



What is an MDTF?

A UNDG/UN Multi-Donor Trust Fund (MDTF) is a multi-agency funding mechanism, which is designed to receive contributions from more than one donor that are held in trust by one of the UN Organizations that is appointed as the Administrative Agent (AA). Donor resources are co-mingled to fund programmes and projects implemented by United Nations (UN) Participating Organizations at the country level in support of the achievement of nationally owned and determined priorities or at the global level in support of specific thematic objectives such as Millennium Development Goals (MDGs).

More than ever, the UN system is stepping up its efforts to enhance coherence and efficiency at the country and global levels, and to increase coordinated UN implementation. Against this background and in the context of humanitarian, transition, reconstruction and development programmes, the UN system, national authorities and donors are establishing MDTFs and Joint Programmes (JPs) that use the pass-through fund management model. The increasing use of MDTFs is an application of the Aid Effectiveness Agenda and the UN Reform initiative of "Delivering as One" and responds to the need to provide flexible, coordinated and predictable funding to support the achievement of national and global priorities.

While MDTFs respond to a particular country specific situation, they are governed by common governance arrangements that ensure the participation of UN Organizations and governments, in the identification, design, development, approval, implementation and monitoring of activities with involvement of other stakeholders, such as donors.

An MDTF consists of the following key stakeholders:

- a Governance/Decision-Making Body
- an Administrative Agent (AA)
- UN Participating Organizations
- Donors
- Implementing Partners, including Governments and NGOs

MDTFs and JPs are not one-size-fits-all instruments; they are designed to fit the realities of a specific country or global situation. Nevertheless, they are established on common core principles and strategies. For example, they:

- Build on existing country or global frameworks and plans, such as UNDAFs, rather than creating new and parallel strategies;
- Support the achievement of nationally owned and determined priorities;
- Strengthen aid effectiveness through coordination and harmonization of interventions to ensure increased coherence and efficiency, and reduction of management and reporting burdens;
- Involve a broad range of stakeholders, including national authorities, donors, UN Participating Organizations in the decision-making process, as appropriate;
- Ensure that funding, operations and implementation modalities provide full transparency and accountability.

By improving coordination among all stakeholders, MDTFs can also provide a forum for policy dialogue, programmatic coordination and harmonization. Overall, they have become an important financing tool available to the UN to help channel funds towards a strategic vision, that has been defined based on an analysis of programmatic realities and in consultation with all stakeholders.

Cost Structure

As specified in the UNDG agreed [Protocol on the AA for MDTFs and JPs, and One UN Funds](#), and supplemented by the roles and responsibilities outlined in the [Standard Memorandum of Understanding \(MOU\)](#) and [Standard Administrative Agreement \(SAA\)](#), the AA will be entitled to allocate an administrative fee of one percent (1%) of the amount contributed by each donor signing an Administrative Arrangement, to meet the costs of performing the AA's functions described in the relevant MOU. In accordance with the AA Protocol, the AA will report annually on fees received.

Each UN Participating Organization operates under its own financial regulations, rules and policies and assumes full financial and programmatic accountability for the funds disbursed to it by the AA and for the implementation of the projects/programmatic allocations. Indirect costs of the UN Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each Participating Organization in carrying out the activities for

which it is responsible under the Fund/Programme will be recovered as direct costs.

For more information, visit mdtf.undp.org.
 For UNDG-approved documents, visit:
<http://www.undg.org/index.cfm?P=1370>.

MDTF Standard Governance Structure

