

Modalities of trust fund establishment and administration in the UN

A very large variety of trust funds exist in the UN system, supporting goals such as ending violence against women, promoting democracy or assisting victims of torture and human trafficking. A sample of funds are examined in Annex 1.

Fund establishment:

Most trust funds within the UN system are established via a General Assembly resolution. A proposal or draft resolution recommending that the General Assembly establish a trust fund requires the submission of a report by the Secretary-General on the proposal's administrative and financial implications.

In accordance with the financial regulations and rules of the UN, trust funds may also be established by the Secretary-General to channel voluntary contributions toward a specific purpose (Regulation 3.12, 3.13 and 4.13 of ST/SGB/2013/4¹).

All UN trust funds must be managed in accordance with the above-mentioned financial regulations and rules.

The procedures to follow for establishing a trust fund are detailed in ST/SGB/188² and ST/AI/284³.

Contributions:

The majority of voluntary contributions to UN funds come from member States. Nongovernmental organizations, the private sector and individuals may also contribute.

In non-UN funds such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) and the Global Environment Facility (GEF), donor states convene every few years to discuss fund replenishment and commit pledges for a specific multi-year period. This grants predictability of funding.

Grantees:

Trust funds can channel financing to a variety of entities. Governmental entities are generally granted funds to help implement national plans/strategies for sustainable development. International organizations may also apply for funding. Some funds such as the UN Fund for International Partnerships and the UN Trust Fund for Human Security channel funds only to UN agencies. Certain funds accept applications from civil society organizations, on condition that the latter demonstrate, via financial/audit reports, that they have been operational for a certain number of years.

The Global Fund and the GEF liaise with countries via focal points/coordinating mechanisms, through which grantees must submit all project proposals.

¹ [ST/SGB/2013/4](#)

² [ST/SGB/188](#)

³ [ST/AI/284](#)

Governance:

In the majority of cases, a board (called a board of trustees or an advisory board) or a steering committee determines policies and ratifies grant awards. Members thereof are generally appointed by the Secretary-General and may consist of independent experts or representatives from UN agencies, donor countries and civil society organizations. The board/steering committee generally meets twice a year.

Certain UN funds such as the UN Democracy Fund and the UN Fund to End Violence Against Women also have an interagency advisory/consultative group which provides expert advice to the fund secretariats.

The secretariat for each fund is guided by the above-mentioned mechanisms. The secretariat is generally housed within a relevant UN agency and provides all administrative services such as calling for proposals, awarding and disbursing grants, mobilizing financial resources, monitoring and evaluating grantees etc. In line with UN financial regulations and rules, the overhead cost for each secretariat of 13% is assessed against contributions. In certain cases such as the UN Fund for Victims of Human Trafficking, secretariat costs are paid out of the budget of the agency housing the secretariat.

The Secretary-General reports annually on the activities of UN trust funds to member States via the General Assembly, the Commission on the Status of Women, the Human Rights Council etc.

It should be noted that the Global Fund and the GEF have independent accountability bodies for evaluation, but this is not a practice in UN trust funds.

Grant-making:

Most UN trust funds call for proposals annually and have an online portal for applicants to submit proposals, as well as progress reports once they receive funding. Proposals are evaluated by the fund's secretariat, sometimes in coordination with relevant UN country offices or offices of Special Representatives of the Secretary-General, or with independent technical committees. The board/steering committee of the fund ratifies the short list prepared by the secretariat and forwards it to the Secretary-General for the latter's endorsement.

If the grantee will be implementing the project with other partners, the UN encourages the signing of MoUs with these partners to ensure full accountability and clear delineation of responsibilities.

Multi-donor trust funds (MDTFs):

MDTFs are a special UNDG modality for channeling donor contributions through a pooled mechanism to multiple implementing entities for thematic or country-specific programmes. These are pass-through mechanisms and do not require all participating organizations to comply with the operating procedures of a lead agency. Instead, they offer a flexible mechanism for participating organizations to handle implementation according to their own procedures. Avoiding duplication of operating procedures minimizes implementation delays and transaction costs. MDTFs enable beneficiary countries to actively participate in the funds via membership in steering committees. While most donors support this modality of pooling resources because of the lower administration costs, there is a lack of possibility for strong earmarking or receiving individual reports on the utilization of the donated resources.

UNDG has developed a framework for the operation of MDTFs, including a guidance note for their establishment⁴, terms of reference for both the MDTF⁵ and its steering committee⁶, MoUs⁷ to be signed between the participating UN organizations and the Administrative Agents (AA), protocols for AAs⁸, and the standard administrative agreements to be signed by the AA and individual donors⁹.

MDTFs are generally, but not always, administered by the Multi-Partner Trust Fund (MPTF) Office, which is part of UNDP (though separated from other UNDP businesses through a firewall.) The Office services the UN system and governments, bringing together and capitalizing on the strengths of individual agencies. Services encompass the entire trust fund management cycle, from needs analysis, fund architecture design and fund establishment to day-to-day financial management, capacity building, development of financing strategies, and, ultimately, fund closure. MPTF Office costs are covered by a 1% fee charged against each contribution.

Although most of the MDTFs administered by the Office are country- or subregion-specific, global funds such as the Peacebuilding Fund can also use the Office's services. As another example, the UN Trust Fund to End Violence Against Women uses the MPTF Office as the Administrative Agent for certain country programmes. UN Women contributes the funds which the MPTF Office distributes to other participating organizations such as UNDP, WHO, and UNICEF for the implementation of country-level projects, such as "Integrated Response to Violence Against Women in Serbia" which has helped provincial governments in Serbia to develop relevant policies, train school administrators etc.

The MPTF Office manages nearly 100 pooled financing mechanisms, which represent more than 95% of the funds channeled through UN-administered multi-donor trust funds and joint programmes.

UNDG recommends that small multi-donor trust funds with a simple structure of only one project per participating UN organization should have expected contributions of at least US\$ 2 million per year, with a minimum duration of five years of operational activities¹⁰. More complex funds have a threshold of US\$ 5 million.

⁴ [UNDG guidance note on MDTF establishment](#)

⁵ [UNDG generic Terms of Reference for MDTFs](#)

⁶ [UNDG generic Terms of Reference for MDTF steering committees](#)

⁷ [Standard MoU for MDTF](#)

⁸ [UNDG Protocol on the Role of Administrative Agent](#)

⁹ [Standard administrative arrangements](#)

¹⁰ [Thresholds for MDTF establishment](#)