

UNDP INTER-AGENCY POOLED FINANCING SERVICES

The inter-agency pooled funds are a mechanism used to receive contributions from multiple financial partners and allocate those resources to implementing entities to support specific national, regional or global development priorities. The UN pooled funds are administered by the Multi Partner Trust Fund Office (MPTFO), hosted by UNDP. The two major types of pooled funds are Multi-donor trust funds (MDTFs) and Joint Programmed (JPs).

This [evaluation](#) covers the period 2010 to 2017 and examines the efficiency and effectiveness of UNDP in providing inter-agency pooled financing services through the MPTFO. It aims

to provide useful findings and recommendations to improve and inform UNDP's positioning as a provider of these services. The coverage included 19 countries including UN Agencies Headquarters in New York, Geneva, Rome, Vienna, London, Paris and Nairobi. A total of 35 UN entities, 16 donors and 6 non-UN organizations were consulted in the evaluation.

UN Inter-agency pooled financing



EVALUATION FINDINGS

Trends in pooled financing

- The total value of annual contributions and the number of donors have increased over time, but the annual contribution per donor decreased. While nearly 100 countries contributed to the funds, five accounted for 62% of the funding. Contributions from 10 donors represented 85% of total funds, while 80 countries provided 4%.
- 52 UN entities receive contributions from pooled funds. UNDP, UNICEF, FAO, WFP, OCHA, WHO, IOM, UNOPS and UNFPA together receive 80% of total transfers while other 42 entities receive 12% funding.
- Over 110 countries received funds through this mechanism. Transfers to Sudan, DRC, Somalia and South Sudan constituted 45% of the funding while another 20% of the resources benefited 90 countries.

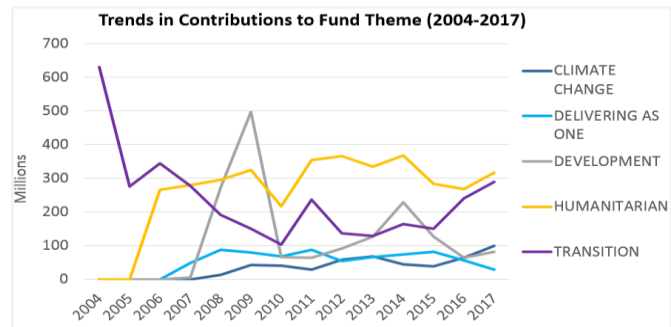
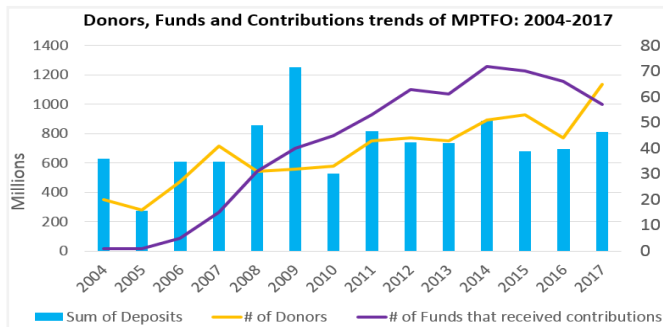
Effectiveness and efficiency of the mechanism

- MPTFO has established itself as a strong, credible and neutral provider of UN pooled financing services. However, there is considerable scope for strengthening the design of the funds and their governance.
- The lack of well-developed Theory of Change and results framework in many funds has weakened their quality and results reporting.
- Pooled financing has reduced transaction costs for the donors; however, such cost has substantially increased for the UN agency country staff and Resident Coordinators.
- Stakeholders recognized that the MPTFO Gateway is a transparent tool for reporting information on donor contributions, it would benefit from more frequent reporting on expenditures.

- Financial transfers to and from the MPTFO have been generally quite prompt, but there have been some internal delays within participating UN organization (PUNOs) when transfers are not clearly identified.
- PNUOs' closure of project has often been delayed resulting in the withholding and unavailability of significant resources for use by others.
- The firewall between MPTFO as an Administrative Agent and UNDP as an implementer is working as it should and there is no evidence of firewall violation.
- UNDG guidelines stipulate that each participating organization "assumes full financial and programmatic accountability for the funds disbursed" to it by the AA and for the implementation of the project. This provision does not fit in situations where the steering committee selects an NGO and its project, and then allocates funds to a PUNO as managing agent (MA) to contract the NGO.
- MPTFO has managed a pilot for direct transfer of funds to NGOs, as Non-UN participating organizations (NUNOs). This provides a third option that has demonstrated promising results though delays in standardizing the MOU have impeded its full roll-out for wider use.

Role of pooled funds in supporting UNDP priorities

- UN pooled funds have contributed positively in promoting donor coordination and UN coherence, despite the increase competition for resources among participating organizations. While MDTFs and JPs have been instrumental in promoting integrated planning at the country level in support of UNDAF and supporting national ownership, the success of these varies and largely depends on the commitment of key actors.



CONCLUSIONS

- Pooled financing has become a well-established mechanism over the past decade. Increasing this type of funds and the effectiveness of the programmed are critical to support the implementation of Agenda 2030.
- Though MPTFO is valued for its administration capability, among other qualities, major concerns remain with respect to the quality of fund design and the weak results focus.
- The perception among a minority of PUNOs of bias in funds allocation suggests a need for improved dissemination of information regarding new fund opportunities.
- Greater attention is needed by UNDP to ensure the timely implementation of recent policy changes that can improve its MA services under humanitarian funds.
- Stricter compliance on timely fund closure of projects by UN entities would free up significant resources that could potentially be used by other agencies with active projects.
- UN pooled funds play a key role in promoting coherence within the UN system and assure proper fund use. They combine multiple strengths of different UN entities, provide an opportunity to work at scale and help leverage resources. However, there is concern on the unclear results focus of some funds, loss of donor visibility, transparency in fund utilization down the delivery chain and value for money.
- For MPTFO to be truly seen as an Office serving the entire UN system, a multi-stakeholder steering committee mechanism that includes partner UN agencies and contributing partner should be institutionalized.

RECOMMENDATIONS

- UNDP should initiate a dialogue with UNDG to increase transparency in fund utilization further down the results delivery chain and demonstrate a clear UN comparative advantage and value for money.
- The implementation of quality standards by Fund Steering Committees and participating UN organizations should be strengthened. The MPTFO should require that all funds terms of reference include a clear Theory of Change and a results framework as part of the fund design.
- UNDP may consider initiating a dialogue with UNDG to indicate MA accountability is limited to financial and project management issues, while programmatic accountability lies with the responsible project authority and the respective NGO.
- UNDP needs to fast-track the implementation of its updated guidelines and responsible party agreement for the managing agent function under Humanitarian Funds.
- MPTFO should assess the NUNO pilot for direct access to UN pooled funds by NGOs and propose adjustments to the UNDG guidance so that it can become an option for other funds, particularly humanitarian and transition funds.
- The MPTFO ought to make information on new funds available to all interested parties and encourage Resident Coordinators to make such information more readily available to the UNCTs.
- MPTFO should initiate a process for establishing a multi-stakeholder Steering Committee that includes partner UN agencies and donor representatives and meets regularly to discuss trends in global financing and strategies on the way forward.
- MPTFO should develop guidelines to ensure considerations related to gender equality and empowerment are incorporated in fund design, appraisal and allocation processes.

MANAGEMENT RESPONSE

UNDP and MPTFO management welcomed the evaluation and agreed overall with its findings, conclusions and recommendations, though some with reservations as these require a broader dialogue within the UNDG and with the

participating UN organizations.

[UNDP Management response](#) presented key-actions to implement the recommendations.