



How to Establish a MDTF

A Multi-Donor Trust Fund (MDTF) is a multi-agency funding mechanism designed to receive contributions from multiple donors that are held in trust by the appointed Administrative Agent (AA). Donor resources are co-mingled to fund programmes and projects implemented by UNCT members in a specific country in support of the achievement of nationally owned and determined priorities or global thematic areas, such as Millennium Development Goals (MDGs).

With some minor adjustments, the Guidance Note is also applicable to common humanitarian funds operating at country level and to funds operation in a non-country specific context such as thematic, global or regional MDTFs.

To establish a country level MDTF it is recommended to follow the key steps outlined below, which assume the involvement of the entire UN Country Team (UNCT). With some minor adjustments, it may be used for establishment of Common Humanitarian Funds operating at country level and to funds operating in a non-country specific context such as thematic, global or regional MDTFs.

Step 1: Convening of initial consultations between all stakeholders

The UNCT, national government, donors and other stakeholders are consulted on the objectives and scope of the MDTF, ensuring government ownership, alignment behind national priorities and plans, including monitoring and evaluation, to ensure effective programme delivery to achieve the planned results. To avoid duplication stakeholders should consider using existing funding mechanisms before creating a new MDTF.

Step 2: Development of a Concept Note

Led by the UNCT, and drawing on the initial consultations convened with relevant stakeholders, a Concept Note, stating the programmatic scope, purpose of the proposed MDTF and financial viability, is prepared.

Step 3: Decision to establish an MDTF

Based on the agreed Concept Note outlining the programmatic scope, purpose and the financial viability of the MDTF, the UNCT will take a decision to either establish or not establish the MDTF.

Step 4: Decision on the selection of an Administrative Agent

The UNCT decides on the selection of an AA to act on their behalf as their administrative interface with donors contributing to the MDTF and requests concurrence from the prospective AA in writing.

Step 5: Development of draft MDTF ToRs and Steering Committee ToRs

Using the generic UNDG-approved MDTF Terms of Reference (ToR) template, and based on consultations with all stakeholders, the UNCT develops the MDTF ToR with programmatic priorities, governance structures, allocation criteria, and critical dates such as Fund Start and End dates. The UNCT should develop the MDTF Steering Committee (SC) ToR, using the MDTF SC ToR template and outlining the rules of procedure for the working of the Steering Committee. The RC will ensure that early drafts of all documents are shared with all resident and non-resident UNCT members and with DOCO. Sufficient time (1 to 2 weeks) should be given to all entities to review and provide comments, if appropriate.

Step 6: Finalization of MDTF Terms of Reference

The UNCT agrees and approves the MDTF ToR, which is annexed to the Memorandum of Understanding (MOU).

Step 7: Preparing to sign the MOU and SAA

An MOU and Standard Administrative Arrangement (SAA) to establish an MDTF are prepared using the UNDG-approved formats and templates. Any substantial or significant modification to the MoU and SAA requires the prior written agreement of the UNCT, and must be cleared by the Fiduciary Management Oversight Group (FMOG) through DOCO.

Step 8: Conclusion of the MDTF MOU (and formal appointment of the AA)

Using the UNDG-approved standard MOU, UN Organizations conclude the MDTF MOU with the AA. With the conclusion of the MOU, signed by a minimum of two UN Organizations, the MDTF is formally established.

Step 9: Convening of the first Steering Committee meeting

The MDTF Steering Committee convenes its first meeting at which it adopts its ToR and Rules of Procedures, if applicable, based on the UNDG-approved standard templates.

Step 10: Conclusion of the MDTF SAA

Using the UNDG-approved SAA, the AA concludes SAAs with donors wishing to contribute to the MDTF.

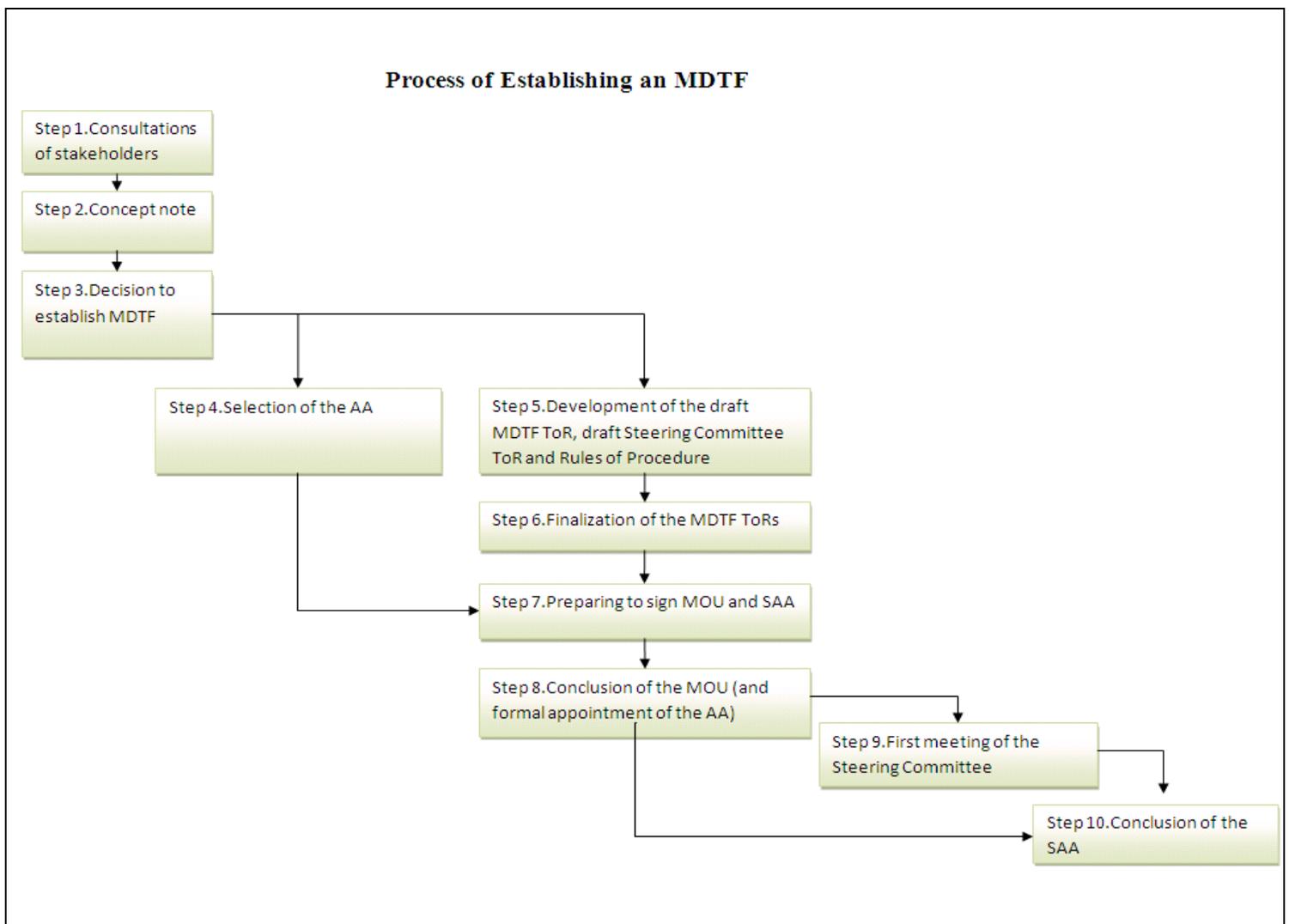
With the conclusion of the first SAA, the MDTF is operational and the Steering Committee may convene to allocate resources, in accordance with the MDTF ToR and the SC ToR and Rules of Procedures.

For more information, visit mdtf.undp.org.

For UNDG-approved documents, visit:

www.undg.org/index.cfm?P=1370.

Process of Establishing an MDTF



SOURCE: [UNDG GUIDANCE NOTE ON ESTABLISHMENT, MANAGEMENT AND CLOSURE OF MDTFS](#)