2019	Bureau for Policy and Programme Support/ Development Impact Group	This will need to be included in the UNDG workplan.	
2.2 Review and, if necessary, update the MPTF Office fund proposal appraisal checklist to ensure a strong quality check on the fund design process, and notably in terms of a clear theory of change and results framework.	September 2018	MPTF Office	Link this with key action 9.1 under recommendation 9.	
2.3 Configure the next generation Gateway (Gateway 2.0) in such a way that information on fund- and project-level results (outcomes and outputs, planned and delivered) can be far better captured and presented.	Second half 2019	MPTF Office	Defining the specifications (December 2018), followed by building the software and going live in Gateway 2.0	

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Evaluation recommendation 3:
UNDP may consider initiating a dialogue with the United Nations Development Group for the revision of its policy and documents to properly reflect the role of the managing agent by indicating that its accountability is limited to financial and project management issues, while programmatic accountability lies with the responsible project authority (steering committee or humanitarian coordinator) and the respective non-governmental organization.
Management response: UNDP management agrees with this recommendation, noting that it cannot be fully responsible for implementation. Based on the experience with the updated guidelines and responsible party agreement for the managing agent function under humanitarian funds, UNDP will consider initiating a dialogue with UNDG for the revision of UNDG policy and documents to reflect the role of the managing agent by indicating that managing agent accountability is limited to financial and project management issues, while programmatic accountability lies with the responsible project authority (steering committee or humanitarian coordinator) and the respective non-governmental organization.

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Status	Comments
3.1 Based on the first year of experience with the updated guidelines and responsible party agreement for the managing agent function under humanitarian funds, analyse the desirability (and possible time frame) of taking the issue of managing agent accountability to the UNDG.	June 2019	Bureau for Management Services and Crisis Response Unit, in consultation with MPTF Office		

Evaluation recommendation 4:
UNDP needs to fast-track the implementation of its updated guidelines and responsible party agreement for the managing agent function under humanitarian funds (and update programme and operations procedures) to reflect the special dispensation required for provision of such services.
Management response: UNDP management agrees with this recommendation and would like to highlight that its continuous efforts to harmonize its implementation approaches on the managing agent function have led to the development of a number of tools and a community of practice between headquarters and national focal points. The first tool is the responsible party agreement, which was launched globally on 17 April 2018, and the programme and operations procedures were updated accordingly. The standard template for the responsible party agreement for country-based pooled funds, now available in English and French, will be applicable only to project activities where UNDP serves as the managing agent. Due to the nature of allocation rounds, and based upon key advice from in-country managing agent unit team leaders, some countries may need a slightly longer time frame to implement the responsible party agreement. Second, a new standard operating procedure has been launched concerning the clearance of country-based operational manuals. These manuals define in some detail the roles and responsibilities of UNDP as managing agent, which in turn affects the accountability of the organization. UNDP also organized a community of practice workshop in April 2018 as a continuation of its policy and operational support to country offices on how to manage the managing agent function.

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Status	Comments
4.1 Closely monitor implementation of updated guidelines and responsible party agreement for the managing agent function under humanitarian funds and promptly address any issues that may arise.	December 2019	Crisis Response Unit and Bureau for Management Services		

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Evaluation recommendation 5: **The MPTF Office should assess the non-United Nations participating organization pilot for direct access to United Nations pooled funds by non-governmental organizations, and should propose necessary adjustments to United Nations Development Group guidance (including the preparation of revised standard administrative arrangements and memorandum of understanding for such modality), so that they can be rolled out as an option for other funds (particularly humanitarian and transition funds) where relevant.**				
Management response: The management of the MPTF Office agrees with this recommendation, noting that the Office cannot be responsible for full implementation. The Office is assessing the non-United Nations participating organization pilot for direct access to United Nations pooled funds by non-governmental organizations and is updating its internal policies and procedures based on the lessons learned. Based on the experience of the MPTF Office to date, the inclusion of a non-United Nations participating organization in a given fund can be accommodated with only minor changes in the standard legal agreements (memorandum of understanding and standard administrative arrangement) of an MPTF Office-administered fund. In line with existing UNDG procedures, the MPTF Office will, as needed, propose adjustment or exception in the UNDG legal agreements to the relevant United Nations pooled fund oversight body for endorsement.				
			Tracking*	
Key action(s)	**Time frame**	**Responsible unit(s)**	**Status**	**Comments**
5.1 Complete the assessment of the non-United Nations participating organization pilot.	December 2018	MPTF Office		
5.2 Finalize updated MPTF Office internal policies and procedures for non-United Nations participating organizations.	December 2018	MPTF Office		
5.3 Submit proposal to the UNDG Fiduciary Management Oversight Group for its review and approval on the required minor adjustments to the UNDG legal agreements and procedures for those UNDG funds wishing to use this as an option.	December 2018	MPTF Office		

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Evaluation recommendation 6: **The MPTF Office ought to make information on new funds available to all interested parties. The Office should act to ensure that any potential participating organization could become aware of new opportunities, by providing that information on the Gateway. Furthermore, the Office should encourage resident coordinators to make such information available and to actively brief the country teams about new funds under discussion or agreed, without implying that everyone will necessarily have a "share".**				
Management response: The management of the MPTF Office agrees with this recommendation, noting that the Office cannot be fully responsible for implementation. Information on all MPTF Office funds that are capitalized is available on the MPTF Office Gateway from the moment of establishment, and the MPTF Office annual report includes information on all ongoing Office-administered funds, including the non-capitalized ones. The MPTF Office will explore ways in which it can make information on relevant new global United Nations pooled funds available to potential participating organizations earlier, benefiting as well from the introduction of Gateway 2.0, which will have enhanced communication features. For new global funds, the fund proponents (lead United Nations agencies and/or the United Nations Secretariat for initiatives of the Secretary-General) are in the lead for determining issues such as participating organizations. The MPTF Office will therefore only be able to share information officially once it has formally accepted to set up a new fund based on agreed terms of reference. For country-level funds, the role in briefing the United Nations country teams, including non-resident agencies, will need to be played by the resident coordinator, who has been given the expanded authority of ensuring the alignment of inter-agency pooled funding for development.				
Key action(s)	**Time frame**	**Responsible unit(s)**	**Tracking***	
			Status	**Comments**
6.1 Configure the next generation of Gateway (Gateway 2.0) in such a way that information on pipeline and newly approved funds becomes more easily accessible to all interested parties.	Second half 2019	MPTF Office	Defining the specifications (December 2018), followed by building the software and going live in Gateway 2.0	

Evaluation recommendation 7: **UNDP, as a participating United Nations organization, should increase its efforts to close the backlog of old project allocations that are essentially concluded but not yet financially closed, particularly in the four countries where it is managing agent to country-based pooled funds.**				
Management response: UNDP management agrees with this recommendation and will continue its efforts to close projects where UNDP acts as participating United Nations organization for funds provided by the MPTF Office, particularly for countries where it acts as managing agent to country-based pooled funds.				
Key action(s)	**Time frame**	**Responsible unit(s)**	**Tracking***	
			Status	**Comments**
7.1 Provide required support and oversight to selected country offices, so that they will financially close UNDP projects with an operational end date before 2014 that were funded by United Nations pooled fund allocations, by the end of 2018.	December 2018	The Regional Bureau for Africa and the Regional Bureau for the Arab States, in consultation with the Bureau for Management Services/ Office of Financial Resources Management and UNDP country offices in the Central African Republic, Democratic Republic of the Congo, South Sudan and Sudan		

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Evaluation recommendation 8: **The MPTF Office should initiate a process for establishing a multi-stakeholder steering committee, including partner United Nations organizations and donor representatives, that meets at least on an annual basis to review progress and discuss trends in global financing and strategies on the way forward. Such a mechanism will strengthen partner engagement and reinforce the confidence of donors and partner organizations in the mechanism and its use.**				
Management response: The management of the MPTF Office agrees with the proposal of establishing a multi-stakeholder steering committee made up of partner United Nations organizations, donor representatives and other relevant stakeholders that will meet on an annual basis. Further details of the terms of reference and composition of the committee will be worked out in the coming months.				
Key action(s)	**Time frame**	**Responsible unit(s)**	**Tracking***	
			Status	**Comments**
8.1 Develop draft proposal for the proposed steering committee, outlining its responsibilities and composition and its relationship to other multi-stakeholder mechanisms, combined with a proposal for a first annual meeting.	October 2018	MPTF Office in consultation with the UNDP Executive Office and Directorate of the Bureau for Management Services		
8.2 Obtain inputs from various stakeholders on the draft proposal and finalize it accordingly.	November 2018	MPTF Office in consultation with the UNDP Executive Office and Directorate of the Bureau for Management Services		
8.3 Hold first annual meeting.	January 2019	MPTF Office in consultation with the UNDP Executive Office and Directorate of the Bureau for Management Services		

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Evaluation recommendation 9: **The MPTF Office should develop guidelines and procedures to ensure that considerations related to gender equality and empowerment are reviewed for 'quality at entry' and incorporated into fund design, appraisal and allocation processes.**				
Management response: The management of the MPTF Office agrees with this recommendation, noting that the Office cannot be fully responsible for implementation. The Office can verify if relevant existing United Nations guidelines and criteria on gender equality and empowerment have been duly taken into account in the fund design process. Further, through the mainstreaming of the proposed data standard on linking United Nations financial flows to the Sustainable Development Goals in MPTF Office fund- and project-level planning and reporting, fund interventions with relevance to Sustainable Development Goals targets concerning gender equality and empowerment can be more easily traced in future. Procedures for fund allocation decisions are normally included in the fund operational manual, the preparation of which is the responsibility of the respective fund secretariat. Actual fund allocation decisions are again the responsibility of the steering committee and the fund secretariat. Only in a few cases does the MPTF Office actually host a fund secretariat.				
			Tracking*	
Key action(s)	**Time frame**	**Responsible unit(s)**	**Status**	**Comments**
9.1 Update fund proposal appraisal checklist to include a point to confirm that relevant United Nations guidance on gender equality and empowerment has been taken into account.	September 2018	MPTF Office	Link this with key action 2.1 under recommendation 2	
9.2 Share with MPTF Office an overview of relevant United Nations guidelines and criteria related to gender equality and empowerment, as it relates to the Sustainable Development Goals and targets.	September 2018	Bureau for Policy and Programme Support, Gender Unit		
9.3 Mainstream the proposed United Nations data standard on linking United Nations financial flows to the Sustainable Development Goals in MPTF Office fund- and project-level planning and reporting.	Planning: December 2019 Reporting: December 2020	MPTF Office	Planning: within 12 months after United Nations agreement on data standard Reporting: within 24 months after United Nations agreement on data standard	

* Implementation status is tracked in the Evaluation Resource Centre.

ANNEXES (available online)

Annexes to the report (listed below) are available on the website of the Independent Evaluation Office at https://erc.undp.org/evaluation/evaluations/detail/9522

Annex 1. Evaluation Terms of Reference

Annex 2. Persons Consulted

Annex 3. Documents Consulted

Annex 4. Survey Respondents

INDEPENDENT
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EVALUATION

OF UNDP INTER-AGENCY POOLED FINANCING SERVICES

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