

Study of AusAID's Approach to Assessing Multilateral Effectiveness

A study commissioned by the Independent Review of Aid Effectiveness to assist in their overall analysis of the effectiveness and efficiency of the Australian aid program

Martin Dinham

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The views expressed in this report are those of the author and do not necessarily express the position of the Australian Government or of the Independent Review of Aid Effectiveness Panel

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Executive Summary

Context

As Australia's aid programme increases over the next five years, a significant proportion of these funds is likely to be channelled through multilateral organisations (MOs). This review examines the processes that AusAID, the Australian Government's lead Agency on the aid program, has in place to help ensure that aid funds channelled through these organisations are spent as effectively as possible; and where these processes need to be strengthened.

The review examines the case for supporting multilateral organisations, noting their legitimacy and weight in addressing challenging issues and coordinating donor efforts; and their size and scope, which enables them to undertake programs beyond the capacity or geographical reach of bilateral donors such as Australia. It also notes that while some are highly effective, performance of MOs overall is uneven; hence the emphasis donor governments have been placing on assessing their relative effectiveness as a guide to how best to allocate resources and staff time between them.

The review looks at different sources of information currently available on the effectiveness of MOs. Most substantial of these is the information generated by MOs themselves, including annual reports, results frameworks and monitoring and evaluation documentation. This should be the starting point for any assessment of performance but the output is huge and not always of consistent quality. Donors including AusAID need to give these documents sufficient scrutiny to draw and disseminate clear messages from them. Other sources include multi-donor groups such as the Multilateral Organisations Performance Assessment Network (MOPAN) of 16 countries (Australia is one) and civil society groups producing reports and comparative rankings on MOs. These provide donors with helpful insights on multilateral performance and again AusAID needs to be systematic in collecting and using this information in its own assessments. The review also analyses the approaches adopted by other bilateral donors some of which have conducted their own assessments of MOs and identifies material and best practice on which AusAID could usefully draw.

Australia currently provides its multilateral aid, totalling nearly \$1.3 billion a year, to a range of MOs, including multilateral banks such as the World Bank and the Asian Development Bank, a range of United Nations development bodies, Global Funds, humanitarian organisations and Commonwealth bodies. It provides about two-fifths of this funding in the form of unearmarked ('core') support for these organisations' budgets; and about three-fifths in the form of 'non-core' resources earmarked for specific purposes including co-financed activities with MOs, and multi-donor trust funds. There is no easy answer to the correct balance in Australia's case but the review concludes that whatever channel is chosen the key is to ensure that the funds will be used as effectively as possible.

The review examines AusAID's current processes for ensuring this. A number of these processes are sound and well conceived and generate useful information on the performance of MOs; but this information is not always being drawn together by AusAID to give a coherent picture of the performance of each organisation. Separate assessments (called Quality at Implementation Reports of QAIs) are carried out by different parts of AusAID on core and non-core funding of the same organisation, for example, and links are not consistently made between the two.

The Way Ahead

The review makes a number of detailed recommendations on how existing practices can be strengthened and some gaps filled.

- **At the strategic level, an overall multilateral engagement strategy, already in draft, should be completed and promulgated, to clarify the context in which future decisions will be taken on multilateral funding and policy.**
- **There should be a periodic 'report card' to let the public know how progress on implementing the strategy is proceeding.**
- **Below this, AusAID should prepare organisational strategies for all its key multilateral partners, setting each organisation in its full context and taking in the range of AusAID's interaction with it – core and non-core; policy, financial and operational.**
- **When the current cycle of AusAID's Partnership Frameworks with international (mainly UN) bodies come to an end, these should be replaced by new agreements, where possible drawn up with other like-minded donors, with a more explicit link between the MO's performance and AusAID's future funding.**
- **To underpin these processes, a desk study should be carried out by AusAID, drawing on comparative rankings of MOs by other bilateral and civil society organisations, and adjusting these in the light of Australia's own criteria for effectiveness, and geographical and thematic focus. This should provide important relative assessments of AusAID's main multilateral partners and inform future decisions on funding and policy engagement.**
- **At the operation level, AusAID should tighten up a number of its existing quality reporting processes and draw together the data to inform multilateral decision-making.**
- **In particular, Annual Program Performance Reports should include assessments of the performance in-country of AusAID's multilateral partners, and country strategies should identify the key MOs important for meeting AusAID's in-country objectives.**
- **The multilateral side of AusAID's work is significantly understaffed for it to share best practice, analyse available data and give MOs' performance the scrutiny it requires.**
- **An increase in AusAID staff in the multilateral area is therefore needed, alongside the development of a strong cadre of multilateral expertise and clear messages from senior management on the importance of this side of AusAID's business. This is a necessary part of AusAID's transition into an increasingly significant global development player.**

The review draws attention to AusAID's separate Review on Multilateral Visibility and Branding and the importance of ensuring that AusAID communicates clearly and effectively to the public the results secured from Australia's support to the multilateral system. The role civil society and other government departments can play in this process is also highlighted, as is the need to ensure that there is strategic engagement and a good exchange of information and ideas with these partners on multilateral effectiveness issues.

The review concludes that this all represents part of a challenging but achievable change agenda for AusAID in which the repositioning and enhanced professionalisation of the multilateral side of AusAID's work should be a defining feature.

Chapter 1: Introduction

1.1 Australia's aid programme is increasing substantially. It has doubled in size over the past five years to about \$4.3 billion in 2010/11 and on present predictions will double again by 2015/16, by which time the Government has pledged to increase aid to 0.5% of gross national income. A continuing focus of the Government's efforts is to ensure that as the aid program increases so too does its effectiveness.

1.2 Historically, Australia has channelled the bulk of its aid resources into bilateral assistance to developing countries resulting in a more modest engagement with multilateral development organisations compared to other bilateral donors. The latest available figures (for 2008) published by the OECD's Development Assistance Committee (DAC) show Australia spending \$2,361m as bilateral aid. This compares with \$337m as core funding to multilateral organisations (MOs) such as United Nations funds and programs, the World Bank and the Asian Development Bank, equivalent to about 13% of Australia's total official development assistance (ODA). The average for all DAC donors is 28%. If Australia's non-core¹ funding to MOs of \$563m for 2008 is added, this takes Australia's total spending through multilateral channels to \$900m or some 33% of ODA (though still below the DAC average of 40%).

1.3 The Australian Government has expressed its intention to engage more with the multilateral system and this is already showing through its increased total multilateral spending of nearly \$1.3 billion in 2009/10. With the likelihood of greater multilateral allocations as the whole of the aid programme rises, this figure could reach \$2 billion or even double over the next five years.

1.4 With this background in mind, this review has been commissioned² to examine the processes in place to help ensure that Australian funds channelled through multilateral organisations are being spent as effectively as possible; and whether or not changes need to be introduced, particularly given the prospect of greater use of these channels in the future. The scope of the Review does not include making assessments of individual multilateral organisations or judgements on how Australia's multilateral funding is currently deployed; but it will point to ways of maximising the effectiveness of this expenditure in the future.

1.5 The review will consider:

- The rationale for multilateral funding and how Australia currently deploys its multilateral contributions including between core and non-core funding;
- The approaches already in place, and the material available, either in MOs themselves or through multi-donor approaches, to assess the effectiveness of MOs;
- Approaches taken by other bilateral donors to assess multilateral performance;
- The processes that AusAID, the lead Agency within the Government on the aid program, currently has in place to assess the effectiveness of the contributions it makes to MOs and ways of strengthening these;

¹ See Chapter 2, paragraph 2.4 for definitions of core and non-core funding.

² See full terms of reference at Annex 1

- The visibility of AusAID’s multilateral development effort; and
- The roles and expectations of other interested Australian Government Departments and non-governmental organisations (NGOs) on multilateral effectiveness issues.

1.6 The final section of the review will draw together conclusions and recommendations on steps for Australia to take to maximise the value for money, relevance, effectiveness and visibility of its multilateral development funding.

1.7 This report has been compiled on the basis of a desk study of available literature and documentation listed in the bibliography in Annex 2 and discussions in person or by teleconference with the people listed in Annex 3, who include representatives from multilateral and bilateral donor agencies, non-governmental organisations and the Government of Australia. The consultations included visits to Canberra, to the DAC and others in Paris, and to the UK Department for International Development (DFID) in London. I am extremely grateful to all those who have given their time to talk to me and for the excellent support from AusAID staff, including in providing me with briefing and other background documents on which I have extensively drawn. Needless to say, the responsibility for any misunderstandings or errors of fact and judgement is mine alone.

Martin Dinham

Chapter 2: The rationale for multilateral expenditure and the current shape of Australia's multilateral aid program

Rationale for multilateral aid

2.1 The case for supporting multilateral organisations (MOs) is well documented. Their wide membership gives them greater legitimacy and weight in addressing challenging issues and coordinating donor efforts; they have neutrality which allows greater scope for dialogue with recipient countries; and their large size enables them to undertake programs beyond the capacity of bilateral donors such as Australia. They have a clear mandate to address global or regional problems in areas that need the concerted efforts of the international community such as environment and health. MOs play a leadership role in championing the Millennium Development Goals (MDGs), a central plank of Australia's aid program. Evidence shows that multilateral organisations tend to balance their aid allocations somewhat better than bilateral aid agencies, and in objective ranking exercises a number of them frequently appear as amongst the most effective deliverers of development assistance.

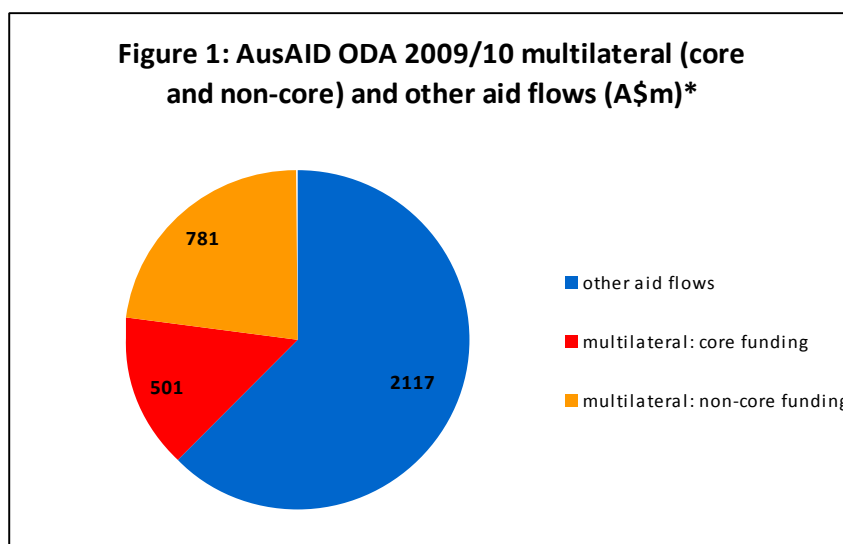
2.2 In the specific case of Australia, working through the multilateral system can extend Australia's reach in those areas where Australia has limited experience or presence (such as Africa, South Asia and Latin America); it can deliver activities beyond Australia's capacity (for example food aid, large scale humanitarian assistance and large infrastructure); and extend Australia's influence within the major multilateral institutions enabling it to contribute to a much larger share of international development efforts. Multilateral organisations are also valuable policy partners where their global knowledge and expertise or convening power complement Australia's local knowledge, presence and networks. In many circumstances, channelling funds through central multilateral budgets can involve fewer donor staff resources than funding and delivering programs bilaterally. It is also an undeniable fact that Australia could not deliver a doubling of its aid program effectively by 2015/16 without channelling a substantial share of this through multilateral channels. It would be unrealistic to think that AusAID, or indeed any other bilateral donor in similar circumstances, could ramp up its bilateral effort sufficiently quickly to achieve this.

2.3 However, there are also challenges in engaging with the multilateral system. It has become increasingly complex, comprising well in excess of 200 agencies, adding to fragmentation and duplication. While some MOs are high performers, the effectiveness of others is seen as patchy, with concerns ranging from perceived institutional complexity, lack of transparency, higher absolute costs, remoteness and lack of accountability, and insufficient evidence of effectiveness. With increasing pressure on domestic budgets, donor governments have been placing much greater emphasis on assessing the effectiveness and relevance of different MOs as a guide to how best to allocate both their resources and their staff time between them. Chapters 3 and 4 of this Review focus on this aspect.

The current shape of Australia's multilateral aid program

2.4 AusAID does not have an overall policy that outlines the relative advantages and disadvantages of funds channelled to and through multilateral organisations versus funds channelled through other avenues, and does not propose a split of funding between them. This is also the case with many other bilateral donors, although some (such as Germany and Switzerland) have caps on their multilateral spending imposed by their legislatures. Australia provides funding to multilateral organisations in two ways:

- **Core funding**, which is regular, predictable funding, not tied to specified purposes, that multilateral organisations use in line with their mandate and agreed strategic priorities. Core contributions have been increasing – from \$478.77 million³ in 2006-07 to \$500.73 million in 2010-11 (see Appendix 1);
- **Non-core funding**, which is managed by bilateral, regional and thematic areas of AusAID and is provided for a specific purpose. It includes joint or co-financed activities with or through multilateral organisations, and multi-donor/global trust funds. Australian non-core contributions (see Appendix 1) are also increasing – at a faster rate than core contributions, rising from \$294.48 million in 2006-07 to \$780.92 million in 2009-10, spent across approximately 400 separate programs, projects and activities. The figure of \$781 million represented nearly 37 per cent of AusAID's total Official Development Assistance (ODA) and was more than 50 percent bigger than the core figure for that year (see Figure 1 below).



* AusAID total ODA of \$3399 million represents 86.5 per cent of Australia's total ODA of \$ 3927 million

³ Includes Australia's contribution of \$136.2 million for the Multilateral Debt Relief Initiative announced by G8 Finance Ministers in June 2005.

2.5 There is an active international debate on the pros and cons of core vs non-core funding⁴ and this is highly relevant to the effectiveness of Australia's aid. Core funding is generally seen as the best route for furthering multilateral effectiveness. While over-reliance on earmarked funding adds to the proliferation of aid activities, core funding supports flexibility and MOs' capacity to respond to the needs of recipient countries, unhindered by donor earmarking. It strengthens Australia's voice in regard to improving effectiveness, quality and efficiency, at the global and country-level. There is no question that Australia's large core contributions to the Asian Development Bank (ADB) have secured it significant influence at the Bank's Board in pressing for greater organisational effectiveness and attention to development results. Similarly, where Australia's core contributions to UN organisations have been such as to ensure it a place amongst the top ten largest donors, its voice in debates on policy and reform has undoubtedly been enhanced.

2.6 On the other hand, Australia's generally low core contributions relative to other donors and compared to the level of its own non-core funding can be explained in part at least by Australia's unusual geographical circumstances. Many multilaterals have a primary focus on Africa and tend to have less engagement in Asia and very little engagement in the Pacific. Those that do operate in these regions, and particularly in the Pacific, do not necessarily prioritise these areas either for core funding or for their best staff. This has driven a tendency for AusAID to use non-core funding as leverage, helping to influence the focus and performance of multilaterals in those areas to which it attaches greatest importance. There is also the question of the visibility of multilateral aid operations, an important issue for maintaining Australia's domestic constituency for development spending. Australia's core funding to multilateral agencies is less visible and more difficult to attribute than earmarked, non-core funded operations with MOs in specific countries.

2.7 There are also important distinctions to be made between types of non-core funding. At its worst it can lead to many small, unstrategic activities, and unpredictable allocations of resources for non-priority areas, which can undermine a multilateral agency's strategic focus. But some non-core funding mechanisms are both predictable and appropriate and have the potential to provide an efficient and targeted response to aid challenges. Australia provides more than half of its bilateral aid to fragile states. Earmarked funding, including planned and coordinated donor allocations through multilateral donor trust funds such as the Afghanistan Multi-Donor Trust Fund, is often the best way to provide support to fragile states. Similarly, coordinated donor funding channelled for example through the World Bank-managed Climate Investment Funds or the UN Multi-Donor Trust Fund Office (which other donors have used as a one-stop shop to establish a single agreement with one UN entity instead of entering into separate agreements with each UN agency) can be efficient and strategic.

2.8 AusAID has not taken a position to date on the 'right' balance to achieve between core and non-core spending and for the reasons indicated there is no easy answer to this. AusAID's expressed intention, when more resources come on stream between now and 2015/16, is to increase the volume of core resources, for example through additional unearmarked allocations to better performing multilateral agencies, over and above the core amounts that they would expect to receive based on Australia's previous regular funding levels.

⁴ See in particular pp 38-44 of the 2010 DAC Report on Multilateral Aid:
<http://www.oecd.org/dataoecd/23/17/45828572.pdf>

2.9 This makes much sense from an effectiveness point of view; and the proposals discussed later in Chapter 5 for strengthening AusAID's processes for assessing the comparative effectiveness of its multilateral partners will be helpful in suggesting to which agencies these additional resources should be directed. As important as achieving a particular ratio between core and non-core funding is ensuring that whichever of these channels is used is effective; and that links are established between them so that a composite picture of each MO's performance can be established. This is not currently happening in the way that it should, with AusAID applying different quality reporting processes to core and non-core funding to the same organisation and making insufficient linkages between them. Again Chapter 5 suggests ways in which these linkages can be improved. The remainder of this Chapter looks briefly at how decisions on core and non-core allocations are currently made.

How decisions on core allocations are currently made

2.10 Currently the allocation of Australian core funding to multilateral institutions predominantly occurs when multilateral funds are periodically replenished or through UN agencies' annual budget processes. The starting point for core contributions to **multilateral development banks** (MDBs) is Australia's past burden share, agreed with other donors in previous fund replenishment rounds. A decision to maintain, increase or reduce burden share is then made, based on the assessments of the organisation's effectiveness and its alignment with Australia's development priorities. Australia has substantially increased its commitment to the International Development Association (IDA), the concessional financing arm of the World Bank, with a total contribution to the IDA 16 replenishment of \$830.35m, an increase of 20 per cent in nominal Australian dollar terms compared to IDA 15. Australia has also contributed significantly to the Asian Development Fund (ADF), the concessional financing arm of the Asian Development Bank. In the ADF 10th Replenishment, Australia maintained its position as the third largest donor to the Fund, with a contribution of \$332.8m.

2.11 Decisions around core funding for **United Nations development and humanitarian agencies** are informed by a range of factors. These include:

- Partnership Frameworks between AusAID and eleven UN agencies⁵ which commits AusAID to providing multi-year core funding commitments, with the intention of improving the predictability of Australia's multilateral aid contributions. The agreements establish strategic priorities and objectives between AusAID and the relevant multilateral institution;
- A Budget Measure, the 'United Nations Partnerships for the Millennium Development Goals', introduced in 2008/9, which allocated additional funding (\$200 million over 4 years) to seven of the Partnership Framework agencies;
- Emerging development priorities (for example, the UN Peacebuilding Commission and the Central Emergency Response Fund);
- Positions taken by other donors in the relevant pledging and budget setting rounds for each institution.

2.12 For the most part, AusAID's decisions on core funding to these UN agencies have not been influenced in a systematic way by assessments of the comparative effectiveness of these agencies.

⁵ UNDP, UNICEF, UNAIDS, UN Women, UNFPA, UNOCHA, WHO, WFP, ILO, the UN Secretariat of the International Strategy for Disaster Reduction, and most recently (Dec 2010) with the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

2.13 In addition to the MDBs and UN bodies, Australia contributes to a range of other multilateral bodies, most notably **Global Funds** (such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) ; the Global Alliance for Vaccines and Immunisation (GAVI); the Global Environment Facility; the Climate Investment Funds; the Montreal Protocol Multilateral Fund; and the Education for All Fast Track Initiative) where funding decisions are for the most part based around a replenishment process with some similarities to those for the MDBs; a number of **Commonwealth organisations**, where core funding is generally based on a burden-sharing formula between the developed member countries, without any systematic reference to performance or effectiveness; and non-UN **humanitarian and relief organisations** such as the International Committee of the Red Cross (ICRC) .

How non-core allocation decisions are made

2.14 Australia's decisions on non-core allocations to multilaterals are currently made in a diversity of ways. They range from rapid responses to humanitarian appeals; to country project approval processes for joint financing and pooled funding operations with MOs in-country; to participation in coordinated multi-donor negotiations for thematic trust funds. Each one is subject to some form of quality reporting process unless (as in the case of short-term humanitarian operations) they are explicitly exempted from this. But as indicated earlier the links between these assessments and the evaluation of the effectiveness of the core-funded elements of multilateral partnerships have not been strong. Chapter 5 examines this issue in more detail.

Possible new directions

2.15 An account of the current shape of Australia's multilateral aid program would not be complete without a mention of two potential new directions to which AusAID has been giving recent thought. The first concerns **the International Fund for Agricultural Development (IFAD)**, from which Australia decided to withdraw in 2003-4, due in part to the Fund's lack of focus on South-East Asia and the Pacific and Australia's concerns at that time about its organisational effectiveness and lack of responsiveness in addressing this. Australia's growing interest in Africa and in rural development and food issues, together with the widely held perception of a strong improvement in IFAD's performance in the years since 2005, have led AusAID to commission a review of whether it should rejoin IFAD, and if so take part in the Ninth Replenishment process beginning in 2011.

2.16 The review begins in February 2011. It will draw on recent assessments of IFAD's effectiveness, consult stakeholders including IFAD management, and conduct limited in-country visits, with a view to a decision being reached in May 2011. The AusAID Food Security and Rural Development Section discussed these plans with me while I was in Canberra to ensure coherence with this Review. I **recommend that:**

- ❖ ***The review to consider whether Australia should rejoin the International Fund for Agriculture Development should take account of material on IFAD's performance contained in the multi-donor, civil society and bilateral donor surveys of multilateral effectiveness referred to in Chapters 3 and 4 of this Review and Appendices 3 and 4, in addition to IFAD's own reporting and self-assessment material.***

2.17 If a decision is taken to re-join IFAD, this will provide a useful early opportunity to put into operation the strengthened quality reporting and assessment processes recommended in Chapter 5 of this Review.

2.18 AusAID has also been reflecting on whether, given its growing albeit still modest development engagement in Africa, it should apply to join the **Africa Development Bank (AfDB) and Fund (AfDF)**, of which it has not previously been a member. There will be political as well as operational issues to consider. In operational and aid effectiveness terms, the case for any bilateral donor with a light regional presence to work predominantly through multilateral organisations is a powerful one and recent comparative assessments of multilateral agencies have shown the AfDB to be building up its performance well. Again the same sources mentioned in para 2.16 would be helpful in informing AusAID's consideration of this issue.

The need for an overarching multilateral framework

2.19 The Office of Development Effectiveness' 2008 Annual Review of Development Effectiveness (ARDE) noted that while AusAID had taken positive steps that year to assess the performance of working through multilateral organisations, this was still work in progress. It commented that: 'the program has clarified its objective in supporting particular organisations, but there would be value in developing an overarching framework that outlined the program's expectations when engaging with the multilateral system and provided strategic guidance on issues such as Australia's approach to reform and the use of core and non-core support. An agency-by-agency approach is unlikely to provide this overarching framework and may risk increasing the management burden for both the aid program and multilateral partners...In the end, the aid program needs to be able to demonstrate that it supports multilateral organisations that are contributing to progress towards the MDGs, that are becoming more efficient and effective over time and are improving the way they measure and report performance.'⁶

2.20 In part as a response to this, the Australian Government has produced for consultation a draft 'Multilateral Engagement Strategy for the Australian Aid Program 2011-2015'. This sets out why and how Australia works with multilateral organisations; how its relationships with priority multilateral organisations can be strengthened to deliver better outcomes; how to secure greater recognition and visibility for Australia's multilateral partnerships; how best to work with others to help make the multilateral system work better; and how to strengthen Australia's own ability to monitor and evaluate the success of its multilateral efforts. This is a good draft document, providing a helpful framework for the future direction of Australia's multilateral engagement and an overall context in which to consider its funding allocations and policy agenda for individual multilateral agencies. I therefore recommend that:

- ❖ ***The draft of the multilateral engagement strategy should be finalised as soon as possible, taking into account the recommendations of this Review and the wider Independent Review of Aid Effectiveness; and it should be given a wide and high profile circulation throughout AusAID, the relevant parts of the Australian Government and the international development community, so that all are clear about the context in which future decisions will be taken by Australia on multilateral funding and policy.***

⁶Annual Review of Development Effectiveness, page 30:
http://www.ode.usaid.gov.au/publications/pdf/arde_report-2008.pdf

Chapter 3: Multilateral and multi-donor approaches to assessing multilateral effectiveness

3.1 Chapter 2 sets out the general case for multilateral aid, noting its unique benefits, albeit alongside some of the accompanying challenges. What donors have found more difficult, however, is determining the relative priority to be given to different organisations within the multilateral system and then providing a convincing narrative for particular levels of funding.

3.2 This has led to a number of trends. The first is greater scrutiny of, and demand for improvements in, the information on effectiveness generated by the MOs themselves. The second is the creation of processes where donors, or in some cases civil society organisations, have worked together to test and where necessary supplement this information, and draw their collective conclusions about MOs' effectiveness. The third is where individual donors or agencies, operating by themselves, have developed their own approaches to assessing the effectiveness of the multilateral bodies they support, in order to inform their future policy stances towards these bodies and their resource allocation decisions. This Chapter concerns itself with the first two of these approaches; Chapter 4 focuses on the third.

3.3 Just a note here on how 'effectiveness' is defined. There is a good deal of literature on this subject.⁷ But two key components predominate: one covering **performance** in the sense of results on the ground, strong and transparent systems, value for money, delivery against objectives; and the second concerned with **relevance**, ie the importance of the MO's role and operations to the donor's own policy and geographical priorities and/or to key international development goals or humanitarian objectives. References to effectiveness in this Review reflect this broad interpretation.⁸

Reports and assessments by multilateral organisations themselves

3.4 A good deal of material is produced each year by multilateral organisations much of it in direct response to demands from members and shareholders for more information on performance. This ranges from annual reports, to specially designed performance frameworks, evaluation reports, project completion reports, and documentation produced for replenishment exercises and mid-term reviews. Much of this material is available on their websites. There is no question that substantial progress has been made over the past ten years in improving MOs' accountability and transparency.

3.5 The **UN Development Program (UNDP)** commented during this Review that at the end of the 1990s they like most other MOs had few systems in place to assess organisational goals or operational effectiveness save at the project level. They then introduced a multi-year performance

⁷ see for example pp 6-9 of the DANIDA 2008 Report 'Assessing Multilateral Organisation Effectiveness': <http://www.um.dk/en/menu/DevelopmentPolicy/Evaluations/Publications/EvaluationStudies/2008-3+Multilateral+Effectiveness.htm>

⁸ This interpretation also broadly encompasses AusAID's own Quality Reporting criteria of relevance, sustainability and gender equality (which come under the 'relevance' component); and effectiveness, efficiency, and monitoring & evaluation (which come under 'performance')

framework, linking vision, goals and their resource envelope. Then came the balanced scorecard. And their Strategic Plan two years ago brought in a new results framework against which they are now being assessed.⁹ They regard this still as work in progress; but feel they have come a long way. Similarly the **UN Children's Fund (UNICEF)**¹⁰ have introduced a range of new reporting processes and innovations on results in the last 18 months, including a dashboard mechanism to monitor the performance of country offices, and will have a further-enhanced performance management system operational in 2012.

3.6 In addition to other material available to underpin its recent replenishment exercise, the World Bank's **IDA** has developed a strengthened 4-tier results management framework¹¹ setting out outcome indicators for IDA countries (maternal and infant mortality, poverty indicators and so on); what the Bank is doing in those countries to help achieve those outcomes; how it is able to monitor and evaluate its results across all its operations; and an assessment of the Bank's organisational effectiveness. The Bank sees this as an important advance on previous approaches to assessing its effectiveness though recognises that this is still work in progress. They like others are continuing to work on how to assess the results of their less tangible work, such as knowledge activities and efforts to tackle climate change.

3.7 The **ADB** has also made important steps in improving their effectiveness. They have a long term Strategy¹² agreed in 2008 which sets clear goals for the institution on poverty reduction, inclusive economic growth, sustainable growth and regional integration and is accompanied by a robust 4-level results framework,¹³ which pre-dates IDA's, to monitor the Strategy's implementation. The ADB also publish a separate assessment of their performance against the global aid effectiveness commitments agreed at the Paris Declaration; and have an independent evaluation department reporting directly to the Board on a cross-section of projects.

3.8 Similarly the **Global Environment Facility** has an increasingly effective Evaluation Office,¹⁴ independent of the Fund, and providing reports direct to the Board; its Annual Report is a good source of information on results; and it produces a comprehensive 'Overall Performance Study'¹⁵ prior to each replenishment exercise, setting out what has been achieved against past undertakings together with future commitments on results.

3.9 So there is much material out there. Inevitably it is of uneven standard, with a general perception by donor countries that the information produced by the multilateral development banks, and those global funds (such as GAVI for example) with a clear 'product line', has been more compelling hitherto in providing a convincing narrative on results for domestic constituencies, than that provided by some of the UN bodies with less tangible mandates, who have a harder challenge to capture what they are achieving in an easily accessible way.

⁹ <http://www.undp.org/execbrd/adv2010-annual.shtm> (click on annual report of the administrator on this page)

¹⁰ http://www.unicef.org/about/execboard/files/E-ICEF-2010-9-E-Annual_report_of_ExecDir.pdf

¹¹ <http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1271341193277/ImplementationFramework.pdf>

¹² <http://www.adb.org/Strategy2020/>

¹³ <http://www.adb.org/mfdr/results-framework.asp>

¹⁴ http://www.thegef.org/gef/eo_office

¹⁵ <http://www.thegef.org/gef/OPS4>

3.10 But the material each multilateral organisation produces on results and performance should be the essential starting point for any donor assessment of that organisation, before the donor launches into any parallel assessments, whether by itself or in the company of others. I was struck by feedback by Australian Delegation Offices on this point. One commented: “..it is important that there is a reference to the multilaterals’ own performance and evaluation systems. Of course these are of variable quality and so we may not be able to rely on multilaterals’ own systems in their entirety if they are not up to scratch. However this is an important starting point in any multilateral performance information system as there is often a wealth of information already available publicly (both performance and evaluation material) and which we may not be systematically or strategically making use of. If we don’t think this information or the systems that support it are up to standard, then we should be working with other Board members/observers to push quality issues, through Board meetings and bilateral discussions with key multilateral partners”.

3.11 This is a key point to be kept in mind when considering the activity of multi-donor assessment groups in the remainder of this Chapter and bilateral assessments in Chapter 4. The latter assessments are going to continue for some while until the quality of MO reporting reaches an acceptable level of quality across the board. But it is important that each donor should be aware of the totality of information on effectiveness already available from MOs, a number of which told me that they were often approached by donor members for ‘additional’ data and information which had already been provided to them in existing documentation or presentations. This is partly a reflection of the sheer volume of material provided by the multilateral system as a whole, and the often sparse staffing in the multilateral policy departments in donor HQs.

3.12 But one simple fix is for someone in the donor HQ to be tasked to keep track of the documentation on results provided by each MO and compile an updated list of this, with links, on the internal website so that everybody has access to the most up-to-date body of knowledge. The Australian Delegation Office with responsibility for relations with the World Food Program (WFP) took the initiative recently to compile such a list in respect of all the information on performance available from WFP (from the Strategic Results Framework and Management Results Framework, to the Annual Report, to the Annual Performance Report, to Standard Project Reports, to the rolling series of evaluation reports, to the Annual Evaluation Report, to Internal Audits, the Corporate Risk Register and Quarterly Performance Reports). For the Delegation it was quite a quick exercise to compile this list and send it to Canberra, but it was apparently the first time that the different items of information had been brought together in one place. Chapter 5 (para 5.61, linking to Appendix 7) recommends that this process be standardised in AusAID across all organisations. The prime responsibility for maintaining the documentation list for each MO should rest with the multilateral policy desk in Canberra responsible for that organisation, working with the Delegation office where relevant. The information should also be linked across to the common Multilateral Thematic Network site maintained by the Multilateral Policy and Effectiveness Section (MPES) to ensure that this data is easily accessible to all via a single location.

Assessments of multilateral effectiveness by multi-donor groupings or civil society organisations

i) MOPAN

3.13 The Multilateral Organisation Performance Assessment Network (MOPAN)¹⁶ is a network of 16 like-minded donor countries with a common interest in assessing the organisational effectiveness of the major MOs they fund. Australia joined in 2009 and has been an active member since. MOPAN members agree to carry out joint assessments of the effectiveness of around four MOs annually in up to ten countries. MOPAN conducts the assessments on the basis of a perception-based survey and a review of documentation. The assessment focuses on whether MOs have in place four strategic dimensions of organisational effectiveness—strategic, operational, relationship and knowledge management.

3.14 One of the benefits of the MOPAN approach is that donors work together to assess multilateral performance and this reduces transaction costs and enables them to reach a common view on areas for improvement. MOPAN is quite lean and flexible and is able to learn and adapt as it goes rather than getting stuck with a fixed approach at a time when organisations are changing quickly. The reports MOPAN produces are readable and increasingly provide common-sense assessments that ‘feel right’ to those who know the MOs being assessed. Even those donors who conduct their own bilateral assessments of MOs use MOPAN reports as an important part of their source material.

3.15 But the approach is not perfect. First, MOPAN reports look only at organisational effectiveness and partnership behaviour, not at development effectiveness or ‘results on the ground’. So the picture they provide is partial, giving weight to the argument from some members that additional bilateral assessments are necessary to complement MOPAN’s work. There has been discussion among MOPAN members over whether MOPAN’s remit should be extended to include development results. Some are strongly of the view that the organisational effectiveness mandate should remain, while all recognise that a move to include development effectiveness would be challenging and significantly change the nature of the project. MOPAN clearly does not have the capacity to investigate each MO’s results itself although it could be more robust in its methodology for looking at the capacity and coverage of MOs’ evaluation systems. It could also step up its efforts to collaborate with and ultimately combine forces with the OECD Development Assistance Committee (DAC) Evaluation Network’s pilot study of MO development effectiveness (see section ii) below).

3.16 Second, the absence of a permanent secretariat and fixed location also results in some lack of continuity and shifts of emphasis as the leadership changes, which can be unsettling for the MOs under scrutiny. It also means that MOPAN meetings can get bogged down in detailed issues of methodology and key performance indicators which might be better handled by a permanent secretariat, leaving donor representatives to tackle more strategic issues.

3.17 Third, there is the concern amongst some members that MOPAN reports and their conclusions on areas for MO performance improvement are not filtering through sufficiently into decisions taken in donor countries’ HQs on policy or funding towards those MOs, or indeed being reflected in those donors’ intervention at MO Boards. There could be many reasons for this but those suggested to me include the lack of profile given to these reports in donor HQs; the daunting size of the reports for busy readers; the absence of ‘one-pagers’ drawing attention to key conclusions from each report;

¹⁶ <http://www.mopanonline.org/>

and the fact that MOPAN contacts in HQs tend to be located separately from, and are imperfectly integrated with, those responsible for policy towards individual organisations.

3.18 So how useful is MOPAN currently to Australia and how could its impact be strengthened? It is clearly one important component in AusAID's approach to assessing multilateral effectiveness. As a medium-sized donor, AusAID would have capacity issues in carrying out complete MO assessments bilaterally, even if it wished to do this, so playing an active role in a multi-donor approach like MOPAN makes good sense, even though it will never (and was not intended to) replace completely some level of bilateral judgement on the relative effectiveness of MOs' performance. Australia has taken its membership role in MOPAN seriously, engaging fully in operational and governance issues in order to influence MOPAN's performance and direction. In 2010, Australia acted as a member of the MOPAN Communications Working Group and of the Future of MOPAN Task Team (chairing the latter since September 2010) as well as taking the institutional lead for the assessment of the Asian Development Bank.

3.19 But given the focus of MOPAN's reports on organisational effectiveness not development results, and the fact that MOPAN has a tendency to be regarded as a worthy but rather technical process by those parts of AusAID not directly involved in it, there remains a concern that MOPAN reports are not sufficiently widely read or influential on policy and financial decision-making in AusAID HQ. This concern could be addressed, in part at least, by the following, ***which I therefore recommend:***

- ❖ ***Australia should continue to press, in its role as Chair of the Future of MOPAN Task Force, for the early establishment of a permanent secretariat for MOPAN, either in the OECD or by the selection of a private/civil society body to carry out this function.***
- ❖ ***Australia should continue to press for closer collaboration between, and possibly the eventual merger of, MOPAN's work and the DAC Evaluation Network's pilot study on assessing the development effectiveness of multilateral organisations.***
- ❖ ***Australia should work with the MOPAN consultant (Universalis) to encourage the production of 'one-pagers' summarising the key outcomes of each MOPAN report for policy makers.***

3.20 AusAID should also look to give higher profile to the work of its Multilateral Policy and Effectiveness Section (MPES), including its responsibility for MOPAN reports. This is a wider issue, addressed under staffing responsibilities in Chapter 5.

ii) DAC Evaluation Network: pilot study on multilateral development effectiveness

3.21 This DAC pilot,¹⁷ being led by the Canadian International Development Agency (CIDA) with support from other donors and agencies, is intended to provide another piece of the MO effectiveness jigsaw. Its aim is to secure more information on the development effectiveness of MOs, primarily by examining the results from a representative cross-section of evaluation studies carried out by MOs themselves. The pilot has covered two MOs so far – the Asian Development Bank and the World Health Organisation (WHO). This work was instigated in 2009 as a result of a wish on the part of a number of donors for a more robust evidence base on development results.

¹⁷ http://www.oecd.org/document/39/0,3746,en_21571361_34047972_44006375_1_1_1_1,00.html

3.22 The idea has been that this work should complement MOPAN's organisational effectiveness studies and indeed the pilot work on WHO and ADB evaluations has been proceeding in parallel with MOPAN surveys of the two organisations as part of MOPAN's 2010 program. It is hoped that the outcome will suggest areas of improvement both in the way evaluations are conducted by the assessed MOs and on wider issues of their development effectiveness, which could for example be raised in the context of discussions with donors on replenishments or strategy frameworks. But there are also acknowledged limitations to this DAC process. By looking only at evaluation reports, it tackles just one part of the development results story. The pilot has signposted that there is also likely to be quite a divergence between MOs in the availability of evaluation reports of sufficient quality. This means that for those MOs with an as yet modest evaluation capability, it will be some time before reliable data on development effectiveness can be drawn.

3.23 There is a general disposition (though not complete consensus) on the part of the pilot participants and MOPAN members that the links between the two operations should be strengthened and eventually merged – on the grounds that they will be more effective operating together than in parallel. But it is also agreed that any merger is unlikely to happen in less than two to three years, and will first need agreement on common methodology and a decision on when and how the DAC approach will be rolled out beyond the pilot stage.

3.24 The implications for AusAID are at this stage modest. It will need to take account of the data on WHO and ADB as part of the information on effectiveness it already holds on those two organisations; and work with other MOPAN members to help ensure a smooth integration of the DAC work in due course, assuming that all concerned can agree on that goal.

iii) Other studies and surveys

3.24 There are a number of other surveys and approaches carried out by civil society or donor groups which add to the material available on the effectiveness of MOs. These include the following, each of which is described in more detail in **Appendix 3**:

- Paris Declaration Monitoring and Evaluation Survey
- DAC Report on Multilateral Aid
- DAC/UN Evaluation Group Reviews of Evaluation Functions of UN Bodies
- Common Performance Assessment System (COMPAS)
- The 'Guide to Donors' (HIPC/CBP)¹⁸
- The Quality of Official Development Assistance (QuODA) assessment
- Publish What You Fund's Aid Transparency Assessment 2010

3.25 Awareness of the existence of these sources and the information they contain is an important starting point for any serious approach to assessing multilateral effectiveness. They should provide an essential building block for Australia's assessments of multilateral organisations and help underpin comparative judgments between them. It is important that AusAID's dedicates staff time to synthesising, summarising and bringing to the attention of key players in Canberra, overseas offices and delegations the key information from these sources, to ensure important existing data is not overlooked. Chapter 5 (para 5.61, linking to Appendix 7) covers staffing recommendations on this point.

¹⁸ Heavily Indebted Poor Countries/Capacity Building Program

Chapter 4: Bilateral donor approaches to assessing multilateral effectiveness

4.1 While the processes, surveys and sources of material described in Chapter 3 all help bilateral donors – to a greater or lesser degree – to reach views on the effectiveness of MOs, none of these sources by themselves or even collectively can wholly substitute for some form of independent assessment by the bilateral donor, particularly in respect to gauging the right levels of funding to each agency or determining the right policy stance on particular issues of governance or thematic focus for example. Having said that, there are significant variations in the complexity and rigour which bilateral donors seek to apply in making these independent judgements and assessments.¹⁹

4.2 At one end of the spectrum, some donors are broadly content to take at face value the information made available on results and performance by the MOs themselves, plus perhaps material emerging from MOPAN assessments, and overlay this with an essentially political decision on resource allocation when the next funding cycle for each MO comes round, basing this on available money in the budget, what was provided in the past, and a view on the relevance of the MO's work to the donor country's own thematic or geographic priorities.

4.3 At the other end, some bilateral donors have at different times engaged in comprehensive and detailed comparative assessments of multilateral effectiveness covering all the multilateral partners they fund, drawing on existing material but also undertaking assessments themselves against their own set of criteria. DFID is doing this currently through its Multilateral Aid Review, but Denmark, Sweden and Canada are amongst those who have also undertaken variants of this type of exercise.

Possible implications for AusAID

4.4 Australia is at present somewhere in the middle of the pack and we will look further at its current approach in Chapter 5. Appendix 4 looks at the behaviour and approaches of a cross-section of six other bilateral donors – Germany, Denmark, Sweden, Norway, Canada and the UK - and identifies practices that are potentially of relevance and interest to AusAID.

¹⁹ There is a good deal of literature on this subject: for example

i) German Development Institute 2007 doc: 'Opportunities and Limitations for Harmonisation Among Development Agencies' especially pp7-14: [http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/\(ynDK_contentByKey\)/ADMR-7BRFSZ/\\$FILE/19.2007ObserMulti.Organ.pdf](http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_contentByKey)/ADMR-7BRFSZ/$FILE/19.2007ObserMulti.Organ.pdf)

ii) DANIDA 2008 Report 'Assessing Multilateral Organisation Effectiveness': <http://www.um.dk/en/menu/DevelopmentPolicy/Evaluations/Publications/EvaluationStudies/2008->

iii) 2010 DAC Report on Multilateral Aid eg paras 33-35 & 220-221: <http://www.oecd.org/dataoecd/23/17/45828572.pdf>

4.5 In the light of this evidence, I recommend that:

- ❖ ***AusAID should draw on the experiences, practices and documentation of the bilateral donors cited in Appendix 4 in strengthening its processes for assessing the effectiveness of multilateral agencies***

4.6 The areas for review, on some of which collaboration is already under way, should include:

- Drawing up an overall **multilateral engagement strategy**: Germany.
- Drawing on **MOPAN** material and strengthening MOPAN's effectiveness (including by establishing a permanent secretariat and working more closely with the DAC Evaluation pilot on development results): Norway, Sweden, Denmark, Germany, Canada, UK.
- Developing more robust **performance frameworks** with individual MOs in collaboration with other donors (but without micro-managing or skewing MOs' existing performance objectives): Denmark, Canada, Norway, UK (also Ireland).
- Preparing **organisational strategies** (or 'profiles') for each key multilateral partner: Denmark, Sweden, Norway, Canada, UK.
- Carrying out **bilateral assessments** of the effectiveness of MOs, independently of other donors, in order to inform funding decisions or levels of policy engagement: UK, Sweden, Canada, Denmark (past practice).
- Developing a more systematic approach to securing the **involvement of country offices** and posts on multilateral effectiveness issues: UK, Norway, Sweden, Canada.
- **Strengthening coordination**, coherence, lesson-learning and common guidance between different branches responsible for multilateral relationships: Denmark, UK, Sweden.
- **Strengthening internal IT** and information systems to help bring information together quickly and in usable formats on the totality of funding activities with individual MOs: Denmark.
- Working to ensure that sufficient **staff with multilateral policy skills** and international finance expertise are in place and not moved on too quickly: Denmark.
- **Systematic and timely preparation for MO Boards** on key issues and engagement of whole-of-government expertise in this process: Norway.

4.7 This review has taken account of a number of these practices in the recommendations for change in the following Chapter.

Chapter 5: AusAID's current practices in assessing multilateral effectiveness and how to build on them

5.1 This Chapter will look at the strengths and weaknesses of AusAID's current arrangements for assessing the effectiveness of multilateral agencies and recommend changes, bearing in mind experience elsewhere, including that referred to in Chapter 4.

Australia's approach to scrutiny of multilateral agencies

5.2 Australia currently adopts a suite of approaches in assessing the effectiveness of the multilateral agencies it supports. In addition to scrutiny of the assessments and reports from the MOs themselves and bodies such as MOPAN referred to in Chapter 3, these include:

- Scrutiny at **the institutional level**, through participation at multilateral Boards and Councils, membership of donor groupings, engagement in replenishment and other funding processes, and regular high level consultations. This is where Australia raises governance, management and operational issues of particular concern. This engagement is underpinned by **Partnership Frameworks (P/Fs)**, referred to in paragraph 2.11, negotiated with 12 MOs, mostly UN bodies but also with the ADB, with a framework for the World Bank planned. These set out broad objectives for each partnership, some performance indicators and, in the case of the UN Frameworks, information about Australia's future core funding intentions.
- **AusAID centrally** is responsible for initiating annual Quality at Implementation (QAI) Reports on each core-funded multilateral partnership, for example with UNICEF, UNDP, IDA and so on; an Annual Thematic Performance Report on Australia's progress in meeting its overall objectives for the multilateral system and its funding through it; and Independent Project Completion Reports to analyse and evaluate what has been achieved by a particular program or project.
- At **the country program level**, AusAID posts have the opportunity to provide information on the in-country performance of MOs through annual QAI Reports on non-core funded activities over \$3m in value carried out with or through MOs; and through Annual Program Performance Reports (APPR). These are primarily focused on the effectiveness of Australia's development engagement in each country but are intended to cover in that process an assessment of the performance of AusAID's multilateral partners particularly in respect of co-financed activities.
- **AusAID's Office of Development Effectiveness (ODE)** has committed to increase its scrutiny of Australia's engagement with multilateral organisations. The specific nature of this work will be guided by program priorities and the forthcoming multilateral engagement strategy. It prepares an Annual Report on Development Effectiveness (ARDE) which includes a segment of varying depth (substantive in 2008, less so in 2009) on the measurement of multilateral effectiveness. ODE's 2010 Program Performance Update also devotes a page to Approaches to Multilateral Engagement.

- There are also plans for AusAID to introduce a **due diligence process** and template in 2011, to provide assurance that MOs used as delivery and financial channels for AusAID's resources meet AusAID's accountability requirements.

5.3 So there are many processes in place. And it is fair to conclude that AusAID's scrutiny of and engagement with the MOs it supports have delivered results: for example its role with others in securing progress on reform of the UN system; in achieving positive governance changes at the multilateral development banks and enhanced World Bank and ADB representation in the Pacific region; in improving the effectiveness and coherence of the international humanitarian system through its support for the Central Emergency Response Fund (CERF) and its advocacy as chair of the Donor Support Group at the UN Office for the Coordination of Humanitarian Affairs (OCHA); and the impact on the ground of a number of its non-core funded operations with key multilaterals.

5.4 But developing a coherent and consistent evidence base and narrative to underpin these indications of effectiveness has been more of a challenge. In AusAID's own words:²⁰ "...making an overall assessment of how effective our funding to multilateral organisations is, and our capacity to influence them, is challenging, given the dispersed funding through core and country/thematic programs. AusAID's existing processes could be enhanced to improve our understanding of the strengths and weaknesses of our multilateral partners, and how we can most effectively influence change."

5.5 This is not to say that AusAID is making unwise judgements over the funds it currently allocates to MOs or in the choice of MOs with which it works. There is no basis to indicate this. But it currently lacks a compelling narrative and systematic evidence base to underpin those decisions. An enhancement of AusAID's capacity in this area and a more comprehensive and consistent product are all the more important given the planned growth in aid funding, accompanied by the need for greater attention to visibility, accountability and influence. A number of AusAID's systems for engaging with MOs have been built up from approaches traditionally geared towards bilateral activities. For the future they will need to be tailored increasingly to enable Australia to extract greater impact and influence from its growing multilateral contributions and to provide a more coherent and transparent evidence base for decision-making.

Strengths and weaknesses of current arrangements and suggestions for change

The need for coherence

5.6 A **new multilateral engagement strategy**, referred to in Chapter 2 and already well on the way to being finalised, will be an important first step in setting out overarching priorities for Australia's engagement with MOs and driving changes to systems and practices. It should also help to bring together with a common purpose the different players engaged with MOs across the Australian Government system.

5.7 Achieving coherence is made more challenging at present by the fact that the responsibility for different aspects of multilateral work (UN, MDBs, thematic agencies, humanitarian etc) is spread

²⁰ Briefing note on *Funding Multilateral Institutions* provided by AusAID to the Independent Review of Aid Effectiveness.

quite widely across a number of AusAID Branches and beyond into other parts of the Australian Government. **Appendix 5** sets out these responsibilities in more detail.

5.8 Dispersed responsibilities for multilateral work like these are not wholly unusual in other donors' set-ups. But they do put a particular premium on establishing horizontal linkages and ensuring common guidance is followed, best practice is shared, lessons are learnt and information is disseminated. Feedback received from different parts of the Australian system during the course of this review indicates that there is still some way to go in ensuring such mechanisms are in place and working effectively in all cases.

5.9 This is perhaps less of a problem at the Whole-of-Government level where understanding between other Government Departments and AusAID on multilateral effectiveness issues is reported to be good, with AusAID primarily responsible for the lion's share of the Government's funds allocated to MOs, and working level relations on multilateral issues eg with the Treasury, and the Departments for Foreign Affairs, Immigration, Health, Environment, the Federal Police and others working generally smoothly.²¹ At the top level, an inter-departmental, **Committee on Development Effectiveness** chaired by the Director General of AusAID meets periodically to address strategic issues, including any related to multilateral performance, and resolve any differences that need to be tackled at that level.

5.10 There is however a clear requirement for a more systematic approach within the AusAID network to the collecting, analysis and dissemination of information about multilateral performance, and acting on this to inform policy making. There are several strands to this.

5.11 One of these, given the increasing volume and profile of resources to be allocated to multilateral organisations, is the need for **a clear and consistent message from all parts of the leadership of the organisation that this is a high priority set of activities** which needs to be pursued vigorously by all those concerned throughout AusAID and not just by those dealing directly with multilateral agencies in HQ. A second is to **deploy a sufficient number of people able to carry out these activities**, establish clear staff responsibilities for each stage and promulgate these so that everyone in the network is clear about who is doing what and why. I will make recommendations on both points under the section on staffing implications later on in this Chapter (see paras 5.61-68 and Appendix 7).

5.12 A third strand is **having the right instruments and systems**. Chapters 3 and 4 have already flagged the need for a systematic approach in AusAID to drawing together material available from external sources so that the key points are properly synthesised. A similar process is needed to ensure that this external material is consistently integrated with AusAID's own internal assessments of the effectiveness of core-funded and non-core funded multilateral operations, so that a coherent picture can be prepared of the performance of each MO with which Australia has a significant relationship.

5.13 What would be the best vehicle for providing this composite picture? Should it be an extension or adaption of an existing process (whether that be a QAI; ATPR; APPR; or Partnership Agreement)? Or should these be supplemented or replaced by new arrangements such as a multi-year organisational strategy for each MO (like the Danes, Canadians and Swedes have); a comprehensive

²¹ However see Chapter 7, paras 7.8-10 for some cross-government issues to be pursued further

assessment by AusAID of all its MO partners, such as DFID, Sweden and Canada have in different ways pursued; or some combination of these approaches?

5.14 It will be important to consider the workload impact of any changes. The multilateral side of AusAID's work is currently leanly staffed for assessing the impact of multilateral expenditure. With financial allocations likely to rise, and calls for accountability increasing, the case for some enhancement of existing systems to assess multilateral effectiveness would seem well justified, underpinned by a strengthening of staff capacity to ensure that the operation of these systems is given the priority it requires.

5.15 The analysis below will therefore include possible staffing implications for AusAID of any proposed changes.

Current processes

i) Quality at Implementation (QAI) Reports

5.16 QAIs are intended to be produced annually and are used in two main ways in respect of assessing AusAID's multilateral funding and operations.

QAI Core Reports

5.17 The first is to review **core-funded MO partnerships**. This exercise is currently done without significant account being taken of Australia's non-core funded activities with the same MO, the funding of which may well add up to considerably more than the total annual core expenditure it receives. These QAIs provide some useful analysis and information on each MO partnership and as part of the suite of quality reporting instruments that AusAID uses across all its expenditure, they help to ensure a coherence of reporting approach throughout the Agency. However they are not currently a satisfactory mechanism for assessing the overall effectiveness of MOs. Most obviously, the core QAI report covers only one part of the funding relationship; but the format is also too abbreviated to allow for much more than superficial comment (a 300 word limit applies to many sections);²² and the template is also skewed towards bilateral program activities. This latter point is already recognised as a drawback and a helpful revised set of guidance ('Considerations for Completing QAIs for Core Funding to Multilateral Organisations 2011') has been prepared informally by the Multilateral Policy and Effectiveness Section (see **Appendix 6**) and is currently being piloted. I **recommend that:**

- ❖ ***Subject to the outcome of its current piloting, the new guidance for Completing Quality at Implementation (QAI) Reports for Core Funding to Multilateral Organisations at Appendix 6 should be agreed and incorporated into the general guidance for QAI reporting***

5.18 But a more fundamental decision is needed on whether:

i) a more comprehensive core QAI report format should be prepared for the purposes of assessing partnerships with MOs which enables the author to take substantive account of the evidence from

²² Feedback from the Office of Development Effectiveness (ODE) noted that: 'QAI reports on core funding are unable (largely due to length restrictions) to focus on operational level issues, resulting in a lack of system-wide analysis linking organisational with program or development outcomes. Given that influencing the multilateral agenda is one of the goals of Australia's support for both core and non-core levels, ways to link the strategic findings of these reports need to be addressed'

the MO's own reporting, all multi-donor and civil society processes, assessments by other bilateral donors, and structured country program feedback; or

ii) these QAI reports should be kept broadly as they are, though with a more tailored template and guidance as already proposed, but that they should be supplemented by additional processes (for example a multi-year organisational strategy) in order to provide a more comprehensive assessment of all parts of the relationship with key multilateral partners.

5.19 In part to avoid further complicating and distorting the QAI process, **I recommend that:**

- ❖ ***The structure of QAI reports for core funding should remain broadly as it is, though with tailored guidance as proposed; but additional processes (see recommendations at paras 5.46, 5.55, and 5.60) should be introduced to achieve a more comprehensive assessment of each major multilateral relationship.***

QAI Non-Core Reports

5.20 The second use of QAIs in the multilateral context is to **report annually on operations carried out with or through multilateral channels but funded from non-core resources**. Here the QAI meets an important accountability requirement for how funds have been spent on a particular level of activity (over \$3m). This is not currently in a form which helps wider decision-making on a multilateral agency's performance or progress on reform. But these QAIs at their best can have a useful role in highlighting performance issues at the program level, such as whether an MO's partnership with AusAID in country is (on the positive side) strengthening alignment with national development plans, enabling innovative program design and strengthening relations with central governments; or (less positively) leading to complex management systems, insufficient attention to gender and disability issues, and staffing and management issues on the ground. Not all current QAIs are capturing such points however. The country program line management, the Multilateral Policy and Effectiveness Section, the Quality and Performance Systems Branch and the Office of Development Effectiveness all have different but interlocking roles (design, completion, quality control, oversight etc) in ensuring that these reports fully take into account multilateral performance issues. **I therefore recommend that:**

- ❖ ***The QAI system should continue to be used to report on non-core multilateral spending but country program line management, the Multilateral Policy and Effectiveness Section, the Quality and Performance Systems Branch and the Office of Development Effectiveness should strengthen further the interlocking roles they are playing in ensuring these documents effectively highlight multilateral performance issues at the program level.***

5.21 Even where non-core QAIs are completed effectively, there is a more systemic issue of how the information in them is drawn together and synthesised in a way that can inform higher-level policy interaction with the MO in question. This point is covered in the Section below dealing with Annual Program Performance Reports (see para 5.35).

QAI Non-core exemptions

5.22 A further area to be strengthened in relation to these non-core QAI reports is the question of exemptions for certain types of spending. At present activities under \$3m and humanitarian operations of any size that are less than one year in duration are normally exempted, together with activities exempted exceptionally on the approval of an Assistant Director General (ADG). For some

MOs the exemption level has been very high.²³ ODE has been arguing for the exemptions ‘loophole’ to be tightened. The right balance needs to be struck. If the QAI system, improved and tightened as necessary, is to continue to be used for non-core multilateral spending – and clearly some process is needed to account properly for spending of this nature – then it makes sense for it to be applied as consistently and comprehensively as possible for activities above an agreed level of expenditure (currently this is \$3m, though an increase in this amount needs to be kept under regular review as the aid program increases in size, to ensure proportionality).

5.23 As this issue goes wider than the remit of this Review I will not make a formal recommendation. **But my view is that a very strong case should be needed in future to trigger ADG level exemptions, and that the number of such exemptions should be monitored by ODE and published branch-by-branch in an Annex to their Annual Report on Development Effectiveness.**

5.24 As for humanitarian exemptions, it clearly makes no operational sense nor would it be politically acceptable to slow down AusAID’s emergency responses to disasters as a result of additional requirements for paperwork. But the current level of humanitarian exemptions is too high. This poses a reputational and accountability risk to AusAID at a time when spending is increasing and under greater scrutiny. A distinction therefore needs to be made between emergency responses and predictable humanitarian funding. **I therefore recommend that:**

- ❖ ***In the case of predictable humanitarian funding, the normal quality reporting processes should apply, with any borderline cases to be considered under the ADG ‘exceptional circumstances’ exemption mechanism.***
- ❖ ***Emergency humanitarian responses should continue to be exempt from the formal quality reporting process. But in the interests of good accountability, a mandatory lessons-learned process should be commissioned by the relevant ADG in the wake of any significant humanitarian emergency. This should include an assessment of the performance of any multilateral humanitarian organisation with which AusAID had been operationally or financially involved.***

ii) Annual Thematic Performance Report (ATPR) for the Multilateral Program; and ATPR for Humanitarian Activities

5.25 The intended purpose of the **ATPR for the Multilateral Program** is to assess progress against the objectives in the aid program’s multilateral engagement strategy. Since this strategy is still in draft, the latest version of the current ATPR (also in draft) has a slightly surreal feel to it. The format also does not feel right. Although the current draft contains useful information, it is a long and uncertain mix of what Australia has been doing with individual MOs; a selective narrative on what is being achieved; and an annex on what the MOs say they are doing.

²³ Feedback from ODE noted that: ‘Analysis..highlights the extent to which QAI exemptions to QAI reporting hampers the effectiveness of this system to provide comprehensive information. Approximately 50 per cent of AusAID’s non-core support to UNICEF was granted exemptions to reporting, either because they were too small (under \$3m) or because the program was of a humanitarian nature (and therefore automatically exempt). Humanitarian programs accounted for over \$37m of funding to UNICEF. The fact that many multilateral organisations to which AusAID provides support are major humanitarian actors provides a challenge to AusAID’s performance assessment of multilaterals as a whole’

5.26 There will need to be a public document reporting periodically on Australia's performance against its multilateral engagement strategy once the latter is finalised. But the ATPR format does not fit this bill. **I recommend that:**

- ❖ ***The Annual Thematic Performance Report (ATPR) for the Multilateral Program should be discontinued and, once the multilateral engagement strategy is in place, be substituted by a short report card on the strategy prepared (either annually or biennially, subject to demand) in a user-friendly format for public consumption. It should draw on the internal and external sources available on multilateral effectiveness and highlight key achievements to date and future challenges in taking the multilateral strategy forward.***

5.27 An Annual Thematic Performance Report for Humanitarian Activities has not been completed since 2007. This would suggest a limited audience and/or operational need for this particular report. A Summary Report on the AusAID's Performance Management System 2007-2010, produced in 2010, noted that ATPRs were produced on only four of the 12 thematic areas intended for an ATPR in 2008/9 and that 'there is some question around the soundness of the ATPR process'. The future of ATPRs in general goes beyond the remit of this Review. However, in respect of humanitarian operations, **I recommend that:**

- ❖ ***The requirement for an ATPR for Humanitarian Activities should be dropped and the necessary coverage of multilateral humanitarian organisations be provided at the global level in the context of the periodic report card (para 5.26 above) on the overall multilateral engagement strategy and at the operational level through the QAI and lesson-learning processes recommended in paragraph 5.24.***

iii) Due diligence templates

5.28 These are currently under consideration in AusAID. They are a means of responding to the auditors' advice that AusAID needs to have greater assurance about the robustness of the processes and safeguards built into the systems of those partners, including multilateral organisations, which operate as delivery channels for Australian funds. The due diligence templates are intended as an accreditation process to ensure that there is compliance with Australia's minimum fiduciary and other requirements but without imposing undue transaction costs either on MOs or AusAID. What is being proposed seems the right way forward. **I therefore recommend that:**

- ❖ ***AusAID should press ahead with introducing due diligence templates as proposed, as a means of accrediting MOs as delivery channels for AusAID's funds, but with a view to keeping transaction costs to a minimum and avoiding duplication with other assessment processes.***

iv) Engagement of country programs in assessing multilateral performance

5.29 The best information on the performance of MOs inevitably lies in the partner countries in which they operate. AusAID's in-country offices therefore have a unique opportunity to observe the effectiveness of the MOs they work alongside particularly where they are involved in joint-financed operations. They are also close to partner governments' perceptions of the effectiveness of these MOs and to the views of other bilateral donors.

5.30 Yet the quality and consistency of feedback from country programs on MO performance is patchy. Some country program teams use the existing mechanisms – that is, the QAI reports on specific non-core funded activities and the Annual Program Performance Reports (APPRs) - to good effect to capture key points about the effectiveness of their multilateral partners. The East Timor 2009 APPR is a good example of where the country team has made specific references to the performance of its multilateral delivery partners in each sector, with a summary at the end in the Management Response section. But this approach is either missing or only superficially followed in the APPRs of many other country programs.

5.31 This rather ad hoc feedback on multilateral performance from country programs is not a uniquely Australian phenomenon. Many bilateral donors struggle with this issue – and are worried about it. It is easy to identify the causes: country offices everywhere are hard-pressed and focused on the bilateral activities for which they are directly accountable. There is a tendency to see multilateral effectiveness as somewhat peripheral to daily pressures. It can also seem quite remote. AusAID country posts for example are often not copied in on cable traffic about developments on multilateral issues or reports of key Board meetings and so on; and may rarely receive, or have their attention drawn to, information in digestible form from HQ about the Agency's policy stance towards MOs and why that is important.

5.32 All that said, funding to MOs will conceivably doubling in the next five years, with a greater profile being given to Australia's multilateral role. It will therefore be increasingly important for AusAID country posts to provide feedback on the effectiveness of their key multilateral partners in a regular and structured way so that this can be taken fully into account by multilateral policy desks in their overall judgements on multilateral performance and funding, and in inputs to briefing for meetings at the Boards or with the management of MOs.

5.33 How best to do this without adding unreasonably to country program workloads? Looking at best practice both in AusAID and elsewhere, there is action to be taken in at least three broad areas: **leadership and messaging; use of systems; and tasking of staff.**

5.34 On the first of these, and following a similar approach adopted by the Norwegian Government (see Appendix 4, para A4.21), **I recommend that:**

- ❖ ***A message from HQ should be sent annually to each Head of AusAID post, possibly signed jointly by their own Deputy Director General (DDG) and the DDG primarily responsible for Multilateral Partnerships, to remind posts of the importance of improving MO performance as a key goal of foreign and development performance and of the responsibility which posts have in contributing to that goal; and to set out a small number of key issues on multilateral performance that they would like that post to prioritise in their reporting that year. These could, for example, relate to one or two organisations where a replenishment or budget round was coming up or where a MOPAN report was expected.***

- ❖ ***This message should be reinforced by setting an objective on furthering multilateral effectiveness in the annual personal objectives for every Head of AusAID post.***

5.35 On systems, the APPR is a good vehicle for reporting on the performance of multilateral partners but is not systematically used by country programs for this purpose. **I recommend that:**

- ❖ ***Guidance for Annual Program Performance Reports should be amended to emphasise the need to provide a meaningful assessment of the performance of key multilateral partners working with AusAID in each sector; with a note in the Management Response section of the APPR on how these assessments will be followed up, and by whom.***

5.36 In this context, advantage should also be taken of the newly-developed processes for AusAID country strategies. For example, situation analyses might outline strategic issues such as the key multilateral (and other) players operating in specific sectors in country, a suggested division of labour between them and their comparative advantages. The delivery strategy (supporting key objectives of the Statement of Commitment) could analyse the operational aspects such as delivery channels and implementation arrangements, including performance systems. **I recommend that:**

- ❖ ***When new country strategies are being drafted by the country program teams they should analyse which delivery channels, including bilateral and multilateral, should be used for meeting distinct country program objectives.***
- ❖ ***In the case of multilateral channels, they should identify the key multilateral partnerships which the country team will need to develop and nurture to ensure that agreed outcomes on the ground are delivered; and how the performance of these multilateral partners will be assessed.***
- ❖ ***The guidance for the different stages of the country strategy process should be examined and amended as necessary to reflect this point.***

5.37 On the tasking of staff, and following best practice in a number of bilateral donor agencies, I **recommend that:**

- ❖ ***One staff member in each country office should be tasked as the liaison point in that office on multilateral policy issues, in addition to their other functions.***

5.38 The point of this will not be to duplicate the sector responsibilities of those staff working with multilateral partners on specific projects, but to act as a coordinating point on multilateral issues within the office, as well as a point of contact for AusAID HQ and AusAID Permanent Delegation staff. The liaison points should be held on a list to be circulated and kept updated by the Multilateral Policy and Effectiveness Section.²⁴ This will be useful for example when a multilateral team in HQ or an AusAID representative in New York or Washington needs an informed view about some aspect of a multilateral organisation's performance from a cross-section of country programs and will have a list of contacts as their initial port of call.

5.39 Informal discussion with AusAID staff (including those on country programs) of the above recommendations on messaging, systems and tasking, indicated that with careful prioritisation these ways of working could be incorporated into country office work without net additional staffing at the country office end. But expecting more structured and regular feedback from Posts would need to

²⁴ A recommendation on this is included in para 5.61, linking to Appendix 7

be accompanied by better information flows to posts from HQ on AusAID's policy preoccupations with each key MO. This information would be potentially useful to posts both as background and as material to raise with their multilateral counterparts when they are in dialogue with them at the country level. **I therefore recommend that:**

- ❖ ***One-page briefing notes on each of AusAID's key multilateral partners – with a maximum of five current hot issues on each – should be prepared, kept updated and sent to country posts by the responsible multilateral desk in HQ, in collaboration with Delegations.***

5.40 There is a good process in place in AusAID for peer reviewing of assessment reports of country program operations, both at the activity (QAI) level and at the country (APPR) level. There is therefore a good opportunity for multilateral policy desks (and where relevant humanitarian desks) to attend peer review meetings for non-core QAI activity reports and APPR country assessments where 'their' MOs have been involved in a substantial way, to help ensure that any multilateral performance issues have been highlighted in a structured way. At present, such attendance is rare, primarily for staffing capacity reasons. Later in the Chapter I will be recommending increases in multilateral staffing capacity in part to help deal with this kind of constraint. **I therefore recommend that**

- ❖ ***Whenever possible, multilateral policy desks (and, where relevant, humanitarian desks) should attend peer review meetings held to discuss significant non-core QAIs and APPRs of particular relevance to the MOs for which they are responsible, to ensure that multilateral performance issues are covered in a structured way.***

v) Role of AusAID's Partnership Frameworks with multilateral organisations

5.41 As noted previously, AusAID has entered into 12 partnership frameworks (P/Fs) with a range of international organisations. Their purpose is to set out shared development objectives; how AusAID will work with the MO in question; and how success will be measured. The frameworks with UN partners include Australia's commitments to multi-year funding for their core budgets (though generally without any specifics on the volume or direction of non-core funding); and most of the P/Fs highlight how the co-signatories will publicise Australia's role and the development results of the partnership. The most recent P/F, signed with the UN Relief Works Agency for Palestine Refugees in the Near East (UNRWA),²⁵ goes further than other agreements by linking 20% of funding to UNRWA's performance against key indicators agreed with AusAID and like-minded donors.

5.42. The P/Fs have many positives. They provide a vehicle for regular senior-level dialogue on issues of mutual concern; they promote aid effectiveness principles through guaranteeing multi-year core funding and through relying principally on the MO's own monitoring and evaluation systems rather than setting parallel requirements; and they have been generally welcomed by multilateral partners: WFP for example see the P/Fs as a model they would like other donor partners to follow.

5.43 But there are issues, too. The P/Fs are not 'comprehensive' from a funding perspective in that the UN ones cover only core funding, while the ADB framework and the draft World Bank version do not cover funding at all – they deliberately focus on common objectives and ways of working. So they do not provide an overview of the entirety of the relationship. There have also been concerns

²⁵ http://www.ausaid.gov.au/partner/partnership_frameworks.cfm

expressed by parts of AusAID senior management that the P/Fs could be more robust as accountability tools and that linking funding more tightly to performance indicators, possibly in collaboration with other bilateral donors, would be more in tune with a future involving increased levels of both funding and scrutiny. For their part, the MOs consulted during the Review were unsurprisingly wary of a further process of scrutiny which they felt might duplicate or even conflict with their existing accountability processes to their respective Boards.

5.44 The experience of other donors with performance frameworks (eg Denmark, Norway, UK) as described in Chapter 4 and Appendix 4 is instructive here, particularly the importance of avoiding the extremes of weak performance incentives on the one hand and over-enthusiastic micro-management by donors on the other.

5.45 Another process of relevance to AusAID relates to UNOCHA where three bilateral donors, Canada, Ireland and Denmark, have joined together in a common strategy agreement. This agreement is grounded in OCHA's own Strategic Framework and its Annual Report on results, with the three donors agreeing to focus on four of the objectives in the Strategic Framework of most importance to them, plus accompanying performance indicators, and then assessing progress on these at an Annual Review process with OCHA. No additional objectives or indicators outside the Strategic Framework are allowed, to avoid duplication of process and reporting. At present the multi-donor agreement is not linked to specific guarantees of predictable funding, though there are 'best intentions' references to this in the text and OCHA are no doubt hoping for greater precision on this aspect in the future. For now they welcome the agreement as a positive step by three significant donors in reinforcing OCHA's newly strengthened planning and reporting processes and recognising the primacy of these; and would no doubt be open in principle in Australia being part of such a multi-donor arrangement in the future if it wished.

5.46 AusAID has a while to consider what the future of its Partnership Frameworks should be since most of them have been signed in the last two years and have a duration of 4-6 years. It is too early to propose a detailed template but I recommend that: ***the following factors should be taken into account in considering the shape of the successor arrangements to the current cycle of AusAID's Partnership Frameworks with multilateral organisations:***

- ❖ ***Partnership Frameworks (P/Fs) of 4-6 years should continue for the primary UN relationships and for the ADB, the World Bank and the main Global Funds. They should be the principal vehicle for periodic high-level discussion on mutual concerns, including where relevant on the health of in-country collaboration with AusAID involving the use of non-core funds, and highlighting the relevance of each partnership to Australia's interests and policy priorities. They should be one part of an interlocking suite of AusAID assessment and reporting processes for each MO.***

- ❖ ***As far as UN partnerships are concerned, the P/Fs should be the vehicle for setting out predictable multi-year core funding but a tighter link should be drawn than at present between core-funding and UN partner performance; this could be achieved for example by linking core-funding for the second part of the partnership period to performance in the first half; or by adapting the approach in AusAID's new P/F with UNRWA which links 20% of funding to UNRWA's performance against key indicators agreed with AusAID and like-minded donors.***

- ❖ *Performance under future P/F arrangements should be judged in part on progress against selected indicators in the results frameworks of each UN partner but also by other sources of information on their effectiveness, including from the reports of MOPAN and other multi-donor or civil society groupings, and from AusAID's own internal reporting processes.*
- ❖ *Wherever possible, AusAID should join with other like-minded bilateral donors in preparing for its next round of UN Partnership Frameworks, both for aid effectiveness reasons and to ensure a greater and more influential donor voice. Donors who are – or have in the recent past been - interested in joining up in this way include the Netherlands, Sweden, Denmark, Norway, Ireland, the UK and Canada.*

5.47 For the non-UN Partnership Frameworks, the issue of core-funding should be less central since this will normally be handled separately in the context of periodic replenishment rounds; but the Partnership Framework will provide an important opportunity for AusAID to underscore key policy priorities and performance expectations, monitoring progress by drawing on the same generic sources of performance information as for the UN Partnership Frameworks.

Other options for assessing effectiveness

5.48 Bearing in mind the experience of other donors, as described in Chapter 4 and Appendix 4 with a) organisational strategies and b) bilateral assessments of MOs, this section considers whether AusAID should adopt versions of either or both options.

i) Organisational strategies

5.49 A common theme from a number of interviews with AusAID staff has been that, while useful to varying degrees, the current suite of existing processes for assessing multilateral partners and their performance lacks an essential component. Essentially this is a strategic piece on each significant multilateral partner, below the level of an overall multilateral engagement strategy, setting the MO in its full context and taking in the range of AusAID's interaction with it – core and non-core; policy, financial and operational.

5.50 Such a strategy document would cover such issues as why AusAID is working with the organisation; how and at what levels it engages with it; what it is seeking to achieve from the relationship; the broad levels of support that it would propose to provide in terms of core and non-core funding, and of policy engagement; how it will work with the MO to achieve AusAID's objectives, including delivering results on the ground and securing recognition for Australia's contribution to this; and how it will assess the MO's effectiveness. The strategy would cover more than the content of the Partnership Framework, which is a mechanism with a different purpose – a signed agreement between two parties rather than one government's statement of vision and strategic intent.

5.51 A number of bilateral donors, including Canada, the UK, Denmark and Sweden, already have in place organisational strategies broadly along these lines, with greater or lesser focus on finance and performance milestones, depending on the donor. They have generally seen them as a helpful

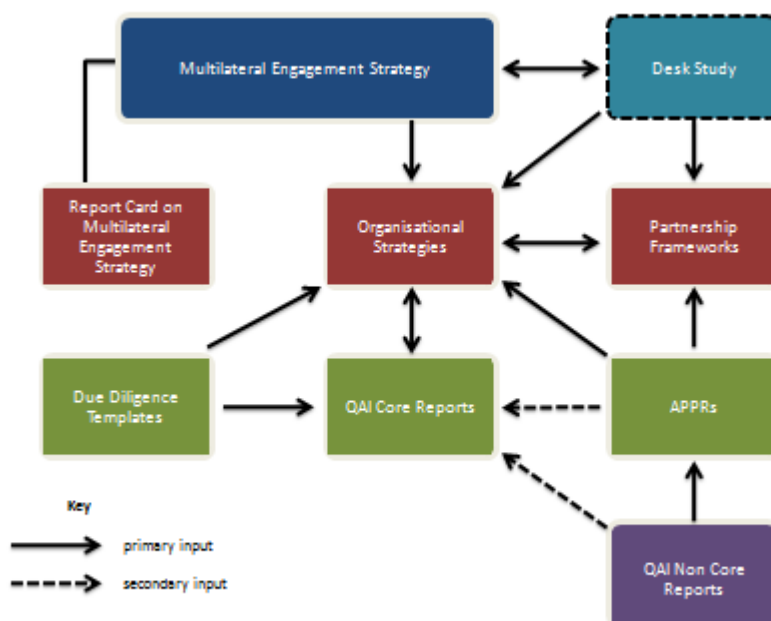
means of setting the strategic backdrop for the inevitably more transactional day-to-day dialogue and interaction with each MO.

5.52 This would be an additional process for AusAID but one that would help fill a gap that is quite widely recognised. Indeed that sense of a gap has already led, ad hoc, to the preparation in AusAID of rough drafts of ‘engagement strategies’ for at least two organisations – the World Bank and UNICEF – which cover quite a lot of this ground.

5.53 If organisational strategies were to be completed for AusAID’s key multilateral partnerships, how would they fit into the current reporting and assessment architecture and how frequent would they need to be? On the latter point, experience shows that strategies of this sort start to become out of date after about four years at the outside, so that should ideally set the outer time-frame. In AusAID’s case they would fit in the structure below the overall multilateral engagement strategy so work should start on them as soon as that is finalised. They could then inform and feed into the next round of Partnership Frameworks, and in turn be informed by progress to date on the existing P/Fs.

5.54 Below the organisational strategies, the existing quality reporting processes, ideally enhanced as recommended in this Review – ie the QAI core reports; the QAI non-core reports, feeding into the APPRs; and the due diligence reviews – would continue and their assessments would be reflected in each cycle of organisational strategies. Indeed the existence of the annual QAI core report on each multilateral partnership would mean that a separate annual reporting process for the organisational strategy should not be needed. The core QAI could be used for this purpose, with a short section included in the QAI report to reflect progress on implementing the organisational strategy. **Figure 2** suggests how all these processes might interrelate. If it were felt helpful, a structured look could be taken at the organisational strategy at its two-year mid-point to see whether it remained relevant or whether some updating were necessary.

Figure 2: Proposed processes to assess multilateral effectiveness



5.55 I therefore recommend that:

- ❖ ***Organisational strategies be drafted for the key multilateral organisations with which AusAID has a significant partnership; that this should begin once the overall multilateral engagement strategy has been finalised; and that the proposals in paras 5.49-54 should guide their content, frequency and place in AusAID's hierarchy of multilateral reporting and assessment.***

ii) Comparative bilateral assessments of MOs

5.56 Appendix 4 provides examples of donors conducting their own comprehensive assessments of effectiveness of all the MOs with which they have a partnership, drawing on and supplementing other sources of information. The rationale for doing this varies. But a common principle is that the donor has control over the assessment criteria it chooses to apply and can therefore carry out a set of mutually consistent assessments of performance and relevance, helping to inform the decisions it takes about resources and levels of staff engagement. The advantages of this approach are clear. If done properly, it provides an evidence base to help a government answer probing questions about why \$Xm has been allocated to organisation A; and \$Ym to organisation B; and to reassure politicians, public and media alike that it has itself assessed every organisation it supports and is therefore confident that its financial decisions and policy stances are soundly based.

5.57 But there are inevitable drawbacks. If the exercise is done in sufficient depth to be credible, it is highly complex and labour-intensive. It is something which would be beyond the capacity of most bilateral donors and also runs contrary to the aid effectiveness principle that donors should operate collectively rather than individually on exercises of this kind. On the other hand, if a donor carries out the exercise too quickly and superficially, it is likely to lack credibility with MOs themselves, with civil society and within the commissioning donor agency itself, as a reliable evidence base for financial and policy decision-making. Australia had some experience with a rapid comparative bilateral assessment in 2008. The author had 20 days to analyse, assess and rank the comparative effectiveness of 35 different agencies. The outcome was a very competent snapshot analysis prepared in record time; but given the impossibility of a fully-inclusive, comprehensive and peer-reviewed approach in the time allowed, there was little durable buy-in to the conclusions drawn.

5.58 Appendix 4 describes the level of ambition of DFID's comprehensive Multilateral Aid Review covering some eight months, involving numerous staff, peer review, country visits, evidence-taking from all concerned parties, and the application of 11 effectiveness and relevance criteria to all 43 multilateral organisations it partners.

5.59 I would not recommend that Australia itself engages in a process of this magnitude. But what would be a helpful and less ambitious alternative would be for AusAID to conduct a desk-based comparative assessment exercise bringing together **existing** material on the performance of its multilateral partners including the DFID review material which will be published in March 2011, the latest Swedish assessments, the latest available DAC and Paris Survey material, assessments in the recent QuODA and Publish What You Fund reports, and the HIPC/CBP Guide to Donors. The desk study should seek to adjust the resulting composite rankings as necessary by giving greater weight to the effectiveness and relevance criteria to which AusAID attaches greatest priority, in order to make the exercise more operationally useful for AusAID's needs.

5.60 Without wishing to load too much expectation on this process, the comparative data emerging from such an exercise should make a helpful contribution to an assessment of the relative strengths and weaknesses of key multilateral partners, particularly those in similar groupings (MDBs, UN agencies, humanitarian agencies, Global Funds etc), in advance of preparing organisational strategies and prior to completing the overall multilateral engagement strategy (see **Figure 2**). It could also feed into judgements on comparative funding levels, and on how best to allocate AusAID staff time to policy and reform issues. **I therefore recommend that:**

- ❖ ***AusAID should commission a short desk study to synthesise recent comparative assessment reviews of multilateral organisations, giving weight to AusAID’s preferred relevance and effectiveness criteria, with a view to informing the finalisation of the multilateral engagement strategy; the preparation of the organisational strategies; and future multilateral funding and staff allocation decisions.***

Implications for staffing and systems

i) Staffing issues

5.61 This review has identified a number of tasks related to multilateral effectiveness issues which are either not currently being done or are being covered only sporadically due to capacity issues or to the lack of priority attached to them. Appendix 7 brings together some of these tasks and recommends where responsibilities for them should lie. It should be seen as an integral part of this Chapter. The list of tasks in Appendix 7 does not cover everything and the recommendations on who should carry out these tasks are indicative only: it will be for senior and line management to decide on the details of this. With that in mind, **I recommend that:**

- ❖ ***The allocation to AusAID staff of tasks to strengthen the assessment of multilateral effectiveness, as set out in Appendix 7, be agreed and implemented.***

5.62. With the exception of the last two bullets of the list in Appendix 7, the lead on all these staffing responsibilities falls to the central multilateral function in AusAID. This is an area of AusAID’s work which, to the outside observer and looking at practice elsewhere, appears to be substantially understaffed even on the basis of the AusAID’s current level of funding and ambition for the multilateral system. If these funds are to be substantially increased and there is a serious commitment to improve the effectiveness of Australia’s multilateral funding, then a significant increase in staffing to this area of work is essential.

5.63 The total number of staff currently in the Multilateral Policy, Development Banks and UN Sections is around ten with a number of vacancies unfilled. It is therefore unsurprising that, despite their admirable commitment, the knowledge across the multilateral teams of what is going on in the multilateral organisations for which they are responsible is in some cases slim; and that time for strategic thinking on policy and effectiveness, for making connections with thematic and country groups as well as other donors, and for drawing lessons on best practice, is very limited. There are only two people focused primarily on World Bank issues in AusAID Canberra, and one person on the ADB, with a combined annual budget of some \$600m at stake.

5.64 There are a similar number of staff members in the Multilateral Policy and Effectiveness Section (MPES) covering the entire global policy agenda. To achieve their terms of reference (which are ambitious) this Section in particular requires an increase in staffing. It also needs to be given more clout and a higher profile from top management since part of its role is to set standards and promote lesson learning across the range of multilateral teams including those outside their Division. For example UNICEF and the development banks work across a broad range of issues which cut across several AusAID sections.²⁶ MPES has a potentially important role to play, through the Multilateral Thematic Network it manages, in strengthening channels of communication and working relationships between the parts of AusAID dealing with different aspects of the multilateral system, in order to promote synergies and avoid duplication. But it needs more time and capacity to do this.

5.65. A more scientific assessment is needed but on the basis of my observations, the staffing positions across all the multilateral teams which come under the Sustainable Development and Partnerships Division need to be at least doubled overall, with greater than proportionate increases for the MPES and the multilateral banks section. Increases in the thematic areas dealing with the principal health, education, and humanitarian agencies are also needed. Subject to the outcome of the desk study referred to in paragraph 5.60, consideration should also be given to increasing the staff at posts dealing with those MOs where an increase in policy influence is judged to be most critical. In all instances, an emphasis should be placed on recruiting staff with strong analytical, strategic and influencing skills. The key requirement is that this increase is put in place quickly: a combination of creating new positions and urgently filling long-outstanding vacancies is needed. The new positions should not wait until substantial new AusAID funds have already started to flow into the multilateral system; capacity needs to be increased in advance of that to ensure that additional funds will be channelled in the most effective way and that maximum value for money and synergy with Australia's wider objectives are secured. **I therefore recommend that:**

- ❖ ***Staffing positions in the Sections in AusAID responsible for its principal multilateral partners and for multilateral policy and effectiveness issues should be increased quickly and significantly, to at least double their current levels, with an emphasis on staff with strong analytical, strategic and influencing skills. Priority should also be given to filling outstanding vacancies in these areas. Subject to the desk study in paragraph 5.60, an increase in staff at posts dealing with key MOs should also be considered.***

- ❖ ***The Multilateral Policy and Effectiveness Section should be given greater clout and authority by senior management to enable it to carry out its role of setting standards and promoting best practice and lesson learning on multilateral effectiveness across the multilateral teams.***

5.66 Volume of staff is only part of the equation. There is a more fundamental issue related to staff expertise and experience which goes wider than this Review but which has a relevance to the multilateral side of the Agency's work. AusAID is on a journey, mirrored by that of a number of bilateral donors including my own former employer DFID, from an organisation primarily focused on bilateral project delivery to a global development player, where operating with and through others both at a policy and operational level is a key ingredient to success. This requires a significantly different set of skills than administering contracts and implementing bilateral activities. It requires

²⁶ See for example UNICEF's areas of work set out in <http://www.unicef.org/whatwedo/index.html>

knowledge of how other institutions work and how development works; and it requires strength and confidence in negotiating with and influencing others at all levels from local communities, to Ministries of Finance, to senior and canny representatives of international organisations.

5.67 Experience in DFID was that this transition was quite a difficult and at times painful process, involving the intake of policy-capable, professionally-skilled people in mid-career, who needed to have their policy expertise and influencing skills supplemented by training on what it meant to be a public servant (and some were resistant to this); plus the re-training of existing administrative staff in wider development and influencing skills (and some were resistant to that).

5.68 I received much feedback to the effect that AusAID needs to accelerate its progress along this path; and the prospect of a new layer of senior staff at the top of the office was generally welcomed as providing additional capacity to focus on this. As far as the multilateral sector in AusAID is concerned there is only a handful of staff who have actual experience of working in or alongside multilateral organisations (for example in AusAID delegations). Understanding multilateral organisations is itself quite an art, particularly the financially-complex multilateral development banks, but also the labyrinthine practices and processes of the UN. In DFID this was tackled in part by introducing a strategic approach to multilateral secondments (see Box 1).

BOX 1: DFID - strategic approach to multilateral secondments

In 2008, DFID commissioned an internal review to develop a more strategic approach to secondments to and from key multilateral organisations. Hitherto, international secondments had been *ad hoc*, driven primarily by the interests of individual DFID managers and staff members or chance contacts from MOs, rather than by DFID's strategic needs. It was agreed that a more targeted approach was required, identifying the key organisations where DFID most needed to increase its knowledge and influence; and then, within those, the particular policy or operational areas where an inward or outward secondment would bring the greatest benefits. The need to build up a stronger and more informed cadre of staff with multilateral skills and experience was also a key factor driving this initiative.

As a result of the review, funds were allocated to the secondment scheme and a senior-level Committee set up to decide which organisations and positions to prioritise. Staff were then invited to apply. The momentum behind the scheme slowed somewhat with the growing downward pressure on staffing numbers affecting all UK Government Departments; but the principle of prioritising key inward and outward multilateral attachments and building up multilateral knowledge and expertise within DFID remained.

5.69 Developing and nurturing a cadre of staff who will spend a significant portion of their career in or around the multilateral system, possibly including a set of strategic multilateral secondments, would be a good investment for AusAID. This will involve setting this as a human resources priority, backed up by investing in training, inward and outward attachments, and career planning; and less frequent moves of staff to ensure greater continuity and institutional memory. It will also require some high level messaging from top management, identifying multilateral work as a career destination of choice and underlining to staff its importance as a part of AusAID's future as a professional and strategic global operator. **I therefore recommend that:**

- ❖ ***AusAID should, as a human resources priority, invest in developing a cadre of staff who will spend a significant part of their career working in or around the multilateral system, backing this up with training, multilateral attachments and career planning as required.***

- ❖ ***AusAID senior management should take every opportunity to identify multilateral work as a career destination of choice and an area of critical importance to the Agency's reputation as a global development player.***

ii) Information Systems

5.70 The primary information system in AusAID for storing data on program activities and their costs is Aidworks. The characteristics, strengths and weaknesses of Aidworks have implications for AusAID's work far beyond the reach of this Review, and it was possible only to touch the service of what is clearly a complex issue in discussions with AusAID staff.

5.71 But the issue is raised here because it does have an impact on the effectiveness with which staff can track the performance of the multilateral organisations AusAID supports. One example is that although Aidworks contains the details, budgets and spending profiles of all activities supported by non-core funds channelled through multilaterals as well as all core contributions, it is very difficult if not impossible to interrogate the system to extract information on the entirety of funding (core and non-core) going to a particular MO over a defined time period, let alone a more sophisticated breakdown of how that support is segmented (eg sectorally, geographically etc). This information, which is an important baseline for any strategic analysis of AusAID's partnership with multilaterals, needs to be extracted manually by going through each activity with a multilateral component; and even this process could mislead if the activity had been coded as principally (for example) an education operation rather than a UNICEF education operation.

5.72 Australia is again far from unique in having this type of data challenge. Many bilateral donors are focusing on how to design information systems which enable them to extract in real time the comprehensive information they need as a basis for policy analysis and decision-making. Denmark is currently working on this issue for example, and DFID has been grappling with it for a while. **My recommendation in this case is simply that:**

- ❖ ***As and when the Aidworks information system is upgraded or replaced, the needs of the multilateral effectiveness agenda should be fully taken on board; senior policy staff as well as systems experts should be closely involved in setting the key requirements on the range and complexity of data they would like to be able to extract from any new system; and AusAID should work closely with other bilateral donors to ensure best practice elsewhere is captured.***

Chapter 6: Visibility of Australia's multilateral effort

6.1 Assessing the effectiveness of Australia's funding of multilateral organisations is one part of the battle. An equally challenge task is how best to communicate the results of these efforts in particular to the Australian public, who can be expected to have a growing interest in the effective use of their money, particularly as its volume increases.

6.2 By its nature, **multilateral core funding** is less visible to the taxpayer and it is unrealistic and indeed contrary to the rationale of multilateralism, to seek to attribute particular results from core-funded multilateral activity to any one of a large number of bilateral contributors. Yet it is wholly reasonable for Australia, alongside other bilateral donors, to claim a share of the responsibility and the credit for the achievements of those MOs of which it is a member and a core contributor.

6.3 This requires a pro-active approach on the part of all those responsible for communicating the results of multilateral funding, whether in the Communications and Research branch or in multilateral, thematic or country programs. The focus needs to be less on the size of Australia's funding to any particular MO (which by itself means little to the average taxpayer) and more on the results that the MO is achieving with partner governments. This could be stories about more children getting into school, more lives saved through health programs, or communities enjoying better economic opportunities. The message should be that Australia has been proud to contribute to these outcomes not only through its financial support to MOs but also through its work as a shareholder in ensuring that these organisations are effective and fit for purpose.

6.4 The proposals in the previous Chapter on the need for engagement across AusAID in contributing information on the effectiveness of multilaterals should also play an important role in raising staff awareness and strengthening the Agency's communication work on multilateral aid.

6.5 In the case of **non-core multilateral contributions**, where for example AusAID earmarks funds to support an MO's operations in-country, the results AusAID is able to achieve are usually easier to identify and attribute, and AusAID has been working with MOs to ensure the latter's results and publicity material secure visibility for Australia's contribution alongside that of other donor partners. Many of AusAID's partnership frameworks with MOs have a clause on visibility to remind MOs of their responsibilities in this area. But there is more to be done to improve on current practice.

6.6 A Multilateral Branding and Visibility Review is under way in AusAID in parallel to this Review to evaluate current communication processes in AusAID, research best practice among other donors, and recommend how AusAID and multilaterals can best work together to secure maximum visibility and public awareness of the results their partnerships are achieving. This is a welcome development in an area critical to the issue of multilateral effectiveness; and consultations took place between the two Reviews in Canberra to ensure coherence of approach. **I therefore recommend that:**

- ❖ ***The proposals emerging from the Multilateral Branding and Visibility Review should be taken forward in parallel with the recommendations of this Review. They should be accompanied by a strong message from AusAID senior management on the importance of staff across AusAID developing compelling stories about the achievements of multilateral aid and AusAID's role in helping to secure those achievements.***

Chapter 7: AusAID's engagement with external stakeholders on multilateral effectiveness issues

7.1 AusAID is putting increasing emphasis on the importance of partnerships in delivering its development objectives. This is a particularly important element of its engagement on multilateral issues, working closely with stakeholders both internationally and within Australia.

i) Bilateral donors

7.2 Internationally, AusAID already works closely with like-minded bilateral donors in the Boards of MOs, in informal donor groups and in multi-donor bodies such as MOPAN, in order to maximise its impact on effectiveness issues. The Review has identified a number of areas where it can intensify its collaboration on this front, drawing on best practice and emerging ideas in areas such as upgrading internal information systems and external communications; drawing on evidence on multilateral effectiveness being developed by other bilaterals such as Sweden and the UK; and looking wherever possible at opportunities for joining up with others in negotiating performance frameworks with MOs.

ii) Multilateral agencies

7.3 As far as partnerships with multilateral agencies are concerned, AusAID is seen by many as a constructive and important partner, generally punching above its weight compared to other donors of a similar size. This says much about the skills and commitment of AusAID's visiting staff and their permanent representatives on Boards. It is also a reflection of the shape and distribution of Australia's development effort. Although a medium size development player overall, Australia is dominant in certain areas of the world, notably East Asia and the Pacific, where it is seen as a bilateral partner of choice for the main multilaterals operating in that area. So it is in an unusually strong position to influence MOs in general at the regional level, as well as those MOs such as the ADB which have a major focus on those regions where Australia is prominent. AusAID takes effective advantage of this influence in securing its development objectives. It is realistic to say for example that neither the World Bank nor the ADB nor some UN agencies would have quite the presence and exposure they currently have in the Pacific region if it were not for the encouragement they have had to do so from Australia, reinforced of course by New Zealand and the island states themselves.

7.4 A common theme repeated by most of the MOs consulted during this Review was their growing concern over the proliferation of separate scrutiny exercises to which they were being subjected on their development and operational effectiveness. For the most part this concern did not flow from a reluctance to be scrutinised (although an element of that cannot be ruled out) but more from the transaction costs involved in a series of separate reviews all with similar but slightly different criteria. Their plea was that, as far as possible, member governments should rely on already established processes for assessing effectiveness through the MOs' existing governance structures; or, if for donors' domestic purposes it was essential to supplement these in some way, that this should be

done by donors operating collectively such as through MOPAN, rather than by carrying out their own bilateral assessments.

7.5 Australia has been generally seen as a good practice performer in this respect; but this is a cautionary and not unreasonable reminder from the MOs about the potential dangers of donors allowing domestic pressures for greater multilateral effectiveness to lead them to undertake scrutiny processes which will divert and distract MO staff time rather than focusing this on delivering better performance. The proposal in Chapter 5 for a desk study of existing material from comparative assessments studies, rather than a further independent review conducted by AusAID, reflects and responds to this concern.

iii) Partner countries

7.6 In many ways, the most important international stakeholders for AusAID in determining the effectiveness of MOs are the **developing countries** themselves, since they are the ones best able to judge how successful their multilateral partners have been in helping them to achieve results on the ground for their communities. Securing partner country views is therefore a key element of any effectiveness exercise. Increasingly, MOs are including partner countries' views and feedback in their own reporting, evaluations and results framework work, although performance in this area is variable and it is important that Australia, working on Boards with other donors, regularly presses for country engagement in these processes wherever that appears to be weak. MOPAN and the bilateral assessment processes carried out by Sweden and the UK, for example, incorporate country perceptions into their assessments so any comparative desk exercise carried out by AusAID based on these exercises would also reflect these. Similarly it will be important that any structured feedback from AusAID's country offices such as is proposed in Chapter 5, para 5.35 incorporates partner countries' views on an MO's performance.

7.7 In terms of national stakeholders, two sets of key partners for AusAID in working towards greater multilateral effectiveness are other government departments (OGDs) and civil society organisations (CSOs).

iv) Other government departments

7.8 As noted previously, AusAID's working relations with other government departments appear to be close, discounting the normal tensions between government partners that inevitably arise from time to time as a result of competing objectives or policy differences. However, discussions with the Department of Foreign Affairs and Trade (DFAT) and Treasury suggested that they were less well-informed by AusAID than they could have been about the ways in which AusAID currently assesses the effectiveness of its multilateral partners. Clearly these Departments do not need to be engaged in every detail but copying to OGD counterparts key documents such as relevant QAIs and APPRs, with the main points flagged, would pay dividends. OGDs are important allies for AusAID and from time to time come into contact with representatives of key MOs in the course of their work. It would therefore also be useful for them to have a regular note of AusAID's top priorities for each MO and any areas of contention, in the same format as that suggested in para 5.39 for circulation within AusAID and to country offices. **I therefore recommend that:**

- ❖ ***To keep other government departments up to date and supportive on multilateral effectiveness issues, AusAID should selectively copy to them key documents such as important Quality at Implementation Reports, Annual Program Performance Reports and (in due course) organisational strategies, together with one-page briefing notes listing AusAID's top priorities for each main multilateral relationship.***

7.9 DFAT and the Treasury also had specific requests. In **DFAT's** case, they would like to know more about what AusAID thinks of the effectiveness of those MOs which AusAID funds but which are of particular political interest to DFAT (the UN Commission on Human Rights being one example; Commonwealth bodies another). This would help inform DFAT's own dialogue with these bodies particular when future funding and areas for improved effectiveness were being discussed. There may be a particular issue here if any such organisations receive a level of funding from AusAID below that at which the threshold for AusAID's formal quality reporting processes kicks in, in which case a lighter touch assessment may be called for. In such cases, and on this issue more generally, there would be seem to be a case for a close dialogue between AusAID and DFAT on how and when assessments – whether detailed or lighter touch - are carried out on those organisations of particular importance to DFAT, and on the sharing of the results of those assessments.

7.10 The **Treasury's** particular interest was that the effectiveness of multilateral funding be placed in the context of the effectiveness of the aid program as a whole, and the need for a strategy setting this out. This is an issue for the wider Aid Effectiveness Review. The Treasury endorses the need for an overall multilateral engagement strategy along the lines AusAID is already planning. It would like to see this slotting in beneath a strategy for AusAID as a whole which ideally would indicate the relative allocations to be made respectively to multilateral and bilateral aid, based primarily on effectiveness criteria. In this scheme of things, a multilateral engagement strategy would be underpinned by a process of looking agency by agency at how multilateral funding could be most effectively deployed. The proposals in Chapter 5 involving new organisational strategies, and partnership frameworks linking funding more closely to performance, with both being informed by the evidence from AusAID's quality reporting system, would help to address these concerns.

v) Civil society organisations

7.11 It is hard to define a single civil society approach to multilateral effectiveness since there is a range of views over how much funding should be allocated to the multilateral sector and how it should be divided. There is however a widely held civil society perception that MOs have hitherto had a somewhat easier time than other recipients of aid funds (including NGOs) in the level of scrutiny to which they have been subjected, and hence a welcome for any tightening of the processes for holding MOs to account. Civil society organisations (CSOs) would like to see this done with maximum attention to transparency, with the opportunity for NGOs' views to be taken fully into account. There is also a general desire for a more strategic and thought-through approach to supporting multilateral agencies and hence a welcome for an overall multilateral engagement strategy. A strong interest was also apparent from CSOs in being engaged in any process for drawing up separate organisational strategies for key multilateral partners, if this approach is agreed.

7.12 NGO concerns about MOs are often viewed (understandably) through the prism of how much MOs are seen to listen to and engage with NGOs, both in Australia and overseas. In that respect,

UNICEF certainly benefits from having an office in Australia. WFP and OCHA have gained a reputation for being less responsive than others to NGO concerns. NGO support for Global Funds which have civil society involvement on their Boards is generally strong. Greater outreach of late to NGOs by the ADB and World Bank has been recognised and appreciated, though unhappiness remains about some of the operations and ways of working of the multilateral development banks. This is particularly the case in respect of large infrastructure programs and related displacement issues, combined with a sense that AusAID should be more pro-active, for example in the ADB Board, in challenging management on these issues.

7.13 NGOs also welcome interaction with AusAID on multilateral issues at six-monthly Roundtable meetings, though both sides noted that discussion can sometimes slip into too much detail of project and process issues rather than looking at a more strategic level. This could be tackled by having one of the meetings each year held at a more senior level on both sides, with more strategic issues on the agenda – possibly including a discussion of one or two key multilateral relationships to help inform the preparation of the new set of organisational strategies, if these go ahead. Civil society organisations have a key role to play in working with AusAID to make the public case for effective aid – whether multilateral or bilateral – and it is important that there should be as open and transparent a flow of information in both directions to enable both parties to play that role effectively. Certainly as far as multilateral effectiveness is concerned, the more structured and strategic that involvement can be in the future, the greater the benefit for all parties. **I recommend that:**

- ❖ ***Strategic engagement with civil society on the effectiveness of multilateral organisations should be a continuing priority. Members of the six-monthly AusAID/NGO multilateral roundtable meetings should consider holding one of their meetings each year at a more senior level to enable a strategic exchange on issues affecting multilateral performance. This might include discussion focused around one or two key multilateral relationships.***

Chapter 8: Conclusions and Summary of Recommendations

Conclusions

8.1 Australia is a middle-sized donor with an unusual profile. One reason for this is location. Unlike many other donors, it is among a community of primarily developing nations, many of which are vulnerable and fragile. Their progress is directly connected to Australia's own future development and security. So in its own region of East Asia and the Pacific, Australia is far from being in the middle of the pack. It is a prominent player, routinely familiar with helping to tackle the challenges of developing country fragility, and seen as a partner of choice by those multilateral organisations (MOs) that operate in the region, to whose funds Australia is a significant contributor. Elsewhere, despite recent increased interest in Africa and Latin America, Australia's development profile is correspondingly modest. Rightly so: focus is good.

8.2 Another feature that defines Australia is that its aid program is forecast to grow, and substantially. This, coupled with the big player experience unusual for a medium size donor, gives Australia the unique opportunity to carry disproportionate weight on the development scene, not just as a bilateral donor but as an influencing force for greater effectiveness in the multilateral system.

8.3 There are risks. Greater public and political scrutiny of aid flows everywhere means that how these additional funds are spent will be under the spotlight. Decisions on allocations, whether bilateral or multilateral, will need to be based on good evidence that the intended results will be achieved and can be demonstrated. What is clear is that increases on the scale the Government proposes cannot be achieved through bilateral channels alone. AusAID does not have the bilateral structures, instruments or staff capacity to deliver this in the timescale required, nor would any donor of comparable size. This puts a premium on ensuring that additional funds channelled multilaterally will be allocated to those multilateral organisations whose effectiveness has been comprehensively assessed and satisfaction secured.

8.4 The foundations are in place in AusAID to do this. The Agency is by no means an outlier amongst donors in the processes it has in place to judge the effectiveness of the multilaterals it supports. Neither is it yet a star. There are areas where it must strengthen its reporting systems, introduce new processes for strategic assessment, and build communications and staffing if it is to be able confidently to extract the maximum value from its enhanced multilateral spending and demonstrate that. AusAID shows both the commitment and enthusiasm to do that.

8.5 The review has proposed in the preceding Chapters where action and changes are required. These are set out in full in the Recommendations section below. They suggest a need for an overall multilateral engagement strategy for the Agency as a whole, on which work is already substantially completed, to set the top level direction. This should be underpinned by a set of organisational strategies to give a comprehensive rationale and direction for AusAID's engagement with each key multilateral organisation, plus new partnership frameworks when the current cycle expire, agreed with other like-minded bilateral donors where possible and with a greater emphasis on linking funding to performance. A desk study of comparative assessments of MOs recently carried out by

others is also recommended, adjusted to reflect Australia’s development and political priorities, to provide a useful set of starting data for preparing organisational strategies and informing judgements about resource allocation and the deployment of staff time on policy engagement.

8.6 To ensure these new approaches are successful, existing systems and processes will need to be enhanced so that information already available, externally and internally, on the performance of MOs is captured, communicated and acted on to inform decision-making and frame assessments. Staffing of multilateral work will need to be enhanced too, and skill-sets built up as part of AusAID’s wider transition from primarily a bilateral delivery agency to an influential global player. A high level leadership message needs to be sent to staff that effective multilateral engagement is critical to AusAID’s future reputation and performance and that people across the Agency and particularly in country programs need to play their part in this. This will all be part of a challenging but achievable culture change for the organisation in which the repositioning and enhanced professionalisation of the multilateral side of AusAID’s work should be a defining feature.

Summary of recommendations

i) New instruments / approaches:

<p>❖ <i>The draft of the <u>multilateral engagement strategy</u> should be finalised as soon as possible, taking into account the recommendations of this Review and the wider Independent Review of Aid Effectiveness; and it should be given a wide and high profile circulation throughout AusAID, the relevant parts of the Australian Government and the international development community, so that all are clear about the context in which future decisions will be taken by Australia on multilateral funding and policy.</i></p>	<p>Para 2.20</p>
<p>❖ <i><u>Organisational strategies</u> should be drafted for the key multilateral organisations with which AusAID has a significant partnership; this should begin once the overall multilateral engagement strategy has been finalised; and the proposals in paras 5.49-54 of this Review should guide their content, frequency and place in AusAID’s hierarchy of multilateral reporting and assessment.</i></p>	<p>Para 5.55</p>
<p><i>The following factors should be taken into account in considering the shape of the successor arrangements to the current cycle of AusAID’s <u>Partnership Frameworks</u> with multilateral organisations :</i></p> <p>❖ <i>Partnership Frameworks (P/Fs) of 4-6 years should continue for the primary UN relationships and for the ADB, the World Bank and the main Global Funds. They should be the principal vehicle for periodic high-level discussion on mutual concerns, including where relevant on the health of in-country collaboration with AusAID involving the use of non-core funds, and highlighting the relevance of each partnership to Australia’s interests and</i></p>	<p>Para 5.46</p>

<p><i>policy priorities.</i></p> <ul style="list-style-type: none"> ❖ <i>As far as <u>UN partnerships</u> are concerned, the P/Fs should be the vehicle for setting out predictable multi-year core funding but a tighter link should be drawn than at present between core-funding and UN partner performance; this could be achieved for example by linking core-funding for the second part of the partnership period to performance in the first half; or by adapting the approach in AusAID’s new P/F with UNRWA which links 20% of funding to UNRWA’s performance against key indicators agreed with AusAID and like-minded donors;</i> ❖ <i>Performance under future P/F arrangements should be judged in part on progress against selected indicators in the results frameworks of each UN partner but also by other sources of information on their effectiveness, including from the reports of MOPAN and other multi-donor or civil society groupings, and from AusAID’s own internal reporting processes.</i> ❖ <i>Wherever possible, AusAID should join with other like-minded bilateral donors in preparing for its next round of UN Partnership Frameworks, both for aid effectiveness reasons and to ensure a greater and more influential donor voice.</i> 	
<ul style="list-style-type: none"> ❖ <i>AusAID should commission a short <u>desk study to synthesise recent comparative assessment reviews</u> of multilateral organisations, giving weight to AusAID’s preferred relevance and effectiveness criteria, with a view to informing the preparation of organisational strategies and future multilateral funding and staff allocation decisions.</i> 	Para 5.60

ii) Multilateral Organisations Performance Assessment Network (MOPAN):

<ul style="list-style-type: none"> ❖ <i>Australia should continue to press, in its role as Chair of the Future of MOPAN Task Force, for the early establishment of a permanent secretariat for MOPAN, either in the OECD or by the selection of a private/civil society body to carry out this function.</i> ❖ <i>Australia should continue to press for closer collaboration between, and possibly the eventual merger of, MOPAN’s work and the DAC Evaluation Network’s pilot study on assessing development effectiveness of multilateral organisations</i> ❖ <i>Australia should work with the MOPAN consultant (Universalialia) to encourage the production of one-page summaries of the outcomes of MOPAN reports for policy makers.</i> 	Para 3.19
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iii) Bilateral donors' assessments of multilateral effectiveness:

<p>❖ <i>AusAID should draw on the experiences, practices and documentation of the bilateral donors cited in Appendix 4 in strengthening its processes for assessing the effectiveness of multilateral agencies.</i></p>	<p>Para 4.5</p>
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iv) Strengthening AusAID's existing quality reporting systems related to multilateral funding:

<p>❖ <i>Subject to the outcome of its current piloting, the new guidance for Completing Quality at Implementation (QAI) Reports for Core Funding to Multilateral Organisations at Appendix 6 should be agreed and incorporated into the general guidance for QAI reporting.</i></p>	<p>Para 5.17</p>
<p>❖ <i>The structure of QAI reports for core funding should remain broadly as it is, though with tailored guidance as proposed; but additional processes (see recommendations at paras 5.46, 5.55, and 5.60) should be introduced to achieve a more comprehensive assessment of each major multilateral relationship.</i></p>	<p>Para 5.19</p>
<p>❖ <i>The QAI system should continue to be used to report on non-core multilateral spending but country program line management, the Multilateral Policy and Effectiveness Section, the Quality and Performance Systems Branch and the Office of Development Effectiveness should strengthen further the interlocking roles they are playing in ensuring these documents effectively highlight multilateral performance issues at the program level.</i></p>	<p>Para 5.20</p>
<p>❖ <i>In the case of predictable humanitarian funding, the normal quality reporting processes should apply, with any borderline cases to be considered under the ADG 'exceptional circumstances' exemption mechanism.</i></p> <p>❖ <i>Emergency humanitarian responses should continue to be exempt from the formal quality reporting process. But in the interests of good accountability, a mandatory lessons-learned process should be commissioned by the relevant ADG in the wake of any significant humanitarian emergency. This should include an assessment of the performance of any multilateral humanitarian organisation with which AusAID had been operationally or financially involved.</i></p>	<p>Para 5.24</p>
<p>❖ <i>The Annual Thematic Performance Report (ATPR) for the Multilateral Program should be discontinued and, once the multilateral engagement strategy is in place, be substituted by a short report card on the strategy prepared (either annually or biennially, subject to demand) in a user-friendly format for public consumption. It should draw on the internal and external sources available on multilateral effectiveness and highlight key</i></p>	<p>Para 5.26</p>

<i>achievements to date and future challenges in taking the multilateral strategy forward.</i>	
❖ <i>The requirement for an ATPR for Humanitarian Activities should be dropped and the necessary coverage of multilateral humanitarian organisations be provided at the global level in the context of the periodic report card (see recommendation at para 5.26) on the overall multilateral engagement strategy and at the operational level through the QAI and lesson-learning processes recommended in paragraph 5.24.</i>	Para 5.27
❖ <i>AusAID should press ahead with introducing due diligence templates as proposed, as a means of accrediting MOs as delivery channels for AusAID's funds, but with a view to keeping transaction costs to a minimum and avoiding duplication with other assessment processes.</i>	Para 5.28

vi) Engagement of AusAID country programs in assessing multilateral performance:

<p>❖ <i>A message from HQ should be sent annually to each Head of AusAID post, possibly signed jointly by their own Deputy Director General (DDG) and the DDG primarily responsible for Multilateral Partnerships, to remind posts of the importance of improving MO performance as a key goal of foreign and development performance and of the responsibility which posts have in contributing to that goal; and to set out a small number of key issues on multilateral performance that they would like that post to prioritise in their reporting that year. These could, for example, relate to one or two organisations where a replenishment or budget round was coming up or where a MOPAN report was expected.</i></p> <p>❖ <i>This message should be reinforced by setting an objective on furthering multilateral effectiveness in the annual personal objectives for every Head of AusAID post.</i></p>	Para 5.34
❖ <i>Guidance for Annual Program Performance Reports should be amended to emphasise the need to provide a meaningful assessment of the performance of key multilateral partners working with AusAID in each sector; with a note in the Management Response section of the APPR on how these assessments will be followed up, and by whom.</i>	Para 5.35
<p>❖ <i>When new country strategies are being drafted by the country program teams they should analyse which delivery channels, including bilateral and multilateral, should be used for meeting distinct country program objectives.</i></p> <p>❖ <i>In the case of multilateral channels, they should identify the key multilateral partnerships</i></p>	Para 5.36

<p><i>which the country team will need to develop and nurture to ensure that agreed outcomes on the ground are delivered; and how the performance of these multilateral partners will be assessed.</i></p> <p>❖ <i>The guidance for the different stages of the country strategy process should be examined and amended as necessary to reflect this point.</i></p>	
<p>❖ <i>One staff member in each country office should be tasked as the liaison point in that office on multilateral policy issues, in addition to their other functions.</i></p>	Para 5.37
<p>❖ <i>One-page briefing notes on each of AusAID’s key multilateral partners – with a maximum of five current hot issues on each – should be prepared, kept updated and sent to country posts by the responsible multilateral desk in HQ, in collaboration with Delegations.</i></p>	Para 5.39
<p>❖ <i>Whenever possible, multilateral policy desks (and, where relevant, humanitarian desks) should attend peer review meetings held to discuss significant non-core QAIs and APPRs of particular relevance to the MOs for which they are responsible, to ensure that multilateral performance issues are covered in a structured way.</i></p>	Para 5.40

vii) Strengthening staffing:

<p>❖ <i>The allocation to AusAID staff of tasks to strengthen the assessment of multilateral effectiveness, as set out in Appendix 7, should be agreed and implemented.</i></p>	Para 5.61
<p>❖ <i>Staffing positions in the Sections in AusAID responsible for its principal multilateral partners and for multilateral policy and effectiveness issues should be increased <u>quickly and significantly</u>, to at least double their current levels, with an emphasis on staff with strong analytical, strategic and influencing skills. Priority should also be given to filling outstanding vacancies in these areas. Subject to the desk study in paragraph 5.60, an increase in staff at posts dealing with key MOs should also be considered.</i></p> <p>❖ <i>The Multilateral Policy and Effectiveness Section should be given greater clout and authority by senior management to enable it to carry out its role of setting standards and promoting best practice and lesson learning on multilateral effectiveness across the multilateral teams.</i></p>	Para 5.65
<p>❖ <i>AusAID should, as a human resources priority, invest in developing a cadre of staff who will spend a significant part of their career working in or around the multilateral system, backing this up with training, multilateral attachments and career planning as required.</i></p> <p>❖ <i>AusAID senior management should take every opportunity to identify multilateral work as a career destination of choice and an area of critical importance to the Agency’s reputation as a global development player.</i></p>	Para 5.69

viii) Information systems:

<p>❖ <i>As and when the Aidworks information system is upgraded or replaced, the needs of the multilateral effectiveness agenda should be fully taken on board; senior policy staff as well as systems experts should be closely involved in setting the key requirements on the range and complexity of data they would like to be able to extract from any new system; and AusAID should work closely with other bilateral donors to ensure best practice elsewhere is captured.</i></p>	Para 5.72
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ix) Possible new directions:

<p>❖ <i>The review to consider whether Australia should rejoin the International Fund for Agriculture Development should take account of material on IFAD's performance contained in the multi-donor, civil society and bilateral donor surveys of multilateral effectiveness referred to in Chapters 3 and 4 of this Review and Appendices 3 and 4, in addition to IFAD's own reporting and self-assessment material.</i></p>	Para 2.16
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x) Visibility of Australia's multilateral aid effort:

<p>❖ <i>The proposals emerging from the Multilateral Branding and Visibility Review should be taken forward in parallel with the recommendations of this review. They should be accompanied by a strong message from AusAID senior management on the importance of staff across AusAID developing compelling stories about the achievements of multilateral aid and AusAID's role in helping to secure those achievements.</i></p>	Para 6.6
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x) AusAID engagement with stakeholders on multilateral effectiveness issues:

<p>❖ <i>To keep other government departments up to date and supportive on multilateral effectiveness issues, AusAID should selectively copy to them key documents such as important Quality at Implementation Reports, Annual Program Performance Reports and (in due course) organisational strategies, together with one-page briefing notes listing AusAID's top priorities for each main multilateral relationship.</i></p>	Para 7.8
<p>❖ <i>Strategic engagement with civil society on the effectiveness of multilateral organisations should be a continuing priority. Members of the six-monthly AusAID/NGO multilateral roundtable meetings should consider holding one of their meetings each year at a more senior level to enable a strategic exchange on issues affecting multilateral performance. This might include discussion focused around one or two key multilateral relationships.</i></p>	Para 7.13

APPENDIX 1: Total AusAID core and non-core ODA funding of multilateral agencies, 2006-07 and 2009-10*

	2006-07 (A\$m)		2009-10 (A\$m)	
	Core	Non-Core	Core	Non-Core
United Nations (UN) Agencies				
International Atomic Energy Agency	1.7	N/A	1.58	N/A
International Labour Organization	N/A	0.15	N/A	21.43
Office of the High Commissioner for Human Rights	0.80	N/A	2.15	N/A
UN Women	0.70	0.50	3.60	4.37
Joint United Nations Programme on HIV/AIDS	1.50	6.13	3.50	8.12
UN Central Emergency Response Fund	N/A	N/A	12.00	N/A
UN Development Programme	7.10	31.10	14.60	55.81
UN Population Fund	4.50	1.37	8.00	12.33
UN High Commissioner for Refugees	7.40	11.48	14.30	28.10
UN Children's Fund	8.50	52.95	19.60	88.47
UN Office for the Coordination of Humanitarian Affairs	4.00	2.33	6.50	5.65
UN Relief and Works Agency	4.20	9.75	5.20	7.50
World Food Programme	13.00	40.94	30.00	20.49
World Health Organization	7.50	12.16	13.00	23.26
Other	1.70	24.58	3.30	47.27
Total UN	62.60	193.44	137.33	322.80
Multilateral Development Banks and Miscellaneous Agencies				
Asian Development Bank	95.10	16.59	54.60	77.01
Commonwealth Agencies	12.15	0.05	10.70	N/A
International Monetary Fund	N/A	2.96	N/A	5.77
World Bank	244.32**	59.04	160.30	305.67
Major funds (including CTF, GAVI, GEF, GFATM, and MPMF)	41.25	N/A	101.90	N/A
Other	23.35	22.40	35.90	69.67
Total Banks and Miscellaneous	416.17	101.04	363.40	458.12
Overall Total	478.77	294.48	500.73	780.92
		773.25		1281.65

* Includes payments to multilateral organisations through AusAID programs only and does not include payments by other Australian official sector departments and agencies. Discrepancies between total figures and individual contributions may exist due to rounding.

** Includes Australia's contribution of \$136.2 million for the Multilateral Debt Relief Initiative announced by G8 Finance Ministers in June 2005.

APPENDIX 2: Future AusAID funding agreements with certain multilateral agencies*

	Core	
	2010-11**	2011-12
Office of the High Commissioner for Human Rights	2.35	Not available
UN Women	7.40	7.10
Joint United Nations Programme on HIV/AIDS	4.00	5.50
UN Central Emergency Response Fund	14.00	16.00
UN Development Programme	17.90	23.30
UN Population Fund	10.50	14.00
UN High Commissioner for Refugees	16.00	Not available
UN Children's Fund	25.40	34.10
UN Office for the Coordination of Humanitarian Affairs	7.00	8.00
UN Relief and Works Agency	11.50	15.00
World Food Programme	35.00	35.00
World Health Organization	18.00	23.00
Other	9.69	Not available

* Includes payments to multilateral organisations through AusAID programs only and does not include payments by other Australian official sector departments and agencies.

**Figures are as of April 2011 and are subject to change.

APPENDIX 3: Assessments by multi-donor groups and civil society organisations: other studies and surveys

a) Paris Declaration Monitoring and Evaluation Survey

A3.25 The 2011 Survey on Monitoring the Paris Declaration on aid effectiveness²⁷ follows previous surveys conducted in 2006 and 2008 and will determine whether the targets set in the Paris Declaration for 2010 have been met by the donor countries and multilateral agencies which signed up to the Declaration. These targets cover 56 specific actions and 12 indicators, related to the following principles: harmonisation, alignment, results' management and mutual accountability. The Survey²⁸ is also intended to help stimulate dialogue at both the country and international level on how to make aid more effective. The 2011 Survey (the last in the series) due to be published in June 2011 will be the most useful yet given the data that will now have accumulated since the Paris Declaration was signed. The lack of UN disaggregation however limits the usefulness of the tool in assessing the relative performance of individual UN agencies.

b) DAC Report on Multilateral Aid

A3.26 This is an Annual Report²⁹ produced by the OECD DAC Secretariat with a wealth of information on recent trends in multilateral aid and total use (core and non-core) of the multilateral system. The 2011 report also due to be published in June will be particularly relevant to the subject of this review as it will provide updated information on each DAC donor's management of multilateral aid and their decision-making processes for allocating resources to the multilateral system as a whole and between multilateral organisations. Australia has contributed information to the DAC covering its own current processes, for use in the 2011 Report.

c) DAC/UN Evaluation Group Peer Reviews of Evaluation Functions of UN bodies

A3.27 These peer reviews³⁰ have been carried out since 2004 and have covered UNDP, UNICEF, WFP, GEF, the UN Internal Oversight Services (OIOS) and UNIDO (the latter completed in 2010). The reviews are of the evaluation functions of the MOs concerned and are not intended as an assessment of the effectiveness of the organisations themselves. However they can contribute to this assessment by testing the capacity and quality of the organisation's own evaluations of effectiveness, and thus the confidence that can be placed in them.

²⁷ http://www.oecd.org/site/0,3407,en_21571361_39494699_1_1_1_1_1,00.html

²⁸ The multilaterals included in the Survey are the ADB, AfDB, EC, GAVI, GFATM, IDB, IFAD, World Bank and the UN Funds and Agencies grouped together.

²⁹ <http://www.oecd.org/dataoecd/23/17/45828572.pdf>

³⁰ http://www.oecd.org/document/39/0,3746,en_21571361_34047972_44006375_1_1_1_1,00.html

d) Common Performance Assessment System (COMPAS)

A3.28 COMPAS³¹ is a framework of seven participating multilateral development banks³² which measures their progress on managing for development results through the use of common performance indicators. It is not designed to make direct comparisons across institutions, although the matrix format of the report does provide opportunities for the MDBs to learn from one another. COMPAS reports data on eight categories.³³ The 2008 COMPAS report showed that the MDBs had made progress in strengthening their focus on results and their results frameworks and systems. However there has been no report published since then, while COMPAS itself is being reviewed, which has limited COMPAS as a tool for monitoring incremental progress.

e) 'Guide to Donors'

A3.29 'A Guide to Donors'³⁴ was published in February 2010 by HIPC/CBP (the Heavily Indebted Poor Countries-Capacity Building Program). The Guide provides a useful set of 48 comparable and comprehensive 'donor profiles', including 14 multilaterals,³⁵ and systematically covers: aid quantity and pledges; institutions and structures; key policies and legislation; country allocation criteria and performance; concessionality; types of assistance; channels of assistance; sector allocations; flexibility; predictability; conditionality; disbursement methods and procedures; procurement procedures; and participation in coordination and alignment initiatives.

f) Quality of Official Development Assistance Assessment

A3.30 This survey,³⁶ produced in 2010 by Brookings/Centre for Global Development, focuses on aid agency effectiveness, looking at measures over which donor agencies³⁷ have control. The authors focus on four dimensions of aid quality (maximising efficiency; fostering institutions; reducing the burden on recipients; and transparency and learning) built up from 30 separate indicators. It seeks to adopt a quantitative approach, assessing the quality of each agency's aid by benchmarking donors against each other in a particular year. Each donor's score is determined both by how it behaves and by how others behave in a particular year on comparable and measurable attributes of effective aid,

³¹ <http://www.mfdr.org/Compas/index.html>

³² World Bank, AfDB, ADB, IFAD, IADB, IsDB, EBRD

³³ country capacity to manage for development results, country strategies, allocation of concessional resources, projects, institutional learning from operational experience, results-focused human resource management, harmonisation and the use of country systems among development agencies, and private sector operations.

³⁴ <http://www.development-finance.org/en/services/guide-to-donors.html>

³⁵ AfDB, ADB, BADEA, EC, EFA-FTI, GAVI, GFATM, IADB, IFAD, IMF, IsDB, OPEC Fund, UN, World Bank

³⁶ http://www.cgdev.org/section/topics/aid_effectiveness/quoda

³⁷ The survey covers the 23 bilateral donors in the DAC plus the following multilaterals: AfDF, ADF, EC, Global Fund, IDA, IADB Special Fund, IFAD and an aggregation of 5 UN agencies (UNAIDS, UNICEF, UNDP, UNFPA, and WFP).

as a way to establish 'best in class' rankings on various dimensions of aid quality. The authors' intention is to develop indices that measure change over time, thereby providing an empirical basis for linking changes in management decisions and strategy to changes in aid agency performance.

g) Publish What You Fund's Aid Transparency Assessment 2010

A3.31 This is an assessment³⁸ of donor behaviour on aid transparency and covers 30 aid agencies, including eight multilaterals.³⁹ It draws on a number of existing data sources.⁴⁰ It starts from the principle that aid transparency matters for improving governance and accountability, increasing the effectiveness of aid and lifting as many people out of poverty as possible. The study then assesses donors in three main categories: donors' overall commitment to aid transparency; transparency of aid to recipient government; and transparency of aid to civil society; and ranks them in four groups. The multilaterals on balance do better than the bilaterals in this survey, with the World Bank in Group 1 as the highest performing donor overall and all the remaining MOs placed in the second group except GAVI (in the third). Australia also does well in this survey coming 8th out of 30.

³⁸ <http://www.publishwhatyoufund.org/resources/assessment/>

³⁹ World Bank; EC, ADB, Global Fund, AfDB, IDB, UN as a whole, and GAVI

⁴⁰ including the OECD DAC Creditor Reporting System; the Paris Declaration Monitoring Survey; the HIPC Capacity Building Program; the OECD Predictability Survey; the EU AidWatch 2010 Survey; and information from the International Aid Transparency Initiative (IATI).

APPENDIX 4: Approaches by six bilateral donors to assessing multilateral effectiveness

A4.1 The following commentaries cover certain key aspects of these donors' approaches to assessing the effectiveness of multilateral organisations. They are not comprehensive and it is important to note that ways of working are changing all the time. But the approaches described provide some examples of good practice for AusAID and other donors to take into account.

Germany

A4.2 Germany has been reviewing its approach to the multilateral agenda since its last general election but has resisted the route of undertaking a separate bilateral assessment of multilateral organisations or joining other donors in doing so except in the context of MOPAN, which it believes is improving its performance and relevance, although providing only one part of the picture. To help achieve a more systematic approach to assessing multilateral performance than hitherto, Germany is currently developing an overall strategy to set the context for its multilateral engagement as a whole and to address some cross-cutting issues, such as the links between multilateral and bilateral assistance; issues of efficiency, competition and division of labour between multilateral agencies; and the role of the EU in Germany's overall multilateral engagement.

A4.3 Beneath this strategic level, Germany then looks regularly at each institution, drawing together information on their effectiveness from a variety of existing sources such as MOPAN, OECD/DAC sources, independent evaluations where these exist, the MOs' own reporting, COMPAS reports and so on. In drawing up these assessments Germany is not looking simply at the link between performance and financial allocations, it also weighs performance against other criteria such as the relevance of the organisation, its comparative advantages and its particular mandate. Nor is Germany focused on a comparison between institutions for deciding funding. It is more interested in the organisation's direction of travel. Is it progressing or not? If it is – then that would indicate continued support. If it is not, then that would point to developing a strategy for how Germany should best respond, which could include less financial support but also greater policy engagement to help the organisation improve.

A4.4 The German legislature plays an important part in the Government's decision-making and approach to multilateral support. Parliament is increasingly focused on the importance of achieving and demonstrating results from Germany's aid budget and particularly its multilateral contributions. There is a parliamentary guideline which aims at keeping multilateral contributions at a third of total aid expenditure. Yet the budgetary process required by the legislature creates challenges for flexibility in financial allocations to reward results.

A4.5 As far as core and non-core funding is concerned, Germany provides the bulk of its funding as core. This is primarily for aid effectiveness reasons, but also because it rarely has the flexibility of additional resources being available for ad hoc non-core expenditure; and at the country level, non-core allocation to MOs as delivery mechanisms is limited as there is a widely-held perception that it is more effective to use Germany's own aid delivery channels where these are able to operate.

Denmark

A4.6 Denmark made a policy decision in the summer of 2010 that MOPAN should be one of its key instruments for assessing the performance of MOs. As a consequence it has stopped carrying out separate bilateral assessments of MOs which had previously involved it in collecting data each year on the performance of its three most important multilateral partners in each of 15 countries. Its focus now is a) on working with others to build the performance of MOPAN, which it believes is becoming an increasingly important and effective instrument but needs to have a permanent secretariat and develop stronger links with the DAC Evaluation Network pilot work on development results; and b) producing organisational strategies on each MO receiving more than 20m Danish krone (about A\$ 3.7m) each year, or less if they have a particular strategic importance.

A4.7 These strategies (16 to date) have been undertaken in response to the perceived need for Denmark to have a more strategic basis to frame its relationship with each multilateral partner. They cover all aspects of the relationship and include an Action Plan and an indicative 3-year budget which is firmed up annually. There is no direct link made in the strategies between performance and funding, but with a much greater focus by the Government than hitherto on results, MOs' performance against the strategies certainly has an impact on future funding decisions. In particular, MOs are advised if they are placed on a 'watch list' as a result of performance weaknesses; and this would then be reflected in the nature of the next organisational strategy and accompanying financial envelope.

A4.8 Linked to these organisational strategies, Denmark also has specific performance frameworks in place for certain UN agencies (such as UNDP, UNHCR, UNFPA and most recently UNOCHA). These are agreed with the agencies and done jointly with one or two other donors (the OCHA framework was agreed jointly with Canada and Ireland for example) and contain specific performance milestones linked where possible to the agencies own strategies and results frameworks. Denmark has not, unlike DFID, linked MO performance against these milestones directly to funding allocations.

A4.9 Denmark has some further reporting processes, some mandated by its legislature. These include a) the annual preparation and submission to Parliament of one-page progress reports on each piece of expenditure over 2m krone (hence including allocations to each MO supported by Denmark); b) annual performance reports to the DANIDA Board from each Danish Delegation on those MOs to which they are accredited;⁴¹ c) engagement in peer reviews of MO evaluation studies;⁴² d) performance management frameworks (PMFs) which focus more on how effectively DANIDA performs in their partnerships with MOs rather than on how the MOs themselves perform; and e) reports from a few selected Danish Embassies each year on three areas of performance of a small number of key multilateral partners. The latter is to ensure that there is a country perspective when looking at MO performance; but care is taken to minimise the transactions costs of this on country teams.

A4.10 Another area of focus for Denmark is strengthening their internal systems for assessing multilateral effectiveness. This is in part to ensure better coordination and coherence. Because they have many separate branches (at least six) looking after different multilateral organisations and

⁴¹ To avoid unnecessary duplication, the reports at a) and b) draw heavily on material from the organisational strategies and accompanying action plans

⁴² DANIDA was involved with the DAC/UNEG review of the evaluation capability of UNIDO in 2010, for example

aspects of multilateral programs (the World Bank, ADB and AfDB are all dealt with by different branches, for example), they have a challenge in ensuring that sufficient horizontal linkages are made in establishing lesson-learning and best practice processes. They are therefore looking at ways to improve the sharing of knowledge between branches.

A4.11 They are also seeking to introduce improvements in their IT systems to help bring information together more quickly on the full range of their interventions with a particular MO. At present, for example, core funding is provided to UNHCR by Copenhagen, while a large number of separate funding streams to UNHCR are being authorised at the country level under delegated authority. They are looking to develop a more sophisticated electronic information system to assemble and present information on the full range of activity with a particular MO very quickly in a user-friendly format.

A4.12 Finally, Denmark is looking at its human resources policies to ensure that they attract and retain enough people with multilateral and international financing skills given the complex nature of multilateral work and the importance of continuity and depth of expertise in dealing with MOs.

Sweden

A4.13 In 2007 Sweden adopted a new strategy for its engagement with multilateral organisations. Amongst other approaches the strategy included two key tools for achieving a more informed and strategic way of engaging with multilaterals: an evidence-based set of assessments by Sweden itself of multilateral organisations; and a new approach and format for individual organisational strategies.

A4.14 Sweden's first set of assessments of 23 MOs was completed and published in 2008, providing it with baseline judgements on all the organisations it supported. They are now following up on that initial work by updating each assessment in cycles, so that each MO is covered once every 3-4 years.⁴³ Where possible, the timing is decided to coincide with forthcoming decisions on replenishment or budget rounds for particular MOs. The aim of the assessments is two-fold: to feed into a more strategic policy approach to each MO, by providing the basis for the organisational strategy and informed policy dialogue; and to inform upcoming decisions on funding.

A4.15 The assessments are based around three broad criteria: relevance; organisational effectiveness; and development effectiveness. They draw on MOPAN reports to the extent possible for information on organisational effectiveness, though Sweden is only partially satisfied with MOPAN's reach and performance. Sweden would prefer it if MOPAN branched out into assessing development results and would like its assessments to be more robust and less equivocal. The assessments also draw on many of the other external sources of data referred to in Chapter 3. The responsibility for identifying and synthesising the information from these sources falls on the desk managers coordinating the individual assessments. However, the Department for Multilateral Development Cooperation in the Ministry of Foreign Affairs (MFA) has a central role in drawing the attention of desk officers and others to these international assessments and to other relevant evaluations.

A4.16 Once the assessments have been completed, they feed into organisational strategies which are prepared on Sweden's top eleven multilateral partners. One of these strategies, on UNDP, has been completed; the remainder will be done in 2011. The strategies set out key objectives and the form of future funding for each organisation. For MOs falling below the top eleven, a slimmed-down

⁴³ <http://www.sweden.gov.se/sb/d/11747/a/122004>

version, while not a requirement, is seen as useful and desirable. All the strategies are to be accompanied by a Work Plan, containing the more detailed plans and activities required for the strategies' implementation. Once organisational strategies are complete they are disseminated across the Swedish system including to country offices, in part to build awareness of key elements of the MO relationship.

A4.17 Every 12 months (six months in the case of the highest priority MOs) a roundtable meeting is held to discuss each MO. The key rationale for these meetings is to follow up on strategies and work plans and share information on activities and funding, in order to coordinate work and achieve better synergies. An additional side-effect is likely to be an increased buy-in and wider engagement across the system, and especially from country programs, on issues affecting multilateral effectiveness. This is regarded as still work in progress.

A4.18 Decisions on the appropriate levels of core funding to be provided to different MOs are generally made case-by-case rather than on a systematic comparative basis. The assessments provide an important piece of information for funding decisions but are not used to make comparisons between agencies. Funding recommendations to Ministers are based on all the available evidence, looking at an agency's effectiveness, relevance and direction of travel. As for other donors, Ministers will then take decisions based on this evidence and their own political judgements.

Norway

A4.19 Norway channels about 50% of its aid through multilaterals, including core funding (comprising assessed contributions; regular core allocations as part of budget and replenishment rounds; and voluntary contributions to UN funds and programs); and non-core funding via bilateral programs and through program cooperation agreements with certain UN organisations which involve light earmarking. Decisions on levels of core funding are made by Parliament on the basis of proposals from the Government. The starting point for these proposals is the level of funding provided to the relevant MO in the past, overlaid by a number of other important criteria including: relevance to Norwegian development and political priorities; the comparative advantage of the organisations; results-based management and performance on results; willingness to embrace reform; policy and practice on anti-corruption; and policy and practice on gender mainstreaming and human rights.

A4.20 Norway faces the same challenge as many donors in that responsibility for MOs is spread across a number of different branches, which has meant that the approach to MOs has not always been wholly consistent. There is increasing pressure from Parliament for a fully systematic approach to assessing MOs and also for a strong emphasis on the delivery and communication of results. Norway currently produces a strategy or 'profile' on each MO. For this it gathers information on their activities, results and performance from a range of existing sources such as MOPAN (to which Norway attaches great importance and would like to see further strengthened) and the MOs' own reporting and policy documents. Norway does not supplement this material with any separate formal bilateral assessments of its own. The last profiles were completed in 2009 and the next cycle is due in 2011. Parliament have made clear that they expect these next profiles to be more systematic than in the past and more robust in judging performance, particularly of UN agencies, about whose effectiveness there is some scepticism.

A4.21 This will involve doing more to join together assessments of both the core and non-core funding elements of the relationship. A new financial management system introduced in 2009 has been helpful in improving Norway's ability to draw out quickly and in a more user-friendly format how much it is providing in total to a particular MO from a variety of pockets of funding. But to supplement this, systematic feedback on MOs' in-country performance from Norwegian representatives at the country level is also needed. This has not always been straightforward: posts are busy delivering their bilateral objectives and do not always give priority to their role in supporting the multilateral effectiveness agenda. An annual letter to each embassy from the Ministry of Foreign Affairs (MFA) seeks to highlight the importance of this multilateral role, setting out those priorities and activities on the multilateral agenda for the coming year which will require each post's active support.

A4.22 Multi-year indicative pledges for voluntary core contributions have been agreed for three UN bodies (UNICEF, UNDP and UNFPA). These pledges expire at the end of 2011 so major decisions will be required for the remaining Strategic Plan period of the organisations. Allocations have in the past not been driven solely by performance issues: political and policy priorities also play a significant part.

A4.23 This raises an underlying issue in Norway's approach to multilaterals. It is a strong believer in the power and purpose of multilateralism. It sees benefit in being part of a multilateral system in which it has a role to play through its representation on the Boards of MOs in influencing and improving their performance. So rather than simply making a strong link between performance and its own contributions, it has hitherto put more emphasis on using its role as a member nation to focus on particular issues which need to be taken forward to improve the performance and efficiency of the organisations. However, that approach, while remaining valid, is likely to be tempered somewhat in the future by a growing emphasis on the need for demonstrating results on the ground.

A4.24 So a continuing challenge for Norway will be how to get the right balance between support for multilateralism on the one hand, and the need to secure better and quicker results, on the other. A recent example of the latter approach has been Norway taking a tougher position on performance in the case of FAO, where it was not satisfied with the progress made by FAO in pursuing internal reforms indicated by an evaluation study. As a result it did not renew a program cooperation agreement with FAO when it ran out in 2009 and made public the link it had made between this and the lack of progress on reform. On the former approach, Norway has been consciously putting a lot more effort into its interventions in multilateral boards to influence conclusions on key agenda items related to effectiveness, such as results, evaluations, budget reform, anti-corruption and so on. To do this, the MFA regularly requests assessments from its development agency NORAD, from country offices (for example on country program evaluations) and from other parts of the Norwegian Government system. This material has been designed for use not only in Board meetings but also for subsequent use as an evidence base for bilateral discussions with the MO concerned or in informal donor groups, as well as for use in preparing MO profiles.

Canada

A4.25 The Canadian International Development Agency (CIDA) undertook a Multilateral Review in 2008. It took a year to complete and covered all multilateral core funding as well as non-core global thematic funding through multilateral organisations. It did not cover non-core multilateral funding

provided and overseen by country programs. The Review looked at all MOs on the basis of 3 main criteria: development results; organisational effectiveness (primarily taking MOPAN's assessment of this); and alignment with Canadian's foreign and development policy priorities.

A4.26 Many parts of CIDA were involved in the review process, with the lead desk manager for each MO in the lead, bringing in perspectives from other parts of HQ and from country offices.

Organisations were brought together in four main groupings: UN and other similar international development organisations; international financial institutions; humanitarian organisations; and 'political' organisations (essentially Commonwealth and Francophonie bodies).

A4.27 As a result of the Multilateral Review there were some reallocations in multilateral programming. Canada has not established a fixed percentage of the aid program which should be channelled multilaterally. That said, while this may have fallen a little recently, it has remained fairly constant over time. But its composition has changed somewhat, with the Global Funds having increased their share and the MDBs' share remaining about the same.

A4.28 Canada is not proposing to carry out a review of this magnitude on a regular basis. However, CIDA is likely to be facing its four-yearly scrutiny under Canada's Strategic Spending Review process in 2011 and will be required like other Government Departments and Agencies to come up with recommendations for savings. (On the last occasion it was allowed to plough those savings back into high performing parts of the aid program). This process will therefore amount to a further scrutiny of the effectiveness of the entire aid program including its multilateral components, although this is unlikely to be at the same level of intensity as the 2008-09 Multilateral Review.

A4.29 Prior to the Multilateral Review, Canada had been conducting multilateral effectiveness and relevance assessments on a bilateral basis of each main multilateral that it funded. It has now stopped doing this as on aid effectiveness grounds its focus is on supporting the joint-donor MOPAN process and improving its rigour. Canada is looking for ways to assess the development results achieved by MOs including through the work being taken forward by the DAC Evaluation Network, which Canada has been directly supporting.

A4.30 In parallel to the 2008 Multilateral Review, CIDA commissioned in 2008 a Review of the Effectiveness of CIDA's Multilateral Delivery Channel⁴⁴ to look particularly at how well CIDA was deploying multilateral aid and evaluating MOs' performance. One of the key recommendations of the Review was that CIDA should 'develop concise organisational strategies for each multilateral organisation where significant funding is channelled, with a view to providing more clarity to the organisation on CIDA's goals and expectations'⁴⁵. As a result, CIDA has just completed 18 such institutional strategies, covering approximately 90% of its core funding. The strategies include a section on the role of the MO and their partnership with CIDA; an assessment section; and a forward strategy for the next three years setting out some core areas on which CIDA will be working with the MO to secure progress. The process for completing all 18 strategies in parallel had been intensive but had the benefit of enabling senior management to peer review the drafts together to ensure consistency of approach and quality.

⁴⁴ Review of the Effectiveness of CIDA's Multilateral Delivery Channel: <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/En/MAR-618103446-K4T>

⁴⁵ *op cit* page xi

A4.31 The strategies do not have a financial allocation attached to them. This was deliberate to ensure that they focused not on money but on how best to improve agency performance. Financial decisions on core allocations will continue to be taken for the most part on a case-by-case basis. Factors that are taken into account include previous levels of funding; burden-sharing considerations, where relevant; alignment with Canadian priorities; information on institutional performance; and availability of resources.

UK

A4.32 The UK's Department for International Development (DFID) has for a number of years put a heavy emphasis on assessing the effectiveness of the MOs it supports, through a range of approaches including:

- the preparation of Multilateral Development Effectiveness Summaries, giving a coherent picture of the strengths and weaknesses of MOs in the form of a 'balanced scorecard';
- publishing multi-year institutional strategies on each main multilateral partner;
- annual reporting to Parliament on the relationship with partners such as the World Bank;
- partnership agreements with UN organisations linking funding to achievement of performance indicators; and
- securing the engagement of country offices on multilateral effectiveness issues eg through setting multilateral objectives in country strategies and through regular teleconferences between multilateral desk managers and selected country office representatives.

A4.33 A UK Multilateral Aid Review (MAR) announced by the incoming Government in June 2010 represents a new departure, though building on this previous experience. The aim of the Review which is due to publish its conclusions in February 2011 is 'to ensure that the UK gets maximum value for money from its contributions to multilateral organisations.. Organisations that demonstrate value for money and the greatest impact on poverty could receive extra funding. Those that fail to meet the tough criteria could have their funding reduced or stopped altogether'.⁴⁶ The Review is assessing 43 organisations against 11 separate criteria⁴⁷ grouped round the broad headings of **relevance** to the UK's objectives on poverty reduction and each MO's **effectiveness** leading to the delivery of results on the ground. The process includes: drawing on existing material such as MOPAN reports; in-depth reviews conducted by multi-disciplinary teams of multilateral performance in 10 developing countries; the taking of evidence from MOs themselves, from civil society organisations, and from partner governments; and peer reviewing by independent, academic assessors.

A4.34 The intention is that once each organisation is assessed and scored it will be included in one of four broad categories ranging from highly relevant and effective at the top, to low relevance and effectiveness at the bottom. There will not be a fixed link between each category and particular levels of funding (for example, adjustments may well need to be made in the light of levels of support from other donors, and in cases where organisations are not performing strongly but have an indispensable niche role in the multilateral system). However, the ranking and categorisation will help give a strong indication of where increases or decreases in funding to particular organisations are warranted; and also where DFID staff time should be targeted (high performing organisations

⁴⁶ UK Multilateral Aid Review press release July 2010: <http://www.dfid.gov.uk/About-DFID/Who-we-work-with/Multilateral-agencies/Multilateral-Aid-Review/>

⁴⁷ UK Multilateral Aid Review Terms of Reference, Annex 4 : Assessment Criteria:
<http://www.dfid.gov.uk/Documents/Multilateral-aid-review-TORS.pdf>

may need less intensive DFID scrutiny and policy engagement than low performing but important agencies, for example).

A4.35 The next step in the process, once the MAR is finalised and multilateral agencies informed of the outcome, will be the preparation of business cases (essentially program approval documents) setting out the case for funding support to each organisation and the related expectations on performance and results. The business cases will be made public and will be the key, mandatory operational document defining the DFID/MO partnership. Beyond these documents, the present thinking is that it will be for the relevant teams in DFID to determine, in consultation with the MO concerned, whether it will be useful, in addition, to put in place either an organisational strategy or a performance framework, or both; but these are not likely to be mandatory requirements.

A4.36 The MAR has been a major and ambitious task for DFID involving substantial transaction costs, both for itself and for the MOs being assessed. It is not one that could be regularly repeated. But there can be no question that it will be of great value to DFID to have baseline, comparative assessments of each multilateral partner, all starting from the same point, which can provide a credible evidence base into the future to inform decisions on resource allocation and levels of policy engagement. Because so many parts of the office have been involved in the Review, there has also been a significant and unexpected spin-off benefit of getting a wide spectrum of staff engaged in the multilateral agenda and sensitised to its role and importance. The MAR will also no doubt prove a useful resource for other donors who may not wish (on aid effectiveness grounds) or be able (on capacity grounds) to conduct a similar bilateral assessment of this magnitude. Chapter 5 explores the relevance of this point for AusAID.

A4.37 A final point worth flagging is DFID's experience over recent years with **performance framework (PF) agreements with UN bodies**, some in collaboration with other donors. These agreements have generally incorporated baseline core funding commitments, but have also linked additional 'bonus' core payments to the MO's performance against specific annual performance indicators.⁴⁸ In principle the performance indicators have been drawn from the MO's own strategic or results frameworks. But where the latter were insufficiently robust, DFID has often sought to negotiate additional performance requirements to hold the MO to account.

A4.38 A recent review commissioned by DFID of these arrangements revealed some interesting pros and cons. On the positive side, the performance frameworks were seen to have helped improve and sharpen the policy dialogue between DFID and PF agencies on issues such as results and value for money. The agencies had taken seriously the push to improve performance, mindful of the risks to their reputation as well as their revenue if bonus funds were not approved. Less positively, the review identified more micro-management of the process by DFID than had at first been intended; and that the transaction costs of negotiating the indicators and then assessing performance against them had been high for all concerned. This was particularly the case when the targets had not been drawn from the agencies' own, thereby going against the principles of good donorship. While the wider Multilateral Aid Review has been under way, the PF arrangements have been put on hold. It seems likely that whatever replaces them will retain the principle of linking funding to performance, but in a way which involves less intrusive management of the process by DFID.

⁴⁸ The collaboration with DFID of other donors, such as Denmark, in these frameworks, has not generally included the performance bonus aspect.

APPENDIX 5: Responsibilities for multilateral organisations across the Australian system

A5.1 Responsibilities for multilateral work in AusAID and beyond in other parts of the Australian Government are broadly as follows:

- In AusAID, the UN Climate Change and Environment Branch has lead policy responsibility for certain UN bodies and leads on relations with the multilateral organisations dealing with climate change and the environment although there is a lot of cross-government interest in these and the Department of Sustainability, Environment, Water, Population and Communities leads on Australia's relationship with the UN Environment Program (UNEP);
- The Multilateral Policy and International Partnerships Branch (MPIP) is responsible for some key aspects of the relationships with the multilateral development banks (MDBs) such as replenishments of the concessional financing arms, while the Treasury leads on other aspects such as certain institutional reforms and capital issues. The MPIP also includes the Multilateral Policy and Effectiveness Section (MPES) which has the remit for measuring multilateral effectiveness, primarily through MOPAN, but also for coordinating and disseminating information and guidance on multilateral issues;
- The Health, Education and Scholarships Branch of AusAID leads on the relationship with a number of the Global Funds and other multilateral bodies dealing with health and education, although the Department of Health and Welfare has the policy lead on the World Health Organisation (WHO); and the Department of Education, Employment and Workplace Relations lead on Australia's relationship with the International Labour Organisation (ILO);
- AusAID's Humanitarian and Emergency Response Branch leads on dealings with the multilateral humanitarian organisations, except that the Department of Immigration and Citizenship has lead responsibility for relations with the UN High Commission for Refugees (UNHCR);
- Three-fifths of the money channelled multilaterally is non-core or earmarked and a significant slice of that is the responsibility of the country program side of AusAID. As such, those in AusAID HQ who are responsible for multilateral policy have only partial visibility of these funds and how effectively they are used;
- AusAID representatives in Australian permanent delegations to the major MOs based in Washington, Rome, Geneva and Paris also have an important part to play in feeding into policy positions and performance assessments. Indeed they are closer to the action and in some cases more knowledgeable about 'their' organisations than their Canberra colleagues [and while recognising the current capacity constraints would generally like to see greater strategic involvement and physical engagement by multilateral policy staff located many thousands of miles away in HQ];
- The Office of Development Effectiveness (ODE) which is part of AusAID but answerable direct to the Director General, reports periodically on aspects of multilateral performance and effectiveness; and AusAID's Operations, Policy and Support Branch provides generic guidance on accountability and quality systems including those for assessing multilateral operations.

APPENDIX 6: Considerations for Completing QAIs for Core Funding to Multilateral Organisations (2011)

<p>Objectives Summary</p> <p>The Objectives Summary should include the following:</p> <ol style="list-style-type: none"> 1. Objectives based on the multilateral agency's own strategic plan or results/management framework; and 2. The objectives of Australia's core-funding partnership with this agency (often defined through partnership frameworks).
<p>1. Relevance</p> <ul style="list-style-type: none"> • What is the relevance of the multilateral organisation to AusAID's policies and priorities and how is it helping AusAID meet broader aid objectives? • What are the comparative advantages or benefits to Australia of channelling funding through this multilateral organisation rather than funding an issue bilaterally?
<p>2. Effectiveness</p> <ul style="list-style-type: none"> • How effective has the multilateral agency been at achieving its objectives? <p>This assessment could include consideration of:</p> <ul style="list-style-type: none"> • The multilateral organisation's achievements against its own results framework, ie. x no. of objectives achieved; • Consider information from external assessments including MOPAN where relevant; and • Consider feedback from Posts on their views on the effectiveness of the multilateral organisation in particular countries/ regions. <ul style="list-style-type: none"> • How effective has AusAID's partnership with the multilateral organisation been and how have we actively supported processes to improve the organisation's effectiveness?
<p>3. Efficiency</p> <ul style="list-style-type: none"> • How efficient is the agency? (ie. is the multilateral agency organised to increase the likelihood of better results?) <p>This assessment could include consideration of:</p> <ul style="list-style-type: none"> • Does the organisation have an effective strategic framework in place? • How efficient is the operational management of the agency, ie. human resource management, the way in which finances are managed and disbursed? • Does the organisation build strong relationships with partners and other stakeholders? • Is the agency working efficiently with donors, partner governments and other multilateral organisations to minimise partner government transaction costs and meet their commitments to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action? <ul style="list-style-type: none"> • How efficient is AusAID's engagement with the multilateral agency and have we advocated for improvements on any of the above issues?
<p>4. Monitoring and Evaluation</p> <ul style="list-style-type: none"> • How do we know whether our core funding to a multilateral organisation is meeting its

<p>objectives? For example does the organisation generate good quality data that support judgements on the effectiveness of the agencies' efforts and can be used to improve the agency's performance?</p> <ul style="list-style-type: none"> • Does the organisation have a strong and independent evaluation office or department? Are the results of internal evaluations clearly communicated to donors? • Does the organisation have a clear results-based framework with performance information clearly communicated to donors? • How effective is AusAID's monitoring and evaluation of the multilateral organisation? <ul style="list-style-type: none"> • Eg. have we participated in joint reviews or evaluations at country level? • Are we closely engaged in board meetings or other governance mechanisms?
<p>5. Sustainability</p>
<ul style="list-style-type: none"> • Are the multilateral organisation's activities contributing to enduring outcomes? • How is AusAID contributing to the sustainability of the agency and to enduring outcomes?
<p>6. Gender equality</p>
<ul style="list-style-type: none"> • Does the agency have a clear gender quality policy or framework which is being implemented? • Has there been a recent gender evaluation, what were the results and has the agency been responsive to these findings? • How effectively is AusAID pursuing this issue? • How well is the work of the organisation contributing to advancing gender equality?
<p>7. Cross-Cutting Issues and Commitments</p>
<ul style="list-style-type: none"> • How does the organisation address cross-cutting thematic issues of importance to AusAID such as aid effectiveness, HIV/AIDS, environment and climate change, disability or other AusAID or Australian Government policy commitments, as relevant? • How effectively has AusAID pursued these issues with the organisations?
<p>8. Risks to highlight</p>
<ul style="list-style-type: none"> • Identify significant risks to AusAID of providing funding to the agency and how AusAID is managing those risks, eg. visibility issues, accountability? • What are the major risk management issues being dealt with by the agency's Board/management meetings?
<p>9. Current Issues</p>
<ul style="list-style-type: none"> • Enter any other relevant information not identified above including, where relevant, information about new/ incoming leadership.
<p>10. Key Results (note that this is useful information for briefings)</p>
<ul style="list-style-type: none"> • What are the most significant recent achievements of the multilateral agency, often contained in Annual Reports or reports of Executive Directors? • What are some of the key results from our engagement with the multilateral agency?

If there is a recent MOPAN assessment of the organisation this will be a useful resource for a number of these questions. See MOPAN website at: www.mopanonline.org.

APPENDIX 7: Allocation of AusAID staffing responsibilities on multilateral effectiveness issues

i) The Multilateral Policy and Effectiveness Section (MPES) should be responsible for:

- ❖ *finalising the overall multilateral engagement strategy, with the help of contributions and clearance from other stakeholder (para 2.20)*
- ❖ *undertaking or commissioning a desk study of the comparative effectiveness of multilateral organisations, based on recent external material (para 5.60)*
- ❖ *creating a virtual network of multilateral policy practitioners within AusAID to promote and exchange best practice and lesson-learning (para 5.65)*
- ❖ *synthesising, and placing on their existing web page on the intranet, assessments on multilateral effectiveness from civil society institutions (such as Brookings/CGD, HPIC/CBP and Publish What You Fund) and multi-donor groups such as MOPAN, COMPAS, and the DAC evaluation network (para 3.25)*
- ❖ *bringing this data to the attention of key players in Canberra, overseas offices and delegations, via the regular MPES Newsletter and occasional bulletins on the intranet front page (para 3.2.)*
- ❖ *coordinating the design of the new due diligence arrangements; preparing and circulating guidance; and progress chasing their completion by the relevant MO policy desk (para 5.28)*
- ❖ *preparing guidance and template formats for the new organisational strategies; contributing to content; and ensuring common standards, as required (para 5.55)*
- ❖ *preparing guidance and a template for the compilation by policy desks of lists of MO effectiveness reports, and progress chasing desks as required (para 3.12)*
- ❖ *keeping updated and circulating a list of multilateral liaison points in AusAID posts (para 5.38)*
- ❖ *substituting for policy desks at key quality peer review meetings when required (para 5.40).*

ii) The multilateral policy desks for each MO will be responsible for:

- ❖ *preparing, in partnership with the relevant AusAID delegation office (eg New York office in the case of UNICEF/UNDP ; Paris office in the case of WFP, etc), a list of existing*

effectiveness material and reporting provided by each MO; putting the list, with e-links to each document, on the Branch's intranet webpage for that organisation, with a cross-link to the MPES site; and drawing the attention of key players across the AusAID system to this material (para 3.12)

- ❖ *as staff time allows, drawing out and disseminating the key messages from this material, together with any best practice and learning points (para 3.12)*
- ❖ *coordinating the preparation of the new organisational strategies and the new cycle of Partnership Frameworks, when due, drawing on the support of a virtual team, including the relevant delegation representative, MPES, contact points from a cross-section of country offices, personnel in key thematic groups in AusAID where relevant, plus external stakeholders, including Treasury, DFAT, and civil society (paras 5.55, 5.46)*
- ❖ *drawing together and keeping updated one-page standing briefs on each of AusAID key multilateral partners, setting out in bullet form Australia's current 5 key policy asks/requirements for each MO and any contentious issues (in collaboration with Delegation offices, where relevant) (paras 5.39, 7.8)*
- ❖ *making these briefs available to senior management, AusAID Posts, other multilateral teams and counterparts in other government departments (by placing on the intranet and by other means) so that all concerned are aware of the wider policy context of Australia's relationship with each key multilateral partner. (paras 5.39, 7.8)*
- ❖ *completing due diligence accreditation templates for 'their' MOs according to MPES guidelines and for ensuring compliance (para 5.28)*
- ❖ *attending peer review meetings of important Quality at Implementation reports for non-core funded activities, and of Annual Programme Performance Reports in respect of those countries where there is a strong and important engagement of the MOs for which they are responsible. They should arrange links to these Reports on their webpage for the relevant MO. (MPES to stand in/support where needed (para 5.40).*

iii) Heads of AusAID country posts/programs should be responsible for:

- ❖ *prioritising multilateral effectiveness issues in their job descriptions, new country strategies and QAI/APPR report preparation (paras 5.20, 5.34, 5.35, 5.36)*
- ❖ *including in the terms of reference or job description of one person in each AusAID post the requirement to act as liaison point on multilateral issues, in addition to their other functions (para 5.37)*

ANNEX 1: Terms of Reference

The Australian Government has commissioned an Independent Review of Aid Effectiveness (Terms of Reference attached). The Review will be undertaken by a Panel of five persons, chaired by Mr Sandy Holloway AO.

As part of its review, the Panel will commission studies to assist in the overall analysis of the effectiveness and efficiency of the Australian aid program.

One of the commissioned studies will examine AusAID's approach to assessing multilateral effectiveness, and assess how this compares with international practice.

The study will likely be included as an Annex to the Review.

Specifically, the study will:

- a. Examine existing joint multilateral and multi-donor approaches to assessing multilateral effectiveness undertaken by:
 - the Multilateral Organisations Performance Assessment Network (MOPAN);
 - the pilot work being undertaken by the OECD DAC Network on Development Evaluation on improving development effectiveness information on multilateral organisations;
 - the Paris Declaration Monitoring and Evaluation Survey process;
 - the Multilateral Development Banks Common Performance Assessment System (COMPAS); and
 - reporting generated by multilateral organisations and assessments undertaken as part of multilateral replenishment processes;
- b. Assess bilateral donor approaches to assessing multilateral effectiveness, with a particular focus on Canada, Denmark, Germany, Ireland, Netherlands, Norway, Sweden and the UK, with a particular focus on:
 - the extent to which other donors link resource allocation to the assessments they make of multilateral organisations' performance, and how they do this; and
 - future measures being considered by bilateral donors to improve the way that they assess multilateral effectiveness.
- c. Consider AusAID's approach to assessing multilateral effectiveness in the context of a need for better information systems and confidence in Australia's engagement with multilateral organisations, taking into account:

- AusAID's current reporting and accountability requirements and the quality of information generated through these systems; and
 - expectations of external stakeholders including other government departments and NGOs.
- d. Explore the differences required for evaluation and effectiveness assessments of core funding and of particular trust funds
- e. Make recommendations on steps AusAID could take to improve its assessment of multilateral effectiveness. Recommendations should consider:
- which approaches are working well for other donors;
 - aid effectiveness principles, particularly reducing the reporting burden on multilateral organisations and the administrative burden on partner governments;
 - the potential usefulness of a strengthened MOPAN or other initiatives underway in meeting Australia's needs for information on effectiveness;
 - how existing systems, procedures and publicly available information including multilateral organisations' own reporting could be better utilised to provide more comprehensive information on multilateral effectiveness and value for money considerations; and
 - the different requirements for evaluating core funding and non-core funding.

In formulating recommendations, the consultant should also give consideration to options for working with other donors to strengthen joint approaches; and the nature and size of AusAID's multilateral program relative to other donors.

Methodology and Output

It is expected that the study will take 30 working days, consisting of 15 days of consultations with DFID (in UK) and OECD (in Paris) and relevant AusAID posts in New York, Paris OECD, Geneva, Bangkok, Executive Director to the World Bank's office in Washington, the Executive Director to the Asian Development Bank's office in Manila, Bangkok and AusAID secondees to DFID, UNDP, ADB and World Bank and key country or regional posts; 5 days of consultations in Canberra with AusAID officers and relevant external stakeholders including other government departments and the Australian NGO Sector; and 10 days to complete a desk review of relevant documentation and draft the report.

The following key output will be produced:

- (1) A 20-30 page report, addressing the terms of reference for the study, outlining the findings of the consultations, and making recommendations for consideration by the Review.

ANNEX 2: Bibliography

Source	Title	External web address (where available)
ADB	ADB Results Framework; and Development Effectiveness Review 2009	http://www.adb.org/Documents/Policies/ADB-Results-Framework/r166-08.pdf ; http://www.adb.org/Documents/reports/development-effectiveness-review/2009-Development-Effectiveness.pdf
AusAID	Annual Report on Performance, 2009-10	http://www.ausaid.gov.au/anrep/rep10/pdf/anrep09-10introduction.pdf
AusAID	Annual Thematic Performance Report for Multilateral Program 2008-9 (draft)	
AusAID	Multilateral Engagement Strategy for the Australian Aid Program, 2011-2015 (draft)	
AusAID	Multilateral Branding and Visibility Review Terms of Reference, November 2010	
AusAID	Summary Report on the Performance Management System, 2007-2010	
AusAID	OCHA Donor Support Group Meeting 8/9 June 2010: Chair's Summary and Conclusions	
AusAID	Partnership Frameworks with ADB, UNDP, UNICEF, UNAIDS, UN Women, UNFPA, UNOCHA, WHO, WFP, ILO, the UN Secretariat of the International Strategy for Disaster Reduction, and UNRWA.	http://www.ausaid.gov.au/partner/partnership_frameworks.cfm http://www.ausaid.gov.au/partner/adb-framework.cfm
AusAID	Multilateral Organisations Thematic Network Newsletters, July 2010-January 2011	
AusAID	Multilateral Policy and Effectiveness Section Terms of Reference, 2010	
AusAID	Annual Program Performance Reports (2009/10) for Papua New Guinea, Timor-Leste, Philippines, Cambodia, Vietnam, Kiribati	
AusAID	Budgets 2001/2- 2010/11 for development assistance program, and Ministerial Statements	http://www.ausaid.gov.au/publications/pubout.cfm?ID=2922_4482_7617_9772_1761
Australian Government	Simons Review of the Australian Aid program, 1996	http://catalogue.nla.gov.au/Record/1578156
Australian Government	Development Effectiveness Steering Committee (DESC): Terms of Reference	
Brookings-CGB	Quality of Official Development Assistance Assessment, 2010	http://www.cgdev.org/section/topics/aid_effectiveness/quoda
CIDA	Review of the Effectiveness of CIDA's Multilateral Delivery Channel, 2008	http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-6161129-KMW

COMPAS	COMPAS Assessment Reports 2005-8	http://www.mfdr.org/Compas/index.html
DAC	Peer review of Australian Aid Program, 2008	http://www.oecd.org/document/55/0,3343,en_2649_34603_41877687_1_1_1,00.html
DAC	2010 DAC Report on Multilateral Aid	http://www.oecd.org/dataoecd/23/17/45828572.pdf
DAC	2011 Survey on Monitoring the Paris Declaration: Key Facts	http://www.oecd.org/dataoecd/31/5/44807435.pdf
DAC	Evaluation of the Implementation of the Paris Declaration, Synthesis Report, July 2008: Case Study of Australia	http://www.oecd.org/dataoecd/19/9/40888983.pdf [p.80]
DAC	DAC Network on Development Evaluation: summary record of the 11 th meeting, November 2010	http://www.oecd.org/dataoecd/34/37/46533277.pdf
DAC	Paris Declaration Monitoring and Evaluation Survey 2008	http://www.oecd.org/dataoecd/58/41/41202121.pdf
DANIDA	Assessing Multilateral Organisation Effectiveness, 2008	http://www.um.dk/en/menu/DevelopmentPolicy/Evaluations/Publications/EvaluationStudies/2008-3+Multilateral+Effectiveness.htm
DFID	UK Multilateral Aid Review Terms of Reference and Press Release	http://www.dfid.gov.uk/Documents/Multilateral-aid-review-TORS.pdf ; http://www.dfid.gov.uk/Media-Room/News-Stories/2010/UK-to-review-multilateral-aid-spend/
GEF	Annual Reports; and the Overall Performance Study, 2009	http://www.thegef.org/gef/annual_reports ; http://www.thegef.org/gef/OPS4
German Development Institute (DIE)	Opportunities and Limitations for Harmonisation among Development Agencies, 2007	http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_contentByKey)/ADMR-7BRFSZ/\$FILE/19.2007ObserMulti.Organ.pdf
HIPC/CBP	Guide to Donors	http://www.hipc-cbp.org/index.php?option=com_content&task=category&sectionid=2&id=38&Itemid=77&lang=en
Netherlands	'Working together on global challenges: the Netherlands and multilateral development cooperation'.	http://www.minbuza.nl/dsresource?objectid=buzabeheer:233450&type=org
ODE	Annual Reviews of Development Effectiveness, 2007, 2008, 2010	http://www.ode.aid.gov.au/news/news19.html
ODI	Multilateral Aid Organisations: Stakeholder Views on Effectiveness, August 2009	http://www.odi.org.uk/resources/download/3772-stakeholder-effectiveness.pdf

ODI	Multilateral donors: stakeholder perceptions revealed. Briefing no 1, September 2007	http://www.odi.org.uk/resources/download/333.pdf
ODI	Assessing Key Stakeholder Perceptions of the Effectiveness of Multilateral Organisations, Final Report, June 2007	http://www.odi.org.uk/resources/download/200.pdf
Publish What You Fund	Aid Transparency Assessment 2010	http://www.publishwhatyoufund.org/resources/assessment/
Swedish Government	Swedish assessments of multilateral organisations 2008-10	http://www.sweden.gov.se/sb/d/11747/a/122004
UNDP	'Annual report of the Administrator on the Strategic Plan: performance and results for 2009'	http://www.undp.org/execbrd/adv2010-annual.shtm (click on annual report of the administrator on this page)
UNEG/DAC	Peer reviews of multilateral evaluation systems, 2004-2010	http://www.oecd.org/document/39/0,3746,en_21571361_34047972_4406375_1_1_1_1,00.html
UNFPA	UNFPA Strategic Plan 2008-11	http://www.unfpa.org/public/site/global/lang/en/pid/4631
UNICEF	'Annual report of the Executive Director: progress and achievements in 2009 and report on the in-depth review of the medium-term strategic plan 2006-13 '	http://www.unicef.org/about/execboard/files/E-ICEF-2010-9-E-Annual_report_of_ExecDir.pdf
UNOCHA	OCHA Strategic Plan 2010	http://ochaonline.un.org/ocha2010/strategicplan.html
WFP	WFP Strategic Plan 2008-11; Annual Reports; Annual Evaluation Report 2008	http://www.wfp.org/content/wfp-strategic-plan-2008-2013 ; http://www.wfp.org/policy-resources/corporate?type=37&tid_2=All&tid_4=All ; http://www.wfp.org/content/2008-annual-evaluation-report-0
World Bank	'New World, New World Bank Group'; 'Delivering on Results and Improving Lives; the International Development Association'; 'How We Measure Results'	http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22553954/DC2010-0003(E)PostCrisis.pdf ; http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22723864/DC2010-0016(E)IDAResults.pdf ; http://go.worldbank.org/E4Y45N1IC0

ANNEX 3: People consulted during the course of the Review

Organisation	Department, Branch, etc	People consulted
AUSAID	ADB Executive Director's office, Manila	Dereck Rooker-Smith
	Afghanistan Section	Krishni Goonesena, David Gottlieb, Mark Tattersall
	Africa Strategy, Performance & Partnerships	Andrew Edge, Matthew Kellam, Clemency Oliphant
	Africa, West Asia Middle East & Humanitarian Division (DDG)	Catherine Walker
	Aid Effectiveness Review Secretariat	Chris Tinning, Gemma Edgar
	Asia Division (DDG)	Richard Moore
	Climate Change and Environment	Melissa Tipping, Annette Madvig
	Communications and Research Branch	Chris Elstoft, Rowena Harbridge
	Community Partnerships & Latin America Branch (& AidWorks Board)	Therese Mills
	Development Banks Section	Kathleen Burke, Leslie O'Donoghue
	East Timor country team, Dili	Paul Keogh
	East Timor Section, Canberra	Philippa Venning
	Finance Branch	Lisa Rauter
	Food Security and Rural Development Branch	Louisa Cass
	Gender Policy and Coordination Section	Gillian Brown, Melissa Stutsel, Michelle Evans
	Governance and Leadership Branch	Steve Hogg
	Health Advisor, Geneva	Tim Poletti
	Health Education and Scholarships Branch	Benedict David, Natalie Cohen and Sally-Anne Henfry
	Humanitarian and Emergency Response Branch	Alan March, Shireen Sandhu, Lisa Staruskiewicz, Jo-Hannah Lavy
	Humanitarian Policy Officer, Geneva	Leonie Oates-Mercier
	Kiribati Section	Christine Bouchard
	Multilateral Policy and Effectiveness Section	Victoria Wheeler, Silke Speier and Kanu Negi ; Deborah Fulton & Rosemary McKay (former members)
	Multilateral Policy and International Partnerships Branch	Kevin Playford
	OECD/DAC & WFP office, Paris	Caitlin Wilson, Lyndal Manson

	Office of Development Effectiveness	Angela Clare, Zoe Mander-Jones
	Operations, Policy and Support Branch	Laurie Dunn, Emma Tiaree, Malcolm Legget, Giles O'Brien-Hartcher, Chris Nelson, Sophie Davies
	Pakistan and Afghanistan Branch	Natasha Smith
	Philippines Section	Julie Hudson
	Sustainable Development and Partnerships (DDG)	Robin Davies
	UN Delegation New York	Fleur Davis
	UN Section	Chris Chung, David Geyer
	World Bank Executive Director's office, Washington DC (formerly)	Rob Christie
DFAT	Various sections	Richard Rowe, Tammy Hubycz, Tracy Reid, Laura Kemp, Evanor Palacmcmiken, Tanisha Hewanpola, Bruce Lendon, John Fisher
Treasury	Development Banks Unit, International Finance and Development Division	Lynne Thompson, Andrew Smerdon, Jeanne Allegro, Christopher Johns, Peter Martin,
	ADB Executive Director	Phil Bowen
	World Bank Executive Director	Jim Hagan
Independent Aid Review Team	Head and Panel Members	Sandy Holloway, Stephen Howes, Margaret Reid, Bill Farmer, John Denton
Australian Council for International Development	Manager of Advocacy and Development Practice	Sue Harris-Rimmer
CARE Australia	Chief Executive Officer	Julia Newton-Howes
Oxfam Australia	Chief Executive Officer	Andrew Hewett
Canadian International Development Agency	Director, Strategy, Planning and Analysis Division	Andrew Clark
Danish Ministry of Foreign Affairs	Department of Quality Assurance of Development Assistance	Lars-Henrik Worsoe
DFID (UK)	Director General, Policy and Global Issues	Michael Anderson
	Aid Effectiveness and Value for Money Dept	Jackie Peace, Joanna Perrens
	Conflict, Humanitarian and Security Department	Phil Marker, Jane Haycock
	Director, Finance and Corporate Performance Division	Liz Ditchburn
	Director, International Finance	Rachel Turner

	Evaluation Department	Jonathan Patrick
	International Directors' Office	Sarah Boulton
	UK Delegation to OECD DAC	Roland Fox
	United Nations and Commonwealth Department	David Hallam, Jim Carpy
German Ministry for Economic Cooperation and Development	Deputy Director General, Multilateral and European Development Policy; Globalisation and Trade	Juergen Zattler
Norwegian Ministry of Foreign affairs	Team Leader, UN Funds, Programmes and Specialised Agencies	Berit Fladby
Swedish Ministry of Foreign Affairs	Deputy Director, Multilateral Development Cooperation	Per Trulsson
Development Assistance Committee, OECD	DAC Multilateral Aid Report Team	Andrew Rogerson, Emily Bosch
Multilateral Organisation Performance Assessment Network	Senior Project Manager (Universalialia)	Katrina Rojas
ADB	Strategy and Policy Department, Manila	Kazu Sakai (Director General), Sean O'Sullivan, Indu Bhushan, Hong Wei, Noriko Ogawa
UNDP	Director, Resource Mobilisation, Partnerships Bureau	Jennifer Topping
UNICEF	Public Sector Alliances and Resource Mobilisation Office	Afshan Khan, Fernando Gutierrez-Eddy
UNOCHA	Chief, Donor Relations Section	Helena Fraser
WFP	Government Donor Relations Division	Terri Toyota, Chris Kaye, Jesse Wood, Yael Taka, Gina Demarcellis, Maria Sfarra
WHO	Office of Regional Director, Western Pacific Region	Julie Hall
World Bank	Office of the Vice President, Operations, Policy and Country Services, Washington	Joachim von Amsberg (Vice President), Kyle Peters, Gisu Mohadjer, Aysegul Akin-Karasapan, Yoichiro Ishihara & Alma Kanani.
	World Bank Office, Paris	Julia Nielson

ANNEX 4: Glossary

ADB	Asian Development Bank
ADF	Asian Development Fund
ADG	Assistant Director General
AfDB	African Development Bank
AfDF	African Development Fund
APPR	Annual Program Performance Report
ARDE	Annual Report on Development Effectiveness
ATPR	Annual Thematic Performance Report
AusAID	Australian Agency for International Development
BADEA	Arab Bank for Economic Development in Africa
CERF	Central Emergency Response Fund
CGD	Centre for Global Development
CIDA	Canadian International Development Agency
COMPAS	Common Performance Assessment System
CSO	Civil Society Organisation
CTF	Clean Technology Fund
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DDG	Deputy Director General
DESC	Development Effectiveness Steering Committee
DFID	UK Department for International Development
DG	Director General
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EFA/FTI	Education For All/Fast-Track Initiative
EU	European Union
FAO	Food and Agriculture Organization
GAVI	Global Alliance for Vaccines and Immunisation
GEF	Global Environment Facility
GFATM	Global Fund To Fight AIDS, Tuberculosis and Malaria
HIPC/CBP	Heavily Indebted Poor Countries/Capacity Building Program
IADB	Inter-American Development Bank
IATI	International Aid Transparency Initiative
ICRC	International Committee of the Red Cross
IDA	International Development Association
IFAD	International Fund for Agriculture and Development
ILO	International Labour Organization
IsDB	Islamic Development Bank
IT	Information Technology
MAR	Multilateral Aid Review
MDB	Multilateral Development Bank
MDES	Multilateral Development Effectiveness Summaries
MDGs	Millennium Development Goals
MFA	Ministry of Foreign Affairs
MO	Multilateral Organisation
MOPAN	Multilateral Organization Performance Assessment Network

MPES	Multilateral Policy and Effectiveness Section
MPIPB	Multilateral Policy and International Partnerships Branch
MPMF	Montreal Protocol Multilateral Fund
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
ODE	Office of Development Effectiveness
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
OGD	Other Government Department
OIOS	UN Office of Internal Oversight Services
OPEC	Organisation of the Petroleum Exporting Countries
OPSB	Operations Policy and Support Branch
P/F	Partnership Frameworks (Aus)
PF	Performance Frameworks (UK)
QAI	Quality at Implementation Report
QuODA	Quality of Official Development Assistance
SIDA	Swedish International Development Agency
UK	United Kingdom
UN	United Nations
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme
WHO	World Health Organization