

MULTI-DONOR TRUST FUND OFFICE

Efficiency | Transparency | Accountability

Quarterly Newsletter

October - December 2010, Issue 8



UNITED NATIONS
DEVELOPMENT GROUP



Key Figures

- US\$5 billion total commitments
- US\$4.9 billion total deposits
- US\$4.2 billion transferred to Participating Organizations
- 54 Donors/Partners
- 39 Participating Organizations
- Operating in 82 Countries

In This Issue

News/Updates

New Multi-Donor Trust Funds	2
Updates from HQ	2

Features

Lesotho DaO	3
CHF Somalia	4
Peacebuilding Fund	5
Somalia Joint Programme	6
Iraq UNDAF Trust Fund	7

MDTF Office Portfolio at a Glance	8
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MDTF Office Mission

To provide transparent and accountable fund management services to the United Nations system to enhance its coherence, effectiveness and efficiency.

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Share your feedback!

Dear Reader,

Best wishes for a Happy New Year!

2010 was a successful year with a number of notable achievements. In line with the MDTF Office's mission **"to provide transparent and accountable fund management services to the UN system to enhance its coherence, effectiveness and efficiency"**, the Office ended 2010 with record fund transfers (over \$1 billion) to Participating UN Organizations to finance the growing number of MDTFs and Joint Programmes (JPs) under implementation.

Some 2010 highlights of our activities include:

- \$603 million in new donor commitments was received bringing the total MDTF Office deposits to \$5 billion;
- \$1.1 billion were transferred to 39 Participating UN Organizations;
- 9 new MDTFs and 4 new JPs were added bringing the total portfolio to 41 MDTFs and 21 JPs;
- The first National MDTF, the Ecuador Yasuni ITT Trust Fund, was established;
- The MDTF Office GATEWAY was officially launched and is proving to be a practical tool for monitoring MDTF/JP activities and further increasing public transparency of UN operations.

In 2010, a number of governments expressed interest in the MDTF mechanism. As a result, considerable work was done in the context of the Ecuador Yasuni Fund to modify and align the mechanism with UNDP's Management Services Agreement (MSA) and its policies dealing with engagement in direct budget support and

pooled funds. This included working out the appropriate framework for 'direct access' by national entities to UNDP administered national funds and use of national regulatory framework for financial utilization, procurement and accounting systems as long as they do not contradict the principles of UNDP Financial Regulations and Rules.

The modified MDTF mechanism can be used in 2011 to assist more governments. Facilitating access to the significant 'fast-start' climate change funds pledged in Copenhagen and Cancun being one possible example.

Often when selecting a financing mechanism and establishing new MDTFs, the comparative mandates, competencies, experiences and advantages of the UN and World Bank are not utilized in a coordinated manner. In this respect, the UN Indonesia Trust Fund for Disaster Recovery that was established in 2010 as the second 'two-window (UN-World Bank) MDTF' - the first being the IRFFI in Iraq- is a positive example. In 2011, we hope to increase our collaboration with the World Bank so as to better assist national governments address recovery, reconstruction and development challenges.

I thank our partners - Participating UN Organizations, national governments and contributing countries - for the close partnership we had in 2010. We look forward to further strengthen it in 2011.

Bisrat Aklilu,
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New Multi-Donor Trust Funds & JPs

REDD+ Partnership Joint Programme

Bringing together the convening power and expertise of the three Participating UN Organizations: FAO, UNDP and UNEP, the REDD+ Partnership Joint Programme will contribute to the advancement of the international consensus-building on the eventual REDD+ mechanism under the UN Framework Convention on Climate Change (UNFCCC) and, in the interim, to scaling up of REDD+ actions and finance through the provision of secretariat services to the interim REDD+ Partnership.

In summary, the outcomes of the programme are related to: 1) a voluntary REDD+ database, 2) lessons learned on REDD+ initiatives, 3) a website to exchange views and share information, 4) support to partnership meetings, and 5) coordination of the secretariat services.

The Government of Finland contributed Euro 200,000 as the first contributor. More info about the JP is available at <http://mdtf.undp.org/factsheet/fund/CCJ00>

JP Microfinance in the DRC – Phase II

The Democratic Republic of Congo has recognized the need to pursue the expansion of microfinance sector and strengthen its legal and regulatory frameworks to respond to the strong demand for financial services. In this context, the existing "Programme d'Appui au Secteur de la Microfinance" was expanded to Phase II in December 2010. With a total estimated budget of US\$ 14 million over the next four years (2010-2014), this UNCDF-UNDP joint programme will consolidate UN support to the microfinance sector by promoting greater access to financial services and supporting innovative initiatives. Ultimately, through improved access to financial services for disadvantaged and low-income populations, the programme will contribute to enhance financial inclusion, reduce poverty and accelerate the achievement of the Millennium Development Goals (MDGs). Sweden (SIDA) has already committed US\$ 4,375,156 to support

activities over the next three years. UNDP and UNCDF have also both committed US\$ 2,000,000 of their core resources.

More information about the PASMIF II is available at: <http://mdtf.undp.org/factsheet/fund/JCG10>.

Updates from HQ

Administrative Agent Training for Decentralized Fund Administration Services

In some of the country-based MDTFs administered by the MDTF Office, part of the Administrative Agent functions are performed by the local UNDP Country Offices, under Delegation of Authority (DOA), with oversight provided by the MDTF Office. As part of its efforts to strengthen the capacity of such DOA countries, the MDTF Office conducted intensive 3-day training on the Administrative Agent functions in the last quarter of 2010. Nine UNDP staff from five different countries were briefed on the specific AA functions delegated to them and the capacities required to fulfill these responsibilities.

A strong focus was put on providing the participants with an in-depth understanding of special procedures and systems developed by the MDTF Office, such as the MDTF1 ATLAS general ledger business unit and the MDTF Office GATEWAY. A highlight of the training were the presentations from the participants themselves on their Funds, the context in which they operate and the challenges of performing the AA functions in often very complex country settings. Discussions around the presentations fed into Fund-specific follow-up action plans. At the end, participants expressed the need for such trainings and appreciated the opportunity to participate in the training event.

Based on the participants' feedback, the MDTF Office plans to organize a similar training in the second half of 2011.



UN in Lesotho 'Delivering-as-One' to accelerate performance of MDGs



Women often walk for hours over mountains to reach a health facility.

In 2008, the Government and the UN Country Team (UNCT) in Lesotho joined the Delivering-as-One DaO initiative as a self-starter. Both the internal and external environment called for a much stronger UN, which could build on agencies' comparative strengths to better support the Government and the people of Lesotho. As part of the DaO effort, a Joint Programme was launched to tackle the worst performing MDGs in the country using a new, innovative approach. A contribution from the Expanded DaO Funding Window of about US\$3 million made it possible to kick-start the program in 2010.

Lesotho has the third highest HIV prevalence in the world (23 percent of adults were living with the virus in 2009); maternal mortality is sky-rocketing (the number of women dying in childbirth and from birth related causes has risen from 762 per 100,000 live births in 2004 to 1,155 in 2009); and poverty is wide-spread (over half of the population is estimated to be living in extreme poverty).

Instead of setting up a range of different interventions, the UNCT, in dialogue with the Government, agreed to focus all efforts on improving the lives of targeted beneficiaries in a limited geographic area. Looking at Lesotho's four worst performing MDGs, it was evident that women played a key role in changing the situation for the better.

Not only are women the hardest hit by extreme poverty, but they also serve as primary care-givers to families, children, the sick and the elderly. It is a well researched fact that improving the lives of women will lead to improved conditions for families on a whole.

Interventions were strategically developed to deliver maximum support to mothers. Four key areas were identified as essential to improving the lives of mothers and make up the Joint Programme: Maternal, Neonatal and Child Health; HIV Prevention; Nutrition; Economic Growth.

The programme is implemented in Lesotho's four most vulnerable districts: Berea, Mokhotlong, Thaba-Tseka and Qacha's Nek. Wherever possible, it targets beneficiaries for all four components. For example, if a mother's HIV/AIDS and Pulmonary tuberculosis (TB) status are positive, she will receive a dry ration along with her antiretroviral drugs and tuberculosis medications, in addition to training and supplies to grow her own food. If she is pregnant she will receive a 'Mama-Kit,' which includes hygiene materials in preparation for delivery. It is hoped that the Programme will continue into 2011 and beyond with increased force.



HIV testing and counseling for mothers.

More information about the programme is available at: <http://mdtf.undp.org/factsheet/fund/LS100>



Common Humanitarian Fund for Somalia

The Common Humanitarian Fund for Somalia (CHF-Somalia) was established in June 2010 as a transformation of the earlier Humanitarian Response Fund. The CHF is a strategic fund that provides funding to high-priority, under-funded projects in the Consolidated Appeal to support UN agencies and NGOs to respond to the most urgent humanitarian needs. In addition, the CHF-Somalia has an emergency reserve in which 20 percent of available funding is kept to fund quick response to new, unforeseen emergencies.

During the first allocation in July 2010, the Somalia Humanitarian Coordinator (HC), Mark Bowden, authorized allocation of US\$20.7 million- US\$6.7 million to 7 Water and Sanitation projects, US\$5 million to 5 Nutrition projects, US\$5 million to 13 Health projects, US\$ 2.7 million to 7 Agriculture and Livelihoods projects, US\$ 1 million to the Logistics project and US\$300,000 to the NGO Security Programme.

In 2010, because the rainy season yielded below-average rains in many parts of Somalia and no rain in some parts of the country, people are again facing an impending drought. Pastoralists are particularly affected. In response to the emergency situation, on 23 December 2010 the HC authorized allocation of \$4.5 million from the CHF Emergency Reserve to Agriculture and Livelihoods, and Water, Sanitation and Hygiene clusters. UN agencies and NGOs in the two clusters have selected the highest-priority projects to respond to the most urgent needs beginning in January.

The drought situation has affected those already at risk due to dwindled water supplies, increased cereal prices, and livestock deaths reported in some areas. Malnutrition rates in south Somalia are increasing. A recent survey by the Food Security and Nutrition Analysis Unit (FSNAU) in Juba indicates rates of 30 percent acute malnutrition, which is double the threshold used to release emergency assistance. Although the drought situation has affected the majority of the country, some regions in central and northern Somalia have been in crisis for the past three years.



In a recent press statement, the HC “called upon those who are in a position to improve access to lend their support at this critical time.” Before the current drought situation hit Somalia, UN agencies and NGOs, with support from the CHF and other funding sources, had already been working on measures to reduce the vulnerability of people at risk to the effects of drought. For example, organizations are rehabilitating ‘berkads’, traditional water tanks, in Central Somalia.

Following the publication of the Consolidated Appeal and the FSNAU post-Deyr assessment, the CHF Advisory Board, chaired by the Humanitarian Coordinator, will meet in February to set the priority clusters and regions for the next standard allocation. CHF-Somalia focuses on high-need areas and concentrates on the most urgent, life-saving or time-critical activities to address those needs.

Several donors have pledged or contributed to the Fund. These include: DFID (US\$ 14.4 million), Netherlands (US\$ 9 million), Denmark (US\$ 4.3 million), Italy (US\$ 2.6 million), Finland (US\$ 2.6 million), SIDA (US\$ 2.6 million), Norway (US\$ 1.7 million), Irish Aid (US\$ 1.3 million) and Switzerland (US\$ 0.9 million).

More information about Somalia CHF is available at <http://ochaonline.un.org/somalia/chf> and <http://mdtf.undp.org/factsheet/fund/HSO10>.



Peacebuilding Fund Stepped Up Support in 2010

One of the most difficult and important tasks facing the United Nations is to help rebuild societies devastated by conflicts. Supporting the UN family in this attempt, the Peacebuilding Fund (PBF) quickly finances early action, helping countries seize windows of opportunity, and prompting other sources to provide longer-term funding.

In 2010, the PBF stepped up its support, allocating US\$ 76 million to post-conflict countries, up from \$52 million in 2009. New allocations were made to Burundi, Central African Republic, Chad, Guinea, Kyrgyzstan, Somalia, Sudan, and Uganda, and 65 new projects were funded. In addition, Guatemala and Lebanon were declared eligible for the PBF by the UN Secretary-General, and allocations are expected.

The PBF continues to be fast, catalytic, and relevant for peacebuilding. For instance, it took a 72-hour decision to support a last-minute gap in security efforts during the most critical elections held in decades in Guinea. In the end, elections were peaceful, with a large voter turnout.

More recently, the PBF was able to provide on short notice catalytic bridging support for the *Détachement Intégré de Sécurité (DIS)* in Chad, which plays an essential role in stabilizing Eastern Chad, and helped the UN ensure a smooth transition during United Nations Mission in Central African Republic and Chad (MINURCAT) withdrawal in 2010.

In Uganda, the PBF has allocated \$14 million to support rule of law, human rights and youth engagement. In something of an innovation, three UN joint programmes were approved by the National Steering Committee concurrently with the approval of the Peacebuilding Priority Plan, significantly accelerating the speed with which funds will go from allocation to implementation.

The PBF is supporting some experimental work by UNHCR in Somalia, looking to permanently resettle displaced persons as part of the piece by piece peacebuilding strategy, and is working through several UN agencies in Kyrgyzstan to respond to the political and ethnic violence.

To-date, the PBF has operations in 19 countries, working with 16 recipient organizations through 162 projects.

During 2010, progress has also been made with respect to global policies and governance of the PBF. Through two Advisory Group meetings, criteria were defined to help determine allocation levels, the nature of the PBF's catalytic support was explored, the average duration of funding was lengthened and a renewal policy was put in place. Moreover, for the first time, the Chair of the Advisory Group directly briefed the Peacebuilding Commission.

Looking ahead, the PBF has developed a three-year Business Plan covering 2011-2013. The Plan anticipates a funding flow of up to \$100 million of allocations per year by 2013 and a portfolio covering some 20 active countries.

Over the period covered by the Business Plan, the PBF intends to broaden its outreach by:

- Improving programme quality with programme designs based on thorough conflict analysis, and better monitoring and evaluation;
- Increasing the synergies between the PBF and the Peacebuilding Commission;
- Ensuring the PBF is catalytic in its financing.

On 4 November 2010, the PBF held its inaugural Stakeholders' Meeting. The results of the meeting were encouraging. Responding to the Secretary-General's call to "invest in peace", UN Member States pledged \$29 million on the day, in addition to \$24 million already pledged or received during the year. Several major donors paid tribute to the PBF's efforts, and said they hoped to finalize their contributions in the coming months.

Heartened by their recognition, Judy Cheng Hopkins, ASG for Peacebuilding Support stated, "*Member states clearly acknowledge our recent efforts to improve the management and impact of the PBF. With our donors' support, our attention will stay centered on consistently improving programme quality and maintaining our speed and flexibility.*"

More information about the PBF is available at: <http://mdtf.undp.org/factsheet/fund/PB000>.



The UN Joint Programme on Local Governance and Decentralised Service Delivery in Somalia



Community members participating in a validation workshop in Somaliland

In the framework of the Somali Reconstruction and Development Programme (RDP) 2008-2012 and the UN Somali Assistance Strategy 2011 -2015, five UN partners – UNDP, UNICEF, UN Habitat, ILO and UNCDF- have joined their efforts in the UN joint programme on Local Governance and Decentralized Service Delivery (UNJPLG). They have committed to work together with national stakeholders, local governments and communities to maximize the impact of their capacity development initiatives.

The joint programme aims to contribute, through local governance, to peace and the equitable prioritization of service delivery in selected locations and to provide communities with access to basic services through accountable and transparent local governance.

The UNJPLG is a national programme, which will eventually cover all regions and 98 districts of Somalia starting with a small number in 2009 in order to pilot the methodology. As of December 2010, the UNJPLG is active in 6 districts in Somaliland, 4 in Puntland and 17 in South Central Somalia. The duration of the UNJPLG is 5 years and will be implemented in two phases.

The funding of the UNJPLG comes from a variety of donors including: United Kingdom (US\$3.5 mil), Sweden (US\$3.8 mil), Norway (US\$2 mil) and Denmark (US\$2.7mil). Other donors, such as European Commission, USAID and Italy have supported the UNJPLG through bilateral contributions. UNDP and UNCDF have also allocated core resources to fund components of the UNJPLG.

Following the establishment of the regional and district councils, in accordance with their regulatory framework, the UNJPLG will assist to develop, strengthen and initiate systems for the local councils to be recognized as legitimate, functional, professional, effective as well as responsive, participatory and accountable to the citizens in the provision of service delivery.

Emphasis will be on ensuring that people are provided with opportunities to participate at the local level in public expenditure management processes such as district planning, prioritizing, monitoring and holding local authorities accountable, as well as to engage in the implementation of projects which directly benefit them. Consensus building, conflict resolution techniques and gender considerations will be important themes built into the policies and systems alike. A central piece of the UNJPLG is the development and implementation of a local development fund (inter-governmental monetary transfer mechanism) in Somaliland and Puntland by 2011.

The UNJPLG strong will place emphasis on the equitable, participation of marginalized groups, human rights, and good governance principles of transparency, accountability and participation.

More information about the joint programme is available at: <http://mdtf.undp.org/factsheet/fund/JS000>.



UNDG Iraq Trust Fund to Close and a new UNDAF Trust Fund Established

In 2010 the Iraq UN Country Team (UNCT) took concrete actions to continue to 'Deliver-as-One'. After working jointly since 2004, and developing over 212 projects and joint programmes that are contributing toward Iraq's development priorities, the UNDG Iraq Trust Fund (UNDG ITF) Steering Committee concluded the approval and allocation of over \$1.4 billion. The UNDG ITF portfolio is being implemented by 16 Participating Organizations in 8 thematic sectors. While implementation will continue over the next two years, the emphasis will now focus on closing the UNDG ITF – which will be the first UN MDTF to be closed.



Resident Coordinator, Christine McNab, at MOU signing ceremony, Baghdad.

Building on lessons learned from the UNDG ITF and existing governance structures, the UNCT established a new MDTF in 2010 to support the Government of Iraq's priorities as outlined in the Iraq National Development Plan and articulated in Iraq's first UNDAF covering 2011 to 2014. The announcement of the new UNDAF Trust Fund was made at the Tenth International Reconstruction Fund Facility for Iraq (IRFFI) Donor Committee meeting that took place in Baghdad on 6 December. At the meeting, nearly all the Donors endorsed the UNDG ITF Steering Committee's proposal for the allocation of any remaining balances of UNDG ITF funds, as of 30 June 2010 and subsequent returns of unspent and interest funds, to the new Iraq UNDAF Fund. While the remaining amounts that might be refunded are expected to be relatively small, the Donors' support will help jump-start the new UNDAF Trust Fund.



10th IRFFI Donor Committee Meeting, 6 December 2010, Baghdad

The signing ceremony for the new Iraq UNDAF Trust Fund took place in Baghdad on 13 January 2011. Unlike the UNDG ITF that had 19 individual sectors and subsectors to which projects were approved, the UNDAF Trust Fund will focus allocations to support the following five priority areas:

- Improved governance including human rights;
- Inclusive, more equitable and sustainable economic growth;
- Environmental management and compliance;
- Increased access to quality essential services;
- Investment in human capital and empowerment of women, youth and children.

The emphasis of the UNDAF articulates a transition from Iraq's recovery and transition towards longer-term development in line with Iraq's Five Year National Development Plan (NDP) 2010-2014. To date, the DSRS/Resident Coordinator, the UNDP MDTF Office (as Administrative Agent), FAO, ILO, UNDP, UNESCO, UNFPA, UNHCR, UNICEF, UN-Habitat, UNIDO, UNOPS and WHO have signed the UNDAF Trust Fund MOU.

More information about the Iraq UNDAF Trust Fund is available at: <http://mdtf.undp.org/factsheet/fund/ITF00> and <http://iq.one.un.org>.

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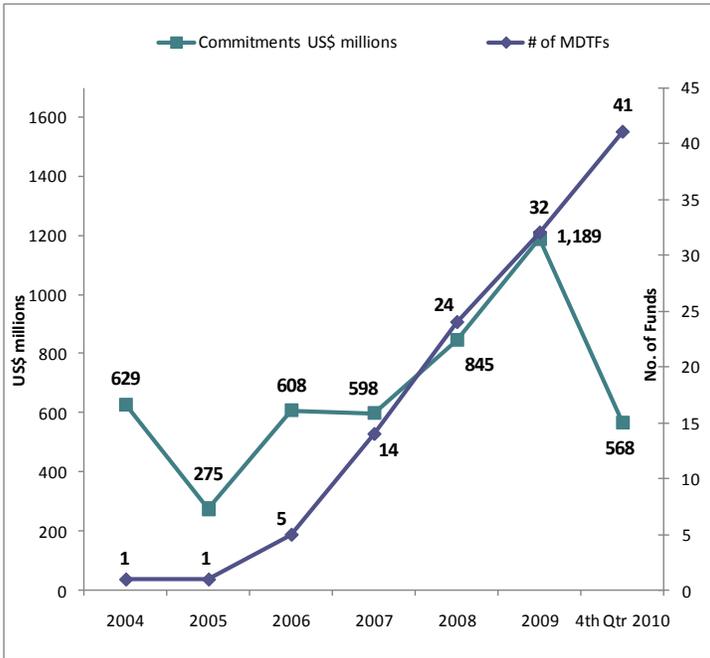


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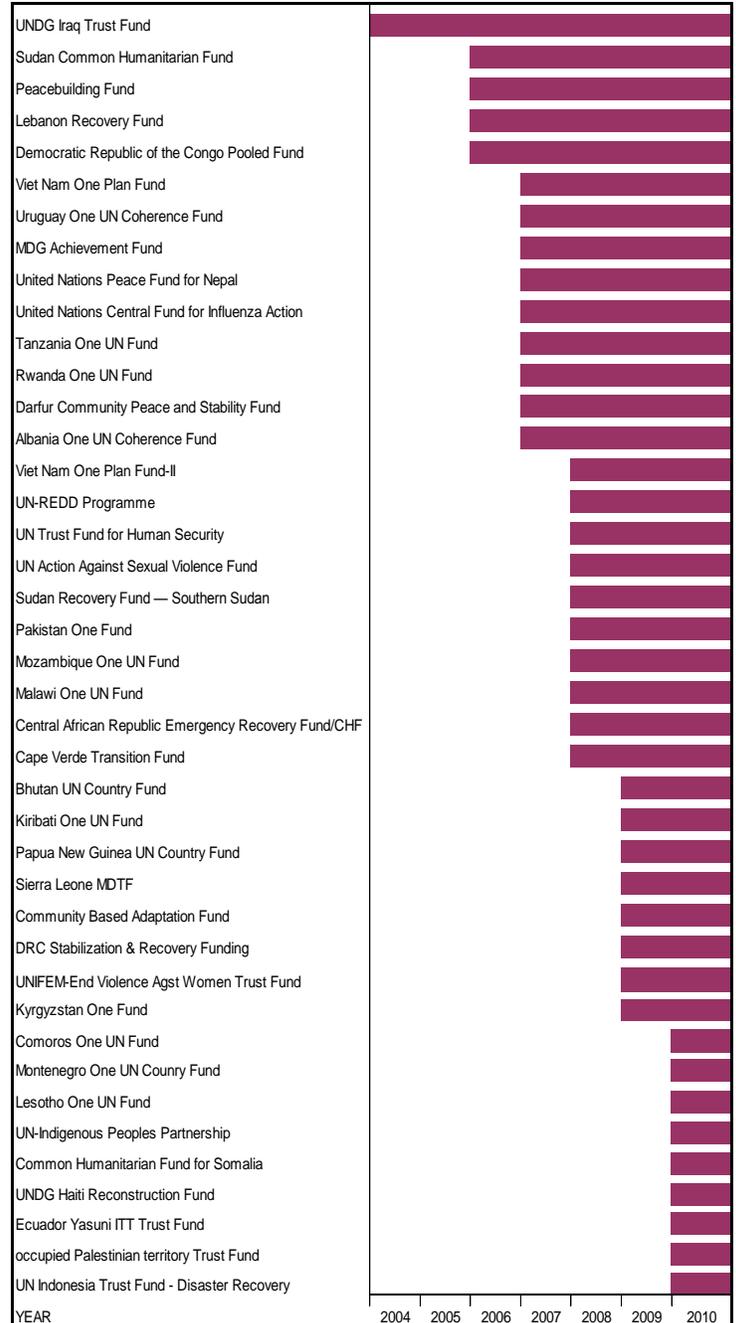


Portfolio at a Glance via the MDTF Office GATEWAY

Annual Donor Commitments to MDTFs (31/12/2010)



MDTF Office Portfolio by Fund and Year



Annual Donor Commitments to JPs (31/12/2010)

