UN INDIA
SDG COUNTRY FUND

Terms of Reference
October 2023

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1. Introduction

The UN India Multi Partner Trust Fund (MPTF) called the "UN India Sustainable Development Goals (SDG) Country Fund" is a pooled funding mechanism that aims to accelerate implementation of the 2030 Agenda for Sustainable Development in India by supporting the Government's development priorities as outlined in the Government of India – United Nations Sustainable Development Cooperation Framework, 2023-27 (henceforth GoI-UNSDCF 2023-27, or Cooperation Framework). The Fund draws up and mobilises financing for strategic interventions through which the UN development system can deliver in a more integrated and cohesive manner and contribute towards implementation of the GoI-UNSDCF 2023 -27 and ultimately progress towards India's ambitious vision for 2047.

Thematically, the Fund will be aligned to provide catalytic support for delivering on the strategic priority areas in the new **GoI-UNSDCF 2023-27**. The Cooperation Framework has 4 strategic pillars encompassing six thematic Outcome areas including: Pillar I: People encompassing Outcomes 1) Health and Well-being, 2) Nutrition and Food Security and 3) Quality Education; Pillar II: Prosperity encompassing Outcome 4) Economic Growth and Decent Work; Pillar III: Planet encompassing Outcome 5) Environment, Climate, WASH, and Resilience; and Pillar IV: Participation encompassing Outcome 6) Empowering People, Communities and Institutions. In addition, there are specific standalone Outputs on SDG Localisation and South-South Cooperation under Outcome 6, as well as cross-cutting areas that cover all pillars and outcomes including Gender, Youth, Disaster Risk Resilience and Disability Inclusion. **The Fund will operate thematic windows aligned to the Cooperation Framework and any of the abovementioned Outcome areas, specifc Outputs or cross-cutting enablers could potentially form thematic windows in the Fund.** The SDG Country Fund will be created to financially support the one-UN engagement on the most critical UNSDCF priorities of the country.

The **first thematic window established under the fund will be on South-South Cooperation for acceleration of the SDGs**. Following on the momentum unleashed by India's Presidency of G20, as well as given the UN system's long-term engagement with the government on the SSC and triangular cooperation agenda, an immediate priority for the Government under the new CF is taking India's model of delivering development to countries of the global South through partnerships, collaboration and knowledge exchange in areas ranging from healthcare to digital public infrastructure. **Accordingly, in the new Cooperation Framework, for the first time South-South Cooperation (SSC) has been included as a key enabler and a specific Output** under Outcome 6, convened and led by the UN Resident Coordinator. The aim is strengthening South-South cooperation for accelerating achievement of the SDGs, including through codifying Indian best practices in key development areas, showcasing Indian models of development globally, and facilitating partnerships at national/ sub-national levels with other countries towards this goal.

Other thematic windows will be opened under the UN India SDG Country Fund, as and when financial contribiutions to create them are identified.

2. Country Context

With a growing population of 1.43 billion women and men, India has become the world's most populous nation, according to the latest United Nations Population Division estimates, with a potentially significant demographic dividend over the coming decades based on favourable dependency ratios. At the same time, India also remains home to significant challenges, including the world's largest populations of women and men living in extreme poverty or of informally employed workers, as well as more of the world's most polluted major cities than any other country. With complex and multidimensional crises threatening progress towards the SDGs, India's role and leadership in meeting the 2030 Agenda will be critical.

Transforming the futures of India's large population— especially its women and girls — over the next five to seven years will determine the success of the 2030 Agenda not just in India, but globally, as up to a quarter to even half of some global SDG targets depend on the country's progress. India's development progress therefore will be linchpin of international solidarity and partnership for the goals, playing a pivotal global leadership role in meeting the world's Sustainable Development Goal (SDG) commitments. As the Honourable Prime Minister of India Narendra Modi expressed at the 76th session of the United Nations General Assembly: "Today, every sixth person in the world is an Indian. When Indians progress, the development of the world also gets a boost. When India grows, the world grows. When India reforms, the world transforms."[1]

[1] Prime Minister Shri Narendra Modi's address at the 76th session of the United Nations General Assembly September 25, 2021

India also plays an important and growing role in international development, as a leader in South-South and Triangular Cooperation, as well as multilateral platforms including the UN and the G20 with India's presidency coinciding with the first year of implementation of the Cooperation Framework. The extensive UN presence in the country is helping identify and share Indian 'best practice' in close collaboration with NITI Aayog and line ministries. There is growing demand to share these 'best practices' at the international level for the benefit of other countries.

The UN India SDG Country Fund is intended to fund operational activities of the UN Development System in support of these national objectives of Government of India, in line with the priorities identified in the new Cooperation Framework.

3. Rationale and Fund's Functions

W**ith the adoption of the Funding Compact (2019), UN pooled financing mechanisms are expected to play an increasingly strategic role in funding the operational activities of the United Nations development system** and there is a strong policy rationale for this approach. The resolution on the repositioning of the UN development system (A/RES/72/279, 2018) commits to reducing fragmentation with an eye to "double interagency pooled funds to a total of US$3.4 billion" per year. In addition, the UN agreed to common management features, namely, well-articulated strategy, including innovation features where relevant, clear theories of change, solid Results-Based Management systems, well-functioning governance bodies supported by effective secretariats, quality assurance on issues of United Nations norms and values; risk management systems and strategies; operational effectiveness/reporting/visibility/transparency standards; and planning and funding for joint and system wide evaluations that meet UNEG norms and standards. In accordance with the resolution, the Funding Compact (2019) articulates specific targets on interagency pooled funding. The target for UNSDG entities is that at least 15% of development related expenditures are implemented through joint activities; and that they present funding frameworks to fund the UNSDCFs and apply common management features across pooled funds. The Management and Accountability Framework (2019) describes the different roles and responsibilities for the UN Resident Coordintor regarding inter-agency pooled funds at the country level. The UN Cooperation Framework – Guidance's (2019) companion guide "Financing the SDGs and Funding the Cooperation Framework" expects that "every UNCT establish a country-based SDG Fund in support of the Cooperation Framework priorities".

The abovementioned guidance calls on Resident Coordinators to create Pooled Funding mechanisms to bring the UN together and to catalyse transformative operational activities for development, especially to accelerate SDG achievement. The aim is for the system as whole to strengthen coherence, reduce fragmentation, and tackle multi-dimensional challenges with comprehensive, innovative solutions at the country-level, The scope and breadth of the UN India SDG Country Fund will be premised around these objectives in line with the GoI- United Nations Sustainable Development Cooperation Framework (2023-2027). The priorities of the pooled fund would mirror the thematic priorities outlined in the GoI-UNSDCF 2023-27 as highlighted above.

The UN India SDG Country Fund aims to finance actions that provide catalytic support to GoI-UNSDCF 2023-27 priorities. The Fund is built as a tool for the Resident Coordinator to convene stakeholders, connect knowledge across sectors and pillars of the United Nations' work and facilitate solutions to advance the 2030 Agenda and the achievement of the Sustainable Development Goals (SDGs). This involves bringing together the expertise and resources across agencies, funds and programmes, while also convening the full spectrum of partners and facilitating collaboration to maximise the impact of the UN offer.

Full implementation of the GoI-UNSDCF will require an estimated total of US $1.3 billion. The total estimated funding gap is US $1.06 billion. This will need to be mobilised over the period of the GoI-UNSDCF 2023-27. The funding gap for the UNSDCF is approximately 79.5% percent of the total budget. Achievement of UNSDCF results will require a concerted resource mobilization strategy with a special focus on partnerships with the private sector/ institutional donors. The UN India SDG Country Fund is one key mechanism to facilitate resource mobilisation over the lifespan of the Cooperation Framework.

The founding contributor to the Fund is The Bill and Melinda Gates Foundation, which will contribute to the Fund as per the Standard Administrative Agreement (SAA). This initial contribution will be to fund the window on South-South and Triangular Cooperation for Acceleration of the SDGs mentioned above.

The Fund administered via the United Nations Multi-Partner Trust Fund Office (**"MPTFO"**) will support programmes and projects implemented by UN agencies referred to as Participating UN Organisations **("PUNOs"**).

The Fund will also seek to mobilise resources from national counterparts, various other private, public partners, and institutional donors. This will contribute to the country's efforts to diversify its financing sources, enhance funds availability and sustainability.

Objectives of the Fund:

- The Fund will support initiatives to deliver on the 2030 Agenda's principles, ambitions and goals, keeping in mind the priorities outlined in the GoI-UNSDCF 2023-27, with a first window on South South Cooperation.
- The Fund will mobilise resources for SDG delivery in India and catalyse SDG financing opportunities.
- The Fund will strengthen partnerships for SDGs and advance a multi-stakeholder approach to maximise synergies, collaboration and impact across sustainable development dimensions.

The Fund is an agile multi-year funding mechanism, which is able to respond swiftly to emerging priorities. It is aligned with the United Nations Sustainable Development Cooperation Framework and supports India's efforts to advance SDG implementation and achieve its national targets by 2030.

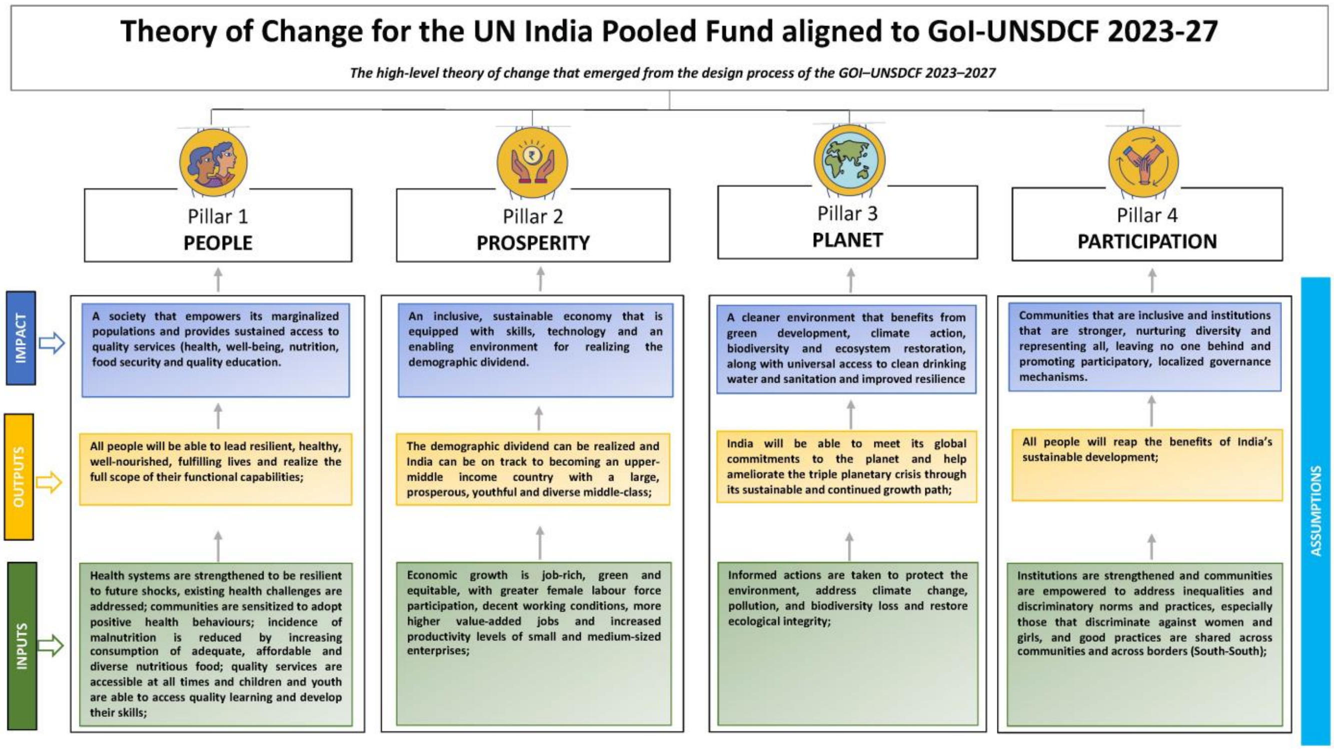
The Fund will have the following functions:

- **Coordination and alignment:** Enable a platform to strengthen coordination, evaluation, planning and communication among several entities
- **Coherence:** Develop synergies among different players
- **Strategic allocation of resources** through an inclusive and transparent decision-making structure
- **Reduce political and fiduciary risks** faced by stakeholders through the concentration of resources and a result-based management system which is transparent and responsible
- **Broaden the financial base** of emerging or non-resident donors
- **Reduce transaction costs** by using pre-approved single Standard legal agreements
- **Provide flexibility** as the Fund is a flexible mechanism that easily adapts to changes (new thematic areas of intervention, additional implementing entities, new processes, etc.)

Management of the Fund is entrusted to an overall Steering Committee, chaired by the UN System in the country, represented by the UN Resident Coordinator, with representation from the Convenors of the Outcome Groups/ Task Teams outlined in the CF. The overall Steering Committee will establish smaller Thematic Steering Committees for each Thematic Window of the Fund, if and when they become operational. The Thematic Steering Committees will be delegated a funding envelope and specific ToRs from the overall Steering Committee. The Secretariat of the Fund will be created within the Office of the Resident Coordinator, while the Multi Partner Trust Fund Office will perform duties of the Administrative Agent.

3. Theory of Change

The Cooperation Framework covers the period 2023-2027. The Fund aims to support its implementation and hence the **overall Theory of Change** of the Fund is aligned to the Theory of Change of the Cooperation Framework and is outlined below.



As the Fund's objective is to address the funding gaps in the implementation of the CF, the theory of change of the Fund mirrors that of CF, yet will be limited to those outcomes, outputs of the CF's Theory of Change relevant to the thematic windows that become operational through donor interest and investment. The activities under each thematic window would be linked to the output indicators under the respective outcomes of the CF, and would be specified in the TORs developed for each window. For example, under the first thematic window on South-South Cooperation the Output indicators are as below:

Output 6.6	Sub-outputs	Baseline	Output indicator
India's experience and best practices are shared and international technical copperation facilitated to foster regional and global development	**6.6.1: Number of partnerships, initiatives and mechanisms established at national/sub-national/ regional/triangular levels in India with ther countries**	**6**	**UN South-South Cooperation and iner-state technical copperation reports**
	6.6.2: Number of initiatives and good practices codified and showcased internationally during the CF cycle, facilitated by the UN	**TBD**	**Reports by the UN and partners**
	6.6.3: Number of initiatives aimed at improved protection support to vulnerable Indian migrants	**2**	**Various progress reports**

4. Scope of the Fund

The Fund will operate thematic windows aligned to the Cooperation Framework and any of the abovementioned Outcome areas, specifc Outputs or cross-cutting areas of the CF could potentially form thematic windows under the Fund in line with the four Pillars and six thematic Outcome areas of the GoI-UNSDCF 2023-27 including:

- Pillar I: People encompassing Outcomes 1) Health and Well-being, 2) Nutrition and Food Security and 3) Quality Education;
- Pillar II: Prosperity encompassing Outcome 4) Economic Growth and Decent Work;
- Pillar III: Planet encompassing Outcome 5) Environment, Climate, WASH, and Resilience; and
- Pillar IV: Participation encompassing Outcome 6) Empowering People, Communities and Institutions.

In addition, there are specific standalone Outputs on SDG Localisation and South-South Cooperation under Outcome 6, as well as cross-cutting enablers that cover all pillars and outcomes including Gender, Youth, Disaster Risk Resilience and Disability Inclusion.

The Fund will start with an initial capitalisation for the window on South-South Cooperation. As and when donor contributions become available additional thematic windows will be created. Efforts will also be made to increase the initial capitalisation through additional resource mobilisation efforts.

5. Governance and Coordination

The Fund's governance involves three levels: **Operations** (Overall Steering Committee/ Thematic Steering Committees, Secretariat and Technical Committee), **Design and Administration** (MPTF Office - Administrative Agent) and **Implementation** (Participating UN Organisations) as follows.

Fund Operations

Overall Steering Committee and Thematic Steering Committees

The overall Steering Comittee is the body in charge of the strategic guidance and general supervision of the Fund. The overall Steering Committee will be chaired by the Resident Coordinator and will be comprised of the UNCT agencies who are the Convenors of the Outcome Groups/ Task Teams in the Cooperation Framework. These agencies will indicatively include WHO, WFP, UNICEF, ILO, UNDP, UN Women and UNFPA. This will ensure improved alignment and accountability of the Fund deliverables with the CF. The Convenors, along with the RC, will consult on the Fund's strategic direction and overall results framework.

The governance architecture will also include Thematic Steering Committees aligned to the thematic windows, as they become operational. To ensure requisite accountability, these will be co-chaired by the UN Resident Coordinator and the Government counterpart from the domain ministry, and will include representation from the PUNOS, the specific line Ministry/ Outcome Standing Committee Chair (if further sub-areas are chosen), and the contributor to the Fund for that specific window. The overall Steering Committee will delegate authority to the Thematic Steering Committees by outlining the funding envelope as well as the ToRs of the Thematic Steering Committees.

For the Thematic Steering Committee meetings concerning the window on South-South Cooperation the Ministry of External Affairs will represent the Government counterpart. The overall Steering Committee of the Fund will also provide information to the **Joint Steering Committee (JSC)** of the GoI-UNSDCF 2023-27 per the standard reporting for funds. The JSC guides the implementation of the CF and is co-chaired by the Vice-Chairman of NITI Aayog and the UN RC, with membership of the Ministry of External Affairs and Ministry of Finance.

The Secretariat and Administrative Agent are ex-officio members of the overall Steering Committee which meets when deemed necessary and is responsible for the following tasks:

- To review and approve their Terms of Reference and Operations Manual, based on the generic SC TOR, and update and/or modify them, as necessary, in case of compelling requirements. In case of departures from the generic TOR, the TOR of the SC should be referred for endorsement to the HQs Fiduciary Management Oversight Group;
- Provide general oversight and exercise overall accountability of the Fund
- Allocate Funding envelope and develop Terms of Reference for the Thematic Steering Committees of the Fund Windows
- To review and approve the periodic progress reports (programmatic and financial) consolidated by the Administrative Agent based on the progress reports submitted by the Participating Agencies[2]. To ensure

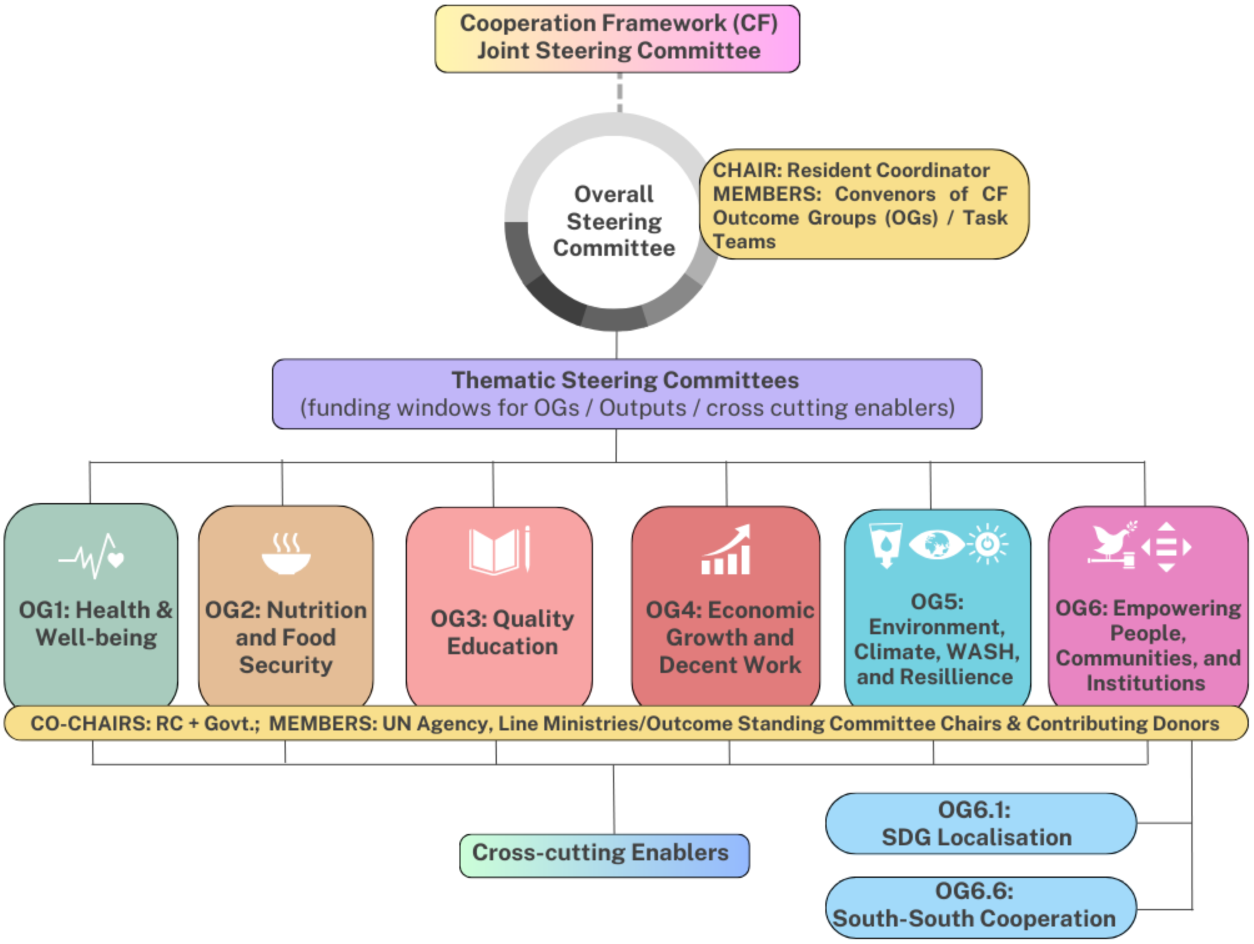
[2] The standard reporting period is as per the SAAs and MoUs.

consistency in reporting between Thematic Steering Committees; Consolidated annual reports should include a section on the activity of the Steering Committee.

- Approve the strategic direction of the Fund and its overall results framework
- Approve the Fund risk management strategy and review risk monitoring regularly to allocate available resources, making sure that the allocations are aligned with the strategic development framework of the country and approved national priorities.
- To review and approve proposals from Agencies submitted for funding; ensure their conformity with the requirements of the MPTF agreements (MoUs, SAAs), or to delegate these responsibilities to the relevant Thematic Steering Committee for each funding window.
- To ensure the quality of proposals to receive funding from the Fund.To discuss the the Fund requirements and priorities concerning, inter alia:Programme/project management, including consistent and common approaches to programme/project costing, cost recovery, implementation modalities, results-based reporting and impact assessment, Information management including appropriate Fund and Fund donor visibility;To review and approve the periodic progress reports (programmatic and financial) consolidated by the Administrative Agent based on the progress reports submitted by the Participating Agencies[3]
- Review and approve project documents and concept notes submitted for funding (after being reviewed by the Technical Committee), ensuring their conformity with the requirements of the Fund Terms of Reference (TOR), or to delegate these responsinisibilities to the relevant Thematic Steering Committee for each funding window.
- Decide the allocation of funds
- Request fund transfers to the Administrative Agent (signed off by UN member of the Steering Committee);
- Review Fund status and oversee the overall progress against the results framework through monitoring, reporting and evaluation`
- Review findings of the summary audit reports consolidated by the internal audit service of the Administrative Agent. To highlight lessons learnt and periodically discuss follow up by Participating Agencies on recommended actions that have MPTF-wide impact;
- Commission mid-term and final independent evaluations on the overall performance of the Fund
- To agree on the scope and frequency of the independent “lessons-learned and review” of the MPTF commissioned by the SC,
- To review the draft/final reports on lessons learnt, ensure the implementation of recommendations and identify critical issues for consideration by the HQs Fiduciary Management Oversight
- Approve direct costs related to fund operations, including the Secretariat costs.
- Approve Fund extensions and updates to the Fund TOR, as required. In case of departures from the generic TOR, the TOR of the SC should be referred for endorsement to the HQs Fiduciary Management Oversight Group;
- Develop and implement resource mobilization strategies to capitalize the Fund

The overall Steering Committee meets regularly as required (virtually or face-to-face) and makes funding and programming decisions by consensus. Decisions can also be made electronically. The SC has a quorum when 2/3 of its membership is present. While the Steering Committees make decisions by consensus, in case of disagreement, decisions are made by the chair (Resident Coordinator) after consultation with the Steering Committee members.

Governance Framework of the UN India SDG Country Fund



Secretariat

The Secretariat is the entity responsible for the operational functioning of the Fund. The Secretariat provides technical and administrative support to the Steering Committee. The Secretariat function will be provided by the Resident Coordinator's Office with the fund manager reporting directly to the Resident Coordinator, with a Participating UN Organization providing administrative backstopping through a direct cost project approved by the fund Steering Committee. The staffing structure of the Secretariat will include a minimum of three roles including a fund manager, administrative support, and M&E/ communications support. The Secretariat will report to the UN RC or his or her designate. The Secretariat structure can be reviewed and adjusted by the Steering Committee in line with needs and budget availability.

The Secretariat's main functions are:

- Advise the Steering Committee on strategic priorities, programmatic and financial allocations (based on the inputs of inter-agency working groups, if applicable).
- Provide logistical and operational support to the Steering Committee.

- Organise calls for proposals and appraisal processes.
- Ensure the monitoring of the operational risks and Fund performance.
- Consolidate annual and final narrative reports provided by the PUNOs and share with the Steering Committee for review as well as with Administrative Agent for preparation of consolidated narrative and financial reports.
- Facilitate collaboration and communication between PUNOs to ensure programs are implemented effectively/
- Liaise with the Administrative Agent on developing a fund Operations Manual which would include, for example, fund administration issues, including submitting the funds transfer requests and issues related to project/ Fund extensions and project/Fund closure.
- Review and clear proposals for submission to the Steering Committee, including ensuring that a focus on gender equality and women's rights is integrated into the projects and specific 30% budget in activities that aim at gender equality and women's empowerment.
- Endorse final reports, based on consolidated narrative reports approved by the Steering Committee, and provide them to the Administrative Agent for project closure.

The Secretariat costs will be covered from the donor contribution through a management project which will be submitted by the PUNO selected to handle contracting and operational modalities, and which will be approved by the overall Steering Committee on an annual basis initially and then as or when required.

Technical Committees

Technical Committee meetings will be convened under each window of the Fund as required. The Technical Committee is the body in charge of reviewing projects or joint programmes submitted to the Fund, which will be submitted for approval to the Steering Committee through the Secretariat. It will conduct the technical review of the funding proposals ensuring alignment with the overall priorities of the CF. The Technical Committee composition can vary depending on the thematic focus of the specific Fund window, which has issued the call for proposals, but in general will consist of M&E professionals drawn principally from the among the PUNOs and other relevant UN staff. The Secretariat under the supervision of the Steering Committee will ensure that all Technical Committee members selected under a given funding window shall be competent to assess twhether the funding proposals meet the criteria established by the TORs of that Funding window. from a due diligence standpoint. The Technical Committee will be chaired by a Fund's Secretariat representative. Depending on the project's subject matter, representatives from other entities with relevant knowledge could be invited.

During the project review, the PUNOs will be invited to the committee meetings in order to receive technical recommendations regarding the project or program's quality, capacity and technical feasibility.

Project review by Technical Committee has the following objectives:

- Ensure project technical quality through technical specialised review per sector or field.
- Guarantee intervention relevancy: it ensures that the projects submitted to the approval of the overall Steering Committee (in case of donor contribution to the Fund as a whole)/ Thematic Steering Committee, are (i) aligned to these Terms of Reference; (ii) coordinated with existing activities, foreseen within the sector and (iii) developed in consultation with relevant national institutions.
- Ensure the coherence of technical competency and expertise of agencies submitting the proposals with proposed interventions.

The Technical Committee will meet as required to prepare for and evaluate proposals for funding submitted to the fund or calls for proposals initiated by the fund, with ad hoc meetings where necessary. They are convened by the Secretariat and responsible for the following tasks:

- Review projects submitted to them in order to ensure technical quality and relevancy.
- Recommend to the Steering Committee the approval of projects presented to the Fund.
- Make recommendations to the Secretariat and the MPTFO regarding Fund's report presentation, monitoring and evaluation.

Role of the Resident Coordinator

The overall management of the Fund from the UN India will be led and coordinated by the RC in consultation with the PUNOs. In order for the Resident Coordinator to lead the UN to deliver more effectively at the country level, s/he will be responsible for:

- Strategic leadership of the Fund on the basis of the GoI-UNSDCF 2023-27.
- Mobilising resources for the Fund in collaboration with PUNOs.

- Signing the Standard Administrative Arrangements with Donors and the Memorandum of Understanding (MOU) with PUNOs.
- Overseeing the programme coordination support allocation.
- Chairing the Steering Committee to oversee management of the Fund, including making funding allocations, with additional meetings called as necessary. In the absence of consensus within the UNCT regarding the strategic objectives in the CF (2023 – 2027) or related allocation of UNCT-wide pooled funding the RC will takethe final decision.

Fund Design and Administration

The Administrative Agent

The Fund is administered by the MPTFO under the pass-through management modality. The Fund's administration services, whose costs are 1% of received contributions, include:

(i) The Fund's establishment: support to the Fund's design (Terms of Reference and Operation Manual), and development of legal instruments.

(ii) 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:

- Provide support to the design of the Fund.
- Sign an MOU with the PUNOs.
- Sign Standard Administrative Agreements with donors that wish to contribute financially to the Fund.
- Receive and administer funds included those of the Fund's closure.
- Provide updated information to the Steering Committee regarding the regular resource availability.
- Subject to the availability of resources, transfer funds to implementing entities in accordance with the Steering Committee decisions.
- 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.
- Provide a Fund's final financial report which included a notice of the Fund's closure.
- Release funds as direct costs for the running of the Secretariat, based on the Steering Committee decisions.
- Release funds for additional expenses that the Steering Committee decide to allocate.
- Provide tools for fund management to ensure transparency and accountability.

Fund Implementation

Participating United Nations Organisations (PUNOs)

The Fund will be implemented by PUNOs. Each PUNO is programmatically and financially responsible for funds received in accordance with its own regulations, rules, policies and procedures, including those related to public procurement, as well as recruitment and evaluation of executing partners. PUNOs will charge as indirect costs a fixed percentage of amounts received for project implementation as per agency guidelines.

Responsibilities

1. The implementation of the Fund is the responsibility of each PUNO. They can receive funding from the Fund after the signing of a Memorandum of Understanding (MoU) with the AA. Each PUNO will operate under its own financial rules and regulations and assumes full financial and programmatic responsibility for funds disbursed to it by the AA.

2. The PUNOs will develop project proposals and project documents as well as report on project implementation and financial performance to the SC through the Secretariat and the AA, as indicated in the MoU. PUNOs shall have operational capacity for the prompt implementation of projects as approved by the SC or the Thematic Steering Committees.

3. Each PUNO will use the funds disbursed to it by the AA to carry out the activities for which it is responsible according to the approved project document, as well as for its indirect costs. PUNOs will commence and/or continue their operations for the project activities upon receipt of disbursements. As an exceptional measure, particularly during the start-up phase of the Fund, subject to conformity with their financial regulations, rules and policies, PUNOs may

elect to start implementing activities in advance of receipt of initial or subsequent transfers from the Fund Account by using their own resources. Such advance activities will be undertaken in agreement with the SC on the basis of funds it has allocated or approved for implementation by the particular PUNO following receipt by the AA of signed Administrative Arrangements from donors contributing to the Fund. PUNOs will be solely responsible for decisions to initiate such advance activities or other activities outside the parameters set forth above.

4. Indirect costs of the PUNOs recovered through programme support costs are fixed per agency specific guidelines. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs. Each PUNO will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the AA from the Fund Account. The separate ledger account will be administered by each PUNO in accordance with its own regulations, rules, policies and procedures, including those relating to interest.

5. PUNOs recognise that the donor(s) reserves the right to discontinue future deposits of its Contribution to the Fund: (i) if there is failure to fulfil any obligations under the Administrative Arrangement, including those related to *Section VIII: Sexual Exploitation and/or Sexual Abuse and/or Harassment* of the MoU; (ii) if there are substantial revisions of the Fund Terms of Reference (TOR); (iii) if there are credible allegations of improper use of the funds in accordance with *Section VII: Fraud, Corruption and Unethical Behaviour* of the MoU. However before doing so, the AA, the SC and the donor(s) will consult with a view to promptly resolve the matter through direct negotiations.

6. Contributions

In support of the overarching aim of the Fund, and to ensure maximum flexibility and adaptation to national priorities, a guiding principle for resource mobilisation would be that donors are encouraged to contribute with multi-year pooled/unearmarked resources. Earmarking is generally discouraged, and donors are asked to contribute unearmarked funds to the degree possible. However, if this is not possible, earmarking at the outcome or window level may be accepted, but not at the agency level.

Donors are encouraged to contribute with multi-year, unearmarked resources for pooling in the UN in India SDG Fund. Funds should be provided in fully convertible currency and shall be deposited in the bank accounts designated by the MPTF Office as Administrative Agent. The value of a contribution-payment, if made in other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment.

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 Business Community (the UN Secretary General's guidelines: http://www.un.org/partners/business/otherpages/guide.htm). Funds from the private sector will be decided by the Steering Committee on a case-by-case basis, subject to the outcome of applicable due diligence processes.

7. Project Approval Process

Project identification, design and submission

Based on Fund's priorities defined by the Steering Committee and aligned with the CF, the Steering Committee will identify the appropriate fund window in order to issue a direct invitation or prepare a call to submit proposals. In addition, a new Joint Programme developed by the UN Agencies and aligned with CF can be submitted for consideration of the Technical Committee and Steering Committee.

The resourcing per proposal would be set by the overall Steering Committee or relevant Thematic Steering Committee and would be commensurate to the size of the resources and, in the case of earmarked resources, in close collaboration with the contributor. It will be specficed in approximate terms in the relevant Call for Proposals, where possible.

Prior to the Project Development, the PUNOs will present a concept note to the relevant Technical Committee through the Secretariat for validation. This is to ensure that prior to developing the full-fledged project proposal it is aligned to the relevant strategy and priorities and is within the funding range set by the steering committee for the respective Outcome or Window.

The design of the projects will be the responsibility of the PUNOs. The design of projects or programmes shall be consistent with the programmatic parameters established within the strategic framework of the Fund.

Review of Projects

The Secretariat will conduct an initial review of the project proposal or concept note to ensure its quality.

Two types of reviews are conducted:

1. Secretariat Review

This review will ensure the administrative completeness of the submission and will be done within one day of the receipt of the proposal. The administrative review includes: (i) format, (ii) supporting documents, (iii) budget, and (iv) general value for money assessment.

2. Technical Committee Review

Proposals are then transmitted by the Secretariat to the Technical Committee for a technical assessment. The Technical Committee conducts the program-related quality control of the proposal and ensures alignment, coordination and prioritisation of the intervention in the relevant Outcome or Window. The review is completed within 3 days and ensures that programmes that are subject to the approval of the Steering Committee are aligned to priorities and needs of the relevant strategies, coordinated with existent and foreseen activities, and developed in consultation with relevant actors.

The Secretariat shall send the consolidated package of all submitted proposals to the Steering Committee within three working days of submission and minimum 48 hours prior to the date of the scheduled meeting.

Project approval and funds transfer

Project approval

Once the review is finalised by the Secretariat through the technical review conducted by the Technical Committee, project documents will be submitted to the Steering Committee for approval. The Steering Committee will approve the funds' allocations based on the review package received from the Secretariat. The SC will take into account all the proposals and will select these based on their alignment with the Fund's Strategic Framework, available funding, complementarity of the intervention with other ongoing or foreseen actions and level of involvement of concerned actors. The Steering Committee decision consists of the three following options: i) approval; ii) approval with recommendations; or iii) reject

Programmes or projects approved with recommendations do not require submitting a proposal again. The Secretariat shall ensure that the PO incorporates the recommendations of the Steering Committee, before requesting the MPTFO to transfer funds to the POs. The Steering Committee decisions are recorded in its minutes of meeting, which are consolidated by the Secretariat and shared electronically.

Funds transfer

The Secretariat will prepare a fund transfer request for each program/project and budget allocation approved, and provide a signed fund transfer request along with a signed programmatic document containing the budget in UNSDG categories, and minutes of the Steering Committee decision. In line with UNSDG standards, transfers should exceed USD100,000 per PUNO per transfer. TheThe MPTFO will carry out transfers approved by the Steering Committee to POs no later than five (5) working days after the receipt of the FTR. Upon completion of the transfer, the representative of the PO and the Secretariat will be notified through electronic mail.

7.1. Example of a Rapid cycle

Rapid cycle: the approval phases are shorter (total duration of maximum five days), to prioritise the approval of critical initiatives of short-term implementation. This approach may be appropriate for a humanitarian window where fast decision making is required.

The Secretariat convenes the Technical Committee (as applicable) to conduct a virtual review of the project within a period of 3 days, after which the members of the Committee shall submit their comments and recommendations to the project. When there are no comments the project will be considered approved due to non-objection. Once the Technical Committee has reviewed/endorsed the project document and the Secretariat has drafted a summary sheet (within a period of 3 working days), the Secretariat will circulate these documents to the Steering Committee for approval on a no-objection basis. The fund transfer follows the same process as the regular cycle.

8. Risk management

The Secretariat will develop a risk management strategy to accelerate Fund implementation and increase its impact, ensure that the Fund's interventions meet the "Do no harm" principles and verify that resources are used for foreseen purposes.

The Fund's risk management strategy will encompass the following tasks:
- Develop shared understanding of risks faced by the Fund.
- Define risk appetite or tolerance of the Fund (Fund's risk profile).
- Establish the Fund's policies regarding identified risks (Fund's risk policies).
- Identify or clarify potential compensation from risk taking and seek consensus among stakeholders regarding its management.
- Determine risk treatment through measures of mitigation or adaptation.
- Identify risk holders, control its spreading and define follow-up measures.
- Establish information strategies and common messages about the risks.

Every program or project approved by the Fund shall comply with the risk management strategy. The fulfillment of such strategy will be one of the selection criteria during the process of project evaluation.

9. Monitoring, evaluation and report

9.1 Monitoring and evaluation
In this initial phase, monitoring and evaluation of the fund will carried out in line with the fund results matrix, in addition to project level monitoring and evaluation carried out in line with the procedures, rules and regulation of each PUNO. The fund will be reviewed on a periodic bases to ensure its cost effectiveness. Fund level evaluations will be in line with system-wide evaluation guidelines.

9.2 Reporting:
The responsibilities related to reporting are gathered and detailed in the Memorandum of Understanding and Standard Administrative Agreements.

All the PUNOs will carry out annual and final reports on activities and expenditures according to a common format designed for the Fund.

<u>Narrative reports</u>
The PUNOs will submit the following reports to the Secretariat for consolidation and further transmission the Administrative Agent:

(a) Annual narrative reports to be provided no more than three months (March 31st) after the end of the calendar year.
(b) Final narrative reports after the end of activities contained in the program-related approved document, including the final year of such activities, to be submitted no more than four months (April 30th) in the following year after the financial closure of the Fund.

Annual and final reports will exhibit results based on evidence. Annual and final narrative reports will compare actual results against estimated results in terms of outputs and outcomes and they will explain the reasons of higher or lower performance. The final narrative report will also include the analysis of how the outputs and outcomes have contributed to the Fund's global impact.

The fund Secretariat will consolidate the narrative reports provided by the PUNOs and provided a fund level consolidated report to the Administrative Agent by 25 April.

<u>Financial Reports</u>

The PUNOs will submit the following financial statements and reports to the Administrative Agent:

(a) Annual financial statements and reports to December 31st, regarding released resources by the Fund to them; these shall be provided no more than four months (April 30th) after the ending of the calendar year.
(b) Final certified financial statements and financial reports after the completion of activities contained in the program-related approved document, including the final year of such activities, to be submitted no more than five months (May 31) in the following year after the financial closure of the project.

Based on these reports, the Administrative Agent will prepare consolidated narrative and financial reports which will submit to each of the Fund's Contributors and to the Steering Committee as per the schedule established in the Standard Administrative Agreement.

10. Accountability and transparency

These clauses are detailed in the legal instruments that will govern the Fund (MOU and SAA).

Accountability
The PUNOs will provide implementation services in accordance with their own financial regulations, rules and policies.

For each project or program approved for funding, each PUNO will provide the Secretariat and the MPTFO annual and final reports and financial statements prepared in accordance with their accounting system and reporting procedures, as stated in the legal agreements signed with the Administrative Agent.

Financial audit: The Administrative Agent and the UN implementing bodies will be audited according to their own financial rules and regulations, in line with Framework for Joint Internal Audits of UN Joint Activities which has been agreed to by the Internal Audit Services of PUNOs and endorsed by the UNDG in 2014.

Transparency
The MPTFO website, Gateway (http://mptf.undp.org), is a web-based service portal that provides real-time financial data issued directly from the UNDP accounting system. Once established, the Fund will have a separate page on the Gateway which will allow partners and the public at large to follow-up the Fund contributions, transfers and expenses, and access key documents and reports.

The Secretariat and the MPTFO will ensure that the Fund's operations are posted on the Gateway. Each PUNO will take appropriate measures to promote the Fund. Information shared with the media regarding beneficiaries of funding, official press releases, reports and publications will acknowledge the role of the Fund.

11. Amendments, duration and termination

The Steering Committee will be able to modify any of the provisions of these terms of reference in writing as it deems necessary.

The Fund will terminate upon completion of all programs funded through the Fund and after satisfaction of all commitments and liabilities. This fund will have the same duration as the following UNSDCF cycle that runs until the end of 2027 This is subject to extension by the Steering Committee.

Key dates for the Fund are:

- 1 January 2027 // deadline for accepting the final donor contributions
- 30 June 2027 // deadline for the final disbursement of available funds
- 31 December 2027 // operational closure of the Fund
- 30 June 2028 // final narrative report of the Fund
- 31 December 2028 // financial closure of the Fund

Any remaining balance in the Fund's account and separate account of implementing entities after the closure of the Fund will be used for a purpose established by the Steering Committee and the Donors, or it will be reimbursed to the Donor(s) in proportion to their contribution to the Fund, as decided by the Contributor and the Steering Committee.