

Multilateral Aid Review

Ensuring maximum value for money for
UK aid through multilateral organisations

March 2011



Organisations/Funds included in the Multilateral Aid Review

- The African Development Fund (AfDF)
- The Asian Development Fund (AsDF)
- The Caribbean Development Bank (CDB)
- Central Emergency Response Fund (CERF)
- The Climate Investment Funds (CIFs)
- The Development Programmes of the Commonwealth Secretariat (CommSec)
- European Commission Budget (EC'ion Budget)
- European Development Fund (EDF)
- European Bank for Reconstruction and Development (EBRD)
- Food and Agriculture Organisation (FAO)
- The Education for All - Fast-track Initiative (FTI)
- The Global Alliance for Vaccines and Immunisation (GAVI)
- Global Environment Facility (GEF)
- The Global Fund to Fight AIDS, TB and Malaria (GFATM)
- Global Facility for Disaster Reduction and Recovery (GFDRR)
- European Commission Humanitarian Aid and Civil Protection (ECHO)
- Inter-American Development Bank (IADB)
- International Committee of the Red Cross (ICRC)
- International Development Association (IDA)
- International Fund for Agricultural Development (IFAD)
- International Federation of Red Cross and Red Crescent Societies (IFRC)
- International Finance Corporation (IFC)
- International Labour Organisation (ILO)
- International Organisation for Migration (IOM)
- Office of the High Commissioner for Human Rights (OHCHR)
- United Nations Peacebuilding Fund (PBF)
- The Private Infrastructure Development Group (PIDG)
- United Nations Human Settlements Programme (UN-HABITAT)
- Joint United Nations Programme on HIV/AIDS (UNAIDS)
- United Nations Development Programme (UNDP)
- United Nations Educational, Scientific and Cultural Organisation (UNESCO)
- United Nations Environment Programme (UNEP)
- Expanded Delivering as One Funding Window for the achievement of the MDGs (EFW)
- United Nations Population Fund (UNFPA)
- United Nations High Commission for Refugees (UNHCR)
- United Nations Children's Fund (UNICEF)
- United Nations Industrial Development Organization (UNIDO)
- United Nations Development Fund for Women (UNIFEM)
- The United Nations International Strategy for Disaster Reduction (UNISDR)
- UNITAID
- United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
- World Food Programme (WFP)
- World Health Organisation (WHO)

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Please note that this version was updated on 28 April 2011

Foreword



Secretary of State for
International Development
– Rt Hon Andrew Mitchell MP

The decision taken last year by this Coalition Government to provide 0.7 per cent of Gross National Income as aid from 2013 provides a once in a generation opportunity to transform the lives of millions of poor people around the world.

Yet this commitment – made in a time of tough choices – also brings a responsibility to extract the greatest possible value for money from our development budget. This is our duty both to the British taxpayer, on whose behalf we work, and to the people we are helping to pull themselves out of poverty.

This applies not only to the aid budget that Britain invests directly through our work in and with developing countries, but also to the money we give through the multilateral organisations that work on our behalf.

That is why one of my first acts as International Development Secretary last year was to instigate a review of our contributions to multilateral organisations.

This review has taken a long, hard look at the value for money offered by forty-three of the different multilateral bodies through which Britain has, until now, invested our aid. Rigorous and robust, it provides – for the first time – a comprehensive overview of the strengths and weaknesses of each multilateral organisation. It critically examines both the organisations' aims and objectives and how effective they are in achieving them and delivering results.

Because this review is intended to guide future British aid investment, it also assesses the value for money provided by each organisation against the aims the Coalition Government has set out for our own development efforts.

Readers familiar with the multilateral system will be unsurprised to find a very mixed picture emerge from this report.

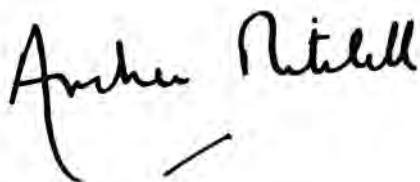
I was delighted to find that so many multilateral organisations offer good or very good value for money for UK aid – including UNICEF, the Global Alliance for Vaccines and Immunisations and the Global Fund to Fight AIDS, Tuberculosis and Malaria. I look forward to working with and through these organisations to make a real difference to the lives of millions of poor people.

However I was extremely concerned that a small group of organisations have been assessed as having serious weaknesses. I will be taking a very tough approach to these organisations. We will not tolerate waste, inefficiency or a failure to focus on poverty reduction.

The review also gives us an exceptional opportunity to work with others to shape an international reform agenda based on a rigorous comparison of the strengths and weaknesses of the multilateral organisations.

It identifies a number of areas where improvements in performance could lead to a step change in the ability of the multilateral system to deliver for poor people. Reforms will be specific to each organisation, but across the board we will be pressing for more accountability, a greater focus on results, better management of resources and a focus on the critical areas for development – such as supporting women and girls, and doing more in countries affected by conflict.

This review provides all of us with a determined interest in furthering the cause of development with an invaluable resource. The multilateral system has unique reach, relevance and respect in helping to tackle global poverty. Now, armed with the evidence provided by this review, we can help to steer the reforms needed to ensure that we build on the strengths of the multilateral system, and address its weaknesses. Together, we can make a world of difference.

A handwritten signature in black ink, reading "Andrew Mitchell". The signature is written in a cursive style with a long, sweeping underline.

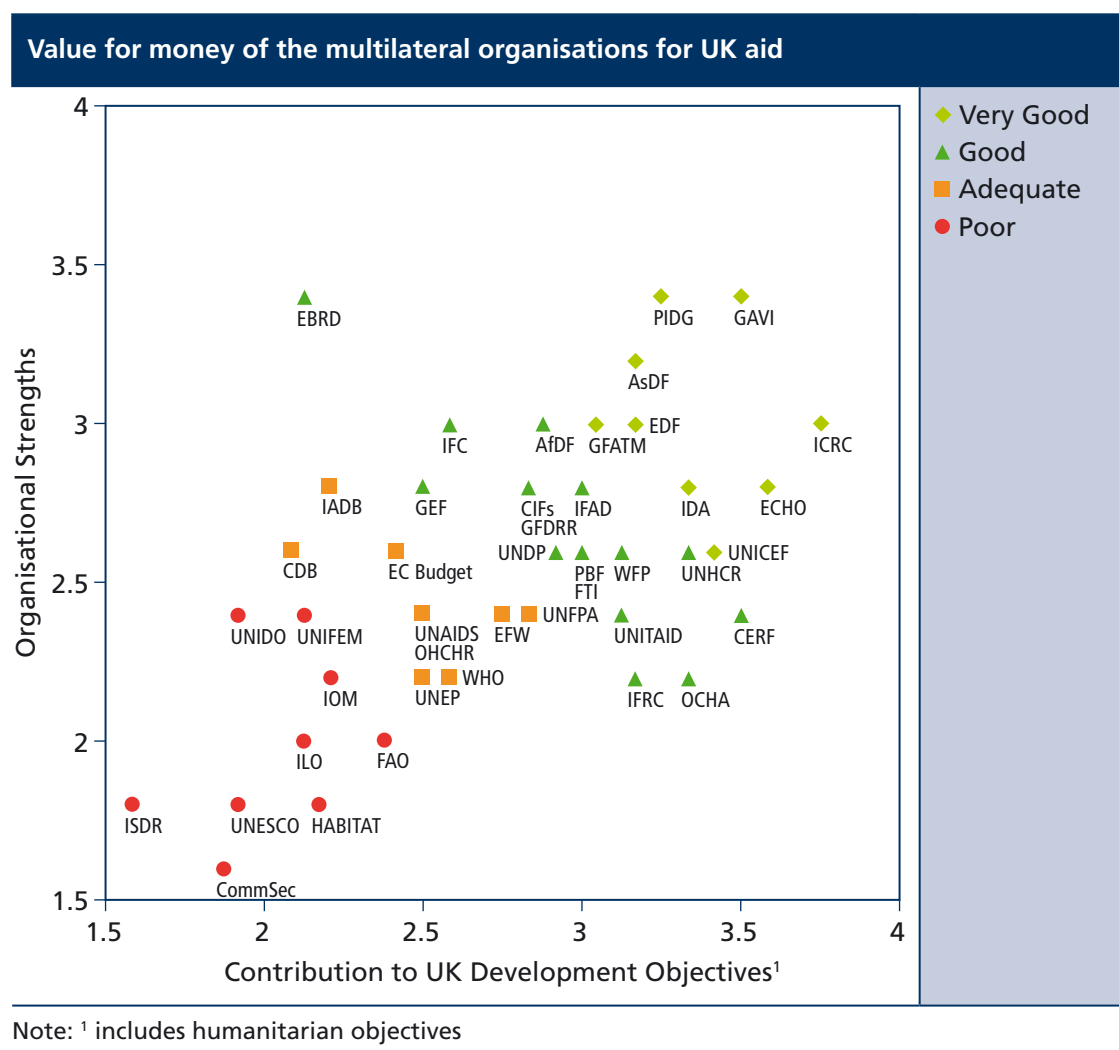
UK Multilateral Aid Review

Executive Summary

1. The Multilateral Aid Review was commissioned to assess the value for money for UK aid of funding through multilateral organisations. Forty-three organisations were assessed. Nine were deemed to offer very good value for money, sixteen to offer good value for money, nine to offer adequate value for money, and nine to offer poor value for money for UK aid.
2. The organisations covered by the review ranged from multilateral development banks to UN specialised agencies, and from development finance institutions to humanitarian organisations. All were assessed against the same set of criteria, interpreted flexibly to fit with their different circumstances, but always grounded in the best available evidence. Together the criteria capture the value for money for UK aid of the whole of each organisation. The methodology was independently validated and quality assured by two of the UK's leading development experts¹.
3. The assessment framework included criteria which relate directly to the focus and impact of an organisation on the UK's development and humanitarian objectives – such as whether or not they are playing a critical role in line with their mandate, what this means in terms of results achieved on the ground, their focus on girls and women, their ability to work in fragile states, their attention to climate change and environmental sustainability, and their focus on poor countries. These criteria were grouped together into an index called “Contribution to UK development objectives”.
4. The framework also included criteria which relate to the organisations' behaviours and values that will drive the very best performance – such as transparency, whether or not cost and value consciousness and ambition for results are driving forces in the organisation, whether there are sound management and accountability systems, whether the organisations work well in partnership with others and whether or not financial resource management systems and instruments help to maximise impact. These were grouped together into an index called “Organisational strengths”.
5. Value for money for UK aid was assessed on the basis of performance against both indices. So, for example, organisations with a strong overall performance against both indices were judged to offer very good value for money for UK aid, while those with a weak or unsatisfactory performance against both indices were deemed to offer poor value for money. Chart 1 shows what this means for the organisations covered by the review.
6. As important as this assessment of value for money was, the review was also significant as the first attempt by the UK to systematically examine strengths and

1 Dr Alison Evans, Director of the Overseas Development Institute, and Professor Lawrence Haddad, Director of the Institute of Development Studies and President of the UK and Ireland's Development Studies Association

weaknesses across the multilateral system. This was noteworthy for two reasons. First, it provides the evidence basis for the UK to work with the multilateral organisations and other partners to develop a focused reform agenda which, if implemented, will make a real difference to the lives of poor people. Second, by identifying areas of weakness, as well as strength, across the whole multilateral system, it gives added impetus to reform efforts, as well as a sound basis for monitoring progress.



- The review confirmed that the multilateral system is a critical complement to what the UK government can do alone. Together the multilateral organisations mobilise large-scale funding, bring specialist expertise, support innovation, play pivotal leadership roles with other donors, have the mandates and legitimacy to help to deal with conflict situations, and provide a platform for action in every country in the world. Multilateral organisations – particularly those assessed as offering very good value for money for UK aid such as UNICEF, the GAVI Alliance and the

Global Fund to Fight AIDS, Tuberculosis and Malaria – are saving poor people’s lives and increasing their life chances.

8. But the review also found that the system is complex and fragmented, with overlapping mandates and co-ordination problems. There was not enough evidence of multilaterals consistently delivering results on the ground, particularly in fragile states. Too many organisations lack a clear strategic direction, and systems to get the right staff in post at the right time, and ensure that management and staff are focused on achieving results and held to account for this. Most multilaterals are not paying sufficient attention to driving down costs or achieving value for money. Most multilaterals are not concentrating enough on gender issues. There is still much room for improvement for the multilaterals as a group on transparency and accountability. And poor partnership working between multilateral organisations is undermining the effectiveness of the system.
9. The report includes summaries of the results of the assessments as well as the organisation by organisation results. A separate policy paper sets out DFID’s response to the findings of the review.

Chapter 1

The challenge and the case for multilateralism

Overview

1. When the UK Coalition Government came to power in 2010, it pledged to increase aid volumes to reach the international commitment to spend 0.7% of national income on aid from 2013. The UK is the first G20 country to set out a detailed plan to make this happen, and to propose legislation to make the commitment binding.
2. Just as the UK Coalition Government is resolved to stand by its responsibility to help the world's poorest people, it is determined to ensure that UK aid is directed to where it can make the greatest difference. The government therefore established three major reviews of UK aid: the Bilateral Aid Review, the Multilateral Aid Review, and the Humanitarian Emergency Response Review. The Bilateral and Multilateral Aid Review findings are published on 1st March 2011; the Humanitarian Emergency Response Review is due to report at the end of March 2011.
3. This report presents the findings of the Multilateral Aid Review (MAR). The review focuses on the UK's core aid funding through the multilateral organisations, including the World Bank, the United Nations (UN) and the European Commission². It aims to assess the value for money that different multilateral organisations offer for UK aid. Its purpose is to ensure that decisions about UK funding through these organisations are based on evidence about the value for money they offer and the results they achieve. Terms of reference for the review are attached at Annex 1.
4. The remainder of this chapter provides more detail on the context for the Multilateral Aid Review. The next chapter sets out our analytical framework and methodology. Chapter 3 summarises the thematic findings from the review. The final chapter reports on value for money across the multilateral organisations and summarises the findings for the individual multilateral organisations.

The Multilateral Organisations

5. The multilateral organisations were established by international law to enable national governments to work together on particular issues. The MAR focuses on those multilateral organisations that have an important development and/or

2 The review refers to the "EU" where it talks about shared development policies with the EU Member States or broader external policies, and the "European Commission" where the focus is on the Commission's work as a donor and implementer. It distinguishes between the "European Commission budget instruments" (EC'ion Budget or EC Budget in graphs) and the "European Development Fund", or EDF

humanitarian role. We refer to them here as “the multilateral organisations”, or “the multilateral system”. In addition to the organisations referred to above, they include the regional development banks, development finance institutions, the global funds, and the humanitarian organisations, many of which are also part of the UN or European Commission.

6. The multilateral organisations are an essential part of the international system for development and humanitarian aid. They have a global presence and the legitimacy to work even in politically sensitive contexts where national governments are not welcome. They provide specialist technical expertise, and deliver aid on a large scale. They offer a wide range of aid instruments to meet the needs of all countries. They have the legitimacy to lead and co-ordinate development and humanitarian assistance. They broker international agreements and monitor adherence to them. They develop and share knowledge about what works, and why. Some are at the cutting-edge of innovation, leading the development of new initiatives to deliver development and humanitarian assistance more effectively.
7. Box 1 shows a few of the development and humanitarian results that the multilateral system has contributed to over the past few years. It highlights both the breadth of the areas in which the multilateral organisations work, and the scale of their engagement.
8. The multilateral organisations are a critically important complement to the programmes of bilateral (national government) donors such as the UK Department for International Development (DFID). First, they enable bilateral donors to support development and humanitarian objectives in a much wider range of countries, including some where bilateral donors are not welcome. Second, the scale of their operations enables them to deliver specialist technical advice, other knowledge services such as research, and financial products such as grants and loans, at a lower cost. Third, their leadership and co-ordination function reduces transactions costs for both donors and developing countries. Fourth, their role in brokering international agreements and monitoring adherence to them raises standards across the whole of the international system.
9. This is not to say that all multilateral organisations are equally critical to the achievement of international development and humanitarian objectives, or that they are performing equally well. The multilateral system is complex and fragmented, with overlapping mandates and co-ordination problems. While some organisations are praised for delivering exciting programmes, for acting effectively under difficult and sometimes dangerous circumstances, and for responding quickly to needs on the ground, others are criticised for being slow to act, for failing to deliver for the poor, and for being wasteful of their resources. Later chapters of this report discuss our findings on the performance and value for money for UK aid of the multilateral organisations.

Table 1 Selected results from some multilateral organisations	
Multilateral	Results
European Commission ⁱ	<ul style="list-style-type: none"> ▪ assisted 24 million people through food security related social transfers (between 2002 and 2009) ▪ enrolled 9 million new pupils in primary education (since 2004) ▪ helped protect 1.5 million km² of forests and conserve 1.1 million km² of protected areas ▪ connected more than 31 million households to improved drinking water and 9.3 million to sanitation facilities (since 2004) ▪ conducted 58 election observation missions (in the last five years)
United Nations Children's Fund (UNICEF) ⁱⁱ	<ul style="list-style-type: none"> ▪ with its partners, procured and distributed 42 million insecticide-treated nets for malaria prevention in 2009 ▪ distributed over 574 million vitamin A capsules in 74 countries in 2009 ▪ immunised more than 140 million children against measles in 2009
World Health Organisation	<ul style="list-style-type: none"> ▪ following the launch of the WHO 'DOTS' strategy for TB control in 1995, 41 million people were successfully treated and over 6 million lives saved, including 2 million among women and childrenⁱⁱⁱ ▪ provided technical support to 74 countries to provide skilled care for pregnant women and newborns^{iv}
United Nations Development Programme	<ul style="list-style-type: none"> ▪ helps between 30 and 40 countries each year with electoral support ▪ created an estimated 95,700 jobs under a cash for work scheme^v in Haiti
International Development Association ^{vi} of the World Bank	<p>Over the last ten years</p> <ul style="list-style-type: none"> ▪ immunised 310 million children ▪ provided 113 million people with an improved water source ▪ provided basic health, nutrition and population services to 47 million people ▪ improved the quality of teaching and facilities for 105 million children ▪ given 26 million people access to an all-season road
Asian Development Fund ^{vii}	<p>Between 2005 and 2008</p> <ul style="list-style-type: none"> ▪ improved nearly 25,000km of roads, benefiting over 133 million people ▪ newly connected 834,000 households to electricity ▪ helped over 2 million people with microfinance
African Development Fund ^{viii}	<p>Between 2006 and 2008</p> <ul style="list-style-type: none"> ▪ provided over 16 million people with a new electricity connection ▪ provided over 41 million people with improved access to transport ▪ newly enrolled over 11 million students ▪ granted 433,000 micro-credits

Table 1 Selected results from some multilateral organisations *continued*

Multilateral	Results
Global Fund to fight AIDS, TB and Malaria ^{ix}	<p>Since 2004</p> <ul style="list-style-type: none"> ▪ distributed 160 million insecticide treated nets ▪ treated 7.7 million new TB cases ▪ treated 3 million HIV positive people with anti-retroviral drugs
Global Alliance for Vaccines and Immunisation ^x	<p>Since 2000</p> <ul style="list-style-type: none"> ▪ prevented 3.4 million deaths ▪ vaccinated 213 million children
World Food Programme ^{xi}	<ul style="list-style-type: none"> ▪ provided food for 101.8 million people in 75 countries in 2009 ▪ delivered 4.6 million metric tons of food to the hungry in 2009 ▪ feeds more than 90 million people in more than 70 countries every year
International Federation of Red Cross and Red Crescent Societies	<ul style="list-style-type: none"> ▪ reached some 44.8 million people worldwide through IFRC supported emergency response operations^{xii} ▪ provided assistance to 1.5 million people in Haiti – half of the 2.9 million affected by the earthquake^{xiii}
International Committee of the Red Cross ^{xiv}	<p>In 2009</p> <ul style="list-style-type: none"> ▪ 1,063 people were reunited with their families ▪ 5.8 million people benefited from ICRC-supported health care facilities ▪ more than 4,068,000 people received aid in the form of food and 4,488,000 in the form of essential household and hygiene items

i Source: EU contribution to Millennium Development Goals; Some key results from European Commission programmes, 2010

ii Source: 2009 EDAR & 2009 Report on Regular Resources

iii Global Tuberculosis Control Report 2010, WHO

iv WHO Performance Assessment Report 2008/09.

v UNDP In Action 2009/10

vi IDA 16 Deputies' Report, Delivering Development Results, December 2010

vii Asian Development Bank 2008 Development Effectiveness Review. The Asian Development Fund is the concessional arm of the Asian Development Bank.

viii African Development Bank Mid Term Review, Progress in implementing the ADF-11 Results Measurement Framework, October 2009. The African Development Fund is the concessional arm of the African Development Bank.

ix GFATM website

x GAVI website

xi World Food Programme website

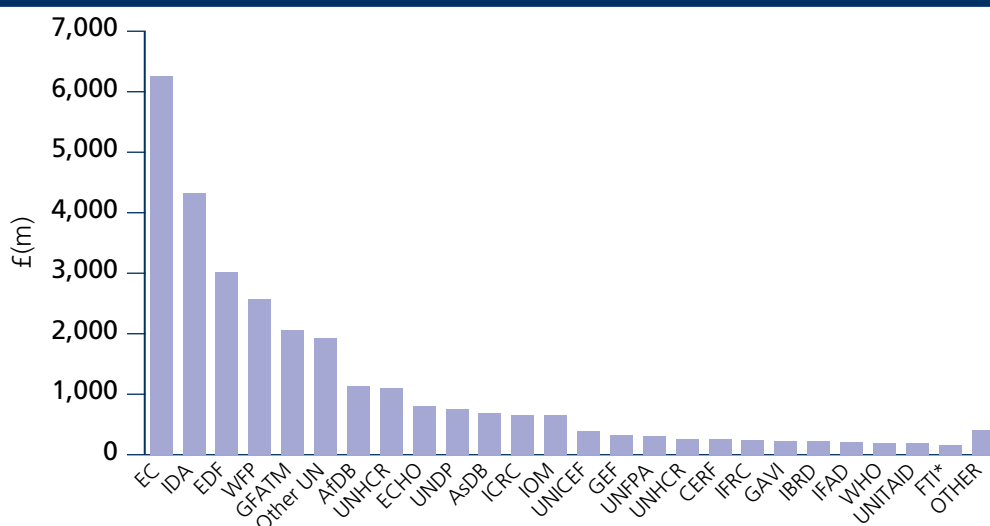
xii Source: IFRC-DFID Institutional Strategy III (2007-10) Annual Summary Review 2009

xiii IFRC Progress Report, Haiti: One Year On

xiv ICRC Annual Report, 2009

10. Governments across the world contribute core aid funding to the multilateral organisations through membership fees, capital contributions and additional un-earmarked voluntary contributions. Chart 1 shows how global core aid funding was distributed across the multilateral system in 2009. 35% went through the European Commission, 28% through a variety of UN organisations, 22% through the multilateral development banks, and 10% through the global funds. Some multilateral organisations provide non-concessional resources as well as aid funding. This is an important source of finance for some developing countries, but was not a major focus for the Multilateral Aid Review. A list of the multilateral organisations covered by the MAR, together with their acronyms, can be found at the beginning of this report.

Chart 1 Global core aid funding through multilateral organisations

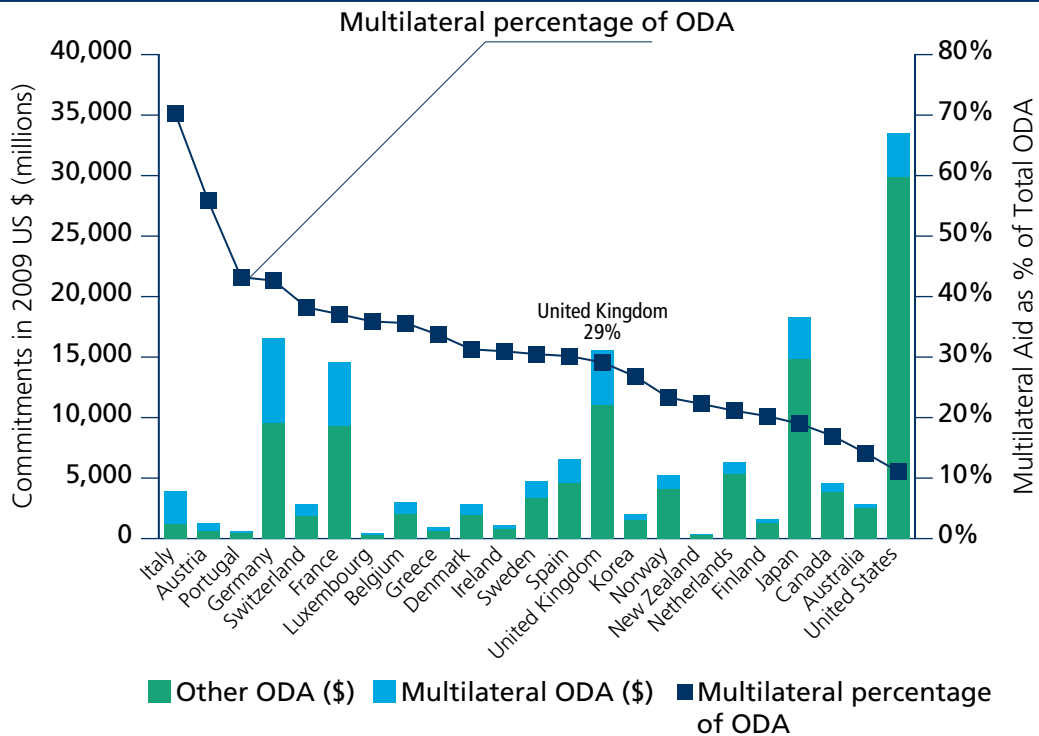


* Reported amounts for FTI are based on pledges only

UK Support to the Multilateral Organisations

11. The UK has traditionally been a strong supporter of the multilateral system, although not unusually so. Chart 2 shows how our multilateral core aid funding compared with that of other rich countries in 2009.

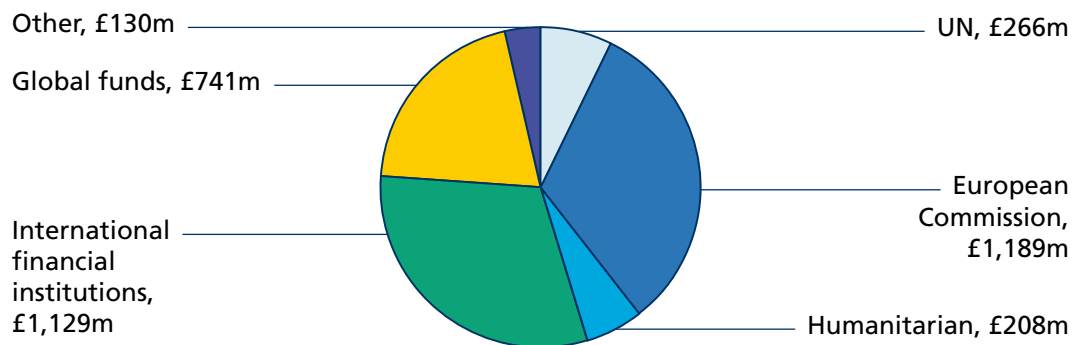
Chart 2 Multilateral core aid funding commitments as a share of all aid commitments for DAC countries 2009



Note: Figures for commitments in 2009 were used from the DAC database (using DAC figures as of 17/02/2011).

- The Department for International Development, DFID, will disburse about £3.7 billion of UK aid as core funding through the multilateral organisations in 2010/11. Because of our EU treaty obligations, about a fifth of this will go through the European Commission budget instruments. Of the remainder, about 30% will go through the World Bank, 25% through the global funds, 15% through the European Development Fund, and 9% through the UN. Chart 3 shows the distribution of UK multilateral core aid funding this year.

Chart 3 UK core multilateral aid funding 2010/11



Chapter 2

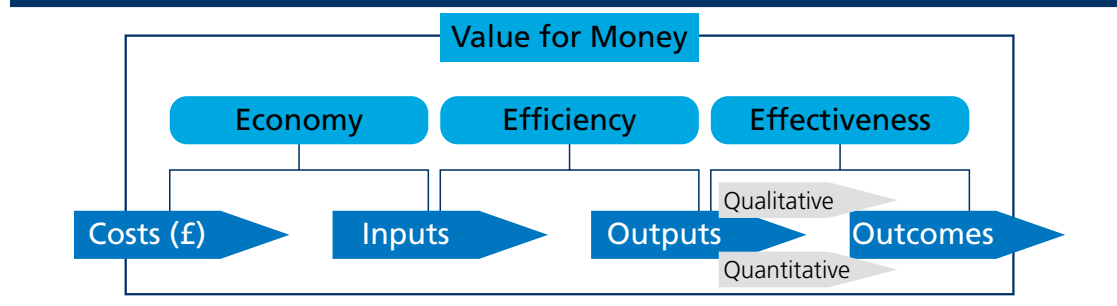
Analytical framework and methodology

Overview

1. As explained in the previous chapter, the UK Coalition Government wanted to assess the value for money offered by all the multilateral organisations that receive significant core aid funding. Our first task was to determine which contributions to include.
 2. We needed to establish a comprehensive set of assessments to guide our decision-making into the future. We therefore decided to cover, first, all the multilateral organisations which regularly receive £1 million or more of core aid funding from the Department for International Development (DFID). There were thirty-five of these. Second, we included all multi-donor trust funds which receive fully flexible funding from DFID headquarters. There were four of these. Third, we included three international financial institutions³ which operate from their own capital, but where we are engaged in financial decisions on issues such as the use of net income or the provision of new capital. Finally, and looking towards the future, we added in one humanitarian organisation which does not receive regular multilateral core aid funding, but which might be a candidate for such funding in the future. In order to ensure that our assessments were comparable, we excluded central funding allocated for specific projects, as the best means of achieving very narrow and specific objectives. In total, we covered sixteen UN bodies, ten humanitarian organisations (some of which are also part of the UN family, and one of which is the humanitarian arm of the European Commission), six global funds, five multilateral development banks (generally focusing on the concessional funds)⁴, three development finance institutions or facilities supporting the private sector, two European funding vehicles, and the Commonwealth Secretariat.
 3. Our second task was to define what we mean by value for money. We wanted to capture the value for money for UK aid of the whole of each organisation. We therefore took a broad view, with a definition that reaches from control of costs through to delivery of outcomes, and includes system-wide impacts as well as more focused contributions. Figure 1 gives an illustration of this. Inputs here are
- 3 The international financial institutions include both the multilateral development banks and development finance institutions such as International Finance Corporation (IFC).
 - 4 In the case of the World Bank and the African and Asian Banks we concentrated entirely on the concessional funds. In volume terms, these are where the key decisions for UK aid funding are taken. We also provide, or expect to seek parliamentary approval for providing, new capital to these and other non-concessional bank operations, partly as a result of the impact of the financial crisis on their balance sheets. Our assessment of the value for money of these decisions draws on the findings of the MAR. Many of the organisational issues are exactly the same as for the concessional funds, although some of the policies are specific to non-concessional lending.

goods and services, such as textbooks and training for teachers. Outputs are concrete deliverables, such as schools with adequate staff and teaching materials. And outcomes are the difference that all this makes to people's lives, such as better educated children with an increased chance of escaping poverty.

Figure 1 Value for Money



4. The further we go up the chain, from costs, to inputs, to outputs and then to outcomes, the more difficult it becomes to measure the things that we are interested in. But it is still important to try to do this, because this is what matters: not the number of teachers trained, but the difference this makes to poor children's life chances. Our approach has therefore been to measure what we can, and look at proxy measures for the rest. We developed a set of criteria which cover the whole of the value for money chain, from cost and value consciousness at one end, to focus on poor countries and ambition to tackle challenging objectives at the other. Then we drew on the best available evidence to form judgements of the performance of each individual multilateral organisation against these criteria. We explain how we did this later in this chapter.
5. In order to ensure the rigour of the framework and assessment process, we invited two of the UK's leading development experts to be external reviewers. Dr Alison Evans, Director of the Overseas Development Institute, and Professor Lawrence Haddad, Director of the Institute of Development Studies and President of the UK and Ireland's Development Studies Association, agreed to take on this role. We are extremely grateful to them both for their advice and robust challenge throughout the process of the review. Annex 8 gives their Terms of Reference.
6. The rest of this chapter: sets out the assessment framework and explains how it was developed; describes our sources of evidence and methodology for making the assessments; and explains our use of indices to summarise our view of the value for money offered by the multilateral organisations.

The Assessment Framework

7. The assessment framework is based on both development and organisational theory. Development theory says that organisations that are working in poor countries, trying to do things that matter, and following the principles set out in

the Paris Declaration on Aid Effectiveness⁵, are more likely to be making a real difference for poor people and communities. Organisational theory says that organisations that have certain characteristics, such as strong strategic management and a culture of seeking to minimise costs, are more likely to deliver results and offer value for money. Our draft assessment criteria drew on both sets of theories, so it included both, for example, promotion of gender equality and financial resource management.⁶

8. Having developed draft criteria for the assessment, we consulted widely on them, with multilateral organisations, civil society, and our external reviewers. Annex 1 discusses how the framework developed through the consultation process. Table 2 below sets out the final framework, showing how we grouped the criteria together into ten components.

COMPONENT	CRITERIA
1. Critical role in meeting development objectives	<ul style="list-style-type: none"> ▪ Important role in delivering key international development goals or humanitarian objectives, with country level evidence of this ▪ Important role in delivering UK development or humanitarian priorities, with country level evidence of this
2. Attention to cross-cutting issues	<ul style="list-style-type: none"> ▪ Performs well in fragile contexts ▪ Promotes gender equality ▪ Ensures its activities are low carbon, climate resilient and environmentally sustainable
3. Focus on poor countries	<ul style="list-style-type: none"> ▪ Allocates resources to countries that need it most or prioritises areas of greatest humanitarian need ▪ Allocates resources to countries where it will be best used
4. Contribution to results	<ul style="list-style-type: none"> ▪ Objectives are challenging e.g. strives to reach the very poorest ▪ Strives for results at country level ▪ Demonstrates delivery against objectives ▪ Contributes to development or humanitarian results

- 5 The Paris Declaration, endorsed in 2005, is an international agreement which commits signatories to continue to increase efforts in harmonisation, alignment and managing aid for results, with a set of monitorable actions and indicators.
- 6 Our conceptual framework builds on the work of the Multilateral Organisation Performance Assessment Network, MOPAN, which uses a Balanced Scorecard approach to assessing organisational effectiveness. We also used MOPAN data wherever available to inform our judgements.

Table 2 The Multilateral Aid Review Assessment Framework *continued*

COMPONENT	CRITERIA
5. Strategic/ performance management	<ul style="list-style-type: none"> ▪ Has a clear mandate, and strategy and implementation plans to deliver it ▪ Governing body is effective at holding management to account ▪ Leadership is effective ▪ Measures results ▪ Has an effective evaluation function ▪ Governing body and management use results and evaluation evidence to improve decision making ▪ Has good HR policies and practices
6. Financial resource management	<ul style="list-style-type: none"> ▪ Allocates aid transparently ▪ Funding is predictable ▪ Pro-actively manages poorly performing projects and programmes ▪ Ensures financial accountability ▪ Instruments are appropriate
7. Cost and value consciousness	<ul style="list-style-type: none"> ▪ Challenges and supports partners to think about value for money ▪ Rates of return and cost effectiveness issues are important factors in decision-making ▪ Achieves economy in purchase of programme inputs ▪ Controls administrative costs
8. Partnership behaviour	<ul style="list-style-type: none"> ▪ Works effectively in partnership with others ▪ Implements social safeguard policies including incorporating beneficiary voice ▪ Has flexibility which enables a country-led approach ▪ Follows Paris/Accra principles in its approach to aid delivery ▪ Provides an effective leadership and co-ordination role in humanitarian settings
9. Transparency and accountability	<ul style="list-style-type: none"> ▪ Has a comprehensive and open disclosure policy ▪ Promotes transparency and accountability in partners/ recipients ▪ Routinely publishes project documentation and project data ▪ Signatory of IATI and shows commitment to implementation ▪ Governing structures include effective partner country representation ▪ Partner country stakeholders have right of redress and complaint
10. Likelihood of positive change	<ul style="list-style-type: none"> ▪ Governing body and management continuously strive for improvement ▪ Evidence of progress against reform objectives in the past ▪ Opportunities to promote reform are anticipated

Sources of evidence

9. Most academic assessments of donor effectiveness are based on a set of quantitative indicators, such as disbursement delays, or adherence to Paris commitments. This approach has the advantage of being very clear and transparent. But it also has disadvantages. First, there are no data sets which cover all of the multilateral organisations. This limits their usefulness for exercises such as this, which need to be comprehensive. Second, some of the criteria that we were concerned about are not very amenable to this approach. For example, it would be extremely difficult to develop a set of measurable quantitative indicators which effectively capture the answer to the question, “Does the multilateral organisation challenge and support partners to think about value for money?”.
10. We therefore took a different approach. We used quantitative data wherever possible, from other assessments such as the Publish What You Fund Aid Transparency Assessment, and from surveys such as the Paris survey on aid effectiveness, the Multilateral Organisation Performance Assessment Network (MOPAN), and the Heavily-Indebted Poor Countries Capacity Building Project (HIPC CBP) Partner Country Evaluations of Multilateral Institutions. But we also drew on other, more qualitative, sources of evidence.
11. First, we very strongly wanted the review to be grounded in the experience of developing countries. So we visited ten countries to gather evidence on multilateral performance. We covered some multilaterals in all countries, and most multilaterals in some countries. But the coverage was not complete: some multilaterals were not covered at all, and some were only covered in one or two countries. It is therefore important to stress that these visits were only one source of evidence about multilateral organisation performance in-country. Other sources include the surveys referred to above, external evaluations, and reporting from the multilateral organisations themselves. Annex 3 gives more detail on the country visits.
12. Second, we were keen to hear the views of our developing country partners. These are available through MOPAN for some multilaterals, but there are no comprehensive sources of data on partner country views of multilateral effectiveness. We therefore undertook two consultation exercises. The first was a short facilitated workshop with 24 senior representatives from African partner country governments and civil society. The second was a series of interviews of officials from 14 developing country governments by staff from UK Embassies and DFID offices. In both cases, we asked respondents how we should prioritise aid funding, as well as inviting more general comments about the performance of the multilateral organisations. As with the country visits, these exercises were impressionistic rather than systematic. But they were not carried out in isolation: they also draw on earlier stakeholder studies commissioned by DFID. Annex 4 provides more detail on the partner country consultations.
13. Third, we also drew on evidence from a wide variety of stakeholders. The multilateral organisations themselves were extremely helpful in giving us written

submissions with sign-posting to relevant documents. UK civil society also kindly provided us with written submissions and participated in two round table discussions (civil society in developing countries was consulted through the consultation exercises and the country visits). And staff from across the UK government, particularly, but not only, DFID, were also closely involved.

Using the framework

14. A common approach to assessment frameworks such as this is to define a set of criteria for each component, count how many of these criteria are met by each organisation, and to what extent, and then use a formula to arrive at a final score. We considered this approach, but rejected it. The main reason for this is that we needed a framework which would apply equally to a large multilateral development bank and a small normative agency, a humanitarian organisation and a global fund with no in-country delivery capacity. In other words, we needed a flexible tool, not a straightjacket.
15. We therefore took a different approach. We developed guidance which elaborates on the criteria set out in table 2, posing detailed questions about, for example, how aid is allocated, or what project documentation is made publicly available. Any multilateral organisation that meets all of the criteria against a particular component will be displaying best practice in that area. However, because we set extremely high standards, we allowed organisations to receive a strong score if they fully met the criteria that are most important and relevant for their work, but only partially met some of the other criteria.
16. We made evidence-based assessments of performance against each of the criteria in the framework. Crucially, we also used our best judgement to draw these assessments together into a single evidence-based assessment of performance against the component as a whole. In doing this, we always came back to the key underlying issue. For example, the component for strategic and performance management asks for assessments against six criteria. But underlying all of these is the question, "Is the organisation led and managed in a way that will best enable it to meet its development or humanitarian objectives". All components were scored on a scale of 1 to 4, where 1 was unsatisfactory, 2 was weak, 3 was satisfactory, and 4 was strong.
17. The flexibility we created in the assessment framework and process was a deliberate choice, intended both to ensure that the framework was applicable to all of the very different organisations we were assessing, and to ensure that we could make use of all available evidence. But there is a fine line between flexibility and imprecision. In order to stay on the right side of this line, we instituted a rigorous and lengthy process of quality assurance.
18. Quality assurance took place at a variety of different levels within DFID, drawing on the knowledge and experience of our policy and country-based staff as well as that of staff working on the multilateral organisations. Officials from other UK government departments with experience of the multilateral system were also

closely involved. Our external reviewers provided advice and challenge throughout. Annex 1 describes the quality assurance process.

Composite indices

19. Having arrived at assessments of performance against each component, we then clustered them together into two composite indices. First, those that relate to the organisational values and behaviours that support lasting progress towards development and humanitarian objectives. Second, those that are more directly tied to the expected impact on those objectives. Table 3 shows how these indices were constructed.

Table 3 Construction of composite indices	
INDEX	COMPONENTS
Contribution to UK development objectives *	<ul style="list-style-type: none"> ▪ Average of: <ul style="list-style-type: none"> – critical role in meeting international development and humanitarian objectives – critical role in meeting UK development and humanitarian objectives ▪ Average of: <ul style="list-style-type: none"> – adaptation to fragile contexts – promotion of gender equality; and – ensures activities are low carbon, climate resilient and environmentally sustainable – Focus on poor countries – Contribution to results
Organisational strengths	<ul style="list-style-type: none"> ▪ Cost and value consciousness ▪ Partnership behaviour ▪ Strategic/performance management ▪ Financial resources management ▪ Transparency and accountability
* includes humanitarian objectives	

20. We debated how to treat the component on contribution to results. It includes some criteria which assess actual contributions globally and in-country. These fit well with the language of “contribution to UK development objectives”. But because organisations vary in their ambition, and more particularly in their reporting of results, it also includes some proxy measures for delivery, such as whether or not there is evidence of management striving for results, which are better described as “organisational strengths”. In the end we concluded that the underlying question for this component is about whether or not organisations are in practice making a difference to development and humanitarian objectives. We therefore placed it in the index on “contribution to UK development objectives”. But it is important to be aware that this means that this index does include some elements that are about organisational behaviours. By and large, though, we can

characterise the indices as follows: the index on “contribution to UK development objectives” primarily assesses what organisations do, and where, while the index on “organisational strengths” primarily assesses how well they are organised and managed to do it.

21. In the absence of any strong theoretical basis for a different weighting scheme, we followed the practice that is usually adopted in the literature of not giving additional weight to any one component over another. That is, we treated all the components as being of equal importance. There were two exceptions to this rule. First, we averaged out the assessments of criticality to international and UK development and humanitarian objectives to give one overall assessment of criticality. Second, and to prevent the assessments of performance against the cross-cutting issues of attention to fragile contexts, gender and environment and climate change considerations from dominating one of the indices, we averaged these out to form one overall assessment of performance against cross-cutting objectives.
22. For the purposes of summarising our findings, we grouped scores against the composite indices as follows:

Index score	Legend	Descriptors	Underlying component scores
3 and above		Strong	At least one strong score. Satisfactory on almost all others.
2.5 – 2.99		Satisfactory	Mainly satisfactory with some weak scores. Any strong scores are more than balanced out by weak or unsatisfactory scores.
2 – 2.49		Weak	Mainly weak with some satisfactory scores. Any unsatisfactory scores are balanced out by satisfactory scores.
Less than 2		Unsatisfactory	At least one unsatisfactory score. Weak on almost all others.

23. We considered the possibility of constructing a single index of value for money for the multilateral organisations, but decided against it. Neither development nor organisational theory are well enough advanced for us to be confident that we would be able to construct a truly meaningful single index of overall effectiveness. Again, this approach of using multiple rather than single indices seems to be emerging as best practice in the literature on aid effectiveness⁷.

7 Birdsall, N; H. Kharas and A. Mahgoub (2010) “A Quality of Development Assistance Index” Centre for Global Development and the Wolfensohn Centre for Development at the Brookings Institution; Publish What You Fund (2010) “Aid Transparency Assessment” Global Campaign for Aid Transparency; HIPC CPB Partner Country Evaluations of Multilateral Institutions (September 2010), Development Finance International.

Value for Money

24. The purpose of the Multilateral Aid Review is to assess the value for money of delivering UK development assistance to poor people through the multilateral organisations. So, although we were reluctant to construct a single index of value for money, we did need to find an approach to assessing overall value for money in which we could be confident.
25. As discussed earlier, the criteria we set in the assessment framework and guidance were based on development and organisational theories about the behaviours and characteristics that we would expect to deliver results and to offer value for money. The standards we set were very demanding, both in theory and, as it turned out, in practice. The next chapter goes through them in detail, as well as providing a thematic overview of the results of the assessments. There were very few strong scores, even though we know from our country visits and our broader experience of working with the multilateral organisations that many of them are in fact performing well. We therefore took the view that any multilateral organisations receiving mainly strong or satisfactory scores against the components, and therefore strong or satisfactory scores against the combined indices, offer good value for money for UK development assistance.
26. However, we wanted to go further than this, and to identify those multilateral organisations that offer very good value for money for UK development assistance. Given the high standards we set, we believe that any organisations with strong scores on both indices offer very good value for money. We also argue that there can be some trade-offs between the indices so that, for example, an organisation which is particularly strong at contributing to UK development objectives may offer very good value for money even if it is only satisfactory on the other index, so long as there are more strengths than weaknesses overall.
27. Multilateral organisations which do not offer good or very good value for money may still offer adequate value for money, in the same way that an investment project may offer a rate of return that is just acceptable given the cost of capital. However, we judge that any multilateral organisation with a weak or unsatisfactory score against both indices offers poor value for money for UK aid funding. The table below summarises how we translated index scores into value for money assessments.

Value for money assessment	Underlying scores
3 and above	Average score across both indices is strong
2.5 – 2.99	Average score across both indices is satisfactory
2 – 2.49	One satisfactory and one weak score against the indices
Less than 2	Scores on both indices are weak or unsatisfactory

28. Organisations close to the dividing line between good and very good value for money, good and adequate value for money, or adequate and poor value for money, will in practice have similar levels of performance. This is true of many similar decision rules.
29. The results of the assessments against both the components and the composite indices are shown in the next two chapters. Chapter 3 takes a thematic approach, looking across the components. Chapter 4 summarises the results for the individual multilateral organisations, looking both at their scores against the composite indices and their overall value for money. Summaries of the assessments for each organisation can be found in Annex 6.

Chapter 3

Thematic findings from the review

Overview

1. The Multilateral Aid Review provides a rich picture of the strengths and weaknesses of the multilateral organisations. It is clear that the multilateral system forms an essential part of the international architecture for sustainable poverty reduction. Many multilateral organisations are valued partners for developing country governments, civil society and the private sector. Together they mobilise large-scale funding, bring specialist expertise, support innovation, play pivotal leadership roles with other donors, have the mandates and legitimacy to help to deal with conflict situations, and provide a platform for action in every country in the world. Many are a critically important complement to the operations of bilateral donors such as DFID.
2. This does not, however, mean that every multilateral organisation is performing as well as it should, or making an equal contribution to development and humanitarian objectives. We found considerable variability in performance. This variability exists at many levels. First, the multilateral organisations as a group perform better in some parts of the assessment framework than in others. Second, different kinds of multilateral organisations, such as the multilateral development banks or the global funds, perform better in some framework areas than in others. Third, individual multilateral organisations have their own particular strengths and weaknesses.
3. The next sections explain our approach to analysing the assessments, and then discuss strengths and weaknesses across the multilateral system.

Analysing the data

4. In order to understand better why organisations received the scores they did on our assessments, we placed them into seven groups. First, those multilateral development banks where we primarily assessed the concessional funds. Second, development finance institutions and funds supporting private sector development. Third, global funds for health, education and climate change adaptation and mitigation. Fourth, humanitarian organisations, including UN and European humanitarian organisations. Fifth, other UN organisations. Sixth, the European Commission, consisting of the European Development Fund and the other development instruments (hereafter the European Commission budget instruments), but excluding ECHO. Two organisations did not fit into these categories: the Inter-American Development Bank, where non-concessional and concessional finance were equally covered in our assessment, and the Commonwealth Secretariat. We grouped these together as "Other". Although the "other"

organisations are shown in the charts and tables in this chapter, we do not give any other analysis of their performance here. Table 6 below shows how many organisations fall into each group⁸. A full list of the organisations covered by the review is given at the beginning of this report.

	Multilateral organisations	No. of organisations
Multilateral development banks, with a focus on the concessional funds	AfDF, AsDF, CDB ⁱ , IDA	4
Development finance institutions and funds supporting private sector development	EBRD, IFC, PIDG	3
Global funds for health, education and climate change	CIFs, FTI, GAVI, GEF, GFATM, UNITAID	6
Humanitarian organisations	CERF, ECHO, GFDRR, ICRC, IFRC, IOM, ISDR, OCHA, UNHCR, WFP	10
UN organisations exc. humanitarian	EFW, FAO, HABITAT, IFAD, ILO, OHCHR, PBF, UNAIDS, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIDO, UNIFEM, WHO	16
European Commission exc. humanitarian	European Commission budget instruments, EDF	2
Other	CommSec, IADB	2
Total		43

ⁱ We primarily focused on the concessional funding window of the Caribbean Development Bank, the Special Development Fund.

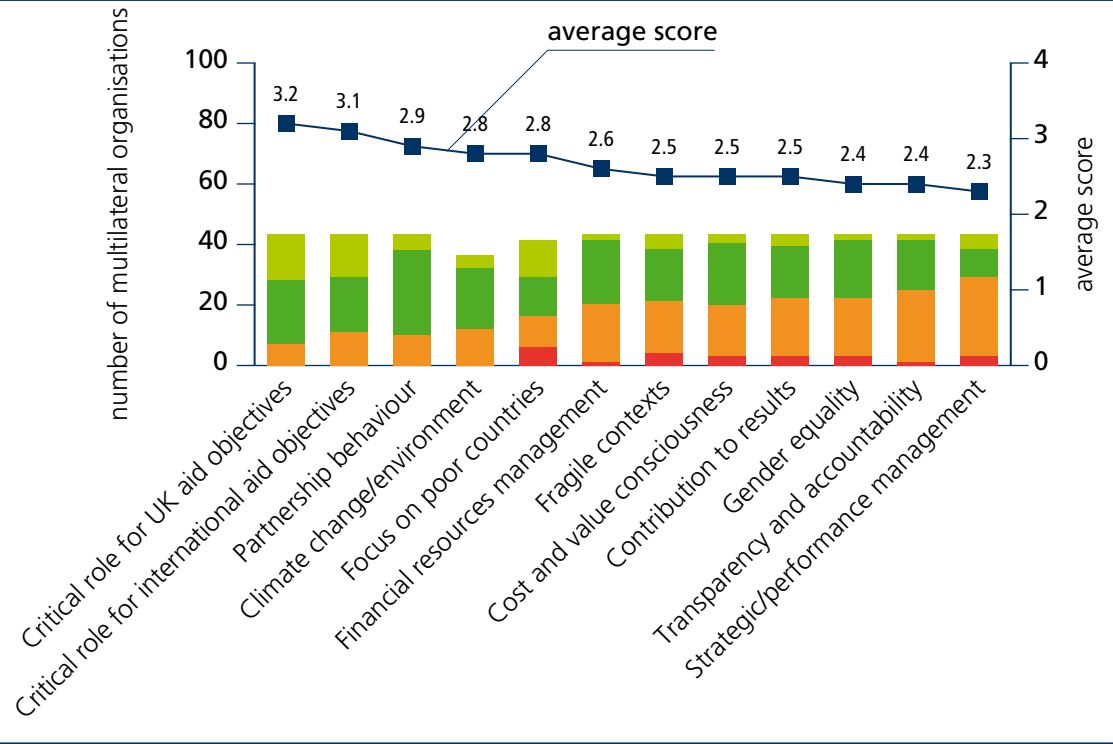
- 8 We could have arranged these groupings differently. In particular, we could have clustered the UN humanitarian organisations together with the other UN organisations, and the European Commission's humanitarian arm, ECHO, with the other European Commission budget instruments. The reason we did not do this was because it would lose some important commonalities between the organisations. However, where relevant, the analysis below does consider UN humanitarian organisations together with the other UN organisations, and ECHO together with the other European Commission budget instruments.

5. We considered whether or not to weight the assessments to take account of differences in scale across the multilateral system. We decided against this for two reasons. First, the discrepancy between the largest and the smallest organisation in the review is just too big. If we weighted the assessments by annual disbursements, we would generate a weighted average which reflects the performance of only a handful of organisations, losing the richness of our data. Second, the Multilateral Aid Review was intended to assess the value for money of each of the multilateral organisations which receive core UK aid funding, and not to assess the value of the multilateral system as a whole. We have therefore abstracted from questions of scale, and taken simple averages only.

Strengths and weaknesses across the multilateral organisations

6. As a group, the multilateral organisations' highest scores are for their critical role in meeting international and UK development and humanitarian objectives, their partnership behaviour, and their focus on poor countries. But there is not enough evidence of multilaterals consistently delivering results on the ground, particularly in fragile states. This is partly because of weaknesses in strategic and performance management, including human resource management, in many multilaterals. Most multilaterals are not sufficiently focused on driving down costs or achieving value for money. Most multilaterals are not paying enough attention to gender issues. And there is still much room for improvement for the multilaterals as a group on transparency and accountability.
7. These points are illustrated by chart 4, which gives average scores on each component across the multilateral system together with the numbers of organisations in each scoring band. This shows that, for example, the multilateral organisations as a group averaged a score of 3.2 (where 3 is satisfactory and 4 is strong) in terms of their critical role in meeting UK development and humanitarian objectives. Of the forty-three organisations we assessed, fifteen were strong on this criterion, twenty-one were satisfactory, seven were weak, and none were unsatisfactory. At the other end of the scale, the average score on strategic and performance management was 2.3 (where 2 is weak and 3 is satisfactory). Four of the organisations were strong, ten were satisfactory, twenty-six were weak, and three were unsatisfactory.

Chart 4 Strengths and weaknesses across the multilateral organisations



8. This overall picture of strengths and weaknesses masks some of the variability across the multilateral system. For example, the multilateral organisations' generally good showing on partnership behaviour is driven primarily by strong performance by the UN and the European Commission. Equally, their generally poor showing on cost and value consciousness is largely due to weak performance by the UN and the humanitarian organisations, and in spite of strong performance by the global funds. Table 7 sets out the strengths and weaknesses of the different multilateral groupings.
9. The rest of this chapter examines how the multilateral organisations perform against the components of the assessment framework. The charts use the following abbreviations:

- EC'ion European Commission, excluding humanitarian
- GF Global funds
- H Humanitarian organisations
- MDB Concessional funds of the multilateral development banks
- PSD Private sector development organisations
- UN UN organisations, excluding humanitarian

	Strengths (score >3)	Weaknesses (score <2.5)
Multilateral development banks	Critical role in meeting development objectives	Gender and fragile contexts
Private sector development	Strategic and performance management, financial resource management, cost and value consciousness, contribution to results, and climate and environment	Focus on poor countries, gender and fragile contexts
Global funds	Focus on poor countries, critical role in meeting development objectives, climate and environment, cost and value consciousness and transparency	Gender and fragile contexts
European Commission exc. humanitarian	Critical role in meeting development objectives and partnership behaviour	Strategic and performance management and gender
UN exc. humanitarian	Partnership behaviour	Contribution to results, cost and value consciousness, strategic and performance management, transparency, and financial resource management
Humanitarian	Fragile contexts and critical role in meeting humanitarian objectives	Strategic and performance management and transparency

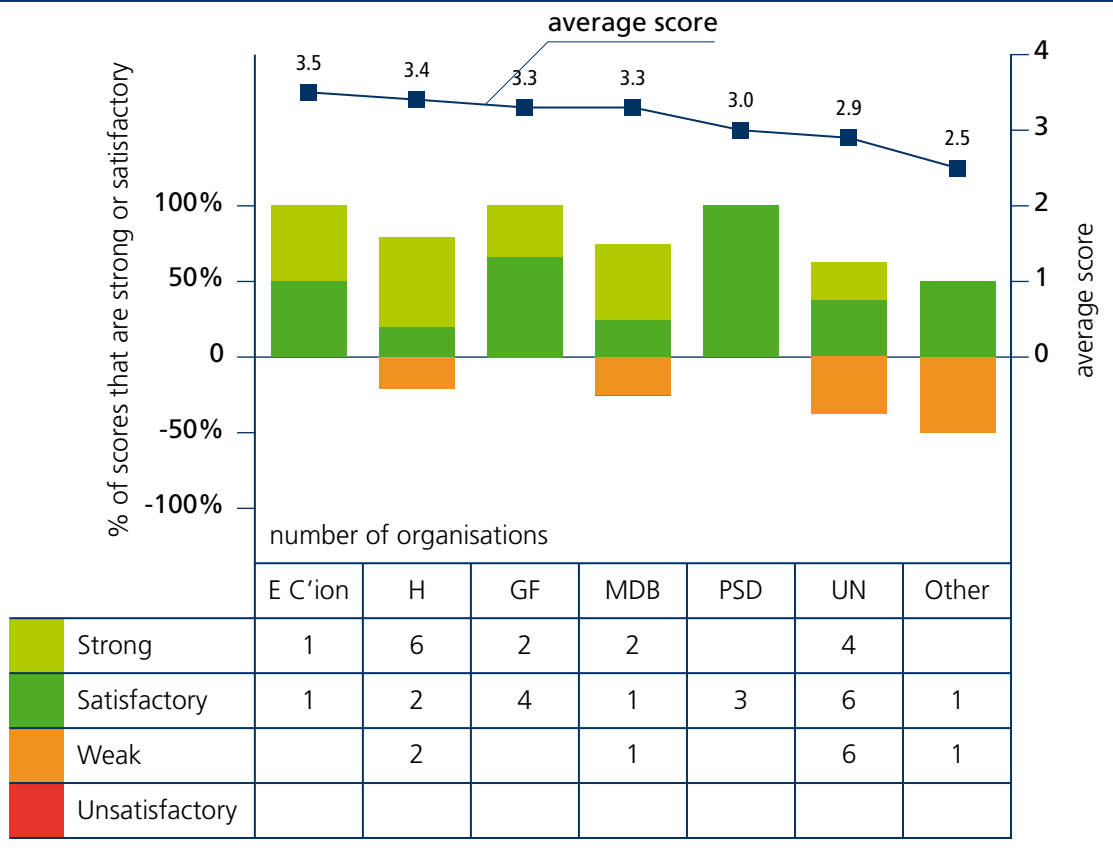
10. The components of the assessment framework are examined in the following order:
- Critical role in meeting development and humanitarian objectives
 - international objectives
 - UK objectives
 - Focus on poor countries
 - Contribution to results
 - Strategic and performance management
 - Financial resource management
 - Cost and value consciousness
 - Partnership behaviour
 - Transparency and accountability
 - Cross-cutting issues

- Fragile contexts
- Gender equality
- Climate change and environmental sustainability

Critical role in meeting development and humanitarian objectives

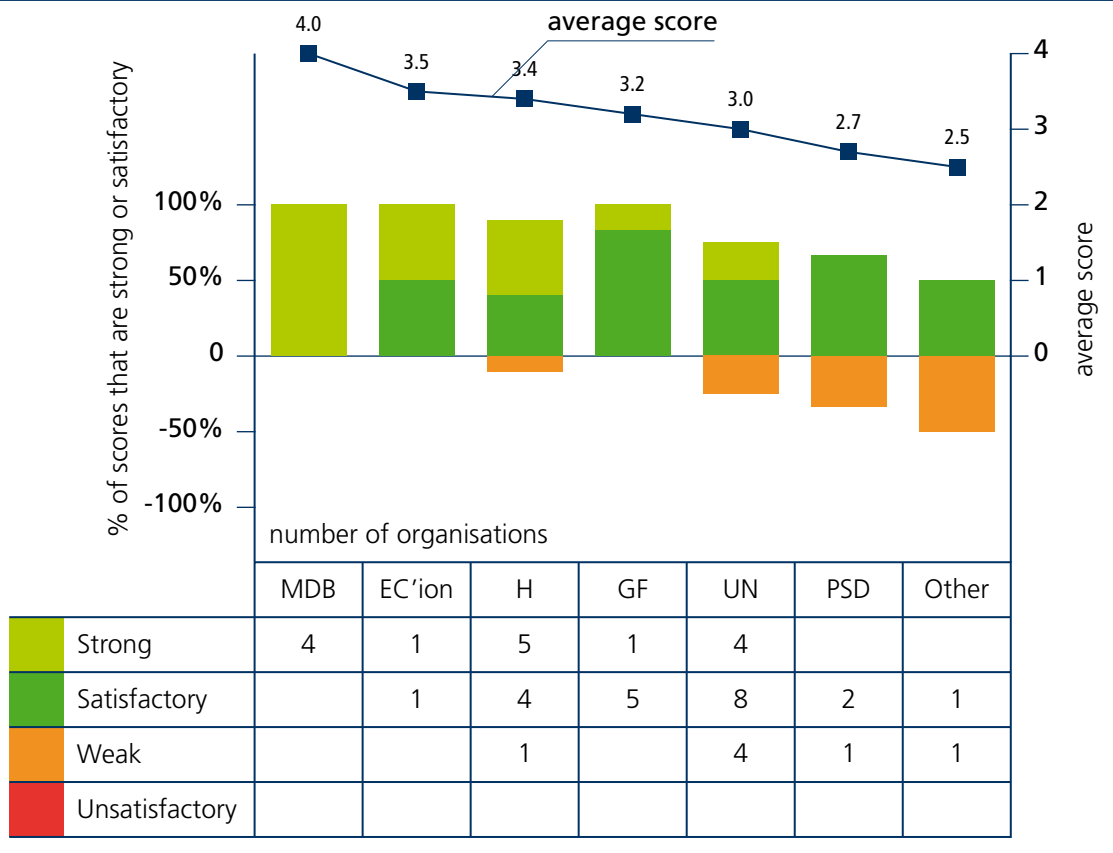
11. Instead of looking at whether or not the multilateral organisations have mandates which mean that they are, in theory, important for meeting development and humanitarian objectives, we asked whether or not multilateral organisations are, in practice, critical to achieving these objectives. We looked for evidence of multilateral organisations playing a leading role at the global or national level in, for example, co-ordinating the development or humanitarian system, providing large-scale finance or specialist expertise, filling policy and knowledge gaps, or meeting humanitarian needs.
12. In doing this assessment we looked first at international development and humanitarian objectives, including the Millennium Development Goals (MDGs), and second at the UK's specific development and humanitarian objectives, as set out in DFID's Business Plan ([link to Business Plan](#)). They include a focus on particular issues, such as wealth creation, governance and security, direct delivery of the MDGs, humanitarian relief, climate change and environmental sustainability, on low income countries, and on some institutions, such as the Commonwealth, where the UK has especially strong ties. The effectiveness of the multilateral organisations in dealing with some of these issues is also explored in more detail later in this chapter.
13. Chart 5 below shows how the different groups of multilateral organisations were assessed in terms of their role in meeting international development and humanitarian objectives. Eighteen of the forty-three multilateral organisations are satisfactory on this component, and fifteen of them are strong.

Chart 5 Critical roles in meeting international development and humanitarian objectives



14. Chart 6 below shows how the different groups of multilateral organisations fared against our assessment in respect of UK development and humanitarian objectives. Five multilateral organisations that we deem to be only weakly critical for the achievement of international objectives are satisfactory in terms of the UK’s particular priorities. In some cases this is because they play a key role in countries or regions which are especially important to the UK. In others it is because their objectives are so close to the heart of the UK’s development agenda that, even though their role is very narrow, it is still critical for the achievement of UK priorities. Equally, two international financial institutions which play a satisfactory role in meeting international development objectives operate in regions which are not priorities for UK aid, and are therefore seen as only weakly critical for meeting UK development objectives.

Chart 6 Critical roles in meeting UK development and humanitarian objectives



15. Overall, fifteen of the forty-three multilateral organisations were judged to be strong in performing a role which is critical to meeting UK development and humanitarian objectives, and twenty-one were deemed to be satisfactory. This is a very strong endorsement of the central importance of the multilateral system for meeting UK development and humanitarian objectives.
16. There are many reasons why the multilateral organisations are so important to the success of the international aid effort. The most common finding was that they play a vital leadership and co-ordination role. Examples included convening international gatherings, leading donor co-ordination mechanisms, facilitating stakeholder dialogue, building a shared knowledge base, establishing common standards, and providing intellectual leadership. Other critically important aspects of multilateral organisation behaviour include: the sheer scale of their activities, their specialist technical expertise, the range of instruments they offer, their unique legitimacy, which enables them to work in every country and tackle politically difficult issues, such as electoral reform or population dynamics, and their focus on poor countries. Box 2 illustrates some of these.
17. Only five multilateral organisations were judged to be weakly critical to both UK and international development and humanitarian objectives. All of them are

small. All of them are specialised UN agencies, programmes or strategies. All have mandates to work in niche areas, but lack the strategic focus and scale to be key players in practice.

Box 1 Pillars of the system

The World Bank, the United Nations and the European Commission are sometimes referred to as the three “pillars” of the international development and humanitarian system. Table 1 in chapter 1 illustrated the difference they make. The examples below show what makes them so important.

IDA – poverty reduction at scale

The International Development Association, IDA, is the concessional funding window of the World Bank. Its comparative advantage is the breadth and quality of its technical expertise, the scale of its concessional financing, and its global reach. IDA helps 79 of the poorest countries in the world on a wide range of priorities in national development plans, focusing on poverty reduction and the achievement of the MDGs. IDA is, for example, the single largest source of donor funds for basic social services in the poorest countries¹. Through its size and reach, IDA can have a transformational effect that individual national donors cannot match.

WHO – specialising in health

The World Health Organisation WHO, is a UN specialised agency. Its comparative advantage is its global legitimacy in health matters, its convening power, and its authority to lead and co-ordinate others. WHO’s work covers areas such as maternal and child health, malaria, nutrition, drinking water quality and sanitation. It sets standards and guidelines and establishes conventions, regulations and codes. As an example, the WHO’s Global Malaria Programme provides the latest internationally agreed recommendations on how to effectively prevent, diagnose and treat malaria at the lowest cost, while its World Malaria Report tracks progress in 106 malaria endemic countries. On the ground, WHO helps to improve health systems, including emergency preparedness and health surveillance, and it leads the Global Health Cluster in humanitarian situations.



Box 1 Pillars of the system *continued*

ECHO – meeting humanitarian need

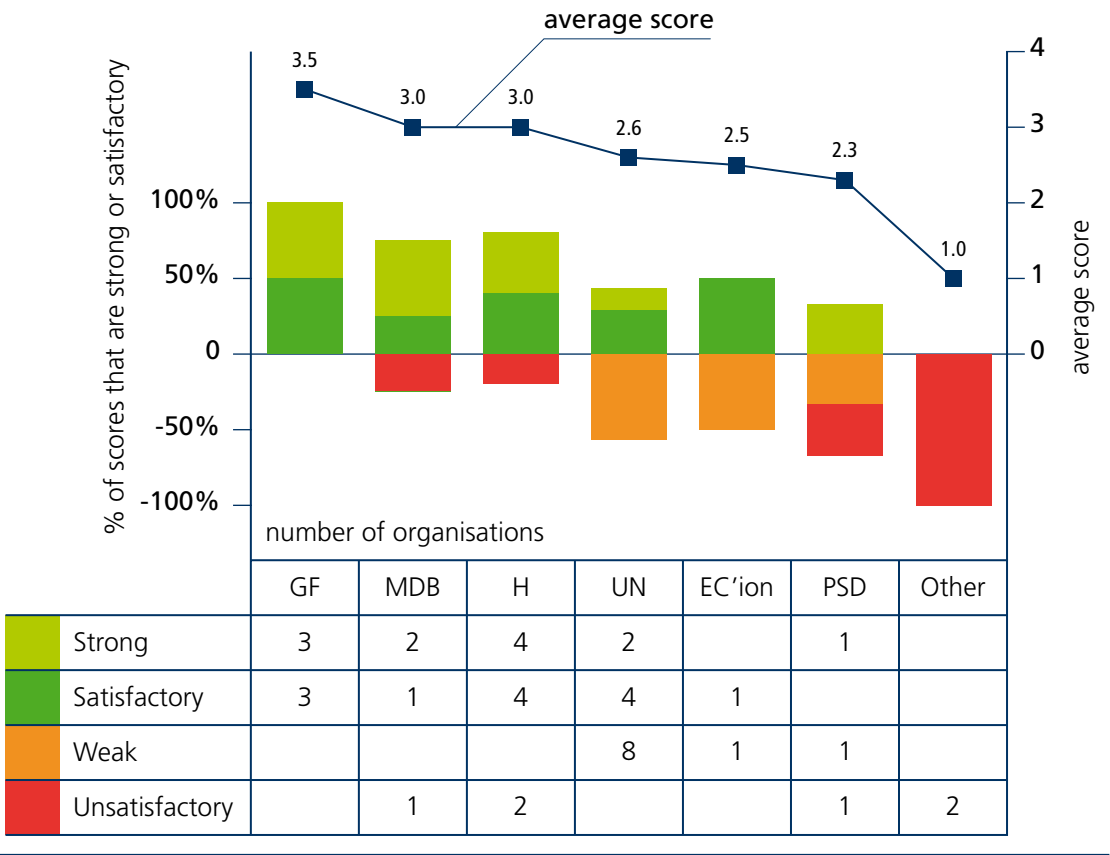
ECHO is the humanitarian arm of the European Commission. It is the second biggest humanitarian donor in the world. Its comparative advantage is its huge field presence across the world and in most fragile states, and its size, including the ability to release up to €3m in the 72 hours following an emergency. This makes it a significant contributor to humanitarian outcomes and allows it to focus on ‘forgotten crises’, filling a gap in the system and supporting a more consistent approach to funding according to need. In 2009, ECHO funded relief for approximately 150 million beneficiaries in more than 70 countries.

i IDA16 Replenishment announcement Q&A and IDA website

Focus on poor countries

18. This component looks at how well the multilateral organisations target their aid spending on countries with high levels of need and effectiveness, where aid is likely to have the greatest impact.
19. We assessed need and effectiveness in different ways for different kinds of organisations. For multilateral organisations with a focus on humanitarian need or conflict, climate change and environmental sustainability or disaster risk reduction objectives, we analysed need in terms of the incidence of the particular problem they are mandated to address. Where possible, we also looked at their effectiveness by considering how well allocation decisions are driven by evidence of country and/or situation specific contexts. For all other organisations, we generated a quantitative index of need and effectiveness, where need is derived from numbers of poor people, human development indicators, and fragility, and effectiveness is based on the strength of their institutional and policy environment. We then compared each organisation’s country by country aid spend with this index. The methodology and findings are explained in Box 2, and with more detail in Annex 1.
20. Chart 7 below shows how well focused the multilateral organisations are on the countries where, according to our assessment of need and effectiveness, they are likely to have the most impact. We call this “focus on poor countries”.

Chart 7 Focus on poor countries

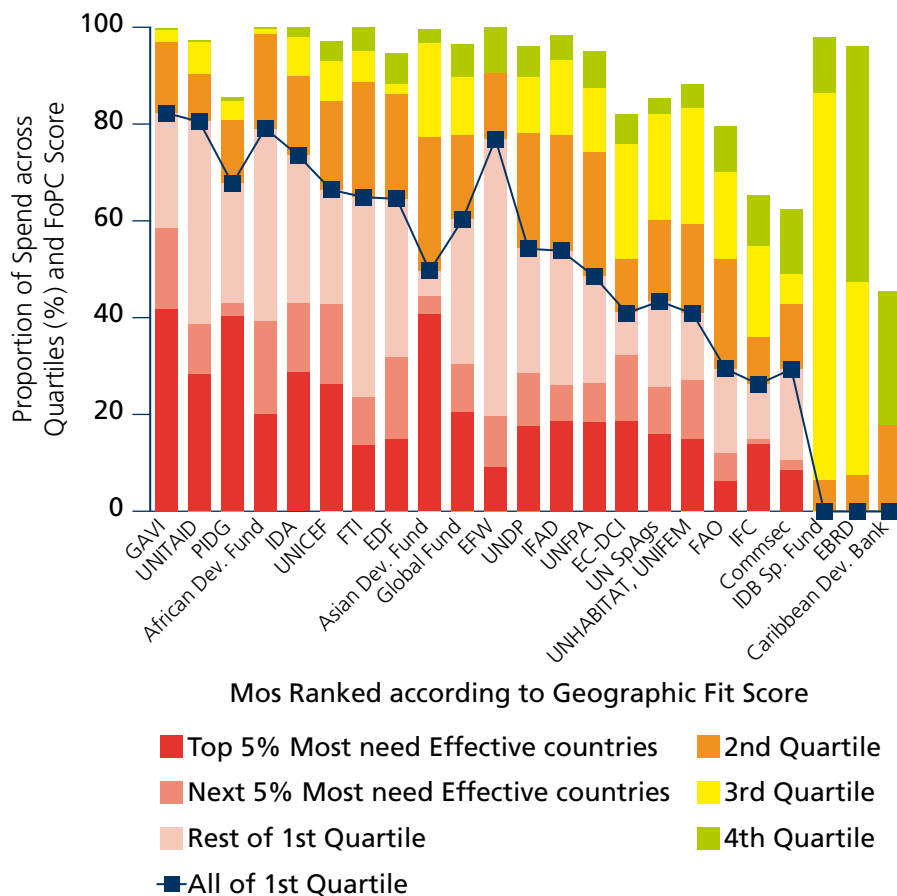


Box 2 Assessing focus on poor countries for multilateral organisations that support development objectives

We used indices of need (numbers of poor people, human development indicators and fragility) and effectiveness (strength of institutional and policy environment, using CPIAⁱ) to construct a country ranking for all low income and lower middle income countries. The higher up the ranking, the more likely it is that aid to that country will contribute to the UK's poverty reduction objectives.

We looked at how the multilateral development organisations allocate their core country based aid – the official development assistance that they disburse at the country level, excluding their global policy and normative work, and any resources not focused on development concerns – and compared this with our country ranking. Organisations that give a large share of their aid to countries high up in the ranking are, in purely geographic terms, more likely to be contributing to poverty reduction. We describe them as having a good focus on poor countries (FoPC).

The chart below gives the FoPC score for the multilateral development organisations, and the share of aid going to countries in different parts of the ranking. It shows that, for example, GAVI gives over 40% of its aid to the 5% of countries that offer the highest impact on UK poverty reduction objectives, while the Commonwealth Secretariat gives less than 10% of its country-based aid to this group, and almost 40% to upper middle income and high income countries. The FoPC scores were banded together to generate scores for focus on poor countries on a range of 1 to 4.



ⁱ CPIA (Country Policy and Institutional Assessment) is a World Bank index of the quality of a country's institutional and policy framework.

21. Twenty-five of the forty-three multilateral organisations have a strong or satisfactory focus on the countries where need and effectiveness assessments suggest that aid will have the most impact. Six are unsatisfactory. It is very striking that the newest organisations – the global funds – have the best focus on these countries. This is discussed further in Box 3.
22. Where multilaterals do not have a good focus on the countries where need and effectiveness assessments suggest that aid will have the most impact, this is often largely a result of deliberate choices made in the past by the international community. For example, most of the multilaterals with a weak focus on these countries belong to the UN system. They tend to be organisations which are mandated to have a global field presence, including in upper middle income countries. Equally, those of the international financial institutions with an unsatisfactory focus on these countries were established to work in regions which have pockets of poverty, but where most countries are not low income. Finally, for geo-political reasons, the European Commission budget development instruments have a strong focus on middle-income countries, particularly in the regions around the EU.

Box 3 Global funds giving aid where it will have the most impact

The four health and education global funds that we assessed are all in the top ten multilateral development organisations in terms of their focus on poor countries. This is a striking finding, since their demand-led models appear to give them less control than some other organisations over where they allocate their resources. On average: 98% of the global funds' country funding goes to low – and lower-middle-income countries; 72% goes to the 25% of these countries that are most likely to deliver poverty reduction according to our model (most of which are low income), and 26% goes to the 5% of these countries where we judge that aid has the greatest potential impact. On average, the equivalent figures for the other development institutions we assessed were 88%, 44%, and 16%.



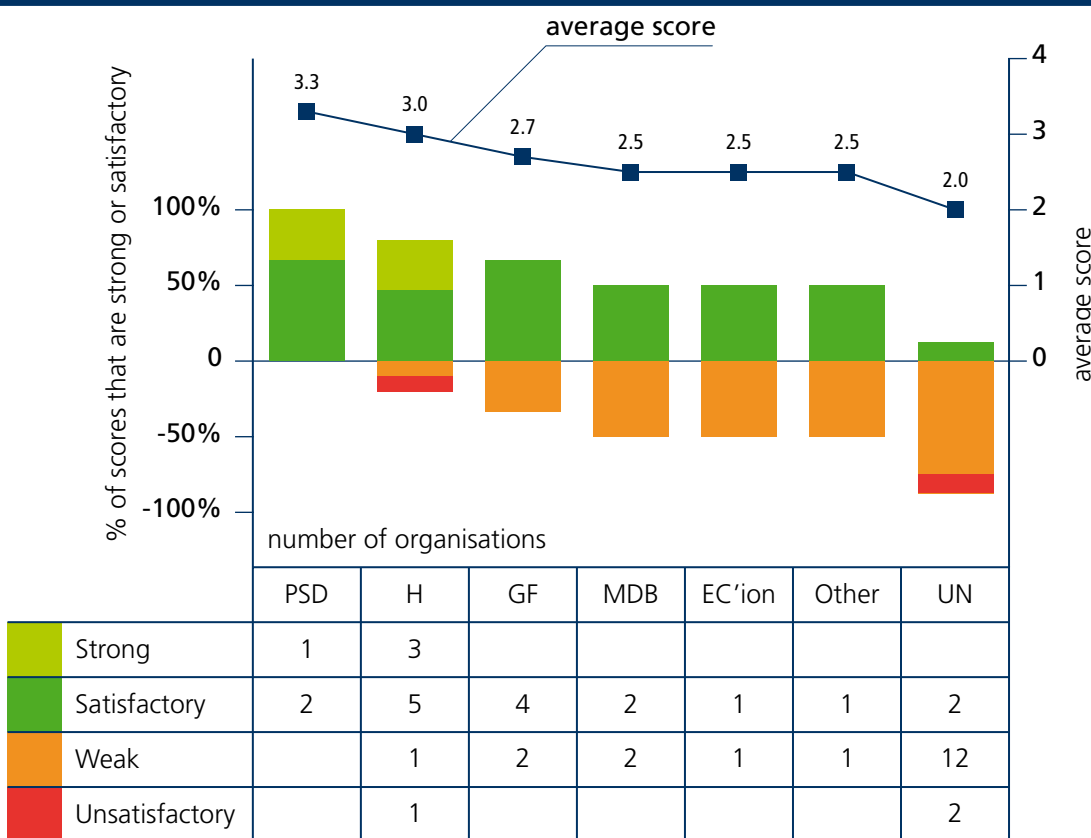
23. The chart in Box 2 shows whether or not organisations are concentrating on countries where our assessment of need and effectiveness suggests that aid will have the most impact, but does not explain why they may not be. While sixteen multilateral organisations are not well focused on these countries, this is partly a consequence of decisions taken by the international community. Nevertheless, this is a valid question to ask in the context of an assessment of value for money for UK aid funding. It is important that the UK's resources are targeted on the organisations and countries that are most likely to deliver against the UK's development and humanitarian objectives.

Contribution to results

24. This component assesses whether or not multilateral organisations are setting and meeting challenging objectives and making a consistently positive contribution to development or humanitarian results. We were looking for ambitious targets, for example in innovation or outreach to the poorest, for demonstration of achievement against targets at the country level⁹, and for evidence of management resolving problems and striving for a real impact.
25. The requirement to not only achieve results, but also to clearly measure them, made it difficult for multilaterals to score well on this component. Despite this, we found many examples of multilaterals making an important contribution to development or humanitarian objectives, including all of the private sector development organisations, most of the humanitarian organisations and global funds, half of the concessional funds of the multilateral development banks, and the European Development Fund. Some other UN organisations are having an impact at country level, but many of them find it difficult to demonstrate this clearly.

9 The quality of corporate results frameworks and reporting is assessed later under strategic and performance management. This component looks only for evidence of management for results at the country level.

Chart 8 Contribution to results



- 26. This section gives some examples of the impact that multilateral organisations have at country level; more can be found in Table 1 in Chapter 1.
- 27. The private sector development organisations are making a good contribution to results. The best of them are innovative organisations which set themselves challenging objectives and are able to demonstrate delivery against them, but they tend not to have a strong poverty focus.

Box 4 Unblocking constraints to investment in infrastructure

The Private Infrastructure Development Group (PIDG) aims to mobilise private infrastructure investment in poor countries in order to foster economic growth and reduce poverty. PIDG supported projects have attracted \$10.5bn of private investment, with every \$1 of donor funding delivering some \$27 of investment in infrastructure in developing countries. Projects that have already reached financial close are projected to provide new or improved services to over 50m people and directly generate over 160,000 long term jobs.

28. We are confident that most of the humanitarian organisations are making a real difference to the lives of some of the poorest and most vulnerable people under very difficult circumstances.
29. All of the global funds are able to show a demonstrable impact globally and/or at country level, despite some surprising weaknesses in results reporting. Most of them have challenging objectives and are often innovative in their approach. However, the global funds are generally dependent on other agencies to deliver their projects and programmes, and they can find it difficult to resolve problems in implementation at country level when these occur. It is not clear that management in some global funds is doing its utmost to sort out these country-level problems.
30. Many of the multilateral development banks are also able to demonstrate delivery of outputs against challenging objectives, although they find it more difficult to demonstrate contribution to outcomes, and their objectives are not always well poverty-focused. Many of them played an important role in responding to the financial crisis. Some of them are innovating and taking risks to deliver critical projects in fragile environments, yet IDA in particular struggles with a business model that is not appropriate for fragile states.
31. Most of the multilateral development banks have a good management focus on results. However, this is not always matched by internal incentives. Staff and managers tend to be rewarded for getting projects and loans approved, rather than for delivering outputs, such as rehabilitated roads, or outcomes, such as shorter journey times to markets, schools and health facilities, higher incomes and healthier and better educated populations.
32. The European Commission suffers from weaknesses in its results reporting. Nonetheless, in most cases we were able to find indirect evidence of impact. The European Development Fund fared reasonably well against our criteria. Objectives appear ambitious, there is good evidence of innovation, such as the MDG contracts (see Box 5), external assessments indicate reasonable performance, and there are many examples of contributions to outputs and even outcomes at the country level. It was more difficult to find evidence of contributions to development objectives for the European Commission budget instruments.

Box 5 European Commission innovating for results

The MDG Contracts offer long term, predictable budget support with a variable performance tranche to low income countries, mainly in sub-Saharan Africa. The aim is to accelerate real improvements in reaching the MDGs by 2015. The MDG Contracts clearly link EDF funding to results.

In Rwanda, primary school completion rates increased from 52% to 75.6% – and 80% for girls – between 2006 and 2009/10, and, in Zambia, the proportion of HIV pregnant women receiving anti-retroviral treatment increased from 40% in 2007 to 66% in 2009. The European Commission has also earmarked €1 billion of EDF funds to tackle the most off-track MDGs in Africa, the Caribbean and Pacific countries. The new country owned “MDG Initiative” will provide extra funds to partner countries’ strategic plans and budgets and help to address urgent challenges, including around maternal and child mortality and access to water.



33. We found evidence of some UN organisations having an impact on development results at the global level, or making a real difference at country level. We met staff in UN organisations who were passionate in their ambition and drive to achieve their objectives. Box 6 gives an example drawn from our country visits.
34. In general, though, we were hampered in our search for evidence of impact by weaknesses in results reporting in most UN organisations, made worse by the inherent difficulty of quantifying the difference that work such as advocacy, policy guidance, technical expertise and co-ordination makes to the lives of poor people. This is discussed further under strategic and performance management.

35. The evidence that we did find suggested that some UN organisations, particularly the smaller ones, but also UNDP, are not focusing on their comparative advantage, and perform weakly as a result. It also pointed to a worrying level of inconsistency, with several UN organisations performing well in some countries or thematic areas and poorly in others, particularly in fragile and crisis affected countries. This seems to be partly a consequence of UN organisations not having the right staff in place with the right skills at the right time. This is discussed further in the next section.

Box 6 UN making a difference on the ground

The United Nations Children’s Fund (UNICEF) has a strong poverty focus and a critical role in the delivery of the MDGs. Delegated authority to country offices means that UNICEF can programme for local contexts and in close collaboration with partners. During DFID’s country visits we saw good examples of UNICEF’s contribution to results at country level. For example, WHO and UNICEF responded promptly and effectively to a recent polio outbreak in Tajikistan (650 cases reported). 10.3 million doses of vaccine were procured through WHO and delivered by UNICEF, with 98% coverage. Since this campaign no new cases of the disease have been reported.



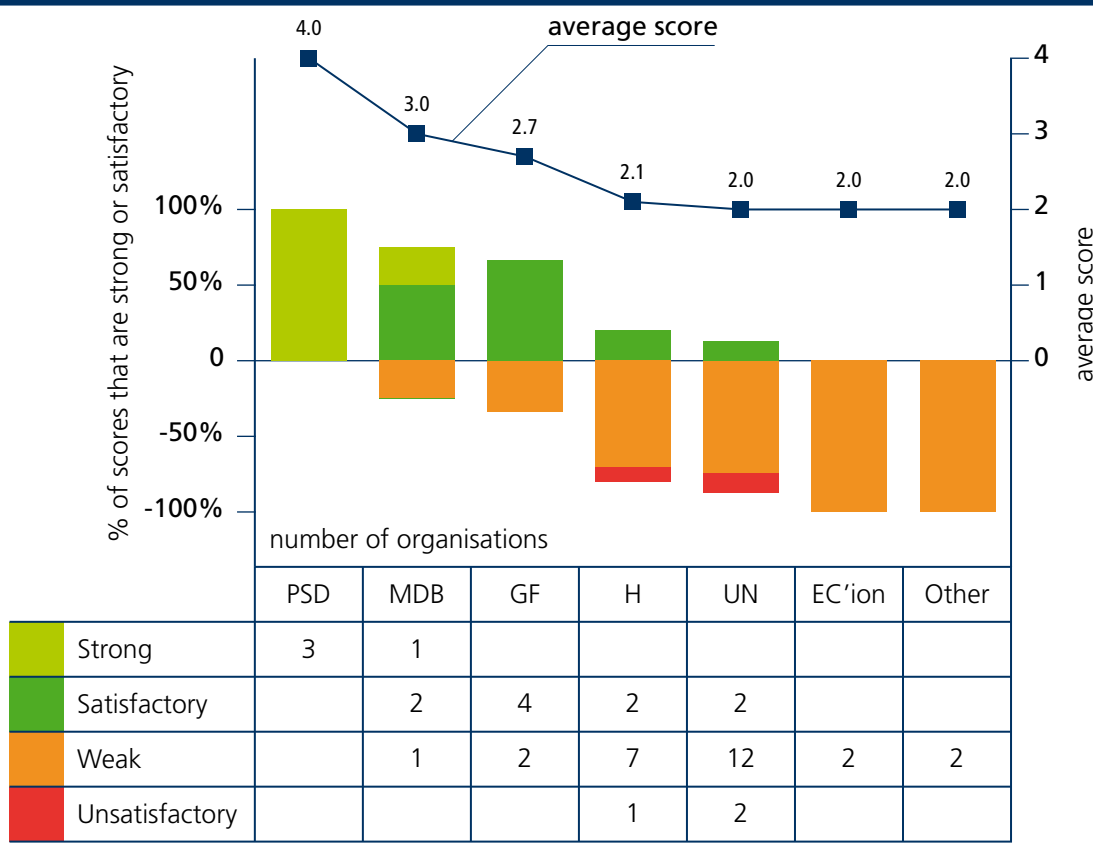
Strategic and performance management

36. As the previous section makes clear, the ability of the multilateral organisations to contribute to achieving development or humanitarian objectives is often tied to the quality of their strategic and performance management systems. We were looking for organisations with: a clear mandate and strategy; effective leadership and governance structures; a results culture and results based management

systems with comprehensive results frameworks including baselines and targets at the input, output and outcome level, actively used throughout the organisation as a tool to manage performance; an evaluation culture with independent evaluations whose recommendations are acted on; and high quality human resource management systems, with transparent and merit-based recruitment and promotion, and performance-based management systems.

- 37. Only fourteen of the forty-three multilateral organisations we assessed were deemed to have satisfactory or strong strategic and performance management systems. All of the private sector development organisations and most of the concessional funds of the multilateral development banks and global funds fared well on this component, but we are concerned about weaknesses in the UN, the humanitarian organisations and the European Commission.

Chart 9 Strategic and performance management



- 38. One of the multilateral development banks and all of the private sector development organisations are strong on strategic and performance management, and most of them are at least satisfactory. Clear mandates and strategies are generally supported by sound results based management systems. All of them now have results frameworks in place. Some of these are excellent. Others need strengthening, and work to do this is generally in hand. The organisations vary in

the extent to which they actively use these frameworks as management and accountability tools. An example of excellent behaviour is shown in Box 7.

Box 7 Management for development results in Asia and the Pacific

The Asian Development Bank's comprehensive results framework was established in 2008 and is actively used for management and accountability purposes. An annual Development Effectiveness Review provides a report to the Board on progress against the results framework which is recognised as being candid, credible and comprehensive, enabling and encouraging shareholders to raise concerns with senior management. This report is published. The bank's country programmes are also assessed, and these assessments, too, are published. Apart from this public information, the bank has also established an internal online dashboard view of performance against the results framework, with traffic light colours used to denote areas of progress and concern. Senior management regularly refer to this dashboard and hold managers accountable for performance on red and amber lights. In our country visits we found that managers were actively using this tool to identify and address problems.

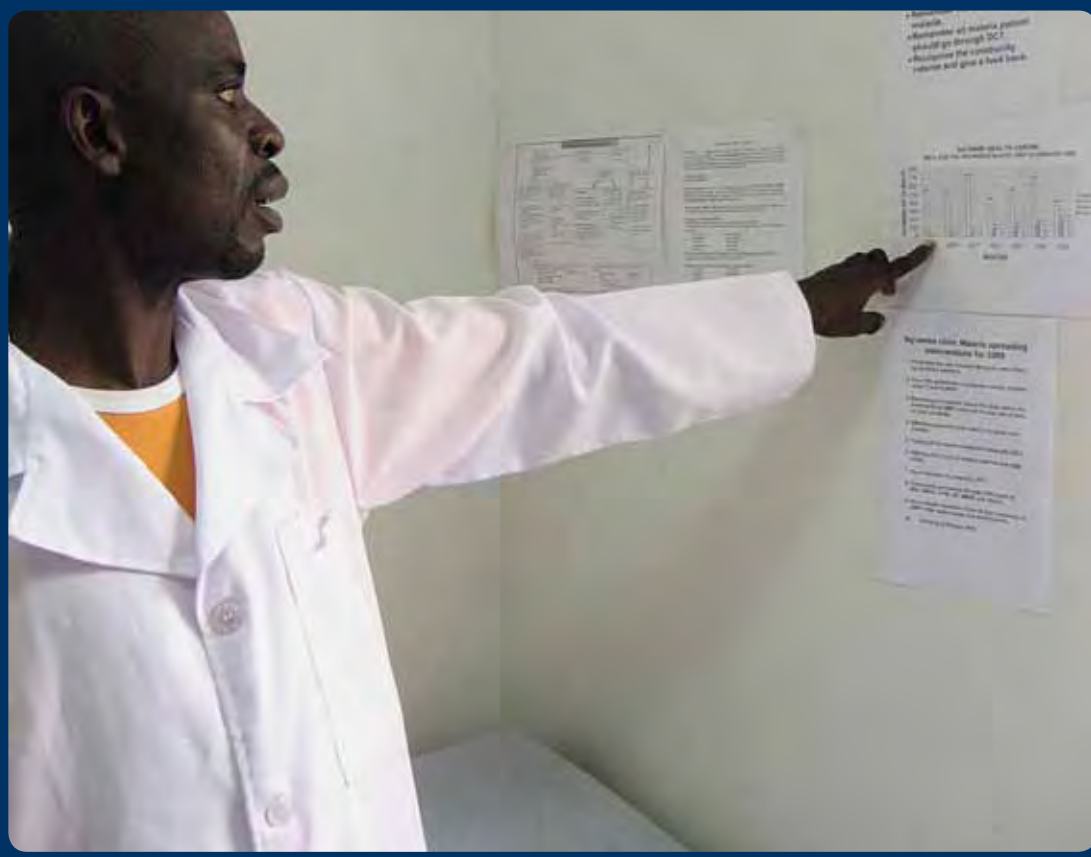


39. All of the multilateral development banks have a strong commitment to improvement backed by a good evaluation function, generally independent, and often with a requirement for management to act on the findings. They generally, although not always, have transparent and meritocratic recruitment processes, and often have high calibre staff. Nonetheless, there are concerns over weaknesses in performance-based management systems for some, lack of decentralisation and high vacancy rates in some country offices. Overall human resource management is one of the weaker areas assessed under this component. Leadership is mainly strong but there are weaknesses in management in some cases.

40. The global funds were established more recently, and in some cases their management and governance structures are still evolving. Despite this, most of the global funds performed well on strategic and performance management. All of them now have clear mandates and strategies, although not always with a good enough line of sight through to implementation. Most of them now have comprehensive results frameworks in place, although these are sometimes very recent, many of them need some strengthening, and in some cases they are not being used effectively for management purposes. The global funds do, however, have a very strong emphasis on evaluation as a tool for performance improvement. They regularly commission independent evaluations, and take the findings seriously.

Box 8 Evaluation at the heart of the Global Fund's model

There have been numerous independent evaluations of the Global Fund to Fight AIDS, TB and Malaria (GFATM), the most recent of which, the Five Year Evaluation, was completed in May 2009. These evaluations are overseen by GFATM's separate, independent advisory group, the Technical Evaluation Reference Group, which reports to the Board. GFATM has established a Five Year Evaluation Task Force, which is reporting to the Board on the recommendations of the evaluation. The Policy and Strategy Committee of the Board is creating an ad hoc committee to monitor implementation.



41. The global funds generally have high calibre staff. However, as elsewhere in the multilateral system, many, although not all, suffer from weaknesses in human resource management. Staff are not always selected transparently and on merit, and there are weaknesses in performance management in some cases. Management and leadership are generally good, with some exceptions.
42. Four of the UN and humanitarian organisations perform well on strategic and performance management, but the other twenty-two are weak or unsatisfactory. Too often, clear mandates and strategic planning are undermined by weak results based management and problems with human resource management.
43. Most UN organisations have a clear mandate. Strategic plans are linked to this and are generally satisfactory, although in a few cases they are not sufficiently well focused, and in others there are weaknesses in ensuring that the plans are adhered to at a country level. But results based management systems in the UN are often too weak to enable them to be held to account for delivering the strategic plans. In some cases, as discussed earlier under contributions to results, these weaknesses in results based management also affect their ability to make a demonstrable impact at the country level.
44. The problem is generally a combination of: conceptual and technical difficulties in measuring the impact of work on “soft” issues such as policy guidance or governance; an inadequate results framework which does not have widespread buy-in within the organisation; and, in a few cases, a weak culture of striving for results. In some cases, these weaknesses in results based management are exacerbated by ineffective governance structures, or by a lack of strong support for results based management within the governing body. Some UN organisations also suffer from a weak evaluation function, a weak culture of learning from evaluations, or both.
45. These are broad generalisations. Some UN and humanitarian organisations are already performing well on results based management, and many of them are actively working to improve their results frameworks and results culture. Box 9 gives an example of one UN organisation that has made impressive strides in results management.

Box 9 Managing for development results to improve performance in the UN

The International Fund for Agricultural Development (IFAD) has a comprehensive results framework which it uses to measure, report and pro-actively manage for results for maximum impact. An annual Report on IFAD's Development Effectiveness accounts to the Board for progress against the targets in the framework. Annual client/partner surveys ensure direct feedback. IFAD's Independent Office of Evaluation provides an annual assessment of impact in key areas, including household income and assets; food security and agricultural productivity; social capital and empowerment; natural resources and the environment; and institutions and policies, and reports on internal and external benchmarking as well as selected learning themes. IFAD has set clear targets for 2012 in its Results Framework that will keep pushing it to deliver continually improved results.



46. Weaknesses in human resource (HR) management are another common problem in the UN, and some humanitarian organisations. Most of the UN organisations we assessed suffered, to varying extents, from weaknesses in HR systems, including: difficulties in filling posts with staff with the right skills and experience; posts left unfilled for long periods; non-transparent and/or non-merit-based recruitment or promotion systems; staff not being held to account for results; and weaknesses in performance management systems. The consequent skills gaps, performance issues and vacancies can cause real problems, particularly at country level. But with or without strong human resource management systems, many UN and humanitarian organisations have high calibre and deeply committed staff.

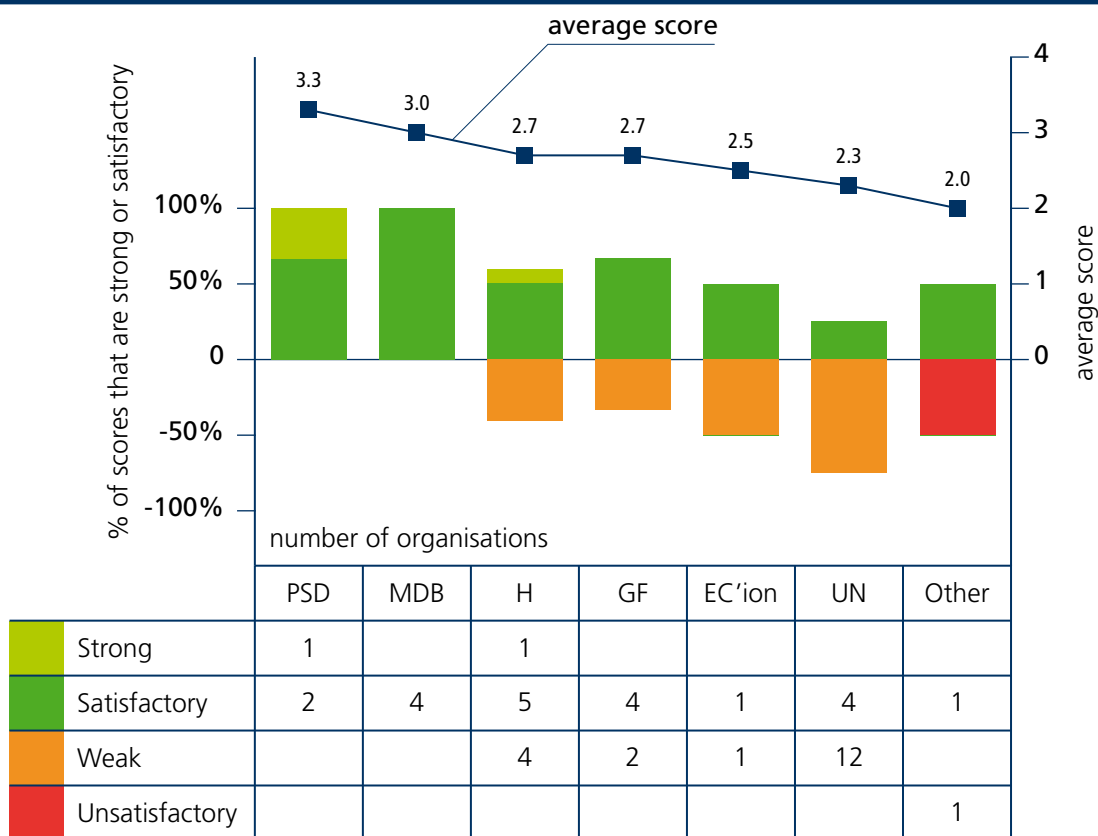
47. The European Commission has clear mandates and strategies, although as part of the wider European project it sometimes suffers from multiple layers of objective setting and conflicting agendas. It has strong internal management, but with complex oversight structures, and sound evaluation functions, although more could be done to ensure that recommendations are acted on. Human resource management is transparent and merit-based, but continued problems in recruiting development experts through the Commission's centralised systems can result in high vacancy rates and mismatching development skills profiles in some delegations and at headquarters.
48. The European Commission carried out pioneering work to develop standardised indicators to allow aggregation of results. But the proposed approach was found to be unworkable and was abandoned. As a consequence, while they have strong results monitoring systems at the project level, they do not have organisation-wide results frameworks, and do not report on aggregated outputs and outcomes. This is an important weakness in their strategic management, and the main reason why both the EDF and the European Commission budget instruments are assessed as weak under this component.

Financial resource management

49. This component looks at how multilateral organisations allocate, disburse and account for their resources. We were looking for clear and transparent resource allocation decisions, predictable long-term commitments, release of aid on schedule, flexibility to use a range of different aid instruments according to need, strong policies and processes for financial accountability and oversight, and a pro-active approach to managing poorly performing projects, curtailing them where necessary and redeploying the funding elsewhere. Our standards, as elsewhere, were high.
50. Overall, we found that twenty-three of the forty-three multilateral organisations are satisfactory or strong on financial resource management, including all of private sector development organisations and multilateral development banks and almost all of the global funds.
51. The private sector development organisations did best overall on financial resource management, with one strong and two satisfactory performers. They have strong policies and processes for financial accountability. They have a wide range of instruments, although they do not all make full use of their flexibility. They actively manage poorly performing projects.
52. All of the multilateral development banks have satisfactory financial resource management. All of them have clear and transparent processes for aid allocations linked to both performance and need. The predictability of their own funding base enables them, in turn, to make predictable long-term commitments. Their generally strong reporting systems help them to pro-actively manage poorly performing projects, there is some evidence of them reallocating resources where necessary, and they have robust financial accountability systems. However, some

of the multilateral development banks lack flexibility in their range of financial instruments, which can limit their impact.

Chart 10 Financial resource management



Box 10 Multilateral development banks – allocating resources to maximise impact

The multilateral development banks allocate concessionary funds and grants according to need and capacity to use the funds well. The system – known as Performance Based Allocation (PBA) – uses data on population and per capita income as well as evidence of past performance, including:

- coherence of the government’s macroeconomic and structural policies
- degree to which policies and institutions promote equity and inclusion
- quality of governance and public sector management
- portfolio quality

53. Four of the global funds are satisfactory on financial resource management, but two are weak. It is difficult to make generalisations about the global funds in this area. All have sound financial accountability systems, although these sometimes need strengthening at the project level. Most operate clear and transparent resource allocation procedures, but there are exceptions. Several offer flexible instruments and predictable funding, although lack of predictability is a concern

for a few. Some are active in curtailing poorly performing projects and redeploying the resources elsewhere, but a few struggle to do this. Two global funds have serious problems with slow disbursement, although there are some encouraging signs of improvement. The financial policies of two of the more established global funds have led to the build up of unacceptably large cash balances.

54. Financial resource management is satisfactory in the EDF, but weak in the European Commission budget instruments. Both have strong financial accountability processes, and clear and transparent resource allocation procedures based on need and performance, although the European Commission budget instruments' regional envelopes are broadly influenced by political considerations. Long programming cycles offer high predictability and there is a full range of instruments on offer. Funds are generally released on schedule, and this continues to improve. But there is limited flexibility to reprogramme funds away from poorly performing projects, or to respond rapidly to changing needs, and continued complaints of cumbersome procedures.
55. The UN and humanitarian organisations generally have sound financial accountability and oversight systems. As an example of this, Box 11 describes how the World Food Programme accounts for its funding and tackles fraud and corruption.

Box 11 Strong financial accountability within the UN

The World Food Programme, WFP, was the first UN organisation to implement International Public Sector Accounting Standards, against which it has now achieved two unqualified annual audits. WFP has zero tolerance of fraud, corruption or collusive practices. Whistleblower policies give staff protection from retaliation against reporting financial irregularities. Where irregularities are identified WFP always takes disciplinary or legal action.

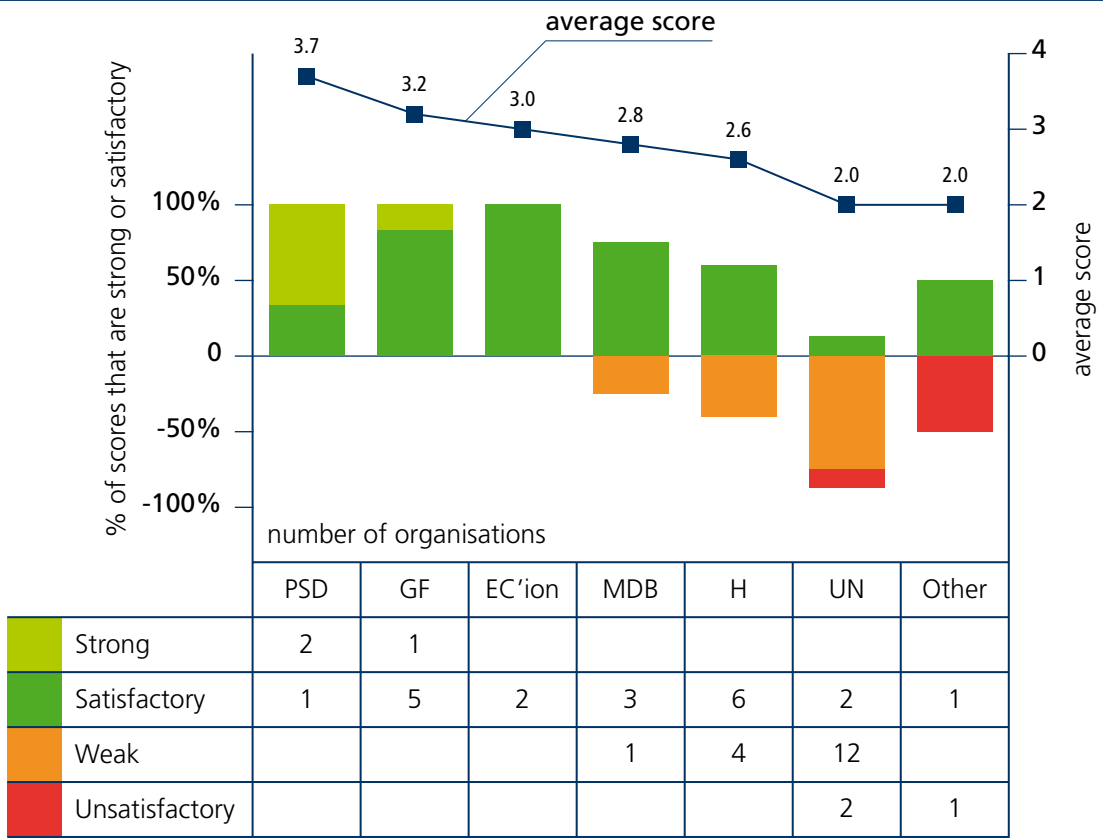


56. Despite this, we judge that only four of the UN organisations, and six of the humanitarian organisations, have satisfactory financial resource management. We have two main concerns. First, while UN organisations generally have clear criteria to guide the allocation and release of core resources, it is rare for allocation to be based on a systematic assessment of need and performance. This is partly because member states on governing bodies within the UN are not focusing enough on where scarce resources can have the most impact. Second, and despite some notable exceptions, we found very little evidence of UN organisations pro-actively managing poorly performing projects and programmes, curtailing them and redeploying core resources as necessary. In addition, some UN organisations have recurring problems with accounting adequately for projects delivered by national partners.
57. These concerns cannot be viewed in isolation. Weaknesses in management of poorly performing projects and programmes by UN organisations are often at least in part a function of inadequate results reporting systems in many organisations, which make it more difficult to identify and tackle poor performance at the project level. More generally, weakness in financial resource management within the UN system (including the humanitarian agencies) is partly a result of complex financial reporting systems, and often exacerbated by a lack of predictability and control over their own funding. This impacts on the use of performance-based resource allocation processes, and weakens the incentive to pro-actively manage poorly performing projects and programmes.
58. The UN organisations that we regard as having satisfactory financial resource management processes tend to be large funds or programmes. These organisations generally have a clear and transparent resource allocation system and sound financial management procedures. Some of them have a predictable donor funding base which enables them in turn to make predictable long-term commitments to their partners.

Cost and value consciousness

59. This component takes a deeper look at the drivers of spending by multilateral organisations, assessing whether or not concern for costs and value are important motivations for decision-makers. We sought evidence of organisations striving for economy in purchasing decisions and seeking to reduce administrative costs. We wanted to see management and accountability systems with a strong focus on achieving value for money in programme spend, including challenging and supporting partners to take a hard look at value for money in their policy and programme choices.

Chart 11 Cost and value consciousness



- 60. Only three of the forty-three multilateral organisations we assessed are rated as strong against these demanding criteria, and twenty are rated as satisfactory. The strong and satisfactory performers include all of the global funds and private sector development organisations, the European Commission, and all but one of the concessional funds of the multilateral development banks.
- 61. Two out of the three private sector development organisations are strong on cost and value consciousness, and the third is satisfactory. All of them are based on a business model of leveraging private sector funding on the back of public money, and this in itself has the potential to offer very good value for public funds.
- 62. The better performing private sector development organisations have strong corporate governance systems which combine with market disciplines to ensure that they maximise return and cost effectiveness. They challenge partners to think about value for money, providing capacity building support to help them to do this. They have robust systems to control costs, constantly challenging the allocation and use of human and financial resources. All of them track and benchmark data on administrative costs. They are innovative, with an appetite for risk and strong systems to manage this effectively. This enables them to push at the frontiers of

lending where returns are potentially highest, both in terms of where they invest, and in terms of the range of products they offer.

63. It is hard to make generalisations about the global funds. Their focus on cost and value varies, with some global funds more focused on managing costs, and others on a broader approach to value for money. Overall, though, they are all satisfactory on this component. Box 12 shows how one global fund approaches cost and value for money.

Box 12 Scrutinising decisions to ensure value

The Global Alliance for Vaccines and Immunisation (GAVI) delivers one of the most cost-effective health interventions – immunisation. GAVI has focused on value for money and cost control in its prioritisation process for vaccine choice. Vaccines are selected on strict criteria for health impact and cost effectiveness, using a tool which assesses public health impact, GAVI's return on its vaccine investments (e.g. cost per life saved, cost per death averted, cost per case and partner and country implementation costs) as well as dimensions such as gender impact, the proportion of country financing and potential health costs offset through averting morbidity. This evidence based approach is integral to how GAVI ensures value for money and maximum impact at country level. New programmes are only approved after thorough scrutiny of the investment.



64. The European Commission has moderate to low administrative costs in delivering development assistance and good internal systems to ensure economy in project and programme implementation. However, some of these systems, such as the strict procurement rules designed to finance only the most cost-efficient tenders, may be delivering economy but slowing down implementation. The Commission

is starting to develop a broader vision of value for money, including through assessing the potential efficiency savings that could be generated by implementing a Europe-wide aid effectiveness agenda, and its size and attention to harmonisation and alignment helps to reduce transaction costs for developing country partners.

65. The multilateral development banks generally have good systems for tracking costs and control over their administrative budgets, although we are concerned about salary inflation. They are rigorous about using cost effectiveness analysis before approving projects, but could do more to help partners to consider cost-effectiveness issues, for example by more systematically preparing low cost options. In general, the multilateral development banks tend to have a culture of controlling costs and preventing poor value for money decisions, but not one of actively seeking the best possible value.
66. Many of the multilateral development banks and some of the private sector development organisations and health global funds make an important contribution to value for money across the international system. The banks and some private sector development organisations do this through their work on public financial management, while some of the health global funds help to drive down commodity prices.
67. Several UN and humanitarian organisations also perform functions which are important for the value for money of the whole international system. The clearest examples of this are in procurement, where organisations such as the United Nations Children's Fund, the United Nations Population Fund and the International Federation of Red Cross and Red Crescent Societies provide services which drive down costs across the system. Other examples include the World Health Organisation's work to build the evidence-base on cost-effective interventions, or the role of the Central Emergency Response Fund in enabling smaller bilateral donors to contribute cost-effectively to humanitarian operations.
68. Despite this, fourteen out of the sixteen UN organisations, and four humanitarian organisations, mainly UN bodies, were judged to be weak or unsatisfactory on cost and value consciousness.
69. It is difficult to say exactly why so many UN organisations perform weakly in this area. The regulatory framework within which they work certainly doesn't help. UN organisations have to comply with mandatory cost increases for staff salaries and General Assembly mandated additional activities. Their headquarters (although this is common to many multilateral organisations) are generally in high cost locations. They often incur high translation costs. They have to maintain a presence in a very wide range of countries. There are rigid rules on how to set charges for cost-recovery in their operations.
70. But this does not tell the whole story. There are examples of UN organisations using common procurement platforms to save money, or sharing space in country offices to keep costs down. And there are several examples of UN organisations relocating back-office functions to less expensive locations, and achieving impressive savings by doing so (see Box 13).

Box 13 Relocating UN back office functions to lower cost locations

A key element of the sweeping internal reforms of the UN High Commissioner for Refugees (UNHCR), launched in 2006, has been securing better value for money. HQ costs have been reduced from 14% of overall expenditure in 2006 to 9.5% now. Back-office support was moved to more cost-effective offices in Budapest, allowing two Geneva offices to be closed (savings achieved are more than \$15m annually). Despite operational activities increasing by about 50% during this period, UNHCR managed to reduce HQ staff levels by 30%, maintain overall staff levels, and reduce total staff costs from 41% to 34% now. The increase in productivity that this represents is unprecedented.

WHO has also relocated back office functions, with the target of cost savings of \$5m annually. The Global Management Centre in Malaysia opened in June 2008. The centre is responsible for processing administrative transactions in the areas of human resources, payroll, procurement and accounts. The relocation is starting to show savings, with more to be realized as the system stabilizes.

The Food and Agriculture Organisation (FAO), the International Organisation for Migration (IOM) and the International Committee of the Red Cross (ICRC) have also all relocated some of their back-office functions. FAO achieved \$4m of annual savings with the implementation of its Shared Services Centre in 2008/9.

71. On the other hand, there are also examples of UN organisations refusing to use shared services, or staffing large country offices with high overhead costs in a way that is hard not to describe as profligate. We are left with the sense that what is missing in much of the UN system is a real awareness of cost concerns and a culture of striving for efficiency. The weakness in reporting across the UN on costs and efficiency savings achieved is both a symptom of this and, by reducing accountability for cost throughout the system, a cause.
72. The UN and humanitarian systems fare slightly better on value consciousness. While most organisations clearly do not have value for money as a driving force in decision-making, there are also plenty of examples of organisations where value for money is an important concern, and we found examples at the country level of UN organisations really striving to make their funding work for the poor (see Box 14).

Box 14 Making cost savings in UN country operations

Sudan is the largest operation of the World Food Programme (WFP), with an annual budget of US\$ 900 million for 750,000 metric tonnes of food to meet the needs of 6.4 million people. Owing to the country's size and poor transport infrastructure, Sudan is one of the most costly places in which WFP operates. Two reviews of this operation in 2009 and 2010 resulted in reductions in procurement and support costs totalling almost US\$ 67 million. This was achieved by revising road transport operations and contracts, decentralising some support functions to the field and revising human resource, information and communications technology, finance, procurement and administration units in Khartoum. These reductions, coinciding with an increase in the emergency operation budget because of increased food assistance needs, allowed WFP to reach more beneficiaries with the same level of resources.



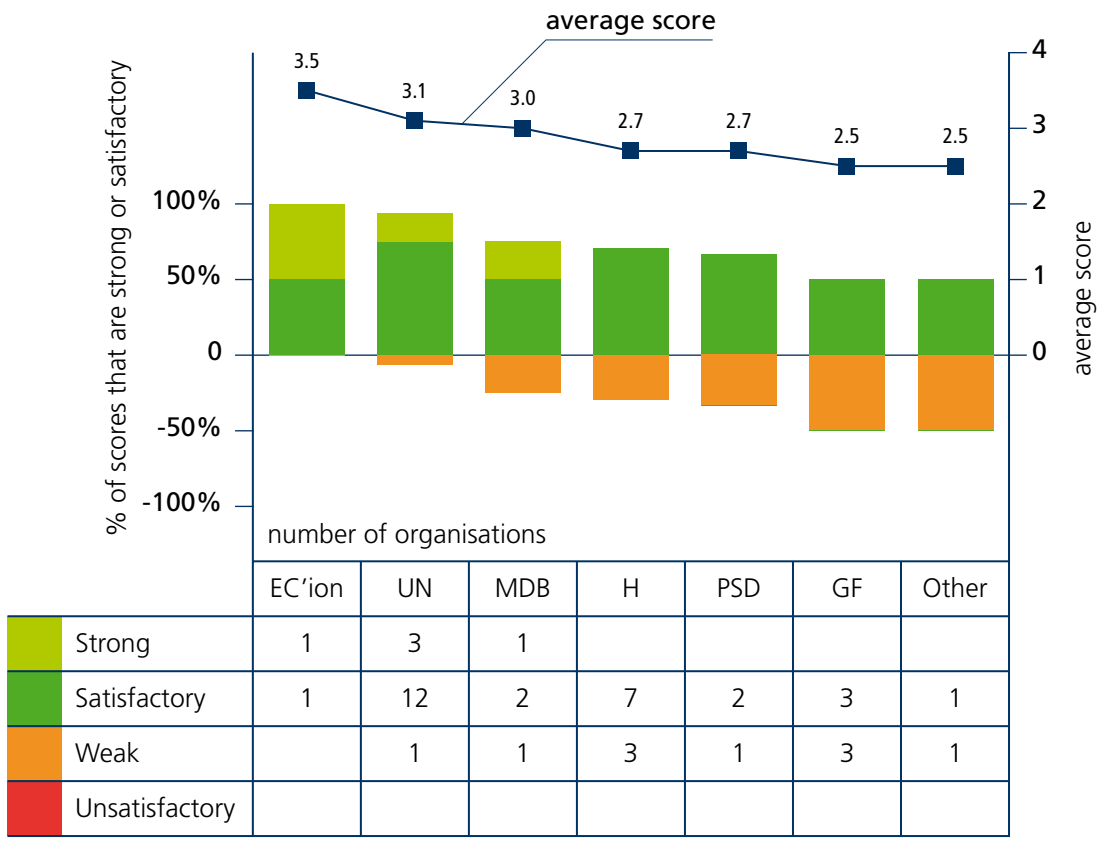
Partnership behaviour

73. Given their unique legitimacy and critically important leadership and co-ordination role, it is not surprising that the multilateral organisations generally have close and trusted relationships with developing country governments and good links with other donors.
74. But we set the bar for partnership behaviour higher than this. We felt that a strong partner should work effectively in partnership with a wide range of stakeholders, promote the participation of women and marginalised groups, work flexibly in a way that supports the country-led approach, take a leadership role on the Paris agenda on aid effectiveness (see Box 15), and provide, if appropriate, an effective leadership and co-ordination role in humanitarian settings.

Box 15 Why partnership behaviour matters

Strong partnership behaviour is central to making aid as effective as possible, and delivering the best results for the poor. When developing countries are able to take ownership of strategies to reduce poverty and influence the programmes that donors implement, aid is better adapted to the reality on the ground and is more sustainable. Donors should invest in relationships with country governments and civil society, to enable them to work together most effectively. They should use partner country systems and approaches where possible to build local capacity and reduce transactions costs. Donors should also work together and coordinate their aid so that they reduce the burden on country governments. One of the ways that donors hold each other to account for being a good partner to the developing world is through the Paris Declaration on Aid Effectiveness, signed up to by over one hundred Ministers and representatives of Multilateral Organisations in 2005.

Chart 12 Partnership behaviour across the multilateral organisations



75. The multilaterals’ performance against this high standard was impressive. Five are strong, twenty-eight out of forty-three have satisfactory partnership behaviour, ten are weak, and none are unsatisfactory. Satisfactory or strong performers include the European Commission, almost all of the UN non-humanitarian organisations, most of the multilateral development banks and private sector development organisations, seven of the humanitarian organisations, and three of the global funds.

Box 16 Europe's strong partnership through the European Development Fund (EDF)

The EDF supports the implementation of the Cotonou Partnership Agreement – a unique agreement between the EU and its 27 Member States, and 78 African, Caribbean and Pacific countries which spans political, commercial and developmental relations. The Cotonou Agreement is based on the principles of partner equality, country ownership, and the pivotal role of political dialogue. It establishes joint EU-ACP Parliamentary oversight structures, joint Ministerial and technical meetings and joint reporting between ACP States and the EU, that guide the partnership. The Cotonou Agreement also clearly recognises the role of national parliaments, local authorities, civil society and private sector. The EDF is delivered through National Authorising Officers – often the Minister of Planning or Finance – who play a key role in the planning, implementation and audit of all Commission programmes.



76. The European Commission performed particularly well on partnership behaviour. It is strongly committed to the Paris agenda. It has a good record of aligning with country priorities and systems to reinforce the country led approach. It shows good leadership on donor co-ordination. Its budget support is not tied to policy conditionalities, and it can engage in joint co-financing arrangements with other donors. The European Development Fund also benefits from a legal framework that includes joint (with developing countries) parliamentary oversight structures, joint Ministerial meetings, and joint reporting.
77. Almost all of the UN organisations are satisfactory or strong on partnership behaviour, but the reasons for this differ. Many of them are engaged in a broad range of partnerships, for example with civil society, trade unions, local communities and the private sector, albeit with varied levels of effectiveness. In some cases these partnerships are embedded in formal structures. Many of them are good at incorporating beneficiary voice into project and programme design, although again there are also some examples of poor performance here. Several of them have good partnerships with developing country governments and other donors at the global policy level.
78. In other respects, the picture is less clear. At the country-level, we found mixed evidence on the extent to which UN organisations are following a genuinely country-led approach based on strong partnerships with national governments. There are some examples of very good partnership behaviour here, but also examples of UN organisations not following national priorities in-country. Individual UN agencies, funds and programmes do not report against the Paris targets. This makes it difficult to judge their performance on harmonisation and alignment. However, our sense is that, with some exceptions, their use of national financial and procurement systems and procedures is often poor. A few of them are also criticised by partner countries for inflexible and burdensome procedures.

Box 17 Partnership working in the UN

A strong partner has to engage successfully with a wide variety of stakeholders on a range of issues, from policy dialogue and co-ordination through to project and programme design, implementation, monitoring and evaluation. No organisation is perfect at this in all countries, but we were impressed by UNFPA. UNFPA generally has a strong working relationship with partner country governments and a flexible approach to policy dialogue, as also noted in the 2010 MOPAN report. It offers a range of funding instruments including sector-wide approaches. It usually works effectively with the UN development system, and is a strong advocate of the Delivering as One agenda. It is active in key initiatives to improve co-ordination within the broader health system and it has established a Global NGO Advisory Panel Framework to strengthen its partnership with NGOs.



79. Partnership working among the UN organisations can also be problematic. Again, there are many examples of very good joint working, both at headquarters and in-country. But there are also examples of UN organisations complying with the letter of the Delivering As One¹⁰ agenda, but not with its spirit; of turf wars, and going it alone. Similarly, partnership working between the UN organisations and the World Bank is patchy. The fault seems to lie on both sides, but the result is a less effective multilateral system.

10 Delivering as One aims to improve the effectiveness of the UN by ensuring that organisations work together at country level on agreed priorities.

80. Most of the multilateral development banks demonstrate satisfactory, or even strong, partnership behaviour. The regional development banks in particular are highly valued as partners by their member states, who report a deep sense of commitment by the banks to their regions. Some of the multilateral development banks are, however, criticised for inflexible and bureaucratic procedures, although others are more flexible. Similarly, some of the banks cannot participate in pooled funding arrangements, which support donor co-ordination and reduce transactions costs, while others are more flexible. The rhetoric on the Paris agenda is generally good, but there is a mixed record on progress towards the Paris targets, especially the use of country systems. Again, there are examples of both good and poor performance here. The extent of engagement with civil society and beneficiaries also varies.
81. In general, though, our main concern here is the weak partnership behaviour displayed by the International Development Association, IDA, and particularly about lack of flexibility, high transaction costs, and limited use of country systems. We found evidence of IDA working alone on issues that were not key national priorities, limiting its impact and reach. Because IDA is so important as a source of finance and expertise, and as a management and implementing agency for other funds, its weaknesses as a partner have important systemic effects.

Box 18 Regional development banks: trusted partners within their regions

Developing countries tend to see the regional development banks as trusted partners with a deep sense of commitment to their region.

As one official explained to us, "CDB is the Caribbean's bank. It has a Caribbean ethos, and the broadest support from borrowing member countries and non-borrowing member countries, who recognise it as a vital conduit of resources into the region. It has built up a reputation over the years, and is appreciated by institutions and individuals alike. It is not too big, and not too small. It is a unique Caribbean institution, one of a kind that should be preserved."

82. Most of the humanitarian organisations are exhibiting satisfactory partnership behaviour. The nature of the engagement with government is different from that for development organisations, but some of them are making a conscious effort to align themselves more closely with government priorities. At country level, however, partnership working for the humanitarian organisations tends to be more about engagement with other actors such as civil society, bilateral donors, and other humanitarian organisations. Some organisations are doing this well, several are signed up to codes of conduct on good partnership, and many have wide-ranging partnerships with civil society, other donors and the private sector. A few of the humanitarian organisations are performing effectively as cluster leads. But in general the quality of leadership and partnership behaviour within the cluster system is very variable. In particular, and despite encouraging signs of progress, a few UN humanitarian organisations are still competing with each other for resources at country level.

83. The nature of partnership working is slightly different for the private sector development organisations, with a greater emphasis on working with the private sector. These organisations are all engaging with civil society to varying extents, and generally perform well on including beneficiaries in project design. The picture on partnership working with other donors is mixed, particularly at country level.
84. The global funds have a mixture of satisfactory and weak partnership behaviour. Many of them have formal inclusive partnership structures, and a good record of working with civil society. The better performers are taking a country-led approach with recipient countries taking the lead on programme design. In some cases, however, the global funds' procedures can result in high transaction costs for recipients, and undermine the country-led approach and/or interfere with national fiscal processes. Many global funds rely on other multilaterals to act as implementing agencies. This means that problems with partnership behaviour in other parts of the multilateral system become a problem for the global funds as well. The global funds do not always have adequate systems in place to hold implementing partners to account for their performance.

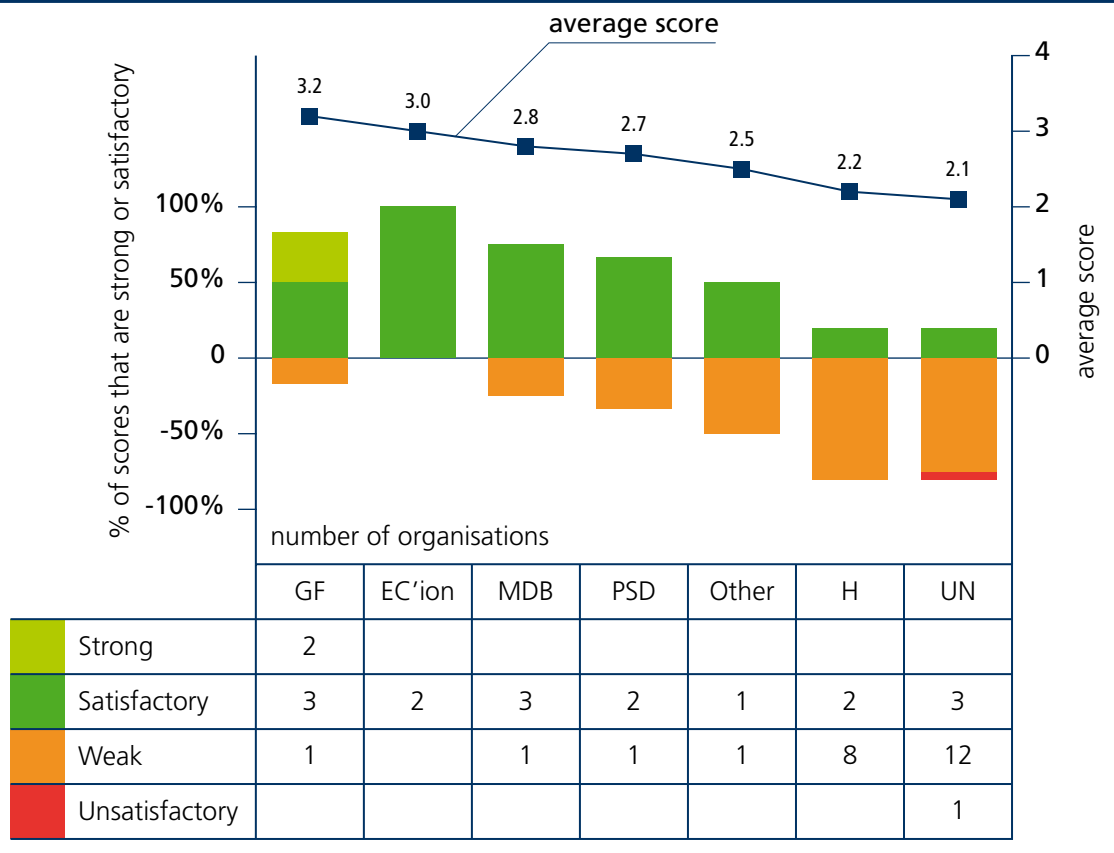
Transparency and accountability

85. This component asks whether organisations make comprehensive information about their policies and projects readily available to outsiders. It also asks whether they are accountable to their stakeholders, including donors, developing country governments, civil society organisations and direct beneficiaries. We set high standards on both transparency and accountability. We were looking for a culture of openness and compliance with the standards set by the International Aid Transparency Initiative, IATI (see Box 19), a genuine voice for developing countries, and an effective right of redress for complainants.

Box 19 The International Aid Transparency Initiative

The International Aid Transparency Initiative (IATI) was launched in September 2008 in Accra, Ghana. Its aim is to make information on aid spending easier to access, use and understand. Donor governments, governments of developing countries, non-governmental organisations and multilateral organisations have formed a coalition that has signed up to IATI standards to bring about common criteria, systems and formats for publishing aid. The goal is to make sure that tax payers in donor countries and people in developing countries know what aid is really achieving, and that developing country governments can manage and track aid money better.

Chart 13 Transparency and accountability



- 86. There were some examples of strong performance on transparency and accountability among the global funds. Most of the UN and humanitarian organisations are weak, but most other multilateral organisations are satisfactory on these criteria.
- 87. Almost all of the global funds were either strong or satisfactory on this component. All of them give partner countries adequate representation on their governing bodies. Several go further than this, with innovative governance structures that give a voice to a wide range of stakeholders. Accountability at the country level is patchier, with a mixed picture on the extent to which funds go through partner government processes and on the degree of local engagement in programme design and monitoring. Some of the global funds have formal whistleblower policies for staff with concerns, or mechanisms to manage complaints from developing countries at headquarters level. It is less clear what, if any, grievance procedures exist for beneficiaries in-country.
- 88. The global funds' generally good performance on accountability is more than matched by their high degree of transparency. All of them have a disclosure policy with a presumption of openness, and in most cases policy and project documentation

is easily accessible and up to date, with performance assessments freely shared. Half of the global funds are either signatories of IATI, or closely involved in the initiative.

89. The European Commission demonstrated satisfactory performance on transparency and accountability overall, with more strengths in transparency. A formal disclosure policy includes a presumption of disclosure and a mechanism for appealing against refusals to share information. There are generally good levels of aid on budget, supporting transparency and accountability in partner countries. The European Commission is signed up to IATI and has set itself an ambitious timetable for meeting IATI standards on transparency. However, it does not currently consistently pro-actively publish all relevant programme and project information.
90. The European Commission's performance on accountability is more mixed. The Cotonou Agreement gives partner countries a strong voice in governance structures for the European Development Fund (see Box 16 earlier), although this falls short of decision-making power. Formal and informal dialogue processes ensure that partner countries are consulted on the European Commission budget instruments, but they do not have a formal role in governance. In general, civil society has mixed views on the extent to which they are consulted on European development assistance.
91. Most of the multilateral development banks are assessed as satisfactory on this component, with a generally strong performance on transparency, and a slightly weaker one on accountability. With one exception, the banks are very open in practice, with good disclosure of policy and project data on easily navigated websites. Again with one exception, they either already have an information policy with a presumption of full disclosure, or are moving in this direction, and are either signatories of IATI or have expressed a willingness to commit to this.
92. Some aspects of accountability are also strong in the multilateral development banks. All but one of them has a formal mechanism for the redress of grievances by people and communities who are concerned about the way that projects have been designed or implemented, and there is evidence of these mechanisms being used to practical effect. All of the regional development banks have effective partner country voice in their governance structures, although IDA does not. Levels of aid on budget are moderate to high, facilitating accountability at partner country level. The banks tend, however, to be weak at engaging other stakeholders, including civil society, in their decision-making processes.

Box 20 IDA – strengthening transparency and accountability**An “enormous cultural shift” in transparency**

The World Bank’s new Access to Information policy shifts the Bank, including IDA, to a presumption of full disclosure. Following the introduction of the policy in June 2010, the Bank downloaded 18,000 documents onto its website. The move proved popular, with the release of over 4,200 Memorandums of the President increasing web-page views by 6,000%. The policy is an important step in the Bank ‘practising what it preaches’ on the importance of transparency, and means that both IDA staff and the Executive Board will now come under increased external scrutiny.ⁱ The policy was welcomed by civil society as a significant step forward in Bank transparency. It brings the Bank into line with many member countries’ Freedom of Information Acts, and sets a high standard for the other international financial institutions to follow.

Improving accountability for results

The IDA16 Results Measurement System (RMS) includes ‘offers’ of IDA-supported development results in recipient countries – a significant innovation for IDA. For example, IDA has committed itself to using donor contributions to help deliver:

- 1 million teachers recruited and/or trained;
- 800,000 pregnant women receiving antenatal care; and
- 36 million people with access to improved water sources, all by 2015ⁱⁱ

Performance against all of these indicators will be tracked annually.

i Transitional Brief on Disclosure Policy Spring 2010 and Access to Information Policy Progress Report December 2010

ii IDA 16 Deputies Report, February 2011

93. Two of the private sector development organisations are also generally satisfactory on this component, with reasonable levels of transparency and a mixed picture on accountability. All of them either have, or are in the process of developing, an information policy with a presumption of full disclosure. However, there is some concern that commercial confidentiality exemptions may be overly restrictive in some cases. None of the private sector development organisations are signatories of IATI, although in practice, they are reasonably open, with good or fair availability of policy and project data.
94. By contrast, UN organisations are generally fairly strong on accountability but weak on transparency. Developing countries have a significant voice in the governance structures of the UN, and in most cases this voice is an effective one. This is highly valued by developing countries, and an important source of legitimacy for the UN system. Some UN organisations also have formal structures for consulting with civil society organisations. Less positively, most UN organisations rely on these inclusive governance structures as the sole mechanism for handling complaints, and do not have any other mechanisms to ensure redress of recipients’ grievances. However, there are also examples of good practice on this within the UN system. Box 21 gives one of these.

Box 21 Accountability to local people and communities

The UN High Commissioner for Refugees (UNHCR) is highly effective in incorporating beneficiary voice into its programmes and policies, with a participatory assessment methodology and an Age Gender Diversity Mainstreaming Accountability Framework which aims to ensure that the diverse priorities and needs of vulnerable people are at the heart of what the agency does. All field offices must have a complaints mechanism in place to allow refugees and other persons of concern, including NGOs, to file a complaint at the camp and office level. These are systematically investigated and tracked by the Investigation service of UNHCR's Inspector General's Office.



The African Development Fund (AfDF)'s Independent Review Mechanism (IRM) also safeguards the interests of local people and communities, by providing an avenue for complaints and a mechanism for redress. For example, when the IRM found that the Bujagali power project in Uganda did not comply with the Bank's policies and procedures on resettlement and compensation and recognition of cultural and spiritual issues, the Bank put in place an action plan to rectify this which will be monitored by the IRM's independent experts to ensure full compliance.

95. Despite their relative strengths on accountability, most UN organisations are unsatisfactory or weak across the whole of the transparency and accountability component. The reason for this lies in striking weaknesses in transparency. Most UN organisations do not have a formal disclosure policy and do not operate under a presumption of disclosure. Only one UN organisation is signed up to the

International Aid Transparency Initiative. Only one UN organisation routinely makes public all project and policy documentation, including disbursement data. On the other hand, UN organisations are often very helpful in responding to ad hoc requests for information from Member States, and some are very good at publishing information on policies and research. All senior managers in UN organisations are required by the UN Ethics Office to file a financial disclosure statement.

96. Interestingly, although the overall performance of the humanitarian organisations on this component is similar to that of the UN non-humanitarian organisations, the reasons are different, with a slightly better picture on transparency and a slightly worse one on accountability.
97. Just under half of the humanitarian organisations have a formal disclosure policy, but it is unusual for them to operate under a presumption of disclosure. While they are generally good at publishing high-level information on policies and performance, the humanitarian organisations are generally weak on sharing project level information. This is partly, but not entirely, because they are often working in sensitive contexts, where it is harder to find the balance between transparency and confidentiality. Only one humanitarian organisation is a member of IATI.
98. Accountability also becomes a more problematic concept where organisations are often working in situations of internal conflict. Again, though, we believe that there is considerable room for improvement in this area. There is a surprisingly mixed picture on beneficiary participation in needs assessment and project design, implementation, monitoring and evaluation, with some examples of very good practice, but many others of weakness. None of the humanitarian organisations we assessed are accredited by the Humanitarian Accountability Partnership (HAP)¹¹, although two have expressed interest. Developing countries have a significant voice in the governance structures of only about half of the humanitarian organisations we assessed. We found only two examples of good practice in grievance procedures (see Box 21 for one of these).

Working in fragile contexts

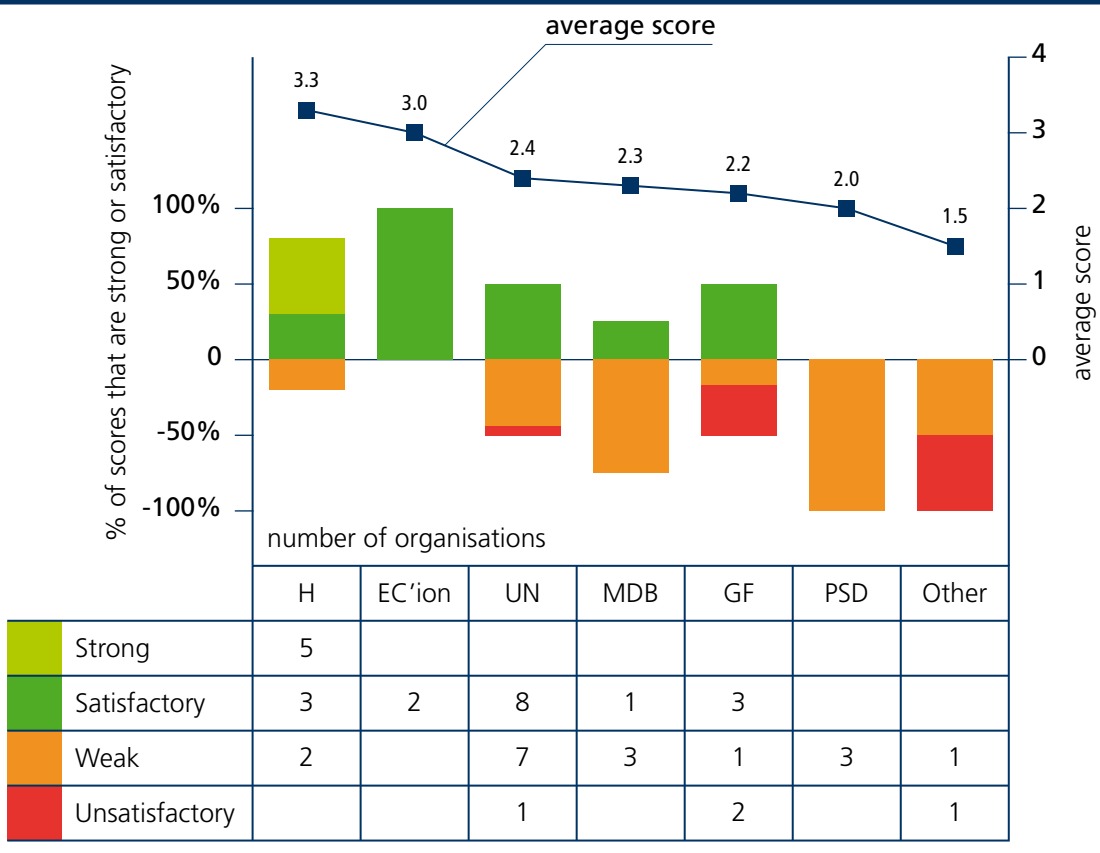
99. Conflict and fragile states are a high priority for the UK Coalition Government. They are the furthest from reaching the Millennium Development Goals, and their instability has the potential to affect our own security. We therefore wanted to know how well the multilateral organisations perform in these contexts. Although the purpose of this component was to assess whether or not organisations are active and effective in fragile states, we also addressed this question through an organisational theory lens. This component therefore looks for evidence of performance in fragile states and of adaptation to fragile states contexts, as measured by: staff who are equipped to work in contexts of conflict and fragility;

11 The HAP International was established in 2003, it is the humanitarian sector's first international self-regulatory body. In its own words, its mission is to 'make humanitarian action accountable to its intended beneficiaries through self-regulation, compliance verification and quality assurance certification.'

good quality policy and operational guidance which is mainstreamed and used; and reporting which is used to inform policy and programming.

- 100. The humanitarian organisations are, unsurprisingly, generally strong on working in fragile contexts, but less than half of the other multilateral organisations are satisfactory. Outside the humanitarian system, the best performer is the European Commission, with generally satisfactory attention to fragile contexts. Half of the non-humanitarian UN organisations and the global funds are also satisfactory, but almost all of the multilateral development banks and private sector development organisations are weak or unsatisfactory.

Chart 14 Working in fragile contexts



- 101. Most of the humanitarian organisations are working at the frontline in the most fragile and conflict-prone countries in the world. They have extensive policy and operational guidelines to equip them to do this, and a robust approach to security which is essential to protect staff working in these difficult and often dangerous situations. Two of the humanitarian organisations are assessed as being weak in fragile contexts. Both are working on issues of disaster risk reduction, rather than humanitarian relief. Many of these organisations appear to have high calibre staff and a strong learning culture.

102. The European Commission pays satisfactory attention to fragile contexts. It has a global presence and a strong mandate, and a policy framework and guidelines for dealing with fragile and conflict sensitive situations which are based on international good practice. Despite the concerns about flexibility noted under financial resources management, the European Commission can and does adjust allocations to meet the needs of fragile states, and procedural rules allow fast response and flexibility when needed. Regular dialogue makes the European Commission well positioned to address conflict and fragility at political level, although there can be problems of coherence with wider European policies in fragile or deteriorating situations. Sound policies and guidelines notwithstanding, the European Commission's ability to work effectively on conflict and fragility issues in practice varies depending on the capability and capacity of the staff in-country.

Box 22 Humanitarian aid – working in the most difficult places in the world

The International Committee of the Red Cross (ICRC) has an exclusively humanitarian mission – to protect and assist victims of war and internal violence. Its unique 'right of humanitarian initiative' enables ICRC to gain unparalleled access to areas and populations that would otherwise be without assistance. We are not aware of any situations where ICRC has declined to assist vulnerable populations. ICRC works tirelessly to respond to the immediate needs of victims of armed conflict and ensure civilians are protected as well as playing a critical role in raising awareness of and adherence to principles of international humanitarian law. In 2009, ICRC gave humanitarian assistance to some 4.6 million internally displaced people in 33 countries.



103. Half of the non-humanitarian UN organisations were judged to have satisfactory performance in contexts of conflict and fragility. Some of them have established policies and guidance on working in fragile contexts, while others have guidance on working in emergency situations only. Most of them are actively engaged in fragile contexts, and some are active in emergency situations. Some of this work is clearly highly valued, although weaknesses in results management and reporting in most UN organisations often make it difficult to assess its effectiveness. This was discussed earlier under strategic and performance management. We are concerned that some non-humanitarian UN organisations are working in fragile contexts without providing staff with adequate guidance on how to do so sensitively and effectively, for example by systematically applying conflict analysis to design interventions, or ensuring that they follow do no harm principles in their programming.
104. None of the private sector development organisations is satisfactory on this component. All of them have demonstrated their ability to work in fragile and conflict-affected states, but the extent to which they do this is limited. None of the private sector development organisations appears to have policies or operational guidance on operating in fragile states, or to carry out monitoring specifically on these issues. This is an important weakness.

Box 23 Long-term commitment to Afghanistan

After thirty years of conflict, Afghanistan is the second poorest country in the world. The Asian Development Bank has a long term commitment to Afghanistan, working closely with the Afghan government and donor partners through an office in Kabul, and providing finance and expertise. The Asian Development Fund (AsDF) provided grants of \$336m to Afghanistan in 2009, financing roads, railways and agricultural projects. The bank also financed a nationwide mobile phone network, providing communications and other services to communities in remote areas of the country.



105. All of the multilateral development banks are actively engaged in fragile states, and often play a significant role. But only one is deemed to have a satisfactory performance in contexts of conflict and fragility. The banks generally have good policies and guidance on working in fragile states. Most of them, however, lack adequate in-country capacity. This partly relates to the slow progress on decentralisation and HR weaknesses discussed earlier, which sometimes makes it difficult for them to develop an accurate and up-to-date understanding of the local context, or to co-ordinate well with other actors in-country. Some of the banks also struggle with a limited range of financing instruments and slow and inflexible procedures. This is particularly true of IDA.
106. Half of the global funds are satisfactory on this component. None of them appear to have explicit policies on working in fragile states, or carry out monitoring specifically on this issue. But some of them are showing creativity and flexibility in adapting their policies and procedures to fragile states contexts, and several are in practice playing an important role in many of these countries. The two global funds with unsatisfactory scores against this component are both climate funds. It is unclear if this is an issue with the climate architecture in general, or simply reflects the early stage they have reached in their development.

Box 24 Responding flexibly and creatively to the needs of fragile states

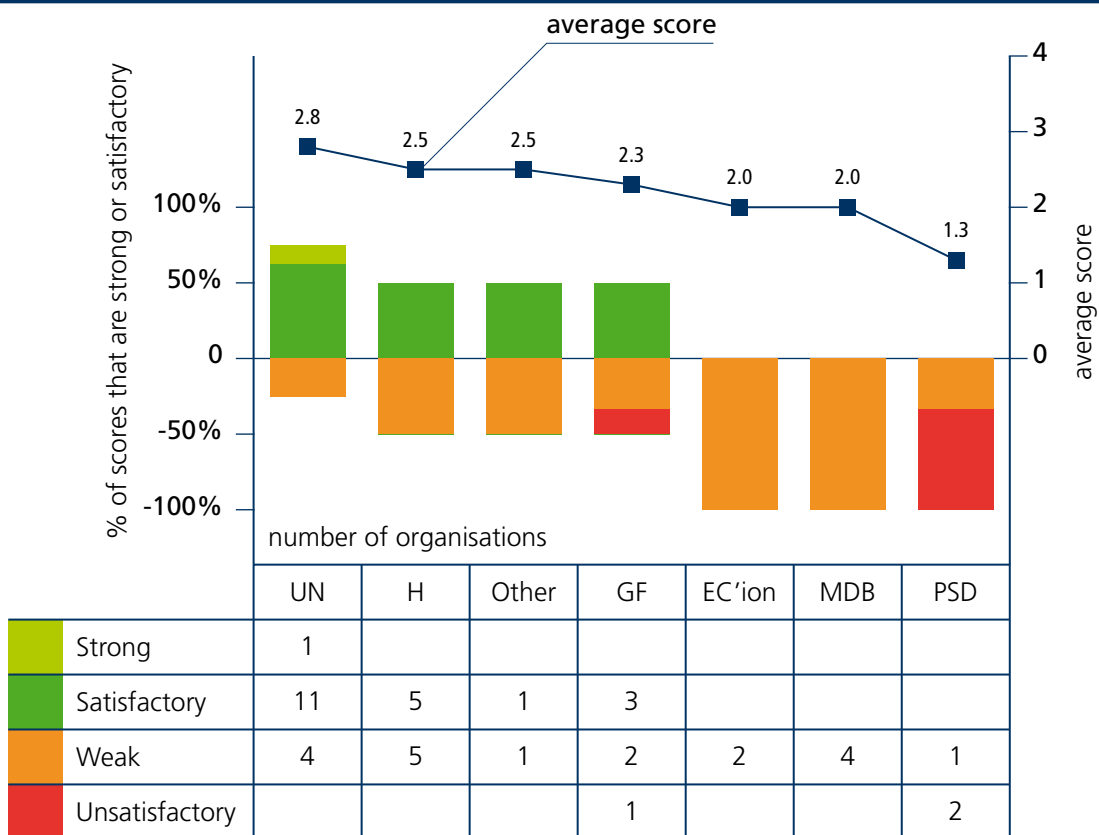
The original model for the Fast Track Initiative for Education for All (FTI) was to endorse “credible plans” for education, based on assessment of the plans against an agreed standard. This approach set the bar for entry high, and was felt to be unrealistic, especially for fragile states. Following the development in 2008 of a new assessment framework designed to take account of the challenges of fragile contexts, the FTI is now shifting to entry based on a credible commitment to improve, with support tailored to circumstances, and renewed according to accomplishments. Support for capacity development will be integrated with other financial and technical support. Recognising the limitations of the World Bank’s business model for operating in fragile states, FTI is also starting to use a range of supervising entities, including DFID, as well as the World Bank.



Gender

107. There is increasing evidence of a link between making progress on gender issues, and making progress on other development objectives. This component assesses whether or not the multilateral organisations are paying adequate attention to gender concerns. We were looking for policies, structures and incentives to promote gender equality, either directly or through partnerships, and evidence that these are having an impact, including at the country level. Our focus was on gender concerns in policy and programming work. We wanted to see organisations making a real difference to the lives of women and girls in developing countries.

Chart 15 Promoting gender equality



108. This was another area where the results of our assessment were disappointing. Most of the UN performs satisfactorily on promoting gender equality, but two thirds of the other multilateral organisations are weak or unsatisfactory against this component, including all of the multilateral development banks and private sector development organisations, the European Commission, and half of the global funds and humanitarian organisations.

Box 25 Using gender-disaggregated data to change our thinking

UNESCO used gender-disaggregated data to draw the world's attention to the gender gap in education. Eliminating that gap is now an internationally agreed target. UNESCO is leading on an international project to track the performance of governments, civil society, bilateral donors and international agencies. This is a key mechanism for holding the international community to account for achieving Education For All.



109. Eleven of the non-humanitarian UN organisations are paying satisfactory attention to gender issues, and one is strong in this area. The best performers have strategy action plans to ensure that gender is integrated into all of the organisation's work, operational guidelines to ensure that gender considerations are included at the design stage of country interventions, a good emphasis on collecting and using gender-disaggregated data, and clear organisational structures to promote and support gender mainstreaming. There are several examples of non-humanitarian

UN organisations putting a high priority on gender and making good use of partnerships to promote gender issues. We also found a lot of evidence of good recent progress on this agenda. However, we were concerned about weak senior level commitment to gender issues in a small number of organisations, and it was not easy to find evidence of a real impact at the country level.

Box 26 Making a difference to women's lives



"In most cases, [IFAD] projects have helped improve women's position and status ... in Uganda, sunflower cultivation has helped improve women's position, increased their access to farm assets and income earning opportunities, and promoted their participation in and leadership of farmers' groups".

110. Half of the humanitarian organisations demonstrate satisfactory performance in this area. Most of them have policies and guidelines to promote gender equality, some of them collect and use gender-disaggregated data, and some of them promote gender issues, for example through reporting on gender-based violence. We found evidence of some humanitarian organisations making a real difference to women's lives, although in most cases it was difficult to identify impact. Overall, although we did find encouraging signs of progress on this agenda, there is clearly still considerable room for improvement.

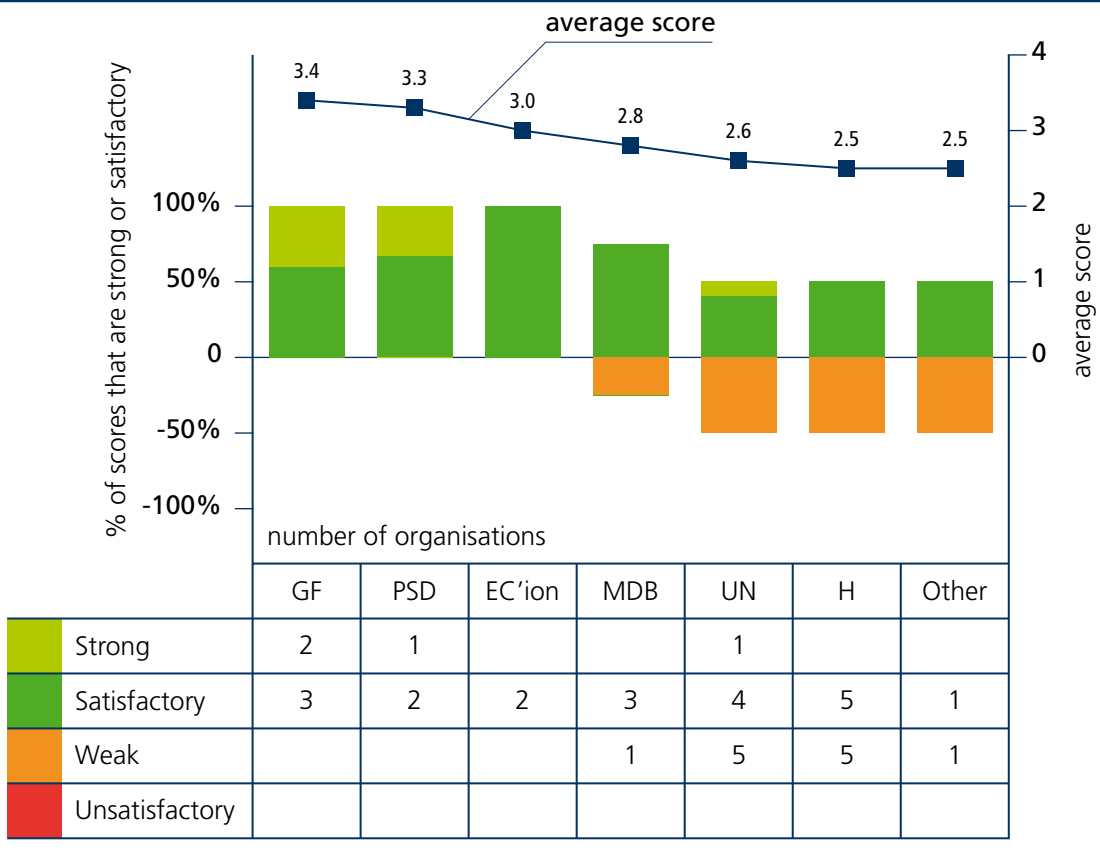
- 111.** Half of the global funds are satisfactory on this component. The better performers have gender equality strategies and guidelines, although these tend to be relatively recent and it is too early to evaluate their impact. But some of the global funds do not have any formal policies on the treatment of gender in their programming. Some of the global funds report gender-disaggregated data, although not always consistently. Most others have started to do so, or committed to doing so in future. With their narrow focus, there is an opportunity for some of the global funds to show real leadership on how to address gender issues in their thematic areas. We found little evidence of them doing so to date. However, and despite past weaknesses in collection of gender-disaggregated data, we did find some evidence of some global funds having a real impact on gender issues in developing countries.
- 112.** The European Commission is judged as weak on gender. At the policy level, it is committed to gender equality. It has taken a gender mainstreaming approach across numerous policy areas and committed to ambitious targets in its recent gender equality action plan. But reporting does not include gender-disaggregated data, and at the country level there is so far little evidence of a uniform approach to gender equality.
- 113.** The concessional funds of the multilateral development banks are uniformly weak in their attention to gender equality. They generally have good policy frameworks and operational guidance on gender issues, which are often long-standing. Some appear to have a high-level commitment to gender equality. However, it is hard to find evidence of gender concerns having a significant impact on programme design or policy choices, gender is not well integrated into results frameworks, and progress on collecting gender-disaggregated data is generally slow. We sense a disconnect between high-level rhetoric on gender and internal incentive structures in some organisations.
- 114.** The private sector development organisations are either unsatisfactory or weak on this component. As with many of the global funds, concern for gender issues seems to be relatively recent. One organisation has no formal policy on gender as yet. Reporting of gender-disaggregated data is either non-existent, or inconsistent. Nonetheless, two of the private sector development organisations do now have a range of practical initiatives to target women in business. It is too early to evaluate the impact of these.

Climate change and environmental sustainability

- 115.** This component assesses how well the multilateral organisations perform on ensuring that their development or humanitarian activities are low carbon, climate resilient and environmentally sustainable. It looks for organisations which have embedded these issues in strategic and policy frameworks, issued effective policy guidance which is applied to all country programmes, including through the use of environmental and climate safeguards, and which measure and report on the climate change and environmental impacts of their activities.

116. Organisations which receive a satisfactory score on this component are managing these issues well; organisations with a strong score are going beyond this and achieving some real breakthroughs in performance. But even this will not be enough for an effective response to climate change. Organisations will need to reshape their business, and how they go about it.
117. We only assessed thirty-six of the multilateral organisations against this component. Where we did not assess organisations, this was because we found it difficult to define what good performance would look like, given their mandate and activities. The results of this assessment therefore need to be interpreted with caution. Two thirds of the organisations we did assess, and over half of all the multilateral organisations in the review, are satisfactory or strong on attention to climate change and environmental sustainability considerations. These good performers include all the global funds and private sector development organisations, the European Commission and almost all the multilateral development banks.

Chart 16 Attention to climate change and environmental sustainability



118. Two of the global funds were specifically designed to address climate change and environment issues. Both are strong in this area with some real innovations that are helping to provide models for a future climate architecture. One of the global funds was given a narrative assessment only; the remainder are satisfactory. In

most cases this largely reflects the narrowness of their remit and the attention given to climate change and environmental sustainability issues by their implementing partners.

Box 27 Transforming the climate finance landscape

The Climate Investment Funds (CIFs) were designed to test out how to deliver scaled-up finance to achieve transformational outcomes on climate change. They take a programmatic approach and use flexible financial instruments – grants, highly concessional loans, and/or risk mitigation instruments – to reduce the barriers to entry to climate change investments for public and private sector. Every \$1 from the Clean Technology Fund leverages \$8 of investment in low carbon, climate resilient development.



119. All but one of the multilateral development banks, and all of the private sector development organisations, are strong or satisfactory on this component. Climate change and environmental sustainability are high or rising up all their agendas, with priorities that vary by region – from low-carbon energy in Eastern Europe and Central Asia, to hurricane-proofing in the Caribbean. For some, especially the EBRD, climate is beginning to reshape their agenda and how they are organised. All have established or proposed strategies on these issues; robust environmental safeguards are generally in place, although not always used systematically; and most have monitoring systems for climate change and environmental indicators,

albeit of varying quality. There is evidence of real impact through increased investment in climate-friendly projects.

Box 28 EBRD transforming itself to tackle climate change

The European Bank for Reconstruction and Development (EBRD) has an important and growing role in its region – the most carbon intensive in the world – helping countries mitigate and adapt to climate change. EBRD has created innovative instruments to leverage private finance to help tackle climate change. It has a target of 25% of total investments in the climate change area by 2015, and is on track to meet this. EBRD aims to make 22% of its total investments in 2011 in energy efficiency and renewable energy projects.

120. The European Commission is broadly satisfactory in its attention to managing climate change and environmental issues, but without making any real breakthroughs. It has a strong policy framework for addressing and prioritising climate change and sustainable development, although this has yet to be translated into a strategy. Climate change and environmental considerations are now integrated into all external assistance strategies, and new guidelines for development assistance require environmental indicators to be regularly monitored at country level. It is too early to judge the impact of the new policy framework.
121. Half of the humanitarian organisations are also satisfactory in this area. Many have environmental sustainability and, to a lesser extent, climate change as a policy priority, and several are having an impact on global policy debates. There is less evidence of consistent application of environmental guidelines at the country level, or specific attention to climate change; this is a concern. A few of the humanitarian organisations are beginning to reduce their own carbon footprint. This is the first step towards transforming themselves.
122. A third of the UN non-humanitarian organisations in the review are strong or satisfactory on climate change and environmental sustainability issues, a third are weak, and a third had only a narrative assessment. This means that half of the UN non-humanitarian organisations that were scored on this component were deemed to be satisfactory or strong. Almost all of them are starting to make efforts to reduce their own carbon footprint, although in most cases this is very much the beginning of a process, and more needs to be done. Several non-humanitarian UN organisations work effectively on climate change and environmental sustainability issues, either at the global policy level or, less frequently, and rarely systematically, in developing countries. Some have policies on climate change and environmental sustainability issues; some do not. Some have environmental safeguards in place; others do not. UNEP's work to develop a standardised set of environmental safeguards may help to address the latter point.

Box 29 UN reducing its carbon footprint

The UN Environment Programme (UNEP) is head of the UN Environmental Management Group and is leading a UN programme to achieve the transition to a Carbon Neutral UN. The programme aims to monitor and evaluate the climate and environment impacts of the offices of each of the UN entities and to achieve carbon neutrality. In September 2010 UNEP published its own ambitious strategy to reduce its carbon footprint. Headquartered in Nairobi, Kenya, UNEP will introduce a wide range of efficiency measures across its global operations from reducing international air travel to cutting electricity and paper use in its offices. Between 2010 and 2012, UNEP is committing to reduce its greenhouse gas emissions by 3% each year from 2009 levels.

Chapter 4

Value for money for UK aid across the multilateral organisations

Overview

1. The previous section looks at the strengths and weaknesses of the multilateral system across the thematic areas of the assessment framework. This section examines what this means in terms of the performance of individual institutions, and particularly at the implications for the value for money they offer for UK aid.

Indices for contribution to UK development objectives and organisational strengths

2. As discussed in Chapter 2, we clustered the assessment components together into two composite indices. First, “contribution to UK development objectives”, which assesses whether or not multilateral organisations are working in poor countries, playing a role in areas that are critical to UK and international development and humanitarian objectives, including focusing on key cross-cutting issues, and setting and delivering against challenging objectives. Second, “organisational strengths”, which assesses whether or not they display the organisational values and behaviours that support lasting progress towards development and humanitarian objectives. These include good partnership behaviour, transparency and accountability, cost and value consciousness, and strong financial resource and strategic and performance management. Table 8 shows how the components of the assessment framework relate to the indices.

Index	Components
Contribution to UK development objectives	<ul style="list-style-type: none"> ▪ Critical role in meeting international and UK development and humanitarian objectives ▪ Attention to the cross-cutting issues of fragile contexts, gender equality, and environment/climate change ▪ Focus on poor countries ▪ Contribution to results
Organisational strengths	<ul style="list-style-type: none"> ▪ Cost and value consciousness ▪ Partnership behaviour ▪ Strategic/performance management ▪ Financial resources management ▪ Transparency and accountability

3. Scores on the indices ranged from 1.6 to 3.8. For ease of presentation, we grouped them into four bands: strong, satisfactory, weak and unsatisfactory. The following table shows how we defined these.

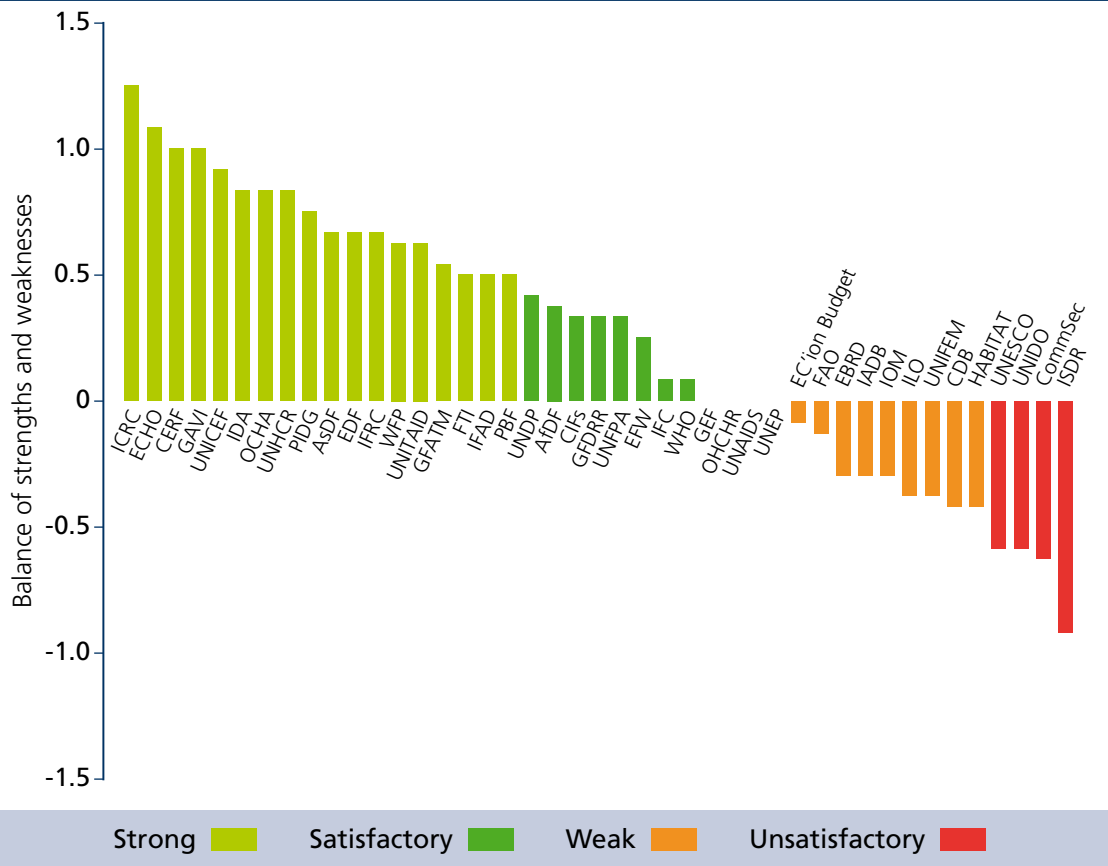
Index score	Legend	Index descriptor	Underlying component scores
3 and above		Strong	Mainly strong or satisfactory scores against the components of the assessment
2.5 – 2.99		Satisfactory	Mainly satisfactory with some weak scores against the components of the assessment
2 – 2.49		Weak	Mainly weak with some satisfactory scores against the components of the assessment
Less than 2		Unsatisfactory	Mainly unsatisfactory or weak scores against the components of the assessment

4. The scores for the indices are a useful summary of our assessment of the performance of the individual multilateral organisations. But they also have limitations. We note two caveats here.
5. First, multilateral organisations can receive the same overall score on an index for very different reasons. For example, the EDF, which is strong on partnership behaviour and weak on strategic and performance management, receives the same score on our organisational strengths index as GFATM, which is strong on transparency and accountability, and weak on partnership behaviour. This is significant because the importance of the different components will vary slightly

across organisations. For example, strong partnership behaviour is critical to the performance of a co-ordinating body such as OCHA, while strong attention to issues of climate change and environmental sustainability is central to the performance of a climate fund such as the GEF.

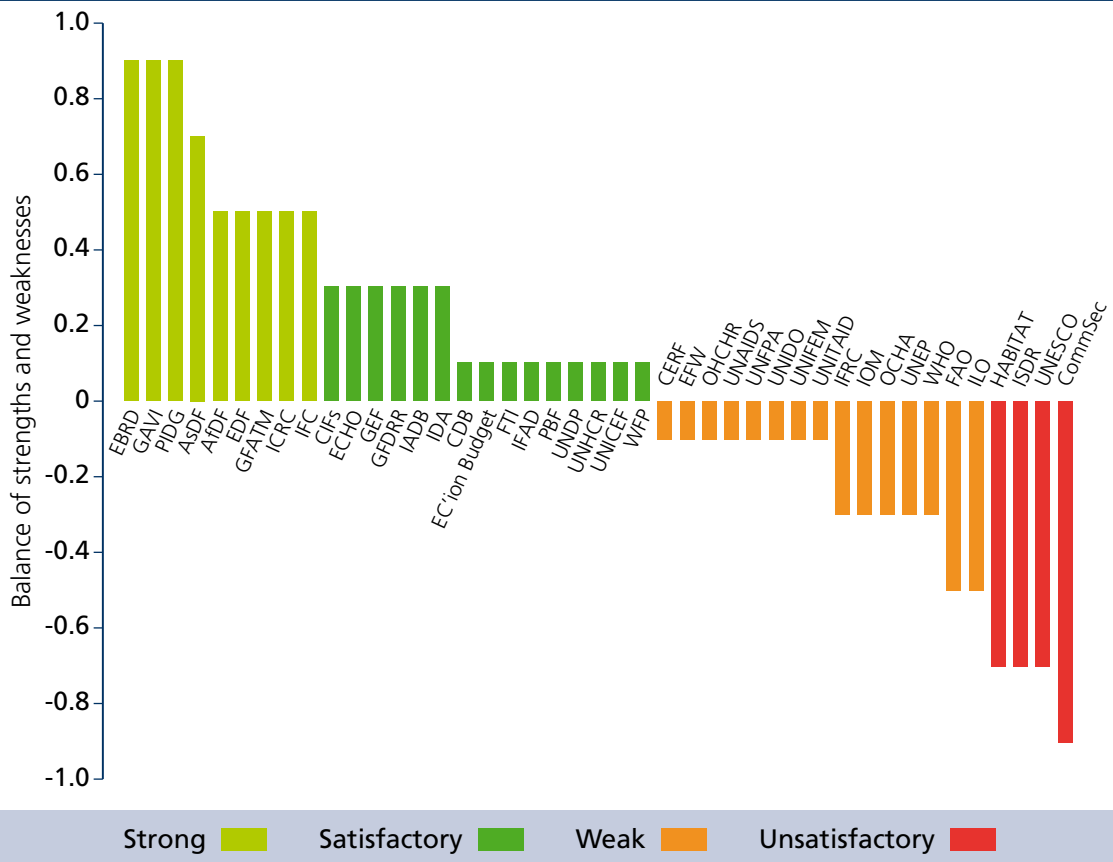
6. Second, the index for contribution to UK development objectives (including wealth creation, governance and security, direct delivery of the MDGs, humanitarian relief, climate change and environmental sustainability) has to be interpreted with care. In particular, it includes an assessment of each organisation's focus on poor countries. This has the effect of penalising multilateral organisations which have been mandated by the international community to work in a wider range of countries. This particularly affects some of the UN normative and standard-setting agencies and regional development banks. It does not imply that these organisations should change their geographical focus. But it does mean that a smaller share of their resources is directed towards achieving UK development and humanitarian objectives, and this weakens the value for money case for providing them with UK aid funding. Nonetheless, an organisation may perform relatively poorly in terms of its contribution to the UK's development objectives, but still be important for other UK objectives, or for the objectives of other members of the international community.
7. Given the limitations of the index scores, it is important always to look at the underlying assessments as well as the overall scores. With this in mind, the final section of this report gives a brief summary of the assessments for each organisation. It is also important to note, as discussed in paragraph 20 of Chapter 2, that the index for contribution to UK development objectives includes some elements that are about organisational behaviours.
8. Caveats aside, the charts below show how the multilateral organisations scored against our indices. The charts are presented in terms of the overall balance of strengths and weaknesses: strong and satisfactory scores are above the line, while weak and unsatisfactory scores are below it.
9. The results are encouraging. Thirty out of the forty-three multilateral organisations are satisfactory or better against the index for contribution to UK development objectives, and eighteen of them are strong. Twenty-four of the multilaterals have a satisfactory score against the organisational strengths index, and nine of them have a strong score in this area. However, we are concerned that there are too many multilateral organisations with weak or unsatisfactory scores.

Chart 17 Contribution to UK development objectives



Note: Where organisations have the same score they are shown in alphabetical order

Chart 18 Organisational strengths



Note: Where organisations have the same score they are shown in alphabetical order

10. Most organisations score fairly similarly against both indices. Two fifths fall into the same scoring band (for example, strong and strong) on both indices, and another half are in neighbouring scoring bands (for example, strong and satisfactory). This is shown in table 10 below.

Table 10 Numbers of multilateral organisations with different combinations of scores against the two indices

		Contribution to UK development objectives			
		Strong	Satisfactory	Weak	Unsatisfactory
Organisational strengths	Strong	6	2	1	
	Satisfactory	8	4	3	
	Weak	4	6	4	1
	Unsatisfactory			1	3

11. Five multilateral organisations score very differently on the two indices. CERF, IFRC, OCHA and UNITAID are all strong on the contribution to UK development objectives index, but weak on the index for organisational strengths. By contrast, EBRD is weak on the index for contribution to UK development objectives, but strong on the index for organisational strengths.
12. As discussed in the next section, our assessment of value for money abstracts from these differences by averaging across the two indices. This makes sense in the context of an assessment which is intended to inform decisions about how to prioritise UK aid funding. But from a dynamic perspective, the differences are important. EBRD can improve its performance against the contribution to UK development objectives index by, for example, focusing more on girls and women. However, its mandate, which the UK supports, limits its scope to improve its performance against some of the other components of this index. There are no such constraints on the organisational strengths index. In theory at least, there is no reason why CERF, IFRC, OCHA and UNITAID should not make significant improvements in performance against this index over time.

Value for Money

13. The purpose of the Multilateral Aid Review is to assess the value for money for UK aid funding of the multilateral organisations. As discussed in Chapter 2, we

used the scores against the indices for contribution to UK development objectives and organisational strengths to divide the multilateral organisations into four categories, depending on whether they offer very good, good, adequate or poor value for money for UK aid funding.

14. As we explained in the previous chapter, the standards we set in the review were very demanding. Against this background, we are confident that any multilateral organisation with a strong overall performance across both indices offers very good value for money for UK aid funding, while any multilateral organisation with a broadly satisfactory performance across both indices offers good value for money.
15. We divided the other multilateral organisations into two groups. Those with a weak or unsatisfactory performance on both indices clearly offer poor value for money for UK aid funding. However, because we set such high standards in the review, we judge that multilateral organisations which are satisfactory on one index and weak on the other offer adequate value for money.
16. Table 11 shows how we assessed value for money in terms of the indices, and how many multilateral organisations fell into each of the categories.

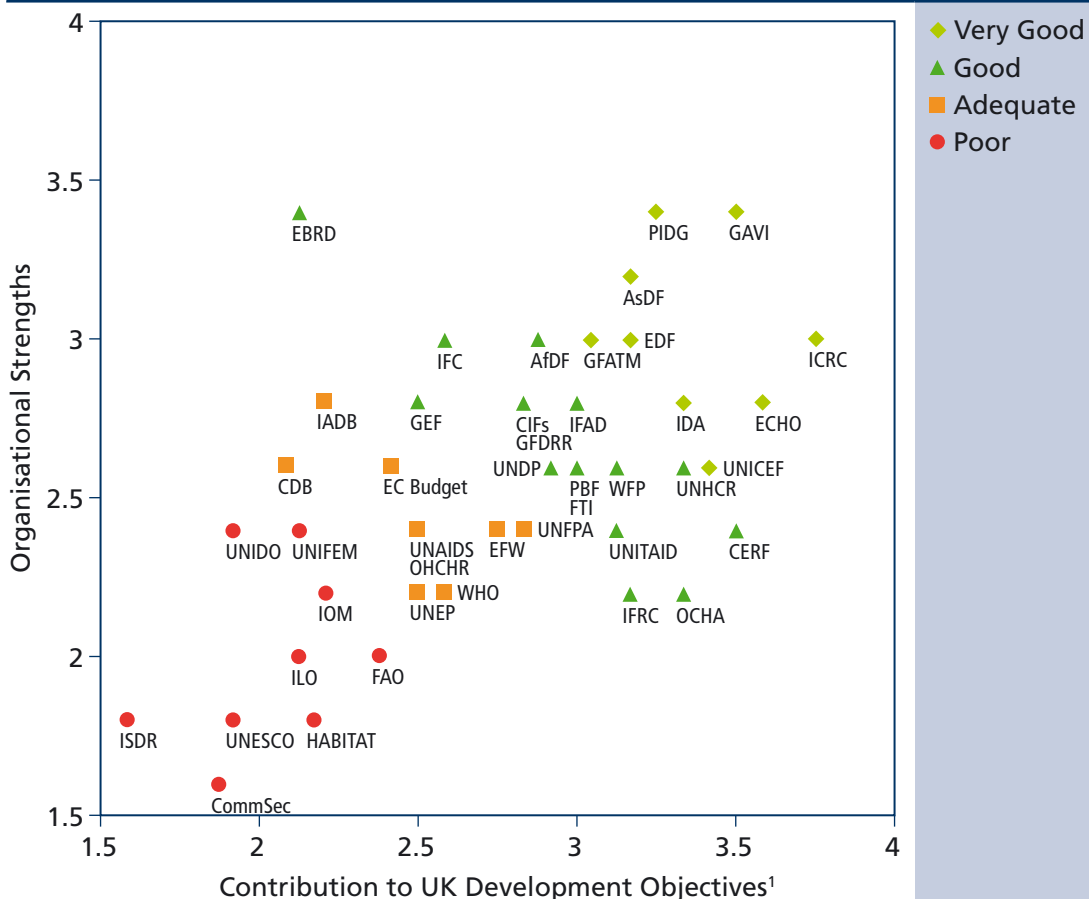
Table 11 Value for money assessment of the multilateral organisations		
Value for money assessment	Index scores	No. and % of organisations
Very good	Average score across both indices is strong (3+)	9 (21%)
Good	Average score across both indices is satisfactory (2.5 – 2.99)	16 (37%)
Adequate	One index score is satisfactory (2.5 – 2.99) but the other is weak (2 – 2.49)	9 (21%)
Poor	Both scores are weak (2 – 2.49) or unsatisfactory (below 2)	9 (21%)

17. One fifth of the multilateral organisations we assessed offer very good value for money for UK aid funding, and just under two fifths offer good value for money. This is a broadly positive finding. However, it does also mean that about two fifths of the multilateral organisations are not currently offering good value for money for UK aid funding. We judge that half of these offer adequate value for money, and the other half offer poor value for money for UK aid funding. It is important to note that all of these assessments are about UK aid funding only, and not about UK funding for objectives other than development. Several of the multilateral organisations in our review, including many of the UN organisations, contribute to wider UK objectives beyond development.
18. The chart below shows what this approach to assessing value for money for UK aid funding means for the individual multilateral organisations. As the chart

makes clear, organisations close to the dividing lines between very good and good, good and adequate, and adequate and poor, have quite similar levels of performance. As judgements about value for money are translated into funding choices, it will be important to be sensitive to this.

- It is also important to note that the assessments are made at a point in time. Where organisations are in the process of instituting reforms, but it is too early to see any impact, we have reflected the reforms in the narrative assessment, but not in the scores. It is therefore always worth looking at the narrative assessment as well as at the scores and value for money categorisation. The assessments also show our judgement of the likelihood of organisations making positive changes. In some cases, these might be sufficient, over time, to take an organisation from one value for money category into another.

Chart 19 Value for money of the multilateral organisations for UK aid



Note: ¹ includes humanitarian objectives

20. The table below summarises where organisations fall within our value for money categories.

Table 12 Value for money for UK aid funding of individual multilateral organisations [click here for list of full names of organisations]			
Very good	Good	Adequate	Poor
AsDF ECHO EDF GAVI GFATM ICRC IDA PIDG UNICEF	AfDF CERF CIFs EBRD FTI GEF GFDRR IFAD IFC IFRC OCHA PBF UNDP UNHCR UNITAID WFP	CDB EC'ion Budget EFW IADB OHCHR UNAIDS UNEP UNFPA WHO	CommSec FAO HABITAT ILO IOM ISDR UNESCO UNIDO UNIFEM
Note: Organisations are listed in alphabetical order			

21. The final section of this report brings together the assessments of strengths and weaknesses discussed in the previous chapter and the index scores and value for money assessments discussed here, to give an overview of our findings for each individual multilateral organisation.
22. One page summaries of the assessments and the full assessments of each multilateral organisation can be found at <http://www.dfid.gov.uk/mar-index>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>AfDF</p> <p>Good value for money</p>			<p>AfDF is integral to UK support to poor African countries. It has a strong strategic focus on growth, infrastructure and regional integration and unique African ownership and influence.</p> <p>It needs to improve delivery and effectiveness by enhancing decentralisation, reducing high staff vacancy rates, completing its results framework and improving transparency.</p>
<p>AsDF</p> <p>Very good value for money</p>			<p>AsDF plays a critical role contributing to international and UK development objectives. It has a clear strategic vision which supports a focus on results.</p> <p>Performance could be improved by ensuring that its projects have a greater impact on the poorest communities and on addressing the needs of girls and women.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
CDB Adequate value for money			<p>CDB contributes significantly to UK objectives in the Caribbean and has excellent relationships with its borrowing members. It manages its financial resources well.</p> <p>It needs to improve its strategic focus and give greater emphasis to cost effectiveness, impact on the needs of girls and women, and establishing a results culture. Information should be more accessible.</p>
CERF Good value for money			<p>The CERF plays a critically important role. It is a flexible instrument that responds well and quickly in humanitarian emergencies, and encourages good partnership behaviour.</p> <p>Performance management systems and results reporting are weak. Disbursement rates to NGOs need to improve, and its prioritisation process for applications should be more rigorous.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>CIFs</p> <p>Good value for money</p>			<p>Designed well to fill a significant strategic gap delivering low carbon, climate resilient development outcomes, and learning lessons for future climate finance architecture. Good financial management and transparency.</p> <p>It is too early to assess actual results but implementation at country level is mixed, for example on partnership behaviour and speed of delivery.</p>
<p>CommSec</p> <p>Poor value for money</p>			<p>The Secretariat helps to uphold democratic values across the Commonwealth and supports and represents the interests of small states, for example on climate change.</p> <p>It is currently not critical in delivering UK development objectives, lacks strategic focus and needs to improve its transparency and results based management.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>EBRD</p> <p>Good value for money</p>			<p>EBRD has strong strategic and performance management and cost and value consciousness. It plays a major role in tackling climate change.</p> <p>EBRD should improve on its performance further by increasing its support to climate change mitigation, implementing its Gender Action Plan, and better measuring the wider development impact of transition activities.</p>
<p>European Commission Budget</p> <p>Adequate value for money</p>			<p>The size and reach of EC Budget Instruments is significant for UK development objectives. They are transparent, with robust financial management and strong in fragile states.</p> <p>But a significant share of resources goes to Middle Income Countries and focus on MDGs is mixed. Procedures are inflexible and they need to more systematically demonstrate delivery against a results framework.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>ECHO</p> <p>Very good value for money</p>			<p>ECHO plays a critically important role. It is strong on delivery and demonstrates good partnership behaviour.</p> <p>It needs to apply value for money considerations more consistently, strengthen the link between humanitarian aid and longer term development, and pay greater attention to gender and environment issues.</p>
<p>EDF</p> <p>Very good value for money</p>			<p>EDF is critical to UK development objectives and achieving the MDGs with its size, poverty focus and unique partnership model. It is committed to transparency and has robust financial management.</p> <p>However despite strong strategies, procedures remain inflexible and more work is needed to systematically demonstrate delivery against a results framework.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>EFW</p> <p>Adequate value for money</p>			<p>The EFW strengthens partnership behaviour across the UN country team by promoting the Delivering as One approach.</p> <p>It is not critical in the delivery of the MDGs. It needs to improve its results framework and demonstrate efficiency gains.</p>
<p>FAO</p> <p>Poor value for money</p>			<p>FAO delivers well in its global and monitoring roles. It is effective in its work as the lead of the agriculture cluster in emergency situations.</p> <p>It needs to increase its cost consciousness, transparency and financial management. It must improve its strategic focus and delivery, especially at country level where it is variable.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
FTI Good value for money			<p>FTI has made a significant contribution to education at global and country level and prioritises the poorest and fragile states in allocation decisions.</p> <p>It needs to better demonstrate results and resolve problems with implementation. Reforms need to address delays in disbursement and improve management of poorly performing grants.</p>
GAVI Very good value for money			<p>GAVI has a clear and critical role, delivering some of the most cost effective health interventions. It demonstrates tangible results and is innovative. It takes a country-led approach and is very transparent.</p> <p>It needs to focus on vaccine prices to drive these down further and improve the design, management and oversight of its cash based programmes.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>GEF</p> <p>Good value for money</p>			<p>The GEF plays a very important role on climate change and has a good record of delivering its projects at a country level. It demonstrates good attention to cost issues and value for money.</p> <p>It needs to increase the use of programmatic approaches and streamline project cycle procedures to cut transaction costs and delays. Its results framework needs clearer output targets and indicators, and baselines.</p>
<p>GFATM</p> <p>Very good value for money</p>			<p>The Global Fund is critical to the delivery of health related MDGs and has been a vehicle for rapid expansion in financing for HIV, TB and malaria. Publishing procurement data has been a major innovation in transparency.</p> <p>It is burdensome for countries and partners and its own systems take precedence. It must improve here to maximise the development impact of its significant finance.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>GFDRR</p> <p>Good value for money</p>			<p>GFDRR demonstrates delivery in fragile contexts and has good cost consciousness and financial resource management practices.</p> <p>It needs to be more transparent and report results of country level programmes. It should consult civil society more and work with UNISDR system partners for better coordination at country level.</p>
<p>HABITAT</p> <p>Poor value for money</p>			<p>UN-HABITAT has strong partnerships and has a satisfactory gender policy in place.</p> <p>It is not critical to meeting UK development objectives and has a number of organisational weaknesses such as poor cost consciousness, transparency and results reporting.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
IADB Adequate value for money			<p>IADB is a well managed bank with a crucial role in Latin America and the Caribbean. Support to Haiti and efforts to tackle climate change have been particularly valued.</p> <p>It is implementing a major reform agenda to address key concerns including a clearer focus on poverty, updated sector strategies and a revised financial framework to allow more effective use of funds.</p>
ICRC Very good value for money			<p>ICRC has a critically important role, particularly in fragile contexts. It is strong on delivery and results, has robust financial resource management and coordinates well with partners.</p> <p>It should improve results reporting and accountability to beneficiaries, show stronger leadership in humanitarian policy debate and be a more active partner in country.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>IDA</p> <p>Very good value for money</p>			<p>IDA closely aligns with DFID's focus on poverty reduction and priority sectors. Its comparative advantage is the breadth and quality of its technical knowledge, expertise and global reach.</p> <p>Areas for reform under IDA 16 are improving its impact in addressing the needs of girls and women, delivery in Fragile States, and its partnership behaviour.</p>
<p>IFAD</p> <p>Good value for money</p>			<p>IFAD makes an important contribution to MDG 1 and has a good results framework that is used to push for continual improvement.</p> <p>It needs to reform its HR procedures to increase performance and flexibility. It needs to improve its financial management and streamline administrative procedures for greater operational efficiency</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>IFC</p> <p>Good value for money</p>			<p>IFC has strong strategic and performance management with a leading results framework and effective use of evaluation. Financial resources management and accountability are strong.</p> <p>It is under-performing in low-income and fragile environments, often under-exploiting the leverage potential of its range of financial products.</p>
<p>IFRC</p> <p>Good value for money</p>			<p>IFRC has a critically important role and delivers well in fragile contexts.</p> <p>There are a number of reform areas to address including better management of decentralisation, and improved learning, accountability and cost control through more robust performance management and reporting. It needs to better support National Societies.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
ILO Poor value for money			<p>The ILO is making progress on gender issues and there is some evidence of good partnership behaviour.</p> <p>It has limited impact on UK and international poverty objectives and needs to reform its field structure to improve delivery. It also needs to improve its results reporting, transparency and cost effectiveness.</p>
IOM Poor value for money			<p>IOM is key to delivering UK objectives in specific humanitarian circumstances and is experienced working in fragile and conflict contexts. It has strong control of administration costs.</p> <p>It needs to strengthen results based management and transparency. Its projectised approach limits its ability to allocate funding according to priority needs.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
ISDR Poor value for money	<p>Contribution to results: 2 Climate change/environment: 2 Gender equality: 2 Fragile contexts: 2 Criticality to UK aid objectives: 2 Criticality to international objectives: 4</p>	<p>Cost and value consciousness: 3 Partnership behaviour: 2 Strategic/performance management: 2 Financial resources management: 2 Transparency and accountability: 2</p>	<p>UNISDR plays a unique coordinating role. It has a good focus on climate change, especially adaptation.</p> <p>It has been slow to address reform and lacks focus on its international coordinating mandate. It gives little strategic guidance to Disaster Risk Reduction partners and has no results based framework.</p>
OCHA Good value for money	<p>Contribution to results: 3 Climate change/environment: 3 Gender equality: 3 Fragile contexts: 3 Criticality to UK aid objectives: 3 Criticality to international objectives: 4</p>	<p>Cost and value consciousness: 3 Partnership behaviour: 2 Strategic/performance management: 2 Financial resources management: 2 Transparency and accountability: 2</p>	<p>OCHA has a critically important role. It performs strongly in fragile contexts and demonstrates good partnership behaviour.</p> <p>Its emergency response and regular field capacity is weak, as are its operational performance, focus on results and value for money, priority setting and resource allocation. It needs to strengthen its leadership and coordination structures.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
OHCHR Adequate value for money			<p>OHCHR has a unique role. It has built strong partnerships and has a good record of delivery in fragile states.</p> <p>It needs to present clearer evidence of its contribution to development and humanitarian objectives, demonstrate better cost consciousness and improve financial management.</p>
PBF Good value for money			<p>The PBF has a strong focus on poor and fragile countries and increasingly good partnerships and strategic performance management.</p> <p>It needs to do more to improve its results management and cost consciousness while ensuring that it remains flexible and adds value as a catalytic, system-wide instrument.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>PIDG</p> <p>Very good value for money</p>			<p>PIDG delivers strong results and is aligned with UK development objectives. It has tight cost controls and is focused on the poorest countries.</p> <p>It should continue to target low income countries and work for maximum value for money in country. It needs to pay more attention to gender issues.</p>
<p>UNAIDS</p> <p>Adequate value for money</p>			<p>UNAIDS is important for international and UK objectives on HIV/AIDS. It demonstrates a good focus on gender and has strong partnerships.</p> <p>It needs to improve its coordination role and the accountability of its cosponsors. It needs to improve how it demonstrates efficiency and results and scale up its technical leadership and support.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>UNDP</p> <p>Good value for money</p>			<p>UNDP has a critical role to play in the achievement of the MDGs, directly and in support of the UN development system. It has a good partnership network and is making progress on transparency.</p> <p>It needs to improve its delivery in country, particularly fragile states, its demonstration of cost consciousness and results, and focus more on areas of comparative advantage.</p>
<p>UNEP</p> <p>Adequate value for money</p>			<p>UNEP is important to UK aid objectives with very strong contribution to climate change and good work in fragile states. Partnership behaviour is good.</p> <p>It needs to improve its results based management, internal governance and HR systems. It needs to work for more predictable financing.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>UNESCO</p> <p>Poor value for money</p>	<p>Contribution to results: 2 Climate change/environment: 2 Gender equality: 2 Fragile contexts: 2 Criticality to UK aid objectives: 2 Criticality to international objectives: 3</p>	<p>Cost and value consciousness: 2 Partnership behaviour: 2 Strategic/performance management: 2 Financial resources management: 2 Transparency and accountability: 2</p>	<p>UNESCO has high quality expertise in many areas important for development and produces useful reports and data for policy making in education. It has made some progress reducing administration costs.</p> <p>It needs to continue improving cost consciousness, and make a sustained effort on management for results, streamlining its strategic focus and on transparency.</p>
<p>UNFPA</p> <p>Adequate value for money</p>	<p>Contribution to results: 3 Climate change/environment: 3 Gender equality: 3 Fragile contexts: 3 Criticality to UK aid objectives: 3 Criticality to international objectives: 4</p>	<p>Cost and value consciousness: 2 Partnership behaviour: 3 Strategic/performance management: 2 Financial resources management: 2 Transparency and accountability: 2</p>	<p>UNFPA has strong partnerships with civil society, partner countries and agencies, and is critical to meeting UK development objectives - notably on MDG 5.</p> <p>It needs to improve its cost consciousness, transparency and financial management. It needs to continue to improve its results reporting.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>UNHCR</p> <p>Good value for money</p>			<p>It has a critically important role and is strong on delivery, particularly in fragile contexts. Its good strategic and performance management is underpinned by accountable leadership and governance.</p> <p>It needs to strengthen its emergency response and preparedness as well as addressing weaknesses on results based management, cost and transparency.</p>
<p>UNICEF</p> <p>Very good value for money</p>			<p>UNICEF has a strong poverty focus and a critical role in meeting UK and international development objectives. It has improved delivery at country level, demonstrates results on the ground and works well with partners.</p> <p>Its leadership, coordination and delivery in humanitarian emergencies must improve. It needs a strengthened results system to show direct contribution to development results.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>UNIDO</p> <p>Poor value for money</p>	<p>Contribution to results: 2 Climate change/environment: 2 Gender equality: 2 Fragile contexts: 2 Focus on poor countries: 2 Criticality to UK aid objectives: 2</p>	<p>Cost and value consciousness: 3 Partnership behaviour: 3 Strategic/performance management: 2 Financial resources management: 2 Transparency and accountability: 2</p>	<p>UNIDO has made improvements in its cost consciousness and demonstrates good partnership behaviour.</p> <p>It is not aligned with UK aid priorities and does not play a critical role in delivering the MDGs. It has unsatisfactory results reporting and financial management.</p>
<p>UNIFEM</p> <p>Poor value for money</p>	<p>Contribution to results: 2 Gender equality: 3 Fragile contexts: 2 Focus on poor countries: 2 Criticality to UK aid objectives: 2 Criticality to international objectives: 2</p>	<p>Cost and value consciousness: 3 Partnership behaviour: 3 Strategic/performance management: 2 Financial resources management: 2 Transparency and accountability: 2</p>	<p>UNIFEM has good partnerships and is strong on gender.</p> <p>It has suffered from a lack of reach and struggled to show results. It had unsatisfactory cost consciousness, transparency and financial management.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>UNITAID</p> <p>Good value for money</p>			<p>UNITAID is focussed on the poorest countries. Its price reductions should lead to sustainable benefits for countries, donors and international agencies.</p> <p>It does not yet have a credible framework for prioritising proposals for funding and lack of a clear strategy (until recently) affected financing choices and therefore value for money. Its transparency needs to improve.</p>
<p>WFP</p> <p>Good value for money</p>			<p>WFP has a critically important role, including in fragile contexts, and demonstrates contribution to results. There is evidence of good cost consciousness and sound financial resources management.</p> <p>It needs to further strengthen its core emergency response capacity, as well as its performance on results, value for money, transparency and accountability.</p>

	Contribution to UK development objectives	Organisational strengths	Strength and Areas for reform
<p>WHO</p> <p>Adequate value for money</p>			<p>WHO is critical to the achievement of the health MDGs and UK priorities on reproductive, maternal and newborn health and malaria.</p> <p>It needs to improve its strategic focus and delivery at country level, as well as results reporting, cost consciousness, financial management and transparency.</p>
<p><i>Note: Components are scored on a range from 1 to 4, where 4 is strong and 1 is unsatisfactory. A uniformly strong organisation would completely fill the spider-web.</i></p>			

Annex **1**

UK Multilateral Aid Review – Methodology

Development of the Assessment Framework

1. The purpose of the Multilateral Aid Review (MAR) was to assess the value for money of UK aid through multilateral organisations. We wanted to capture the value for money for UK aid of the whole of each organisation. We therefore took a broad view, with a definition of value for money that reached from control of costs through to delivery of outcomes, and included system-wide impacts as well as more focused contributions.
2. We based our first draft framework on previous work by the Department for International Development (DFID)¹, the Balanced Scorecard approach of the Multilateral Organisation Performance Assessment Network (MOPAN)², and other assessments of effectiveness, including work by other national government donors³ and academics⁴ (see box 1). However, although our first draft framework drew on lessons from other experiences, it had some distinctive features right from the beginning.
3. First, we were determined to ensure that the review was about what multilaterals actually do, and the impact they have on the ground. This gave the review a very practical character, and meant that we placed a high premium on evidence of impact. Second, because the assessment was of value for money, rather than effectiveness, cost and value issues needed to be separately identified and assessed. Third, we wanted to use the review to gather evidence about the performance of the multilateral system with respect to key UK Coalition Government priorities, particularly gender, fragile states and climate change. Fourth, we were keen to ensure that developing country partner views were taken into account as we made our assessments.
4. Because the MAR is a key decision-making tool for the UK Coalition Government it was very important that it should be robust, rigorous, evidence-based and above all fair. We therefore asked two of the UK's leading development experts to support and challenge us in developing and applying the methodology. Dr Alison Evans, Director of the Overseas Development Institute, and Professor Lawrence Haddad, Director of the Institute of Development Studies and President of the UK

1 Multilateral Development Effectiveness Summaries (MDEs) and Multilateral Effectiveness Frameworks (MEFs). Please see DFID website for more information (archived content)

2 www.mopanonline.org

3 Sweden and Denmark for example

4 Easterly, William, and Tobias Pfutze, 2008; "Where Does the Money Go? Best and Worst Practices in Foreign Aid" *Journal of Economic Perspectives*, 22(2): 29–52, Knack, S, Rogers, F.S, and Eubank, N: "Aid Quality and donor rankings", World Bank, Policy Research Working Paper, May 2010 and Birdsall, N, Kharas, H, Mahgoub, A, and Perakis, R: "Quality of Official Development Assistance Assessment", Centre for Global Development, 2010

and Ireland's Development Studies Association, agreed to take on the role of external reviewers to the MAR. We are extremely grateful to them both.

Box 1 Independent Publications of Aid Effectiveness

Centre for Global Development (2010):

This paper compares the quality of official development assistance based on four central indicators which draw on further indicators from a number of data sources. These are outlined below:

Maximising Efficiency includes the following indicators: share of allocation to poor countries; share of allocation to well governed countries; low administrative unit costs; high country programmable aid share; focus/specialisation by recipient country; focus/specialisation by sector; support of select global public good facilities; and share of untied aid.

Fostering Institutions includes the following indicators: share of aid to recipients' top development priorities; avoidance of project implementation units; share of aid recorded in recipient budgets; share of aid to partners with good operational strategies; use of recipient country systems; coordination of technical cooperation; share of scheduled aid recorded as received by recipients; and coverage of forward spending plans/aid predictability.

Reducing Burden includes the following indicators: significance of aid relationships; fragmentation across agencies; median project size; contribution to multilaterals; coordinated missions; coordinated analytical work; and use of programmatic aid.

Transparency & Learning includes the following indicators: member of IATI; recording of project titles and descriptions; detail of project descriptions; reporting of aid delivery channel; share of projects reporting disbursements; completeness of project-level commitment data; and aid to partners with good monitoring and evaluation frameworks.

Box 1 Independent Publications of Aid Effectiveness *continued***Knack, Rogers and Eubank, World Bank (2010):**

This regression-based approach produces an overall aid quality index from 4 sub-indices which are based on 18 underlying indicators derived from the OECD-DAC survey for monitoring the Paris Declaration, new Project-Level Aid and DAC aid tables. These indices are reported below:

Aid Selectivity – Aid goes to those countries most in need and with most favourable policy environment

Aid Alignment – Alignment of aid with recipients' national policies

Harmonisation in country – Harmonisation of donor activities around country-led programmes

Specialisation – Specialisation of donors' aid geographically and by sector

Easterly & Pfutze (2008):

Easterly and Pfutze examine best practice principles in the way that official aid is given. They calculate the following five indicators:

Transparency – Calculated by determining the availability of data on employment and administrative expenses

Fragmentation – Looks at the fragmentation of donors' aid geographically and by sector

Selectivity – Aid goes to countries that are not corrupt and lower income countries

Ineffective Aid Channels – Share of aid delivered as tied aid, food aid or technical assistance

Overhead Costs – Ratio of overhead costs to official development financing and official development financing per employee

5. The first draft assessment framework is shown in box 2 below. We shared it with the multilateral organisations, UK civil society and the external reviewers, asking them for their comments.

Box 2 Draft Summary Assessment Framework – July 2010		
Group	Criterion	Description
Relevance to DFID's objectives	1. Strategic fit	<ul style="list-style-type: none"> ▪ Important role in delivering UK development priorities, with country level evidence of this ▪ Important role in delivering key international development goals, with country level evidence of this
	2. Geographic fit	<ul style="list-style-type: none"> ▪ Allocates aid to countries that need it most ▪ Allocates aid to countries where it will be best used
Development effectiveness	3. Results	<ul style="list-style-type: none"> ▪ Demonstrates delivery against objectives ▪ Contributes to development or humanitarian results
	4. Cost	<ul style="list-style-type: none"> ▪ Controls administrative costs ▪ Achieves economy in purchase of programme inputs ▪ Rates of return and cost effectiveness issues are important factors in decision-making ▪ Challenges and supports partners to think about value for money
	5. Partnership behaviour	<ul style="list-style-type: none"> ▪ Contributes to donor harmonisation ▪ Aligns with country partners ▪ Adheres to Paris Principles ▪ Has flexibility which enables a country-led approach ▪ Incorporates beneficiary voice
Organisational effectiveness	6. Strategic/performance management	<ul style="list-style-type: none"> ▪ Strategy delivers mandate ▪ Leadership is effective ▪ Measures results and uses them to improve decision-making ▪ Has a strong evaluation function ▪ Has good HR policies and practices
	7. Financial resources management	<ul style="list-style-type: none"> ▪ Funding allocations are transparent ▪ Funding is performance-based ▪ Has effective scrutiny mechanisms ▪ Instruments are appropriate
Partner country views	8. Client rating	<ul style="list-style-type: none"> ▪ Partner countries view the multilateral as an important and effective development partner

Box 2 Draft Summary Assessment Framework – July 2010 <i>continued</i>		
Group	Criterion	Description
Reform scope	9: Likelihood of change	<ul style="list-style-type: none"> ▪ Positive reforms that will improve relevance and/or effectiveness are likely to take place
Cross-cutting issues	10. Cross-cutting issues	<ul style="list-style-type: none"> ▪ Adapts to fragile contexts ▪ Promotes gender equality ▪ Sensitive to climate change considerations

6. The consultation process raised a number of issues with the draft assessment framework.
7. Many multilateral organisations provided helpful comments. Several of them noted the importance of ensuring that we took a broad range of multilateral mandates into consideration, particularly global public good and co-ordination type roles. We therefore clarified that the critical role criterion extended to such roles, but still required evidence of country-level impact – for example, a multilateral organisation involved in setting norms and standards might be helping developing countries to draw up sectoral strategies based on this work. A number of organisations felt that the reform scope criterion should rather be about openness to positive change and adaptability to new challenges. Our response was to change the reform scope component to likelihood for positive change. Some humanitarian organisations felt that their contribution could not be fully captured in the framework. We therefore added in some questions explicitly referring to humanitarian objectives and ways of working.
8. We also received valuable inputs from UK civil society. These highlighted a range of issues, including the importance of developing country views and in particular the views of the project beneficiaries themselves, the need to ensure attention to the poorest and most vulnerable groups, and the necessity of a separate component on transparency and accountability. In response, we placed an even higher premium on gathering evidence from developing country stakeholders and, importantly, integrated these views into each component to ensure that they have weight in determining scores. We introduced a new question about setting challenging objectives. And we introduced a new component on transparency and accountability.
9. The external reviewers also commented on and challenged the assessment framework on a number of areas. As an illustration of this, they highlighted the need to recognise multilateral organisations that are innovative, creative and risk-taking and suggested that we recognise those characteristics in the framework. This resulted in innovation being included in two areas in the framework. It is part of the critical role component recognising the importance of having innovative multilateral organisations in the system. It is also in the contribution to results component underlining the importance of innovation to problem solving and delivery.

10. The revised, and final, framework is shown in appendix 1. This appendix also includes a more detailed description of the components and the underlying questions.

The Evidence Base

11. Most academic assessments of donor effectiveness are based on a set of quantitative indicators, such as disbursement delays, or adherence to Paris commitments. This approach has the advantage of being very clear and transparent. But it also has disadvantages. First, there are no data sets which cover all of the multilateral organisations (nor is there one which covers the forty-three multilaterals in this review). This limits their usefulness for this exercise. Second, some of the criteria that we were concerned about are not very amenable to this approach. For example, it would be extremely difficult to develop a set of measurable quantitative indicators which effectively capture the answer to the questions, “Does the multilateral organisation challenge and support partners to think about value for money?” or “Are its objectives sufficiently challenging?”. Furthermore quantitative indicators do not easily allow us to draw on the knowledge that DFID and other parts of the UK Government have built up through a long history of continued engagement with these organisations.
12. We therefore took a different approach to this review. The assessments present DFID’s evidence-based judgements of performance against the criteria – the next section explains this approach in more detail. The one exception is the component for focus on poor countries. This is quantitatively assessed for most multilaterals – Appendix 2 provides more detail on this.
13. We drew on a wide range of data to inform the assessments. We used the reporting of the multilaterals themselves, drawing on sources such as strategy and policy documents, routine reporting such as quarterly business reports, programme and thematic evaluations, results frameworks, and the Common Performance Assessment System (COMPAS) of the multilateral development banks. We also included independent evaluations or academic publications including quantitative data wherever possible.⁵
14. We also made attempts to gather further evidence to address specific gaps that we had identified. First, to bolster our country level evidence, we visited ten countries to gather evidence on multilateral performance. This evidence source is explained in more detail in Annex 3. We have also drawn on a wide range of country-level evidence sources including reporting by the multilaterals themselves, external evaluations covering their country programme performance, information from the surveys referred to above as well as information and views gathered from DFID and other UK Government staff with experience of working with the multilaterals at a country level. Second, we wanted to hear the views of our developing country partners and we held a workshop in Tunis plus a DFID/FO consultation exercise to fill this gap as well as using other sources. These sources

⁵ From studies such as MOPAN, Knack, Rogers and Eubank (2010), Centre for Global Development – Brookings Paper, 2010, the Publish What You Fund Aid Transparency Assessment, the Paris survey on aid effectiveness, and the Heavily-Indebted Poor Countries Capacity Building Project Partner Country Evaluations of Multilateral Institutions.

are explained in more detail in Annex 4. Third, we also wanted to draw on the views of a wide group of stakeholders including the multilaterals themselves. We wrote to UK civil society and the multilaterals to provide written submissions against the criteria. These were important sources of evidence.

Scoring

15. We adopted a four point scoring scale. There were two reasons for this. First, we wanted to force a judgement about whether or not performance was good enough, so we needed to avoid the option of a neutral central score. Second, a four point scoring scale is commonly used in UK public administration to assess performance⁶.
16. Most components were therefore scored between 1 (unsatisfactory) and 4 (strong). The exception is the last component, likelihood of positive change, which is scored from uncertain to highly likely. This component is forward-looking, and therefore necessarily more subjective than the others, so we treated it slightly differently.
17. We gave specific guidance for the scoring of components 1 (critical role), 3 (focus on poor countries, which was assessed quantitatively in many cases) and 10 (likelihood of positive change). This guidance is given in appendix 1. For components 2 and 4 through 9, we presented detailed criteria for each component and scored them as follows:

Table 4 Descriptors for indices for contribution to UK development objectives and organisational strengths

Score	Descriptor	Guidance
4	Strong	Organisation performs strongly, including at a country-level against many (but not necessarily all) of the criteria
3	Satisfactory	Organisation performs satisfactorily, including at a country-level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than unsatisfactory
3	Weak	As above but the overall picture is closer to unsatisfactory than strong
1	Unsatisfactory	Organisation performs unsatisfactorily against many (but not necessarily all) of the criteria

18. It is important to note that a score of 4 does not imply that the multilateral is perfect, nor does a score of 1 signify that it has no positives in a particular area.

6 OFSTED (The Office for Standards in Education, Children’s Services and Skills) use a four point scoring scale for example

19. In general, we allowed the nature of an organisation's role and mandate to decide whether or not some criteria should be given more weight than others in scoring. In a few cases we did systematically give more weight to certain questions, and this is explicitly stated in the framework. The clearest example of this is in strategic and performance management, where organisations could not receive a satisfactory score if they did not have a sound results framework.
20. For dual mandate organisations such as UNICEF, which has both a development and a humanitarian role, the assessment considered performance in both areas. This was reflected in the overall score and clearly stated in the assessment itself.
21. The assessments were a DFID judgement based on the balance of available evidence. Where we were unable to find any evidence, we gave a score of 1.
22. The assessments were practical, not theoretical. They were based on evidence about how and what multilaterals are delivering now, and how their organisational systems are actually working. They were not based on policies that are still under development, or which have been recently introduced but not yet had an impact. Recent reforms were noted in the narrative assessment, but did not influence the scoring.
23. The one exception was where organisations are so new that there is very little evidence available about actual impact. In these cases we based the assessment on whatever evidence was available, even if fairly theoretical. However, without evidence of demonstrable impact, scores of 4s (and 1s) were awarded only where the case was extremely compelling.
24. When weighting the evidence to decide on a final score, we gave most weight to country level evidence where it was available and robust. We also took account of the quality of the evidence, giving a higher weight to evidence that was independent (e.g. external evaluations) and/or comprehensive (e.g. a global synthesis report rather than a single country-level case study).

Moderation

25. The approach used, although flexible enough to assess forty-three multilaterals, did carry with it some challenges. First, because we used such a wide range of evidence it varied in quality, and was sometimes conflicting. Second, the wide variations in the structure and mandate of the organisations covered by the review created challenges in ensuring that we were assessing them fairly and consistently against the criteria. We therefore set up a comprehensive moderation process designed to ensure that scores stood up to scrutiny when compared across organisations and were robust to challenge.
26. Our first step in undertaking the assessments was to trial the framework using four multilaterals. The purpose of this stage was to iron out any definitional issues in the framework, any inconsistencies that arose in assessing different multilaterals, and to set a benchmark for subsequent assessments. Senior Civil Servants working on DFID's multilateral programme and the External Reviewers were invited to

challenge these assessments and in particular the interpretation of the assessment framework, the interpretation of the evidence and the final scores. We updated the framework on the basis of this discussion, strengthened the evidence base where necessary and adjusted the scores where appropriate.

27. The assessments of the remaining multilaterals began once the four 'benchmark' assessments were complete. Each assessment was required to pass through a number of layers of scrutiny or moderation. At each level of moderation a Senior Civil Servant or External Reviewer led the moderation. The main purpose of the moderation was to challenge the assessments and the following questions were the main focus of the challenge:
 - Have MOs been scored in a consistent manner?
 - Has evidence been used and interpreted in a similar way?
 - Does the evidence justify the overall scoring and implied ranking?
28. The assessments passed through three levels of internal moderation over a one month period. At the first stage of moderation multilaterals were grouped with similar multilaterals – for example global funds with global funds. The number of comparator multilaterals increased in the second stage and all multilaterals were included in the third level of moderation. Staff from different parts of DFID were included in the moderation discussions, for example thematic policy experts or regional experts. The moderations also included staff from other UK Government departments where relevant. At the end of this process we had scores for forty-three multilaterals that had been agreed across DFID.
29. The external reviewers then came into DFID for two full days to challenge the full range of assessments. The reviewers divided the assessments up between them but deliberately ensured some overlap to ensure that they were consistent in their approach as reviewers. They discussed each of the assessments challenging the scores and the use of evidence. Once this stage was completed, the scores passed through a final moderation led by the Director General for Policy and Global Issues. At no stage did Ministers interfere with the scoring process, leaving this to the DFID officials.

Appendix 1

Assessment Framework for Multilateral Aid Review Assessments

Summary of Framework:	
Component	Criteria
1. Critical Role in meeting Development Objectives	<ul style="list-style-type: none"> ▪ Important role in delivering key international development goals or humanitarian objectives, with country level evidence of this ▪ Important role in delivering UK development or humanitarian priorities, with country level evidence of this
2. Attention to Cross-Cutting Issues	<ul style="list-style-type: none"> ▪ Performs well in fragile contexts ▪ Promotes gender equality ▪ Ensures its activities are low carbon, climate resilient and environmentally sustainable
3. Focus on Poor Countries	<ul style="list-style-type: none"> ▪ Allocates resources to countries that need it most or prioritises areas of greatest humanitarian need ▪ Allocates resources to countries where it will be best used
4. Contribution to Results	<ul style="list-style-type: none"> ▪ Objectives are challenging e.g. strives to reach the very poorest ▪ Strives for results at country level ▪ Demonstrates delivery against objectives ▪ Contributes to development or humanitarian results
5. Strategic and Performance Management	<ul style="list-style-type: none"> ▪ Has a clear mandate, and strategy and implementation plans to deliver it ▪ Governing body is effective at holding management to account ▪ Leadership is effective ▪ Measures results ▪ Has an effective evaluation function ▪ Governing body and management use results and evaluation evidence to improve decision making ▪ Has good HR policies and practices
6. Financial Resources Management	<ul style="list-style-type: none"> ▪ Allocates aid transparently ▪ Funding is predictable ▪ Pro-actively manages poorly performing projects and programmes ▪ Ensures financial accountability ▪ Instruments are appropriate
7. Cost and Value Consciousness	<ul style="list-style-type: none"> ▪ Challenges and supports partners to think about value for money ▪ Rates of return and cost effectiveness issues are important factors in decision-making ▪ Achieves economy in purchase of programme inputs ▪ Controls administrative costs

Summary of Framework: <i>continued</i>	
Component	Criteria
8. Partnership behaviour	<ul style="list-style-type: none"> ▪ Works effectively in partnership with others ▪ Implements social safeguard policies including incorporating beneficiary voice ▪ Has flexibility which enables a country-led approach ▪ Follows Paris/Accra principles in its approach to aid delivery ▪ Provides an effective leadership and co-ordination role in humanitarian settings
9. Transparency and accountability	<ul style="list-style-type: none"> ▪ Has a comprehensive and open disclosure policy ▪ Promotes transparency and accountability in partners ▪ Routinely publishes project documentation and project data ▪ Signatory of IATI and shows commitment to implementation ▪ Governing structures include effective partner country representation ▪ Partner country stakeholders have right of redress and complaint
10. Likelihood of positive change	<ul style="list-style-type: none"> ▪ Governing body and management continuously strive for improvement ▪ Evidence of progress against reform objectives in the past ▪ Opportunities to promote reform are anticipated
<p>*Partner country views are integrated throughout the assessment framework and influence the scoring of each criterion where available.</p>	

Contribution to UK Development Objectives:

Component 1a

Critical Role in Meeting International Objectives

This component assesses whether organisations are, in practice, critical to achieving development and humanitarian objectives? Is there evidence of organisations playing a leading role at the global or national level in, for example, co-ordinating the development or humanitarian system, providing large-scale finance or specialist expertise, filling policy and knowledge gaps, or meeting humanitarian needs?

The criteria are:

- Is the organisation **critical** in the delivery of the MDGs and poverty reduction?
- Is it **critical** in the delivery of other international development goals (for example economic growth, adapting to climate change, conflict and humanitarian objectives)?
- Does it fill a **critical** gap in the international development and humanitarian architecture and at a regional and country-level (e.g. shocks, disease, climate change, cross-border infrastructure), meeting gaps in knowledge, making the system more effective e.g. through providing a common platform for other donors, or innovating to create more effective instruments. These questions relate to whether the organisation plays a leading role in this respect.

The following scoring guidance should be used:

Score	Description
4	The organisation's role is consistently cited or shown to be very relevant and critical in delivering development and humanitarian outcomes. There is widespread evidence particularly from the country level that most of what it does has been absolutely critical in delivering international development or humanitarian objectives in the past and this is expected to continue. "Critical" means – for example – that it leads and plays a pivotal role (eg very influential policy advice) that others are following or just could not step into the same space, or that there is a clear sense that if it were not there things would go very differently.
3	Evidence indicates that the organisation is often very critical/pivotal in some of its roles/interventions but sometimes plays a supporting or less critical/pivotal role.

Score	Description
2	<p>Very rarely critical, usually because of an extraordinary factor coming into play (e.g. occasionally playing a critical role because of an exceptionally good head of a country office).</p> <p>The organisation is acknowledged to have a role which is critical in delivering international development and humanitarian objectives. But the organisation is not playing these roles (e.g. it is not playing a crucial co-ordination role) for various constraints/reasons and there is evidence that international development and humanitarian objectives are being jeopardised as a result (i.e. there is agreement that the roles are important and another organisation has not successfully stepped in to play the roles).</p>
1	<p>There is no or very limited evidence of the organisation being relevant/critical in contributing to development or humanitarian objectives or even there is evidence that it tends to confuse or undermine others. If it disappeared others would easily fill the space.</p>

Component 1b

Critical Role in Meeting UK Aid Objectives

This component assesses whether organisations are, in practice, critical to achieving UK development and humanitarian objectives? Is there evidence of organisations playing a leading role in delivering UK development or humanitarian objectives? This could be because they play a key role in countries or regions which are important to the UK or because their objectives are close to the heart of DFID development or humanitarian objectives.

The multilateral organisations should be assessed on how **critical** they are to:

- Key DFID development and humanitarian priorities as set out in more detail below;
- Development or humanitarian objectives in countries/regions that are important to the UK;
- UK Government development objectives more broadly (for example prosperity in the Caribbean);

DFID Priorities:

- Wealth Creation – generate growth, stimulate the private sector and trade and improve infrastructure;
- Governance and Security – peace building, conflict prevention, public financial management, human rights, as well as stabilisation spending and the Global Conflict Pool;

- Direct delivery of the MDGs (particularly for girls and women) – health and nutrition, education, water and sanitation, humanitarian assistance and food aid;
- Climate Change – mitigate and adapt to the impact of climate change;
- Respond to humanitarian disasters – ensure basic needs of those affected are met.

The following scoring guidance should be used:

Score	Description
4	There is widespread evidence including at a country level that the organisation has been critical in delivering against DFID and UK Government development and humanitarian objectives and this is expected to continue.
3	Most evidence (though not universal) including at a country level suggests that the organisation has been critical in delivering against DFID and UK Government development and humanitarian objectives and this is expected to continue.
2	There is little evidence to suggest that it has been critical in delivering DFID and UK Government development and humanitarian objectives in the past or is expected to in the future.
1	The evidence suggests that it is unimportant to the delivery of DFID and UK Government development and humanitarian objectives and this is expected to continue.

Component 2

Attention to Cross-cutting Issues:

2a. Fragile Contexts

This component assesses whether staff are equipped to work in contexts of conflict and fragility. It looks at whether there is good quality policy and operational guidance which is mainstreamed and used and whether there is good quality reporting which is used to inform policy and programming.

How well does the organisation perform in contexts of conflict and fragility?

The criteria are as follows:

- Is there clear evidence that the organisation performs effectively in fragile states?
- Does the organisation have specific policy and/or operational guidance on working in and on these contexts (e.g. around use of Fragile States principles, conflict sensitivity/Do No Harm, including social safeguards, political/social/conflict analysis)? Is this guidance of good quality? Is this guidance mainstreamed and used?

- Are agency personnel equipped to work in contexts of conflict and fragility (e.g. by clear mandates and guiding principles of engagement; adequate staffing at country level)?
- Does the organisation produce annual or more frequent monitoring reports which include specific attention to operating in fragile contexts? Do such reports inform policy and programming?

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria

Component 2

Attention to Cross-cutting Issues:

2b. Gender

This component looks at whether the organisation has the policies, structures and incentives to promote gender equality, either directly or through partnerships, and whether there is evidence that these are having an impact, including at the country level?

Does the organisation promote gender equality?

The criteria are as follows:

- Does it have policies, structures and incentives to promote gender equality and is there evidence of these having an impact?
- Does it have and use partnerships to promote gender equality and is there evidence of these having an impact?
- Does evidence and information on gender equality inform policy and programming and is there evidence of these having an impact and improving policy choice?
- Is there country-level evidence of the mainstreaming of gender or of the impact of gender policies?

- Does it focus on results for gender equality (does it disaggregate data by sex)?

Assessments should draw on organisations' Gender Strategies where available in scoring this component.

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria

Component 2

Attention to Cross-cutting Issues:

2c. Climate Change and Environmental Sustainability

How well does the organisation perform on ensuring that their development or humanitarian activities are low carbon, climate resilient and environmentally sustainable?

How well does the organisation perform on ensuring its development or humanitarian activities are low carbon, climate resilient and environmentally sustainable?

The criteria are as follows:

- Does the organisation have a climate change and/or environment strategy in place, or a framework for guiding policies and resource allocation that incorporates climate change?
- Does the organisation have specific policy guidance to ensure that all its country and regional programmes integrate low carbon, climate resilient and environmentally sustainable development into their planning and investments? Is this policy guidance applied in all countries?
- Does the organisation have environmental and climate safeguards in place? Do these meet our baseline standard? Are all development or humanitarian interventions guided by the outcomes of the environmental / climate safeguard procedure? Are these monitored and reviewed?
- Are climate change, development and environmental impacts measured? Are climate change and environment indicators incorporated into all performance/ results frameworks?

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country-level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country-level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria

Component 3

Focus on Poor Countries

This component looks at how well the multilateral organisations target their resources on poor countries, and particularly on the poor countries with strong institutional environments where aid is likely to have the greatest impact. A slightly different approach was used for the humanitarian organisations and those focused on climate and environment issues.

We used indices of need (numbers of poor people, human development indicators and fragility) and effectiveness (strength of institutional and policy environment), using CPIA⁷) to construct a country ranking for all low income and lower middle income countries. The higher up the ranking, the more likely it is that aid to that country will contribute to the UK's poverty reduction objectives. We looked at how the multilateral development organisations allocate their country-based aid, and compared this with our ranking. Organisations that give a large share of their aid to countries high up in the ranking are, in purely geographic terms, more likely to be contributing to poverty reduction. We describe them as having a good focus on poor countries (FoPC). The FoPC scores were banded together to generate scores for focus on poor countries on a range of 1 to 4.

Multilateral organisations whose principal focus is not development and which focus on humanitarian responses and conflict, climate change and disaster risk reduction allocate their resources against different objectives. In each of these cases we have qualitatively assessed the multilateral organisations against their own objectives by looking at how well their allocation fits the incidence of the problem. This provides the relevant measure of need overall. Where possible, effectiveness is addressed through consideration of how well allocation is driven by evidence of country and/or situation specific contexts. In all cases, a judgement has been made on the balance of evidence on need and effectiveness to determine the FoPC scores.

7 These scores are based on the 2009 IDA Resource Allocation Index.

A more detailed description of this component is attached to this document.

Component 4

Contribution to Results

This component assesses whether or not multilateral organisations are setting and meeting challenging objectives and making a consistently positive contribution to development or humanitarian results. We were looking for ambitious targets, for example in innovation or outreach to the poorest, for demonstration of achievement against targets at the country level, and for evidence of management striving for a real impact.

The criteria are as follows:

- Are its objectives sufficiently challenging? For example, is the organisation striving for continuous improvement and striving to reach the very poorest groups? Is it benchmarking itself against similar organisations? Is it taking risks and innovating to deliver better results?
- Is there evidence that the management is doing all that it can to deliver results at country level (striving for results, holding staff to account for delivery, proactively intervening to turn around problem parts of the portfolio etc)?
- Can it demonstrate delivery against its objectives including at a country level?
- Can it demonstrate a significant contribution to development (outputs or outcomes), humanitarian results or poverty reduction⁸?

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many of (but not necessarily all) the criteria

⁸ The quality of corporate results frameworks and reporting is assessed later under strategic and performance management. This component looks only for evidence of management for results at the country level.

Organisational Strengths:

Component 5

Strategic and Performance Management

This component assesses whether organisations are governed, led and managed in a way that is likely to lead to the greatest possible impact in terms of their mandate. It looks at whether the organisations have a clear mandate and strategy, effective leadership and governance structures, a results culture and a comprehensive results framework, an evaluation culture with independent evaluations whose recommendations are acted on and high quality human resource management systems, with transparent and merit-based recruitment and promotion, and performance-based management systems.

The criteria are as follows:

- Does it have a clear mandate? Is there a clear line of sight from the mandate to strategy and implementation plans?
- Is its governing body effective at holding management to account? Does it use results and evaluation evidence to challenge management and effectively steward performance and strategic decision-making?
- How effective is its leadership? Is it using results and evaluation evidence to drive improvements in performance and strategic decision-making?
- Do its HR policies encourage good performance? Does it award jobs transparently and on the basis of merit and experience?
- Are systems in place to measure results effectively? Does it have a comprehensive results framework that covers the whole of the organisation's activities and the whole of the results chain from inputs through to impact?
- Does it have an effective evaluation function? Are evaluations acted upon?

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria
*The most weight should be given to the organisation's results framework under this particular component	

Specific evidence sources include:

Indicators	Source
The organisation-wide strategy is based on a clear definition of mandate.	MOPAN
Staff recruitment and promotion is meritocratic and transparent.	MOPAN
The organisation has a structurally independent evaluation unit within its organisational structure that reports to its Executive Management or Board.	MOPAN
Performance information on results is used for revising and adjusting policies.	MOPAN

Component 6

Financial Resources Management

This component looks at how multilateral organisations allocate, disburse and account for their resources. We were looking for clear and transparent resource allocation decisions, predictable longterm commitments, release of aid on schedule, flexibility to use a range of different aid instruments according to need, strong policies and processes for financial accountability and oversight, and a proactive approach to managing poorly performing projects, curtailing them where necessary and redeploying the funding elsewhere.

The criteria are as follows:

- Does it use a clear and transparent system to allocate aid?
- Do its financial systems allow and encourage the making of predictable i.e. long term commitments?
- Are aid flows released according to agreed schedules?
- Does it proactively manage poorly performing projects and programmes, curtailing them where necessary and recycling savings into better performing parts of the portfolio?
- Does it have strong policies and processes for financial accountability (risk management, anti-corruption, quality of external audits, fiduciary risk)?
- Do its financial systems give it the flexibility to use the right instruments in the right situations (e.g. in fragile states)?

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria

Specific evidence sources include:

Indicators	Source
The organisation publishes its criteria for allocating funding.	MOPAN
Allocations follow criteria.	MOPAN
Resources allocated to countries and projects are based on performance.	MOPAN
External audits (meeting recognised international standards) are performed across the organisation.	MOPAN
New aid programmes / projects can be approved locally within a budget cap.	MOPAN
Organisation-wide disbursement ratio	Organisation's reporting
Aid is more predictable	Paris
Average programme preparation time	Organisation's reporting

Component 7

Cost and Value Consciousness

This component takes a deeper look at the drivers of spending by multilateral organisations, assessing whether or not concern for costs and value are important motivations for decision-makers. We sought evidence of organisations striving for economy in purchasing decisions and seeking to reduce administrative costs. We wanted to see management and accountability systems with a strong focus on achieving value for money in programme spend, including challenging and supporting partners to take a hard look at value for money in their policy and programme choices.

The criteria are as follows:

- Does it challenge and support development partners to think about economy, efficiency and cost effectiveness in key policy and programme choices?
- Do its systems (including pressure from the governing bodies and shareholders) require senior management to take account of return and cost effectiveness (is there evidence that shareholders actively challenge senior management on such issues or question choice)?
- Is it aware of and does it strive for economy in the purchase of programme inputs (in other words, its approach to procurement is driven by cost control, it has targets for procurement savings, prices achieved are monitored and reported on)?
- Does it strive for reductions in administrative costs and can it demonstrate it is not profligate (is there evidence of targets and cost control)?

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria

Component 8

Partnership Behaviour

This component looks at partnership behaviour. Strong partners should work effectively in partnership with a wide range of stakeholders, promote the participation of women and marginalised groups, work flexibly in a way that supports the country-led approach, take a leadership role on the Paris agenda on aid effectiveness, and provide, if appropriate, an effective leadership and co-ordination role in humanitarian settings.

The criteria are as follows:

- Does it work effectively in partnership with others (includes partner countries, other multilateral organisations, bilaterals, civil society, etc)? The scoring should give greater weight to those partnerships which are most important to the organisation's role and mandate.
- Does it implement social safeguard policies, including incorporating beneficiary voice into its policies and programmes (e.g. through participatory

approaches to programme design and implementation)? In particular do policies promote the participation of girls and women, and the most marginalised, including indigenous peoples and people with disabilities?

- Does it have the flexibility to enable and reinforce the country-led approach (e.g. is it flexible in the policy choices it can support, does it use instruments clients want, does it apply low and appropriate conditionality etc)?
- Does it provide aid and technical assistance in a way most likely to lead to sustained development results (e.g. Paris/Accra type approaches) and does it take a leadership role on this agenda?
- Does it provide an effective leadership and co-ordination role in humanitarian settings (if applicable)?

For humanitarian, conflict-focused and other multilateral organisations (where relevant), the organisation’s partnership behaviour should be based on the most appropriate evidence on partnership working. The assessments will draw on the organisation’s adherence to the Good Humanitarian Donorship principles and the DAC principles for Good International Engagement in fragile states and situations. These may include carrying out joint needs assessments with other agencies, supporting/participating in clusters or participating in system-wide reporting frameworks. Some data can be drawn from MOPAN and MOPAN light surveys. Suggested indicators for UNHCR, OCHA, ICRC and ECHO, together with the recommended source, are listed in italics underneath their development counterpart.

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria

Specific evidence sources include:

Indicator (<i>Humanitarian substitutes in italics</i>);	Source
Conditionality (if any) draws on national government’s own agreed benchmarks / indicators / results.	MOPAN

Indicator (<i>Humanitarian substitutes in italics</i>);	Source
<i>Organisation uses procedures that can be easily understood and followed by direct partners.</i>	MOPAN
The organisation has operational flexibility in the way it implements programmes / projects and deals with budget issues (during implementation).	MOPAN
<i>Organisation adjusts overall portfolio in country quickly, to respond to changing circumstances.</i>	MOPAN
The organisation constructively participates in national Consultative Group meetings, national policy consultations, joint thematic working groups, policy fora and donor fora.	MOPAN
<i>Organisation constructively participates in national policy consultations, joint thematic working groups or policy fora.</i>	MOPAN
Aid flows are aligned with national priorities.	Paris
<i>The organisation adjusts its programmes to reflect strategic priorities agreed by the Cluster.</i>	MOPAN
Strengthen capacity by co-ordinated support.	Paris
<i>No humanitarian equivalent</i>	
Use of country public financial management systems.	Paris
<i>No humanitarian equivalent</i>	
Use of country procurement systems.	Paris
<i>No humanitarian equivalent</i>	
Avoid parallel implementation structures.	Paris
<i>Organisation coordinates with other multilateral organisations on the implementation of their disaster response</i>	MOPAN
Use of common arrangements or procedures.	Paris
<i>CHASE will assess</i>	
Joint missions.	Paris
<i>Organisation participates in joint missions</i>	MOPAN
Joint country analytic work.	Paris
<i>No humanitarian equivalent</i>	

Component 9

Transparency and Accountability

This component asks whether organisations make comprehensive information about their policies and projects readily available to outsiders. It also asks whether they are accountable to their stakeholders, including donors, developing country governments, civil society organisations and direct beneficiaries. We are looking for a culture of openness and compliance with the standards set by the International Aid Transparency Initiative, IATI, a genuine voice for developing countries, and an effective right of redress for complainants.

The criteria are as follows:

- Does it have a disclosure policy, and does that policy specify a presumption of disclosure – i.e. that information should be made publicly available unless there is a clear case for withholding it? Is the list of exceptions justifiable and based on the organisation’s commercial, security, data protection or other policies and regulations?
- Does it encourage transparency and accountability in delivery partners and recipients, by putting its aid on budget?
- Does it routinely publish project and policy documentation and are these easy to find? Does it publish timely, detailed data about projects it is funding or implementing?
- Is the organisation signed up to the International Aid Transparency Initiative (IATI) and is it actively participating? If signed up, does it show commitment to meeting the phase 1 IATI standards by November 2011? If not signed up, has the organisation signalled any interest in doing so? (*not applicable to humanitarian organisations*)
- Are partner countries well represented (e.g. through seats, votes etc) in the governing mechanisms of the organisation, such that they have an impact on decision making.
- Do stakeholders (government, civil society, other key groups) from partner countries have a mechanism through which they have the right to redress or to complain about the organisation’s policies and programmes?

For humanitarian organisations:

- Is the organisation certified by the Humanitarian Accountability Partnership? Has it undertaken any other humanitarian transparency or accountability project (e.g. peer review on accountability to disaster-affected populations)?

- Does the organisation have systems and tools to ensure adequate participation of disaster/conflict-affected groups in needs assessments, monitoring and evaluation?

The following scoring guidance should be used:

Score	Description
4	Organisation performs strongly, including at a country level, against many (but not necessarily all) of the criteria
3	Organisation performs satisfactorily, including at a country level, on average – this may include some strong and some unsatisfactory performance but the overall picture is closer to strong than weak
2	As above but the overall picture is closer to unsatisfactory than strong
1	Organisation performs weakly against many (but not necessarily all) of the criteria

Specific evidence sources include:

- Organisation's disclosure or public communications policy, if it exists
- Organisation's website (for project documents and data)
- OECD-DAC's Creditor Reporting System – see <http://stats.oecd.org/Index.aspx?DatasetCode=CRSNEW#> for summary information on reporting coverage by multilateral. The OECD-DAC secretariat can also provide the information.
- International Aid Transparency Initiative (IATI) website (www.aidtransparency.net)
- CGD paper 'Quality of Official Development Assistance' (October 2010). Click on following: CGD-Brookings draft paper: Quality of ODA

Additional sources for humanitarian agencies:

- HAP website: <http://www.hapinternational.org/>
- Organisation's policy on beneficiary participation and/or accountability to affected populations.

Component 10

Likelihood of Positive Change

This assesses the likelihood that senior management and the governing body will strive for continued improvement / proactively use opportunities to initiate reform. It also looks at whether the organisation can demonstrate past progress against reforms.

This assessment is qualitative and institution-specific, and a common framework of what constitutes sensible reform across all multilateral organisations is not provided.

Criteria include:

- Governing body and management continuously strive for improvement.
- What evidence is there that the organisation has demonstrated progress in the past?
- Are there opportunities coming up to promote reform – for example, major replenishments?
- Are the views of other member states / governing stakeholders aligned with the need for reform?
- Is the executive receptive to reform to address weaknesses?

The table below gives definitions for each possible overall score:

Description
Highly Likely: High likelihood that the organisation will continue to strive for performance improvements and/or it will address key weaknesses identified in the MAR.
Likely: It is likely that the organisation will continue to strive for performance improvements and/or it will address key weaknesses identified in the MAR.
Uncertain: It is uncertain that the organisation will continue to strive for performance improvements and/or it will address key weaknesses identified in the MAR.

Appendix 2

Methodology Note: Construction of Focus on Poor Countries Component

1 Introduction:

The idea behind the Focus on Poor Countries (FoPC) component is to assess whether multilateral organisations allocate their core aid resources in such a way that they are likely to have the biggest possible impact on poverty reduction. We have developed a quantitative index to assess this for the development organisations in the MAR, but we have used a slightly different approach for multilateral organisations that focus on humanitarian, conflict or climate change. In all these cases, the FoPC component score is based on how well they target funding at the specific need which is central to their mandate, e.g humanitarian need.

Our starting point is that aid will have the most impact on poverty reduction if it is spent in countries with large numbers of poor people and low human development indicators, ideally with a strong institutional and policy environment and preferably fragile. We constructed a 'need-effectiveness' index which ranks countries according to these features – where aid resources will have the biggest impact on reducing poverty. We have compared the organisations' total allocations across countries according to this index to generate a number for each development organisation. This forms the basis of its FoPC component score.

2 Constructing the Index:

We divided the index into two parts – one part focusing on need and one part focusing on the potential of aid to be effective in a country. The need side of the index relates to the aid need of a country – a country with higher numbers of poor people will need more aid than one with lower numbers of poor people. This side of the index includes three distinct parts. Firstly it includes the number of people living under \$2 a day. Secondly it includes the country's score on the Human Development Index – this reflects a country's GDP per capita, life expectancy, gross enrolment rates and adult literacy rates. The idea here is that a country that has a low GDP per capita, a low life expectancy, low enrolment rates and low adult literacy has a greater need for aid. Finally we have included an index that measures a country's fragility – the theory being that more fragile states have a greater aid need.

The effectiveness part of the index has one component only – the World Bank's Country Policy and Institutional Assessment (CPIA) scores⁹ which measure the quality of a country's institutional and policy framework. The effectiveness side

9 Scores are based on the 2009 IDA Resource Allocation Index (IRAI). These scores were then converted into an index in a similar way as the fragility index above.

of the index balances out the fragility part of the need index somewhat (as fragile states tend to have low CPIA scores).

We have combined these two parts to come up with an overall need-effectiveness index. The components of the index, its workings and the data are explained in more detail below:

The Model

The need index is built through three stages.

- i) To capture need:
 - The Human Development Index¹⁰ is inverted so that the neediest countries are close to 1 (2 year average)
 - A fragility index is constructed from the Country Indicators for Foreign Policy – Failed and Fragile States indicator (CIFP-FFS)¹¹
 - Number of people living on under \$2 dollar a day¹²
- ii) To capture Effectiveness:
 - CPIA scores
- iii) To establish the proportion of its funding an organisation spends in a country:
 - Most of the data were taken from the DAC, based where possible on five year averages of country spending financed from core contributions (DAC calls these 'regular budgets')¹³. For those organisations that do not report to OECD DAC, data were taken from annual reports. We had to use proxies for a number of UN organisations as we were not able to obtain country-level allocation data¹⁴.
 - The numerator consists of the proportion of multilateral aid that is allocated to each country.

10 The Human Development Index (HDI) includes life expectancy at birth, the adult literacy rate and gross enrolment rate (primary, secondary and tertiary) and GDP per capita.

11 The index comes from Carleton University and includes authority, legitimacy, capacity, governance, economics, security and crime, human development, demography, environment and gender. Human development, economics and demography have been excluded to avoid double-counting with the HDI. The index takes the following form: $\text{index score} = (x - x_{\text{lower}}) / (x_{\text{upper}} - x_{\text{lower}})$. Xupper and xlower were set above and below the maximum and minimum values in the series. The upper and lower bounds used in the index are 7 and 2.

12 This is taken from the World Bank development indicators.

13 Gross disbursement figures were used from the DAC.

14 More than one year of data was used at all times. However, identifying which categories of data count as ODA was not always clear from the annual reports. The following data sources were used for these agencies: *FTI* – 2009 Annual Report, Annex 5, p34; *UNITAID* – data provided by Secretariat in 2010; *IFC* – Annual Performance Portfolio Review 2010, Annex B, p63-64; *FAO* – *FAO Audited Accounts, 2006-06*, p32; *EFW* – Summary of 2010 Allocations provided by Steering Committee; *Commonwealth Secretariat* – provided by Secretariat in 2010; *UN Special Agencies and Other UN Agencies* – Comprehensive Statistical Analysis of the Financing of Operational Activities for Development of the UN System for 2007 (otherwise known as "Desa 2009" report), Table B2, P106, *PIDG* – data based on country-level projects reported in PIDG database.

- The denominator is each organisation's (gross) **core total country based aid**; this excludes other types of aid expenditure such as regional funding, funding for normative standard-setting roles etc. This is a very important point; it means that organisations with a mainly normative mandate are not penalised. They are only assessed on how they allocate their country level funding; their normative role doesn't affect their score.

Only Low Income Countries (LICs) and Low Middle Income Countries (LMICs)¹⁵ are included in this analysis as this represents those countries where there is the greatest incidence of poverty and most need for aid¹⁶. The list is not based on where DFID works; it therefore avoids penalising organisations in situations where they spend in a LIC or LMIC where DFID does not spend money. Organisations' proportion of resources spent in UMICs and high income countries receive a score of zero¹⁷.

The Model's Formula:

$$\text{MO Score} = \sum^i (\text{HDI} \times \text{CIIFF-FFS} \times \text{Population living under } \$2 \text{ a day}^{0.2} \times \text{CPIA} \times \text{\%spend in country})$$

i) Need	ii) Effectiveness	iii) % Spend
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The model says that an organisation's FoPC score is the sum of scores for how well targeted its country aid is across all its countries. The main driver of the model is HDI and population under \$2 a day followed by CPIA. Population under \$2 a day has an exponent of 0.2, this ensures that population does not dominate the entire model and lead to extreme solutions, where highly populous countries such as India and China get very high scores, irrespective of their scores on the other components¹⁸.

Table 1 below outlines the need-effectiveness index – this orders countries according to their need for aid and the quality of their institutional environments (as explained above). Although we have divided the index into quartiles for presentation purposes, broadly speaking the countries in Q1 are those where aid

- 15 Uses the DAC list of ODA recipients by income (GNI per Capita) which is effective from 2006 and can be used on 2005, 2006 and 2007 ODA.
- 16 Eleven countries and OCTs were excluded from the analysis due to a lack of data for calculating a need and effectiveness score: North Korea, Micronesia, Tonga, Vanuatu, Marshall Islands, Wallis and Fatuna, Tokelau, Tuvalu, Kribati, Niue and Montenegro.
- 17 The focus on LICs and LMICs does not in any way contradict the finding in a recent IDS paper entitled: '*Global Poverty and the New Bottom Billion: What if three-quarters of the world's poor live in middle-income countries*' (Andy Sumner, September 2010). The countries that account for most of the poor that have "moved" to MIC status are still captured as they are all LMICs (e.g. China, India, Pakistan, Indonesia, Nigeria).
- 18 If we leave the exponent on population under \$2 a day unchanged, its impact on the model is five times as large as the nearest component (which is HDI). In the current model, HDI and population under \$2 a day have the largest impact followed by CPIA and finally fragility. It is worth noting that even after making this adjustment many populous MICs with large numbers of poor still fall under the 1st quartile of "needy" countries.

has the potential to be used most well and those in Q4 are where it is likely to be used least well.

Table 1: The four quartiles of the Need-Effectiveness Index:

	Quartile 1	Quartile 2	Quartile 3	Quartile 4
Top 5%	India	Cameroon	Sri Lanka	El Salvador
	Nigeria	Guinea	Tajikistan	Mongolia
	Ethiopia	Benin	Kyrgyz Rep.	Tunisia
	Bangladesh	Madagascar	Djibouti	Iran
	Pakistan	Nepal	Colombia	Solomon Islands
Next 5%	Uganda	Haiti	Swaziland	Kazakhstan
	DRC.	Chad	Zimbabwe	Azerbaijan
	Afghanistan	Liberia	Thailand	Dominican Republic
	Tanzania	Angola	Bhutan	Jordan
	Burkina Faso	Iraq	Georgia	Cape Verde
	Niger	VietNam	Guatemala	Ukraine
	Kenya	Cambodia	Bolivia	Paraguay
	Burundi	Central Afr. Rep.	Palestinian Adm. Areas	Guyana
	Mozambique	Uzbekistan	Brazil	Sao Tome and Principe
	Rwanda	Togo	Timor-Leste	Jamaica
	Mali	Mauritania	Honduras	Maldives
	Myanmar	Egypt	Algeria	Ecuador
	Sierra Leone	Papua New Guinea	Somalia	Albania
	Indonesia	Laos	Nicaragua	Bosnia & Herzegovina
	Yemen	Philippines	Syria	Equatorial Guinea
	Senegal	Gambia	Moldova	Samoa
	Ghana	Guinea-Bissau	Namibia	Turkmenistan
	China	Morocco	Armenia	Fiji
	Sudan	Lesotho	Peru	Cuba

	Côte d'Ivoire	Congo, Rep.	Serbia	Macedonia
	Malawi	Eritrea	Comoros	Suriname
	Zambia			Belarus

3 The Results

A 'strong' focus on poor countries or high score, means that an organisation allocates more of its resources to those countries that have the greatest need and where aid will be best used. These are the principal determinants of the final focus on poor country scores of multilateral organisations.

Table 2 below presents the scores. The focus on poor countries score is the score generated by the model¹⁹. This score has been converted into a 1-4 range by first dividing the variation in the scores – 7 (the lowest score) to 50 (the highest score) into four and then adjusting this based on natural breaks in the data. The subsequent thresholds for the scores are:

4 >40

3 > 30

2 >20

1 <20

		FoPC Score	MAR Assessment Score
1	GAVI	50	4
2	UNITAID	45	4
3	PIDG	44	4
4	African Development Fund	44	4
5	IDA	43	4
6	UNICEF	42	4
7	FTI	41	4
8	EDF ¹⁹	38	3
9	Asian Development Fund	38	3
10	Global Fund	37	3

¹⁹ Note that the highest possible score would be obtained by spending 100% of resources in the highest ranking country which is India and would result in a score of 87. This is an unrealistic outcome given that we would not encourage or expect an organisation to focus all of its resources in one country.

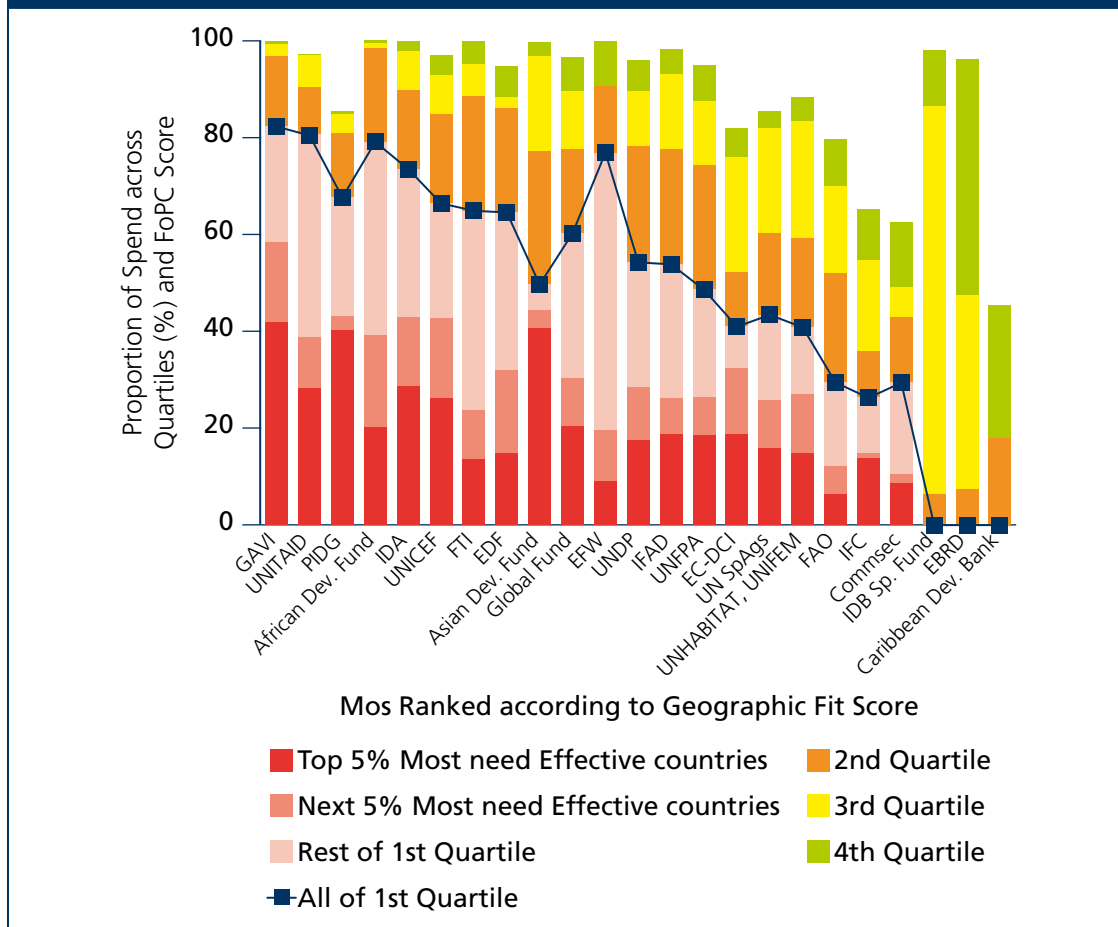
		FoPC Score	MAR Assessment Score
11	EFW	37	3
12	UNDP	35	3
13	IFAD	35	3
14	UNFPA	34	3
15	EC – DCI ²⁰	30	2
16	UNIDO, UNESCO, WHO and ILO <i>(based on spend figures for UN Specialized Agencies)</i>	30	2
17	UNHABITAT, UNIFEM <i>(based on spend figures for Other UN Agencies minus UNRWA spend)</i>	30	2
18	FAO ²¹	21	2
19	IFC	21	2
20	Commonwealth Secretariat	18	1
21	IDB Special Fund	13	1
22	EBRD	10	1
23	Caribbean Development Bank	7	1

The following chart outlines the proportion of multilateral aid resources spent in the different quartiles of the need effectiveness index. Organisations are listed in rank order from left to right, with GAVI scoring the highest. As the black line indicates, the proportion of funding going to the 1st quartile countries (where aid is likely to have the most impact) is a good indicator of the FoPC scores.

Where the proportions in the chart below do not add up to 100%, this indicates that organisations, are spending in UMICs; so for example the EC DCI spends 82% on average in LICs and LMICs, therefore 18% of its aid is spent in UMICs; the Caribbean Development Bank spends 55% in UMICs.

- 20 As EDF country-level funding is not reported by the EC, EDF was estimated by taking EU ODA to countries in Sub-Saharan Africa (excluding South Africa), the Pacific and Caribbean excluding humanitarian ODA going to these countries.
- 21 Again this is not reported. The EC DCI was estimated by excluding all ODA going to EDF countries, humanitarian aid and also ODA going to neighbourhood countries. Therefore the residual should only include ODA going to DCI countries (this also includes DCI thematic instruments going to these countries).
- 22 Unlike other UN specialised agencies, FAO publishes data on country allocations from core appropriations. Its FoPC score is based on this data and this is why it is not grouped with the other four specialised agencies. This may include non-aid resources in the case of FAO.

Figure 1: Multilateral Spend Profile



GAVI, which has the highest FoPC score, spends over 40% of its aid on the 5% most need effective countries (India, Nigeria, Ethiopia, Bangladesh, Pakistan and Uganda); almost 60% is spent on the top 10 % and over 80% on the first quartile of most need effective countries. It also spends 100% of its aid in LICs and MICs.

If you look at the differences between the PIDG and AfDF, although PIDG is spending less of its money in the top quartile of the most need effective countries and also less on LICs and LMICs, it spends almost 40% on the top 5% of countries – this is about twice as much as the AfDF. This explains why the PIDG is scored slightly higher than the AfDF.

4 Assessments for Humanitarian, Conflict and Climate Change focused Organisations:

The Approach

The quantitative approach described above is only appropriate for organisations whose focus is development. Organisations whose principal focus is not development and which focus on humanitarian responses and conflict, climate change and disaster risk reduction allocate their resources against different objectives. In each of these cases we have qualitatively assessed the organisations against their own objectives by looking at how well their allocation fits the incidence of the problem. This provides the relevant measure of need overall. Where possible, effectiveness is addressed through consideration of how well allocation is driven by evidence of country and/or situation specific contexts. In all cases, a judgement has been made on the balance of evidence on need and effectiveness to determine the FoPC scores.

We have not assessed two organisations against this component (OHCHR and UNAIDS) because their objectives do not fit the pure development focus. We considered assessing these organisations qualitatively but concluded that it was most appropriate to assess these issues of allocation under the components 1a and 1b for these organisations. This will neither advantage nor disadvantage these organisations in the final scores.

Table 3: MAR Scores for non-centralised assessments:

Multilateral Organisation		Assessed Against (by)	MAR Score
1	CERF	Humanitarian Need	4
2	OCHA	Humanitarian Need	4
3	ICRC	Humanitarian Need	4
4	ECHO	Humanitarian Need	4
5	IFRC	Humanitarian Need	3
6	UNHCR	Humanitarian Need	3
7	IOM	Humanitarian Need	2
8	GFDRR	Prevention and Resilience to Humanitarian Crises	3
9	ISDR	Prevention and Resilience to Humanitarian Crises	2
10	WFP	Humanitarian Need	3
11	PBF	Fragility and Peace-building	4
12	GEF	Climate Need	3

Table 3: MAR Scores for non-centralised assessments: *continued*

Multilateral Organisation		Assessed Against (by)	MAR Score
13	CIFs	Climate Need	3
14	UNEP	Environment Need	2
15	OHCHR	Not Assessed	n/a
16	UNAIDS	Not Assessed	n/a

Climate Change and Environment Institutions

Three institutions were assessed: *UNEP*, *GEF* and the *CIFs*.

Need is judged across two broad dimensions. These are poverty levels and vulnerability to and/or ability to tackle climate change and environmental degradation. The performance of each institution is based on whether allocations follow criteria (pre-agreed by donors and the institutions) which address development needs as well as needs of countries to tackle and adapt to climate change and environmental degradation.

Effectiveness is judged by looking at whether institutions use lessons from previous selection processes to drive improvements in future allocations. Additionally effectiveness is addressed by looking at whether allocations go to those countries/projects most able to absorb the funding and where the greatest development achievements are going to be made through intervention on climate change and environment.

Humanitarian plus Fragility and Peacebuilding Institutions

The analysis for these institutions assesses how they allocate resources according to humanitarian and, for PBF, peacebuilding need. The analysis also looks at country-level factors which can influence how effectively the resources are used.

Need

PBF – this asks whether the PBF targets money to those countries that are most fragile or at risk of instability, including using the PBF's own eligibility criteria.

Humanitarian and Fragility – the analysis looks at whether funding is directed towards the larger and more severe humanitarian crises²³, or those crises that are not targeted by the rest of the humanitarian system and where there is

23 Humanitarian interventions are made based on priority humanitarian needs. Two international measures of need which have informed the assessment of UN humanitarian agencies are:

- UN-led humanitarian annual appeals by country. The size of the appeal is a measure of the scale of humanitarian need; and
- ECHO's Crisis Index which is based on the existence of conflict with displacements of the population and refugees.

subsequently unmet need. For ISDR and GFDRR, need is based on preventing or building resilience to humanitarian crises.

Effectiveness

PBF – this asks whether funding goes to those countries that have the appropriate conditions to use peacebuilding resources well. The principal considerations here are the degree to which there is an aid gap (to account for unmet need) and the existence of systems and mechanisms in place that enable the effective use of resources.

Humanitarian and Fragility – the analysis recognises that it is inherently difficult to assess the effectiveness of the recipient country environment. However, it considers issues that are generally known to affect the use of resources during humanitarian and conflict-driven crises, such as security and access, agencies' experience of the context and past performance, mandate and legal base for presence in respective countries, relationships with partners, concentration of other donors in country at the time of crisis, logistical constraints, risk of corruption or diversion of resources etc.

Annex 2

Consultation

A key principle of the MAR process was to ensure that assessments of organisations were strongly grounded in evidence. DFID's consultation with stakeholders reflected the fact that stakeholders are a key source of evidence, as many of them have first hand experience of working with multilateral organisations. And the organisations themselves are best placed to provide evidence of their impact on the ground.

DFID therefore sought to engage at various stages of the process with as wide a range of stakeholders as possible. We sought views and evidence from partner countries, including where possible beneficiaries, and from civil society, other donors, and other government departments who have experience of working with particular multilateral organisations. And we consulted the multilateral organisations themselves.

This engagement and communication with stakeholders took a variety of forms. The Secretary of State wrote to multilateral organisations and to civil society organisations in July 2010 to seek comments on the overall process and the methodology used in the MAR, and to seek evidence of multilateral performance, particularly at a country level. This was followed up with discussions at senior official level with our multilateral partners, to explain the MAR process, and the final assessment framework was sent to them in September. Similarly, DFID hosted a roundtable consultation in September with representatives from over thirty civil society organisations to follow up on their comments and evidence. This was followed by a smaller, more informal meeting at the end of November.

DFID also used a variety of approaches to seek views and evidence from partners at country level. Country visits took place in July and August in eight 'DFID focus' countries (Sierra Leone, Uganda, Bangladesh, Nepal, Tajikistan, Tanzania, Sudan and Yemen) and two 'non-DFID focus' countries (Indonesia, and Mali). These ten MAR country visits captured views from government and civil society in country and looked at multilateral effectiveness on the ground. For further details see Annex 3.

DFID supplemented the evidence gathered during these country visits with additional meetings with country partners, including holding side events at the Commonwealth Senior Finance Officials meeting in October and at the Second Regional Meeting on Aid Effectiveness, South-South Cooperation and Capacity Development in Tunis on the 4th November, which included country officials and civil society representatives. Finally DFID country offices and FCO posts were asked to gather views in country.

Other government departments were consulted on relevant assessments as they were being written. There were a number of meetings of senior officials to

provide an overview of findings and discuss handling issues. And the MAR was discussed with donor partners through a range of fora.

These consultations delivered a wide range of views and evidence. Nearly every multilateral organisation covered by the review submitted evidence of their organisational performance. And more than 30 civil society organisations sent in evidence and comments. The list of civil society organisations that submitted comments or evidence to the review is shown at the end of this annex. The submissions from stakeholders provided a rich source of evidence, and were an important resource for DFID in preparing the institutional assessments.

This consultation with stakeholders is not a one-off process, limited to the Review, but an on-going dialogue. The work to take forward the findings of the MAR is only just beginning. It is essential that DFID works with key partners to agree the priorities for reform, and the best ways to take this forward. We are already planning further consultation. For example will hold an official-level meeting with civil society representative in March to discuss reform priorities. This is part of an on-going partnership with key partners, to work together to deliver a more effective international system.

List of Civil Society Organisations who submitted comments or evidence to the Multilateral Aid Review:

BOND

Action Aid

Action for Global Health

BOND DRR group

BOND European Policy Group

Bretton Woods Project

CAFOD

Christian Aid

Christian Aid (second sub)

Commonwealth Human Ecology Council (for BOND DEG)

CSO reps on UNITAID board

Development Initiatives

Global Campaign for Education

Global Witness

Greenpeace

International Alert

International HIV/AIDs alliance

IIED (for BOND DEG)
Leonard Cheshire Disability (LCD)
Merlin
Oxfam
Peace Direct
Practical Action
Save the Children UK
Sightsavers
Stop Aids
TUC
UK National Commission for UNESCO (Wales)
UK Water Network (BOND)
WaterAid
World Development Movement (WDM)
World Vision

Annex **3**

Evidence Gathered from Country Visits

Introduction

1. The purpose of the MAR country visits was to ensure that the MAR was grounded in country-level evidence. The visits gathered information from country stakeholders about the effectiveness of multilateral organisations and the results they deliver. This was used to inform and challenge the MAR assessments.
2. Ten country visits were carried out during July and August 2010, covering 32 multilateral organisations. A small team visited each country and held discussions with multilateral country teams, government officials and donor and civil society stakeholders.
3. During the visits the team assessed the extent to which multilaterals played a critical role in country and were delivering results and managing programmes effectively. They also considered the quality of partnership behaviour, and looked for evidence of cost effectiveness.
4. There were limitations to the approach – the number of countries visited was relatively small and not all organisations were covered comprehensively. But the country visit process captured a wide range of country stakeholder views and the findings were an important source of country level-evidence for the MAR assessments.

Country Visit Process

5. The country visits were carried out by DFID staff during a 2-4 day visit. In each country the team met with staff from the multilateral itself, government officials, development partners, civil society representatives and staff from the DFID country office or Foreign Office post. Interlocutors were assured that their views would be considered confidential.
6. Meetings were set up with the help of the local DFID office. In the case of Mali, extremely valuable help was provided by UK Foreign Office staff in country and other bilateral donor organisations. As well as meeting partners, the visit teams spent time reviewing documentation and comparing the views expressed with other sources of country level information.
7. The visits were carried out in Bangladesh, Indonesia, Mali, Nepal, Sierra Leone, Sudan, Tajikistan, Tanzania, Uganda and Yemen. These countries were chosen to give a reasonable geographical spread (four in Asia and six in Africa), although for cost and practical reasons no Latin or South American countries were included.

8. They also covered a range of contexts. Seven of the countries were fragile states. DFID has a substantial presence in most of the countries visited, but two 'non-DFID' countries were also included to explore the effectiveness of multilaterals in countries where DFID does not have a major role.
9. After the first three visits in Indonesia, Tajikistan and Sierra Leone, a 'lessons-learned' exercise was undertaken. This provided valuable insights for the remaining visits, mainly on the practicalities of conducting a large number of interviews with the range of stakeholders in a short time.
10. The table below shows which multilateral organisations were visited in each country, and the size of the team that carried out the visits.

Country	Size of team	Multilaterals covered
Bangladesh	4	AsDF, EC'ion Budget, FAO, GAVI, GFATM, IDA, IFC, ILO, UNDP, UNFPA, UNICEF, WFP, WHO
Indonesia ¹	2	AsDF, EC'ion Budget, GFDRR, IDA, UNAIDS, UNDP, UNFPA, UNICEF, WFP, WHO
Mali ¹	3	AfDF, EDF, FAO, GEF, GFATM, GFDRR, IDA, IFAD, IFC, UNAIDS, UNDP, UNFPA, UNICEF, UNIFEM, WFP
Nepal	4	AsDF, EC'ion budget, FAO, FTI, GAVI, GFATM, ICRC, IDA, IFC, ILO, OHCHR, PBF, UNAIDS, UNDP, UNESCO, UNHCR, UNICEF, UN OCHA, WFP, WHO
Sierra Leone	3	AfDF, EDF, FAO, FTI, GFATM, IDA, ILO, PBF, UNDP, UNFPA, UNICEF, WFP, WHO
Sudan	2	AfDF, ECHO, EC'ion Budget, FAO, ICRC, IDA, IFAD, UNDP, UNEP, UNFPA, UNHCR, UN OCHA, WFP
Tajikistan ¹	2	AsDF, EC'ion Budget, FAO, GFATM, IDA, IFAD, UNDP, UNICEF, WFP, WHO
Tanzania	1	AfDF, EDF, FAO, GEF, GFATM, IDA, ILO, UNDP, UNEP, EFW DAO, UNFPA, UNHCR, UNIDO, UNIFEM, WFP
Uganda	4	AfDF, EDF, FAO, GFATM, ICRC, IDA, OHCHR, PIDG, UNAIDS, UNDP, UNFPA, UNCHR, UNICEF, UNIDO, UNIFEM, UN OCHA, WFP, WHO
Yemen	3	EC'ion Budget, ICRC, IDA, IFC, UNDP, UNHCR, UNICEF, UN OCHA, WFP
1 'Non-DFID' country		

Evidence Gathered

11. For each multilateral organisation in each country, evidence was sought on four criteria:
 - General role and relevance
 - Specific relevance to UK priority objectives
 - Results, effectiveness, problem solving and partnership behaviour
 - Value for money, costs and cost effectiveness.
12. The questions that were considered for each criteria are set out in the table below.

<p>General role and relevance</p> <ul style="list-style-type: none"> ▪ How critical the multilateral is to the delivery of the MDGs in-country; ▪ How critical the multilateral is to the delivery of other key development goals in-country, including economic growth, climate change mitigation/adaptation, conflict and humanitarian objectives. ▪ Whether the multilateral is filling any critical gaps at the country level, e.g. to combat shocks, disease, in providing specialist knowledge, or introducing more appropriate aid instruments. ▪ Whether there are any emerging needs or gaps which the multilateral seems well placed to address.
<p>Specific relevance to UK priority objectives</p> <ul style="list-style-type: none"> ▪ Wealth Creation; Direct Delivery of the MDGs (including malaria, reproductive and maternal health); Governance and Security; Climate Change; and Global Partnerships.
<p>Results, effectiveness, problem solving and partnership behaviour</p> <ul style="list-style-type: none"> ▪ Management for results (clearly striving for results, evidence of country-level results framework and active management for results, sorting problems, evidence of impact at the country level) ▪ Reinforcing strong partnerships for delivery (working well with others to maximise the collective impact of aid, reinforcing the country's own policy and accountability processes, or adding heavy burdens and dragging down the collective effort).
<p>Value for money, costs and cost effectiveness</p> <ul style="list-style-type: none"> ▪ Cost control and concern for costs (in overheads and programme) ▪ Efficiency in delivery (delays or speedy responses) and keeping transaction costs down by not replicating systems and working in a cost-effective way)

13. The country visit criteria were all included in the overall MAR assessment framework. Slightly different terminology was used as refinements were made to the overall framework which was finalised after the visits had taken place. The overall framework was also broader than the criteria used in the country visits. The following table shows how the country visit criteria map to the overall MAR components.

Country visit criteria	Overall MAR component
General role and relevance	Critical role in meeting development objectives
Specific relevance to UK objectives	Contribution to results
Results, effectiveness, problem solving and partnership behaviour	Strategic and performance management Partnership behaviour Contribution to results
Value for money, costs and cost effectiveness	Cost and value consciousness

Limitations of the Country Visit Process

14. Although the process was similar across all countries, there were variations in the way the visits were conducted. These variations affected the depth in which some of the issues were considered in the different visits.
 - The visit team usually consisted of three DFID staff but some had fewer team members. Some of the teams had the benefit of involvement from country-based DFID members of staff.
 - Less information on the background to the country and its political context was available to the teams in non-DFID countries.
 - Most of the visits were conducted over three days but some were shorter and some longer.
 - The number of multilaterals covered in each country varied from 20 in Nepal to 9 in Yemen.
15. It is important to be clear on the limitations of the visits. Firstly only ten countries were covered, a small sample and not representative of all low income countries.
16. Secondly, the views gathered from stakeholders were the individuals' own, and could not be considered the official view from their organisation or ministry.
17. Thirdly, for logistical reasons it was not always possible to interview all the multilaterals working in each country. As a result, not all of the 43 organisations covered by the MAR were included in the visit programme. Some organisations were only covered in a few countries, and four were only included in one country. The following table shows in how many countries each organisation was reviewed.

Multilateral organisation	Number of countries visited
African Development Fund	5
Asian Development Fund	4
European Commission Budget	5
ECHO	1
European Development Fund	5
United Nations Expanded Delivery as One Funding Window (EFW)	1
Fast Track Initiative	2
Food and Agriculture Organisation	8
Global Alliance for Vaccines and Immunisation	2
Global Environment Facility	2
Global Facility for Disaster Reduction and Recovery	2
Global Fund to Fight Aids, Tuberculosis and Malaria	7
International Committee of the Red Cross	4
International Development Association	10
International Finance Corporation	4
International Fund for Agricultural Development	3
International Labour Organisation	4
Office of the Commissioner for Human Rights	2
Private Infrastructure Development Group	1
United Nations Joint Programme on HIV and Aids	4
United Nations Development Programme	10
United Nations Environment Programme	2
United Nations Educational, Scientific and Cultural Organisation	1
United Nations Expanded Delivery as One Funding Window (EFW)	1
United Nations Peacebuilding Fund	2
United Nations Population Fund	7
United Nations High Commissioner for Refugees	5
United Nations Children's Fund	8
United Nations Development Fund for Women	3
United Nations Industrial Development Organisation	2

Multilateral organisation	Number of countries visited
United Nations Office for Coordination of Humanitarian Affairs	4
World Food Programme	10
World Health Organisation	6

18. Finally, although in general the discussions provided a comprehensive set of information, it was not always as robust as we would have liked. Some of the interviews were brief and meetings with stakeholders did not elicit evidence on every organisation. In some cases the teams were not able to access the documentation they needed.
19. The visits were not the only source of country-level information for the MAR. We used other evidence including MOPAN assessments, the 2008 Survey on Monitoring the Paris Declaration, the Overseas Development Institute's survey of stakeholder views on effectiveness, published country evaluations and other information gathered through DFID country offices. This was particularly important for institutions where coverage was low in the country visits, either because it was covered by few countries or the evidence gathered during the visits was not robust.

How do the country visit findings compare with the overall MAR assessments?

For most multilaterals covered by the country visits the findings were an important source of evidence for the overall assessment. While a variety of performance and effectiveness issues were raised from the range of different countries and contexts covered, the key messages were clear and were confirmed by other sources.

For some organisations the country visit evidence was less influential.

This was for two reasons:

1. Where the information collected from the country visit was limited – i.e. the organisation was included in only a few countries or little evidence was gathered; or
2. Where stronger evidence was available from other sources.

The FTI and UNIDO are examples of the former. Both were only assessed in two countries and other sources of information were more influential on the overall assessment.

UNDP, on the other hand, is an example where evidence from other sources was given more weight in the overall assessment. The UNDP country evidence was comprehensive and robust. However other evidence highlighted that in fragile countries UNDP is often the sole provider. In the overall assessment of its critical role this evidence was given more weight than the country visit evidence which included a mix of fragile and non-fragile countries.

Annex 4

Sources of Partner Country Views

Introduction

1. One of the most important tests of the effectiveness of multilaterals is how country stakeholders view them. Government officials and civil society representatives who work on the ground with multilateral organisations have authentic judgments based on their day to day experiences and first hand observations of impact.
2. Although there are no comprehensive studies of partner country views of all multilateral organisations, there are several good sources of information. Views on the effectiveness of some agencies are available from MOPAN studies and from a study by the Overseas Development Institute (ODI) commissioned by DFID in 2007. A detailed set of data is available from assessments by the Heavily Indebted Poor Countries Capacity Building Project which ranked organisations against a set of evaluation criteria. Early in 2010, DFID commissioned Development Finance International (DFI) to conduct a 'rapid survey' of leading policy makers in 17 countries. Further views on multilateral effectiveness were collected by ODI in a follow-up study in 2009.
3. As part of the MAR we visited ten countries to gather evidence about performance in-country. These visits included some consultation with partner countries. But we wanted to give stakeholders further chances to submit views directly to the Multilateral Aid Review (MAR), so in addition to our country visits, we carried out two stakeholder consultations. One was a facilitated workshop held at the Second Regional Consultation on Aid Effectiveness in Tunis on 4 November 2010, which gathered views from 24 participants from 15 countries. The other was a series of interviews with officials from 14 developing country governments by staff from UK Embassies and DFID offices.
4. This annex summarises eight sources of information on the views of partner country stakeholders. The views collected from these sources were available to those conducting the MAR assessments of multilateral organisations, along with information that was fed through from the regular conversations that staff in our country offices have with their partners. It was also used to challenge the findings for each institution through the moderation process. More information on the moderation process is in Annex 1.
5. It should be noted that most of the views gathered focused on the multilateral organisations' development work rather than humanitarian activities. Humanitarian agencies were not always operating in the countries that were consulted.

Studies

6. The sources all took a different approach to collecting information. Some were qualitative studies with questionnaires administered in person, by telephone or electronically. Others were more informal events or discussions. In general the more informal the approach, the more multilateral organisations were included in the exercise.
7. While no study obtained information on all the multilateral organisations in the MAR, between them they covered 23 institutions. Four covered between 17 and 21, mainly larger, institutions (including the Tunis event which only captured views on multilaterals operating in Africa). Three concentrated on a smaller set of key agencies. One study, the ODI 2009 follow up survey, gathered views on what stakeholders think about effectiveness rather than their views of individual agencies. Table 1 shows which multilaterals were covered by the seven other exercises.

Table 1 Multilateral coverage for each study

MO	2007 ODI study	DFI telephone survey	HIPC CBP workshop	MOPAN	MAR country visits	Tunis workshop	DFID/FO consultation exercise
AfDF	✓	✓	✓	✓ 2009	✓ (several comments)	✓ (frequent comments)	✓ (few comments)
AsDF	✓	✓		✓ 2010	✓ (several comments)		✓ (few comments)
CDB							✓ (several comments)
EC'ion budget	✓	✓	✓		✓ (several comments)		✓ (few comments)
ECHO		✓ (few comments)			✓ (few comments)	✓ (one comment)	
EDF	✓	✓	✓		✓ (frequent comments)	✓ (frequent comments)	✓ (several comments)
FAO		✓			✓ (several comments)	✓ (several comments)	✓ (few comments)

Table 1 Multilateral coverage for each study *continued*

MO	2007 ODI study	DFI telephone survey	HIPC CBP workshop	MOPAN	MAR country visits	Tunis workshop	DFID/FO consultation exercise
FTI		✓				✓ (one comment)	✓ (one comment)
GAVI		✓			✓ (one comment)	✓ (one comment)	✓ (few comments)
GEF		✓				✓ (several comments)	✓ (few comments)
GFATM	✓	✓			✓ (several comments)	✓ (several comments)	✓ (several comments)
IADB		✓ (no comments)	✓				✓ (several comments)
ICRC		✓				✓ (one comment)	✓ (few comments)
IFAD		✓	✓	✓ 2010	✓ (one comment)	✓ (several comments)	✓ (one comment)
PBF					✓ (one comment)		✓ (one comment)
UNDP	✓	✓	✓	✓ 2009	✓ (several comments)	✓ (several comments)	✓ (frequent comments)
UNFPA		✓	✓	✓ 2010	✓ (few comments)	✓ (several comments)	✓ (several comments)
UNHCR		✓				✓ (one comment)	
UNICEF	✓	✓	✓	✓ 2009	✓ (frequent comments)	✓ (several comments)	✓ (several comments)

Table 1 Multilateral coverage for each study <i>continued</i>							
MO	2007 ODI study	DFI telephone survey	HIPC CBP workshop	MOPAN	MAR country visits	Tunis workshop	DFID/FO consultation exercise
UN OCHA		✓			✓ (few comments)	✓ (few comments)	✓ (few comments)
WB	✓	✓	✓	✓ 2009	✓ (frequent comments)	✓ (frequent comments)	✓ (frequent comments)
WFP		✓	✓		✓ (one comment)	✓ (few comments)	✓ (few comments)
WHO		✓	✓	✓ 2010	✓ (several comments)	✓ (one comment)	✓ (few comments)

8. In terms of the number of countries consulted, the most comprehensive source was the Heavily Indebted Poor Country Capacity Building Programme (HIPC CBP) evaluation. The 2009 ODI follow up survey was the least, covering only three countries. The Tunis event was confined to African countries who were present at the regional event.
9. The studies tended to target senior government officials with a responsibility for multilaterals. Most, although not all, included civil society representatives as well as government officials. Both the 2007 ODI study and the 2010 DFI survey also interviewed government ministers.
10. A common approach is emerging to capture views on the relative merits of the different organisations. Both the ODI 2007 survey and the DFI survey asked respondents which organisations they thought deserved to have their funding increased. We followed this approach in the Tunis event and the DFID office/UK Embassy discussions, asking both which organisations should receive more funding and which should not.
11. The characteristics of each source are summarised in table 2. The following sections explain each source in more detail and, where possible, give links to the reports.

Table 2 – Summary of sources of country stakeholder views on multilateral organisations

Study/event	Timing	Methodology	MOs covered	Countries consulted
Stakeholder survey by ODI ¹	June 2007	Locally administered questionnaire, 261 responses from business leaders, civil servants, civil society leaders, government ministers, members of parliament.	AfDF, AsDF, EC, GFATM, UNICEF, UNDP, WB	Bangladesh, Ghana, India, South Africa, Tanzania, Zambia
Follow up survey by ODI	August 2009	In person interviews with 77 key government officials	No organisation-level views collected.	Ethiopia, Sierra Leone and Zambia
Rapid survey by DFI ²	March 2010	Telephone survey and postal questionnaire to leading policymakers (Ministers or Deputy Ministers of Finance, top officials)	18 multilateral and humanitarian organisations	17 countries (14 African, 7 Anglophone, 6 Francophone, 1 Lusophone)
MOPAN	2009 and 2010	On line survey of direct partners of multilateral organisations in selected countries	2009: AfDF, WB, UNDP, UNICEF 2010: AsDF, IFAD, UNFPA, WHO	Between 4 and 10 countries per organisation.
HIPC partner country evaluations by DFI ³	September 2010	Government officials' analysis at Heavily Indebted Poor Countries (HIPC) workshops, using 27 evaluation criteria, focusing on partnership behaviour	12 MOs (AfDF, EIB, EU, IADB, IDA, IFAD, IMF, UNDP, UNFPA, UNICEF, WFP, WHO)	33 HIPC countries

- 1 Assessing Key Stakeholder Perceptions of the Effectiveness of Multilateral Organisations, Simon Burrall, Ken Mease, Pooja Mall and Ajoy Datta with Ndanga Kamau, June 2007
- 2 Developing country views on DFID's Multilateral Resource Allocation, Matthew Martin, Development Finance International, March 2010
- 3 HIPC Capacity Building Project Partner Country Evaluations of Multilateral Institutions, Development Finance International, September 2010

Table 2 – Summary of sources of country stakeholder views on multilateral organisations <i>continued</i>				
Study/event	Timing	Methodology	MOs covered	Countries consulted
MAR country visits	July/Aug 2010	Meetings with government officials and civil society in 10 countries	17 multilateral and humanitarian organisations	Bangladesh, Indonesia, Mali, Nepal, Sierra Leone, Sudan, Tajikistan, Tanzania, Uganda, Yemen
DFID workshop in Tunis ⁴	November 2010	1.5 hour long meeting during Second Regional Consultation on Aid Effectiveness in Tunis, 24 participants, high-level officials mainly from Finance Ministries, and civil society	24 multilateral and humanitarian organisations	15 African countries (7 Anglophone, 8 Francophone)
Interviews conducted by DFID country office staff and UK embassies.	November 2010	Meetings between DFID country office/ UK embassy staff and government counterparts	21 multilateral and humanitarian organisations	Afghanistan, Antigua and Barbuda, Barbados, Bolivia, China, Guyana, India, Iraq, Jamaica, Lesotho, Liberia, Moldova, South Africa, Vietnam.
4 Assessing Partner Views of Multilateral Effectiveness, Simon Burrall, Involve, November 2010				

Assessing Key Stakeholder Perceptions of the Effectiveness of Multilateral Organisations, Overseas Development Institute 2007

12. In this study stakeholders from six countries gave their views and perceptions about the effectiveness of seven organisations. Local country coordinators administered a questionnaire seeking views from five stakeholder groups (business leaders, civil servants, civil society leaders, government ministers and members of parliament).
13. The survey sought respondents' perceptions of multilateral performance according to three measures from the Paris Declaration on Aid Effectiveness: overall development effectiveness; harmonising with other donors; and alignment

with government priorities. Respondents were also asked to rank the organisations against fifteen performance criteria and to give their preferences for allocation of any additional overseas development aid.

[Link to report](#)

Multilateral Aid Organisations: Stakeholder Views on Effectiveness, ODI 2009

14. The purpose of this follow-up study was to explore recipient governments' perspectives on the key characteristics of an effective multilateral donor, and to gain an understanding of why the factors chosen were considered important. It did not gather views of individual organisations.
15. Interviews were carried out with 77 key government officials in three countries using a semi-structured questionnaire. In each country an attempt was made to speak to persons from a range of sectors and positions within government.
16. The questionnaire consisted of (1) an open ended question on what makes for an effective multilateral donor, (2) questions related to partnership behaviour, (3) questions related to the project cycle and (4) questions about recipients' decision making regarding future funds.

[Link to report](#)

Heavily Indebted Poor Country Capacity Building Project country evaluations

17. Under this process Government officials in national workshops assess donors and creditors against a set of 27 criteria covering policy criteria and organisational procedures. The results are aggregated to give an assessment of each organisation.
18. The Heavily Indebted Poor Countries Capacity Building Programme (HIPC CBP) was funded by DFID and five other OECD bilateral donors. Those countries participating in the HIPC CPB until the end of 2009 agreed a detailed methodology to assess the quality of aid they receive. This identified the most important factors determining the effectiveness and results of aid programmes.
19. During national workshops government officials analysed donor policies and procedures against these criteria and assigned a score for each organisation (from 1 lowest to 5 highest). There was a rolling programme of assessments by 10-12 recipient governments annually. A report, produced for DFID, summarised the findings for 12 multilateral organisations.

[Link to report](#)

Developing Country Views on DFID's Multilateral Resource Allocation, Development Finance International, March 2010

20. The Development Finance International survey covered attitudes of leading policy makers to 18 multilateral development and humanitarian organisations using questionnaires and telephone interviews. Respondents were asked to recommend increases, cuts or maintenance of current funding levels, to identify top priority institutions for increases or cuts and to explain these views. Responses were aggregated to produce a ranking of organisations according to whether recipients recommended strong increases, moderate increases, small increases or a reduction in funding.

[Link to report](#)

Multilateral Organisation Performance Assessment Network (MOPAN)

21. Information on partner views of multilateral organisations is available from the assessments carried out by the MOPAN network of donor countries. MOPAN members assess the organisational effectiveness of a small group of multilateral organisations every year, including through surveying the views of development partners. Table 3 shows which organisations have been reviewed through the new MOPAN 'Common Approach' in 2009 and 2010, and which countries were consulted.
22. Information on perceptions of organisation effectiveness is gathered through an online survey, supplemented with interviews where necessary. Development partner respondents are those working for a national partner organisation (government or civil society) in the developing country with responsibility for partnership with a multilateral organisation at country level.
23. Among other questions, partners are asked to rate overall internal effectiveness on a scale of 1 to 5 where 5 is 'very effective'. MOPAN has defined internal effectiveness as the extent to which a multilateral organisation is organised to support partners to produce and deliver expected results.

Table 3 – Organisations and countries covered by MOPAN in 2009 and 2010.

Organisation	Year assessed	Countries reviewed
African Development Fund	2009	Ethiopia, Mozambique, Senegal, and Uganda
UNICEF	2009	Ethiopia, Guatemala, Mozambique, Pakistan, Peru, Senegal, Serbia, Thailand and Uganda
United Nations Development Program	2009	Ethiopia, Guatemala, Mozambique, Pakistan, Peru, Senegal, Serbia, Thailand and Uganda

World Bank	2009	Ethiopia, Guatemala, Mozambique, Pakistan, Peru, Senegal, Serbia, Thailand and Uganda
Asian Development Fund	2010	Afghanistan, Indonesia, Sri Lanka and Viet Nam.
International Fund for Agriculture	2010	Afghanistan, Benin, Colombia, Indonesia, Kenya, Nicaragua, Rwanda, Sri Lanka, Viet Nam and Zambia
United Nations Population Fund	2010	Afghanistan, Benin, Colombia, Indonesia, Kenya, Nicaragua, Rwanda, Sri Lanka, Viet Nam, and Zambia
World Health Organisation	2010	Afghanistan, Benin, Colombia, Indonesia, Kenya, Nicaragua, Rwanda, Sri Lanka, Viet Nam, and Zambia

For further information see the MOPAN website: <http://www.mopanonline.org/>.

MAR country visits

24. In July and August 2010, DFID organised a series of country visits. The purpose was to capture country level evidence of multilateral effectiveness to feed into the MAR assessments.
25. Visits to ten countries were carried out during July and August 2010, covering 32 multilateral organisations. A small team travelled to each country and held discussions with multilateral country teams, government officials and donor and civil society stakeholders. The visits gathered many views from government and civil society. Substantial and concrete views were offered on 17 multilateral organisations.
26. The visits gathered views on the extent to which multilaterals play a critical role in country, deliver results, exhibit effective partnership behaviour, manage for results and are cost effective.

Tunis workshop: Assessing Partner Views of Multilateral Effectiveness, Involve, November 2010

27. On 4 November 2010, DFID organised a lunchtime workshop to discuss multilateral effectiveness. This was held in Tunis at the *Second Regional Meeting on Aid Effectiveness, South-South Cooperation and Country Capacity*, organised by the African Development Bank and the New Partnership for Africa's Development.
28. There were 24 participants at the workshop (11 Francophone and 13 Anglophone) from 15 countries. Most were from government, three were from civil society and three from pan-African organisations. The participants were mainly director level, with knowledge of multilateral donors.

29. Participants were asked to identify three organisations which they felt should receive increases in core funding from DFID and explain the reasons for their choices. Secondly, they were asked to identify three organisations to receive cuts in funding and explain why. They were also asked whether they wanted to highlight any additional organisations.
30. A workshop format was used to provide partners with the space to discuss their answers with their peers. Participants were split into tables of 7-10 people to facilitate discussion. They were not asked to reach a consensus.

[Link to report](#)

Interviews with UK Embassy and DFID Country Office Staff

31. We asked our Foreign and Commonwealth Office (FCO) posts and DFID country offices to hold discussions with their government counterparts and to obtain their views on the multilaterals they work with. We asked them to find out which are considered the top three organisations to receive more funding, the organisations that should not receive more funding and why. Views were sought on the 43 organisations covered in the MAR, and also specifically about UN agencies, Global Funds and Multilateral Development Banks.
32. We received responses from 14 countries: Afghanistan, Antigua and Barbuda, Barbados, Bolivia, China, Guyana, Jamaica, India, Lesotho, Liberia, Moldova, Iraq, South Africa and Viet Nam. Responses were offered on 21 multilateral organisations. These consultations were held in confidence and no summary report was produced.

Annex **5**

Commentary from Lawrence Haddad and Alison Evans, the External Reviewers to the MAR

As external reviewers we were involved in commenting on three phases of the work (a) the initial assessment framework, (b) moderation of scores and follow ups, and (c) the draft assessment report. This short commentary is a reflection on the process

Initial Assessment Framework

Given the need to reinvent aid for the 21st century, we noted that the world needs multilateral organisations (MOs) that are creative, innovative, thought leaders and risk takers. We stressed the need for the assessment framework to address these forward looking criteria. We made some suggestions for ways of combining the different components of the assessment into aggregates which we felt were taken seriously and contributed to the final presentation of results.

We then asked a series of questions about some of the specific components of the initial assessment framework. For example, what would be the balance for the relevance score between deciding where to invest in FY 11-12 and how to strengthen the MO system in the medium run? How would the relevance for DFID score balance the aid and beyond aid issues? How would regional issues be dealt with in the 'focus on poor countries' category? On delivery/results, we spent some time thinking through what convincing evidence might look like. On likelihood of change we suggested some checks and balances to ensure against the perception of unbalanced subjectiveness. We felt it was important that cross-cutting categories were taken no less seriously than the other categories; that partner views were given clear weight; that data gaps were openly acknowledged and that all the evaluators needed to be crystal clear on the definition of value for money.

DFID was receptive to all of these comments and took them into account in refining the assessment framework.

Moderation of Scores and Follow Up

First we undertook reviews of MO draft assessments which would serve as benchmarks within their sub-set of Multilateral Organisations. This involved reviews of several MO draft assessments and then a half day meeting at DFID.

Second, as the two external reviewers we carefully reviewed all the reports between us. We allocated the reports at random between ourselves. For a large

subset of MOs we made sure we both reviewed the reports, to ensure that our reviews were consistent.

We spent two full days with the DFID team going through each score for each MO, challenging scores that we felt were a mismatch with the available evidence, pressing for more evidence where we felt it was needed and generally scrutinizing the evidence for relevance and credibility.

1. We found no systemic flaws in the application of the framework. The use of evidence was thoughtful and built well on DFID experience plus a number of external assessments of MO performance including: Quoda (Brookings/CGD), Knack et al (World Bank), COMPAS and MOPAN.
2. We found the process to be transparent (assumptions made explicit, potential conflicts of interest signalled), fair (consistent adherence to stated criteria, well supported by available evidence) and well moderated internally (benchmarks were used, expert knowledge pulled in where necessary, adjusted marks accounted for, quality of data reflected upon). All in all we felt a difficult technical and relationship-intensive process was handled with the utmost professionalism and sensitivity.
3. A small but significant minority of scores were moderated as a result of the external moderation process (28 of 44 of our suggested score changes were made, this is out of a total of 600 plus separate scores). At no time was any pressure put on us to moderate our own views. Where we had a conflict of interest we made it clear.
4. 16 scores were changed after the moderation session but not discussed during the session and these were flagged and we had a chance to review the score changes in follow up exchanges. Questions were raised about whether information provided after the moderation process was used in a balanced way to adjust scores. Reassurances provided by the MAR team were sufficient.
5. Some sensitivity analyses were undertaken when certain assumptions were made around the use of quantitative data and we were satisfied that the conclusions are not overly sensitive to the nature of the assumptions made.
6. With such an ambitious and undertaking it is inevitable that we could see some scope for improvement, although we recognise that this is partly being wise after the event:
 - A narrowing down of the component definitions to be less open to multiple interpretations, except where needed to tailor them to specific subsets of MOs—we feel that the vast majority of these were dealt with in the extensive internal and external moderation processes but that these could have been shortened with more specific assessment category definitions.
 - More common data and presentation for some dimensions of performance (e.g. some simple comparative metrics on cost control; uniform tables on the size/scope of financial operations) would have made some comparisons easier).

- Providing clearer criteria for dealing with dual mandate MOs (i.e. humanitarian and development), including read across with the HERR.
- The need for clarity about the value-added of the three different elements of the 'relevance score' great strides were made to solicit and incorporate country partner views and given the emphasis on MO impact in country and on the ground this was entirely appropriate, and good lessons were learned about how to do this even more efficiently the next time around.

Overall, we felt that considerable care was paid to the compilation of evidence and comparable data and their application against the assessment criteria to enable the results to be understood, transparent, defensible and actionable.

Draft assessment report

We had sufficient opportunity to make some comments on the presentation of the draft assessment report. Both of us read the report and made some clarifying comments that we thought might improve the communication of the work.

In sum, we conclude that the MAR process embodied a high degree of transparency, accountability and professionalism. Our external views were treated seriously. The documentation (which was considerable) was received in sufficient time. DFID reviewers were receptive to our comments, and open to our suggestions. In the vast majority of cases the responses were more than adequate. Where they weren't more work was undertaken.

We congratulate DFID and the MAR team for undertaking a difficult task and, in our judgement, doing it very well. We are pleased to have played a part in the process.

Dr Alison Evans, ODI

Prof Lawrence Haddad, IDS

Multilateral Aid Review




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


The African Development Fund (AfDF)

AfDF is the arm of the African Development Bank (AfDB) that provides highly concessional loans and grants to 38 least developed and other low income African countries. The AfDF focuses on a relatively small set of strategic priorities (economic growth, infrastructure, governance and regional integration).

	Comment
Contribution to UK development objectives	<p> Satisfactory</p> <ul style="list-style-type: none"> + AfDF's exclusive focus on low-income African countries fits well with DFID's geographical priorities. + Strong focus on wealth creation (through infrastructure and regional integration), and on governance through budget support instrument. – While country level evidence suggests some improvements, delays and limited in-country capacity continue to hinder performance. – AfDF able to demonstrate development outputs for part but not all of its programme. – Projects are not always strongly focused on poverty. – Need to improve quality of staffing in fragile states.
Organisational strengths	<p> Strong</p> <ul style="list-style-type: none"> + Helps clients on public financial management and has good consideration of cost-effectiveness in project design. + Board and management together effective at controlling admin budgets. – Mixed views on AfDF use of county systems. + Often has a good relationship with partner governments. + Has an independent evaluation department, whose evaluations are often acted on. + Well focused and well led with an improving results framework. – Some reports of poor human resource management. + Big recent turn-around of poorly performing projects. + Though only 60% of budget support disbursed on schedule, predictable, transparent financing generally the norm. + Extensive financial policies. + Systematic and extensive publication of documentation. + African countries comprise 65% of seats on board of directors and have major influence on AfDB's future direction.
Likelihood of positive change	<p> Very likely</p> <ul style="list-style-type: none"> + Has made significant and demonstrable progress against ambitious reform agenda over the last three years. + Further ambitious reforms planned for the next three years. – Disagreement between management and some shareholders over decentralisation.



The Asian Development Fund (AsDF)

AsDF is a major provider of concessionary loans and grants in Asia and the Pacific. It focuses on basic infrastructure (energy, transport, water) and committed \$3.3bn in 2009. As part of the Asian Development Bank (AsDB), AsDF also leverages finance for private sector projects in low income countries, as well as transferring knowledge and experience from middle income countries and supporting regional integration.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Critical role in sustainable economic development across Asia and the Pacific. + Strong focus on wealth creation through infrastructure and regional integration. + Good engagement with governments. – Sometimes limited collaboration with other donors. – Limited role in health and activities directly addressing MDGs. + Demonstrates good delivery against challenging poverty focused objectives. + Strong results systems at headquarters and country level. + Strong operational performance in Afghanistan. Maintains staff in country at difficult times (Pakistan). Conflict sensitive (Nepal). + Robust environmental and social safeguards. + Good integration of climate into existing development work, with good policy and strategy documents. – Good policy and evaluations on gender equality but limited evidence of impact.
Organisational strengths	<p> Strong</p> <ul style="list-style-type: none"> + Administrative costs are low compared to peers. Administrative budgets have been controlled as volume of loans and grants has increased significantly. – No evidence of emphasis on securing cost effectiveness in the design of development projects. + Very strong partnerships with governments. + Strong results focus with frameworks used at all levels. – Weaknesses in HR policies and practices are being tackled but more needs to be done. + Clear mandate and independent evaluation and lesson learning culture. – Very limited in country re-allocation possible. + Good financial management systems. + Strong mechanism for redress of grievances from people directly affected by AsDF projects.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Various major reform initiatives have already been undertaken with good results. Management is responsive.



The Caribbean Development Bank (CDB)

CDB is a regional development bank that provides concessional loans and grants across the Caribbean. The bank promotes economic growth and inclusive social development through education, market infrastructure and regional integration. Commitments in 2009 were \$151m (\$298m in 2008). It serves some small island states and UK overseas territories that do not have access to finance from other multilateral development banks.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> + Providing development finance for Commonwealth countries and UK Overseas Territories with limited access to other funding institutions. – Relatively small; limited expertise in areas like climate change. – Apart from Haiti, all members are middle income. + Increasing focus on results and can demonstrate outputs. – Still too early to identify success of recent results focus; large number of small scale projects makes aggregation and reporting of impact difficult. – Only fragile state in the region is Haiti. CDB works with NGOs there but does not have a permanent office. – Good policy on gender equality, but limited impact on operations. + Good work on disaster risk reduction for hurricanes and attempts to make projects climate proof.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + Administrative budgets have been controlled. – Procurement limited to member countries. – No evidence of emphasis on securing cost effectiveness in the design of development projects. + Strong partnerships with governments; ability to work with other banks and donors, and willingness to accept expertise from others (IBRD, IADB). + Periodic and independent evaluations are used to improve future performance. + Process for senior management recruitment is transparent and merit based. – Strategies and results frameworks need to be improved. – Weaknesses in HR policies and practices. – Little proactive reform - tends to follow pressure from shareholders. + Rules based allocation process, multi-year commitments possible; provides policy based loans (budget support).
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> + Leadership keen to work with shareholders and other banks to improve systems and operations. – Ongoing reforms are improving the bank's effectiveness but more is needed, linked to clear strategies, leadership and results culture.




Central Emergency Response Fund (CERF)

The CERF is a humanitarian fund established by the United Nations to enable more timely and reliable humanitarian assistance to those affected by natural disasters and protracted conflict. CERF has an annual budget of up to US \$500m, including a grant facility of up to US \$450m and a loan facility of US \$50m.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + CERF strongly meets UK objectives and enables DFID to deliver on the overarching humanitarian objectives from DFID's 2007 Humanitarian Policy. + The CERF is the only system wide global fund which pre-positions donor funding for timely humanitarian response. + There is widespread evidence that much of what CERF does has been critical in delivering humanitarian objectives in the past and this is expected to continue. - CERF can only be directly accessed by UN agencies/IOM but not by NGOs so it is not a comprehensive solution to a pre-financing humanitarian response.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + CERF reinforces joined up working between UN agencies. - It is less effective at ensuring timeliness in projects is implemented through NGOs. + CERF has a clear mandate, leadership is strong and evaluation findings are taken seriously and acted upon. - Support costs for CERF at HQ level capped at 7%. Difficult to justify whole of additional 3% charge at Secretariat level. + The CERF is well administrated and its management has made a number of improvements to the transparency and timeliness of the aid allocation processes. + The CERF provides a greater degree of transparency at the global level around funding decisions than the agencies it funds. - CERF does not provide additional accountability safeguards to those provided by the individual recipient agencies. - CERF is not able to report systematically on results at the beneficiary level. This is the responsibility of the implementing UN agencies.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> + CERF has made good progress over the past 5 years. Now under Valerie Amos' leadership, we expect CERF management will continue to be receptive to ideas for making the CERF more effective. - CERF is constrained in delivery in much the same way as OCHA in that it relies on the cooperation of UN agencies.



The Climate Investment Funds (CIFs)

The CIFs are a set of programmes to deliver low carbon, climate resilient development. The CIFs comprise the Clean Technology Fund (CTF), which finances projects and programmes that contribute to demonstration, deployment and transfer of low carbon technologies, and the Strategic Climate Fund (SCF). The SCF has sub-programmes on adaptation, renewable energy in low income countries and forestry.

	Comment
Contribution to UK development objectives	 Satisfactory
	<ul style="list-style-type: none"> + Meets a critical gap in delivering climate change outcomes, delivering finance at scale, informing future climate change architecture; innovative; shifting MDBs' approach to climate change. Excellent range of countries, vulnerabilities and needs to fulfil the pilot nature of the CIFs. – Lack of clear eligibility criteria in one of the four programmes led to two countries being ruled ineligible. + Rapid progress from concept stage to development of investment plans and projects; strong anticipated results; strong focus on learning, demonstration and replication. – The CIFs are a new mechanism and evidence of delivery at country level against their objectives is still being built. + The CIFs work on the gender impacts of climate change is at the forefront of the climate change field (though as yet is limited as thinking is being developed). – No specific focus on fragile contexts.
Organisational strengths	 Satisfactory
	<ul style="list-style-type: none"> + Very low admin costs relative to other similar MOs; early evidence that interventions will be cost effective. + Innovative, effective, efficient and equitable governance structures; innovative approach to MDB collaboration; excellent global stakeholder consultation. – Patchy experience at country level, particularly on country leadership; mixed evidence on engagement of developing country stakeholders beyond governments. + Clear mandate, management held to account, strong decision-making systems; strong reporting, auditing and independent analysis. – Lengthy process to design results frameworks. – No common approach or agreed methodology for how to allocate funds between pilots in the four programmes. + Strong commitment to transparency; equitable governance structures; consensus decision making.
Likelihood of positive change	 Likely
	<ul style="list-style-type: none"> + Commitment from stakeholders to a set of improvements that fit with the UK's priorities. – Some reforms rely on broader change within the MDBs and are therefore more difficult to effect within the CIFs.




The Development Programmes of the Commonwealth Secretariat (CommSec)

The Commonwealth Secretariat facilitates consultation and co-operation among Commonwealth countries. Its total budget is £49m. The Foreign and Commonwealth Office (FCO) pays the UK share of the Secretariat's regular budget. DFID provides funding for its two main development programmes: the Commonwealth Fund for Technical Cooperation (CFTC) and the Commonwealth Youth Programme (CYP), with contributions of £8.75m and £0.85m respectively in 2009/10.

	Comment
Contribution to UK development objectives	<p> Unsatisfactory</p> <ul style="list-style-type: none"> + The Secretariat has a unique role in the international system in supporting the wide range of development networks comprising the Commonwealth family. + The Commonwealth is a strategic priority for HMG and has significant potential, especially given the breadth of its partnerships, and its commitment to democratic values. – Its development programmes do not make a critical contribution to international development objectives. – The effectiveness of the Secretariat's mechanisms to uphold democratic values is variable. Its potential is not yet being fulfilled. – It has no formal policies on working with fragile states and there is limited evidence for performance in these contexts. + The Secretariat is committed to and active on gender – It needs to strengthen its results focus. – The Commonwealth has demonstrated it can play a useful role on climate change advocacy but the Secretariat's internal environmental policy framework is limited.
Organisational strengths	<p> Unsatisfactory</p> <ul style="list-style-type: none"> – Some evidence of development impact for the Commonwealth Fund for Technical Cooperation (CFTC), but many projects are short lived with little follow-up support. + The Commonwealth is a partnership based organisation and is responsive to partner country needs. – The effectiveness of country level partnerships is judged as weak. – The Secretariat has made limited progress in human resource management. Its financial resource management requires considerable improvement - there is little evidence of a serious commitment to cost control. Its strategic and performance management is improving, but from a low base. + There is good beneficiary representation in governance, including mechanisms for redressing grievances. – Good accountability to its membership, but there remains significant scope for improved transparency.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> – Major reform is needed and, whilst there has been some progress, much more needs to be done if CommSec's development work is to achieve good value for money.




European Commission Budget (EC'ion Budget)

The MAR focuses on the external instruments of the European Commission budget: the Development Cooperation Instrument (DCI) for Asia & Latin America and thematic programmes; and the Neighbourhood (ENPI); and Pre-accession (IPA) instruments. Although almost all budget instrument spend is classified as ODA, none of the budget instruments, except for the DCI geographic programmes and most of its thematic programmes, are purely development focused. In 2009/10, DFID paid £789m for its share of the European Commission's development budget instruments.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> + Sheer size (€7 bn pa) and regional coverage make the Commission an important development player. + High complementarity with UK bilateral ODA as instruments support 90 countries: many are UK priorities but do not receive UK aid. + Strong mandate and policy framework for dealing with fragile and conflict sensitive situations, and increasing work on climate change. + Impact of wider EU policies in trade, agriculture, fisheries, migration and climate change make the EU a key actor. - Low poverty focus: 85% of budget instruments' ODA spent on MICs - Limited evidence of how spend in neighbourhood and pre-accession countries contributes to MDGs and poverty reduction. - Variable evidence of impact/delivery against results across regions. - Rules can be inflexible/cumbersome, hampering strive for results - Budget instruments are less innovative than the EDF. - Gender strategy is adequate on policy but weak on implementation.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + Strong monitoring and financial management systems, with moderate administration costs. + Predictable funding and funds generally released on schedule. + Strong transparency practice: Commission has signed up to the International Aid Transparency Guarantee. + Good partnership behaviour though model varies per region. + Increasing levels of budget support with results based tranches encourage partner countries to look at value for money issues. - Non-budget-support assistance has less of a focus on value for money. - Less flexible in allocations than EDF: amounts are allocated per region and partly based on political considerations. - No clear overall results framework is in place. - Limited flexibility after funds have been programmed and cliff edge issue at the end of the funding cycle. - Broadly meritocratic recruitment practices but continued challenge in recruiting development-specific expertise.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Proven capacity for change. Substantial scope for reform with new institutional set-up and commitment from Member States.




European Development Fund (EDF)

The European Development Fund (EDF) is the main instrument for European Union aid to African, Caribbean and Pacific (ACP) countries. It is managed by the European Commission, and supports the implementation of the EU's Cotonou Partnership Agreement. Cotonou governs relations between 78 ACP countries and 27 EU Member States. DFID's contribution to the EDF was £397m in 2009/10.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + EDF's activities and mission fit closely with DFID's objectives and structural reform pillars. + Sheer size (€3.6 bn pa) and strong poverty focus (approximately 85% of funds spent in LICs) make the EDF critical for progress on the MDGs and poverty reduction. + EDF gives crucial support to Commonwealth countries and UK Overseas Territories. + EDF demonstrates delivery against challenging development objectives. + Impact of wider EU policies in trade, agriculture, fisheries, migration, climate change and security are key to ACP economies + Strong mandate and policy framework for dealing with fragile and conflict sensitive situations, and increasing work on climate change - Rules can be inflexible/cumbersome, hampering strive for results. - Gender strategy is adequate on policy but weak on implementation
Organisational strengths	<p> Strong</p> <ul style="list-style-type: none"> + Built on a unique partnership model that is highly appreciated in country and accompanied by political dialogue. + Strong monitoring and financial management systems, with moderate administration costs. + Predictable funding, allocated according to needs and performance + Strong transparency and accountability practice: Commission has signed up to the International Aid Transparency Guarantee. + Funds are only drawn from Member States when needed, and are generally released on schedule. + High levels of budget support with results based tranches encourage partner countries to look at value for money issues. - Non-budget-support assistance has less of a focus on value for money. - No clear overall results-framework is in place. - Limited flexibility after funds have been programmed and cliff edge issue at the end of the funding cycle. - Broadly meritocratic recruitment practices but continued challenge in recruiting development-specific expertise.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Proven capacity for change. Substantial scope for reform with new institutional set-up and commitment from Member States



European Bank for Reconstruction and Development (EBRD)

The EBRD supports the transition towards democratic market economies of Central and Eastern Europe, Central Asia and Turkey. It primarily finances private sector organisations at near market terms.

	Comment
Contribution to UK development objectives	 Weak
	<ul style="list-style-type: none"> + EBRD has a leading role in supporting the transition and lead multilateral on climate finance in the region. – EBRD’s geographical focus on Europe and Central Asia does not match with DFID’s focus on regions with higher poverty levels. – The link between the impact of EBRD’s programmes on transition, and their impact on people’s lives is not always well articulated. + Strong and demonstrated delivery against EBRD’s own challenging transition objectives. + Better packaging of technical assistance and lending would sometimes have wider systemic effect. – Until 2009, management support for gender had not been demonstrably strong. A new Gender Action Plan is now in place, but it is too early to evaluate results.
Organisational strengths	 Strong
	<ul style="list-style-type: none"> + Comprehensive results and performance system with evidence of strong strategic stewardship by Board and pro-active portfolio management. + Flexible and innovative use of financial instruments, not overly constrained by financial policies. + Continued budget constraint and active budget management – evidence of active re-prioritisation. + Comprehensive and appropriate disclosure policy. – Strong partnership behaviour during crisis, but sometimes criticised for working against sector reforms. – Recipient countries’ voting share is low.
Likelihood of positive change	 Likely
	<ul style="list-style-type: none"> + EBRD is an effective, well run organisation with a strong track record of continually improving its operations and effectiveness. + EBRD likely to become increasingly important in tackling climate change.




Food and Agriculture Organisation (FAO)

FAO is the lead on food in the UN system and focuses on MDG1, reducing hunger and poverty. It provides technical assistance and policy advice at country and global level, leads the humanitarian agriculture cluster (and will co-lead the food security cluster), and provides the international platform to negotiate treaties and agree global standards and guidelines on food and agriculture issues.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> + FAO's mandate is highly relevant to global food security, hunger and nutrition. FAO delivers important global public goods (knowledge, data and international coordination). + It performs well in fragile contexts and is becoming an increasingly effective player in emergency response. + FAO has a strong focus on gender. + FAO develops policy and provides technical advice to help countries adapt to climate change in agriculture. - However, at country level these strengths are not sufficiently realised. Its programmes lack strategic focus and often FAO does not adequately fulfil its policy support role. - FAO's impact is very variable and projects are not well targeted. - There is a lack of prioritisation in programming and bureaucratic administration can cause delays, negatively impacting FAO's delivery and results at country level.
Organisational strengths	<p> Unsatisfactory</p> <ul style="list-style-type: none"> + FAO brings partners together for a coordinated response and has a consultative approach with NGOs and civil society. - Though cost control systems are in place, there is no corporate culture of value-for-money and cost effectiveness. - While there is a new Strategic Framework, Medium Term Plan and corporate Results Framework, it is too early to judge success. - Too much authority remains in the DG's office and HR policies are not yet consistently applied. - Programming and financial accountability processes at country level are weak, disbursements can be delayed and poorly performing projects are not managed systematically. - Profound culture change is needed to transform FAO into a modern, transparent and accountable institution - particularly at country level.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> + A comprehensive reform programme is underway and beginning to show some benefits at an organisational and country level. - The scale of reform needed to turn FAO into a consistently performing and effective organisation is huge. Much depends on whether the new DG will bring new impetus to reform.



The Education for All - Fast-track Initiative (FTI)

The FTI is a global partnership between donors, developing countries, agencies and civil society organisations to drive progress towards the Millennium Development Goal of universal primary education by 2015. It provides financial and technical support to countries to develop education sector plans and can also provide funding for their implementation.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + The only significant pooled funding mechanism in education. + Significant contribution to MDGs 2 and 3 although attribution is not clear. + Well targeted at the poorest with spending predominantly directed to low income countries + Reductions in numbers of out of school children and increase in girls' enrolment in FTI countries. Improvement in school completion rates in FTI countries. + Well targeted at fragile states with almost 50% of total allocations + Specific country evidence of improvements in gender policy influenced by FTI. - Historically weak focus on results extends to gender results as well - Lack of a results framework means aggregate evidence is poor.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + Positive engagement with countries on cost control and management and lean Secretariat keeps admin costs down but needs more capacity to deliver on FTI's objectives. + FTI model supports donor alignment behind government plans and is flexible, country led, and Paris-compatible. + New board structures provide better oversight, a clearer mandate and will provide for better beneficiary voice. + FTI offers three-year predictability and has a framework which prioritises allocations based on needs and performance. + FTI has a disclosure policy which promotes openness. Country-level model is inclusive and consultative. - Lack of a results framework means cost-benefit is not systematically assessed. - Weak or inflexible supervising entities or donor groups at country level can seriously undermine delivery. - Recruitment processes remain slow and difficult. - Disbursement remains slow but has significantly improved.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Though progress in the past was relatively slow, recent reforms have been extensive and demonstrate the serious commitment of management to improvement. - Delays and difficulty in recruitment remain a brake to progress.



The Global Alliance for Vaccines and Immunisation (GAVI)

The GAVI Alliance was launched in 2000 to save children's lives by scaling up immunisation in the poorest countries. GAVI is a public-private partnership that brings together governments, vaccine manufacturers, non governmental organisations, the Gates Foundation and other multilaterals.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + GAVI plays a critical role in the delivery of MDG 4. It has significantly increased finance for vaccinations and substantially improved vaccination coverage of new and underused vaccines above bilateral/WHO and UNICEF efforts. + Leading role in innovative financing + Significant results. Immunisation coverage at the highest level ever in GAVI eligible countries. + Management committed to delivery of results, some evidence of a gap between policy and implementation, but significant response to evaluation findings. + Health systems strengthening support has delivered less well, but steps to improve delivery are taking place. + GAVI works in high number of fragile states and adapts its policies and programme implementation to deliver appropriate support - Does not have a specific fragile state policy.
Organisational strengths	<p> Strong</p> <ul style="list-style-type: none"> + Highly cost effective health intervention. Appropriate administration costs (4%) and evidence of pro-actively seeking and achieving a reduction in partners' costs. + Significant declines in vaccine prices have been achieved by aggregating demand. Vaccines are prioritised and selected on strict criteria for health impact and cost effectiveness. - Procurement could be further strengthened and prices could have been brought lower earlier by more deliberate supply strategies. + GAVI has an inclusive partnership structure involving governments, civil society organisations, private sector partners both at the Board and country level. + GAVI's leadership is strong; good HR policies in place. Evaluation and lesson learning is a core strength of GAVI. + Strong financial oversight including a proactive Finance and Audit Committee, an internal Auditor appointment and a robust Transparency and Accountability Policy - Weaker performance on monitoring and tracking of cash based programme financial resource management.
Likelihood of positive change	<p>↑↑ Very likely</p> <ul style="list-style-type: none"> + Evidence from past reforms is that GAVI is a highly responsive, innovative and lesson learning organisation and scope for future reform is judged to be high.




Global Environment Facility (GEF)

As an independent financial organization, the GEF provides grants to developing countries and countries with economies in transition for projects related to climate change, international waters, land degradation, the ozone layer, biodiversity, and persistent organic pollutants.

	Comment
Contribution to UK development objectives	 Satisfactory
	<ul style="list-style-type: none"> + GEF is critical in the delivery of MDG7 and 100% of its funding supports the achievement of MDG7. + GEF's new System for Transparent Allocation of Resources (STAR) supports the allocation of resources to those countries where support is most needed. + Further reform measures are being implemented to strengthening the programmatic approach of GEF to improve its level of country ownership and country led approaches. Under GEF5, GEF is striving towards greater country level ownership and impact. + GEF can demonstrate successful delivery of projects at the country against each of its stated objectives. – GEF project cycle is slow (16 months is the average). – Fragility and security are not specific thematic focal areas for the GEF. However, if requested (by a country) the GEF can work on these issues.
Organisational strengths	 Satisfactory
	<ul style="list-style-type: none"> + GEF sets indicators to ensure its implementing agencies achieve value for money and achieves a higher than average cost efficiency rating in comparison to similarly sized multilateral organisations. + The GEF Secretariat is expanding partnership working to include recipient country national entities and is building their capacity to engage with the GEF. – Some issues with the access to financing under the adaptation funds managed by the GEF. – The GEF guidance on gender mainstreaming (inclusion of women and girls in projects) is not specific enough. + GEF has in place an effective two stage Results Based System and Project Performance Matrix. + All GEF allocations are decided upon by the GEF Council in an open and transparent manner. + GEF publishes all project documentation and evaluations on its website.
Likelihood of positive change	↑ Likely
	<ul style="list-style-type: none"> + GEF4 reform measures have been taken into account by management and implemented. + GEF5 reform measures are on track, although there are challenges in rationalising the project cycle owing to the mode of operandi of the GEF. However two of the GEF-5 reform measures are expected to reduce the project cycle by approximately one third.




The Global Fund to Fight AIDS, TB and Malaria (GFATM)

GFATM is a global public/private partnership that raises and disburses funds to prevent and treat HIV/AIDS, tuberculosis and malaria. Since its creation in just 2002, the Fund has become the biggest multilateral funder of health related MDGs.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Critical in the delivery of MDG 6 as the leading organisation disbursing finance to AIDS, TB and malaria. + Finances a range of high impact interventions throughout pre-pregnancy, pregnancy, birth and childhood, with an important impact on MDGs 4 & 5. + Impressive results: By June 2010, an estimated 5.7 million lives had been saved through Global Fund-supported interventions – The Fund is reasonably well aligned to disease burden, though the challenge fund business model means it could be stronger. – There are clear weaknesses and bottlenecks in the business model which impede faster progress and even more impressive results. – The Fund’s policies and practices are not sufficiently flexible or responsive to fragile contexts given the high share of fragile states financing in the portfolio. + GFATM carries out a thorough assessment of gender relevance of all proposals, though the quality of proposals in terms of addressing gender issues has been poor.
Organisational strengths	<p> Strong</p> <ul style="list-style-type: none"> + The Fund is a results-focussed organisation; the quality and depth of reporting is very high, and allows donors to hold the Fund to account. Standards for financial management and audit are very high. + There have been attempts to control cost inflation, both at the overall programmatic level and within the Secretariat, though more needs to be done. + Beneficiary voice is reasonably well embedded into all layers of governance. – The Fund places heavy burdens on countries and partners and despite its focus on a country-led approach, its own systems and requirements often take precedence. – The time between grant approval and disbursement is not quick enough, and a persistent issue for the UK is the large ‘cash balance’ on the Global Fund’s books. + The Fund’s decision to publish/require recipients to publish procurement data has been a major driver for a range of innovations in transparency.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + There is scope and appetite to simplify processes and improve efficiency and effectiveness. – The Fund must make sure it can put its resources to work on the ground more quickly




Global Facility for Disaster Reduction and Recovery (GFDRR)

GFDRR's mission is to mainstream Disaster Risk Reduction (DRR) and climate change adaptation in country development strategies. It is a Facility hosted by the World Bank with an annual budget of \$131.5m.

	Comment
Contribution to UK development objectives	<p> Satisfactory</p> <ul style="list-style-type: none"> + GFDRR is the key multilateral organisation responsible for delivery of the Hyogo Framework for Action's objective to mainstream Disaster Risk Reduction (DRR) into national development strategies. + GFDRR is undertaking important economic analysis on DRR and mainstreaming DRR and climate change at national level. + GFDRR promotes a gender-inclusive approach to disaster risk management both at policy and community levels. All strategy and operations integrate climate change adaptation measures. - GFDRR was only established in 2006, so we are still waiting to see the impacts of their efforts. Still scope for improvement regarding country-level implementation of national strategies.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + GFDRR has a clear mandate, purpose and strategy to deliver on the Hyogo Framework for Action (HFA) priorities. + GFDRR has a good, responsive and transparent Secretariat structure in Washington which is influenced by the Consultative Group (CG). + As a facility of the World Bank, which is judged to have adequate cost control systems, GFDRR has good purchasing and administrative procedures. + GFDRR is a unique model incorporating developing country governments, donors and international partners. It has excellent partnerships with the UN (especially ISDR). + Rules based allocation processes, multi-year commitments, capacity to reorient resources to better performing areas, penalties if programmes perform poorly, financial accountability and policies are mostly robust. - In-country programmes are sometimes of variable quality with a lack of consistency across all programmes. There is a drive to improve this area of work and the Results Based Management System (RBMS) is being implemented for this purpose. - Some opaqueness in final allocations. + Answerable to its CG of partners and donors. This system has improved transparency and accountability of the facility.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + GFDRR's strength is its ability to listen and respond to requests from the CG. This has resulted in the Results Based Management Framework, better reporting on country level impacts and continued development of Post-Disaster Needs Assessments.




Humanitarian Aid and Civil Protection (ECHO)

ECHO is the humanitarian arm of the European Commission. ECHO acts independently within the European Commission and it has a field presence in fragile states and regions in crisis independent from EU Delegations. Established in 1992, it spent around €900m in 2009 on humanitarian aid through its network of 200 partners like the Red Cross, relief NGOs and UN agencies.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + ECHO's work delivering and continually improving humanitarian aid is highly relevant and congruent with DFID's priorities in terms of the Millennium Development Goals. + ECHO is crucial in disbursing EU funds quickly in emergency situations. + Field presence across the world (EU is the second largest donor), composed of highly respected technical experts. + Strong mandate and policy framework for dealing with fragile and conflict sensitive situations. - Committed to gender equality but little evidence of a uniform approach across countries.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + Programming, peer reviews, planning, procurement, independent implementation monitoring and evaluation are standard across the EC and allow the EC to make efficiency savings. Special conditions for ECHO ensure quick delivery. + ECHO works hard to improve coordination between donors and partners on the ground. Relations between ECHO and its partners governed by Framework Partnership Agreements, which define roles and responsibilities for both parties. + Clearly articulated mandate, annual strategy and reporting system on outcome/impact in place and transparent HR policies, based on merit. - Evaluations insufficiently followed up. + Funding allocations validated by transparent Global Needs Assessments. New tools for more disaggregated needs based resource allocation under development in some sectors. + Full disclosure policy based on justifiable list of exemptions. - There are rules in place to ensure publication of documentation, though implementation appears inconsistent between countries.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + The Commission has a track record of capacity for change. + ECHO and EU civil protection have recently been put under a single Commissioner. This may improve coherence. - The impact of the EAS and Lisbon Treaty on day-to-day management of ECHO and how ECHO operations will interact with DG Development and the EAS is as yet unclear.




Inter-American Development Bank (IADB)

IADB lends to countries across Latin America and the Caribbean on concessional and near market terms. It focuses on economic growth, climate change and sustainable cities. IADB committed \$15.9bn in loans in 2009, similar in volume to the World Bank in the region.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> – The region has pockets of serious poverty but does not match with DFID's focus on regions with higher poverty levels. – Almost all members are middle income countries. + Strong focus on wealth creation through infrastructure and regional integration. + Expanding operations addressing poverty and climate change. + Highly innovative on social welfare issues like conditional cash transfers. – Challenges remain to incorporate gender equality, especially in the harder to reach areas such as major infrastructure projects such as power and roads. + IADB works effectively in response to natural disasters, particularly in Haiti following the earthquake.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + Administrative budgets have been controlled as volume of operations expanded. + Loan charges linked to administrative costs encouraging borrowers' pressure on management to seek further savings. – Weaknesses in HR policies and practices and need to improve decentralisation. – No evidence of emphasis on securing cost effectiveness in the design of development projects. + Good financial management systems and risk management. + Very strong partnerships with governments. Commitment to Paris targets, including incorporating these into internal development effectiveness and results monitoring. – Some donors reported the need for more collaboration. + The Bank is introducing a presumption of disclosure and has an informative website.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Major reform initiatives in progress, particularly on improvement to strategic focus. Some operational reforms already undertaken and results beginning to be achieved. – Past reforms under pressure from shareholders – uncertain whether bank will introduce future reforms itself.




International Committee of the Red Cross (ICRC)

The ICRC is a private organisation with an exclusively humanitarian mission. It directs and coordinates the international relief activities conducted by the Red Cross movement in situations of conflict. ICRC is therefore different in nature from any of the multilaterals that DFID works with.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + ICRC's activities and mission fit closely with DFID's objectives and structural reform pillars. It is viewed as extremely relevant, particularly in the conflict countries where it works. + ICRC often has unparalleled access to vulnerable populations because of the trust it has developed with the government and is therefore often the only organisation offering assistance and protection, particularly in remote areas. + ICRC has made great strides in its gender work and it is starting to look more comprehensively at environmental considerations. - In non conflict settings, ICRC's role is less important as there are sometimes other actors who may be able to fulfil some of ICRC's functions.
Organisational strengths	<p> Strong</p> <ul style="list-style-type: none"> + Cost efficiency underpins ICRC's financial management and value for money considerations are taken into account in programming. + ICRC often has strong partnerships with governments, other parts of the Red Cross Movement, donors and other parts of the humanitarian system. + Mandate is clear with a line of sight to strategy. Leadership is strong including at the country level and the Planning for Results framework enables reporting on outputs. + ICRC manages limited resources effectively and allocates aid according to agreed schedules. - ICRC operates on a policy of confidentiality rather than transparency to deliver its mandate. Although we are fully supportive of ICRC's role, and understand this need, it unavoidably makes it less transparent as an organisation. - The degree of ICRC accountability to recipient country stakeholders is also not clear. - ICRC willingness to engage with humanitarian partners in country is not consistent and depends in large part on the particular ICRC delegates in country.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + ICRC has strong management, the Donor Support Group is effective and ICRC is a learning organisation which has demonstrated its willingness to take on board donor concerns and implement change accordingly.



International Development Association (IDA)

As the arm of the World Bank Group that supports the poorest countries, IDA is one of the largest sources of concessional financing and technical assistance to low income countries. It committed \$14bn of ODA in 2009 financial year and disbursed \$9bn.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Strong capacity in a range of sectors. + Invests significant resources in poor countries and is a critical part of the aid architecture. + It can demonstrate good delivery against challenging development objectives. + IDA is one of the top multilateral organisations for spending aid where it is needed most. - Has smaller presence in fragile states and performance in fragile states is weak. - Internal incentives (Board and staff time) are tilted towards inputs - project and loan approvals - rather than results. - Weak and weakening adherence to gender policy in core IDA country operations. Poor integration of gender issues across country portfolios.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + Adequate cost control systems to ensure costs do not inflate. Committed to a flat budget in real terms. Financial accountability process and policies are robust. - Limited incentives to generate cost savings in projects. Staff pay mechanism leads to automatic increases. - Bank perceived to be inflexible at project level with high transaction costs, unable to respond quickly when circumstances change. Limited use of country systems. + Staff of high quality. Evaluation is a core strength of the Bank with management required to respond and follow up to evaluation recommendations. - Varied quality and depth of staff engagement in smaller country programmes in Africa. - Internal systems do not allow funding to be easily pooled with other donors. + Very strong policy and practice on disclosure making the Bank a standard bearer. + Largely predictable, transparent financing and extensive financial policies. - Lack of client country voice and authority in replenishment meetings and limited say on wider board issues.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Overall, demonstrates ability to continually improve on the strength of evidence of recent operational reforms. + Improved performance on corporate reform and voice needed to rate this as strong performance.



International Fund for Agricultural Development (IFAD)

IFAD's goal is to empower poor rural women and men in developing countries to achieve higher incomes and improved food security. It makes grants and highly concessional loans for programmes that contribute to MDG 1: To halve the proportion of the hungry and extremely poor. Its programme for 2011 is forecast at \$1 billion.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + IFAD has a unique mandate and specialised knowledge, critical to reaching MDG 1. + Its approach to economic growth is equitable through its pro-poor approach and focus on women. – Due to its smaller size it cannot always play a leading role. + Delivery is getting better in a challenging environment, It uses evaluation to improve results at country level. Further improvement will ensure greater sustainability and efficiency. + Strong performance on gender and in fragile states with evidence of impact in country. A corporate strategy is being introduced for fragile states and is being considered for gender. + IFAD has introduced a good corporate strategy for climate change. It now needs to ensure that this is incorporated into its work systematically.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> – Administration costs are currently too high and project efficiency needs to improve. + IFAD's role is based on partnership and it is trusted by developing country governments. It has a participatory approach and focuses on empowering women and increasing beneficiary voice. – IFAD needs to build on its recently introduced country presence, and use a range of tools for greater flexibility. + Has one of the strongest results frameworks in the multilateral system. Evaluation recommendations are followed up. + HR systems are in place and further improvements are being explored, but much work needs to be done on reform in this area. + IFAD has a clear performance based system for financial allocations and policies are in place for financial accountability. – Disbursement rates are low in comparison with other agencies and administrative procedures need to be streamlined. – Flexibility of instruments for operating in fragile contexts is limited. + IFAD has a good disclosure policy. Organisation has a general culture of transparency and Governing Body functions effectively.
Likelihood of positive change	<p>—▶ Uncertain</p> <ul style="list-style-type: none"> – IFAD has a relatively new top management team and although commitment is clear, it is too early to judge impact.




International Federation of Red Cross and Red Crescent Societies (IFRC)

IFRC is the most far reaching global humanitarian network comprised of 186 National Societies and drawing on some 90 million volunteers worldwide to support operations to deliver assistance to vulnerable people. It carries out relief operations to assist victims of disasters, and combines this with development work to strengthen the capacities of its National Societies. IFRC provide assistance on an annual basis to some 150 million people with an average turnover of over CHF 30 billion (£18bn).

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Scale and reach of the organisation means that it is a critical humanitarian actor and it is often the first to respond to humanitarian emergencies on the ground + It is active in all countries with the greatest humanitarian need and contributes significantly to the MDGs through disaster preparedness and response as part of humanitarian assistance as well as significantly to health at a community level. – Capacity of National Societies is very variable. + IFRC has a clear gender policy and promotes gender policies within National Societies. + Climate change adaptation well mainstreamed throughout IFRC.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + Cost effectiveness of IFRC is clear in its network of volunteers and scale of presence, and it is striving for cost control in its logistics and decentralising process. + Clear focus on partnership within the Red Cross and Red Crescent Movement. Positive lead in the Shelter cluster. – Not very good at working in partnership outside the Movement. + IFRC has a clear mandate and strategy and an effective governing body. Planning, monitoring, evaluation and reporting are increasingly being systematised throughout the organisation. – Despite some improvements, performance management is not yet sufficiently embedded at country-level. – Strong financial reporting and systems are in place at secretariat level, but country-level systems more limited. – There is no formal mechanism integrated into the governance structure that allows donors and partner governments to collectively hold IFRC to account, such as a Donor Support Group (which ICRC have).
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> – IFRC have improved following DFID strategic funding to DFID-identified areas of importance such as performance management, but there is still some way to go. – The nature of the organisation as a federation of independent National Societies means that the secretariat has limited influence for continual improvement over the organisation as a whole.



International Finance Corporation (IFC)

The IFC is part of the World Bank group. IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in international financial markets and providing advisory services to businesses and governments.

	Comment
Contribution to UK development objectives	 Satisfactory
	<ul style="list-style-type: none"> + Wealth Creation and private sector development are central to IFC's remit and it is a critical global player. + The largest development finance institution, c.38% of global DFI commitment volumes combined with significant advisory capacity. - IFC is less focussed on the poorest countries than many other multilaterals. Its portfolio is heavily concentrated in middle income countries (MICs) and particularly upper MICs. + Performance against its targets is good, 74% of investment projects achieve satisfactory or better development outcome ratings FY2007-FY2009. - Performance is weaker in some critical areas including Africa + IFC has introduced a range of gender-related programmes and produced gender-sensitive guidance that is widely used - IFC has made progress in fragile and conflict states with more expected, but so far IFC's role is limited and it is not yet a core strength. + IFC climate change focus is quickly growing with a range of new initiatives introduced.
Organisational strengths	 Strong
	<ul style="list-style-type: none"> + IFC measures financial and economic returns and reports a number of productivity measures. - World Bank Group pay mechanism inflates salaries at IFC and across other MDBs. + IFC has a clear results based strategy based around its five strategic pillars and monitors progress through its corporate scorecard. + IFC's results framework is recognised as a leading example among development finance institutions. + Financial management, independent audit and transparency are very strong. - IFC has historically underused some of its financial products such as guarantees. + IFC's transparency at the HQ level is generally good, with some justifiable limitations due to commercial sensitivity. A significant amount of information is easily accessible in a range of formats on IFC's website. + Voice of developing country shareholders increased by over 6 percentage points following recent reforms.
Likelihood of positive change	 Likely
	<ul style="list-style-type: none"> + IFC has shown significant improvement in a number of areas in recent years, but shareholders are not yet aligned behind a single reform agenda.



International Labour Organisation (ILO)

The ILO is the international organisation responsible for drawing up and overseeing international labour standards. It is the only 'tripartite' United Nations agency that brings together representatives of governments, employers and workers to jointly shape policies and programmes. The ILO claims to contribute to all MDGs but focuses on MDG1 (poverty reduction).

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> + The ILO's valuable research and analytical capacity in the area of employment with decent work has resulted in the specific integration of employment issues within MDG 1. – The ILO needs to increase its technical capability and expand its activities at the country level to fully implement its policy objectives. – ILO is not critical to efforts to meet the MDGs. No clear evidence that the scale of ILO operations is sufficient to leverage significant impact on the MDGs or on global economic growth. – Contribution to the UK government's priorities is limited by enduring delivery constraints. – The ILO works in a number of fragile states. However, this is not a focus area for them. + The ILO appears to have an increasing grip on gender issues and has a credible process in place to ensure further improvements. – There remains limited evidence of tangible gender results being achieved on the ground so far.
Organisational strengths	<p> Unsatisfactory</p> <ul style="list-style-type: none"> – ILO needs to restructure and improve its internal processes to enable it to deliver more effectively on the ground. – Cost control in the ILO is weak and while there is some limited evidence of central efficiency saving efforts, this does not seem to have filtered down to the project and country level. + The ILO's tripartite structure and programme approach supports good partnership behaviour. + Clear mandate and good line of sight to strategy and implementation plans. – Beneficiary voice needs to be incorporated into policy making and programme design. – The ILO is striving to improve its strategic and performance management, but from a relatively low baseline and it is too early to assess the impact of recent improvements. – Some good practice on transparency and accountability, such as a clear disclosure policy, but insufficient data available in the public domain on expenditure and results.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> – The ILO's broad focus and complex governance structure currently combine to make rapid and substantive change highly unlikely.




International Organisation for Migration (IOM)

IOM is a humanitarian agency that leads on camp co-ordination and management in natural disasters. It is a reactive project-based independent organisation working in over 100 countries. DFID and UKBA each pay 50% of the UK's membership (total £1.72m in 2010). DFID funding for emergency relief is approx £5m per year.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> - IOM is rarely critical in delivering wider international humanitarian and development objectives. + IOM have been an effective reactive project-based organisation when filling gaps in some humanitarian operations. - Performance as a cluster lead agency has been uneven as it struggles to scale up in emergencies. + IOM has historically been a key partner for UKBA on migration. IOM have also been key to delivering DFID objectives in some situations because they are seen by states as politically neutral. + IOM is experienced at working in fragile/conflict contexts and staff seem well equipped for this. - IOM has policies, structures and incentives to promote gender equality but unclear whether these have had an impact. - IOM has climate change and environment strategies. However, resource allocations that incorporate climate change could only occur if a donor came forward to fund such activities.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + IOM has largely good results on delivery against project targets. - The organisation has limited evidence of cost control. - Strategic and performance management was assessed as weak, in particular due to IOM's wide-ranging and fragmented activities. - Financial and resource management is uneven. Transparency of its direct and indirect project charges have been widely questioned. + IOM has worked effectively with a wide range of partners. - IOM's commitment to enable a country-led approach in humanitarian settings has been uneven. - Some evidence that IOM proactively manages problem projects and programmes but results have been uneven. - IOM does not have a results framework that covers the whole of the organisation's activities. + Developing and low income countries have direct representation in IOM's main governing mechanisms and a strong voice.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> + IOM is receptive to reform in the 'right' direction, and a major Structural Review is underway. - It is an independent projectised organisation which DFID and UKBA only seek to influence on a project basis.




Office of the High Commissioner for Human Rights (OHCHR)

OHCHR works with governments and across the UN system to protect and promote human rights. It plays an active role in fragile states and works to integrate human rights into MDG programmes. OHCHR is part of the UN Secretariat and receives a contribution from the assessed budget. DFID currently provides £2.5m in annual voluntary funding to OHCHR.

	Comment
Contribution to UK development objectives	<p> Satisfactory</p> <ul style="list-style-type: none"> + OHCHR is the only multilateral focused exclusively on the promotion and protection of human rights. OHCHR plays an important role at the country level, particularly in conflict-affected countries, and in mainstreaming human rights in the UN system. + OHCHR has been critical in fragile states, supporting human rights monitoring and wider peacebuilding objectives. This is a DFID and HMG priority. – OHCHR has a challenging and highly sensitive mandate which means that some of its work needs to be conducted directly with States below the radar. Nevertheless OHCHR has acknowledged that it needs to do more on results management. + Engagement in fragile states is a demonstrated strength for OHCHR, with strong policies consistently implemented. – Gender policies are in place but implementation needs to be strengthened.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> – OHCHR needs to mainstream Results Based Management (RBM) at all levels in the organisation. + OHCHR has a good record working in partnership with others, including with civil society groups and those directly affected by conflict and violence. Its record on beneficiary voice is good. – Secretariat financial processes over which OHCHR has limited control constrains scope for improvement + It has appropriate financial oversight instruments in place. – Project evaluation and control could be clearer. + OHCHR has formal processes that allow for a good degree of transparency at the inter-Governmental and strategic level. – Needs to improve processes for systematic recording of results, use of evaluations and lessons learnt.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Despite governance constraints, a number of recent reforms in OHCHR have already provided improvements in delivery and strategic management. + Prospects for further improvements are good. – Political constraints in the UN system will limit scope and pace of reforms in some areas.




United Nations Peacebuilding Fund (PBF)

The PBF is a central, system-wide UN fund established in 2006. Its purpose is to a) support interventions of direct relevance to early peacebuilding processes and address critical gaps where no other funding is available; and b) support countries at a later stage of their peacebuilding processes where no Multi-Donor Trust Fund has been established and/or where critical peacebuilding interventions remain underfunded.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Good strategic fit, both in general and against UK priorities. The PBF fills a crucial gap in the international system to stop countries returning to conflict, and peacebuilding is critically important to the UK's wider security interests. + All countries receiving PBF funds are at the bottom end of fragility and peace indices. + Relatively predictable source of aid in unpredictable circumstances that are often underfunded. - Performance at country level has been mixed. Although there is an upward trend, the PBF results management needs to improve. - Some evidence of PBF-funded interventions targeted specifically and successfully at the role of women in reconciliation and reconstruction, although the PBF needs clearer policies and structures to promote gender equality.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> - In spite of recent improvements in the right direction, cost control has not been pursued systematically. + Evidence of national government and civil society involvement, HQ coordination and increasing improvements in partnership behaviour over the past two years, including at the country level. + Shortcomings in strategic and performance management, but the response to internal and external reviews has been very positive. + Overall, PBF's financial resources management is satisfactory. It has adapted its modalities to be more flexible, and has much improved allocation criteria. - Needs to do more to communicate the rationale behind funding decisions, and to manage poorly performing projects. + There is good accountability but limited transparency.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Several critical reforms are underway and strong evidence that management has driven progress against reforms. + Good prospect of positive change. Management commitments and strategies outlined in the 2011-2013 Business Plan, and the commitment and joint engagement of other donors.



The Private Infrastructure Development Group (PIDG)

The PIDG aims to address market and institutional failures that constrain the private sector's involvement in infrastructure development that fosters economic growth and reduces poverty.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Valuable position focussing on innovative methods of catalysing private investment in infrastructure. It is flexible and embraces change in meeting objectives. + PIDG-supported projects have attracted \$10.5 bn of private investment commitment. These are projected to provide new or improved services to over 50 m people with an additional 13.5 m receiving services by 2013. – Tightly focussed facilities, so not delivering across the whole spectrum of development. + The PIDG renewable energy investments and proposals represent a targeted climate change response. – The PIDG has made no effort to date to target investments at women and girls or to report using gender disaggregated data – No formal policy on prioritising fragile states.
Organisational strengths	<p> Strong</p> <ul style="list-style-type: none"> + Well structured objectives and strategy to fulfil mission. Strong monitoring and evaluation processes. Staff recruited on merit. + Procurement follows EU/WB procedures, rigorous independent reviews conducted regularly and annual external audits. Projects are intended to achieve commercially viable returns. + Robust systems for predicting and monitoring the development impact of projects. – Weak partnership with civil society. Donor country offices including DFID are poorly sighted on PIDG work. + Strong performance, transparent trust arrangements with extensive MOUs governing funding commitments, annual external audits, funding linked to strategies. – Disclosure policy not yet fully developed. More information could be made available on websites. – Little proactive efforts made to bring information to potentially interested parties.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Good track record of responding to donors' priorities, developing new businesses to respond to changing needs. – Protracted negotiations for fund manager for two facilities. Slow action on gender and transparency. – Increased risk as PIDG facilities explore scaling up and new frontiers.




United Nations Human Settlements Programme (UN-HABITAT)

UN-HABITAT is the UN programme for human settlements. It aims to help the urban poor by transforming cities into safer, healthier, greener places with better opportunities where everyone can live in dignity.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> + UN-HABITAT is the only agency focused specifically on improving human settlements. Its activities support MDG 7, especially sustainable development, water and sanitation and improving the lives of slum dwellers. – There is little evidence to suggest UN-HABITAT has been critical in delivering against HMG development priorities due to the small scale and limited scope of its operations. – Many of the issues it works on are covered by other organisations (e.g. UNDP, UNICEF). + UN-HABITAT has policy/ operational guidance in place and is developing a monitoring framework to measure its effectiveness in fragile states. + UN-HABITAT is doing some important work on promoting gender equality and has good policies and structures in place. – It is difficult to determine the impact of its gender work at a global level.
Organisational strengths	<p> Unsatisfactory</p> <ul style="list-style-type: none"> – There is no evidence that UN-HABITAT is controlling administrative costs or focusing on where it can add the greatest value. – UN-HABITAT’s strategic plan is weak; it has remained resistant to embedding results-based management and evaluation. + UN-HABITAT puts an emphasis on community-based initiatives; has a strong focus on the most marginalised and has a good reputation with project partners. – Institutional performance has been a major concern of donors and is judged to be weak. + UN-HABITAT’s governing board allows partner countries to participate fully in decision-making. – UN-HABITAT does not operate under a presumption of disclosure. It provides some information on projects to the governing body, but does not publish full details on project performance. – Like other UN institutions UN-HABITAT is weak on transparency but stronger on accountability to partner governments.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> – While some reform efforts are underway the organisation’s track record on improvements is not strong.



Joint United Nations Programme on HIV/AIDS (UNAIDS)

UNAIDS is charged with delivering an effective response to the global HIV/AIDS pandemic. Its joint programme brings together the work of the 10 UN agencies (co-sponsors) that work on HIV/AIDS. It is present in 89 countries.

	Comment
Contribution to UK development objectives	 Satisfactory
	<ul style="list-style-type: none"> + Strong strategic fit for meeting the MDGs (6) and the UK government priority to restrict the spread of HIV/AIDS. It fills critical gaps in advocacy, coordination and leadership. + Significant contribution to facilitating progress on HIV/AIDS at the global level. - UNAIDS needs to scale up and target technical leadership. - UNAIDS is one of several important global organisations trying to tackle HIV/AIDS. It needs to further strengthen partnerships beyond the cosponsors. - Delivery in country is limited by the inconsistency of its key coordination role and lack of accountability by co-sponsor agencies for the joint team's performance. + UNAIDS has a strong gender focus including internal policies and use of evidence to inform policy and programme decisions.
Organisational strengths	 Weak
	<ul style="list-style-type: none"> + UNAIDS is committed to a reduction in budgeted travel costs and is supporting partner countries to focus on value for money. - However, administration systems are high cost and there is no evidence of challenging co-sponsors on value for money. + Strong partnership behaviour performance. - Though UNAIDS has a clear mandate, there is no clear line of sight through to strategy and implementation plans, and its results framework is inadequate. - Accountability between UNAIDS and the co-sponsoring organisations is unclear. - Lack of clarity and authority creates insufficient leadership at country level. - Recruitment processes need improvement. - UNAIDS has no responsibility for managing poorly performing projects through co-sponsors and suffers from the complexity of using two financial systems. + Funding to co-sponsors is predictable. - UNAIDS is not very transparent and has no disclosure policy.
Capacity for positive change	 Likely
	<ul style="list-style-type: none"> + The Second Independent Evaluation will help overcome significant barriers to reform, with a clear set of recommendations. + Co-sponsors seem willing to engage.




United Nations Development Programme (UNDP)

UNDP's mandate covers poverty reduction and achieving the MDGs, democratic governance, crisis prevention and recovery, environment and sustainable development as well as cross cutting themes such as women's empowerment and capacity building. It spends over \$5 billion a year (receiving \$1.1 billion in core and \$3.9 billion in non-core funding) through 5 regional and 166 country offices.

	Comment
Contribution to UK development objectives	<p> Satisfactory</p> <ul style="list-style-type: none"> + UNDP is central to the delivery the MDGs. It has a direct programmatic role on a number of MDGs. + UNDP's mandate and operations are aligned with DFID's strategic priorities, most critically in governance and security and delivery of the MDGs. + There is strong leadership and there are good incentive mechanisms on gender, but strengthened delivery depends on continued effort and building skills across the organisation. - Evidence gathered at country level was highly critical of UNDP's ability to deliver results. Its delivery can be undermined by staffing issues and bureaucratic processes. - Its performance in fragile states is mixed. It has reasonable training and a range of guidance and analytical tools but struggles to fill posts. - There is no evidence that the Climate Strategy was directly guiding resource allocation decisions
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + UNDP has a strong array of partnerships across the UN system, with member states and with donors. It is uniquely placed to support partner governments and incorporate beneficiary voice. + UNDP has a clear and transparent resource allocation system. Its financial systems allow longer term commitments. + UNDP has good disclosure practices. It is committed to IATI and has good member state accountability. - UNDP's partnership with the World Bank needs to be more effective, particularly in fragile and crisis-affected countries. - UNDP's near universal mandate means its technical resources are spread very thinly. The Board does not provide strategic direction. HR management is weak. It has a weak results chain. - There is limited evidence of active senior management consideration of cost control. Country evidence points to mixed progress on demonstrating cost-efficiency.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> + UNDP's leadership has articulated a commitment to reform and there is past evidence of some progress on reform. - The Executive Board is politicised and there is a lack of consensus on the key areas for reform. It is not clear that current plans for change will deliver the required depth and breadth of reform.




United Nations Educational, Scientific and Cultural Organisation (UNESCO)

UNESCO is a forum for the negotiation of global agreements, a facility for policy exchanges and capacity building, and a centre for standard-setting and monitoring in education, natural sciences, social sciences, culture and communication and information.

	Comment
Contribution to UK development objectives	 Unsatisfactory
	<ul style="list-style-type: none"> - Despite its importance to some government departments, UNESCO's significant under-performance in leadership means it is rarely critical in education and development. + UNESCO performs an important role in education policy and reporting. It fills critical gaps in science and culture. - It has poor systems and is unable to identify its results. - Has performed a useful post-disaster role in education planning and protecting cultural heritage, but needs clearer policies and attention to needs in fragile states. + UNESCO has an extensive range of policy and institutional actions on gender and climate change. - It could do more to lead the debate on girls' education. - More work is needed on its own carbon footprint.
Organisational strengths	 Unsatisfactory
	<ul style="list-style-type: none"> - UNESCO has achieved efficiency savings, but administration costs remain high. Insufficient attention paid to transaction costs. + Some good partnership behaviour is recognised. NGO involvement at local level is a constitutional requirement. - Some tensions with other UN agencies. Work in some sectors is not as broad based as necessary. - UNESCO's results framework is poor, the programme information system is complicated and inadequate attention is paid to results in programming decisions. - The Executive Board is cumbersome. - Substantial room for improved financial resource management, in particular to address poor allocation mechanisms and inadequate management of poorly performing programmes. + Its audits are high quality and it is implementing IPSAS (International Public Sector Accounting Standards). + It has an Ethics Office and broad partner involvement.
Likelihood of positive change	 Uncertain
	<ul style="list-style-type: none"> - The Executive Board is cumbersome. A new senior team is setting the right direction but this will likely be diminished by Member States and the Executive Board. + An Independent External Evaluation was carried out in 2010 and recommendations for follow-up will be presented to the Executive Board in May 2011.




United Nations Environment Programme (UNEP)

UNEP is the designated UN systems entity for addressing environmental issues at the global and regional level. Its mandate is to encourage the development of a consensus on environmental policy by keeping the global environment under review and bringing emerging issues to the attention of governments and the international community.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> + UNEP plays a unique role in keeping the global environment under review, supporting and underpinning the achievement of the MDGs and is the lead agency on achieving MDG7. - As a normative agency, UNEP has a low presence at the country level (but works through UNDP offices). - Demonstrating UNEP's delivery against development and humanitarian objectives is difficult. - There is little, if any, evidence on how UNEP decides to allocate programme resources. + UNEP's leadership is pushing for more challenging objectives aimed at meeting development objectives. + UNEP has a policy on gender mainstreaming.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> - There is no evidence on how UNEP challenges its partners to think about value for money and there is little or no evidence on how UNEP controls administrative costs or achieves savings. + The joint UNEP / UNDP Poverty and Environment Partnership is one of the best used examples of how UN agencies can work positively in partnership. + UNEP has a strong partnership with civil society, the private sector and other major stakeholders. - UNEP is perceived as having a relatively low level of country ownership. + UNEP has introduced a process of Results Based Management and its budget is decided upon in an open and transparent manner. - UNEP suffers from a lack of predictable funding. - There is little or no evidence on how UNEP promotes accountability in its partners. - Accessing information on UNEP projects is challenging.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Over the last 4 years, UNEP has improved internal systems and processes as well as the global effectiveness and role of UNEP. + Rio+20 presents a significant opportunity to agree measures to strengthen and reform UNEP in 2012. - Stronger reform measures are still required to improve the effectiveness and efficiency of UNEP.




Expanded Delivering as One Funding Window for the achievement of the MDGs (EFW)

The Expanded Funding Window for Delivering as One is a new instrument that has been active since 2009. It is a multi-donor trust fund that provides un-earmarked funding to UN country programmes that adopt a Delivering as One (DaO) approach.

	Comment
Contribution to UK development objectives	<p> Satisfactory</p> <ul style="list-style-type: none"> + The EFW strengthens the UN's contribution to poverty reduction and MDGs by promoting a DaO approach. + The EFW contributes to mainstreaming gender equality. + The EFW spends a high proportion of its funding in low income countries. - The EFW, due to its current size and scope, of itself is not critical in the delivery of MDGs or other development goals.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> - The EFW's main weakness is its inability to demonstrate results. It does not have an adequate results framework. Its objectives are unchallenging and are input focussed. - The EFW has not established objectives for improvements in efficiency or cost effectiveness. It does not challenge and support development partners to think about VFM. + EFW strengthens partnership behaviour across the UN country team. Supports alignment with national priorities and improves performance against Paris principles. + Governance structure can hold management to account. - Limited donor or recipient voice in decision making. + EFW has clear systems for allocating aid and ensuring financial accountability. It has the ability to be flexible. + As a multi-donor trust fund the EFW falls under UNDP accountability policy. UNDP has a disclosure policy and is an active member of the IATI. - Project level information is not available through the EFW.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + Good reason to believe that the key challenges to how EFW is managed and structured can be addressed. + As a light organisation in terms of governance size, 'mandate' and strategy, there is, in principle, agility for reform. - DFID's influence as a donor is limited as the Steering Committee (of UN agencies) takes all decisions.




United Nations Population Fund (UNFPA)

UNFPA leads on sexual and reproductive health rights (SRHR) and supports countries to use population data for policies and programmes to reduce poverty. It has a central role on MDG 5 (maternal health) & supporting role on MDG 6 (HIV/AIDS) and MDG 3 (gender equality).

	Comment
Contribution to UK development objectives	<p> Satisfactory</p> <ul style="list-style-type: none"> + Its role is critical in advancing MDG 5 and related MDGs through global level advocacy and delivery. + Its work on SRHR is unique, especially around family planning and population issues. + UNFPA reports comprehensively against its global objectives, but these are mainly set at the activity and outcome level. - Delivery in-country is mixed. Systems reform is not bringing consistency. - Policy on conflict and fragility is limited to security awareness and there is no evidence of a nuanced organisational approach. + It has a wide range of policies to tackle gender. Management is held to account (though evidence of impact is at times unclear). - No evidence of policies for consideration of environmental issues.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + Has a good track record on procurement. Its procurement strategy considers value for money related principles. - Administration costs are high and UNFPA does not systematically report on prices achieved or track procurement savings. + Strong partnerships with civil society, partner countries and other agencies. It reinforces country-led approaches and incorporates beneficiary voice in policies and programmes. - Management has strived to improve strategic and performance management, but leadership in country remains mixed. - Evaluation culture and global level results chains are weak. + Oversight and financial resource management have strengthened, with flexibility to respond to country needs. - Audit concerns have been made a priority but progress on this is slow, especially on national execution. No evidence that poor performing projects are curtailed and savings recycled. - Accountability to partner governments is strong, but transparency is weak; there is no presumption of disclosure and insufficient programme information is published.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + There is a strong track record on reform but overlapping change management initiatives should be simplified.



United Nations High Commission for Refugees (UNHCR)

UNHCR is uniquely mandated to provide international protection and humanitarian assistance to refugees and other persons of concern while working to find durable solutions to their situation. UNHCR expenditure in 2009 was \$1.75 billion.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + There is widespread evidence that UNHCR fulfils a critical/pivotal role in the international humanitarian architecture; particularly in conflict situations. + UNHCR is uniquely mandated and has expertise in providing protection and assistance to displaced persons. + Staff are well equipped to work in conflict/fragile contexts, and working in such environments is mainstreamed throughout UNHCR's guidance and policies. + There is clear evidence of UNHCR's policies, structures and incentives to promote gender equality, with gender being mainstreamed at country-level. + UNHCR are experienced in environmental management and it is a policy priority in all operations and phases of the agency's work - Despite the fact that UNHCR is a cluster lead, they sometimes fail to provide adequate international leadership.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + UNHCR challenges and supports partners to think about VFM. They have a good range of systems and processes that require senior management to take account of return and cost/effectiveness. + UNHCR works effectively with a wide range of partners including UN agencies, NGOs and national/regional structures. + UNHCR is effective at incorporating beneficiary voice in its policies and programmes. - While UNHCR has improved considerably, the agency still needs to actively participate in the reformed humanitarian leadership, coordination and financing systems. - Some country offices are not yet thinking about VFM or cost control seriously. + The agency is strong on financial accountability with a range of internal and external oversight processes. + Member States are well represented and are able to influence decision making through the governing board.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + UNHCR has made substantial progress in many areas, particularly internal reform. + UNHCR are being pulled in two directions by donors – some who believe it should take a more active role in UN coordination mechanisms and some who push UNHCR to prioritise its mandate for refugees. This may hamper their ability to reform.




United Nations Children's Fund (UNICEF)

UNICEF focuses on young child survival and development, basic education and gender equality, HIV/AIDS and children, child protection and policy advocacy and partnerships for children's rights. UNICEF also has a critical role in humanitarian emergencies.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + UNICEF has a strong poverty focus and plays a critical role in delivering the MDGs, especially MDGs 3, 4, 5 and 6. It works in all of the countries the UK considers fragile. + It has improved delivery at country level and demonstrates results on the ground. - It struggles to show aggregate results at an organisational level. - Its response in acute emergency situations, where it has a critical role, is a concern. + UNICEF does demonstrate delivery in fragile situations. + Good progress on gender, including its significant advocacy role for girls' education and promoting sex-disaggregated data. - It does not have a climate specific policy and we found no evidence that UNICEF measures climate or environment impact.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + Taking positive steps to improve cost control, and has reduced its administration to programme cost ratio. + It works well with partner governments and other development partners, and has a strong emphasis on building the capacity of local partners. - Inconsistent approach to collaborating with other UN agencies and also working with civil society in humanitarian situations. - Has an organisational-level results framework but this is weak at output level. - There are concerns about its ability to deploy the right staff at the right time to humanitarian emergencies. + It has clear criteria for allocating core resources and good processes in place for audit, risk and accountability. - There is concern over its level of cash balances and it lacks a portfolio quality system to manage project performance. + UNICEF has a financial disclosure policy. - UNICEF does not have a transparency policy and full information on all projects is not disclosed.
Capacity for positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> + There is public commitment to reform at the top. - Given past performance it is too early to predict whether this commitment will lead to substantive change.




United Nations Industrial Development Organization (UNIDO)

UNIDO is a UN specialised agency mandated to promote and accelerate sustainable industrial development. It works in developing countries and economies in transition, providing technical assistance, in particular to Small and Medium Enterprises (SMEs). It contributes to MDG1 (poverty reduction), MDG 3 (gender equality), MDG7 (environment) and MDG 8 (global partnerships).

	Comment
Contribution to UK development objectives	<p> Unsatisfactory</p> <ul style="list-style-type: none"> – UNIDO does not play a critical role in the delivery of DFID and HMG development objectives. – UNIDO’s criticality is limited by the small scope of its programmes and its restricted niche. + There is evidence of UNIDO supporting country-level interventions that links to its norms and standards role, e.g. follow-up to the Montreal Protocol. It contributes to wealth creation in a range of SME sectors. – UNIDO does not have a consistent approach to results management across its programmes especially in terms of meeting the MDGs. – Working in fragile states is not a focus area for UNIDO.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + UNIDO generally has a good track record in the area of cost control. + The evidence points to UNIDO performing well on partnerships with governments, SMEs and the UN – its key stakeholders. – There is limited evidence that UNIDO supports partners to think about value for money. – Limited evidence for how UNIDO applies a country-led approach. – UNIDO does not have a systematic approach to managing for results. – No evidence of a specific disclosure policy. UNIDO does not publish key project information. + Good representation of member states within a governance structure that is regarded as being effective and pragmatic.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + UNIDO has shown a positive attitude to reform in key areas, especially in terms of clarifying its mandate and scope of activities and driving forward improvements in how the organisation reports on results. A change management programme currently being rolled out will help to improve in these areas. - There is no evidence that UNIDO could expand either the scale or scope of its activities to an extent that could make a critical contribution to UK development objectives.



United Nations Development Fund for Women (UNIFEM)

The overarching goal of UNIFEM has been supporting the implementation at the national level of international commitments to advance gender equality. It has been merged into a new body (UN Women), which began operations in January 2011.

	Comment
Contribution to UK development objectives	<p> Weak</p> <ul style="list-style-type: none"> - UNIFEM's function was critical and it contributed to key HMG objectives. But constrained resources, weaknesses in the UN's leadership on gender issues, and UNIFEM's lack of reach with other UN agencies limited its impact. - Struggled to consistently demonstrate delivery. There were weaknesses in its country capacity and it had a weak results culture. Drive for better results limited by poorly defined objectives. - UNIFEM had not put in place guidelines or policy frameworks for staff working in fragile states. + Partnerships and analysis were used well to advance policies and programmes that impact on gender equality. + UNIFEM made significant efforts to reduce its carbon footprint.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> - Little evidence of management attention to value-for-money or cost control, apart from a recent review of cost recovery rates. + UNIFEM was strong on partnerships and had a good reputation in this respect. - UNIFEM had a weak results culture and weak accountability mechanisms on gender. - Despite a clear system to allocate aid, weak administration and planning mechanisms meant that allocations were not predictable. - There was insufficient evidence that it responded to evaluations by reallocating aid, or that risks were managed at corporate level. - It had an information disclosure policy covering access to information, procurement, and internal audit but this was not readily available. - There was little evidence that UNIFEM actively promoted transparency in delivery partners. - The UNIFEM Board did not provide robust mechanisms for redress or consultation with partners.
Likelihood of positive change	<p> Very likely</p> <ul style="list-style-type: none"> + The trajectory and potential of reform is very strong under UN Women.



The United Nations International Strategy for Disaster Reduction (UNISDR)

UNISDR is a strategic framework, adopted by United Nations Member States in 2000, aiming to guide and co-ordinate the efforts of a wide range of partners to achieve substantive reduction in disaster losses and build resilient nations and communities as an essential condition for sustainable development.

	Comment
Contribution to UK development objectives	<p> Unsatisfactory</p> <ul style="list-style-type: none"> + UNISDR plays a unique role as a global co-ordinator of the Global Platform for Disaster Risk Reduction (DRR). + The Global Platform is one of UNISDR's successes in terms of advocacy and awareness raising. – However UNISDR has not performed its international co-ordination role particularly well. – Over the years its work has focussed more at the national level, despite its global mandate. – Its mandate remains broad and work plans and other relevant documents have not sufficiently specified UNISDR's roles and responsibilities. - UNISDR has not demonstrated sufficient leadership or ability to co-ordinate global efforts on DRR, despite a strong mandate for these roles.
Organisational strengths	<p> Unsatisfactory</p> <ul style="list-style-type: none"> + UNISDR is part of the UN Secretariat and as such is subject to UN controls and measures including risk management practices and internal and external audits. + All official publications produced by the UNISDR secretariat remain in the public domain, and are available online. – UNISDR has no clear line of sight from its mandate, to a strategy, to an implementation plan. The middle is missing, resulting in a lack of strategic direction for the organisation. – UNISDR has no results based framework in place, making it difficult to measure results from inputs through to impact. – Too little attention is given to strategic considerations. This has resulted in UNISDR not clearly choosing priorities in line with an overall strategy and allocating resources accordingly. This limits the effectiveness and sustainability of many activities and of UNISDR overall. – UNISDR has been weak in driving forward improvements in performance based on evaluation findings and recommendations.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> – UNISDR has been poor in addressing weaknesses within its system, and particularly in following-up on recommendations from evaluation reports.



UNITAID

UNITAID's mission is to scale up access to treatment for poor people by engaging in commodity markets to reduce prices, improve quality and increase and accelerate the supply of key diagnostics and medicines for the poor. It deals only with HIV/AIDS, TB and Malaria, and is intended to complement other organisations such as the Global Fund through its unique market focus.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + UNITAID's focus on malaria and contribution to reproductive, maternal and newborn health (RMNH) means that it has a good fit with DFID's strategic priorities. + Price reductions have been significant, and should lead to a sustainable benefit for countries, donors and international agencies. - UNITAID must develop guidelines for how countries can secure access to treatment once UNITAID's interventions cease. - There is little evidence that management actively manages for results. + There is reasonable evidence from monitoring and evaluation at the project level of a good contribution to development results. + UNITAID does not have explicit policies on working in fragile states but nevertheless it has a good focus on fragile states.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + UNITAID's mission is to improve prices for drugs and diagnostics and their availability. As such it is highly focussed on value for money and cost effectiveness. - However, the application of value for money criteria by the Board in funding decisions has been uneven. + The views of partners and intended beneficiaries are built in to UNITAID's decision making structures. - There has been insufficient attention to sustainability once UNITAID support ends. - Until very recently UNITAID has operated with a clear mandate but without a clear strategy to achieve it. This means that financing choices have not been strategically aligned or necessarily delivered best value for money. + Financial management has improved with the recruitment of high quality senior personnel. - UNITAID does not yet have a credible framework for deciding which proposals are funded and which are not. - UNITAID's publication of documentation is patchy and often very slow.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> - Progress on reforms has been rather slow, largely due to insufficient leadership and strategic management. + The Board does appear to have an increasing appetite for higher quality performance management of the Secretariat and an improvement in systems.




United Nations Office for the Coordination of Humanitarian Affairs (OCHA)

OCHA supports the mobilisation, funding and coordination of humanitarian action in response to complex emergencies and natural disasters. In 2010 OCHA coordinated humanitarian appeals at country and global level to a value of almost US\$10 billion.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Clear and unique humanitarian mandate (Resolution 46/182), global reach and a pivotal leadership role at the heart of UN system. + OCHA carries out work that supports UK priority objectives for governance and security, meeting humanitarian needs, delivery of MDGs and climate change. OCHA is key to delivering an improved and more effective humanitarian response. – Inconsistent performance in support to leadership, cluster coordination and staffing. – There is scope for improvement in OCHA's performance in supporting effective, accountable, and efficient provision for humanitarian assistance. + OCHA has extensive experience of working in complex situations and fragile states and conflict affected states. – Need for OCHA to strengthen its performance in inter-cluster coordination and inter-cluster information management and analysis.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + OCHA manages a range of country level pooled funding mechanisms that support joined-up working amongst actors and foster stronger partnerships. + OCHA responds to evaluation recommendations, but at times the implementation of recommendations is limited due to internal constraints. + OCHA's mandate requires it to establish and maintain a comprehensive network of diverse partners at both headquarters and the field, and it does this effectively. – While OCHA maintains reasonable levels of transparency, their accountability structure is weak. – Staffing problems are common in many contexts, hampering OCHA's ability to deliver. - Although cost control has been an issue for OCHA in the last few years, it has only just begun to seriously consider issues such as value for money.
Likelihood of positive change	<p>↑ Likely</p> <ul style="list-style-type: none"> + We expect that OCHA management, now under the leadership of a new Emergency Relief Coordinator (Valerie Amos), will continue to be receptive to ideas for making the organisation even more effective. – Many of the restrictions faced by OCHA are structural. The Emergency Relief Coordinator's ability to make changes for the better is therefore dependent to a large extent on the cooperation of UN agencies



World Food Programme (WFP)

WFP is the world's largest humanitarian organisation with two-thirds of its resources channelled through humanitarian interventions. It is voluntarily funded and its scale of operation is driven in large part by fluctuating humanitarian need. In 2009 its expenditure was US\$ 4.2 billion.

	Comment
Contribution to UK development objectives	<p> Strong</p> <ul style="list-style-type: none"> + Only agency capable of delivering emergency food assistance at scale in difficult and often dangerous environments. + WFP is a critical humanitarian partner for the UK. We deliver more humanitarian assistance (36 per cent of our 2008-09 spend) through WFP than any other agency. + We rely on WFP for emergency logistics, emergency preparedness and disaster risk management. In fragile and post-conflict situations we are working with WFP to help deliver effective transitions to stability. + WFP becoming a more important developmental partner for UK in countries where it is successfully managing the transition to a strategic and capacity building role.
Organisational strengths	<p> Satisfactory</p> <ul style="list-style-type: none"> + WFP delivers results at scale in humanitarian and fragile contexts. + It has a strong corporate emphasis on costs/efficiencies coupled with business model improvements. Drives cost control with delivery partners; and it seeks value for money through local procurement and cost-efficient delivery tools. - Some programme tools do not always represent best VFM in comparison with non-food alternatives. - In some cases donor funding modalities constrain the achievement of greater value for money. + WFP has demonstrated good partnership behaviour over the last two years: improvements can be seen at country and global levels. + WFP has strong financial management systems and is addressing areas of weakness. - While transparency is improving accountability e.g. to decentralised funders, partners and beneficiaries remains weak.
Likelihood of positive change	<p> Likely</p> <ul style="list-style-type: none"> + WFP and its Executive Board work well together in pursuit of improvement; management have demonstrated responsiveness to member concerns. + Since 2007 WFP has carried out significant reforms of its strategic direction, operational tools results, financial, programming and HR systems.

World Health Organisation (WHO)

The WHO a UN specialised agency with authority for directing and coordinating work on international health. WHO experts produce health guidelines and standards and help countries to address public health issues.

	Comment
Contribution to UK development objectives	<p> Satisfactory</p> <ul style="list-style-type: none"> + WHO provides global leadership and convening power on development and humanitarian health matters. It is critical to the delivery of the MDGs, especially MDGs 4, 5 and 6. + WHO has a significant role to play in meeting HMG objectives on global health, development and human security. + Objectives are challenging and it demonstrates global level delivery. – WHO does not always play a critical role at country level. – Delivery is variable at country level and WHO is slow to respond where health humanitarian coordinators are weak. – There is insufficient WHO policy and guidance for working in fragile contexts. – WHO is taking steps to improve its work on gender equality but progress has been slow.
Organisational strengths	<p> Weak</p> <ul style="list-style-type: none"> + WHO has systems in place to review organisation effectiveness. There is evidence that procurement is driven by value-for-money. – Targets for savings on administration costs are not stretching, staff costs growing, little attention to cost saving at country level. + WHO works well with partner governments. – Its use of participatory approaches and harmonisation with the UN system are less strong. – There is no clear results chain. Confuses processes with outputs. Does not have a formal system to follow up on evaluations. – There are problems implementing its HR strategy. – There is no clear and transparent system to allocate aid. – It is weak in releasing funding according to planned budgets. – Little evidence that WHO curtails poorly performing projects. + Partners are well represented in governance mechanisms and policy and guidance are accessible on its website. – WHO has no formal disclosure policy and does not publish enough specific programme or project details.
Likelihood of positive change	<p>→ Uncertain</p> <ul style="list-style-type: none"> – Top management demonstrates the will to reform but progress is slow and needs to be fully supported by WHO's governing bodies and its semi-autonomous regional offices to be successful.

Annex 7

UK MULTILATERAL AID REVIEW

Terms of Reference

1. Background

1.1 The multilateral system is critical to DFID’s fight against poverty. DFID provides nearly half of its total programme as core funding to multilateral organisations. In 2009/10 this was about £3 billion. In addition, DFID also asks multilaterals to manage or act as a delivery partner for some of its bilateral funding at country level – in 2008/09 this totalled £0.9 billion.

2. Purpose

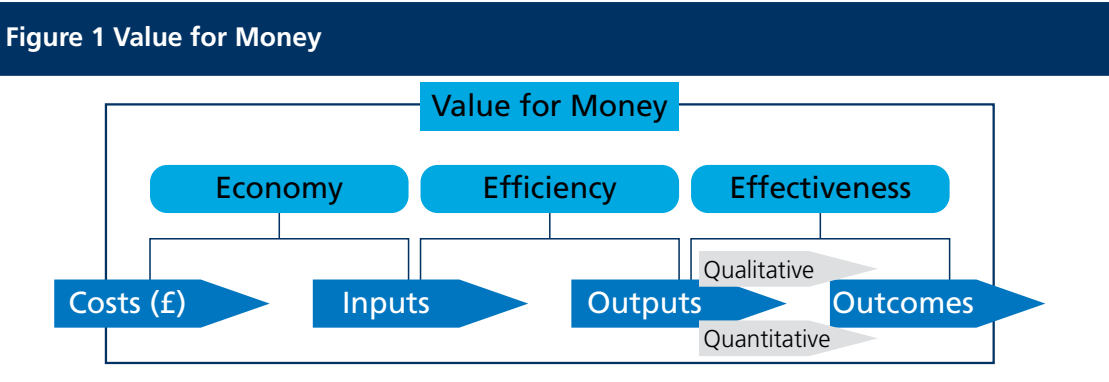
2.1 **The new UK Government has commissioned a full review to ensure maximum value for money from DFID’s contributions to the multilateral organisations.**

3. Scope

3.1 The review will consider all core multilateral funding channels. These are set out in Appendix 1 and include all:

- multilateral organisations which receive core funding from or attributed to DFID; and
- multi-donor trust funds which receive flexible, unearmarked, funding from DFID headquarters e.g. the CERF.

3.2 The review will consider all the stages of the value for money chain from control of costs to delivery of results.



3.3 The review will look both backwards and forwards. It will consider the extent to which the multilateral organisations have delivered and demonstrated value for money in the past. It will also consider their plans going forward and the likelihood of reform. It will make recommendations for how DFID should engage with the multilaterals in future to increase value for money. This will include recommendations for future DFID funding of the multilaterals, both as inputs to the Spending Review²⁴ and more generally to inform decisions about replenishment negotiations and annual funding discussions.

4. Methodology

- 4.1 The review will gather evidence from a wide range of sources, including:
- Multilateral Organisation Performance Assessment Network (MOPAN) and Paris surveys
 - Common Performance Assessment System (COMPAS) reports
 - The multilateral organisations' own results reporting, strategy documents etc
 - Reviews of the multilateral organisations' role and performance in at least nine countries (ToRs for the country reviews are attached at Appendix 2)
 - Discussions with key stakeholders, including developing country governments and civil society
- 4.2 Value for money encompasses both relevance and effectiveness. The review will assess the relevance of the multilateral organisations against a broad set of poverty reduction objectives, including gender equality, as well as against the thematic and sectoral objectives outlined in the Coalition Agreement (see Appendix 3). It will assess effectiveness across a number of dimensions, including cost control, efficiency in delivery, and management for results.
- 4.3 These issues are elaborated further in a set of assessment criteria which are attached at Appendix 4.
- 4.4 The review will assess the reform scope of each institution i.e. it will make an assessment of relevance and value for money which is forward looking as well as backward looking.
- 4.5 The review will develop a methodology which brings these assessments of relevance and value for money into a single representation of multilateral contribution to UK objectives. This may take the form of an index.

²⁴ The Spending Review, which will be published in the autumn, will set out spending plans to spring 2015. All UK government departments have been asked to prioritise their programmes against tough criteria on ensuring value for money.

5. Stakeholder engagement

- 5.1 The multilateral organisations were informed about the review by means of a letter from the Secretary of State on 9 June. DFID will give them the Terms of Reference for the review and invite them to provide contributions to the review by 13 August. The multilateral organisations will be given the opportunity to comment on the assessment methodology, as well as providing evidence on value for money. The value for money contributions should be not more than four pages in length, including references to publicly available sources of information as appropriate. This invitation may be followed up by more specific requests for additional information in the autumn.
- 5.2 Civil society organisations based in the UK will be invited to contribute to the review by means of a letter from the Secretary of State which will set out the consultation process. A follow up roundtable meeting for CSOs will also be held in DFID.
- 5.3 The process of information gathering and discussion at country level will include DFID staff, other donors, the local offices of the multilateral organisations, civil society, and developing country governments.
- 5.4 DFID places a high value on the views of developing countries. Wherever possible, the MAR will draw on research into developing country views of multilateral performance, including through MOPAN assessments. The MAR will also try to organise a stakeholder event with developing country governments.
- 5.5 Other UK government departments, including Her Majesty's Treasury, will be kept informed of progress on the review. They will be involved in the assessment of relevance and effectiveness as appropriate, and consulted about possible exits or proposals for significant changes in funding.

6. Review team and governance

- 6.1 The review will be led by a team largely based in the International Directors' Office (IDO), with significant contributions from many others in DFID, including:
 - institutional teams, who will be responsible for pulling together much of the evidence on relevance and effectiveness, forming an overall judgement on value for money, and leading discussions with other UK government departments;
 - missions/delegations/permanent representations in Paris, Brussels, Geneva, Rome, New York and Washington, who will contribute to these judgements as well as playing a major role in stakeholder management;
 - country offices, who will contribute to the reviews of value for money at country level;
 - policy teams, who will advise on the contribution of the multilateral organisations to thematic or sectoral objectives.

- 6.2 The work will be owned and overseen by Rachel Turner, Director International Finance Division.
- 6.3 The review team will establish an external peer review process, which will consist of either a single reviewer or a panel. The peer reviewer(s) will contribute to the development of the assessment methodology, and help to ensure that the assessments themselves are sufficiently robust.

7. Report

- 7.1 The report will be published in early 2011.

Appendix 1

Organisations/Funds included in the Multilateral Aid Review

- The African Development Fund (AfDF)
- The Asian Development Fund (AsDF)
- The Caribbean Development Bank (CDB)
- Central Emergency Response Fund (CERF)
- The Climate Investment Funds (CIFs)
- The Development Programmes of the Commonwealth Secretariat (CommSec)
- European Commission Budget (EC'ion Budget)
- European Development Fund (EDF)
- European Bank for Reconstruction and Development (EBRD)
- Food and Agriculture Organisation (FAO)
- The Education for All – Fast-track Initiative (FTI)
- The Global Alliance for Vaccines and Immunisation (GAVI)
- Global Environment Facility (GEF)
- The Global Fund to Fight AIDS, TB and Malaria (GFATM)
- Global Facility for Disaster Reduction and Recovery (GFDRR)
- European Commission Humanitarian Aid and Civil Protection (ECHO)
- Inter-American Development Bank (IADB)
- International Committee of the Red Cross (ICRC)
- International Development Association (IDA)
- International Fund for Agricultural Development (IFAD)

- International Federation of Red Cross and Red Crescent Societies (IFRC)
- International Finance Corporation (IFC)
- International Labour Organisation (ILO)
- International Organisation for Migration (IOM)
- Office of the High Commissioner for Human Rights (OHCHR)
- United Nations Peacebuilding Fund (PBF)
- The Private Infrastructure Development Group (PIDG)
- United Nations Human Settlements Programme (UN-HABITAT)
- Joint United Nations Programme on HIV/AIDS (UNAIDS)
- United Nations Development Programme (UNDP)
- United Nations Educational, Scientific and Cultural Organisation (UNESCO)
- United Nations Environment Programme (UNEP)
- Expanded Delivering as One Funding Window for the achievement of the MDGs (EFW)
- United Nations Population Fund (UNFPA)
- United Nations High Commission for Refugees (UNHCR)
- United Nations Children's Fund (UNICEF)
- United Nations Industrial Development Organization (UNIDO)
- United Nations Development Fund for Women (UNIFEM)
- The United Nations International Strategy for Disaster Reduction (UNISDR)
- UNITAID
- United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
- World Food Programme (WFP)
- World Health Organisation (WHO)

Appendix 2

Terms of Reference for Country Reviews

UK MULTILATERAL AID REVIEW

COUNTRY LEVEL WORK

Background

The multilateral system is critical to DFID's fight against poverty. DFID provides nearly half of its total programme as core funding to multilateral organisations. In 2009/10 this was about £3 billion. In addition, DFID also asks multilaterals to manage some of its bilateral funding – in 2008/09 this totalled £0.9 billion.

Purpose of Country Level Work

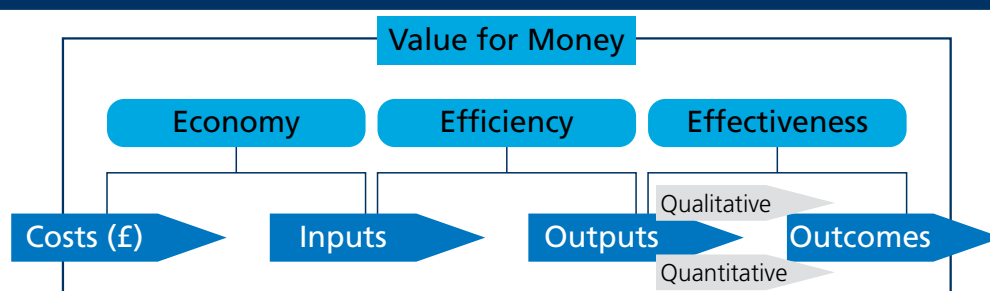
The new UK Government has commissioned a full review to ensure maximum value for money from DFID's contributions to the multilateral organisations.

The review will consider all the stages of the value for money chain from control of costs to delivery of results.

DFID wants to reinforce the review with evidence taken directly from country stakeholders about the relevance and effectiveness of multilaterals and the results delivered in specific countries.

This country-level work will be used to explore and challenge more general evidence and judgements about the performance of the multilateral organisations.

Figure 1 Value for Money



Approach

The work will be informed primarily through interviews with:-

- DFID staff in country

- Key members of multilateral organisations in country
- Host government officials (if host government time allows)
- Other stakeholders, such as civil society.

Outputs

The work will be an input into the wider MAR report and publicly available key findings and as such will not be published as a stand alone country report(s). It may be used as examples or evidence in the main report.

Key Areas for Consideration

General Role and Relevance of the Organisations

- How critical are different multilaterals to the delivery of the MDGs in-country?
- How critical are different multilaterals to other key development goals in country, including economic growth, adapting to climate change, conflict and humanitarian objectives?
- Are multilaterals filling any critical gaps at the country level in the international development architecture (e.g. shocks, disease, climate change), meeting gaps in knowledge, or introducing more appropriate aid instruments.

Specific Relevance to UK Priority Objectives

The UK government has set out development priorities in its Coalition Agreement (see Appendix 3). These include maternal health, preventing malaria, improving access to reproductive health, wealth creation and climate change.

- How critical are different multilaterals to the delivery of these specific objectives?

Value for Money

Do the multilaterals strive for value for money in all they do?

Issues will include:-

- Cost control and concern for costs (in overheads and programme)
- Efficiency in delivery (delays or speedy responses) and keeping transaction costs down by not replicating systems and working in a cost-effective way)
- Management for results (clearly striving for results, evidence of active management for results, sorting problems, evidence of impact at the country level)
- Reinforcing strong partnerships for delivery (working well with others to maximise the collective impact of aid, reinforcing the country's own policy and accountability processes, or adding heavy burdens and dragging down the collective effort).

Appendix 3

Extract from the Coalition Agreement

The Coalition:

Our programme for Government

18. INTERNATIONAL DEVELOPMENT

The Government believes that even in these difficult economic times, the UK has a moral responsibility to help the poorest people in the world. We will honour our aid commitments, but at the same time will ensure much greater transparency and scrutiny of aid spending to deliver value for money for British taxpayers and to maximise the impact of our aid budget.

- We will honour our commitment to spend 0.7% of GNI on overseas aid from 2013, and to enshrine this commitment in law.
- We will encourage other countries to fulfil their aid commitments.
- We will support actions to achieve the Millennium Development Goals. In particular, we will prioritise aid spending on programmes to ensure that everyone has access to clean water, sanitation, healthcare and education; to reduce maternal and infant mortality; and to restrict the spread of major diseases like HIV/ AIDS, TB and malaria. We will recognise the vital role of women in development, promote gender equality and focus on the rights of women, children and disabled people to access services.
- We will use the aid budget to support the development of local democratic institutions, civil society groups, the media and enterprise; and support efforts to tackle corruption.
- We will introduce full transparency in aid and publish details of all UK aid spending online. We will push for similarly high levels of transparency internationally.
- We will create new mechanisms to give British people a direct say in how an element of the aid budget is spent.
- We will keep aid untied from commercial interests, and will maintain DfID as an independent department focused on poverty reduction.
- We will stick to the rules laid down by the OECD about what spending counts as aid.

- We will push hard in 2010 to make greater progress in tackling maternal and infant mortality.
- We will work to accelerate the process of relieving Heavily Indebted Poor Countries of their debt.
- We will support efforts to establish an International Arms Trade Treaty to limit the sales of arms to dangerous regimes.
- We will support pro-development trade deals, including the proposed Pan-African Free Trade Area.
- We will support innovative and effective smaller British non-governmental organisations that are committed to tackling poverty.
- We will explore ways of helping the very poorest developing countries to take part in international climate change negotiations.
- We will ensure that UK Trade and Investment and the Export Credits Guarantee Department become champions for British companies that develop and export innovative green technologies around the world, instead of supporting investment in dirty fossil-fuel energy production.
- We will provide a more integrated approach to post-conflict reconstruction where the British military is involved – building on the Stabilisation Unit in Whitehall and creating a new Stabilisation and Reconstruction Force to bridge the gap between the military and the reconstruction effort.
- We will review what action can be taken against ‘vulture funds’.
- We will support reform of global financial institutions such as the World Bank and the International Monetary Fund in order to increase the involvement of developing nations.

Appendix 4

Assessment Criteria (updated since original ToRs)

The following table provides a brief overview of the metrics that DFID plans to use to assess the Multilateral Organisations. Organisations will receive a score between 1 (weak) and 4 (strong) for each criterion with the exception of criterion 10 which will be scored between 1 (uncertain) and 3 (highly likely).

Table 2 The Multilateral Aid Review Assessment Framework	
COMPONENT	CRITERIA
1. Critical role in meeting development objectives	<ul style="list-style-type: none"> ▪ Important role in delivering key international development goals or humanitarian objectives, with country level evidence of this ▪ Important role in delivering UK development or humanitarian priorities, with country level evidence of this
2. Attention to cross-cutting issues	<ul style="list-style-type: none"> ▪ Performs well in fragile contexts ▪ Promotes gender equality ▪ Ensures its activities are low carbon, climate resilient and environmentally sustainable
3. Focus on poor countries	<ul style="list-style-type: none"> ▪ Allocates resources to countries that need it most or prioritises areas of greatest humanitarian need ▪ Allocates resources to countries where it will be best used
4. Contribution to results	<ul style="list-style-type: none"> ▪ Objectives are challenging e.g. strives to reach the very poorest ▪ Strives for results at country level ▪ Demonstrates delivery against objectives ▪ Contributes to development or humanitarian results
5. Strategic/ performance management	<ul style="list-style-type: none"> ▪ Has a clear mandate, and strategy and implementation plans to deliver it ▪ Governing body is effective at holding management to account ▪ Leadership is effective ▪ Measures results ▪ Has an effective evaluation function ▪ Governing body and management use results and evaluation evidence to improve decision making ▪ Has good HR policies and practices
6. Financial resource management	<ul style="list-style-type: none"> ▪ Allocates aid transparently ▪ Funding is predictable ▪ Proactively manages poorly performing projects and programmes ▪ Ensures financial accountability ▪ Instruments are appropriate

Table 2 The Multilateral Aid Review Assessment Framework <i>continued</i>	
COMPONENT	CRITERIA
7. Cost and value consciousness	<ul style="list-style-type: none"> ▪ Challenges and supports partners to think about value for money ▪ Rates of return and cost effectiveness issues are important factors in decision-making ▪ Achieves economy in purchase of programme inputs ▪ Controls administrative costs
8. Partnership behaviour	<ul style="list-style-type: none"> ▪ Works effectively in partnership with others ▪ Implements social safeguard policies including incorporating beneficiary voice ▪ Has flexibility which enables a country-led approach ▪ Follows Paris/Accra principles in its approach to aid delivery ▪ Provides an effective leadership and co-ordination role in humanitarian settings
9. Transparency and accountability	<ul style="list-style-type: none"> ▪ Has a comprehensive and open disclosure policy ▪ Promotes transparency and accountability in partners/recipients ▪ Routinely publishes project documentation and project data ▪ Signatory of IATI and shows commitment to implementation ▪ Governing structures include effective partner country representation ▪ Partner country stakeholders have right of redress and complaint
10. Likelihood of positive change	<ul style="list-style-type: none"> ▪ Governing body and management continuously strive for improvement ▪ Evidence of progress against reform objectives in the past ▪ Opportunities to promote reform are anticipated

Annex **8**

Terms of Reference

Engagement of External Independent Reviewer Panel to guide and quality assure DFID's Multilateral Aid Review

1 Background

- 1.1 The multilateral system is critical to DFID's fight against poverty. DFID provides nearly half of its total programme as core funding to multilateral organisations (MOs). In 2009/10 this was about £3 billion. In addition, DFID also asks multilaterals to manage or act as delivery partner for some of its bilateral funding at country level – in 2008/09 this totalled £0.9 billion.
- 1.2 The Secretary of State for International Development launched a Multilateral Aid Review (MAR) on 9 June this year. The purpose of this review is to ensure that DFID gets maximum value for money from its contributions to multilateral organisations (MOs). The MAR will be published and publicly available early in 2011.
- 1.3 The review will make recommendations for how DFID should engage with the multilaterals in future to increase value for money. This will include recommendations for future DFID funding of the multilaterals, both as inputs to the Spending Review²⁵ and more generally to inform decisions about replenishment negotiations and annual funding discussions.
- 1.4 In order to do this, the MAR will rank MOs according to their relevance, effectiveness and reform scope. It will gather evidence on these areas by conducting a number of exercises:
 - Country-level evidence of relevance, effectiveness and reform scope gathered through visits by DFID staff to nine developing countries
 - Desk-based assessments by DFID staff of the relevance, effectiveness and reform scope of each MO
- 1.5 MOs and Civil Society Organisations (CSOs) will be consulted in the development of the assessment criteria for the desk-based review. They will also be asked to submit evidence to input into the review.

25 The Spending Review, which will be published in the autumn, will set out spending plans to spring 2015. All UK government departments have been asked to prioritise their programmes against tough criteria on ensuring value for money.

2 Purpose

- 2.1 To ensure that the MAR is informed and quality assured by leading thinkers on international development. These thinkers should be independent to Her Majesty's Government. This will improve both the robustness and credibility of the MAR.

3 Scope of work

- 3.1 The reviewers will focus their involvement on the following parts of the MAR process:
- Helping to develop and refine the assessment criteria for making the desk-based assessments (Annex 4 in the attached Terms of Reference (ToRs) for the MAR provides an overview of the draft assessment criteria). This includes developing and proposing a methodology for DFID to translate the results of the desk-based assessments into rankings for the MOs.
 - Challenging and quality assuring the assessments and the final ranking
- 3.2 The ToRs for the MAR includes further detail on the MAR process and particularly the following:
- The list of MOs included in the MAR (Annex 1). This includes both development and humanitarian focused MOs
 - The country-level work which will feed into the desk-based assessments (Annex 2)
 - The extent of consultation with MOs and CSOs (the main text of the ToRs)

4 Responsibility & Outputs

- 4.1 The review panel will be responsible for delivering the following outputs to DFID:
- Revised assessment criteria for the desk-based assessments. The process should include two meetings with DFID: one at the outset for DFID to explain the development of the guidance so far; and one at the end for the review panel to explain the proposed revised assessment criteria.
 - A proposed methodology for translating the assessments into rankings for the MOs. Again meetings should be organised with DFID both at the outset and at the end.
 - The reviewers will challenge the robustness of the final assessments (and their implied rankings). They will come into DFID for two days in the middle of October (date to be confirmed). The challenge will be based on whether the final scores reflect what the evidence and the assessment criteria would suggest.

- The reviewers will write a short commentary on the methodology and results which will be published together with the report. DFID will be able to comment on the draft text, but the final text will be at the discretion of the reviewers.

5. Inputs and Timing

- 5.1 The reviewers should have the following qualities:
- expertise and internationally renowned reputation in international development with a particular focus on the role of MOs;
 - expertise in multilateral aid effectiveness issues;
 - be independent of HMG;
 - strong analytical and report writing skills; and
 - an understanding of how aid agencies make aid allocation decisions.
- 5.2 The reviewers will need to commit to up to 25 days starting from the 27 July to the end of the year.

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