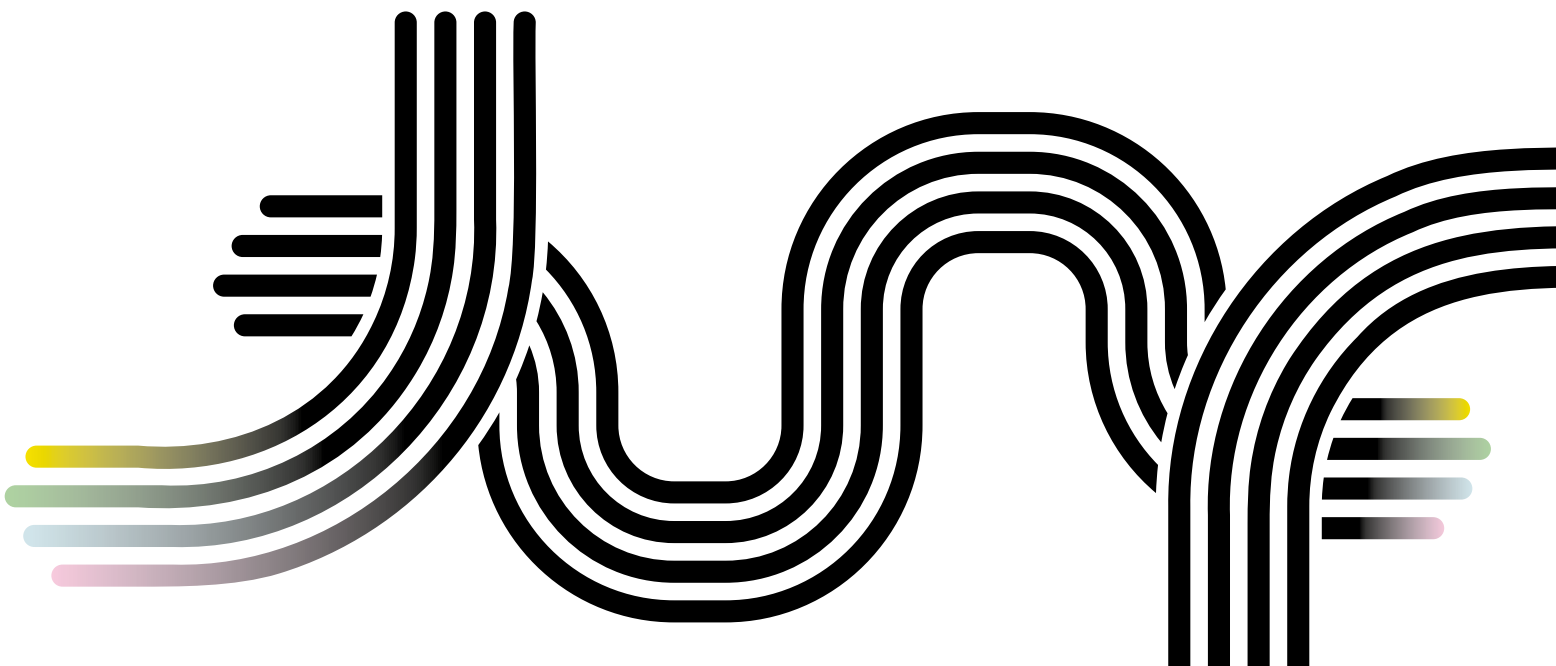


Joint Nordic Evaluation of Contributions to Trust Funds

Final report



Sida Evaluation 2026:01

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JOINT NORDIC EVALUATION OF CONTRIBUTIONS TO TRUST FUNDS



Preface

Nordic countries channel significant shares of their official development assistance through multilateral trust funds. To better understand how this support is working, Sida and the Expert Group for Aid Studies (EBA), together with the evaluation units of the other Nordic countries, jointly evaluated these contributions. The evaluation focused on whether trust funds offer an effective means of advancing Nordic policy priorities, and what results the support is achieving. It was initiated and coordinated by the Danish Foreign Ministry's Department for Evaluation, Learning and Quality.

The evaluation examined Nordic support to three multilateral bodies: the UN Multi-Partner Trust Fund (UNMPTF), the World Bank (WB), and the African Development Bank (AfDB). It assessed whether the support is well-targeted and relevant, what drives decisions to start, continue or end contributions to specific funds, and how Nordic support influences the priorities and management of those funds. The evaluation also examined the effectiveness and efficiency of the support. It draws on a portfolio analysis spanning 2004–2023, with particular focus on 2013–2023, and includes field studies carried out in Somalia, Tanzania and Kenya.

A main conclusion is that support to multilateral trust funds is broadly effective in supporting the multilateral system and advancing Nordic priorities. Also, a few notable examples of transformative results are provided. At the same time, the evaluation identifies a range of opportunities for the Nordics to coordinate strategically for increased effectiveness and efficiency, including administrative burden sharing, avoiding duplication, and communication of results.

Given its depth, rich data and comparative approach, this report, together with its detailed annex, is also intended to serve as a reference document. We hope it will be a valuable resource for Sida and other Swedish actors for years to come, helping to ensure that Swedish priorities are clearly and effectively reflected in how trust funds operate.

The evaluation was led by a joint steering group comprising representatives from the Nordic countries' evaluation units. The report was written by evaluators at PEM Consult, who are solely responsible for its content.

Stockholm, August 2026

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Responsibility for content and presentations of findings and recommendations rests with the authors.

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ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
ESMAP	Energy Sector Management Assistance Programme
EQ	Evaluation Question
GWSP	Global Water Security and Sanitation Partnership Trust Fund
HRIE	Human Rights Inclusion and Empowerment Fund
HRM	Human Rights Mainstreaming Fund
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
JPLG	Joint Programme Local Governance
MDB	Multilateral Development Bank
MDTF	Multi-Donor Trust Fund
MPF	Multi-Partner Fund for Somalia
MPTF	Multi-Partner Trust Fund
NGO	Non-Governmental Organisation
Norad	Norwegian Agency for Development Cooperation
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
PBF	Peacebuilding Fund
PUNO	Participating UN Organisation
RC	Resident Coordinator
RCO	Resident Coordinator Office
SDG	Sustainable Development Goal
SEFA	Sustainable Energy Fund for Africa
Sida	Swedish International Development Cooperation Agency
SJF	Somalia Joint Fund
UFGE	Umbrella Facility for Gender Equality
UN	United Nations
UNFPA	United Nations Population Fund, formerly United Nations Fund for Population Activities
UNMPTF	United Nations Multi-Partner Trust Fund
URTF	Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund
USD	American Dollar
WB	World Bank

EXECUTIVE SUMMARY

Context, objectives, and scope of the evaluation

The past decades have seen a steady increase in Nordic countries' support for multilateral organisations, in particular earmarked funding through trust funds. In the current geopolitical environment and with the heightened pressure on multilateral funding, an evaluation investigating the rationale for supporting trust funds and the extent to which their purpose has been achieved would be pertinent. This evaluation examined whether trust funds offer a good opportunity for advancing the policies of the Nordic countries, supporting the multilateral system and creating development results.

This evaluation of the joint Nordic contributions to trust funds serves the dual purpose of accountability and learning, with a focus on the latter. It covers Nordic contributions through trust funds managed by the UN Multi-Partner Trust Fund (UNMPTF), the World Bank (WB), and the African Development Bank (AfDB) (hereafter referred to as the trustees). As the focus was on trust funds supported by at least three Nordic donors (the UNMPTF and the WB), and two trust funds with the AfDB, the evaluation addresses multi-donor trust funds (MDTFs) rather than single-donor trust funds. The portfolio analysis covers the period from 2004 to 2023, while the rest of the evaluation focusses on the past decade, from 2013 to 2023.

The evaluation was conducted from a donor perspective. Hence, there was a focus on analysing the Nordic countries' rationales for supporting trust funds, how they had engaged with the trust funds, and whether this had been successful from the Nordic countries' point of view. Where relevant, the evaluation also compared the Nordic countries and drew lessons on joint Nordic cooperation in trust funds. The recommendations are a way for the Nordic donors to improve trust fund cooperation, presenting opportunities for enhanced Nordic cooperation.

Approach and Methodology

The evaluation focused on five evaluation questions and lessons learned: 1) Trends and relevance of Nordic trust fund support; 2) Criteria for supporting, continuing, or exiting trust funds; 3) Nordic influence on trust fund priorities and management; 4) Effectiveness of Nordic

support; 5) Efficiency of Nordic support; 6) Lessons learned by the Nordic countries.

The evaluation applied a theory-based, mixed-methods approach, relying on a combination of quantitative (portfolio analysis, surveys) and qualitative data collection methods (document and literature review, interviews, field visits, focus group discussions) to build a robust base of evidence and to triangulate evidence.

Data was collected and analysed at three levels:

1. **Strategic level:** Assessment of the Nordic countries' trust fund portfolios (2004–2023), strategies, and rationale for funding via trust funds.
2. **Institutional level:** Analysis of the management and administrative approaches of Nordic countries and features of the trustees, including governance, earmarking, results frameworks, monitoring, and reporting systems.
3. **Trust fund level:** Case study analysis of a purposive sample of 15 jointly supported trust funds. The purpose of the trust fund-level analysis across the three trustees and different types of trust funds was to shed light on how trust funds as a modality responded to the rationale for support by the Nordic countries. Although the sample of 15 trust funds was small compared to the total portfolio of trust funds, it enabled the evaluation to cover the various modalities, sub-modalities, and institutional features of trust funds, especially bearing in mind the standardisation of modalities and features introduced by trust fund reforms beginning in the late 2010s.

Hence, the evaluation did not attempt to draw wide-ranging conclusions regarding all trust funds but sought to clarify the extent to which the Nordic countries' expectations of the modalities were met, identify factors for success and failure, and extract lessons learned. Data collection and analysis included field visits to Tanzania, Kenya, and Somalia, with site visits to end-beneficiaries.

Findings and conclusions

Question 1: What are the overall trends and relevance of Nordic support to trust funds? The overall trend of increasing support for UNMPTFs and WB trust funds since 2004 came to a halt in 2022. However, support for the WB increased again in 2023 with contributions to Ukraine. It is too early to determine whether this reflects a new trend of a declining share of official development aid channelled through multilateral organisations. Support for the AfDB has gradually increased

over the last 10 years. The Nordic support to trust funds was aligned to and supported the multilateral organisations' mandates and priorities.

Question 2: Which criteria do the individual Nordic countries use when they decide to support, continue, and exit multilateral trust funds? The main rationales for choosing the trust fund modality were to: i) advance the policy priorities of Nordic countries; ii) strengthen the multilateral system, and iii) contribute to sustainable development by utilising the country delivery systems of the trustees. There were no formal exit strategies for the trust funds. However, exits nevertheless took place, primarily due to shifting priorities and funding shortages.

Question 3: How the Nordic countries influence the trust funds? Influence on the trust funds was exerted through a combination of funding and policy dialogue. Other means of influencing were also used, including earmarking and secondments. Despite the Nordic countries' common agenda (for example, on issues such as gender, climate, poverty reduction, and human rights), there was limited coordination on which trust funds to support or how to cooperate operationally. This partly reflected the already strong policy alignment, and the differing Nordic country engagement strategies, which were shaped by varying underlying priorities and staff resources. Policy influence went beyond individual trust funds, aiming to influence the wider operations of multilateral organisations and support policy implementation at the operational level.

Question 4: What is the effectiveness of the Nordic support for multilateral trust funds? The trust funds were effective in supporting the multilateral system and advancing the implementation of the policies and priorities of Nordic countries. Results frameworks, supported by the Nordic countries, improved over time. However, outcome reporting remained generally weak. Overall, the trust funds achieved satisfactory results considering the high ambition. Of the eight funds where sufficient documentation was in place and field verification was undertaken, four achieved satisfactory results and four achieved moderately satisfactory results. Notable transformative outcomes included: One UN Tanzania's policy training on violence against women and children, the WB Somalia Fund's support for economic governance improvements, and the UN Somalia Local Government programme's success in building local revenue capacity in Somaliland. The AfDB's Sustainable Energy Fund for Africa (SEFA) trust fund contributed to the renewable energy growth and carbon emission reductions. While the measurement of the outreach of global knowledge products was weak, global/regional trust funds showed positive results in innovation and large-scale loan preparation. Ownership and capacity development varied. However, there were good examples of local ownership, particularly in WB country-level funds, like those in Ukraine. There were also strong examples of capacity development across UNMPTF Office

and Multilateral Development Bank (MDB) trust funds. In general, trust funds that aimed at attracting private funding were unable to show strong results in that regard.

Ownership was high for UNMPTFs, particularly at the local sub-national level. Ownership for MDB global/regional trust funds was primarily linked to the downstream loan programmes that the trust funds supported. MDB country-level trust funds exhibited strong government ownership. Capacity development was integral to UNMPTFs, yielding positive results at the recipient level. MDB global/regional trust funds mainly contributed to capacity building through downstream loans. MDB country-level trust funds engaged directly at the national level and created capacity during the lifespan of the trust fund.

Question 5: What is the efficiency of Nordic support for trust funds?

The Nordic countries' approaches and guidelines to programming and oversight varied, as did their cost of administration. The costs related to the use of trust funds generally followed the cost norms and level of the underlying multilateral organisations' operations that the Nordic countries had accepted as members of governing organs. Trust fund reporting did not allow for a thorough assessment of efficiency and cost-effectiveness to be made. The focus on staff and delivery costs did not sufficiently recognise that most trust funds were engaged in policy reforms, and capacity building staff inputs were a major part of the contribution. In some cases, high costs related to UNMPTFs were to some extent linked to the slow progress on One UN reforms and the operating model with high staff involvement which for the sample examined could be justified in most cases by the special circumstances. Generally, the operating model of the MDBs did not include direct delivery at lower levels of government for which the WB in particular sometimes relied on the UN system.

Lessons learned with regard to selecting trust funds as a modality and managing trust funds

MDTFs offer the Nordic countries an effective modality to support the multilateral system and advance thematic and country priorities of the Nordic countries at the same time. It was beyond the scope of the evaluation to make a comparison between different ways of funding the multilateral systems (core funding, MDTF, or single-donor trust fund), but the evaluation offered an overview of pros and cons of various funding modalities to be considered by Nordic staff when making decisions about funding modalities.

Other important lessons learned related to the distinct strengths of the UNMPTFs, with their strong presence on the ground, and the MDBs, with their close links to large-scale downstream loan projects.

To improve effectiveness and efficiency, lessons learned included:

- Achieving consistency and coherence in policy dialogues with multilateral organisations and trust funds was not easy for the Nordic countries and it required considerable effort and attention.
- Monitoring and follow-up on trust fund results demands more donor agency resources than are typically allocated.
- Focussing on the overall cost effectiveness and choice of what and how to support is more important than assessing the internal administrative efficiency, which, while still important, is mainly driven by the cost structures of multilateral organisations.
- There is a risk of a mismatch between the ambition of a trust fund and the available resources within the trust fund, especially in UNMPTF, where full funding is not always secured in advance.
- Earmarking, both hard and soft, within trust funds has proven to be an important tool for trust fund support to advance priorities of the Nordic countries and to promote attention and visibility of the contribution and its policy objective.
- Communicating results from trust fund operations is difficult due to the remote nature of operations and attribution issues, making them resemble core funding results in this regard.

Recommendations

The lessons learned and the evaluation conclusions led to the following recommendations for the Nordic countries in support of future decisions regarding the use of the MDTF modality and to inform trust fund collaboration:

1. **Where there is an aim to strengthen multilateralism, enhance the opportunities for such strengthening by being more strategic in the choice of trust funds and integrating trust fund contributions into policy dialogues and strategies towards the multilateral organisations (the WB, the AfDB, and UN entities).** Trust funds have proven effective in advancing the implementation of the norms, values, and policy priorities of Nordic countries, particularly in areas like gender, human rights, environment, and climate, as well as promoting global public goods beyond the scope

of bilateral assistance. However, the use of trust funds is often not integrated into strategic frameworks for cooperation with the multilateral organisations, which can dilute their impact. Iceland stands out as the only Nordic country with a prioritised approach to trust fund support. Also, any trust fund decision should be preceded by an assessment of which modality will most effectively support the objectives: core funding, MDTF, or single-donor trust fund.

2. **Where there is an aim to strengthen implementation of One UN reforms, enhance the opportunities for such strengthening through trust funds supported under the UNMPTF.** The Nordic countries' support through earmarked contributions is not in practice always fully consistent with Nordic aims of supporting One UN reforms. Nordic donors' decision on whether to support a multi- or single-agency operation should be based on an analysis of which modality serves their purpose best. Donor support for the UNMPTFs has led to an expansion of potentially overlapping trust funds. As the One UN reforms are incomplete, opportunities should be taken to cooperate more closely with like-minded countries to overcome the continued inertia of these reforms.
3. **Take stock of the active trust funds, and update and prioritise the engagements.** An updated inventory of trust funds does not exist, although some efforts are being made in this direction. Nordic countries should build on existing efforts, such as Denmark's stock-taking exercises, Norway's trust fund manual, and Sweden's focus on synergies, to review and prioritise trust funds. This process will help determine which funds to continue, exit, or engage with actively or passively. Such a review supports a more strategic approach without reducing overall funding and aligns with the implementation of recommendations 1 and 2.
4. **Build on lessons learned on the positive and negative factors of effectiveness and efficiency of the trust funds in order to inform trust fund selection and dialogue.** To better inform future trust fund decisions and support policy dialogue within trust funds and with the multilateral organisations, factors influencing the effectiveness need to be more explicitly identified and reviewed. These factors include: the level of ownership by recipients, the operational capacity of the trust fund, and the presence of critical mass and sufficient resources. Trust funds where the value proposition is not clear or where there is overlap with other funds should be avoided.
5. **Explore ways to cooperate across the Nordic countries, where appropriate, to promote economies of scale, to reduce the administrative burden, and to support joint learning.** Stock-taking and prioritisation offer a chance to enhance Nordic cooperation,

even delegated cooperation, on administration and managing trust funds where multiple countries contribute. There is an opportunity to reduce or ease the administrative burdens and free up resources for shared policy influence and improved reporting. Shared efforts in developing and making use of communication products could also reduce duplication of effort.

6. **Enhance communication of results from trust fund contributions and ensure that decision-makers and the public in Nordic countries, as well as in partner countries, are aware of the contributions to trust funds.** Communicating results to Nordic decision-makers proved difficult because of the arms-length operations and attribution issues. Internal communication within the Nordic countries was important for soliciting and justifying continued engagement. Visibility in partner countries can be enhanced by carefully managing the trade-off with greater donor visibility. This supports internal communication of results but could lead to less visibility and credibility for the trustee. Potential measures include working with trustees to develop communication and integrate trust fund contributions into communication strategies.

1. INTRODUCTION

This report presents the outcome of the evaluation of joint Nordic **contributions to trust funds**.¹ The evaluation was commissioned in a context where development assistance from the Nordic countries was being increasingly channelled through multilateral organisations, with a significant share channelled through trust funds, primarily with the World Bank (WB) and the United Nations (UN) system. Trust fund contributions are earmarked contributions in addition to core funding to multilateral organisations often for specific themes or countries (see Chapter 2). This evaluation covered trust funds through the UN Multi-Partner Trust Fund Office (UNMPTF Office), the WB, and the African Development Bank (AfDB). And it was finalised amid the most serious threats to multilateralism and multilateral organisations since the establishment of the UN and the Bretton Woods Institutions after World War II.

1.1 Evaluation Features

The evaluation had a dual purpose:

- Accountability – to analyse and assess Nordic support for trust funds channelled through the UNMPTF, the WB, and the AfDB with regard to relevance, coherence, effectiveness, and efficiency.
- Learning – to provide lessons learned about what the Nordic countries can expect when supporting trust funds in terms of their objectives for choosing the modality and how to work with and manage trust funds.

The evaluation examined the trends, the rationale for using trust funds, the Nordic countries' engagement strategies, and the extent to which the rationale was achieved in practice. To this end, it carried out portfolio analyses of Nordic countries' support for trust funds, case studies of selected trust funds, and examined the characteristics of trust

¹ In the report, the term "contributions" is used in a broad sense to describe the Nordic countries' support to the trust funds. Depending on the context, it may refer to financial support, non-financial (strategic) support, or both. In finance related graphs however, "contributions" refers specifically to disbursements, i.e., the actual spending of financial contributions.

funds across the three trustees² to understand how trust fund features influenced the selection of funds and shaped engagement with Nordic donors. It adopted a donor comparative perspective, focusing on how the Nordic countries supported and collaborated with trustees and trust funds.

The evaluation was pioneering in its focus on jointness and opportunities for mutual learning. In that spirit, the primary audience for the evaluation included management and staff in the Nordic countries' Ministries of Foreign Affairs, as well as the Norwegian Agency for Development Cooperation (Norad) and the Swedish International Development Cooperation Agency (Sida). As a secondary audience, management and trust fund managers in multilateral organisations may also benefit from the evaluation, along with other donors. Additionally, researchers and others involved in development cooperation in the Nordic countries may find the evaluation valuable for understanding contributions to trust funds.

Comparison of Nordic countries' approaches to the administration and management of trust funds

A specific feature of this evaluation was the comparison of the Nordic countries' use, management, and administration of trust funds. In doing these comparisons it is worth noting some inherent differences between the Nordic countries that impact the context for providing trust fund assistance; most notably 1) the size of the overall aid operation that impacts how they work with trustees and the effort that can be put in, in terms of human resources and technical capacities available; and 2) the way the Nordic countries' work with trustees and trust funds is organised. With regard to the latter, Sweden and Norway are organised with ministries of foreign affairs that are responsible for the overall relationships and strategies related to each of the trustees, incl. core funding, while the agencies Sida and Norad engage through funding trust funds. At the same time, Sida has a more independent role with separate thematic and geographic strategies that Sida is responsible for implementing, where decisions to fund or not fund trust funds are made as part of the implementation of these various strategies. In comparison, the Norwegian agency Norad works closely with the Norwegian ministry of foreign affairs on the same themes providing the technical and administrative capacity for implementation of funds. For Denmark, Finland, and Iceland, the strategies and policies towards trustees and trust funds, as well as the technical and administrative work, were all managed within the ministries of foreign affairs as they are responsible for development cooperation.

2 The trustees are the UN MPTF Office and for the Multilateral Development Banks (MDBs), the WB, and AfDB. The UN MPTF Office works through the Resident Coordinator Offices (RCOs) and in turn through a lead and collaborating Participating UN Organisations (PUNOs). The MDBs work through their global practice/sectors and at country level through their country office.

Scope of work. The evaluation covered trust fund contributions committed from 2004 to 2023, with an emphasis on the most recent years: 2013 to 2023. The evaluation covered all trust fund contributions from Nordic Countries to the WB and to the AfDB. Contributions to the Financial Intermediary Funds, were excluded. In the case of the UN, the focus was narrowed to Nordic contributions channelled through the UNMPTF Office. These contributions represented only 15-30% of non-core support from the Nordic countries to the UN, as a substantial share was implemented through other modalities, including single-donor-single UN agency funds, or multi-donor-single UN agency funds. The evaluation did not cover an analysis of the pros and cons of providing support to the trustees through multi-partner trust funds (MPTFs) compared to core funding or single agency funding, but it does address some issues to consider in making that choice.

This evaluation was not an evaluation of trust funds and their development-related results in terms of benefits to end-beneficiaries per se as such evaluations are conducted by the trust funds themselves. Instead, this evaluation drew upon individual evaluations of trust funds where they were available and could be interpreted in the context of field-level analysis carried out by this evaluation. The evaluation's primary focus was to assess whether and how well the Nordic countries' rationales concerning the choice of trust funds as a modality were met. For the selected sample of trust funds visited in the field, there was a more in-depth analysis of the effectiveness of aspects related to the Nordic rationales for supporting trust funds, including those linked to country delivery (examined through the extent to which there was ownership to the trust fund, the extent to which there was capacity building from the trust fund support, and trust fund development-related results that could be verified), supported by and interpreted in the context of field confirmation. Efficiency issues were only assessed in detail for a limited number of trust funds. The intention of the deep-dive analysis was not to generalise to the full trust fund portfolio but to draw insights and lessons for the Nordic countries to support their efforts in enhancing the effectiveness and efficiency of trust fund contributions.

In the same vein, the evaluation also did not attempt to make comparisons between the effectiveness and the efficiency of each trustee's trust fund. It sought to identify key characteristics related to each trustee and where possible also each trust fund that impacted the effectiveness and the efficiency of the trustee or the trust fund. Similarly, the evaluation also did not make a systematic comparison of whether the support for a trust fund could have been channelled more effectively through another modality. In the context of country level trust fund case studies, the advantages/disadvantages of the use of trust funds were assessed.

Finally, the evaluation did not attempt to assess wider ongoing reform processes of the UN and the WB. But as the UNMPTFs do

play a significant role in ongoing UN reforms to enhance UN agency cooperation and enhance UN system delivery at country level, the reform efforts related to this specific part of the UN reforms have been included, as have the questions regarding Nordic countries fulfilling their part of the UN Funding compact related to UNMPTFs. Similarly, for the WB, the trust fund umbrella reform is included as it specifically relates to trust funds.

1.2 Approach and methodology

This section briefly outlines the evaluation methodology, whereas Annex 2 outlines the evaluation's methodological approach in detail.

The evaluation was utilisation focussed and guided by a theory-based and mixed-methods approach and was informed by the following evaluation questions derived from the Terms of Reference:

TABLE 1: EVALUATION QUESTIONS (EQs)

EQ1	What are the overall trends and relevance of Nordic support to multilateral trust funds since 2004? <i>(Relevance and coherence)</i>
EQ2	Which criteria do the individual Nordic donors use to decide to support, continue, and exit multilateral trust funds? <i>(Relevance and coherence)</i>
EQ3	How are the Nordic donors influencing the multilateral trust funds' priorities and management? <i>(Coherence and effectiveness)</i>
EQ4	What is the effectiveness of the Nordic support for multilateral trust funds? <i>(Effectiveness)</i>
EQ5	What is the efficiency of the Nordic support for multilateral trust funds? <i>(Efficiency)</i>
	Which lessons can be learned for future Nordic support for trust funds?

The evaluation questions were addressed at three levels of inquiry:

- **Strategic level:** At this level, the evaluation assessed the trust fund portfolios of Nordic donors during the period from 2004 to 2023. It also analysed Nordic countries' strategies, policies, and rationales for using trust funds, as well as the importance of Nordic cooperation

with a focus on recent years. The analysis informed EQs 1 and 2. The portfolio analysis is presented in Annex 6.

- **Institutional level:** This level included trustee-level features such as governance, earmarking,³ results frameworks, monitoring, and reporting systems, as well as analyses of Nordic countries' management and administrative approaches since 2013. It informed EQs 2, 3, 4, and 5.
- **Trust fund level:** Detailed analyses of 15 jointly supported trust funds (eight WB, five UN, two AfDB) were conducted at this level. As per the Terms of Reference, one of the selection criteria for the sample was that three and more donors (two for the AfDB) should be engaged in a trust fund. All trust funds were analysed with regard to the rationales and the extent to which these rationales were delivered upon through the trust fund contribution. For eight of these trust funds more in-depth analyses were carried out during field visits to Tanzania, Kenya, and Somalia. The sample case studies are presented below in Table 2. The justification and rationale were extensively discussed during the inception phase and outlined in the methodology annex (Annex 2). The main selection criteria were to ensure a focus on in-depth analysis, given the complexity of each trust fund, and to achieve a balance across trustees, types of trust funds, thematic areas, and geographical spread, with at least half focusing on countries scheduled for visits. An overriding criterion was to select trust funds supported by at least three Nordic countries. The purpose of the trust fund level analysis across the three trustees and different types of trust funds was to shed light on how trust funds as a modality responded to Nordic support rationales. The sample of 15 trust funds, though small compared to the total portfolio, enabled the evaluation to cover various modalities and sub-modalities and institutional features of the trust funds – especially considering the standardisation of modalities and features that followed the umbrella and other trust fund reforms in the late 2010s. Hence, the evaluation did not attempt to draw wide-ranging conclusions regarding all trust funds. It sought to examine the extent to which the Nordic countries' expectations regarding the modality were met, the factors contributing to success or failure. It also aimed to identify lessons learned from the sample that could inform future decisions on the use of the modality and trust fund collaborations. These case

3 Earmarking involves setting aside funds for a specific purpose, like a particular project, theme (e.g., climate action), or country, rather than allowing the organisation to use the funds flexibly. Earmarking can be seen as either Soft Earmarking: Supports broader thematic priorities, allowing organisations more flexibility in implementation, or Hard Earmarking: Ties funds to specific projects and interventions, granting donors greater control. (Global Partnership for Effective Development Cooperation, 2025). Trust funds are a form of hard earmarking in themselves. But within the trust fund it is possible to both further hard and soft earmark. In general, for trust funds, the trustees do not encourage hard earmarking but do accept a 'preferencing' which is a statement of intent without reporting or performance obligations. In practice trustees have tended to agree to hard earmarking, e.g., for a certain sub-set of outcomes or for a specific geographic region.

studies informed EQs 2-5. The sampling criteria can be found in Annex 2. Brief versions of the case studies can be found in Annex 7.

The evaluation employed a combination of qualitative and quantitative methods to collect data for the three levels of inquiry, ensuring a robust evidence base for answering the evaluation questions:

- Quantitative: portfolio analysis and surveys;
- Qualitative: document and literature reviews, interviews, field visits (incl. field observation, outcome harvesting, and contribution analysis), and focus group discussions.

The data analysis methods included portfolio analysis to examine trends in trust fund contributions, in-depth case study analyses of trustees and trust funds, analyses of Nordic country rationales and engagement strategies, as well as survey analysis of more than 100 trust fund managers at the trustees and Nordic countries levels to capture stakeholder perspectives. To ensure the reliability and robustness of the findings, preliminary findings were discussed and validated through a meeting with the Evaluation Management Group and Evaluation Reference Group.

TABLE 2: TRUST FUND SAMPLE

Trustee	Trust funds – desk analysis	Trust funds – in-depth field analysis
WB	• Umbrella Fund for Gender Equality (UFGE) • Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF) • Digital Development Partnership • Human Rights, Inclusion and Empowerment (HRIE)	• Global Water Security & Sanitation Partnership (GWSP) • Energy Sector Management Assistance Programme (ESMAP) • Multi-partner Fund for Somalia (MPF) • PROBLUE
UNMPTF Office	• Peacebuilding Fund (PBF) • Human Rights Mainstreaming (HRM) Fund	• One UN Fund Tanzania • Joint Sustainable Development Goals (SDG) Fund • Somalia Joint Fund (SJF)/Joint Programme Local Governance
AfDB	• Youth Entrepreneurship and Innovation Multi-Donor Trust Fund	• Sustainable Energy Fund for Africa (SEFA)

Limitations

This evaluation covered contributions to more than 1000 trust funds over 20 years. It was impossible to draw conclusions on the performance of each of these trust funds. One of the selection criteria for the sample was that three and more donors (two for the AfDB) should be engaged in a trust fund. This implied that this evaluation focussed on MDTFs and trust funds that were central to joint Nordic main policy and strategic priorities, such as peace, gender equality, environment and resources, and poverty reduction (SDGs). As main Nordic policy priorities are also shared by other like-minded countries, the sample of trust funds likely reflects, to a large extent, key aid priorities shared by a wide group of countries and multilateral institutions. The exceptions are trust funds related to human rights, which were initially a joint Nordic-only endeavour. Hence, the sample focused on high-profile trust funds, both for donors and the multilaterals, whereas peripheral trust funds aligned to the strategies of the Nordic/like-minded countries and single-donor trust funds are only included in the portfolio analysis. This is likely to have implications for the conclusions that can be drawn based on the sample.

Data availability was a limitation. While most donors for most of the trust funds were able to provide documentation regarding decisions related to trust fund support, follow-up documentation and reporting proved to be scarce on the whole. There was also in most countries scant evidence of the purpose of using trust funds over and above what could be found in decision documents related to specific trust funds. There was almost no information available about exits. Where a donor had exited more than one year ago, the evaluation had to rely on interviews regarding the rationale for exiting. The UNMPTF database and information were highly comprehensive and easy to access. The WB database was comprehensive, but difficult to access as it required prior agreement with all parties. Staff in all the surveyed institutions were very helpful in providing data, which often required a considerable amount of work on their part.

1.3 Structure of the Report

The evaluation report is structured in the following manner. Chapter 2 provides insights on what trust funds are and the role of trust funds in the operations of the WB, the UN (only MDTFs through the UNMPTF Office) and the AfDB. Chapter 3 contains the findings to the five evaluation questions. Chapter 4 draws together key learnings from the findings to be considered by Nordic staff when selecting the trust fund modality, including the pros and cons of different ways of funding multilateral organisations (through core funding, MPTFs, or single-donor/agency trust funds) and lessons emanating from managing trust funds. Chapter 5 contains conclusions across the evaluation questions followed by recommendations for improved trust fund cooperation and enhanced cooperation among the Nordic countries and their staff.

2. WHAT ARE TRUST FUNDS?

The purpose of this chapter is to briefly explain the role of trust funds for the selected multilateral organisations; the UNMPTF, the WB, and the AfDB. Most multilateral organisations are funded by a combination of core funding, which is funding for the implementation of the organisation's core strategy, programmes, and staff, often provided by a broad membership of the organisation.⁴ Decisions as to the use of the core funding rests with the full membership of the organisation, typically through a board consisting of member states. Core funding can be supplemented by additional earmarked funds by donors for specific themes or countries in the form of trust fund support where additional funding is entrusted with the multilateral organisation.⁵ Trust funds can be single donor–single organisation, they can be multiple donors–single organisation, and they can be multiple donors–multiple organisations as is the case with the UNMPTF. Trust funds play different roles for different multilateral organisations as will be clarified below. There are variations in trust fund features among the multilateral organisations related to governance structures, opportunities for hard earmarking, etc., and between trust funds administered by the same multilateral organisation. The following provides a brief description of the purpose of trust funds and their features for each selected multilateral organisation. Annex 8 provides more details.

The World Bank: Trust fund contributions are donor grants that allow the WB to expand the scope, reach, and quality of WB lending operations. Trust funds enhance aid effectiveness by pooling donor resources for developing a joint agenda, for example, related to global public goods or towards a specific country. Trust funds provide two-thirds of the funding for the WB advisory services and analytics products, as well as advisory services for clients, thus substantially adding to the quality and reach of the WB operations. Finally, trust funds enable the WB to provide assistance in countries of fragility or arrears.⁶ For the WB, the trust funds are key to the functioning of the WB as a knowledge bank and global leader in development. Trust fund activities are either bank executed or recipient executed. Bank-executed trust funds are used by the WB

4 See Volume 2 Glossary of Terms.

5 See Volume 2 Glossary of Terms.

6 Partnering with the WB through Trust Funds and Umbrella 2.0 Programs. October 2023. <https://thedocs.worldbank.org/en/doc/85936e023f875cd12c3d14ce844b6b33-0060072023/original/Partnering-with-the-World-Bank-through-Trust-Funds-and-Umbrella-2-Oct-2023.pdf>.

itself for implementation of the WB programme activities, including developing knowledge products, technical assistance, research, as well as project identification and appraisal, incl. data collection and analytics in this regard. Recipient-executed trust funds are trust funds implemented by a recipient country in the context of a WB operation, where the trust fund typically funds policy and institutional reforms, as well as analytical work. The WB Group Board approves the Trust Fund policy but is not involved in approval of specific trust funds nor management hereof. The Board receives an annual report on trust fund activities, and the Board's attention to trust funds centres on the contribution of trust funds to administrative costs and specifically cost recovery.⁷

Trust fund reforms over the past decade have improved the strategic relevance and efficiency of trust funds by aligning them better to the WB strategy, culminating in the clustering of most funds under 66 Umbrella Trust Funds as part of the Umbrella 2.0 reforms. Each umbrella has a unified governance structure led by a Partnership Council, chaired by the WB (and in a few instances jointly with shifting donors). The Partnership Council provides strategic guidance, discusses results frameworks, and reviews progress. Associated trust funds aligned with an umbrella's objectives can be established without separate governance but with dedicated financial tracking. Standalone trust funds remain an option for specific activities and may involve a WB-chaired Steering Committee if multiple donors are involved. Preferencing within MDTFs under an Umbrella Trust Fund allows donors to indicate preferences for specific geographies, sectors, or themes, provided there is demand and WB delivery capacity. No separate reporting is provided as funds are co-mingled. Preferencing is documented in donor agreements. Single-donor trust funds with hard earmarking remain an option in specific cases. The WB manages trust funds through dedicated staff, implementing WB-executed activities and supporting recipient-executed activities.

UN Multi-Partner Trust Funds: A UNMPTF is a multi-donor funding modality for UN inter-agency cooperation alongside voluntary core funding and multi-bi project cooperation between a single donor and a single UN agency.⁸ Where support for trust funds implies less core funding for a UN organisation, it is generally considered of less value to the organisation as it reduces the organisation's flexibility and ability to act. Pooled funds were established to enhance aid effectiveness compared to situations of single-donor-single organisation trust funds. Pooling donor resources for a specific project or programme to be implemented by one or multiple UN organisations strengthens coordination between donors and UN organisations. Increasingly, MPTFs

⁷ Interviews with the WB and Trust Fund policies (most recent, dated 19 January 2021).

⁸ See Volume 2 Glossary of Terms.

became associated with UN reforms to enhance the coherence and UN system joint delivery at country level as reflected in the inclusion of targets for support channelled through inter-agency pooled funds in the UN Funding Compact of 2018.⁹ UNMPTFs include large trust funds established directly under the purview of the UN Secretary General and the UN secretariat such as the UN PBF and the Joint SDG Fund. They also include the One UN Funds at country level in support of UN country strategies, which is key to ensuring a coherent implementation of UN support in a specific country. In addition, the MPTFs cover a range of inter-agency collaborations that are either donor driven in the sense of being set up by a group of donors for a specific purpose or they are UN-agency initiated in response to cross sectoral challenges or in contexts of humanitarian crisis.¹⁰

The UNMPTF Office was established in 2004 and manages multi-stakeholder trust funds. Its role expanded with the adoption of the cross-sectoral SDGs and the UN Funding Compact, emphasizing inter-agency collaboration. Today, it plays a key role in managing finance for the SDGs by managing pooled funds that enable UN collaboration. These funds are programmatically designed with a development-related results framework and are not pre-earmarked for specific UN entities. A UN fund administrator, often the UNMPTF, disburses funding for agreed projects and programmes.

There are basically two types of inter-agency pooled funds:

- Multi-Partner Trust Funds (MPTFs): Funded by multiple partners for broad development-related results, implemented through UN joint agency projects to be defined as the fund is implemented. This is the most common modality.
- Joint Programmes: Funded by UN organisations and/or donors for specific, defined development programmes involving multiple UN entities and a pass-through agent. Joint programmes are often subsets of programmes under an MPTF but can also stand alone.

MPTFs operate at global, regional, and country levels, with governance varying by context. At the country level, governance typically involves a Steering Committee co-chaired by the UN Country Team and national government, with donors engaging on larger issues related to prioritisation. Donors may also be present through donor representatives in the Steering Committee. At the global level,

⁹ A target for support for UNMPTFs was included in the first Funding Compact between the UN and the MS in 2018 and doubled in the Funding Compact of 2024. See Annex 8.

¹⁰ With the decision by OCHA as communicated to the UN Pooled Funding Working Group in 2023 to harmonise the administration of OCHA funds implying that all OCHA country funds will now be managed directly by OCHA and not any longer as MPTFs. Email from UNMPTF dated 19 April 2024.

governance varies, but the main focus is on inter-agency coordination complemented with donor partnership meetings (examples are in Annex 8 – UNMPF, and in the Trust Fund Case Studies in Annex 7). It is possible to earmark within an MPF, for example, for specific joint programmes under the MPF, in which case there will be separate programme documents and reporting. Where there are no joint programmes, preferencing is an option, but then there is no separate reporting for the use of the funds.

The African Development Bank: Trust funds support the development of high-quality project proposals and innovation in AfDB operations. Initially, focused on technical assistance for AfDB lending, trust funds now focus on strategic and emerging issues in Africa's development and attract investments. For example, in infrastructure projects, they help resolve 'soft bottlenecks,' like feasibility studies, directly aiding governments, and catalysing business-government investments. As of 2020, the AfDB manages about 50 trust funds, including 24 MDTFs, with ongoing reforms to make them larger, more strategic, and better aligned with AfDB policies. The AfDB Board of Directors approves trust funds, with funds over USD 100 million requiring approval from the Board of Governors. The Board also reviews project activities exceeding USD 5 million, as well as requests for loans and guarantees. For MDTFs, an Oversight Committee pre-approves proposals over USD 750,000 before larger ones are submitted to the Board. Like the WB and the UN, donors can indicate preferences for specific themes or sectors within a trust fund. If other donors agree, the AfDB will make efforts to align resources with these preferences without providing separate finance or narrative reporting.

3. FINDINGS

3.1 EQ 1 – Trends

What are the trends and the relevance of Nordic support to multilateral trust funds since 2004?^{11 12}

SUMMARY

The overall increasing trend of support for UNMPTFs and WB trust funds since 2004 came to a halt in 2022, with only the support for the WB recovering again due to increased support channelled through the WB for Ukraine. It is too early to say whether this reflects a new trend of a declining share of Official Development Assistance (ODA) channelled through multilateral organisations that was visible in all Nordic countries, except Iceland. Support for the AfDB remained steady. Over the evaluation period, support for UNMPTFs increased the most, reflecting that this was a new modality, but the WB remained the most important channel among the modalities included in this evaluation. Trust fund support was relevant for the multilateral organisations as they contributed to their mandates and priorities. Trust fund support also responded to reform efforts ongoing in the UN with regard to supporting One UN, and in the multilateral development banks (MDBs) with regard to reducing fragmentation and increasing strategic alignment of trust funds.

This question focusses on the trends in the Nordic countries' support for trust funds – in terms of the volume of support, the composition of support between the three trustees, and how the support responded to the mandates of the trustees as well as their reform efforts regarding trust funds. The portfolio analysis in Annex 6 presents a wide range of figures and analysis of Nordic countries' contributions as well as analyses of the portfolio for each Nordic country. The question of the strategic relevance to the Nordic countries has been moved to EQ2 as this is closely related to the criteria for support for trust funds.

11 In responding to this question, it is important to bear in mind the scope of the evaluation which for the UN only covers UNMPTFs – whereas the far larger share of funds channelled through the multilateral system in single agency agreements (multi-bi projects) are not covered (see Annex 1). Similarly for the WB, trust funds with the IFC have not been covered.

12 The USD values in the tables and graphs are in current terms (i.e., not adjusted for inflation).

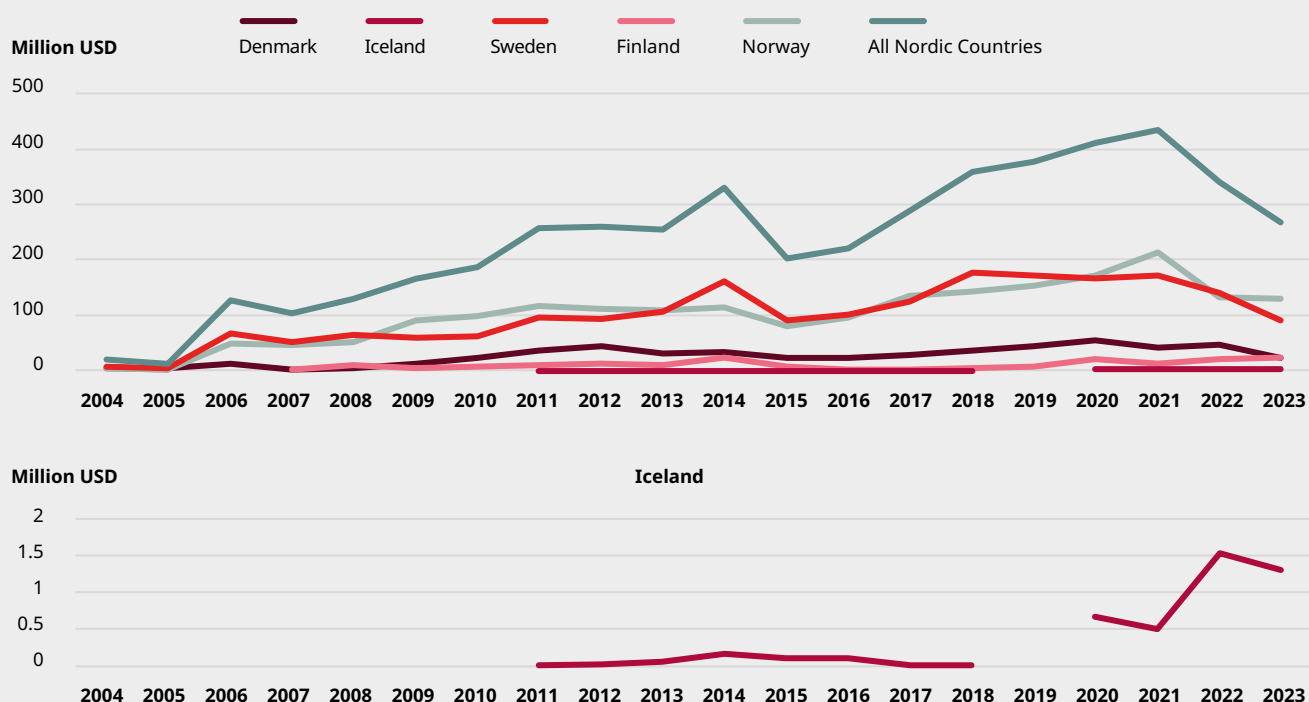
Finding 1: The overall increasing trend in Nordic support through UNMPTF and WB trust funds from 2004 to 2021 came to a halt in 2022 – but support increased again in 2023 for the WB. Support for the AfDB continued to be steady albeit at a lower level.¹³ Support through trust funds within the scope of this evaluation increased from 2004 to 2021, with support for UNMPTFs showing the largest increase. Contributions through UNMPTFs increased many fold over the past decades – from a level of around below USD 20 million a year to a level of USD 450 million before a decrease in contributions set in from 2021 (Figure 1). Nordic contributions to WB trust funds were hovering around USD 400-550 million a year from 2006 and onwards (Figure 2¹⁴). Support through the AfDB only started later and remained at a low level around USD 50 million a year, fluctuating with initiation/exits of new trust funds (Figure 3). The increase in financing for trust funds was correlated to increased aid and the increased share of multilateral aid in the overall ODA of the Nordic countries over the past decades.¹⁵ The sharp decline in 2016 for all organisations reflected the Syrian refugee crisis that led to steep increases in in-country use of ODA.

From 2022 support through UNMPTF declined to some extent, explained by humanitarian support channelled directly to Office for the Coordination of Humanitarian Affairs (OCHA) managed trust funds. Support through WB trust funds also declined in 2022 but increased again in 2023 due to a large contribution from Norway to the WB URTF.

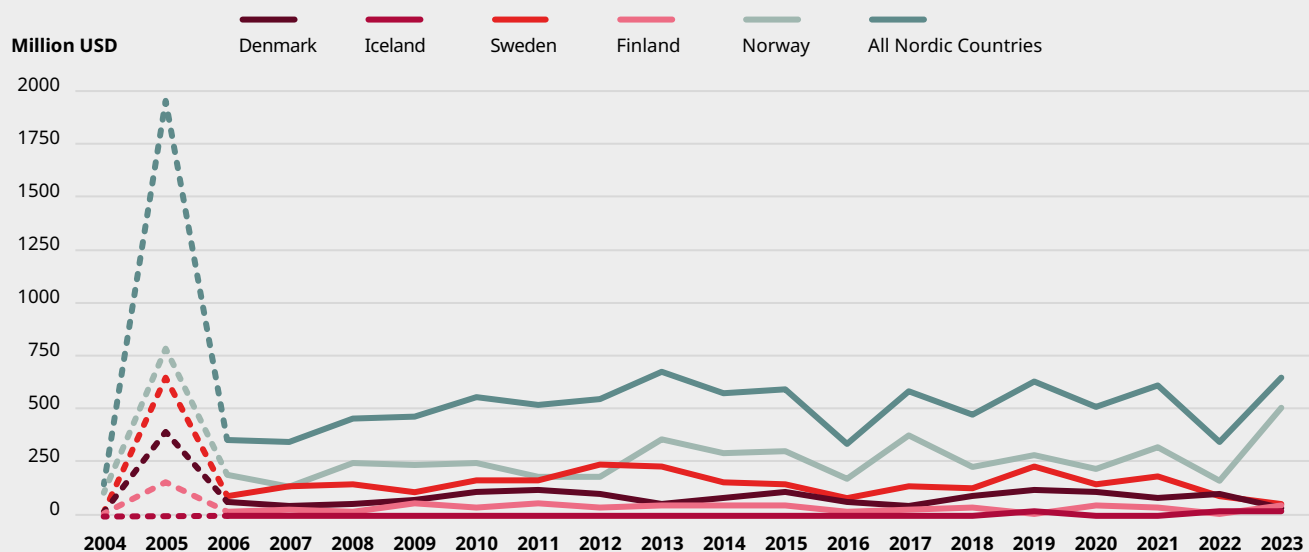
13 There is a steady increase shown by the lines for both the UNMPTF and the WB – but impacted by the rise in in-country refugee costs incurred in 2015 and 2016 (Syria crises).

14 2005 is considered an “outlier” compared to other years. The reasons for the sudden expansion of contributions from all Nordic countries is not clear but a most likely explanation is that it was a change in how contributions were registered by the trustees.

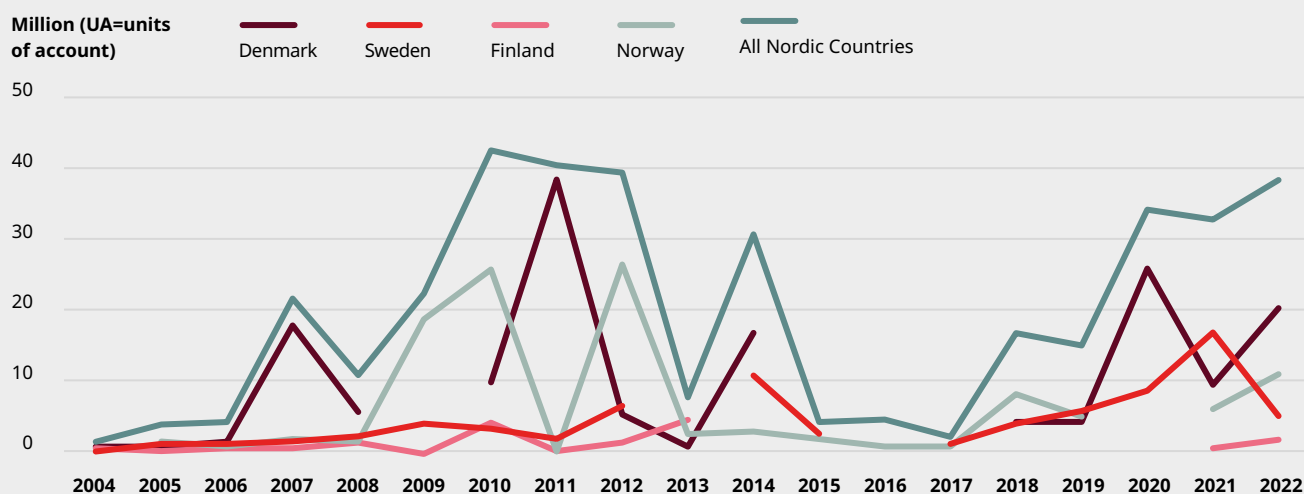
15 See Annex 6 for correlations.

FIGURE 1: TRENDS IN NORDIC COUNTRIES' CONTRIBUTIONS TO UNMPTF (2004–2023)

Source: UNMPTF database, PEM analysis.

FIGURE 2: TRENDS IN NORDIC COUNTRIES' CONTRIBUTIONS TO INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)/INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) TFS (2004–2023)

Source: WB database, PEM analysis.

FIGURE 3: TRENDS IN NORDIC COUNTRIES' CONTRIBUTIONS TO AfDB TFS (2004-2022)

Source: AfDB database, PEM analysis.

Finding 2: The composition of support among the three trustees shifted in favour of the newcomers – the UNMPTF and the AfDB – without the WB losing out in terms of absolute importance as a channel for Nordic trust fund support¹⁶ (see Annex 6 and figures 1-3).

Table 3 provides a brief summary of key data related to trust fund contributions from the Nordic countries, allowing for a comparison between the countries regarding the level of support for the trustees, the number of trust funds supported, and the main themes.

In absolute terms, Norway and Sweden were the largest providers of trust fund support, reflecting their overall higher aid levels and high levels of contributions to multilateral organisations. The WB trust funds were the largest recipients of support from all countries. All Nordic countries used the UNMPTF as a channel of support to fragile countries (70% of funding went to fragile countries). This reflected the core mandates and policies of the UN, as well as the Nordic countries' support for the UN in these situations, as indicated by their strong support for the PBF and humanitarian aid through UNMPTFs. Similarly, 60% of the funds for WB trust funds were for country-level trust funds (impacted by the large contributions to Afghanistan and recently Ukraine). Iceland

¹⁶ No conclusions can be drawn with regard to the relative importance attached to the UN, the WB, and the AfDB, respectively. The support for the UNMPTFs covers about 13-30 % of non-core funding for the UN (see Table 4).
Overviews of Nordic countries' support for various multilaterals (core and non-core) are available in Annex 6 Country chapters.

mainly supported trust funds at the global level, whereas all other countries primarily supported trust funds at the country level and some regional-level funds (see Table 3 and Annex 6, Figure 80). Support for AfDB trust funds was overwhelmingly at the regional level.

TABLE 3: SUMMARY COMPARISON OF NORDIC COUNTRIES' SUPPORT TO UNMPTF, WB, AND AfDB TFS

Country	Overall summary of UNMPTF, WB, and AfDB: numbers of trust funds, themes, global/country			
Denmark		WB	UNMPTF	AfDB ¹⁷
	Funding between three trustees (2004–2023)	71.2%	20.3%	8.4%
	Number of TFs receiving contributions (2004–2023)	Total: 267 Umbrella: 4 Standalone: 263	44	16
	Total funding (2004–2023)	USD 1.8 billion	USD 517 million	USD 214 million
	Number of TFs contributed to (2020–2023)	Total: 36 Umbrella: 4 Standalone: 32	21	4
	Total funding (2020–2023)	USD 315 million	USD 164 million	USD 72 million
	Main themes	Development, multiple sectors ¹⁸ , climate, country trust funds	Peace and transition, humanitarian	Climate and environment, development
	Global vs country TFs	60% country, 35% global, 5% regional	80% country, 20% global	100% regional

Source: UNMPTF, WB, and AfDB databases, PEM analysis.

17 The exchange rate used for contributions to the African Development Bank (AfDB) was: 1 USD (United States Dollar) = 0.78 XUA (AfDB Unit of Account).

18 Poverty, Social Protection, Labor & Jobs, Social Sustainability and Inclusion, Sustainable Development, Transport, Treasury, Urban, Resilience and Land, Water. In essence the main themes are the World Bank Global Practices of which there are 14.

Finland	WB	UNMPTF	AfDB
Funding between three trustees (2004–2023)	78%	20%	2%
Number of TFs receiving contributions (2004–2023)	Total: 153 Umbrella: 4 Standalone: 149	27	6
Total funding (2004–2023)	USD 740 million	USD 185 million	USD 18 million
Number of TFs contributed to (2020–2023)	Total: 19 Umbrella: 4 Standalone: 15	14	
Total funding (2020–2023)	USD 123 million	USD 74 million	USD 3 million
Main themes	Development, fragility, conflict and reconstruction, multiple sectors	Peace and transition, development	Development
Global vs country TFs	65% country, 25% global, 5% regional	About 50/50 country and global TFs	100% regional
Iceland	WB	UNMPTF	aFDB
Funding between three trustees (2004–2023)	84%	16%	Iceland is not a member of the AfDB
Number of TFs receiving contributions (2004–2023)	Total: 26 Umbrella: 5 Standalone: 21	11	
Total funding (2004–2023)	USD 32 million	USD 6 million	
Number of TFs contributed to (2020–2023)	Total: 10 Umbrella: 5 Standalone: 5	6	
Total funding (2020–2023)	USD 14 million	USD 4 million	
Main themes	Development, multiple sectors	Peace and transition, humanitarian	
Global vs country TFs	30% country, 70% global	About 50/50 country and global TFs	

Norway		WB	UNMPTF	AfDB
	Funding between three trustees (2004–2023)	71%	27%	2%
	Number of TFs receiving contributions (2004–2023)	Total: 482 Umbrella: 14 Standalone: 468	81	18
	Total funding (2004–2023)	USD 5.4 billion	USD 2.04 billion	USD 131.17 million
	Number of TFs contributed to (2020–2023)	Total: 63 Umbrella: 14 Standalone: 49	42	5
	Total funding (2020–2023)	USD 1.2 billion	USD 642 million	USD 5.98 million
	Main themes	Development, fragility, conflict and reconstruction	Development, climate, and environment	Climate and environment, development
	Global vs country TFs	65% country, 25% global, 10% regional	50% country, 30% global, 20% regional	90% regional, 10% country
Sweden		WB	UNMPTF	AfDB
	Funding between three trustees (2004–2023)	61%	37%	2%
	Number of TFs receiving contributions (2004–2023)	Total: 479 Umbrella: 15 Standalone: 464	82	14
	Total funding (2004–2023)	USD 3.2 billion	USD 2 billion	USD 94.5 million
	Number of TFs contributed to (2020–2023)	Total: 58 Umbrella: 15 Standalone:	54	6
	Total funding (2020–2023)	USD 467 million	USD 567 million	USD 36 million
	Main themes	Development, fragility, conflict and reconstruction, multiple sectors	Peace and transition, humanitarian	Climate and environment, development
	Global vs country TFs	60% country, 30% global, 5% regional	75% country, 25% global	16% country, 84% regional

Finding 3: The support for trust funds was relevant from the point of view of the multilateral organisations as contributions responded to their mandates and priorities. Support through the UNMPTF centred on peace and humanitarian relief, while support through the MDBs reflected their broad sectoral mandates, with support for climate decreasing with the advent of new climate funds. All Nordic countries contributed to humanitarian, development, and peace through the UNMPTFs. Support through the UNMPTFs for humanitarian assistance had been declining in recent years due to the decision by the United Nations OCHA to seek funding for its country operations directly, not through the UNMPTF Office. Only Norway channelled funds on a large scale through the UNMPTF for climate and environment (Annex 6, Figure 66). Similarly, for the WB and the AfDB, the support covered a wide range of themes and sectors, reflecting the mandates of the institutions. Support for climate through trust funds was noticeable mid-decade when the WB Climate Investments Funds were important instruments (2011–2016). With the establishment of the Green Climate Fund, grant support for climate to some extent shifted in that direction (Annex 6, Figure 76). Climate and environment have remained key topics for the WB but are increasingly integrated into development and supported through other trust funds, including ESMAP and PROBLUE (Annex 6, Figures 77 and 78).

Finding 4: The Nordic donors responded to the One UN reforms efforts by providing more support through inter-agency pooled funds, which also contributed to a proliferation of funds, and to the MDB trust fund reforms aimed at enhancing effectiveness by reducing the number of trust funds supported and improving strategic alignment.¹⁹ The Nordic countries have been supporting inter-agency trust funds since the early 2000s, partly as large contributors to UN Secretariat MPTFs such as the PBF and partly in support of UN reforms to deliver as One UN, which was initiated in the 2000s. A target for inter-agency support, as a share of a donor's earmarked contributions, was included in the UN Funding Compact of 2018 and renegotiated in 2023–2024. The Nordic countries more than fulfilled the targets for the share of their aid to the UN channelled through inter-agency pooled funds (see Table 4). Nevertheless, the Nordic countries are among the few donors to the UN that delivered on this promise, and they provided close to 30% of total funding for the UNMPTFs. This has also inadvertently led to a proliferation of UNMPTFs, to the extent that UN staff point to the drawbacks related to the ease with which new MPTFs can be created and the ensuing donor shopping between trust funds. The Nordic countries only marginally contributed to the targets for the two key MPTFs for the fulfilment of UN mandates – the Joint SDG

19 Annex 6 Table 7 provides an overview of number of trust funds supported in recent years as well as methodological issues related to the calculations.

Fund and the PBF – that remained underfunded. Efforts to gain donor support for these funds were and continue to lag far behind targets. Despite this, and the fact that key supporters like the Nordic countries had not come forward, new highly ambitious targets were set in 2024 (Table 4).

TABLE 4: UN FUNDING COMPACT, SELECTED GOALS – COMPARISON BETWEEN THE NORDIC COUNTRIES¹⁸

Areas: Baseline	Target % 2023	Denmark	Finland	Iceland	Norway	Sweden	New targets 2024
Double the share of non-core funding provided through development related inter-agency pooled funds: 5% (2017)	10	18%	15%	13%	31%	20%	25 % (2027) (Baseline 8.9% 2022)
Annual capitalisation of the Joint SDG Fund USD 43 million (2018)	USD 290 million a year (2020)	In total: USD 3.6 million	-	-	In total: USD 17.4 million	In total: USD 97 million	USD 350 million a year In total 2017–2023: USD 300 reached. (Baseline USD 56 million 2023)
Annual contribution to the PBF USD 129 million (2018)	USD 500 million (2020)	USD 5.5 million (2023)	USD 2.6 million (2023)	-	USD 10.7 million (2023)	USD 14.4 million (2023)	USD 450 million (2027) In total: USD 161 million (2023) Baseline USD 132 million

Notes: The shares in row 1 indicate the share of UN contributions channelled through UNMPTFs in 2023. The numbers in row 2 specifies total contributions to the Joint SDG Fund 2017–2023, and row 3 the contribution to the PBF in 2023.

Over the past decade, the WB has carried out trust fund reforms to enhance the strategic relevance of trust funds to the goals of the WB and to improve the efficiency and effectiveness of the considerable funding received through trust funds. Following the most recent reforms, there are now 66 active and proposed umbrella trust funds. There is still the option of standalone trust funds for multi-donor and single-donor activities, which are typically used for recipient-executed co-financing of a WB operation.²¹ The Nordic countries responded to the reforms by reducing the number of trust funds supported, in particular

20 Sources: <https://www.daghammarskjold.se/wp-content/uploads/2023/11/dhf-financialreport-2023-final.pdf> and UN Funding Compact: Implementation of GA resolution 71/243 on the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the UN systems, 2019: funding compact, and annual updates.

21 WB: Partnering with the WB through Trust Funds November 2024. <https://thedocs.worldbank.org/en/doc/e9326c3e6963c9dec39874dc9bcbbfc8-0060072024/original/Partnering-with-the-World-Bank-through-Trust-Funds-Donor-Guide-12162024.pdf>

the number of standalone trust funds. However, the number of supported trust funds remained high for Sweden, Norway, and Denmark (Table 3). Despite initial scepticism about the WB Trust Fund reforms, due to expectations about reduced opportunities for influence, the Nordic countries have been backing the reforms and increasingly supporting umbrella funds (Annex 6, Figure 72, and Table 3 above).

3.2 EQ 2 – Criteria

Which criteria do the individual Nordic countries use when they decide to support, continue, and exit multilateral trust funds?

SUMMARY

The choice of trust funds reflected the Nordic countries' thematic policies and priorities as these were also pursued with the trustees. Despite this, the coherence between the policies pursued vis-à-vis the trustee and the decisions to support or exit trust funds was not always evident – except for Iceland, which integrated trust fund support into its multilateral strategies. The main rationales for choosing the trust fund modality were linked to the expectations that support channelled through trust funds provided opportunities for policy influencing, strengthening the multilateral system, and enhancing country delivery and aid effectiveness. Both hard and soft earmarking was an important trust fund feature for support and was used extensively by all Nordic countries. There were no exit strategies but exits nevertheless took place primarily due to shifting priorities and funding shortages.

This question concerns why the Nordic countries have chosen to support or exit trust funds, and the criteria used. It also asks whether the features of trust funds are important for the choice, such as governance, management arrangements, opportunities for earmarking, and whether support from other Nordic countries was a determining factor. Finally, the question addresses the rationales for exits.

Finding 5: The choices of trust funds reflected the overall Nordic thematic and country policies and priorities for each trustee, although the use of trust funds to pursue these priorities was seldom integrated into multilateral strategies where they were available – the exception being Iceland – for both UNMPTFs and MDBs. Support for UNMPTFs was primarily in core policy areas for the Nordic countries related to peace, human rights, gender equality, humanitarian support, as well as the implementation of the SDGs globally and at the country level. The choice of trust funds in the WB/

AfDB reflected the Nordic countries' key priorities, whether in the choice of themes (gender, poverty, human rights and inclusion, peace, climate), sectors (water, sustainable energy), or countries (Afghanistan, Ukraine, Palestine, Somalia).²² At the country level, the choice of trust funds was based on decisions related to the implementation of the priorities outlined in the country strategies of the various Nordic countries rather than guided by the overall policies with the organisation.²³ Despite the choice of trust funds within the same policy areas that were pursued through diplomacy and representation in governing bodies, there was little evidence of strategically integrating the use of trust funds into the multilateral strategies for the organisations, where such strategies existed.²⁴ In Sweden, this was linked to the multilateral strategies being formulated by the Ministry of Foreign Affairs, and decisions regarding trust funds rested with Sida, which was guided by thematic and country strategies. In Norway, this largely reflected that there were no overall multilateral strategies, and in Denmark, the strategies towards UN agencies, the WB, and the AfDB only marginally considered the use of trust funds, keeping the opportunities for trust fund support open. In contrast, for Iceland, the choice of trust funds was strategic and closely linked to the specific policy priorities related to gender and human rights in the UN and the WB, as well as geothermal energy and fisheries in the WB.²⁵ The wide range of trust funds supported by the Nordic countries in the WB was generally consistent with policies pursued by the Nordic countries in the WB Board, e.g., gender, human rights, sustainable energy and energy efficiency, oceans, and in priority countries such as Ukraine, where the linkages could be strategic, as the Nordic-Baltic Constituency Office could use the WB support to push for priorities in the Board and point to evidence provided by the trust funds. Evidence of this was scarce. There also were no references in programming documentation regarding considerations related to the choice of modality (see Box 1).

22 See Annex 2 Methodology.

23 See Annex 7: Trust fund case studies related to the country level trust funds, the SJF, the Multi-Partner Fund for Somalia, the Tanzania One UN, and the Ukraine Resilience and Recovery Trust Fund.

24 Some of these strategies are outdated, and new ones may be forthcoming. Sweden: The MFA: Strategy for Multilateral Development Policy, December 2017; and the MFA: Sweden's cooperation with the WB Group 2022–2023. In the NEW Swedish Multilateral Strategy (December 2024), it is suggested that Multi-bi aid (there are no reference to trust funds) as far as possible should contribute to the goals and priorities that Sweden has for the organisations (pages 12–13) (Team translation); Denmark: Multilateral organisation strategies towards the WB and the AfDB reference trust funds and explain their importance, but it is not clear from the organisation strategy what will be prioritised going forward. Strategy for Denmark's Cooperation with The World Bank Group 2019–2023. <https://um.dk/danida/samarbejds partnere/int-org/wb-verdensbankgruppen> and draft Organisation Strategy for the WB 2025–2030. <https://um.dk/en/danida/about-danida/danida-transparency/danida-documents/council-for-development-policy/meeting-in-the-council-for-development-policy-on-12-september-2024>, and the Strategy for Denmark's engagement with the African Development Bank 2020–2025.

25 Iceland: Multilateral Development Cooperation Strategy January 2022 [https://www.government.is/library/01-Ministries/Ministry-for-Foreign-Affairs/Int.-Dev.-Coop/Publications/EN%20-%20Multilateral%20Development%20Cooperation%20Strategy%20-%20Copy%20\(1\).pdf](https://www.government.is/library/01-Ministries/Ministry-for-Foreign-Affairs/Int.-Dev.-Coop/Publications/EN%20-%20Multilateral%20Development%20Cooperation%20Strategy%20-%20Copy%20(1).pdf)

BOX 1: ASSESSMENT OF THE MDTFS COMPARED TO OTHER MODALITIES WITH THE MULTILATERALS

In the programming documentation for the trust fund case studies, none of the Nordic countries systematically assessed the selection of a trust fund as a funding modality. Norway had developed an internal Good Practice Note that started out with the following question: “Is the fund the most appropriate modality for reaching the objectives?” Additionally, it was suggested that staff consider core funding as an alternative. In the case of considering the establishment of new trust funds, there were additional questions related to the risk of fragmentation, duplication, and the added value of working through a trust fund.²⁴ Denmark saw multilateral trust funds as another funding channel for achieving Danish policy priorities, and for a period, advocated support through multilaterals at the country level as a means to reduce the administrative burden.²⁵ In the case of Danish support for UNMPTFs, the programme documentation referred to the objective of also supporting One UN reforms but did not assess pros and cons of other options, including single-agency support.

Finding 6: The main rationales for supporting trust funds (both UNMPTFs and MDBs) were: 1) policy influencing, 2) supporting multilateralism, 3) country delivery, and 4) aid effectiveness. Based on the interviews and the survey of Nordic staff, the rationales for supporting UNMPTFs were primarily to support multilateralism and make use of the UN system at the country level, with policy influencing being of lesser importance. The choice of support for UNMPTFs was linked to support for inter-agency cooperation as indicated by 85% of survey participants (figures 4 and 5). Similar levels of respondents pointed to the rationale of aid effectiveness, which in this context was linked both to improving the effectiveness of the UN system for inter-agency cooperation and pooling of donor resources in fragile contexts, as emphasised in interviews. The SJF is an example of a UNMPTF where all the rationales were in play, but where they had different importance for different Nordic countries. For Norway, the support for the SJF was strongly linked to strengthening the role of the UN in conflict settings through UN inter-agency cooperation and the ability of the UN/Resident Coordinator Officer (RCO) to play a role in the Somalia context by ensuring a say in UN funding. Hence, Norway preferred only supporting UN agencies through the UN SJF,²⁸ whereas this was only somewhat important for Sweden, reflected in Sweden’s continued support for the SJF but also strong support for other parts of the UN through the

26 Norad Internal Document: Good Practice Note How to work with Fund Mechanisms Norad 23.03.2022.

27 Aid Management Guidelines 2018 – later revised. See also the Evaluation of Multi-bi interventions. October 2023.

28 Due to a Norwegian Head Quarter decision on a global food security initiative, Norway in recent years also supported FAO with a multi-bi project in Somalia.

country programme. It was of lesser importance for Denmark, which had decided to leave the SJF, and for Finland, which will be leaving the SJF by the end of 2024 to continue its cooperation with the United Nations Population Fund (UNFPA) through a basket fund.

BOX 2: CONCEPTS

Policy influencing – It comes at different levels: influence on the policies of a trust fund, influence on the policies of a trustee or trustees, and influence on the global development agenda.

Multilateralism is defined as support for a rules-based international world order, with effective and efficient member-state-based multilateral organisations that are well-capitalised and provide and develop knowledge to support the implementation of global norms and goals related to peace, human rights, security, and sustainable development (the SDGs).

Country delivery refers to the fact that multilateral organisations are well placed to support the implementation of policies in developing countries that are agreed upon within these organisations, drawing on their long-term presence and partnership with member state governments, their country knowledge, country delivery systems, and ability to attract funding, as well as their convening power and leverage with governments.

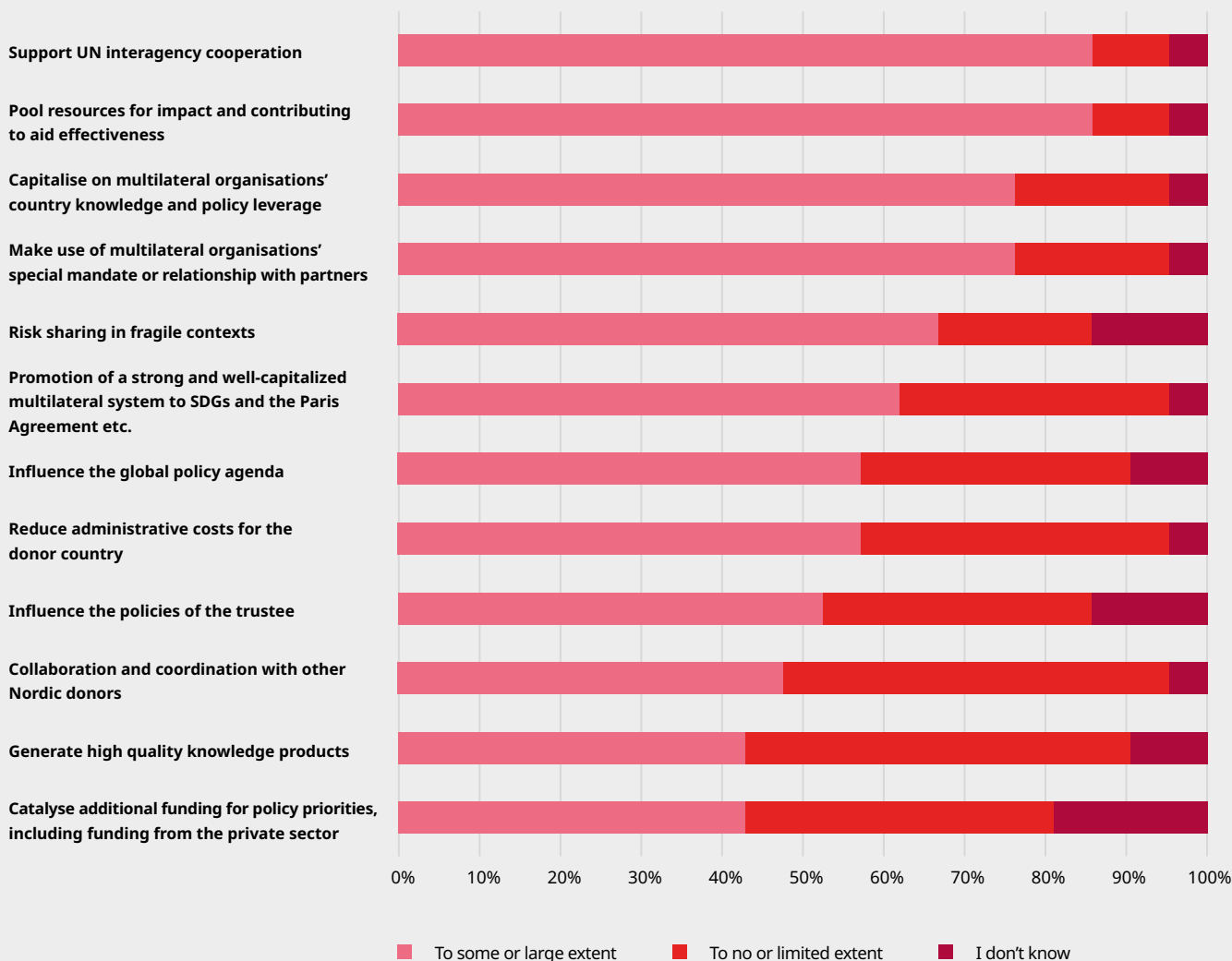
Aid effectiveness in this evaluation is more narrowly defined as referring to the pooling of donor resources and knowledge with the convening power and the legitimacy of the multilateral organisations for a common global agenda. At the country level, it involves pooling donor and multilateral resources for the implementation of national country strategies with local ownership, drawing on the multilateral organisations' country knowledge, convening power, and leverage with the government and other stakeholders.

Another important rationale was delivery at the country level and capitalising on the UN delivery systems, making use of the UN's special relationship with governments and its normative role, as well as its risk sharing capacity in fragile contexts (figures 4 and 5).²⁹ According to project documentation and interviews, the presence of UN agencies on the ground, and the opportunity for policy dialogue with governments, using the convening power of the UN, were important rationales for supporting the SJF and One UN Tanzania. Nordic countries, in their support documentation, also referenced supporting the UN mandate

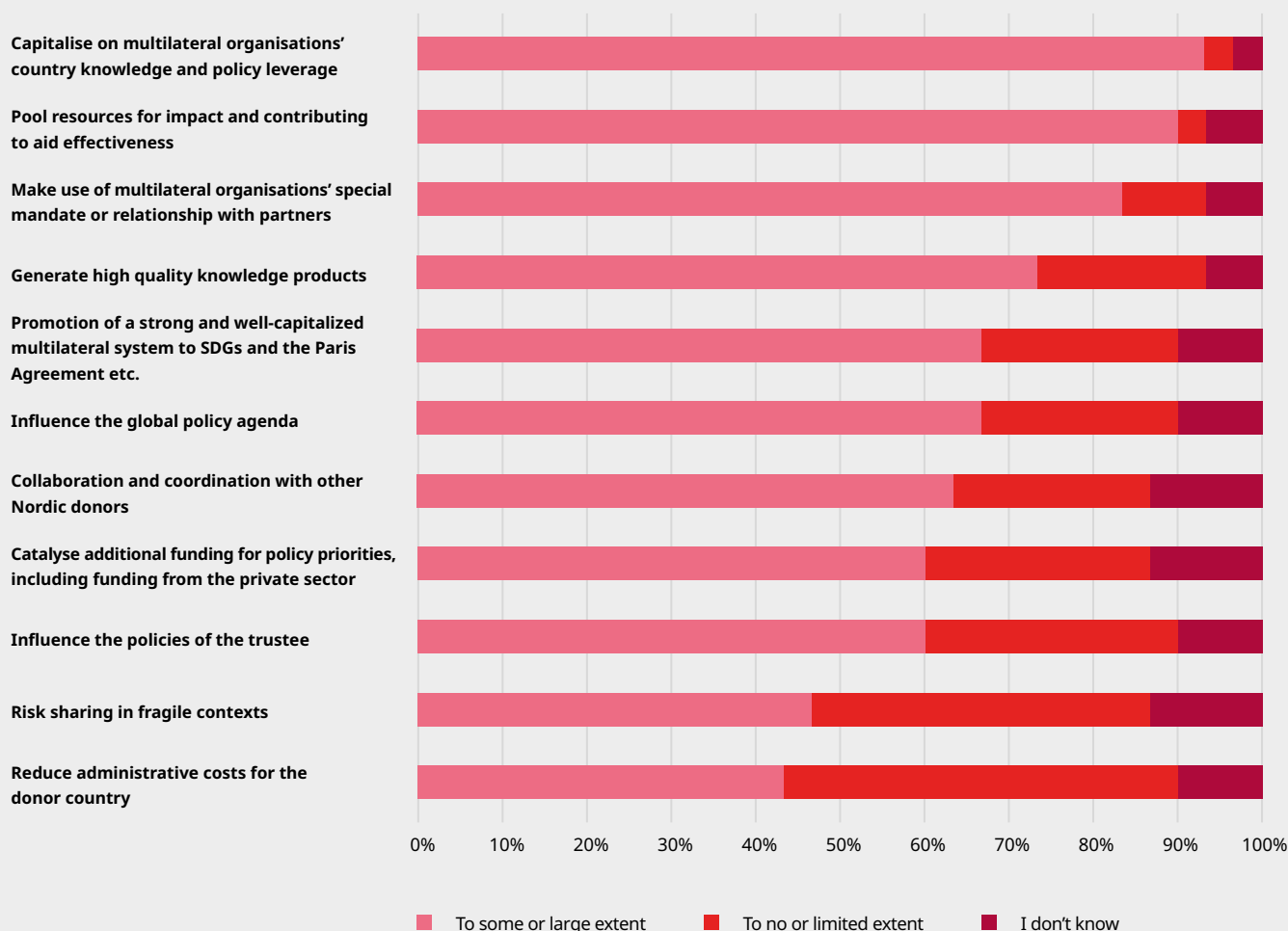
29 The survey presented in the figures are of Nordic staff currently involved in trust funds; a mixture of those who were involved in decisions either at the origin or during replenishment and those who are not. Interviews confirmed that in general the staff involved were well informed and had views on the rationale for choices.

and normative role as important rationale for choosing UNMPTFs (see Annex 7 and trust fund case studies related to the PBF and the UN Human Rights Mainstreaming Trust Fund). Even though policy influencing only appeared to be important for 50–60% of the survey participants, it was an important rationale in the sampled trust funds, e.g., the Nordic countries wanted to influence the PBF to have more emphasis on women and youth in peace processes and to improve cooperation between the UN and the WB. Through the support for the UN Human Rights Mainstreaming Trust Fund, they aimed to support human rights policies and mainstreaming of human-rights-based approaches throughout the UN system.

FIGURE 4: NORDIC STAFF, PERCEIVED RATIONALE FOR THE CHOICE OF SUPPORTING UNMPTF (N=61)



The rationales for the use of trust funds with the MDBs were primarily linked to country delivery and influencing the trustee/global policy agenda. According to the survey, country delivery and making use of the MDBs' country knowledge and policy leverage, as well as relations with partners, stood out as the most important rationale (95% of over 60 respondents). At nearly the same level (90% of the respondents), the survey pointed to the rationale for support related to aid effectiveness and pooling resources. Interviews confirmed these survey results, suggesting that the understanding among the Nordic countries of trust funds, even at the global level, was about improving policies and results at the country level, commensurate with the MDB's country-based operating models. Also, the MDBs' ability to leverage trust fund-generated knowledge through loan operations was an important feature (75% pointed to the rationale of generating knowledge and 60% to the ability to catalyse additional funding) (Figure 5). This was also apparent in interviews and documentation related to WB trust funds: ESMAP, GWSP, PROBLUE, and SEFA. The importance of the rationale for the use of WB trust funds linked to country delivery was also linked to the capacity and experience of the WB in resilience and reconstruction settings, as underscored in interviews and project documentation for the trust fund case studies related to support for the Multi-Partner Fund in Somalia and the URTF in Ukraine (see Annex 7). Influencing the global policy agenda was an important rationale for approximately 70% of the survey respondents, and influencing the trustee agenda was important for 60% of the respondents. According to interviews and project documentation, global policy influencing was important for some global/regional trust funds – notably the PROBLUE and the Digital Development Partnership, where the WB's convening power and global reach were important features for the wider global uptake on these issues. Influencing MDB policies to be promoted widely in the MDBs' loan operations were important rationales for support to most trust funds, including the support for the WB trust funds: UFGE, HRIE, PROBLUE, GWSP, and in AfDB: SEFA and Youth Entrepreneurship and Innovation. Multilateralism and ensuring a well-functioning multilateral system to deliver on the SDGs was an important rationale for approximately 70% of the survey respondents, whereas this rationale did not feature as a main rationale in interviews and project documentation.

FIGURE 5: NORDIC STAFF, PERCEIVED RATIONALE FOR THE CHOICE OF SUPPORTING MDB TRUST FUNDS (N=40)

Finding 7: The evidence for the importance of other Nordic donors' presence in a trust fund, as a rationale for support, was mixed – other like-minded donors were also important – for both UNMPTF and MDB. According to the surveys, Nordic cooperation was an important rationale for support for approximately 50% of the 61 respondents – slightly higher for the MDBs than for the UNMPTFs. This finding could not be corroborated by the project documentation. If there were references to other donors, they were generally to 'like-minded' donors and their actions. However, interviews with Iceland, and to some extent Finland, suggested that the presence of other Nordic donors was important. When a Nordic donor initiated a trust fund, e.g., Denmark with SEFA in the AfDB and Norway with PROBLUE, there were contacts with Nordic countries and like-minded donors to gain support for the initiative.

Finding 8: Earmarking was commonly used within trust funds by all Nordic countries, mainly soft earmarking pointing to a priority where the donor wanted visibility, for both UNMPTF and MDB.

Although generally discouraged by both Nordic donors and trustees, all Nordic countries made use of both hard and soft earmarking within the already earmarked contributions to trust funds and in all types of trust funds, no matter if the trust fund was at the global or country level, or with the UN or one of the MDBs (Table 5). Based on interviews and programme documentation, hard earmarking was used to ensure visibility of the donor's specific thematic or geographical priorities in a particular trust fund, e.g., attention to gender equality (Sweden in the WB MPF), or geographical earmarking, e.g., Denmark earmarked for the Sahel in the WB Umbrella Facility for Gender Equality, and Norway earmarked for Kigoma in the One UN Tanzania. In the case of underfunded UNMPTFs, hard earmarking was a way to ensure that the priorities which the Nordic country wanted to support got funded; e.g., in the SJF where all funding was earmarked for underlying Joint Programmes, the Nordic countries earmarked for the Joint Programme for Local Government or the Joint Programme for Human Rights. The widespread use of earmarked funding in the WB was linked to the size of the WB trust funds and the Nordic countries' smaller weight in the funds, which led to hard earmarking of specific issues that they prioritised.

TABLE 5: USE OF EARMARKING – NUMBER OF TRUST FUNDS WITH AT LEAST SOME FORM OF HARD EARMARKING PER COUNTRY – OUT OF THE JOINTLY FUNDED TRUST FUNDS WITH THE UN, THE WB, AND THE AfDB.²⁸

	Denmark	Finland	Iceland	Norway	Sweden	Total
UNMPTF	6 of 22	6 of 18	3 of 8	7 of 27	7 of 30	15 of 36
WB	3 of 7	0 of 4	1 of 4	5 of 9	4 of 9	8 of 9*
AfDB	1	0	0	1	1	1/ 8

The importance attached to earmarking appeared to be greatest in the programming phase, in the dialogue with the trust funds, and in the approval process to underscore the argumentation for the proposed commitment and ensure visibility of the donor preference.

30 Note: The total reflects the total of TFs jointly supported by the Nordic countries surveyed manually for evidence of earmarking in the financial reporting. *The low number for WB trust funds reflects the lack of access to documentation from individual member states in the WB Development Partner Centre (see limitations).

There was seldom follow-up on either hard or soft earmarking in the monitoring and donor reporting for trust funds (see also EQ 4). No other features related to governance arrangements or donor interaction and compositions were brought out as decisive for decisions regarding support or exits, reflecting that these features are largely available and that it is up to the Nordic countries to make good use of them.

Finding 9: There were no exit strategies, but many examples of exits. They were not planned but rather depended on shifting priorities, funding shortages, or an assessment that the contribution had served its purpose – for both UNMPTF and MDB.

There was no evidence of exit strategies in project documentation for the trust fund sample. There were many examples of exits from trust funds in the case study sample of 15 trust funds. Primarily Denmark but also Finland exited trust funds, to some extent related to reduced budgets and/or shifting priorities. Denmark – given limited funding – decided to prioritise the Special Purpose Trust Fund that is funding the Resident Coordinator (RC) staff and offices rather than the Joint SDG Fund. Finland decided to prioritise its bilateral cooperation with the UNFPA, as it matched its priorities in the countries, rather than continue support through UNMPTFs and inter-agency cooperation. Denmark also decided to discontinue funding for the UFGE and the HRIE, as it was asserted that these topics had now gained traction in the WB and there were other donors coming in to carry the mantle in these areas. The Danish decision to stop funding the UN SJF (Joint Programme for Local Government) was based on its critique of the high transaction cost and low level of results, which was not fully supported by the other Nordic donors.

3.3 EQ 3 – Influence

How are the Nordic countries influencing the trust funds?

SUMMARY

The most important means of influence and the most widely used were a combination of funding and policy dialogue. Other means of influencing were also used, incl. earmarking, secondments, and alliance building with other donors. Despite the Nordic common agenda and strong policy coordination at policy level, there was relatively little coordination with regard to which trust funds to support or within trust funds. This reflected different engagement strategies that again reflected underlying priorities and staff resources. For Sweden and to some extent Norway, a low engagement level was not an option – whereas for Denmark, Finland, and Iceland, this was often the only option. Policy influencing in trust funds intended to reach beyond the trust fund itself and influence the wider operations of the multilateral and deepen its implementation.

This evaluation question is about the engagement strategies of the Nordic countries to exert influence in trust funds, as well as what determines the engagement. It assessed the engagement of Nordic donors through non-financial support, and cooperation and coordination between Nordic countries in the context of trust funds. The extent to which these engagement strategies are successful is covered in EQ4.

Finding 10: Funding combined with insight and capacity to engage was cited as the most important avenue used for influence – for both UNMPTF and MDB. Policy influencing was an important rationale for supporting a trust fund. Some interviewees, both among trust fund managers and Nordic staff, stressed that the size of the contribution mattered for policy influence, but that it was insufficient as it had to be complemented with policy dialogue based on insight and capacity to engage. That funding is not a panacea was supported by the survey of trustees, with 35% reporting that the level of funding was important – and hence, 65% stated that funding was of less/no importance (Figure 6).³¹ An example of “size of funding matters”, complemented by dialogue as a means of influence, was the Norwegian support for the establishment of the WB’s URTF and the subsequent large contribution to the trust fund, which involved frequent contacts at high levels

³¹ The 35% covered a discrepancy between the trustees, with 45% of UNMPTF respondents answering that size of funding was important compared to 25% for the MDB respondents.

between Norway and the WB and active follow-up by Norway with the WB in Washington and Kyiv.³²

Finding 11: Engagement in the trust fund governing bodies, complemented by dialogues with the trust fund staff, was used by all Nordic countries to influence trust funds – for both UNMPTF and MDB. This was highlighted in interviews with Nordic staff and trustee staff in the context of the trust fund case studies and confirmed by the surveys of Nordic and trustee staff. Nordic staff reported that good dialogue with the secretariat was an important feature for trust fund cooperation (95% of staff working with UNMPTF and MDBs).³³ The importance of governance arrangements allowing for donor engagement was evident in the answers from all Nordic staff.³⁴ Among the UNMPTF case studies, there were two trust funds where donor engagement was indirect. E.g., the PBF, where policy influencing was through the Peacebuilding Commission and friends' networks in New York, whereas decisions on strategies and what to fund was made by the secretariat under the supervision of an advisory body. And then there was a donor forum – Top-12 Donor Annual Strategic Dialogue – for the 12 largest donors to which Denmark, Norway, and Sweden, but not Finland, belonged, creating an unevenness in the participation. Similarly, with the HRM Fund, the policy and funding decisions were with UN inter-agency cooperation and the donors engaged through the secretariat, which was possible due to the limited number of donors.³⁵ More than 80% of the trustees reported that the Nordic countries pursued policy influencing through policy dialogue within the trust fund, and 70–80% reported that there was also policy influencing in meetings with trust fund staff (see Figure 6). Further, according to the trustees, for the UNMPTFs, there was also policy influencing through high-level policy dialogues (approx. 65% of respondents), whereas this was less widespread in the context of MDBs (35%).³⁶ According to interviews, the cooperation between donors and the WB in the context of the Partnership Councils was strong, especially when Partnership Council meetings were jointly led by the WB and a rotating donor, as this gave more opportunity to influence the agenda, e.g., PROBLUE.

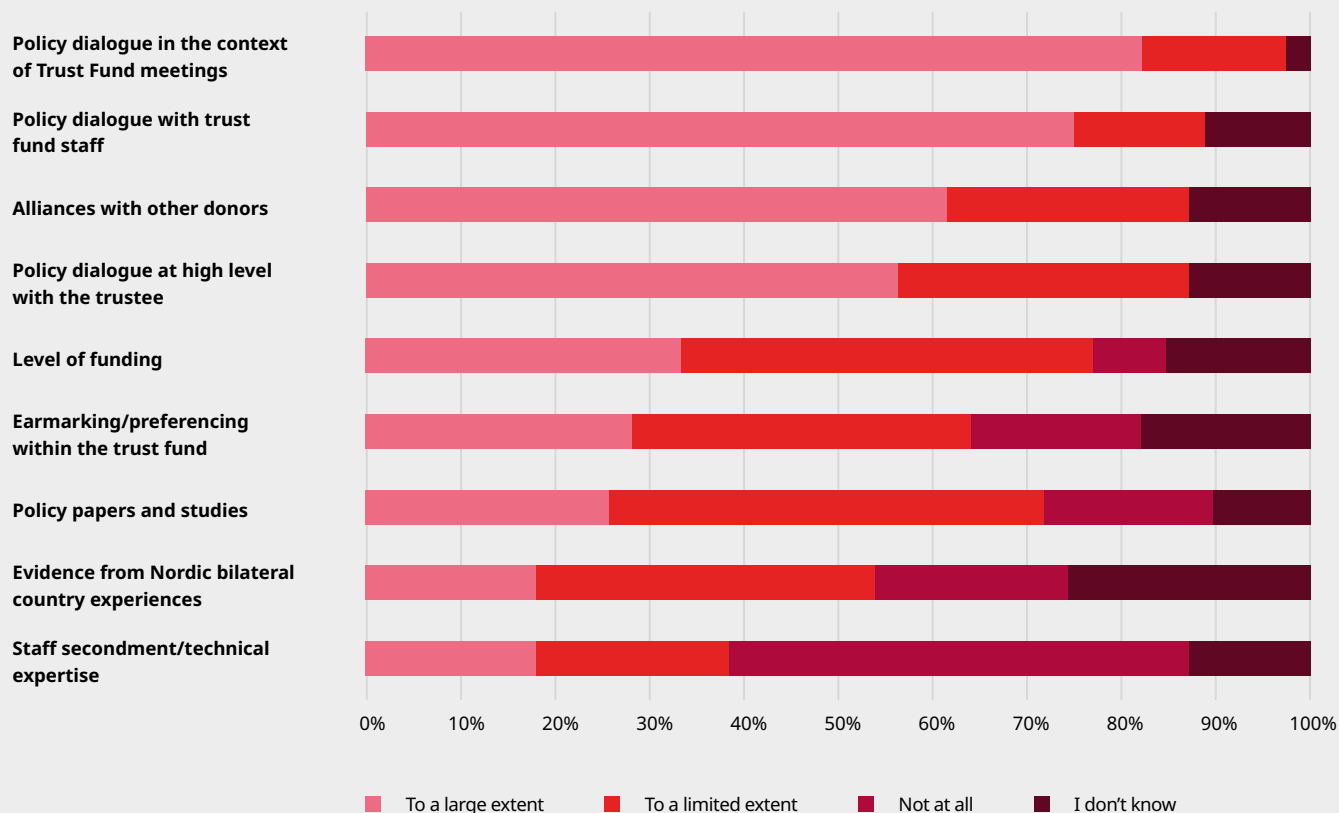
32 Interviews with the WB and Norway as referenced in the trust fund case study regarding the URTF.

33 Annex 5 Survey.

34 Annex 5 Survey.

35 This governance setup was criticised in the HRM Fund evaluation, whereas the Nordic countries did not find this to be a big problem as they already successfully cooperated with the secretariat.

36 Annex 5 Survey. For the split between the UNMPTF and the MDBs with regard to the usage of different means of influencing, see Annex 5.

FIGURE 6: TRUSTEE STAFF ON NORDIC DONOR USAGE OF MEANS OF INFLUENCING (N=40)

Source: PEM survey.

Finding 12: Other means of policy influencing included earmarking, secondments, coordination with other donors, and less frequently, influencing studies – for both UNMPTF and MDB. Both soft and hard earmarking also provided an avenue for influencing, according to interviewees. Despite the widespread use of earmarking, as reported under EQ2, only 47% of the Nordic respondents found opportunities for hard earmarking (that went beyond a pure preferencing) an important feature for influencing trust funds (Annex 5, figures 37 and 38), whereas 65% of the trustees found this to be a feature for influence (Figure 6). According to interviews with Nordic staff and trustees, trust fund secondments sought to have a mutual benefit for both the donor and the WB (where secondments were most often used), promoting knowledge exchange and linking to wider knowledge network, benefiting both the donor and the WB. Iceland used secondments strategically to promote specific technical skills within the trust funds they supported, e.g., ESMAP (geothermal, where they also had a flexible arrangement to provide skills on demand). Also, Denmark had provided technical skills as secondments in the ESMAP, and the GWSP;

and Finland for the HRIE and the Digital Development Partnership. Sweden's strategy was to provide secondments in cross-cutting areas and for strengthening monitoring. Secondments did not feature prominently among the trustees' responses to means of influencing, with the largest share of respondents finding this to be of no importance (Figure 6). Information sharing and coordination of policy demands were other important ways for influencing trust funds. Of Nordic staff, 68% responded that information sharing was important, and 48% that coordination of policy demands was important. Among the trust fund case studies, there were a few examples of policy papers to pursue influencing, both within the area of gender equality, e.g., in the context of PROBLUE, there was a decision to fund a separate study outside the trust fund to support gender integration into activities involving Sweden and the United Kingdom. Iceland funded a specific study that explored gender equality in the context of the geothermal sector.³⁷

Finding 13: Although the Nordic countries shared a common agenda, and despite strong Nordic policy coordination, this seldom translated into coordination on which trust funds to support or coordination at trust fund level – for both UNMPTF and MDB.

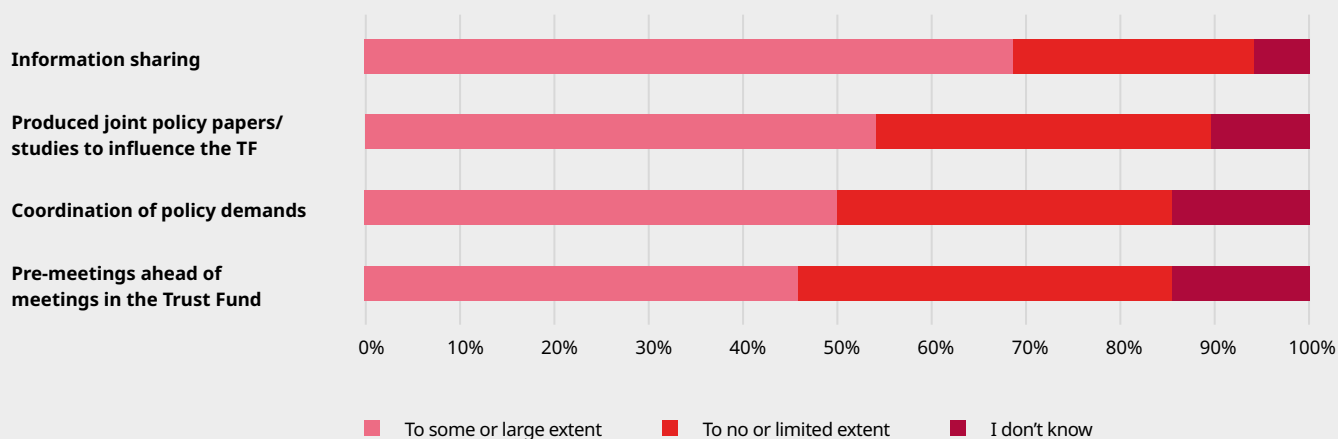
Interviews and trust funds case studies confirmed the high level of policy coherence between the Nordic countries in the UN. Regarding peace and human rights, the overall policy interventions were coordinated in New York and Geneva through the negotiation of policy statements for interventions in the Peacebuilding Commission or the UNHR Council. However, the governance structures did not facilitate coordination between the Nordic countries within the PBF, e.g., there was no coordination ahead of the PBF's 12 large donor meeting. The lack of coordination, to some extent, also reflected the institutional organisation where the UNMPTFs was managed from headquarters for most countries, except Denmark, but also reflected variance in priorities and approaches when it came to follow-up, incl. the ability to invest staff time and resources in the follow-up. For example, Sweden and Norway, in many cases, stayed with the trust funds they originally supported, incl. the HRM Fund, and, so far, the Joint SDG Fund, whereas, in particular, Denmark shifted priorities and trust funds (see EQ2 on exits).

Similarly, in the MDBs, despite strong policy coordination through Nordic MDB cooperation at headquarter level and the joint presence on the Boards, the decision to support trust funds was primarily not guided by the presence of other Nordic donors and the ability to jointly influence the trust funds – the exception being Iceland, for Nordic-initiated trust funds. The Nordic countries only provided about a quarter of the contributions to WB trust funds. Hence, working with other like-minded

³⁷ WB, ESMAP: Getting to Gender Equality in the Geothermal Energy Sector: Road to Sustainability. <https://www.esmap.org/node/181496>

donors was important (Annex 6, Figure 71). For Iceland, the presence of other Nordic countries mattered, as emphasized in interviews, as this allowed for coordination and influencing together with other Nordic countries. Among the trust fund case studies there were exceptions where the presence of other Nordic countries mattered: the predecessor to HRIE, the Nordic Trust Fund in the WB, which was a joint Nordic initiative to which all Nordic countries initially contributed, and the AfDB SEFA, where Norway and Sweden decided to join the Danish initiated trust fund.

FIGURE 7: NORDIC STAFF ON MEANS OF COLLABORATION WITH OTHER DONORS (N=61)



Finding 14: Coordination within trust funds was seldom limited to Nordic countries (Finland and Iceland valued Nordic cooperation the most) – for both UNMPTF and MDB. The views expressed in many interviews were that Nordic coordination was often not necessary: “It is working, there is no huge problem or risks, so no need to spend time on coordination”. Rather, there was emphasis on coordination for policy influencing with larger donors, both in the context of UN and WB trust funds, as well as in some cases to ensure funding for the trust fund. Sweden and Norway highlighted the need to look outside the Nordic group, already coordinating or sharing similar views, e.g., Sweden in PROBLUE, and Norway in the URTF. For Iceland and Finland, there was more emphasis on Nordic cooperation within trust funds, also as a way to ensure access to information. Iceland pointed to very good cooperation with Norway, in many instances drawing on Norwegian insights and analysis, for example, with regard to budgets and financial reporting (URTF, PROBLUE, and ESMAP). Finland was also disappointed by the lack of willingness of Sweden and Norway, and sometimes

Denmark, to reach out in cases where participation was limited to larger donors, such as the Peacebuilding Fund's '12 large donor forum'. Coordination in the context of SEFA appeared to be the most developed. Here, the Nordic donors were significant donors, and cooperation was evident in frequent email exchanges between donors, involving a Danish-Norwegian joint review. Coordination and information sharing in country-level trust funds was strong in the context of Somalia, although this did lead to different conclusions about the effectiveness and efficiency of the UN SJF. There was no Nordic coordination with regard to the One UN Tanzania, not even between the two longest contributing countries Norway and Sweden, as their focus differed.

Finding 15: The policy influencing in global funds was not primarily directed at the trust fund itself, as it already shared the same vision, but was directed towards influencing others beyond the trust fund and deepening the implementation, whereas policy influencing in country-level trust funds aimed at influencing the trustee's dialogue with the government and the activities of the trustee – for both UNMPTF and MDB. Global-level trust funds with the MDBs aimed at influencing the wider portfolio of the institutions, and, hence, the ways of operating, as well as other members, not least among the borrowers. By providing grant support for data collection and analyses, policy development, piloting, and eventually for programme/project preparation, the donors wanted to improve knowledge and evidence-based policies and lending operations in new areas within the remit of the trust fund. Support for the UFGE, HRIE, PROBLUE, and ESMAP in the WB, as well as SEFA in the AfDB are examples of this. That was the primary aim, and within the trust funds, various donors would then pursue their specific policies with regard to, for example, gender mainstreaming or specific topics that they thought needed more attention. Trust funds at the UN global level similarly aimed at influencing the UN system to pursue policies related to Nordic priorities, for example, human rights mainstreaming in the UN agencies through support for the HRM Fund. Policy influencing in country-level trust funds related to influencing the trustees' dialogue with the government, e.g., in the case of Somalia, where the Nordic donors sought to influence WB and UN dialogues with the Federal Government of Somalia, as well as the operations of the trustees. Based on the trust fund case studies regarding the country-level funds in Tanzania and Somalia, it was clear that the dialogue between the Nordic countries and the trustees at country level was close and engaging, as confirmed by all participants.

Finding 16: The trust fund case studies revealed that the Nordic countries had different engagement strategies, depending on the policy priority attached to the trust fund, the level of funding, human resources, and capacity – for both UNMPTF and MDB. The most important factors for variances in engagement strategy were political priority and staff resources. A low level of engagement was

not a real option for Sweden. For Finland, Denmark, and Iceland, this was often the only option due to human resource limitations. The cases also revealed that engagement strategies changed over time, with the strongest engagement at the entry level/when a new contribution was under consideration. The response from the trustees largely reflected the level of engagement of the donor. Box 3 contains a summary of typologies of different engagement strategies, and how the trust fund managers responded to the variations in engagements.

BOX 3: DIFFERENT TYPES OF DONOR AND TRUST FUND ENGAGEMENT STRATEGIES FOUND IN TRUST FUND CASE STUDIES

Nordic donors generally had three types of engagement. The Nordic countries moved between these engagement strategies over time, with stronger engagement at entry/new funding and less engagement when the trust fund theme was losing traction or priorities shifted:

- **All-in:** Trust funds where the Nordic country/countries were among the initiators and/or heavily invested due to the priority of the policy area, also sometimes linked to the level of funding: Characterised by strong engagement with the trustee at all levels on the establishment of the trust fund or for already existing trust funds, the content and expectations to the trust fund they were about to enter into; engagement with trust fund management on policy priorities and possible earmarking, secondments, and policy inputs. Detailed preparation was necessary to influence *"before engaging with them – we should do our homework and better understand the trade-offs, the politics and orders of magnitude – it requires resources and cross-disciplinary expertise and ensuring that we get the learning"*. For this to be effective, lessons learned from interviews pointed to the importance of 1) high level of organisation and internal policy coherence around a policy agenda; 2) right timing; 3) continuity in staff and sufficient staff (low turnover/good handover).
- **Funding complemented with participation in yearly governance meeting:** This was the primary choice for Denmark, Iceland, and Finland, in many instances due to staff shortages (e.g., Finland in PBF, Iceland in PROBLUE). It was also a choice based on uncertainty regarding the value added of the donor inputs, beyond funding. Interviewees pointed to the fact that policy influencing did require insight and technical knowledge which staff did not possess. Sometimes, this was also coupled with a political decision to support a specific trust fund, while no additional staff resources to work with the trust fund had been set aside – *"sometimes I say to myself there is no use of me saying this, they are so big and well set up"*.
- **Low level:** Low level inputs, but without conscious withdrawal. This was often associated with initial funding, but without later additions or uncertainty of additional funding, as was the case in the Joint SDG Fund.

Trust fund managers generally had three types of engagement with donors. They also changed over time, to some extent reflecting the engagement of the donors:

- **Blindly agree with donors, no pushback:** This type of engagement was typically seen among UNMPTFs that are dependent on donor funding for their existence and jobs, e.g., the SJF and One UN Fund in Tanzania. Nordic donor engagement and ownership, in some instances, became overwhelming and made it difficult for other donors to enter and engage. This was, for example, the situation in the Nordic Trust Fund in the WB, but also the HRM Fund was perceived as a Nordic fund, making it difficult to attract other donors.
- **Real engagement:** Genuine partnership and collaboration, sharing the same goals and promoting the same ideas: This was the cooperation found in trust funds such as URTF, UFGE most of the time, GWSP, PROBLUE, and Somalia MPF as well as the PBF.
- **Formalistic approach to engaging with donors:** For some of the more technical funds this was, at times, the approach. Or this was, at least, how it was perceived among the Nordic donors. Donors would engage on some very specific topics (e.g., gender), that were not seen by trust fund management as core to the trust fund. The trust fund managers would then interact with the donors on these issues, while the main trust of the fund continued unabated, and with limited interest from the donors. This also reflected the fact that it was difficult for the donors to engage at the right level of knowledge and technical understanding to really impact on the operations of the trust fund. For example, to provide really valuable input to ESMAP/SEFA, the donors needed to be knowledgeable about energy markets, energy technologies, policy and regulatory frameworks, financial market terms for energy investments, etc.

3.4 EQ 4 – Results

What is the effectiveness of the Nordic support for multilateral trust funds?

SUMMARY

The trust funds were a largely effective means for supporting Nordic policies and priorities including in key thematic areas while at the same time supporting multilateralism and the values and norms that reflect UN agreements. The Nordic countries primarily influenced multilaterals by reinforcing existing policy directions rather than introducing new ones. This in turn had observable effects at the operational level and benefitted end recipients. Hard earmarking within trust funds served as a tool for setting priorities with both positive and negative effects. Results frameworks improved over time supported by the Nordic countries, however, outcome reporting was still generally weak. Trust funds generally achieved satisfactory results, but there was little success in attracting private funding. Ownership was high for UNMPTFs at the local level. MDB global/regional trust fund ownership came primarily with loan-linked programmes, while MDB country-level trust funds exhibited strong government ownership. Capacity development was integral to UNMPTFs, yielding positive results at the recipient level, whereas MDB global/regional trust funds primarily contributed to capacity building through downstream loans, and country level trust funds having a positive impact on capacities at national level.

This evaluation question considered several dimensions of results. It looked at whether the trust funds contributed to multilateralism and whether they influenced the adoption of Nordic policy priorities. It looked at the quality of the results frameworks and reporting and finally at whether results were achieved through tapping into country delivery systems of the multilaterals with a special focus on ownership and capacity development.

Effectiveness of the contributions to trust funds, multilateralism: Nordic countries' support of trust funds contributed to supporting multilateralism

Across the sample of trust funds, the evaluation team made an analysis, trust fund by trust fund, using a 5-point scale from unsatisfactory to highly satisfactory, of the evidence for multilateralism in two dimensions: i) how well the trust funds enabled the trustees to deliver on their mandate and the SDGs and ii) the extent to which the trust funds strengthened the MDB and UN reforms. The analysis showed that 60% of the UNMPTFs and 70% of the MDB trust funds contributed either satisfactorily or highly satisfactorily to the trustee mandate and SDGs. The picture on strengthening reforms was more diverse with all the

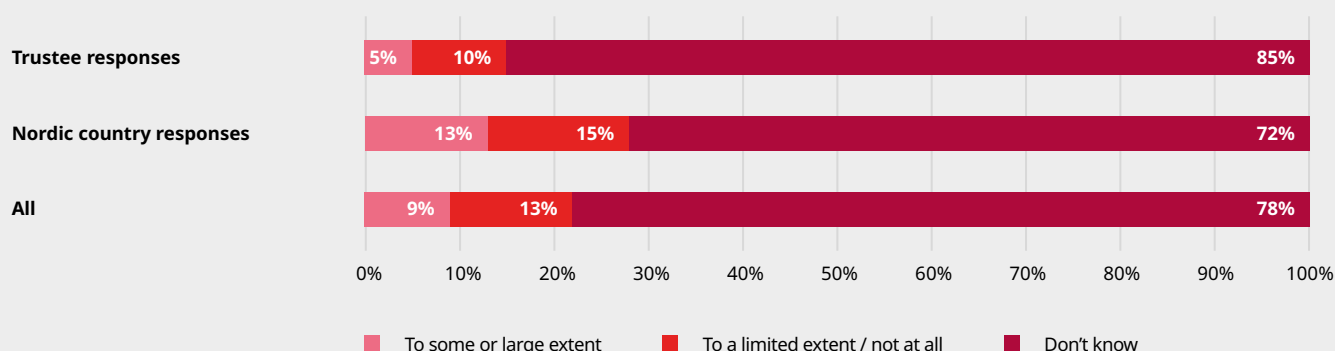
UNMPTFs being mildly unsatisfactory compared to close to 50% of the MDB trust funds.

Finding 17: The Nordic support to UN trust funds contributed to multilateralism. Supporting the multilateral system was an explicit aim of the Nordic support to trust funds as evidenced by the statements of justification in appropriation and appraisal reports as well as follow-up and monitoring by the Nordic countries. An example is the One UN Tanzania where both Sweden and Norway explicitly argued for supporting the second phase of the trust fund from 2015 because of its importance in supporting the implementation of the UN reforms for delivering as one. Without the Nordic support, which amounted to over 90% of available funding, the One UN fund would have collapsed, bringing down with it the credibility of the UN reforms in one of the flagship countries for the initiative. Another example is the PBF that has been highly relevant for delivering the UN mandate related to peace, security, human rights, and development. The PBF is also seen by the Secretary-General of the UN as an important part of the UN Development System reform with its emphasis on the lead role of the RC and the use of holistic approaches to addressing conflict situations.

A survey on trust fund managers at the Nordic countries and at the trustees shows that the majority of those involved in the trust funds find that the trust funds support multilateralism to some or a large extent (see Figure 8).

FIGURE 8: NORDIC COUNTRY AND TRUSTEE RESPONSES TO CONTRIBUTION TO MULTILATERALISM (ACROSS THE 82 TRUST FUNDS WITH JOINT NORDIC COUNTRY FUNDING).

To what extent do the trust funds promote a stronger and well-capitalized multilateral system to implement SDGs and the Paris Agreement? (n=40 for trustees; 46 for Nordic countries)



Source: PEM survey.

Finding 18: Although advancing the One UN reforms was a major objective of the Nordic countries, attainment of this objective is far from complete and in danger of losing credibility, in part, due to internal UN and donor pressures and absence of uptake by other donors. The One UN reforms that would pave the way for the UN delivering as one are incomplete as noted by the UNMPTF evaluation.³⁸ Some important advances have been made including the institution of the RCO, which has now been brought into the core budget of the UN. However, in other respects, the reforms are incomplete and a work in progress. There was only one case where the concept of inter-agency pooled funds was guided by a critical analysis of when an action is better done through a pool arrangement and when it is better done through a single-agency arrangement (i.e., application of the subsidiarity principle).

Individual UN agencies still have strong internal accountability, fundraising, and other incentives to act as single agencies rather than go through programmes controlled by the RCO. The available pooled funding is still only a fraction of the overall UN budgets. In Tanzania with the flagship One UN Fund, the pooled funding was only 6% of the overall UN budget, and even in Somalia the pooled funding did not exceed 10% of the overall UN expenditure.³⁹ This meant that there was little financial incentive to work together. Senior UNMPTF managers questioned why the participating UN organisations (PUNOs) would go to great lengths to develop proposals for the relatively small and complicated projects typical of the UNMPTFs. At the same time, the individual UN agencies were to some extent in competition – *"We are all racing to get to the ambassador to be the first to get the financing"*. There is also competition among the UNMPTFs. Global UNMPTFs, such as the Joint SDG Fund, note that the ease and low financial hurdle (USD 2 million) of setting up UNMPTFs meant that new funds are set up that can be earmarked for specific donors as an alternative to funding through the already established global UNMPTFs.

On the donor side there are also incentives that work against funding through the UNMPTFs. In many respects it is easier for a donor to negotiate a project with a single UN agency so that it aligns closely to their country programme. Working through single agencies provides greater visibility and makes it easier to attribute results to the donor funding. Finland's choice of the UNFPA is an example of this and also a reflection of Finland's strong policy commitment in this area.

Although there is a high rate of participation in UNMPTFs, with funding from more than 100 countries, the vast majority of funding (74.1%) is

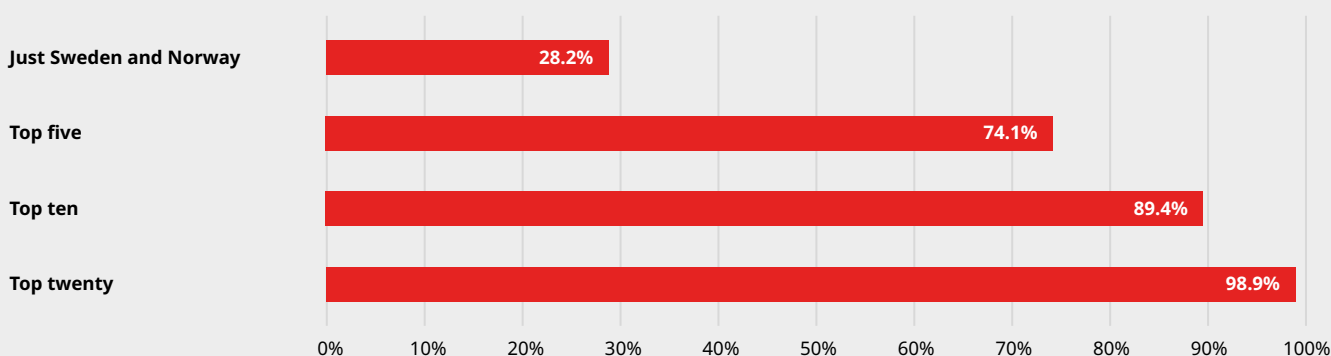
38 UNDP IEO (Independent Evaluation Office) (2018, August): Evaluation of UNDP inter-agency pooled financing services.

39 One UN Fund, financial information provided on expenditure.

provided by just five countries (see Figure 9), two of which are Sweden and Norway, which combined account for over 28%.⁴⁰ The relatively low funding to UNMPTFs by other donors and especially those that are outside the Nordic and like-minded group undermines the overall goal of multilateralism as the burden falls on too few shoulders. Nordic support did not seem to have any drawing effect on other donors. Nordic donors were generally supportive of trust fund efforts to bring in other donors, but the Nordic countries did not take any systematic initiatives to bring in other donors, leaving this mainly to the trust funds.

FIGURE 9: PROPORTION OF FUNDING TO THE UNMPTFS

Proportion of funding to the UNMPTFs by the top five, ten, twenty funders (2013-2023)



Source: PEM survey.

Finding 19: Trust funds contributed to multilateralism with many of the global funds making a notable contribution to global public goods. The MDB trust funds supported the volume, quality, and relevance of the WB and the AfDB loans by making contributions to the enabling environment and by ensuring high-quality project preparation. In so doing, the trust funds enhanced the credibility of the banks, as multilateral institutions – in particular, the trust funds managed by the AfDB promoted a pan-African approach. Nordic countries' funding enabled the trust funds to promote global public goods, which, by their nature, could not have been promoted bilaterally as well or at the same scale. These were often within the areas of sustainable environment and climate. Examples include the WB-managed PROBLUE trust fund, which focuses on global public goods related to sustainable fisheries and environmental pollution as well as proliferation of plastics in the

40 UMMPTFO database.

ocean environment. Projects supported by PROBLUE grants led to a lending that was 50 times greater than the PROBLUE grant.⁴¹ It is not possible to prove that the grants were the only factor involved or that the loans would not have gone ahead without the grants. However, the lending was at least informed by the grants, and for the example examined, it was found very worthwhile. Another example is the AfDB-managed Sustainable Energy Fund, Africa (SEFA) which supported nearly 70 loan projects in the period from 2012 to 2019, delivering 263 MW of renewable energy with emission savings of 0.6 million tonnes of CO₂ equivalents. The second phase of SEFA aims to mobilise 4690 MW in new capacity with emission savings of over 22 million tonnes of CO₂ equivalents (SEFA, annual report, 2023).

Effectiveness of the contributions to trust funds, influence: Nordic countries' support of trust funds contributed to Nordic policy priorities being adopted

Finding 20: Nordic countries' influence mainly served to enhance the existing policy directions of the multilaterals rather than introduce new policies – for both UNMPTF and MDB. Three levels of influence can be distinguished:

- Direct Nordic influence on the trust funds
- Trust fund influence on the multilateral organisations that host the trust funds
- Trust fund and multilateral influence in the recipient country

Direct Nordic influence on the trust funds: In general, the trust funds chosen for support by the Nordic countries pursued policies that were already closely aligned to the Nordic values and policy directions.

Trust fund influence on the multilateral organisations: The three multilateral organisations examined (the WB, the AfDB, and the UNMPTF Office) had international value systems and have policies that are largely similar to the Nordic ones.

Influence in the recipient country: The influence on the recipient countries varies considerably depending on the country in question.

The main Nordic influence on trust funds and in turn on the multilaterals was thus to strengthen already existing policy directions

⁴¹ Leverage refers to where grant funding has informed loan programmes for example by supporting better design – in some cases the loan project may not have gone ahead or may have been smaller without the grant funding. In the case of PROBLUE that was examined in the field, the overall project would have gone ahead but without many of the environmental and social features of the project that the trust fund had promoted and enabled.

and most importantly, provide grant resources for supporting their implementation. The big gap was not in policy but between policy and its implementation. In this sense, the Nordic countries were following a multilateral approach; aligning to, supporting implementation, testing, and further development of current policies rather than bilaterally introducing new or different policies. The only exception being the Nordic Trust Fund (now the Human Rights Inclusion and Empowerment trust) in the WB that did originally not sit well with the WB's understanding of the limits of its mandate and the borrowers. In the end, the trust fund did push boundaries influencing the way the WB operated through its impact on inclusion and empowerment in the WB environmental and social safeguards (which have to be put in place by the borrower as part of the loan).

A common intervention of Nordic donors was to improve results frameworks, intervention logics, and monitoring and reporting of the trust funds.

Examples include: The Joint Programme for Local Government in Somalia where the Nordic donors intervened to support necessary reform and restructuring of the joint programme. This represents a case where there was a higher degree of intervention, not to make changes at the policy level but instead to ensure effective implementation.

Further examples of Nordic influence on trust funds to support the multilaterals in improving and implementing policy include:

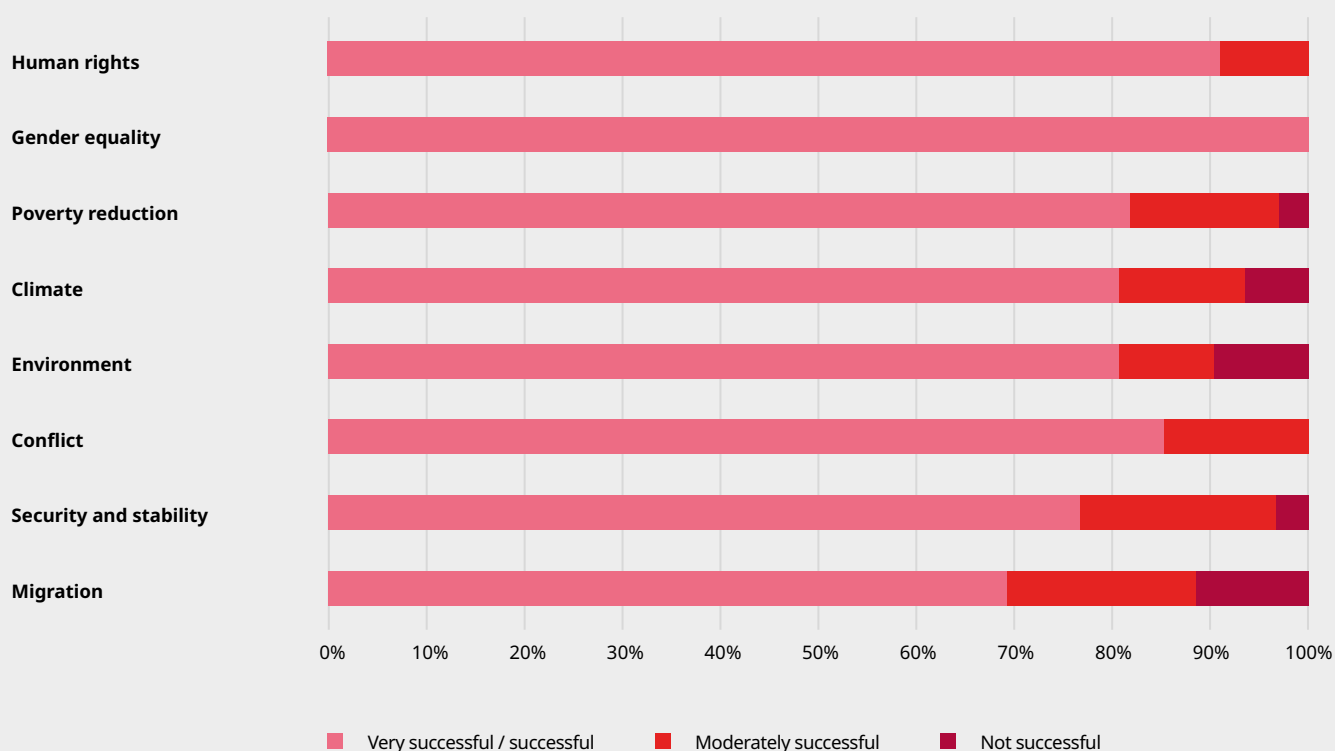
- The GWSP fund provided grant funding to carry out poverty diagnostics for each country, enabling the GWSP and the subsequent loans to be more precise on targeting poverty reduction.
- The PROBLUE fund provided grant funds to support the development of projects that enhanced sustainable fisheries and put into place marine spatial planning.
- The One UN Fund in Tanzania provided grant funds to help strengthen the PUNOs in developing and prioritising inclusive approaches that focussed on combatting violence against women and children.
- The long-term support for integration of gender equality and gender mainstreaming into the WB through the UFGE and its predecessors.
- The enhanced focus on geothermal energy as part of the WB energy work through the support of ESMAP.

A survey of how trust fund managers at the trustee and at the Nordic countries perceived the level of influence is shown in Figure 10. It is

noteworthy that trustees find the influence effect significantly greater than the Nordic country staff. This might in part be because the trustees are in a position to see the influence effects further down to the recipient level. For trustees and Nordic countries, the promotion of gender was the most successful policy area with 100% and 70%, respectively, of survey respondents finding it either successful or very successful – this reflects well the Nordic focus on gender.

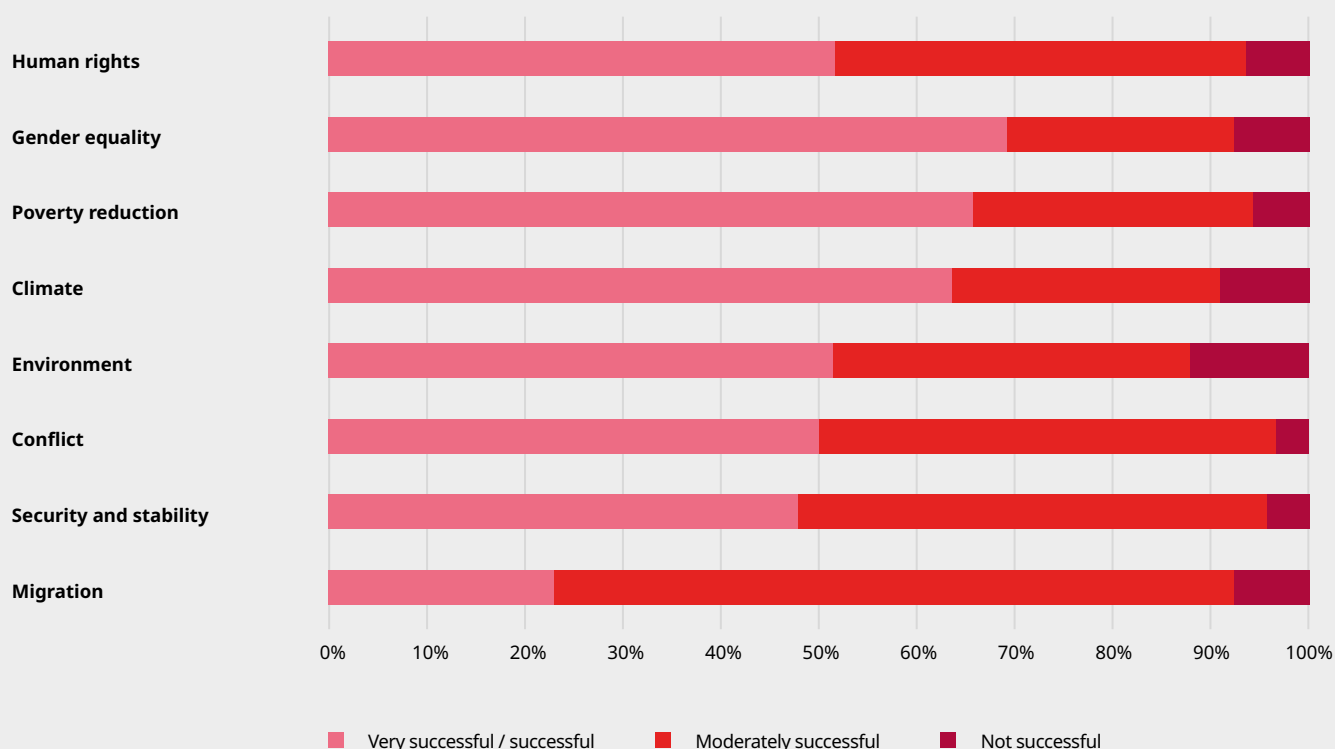
FIGURE 10: SURVEY RESPONSES OF TRUSTEES AND NORDIC COUNTRIES' DEGREE OF INFLUENCE. (N=40 FOR TRUSTEES, N=61 FOR NORDIC COUNTRIES)

Trustees: Based on your experience, to what extent was the Nordic trust fund support successful in contributing to your organisation's policies?



Source: PEM survey.

NBs: Based on your experience, to what extent was the trust fund contribution successful in influencing the multilateral organisation's policies within the below broad policy areas?



Source: PEM survey.

Finding 21: There were some clear examples of Nordic influence that could be traced through to end beneficiaries at the operational level – for both UNMPTF and MDB. The field work on a sample of eight trust funds showed that the trust funds and trustees were influential at promoting and improving the implementation of the Nordic areas of policy concern at the beneficiary level, especially when it came to gender, poverty reduction, human rights, and environment. Table 6 summarises the evidence of influence.⁴²

⁴² The WB 5-point scale from unsatisfactory to moderately unsatisfactory, moderately satisfactory to satisfactory to highly satisfactory was used.

TABLE 6: SUMMARY OF EVIDENCE OF INFLUENCE IN THE FIELD VISIT SAMPLE

Trust fund	Trustee	Country	Evidence of influence (see Annex 7)
PROBLUE	WB	Tanzania	Highly satisfactory – Because it is directly linked to a global public good that is of key interest to Nordic countries and where individual country exposure would be unlikely to be as effective. In Tanzania there was a clear influence in terms of bringing higher awareness and introducing tools of how to manage plastic and other waste that ended up in the sea in the capital city and seven coastal towns.
One UN Fund	UNMPTF	Tanzania	Highly satisfactory – The policy influence on values was strong in Tanzania, especially for: systemic changes to reduce violence for women and children and improve the situation for refugee and highly poor areas of the country.
ESMAP	WB	Kenya	Highly satisfactory – The trust fund (also supported by the Nordic country agenda) supports global public goods and values related to accountability and environmental sustainability and poverty reduction. The framework for the next business plan (2025–2030) is built around recommendations from COP28: triple renewable energy, double energy efficiency, and a just transition away from fossil fuels. ESMAP's analytical and advisory services are integrated with the WB's country financing and policy dialogue in the energy sector.
GWSP	WB	Kenya	Highly satisfactory – The trust fund (also supported by the Nordic country agenda) supports global public goods and values related to accountability and environmental sustainability and poverty reduction. There is a strong global outreach via multiple high-level international sector meetings. In Kenya there was a strong influence in the irrigation sector where reforms on farmer participation were strengthened using tools provided by GWSP.
SEFA	AfDB	Kenya	Satisfactory – In the view of some donors, the AfDB, with its African ownership and country presence, has a strong capacity to influence policy, also in fragile and conflict-affected situations. SEFA promotes important global policy directions on climate change and green energy transition. There have been considerable enabling environment activities.
Joint SDG Fund (Social Protection & Development Impact Bond)	UNMPTF	Kenya	Moderately satisfactory – Policy influences globally is most evident in the area of creating a better environment for financing of the SDGs. Relatively little at the programme level as the fund is a global one. At the global level, the overall influence of Sweden as one of the main donors is high but is mainly on internal matters such as the results framework, reporting, and prioritisation given shortfall in funding.
MPF	WB	Somalia	Satisfactory – The Somalia MPF experience and work with donors impacted the way that the WB developed its general approach to fragile states. Examples include Public Financial Management in an environment fraught with corruption, managing risks in a realistic way by bringing in competences on fragility, conflict and violence, and environmental and social aspects, and the collaboration with the UN through liaison staff that proved to be a good model.
SJF – JPLG	UNMPTF	Somalia	Satisfactory – Model for UN engagement in fragile states – incl. the cooperation between the UN and IFIs. Humanitarian-Development-Peace (H-D-P) approach supported to some extent. Nordic influence on the restructuring of the Joint Programme Local Governance (JPLG) to make it more streamlined and reduce costs.

Source: PEM analysis based on documents, interviews, and fieldwork.

Finding 22: Earmarking within the trust fund was an instrument for influence in terms of setting priorities that had both positive and negative effects – for both UNMPTF and MDB.

In principle, neither UNMPTFs nor MDBs allow hard earmarking and only offer preferencing (except for UNMPTF Joint Programmes that are themselves the earmarking). But in reality, it was possible to earmark and influence the prioritisation of the trust funds – albeit without separate financial reporting. Earmarking enabled the Nordic countries (and other funders) to have considerable influence over the priorities and actions of the trust funds. The influence of hard earmarking was largest in the UNMPTFs as they were usually underfunded, and donors would then decide which parts of the MPTF objectives would be implemented. Examples of positive and negative effects of hard earmarking are outlined below:

- Largely positive – The significant Norwegian funding to the One UN Fund, Tanzania was geographically earmarked to the Kigoma Joint Programme. The scale of funding meant that this joint programme was fully funded, which was an important factor in the success of this programme as it ensured a critical mass of effort; enabled a prioritisation of effort and; by being the main source of funding, promoted the UN delivering as one. In this case the earmarking had highly positive effects. Furthermore, it could also be seen as positive because it was overcoming a weakness in the fund itself, i.e., insufficient funding compared to the ambition level and an inability to prioritise if donors did not. Sweden discussed internally the merits of earmarking or not to the One UN Fund, Tanzania and eventually decided to earmark thematically (e.g., on violence against women and children) in part to ensure greater alignment to the Swedish country strategy but also to ensure sufficient funding to fewer areas of key concern.
- Largely positive – For the Sustainable Energy Fund, Africa, the AfDB report that since the fund is underfunded compared to the needs and priorities of its regional member countries, the thematic and geographic earmarking helps to prioritise and reduce the political tendency to spread funding evenly across themes and countries. Early earmarking by donors helped to advance the approach on mini grids to serve remote communities thematically. Sweden earmarked funding in SEFA to the Desert to Power initiative, which helped launch a major flagship initiative of the AfDB.
- Largely negative – There was heavy earmarking in the UN SJF, which arose in part out of declining confidence in the UNMPTF operations and their ability to prioritise. The earmarking by Nordic and other donors inadvertently had a strong negative effect because the priorities were in reality being set by donors based in Kenya and not the stakeholders in Somalia. At the same time – as for the One UN

Kigoma – it implied that some areas got funded, later showing good results, such as the JPLG.

- Largely negative – In ESMAP, earmarking has been a recurring topic of discussion in the light of drastically increased donor preferencing for the 2021–2024 business plan compared to the 2017–2020 programme. This has led to some distortion in the prioritisation and less attention being placed on long-term actions that provide a wider public good aim of improving the enabling environment for energy investments. As noted by one staff working with ESMAP *“there’s less and less funding for core activities – such as energy and data analytics and foundations – ESMAP might need to set a percentage for core support”*.

Box 4 outlines the factors of influence at the three levels of trust fund, multilateral organisations, and final beneficiaries.

BOX 4: FACTORS OF INFLUENCE BASED ON THE TRUST FUND CASE STUDIES, ALSO DRAWING ON EQ3 AND THE MEANS OF INFLUENCE

Factors of influence at the level of the trust fund, the trustee, and the beneficiaries

Influence of the Nordic countries on the trust fund:

- **Funding size/share of funding** – The volume of funding was the most influential factor – “Volume - we are the largest donor and having heavy influence”.
- **Scale and competence of resources engaged in trust fund management** – Nordic country capacity to provide resources that understood the sector, the technology, the geographic context, and the political economy and had the time to read and comment on reports – and especially where they could bring in specialist knowledge not easily available to the trust fund. An example is the secondment by Iceland of expertise on geothermal energy (ESMAP). Another example is the creation of a gender group for how to ensure equal opportunities in marine initiatives (PROBLUE). (EQ3)
- **Trust fund response** – Whether the trust fund had a formalistic approach to the donors or tended to agree on all matters or had an interactive approach (with the latter providing greater scope for influence as it tended, when agreed on, to permeate at the operational level. An example is the renewed attention given to the theory of change as a means of better designing trust fund actions). (EQ 3)
- **Earmarking** – Both positive and negative effects are possible. The better functioning of the trust fund, especially in terms of prioritisation, the less scope and rationale for earmarking.
- **Embassy engagement in country programmes** – The proximity of the embassies and their ability to interact provides opportunities for high level of influence. An example is in Tanzania where the Swedish funding of a country window in ESMAP led to a constructive alignment with the Swedish sector support and ESMAP.

Influence on multilateral organisations

- **Link to lending programmes** – Trust funds that provided grant funding to support MDB loan preparation were highly influential, and the small grant funded in effect had a policy leverage on much larger loans.
- **Integration of the trust fund into core operations** – Trust funds that supported wider programmes such as those run by the UN.
- **Trust funds are providing inputs and experience that then impact the wider working of the trustees** – e.g., UFGE and HRIE that supported gender and human rights uptake in the WB, respectively, and the SJF that was a front runner in developing the UN approach to the H-D-P nexus, and the SJF and WB MPF in Somalia that developed cooperation ways and methods between the multilaterals that are now being used elsewhere.

Influence on final beneficiaries through support to complex long-term changes related to state building, political economy, change of institutional and social norms, global public goods

- **Scale and financial leverage** – through i) downstream loans; ii) unlocking other finance (e.g., MPF unlocking International Development Association (IDA) grant finance for Somalia); iii) integration in wider programmes typical of the UN; iv) crowding-in private sector funding – although this has not been highly successful.
- **Capitalising on:**
 - **Global and multilateral creditability**
 - **Government relations and convening power**
 - **UN and MDB normative role and international mandates and knowledge**
 - **Country delivery systems**

Managing for Results: Extent to which trust funds effectively capture, communicate, and ensure the clarity and transparency of reported achievements, outcomes, and impacts

Finding 23: The trust funds put greater attention on results frameworks and reporting over time, partly in response to Nordic country pressure – for both UNMPTF and MDB. The trust fund results frameworks have been thoroughly scrutinised by the donors, including the Nordic donors, with some trust funds revising the results frameworks several times during their lifetime. Improving the results frameworks was a main topic of donor dialogue with most of the trust funds. The results frameworks have become more detailed, but it has also been a frustrating exercise with donors noting: *“for us donors, the reporting framework is never good enough”* and trust funds noting *“Every donor has its view on how the reporting should be done.”* Overall, the results frameworks have improved and for some trust funds, such as GWSP, whose results framework is an ecosystem complemented by mid-term assessments, the results frameworks have been complemented by

case study deep dives, project completion reports, and an independent evaluation. It is rare for a results framework for a global/regional trust fund to define an exit level of results. Country programmes in contrast have a start and end date. Target setting was sometimes too low for WB global trust funds (e.g., PROBLUE six-year targets reached in less than two years). The UN trust funds had high targets and higher ambitions that were then often not fully funded and therefore underachieved, e.g., the Joint SDG Fund and the PBF.

Finding 24: Outcome reporting was weak – for both UNMPTF and

MDB. Trust fund reporting is dominated by annual narrative reports that focus on showcasing and success stories. There is a reluctance to focus on mistakes or challenges. The AfDB and some UNMPTFs (Somalia MPTF) use quarterly reports to provide more detailed evidence. The annual reporting gives a ‘snapshot’ of annual activities and outputs rather than serving to reflect and inform on the longer-term outcomes and cumulative results. Other than occasional internal or external evaluations, the trust funds do not have systematic reporting mechanisms for capturing the outcomes. In part this reflects the difficulty of systematic and robust measurement of outcomes that are long term and subject to external factors and difficult to attribute to trust fund activities. The theory of change, which could provide a means of inferring outcomes and impacts, is underutilised. Partly this is due to the nature of trust fund support that is often related to capacity building of institutions. But there are also good examples of outcome reporting, e.g., increase in number of children going to schools that were funded by increased taxes by the municipalities that had been capacitated through support by the JPLG in Somaliland. Interviews, particularly at the embassy level, showed that the Nordic countries and other trust fund donors face a dilemma in satisfying internal demands for immediate and concrete results that are easy to attribute but at the same time aiming for long-term transformative outcomes that are difficult to measure and attribute.

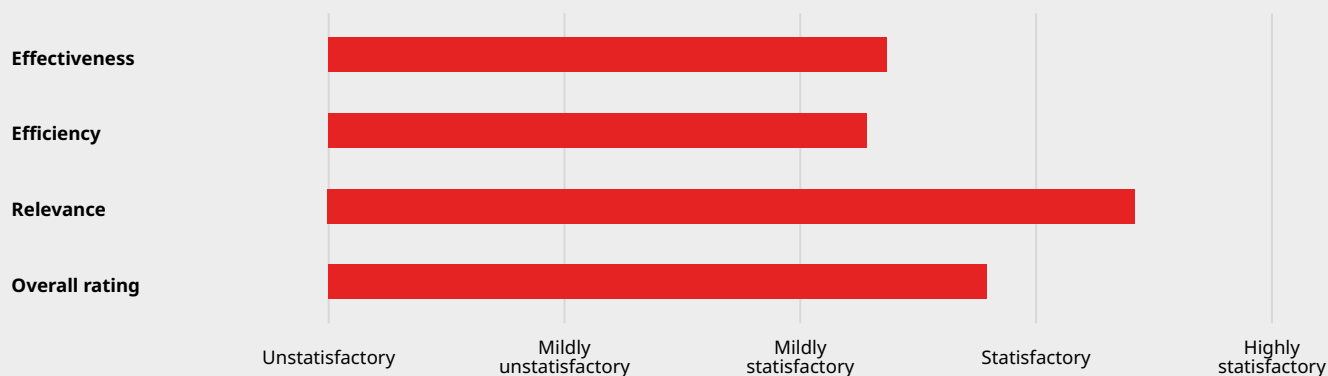
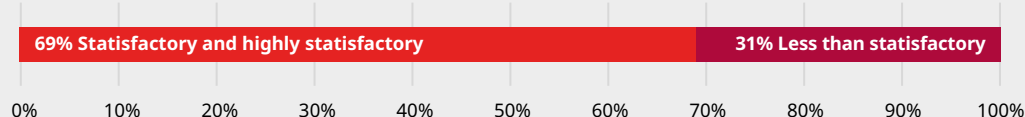
Finding 25: There was weak measurement of the use of global knowledge products – more relevant for MDBs as they mainly supported such products.

Measurement of the use and uptake of global knowledge products has proven to be very difficult, and most trust funds have given up on attempting to measure or report on usage of knowledge products. The Digital Development Partnership has supported 94 knowledge products, including country diagnostics under the Digital Economy for Africa initiative. But there is little monitoring on how these knowledge products are used. An exception is a case in Ethiopia where one report noted that regulation for opening access for small-scale digital providers was guided in large part by the trust fund knowledge product. Practitioners rarely have time to consult knowledge products. An example is that those making use of PROBLUE grants in Tanzania did not consult and were not aware of the PROBLUE knowledge

products available online. Many knowledge products are the outcome of a working process where the main value was in the stakeholder engagement in proposing solutions that were tailored to the specific context. The case study of the Ahero irrigation scheme undertaken as part of the field work is the instance of an example of a knowledge product (irrigator of the future) that was designed to be tailored to the specific circumstances and found to be very useful both locally at scheme level and for promoting reforms nationally.

Effectiveness of the contributions to trust funds, country delivery: The extent to which supported multilateral trust funds delivered expected results

Finding 26: Results have been achieved and in general, the trust fund delivery performance is satisfactory (as evidenced in the sample cases) – for both UNMPF and MDB. Common to much of development cooperation, trust funds generally operate in fast changing and complex settings and often, especially in the case of the UNMPFs, in fragile and conflict-affected situations. The results of trust funds, as is the case with much development cooperation, are thus highly contextual and subject to external factors. Any ratings of performance on results are also affected by the quality of results framework and the level of ambition of the trust fund. Moreover, trust funds are usually composed of many programmes and underlying projects that are usually very different and difficult to compare as they cover a wide range of countries and geographic and socio-economic settings. Bearing this in mind and reflecting the complexity, the evaluation made a composite rating on results limited to eight trust funds where there was significant documentation in terms of available evaluations and multi-source reporting, which could be complemented by field visits (see Annex 7). Based on these sources of information, the trust funds were given an overall rating using the WB criteria from highly satisfactory to unsatisfactory. This composite rating was broken down to the three components of effectiveness, efficiency, and relevance. A summary of the scores is shown in Figure 11. This indicates that the overall rating of trust fund performance on results is largely satisfactory, with relevance being higher than satisfactory and effectiveness and efficiency being slightly lower. Looking at the ratings across all criteria, it was found that 69% of the trust funds were rated as satisfactory or better and 31% as less than satisfactory.

FIGURE 11: AVERAGE RATING ACROSS ALL TRUST FUNDS VISITED IN THE FIELD (N=8)**Average rating across all trust funds****Rating across all criteria****Number of trust funds scoring the rating**

Criteria	Highly Satisfactory	Satisfactory	Mildly satisfactory	Mildly unsatisfactory	Unsatisfactory	Average rating
Overall rating	1	5	2	0	0	3.9
Relevance	3	5	0	0	0	4.4
Effectiveness	0	4	4	0	0	3.5
Efficiency	0	4	3	1	0	3.4
Total across all criteria #	4	18	9	1	0	
Total across all criteria %	13%	56%	28%	3%	0%	
Rating across criteria #		22			10	
Rating across criteria %		69%			31%	

Source: PEM analysis based on documents, interviews and fieldwork.

The field work was able to document tangible results as well as lessons learned in terms of the contribution to change (and in some cases also the absence of change) at the individual programme and project level. A few of these case studies are presented in Annex 7.

The main finding is that the performance of trust funds mirrors the overall capabilities of the trustee organisation.⁴³ This is because trust fund activities are primarily carried out by, and embedded within, the institutional framework of these organisations. This integration is especially evident following reforms like the WB's Umbrella reforms and similar initiatives by the AfDB and UNMPTF. The Nordic countries (and other donors) look to trust funds because they potentially offer features that can support country level delivery and effective and efficient performance on results. The evaluation, based on the justifications put forward in the appropriation processes and confirmed by the inception workshop (6 February 2024), isolated and tested the following features against the full sample of 15 trust funds (see Table 7).⁴⁴

TABLE 7: TRUST FUND FEATURES THAT PROVIDE POTENTIAL ADVANTAGES IN DELIVERY OF RESULTS

Development: Delivery effects	Generate knowledge to enhance development impact
	Scaling effects (by mobilising national public resources, private sector, other donors' efforts)
	Convening power and influence (on national entities, other donors, civil society, private sector)
	Access to skills (by mobilising high level of expertise)
	Access to country expertise (by mobilising country experience, insight, and presence)
Aid effectiveness: Efficiency effects	Reduce fragmentation (by increasing harmonisation of external support)
	Collaboration with other Nordic donors (by providing a forum for close coordination)
	Reduce costs for the donor (by lowering contracting and management burden)

The presence and influence of these features in practice was scored based on a rating system from highly satisfactory to unsatisfactory for all 15 trust funds. These ratings are then grouped into those that are satisfactory or better and those that are less than satisfactory as shown in Figure 12. Against the different delivery effects, trust funds had impressive country delivery effects that were satisfactory or better (ranging from 77% to 85%) – the lowest score was for 'scaling effects' where only 62% of the trust funds had a satisfactory or better score.

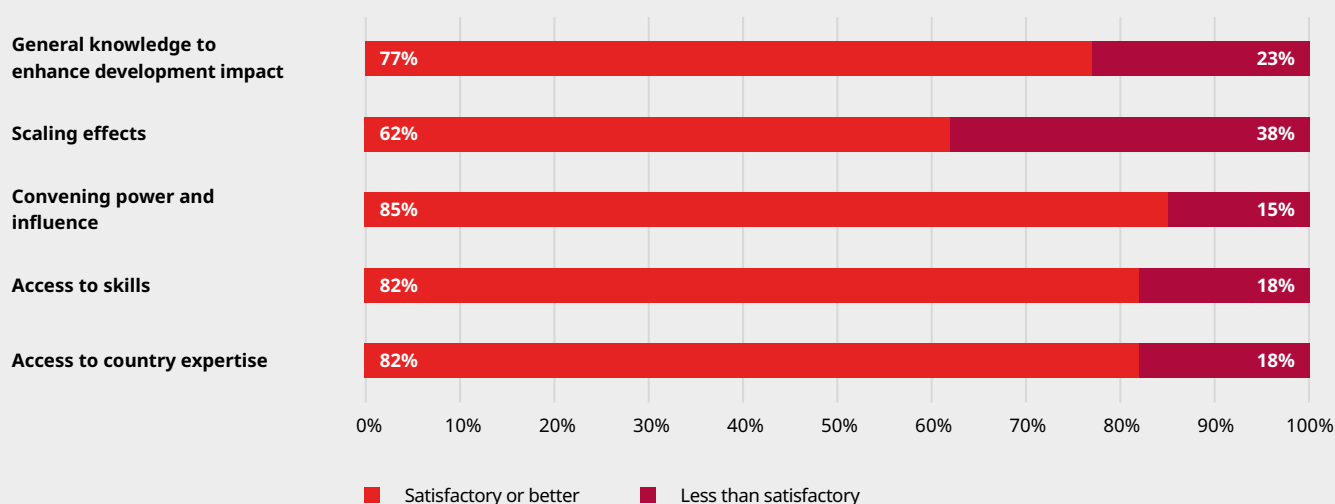
⁴³ There is variation in performance found. E.g., in the UN Somalia fund the performance was low, in the One UN Fund, Tanzania one could say it varied at national level, but the performance was high in the case of the Kigoma Joint Programme. The main point was that it was not the modality of TF that was intrinsic to performance so much as the capability of the trustee organisation.

⁴⁴ Development delivery effects were examined through the lens of country delivery and in particular through evidence of ownership, capacity development and attainment of results. Ownership is enhanced through the factors of convening power, access to skills and especially country expertise.

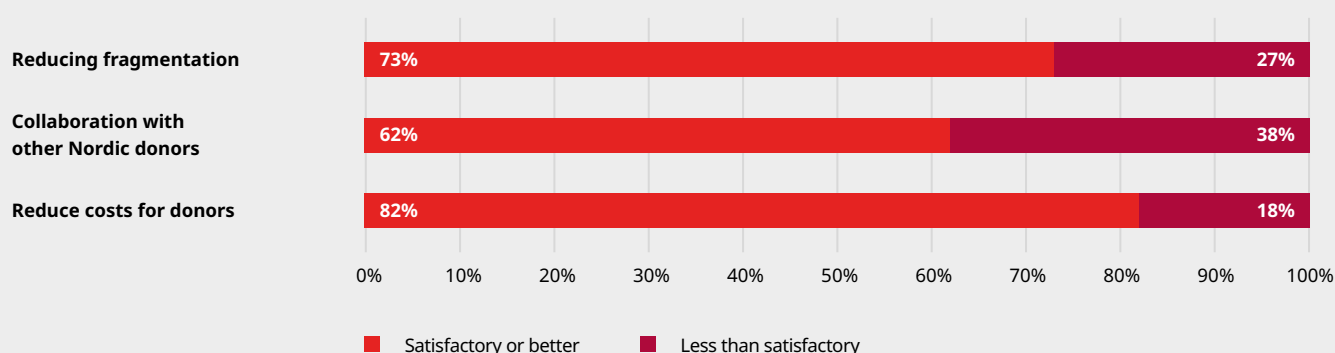
A similar picture emerges for the efficiency effects where close to three quarters or more of the trust funds had features that reduced fragmentation and donor costs. However, nearly 40% of the trust funds did not lead to improved collaboration of Nordic countries – although it should be noted that this was not an explicit goal of the Nordic support to the trust funds.

FIGURE 12: RATINGS ON THE PRESENCE OF TRUST FUND DELIVERY AND EFFICIENCY EFFECTS (N=15)

Ratings against delivery effects (n=16)



Ratings against efficiency effects (n=16)



Source: PEM analysis based on documents, interviews and fieldwork.

Finding 27: There is little evidence of successful crowding-in of private funding – for both UNMPTF and MDB. Some trust funds had expectations of being able to raise and leverage private sector finance. The Joint SDG Fund is built on the premise that public funding alone

will not be able to reach the SDGs. The Integrated National Financing Framework has achieved some embryonic success in coordinating the mobilisation of private funds and contributed to an interesting initiative in Tanzania that, for example, could open pathways for greater private finance. However, to date, at least for the sample examined, little additional private sector finance has been raised by these efforts. The joint SDG programmes in Tanzania and Kenya have not leveraged significant private finance, and even the so-called Development Impact Bond in Kenya is in effect dependent on donor (or philanthropic) funding and does not raise private capital.

However, the Joint SDG Fund does note and provide evidence that, outside the sample that was looked at, the fund has leveraged private sector financing mainly through the SDG investment vehicles/solutions it supports. For instance, in Uruguay, over USD 6 million have been committed by local commercial banks to the Renewable Energy Innovation Fund, where the Joint SDG Fund provided first-loss capital. Similar arrangements have been made in Zimbabwe, North Macedonia, and other countries, unlocking over USD 50 million to date from the private sector. Additionally, the fund has supported the launching and accountable management of a number of SDG, sustainability, thematic (green/blue) bonds in Indonesia, Cabo Verde, and other countries, which have reportedly cumulatively raised over USD 5 billion.

The AfDB SEFA fund launched a number of innovative projects such as the Africa Renewable Energy Fund, which is structured as an equity capital fund and intended to bring in private sector finance. However, the first round 2012–2020 was mainly funded by Development Finance Institutions with less than 6% being funded by the private sector despite attractive de-risking features. Raising private capital was also difficult for PROBLUE and ESMAP, both of which aimed to raise private capital, especially as they operated in thematic areas with a potential for this. PROBLUE and ESMAP have led to significant public sector borrowing supported by the WB but only very limited direct private sector finance – although there are still opportunities for downstream effects that might bring in private finance. There are exceptions, however, and one of the ESMAP-supported projects, the Renewable Energy Sustainable Renewables Risk Mitigation Initiative, was particularly successful in attracting private investment. The URTF has high ambition levels for private capital mobilisation and has so far delivered on those through investing in agricultural credits in the banking sector in Ukraine, unlocking an additional USD 1 billion for agricultural finance from private sources.

Finding 28: In the three sample cases examined in depth, ownership was higher for UNMPTFs at local level than at national level, where ownership was not always high. The ownership of the UNMPTFs at the local government level was found to be high in all the three trust funds

and programmes reviewed and visited in detail. A good example is the Kigoma joint programme in Tanzania where government officials at all levels down to the sub-district were able to explain in detail the strategic objectives of the programme, show how it supported and was integrated into their plans, as well as provide day-to-day details on the progress, challenges, and successes. At the national level, ownership was less evident. In Tanzania, the political situation with the previous government led to tension, and government support was even withdrawn from one trust fund programme (the Leave No One Behind programme under the Joint SDG Fund). In Kenya, the central government was supportive of the social protection programme, but since the operations were mostly at local government level, it was there that the ownership and engagement was highest. Similarly, the ownership of the Somalia JPLG was very high at the municipal level in Somaliland but less so at the Federal Somalia Government level, particularly due to the SJF's and JPLG's limited use of country systems for delivering support.

The UNMPTF concept lends itself to responding to complex multi-institutional challenges that require tight coordination to be successful. However, a dilemma was observed that this results in the coordination of different parties being led by the UN rather than by the government. Whilst a facilitating role can be very valuable to bring institutions together, the even more difficult process of handing over of leadership of the coordinating role was not yet evident in Kigoma. This was mainly because it was a work in progress, and the innovative concepts being introduced needed to be proved before being institutionalised. In Somaliland, the JPLG had led to the municipalities being able to increase taxes and provide an increasing share of the funding for health and education. Despite this, UN organisations having been part of the JPLG continued to fund key service areas of municipal competence and capacity in health and education through support for Non-Governmental Organisations (NGOs) in a parallel system to the municipal. The high fiduciary performance of the UNMPTFs and the tendency to use UN staff and NGO contractors have the potential to work against local level ownership. A careful balance needs to be struck, and this was successfully achieved in the cases examined in Tanzania and Kenya. However, it did cause challenges in Somalia where the use of NGOs potentially bypassed and undermined the delivery systems of the municipal systems that the UNMPTF itself had contributed to putting in place. In part, this could be an issue of when to move in the pathway from the humanitarian to the development modus operandi and how fast – with the UNMPTF tending to err, in that case, on the side of hesitation.

Finding 29: Government ownership of MDB global/regional trust funds was variable, but stronger where there was a clear link to a loan programme. Ownership of MDB trust fund activities lay in their role of paving the way for subsequent loans, which are ultimately

implemented by the government. While the MDBs often originated the use of these trust funds, PROBLUE was an exception, as it involved an official process where initial concept notes were requested from the government before being further developed into full trust fund applications by the local WB office.

Even when MDBs initiated and developed trust fund studies or interventions, this process was usually conducted in consultation with government bodies and aligned with their needs. Several examples, both from fieldwork and desk reviews, highlighted that even when an MDB originated the initial concept, the resulting studies and interventions were well-received and utilised by the recipients. For instance, the study on the cost of environmental degradation in Tanzania actively involved the National Environmental Management Council, which found it highly beneficial and transformative for their work. Another notable case is detailed in Annex 7 ('Irrigator of the Future'). The AfDB's Desert to Power initiative under the SEFA trust fund also demonstrated strong local anchoring and government ownership. One field-tested case showed that end recipients lacked a strong sense of ownership over a waste management study and its plans for their town. This was primarily because the study and associated investments were not locally initiated but rather stemmed from discussions between the WB and the national government. Although this particular study was developed through a participatory approach and addressed local needs, significant risks of low local ownership remain. Ultimately, local ownership will depend on the success of the planned investments that the study is designed to support. While bank-executed studies offer significant operational and efficiency benefits for loan preparation, Nordic donors have understandably raised concerns that more should be done to increase recipient-executed operations. This would allow those responsible for implementing downstream loan programmes to play a more active role during the preparation phase.

Finding 30: MDB country-level trust funds on the other hand had high levels of government ownership. The Somalia MPTF, for example, demonstrated high government ownership as it had basically contributed to the normalisation of the Somalia government's relations with the international community, supported the economy, and built the systems for key government institutions and functions, which helped enhance their credibility and the performance of the government. The URTF had strong government ownership, leading donors to limit their influence on priority setting out of respect for Ukraine's leadership in directing funds. Similarly, AfDB trust funds, managed by an African-led organisation, showed potential for greater ownership, particularly in implementing reforms and improving the enabling environment. Although direct evidence of this was mostly anecdotal.

Finding 31: Direct capacity development was an integral part of most UNMPTFs, and there are examples of good results of capacity building at recipient level. The success of capacity building is closely linked to ownership. In general, despite the modus operandi of using UN staff and NGOs, there was strong evidence of capacity development, and examples include:

- Introduction of new approaches to gender and violence against children in the Tanzania policy academy (through the One UN Fund, Tanzania), which was found to be highly transformative.
- The UNMPTF JPLG, which provided support for local government policy development and capacity building at municipal level in Somaliland and Puntland.
- The PBF, which supported capacity development of UN agencies to operate in and analyse crises to address them more effectively and capacities of stakeholders in countries to facilitate mitigating actions, leading to improved local capacities for peacebuilding.
- The HRM Fund supported human rights advisors for UN RCO offices that then supported capacity development in the RCO and country institutions, e.g., the Human Rights Commission in Somaliland.

Finding 32: The major capacity development effect of MDB trust funds was through the downstream loans. Capacity was developed through participatory decision-making processes during the many studies financed under especially the global/regional trust funds, and the knowledge products that were often produced as part of these studies testify to this. An example is the study on the cost of environmental degradation in Tanzania, which actively involved the National Environmental Management Council. However, the main capacity development effect was in the downstream loans or, in the case of Somalia, the grant operations, because this is where there was sufficient time frame and critical mass of activities to develop capacity at the levels of the enabling environment, the institutions, and individual level. The WB country trust funds in Ukraine and Somalia successfully supported building local capacity and especially Public Financial Management systems in key line ministries with slower progress at lower levels of government. A feature of MDB projects is the use of project implementation units, e.g., in Somalia. There is a trade-off and a balance to be struck between ensuring efficient and effective operation through use of project implementation units and using country systems and staff to build capacity from within. This was to some extent, in the context of Somaliland, addressed by hiring government employees for the units with small top-ups. For the Ukraine country trust fund, using country systems was found suitable in part because of a high level of national capacity.

Box 5 outlines some of the factors that affected result performance. These are largely recognisable from experience of overall development cooperation.

BOX 5: RESULT FACTORS (MOSTLY COMMON TO ALL DEVELOPMENT COOPERATION)

Positive factors

- **Ownership/willing government** – Examples of central government in Somalia with the WB MPF and Civil service development, ESMAP in Kenya/Examples of local government in Tanzania with the Kigoma JP and JPLG Somaliland.
- **Engagement with private sector** – Example of AfDB SEFA fund and African Renewable Energy Fund and Joint SDG Fund for Development Impact Bond in Kenya.
- **Trustee local office** – Rigorous follow-up and coordination by the local office: Many examples across the UN and MDBs.
- **Link to loans for MDBs** – As they bring scale and financial engagement and heighten government interest and engagement (Somalia and Ukraine).

Negative factors

- **Insufficient critical mass of resources** – Trust fund activities spread too thin among too many themes and countries and implementing agencies and with insufficient time and resources for quality programme and implementation.
- **High ambition, complexity, and abstractness of the concept** – As noted in the UN (2023) evaluation, the ambition level is high and often too complex. An example is the lack of understanding of the Joint SDG Fund.
- **Communication** – The value proposition and fundraising among donors were not as strong as required.
- **Internal trust fund management** – The case of the SJF UN Somalia: The transaction costs became huge, and the UNMPTF was not able to reform itself. Donors had to step in.

3.5 EQ 5 – Efficiency

What is the efficiency of Nordic support for trust funds?

SUMMARY

Nordic countries' approaches and guidelines to programming and oversight varied, implying that the administrative and transaction costs for the donors varied. From Iceland, with very lean processes, to Denmark, which had one set of procedures not distinguishing between development partners and modalities, and Finland, Norway, and Sweden in between. **There was attention to efficiency and administrative costs of trust fund operations in the Nordic countries, and it was an issue that trust fund budgets and financial reports were inadequate to make proper assessments of efficiency and cost effectiveness.** At the same time, a narrow focus on overheads and salaries, or the share that reaches the beneficiaries, was also inadequate as a measure of efficiency, as most trust funds were engaged in policy reforms and institutional development where the benefits for the end beneficiaries could be huge, dependent on the choice of investment and its implementation, also reflecting the investment's scalability and replicability. The high costs of UNMPTFs were, to some extent, linked to the slow progress on One UN reforms, but were also a result of the operating environment and model. Costs related to the use of MDB trust funds, generally, were low, particularly for large recipient-executed trust funds, also reflecting the operating model, but neither the WB nor the AfDB had full cost recovery from trust fund operations. **In general, the efficiency of the trust funds matched the efficiency of the multilateral organisation because the drivers of multilateral organisation costs (incl. overhead costs) were governed by internal trustee procedures and regulations, which had been accepted by the Nordic countries and other donors.**

This question examines the efficiency of Nordic countries' trust fund contributions in two dimensions: 1) with regard to the efficiency of Nordic countries' administration of the trust funds, incl. differences between the Nordic countries, and 2) with regard to the efficiency of the trust fund operations, incl. the size of the administrative costs (including overhead costs), and cost transparency.

Finding 33: There was a high degree of variation among Nordic countries' approaches to programming, managing, monitoring, and reporting on trust funds, with some countries having lean procedures and others managing trust funds as any other development contribution. This had an impact on the administrative costs of the donor – for both UNMPTF and MDB. Interviews conducted for the trust fund sample indicated large variances in practices and approaches between countries and within countries, as explained in greater detail below. Over the past decade, there has been increased attention to the efficiency of all ODA, including the multilateral

organisations, as reflected in the Norwegian “follow the money studies”,⁴⁵ which investigated the share of the funding channelled through trust funds that reached the beneficiaries. Also, scrutiny by national audit offices in Sweden⁴⁶ and Norway⁴⁷ generally pointed to issues related to follow-up and monitoring of results and costs as well as limited systematic learning across the trust fund portfolios.

Nordic donors’ guidelines and practices for programming grants to trust funds showed significant variations – from lean to heavy, impacting the transaction costs of the donor. The Nordic countries had longstanding cooperation with the organisations and were represented in the governing bodies where matters related to cost effectiveness and administrative efficiency were discussed and decided. In addition, the Nordic countries were strong supporters of the Multilateral Organisation Performance Assessment Network assessments providing multi-dimensional assessments of organisational performance that donors could draw upon in their own assessment of performance of various multilateral organisations.⁴⁸ This should allow for lean programming processes as the basic underlying features of the implementing partner were well known. Denmark had the most elaborate programming process using the Aid Management Guidelines that applied to all projects and programmes irrespective of the partner or the modality. Norway, Sweden, and Finland conducted appraisals of trust fund documents and results frameworks using a set of predefined questions, which were then internally quality assured before a final decision to allocate the grant or not was made. Iceland followed a streamlined process (maximum two pages), responding to a few well-crafted questions focused on alignment with Icelandic policies and anticipated outcomes.⁴⁹

Monitoring and reporting on results from trust fund contributions was evolving and attempts to enhance learning were underway. In general, Nordic staff underscored the inherent difficulties related to reporting of results from trust fund contribution. Sweden and Norway had detailed requirements for monitoring and reporting.⁵⁰ Sweden systematically made Conclusion on Performance reports for monitoring and learning

45 Norad Intern revision: B2202-07 Pengestrømsanalyse. Et kunnskapsgrunnlag om pengestrømmer i multilaterale kanaler og fond. Hovedrapport.

46 Sveriges Riksrevision. Svenskt bistånd till multilaterala organisationer – regeringens och Sidas arbete. RIR 2021:28.

47 Norges Riksrevisjonen: Investigation of Norway’s development assistance through WB Trust Funds Document 3:4 2021-22.

48 Sida had its own assessment of some multilaterals. E.g., Sida: Central Assessment for contribution management WB Group 2021.

49 Annex 7 contains information on Nordic countries’ administrative and financial management practices – where they have been made available.

50 Norad Internal document: Good practice Note How to work with Fund Mechanisms 23.03.2023.

purposes.⁵¹ Finland reported on trust fund contributions at country level as part of the annual country monitoring reports, and Norway, Denmark, and Iceland reported using the trust fund reporting. There were only few examples of bilateral reviews undertaken by the Nordic donors in the sample, e.g., Denmark and Norway carried out a review of SEFA, and Denmark carried out a review of the support to the SJF as part of its Somalia country programme review. There was scant evidence of systematic follow-up and learning by comparing trust fund experiences and lessons learned across trust funds and organisations within Nordic administrations, except for staff meetings as referenced in interviews. Denmark had started a system for annual stock-taking of trust funds, and the establishment of Trustee Contact Groups composed of the relevant staff involved at head office and embassies could be used to share learning – but this is voluntary and not yet fully implemented.

Finding 34: Decisions were made to support trust funds without sufficient consideration and budgeting for the staff inputs and oversight needed – although this was changing in some countries – for both UNMPTF and MDB. A key lesson highlighted by Nordic staff managing trust funds in the trust fund sample was the importance of allocating adequate resources for effective follow-up incl. policy dialogue. Typically, Nordic country staff reported to dedicate between 10% and 30% of a full-time position to fund management. The level of staff inputs generally reflected the overall human resources situation with Iceland, Finland, and Denmark having smaller inputs, e.g., by one person managing many trust funds. The policy priority attached to the fund and size of the contribution was important for allocation of staff (see also EQ3). Sida was working to streamline and simplify trust fund management to better balance the resources spent on assessing and appraising contributions with those devoted to follow-up and dialogue, and recently Denmark undertook to do the same. Trust fund management was often either unsupervised or guided by standard project routines, which did not align well with the specific needs of trust fund activities. Norway was the only country with a system in place to develop mandates prior to participation in trust fund meetings, which enabled progress reviews and yearly internal discussion. The practices for other Nordic countries varied depending on the person responsible for the trust fund. Trust funds managed at the country level generally receive more hands-on oversight compared to those managed at headquarters, as they were often treated similarly to other development engagements.

51 Sveriges Riksdagsrevison. Svenskt bistånd till multilaterala organisationer – regeringens och Sidas arbete. RIR 2021:28 pointed to lack of routines for follow-up by UD (page 42) and lack of Sida use of learnings from previous contributions (page 48).

Finding 35: The drivers of multilateral organisations' costs (incl. overhead costs) were governed by internal trustee procedures and regulations, which had been accepted by the Nordic countries through their participation in the governing bodies of the UN and MDBs.⁵² Established cost norms from overhead costs, salaries, and benefits to security measures and information technology, procurement rules, etc., along with effective cost controls, accounting, and auditing rules, were accepted for the organisations as a whole providing a framework for efficient use of resources accepted by the member states of the organisations. Nevertheless, the cost norms for in-house implementation by the WB and UNMPTF are often significantly higher – double or more – compared to services independently contracted through the private sector or NGOs. A study in Tanzania in the Kigoma area, for example, revealed that an NGO could perform comparable work at half the cost of a UNMPTF project, and interviews confirmed that this was usually the case when comparing UNMPTF and NGO implementation in Tanzania. Despite the higher cost, this may be a better deal for the donor compared to directly working through NGOs or the private sector as stressed by Nordic trust fund managers managing both types of modalities, in part due to lower risks (incl. fiduciary risks) associated with the UN and the WB. The high level of costs could also be justified where there were comparative advantages of working through trust funds related to normative capacity and closeness to government, bringing about results, scalability, and long-term sustainability of the interventions that cannot be expected from support channelled through NGOs or the private sector. Box 6 provides examples based on case studies from the evaluation.

Finding 36: Budgets and financial reports were inadequate to make assessments of cost effectiveness and efficiency. This was particularly the case where trust funds supported policy and institutional change, which was the primary objective of the trust funds examined. As in other development assistance it was rather the choice of the activities and their implementation that determined the cost effectiveness of the endeavour – for both UNMPTF and MDB. Trustee staff generally agreed that it was a core task of the trust fund manager to provide insights into the use of funds and the cost effectiveness (100% of the MDB respondents and 80% of UNMPTF staff (Annex 5, figures 27 and 28)). However, as a Norwegian internal audit study revealed, reporting on multilateral cooperation incl. trust funds was inadequate in two aspects: 1) the relationship between the results and the costs incurred to achieve those results (the cost effectiveness), and 2) the extent to which the contributions

⁵² The salaries and benefits in UN organisations are decided by the General Assembly on the recommendation of the International Civil Service Commission, and the salaries and benefits in the WB are decided by the WB Board.

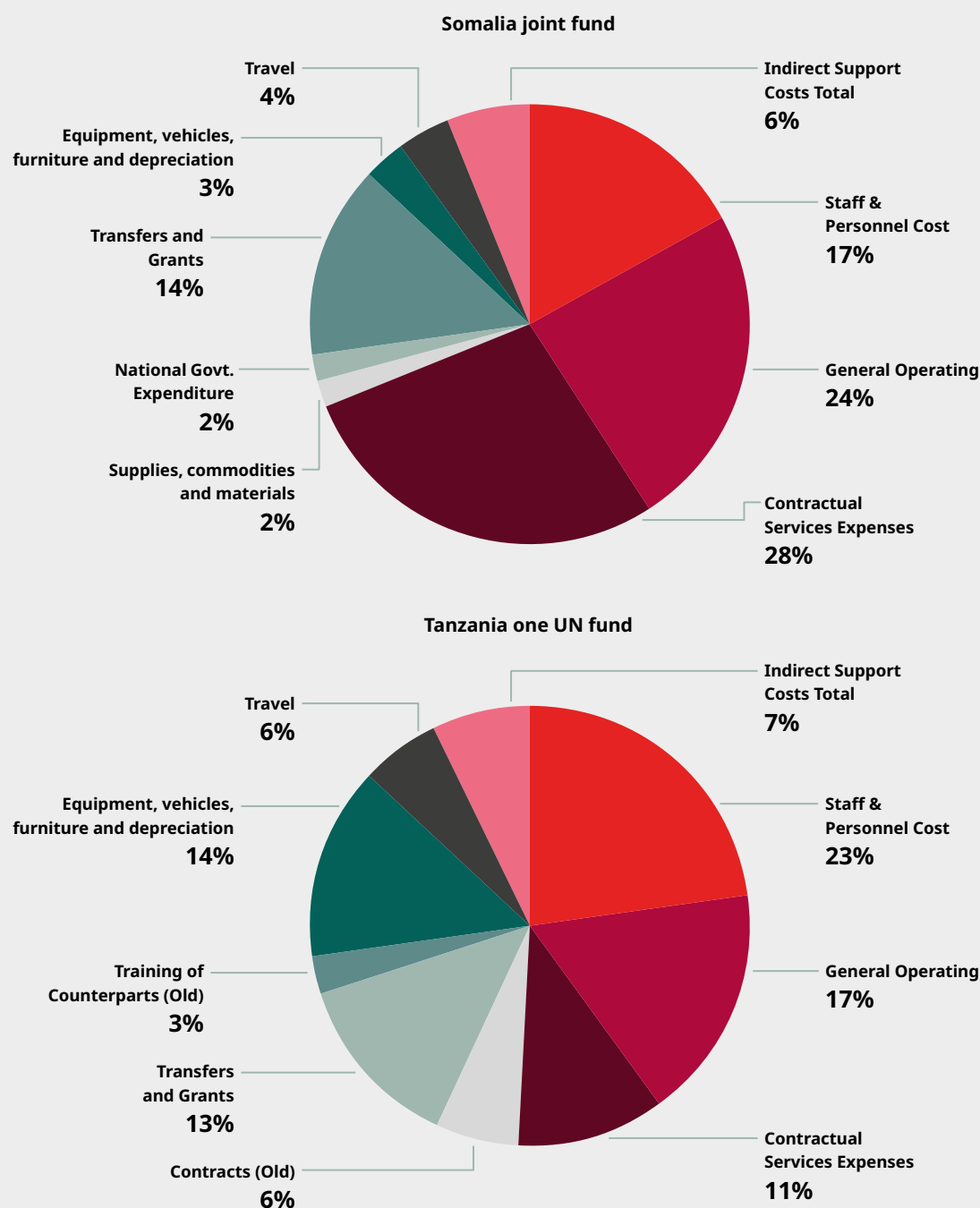
stayed with the organisations or reached beneficiaries.⁵³ There was an understandable desire to assess efficiency by determining “what reached beneficiaries” and to examine overhead costs and implementation chains to estimate how much of the trust fund directly benefited the end recipient. Even though this approach has merit for some types of projects, it proved inadequate for evaluating cost effectiveness for the trust funds that were primarily aimed at policy dialogue with the government, capacity building, and institutional development, because estimating the proportion of trust funding expenditure directly on beneficiaries would not be a sufficient metric for measuring systemic change results. Judging the cost effectiveness of these types of trust fund contributions required assessment of long-term impacts – from normative, capacity-, and institution-building efforts (UN and MDBs) as well as the outcome of follow-up lending (MDBs).

BOX 6: MEASURING COST EFFECTIVENESS: THE CASES OF ONE UN KIGOMA AND JPLG SOMALIA

Cost structure data from the Tanzania One UN Fund and the SJF provided a similar picture of apparently low levels of direct support for beneficiaries but also underscored the inherent difficulties in assessing what reaches beneficiaries. Based on the figures available (see Figure 14), less than 30% of funds to the Tanzania One UN reached the beneficiaries directly, and less than 42% of the SJF reached the beneficiaries directly.⁵² It was difficult to assess whether this was cost-effective. As the case study of the Somalia JPLG in Somaliland showed, capacities at municipal levels had been built and institutions developed, which allowed for tax generation and continued investment in education and health beyond the lifetime of this particular intervention, suggesting that the cost effectiveness could be quite high. Furthermore, as the Tanzania One UN Fund case study showed, the UN was better positioned to dialogue with government and local authorities compared to, e.g., NGOs. Further, working through the UN proved its potential for scalability and replicability across Tanzania that channelling the support through an NGO would not automatically imply. In general, for most of the types of activities of the trust funds, perhaps with the exception of humanitarian action or infrastructure projects, it is not meaningful to measure efficiency based on the level of funding that directly reaches beneficiaries. In both cases, costs are impacted by the operational context and the need for security, etc., and the operating model which is direct implementation by the UN organisations.

Source: PEM analysis based on available documentation.

- 53 Norad Intern revision: B2207-07 Pengestrømsanalyse. Et kunnskapsgrunnlag om pengestrømme i multilaterale kanaler. The studies involved flow-of-funds analyses of support to trust funds – but it proved difficult to follow the funds through to the beneficiaries as the reporting did not allow for such an assessment.
- 54 Funding for staff and personnel costs was 17% and 23%, respectively. This category includes expenditure for staff providing advisory support for the project (e.g., for the government, municipality, and implementing partners) that would otherwise have been contracted through consultancies (Trust fund case study SJF regarding the JPLG). Then there were other costs associated with the MPTFs related to indirect costs of 7%, costs of running the full operation related to vehicles, travel, etc. Transfers of grants for governments or NGOs (if not part of a contract) accounted for 13% and 14%, respectively, and contracted services for 17% and 25%, respectively, part of which will reach beneficiaries.

FIGURE 13: EXPENDITURE OF TANZANIA ONE UN FUND AND THE SJF BY COST CATEGORY⁵³

55 Note: The above cost categories are reported as per the agreed eight categories for inter-agency harmonised reporting in line with the adoption of IPSAS by the UNDG in 2012. UNSDG | UNDG Guide to the Common Budgetary Framework and https://www.un.org/esa/coordination/pdf/harmonization_of_expenditure_categories.pdf.

Finding 37: High costs associated with implementation through UNMPTFs were impacted by the slow progress on UN inter-agency reforms and harmonisations of systems, but also the operating environment and the model of operation played a role.

The UNMPTF evaluation⁵⁶ found that while UNMPTFs helped reduce transaction costs for donors, transaction costs for agencies and RCOs increased substantially due to the need for additional negotiation, planning, and cooperation to access often small funds available. These higher transaction costs were not seen to improve the programme, but the evaluation acknowledged that there might be benefits from improved UN country team and inter-agency cooperation possibly also vis-à-vis the government. The evaluation also did not see a change in inter-agency competition for funding.⁵⁷ In the context of this evaluation, UN organisation field staff in interviews in Kenya, Somalia, and Tanzania pointed to ways of improving the effectiveness and efficiency of inter-agency collaboration to reduce costs. In the case of Somalia, the JPLG was originally set up with five senior staff and staff for programming, monitoring, gender analysis, etc. for each of the five PUNOs involved in the original Joint Programme, and with heavy coordination on the sharing of the funds. Over time, the silos between the five organisations had been broken down and coordination of PUNO activities improved. At the country level, MPTFs required strong leadership from the RCO.

Variations in programming methodologies, results monitoring, and reporting systems across UN agencies continued to hinder effective joint programming, flow of funds, financial reporting, and hence inter-agency cooperation. Most PUNOs were now adopting or planning to implement Quantum, an integrated system for finance, procurement, and project management across UN agencies. Once fully in place, Quantum is expected to improve internal efficiency within PUNOs, facilitate stronger inter-agency cooperation, and streamline results reporting. Although cooperation between UN agencies at the country level had improved, this progress had not always been reflected at the headquarters level, limiting the full implementation of UN reforms. As has been referred to previously (EQ2 and EQ4), the operating model implied direct implementation by the UN organisation in fragile context, also adding to the costs.

Finding 38: The administrative costs of MDB trust funds was fixed and generally low for larger funds. Neither the WB nor the AfDB had full cost-recovery from the trust fund operations, but trust fund activities reduced costs related to ensuing loan operations

56 Evaluation of UNDP Inter-Agency Pooled Financing (2018), page 34 Also confirmed by previous evaluations.

57 Evaluation of UNDP Inter-Agency Pooled Financing (2018), page 45.

and supported WB knowledge generation, hence benefitting the clients. The cost structure of WB trust funds depends on whether they are bank-executed or recipient-executed (WB Trust Funds: New Cost Recovery Framework – 2021). For bank-executed trust fund activities, a flat rate of 12% is charged to the disbursement from the trust fund while for recipient-executed trust fund activities, the rate varies from 5% for the first USD 50 million to 2% for commitments above USD 1 billion. Bank-executed trust funds have little going to beneficiaries directly. Later benefits arise with the ensuing loan operations. Country level recipient-executed trust funds such as the URTF had a very low level of costs compared to its size (programme management costs 0.06% and cost recovery 3.56% in 2023). This is primarily related to its mode of operation where the WB works through the government and builds capacity at that level, often using project implementation units which are paid separately, e.g., as part of the loan. The WB is not geared for operating at lower levels of government nor engaging in direct implementation. For these, the WB relies on for example the UN, as in the case of Somalia. Neither the WB nor the AfDB had full cost recovery from trust fund operations. It was a policy goal for the WB to achieve full cost recovery, whereas the AfDB at the moment had a policy to provide support for trust funds from own resources.⁵⁸ The Umbrella reforms have reduced the fragmentation of trust funds and enhanced the relevance of WB trust funds by consolidating their number and aligning them more closely with the WB's strategy. A similar alignment process has been going on in the AfDB. However, the role of trust funds in financing administrative budgets and the incentives for trust fund managers to actively raise funds, in particular if their position was at risk, continued to raise questions by bank management and the WB Board as to whether the trust funds might counteract the long-term and ever ongoing efficiency reforms internally in the WB by creating opportunities for the WB to employ more staff than they would otherwise have been able to.⁵⁹

58 Interview with AfDB.

59 See e.g., Trust Fund Policy January 19, 2021. According to interviews, this is a topic of ongoing discussion alongside cost recovery of trust funds within the boards of the MDBs.

4 KEY LEARNINGS FOR SELECTING BETWEEN MULTILATERAL MODALITIES AND TRUSTEES

The following section pulls together lessons of importance for Nordic country staff when considering whether to use the trust fund modality, combining promotion of key thematic priorities and countries with multilateralism. The lessons are informed by the above analyses of trust fund support. To further strengthen the utility for staff of the findings presented above, the pros and cons of providing funding through MDTFs compared with core funding as well as single-donor trust funds have been added based on the evidence provided by this evaluation and previous evaluations, not least the recent evaluation by Denmark of support to multi-bi projects that covered both support to MDTFs and single-donor trust funds. The option of support through Financial Intermediary Funds has similar features as supporting key policies and multilateralism at the same time. Support through Financial Intermediary Funds has not been included here as this would have required a separate analysis that is beyond the scope of this evaluation.

There are trade-offs for the Nordic donors and the multilateral organisations between core-funding, MDTFs, and single-donor trust funds. Table 8, which draws on the case studies and interviews with donors and trustees, provides an overview of comparative advantages and drawbacks of funding MDTFs compared to core contributions and single-donor/single-agency trust funds.

TABLE 8: COMPARISON BETWEEN THE SUPPORT THROUGH AN MDTF, CORE FUNDING, AND SINGLE-AGENCY FUNDING FROM THE POINT OF VIEW OF THE DONOR

	Comparative advantage of MDTF	Drawback of MDTF
Comparison between MDTF contribution and core funding	• Direct contribution to policy priorities that are closely aligned with those of the Nordic country • The importance of a policy objective raised in a policy dialogue can be amplified by providing funding for that policy • Improved accountability and oversight of the use of funds as results from the trust fund are monitored, and reported on, and the contribution from the donor is visible in the reporting • Enhance the donor's ability to report more detailed on the results of its multilateral contributions • Ability to mobilise more funding for a Nordic priority • Mitigates that core funds are spread too thinly over many priorities	• Reduces the multilateral organisations' flexibility and ability to respond • Risks of fragmentation and duplication of effort as the multilateral responds to various donor priorities rather than to the overall policy priorities that have been agreed in the member state-based governing bodies, potentially reducing effectiveness and relevance of the multilateral organisation • Increased administrative costs due to variances in donor demands with regard to administration, follow-up, and reporting, potentially reducing the efficiency of the multilateral
Comparison between MDTF and single-donor/single-agency fund	• MDTFs allow for aid effectiveness by pooling donor resources for bigger impact, also using global convening power of multilaterals to pursue Nordic policy priorities • Aid effectiveness at country level by pooling of resources and leveraging policy influence of the multilateral and scaling of funding • Avoidance of drawing multilaterals into minor donor driven policies with risks related to fragmentation and duplication – see also above related to core funding • Likely to be more effective and produce better results if the project is owned by the multilateral, this is particularly the case for UN single-donor trust funds, where funding is the main motivating factor⁶⁰	• Reduces the donor's ability to ensure complete coherence with own priorities incl. its ability to influence the results framework • Reduces accountability as reporting is done at MPTF level, and there is only the opportunity of soft earmarking, and financial statements cover the full trust fund • Reduces opportunities for visibility – should the donor wish to have visibility and recognition for the contribution • In the context of the UN, reduces the opportunity built on a long-lasting cooperation with one UN agency

60 This evaluation did not look at single-donor/single-trustee funds as they were not included in the trust fund sample. This conclusion derived from the Danida Evaluation of the Multi-bi Interventions: "large, multi-donor, programmatic and soft earmarked engagements typically fared better than small, project and hard-earmarked engagements. Many of Danida's poorly performing hard-earmarked contributions were small, and most of these were Danida-only engagements." Summary, page 17.

UNMPTFs offer a strong competence based on their UN mandates, global normative role, country presence, and operating models in support of human rights, political and peace processes, and delivering services in fragile contexts, being able to work across the humanitarian-development-peace nexus (H-D-P nexus). In fragile states, the UN has opportunity for large-scale direct implementation that comes with considerable costs but are also often the only option for delivery at scale. As country situations improve, lessons from this evaluation saw evidence of inertia in the UN to shift its operating model towards working through local channels in support of long-term sustainability.

The MDB's trust funds offer strengths related to knowledge generation, large-scale data collection and analytical capacities, policy leveraging with governments, and financial mobilisation, paving the way for large-scale operations implemented by the governments. The MDB's operating models were not geared to implementation at lower levels of government and hence, are less suited for fragile states, leading, in some instances, to opportunities for collaboration with the UN.

Focussing on the overall cost effectiveness and choice of what and how to support was more important than assessing the internal administrative efficiency (which, while still important, is driven mainly by the cost structures of the multilateral organisations). Some trust funds had high administrative (incl. staff) and delivery costs, which did lead to questions about the efficiency of the operation. While it is important to have overview of the total costs (overhead, administrative, and delivery costs), it is equally important to assess these costs in the context of the desired outcomes. For some trust funds, these outcomes would only materialise in the medium-long run as they depended on improved loan operations. Assessing results related to capacity building also proved difficult, making cost effectiveness measures less straightforward but nevertheless important to continue to assess. At the same time, simple efficiency comparisons with NGOs and private sector operators as implementing modalities overlooked the potential additional benefits of working through multilateral trust funds related to policy leveraging, scaling, and replicability in a partner country and potentially across countries.

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Conclusion 1: The overall increasing trend in Nordic support through UNMPTFs and WB trust funds from 2005 to 2021 came to a halt in 2022 – but increased in 2023 for the WB due to a large contribution from Norway to Ukraine. Support for the AfDB continued to be steady, albeit at a lower level. The Nordic countries' increased support through trust funds until 2021 reflected increased aid budgets and a growing share of overall aid channelled through multilateral organisations. The decrease in support through UNMPTFs in 2022 and 2023 reflected, in particular, humanitarian assistance increasingly being delivered directly to OCHA. Support through the WB trust funds after a flurry of trust fund contributions in the early 2000s also showed a slight increase over the period (2006–2021), but decreased in 2022, picking up again in 2023 due to large contributions to Ukraine. Support through the AfDB fluctuated, depending on contributions to a few trust funds. Apart from support for Ukraine, the decrease in funding for the UNMPTFs and the WB in recent years might also reflect that the share of ODA channelled through multilateral organisations decreased from 2021 to 2022 for all Nordic countries, except Iceland. Sweden and Norway were by far the largest donors to UNMPTFs and WB trust funds, with Denmark being the largest contributor to AfDB trust funds. This conclusion draws from question 1 (trends) and findings 1–3.

Conclusion 2: MDTFs offered the Nordic countries a modality to support the multilateral system and advance Nordic thematic and country policies and priorities at one and the same time – for both UNMPTFs and MDB trust funds. The choice of trust funds reflected Nordic policies and priorities. The trust fund case studies showed that where the multilateral organisation/organisations managed to fulfil their policy role, leverage their convening power, and ensure funding at scale, there were largely satisfactory results at country level, which at one and the same time promoted Nordic policies and priorities and enhanced the credibility of the multilateral organisations and multilateral system as a whole.

At the same time, support for a MDTF comes with trade-offs for the donor. The donor must weigh the advantage of relevance and coherence with donor policy objectives and visibility with the opportunity for a potentially even larger impact by being able to advance multilateralism and influence multilateral organisations with global and country

presence, and vast resources both in terms of human resources and funding. This conclusion draws from question 2 (criteria), findings 5 and 6, and question 5 (results), findings 22 and 26.

Conclusion 3: Contributions to trust funds supported the mandates of the multilateral organisations (for both UNMPTF and MDB) – with trust fund support for the UN focused on peace and humanitarian aid, whereas support for the MDBs reflected broad sectoral mandates of these institutions. The Nordic countries were large donors for key UNMPTFs in support of the UN's peace and humanitarian mandates – notably the PBF and the many country-level humanitarian funds. This was also reflected in the high share of funding (70%) for the UNMPTFs going to fragile states. The support for the WB and the AfDB had a broad sectoral spread with an emphasis on themes of importance to the Nordic countries, notably gender equality and poverty reduction, as well as priority sectors related to energy and natural resources. The support for trust funds did not play a big role in the Nordic countries' delivery on climate funding promises. Only Norway provided significant support for climate and environment through the UNMPTFs. After the establishment of the large climate Financial Intermediary Funds, trust fund support for WB climate trust funds dropped, and support for climate was integrated into other funds based on the WB approach to integrating climate and development. Contributions through WB trust funds were roughly equally shared between the global and country levels, while contributions through AfDB trust funds were focused on the regional level. This conclusion draws from question 1 (trends) and findings 3–6.

Conclusion 4: Although the Nordic countries' use of trust funds was strategic, the support was generally not well integrated into the strategies vis-à-vis the multilateral organisations (for both UNMPTFs and MDB). The rationale for the Nordic countries' use of trust funds was strategic in two ways: 1) it supported thematic and country programme development priorities, and 2) it took advantage of the multilateral organisations' institutional mandates and capacities to impact policies and norms, strengthening multilateralism, ensuring country delivery, and improving aid effectiveness. However, the engagement in trust funds was not as closely linked as could be expected with the overall multilateral policy objectives of the individual Nordic countries vis-à-vis the multilateral organisation. This implied that the Nordic countries did not fully use the opportunity to promote a policy objective simultaneously through the boards/secretariats/steering committees of the multilateral organisations and through the trust fund. Decisions to fund were rather related to a policy or a thematic area that the donor wanted to promote, or in the case of country trust funds, the implementation of the country strategy. The exception was Iceland where there was full integration of trust funds into the multilateral strategy. In the case of the UNMPTFs, the Nordic countries' political messaging on advancing One UN reforms was not always consistent

with the varying approaches by Nordic donors on the use of the UN inter-agency funding – with Sweden and Norway channelling their support to the inter-agency funding more consistently, when deemed relevant, than the other Nordic donors, and a tendency of all Nordic donors to make quite extensive use of soft and hard earmarking within trust funds. The WB trust fund reform has, to some extent, solved this issue of lack of consistency between multilateral and thematic policy objectives by reducing the number of trust funds, and linking trust funds to the WB strategic priorities, thus reducing the options for new trust funds and lowering the level of proliferation. This conclusion draws from question 2 (criteria) and findings 5–9.

Conclusion 5: Funding and policy dialogue were the main means of influence. While there were successful examples of Nordic policy cooperation for influencing, most often, Nordic countries sought wider, like-minded partnerships (for both UNMPTFs and MDB trust funds). The funding decision targeting some trust funds and not others combined with dialogue was the most used means of influence by all the Nordic countries. Policy dialogue was primarily conducted within the trust fund governing structure and with the trust fund staff. In the case of the foreign policy-related trust funds, e.g., the PBF and the HRM Fund, there was strong policy coordination among the Nordic countries. However, this did not reflect on the coordination at the level of trust fund operations. The governance structures of the trust funds generally had mechanisms to engage bilaterally with all donors. Where there was only engagement with the largest donors, it was not easy for other minor donors to engage. The Nordic policy alignment in the context of MDB trust funds implied that Sweden, Norway, and Denmark pursued cooperation with the wider group of donors for influencing, whereas Finland and Iceland valued the closer cooperation with the Nordic countries. Other means of influencing included widespread use of earmarking, secondments, and less frequently, policy influencing studies. This conclusion draws from question 3 (influence) and findings 10-15.

Conclusion 6: Engagement strategies varied between the Nordic countries. Depending on the priority attached to the trust fund and the human resources available, there was a change underway from investing resources in the programming phase to more emphasis on follow-up and policy dialogue (for both UNMPTFs and MDB trust funds). Engagement levels, such as active participation in governance meetings and field trips, responding and commenting on reporting, and taking initiatives on policy dialogue, were strongest in trust funds that enjoyed high priority and where the Nordic countries, individually or as a group, had themselves contributed to their establishment. If priorities shifted, this was also reflected in the engagement level in a particular trust fund. Norway and Sweden, with bigger contributions to individual trust funds and more staff capacity, had greater engagement

in trust funds. This was also evident in the greater amount of staff time dedicated to managing each trust fund contribution, compared to other countries. Generally, the engagement with trust funds was strongest for the country-level trust funds, where the trust fund cooperation for some Nordic countries was funded through and managed as part of the country strategy at embassy level and subjected to similar levels of management as other engagements within a country strategy. The tendency in aid management towards more attention to follow-up, incl. monitoring, policy dialogue, synergies with other support, and learning was also reflected in the management of the trust funds with new initiatives being tested in some countries. Trustee staff responses to the engagement strategies of donors reflected their dependency on the funding but on the whole was one of genuine partnership and collaboration as they shared the same goals as the donors for influencing the operations of the multilateral organisation. However, in a few cases, donors felt that it was difficult to pursue influence as there was information and knowledge asymmetry between the donors and the trust fund managers. This conclusion draws from question 3 (influence) and finding 16.

Conclusion 7: The Nordic countries' support to trust funds supported multilateralism and the implementation of policies that reflected Nordic policy priorities (for both UNMPTFs and MDB trust funds). The

trust funds served a useful purpose in advancing multilateralism. The trust funds with their scale, multilateral mandate, and norm setting offered strong comparative value and were a key platform for the Nordic countries to support implementation of the values and norms that underpinned the global consensus on a rules-based international order. The UNMPTFs and MDB trust funds held and promoted values and norms that were largely in tune with those of the Nordic countries. The Nordic influence on policy of the trust funds was thus less about new policy areas and more about providing means whereby the multilateral organisations could support actual implementation of the values and norms throughout their operations and particularly among the beneficiary countries. There was evidence of Nordic trust fund support being successful in terms of promoting gender equality, poverty reduction, conflict attention, and, to a lesser extent, climate and environmental action. The UN carried this out largely through its role in setting and promoting normative standards and practical implementation in the field. The MDB trust funds carried this out largely through providing knowledge products and preparing loan projects that incorporated poverty reduction, gender equality, sustainable environmental action, combatting climate change and, in general, advancing global public goods. Support for UNMPTFs also provided an important avenue for supporting implementation of UN reforms through inter-agency cooperation, although this was then not always followed through at country level. While there could be good reasons for not opting for a UNMPTF compared to a single UN agreement for

supporting a particular objective, there was little evidence of the Nordic countries having assessed this, nor that UN organisations had a way of addressing the choice. This conclusion draws from question 4 (results) and findings 17–20 and 22.

Conclusion 8: Where the policy role and leverage, scale and convening power of trustees were mobilised, trust funds provided results that were largely satisfactory with examples of sustainable and transformative change. But the results were difficult to communicate (for both UNMPTF and MDB trust funds). Trust funds generally operated in fast changing and complex settings and often, especially in the case of the UNMPTFs, in fragile and conflict-affected situations. The results of trust funds were thus highly contextual and subject to external factors. Any ratings of performance on results are also affected by the quality of the results framework and the level of ambition of the trust fund. Moreover, trust funds were usually composed of many programmes and underlying projects that were very different and difficult to compare, and global funds covered a wide range of countries and geographic and socio-economic settings. Bearing this in mind, reflecting the complexity and judging from a variety of sources, including earlier evaluation reports and the field visits of this evaluation, the overall finding was that a satisfactory level of results was achieved.

The main factors and features of the trust funds which contributed to results were the ability of the trust funds to: generate knowledge to enhance development impact and capacity; create scaling effects (by mobilising national public resources, private sector, other donors' efforts); exert convening power and influence (on national entities, other donors, civil society, private sector); and provide access to high levels of technical and in-country skills (by mobilising high level of expertise).

Outcome reporting was in general a weak aspect of the trust funds, but, nevertheless, there was significant evidence of transformative results, especially through the country-based programmes, such as introduction of a perpetual system of policy training on how to handle violence against women and children in Tanzania, which was implemented at the local level as part of the One UN Fund in Tanzania. The WB MPTF in Somaliland also had transformational effects on the capacity of government in managing the economy and its finances, paving the way of debt restructuring and reintegration into the international community. And the Somalia UN Local Government programme strengthened capacities in Somaliland to raise revenue and implement public services after the funding ceased. The AfDB support through the SEFA trust fund led to a large increase in renewable energy and reduction in carbon emissions in part through changes in systems at the country and local levels. Although there was weak measurement of the use of global knowledge product, good results were also evident in the global/regional trust funds, especially in their role of introducing

innovations and preparing large-scale loan programmes. Ownership and capacity development varied from trust fund to trust fund, also depending on the nature of the activities. In general, the ownership and capacity development were satisfactory, with some notable strong examples of ownership of WB country-level funds, e.g., in Ukraine. Several trust funds aimed at bringing in private finance, but the results so far have not lived up to expectations.

Communication of results from trust fund contributions proved difficult due to the structure of trust funds, the remoteness and time horizon between inputs and outcomes, as well as attribution issues. It was especially challenging for the Nordic donors to report on the results that their support had contributed to through global/regional trust funds. There were efforts underway to improve communication products that could in a reflective way inform about the results of trust fund contributions. This conclusion draws from question 4 (results) and findings 21–32.

Conclusion 9: The global/regional trust funds were especially relevant and effective for advancing global public goods and presented strong comparative advantages for the use of trust funds

(mainly MDBs). The funding provided by Nordic countries has played a crucial role in enabling trust funds to advance global public goods. Global public goods by their nature, extend across many countries and require a large-scale and collective approach. They will often be more effectively advanced when promoted by a multilateral organisation because these organisations have the geographic reach and scale, have a strong mandate as they are owned by the countries in question, and provide a forum for exchange and sharing of knowledge. The PBF piloted and advanced participatory and localised ways of promoting peace initiatives that, despite difficulties in impacting on peace at national level, did advance the global approach to peacebuilding efforts. Other initiatives addressed sustainable environmental and climate-related challenges. For example, where Nordic countries took a lead, as in the WB trust fund PROBLUE, which promotes healthy and productive oceans in areas such as sustainable fisheries and combating environmental pollution, including the proliferation of plastics in oceans. Another is the SEFA trust fund, which has supported loan projects that have led to widespread adoption of renewable energy and emissions savings. This conclusion draws from question 4 (results) and findings 19, 21, 26, and 29.

Conclusion 10: The efficiency of trust funds reflected the overall cost level and modus operandi of the trustees (for both UNMPTFs and MDB trust funds). The main drivers of costs related to salaries, benefits, security measures, etc., were governed by internal trustee rules and procedures that the Nordic countries had accepted through the participation in the governing bodies of the organisations. The unit costs were in line with the agreed cost norms and higher than those of

NGOs and, in some cases, even bilateral organisations. However, this and an analysis of the proportion of funds reaching final beneficiaries did not give a good reflection of cost effectiveness as trust funds often had policy aims and potential for scalability, where success cannot be measured by a narrow metric of direct spending at the beneficiary level. In general, the multilateral organisations had comparative advantages – related to the rationales for which they were chosen as a modality. Namely, their delivery capacity, their relationship and long-term engagement with governments and national partners, policy and normative capacities, incl. for capacity and institutional development underpinning sustainability and scalability. For the MDB trust funds, it was their ability to provide lending operations impacted by the data, analyses, and policy inputs delivered by the trust funds. For the UNMPTFs, the cost effectiveness was impacted negatively by the slow progress on UN inter-agency reforms and harmonisation of systems. Also, the operating model and the inertia of the UN agencies in moving from a humanitarian implementation model, with plenty of staff on the ground, to a development model as opportunities arose, working through governments and other local partners, added to costs. The cost structures of the WB trust funds depended on whether it was a recipient-executed trust fund – in which case the overall costs of the bank, although not the unit costs, were small compared to the full intervention – or whether it was a bank-executed trust fund, where the funding supported internal bank projects and where the recipient was a beneficiary only after the design and implementation of a lending operation. This conclusion draws from question 5 (efficiency) and findings 33–38.

Conclusion 11: In general, trust funds contributed to aid effectiveness and efficiency of donor development cooperation, although there was a tendency for proliferation of trust funds (for both UNMPTFs and MDB trust funds). In general, the pooling of funding improved the effectiveness of aid as it allowed for unity of purpose among a group of donors and ensured policy coordination among the donors and with the multilateral organisations. Pooled funds, at country level, strengthened the policy dialogue with the government and ensured coherence in views among the donors. At the same time, it might not be obvious for the partner government who the contributors were, although most multilaterals understood the importance of also recognising the donors. The inter-agency cooperation through MPTFs was found to have generally reduced the administrative costs of the donors but added to the costs of operation for the involved UN agencies as time was spent on aligning and cooperating. At the same time, the ease with which MPTFs could be established increased the risk of proliferation of trust funds and even fragmentation of effort. The trust fund reforms of the WB had improved the effectiveness of the trust fund instrument, from the point of view of the WB, with the reduction in numbers of trust funds and alignment to WB strategies. Nordic countries' administrative costs varied, depending on their

internal procedures and level of engagement, but no conclusion could be drawn with regard to comparison with other modalities. From a donor perspective, there was no optimal number of trust funds to support as this depended on the funding and staff resources available as well as the priority attached to trust funds. However, each trust fund comes with a price tag related to administrative costs. At the same time, the importance attached to multilateralism and aid effectiveness also required donors to consider proliferation of trust funds and fragmentation of effort associated with the sheer number of trust funds for all parties engaged. This conclusion draws from question 4 (results), findings 17, 19, and 21 and question 5 (efficiency), findings 34 and 35.

Conclusion 12: Despite a high level of Nordic policy alignment on main themes and priorities, there was limited Nordic cooperation on trust fund contributions and in trust funds. There was scope for cooperation among the Nordic countries, also to free up time for policy influencing and learning (for both UNMPTFs and MDB trust funds). Generally, there was strong policy coordination at the level of the multilateral organisation. Hence, with regard to the UN, the Nordic countries coordinated policies and statements with regard to peace and human rights. In the context of the MDB trust funds there were formalised coordination structures for the Nordic countries' constituencies joint policy actions in the MDB trust funds. In general, this did not translate into cooperation in the context of trust funds, the exception being where all, or a group of Nordic countries, had initiated the trust fund, e.g., the Nordic Trust Fund (now HRIE) in the WB. There was no systematic coordination, but many examples of informal exchanges of views and sharing of information involving two Nordic donors only, and there was an example of a joint review in SEFA involving Norway and Denmark. The rationale for this approach was primarily pragmatism as the Nordic donors were already aligned, rendering it more important to reach beyond the Nordic group. This was the case in the context of WB trust funds where the Nordic donors were often smaller contributors among large donors. Also, the more well-resourced Nordic donors saw value in coordinating with larger donors rather than with other smaller Nordic donors, beyond information sharing. With regard to country-level trust funds, there was evidence of strong coordination and cooperation as in the case of the UN Joint Somalia Fund and also an example of no cooperation based on different earmarking strategies as in the case of One UN Fund in Tanzania. In addition to pragmatism, the main constraining factor for coordination and cooperation appeared to be time and resources. All Nordic countries were engaged in internal processes to improve effectiveness, including freeing up time to pursue policy dialogue, promote learning, ensure synergies at the global/country level, and communicate results. Sharing the administrative burdens could support such processes. This conclusion draws from question 2 (criteria), and finding 5 and question 3 (influence), findings 13 and 14.

5.2 Recommendations

The recommendations are addressed to the Nordic countries, but others, such as the multilateral organisation, the UNMPTF Office, and bilateral donors may also find them relevant. They are based on the findings, lessons learned, and conclusions. The recommendations aim to support future decisions regarding the use of the trust fund modality and inform trust fund collaboration, with a view to enhanced effectiveness and efficiency as well as communication about trust fund results.

Recommendation 1: Where there is an aim to strengthen multilateralism, enhance the opportunities for such strengthening through trust funds supported under the UNMPTFs and the MDBs by being more strategic in the choice of trust funds and integrating trust fund contributions into policy dialogues and strategies towards the multilateral organisations (the WB, the AfDB, and UN entities).

Rationale: Globally agreed values and norms are under pressure in the current geopolitical environment. The use of trust funds proved to be an effective tool for advancing multilateral and Nordic countries' norms, values, and policy priorities in important areas related to efforts on gender, human rights, environment, and climate related in the trustees. Similarly, support for trust funds has proven effective as a tool for advancing global public goods in ways that Nordic countries themselves could not have done through bilateral assistance. Trust funds can complement core contributions to the multilateral organisations and, if strategically provided, can be used to provide evidence for development activities and advance approaches that underpin the multilateral system and the norms and values of Nordic countries. Although trust funds are aligned with the Nordic countries' development cooperation, they are often not part of the strategic framework for cooperating with the different multilateral organisations. This leads to the risk of a fragmented approach to policy dialogue and priorities pursued with the individual multilateral organisations, spreading resources too thinly and trying to do too many things at the same time. Only Iceland had a clear integration of trust fund support into the overall strategy of working with UN agencies, the WB, and a selection of trust funds based on priorities. This recommendation builds on conclusions 2 and 3. It is addressed to the five Nordic countries.

This recommendation can be implemented through the following measures:

- Consider, for each multilateral organisation that the Nordic country is supporting, the impact and complementarity of the different instruments; core/trust fund/single-donor/single-agency projects, with a view to supporting the multilateral system most effectively

from the point of view of the priorities of the Nordic countries. For example, one could ask the question: Would the policy impact of the funding be best provided as core funding or via a trust fund or through a single-donor/single-agency project?

- Put the trust fund contributions more firmly on the agenda of the wider policy dialogue with the multilateral organisation.
- Integrate trust fund contributions into strategies towards the multilateral organisation – whether they are written strategies (Denmark and Sweden) or internal frameworks for cooperation with the trustee (Finland and Norway), supported by the stocktaking noted in Recommendation 3.
- Prioritise trust fund contributions to align with the strategic priorities to be pursued with the individual multilateral organisation. For the UN agencies, decide the policy importance attached to One UN reforms when funding is provided for single-agency contributions that might have been spent for inter-agency cooperation (linked to Recommendation 2).
- Prioritise staff inputs for policy dialogue, follow-up, and learning so that they are in a good position to take decisions on selection, funding levels, and policy agenda that enhance and maximise the effect of available trust fund support on the consolidation of the multilateral system.
- Develop collaborative partnerships with the multilateral organisation beyond the trust fund secretariat/manager and with other members of the multilateral organisation to pursue the priorities and promote funding for trust funds, especially from the donors/potential donors outside the core like-minded group.

Recommendation 2: Where there is an aim to strengthen implementation of One UN reforms, enhance the opportunities for such strengthening through trust funds supported under the UNMPTF.

Rationale: The Nordic countries' support through earmarked contributions are not always fully consistent with Nordic aims of supporting One UN reforms. There is insufficient clarity over when a multi- or single-agency operation is appropriate, and donor support to the UNMPTFs has led to an expansion of potentially overlapping trust funds. The One UN reforms are incomplete, which tends to reduce the effect that the UNMPTFs have on contributing to One UN reforms. Opportunities have been missed for cooperating closely with like-minded countries to overcome the continued inertia in the One UN reforms – if need be, by withholding single-agency support and be much

more demanding as to what is required for supporting single-agency operations, including demanding an assessment in each case. In the perception of donors, the UN has not responded sufficiently to repeated demands for higher cost effectiveness by being more transparent about and justifying the use of funds in individual trust funds and joint programmes funded under the UNMPTF. This recommendation builds on conclusions 4, 5, and 10. It is addressed to the five Nordic countries.

This recommendation can be implemented through the following measures:

- Develop a rigorous approach for testing the subsidiarity principle and determining the added value of a multi-partner approach to aid selection and decision-making on supporting trust funds through the UNMPTFs compared to single-agency support or core funding (see also Recommendation 1).
- Build awareness of the need for a consistent and supportive approach in the operational engagement, especially at embassy level to ensure that the country programmes are supportive of the One UN. In practice, this would mean referring single-agency requests for support to the RCO and only proceeding when the RCO confirms modality; and using the RCOs as the main channel for dialogue with individual UN entities at country level.
- At a macro level there are opportunities to: i) in cooperation with other large like-minded donors to make a renewed push for One UN reforms and inter-agency cooperation; ii) cooperate with priority trust funds to raise funds, analysing what is holding other potential contributors back, whether it is the governance arrangements, the dominance of a few strong donors, or the transparency, efficiency, or cost benefits associated with the fund.

Recommendation 3: Take stock of the active trust funds, and update and prioritise the engagements (for both UNMPTFs and MDB trust funds).

Rationale: There is a need, making use of the data assembled by this evaluation, for each Nordic country to establish an overview and take stock of the trust funds being supported. The Nordic countries have already taken steps in this direction, such as the Danish exercise in stock-taking and creating communities of practice between head office and embassies, and the Norwegian Good Practice Note for managing trust funds, and most recently the Swedish drive for synergies between supported interventions. Much of the underlying work is in place to enable a review of which trust funds to prioritise and whether their support should be exited or continued and whether to engage actively or passively. It is important to note that this exercise is not

about reducing trust fund engagement and total funding, but about prioritising and focussing on key priorities of the Nordic countries in the process, also reducing administrative costs by having fewer engagements and avoiding unnecessary proliferation of trust funds that are also adding to costs of the multilateral organisations. This exercise can be guided by, but will also support, implementation of recommendations 1 and 2. This recommendation builds on conclusions 6, 7, 8, and 10. It is addressed to the five Nordic countries.

This recommendation can be implemented through the following measures:

- Assemble and structure an overview of open trust funds.
- Review the trust funds being supported and prioritise which ones to exit and which ones to fund with either passive or active engagement, taking into account the resource demands and where to promote Nordic cooperation (see also Recommendation 5).
- Learn from other Nordic country practices regarding decisions, managing, and reporting on trust fund contributions; with a view to rationalise and streamline efforts.
- To enhance internal learning, continue and reinforce current initiatives to engage all staff and embassies in strategic discussions about policies and priorities related to multilateral organisations that also cover trust funds

Recommendation 4: Build on lessons learned on the positive and negative factors of effectiveness and efficiency of the trust funds in order to inform trust fund selection and dialogue (for both UNMPTFs and MDB trust funds).

Rationale: The evaluations found a range of positive and negative factors that influence effectiveness of the trust funds (see the section entitled Effectiveness of the contributions to trust funds, country delivery: The extent to which supported multilateral trust funds delivered expected results on page 42, Box 5, and Chapter 4). These factors and reflections over the lessons learned form a checklist to support selection of trust funds and function as agenda points in the dialogue with the trust fund management and with the multilateral organisation. Attention is also drawn to the manual for trust fund management prepared by Norad. This recommendation builds on conclusions 6, 7, 8, and 10. It is addressed to the five Nordic countries.

This recommendation can be implemented through the following measures which provide a checklist of what to consider when selecting and engaging in dialogue with trust funds:

- Seek evidence of ownership and presence of a willing government in activities of the trust fund and encourage strategies and actions that could enhance ownership of activities in ongoing trust funds.
- Test and look for where trust funds have a realistic strategy and track record of engaging with and mobilising private sector finance (where this is a goal) as this brings in sustainability and added value to the development cooperation funding and encourages private sector interaction where relevant. (As noted in the section entitled Effectiveness of the contributions to trust funds, country delivery: The extent to which supported multilateral trust funds delivered expected results on page 42, it has not proven easy to mobilise private sector finance and in many cases the ambition to mobilise private sector finance has proven not to be realistic).
- Seek evidence of effective country office operations. For example, in terms of rigorous follow-up with national partners and donors alike and coordination by the country office, and encourage country office engagement where relevant.
- Seek evidence of where trust funds can leverage large-scale loans as they bring scale and financial engagement and heighten government interest and engagement (see Box 5). MDB trust funds that have a track record of linking with loans are likely to be effective in scaling.
- Seek evidence of outcome rather than just output reporting, lessons learned on challenges and risks, as well as transparency on cost effectiveness.
- Consider avoiding or seeking means of addressing the issues of trust funds that have an insufficient critical mass of resources: trust fund activities spread too thin among too many themes, countries, and implementing agencies and with insufficient time and resources for quality programme and implementation. Addressing these issues might involve actions such as supporting efforts to fund raise among existing and new donors or reducing the ambition level and scope of the trust fund.
- Consider avoiding or seeking means of addressing the issues of trust funds with high ambition, complexity, and abstractness in their concept. Addressing these issues might involve actions such as reducing or phasing in the scope and ambition of the trust fund.
- Consider avoiding or seeking means of addressing the issues of trust funds where the value proposition is not clear or cannot be easily explained or is overlapping with other trust funds.
- Select the type of trust fund depending on the needs, for example:

- Country trust funds are relevant for supporting the donor country programme;
- Thematic trust funds are relevant for supporting specific donor thematic priorities;
- Pooled UN trust funds are relevant and have an added value where One UN reforms are a goal and where the issue is better tackled by a pooled response;
- Global/regional trust funds are highly suitable for where the donor wants to support global norms and public goods and/or where the thematic issue has regional and/or global benefits.

Recommendation 5: Explore ways to cooperate across the Nordic countries, where appropriate, to promote economies of scale to reduce the administrative burden and support joint learning (for both UNMPTF and MDB trust funds).

Rationale: In addition to the impediments of time and need for national visibility, there has not been a systematic mechanism or process for assessing options for Nordic cooperation in managing the trust funds for those trust funds where more than one country is funding. Potentially this has led to missed opportunities for economies of scale in administration, as well as more effective influence and promotion of common Nordic policy positions. There appears to be scope for more sharing of work between the donors for a given trust fund to reduce duplication and the administrative burden on both Nordic countries and the trust fund administrators. The demands with regard to reporting of results and improved cost effectiveness are very similar among countries. Hence, there is a case for dividing the internal donor reflection/response on reporting from different trust funds among the Nordic countries to avoid unnecessary overlaps and duplication of work. The main constraining factor for coordination and cooperation appeared to be time, putting an additional premium on sharing work to free up resources for policy influencing. Other constraining factors are donor visibility in the trust fund and towards the national authorities and the impact this may have on the knowledge and engagement in the trust fund and with the trustee in the medium term. These aspects need to be managed as cooperation is tested. This recommendation builds on conclusions 4, 9, and 11. It is addressed to the five Nordic countries.

This recommendation can be implemented through the following measures:

The first two measures below aim to encourage a more systematic basis for assessing options for coordination (i.e., putting the burden of proof on why coordination is not done). The remaining measures are options

for how to do that. In essence, this has to be case by case and tailored accordingly.

- To enhance collaboration and pursue joint policy influencing among Nordic countries more systematically, have trust fund contributions as a fixed item on the agenda of the already established Ministry of Foreign Affairs, UN and MDB Nordic cooperation meetings. This will require that the agencies Sida and Norad participate in these meetings.
- For those funds that are funded by more than one Nordic donor, explore the options for joint or even delegated cooperation, e.g., in the programming phase, leaving the development of the programming documentation to one country; where found necessary explore opportunities for joint reviews, shared results assessments based on the trust fund reports, and other relevant measures to share the administrative burden.
- Develop joint approaches to promote better results frameworks, improved reporting of results, risks, and challenges, as well as demands to ensure better accountability and transparency in the financial reporting with a view to assessment of cost effectiveness.
- Be cognisant of ensuring that the smaller contributors among the Nordic countries are sufficiently involved by sharing information and soliciting their views.
- Make sure, where there is delegated cooperation, that the reporting from meetings is sufficient for all donors, so they can adequately report on trust funds contributions to ensure internal visibility.
- Ensure learning across Nordic countries through seminars and learning engagements directly with trust funds where all contributing countries participate.
- Share communication products to avoid duplication of effort.
- For Denmark, consider whether the elaborated programming processes are needed, as this may also impede Nordic cooperation and more effective trust fund management.

Recommendation 6: Enhance communication of results from trust fund contributions and ensure that the decision-makers and the public in Nordic countries, as well as in partner countries, are aware of the contributions to trust funds (for both UNMPTF and MDB trust funds).

Rationale: Communicating results to Nordic decision-makers proved difficult because the operations were at arm's length, and there were attribution issues. Communication internally within the Nordic countries

was important for soliciting and justifying support for continued engagement. Visibility in partner countries can, if not carefully managed, be a trade-off with greater donor visibility which supports internal communication of results leading to less visibility/credibility for the multilateral organisation – potentially undermining one of the rationales linked to trust fund contributions, namely, to support multilateralism. Efforts have been made on the part of the multilateral organisations to be clearer about funding sources. But this is still an area that needs attention. Earmarking is one way of ensuring visibility of donor contributions, but for this to be effective, follow-up is needed, and earmarking comes with drawbacks in some situations. To address these inherent dilemmas, communication about trust fund contributions and results should be tailored to the audience. This recommendation builds on Conclusion 7. It is addressed to the five Nordic countries.

This recommendation can be implemented through the following measures:

- Integrate communication on trust fund contribution to the multilateral systems into the Nordic country communication strategies, incl. to ensure that communication on results is available to decision-makers.
- Showcase trust fund results to decision-makers in the context of country visits.
- Review and enhance contractual visibility demands on the trust funds to make them coherent across the different trust funds and monitor their implementation.
- When deciding for earmarking, make clear the objectives for earmarking and follow through, incl. monitoring and assessing potential drawbacks of earmarking during the lifetime of the contribution.
- Set aside budgets for communication if need be.

Figure 14 below shows a link between the conclusions and recommendations. Annex 9 shows links between the findings, conclusions, and recommendations.

FIGURE 14: LINKS BETWEEN THE CONCLUSIONS AND RECOMMENDATIONS**Conclusions**

C1 The overall increasing trend in Nordic support through UNMPTF and World Bank trust funds from 2005 to 2021 came to a halt in 2022 – but increased in 2023 for the World Bank due to a large contribution from Norway to Ukraine. Support for AfDB continued to be steady albeit at a lower level.

C2 Multi-donor trust funds offered the Nordic countries a modality to support the multilateral system and advance Nordic thematic and country policies and priorities at one and the same time – for both UNMPTF and MDBs

C3 Contributions to trust funds supported the mandates of the multilateral organisations (for both UNMPTF and MDB)

C4 Although the Nordic countries' use of trust funds was strategic, the support was in general not well integrated into the strategies vis-à-vis the multilateral organisations (for both UNMPTF and MDB).

C5 Funding and policy dialogue were the main means of influence – while there were successful examples of Nordic policy cooperation for influencing, most often Nordic countries sought wider, like-minded partnerships (for both UNMPTF and MDB).

C6 Engagement strategies varied between the Nordic countries – depending on the priority attached to the trust fund and the human resources available – there was a change underway from investing resources in the programming phase to more emphasis on follow-up and policy dialogue (for both UNMPTF and MDB).

C7 The Nordic countries' support to trust funds supported multilateralism and the implementation of policies that reflected Nordic policy priorities (for both UNMPTF and MDB).

C8 Where the policy role and leverage, scale and convening power of trustees were mobilized, trust funds provided results that were largely satisfactory with examples of sustainable and transformative change – but results were difficult to communicate (for both UNMPTF and MDB).

C9 The global/regional trust funds were especially relevant and effective for advancing global public goods and presented strong comparative advantages for the use of trust funds (mainly MDBs).

C10 Conclusion 9: The efficiency of trust funds reflected the overall cost level and modus operandi of the trustees (for both UNMPTF and MDB).

C11 In general, trust funds contributed to aid effectiveness and efficiency of donor development cooperation, although there was a tendency for proliferation of trust funds (for both UNMPTF and MDB)

C12 Despite a high level of Nordic policy alignment on main themes and priorities, there was limited Nordic cooperation on trust fund contributions and in trust funds. There was scope for cooperation among the Nordic countries, also to free up time for policy influencing and learning (for both UNMPTF and MDB).

Recommendations

R1 Where there is an aim to strengthen multilateralism, enhance the opportunities for such strengthening through trust funds supported under the UNMPTF and the MDBs by being more strategic in the choice of trust funds and integrating trust fund contributions into policy dialogues and strategies towards the multilateral organisations (WB, AfDB and UN entities).

R2 Where there is an aim to strengthen implementation of One UN reforms, enhance the opportunities for such strengthening through trust funds supported under the UNMPTF.

R3 Take stock of the active trust funds, and update and prioritize the engagements.

R4 Build on lessons learned on the positive and negative factors of effectiveness and efficiency of the trust funds in order to inform trust fund selection and dialogue.

R5 Explore ways to cooperate across the Nordic countries, where appropriate, to promote economies of scale, to reduce the administrative burden, and to support joint learning.

R6 Enhance communication of results from trust fund contributions and ensure that the decision makers and the public in Nordic countries, as well as in partner countries, are aware of the contributions to trust funds.

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Joint Nordic Evaluation of Contributions to Trust Funds

This evaluation of the joint Nordic contributions to trust funds serves the dual purpose of accountability and learning, with a focus on the latter. It covers Nordic contributions through trust funds managed by the UN Multi-Partner Trust Fund (UNMPTF), the World Bank (WB), and the African Development Bank (AfDB). As the focus was on trust funds supported by at least three Nordic

donors (the UNMPTF and the WB), and two trust funds with the AfDB, the evaluation addresses multi-donor trust funds (MDTFs) rather than single-donor trust funds. The portfolio analysis covers the period from 2004 to 2023, while the rest of the evaluation focusses on the past decade, from 2013 to 2023.

