

**UNDP's accountability when acting as Administrative Agent
in Multi-Donor Trust Funds, One UN Funds and/or UN Joint Programmes
using the pass-through fund management modality**

Document Name	UNDP's accountability when acting as Administrative Agent in Multi-Donor Trust Funds and/or UN Joint Programmes
Language(s)	English, French and Spanish
Responsible Unit	Bureau of Management, UNDP
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Subject (taxonomy)	Multi Donor Trust Funds; One UN Funds: Joint Programmes; Accountability
Date created	Revised 13/04/2010
Effective date	30/07/2010
Mandatory Review	(12 months past publish date)
Audience	Resident Coordinators/Resident Representatives and their Deputies and all UN staff involved in the UNDP-managed Pass-Through Trust Funds and/of UN Joint Programmes
Applicability	Management of Multi Donor Trust Funds, One UN Funds and/or UN Joint Programmes
Replaces	UNDP's accountability when acting as Administrative Agent in Multi-Donor Trust Funds and/or UN Joint Programmes version of 20/6/2007
Is part of	UNDG Joint Programming Guidelines; Pass-Through Fund Management, UNDP User Guide; UNDP's Cost Recovery Policy; Decision of the Operations Group.
Related documents	UNDG guidance on joint programming and multi-donor trust funds; Protocol on the Administrative Agent for Multi-Donor Trust Funds and Joint Programmes, and One UN Funds; The Management and Accountability System of the UN Development and Resident Coordinator System including the "functional firewall" for the RC System. (available on mdtf.undp.org and www.undg.org)
UN Record Ref.	N/A

In the context of growing efforts of the UN system towards enhanced coherence and efficiency at the country level and increasing joint UN activities, UNDP is often called upon to play the role of Administrative Agent (AA) for Multi-Donor Trust Funds (MDTFs), One UN Funds and Joint Programmes¹ (JPs) using the pass-through fund management arrangements established by the UN system. These funds exist in humanitarian, transition as well as reconstruction and

¹ Currently, UNDP is administering 31 MDTFs and One UN Funds and 21 JPs with a total cumulative portfolio of about \$4.5 billion, as of 31 March 2010 (see <http://mdtf.undp.org>).

development contexts. It is in this connection that UNDP established the Multi-Donor Trust Fund Office (MDTF Office) within the Partnership Bureau (PB) in May 2006².

As part of UNDP's measures to delineate the responsibilities of UNDP in its dual role as AA and Participating UN Organization of MDTFs/JPs/One UN Funds and to avoid real or perceived conflicts of interest, the MDTF Office was re-located to the Bureau of Management (BOM) on 1 February 2009. This decision also responds to the UNDG recommendation on the location of an AA within a UN Organization which is articulated in the UNDG "Protocol on the AA for MDTFs, JPs and One UN Funds".

The pass-through modality is one of three possible fund management options for funding received in support of UN joint programmes. In a pass-through arrangement, donors and Participating UN Organizations agree to channel funding through one Participating UN Organization, referred to as the AA, who is jointly selected by all Participating UN Organizations. As such, the AA is the appointed interface between the Participating UN Organizations and the donors.

On behalf of the Participating UN Organizations, the AA will:

- (a) Receive contributions from donors that wish to provide financial support to the MDTF/JP/One UN Fund through the AA;
- (b) Administer such funds received, in accordance with the relevant Memorandum of Understanding (MOU) between the AA and Participating UN Organizations, including the provisions relating to winding up the MDTF/JP/One UN Fund Account and related matters;
- (c) Subject to availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with instructions from the Steering Committee/Resident Coordinator (on behalf of the Steering Committee), taking into account the budget set out in the approved programmatic document/Joint Programme Document, as may be amended in writing from time to time by the Steering Committee;
- (d) Consolidate statements and reports, based on submissions provided to the AA by each Participating UN Organization, as set forth in the Terms of Reference (TOR)/Joint Programme Document/One UN Programme, and provide these to each donor that has contributed to the MDTF/JP/One UN Fund Account and to the Steering Committee/Resident Coordinator for One UN Funds;
- (e) Provide final reporting, including notification that the MDTF/JP/One UN Fund has been operationally completed;

² See the related decision of the Operations Group ([OG-2006.04.12-3.1](#)) as well as the note of Bruce Jenks to RRs of 25 May 2006.

- (f) Disburse funds to any Participating UN Organization for any additional costs of the task that the Steering Committee may decide in accordance with TOR/Joint Programme Document/ One UN Programme; and
- (g) Provide certified annual and final financial statement (“Source and Use of Funds”) no later than five months (31 May) and seven months (31 July) after the end of the calendar year and of the year following the financial closing of the Fund, respectively.

This document is aimed at ensuring that UNDP’s accountability as AA is properly safeguarded and exercised and UNDP’s role as AA on behalf of UN agencies is clearly recognized and differentiated from its role as Participating UN Organization by our UN partners and donors.

1. There will be a clear delineation between UNDP’s role as a Participating UN Organization implementing MDTF/JP/ One UN Fund activities in line with its operational mandate on one hand and as AA on behalf of Participating UN Organizations on the other. To establish an effective delineation between these two functions, accountability for UNDP’s function as Participating Organization will be exercised by the concerned Regional Bureaux, the Bureau of Development Policy (BDP) and/or the Bureau for Crisis Prevention and Recovery (BCPR). The accountability for UNDP’s function as AA in MDTFs, One UN Funds and UN JPs using pass-through arrangements has been delegated to the Executive Coordinator of the MDTF Office reporting to the Assistant Administrator and Director of the Bureau of Management.
2. While accountability for UNDP’s AA function rests with the Executive Coordinator of the MDTF Office³, specific tasks related to the AA role may be performed, to the extent possible, by UNDP Country Offices with explicit delegation from the Executive Coordinator of the MDTF Office. Such delegation shall be based on a proper capacity assessment, including Country Office financial management performance assessments of the UNDP Comptroller and a review of the associated costs and benefits of delegation and will include the details regarding how the Executive Coordinator of the MDTF Office will provide oversight over the delegated functions.
3. In particular the following will apply for each MDTF/JP/One UN Fund:

Signature of related MOU between Participating UN Organizations and UNDP as Administrative Agent as well as Standard Administrative Arrangements (SAA) between UNDP as AA and a donor will be signed for UNDP as AA by the Executive Coordinator of the MDTF Office who can authorize a UNDP official at the concerned Country Office to sign “for” him/her, where applicable on a case by case basis.

³ This would include obtaining appropriate authoritative actions from the concerned UNDP officials (e.g. certification of financial reports by the UNDP Comptroller, treasury functions).

The submission of relevant narrative and financial reports, consolidated by UNDP as the AA, will be governed by the applicable arrangements specified in the relevant MOU signed with Participating UN Organizations and SAA signed with donors.

Delegations of Authority:

- a. In cases where the MDTF is a **single country operation**, the Executive Coordinator of the MDTF Office may delegate, with the concurrence of the Resident Representative, the performance of as many AA tasks as feasible to the UNDP Country Director and where there is no Country Director, to the Senior Deputy Resident Representative. The Country Director/Senior Deputy Resident Representative will, in the performance of the AA tasks at the country level, be accountable to the Executive Coordinator of the MDTF Office. Detailed agreements on the delegated performance of specific AA tasks will be established by the MDTF Office on a case by case basis, through a Delegation of Authority document, after having ensured that capacity requirements are met.
- b. In cases of One UN Funds established in the **One UN Programme countries** as well as any other UN joint fund aimed at increasing coherence, leadership and effectiveness of the UN system at the country level (using the pass-through fund management arrangement), the performance of the AA tasks will be as follows:
 - i) For signature of the respective MOU and SAAs: The UNDP Country Director (or UNDP Senior Deputy Resident Representative in Country Offices where there is no Country Director) will, upon due authorization received from the Executive Coordinator of the MDTF Office, sign these documents on behalf of him/her for UNDP as AA. In addition, the UN Resident Coordinator will sign as UN Resident Coordinator in his/her capacity of Chairperson of the Joint Programme Steering Committee to signify the Resident Coordinator's leadership of these funds, as provided for in the MOU and SAAs for the One UN Fund.
 - ii) Other AA tasks may be delegated by the Executive Coordinator of the MDTF Office to the UNDP Country Director (or Senior Deputy Resident Representative), with the concurrence of the Resident Representative, on a case by case basis after the Executive Director has ensured that capacity requirements are met. The UNDP Country Director (or Senior Deputy Resident Representative) will, in the performance of AA tasks at the country level, be accountable to the Executive Coordinator of the MDTF Office and ensure the proper delineation of UNDP's dual functions as a Participating Organization and AA.
- c. In cases of

- i) multi-country MDTFs, such as the MDG Achievement Fund;
- ii) MDTFs with multi-country operations, such as the UN Peacebuilding Fund, UN REDD Programme Fund;
- iii) MDTFs with the decision-making body located in New York or other Headquarter units, such as the Central Fund For Influenza;
- iv) MDTFs operating in politically or operationally complex environments that may require the performance of the AA functions from Headquarters in New York, such as the UNDG Iraq Trust Fund; and/or
- v) MDTFs with inadequate contribution base where the cost of delegating the authority to UNDP Country Offices outweighs the potential benefits;

the AA tasks may not be delegated and will be performed directly by the MDTF Office.

- d. In **all other UN joint programmes using pass-through arrangements**, some aspects of UNDP's tasks as AA may, when explicitly delegated by the Executive Coordinator of the MDTF Office, be performed by the UNDP Country Office consistent with the UNDG Joint Programming Guidelines currently in force and the Delegation of Authority document that will be issued by the Executive Coordinator of the MDTF Office. With the concurrence of the Resident Representative, the UNDP Country Director/Senior Deputy Resident Representative will, in the performance of AA tasks at the country level, be accountable to the Executive Coordinator of the MDTF Office and ensure the proper delineation of UNDP's dual functions as a Participating Organization and AA.
4. In carrying out UNDP's AA functions, the MDTF Office will maintain the highest standards of transparency and accountability. It will draw on the expertise of other bureaux (such as Bureau of Development policy (BDP), the Partnerships Bureau (PB) and the Bureau of Crisis Prevention and Recovery (BCPR). As appropriate, the MDTF Office will consult with the Legal Support Office, Bureau of Management (LSO/BOM) and the UNDG inter-agency Fiduciary Management Oversight Group (FMOG) regarding the clearance of substantial deviations ('substantial' defined as changes to the legal relationships described in the MOU, the governance mechanisms, reporting arrangements or equivalent) to the MOU and SAA.
 5. The MDTF Office will act as the UNDP Headquarters focal point and repository of all documents in relation to MDTFs, One UN Funds and JPs for which UNDP is performing the AA functions. The MDTF Office will ensure the consistent application of UNDG-wide agreed arrangements regarding MDTFs as contained in applicable UNDG documents, such as the section on "Accountability for MDTFs and JPs" of the "The Management and Accountability System of the UN Development and Resident Coordinator System including the "functional firewall" for the RC System" (27 August 2008) and "Protocol on the Role of the AA for MDTFs, JPs and One Funds" (30 October 2008), and facilitate the systematic sharing of best-practices of UNDP's implementation of its AA functions.

6. Based on applicable guidelines of the Bureau of Management, a transparent apportionment of the associated UNDP AA fee (1% of donor contributions to MDTFs, JPs and One UN Funds using the pass-through modality) between the MDTF Office, the UNDP Country Office (that have received Delegations of Authority) and HQ Central Services reflecting the division of labor and associated workload of the different units will be agreed on up front.

The Executive Coordinator of the MDTF Office will submit an annual report on the activities of the MDTF Office to the Administrator, through the Assistant Administrator and Director of the Bureau of Management, with a copy to the Associate Administrator, by 30 April of the following year. The Executive Coordinator will also submit an annual report to the UNDG Oversight Committees, in accordance with the UNDG Accountability for MDTFs and JPs Guidelines, on fund allocation, disbursement and achievements and challenges in acting as AA including identifying any aberrations in relation to agreed arrangements, no later than 30 June of the following year.