A pooled fund is a mechanism used to receive contributions from multiple financial partners and allocate such resources to multiple implementing entities to support specific development priorities. These open-ended funds operate as pass-through mechanisms and as such do not require all participating organizations to comply with the operating procedures of a lead agency. Instead, pooled funds offer a flexible mechanism that enables participating organizations to manage implementation according to their own procurement and financial procedures. By avoiding the duplication of these internal processes, pass-through mechanisms minimize implementation delays and transaction costs.

Pooled financing mechanisms emerged as a critical tool for improving aid effectiveness during the last decade. The longtime business practice of pooling resources to finance large projects and reduce investment risks is proving just as effective in the development sector, where it allows partners to manage resources together more efficiently than through multiple and separate initiatives.

The United Nations (UN) has been at the forefront of the global aid effectiveness drive, launching the first UN pooled funding mechanism in 2003 and investing in a new organizational unit to support it. Since its establishment, the United Nations Multi-Partner Trust Fund Office (MPTF Office) has led the UN effort to “put Paris into practice” by expanding the capabilities and the services available to contributors, government and UN partners. The office services 95 percent of UN pooled trust funds and joint programmes working with 44 participating organizations in 99 countries. A total of 94 contributors—ranging from traditional and non-traditional contributors to foundations, private sector contributors and individuals—have contributed approximately $7 billion to support a diverse set of more than 100 UN humanitarian, transition, development and climate change pooled trust funds and programmes.

The United Nations General Assembly’s 2012 Quadrennial Comprehensive Policy Review resolution urges Member States making non-core contributions to “give priority to
Pooled financing mechanisms operate in a wide range of contexts, as well as on different geopolitical scales (i.e. global, regional, national and sub-national funds). Furthermore, they can either be UN or nationally managed. UN pooled funds are both administered and implemented by UN agencies. National pooled funds are fully owned by their countries’ governments, are administered by the MPTF Office on their behalf and are usually implemented by a diverse range of national and international implementing entities. Both UN and national pooled funds may operate through a single or multiple funding windows, based on the scope and complexity of programmatic goals and the number and diversity of implementing partners.

Notwithstanding their diversity, various funds have a number of common design and governance features, ensuring a strong division of responsibilities between fund administration, operation and implementation. The administrator holds and manages funds in trust, providing tools for ensuring transparency, tracking results and reporting. The steering committee guides resource allocation and operations with support from the secretariat, while implementation is the domain of the entities that receive financial resources to carry out approved activities in order to achieve the fund’s planned results.

Hosted by the United Nations Development Programme, the MPTF Office services the entire UN system in support of One United Nations principles. The MPTF Office provides pooled fund establishment, administration and advisory services to and on behalf of the UN system and national governments, bringing together and capitalizing on the strengths of individual agencies. The MPTF Office, in its role of fund administrator, concludes legal agreements for fund establishment, receives financial resources from contributors and subsequently disburses resources among the implementing entities.