



**UNITED NATIONS
SRI LANKA**



United Nations Sri Lanka SDG Fund Terms of Reference

March 2024



The Terms of Reference

UN Sri Lanka SDG Multi-Partner Trust Fund

List of Abbreviations

CF	Cooperation Framework
GEWE	Gender Equality and Women's Empowerment
HQ	Head Quarters
MoU	Memorandum of Understanding
MPTF Office	Muti-Partner Trust Fund Office (New York, USA)
PUNO	Participating UN Organisation
RC	Resident Coordinator
SAA	Standard Administrative Arrangement
SDGs	Sustainable Development Goals
ToR	Terms of Reference
UNSDCF	United Nations Sustainable Development Cooperation Framework

CONTENTS

1. INTRODUCTION	5
2. THE VALUE PROPOSITION OF THE FUND	6
3. FUND'S GOVERNANCE STRUCTURE	8
4. PROPOSAL SUBMISSION AND SELECTION	14
5. FUND TRANSFER PROCEDURE FROM THE MPTF OFFICE TO PUNOs	17
6. CONTRIBUTIONS TO THE FUND	19
7. PROGRESS UPDATES, ANNUAL REPORTS AND END OF PROJECT REPORTS.....	20
8. PROJECT REVISION AND TERMINATION PROCESSES	22
9. PROJECT AND FUND CLOSURE PROCESSES	26
10. SURPLUS FUNDS	28
11. RISK MANAGEMENT AT THE FUND LEVEL	28
12. EVALUATION OF THE FUND	28
13. COMMUNICATION AND VISIBILITY	29
14. AMENDMENTS TO THE TERMS OF REFERENCE	29
15. TRANSPARENCY	29
16. FEEDER FUNDS	30
17. ANNEXURES	30

1. INTRODUCTION

The UN Sri Lanka SDG Multi-Partner Trust Fund (Fund) will support an ambitious agenda for working together to unlock progress towards the 2030 Agenda and the SDGs. The Fund will support innovative, catalytic and transformative projects that align with the national priorities and the UNSDCF. The Fund will also help address the challenges posed by the recent macroeconomic developments that have affected the progress of the SDGs in Sri Lanka. This ToR presents the Fund's renewed strategy and the governance framework supporting the implementation of this strategy.

The Fund fosters,

- a) catalytic and joint interventions by PUNOs leveraging the RC's strategic direction,
- b) innovation by harnessing and synergising expertise, institutional knowledge and specialisations of PUNOs and the RC/RCO, and
- c) a platform for contributors to fund UNSDCF priorities, which could also be sensitive, critical, and underfunded interventions.

A dedicated Fund Secretariat hosted by the Resident Coordinator's Office will focus on Fund and window-level portfolio monitoring and evaluation, reporting, communication and visibility. It will also provide administrative and project coordination support for Contributors and PUNOs.

The Fund will have different windows approved by the Steering Committee aligned with the UNSDCF to reduce inequalities and leave no one behind. Priorities for each window will be provided as an annexure to this ToR (*Annex 1 – Window Priorities Paper*).

2. THE VALUE PROPOSITION OF THE FUND

- a) The priority areas are derived from the UNSDCF**
The Fund’s window priorities align with the UNSDCF endorsed by the Sri Lankan government.
- b) An instrument to mobilise resources to bridge funding gaps for development-oriented interventions identified in the UNSDCF**
The Fund is an instrument to mobilise resources from bilateral or other sources to support the UNSDCF that are currently not funded or inadequately funded.
- c) Catalyses joint interventions between UN agencies**
The Fund promotes catalytic interventions in which PUNOs will work jointly, fostering the “Delivering as One” approach.
- d) Development Partners could discreetly fund “sensitive interventions”**
Contributions for the Fund can’t be ascribed to a single contributor because the deposits are comingled, and the Fund uses a pass-through mechanism via the MPTF.
- e) A platform for innovation**
The Fund offers a platform for PUNOs to undertake innovative and experimental initiatives that they may not undertake under bilateral funding.
- f) The Fund is administered by the Multi-Partner Trust Fund Office, New York, the UN centre of expertise on UN pooled funding instruments, trusted by Contributors and UN agencies for its transparency and integrity in global pooled fund management¹.**
- g) Strategic leadership from the RC for resource mobilisation with support from the Fund’s PUNOs.**
- h) A Steering Committee, assisted by a Technical Evaluation Committee, collectively decides on projects and funding allocations to PUNOs, promoting the highest level of transparency and accountability in the project selection and resource allocation process.**
- i) The Human Rights Advisor, the Peace and Development Advisor and the Economist offer analytical expertise on the country’s human rights situation, peacebuilding-related developments, and socio-economic condition. The Fund will leverage RCO’s capacity to provide strategic input regarding contextual factors. This includes political and economic context assessments, human rights commitments, factors affecting the country, and relevant due diligence measures projects must accord to.**

¹ Visit <https://mptf.undp.org>

- j) **A dedicated Fund Secretariat focuses on Fund and window-level** portfolio monitoring and evaluation, reporting, communication and visibility. It also provides administrative and project coordination support for Contributors and PUNOs.

3. FUND'S GOVERNANCE STRUCTURE

The Steering Committee

The role of the Steering Committee

The Steering Committee, chaired by the UN Resident Coordinator, will provide strategic guidance and oversight to the Fund and its operations. It will make decisions by consensus. The Steering Committee will be composed of the following members:

- a) UN Resident Coordinator (Chair).
- b) PUNOs signatories to the Fund's MoU.
- c) Contributors signatories to the Fund's SAA and Representatives of HQ-based funds contributing to the Fund.
- d) MPTF Office as *ex-officio*.

The Chair/RC may consider allowing observers to participate in Steering Committee meetings.

At the discretion of the Chair, a Co-Chair may be appointed for Steering Committee meetings on a case-by-case basis.

The Steering Committee will be assisted by the Fund Secretariat and a Technical Evaluation Committee (the Chair/RC will appoint the Technical Evaluation Committee on a case-by-case basis).

For practical purposes, the Steering Committee will have two levels:

- a) **Steering Committee (Strategic Level)** – will get involved in strategic matters of the Fund.

Composition: Resident Coordinator (Chair), Senior decision-makers of Contributors or equivalent, Heads of Agencies of UN agencies signatories to the Fund's MoU or their authorised representatives and the MPTF Office as *ex-officio*.

- b) **Steering Committee (Operational Level)** – will get involved in operational matters of the Fund.

Composition: Resident Coordinator (Chair), Operational representatives of Contributors and Deputy Representatives of UN agencies signatories to the Fund's MoU or their authorised representatives.

The decisions made by either committee shall be deemed as decisions made by the Fund's Steering Committee.

The Fund's engagement with the government of Sri Lanka

The CF Level Steering Committee meeting, which has Sri Lankan government representation, will include a fixed agenda item about the Fund. The Resident Coordinator (the Chair of the Steering Committee) will present the Fund's annual report, along with the CF annual results report, to the CF Steering Committee meeting. Where project-level Steering Committees are required, then there will be government representation on these committees.

Frequency of meetings

- a) Steering Committee (Strategic Level) – once a year or as deemed necessary by the Chair of the Steering Committee.
- b) Steering Committee (Operational Level) – as required.

Steering Committee meetings can convene in-person, virtual or hybrid modalities. The Steering Committee approvals can be obtained on a 'no objections' basis.

Quorum

The quorum of the Steering Committee shall be 51 per cent or more of the membership, including the Chair in attendance.

Agenda

The agenda of the Steering Committee meetings and all supporting documentation shall be prepared and disseminated by the Fund Secretariat in consultation with the Chair of the Steering Committee.

The Steering Committee members may request items to be included on the agenda.

Responsibilities of the Steering Committee

Responsibilities of the Steering Committee (Strategic Level):

- a) PROVIDING strategic directions to the Fund in line with the national priorities and the UNSDCF.
- b) REVIEW AND APPROVE the ToR of the Fund and make recommendations to update it as necessary.
- c) REVIEWING AND APPROVING extensions to the Fund's duration.
- d) MAKING clear the criteria for endorsing projects according to the Fund's priorities and guidelines.

Responsibilities of the Steering Committee (Operational Level):

- a) REVIEWING and endorsing Project Proposals and fund allocation requests submitted by PUNOs, ensuring they are in line with the Fund and window priorities and funding availability. No projects with project budgets exceeding the funding availability shall be approved. No projects shall be approved if funds at the Fund or the window level are not sufficient for programming.
- b) REVIEWING and endorsing major project revisions as described in this ToR.
- c) ENSURING appropriate consultative processes take place with key stakeholders at the country level to avoid duplication or overlap between the Fund and other funding mechanisms.
- d) ENCOURAGING joint projects by PUNOs to holistically address critical issues.
- e) REVIEWING AND APPROVING the Fund's Annual and the Final Consolidated Narrative Reports.
- f) REVIEW periodically the Fund's window priorities to see if they are valid or need amendment.

Decisions

The Steering Committee shall make its decisions by consensus.

In the event of consideration of a Project Proposal that has direct implications for a PUNO of a Steering Committee member, that member shall disclose any potential conflict of interest to the Chair(s). However, their input may be sought for clarification on related issues. In the case of a Steering Committee member (including the Chair) with a conflict of interest (PUNO or personal), that member shall not contribute to making decisions concerning the project.

The Fund Secretariat

The Fund Secretariat will support the Steering Committee under the overall supervision of the Chair (of the Steering Committee). The Fund Secretariat's staff requirement will be determined at the annual Strategic Level Steering Committee meeting.

The Steering Committee shall be apprised of the Fund Secretariat's activities and costs.

The Fund Secretariat will be responsible for the following:

- a) PROVIDING the Steering Committee and the Technical Evaluation Committee with secretarial and administrative support, including organising meetings, recording minutes, and sharing documents with members of the Steering Committee and the Technical Evaluation Committee.
- b) DOCUMENTING, communicating, and ensuring follow-up of the Steering Committee's decisions, particularly ensuring submission of appropriately signed and complete documentation on endorsed projects to the MPTF Office.
- c) MAINTAINING a database of projects and implementing partners.
- d) REVIEWING (administrative aspects) Concept Notes, Project Proposals and project revision requests (major) before submitting them to the Technical Evaluation Committee and the Steering Committee (as appropriate) for decision.
- e) REVIEWING AND APPROVING minor project revision requests.
- f) SUPPORTING inter-project coordination and guiding PUNOs on common methodology for project design, monitoring and evaluation and related issues.
- g) ORGANISING independent Fund-level and window-level impact evaluations.
- h) TRACKING the progress towards achieving window-level priorities and working with PUNOs to ensure the timely attainment of the priorities.
- i) IDENTIFYING problems that may arise in relation to project delivery and management and advising PUNOS on appropriate action, with follow-up on progress or lack thereof.
- j) REVIEWING reports and status updates from projects and providing quality assurance of reports and advice to PUNOs.
- k) ACTING as a local repository of knowledge regarding the rules and regulations of the MPTF mechanism and related management arrangements.
- l) DOCUMENTING issues and periodically sharing 'lessons learnt' with PUNOs.
- m) REVIEWING this ToR periodically and submitting the updated ToR for the Steering Committee's approval.
- n) ANY other Fund-related tasks as directed by the Chair/RC.

All costs for the Fund will be charged to the Fund and/or projects. The Chair shall determine the amount to charge to the Fund and/or projects based on the schedule of contributions to the Fund.

The Technical Evaluation Committee

The Technical Evaluation Committee will be responsible for reviewing Concept Notes, quality-assuring Project Proposals and reviewing major project revision requests. The Fund Secretariat will assist the Technical Evaluation Committee in administrative and secretarial functions.

Membership of each Technical Evaluation Committee will be determined and appointed by the Chair of the Steering Committee on a case-by-case basis.

Member criteria:

- a) Exposure to joint programming approaches.
- b) Demonstrated strategic understanding of country context and relevant thematic areas.
- c) Proven experience in project appraisal, monitoring and evaluation.

Member composition:

- a) Head of the RCO as the Chair of the Technical Evaluation Committee.
- b) Members from non-participating UN agencies of the call.
- c) Any technical experts as deemed necessary by the Resident Coordinator.

A potential conflict of interest by Technical Evaluation Committee members should be declared to the Fund Secretariat – however, their input may still be sought on technical grounds. The Fund Secretariat will ensure that proceedings of the technical review process and recommendations are concisely but fully recorded.

The MPTF Office as the Administrative Agent

The Multi-Partner Trust Fund Office, New York, will act as the Administrative Agent or the trustee of the Fund, using the pass-through modality.

The Fund's administration services include:

- a) The Fund's setting up: support to the Fund's design (Terms of Reference and Operation Manual), and development of legal instruments; and
- b) The Fund's administration: receipt, administration and release of funds to implementing entities in accordance with decisions from the Steering Committee, and financial report consolidation.

The MPTFO is responsible for the following functions:

- a) Provide support to the design of the Fund.
- b) Sign a Memorandum of Understanding (MOU) with the UNS implementing entities.
- c) Sign Standard Administrative Agreements with donors that wish to contribute financially to the Fund.
- d) Receive and manage funds including those of the Fund's closure.

- e) Invest and reinvest Fund's resources according to investment policies, practices and procedures. Any profits will be added to the Fund's resources and will not be credited to the contributions of a particular donor.
- f) Provide updated information to the Steering Committee regarding the regular resource availability.
- g) Subject to the availability of resources, transfer funds to implementing entities in accordance with the Steering Committee decisions.
- h) Consolidate the financial annual and final reports submitted by implementing entities and present the consolidated report to the Steering Committee and to each of the Fund's contributors.
- i) Provide the Fund's final financial report which included a notice of the Fund's closure.
- j) Release funds as direct costs for the running of the Secretariat, based on the Steering Committee decisions.
- k) Provide tools for fund management to ensure transparency and accountability.

The cost of the MPTF Office's functions comprises one per cent (1%) of the contributions received and is charged when the contribution is received. The MPTF Office shall be entitled to charge the Fund a direct cost charge to cover the cost of continuing to perform the duties of the Administrative Agent, provided that the Fund is extended beyond the date of termination and no more contributions are received.

4. PROPOSAL SUBMISSION AND SELECTION

Programming criteria

- a) Joint projects will be the norm to complement and harness the strengths, knowledge, and expertise of PUNOs of the country context and the Fund's thematic areas. However, under exceptional circumstances, single PUNO projects may be accepted at the discretion of the Steering Committee.
- b) On **Gender** considerations:
 - I. Projects must be pitched at **GEM 1** level.
 - II. Project pitches are encouraged to consider **GEM 2** level programming.
- c) **Youth** and **Disability** considerations (if relevant to the project) must be pitched at appropriate levels as per this ToR's guidelines.
- d) Peacebuilding-related projects must be pitched at the appropriate **Sustaining Peace** and **Human Rights** marker levels.
- e) No projects with project budgets exceeding the funding availability shall be approved. No projects shall be approved if funds at the Fund or the window level are not sufficient for programming.

See guidance notes on GEM, Youth, Disability, Sustaining Peace and Human Rights markers for details (*Annex 2 – Guidance on Markers*).

The project selection process

Step 1: Call for Concept Notes

The Chair/RC, on behalf of the Steering Committee, will call Concept Notes from PUNOs. Concept Notes (*Annex 3 – Concept Note format*) must strictly observe the relevant deadlines and provisions in the call for Concept Notes. PUNOs must submit Concept Notes to the Fund Secretariat.

The Concept Note should be limited to the information requested and no longer than five pages (excluding the cover page). PUNOs should submit signed Concept Notes in electronic format to the Fund Secretariat. The Fund Secretariat will inform the PUNOs of specific instructions to follow, including the submission modality (hardcopy, softcopy via emails or via the MPTF Gateway-based system) and the timelines when making calls for Concept Notes.

PUNOs must submit the Concept Notes to the Fund Secretariat no later than the stipulated deadline.

Step 2: Receipt and screening of Concept Notes

Concept Notes received by the Fund Secretariat will be subjected to an administrative review to verify compliance with the call for Concept Notes.

All eligible Concept Notes will be forwarded to a Technical Evaluation Committee for assessment of their merit and to recommend suitable Concept Notes to be developed into full Project Proposals (*Annex 4 – Concept Note and Project Proposal assessment criteria*).

Technical Evaluation Committee meetings can convene in person, virtually, or using hybrid modalities.

After the Technical Evaluation Committee assessment, the Fund Secretariat, on the advice of the Chair/RC, will share the selected Concept Notes with all the Fund's Contributors for feedback ahead of Project Proposal development on having additional parameters/considerations in Project Proposals.

The Fund Secretariat shall inform the PUNOs of the Technical Evaluation Committee's decision about their Concept Notes.

The Fund Secretariat will invite the successful PUNOs to submit full Project Proposals. The Fund Secretariat will inform the PUNOs of specific instructions to follow and the timelines when making calls for Project Proposals. Specific instructions may include comments from the Technical Evaluation Committee and the Contributors of the Fund on having additional parameters/considerations in their Project Proposals.

Step 4: Development of Project Proposals

Project Proposals will be developed (only) by PUNOs using the Project Proposal format (*Annex 5 – Project Proposal format*). PUNOs shall jointly develop Project Proposals.

PUNOs must submit the Project Proposals to the Fund Secretariat no later than the stipulated deadline.

Step 5: The quality assurance of the Project Proposals

Each Project Proposal the Fund Secretariat receives will be subjected to an internal review to verify compliance with the call for Project Proposals.

All eligible Project Proposals will be forwarded to a Technical Evaluation Committee to ensure the quality of proposals (*Annex 4 – Concept Note and Project Proposal assessment criteria*). The PUNOs may be invited to present to the Technical Evaluation Committee as part of the quality assurance process.

Step 6: The Steering Committee approval of Project Proposals and fund allocations

The Fund Secretariat shall distribute the Project Proposals and any supporting documents to the members of the Steering Committee before the scheduled meeting.

Steering Committee meetings can convene in-person, virtual or hybrid modalities. Approvals can be given on a “no objections” basis through email.

The Steering Committee shall review Project Proposals, along with the comments of the Technical Evaluation Committee and take decisions to:

- a) Endorse for funding and implementation,
- b) Return with comments for further consideration,
- c) Reject (with brief comments).

The Fund Secretariat shall inform the PUNOs of the Steering Committee’s decision and outline any next steps - passing on comments from the Steering Committee and Technical Evaluation Committee where appropriate and, if relevant, detailing required further action. (*Annex 6 – Proposal submission and selection process.*)

Administrative measures:

- a) The time (in days) allocated for Steps 1 to 6 above shall be determined by the Fund Secretariat on a case-by-case basis.
- b) All PUNO Representatives or officers with delegated authority must sign the Project Proposal and the UNDG Category Budget.
- c) The date format to be used in all documents is DD-Month-YYYY (e.g. 07 July 2017).
- d) The currency to be used in all documents is the United States Dollar (USD).
- e) Quorum – a quorum of the Steering Committee shall consist of more than 51 per cent of the membership, including the Chair in attendance.

5. FUND TRANSFER PROCEDURE FROM THE MPTF OFFICE TO PUNOs

Following the Project Proposal approval by the Steering Committee, the Fund Secretariat shall request the MPTF Office to transfer the funds approved to the PUNOs. The Fund Secretariat shall prepare a Fund Transfer Request for each project detailing the budget allocation for PUNOs approved by the Steering Committee.

The mandatory documents to initiate a Fund Transfer Request are as follows:

- a) The signed Fund Transfer Request Form. The authorised signatory shall be the Resident Coordinator, in the capacity of the Steering Committee's Chair.
- b) The approved Project Proposal duly signed by PUNOs. The approved Programme Proposal will include, at the minimum, the signed Project Document and UNDG Category Budget.
- c) The approval (email or minutes) of the Fund's Steering Committee for the fund allocations between project's PUNOs.

The MPTF Office ensures that the submitted documents are consistent with the applicable provisions of the Standard Administrative Agreement and the Memorandum of Understanding. The MPTF Office will carry out transfers approved by the Steering Committee to PUNOs no later than five (05) working days after receiving the duly signed Fund Transfer Request and supporting documents. Upon transfer completion, the MPTF Office will inform the Resident Coordinator, the Representatives of the PUNOs, and the Fund Secretariat through email.

Administrative measures:

- a) All the PUNO Representatives or officers with delegated authority must sign the Project Proposal and the UNDG Category Budget.
- b) The date format to be used in all documents is DD-Month-YYYY (e.g. 07 July 2017).
- c) The currency to be used in all documents is the United States Dollar (USD).
- d) Aligned with the MPTF Office policy on reducing transaction costs, transfers from the MPTF Office to any PUNO shall be of a value above or equivalent to USD 100,000 (minimum transfer amount). However, exceptions may be made to this value based on a justification submitted by the PUNO and / or the Fund Secretariat (e.g. the total project budget is less than USD 100,000). It is to be noted that the threshold mentioned above (minimum transfer amount) applies to PUNOs only. The Fund does not impose rules on PUNOs concerning their collaboration with Implementing Partners. Each PUNO's relevant policy, financial and administrative rules, and regulations will strictly govern the relationship with Implementing Partners.
- e) The project's start and end dates specified in the Project Document will be the project's implementation timeline. This timeline must be reflected on the MPTF Gateway's webpage dedicated to the project and all other Information Systems of the MPTF Office.
- f) The PUNOs shall note the unique project number (MPTF Project ID) allocated to the project by the MPTF Office, and this number must be included in all reports and communications concerning the project.

- g) Upon receipt of funds into their bank accounts, the PUNOs shall confirm the same to the Fund Secretariat within two working days. The communication must include the MPTF Project ID, Project name (as per the approved Project Proposal) and the funds received (in USD).

6. CONTRIBUTIONS TO THE FUND

Contributors are the Financial Partners / Development Partners who allocate resources to the Fund. **Contributors can attribute funds only up to the window-level of the Fund.**

The following entities can contribute funds to the Fund:

- a) Governments, i.e. Development Partners, of the member states of the UN.
- b) Inter-governmental Organisations.
- c) Non-Governmental Organisations (either local or international).
- d) PUNOs.
- e) Financial institutions such as local and international banks.
- f) Private sector – Acceptance of funds from the private sector will be guided by criteria stipulated in the UN system-wide guidelines on cooperation between the UN and the Business Community. Contributions from the private sector are subject to a due diligence process coordinated by the MPTF Office and will only be accepted if deemed within acceptable risk.

The Fund may also accept to channel contributions from global or regional MPTFs such as,

- a) The Peacebuilding Fund.
- b) Women's Peace & Humanitarian Fund.
- c) Joint SDG Fund.
- d) Migration MPTF.
- e) Any other global and regional UN MPTFs.

For the above cases, specific arrangements would be developed between the country and the relevant Fund in line with both Funds' procedures.

Contributors (as mentioned above) wishing to contribute to the Fund must sign a Standard Administrative Arrangement or an addendum to the Standard Administrative Arrangement for sub-sequent contributions with the MPTF Office. The Fund Secretariat will liaise with the MPTF Office to initiate the contribution agreements' signature process with the Contributors. The general steps are as follows:

- a) The MPTF Office signs the Standard Administrative Arrangement or the addendum and submits the invoice to the Contributor (if the Contributor requires an invoice).
- b) The Contributor countersigns the Standard Administrative Arrangement or the addendum. The Contributor checks the particulars of the invoice (if the Contributor requires an invoice).
- c) The Contributor returns the Standard Administrative Arrangement or the addendum and the invoice (if the Contributor requires an invoice) to the MPTF Office.
- d) The MPTF Office submits the official invoice to the Contributor (if the Contributor requires an invoice).
- e) Contributor remits payment to the UN Treasury.
- f) The UN Treasury receives payment and applies it to the Fund or the Fund's relevant window within two weeks (maximum).

7. PROGRESS UPDATES, ANNUAL REPORTS AND END OF PROJECT REPORTS

The Fund Secretariat will share with PUNOs the formats/templates to report the progress of projects and end-of-project reports.

The PUNOs' Head Quarters will submit the annual and final project financial reports directly to the MPTF Office.

The **narrative reporting** schedule is as follows:

Report / Update	Prepared by	Submitted to	Date
Progress updates	PUNOs	Fund Secretariat	31 July of each year
Annual Narrative Progress Report	PUNOs	Fund Secretariat	No later than 31 March after the end of the calendar year
Annual Consolidated Narrative Progress report	Fund Secretariat	Steering Committee	No later than 01 May after the end of the calendar year
	Fund Secretariat	MPTF Office	No later than 15 May after the end of the calendar year
	MPTF Office	Steering Committee	No later than 31 May after the end of the calendar year
Final Narrative Report	PUNOs	Fund Secretariat	No later than 30 April after the end of the calendar year in which the operational closure of the project activities in the approved project document occurs.
Final Consolidated Narrative Report	MPTF Office	Steering Committee	No later than 30 June after the end of the calendar year in which the operational closure of the Fund occurs

The **financial reporting** schedule is as follows:

Report / Update	Submitted by	Submitted to	Date
Quarterly financial updates	PUNOs	Fund Secretariat	Within one month after the end of the quarter
Annual financial report as of 31 December	PUNOs HQs	MPTF Office	No later than 30 April after the end of the calendar year
Annual consolidated financial report	MPTF Office	Steering Committee	No later than 31 May after the end of the calendar year
Certified final financial statement and final financial report	PUNOs HQs	MPTF Office	No later than 31 May after the end of the calendar year in which the financial closure of the activities in the approved programmatic document occurs.
Final Consolidated financial report	MPTF Office	Steering Committee	No later than 31 May after the end of the calendar year in which the financial closing of the Fund occurs
Certified annual financial statement ("Source and use of funds" as defined by UNDG guidelines)	MPTF Office	Steering Committee	No later than 31 May after the end of the calendar year.
Certified final financial statement ("Source and use of funds" as defined by UNDG guidelines)	MPTF Office	Steering Committee	No later than 31 May after the end of the calendar year in which the financial closing of the Fund occurs.

The above tables stipulate the reporting requirements in alignment with the Fund's MoU.

The policy on variance reporting:

For financial reporting purposes, a maximum of 20% variance between the budgeted amount for a UNDG budget category line and the expenditure reported against that budget line is allowed. However, the approved total project budget must remain the same.

Administrative measures:

- a) All financial reports and figures in narrative reports must be in United States Dollars (USD).
- b) The Fund Secretariat will share the report formats/templates with PUNOs.

8. PROJECT REVISION AND TERMINATION PROCESSES

Project revision process

There are three types of project revisions:

- a) **Programme revisions** –include scope changes or modifications to the project interventions but within the project’s original purpose. Revisions to the project scope/interventions should not entail fundamental changes to the project’s original purpose approved by the Steering Committee. Programme revisions may trigger the need to amend the project’s Results Framework and Workplan.
- b) **Budget revisions** –revisions made to the UNDG budget category lines to,
 - (i) increase the allocations for UNDG budget category lines in the form of additional funding; and / or
 - (ii) introduce variations between different UNDG budget category lines.

Note that these revisions do not relate to commitments and expenditure recorded against UNDG budget category lines. It is at the discretion of the PUNOs to charge commitments and expenditure against the relevant UNDG budget category lines as per their internal administrative and financial regulations/procedures. If such commitments and expenses are to be moved between UNDG budget category lines, then such transfers do not require any approval from the Fund and can be made as per PUNOs’ internal administrative and financial regulations/procedures.

- c) **Timeline revisions** – Extension of the project’s implementation timeline. The proposed new end date should NOT go beyond the Fund’s current end date.

If an ongoing project requires changes in one or more of the categories described above, the relevant PUNOs must complete a Project Revision Request Form (*Annex 7 – Project Revision Request Form format*) and submit it to the Fund Secretariat along with supporting documentation. **The PUNOs initiating the project revision are responsible for consulting the project’s other PUNOs and seeking their concurrence for the revision before sending the Project Revision Request form and supporting documentation to the Fund Secretariat.**

Minor project revisions:

The following revisions are deemed “minor project revisions” and could be **endorsed by the Fund Secretariat**.

- a) **Inter-budget line transfers not exceeding USD 20,000**

These transfers concern inter-UNDG budget line fund transfers and NOT expenses/commitments reported against each UNDG budget category.

Any inter-budget line transfers must not change the total project budget the Steering Committee approved for the project.

Any subsequent inter-budget line transfers, regardless of the transfer amount, shall be deemed a major project revision (see below).

- b) **Project timeline extensions up to six months** (the timeline extension request can't go beyond the Fund's current end date). The extension request must reach the Fund Secretariat **at least 1.5 months** before the end date of the project.

Any subsequent timeline extension requests, regardless of the duration requested, shall be deemed a major project revision (see below).

- c) **Scope expansions** due to savings at project level (e.g. exchange rate gains at PUNO level). However, the expansion in scope must not fundamentally alter the project's original overall and specific objectives the Steering Committee approved.
- d) **Amendments** only to the project's **Results Framework**.
- e) **Amendments** only to the **project's Workplan**.
- f) Any combination of the above.

Supporting documentation required:

- a) Project Revision Request form (signed) and other supporting documentation (signed where necessary).

The Fund Secretariat will inform the PUNOs and the MPTF Office of the project revision along with supporting documents.

Major project revisions:

Project revisions not classified under "minor project revisions" in the preceding section shall be deemed major project revisions. If more than one revision is made to a project at a given instance, and if at least one of the revisions falls within the definition of "major project revision", then the entire project revision request will be deemed a major project revision, and the provisions of this section shall apply. Timeline extension requests must reach the Fund Secretariat at least 1.5 months before the end date of the project.

Supporting documentation required:

- a) Project Revision Request form (signed) and other supporting documentation (signed where necessary).

The Technical Evaluation Committee must review the project revision request and make recommendations to the Fund's Steering Committee for approval.

Upon receipt of the revision request, the Steering Committee can make the following decisions:

- a) Approve the project revision request,
- b) Approve the project revision request with modifications,
- c) Reject the project revision request (with brief comments).

If the Steering Committee approves the project revision, the Fund Secretariat will,

- a) Inform the PUNOs of the approval of the project revision request.
- b) Inform the MPTF Office of the Steering Committee's decision with supporting documentation.

If the Steering Committee approves the project revision with modifications, the Fund Secretariat will,

- a) Inform the PUNOs of what modifications need to be made to the project revision.
- b) Upon receipt of the updated project revision request with supporting documents, the project revision shall be deemed approved, and the Fund Secretariat will inform the Steering Committee (with supporting documents) that the PUNOs have complied with the changes proposed by the committee.
- c) Inform the MPTF Office of the Steering Committee's decision with supporting documentation.

If the Steering Committee rejects the project revision, the Fund Secretariat will inform the PUNOs of the decision with any relevant details.

Administrative measures:

- a) The PUNOs initiating the project revision are responsible for consulting the project's other PUNOs and seeking their concurrence for the revision before sending the Project Revision Request form and supporting documentation to the Fund Secretariat.
- b) All the PUNO Representatives or officers with delegated authority must sign the Project Revision Request Form, Project Document and the UNDG Category Budget (if applicable).
- c) The date format to be used in all documents is DD-Month-YYYY (e.g. 07 July 2017).
- d) The currency to be used in all documents is the United States Dollar (USD).

Project termination process

Project termination is highly discouraged. A project must be terminated only after exhausting all options to keep the project operationally active to rollout activities towards achieving the project's purpose within the approved budget and timeline by the Steering Committee.

In the event PUNOs are unable to pursue a project on its original project purpose and require an immediate termination of the project, then,

- a) The Steering Committee must be informed immediately of the reasons for requesting termination through the Fund Secretariat.

The minimum details to include are as follows:

- I. The date of the project termination request.
- II. Complete title of the project.
- III. MPTF Project ID.
- IV. PUNOs
- V. Project budget.
- VI. Balance funds on hand (total and PUNO-wise).
- VII. Implementation timeline.
- VIII. Progress to date (physical progress).
- IX. Measures taken to keep the project operationally active and why they failed.
- X. A comprehensive justification of why the project must be terminated, including the exit strategy, the sustainability of completed interventions (if any) and the ramifications of not implementing the interventions.
- XI. Lessons learned.

If the Steering Committee approves the termination of the project, then,

- a) The Fund Secretariat will inform the PUNOs and the MPTF Office of the Steering Committee's decision.
- b) The PUNOs must immediately close the project operationally and financially, and balance funds must be returned to the MPTF Office (please see section 9 for the bank details).
- c) The PUNOs must keep the Fund Secretariat informed of each step in the process.

Administrative measures:

- a) The PUNOs initiating the project termination are responsible for consulting the project's other PUNOs and seeking their concurrence to terminate the project before sending the project termination request to the Fund Secretariat.
- b) All the PUNO Representatives or officers with delegated authority must sign the project termination request.
- c) The date format to be used in all documents is DD-Month-YYYY (e.g. 07 July 2017).
- d) The currency to be used in all documents is the United States Dollar (USD).

9. PROJECT AND FUND CLOSURE PROCESSES

Project closure process

Project closure will proceed in two stages:

- a) Operational closure.
- b) Financial closure.

Operational closure procedure

For projects/programmes to be accepted as “Operationally Closed”, the following would need to be complied with:

- a) The PUNOs shall share the End of Programme Narrative Reports with the Fund Secretariat.
- b) The Fund Secretariat shall inform the Steering Committee of the projects that have been operationally closed.
- c) The Fund Secretariat shall inform and share the End of Programme Narrative Reports of operationally closed projects with the MPTF Office Portfolio Manager for posting on the MPTF Office GATEWAY.

The ownership of equipment and supplies procured, and intellectual property rights associated with works procured, using funds transferred to the PUNOs will be determined in accordance with the regulations, rules, policies, and procedures applicable to such PUNOs, including any agreement with the relevant Host Government, if applicable.

Financial closure procedure

For projects/programme to be accepted as “Financially Closed” the following needs to be complied with:

- a) Certified Final Financial Statement and Report is submitted for each project /programme allocation. The report is accessible to PUNO’s designated financial reporting (UNEX) focal points.
- b) Unspent balance, if over USD 250, is refunded and notification is sent to the MPTF Office to enable the MPTF Office to identify the refund. To avoid bank charge fees, ensure unspent balances are transferred to the MPTF Office bank account from the corresponding PUNO’s HQ bank account.
- c) Interest for prior and current year, if any, transferred to the appropriate MPTF Bank Account and notification sent to the MPTF Office to identify the interest (see notification instructions below). If PUNO’s regulations do not require transfer of interest, indicate this by marking the box on the Certified Final Financial Statement and Re-port.

- d) Expenditure more than funds transferred should not be reported in the Certified Final Financial Statement and Report.
- e) Indirect cost should not exceed the approved percentage of programme cost.

Bank details²:

All interest earnings and unutilised funds (apart from PBF) should be credited to the following account:

- a) Name: UNDP Multi-Partner Trust Fund Office
- b) (USD) Account
- c) Account Number: 36349626
- d) ABA/ACH Routing Number: 021000089
- e) SWIFT Code: CITIUS33
- f) Bank Name/Address:
Citibank, N.A.
111 Wall Street
New York, NY 10043 USA
Reference: UN Sri Lanka SDG MPTF /Project number/type [interest/refund]

Notification instructions³

Notification for transfer of interest earnings and refunds of unutilised funds should include a reference to the type of refund, amount of refund and project number, and should be sent to the following individuals at the MPTF Office:

- a) Finance Specialist: Aamir Maqsood Khan aamir.maqsood@undp.org ; Constance Chitanda: constance.chitanda@undp.org
- b) Finance Associate: Patricia Ababio: patricia.ababio@undp.org.

Proper notification will ensure the funds are applied in a timely manner.

Fund closure process

The closing of the Fund is carried out by the MPTF Office, and it encompasses the following steps:

- a) Verify that all projects have been financially closed.
- b) Verify that all fund direct costs projects have been financially closed.
- c) Verify that all interests have been received.
- d) Refund to donors the balance of the account (including interest).

² Current, at the time of compiling this document. Please check with the Fund Secretariat for any updates before making a fund transfer.

³ Current, at the time of compiling this document. Please check with the Fund Secretariat for any updates before making a fund transfer.

- e) Issue the certified final report of the activities of the MPTF Office.
- f) Closure of the Fund in the MPTF system.

10. SURPLUS FUNDS

Surplus funds at the Fund and window-level can result from one or more of the following ways:

- a) PUNO refunds to the MPTF from financial closure of projects.
- b) Interest earned on Fund's deposits.
- c) A combination of the above.

The surplus funds are the Fund's resources and can't be attributed to Contributors (please see section 6 for categories and types of Contributors).

The surplus funds (in part or entirely) can be programmed and / or used to meet the Fund Secretariat's costs – Human Resources cost (salaries and related costs), equipment costs (IT and other), training and development, DSA, meeting hosting costs, meet the Fund's evaluation costs and any other cost that is deemed as necessary for the development of the Fund Secretariat's staff members and / or the continuity of the Fund Secretariat's functions.

It is the Steering Committee's prerogative to approve the use of the surplus funds on the recommendation of the Steering Committee's Chair.

Any surplus funds remaining at the end of the Fund shall be dealt with in compliance with MPTF rules, and the MPTF Office shall be responsible for the refund process.

11. RISK MANAGEMENT AT THE FUND LEVEL

The Fund's risk management responsibility will be vested with the Fund Secretariat. The Risk Management Plan will be reviewed periodically by the Fund Secretariat and updated as appropriate (*Annex 8 – Fund's Risk Management Policy and Matrix*).

Project-level risk management is the sole responsibility of PUNOs. The PUNOs must revisit the project's Risk Management Matrix every three months and update it considering the changes to parameters impacting the project.

12. EVALUATION OF THE FUND

The Steering Committee is responsible for deciding when to evaluate the Fund. At a minimum, two Fund-level evaluations will take place – a mid-term and a final evaluation. The Fund Secretariat will coordinate the evaluation process and disseminate evaluation findings between relevant stakeholders.

13. COMMUNICATION AND VISIBILITY

As part of the Project Proposal, PUNOs are required to prepare a project visibility plan that should elaborate on the key visibility and communications materials, key audiences, strategic objectives, key messages and expected deliverables throughout project implementation. PUNOs will report on the implementation of the visibility plan.

Any visibility and communication concerning the Fund's projects will be attributed to the Fund, and all Contributors to the Fund will be duly acknowledged.

PUNOs must inform the Fund Secretariat in advance of any events to be organised and consult with the Fund Secretariat on the appropriate level of representation from the RCO Office and Contributors

PUNOs will share visibility and communication materials with the Fund Secretariat that can be further distributed on mainstream and social media.

PUNOs will liaise with and consult the Fund Secretariat on sensitive issues requiring particular attention.

Refer the guidance on communication and visibility for details (*Annex 09 – Guideline on Communication and Visibility*).

14. AMENDMENTS TO THE TERMS OF REFERENCE

The Fund Secretariat shall initiate amendments to the ToR in consultation with the PUNOs and the MPTF Office. The amendments may be initiated considering the changes in the country's context and best practices. The Fund Secretariat will table the updated ToR with the Fund's Steering Committee for approval. The Steering Committee can make the following decisions:

- a) Endorse the amendments,
- b) Return with comments and resubmit,
- c) Reject (with brief comments).

The Fund Secretariat will circulate the updated ToR between the PUNOs, the MPTF Office and Contributors within three working days after receiving the Steering Committee's approval.

15. TRANSPARENCY

The MPTF Office keeps the GATEWAY website (<https://mptf.undp.org/>), a knowledge platform that provides regular data on implemented projects and financial information in real-time, refreshed every two hours and from the MPTF Office accounting system - on Contributors' commitments and deposits, approved project budgets, transfers to and expenditures reported by implementing entities, interest income and other expenses.

16. FEEDER FUNDS

Feeder Funds allow global pooled funds, such as the Peacebuilding Fund, WPHF, etc. to channel resources through the UN Sri Lanka SDG Multi-Partner Trust Fund. This enables an efficient and streamlined process for resource allocation and disbursement. The UN Sri Lanka SDG Multi-Partner Trust Fund will utilise this process where possible. Prior agreements with the respective Feeder Fund Secretariats are required to enable this mechanism (reference is made to section 6).

17. ANNEXURES

The following annexures are considered part of this ToR:

- ANNEX 01 – Window Priorities Paper.
- ANNEX 02 – Guidance on Markers.
- ANNEX 03 – Concept Note format.
- ANNEX 04 – Concept Note and Project Proposal assessment criteria.
- ANNEX 05 – Project Proposal format.
- ANNEX 06 – Proposal submission and selection process.
- ANNEX 07 – Project Revision Request form.
- ANNEX 08 – Fund’s Risk Management Policy and Matrix.
- ANNEX 09 – Guideline on Communication and Visibility.
- ANNEX 10 – Project Progress Update format.

References:

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