Chapter 6

Multilateral strategies and evaluation in 2009-10

The first section of this chapter looks at DAC members’ multilateral aid strategies. More than half of DAC members now have a multilateral aid strategy, though they differ in nature and scope. Some are broad political statements to guide multilateral aid allocation, while others define specific priorities and implementation processes. No country has a fixed allocation formula across its entire multilateral portfolio. Countries often also have separate partnership agreements with their most important multilateral partners. In determining multilateral allocations, the effectiveness of multilateral institutions is one of the key considerations. The second section looks at current multilateral evaluation processes in this context.
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**DAC members’ multilateral strategies**

Multilateral aid allocations in 2008 were typically made in parallel by two (or sometimes more) different ministries. Ministries of Finance tend to lead on policy dialogue and contributions to the international financial institutions, while the Ministries of Foreign Affairs decide on contributions to UN agencies and regional organisations. Aid allocations to EU Institutions may also be decided by the Ministry of Foreign Affairs, but not necessarily by the same department responsible for UN allocations. Allocation decisions appear to be made in a decentralised manner – often independently from each other within the same government. This makes the discussion on division of labour between and bilateral and multilateral donors all the more difficult. For each peer review, the DAC Secretariat routinely consults with nine multilateral aid agencies in order to gain a clearer understanding of each Member’s contributions to, and engagement with, these agencies. In an attempt to create a co-ordinated allocation process, many countries have established an overall “multilateral strategy”. Last year’s report highlighted Sweden and Switzerland as examples of countries with new multilateral strategies. Belgium, Portugal, Finland, and the Netherlands have recently adopted new multilateral strategies.

**Belgium**

In November 2008, the Minister of Development Co-operation announced a new multilateral strategy to focus its multilateral aid, avoid the creation of new funds, and increase the share of core, as opposed to non-core (earmarked), aid. In 2008, Belgium focused its multilateral aid exclusively on 21 multilateral entities. Beginning in 2009, earmarked aid to multilateral agencies funded by the Directorate General for Development Co-operation was converted to core funding. (Belgium’s DGDC is responsible for 55-65% of the country’s ODA.) Belgian officials now expect to devote more time and effort to policy dialogue at the Executive Body level. In this way, the government anticipates extending strong support to results-based management and reporting, as well as to strengthening monitoring and evaluation functions within the organisations it funds. Article 23 of the new draft law on development co-operation submitted to Parliament in April 2010 states that voluntary
multilateral contributions are directed to the core, non-earmarked budget of partner organisations, with the possible exception of delegated co-operation (Belgian Foreign Ministry, 2009; OECD, 2010f). Belgium became a formal member of the Multilateral Organisation Performance Assessment Network (MOPAN) in February 2010.

**Portugal**

The Government of Portugal adopted the *Estratégia Portugesa de Cooperação Multilateral* in 2009. The strategy identifies three guiding principles for allocating multilateral support: (i) MDGs and aid effectiveness; (ii) co-ordination, coherence and complementarity; and (iii) policy coherence for development. It aims to strengthen Portugal’s capacity to influence multilateral organisations’ policies by promoting increased coherence between the different actors in the Portuguese administration responsible for multilateral co-operation (Portuguese Institute for Development Assistance (IPAD), the Ministry of Foreign Affairs, the Ministry of Finance and Public Administration, Portuguese embassies and diplomatic missions, and line ministries) as well as between multilateral and bilateral co-operation. The strategy recommends maintaining the overall ratio between bilateral and multilateral ODA, but recognises the importance of multilateral ODA as an instrument to: (i) leverage total Portuguese ODA, including ODA allocated to programmes and projects following a multi-bi approach; (ii) increase Portuguese ODA predictability; and (iii) finance global public goods.

**Finland**

Finland’s policy for multilateral development co-operation focuses on the eradication of poverty and achievement of the MDGs. It considers the United Nations as its leading multilateral partner in achieving these. The guiding principles of multilateral co-operation include coherence, complementarity, and effectiveness. In terms of coherence, Finland supports the UN reform process and stresses the importance of decentralising operations and decision-making to country level. Complementarity between bilateral, multilateral, and EU co-operation is emphasised. Thematic and regional priorities are determined on the basis of the development needs of a particular region or country and the mandate of the multilateral organisation through which Finland chooses to implement these priorities. The Nordic group of countries forms an important reference group for multilateral co-operation, and Finland uses its influence in governing bodies to promote the effective use of its multilateral aid. Themes that cut across bilateral and multilateral co-operation include the rights of women and girls, strengthening the rights of marginalised and vulnerable groups, and combating HIV/AIDS (Finnish Ministry for Foreign Affairs, 2009).

**Netherlands**

The Dutch Minister for Development Co-operation presented the Multilateral Strategy to Parliament in April 2009. Four priorities for multilateral engagement were: (i) growth and equity; (ii) fragile states; (iii) gender and sexual and reproductive health rights; and (iv) climate change and renewable energy. The government will step up its multilateral engagement, both in terms of funding and policy dialogue for four reasons. First, meeting the MDGs and safeguarding global public goods can only be realised through effective international co-operation. Second, increased fragmentation of aid programmes means governments have incurred higher transaction costs, and closer co-ordination can alleviate at least some of these costs. Third, the legitimacy and specialised nature of multilateral
organisations enables them to address certain issues – *e.g.* setting standards and regulations, advising countries on reproductive health policies, and macroeconomic policy – more easily than some bilateral agencies. Finally, the Netherlands sees multilateral ODA as a means to influence the multilateral system as a whole. The most relevant and best-performing institutions will be rewarded more systematically than before with additional ODA contributions and less earmarking.

**Spain**

Spain’s Multilateral Strategy has two objectives: (i) the eradication of poverty, and (ii) the achievement of MDGs. In order to implement its strategy, Spain identified the United Nations as one of the most important channels for multilateral co-operation. For this reason, the country is actively involved in the UN System Wide Coherence process and is a strong proponent of the Delivering as One initiative. Since 2006, when Spain started increasing its multilateral ODA, the goals of Spanish multilateral cooperation have become more ambitious. These include focusing on aid and development effectiveness, increasing multilateral commitments selectively, promoting policy coherence, and playing a more active role in international forums. To focus on and improve the quality of relations between Spain and the multilateral organisations to which it belongs, the Ministry of Foreign Affairs and Cooperation has signed Strategic Framework Agreements. These Strategic Agreements consider aid effectiveness principles such as the predictability of funding, mutual accountability, and the further alignment of Spain’s cooperation priorities with the organisations it funds. In 2009, Spain signed two strategic agreements with UNDP and UNICEF. It will sign two more in 2010 with UNFPA and UNIFEM.

**United Kingdom**

In 2008-9, the UK developed institutional strategies that linked the release of voluntary core funding to some UN agencies with the achievement of targets contained in Performance Frameworks. This move is described in further detail in Box 6.1.

**Box 6.1. Performance funding in the UN: The UK’s approach**

The United Kingdom has developed institutional strategies including Performance Frameworks with some UN agencies to link performance to the UK’s voluntary core funding. First, a “baseline core” is allocated based on overall performance, followed by a “bonus core” for progress made against a sub-set of high priority targets. For example, in 2009, the UK’s Department for International Development (DFID) provided UNDP, UNFPA, WHO and UNAIDS with GBP 104 million of un-earmarked core funding that was released following satisfactory progress against the Performance Framework targets. Of this, GBP 6.5 million was bonus un-earmarked core funding awarded for progress against targets for UN reform and improved delivery. In this way, UK core funding is contingent on agency performance, improving direct accountability to the UK tax payer. In some cases where agencies’ own targets are not sufficiently robust to be included in the Performance Frameworks, DFID has developed new targets in collaboration with the agencies.

*Source:* The UK’s Department for International Development.
Evaluation of multilateral organisations

Given that DAC members cite many positive reasons for increased multilateral engagement, why is the multilateral share of ODA flat and even eroding?

For reasons of domestic accountability DAC members continue to report a need for better evidence of multilateral impacts and effectiveness – a need made possibly more pressing by the large number of major replenishment negotiations held simultaneously and discussed in the previous chapter. They also see an increasing need to justify multilateral contributions – over which they have less direct oversight – to a sceptical public and may therefore require more comprehensive proof of the impact of multilateral organisations in developing countries. How multilateral organisations report this information back to donors, and how they in turn represent them domestically, may influence domestic constituents’ perception of these organisations as much as the evidence available. The reality of today’s world does not seem to coincide with that in which Milner concluded that in times

Box 6.2. MOPAN and the DAC’s Evaluation Network

Various assessment tools and approaches such as peer reviews of multilaterals’ evaluation functions, multi-donor evaluations of multilaterals’ programmes and initiatives, assessments by MOPAN, and reports from multilaterals themselves, all contribute information on multilateral effectiveness. However, taken individually, they may not fully satisfy the performance information needs of stakeholders such as bilateral funders.

Sixteen DAC members also belong to the Multilateral Organisation Performance Assessment Network (MOPAN). This “common approach” is an annual assessment built on four dimensions of organisational effectiveness, namely:

1. strategic management (corporate governance, corporate and other strategies)
2. operational management (use of performance information, financial resource management, human resource management, portfolio management)
3. relationship management (ownership, alignment, harmonisation)
4. knowledge management (performance monitoring and evaluation, performance reporting, application of lessons learned)

Donors (MOPAN member representatives) at headquarters and at country level, and ministry and NGO representatives in the selected developing countries respond to the survey of the multilateral organisations assessed in those countries. An important aspect of the MOPAN process is dialogue with the multilateral organisations about the findings. In 2010, MOPAN will survey the Asian Development Bank, WHO, UNFPA, and IFAD in ten partner countries. The 2009 survey examined the World Bank, UNDP, the African Development Bank and UNICEF in nine partner countries. This year’s survey will also take into consideration a review of documents published by each of these organisations.

The DAC Evaluation Network is developing an approach, led by Canada, on how to jointly assess the effectiveness of individual multilateral partners by bringing together evaluators, multilateral policy department staff, and representatives from multilateral organisations and MOPAN. The approach will draw on existing data and information, such as the different reviews and reports in order to avoid duplication of work, evaluation fatigue, and to lessen the burden placed on multilaterals for information. In short, the assumption is that when organisational effectiveness, as surveyed by MOPAN, is deemed adequate by donors, meta-evaluations will provide additional information on development effectiveness. If the MOPAN survey or the new approach developed cannot shed enough light on the effectiveness of a particular multilateral, a more important joint evaluation of that multilateral may be considered in order to acquire further information on development effectiveness. The approach is seen as an interim solution as, in the long run, the approach should lead to improved results reporting on development effectiveness by the multilaterals themselves.
of “aid scepticism” the public believed multilateral organisations were more efficient and preferable to bilateral assistance (Milner, 2006).²

As discussed in the last multilateral aid report, reporting by multilateral agencies would ideally be sufficiently comprehensive to satisfy bilateral donor information requirements and would make separate donor-driven assessments unnecessary. The multilateral development banks’ Common Performance Assessment System (COMPAS) is a joint effort to improve the reporting of results. The latest report (2008) records progress towards harmonisation in the area of evaluation, but also identifies greater scope for the harmonisation of monitoring development results.

A shift towards self-reporting by multilaterals would be a way to apply the Paris Declaration Principles of “ownership” and “alignment” to their funding. Until self-reporting is deemed adequate, however, collective assessments intended to lead to the full harmonisation of monitoring instruments for multilaterals are at least an improvement over a proliferation of single-donor assessment efforts. Such harmonised efforts include the Multilateral Organisations’ Performance Assessment Network (MOPAN), and the work of the DAC’s Evaluation Network. The latter is involved in peer reviewing organisations’ evaluation capacities. It is also developing an approach to jointly assessing the development effectiveness of multilateral partners by combining elements of MOPAN assessments with reviews of organisations’ own evaluations of development results at country level (see Box 6.2).

Main findings

- In the longer term, self-assessments by multilateral agencies should be sufficiently comprehensive to satisfy bilateral donor information requirements and to make separate bilateral evaluations and/or assessments unnecessary.

- Until self-reporting is deemed adequate, collective assessments designed to achieve the full harmonisation of monitoring instruments for multilaterals are encouraged as an improvement over multiple single-donor assessment efforts.

Questions for future policy discussions

- Future efforts by the DAC’s Evaluation Network and MOPAN aim to combine surveys of multilateral effectiveness with better impact reporting by the multilaterals themselves. Is this the right mix?

- Bilateral donors have reported an inability to demonstrate multilateral effectiveness. Is this primarily due to underlying multilateral performance problems, lack of robust data, or communication gaps?
Notes

1. UNDP, UNFPA, UNHCR, UNESCO, UNICEF, UNCDF, UNEP, OHCHR, OCHA, UNRWA, UNAIDS, FAO, WHO, ILO, the World Bank, CGIAR, IOM, ICRC, the Global Fund, WFP.

2. In “Why multilateralism? Foreign aid and domestic principal-agent problems”, Milner argues that donor governments use foreign aid to advance their own interests, while the general public are more interested in addressing the needs of recipient countries or – perhaps more likely – are reluctant to give their tax dollars to when they have a difficult time monitoring the government. On the other hand, multilateral organisations are seen as providing more needs-based aid and cannot easily be controlled by just one donor. Therefore, when people are more sceptical about aid, the government finds that it is in its interest to give more.

3. Members as of April 2010 include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, The Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland and the United Kingdom.