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Committee

**Multilateral Aid
Review**

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Additional written evidence

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The International Development Committee

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Written evidence

Written evidence submitted by Adam Smith International

1. INTRODUCTION

1.1 It is our thesis that the UK approach to the multilateral system could be greatly improved. Too many resources go to slow and inefficient multilateral organisations whose performance is either poor or not capable of being properly judged. There is a considerable problem of accountability in that by and large the multilateral aid organisations are not properly accountable. It is not really possible to judge the performance of these organisations. The Multilateral Aid Review and this investigation by the International Development Select Committee are thus very much to be welcomed. However this should be seen as the start of a process to seek greater accountability.

2. UN ORGANISATIONS

2.1 Of all the multilateral organisations to which DFID gives funds, the UN ones are the most problematic. The central UN political functions play a valuable role. The same cannot be said of many of the various subsidiary organisations. Of these we are most familiar with one of the largest, the United Nations Development Programme (UNDP). We conducted an evaluation of UNDP's work in Somalia, which had been financed by DFID and a variety of other donors. We found that while it seemed of poor quality and ineffective it was actually impossible to judge since because of absence of information no coherent conclusions could be drawn as to results achieved.

2.2 As part of this evaluation we conducted an assessment of other UNDP projects in order to determine whether the problems were systemic. We looked at 30 evaluation reports. A very common feature was the full or partial inability to measure results. In most cases there was no clear baseline from which to measure progress, reporting focuses on activities rather than outcomes and there are few if any measurable indicators. Other common features include:

- Complex bureaucratic procedures which cause extensive delays in implementing project activities.
- Poor and incomplete financial reporting with a lack of financial transparency.
- Poor project design, often over-ambitious with unclear objectives.
- Inefficiency and ineffectiveness in project implementation.

2.3 The evidence suggested that UNDP is focussed on resource mobilisation rather than the achievement of results. After discussion with DFID we looked at 16 further evaluations subsequent to May 2011, to determine whether improvement had taken place after the initial MAR exercise had been completed. They had not.

These conclusions are not surprising. Indeed they are echoed by analysis prepared for the UNDP's own board. Take for example this conclusion of an internal evaluation of UNDP's contribution to poverty reduction, considered by the UNDP Board a few months ago in February 2013 (our *italic*):

“The contribution of UNDP interventions to national poverty outcomes is seriously compromised by the absence of adequate support to learning from its interventions about what works and why. This in turn is caused in large part by the absence of a structure of incentives that would encourage systematic collection, monitoring and evaluation of evidence on the actual changes in people's lives as a result of interventions. The fact that UNDP is nevertheless weak on learning stems from two main factors (*as identified by numerous evaluations*). First, quite often the results are defined in terms of inputs or outputs rather than final outcomes in terms of impact on poverty in its multiple dimensions. In consequence, not enough information is generated on the relevant outcomes that would help the office to learn what works and what does not for poverty reduction in particular contexts. Secondly, whatever information exists on results is not systematized and distilled into forms which others—both within and outside UNDP—can subsequently use for designing new and more effective programmes for poverty reduction. At the same time, the tendency of UNDP country programmes to spread themselves thin adds to the transaction costs that are inevitably associated with learning.”

2.4 It is difficult to understand in these circumstances why UNDP was rated “good” and “satisfactory” in DFID's multilateral aid review and why it continues to receive large amounts of funds from DFID. One explanation is that the terms of reference for the review gave positive points to those agencies which were present in DFID's priority countries, as UNDP undoubtedly is. But being present is far from the same as delivering results. Another explanation is that giving money to UNDP and other UN agencies involves much less hassle than putting it through a full competitive process and allows money to be spent quickly. There is also the “not being fired for buying IBM” factor, with UN being substituted for IBM. And since it is very difficult to establish whether anything is achieved or not, because of the poor impact measurement discussed above, the prospect of there being controversy about waste is pretty remote.

2.5 Another factor which explains the continued transfer of UK resources to UN agencies is the idea that this somehow helps “reform” them. In essence UN agencies are treated as if they are badly run developing

countries in need of special assistance. They continue to be given funds in the expectation that they will reform, although they don't. In fact it is a positive advantage for the UN agencies not to be able to measure their impact. It means that they can't be held to account. The primary conclusion of Adam Smith International's evaluation of UNDP's work in support of governance and rule of law in Somalia were primarily that it was not possible to tell the extent to which progress had been made towards outcomes. When we presented this conclusion to the UNDP Country Director he suggested that we should ask the donors to provide help to UNDP to get better at measuring impact. To be frank, such suggestions are at best misleading. UNDP is a huge global development agency with an annual budget of over \$5 billion. If it can't itself learn how to measure impact—scarcely rocket science—then it shouldn't be in business at all.

3. MULTI-DONOR TRUST FUNDS

3.1 Multilateral organisations are frequently put in charge of multi-donor trust funds (MDTFs). Setting up such funds is a particularly common action by donors in conflict-affected countries. It means that funds can be disbursed quickly, even though they may not actually be used for any development purpose for several years. Funds sent to the UN system are considered “spent” in accounting terms as soon as they are received by the UN recipient. This means that DFID can quickly transfer funds to the UN or other multilateral bodies to meet spending commitments.

3.2 However, the record of multilateral organisations such as UNDP and the World Bank in running such trust funds is poor. As a report on Evaluation of UNDP support to conflict-affected countries that was presented to the UNDP Board in January 2013 itself frankly commented:

“UNDP manages multi-donor trust funds in many conflict settings. The management of these funds has encountered some criticism with respect to high overhead charges, slow disbursement and the perceived preferential treatment given to the organization's own development support programmes.”

3.3 As this report finding suggests, all too often the MDTF system is used to feed the UN itself as one of the highest priorities. UN agencies like to allocate resources to other UN agencies. Indeed they are expected to do so by the UN system. If we take the UNDP-run trust fund for Iraq as an example, the funds were first disbursed to UNDP. Then UNDP split up much of them between various UN agencies. Then the respective UN Agency would often hire UNOPS, (the UN Office of Project Services) to implement a project. Then UNOPS would often hire an international NGO, who would often hire a local NGO, who then would finally do something, which usually couldn't be monitored and evaluated because it was too dangerous to do so. Of course each of the above bodies in the four-level chain would extract its management fee, adding greatly to unproductive costs.

3.4 UN agencies do not favour being subjected to competition. A recent discussion in Somalia saw a prominent UN representative note that the UN should be exempt from the need to bid competitively, and that it should not be restricted from awarding resources non-competitively to other parts of the UN as the organisation was not tied to the normal definition of conflict of interest. In an earlier report on Nigeria, which criticised the poor performance of UNICEF, the Independent Commission on Aid Impact (ICAI) raised the question of whether DFID should contract UN organisations as implementers on a non-competitive basis. It is clear that the performance of these organisations is not so strong that they should be given major tasks on a non-competitive basis.

4. THE EUROPEAN UNION

4.1 The UK funds a number of EU aid programmes, most of them compulsorily through the EU budget but one major one, the European Development Fund (EDF) relies on voluntary contributions from member states, including the UK. It is difficult to get to the bottom of whether these EU programmes perform effectively, as evaluation reports are not independent and are rather opaque in nature. It is notable that ICAI concluded in its review of “DFID's Oversight of the EU's Aid to Low-Income Countries”, “weaknesses in the EU's own performance management and results framework make an overall view of the impact of EU programmes difficult to achieve.” ICAI further concluded that “DFID's oversight does not provide the assurance needed, given the substantial scale of the UK's contribution and the limited discretion the UK has about the EU as a route for aid”.

4.2 Some independent analyses of EU aid spending are carried out by the EU Court of Auditors and these are generally not very complementary. For example a recent report criticised the EU Commission's expenditure of £6.1 billion on roads in sub-Saharan Africa because the Commission failed to ensure that recipient countries actually maintained the roads or enforced weight limits, leading many of them to fall into disrepair. In another report on “European Union development assistance for drinking water supply and basic sanitation in sub-Saharan countries” the Court of Auditors concluded that the majority of projects were unsustainable.

4.3 The EDF favours budget support as an aid modality. It is doubtful that the UK would provide budget support to many of the same countries, as the level of corruption and mismanagement of public finances there would likely provoke considerable public disquiet. Under the 10th EDF, 54% of budget support is targeted at nine countries (Mozambique, Tanzania, Burkina Faso, Ethiopia, Zambia, Madagascar, Niger, Mali and Ghana). Several of these countries are characterised by very high levels of corruption. For example Mali is at 118 on Transparency International's Corruption Index and Niger is at 134. Niger does have an anti-corruption agency,

but the buildings containing its files were all burnt down last year because its investigations were getting too close to centres of power.

5. THE WORLD BANK

5.1 The World Bank was rated favourably in DFID's Multilateral Aid Review and receives considerable funds from DFID. While the Bank indubitably has many technical staff of high quality there are very substantial problems with its modus operandi for the implementation and oversight of its programmes. There are often huge delays in its programmes, such that one has usually no real idea when they will start. To take one example, in 2008 DFID agreed with the World Bank to launch a joint programme in Nigeria called GEMS to help remove barriers to economic growth. DFID was to fund and manage some components and the World Bank others. The DFID components started being implemented in 2009. The World Bank components have yet to start, five years later. It is possible that the DFID components will actually have finished before the World Bank ones start, if they ever do.

5.2 A key part of the problem is that the World Bank is set up as a bank. This places considerable restrictions on how it operates. A thorough analysis of the World Bank that really delved deeply into how it conducts its work might well conclude that it is not suited to perform some of its functions, and that it should concentrate on others. This would have important implications for DFID's own work.

6. POLICY ISSUES

6.1 The Multilateral Aid Review is a good start and DFID is clearly right to begin evaluating the performance of those organisations to which it provides so much funds. However, because the evaluation functions of most multilateral organisations are generally weak and lack independence, the information does not exist to conduct a sufficiently thorough investigation as part of a centrally conducted multilateral aid review. ICAI should be directed to carry out those investigations.

6.2 The Committee is very right to raise again the appropriateness of funding multilaterals with high administration costs, at a time when DFID's own administration costs are being cut. The current system provides a perverse incentive for more money to be spent on administrative costs, rather than less. The administrative costs of most multilaterals, as highlighted by the Committee in its recent DAR report, are way above those of DFID. The result is that DFID spends more on administration by funding multilaterals, the direct opposite of the original policy objective.

6.3 The accounting treatment of funds given to multilaterals should be revised in order to remove the other perverse incentive for funding them—to meet budget targets.

6.4 The UN is currently responsible for selecting and reporting to donors such portions of audits as the UN sees fit, often several years after the transfer of funds or the completion of activities. This means that difficulties in implementation or management are hard or impossible to spot and thus address. This is not helped by the rotation of donor staff who may be unable to correlate reporting with the justification for a project in the first place.

6.5 The UN incorporates resources from programme funds to undertake evaluations of activities. These are not always routinely or widely shared outside of the UN or donors leaving the potential for a great deal of experience to be lost to the wider development community. Greater availability of internal and external reporting would also provide scrutiny that would drive accountability and allow strengths and weaknesses to accurately be identified and addressed.

7. POLICY RECOMMENDATIONS

7.1 HMG should negotiate with multilateral organisations to which the UK provides funds on a voluntary basis to permit full access by the Independent Committee on Aid Impact to all programme information and financial data, in the same way that it has access to information about programmes directly funded by DFID. If after a period those multilateral organisations do not agree to provide this access then the UK should provide only core, compulsory funding.

7.2 The International Development Select Committee should direct ICAI to undertake in-depth reviews of programmes conducted by multilateral organisations.

7.3 DFID's administration costs should be redefined to include the proportionate administration costs of multilateral organisations to which it gives funds. Thus if DFID gave £1 million to a multilateral with administration costs of 7% then £70,000 should be added to DFID's administration costs. At the same time the cap on DFID's own administration costs should be lifted from the current 2% to some 3% or 3.5%. If there is a concern about adding to permanent civil service numbers then perhaps a cap on permanent civil service staff in DFID could remain, while the number of contract staff it can employ in administrative functions should be able to increase until the administrative costs cap is reached.

7.4 DFID should not retain multilateral organisations that directly implement, eg UNDP and UNICEF, on a non-competitive basis. They should always have to compete with others before being awarded work to carry out programmes.

7.5 DFID should change its accounting policy so that DFID money spent by multilaterals and trust funds is only counted as spent at the time when it is actually spent on the ground, not when it is transferred into the bank account of the multilateral.

7.6 DFID should make it a stipulation of funding that UN evaluations should be made fully and freely available in a timely manner to allow challenges to be addressed in an effective timeframe and to share relevant and up to date lesson learning with the wider development community. DFID should also stipulate that the UN system should publish full and as near to real-time audits of DFID funded programmes and make them publicly available.

May 2013

Written evidence submitted by the UK aid Network (UKAN) and Bond

A. INTRODUCTION

1. Bond is the UK membership body for non-governmental organisations (NGOs) working in international development. Bond presented a joint UK NGO submission to the Multilateral Aid Review in 2011; coordinated NGO submissions to the first and second rounds of consultation on the MAR Update (September 2012 and February 2013) and is currently coordinating NGO submissions to the final round of consultation.

2. The UK Aid Network (UKAN) is a coalition of UK-based development NGOs working together to advocate for more and better quality aid through joint policy, lobbying and advocacy work.

3. This written evidence is based on NGO submissions made to the MAR Update, reflections on the process and additional input from Bond and UKAN members.

4. Bond and UKAN members submitted evidence to the 2011 MAR and have also submitted evidence to round 1 and round 2 of the MAR review. They also participated in the round-table dialogue with DFID on the review and are currently preparing to submit evidence to round 3.

B. IDC INQUIRY

5. This Inquiry is somewhat early, given that the MAR review process is only part-way through, and the IDC should conduct a follow-up Inquiry in the autumn when results of the MAR review are published.

C. MAR PROCESS

6. The majority of DFID's own country-level evidence on multilateral aid comes from countries with DFID presence; some non-DFID country evidence was collected on visits to Mali, Haiti and Senegal but there is no known plan for further visits. Because of this, *DFID should strive for closer coordination with other bilateral donors and NGOs who have a presence in non-DFID countries to gather evidence on the performance of multilateral institutions in these countries.*

7. Further, there should be a particular focus on multilaterals' performance in countries where DFID bilateral aid has been withdrawn, as well as closer coordination between subsequent Multilateral Aid Reviews and Updates and Bilateral Aid Reviews and Updates.

8. NGO consultation with country offices and programmes takes time; the timeframe for NGOs to submit feedback was limited, fell over holiday periods and coincided with other DFID consultations. *To ensure the most comprehensive and robust evidence, more time, and greater consideration of time constraints, is necessary.*

9. The MAR should include greater transparency and consideration of the complete funding and implementing process. *DFID would benefit from an understanding of what percentage of funding via multilateral agencies is eventually implemented by NGOs (national or international) or the private sector.*

10. *A broader assessment of funding modalities, including multilateral channels, NGOs and the private sector, would allow a more comprehensive review of value for money, formed on the value each party delivers rather than the modality through which it is delivered.*

D. PROGRESS OF MULTILATERAL AGENCIES

11. Some change can be seen in the performance of certain multilaterals. Specific examples include:

- (a) The significant governance reform process of the Global Fund to Fight AIDS, TB and Malaria (GFATM). Though progress is not consistent across countries and concerns remain around consultation of some smaller organisations and networks, the GFATM works with a wide national constituency through the Country Coordinating Mechanism (CCM), which consists of representatives from national ministries of health, UN agencies, the private sector and civil society, including people affected by the three diseases and marginalised populations.
- (b) The improved performance of the European Commission (EC) in the management of EU development aid. The EC recently proposed further improvements in the Agenda for Change,

including increased emphasis on governance conditionality, especially for budget support, and a greater focus on results. Its development policy requires the participation of civil society.

12. Overall, multilaterals have performed better in MAR reform priorities and are better supported when they engage and consult civil society.

E. LIMITATIONS OF MULTILATERAL AGENCIES

13. Transparency at multilaterals' headquarter level has not always translated to transparency at the programme level, making it difficult to track the results chain from MAR recommendations to change on the ground.

14. Though a number of agencies demonstrate a commitment to participatory approaches in principle:

- (a) This is often insufficiently or not at all expressed in practice. Examples include the Commonwealth Secretariat's current reform process which is closed to civil society; UNHCR's Age Gender and Diversity Mainstreaming (AGDM) strategy (when properly implemented should be adopted by other agencies) is not always applied in situations where the persons of concern are stateless.
- (b) They are often skewed. For example, the World Bank and Asian Development Bank have clear checks on women—which are welcomed—but nothing in place for other marginalised groups such as older people and people with disabilities.

DFID should strive to prioritise funding to multilateral agencies who work effectively with civil society and beneficiaries

15. In some cases local organisations have the ability to deliver comparable results to multilateral agencies, with more flexibility, sustainability and at a smaller cost. Using local organisations can also have the added benefit of building and strengthening local capacity. With reference to the IDC recommendation that “*DFID should carefully examine its growing multilateral expenditure and ensure that it has thoroughly examined other options such as greater use of local NGOs and sector budget support*” (IDC Annual Report and Accounts 2011–12), greater assessment of funding modalities (see paragraph 9 above) is needed.

F. MULTILATERAL ORGANISATION PERFORMANCE ASSESSMENT NETWORK (MOPAN)

16. DFID's MAR is a bilateral review process.

17. MOPAN is a network of 17 donor countries, including the UK, who carry out joint assessments and share information on the effectiveness of the multilateral organisations they fund.

18. Different donor country objectives mean MOPAN assessments can't provide what country reviews can, however there is *room for closer coordination between the focus, findings and recommendations of DFID's MAR Updates and the MOPAN Common Approach*.

May 2013

Written evidence submitted by Max Everest-Phillips, Director, Governance and Institutional Development Division, Commonwealth Secretariat

1. The Commonwealth Secretariat development programmes were reviewed as part of the DFID Multilateral Aid Review (MAR) Assessment in 2011. The Commonwealth Secretariat (ComSec) was ranked in “special measures.” As part of the MAR Update process, an updated assessment was carried out in early 2013.

2. The MAR assessed ComSec's contribution to UK development objectives as “mainly unsatisfactory or weak scores against the components of assessment”. The summary stated that ComSec “is (1) not critical in UK development objectives, (2) lacks strategic focus and (3) needs to improve its transparency and results based management”. These points are considered, in turn:

LINK TO UK DEVELOPMENT OBJECTIVES

3. ComSec, as an inter-governmental organisation, derives and delivers its mandates based on the agreed collective priorities of *all* Commonwealth member governments. DfID is committed to the Paris/Busan Agenda of partner country-led development. Yet the MAR criteria, grouped under 10 components specific to the UK's definition of development objectives, did not recognise the legitimacy of our membership's own agreed objectives or assess value for money and scope for improvement multilaterally on these developing countries' own terms.

4. ComSec has not, so far, been provided with sufficient opportunity during the MAR update process important evidence about its development programmes. Many of these are focussed on improving governance, critical for enabling development to occur. Long-standing Commonwealth support to strengthen the political-administrative interface, for instance, is facilitates good governance and sustainable development. While this

may not fit within narrowly-defined UK development objectives, ensuring the political context is in place for development to happen is an essential requirement for making development possible.

5. ComSec is not a development agency, but the MAR did not take into account the unique nature of ComSec. It is based on Commonwealth political values and principles and is seen by its membership as a trusted partner, a catalyst and a facilitator in strengthening institutional capacity, promoting policy reforms and providing advisory services, in response to member governments' requirements. In short, it is a political institution that is demand-driven in responding to needs, rather than supply-driven by the particular priorities and objectives of any single member. But this sets the political context in which development occurs.

6. ComSec's role in supporting small (and often very vulnerable) states (60% of its membership) was underestimated by the MAR. This was despite the fact the organisation has been the leading globally representative organisation undertaking advocacy on behalf of small states facing particular challenges requiring special consideration.

STRATEGIC FOCUS

7. The technical assistance provided by ComSec are only one component of the Secretariat's wider series of mandates. Its Strategic Plan is agreed by *all* member governments collectively. It provides technical assistance to its membership through a voluntary, subscription-based fund: the Commonwealth Fund for Technical Cooperation (CFTC). CFTC operates with a small budget, approximately £30 million at the time of assessment, and small staff complement.

8. Developing member countries—the key stakeholders—who receive the Secretariat's development assistance, were not involved in the exercise—either the MAR or the update. At a meeting of Primary Contact Points (country-level coordinators of ComSec development work) in July 2011, at which DFID was present, representatives observed that the CFTC had provided effective assistance over 40 years and suggested a meeting and survey for a more balanced view to determine the effectiveness of CFTC assistance. The Primary Contact Points also felt that member countries should have the opportunity to respond on issues such as ownership and impact rather than relying on assessments to which they had not contributed.

9. The MAR suggested that ComSec's work is insufficiently prioritised. But ComSec's priorities are defined and agreed by its member countries and are set out in its 4-year Strategic Plan which is reviewed periodically to ensure that it remains relevant and responds to emerging priorities.

10. ComSec could have also benefited from more constructive responses to its suggestions for engagement at the practical programmatic level.

TRANSPARENCY AND RESULTS BASED MANAGEMENT

11. ComSec accepted the findings of the MAR with regard to the scope for improvement in its internal governance standards and application of strengthened Results-Based Management. ComSec, since the MAR, has made a considerable number of institutional reforms and improvements under the direction of the Secretary-General, which have been widely welcomed by the member governments as well as the internal and external auditors. Results-Based Management principles have been introduced and increasingly entrenched. ComSec has yet to hear whether these achievements have been recognised in the MAR update.

12. As a learning organisation, ComSec strives to improve its strategic priorities and focus, the quality of its development assistance, its contribution to development results and its partnerships, as well as its financial resources management. It has already embarked on a programme of reform and renewal, putting in place a new Strategic Plan that can be measured through a results based framework and new policies and procedures that further strengthen its governance structures. The DFID MAR has given further impetus to the reforms, and ComSec will respond constructively to the outcomes of the MAR update.

CONCLUSION

13. The criteria used for the MAR and the lack of consultation with developing countries resulted in the MAR not fully or fairly reflecting the remit, role, and long-term political effectiveness of the development assistance ComSec provides. Therefore, some of the conclusions of the MAR were highly questionable. ComSec does accept the need for governance and oversight improvements and fully concurs with DFID on the need for continuous improvement. ComSec would, on occasion, appreciate more constructive response to its efforts to reach out to DfID.

14 June 2013

Written evidence submitted by the Private Infrastructure Development Group

1. Introduction

1.1 The PIDG Programme Management Unit (PMU) welcomes the opportunity to submit information to the IDC inquiry on the DFID Multilateral Aid Review process. We have focussed our comments on the MAR process and the questions around how well DFID makes overall judgements about its engagement with multilaterals, with specific and necessarily restricted reference to PIDG's experience.

2. How well DFID makes overall judgements about its engagement with multilaterals, in both financial and policy spheres

2.1 We found in the 2011 MAR process that DFID came to a very fair overall conclusion about its engagement with PIDG, demonstrating good understanding of the work PIDG does and the space in which it operates. The process was conducted well with good communication about the process itself, clarity on the objectives of the evaluation and the opportunity to provide evidence to DFID to help inform its evaluation.

2.2 There are, however, challenges in using a single set of evaluation criteria, particularly given the varying nature of the sectors and countries where the different multilaterals operate, and the methods of financial support used to deliver their mandates. There is also potential for double counting across different but related criteria, for example in assessing access provided to women users and to users below the poverty line.

2.3 In identifying any areas for improvement, these need to be understood within the context of a multilateral framework where the views of *all* donors have to be accounted for, not just those of any one particular donor.

2.4 Areas for improvement also need to take into consideration the context of activities of the organisation and its agreed priorities. For PIDG, some of the priority areas identified in the 2011 MAR for improvement, such as gender targeting, raise particular challenges given that, for example, PIDG projects may not be directly linked with users (power generation projects supplying to a grid network, for example). This therefore reduces the opportunities for targeting activities on a gender basis. The MAR process nevertheless was useful and catalysed PIDG donors to deliberate this issue carefully, concluding that PIDG should not have specific gender targets but should measure the gender impact of each of its projects. PIDG members also recognized the importance of supporting this area indirectly through the promotion or facilitation of economic growth, which is where PIDG naturally performs more strongly. PIDG donors also recognised the importance and benefits of raising awareness of the opportunities for increased gender impact, across PIDG. PIDG has since developed and is now implementing specific measures to assess the gender impact of its activities at a project level.

2.5 Equally, PIDG's mission is to develop and support projects that will attract private sector resources many times the value of PIDG donor resources. Therefore, the ambition to support projects in high risk sectors and countries, such as fragile states, needs to be balanced with the appetite for private capital to take such risks. At the same time, it is important to take into account the extent to which delivering change involves risk. The possibility of failure should be acknowledged, and a process in place which captures lessons learned. Otherwise, organisations may become too risk averse and indistinguishable from pure private sector actors.

3. How DFID should approach multilateral aid reviews

3.1 The burden of the evaluation process on the organisation being assessed needs to be acknowledged and proportionate. DFID's focus on priority reform areas in 2013 MAR only, as opposed to another full review as in 2011, was welcomed as an efficient and effective approach.

4. The appropriateness of funding multilaterals with high administration costs, at a time when DFID's own administration costs are being cut

4.1 PIDG cannot comment on the administration costs of other multilaterals. PIDG's approach to contracting almost all of its activities to partners selected through competitive processes helps to ensure low administration and management costs; the competitiveness of these costs has been recognized in reviews. However, care needs to be taken in the assessment of administration costs recognizing the potential complexities around the definition, composition and comparability of such costs. Lower "administration" costs may not necessarily lead to better value for money. For example, pushing frontiers in terms of projects, countries and sectors may require higher costs in terms of due diligence and fiduciary management, yet these activities potentially deliver transformational development impact and have a significant demonstration effect which more than justify their relatively higher administrative costs.

5. Impact of the MAR process on the agencies being assessed

5.1 Subsequent to the MAR review in 2011, DFID and the PIDG PMU and Facilities have been actively engaged in following up the areas identified for improvement. These include, for example, the development of targets for investment in fragile states and linking performance against these targets with levels of future DFID funding, ensuring better engagement with DFID departments outside the lead department responsible for PIDG, improved transparency, further refinement of PIDG's governance structures, and development of processes and measurement of gender and climate change impact.

5.2 In our experience, the other donors to PIDG have also taken note of the findings of the MAR and have supported recommendations, for example an increased focus on fragile states, as the basis for driving further development of PIDG.

6. *Opportunities for DFID to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed*

6.1 At the PIDG Facility level there is an agreement in place by all the PIDG bilateral donors to assess on-going Facility performance against a commonly agreed, harmonised set of indicators and logframes. This significantly reduces the reporting burden on the individual PIDG Facilities.

6.2 At the PIDG institutional level, this opportunity has also been recognized by DFID and the other PIDG bilateral donors who have agreed that independent impact assessments of PIDG should be carried out collaboratively between their independent assessment agencies wherever possible. This has already taken place to some extent based on the experience of the more recent assessment of PIDG carried out by AusAID which drew upon material provided to the 2011 DFID MAR.

July 2013

Written evidence submitted by the European Bank for Reconstruction and Development (EBRD)

INTRODUCTION

This paper is a response to the request for inputs by the International Development Committee for submissions to the Select Committee's inquiry on the United Kingdom's Department for International Development (DfID) 2013 Multilateral Aid Review update.

EXECUTIVE SUMMARY

The EBRD recognises the importance of DfID's invaluable and on-going work to strengthen the multilateral aid system, which has had significant and positive impact on EBRD itself. There may be opportunities for DfID to coordinate the MAR process with other shareholders in multilateral institutions, and for DfID and EBRD to develop a fuller understanding of common objectives.

BACKGROUND ON THE EBRD

The EBRD is an international financial institution that operates in 34 countries, from central Europe to central Asia and southern and eastern Mediterranean. Investing primarily in private sector clients whose needs cannot be fully met by the market, the Bank fosters transition towards open and democratic market economies. In all our operations we follow the highest standards of corporate governance and sustainable development. We aim to promote market economies that function well—where businesses are competitive, innovation is encouraged, household incomes reflect rising employment and productivity, and where environmental and social conditions reflect peoples' needs.

With an investment volume of €8.9 billion in 2012, a cumulative investment volume since 1991 of €78.9 billion (for a total project value €235 billion) and an active portfolio of 1,043 projects, the Bank is the largest foreign investor in its region. Of the total number of projects in the Bank's portfolio, 32% is in the Financial Institutions sector (includes investments in micro, small and medium-sized enterprises via financial intermediaries), 28% Corporate sector (agribusiness, manufacturing and services, property and tourism and telecommunications), 21% Infrastructure (municipal environmental infrastructure and transport), and 20% Energy sector (natural resources and power).

RESPONSES TO SUGGESTED QUESTIONS OUTLINED IN THE TERMS OF REFERENCE

1. *“How effectively DFID works with the global multilateral system in pursuit of its overall aid and wider development and humanitarian objectives”; “Impact of the MAR process on the agencies being assessed”; & “How well DFID makes overall judgements about its engagement with multilaterals, in both financial and policy spheres”*

DfID has provided significant value added and intellectual support to the international development community in the policy fields which it has selected as priorities. The release of the 2011 MAR had a powerful impact on multilateral institutions. This is underlined by the extent to which DfID's drive for 'Value for Money' has had a direct impact on the attention now given to improving the measurement of 'results' within multilateral institutions, including the EBRD. DfID has also played a prominent role in the mainstreaming of gender equality in the multilateral community, for example providing political and financial support to EBRD's work on gender.

In line with the EBRD's mandate—to assist its countries of operation in their transition toward well-functioning market economies—the Bank's activities have traditionally been targeted at developing the institutional, regulatory, structural and behavioural underpinnings of market economies capable of achieving

prosperity for their citizens. This framework differs from the typical approach of DfID and other development banks, in that while economic growth, poverty reduction and other desirable social outcomes (such as the specific contribution to poverty alleviation or the Millennium Development Goals) can be viewed as the ultimate rationale for transition, they do not directly constitute operational targets. In the EBRD's view, it is the "systemic" (institutional, regulatory, behavioural and structural) change which will ultimately produce sustainable development outcomes. As a consequence there is—superficially—a gap in alignment between the two institutions' priorities. That said there is underlying commonality of objectives between the institutions, and there are opportunities to strengthen our partnership going forward, for example in sustainable private sector development or in low-income countries like the Kyrgyz Republic.

2. *“How DFID should approach multilateral aid reviews” & “Opportunities for DFID to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed”*

DfID plays a leading role in assessing the performance of multilateral institutions through the MAR. It is not however the only stakeholder which wishes to conduct a performance appraisal of how effectively its aid is being spent through multilateral institutions. For example Sweden, Denmark and Australia have all conducted their own assessments. The EBRD has always maintained an efficient administrative structure and therefore does not have the resources to meet the demand from a potential proliferation of studies and recommendations (not all of which are necessarily aligned). Perhaps it would be useful to explore ways we can harmonise such assessments and create a review which does not reflect individual mandates but the collective goals of the development community (as recommended in the UK's National Audit Office review of the MAR).

3. *“The appropriateness of funding multilaterals with high administration costs, at a time when DFID's own administration costs are being cut”*

When commenting on the administration costs of multilaterals it is important to note that the cost will vary depending on the business model of each institution, and in particular on whether the institution generates income. It is also key to make the distinction between who bears the cost of administration. The EBRD has had a good track record in cost efficiency and effectiveness, and EBRD's cost and value consciousness was assessed as “strong” in the 2011 MAR. EBRD provides Banking services in its countries of operations at a low cost/income ratio in comparison to other IFI's and commercial banks. For example, whilst recognising the difference between a commercial bank and an IFI it is striking that in 2012 the EBRD cost/income ratio was just 22% compared to a commercial bank such as Barclays which recorded 64%¹ in 2012.

July 2013

Written evidence submitted by the International Organisation for Migration (IOM)

BACKGROUND

1. The UK has been a Member State of the IOM since 2001.² Its yearly assessed contribution of approximately GBP 1,900,000 is shared equally between DFID and Home Office (formerly UKBA). The Member States' assessed contributions do not fund any projects but rather fund the Administrative part of the Organization's budget, which, in turn, contributes to the Organization's core structure. The core budget covers (partially) the minimum structure necessary for the Organization to exist and be in a position to deliver services. All IOM activities are funded by voluntary earmarked contributions, unlike other agencies which have substantial core contributions. By applying for Membership, Member States explicitly agree to the obligation to make a fixed financial contribution to the administrative requirements of the Organization.

2. As an intergovernmental organization with 149 Member States as of November 2012,³ IOM serves all its Member States on an equal basis. The migration-related priorities of one Member State do not necessarily match the needs of another, and establishing a basis for discussions and common solutions to global migration issues is, at times, challenging. IOM is thus continuously focusing on the difficult task of maintaining an all-encompassing, fully consistent strategy that takes into account these diverse areas, the best interests of migrants, the individual concerns of states, as well as the political sensitivities surrounding the migration debate at national, regional and global levels.

3. Despite the low MAR assessment, DFID has remained a strong financial supporter of IOM. Since the earlier MAR report was released, IOM has received USD 11 million from DFID in support to Libya and other operations worldwide. This figure does not include funding received by IOM from DFID through Pooled Funding Mechanisms, such as the CERF and CHF. DFID was instrumental, soon after the MAR was released, in enabling IOM to respond swiftly to the Libya crisis thus saving the lives of many third country nationals fleeing the conflict.

¹ KPMG, “UK Banks: Performance Benchmarking Report, Full Year Results 2012”, <http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Market%20Sector/Financial%20Services/banking-performance-benchmarking-report-2012.pdf>

² UK initial membership was from 1961–1968. Current membership commenced in 2001.

³ <http://www.iom.int/cms/en/sites/iom/home/about-iom-1/members-and-observers/governments/member-states.html>

IOM VIEWS OF THE MAR

4. IOM places high value in both internal and external evaluations, reviews and assessments as they offer the Organization important opportunities to improve the delivery, results and impact of the work IOM does for the benefit of migrants and governments globally. The MAR's low assessment of IOM's ability to provide DFID with value-for-money has been of deep concern to IOM, as were the questions raised about the nature, purpose and relevance of IOM's activities in the field of migration and closely adjoining areas of development and humanitarian intervention, which indicate a serious misperception or misunderstanding of what IOM is and how it works.

5. As other concerned agencies have observed, and as mentioned in the response to the National Audit Office, conducting an assessment of 44 multilateral agencies that vary greatly in mandate, objectives and modus operandi, requires an evaluation methodology that effectively adjusts for these variations, and in-depth individual consultations facilitating that understanding. IOM understands that the focus of this exercise was on the UK Government's implementation of its development aid objectives through its multilateral partners. IOM certainly wishes to discuss on a regular basis how IOM might contribute more effectively to the advancement of these objectives.

6. DFID informed IOM of the initiative through a letter addressed to the Director General by Secretary of State, Andrew Mitchell followed by a second letter from the Director General, Policy and Global Issues at DFID, Mr Anderson, in July 2010. IOM was asked to provide comments, information and evidence to enable DFID to better understand the work of the Organization. In August 2010, IOM was requested to provide general information based on a standard template limiting the number of pages to four. The document was shared with DFID in September 2010. No additional information was requested from IOM in Geneva or in the field. The tight schedule for the DFID teams visiting the selected countries did not allow for bilateral meetings with IOM representatives. Given the decentralized nature of the organization and its field-based focus, appraisal of the activities of IOM's field personnel at their point of origin and impact would have helped gathering quality and breadth of evidence so as to gain a better understanding of the Organization's work.

7. The DFID team had planned more than one meeting with the Director General to discuss the MAR before finalizing the document, but due to unforeseen events DFID had to cancel both. There was therefore no opportunity for IOM to offer comments on the findings before the publication of the Review.

8. In the case of IOM, which is in many ways different from other international organizations, the generic investigative approach may not have allowed reviewers to take full account of its specificities, including those imposed by the membership itself. A more flexible approach might have allowed for a more accurate understanding of the Organization's work.

9. Since the MAR took place, IOM was asked by the UK National Audit Office to provide comments and inputs on the MAR process and its results. IOM has also undergone a DFID led Commercial Expertise Review, which focused on procurement and has recently completed the MAR Update process. DFID teams have visited three IOM Missions in the field, namely Haiti, Mali and Senegal and have additionally monitored the implementation of programmes in Pakistan and Sudan during approximately one year. The results of these processes are not yet known.

10. Additionally, following the MAR, DFID introduced the business case for payments to international organizations. In the case of IOM this process has proven complex since the business case as developed, covers projects, which are a result of voluntary contributions and are not funded by the assessed contribution for which the business case was developed.

CONCLUSION

11. The Administration of the International Organization for Migration (IOM) welcomes the opportunity presented by this second round of assessments to follow up the 2011 UK MAR conducted by DFID. As IOM indicated in its response following the earlier MAR, the first assessment was a total surprise and grave concern. It has resulted in damage to the reputation of the Organization with other Member States and stakeholders. The Administration hopes that the process this time will be more constructive.

12. Finally, IOM believes that any thorough assessment of the Organization must: *a)* take full account of IOM's funding structure; *b)* its decentralized and operational nature; and *c)* assess the activities of IOM's field personnel at their point of origin and impact.

Written evidence submitted by the International Fund for Agricultural Development

How effectively DFID works with the global multilateral system in pursuit of its overall aid and wider development and humanitarian objectives

1. DFID engages actively in the Governance of multilaterals, including the respective Executive Boards, Councils, Replenishment/financing processes, and various sub-committees eg audit committees, Committee for Food Security. The themes consistently raised include the focus on results and outcomes, fragile states, together with value for money and administrative efficiency, lately increasingly emphasised in the context of the current financial climate. This engagement is paralleled by participation in other fora eg Global Partnership for Effective Development and IATI where themes of inclusive partnership, governance and transparency are highlighted.

How well DFID makes overall judgements about its engagement with multilaterals, in both financial and policy spheres

2. Multilateral organizations are distinct from bilateral agencies such as DFID in several respects and the MAR process needs to be cognisant of this. Multilaterals generally enjoy special political legitimacy because of their broad and diverse membership bases and governance mechanisms, and their perceived political neutrality. This legitimacy enables them to better address and coordinate responses to complex global challenges, such as climate change or health epidemics. Multilaterals also tend to have a broader base of technical expertise than individual bilateral donors on specific themes, sectors, regions or countries. Most multilateral organizations are also far more likely than their bilateral counterparts to be recognized for their specialization in particular sectors, or areas of technical or geographic focus.

3. Multilaterals have an increased capacity to leverage additional financial resources and they therefore have the potential to achieve greater overall impact than many bilaterals. In addition, investing in multilaterals often allows for economies of scale unparalleled by individual bilateral agencies. There is also evidence that donor investments in multilaterals can contribute to improved development effectiveness. When donors pool their resources in a multilateral organization, it curtails redundancies among bilateral donor agencies and reduces the burden on developing country governments by decreasing the overall number of development partners with whom they must engage. Finally, multilateral organizations play an agenda-setting function for the international community. Multilateral organizations and multilateral processes are instrumental in facilitating agreement on the policies, norms, and standards that guide responses to global challenges. These processes can help build consensus about the overall scale of resources needed for particular issues and the appropriate burden sharing among key stakeholders.

Specific examples of particularly good or particularly poor performance by DFID in relation to multilaterals, and by DFID-funded multilaterals

4. The Adaptation for Smallholder Agriculture Programme (ASAP), is a programme launched by IFAD with DFID support in 2012 to channel climate and environmental finance to smallholder farmers so that they can increase their resilience. The multi-year and multi-donor programme, receives further financial support from the Governments of Belgium, Canada, Netherlands and Sweden. The objective of ASAP is to improve the climate resilience of rural development programmes and improve the capacity of at least eight million smallholder farmers to expand their options. The additional funds will co-finance around one-third of IFAD's new projects one project has already been approved in 2012 for Mozambique and eleven projects are currently under design for approval in 2013 with a further eight projects identified for approval in 2014 and three for 2015, for a total amount of around 250 million USD.

How DFID should approach multilateral aid reviews

5. As noted above, in carrying out the MAR DFID needs to be cognisant that, by their very nature, multilaterals have differing governance arrangements reflecting institutional mandates and, often, a wide and diverse membership. As such, multilateralism is not, by definition, bilateralism. Therefore a direct causal relationship whereby a particular DFID/UK policy/practice can be immediately and totally reflected in agency operations and programmes is not always possible. DFID should therefore be approaching reviews in terms of how it has been able to foster broad consensus and collaboration consistent with the key thrusts of UK policy. This perspective, how effective has been the DFID interaction, through the respective governance mechanisms, is important.

6. While the original IFAD MAR (2011) process takes into account country operations, given the focus on strategic management, financial practices and HR it would also be advisable to have input from other (both donor and recipient) members that would reflect the agency reform agenda from a broader perspective.

How DFID should make use of the findings of the 2013 MAR update

7. At an institutional level, the 2013 MAR update would provide DFID with a strong basis for DFID's participation in the IFAD10 replenishment, with consultations due to begin in 2014, and clarity on the key issues that DFID would want to see IFAD address in the 2016–18 period. Importantly though, recognising the

broader ownership and membership that multilaterals have, such institutions offer the fora for taking forward the post 2015 agenda together with the establishment, and implementation, of the Global Partnership.

The appropriateness of funding multilaterals with high administration costs, at a time when DFID's own administration costs are being cut

8. All multilateral organizations strive for cost efficiencies and DFID is not alone in championing such approaches. Nevertheless, while multilaterals sometimes may be associated with higher administration costs; they often represent a better value for money than bilateral agencies. This is because multilaterals undertake different activities than bilaterals and, also, due to how both costs and benefits are defined, and the extent to which they are quantified. Like-to-like comparisons are difficult in a situation where multilaterals are meant to be complementary to bilaterals, not equivalent to them. Higher costs are often associated with the special functions (not undertaken by bilaterals) and the specific role of the multilaterals in forging national and higher level consensus about broad programmes and policies. This underpins the comparative advantage, and rationale, of multilaterals.

9. Comparisons of administrative costs, measured in terms of expenditure accounts (rather than outputs/results), may give misleading analysis if, for example, remuneration packages do not fully take account of pension programmes, tax status and post adjustments for multilateral organisations operating either regionally or globally, and with salary levels linked to international norms, not national. In addition, the need to operate at regional/global level (often with out-posted staff) and in partnership with member countries requires finances over and above bilateral programmes. Multilaterals, as noted above, offer benefits that few bilaterals can match in terms of political legitimacy, adherence to country systems and support for the development effectiveness process.

The usefulness of giving an "overall" assessment of particular agencies, when in practice their performance may vary from country to country

10. There is not an intrinsic problem in giving an overall assessment as multilaterals, by and large, have financial and operational processes (eg results management frameworks) designed to fulfil corporate strategies and mandates. Nevertheless, choice and use of efficiency indicators, and comparison with other multilaterals, for both programmes at country level and headquarter, needs to be carefully managed to ensure that conclusions and recommendations are both well-founded and actionable.

Impact of the MAR process on the agencies being assessed

11. As indicated in previous responses, IFAD has adopted a series of corporate planning and management instruments as part of a far-reaching Change and Reform Agenda to strengthen IFAD's ability to deliver on its development outcomes at country level and to manage its performance as an organization. These are consistent with and recognised in the MAR and reflected in the initial IFAD submission and response to the 2011 MAR and, latterly, the 2013 update. Moreover, IFAD's Results Management Framework, as presented to the 2011 Replenishment meetings, included new and amended indicators both at the level of external effectiveness and internal efficiencies that reflected the broad thrust of MAR, and other bilateral assessments.

12. As a further follow up, both in the 2011 Replenishment meetings and the regular Executive Board meetings, DFID has spoken to the overall MAR agenda and the issues it has raised specifically with IFAD. It is also noticeable that in other fora, eg OECD, DFID representatives cross-reference the MAR in broader discussions about aid effectiveness and value for money.

Opportunities for DFID to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed

13. There is overall recognition by other donors on the importance of improving effectiveness and results reporting and the need for continued internal efficiencies and this is reflected in the consensus in IFAD governing bodies on actions to be taken. However, many other donors still retain (despite the use of the MOPAN process) their own assessment processes (Australia, Denmark) including specific criteria which are different from those adopted by the MAR. This is indeed a burden on agencies and, in many instances, confusing for staff as to the specificity that separate assessments require. The lack of agreement on assessment processes is, in itself, inefficient, and on-going evaluation of MOPAN should be used to ensure that new multilateral assessment processes are developed. Of concern however is the comment in the MOPAN evaluation TOR that some bilateral donors see MOPAN as augmenting individual donor assessments which would indicate that the hard choices concerning efficiencies in assessment processes are not being fully addressed.

Written evidence submitted by the African Development Bank

DFID ENGAGEMENT WITH MULTILATERALS: RESPONSE FOR INTERNATIONAL DEVELOPMENT COMMITTEE OF THE UK PARLIAMENT

1. *How effectively DFID works with the global multilateral system in pursuit of its overall aid and wider development and humanitarian objectives*

DFID is highly regarded in the international development community not only for the substantial resources (financial and human) it provides to the global development effort through the multilateral system but also for the knowledge it contributes and debates it spurs. Evidence at both HQ and country level shows that DFID contributes significantly to the activities of multilaterals and pursues partnerships through multi-donor trust funds. DFID is flexible and responsive in the face of a humanitarian crisis in comparison to other bilateral donors. DFID takes a lead in a number of innovative aid instruments at country level in collaboration with multilaterals. Indications are that DFID is committed and supportive to the concept of multilateralism and the benefit that this brings to coordinated development assistance. DFID's staffing policy is a clear sign of its openness to new ideas: it recruits certain categories of its leadership staff regardless of nationality.

2. *How well DFID makes overall judgments about its engagement with multilaterals, in both financial and policy spheres*

DFID's overall judgment about its engagement with multilaterals is fair. DFID is fully engaged in the international aid architecture and actively participates in setting the reform agenda both at global and country levels. In this way, DFID is able to make judgments based on its working experience with these organizations. In addition, through participation in governance structures of multilateral organizations, it is able to assess how these organizations work.

3. *Specific examples of particularly good or particularly poor performance by DFID in relation to multilaterals, and by DFID-funded multilaterals*

(i) *Leveraging Funds*: DFID provides substantial contributions to Bank's thematic/multi-donor Trust Funds such as African Water Facility (AWF), Congo Basin Forest Fund (CBFF), Infrastructure Consortium for Africa (ICA), NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF), Zimbabwe Trust Fund and Trust Fund for Countries in Transition (TFT) for a total of GBP 84.9 million. DFID's contributions have made strong catalytic effects to leverage 6 times as much as its own funding for NEPAD-IPPF and 8 times for AWF with the co-funding from the Bank and Development Partners. DFID is proactively involved in Steering Committees of these Funds to provide strategic guidance for operational effectiveness and to ensure the achievement of results.

(ii) *Timely Intervention*: Being a donor for Bank's Multi-Donor Trust Fund for Countries in Transition (TFT), which was established in September 2012, DFID has made it possible to swiftly respond to the imminent needs of the countries in North Africa during their transitional period after the Arab Spring. Based on the performance so far, TFT is one of the fastest-executing Trust Funds under the Bank's purview to date. As of end April 2013, EUR 2.68 million has been approved for 10 activities out of the originally pledged EUR 4 million. The approved activities have provided timely support for strengthening governance, fostering social inclusion, creating jobs, supporting private sector development and advancing regional integration in Egypt, Libya, Morocco and Tunisia. The TFT coordination committee has launched the 3rd call for proposals in April 2013. Proposals coming out of this most recent call are expected to exhaust the remaining resources available under the TFT.

(iii) *Institutional Support for Capacity Development*: DFID established an untied bilateral trust fund (TCA: Technical Cooperation Arrangement) with GBP 13 million for 2007–14. TCA has facilitated Bank's effort to enhance institutional effectiveness through upgrading procurement systems, streamlining key developmental issues such as climate change, public financial management, private sector development and fragile states into Bank's policies and strategies, and capacity development of Bank staff and senior management. In addition, DFID has provided secondees to support the Bank with technical expertise in areas of utmost importance for Bank's Regional Member Countries such as governance, infrastructure and regional integration. TCA and the secondment have enabled the Bank to better manage its operations under Bank's core financing and in line with Bank's decentralization policy.

4. *How DFID should approach multilateral aid reviews*

The methodology is sound and quite reasonable, given the constraints of a qualitative approach.

AfDB believes that the methodology and approach taken by the MAR is comprehensive, consultative and based on international good practice. The MAR has clearly laid out, transparent criteria and draws from other assessments as well.

MAR is also a very useful exercise and DFID provides an opportunity for reviewing results in consultation with the respective multilaterals. In particular, the inclusion of country level visits provides some useful perspectives.

Additional sources of information could be provided from within the multilateral organizations themselves. In particular, some conduct regular “client” or “partnership” surveys that provide valuable information on how they are viewed by external stakeholders.

5. *How DFID should make use of the findings of the 2013 MAR update*

DFID could use the 2013 MAR to enhance partnership and engagement with Multilateral organizations and also propose solutions to some of the challenges identified.

6. *The appropriateness of funding multilaterals with high administration costs, at a time when DFID’s own administration costs are being cut*

Multilaterals continue to make an essential contribution to the international aid architecture. Some of the benefits of multilateral organizations are as follows:

- (i) Pooling of resources for an area of intervention allows multilaterals to benefit from economies of scale that cannot be achieved by a donor on its own;
- (ii) It also yields a solid financial basis for leveraging and catalyzing third-party resources, including private capital;
- (iii) The untied and un-earmarked nature of the funds combined with universal procurement gives multilaterals the flexibility to seek the greatest value for money and maximum efficiency in the use of the resources;
- (iv) Delivery of public goods in areas such as climate change, disease control and prevention. Other international projects including regional infrastructure and trade may be better implemented by multilateral agencies;
- (v) Fostering knowledge for development: multilateral organizations are an important source of analytical and capacity development work, regional multilaterals in particular have expert knowledge of the region and a concentration of personnel with local knowledge and expertise of the region;
- (vi) Better placed for politically sensitive interventions;
- (vii) Lower transaction costs in particular areas. For example, specialized agencies have the machinery to respond to humanitarian crises and mobilize both financial and human resources across the globe.

Some examples that can be drawn from the experience of the African Development Bank include:

(i) Comparative advantage of the multilateral approach in Africa

The Bank Group’s sole mandate is Africa, and its full-scale presence on the ground—leadership, staff and headquarters—increases its effectiveness and provides a deep understanding of the continent, least developed countries and fragile states. Member countries have a strong sense of trust and ownership in the Bank Group. Financing for Africa through collective contributions to the ADF enables donors to achieve multilateral leverage with economies of scale for big projects in many African countries. The Bank Group has demonstrated over past ADF cycles that it can achieve credible and complex transformational projects. With a multilateral approach, donors get a seat at the table with several co-financing partners. The Bank Group provides an innovative source of partnerships encompassing all important financiers for Africa. It leverages its resources by being a lead arranger in several transactions for both public and private sector projects, helping bring other donors and financiers to the table. An analysis of 2012 Bank Group public sector projects found that one UA from the Bank Group leveraged three UAs in co-financing and created a multiplier effect of UA 4.8. A recent review of the Bank Group’s portfolio highlighted that on average each UA of private sector financing generates UA 5–6 of total investment.

(ii) Cost effectiveness

The African Development has taken a number measures to streamline business processes and the overall management of the organization to ensure cost effectiveness. By simplifying our business processes and practices since 2006 the costs per million UA disbursed have been reduced by 30%. Delivering better value-for-money to the Bank’s stakeholders is central to the Bank’s development mandate. It means ensuring that every Unit of Account we spend delivers the greatest value for our clients. It also means that we keep our costs under constant scrutiny and make sure that all our resources—human and financial—are used efficiently and economically.

(iii) Politically sensitive areas that may require some “distance” by bilateral donors including some governance related issues

The Bank Group’s African focus enables it to better address politically sensitive issues across RMCs and to create nuanced programs of support and knowledge products in close partnership with them.

(iv) Engagement in fragile states and low income countries

The Bank has often been at the forefront of re-engagement with countries coming out of conflict, being among the “early movers” and willing to take calculated risks in fragile environments helping to rebuild public services and government institutions, establishing macroeconomic stability and rehabilitating basic service delivery. For example, since 2009, the Bank Group has intensified engagement in Somalia through dialogue and targeted support. Through the Fragile States Facility, it financed the project on “Rebuilding Financial Management Systems in Somalia,” which has helped the government draft a Public Finance Management Bill, a Central Bank Act and a Financial Institutions Act. It also contributed to the major multi-donor Joint Program for Capacity Development in Statistics for Somalia.

A mapping of our portfolio (ADER, 2013), shows that our operations are concentrated in countries where they are most needed.

(v) Using an integrated “One Bank” Approach

The Bank works by bringing together various sources of knowledge, experience and funding, not only from within the Bank Group but also from external sources. Unlike certain other institutions where the private sector arm is separate, the ADB private sector window is fully integrated, providing the institution with the advantage of coherence, consistency and mutually reinforcing strength. An example is the Itehazi-Tehzi hydropower project in Zambia, which not only involved ADF financing from the public side and ADB on the private, but also innovative use of resources from the ADF and NTF.

7. The usefulness of giving an “overall” assessment of particular agencies, when in practice their performance may vary from country to country

The overall assessment is still very useful for corporate level decision making and reform.

8. Impact of the MAR process on the agencies being assessed

Many of the proposals made in the MAR echo international good practice in development assistance and reflects some of the commitments MDBs have made in relation to Paris, Accra and Busan declarations. For AfDB, the MAR reform priorities, including climate change and gender are similar to the Bank’s own internal reforms that are taking place to better meet the evolving strategic priorities of inclusive and green growth. The MAR provides an opportunity to reflect on how far we have gone in achieving our objectives in these areas. In this regard, the Bank appreciates suggestions regarding areas of improvement such as the use of country systems to enhance development effectiveness.

9. Opportunities for DFID to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed

Similar assessments are taking place through other organizations such as MOPAN. However, the approach and rationale may vary from one bilateral to another. There may be some merit in maintaining a separate process, at least in part.

27 June 2013

Written evidence submitted by UNAIDS

INTRODUCTION

The UNAIDS Secretariat is pleased to submit its comments to the UK’s International Development Committee with respect to the examination of the Department for International Development’s (DFID) Multilateral Aid Review (MAR) 2013. DFID is an important and high profile partner in the global AIDS response and provides respected leadership and support towards the achievement of the Millennium Development Goals. UNAIDS is grateful for the leadership and support of the Government of the United Kingdom to the AIDS response, and greatly appreciates DFID’s contributions to the UN reform agenda, particularly as it relates to performance monitoring.

How effectively DFID works within the global multilateral system in pursuit of its overall aid and wider development and humanitarian objectives?

1. The UK is committed to helping the world’s poor and to tackling global challenges, even in difficult financial times. The organization has provided intellectual leadership and a focus on performance and results which has echoed throughout the development community and has encouraged other governments to undertake their own multilateral reviews. The UK’s commitment to reach 0.7% target in aid, despite economic challenges, has been a remarkable achievement, cited in other countries as they consider national budgets.

2. The 2011 MAR had broad impact and similarly, the 2013 MAR will likely affect decision makers in other donor countries. On a number of occasions, other donors have referred to and relied upon the DFID MAR and

its findings in their own evaluations of UN agencies and UNAIDS. This places great responsibility on DFID with regard to transparency and clarity of methodology so that other governments can accurately assess the relevance of the results for their own development priorities.

3. DFID's input and the MAR exercise have had a significant influence in strengthening UNAID's focus on: how it reports on results, on value for money, performance monitoring and increasing transparency. In addition, in 2012, DFID played an active role in the consultation process that led to the development of the UNAIDS Unified Budget Accountability and Results Framework (UBRAF), which is the UNAIDS instrument to maximize the coherence, coordination and impact of the UN's response to AIDS.

4. In the 2013 MAR, DFID introduced the "Theory of Change" approach in acknowledgement of the complex network of partnerships which support the achievement of results in developing countries. In our view, this has strengthened the MAR to better reflect the mandate of those organizations which provide political leadership, technical cooperation and normative guidance.

How well DFID makes overall judgments about its engagement with multilaterals, in both financial and policy spheres?

5. UNAIDS appreciates DFID's transparency and rigour with the MAR. It has provided UNAIDS a good sense of the UK's objectives and criteria for funding, and as mentioned above, has helped the organization enhance its own ability to better articulate and demonstrate how its investments translate into results.

6. The biggest challenge for the MAR however, has been in the evaluation of the UN and UNAIDS performance at country level, and coherence across organizations. UNAIDS is a unique organization uniting the work of 11 UN agencies in the AIDS response. UNAIDS appreciates DFID's efforts to improve policy coherence across the Boards of different organizations, and its efforts to encourage other bilateral donors to work in the same way. But within the MAR overall, DFID could make a greater effort to look at work on HIV and AIDS across the Joint Programme and not just within the "Secretariat"; this would go a long way to enhance accountability across the UN and better harmonize with efforts at UN reform, particularly at country level. Discussions between UNAIDS and DFID UNCD in East Kilbride in October 2012 provided an opportunity to consider this.

7. A second challenge has been how to reflect work at country level. Given that any evaluation requires a review of a sub-set of countries, UNAIDS has suggested that countries selected to evaluate UNAIDS be those that fall within the high impact focus countries of the UNAIDS Board approved Strategy—countries where HIV prevalence is highest and where investments can have the largest impact on reaching a tipping point in the epidemic.

Specific examples of particularly good or particularly poor performance by DFID in relation to multilaterals, and by DFID-funded multilaterals

8. At the joint UNDP/UNFPA board meeting in September 2012, the UK mobilized a number of donors to issue a statement urging UNDP, UNFPA and other cosponsors to support UNAIDS Strategy for 2011–2015, and to increase their contributions to AIDS. This is an illustration of how DFID has used its presence on a board to push for more coherence amongst UN agencies.

How DFID should approach multilateral aid reviews?

9. As mentioned earlier, for the 2013 MAR, DFID adopted the Theory of Change in order to better understand the way in which organizations which have a normative function can be assessed. This has been enormously helpful. The MAR process has greatly evolved since 2011 and UNAIDS appreciates DFID's serious reflection and rigour in engaging UNAIDS and other multilateral organizations in improving the accuracy and transparency of the MAR exercise

10. There was a vast improvement in guidance, engagement and communication provided by DFID in the 2013 MAR compared to the 2011 MAR process. The process is nevertheless a quite heavy one with high transaction costs, especially for an organization with limited staff resources such as UNAIDS. In addition, the MAR has spurred other governments to take on multilateral reviews. It would be beneficial if DFID would promote, together with other donors, the institutionalization of one multilateral review which could be carried out by each organization. Such a review could be based on the MAR principles, but undertaken as a collective exercise by several donors, such as the MOPAN.

How DFID should make use of the findings of the 2013 MAR update?

11. UNAIDS is expecting DFID to use the MAR results to make a decision on its multi-year contribution. We would hope that DFID actively promotes and shares its results as a means to encourage and support coordination of multilateral aid reviews. Furthermore UNAIDS is looking forward to reviewing comments and recommendations arising from the MAR to help further improve its work.

The appropriateness of funding multilaterals with high administration costs, at a time when DFID's own administration costs are being cut?

12. At times of global financial constraints, institutions have introduced measures to increase efficiency, by reducing of staff and administrative costs. For example, UNAIDS' budget has been held flat in nominal terms since 2008. In real dollar terms, this is a 6% decline. The strategic realignment initiated in 2011 continues to drive down UNAIDS overall headcount, and a broad program of cost efficiencies, including reduction of travel and conferences has already yielded an over 14% year-on-year decline in the overall costs of operations, excluding transfers to Cosponsors, in 2012. *UNAIDS projected administrative costs as a percentage of total costs for 2012–13 biennium is 9.8%.*

13. We have great respect for careful benchmarking as a way to improve performance. It is not clear however, that any generally agreed accounting principles have been established or utilized in comparing the administrative costs of multilateral organizations. In the absence of such principles, comparisons may be of questionable utility. Moreover, it is arguable whether it makes sense to compare administrative costs across highly heterogeneous organizations. Is there any reason to expect a multilateral financing organization with 1) no in-country presence, 2) distributing grants through NGO's, and 3) treating oversight, monitoring and local operating costs as the costs of projects, to have administrative costs on par with an organization providing technical support, monitoring, and advocacy in 90 countries? We think not.

The usefulness of giving an "overall" assessment of particular agencies, when in practice their performance may vary from country to country

14. We have no quarrel with an overall assessment; indeed we would find it strange not to have an overall conclusion with respect to value for money, impact, and importance vis-à-vis UK development objectives. For an organization such as UNAIDS, with a large country presence (70% of staff in the field) it is important to be evaluated both at HQ and country level, with the following given due consideration:

- (a) We encourage DFID to be transparent in articulating the countries selected, the rationale for this selection (which might coincide with UK priorities) and the challenges of generalizing across countries.
- (b) When an organization's performance is assessed in a specific country, the socio-economic context needs to be taken into account during the evaluation exercise.

Impact of the MAR process on the agencies being assessed

Covered in introductory paragraphs.

Opportunities for DFID to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed

See above.

June 2013

Written evidence submitted by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA)

1. DFID is a consistent supporter of the global humanitarian multilateral system, and works proactively with multilateral partners in pursuit of the system's overall objective to strengthen the response to those in need, through effective leadership and coordination, and greater accountability for collective results.

2. DFID's emphasis on value for money—a direct outcome of the MAR process—has helped move the humanitarian system as a whole towards greater accountability and efficiency. DFID's insistence on rigorous monitoring of the performance of humanitarian multilaterals has instilled a much stronger awareness among these actors of the need for a more efficient use of resources. Other leading humanitarian donors have adopted DFID's approach as best practice, and have initiated their own reviews of multilateral partners, with a strong emphasis on efficiency and value for money. This, in turn, has contributed to greater transparency across the humanitarian system, and a reinforced commitment to account for resources channeled through multilateral partners.

3. In advocating for greater accountability across the system, DFID has pro-actively engaged other donors to collectively assess performance, recognizing the opportunities to jointly influence accountability and use of resources. One concrete example of this is DFID's prominent role in the recent development of an informal monitoring tool for use by field-based humanitarian donors to review the implementation of the IASC

Transformative Agenda.⁴ While this does not assess the performance of individual multilateral actors *per se*, it is a helpful tool to allow donors to collectively identify country-level performance issues to inform their own assessments of multilateral partners.

4. In OCHA's experience, one of the positive impacts of the MAR has been the ability to take a more strategic and corporate approach to bilateral accountability, thereby contributing to improving organizational performance and enhancing efficiency. Providing OCHA with an overall organization-wide "assessment" (rather than focusing solely on individual country level reviews) has played a pivotal role in helping to improve performance across identified OCHA priorities, impacting positively on all of OCHA's operations.

5. DFID's multi-year strategic partnership with OCHA, stipulating the annual provision of flexible un-earmarked core funding, allows OCHA to plan, enabling us to respond more effectively. The fact that DFID's core contribution to OCHA is contingent on positive MAR-related assessments has helped us to monitor continuous progress against areas identified for improvement. In this respect, the MAR Update findings feed directly into our internal performance reviews, and support us in identifying gaps, tracking progress in priority areas, and working towards jointly-identified milestones.

6. In OCHA's case, the MAR Update emphasizes an increased focus on results, urging us to continue to strengthen our activities in support of humanitarian leadership, operational coordination, information management, and strategic planning, as well as our internal commitment to "getting the right people to the right place at the right time". DFID's identification of these priority areas has supported OCHA as we work to reinforce our core mandated functions in support of the multilateral humanitarian system. We are also working to deliver on our commitments to implement the IASC Transformative Agenda.

7. Recognising the value of the MAR Update approach of complementing global organisational assessments with practical examples from the country level, DFID will conduct a review of three of OCHA's Country Offices between now and March 2014, to inform decisions on future DFID funding. These Country Office reviews will gather evidence on OCHA's performance against reform priorities identified through the MAR, and will highlight how OCHA applies policy to practice. OCHA also benefits from these reviews, as they provide an objective assessment of the strengths and development areas of our Country Offices, while also providing a picture of the challenges and opportunities we face in fulfilling our mandated responsibilities.

8. Looking to the future, DFID should build on the findings of the MAR Update to strengthen its monitoring of the performance of its humanitarian multilateral partners, and use the lessons learned through the MAR Update process to inform its Annual Reviews. OCHA is currently in the process of developing a Strategic Framework which will guide our activities over the coming four years. DFID's MAR process has played a useful role in helping us to determine our priority objectives and focus for the future, laying the groundwork for our new Strategic Plan.

9. Considering the tightening fiscal environment and the need to ensure the efficient use of resources, it is in our common interest to strengthen accountability and transparency across the humanitarian multilateral system. Processes such as DFID's MAR Update are essential to reinforcing and consolidating the efforts of humanitarian multilateral partners in this regard. It is important that DFID's process of reviewing the performance of its multilateral partners continues to be aligned, to the extent possible, with similar initiatives by other humanitarian donors. This will ensure that multilateral actors receive coherent messaging from the donor community on the importance of strengthening accountability and maximising value for money in humanitarian action.

July 2013

Written evidence submitted by United Nations Development Programme (UNDP)

INTRODUCTION

1. As an organisation that is entirely funded from voluntary contributions, we are strongly committed to exercise accountability over the use of public funds, to be responsive to the needs of the beneficiaries we serve, and to demonstrate the value of what we do with the funds entrusted to us.

IMPACT OF THE MAR PROCESS ON UNDP

2. UNDP welcomed the Multilateral Aid Review (MAR) as well as other independent assessments and evaluations, as they provide an opportunity for reflection and learning on how the organisation can build on its strengths and improve its performance.

⁴ The Transformative Agenda consists of a set of actions agreed by the leadership of all major humanitarian organisations (members of the Inter-Agency Standing Committee/IASC), to address identified challenges in response capacity, based on lessons learned through humanitarian operations in Haiti and Pakistan in 2010. Actions include strengthening humanitarian leadership, streamlining coordination mechanisms, improving strategic planning, and enhancing accountability for collective results. DFID—and all leading humanitarian donors—support the Transformative Agenda as a means of making the humanitarian system more accountable and strengthening humanitarian response.

3. UNDP embarked on an internal reform process—the Agenda for Organisational Change—in April 2011, coinciding with the release of the findings of the MAR in March 2011. The MAR, as well as other assessments, further substantiated UNDP’s reform agenda, particularly in areas such as strengthening country level performance, corporate planning and reporting systems and value for money assurance at both programmatic and operational levels.

4. UNDP’s reform process has also been guided by greater attention to cost-effectiveness, transparency and accountability. UNDP’s progress against these and other areas can be evidenced in *UNDP’s Cumulative review and annual report of the Administrator on the strategic plan: performance and results for 2008–12*.

5. UNDP shares DFID’s results orientation and value for money approach. UNDP is making better use of evidence to drive its decision-making processes and to ensure that knowledge and lessons learned lead to more effective practices that help countries achieve better development results.

6. The MAR Update’s stronger emphasis on country level evidence has provided room for more constructive dialogue between DFID and UNDP offices in the field. Given the complexity and diversity of environments in which UNDP operates, we welcome opportunities to engage with DFID around evidence-based issues to find common solutions to development challenges.

How effectively DFID works with the global multilateral system in pursuit of its overall aid and wider development objectives. Specific examples of particularly good performance by DFID in relation to multilaterals, and by DFID-funded multilaterals

7. DFID has been a long-standing partner to UNDP that has effectively worked with the multilateral system in pursuit of internationally agreed global development objectives. For example, DFID’s effective advocacy role and influence have significantly contributed to international efforts for the achievement of the Millennium Development Goals.

8. DFID has also, among other partners, been a trend-setter and has influenced the international development agenda in many areas, including for greater transparency and accountability in development aid—both areas that UNDP fully subscribes to.

9. DFID has clearly communicated the findings of the MAR and the identified reform priorities for UNDP. It should be noted that since the MAR, DFID has been consistent and coherent in its communication of priorities vis-à-vis the organisation. DFID has also been clear on its expectations for the MAR Update.

10. DFID has been a strong supporter of multilateralism and has led by example in the provision of multi-year pledges to UNDP’s regular resources. This has been crucial to the financial health and responsiveness of the organisation. A secure funding base enables UNDP to fulfil its mandate; respond to emerging crises; preserve its multilateral, impartial and universal character; and finance its corporate management and oversight systems. A sound funding base is also critical for the effectiveness and coherence of the UN development system as a whole, given UNDP’s leadership role in UN system wide coordination.

Opportunities for DFID to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed

11. DFID has influenced and informed subsequent bilateral assessments of UNDP carried out by a number of its partners. From 2011 to 2012, UNDP participated in approximately ten different external assessments that have varied in scope and methodology.

12. UNDP welcomed the UK National Audit Office Report on the MAR and, in particular, the recommendation that “The Department should propose a clear action plan for developing a shared framework and joint data collection for future assessments of multilateral effectiveness”. In this regard, UNDP would particularly encourage better use of the existing Multilateral Organization Performance Assessment Network, of which the United Kingdom is a member. This would go a long way to enhancing development effectiveness, including the principle of harmonization.

13. UNDP also agrees with the NAO recommendation that “in the future, the Department could complement the Review by considering key issues for the multilateral system as a whole” including wider issues of coherence, gaps and overlaps in roles.

Written evidence submitted by World Vision UK

SUMMARY

1.1 World Vision is a child focused Christian relief, development and advocacy organisation dedicated to working with children, their families and communities to overcome poverty and injustice. World Vision is the world's largest local charity working in 100 countries to improve the lives of 100 million people worldwide. World Vision works with a number of multilateral agencies and welcomes the opportunity to feed into the Committee's inquiry into DfID's update of its review on multilateral relationships.

1.2 Responding to humanitarian crisis and laying the ground work for long term development through supporting child health and nutrition are key priorities for World Vision. Multilaterals play a pivotal role in coordinating humanitarian responses and responding to global health challenges, but without long term predictable funding this role is not always performed as well as it could be. We therefore urge DfID to scale up its commitment to providing long term predictable funding to multilaterals.

1.3 While we commend DfID's efforts to assess the performance and value for money of multilaterals, we suggest that this is balanced with more attention to external political environments. The changing nature of the aid landscape; for example the rise of private investment flows and private sector engagement in social goods, impacts on the ability of multilaterals to deliver results. An assessment focused strictly on results and value for money risks ignoring broader external political, economic and social factors that may constrain a multilaterals' efficacy.

1.4 We recognise that experience and success varies widely in multilateral aid. Given our programme and policy objectives, World Vision works in close proximity with the World Health Organization (WHO) and the World Food Programme (WFP). This submission will therefore focus on the functioning of these organisations to draw broader conclusions for DfID's MAR update exercise.

1.5 *We call on the UK government to approach the MAR beyond strict "value for money" terms to renew focus on multilateral efficacy. We recommend that:*

- The MAR evaluates the broader external political, economic and social factors that impact on a multilateral's ability to fulfil its mandate.
- Aid effectiveness principles are positioned at the heart of assessment frameworks.
- Components of the assessment frameworks are integrated, particularly criteria relating to strategic performance and partnership behaviour.
- The UK collaborates with other bilaterals to enhance learning and reduce the burden on agencies being assessed.
- Overall assessments are supplemented with specific country/thematic assessments.
- In addition World Vision has developed specific recommendations for UK government support to the WHO. We recommend that:
 - the UK support a strong and reformed WHO and as such,
 - 70% of UK contributions to the WHO should be predictable, and
 - 40% should be core flexible funding.

2. ACHIEVING INTERNATIONAL DEVELOPMENT AND HUMANITARIAN OBJECTIVES; ENGAGEMENT WITH THE WORLD HEALTH ORGANIZATION AND WORLD FOOD PROGRAMME

World Health Organisation (WHO)

2.1 The underlying principle of the WHO's mandate is the right to health, which is formulated in the WHO constitution. The UK is a strong and valued supporter of the WHO reform process, including the need for it to be a strong independent voice in global health. Yet in practice, DfID is one of many donors that provides short term earmarked funding, with core funding comprising a small proportion of the UK's contribution to the WHO. Unpredictable and restricted finance flows are the main threat to the WHO's mandate to act as "a directing and coordinating authority on international health work".⁵ The root cause of the WHO's funding crisis is that it receives very little core and flexible funding. Core funding—as either the assessed contribution or voluntary funding designated to core WHO expenses, comprises 22% of the UK contribution. This means that £248 million of the UK government's £320 million is earmarked.⁶ The future of the WHO's functioning must be addressed through particular focus on ensuring long and predicible aid flows to reduce volatility and allow for country investment and planning.

2.2 Strengthening national systems is critical to ensuring aid effectiveness in the long term. Since 2005, the OECD have looked at health in order to assess and trace the aid effectiveness principles outlined by the 2005 Paris Declaration. The OECD sponsored "Health as a Tracer Sector" (HATS) Final Report argues that the increased complexity of health, the proliferation of donors and funding streams, means that increased focus on

⁵ World Health Organisation constitution; <http://apps.who.int/gb/bd/PDF/bd47/EN/constitution-en.pdf>

⁶ World Vision, *Barriers on the Road to Achieving the Health MDGs: Global Health Governance and Reform of the World Health Organisation*, October 2012.

governance is crucial.⁷ The sovereignty of the WHO is therefore essential if the WHO is to act as governing body on health. We urge that DfID supports a strong and effective reformed WHO to make progress on the MDGs. This includes the critical work the WHO does with aid recipient governments to support long term planning for health system strengthening.

2.3 World Vision's programme and policy experience has shown the benefits of adopting a systems' strengthening approach in the health sector. In 2001 the African Union set targets to spend 15% of national budget to health; however, this is far from being realised. The WHO has an important role in supporting governments to meet these targets, but their attention and resources are often taken with managing and implementing projects instigated by donors with earmarked funding that do not help with health systems strengthening. This is a particular challenge for health projects that are disease specific and time bound to the MDGs. Developing sustainable health systems should be a partnership between government and donors, but without a long term commitment from donors it is understandable that governments fail to commit to system strengthening.

2.4 DFID's 2011 MAR notes that the WHO particularly lacks the specific policies and data collection to work effectively in fragile contexts.⁸ Our research shows that in fragile and conflict-affected contexts health services are often fragmented, poorly coordinated and under capacitated; consequently, investments in one service often do not yield the expected results. As such, we affirm the importance of the Busan commitments, which outline the need to support and strengthen country led plans and systems in fragile and conflict-affected states. Paris, Accra and Busan all demonstrate that strong and effective multilaterals are especially critical to implementing aid effectiveness principles.

2.5 As such, *World Vision has developed specific recommendations for the UK government to enhance support to the WHO.* We recommend that the UK government should continue to advocate for reform of WHO, backed with appropriate funding modalities.

- We recommend that 70% of UK contributions to the WHO should be predictable and 40% should be core flexible funding.
- The UK should work with other donors to increase the core and flexible component of the WHO budget.
- The UK should support the right of the WHO to say no to funding from donors which does not align to their agreed work plan.
- All specified project funding should cover the administrative costs associated with their activities, at least the WHO official rate of programme support (13%).
- The reform process must focus on:
 - Ensuring long and predicable aid flows to reduce volatility and allow for WHO to achieve the objectives set by the Member States and mandated through the World Health Assembly, especially the Twelfth General Programme of Work.
 - Improving the financial transparency and planning of the WHO.
 - Improving the mechanism through which the WHO interacts with non-state actors, including NGOs, philanthropist organisations and businesses.

World Food Programme (WFP)

2.6 The WFP are currently going through a process of reevaluating their mandate. The WFP are increasingly employing cash and vouchers programmes, including sending money through mobile phones and distributing e-vouchers alongside traditional food aid. WFP's growing engagement in the market for financial services is aligned with DfID's aim of achieving poverty reduction through access to savings, credit and insurance. Alongside DfID's growing investment in financial services, DfID is strongly committed to delivering traditional food assistance. Food assistance is currently DfID's biggest spend in humanitarian emergencies⁹ and; DfID is the fourth largest donor to WFP, with a financial commitment of £202 million.¹⁰

2.7 DfID maintains a portfolio approach to funding humanitarian food assistance, which means that they fund a number of individual organisations alongside the WFP. This approach is built upon establishing relations, broadening accountability and creating flexibility. This can be contrasted with other donor countries, such as Canada, who have recently diverted funding from individual organisations to the WFP. DfID's interest in broadening accountability and creating flexibility is balanced with the need to demonstrate that the UK's political position is marked by maintaining strong support to food assistance and to the WFP.

2.8 A recent report by Humanitarian Practice Network shows that the three agencies which have global roles and responsibilities for acute malnutrition; UNICEF, WFP, and WHO lack sufficient programme

⁷ Working Party on Aid Effectiveness Task Team on Health as a Tracer Sector, *Progress and challenges in aid effectiveness: What can we learn from the health sector?*, (OECD, 2011), <http://www.oecd.org/dac/aideffectiveness/48298309.pdf>

⁸ DfID Multilateral Aid Review, 2011.

⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197394/ind-meth-note-emergency-food.pdf

¹⁰ <http://www.wfp.org/about/donors/year/2012>

convergence.¹¹ UNICEF is responsible for the treatment of severe acute malnutrition (SAM), WFP for moderate acute malnutrition (MAM) and WHO for inpatient care (IPC). In practice, “this can mean that children who have recovered from SAM and progressed to a state of MAM are either discharged without follow-up treatment”.¹² World Vision suggests that DfID needs to ensure that support to UN agencies contributes to integration and coordination between agencies. This is especially true in programme areas that are addressing issues which are driven by a range of casual factors, such as undernutrition.

2.9 World Vision’s policy and programme experience on nutrition highlights the need to build national capacity and commitment to nutrition. This requires a move away from short term funding cycles and scaling up spending to national governments. Civil society collaboration and policy and programme integration is essential for more cost effective and impact interventions by the WFP. Programmes which go beyond traditional food assistance, such as cash/voucher transfers, go further in supporting stability, if integrated with other development and humanitarian responses. We therefore suggest that DfID places greater emphasis on how the WFP interacts with civil society organisations and wider social, political and economic factors in the MAR process.

3. DFID’S DECISION MAKING PROCESSES ON ENGAGEMENT WITH MULTILATERALS, IN BOTH FINANCIAL AND POLICY SPHERES

3.1 The EU and World Bank receive the lion’s share of multilateral funding by DfID, with UN and Commonwealth multilaterals only receiving 7% in 2011–12.¹³ While we urge DfID to invest in multilaterals, we acknowledge DfID’s need for transparency and accountability. We recognise that in the case of the WHO this is a particular barrier to scaling up donor funding and recommend that transparency should be central to WHO reform’s agenda. We therefore also suggest that transparency measures are a key part of DfID’s assessment frameworks.

3.2 While we share DfID’s commitment to results, we acknowledge the inherent tension that exists between achieving measurable short term results and driving long term change. We encourage DfID to make decisions on multilateral engagement based on broader measures than strict value for money, including how effective each multilateral is at achieving the goals set out by its mandated governing body. We believe that it is important to resist temptation to support short term projects (such as global health projects) at the expense of supporting governance and national systems. Investments in health and education can take time to yield results and requires effective global governance.

3.3 When balancing the tension between attaining measurable impact and strengthening systems and governance, we urge the UK government not to ignore difficult contexts. For example, our research shows that scaling up support to nutrition in fragile and conflict-affected states is possible and requires commitment. This means supporting institutions, such as the WHO and WFP, to enable them to deliver long term strategic operations and in country support to countries with high burdens of need.

3.4 Questions regarding the appropriateness of funding multilaterals with high administration costs at a time when DFID’s own administration costs are being cut should be taken on an individual basis. Multilaterals are designed as implementing and governing bodies, which will mean that administration costs will be high, particularly when greater demands on transparency and accountability result in transaction costs. WFP have administration costs of around 7%, while other multilaterals, such as the WHO are in need of funds to cover administration to fulfil their role.

4. DFID’S APPROACH TO MULTILATERAL AID REVIEWS

4.1 We support DfID’s strong focus on impact in the assessment criteria and commend efforts to review agency efficiency against individual mandates. However, we suggest that DfID adopts a broader view of multilateral engagement beyond “contribution to UK development objectives”. Our experience with the WHO demonstrates that bilateral interests in short term global health projects are inhibiting the WHO’s ability to strengthen its position as an authority on international health. The rise of private actors, such as the Gates Foundation, is creating new dynamics, in which the WHO’s position as “a directing and coordinating authority on international health work” is compromised. We therefore suggest that the MAR’s assessment of partnership behaviour and strategic performance includes feedback on particular challenges and opportunities in relevant enabling policy environments. We suggest that assessments balance a focus on outcomes with attention to political processes and agendas which shape the performance of multilaterals beyond strict value for money measures.

4.2 For renewed focus on the efficacy of multilaterals the principles of aid effectiveness must be placed at the heart of an assessment framework. The cornerstones of the Paris Declaration: ownership, accountability and poverty reduction, are central pillars of both UK development objectives and wider global aims. Currently the Paris/Accra Principles are listed as criteria under the partnership behaviour component of the assessment framework. However, there are more than 40 criteria spanning 10 components, which means that aid

¹¹ ENN, “*The management of acute malnutrition at scale: A review of donor and government financing arrangements*”, <http://www.ennonline.net/pool/files/ife/enn-cmam-financing-main-report-2013-web.pdf>

¹² Ibid, p.8.

¹³ DfID, Annual Report and Accounts 2011–12, July 2012.

effectiveness principles are not necessarily given due consideration. In particular, we suggest that aid effectiveness principles are assessed alongside the ability of multilaterals to achieve autonomy, in order to carry out their strategic planning. This means that strategic performance should be cross referenced with partnership behaviour and criteria should be viewed as interdependent, where possible. The impact of the external political environment should also feature in any developed assessment of strategic performance management.

4.3 While the 2011 MAR lists predictability of funding as criteria we suggest that predictable funding needs to be prioritised. Reviews should also consider indicators, such as the amount of earmarked funding and length of project funding as markers of flexibility and predictability of funding.

4.4 We hope that this submission supports DfID to consolidate lessons of good practice. In particular, we urge DfID to consider how the framework fits together, with reference to the impact of performance against criteria on individual components. We encourage the UK to follow opportunities to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed. For example, CIDA are drawing from DFID and AusAid's review processes; opportunities for shared learning should be exploited. We recommend that the time between reviews also needs to be considered so that organisations have opportunities to address deficiencies. Similarly, we suggest that DfID takes steps to increase the level of transparency around the MAR processes to increase the quality of input from multilaterals.

4.5 Producing an overall assessment of particular agencies is a particular challenge when in practice performance varies from country to country. Yet overall assessments add value by analysing how broadly an organisation is performing against strategic objectives. This is particularly important if reviews are independent and incorporate views of recipient governments and civil society who work directly with those organizations in the field. It may add most value if these overall assessments can be supplemented with specific country or thematic assessments. For example, the WFP recently completed a report which highlighted specific programmatic areas and countries that need improvements.¹⁴ Active engagement at board level will enable DfID to review strategic, high level management issues that impact on delivery and performance. Occasional strategic evaluations and support in implementing recommendations may add further value.

5. *We call on the UK government to approach the MAR beyond strict 'value for money' terms to renew focus on multilateral efficacy. We recommend that:*

- The MAR evaluates the broader external political, economic and social factors that impact on a multilateral's ability to fulfil its mandate.
- Aid effectiveness principles are positioned at the heart of assessment frameworks.
- Components of the assessment frameworks are integrated, particularly criteria relating to strategic performance and partnership behaviour.
- The UK collaborates with other bilaterals to enhance learning and reduce the burden on agencies being assessed.
- Overall assessments are supplemented with specific country/thematic assessments.
- In addition World Vision has developed specific recommendations for UK government support to the WHO. We recommend that:
 - the UK support a strong and reformed WHO and as such,
 - 70% of UK contributions to the WHO should be predictable, and
 - 40% should be core flexible funding.

May 2013

Written evidence submitted by The Global Fund to Fight AIDS, Tuberculosis and Malaria

UK PARLIAMENTARY INQUIRY

The Global Fund works in close collaboration with DFID and welcomes the opportunity to contribute to the International Development Committee's inquiry on DFID's Multilateral Aid Review (MAR) Process.

How effectively DFID works with the global multilateral system in pursuit of its overall aid and wider development and humanitarian objectives

DFID is an engaged partner that has provided significant support to the Global Fund, in particular through its generous funding and very active participation in Global Fund governance. The Global Fund is highly appreciative of the active engagement of DFID officials in the Global Fund Board, demonstrated by the recent Chairmanship of Mr Simon Bland and the successive board representatives for the UK/Australia Constituency who are driving policy and operational improvements. The current Board member also serves on the Finance and Operational Performance Committee, providing oversight of the management of Global Fund resources and performance of the operations of the Global Fund Secretariat. DFID is strongly engaged in governance and has been a key driver and supporter of the Global Fund's programme of internal reform. DFID is further seen as a leader in many technical areas, with significant contributions to results based financing and aid

¹⁴ WFP, *Report of the External Auditor on Working with Cooperating Partners*, <http://www.fao.org/bodies/fc/en/>

effectiveness. In addition, DFID is an active partner at the country level, participating in several Country Coordinating Mechanisms where it often acts as a thought partner.

How well DFID makes overall judgements about its engagement with multilaterals, in both financial and policy spheres

The Global Fund is not in a position, nor would it be appropriate, to opine on DFID's overall engagement across all multilateral organization. However, in our experience DFID undertakes serious reviews of our operations, policies and our ability to deliver on our mandate and potential comparative advantages. Through its field presence, DFID actively engages with all members of the Global Fund partnership which has been helpful in improving coordination and collaboration among our partners including other multilateral organizations. Feedback from Global Fund interaction with DFID at field level describes DFID as a genuine partner, technically sound and solution oriented.

DFID is transparent about its programmes and investments and maintains a good understanding of in-country issues and frequently liaises to share and obtain information (surveys, studies and evaluation). The Global Fund takes into account surveys and assessments undertaken by DFID such as financial management reviews and risk assessments and the Global Fund also shares similar information with DFID.

The importance of DFID coordination in the area of supply chain management and procurement systems related to drugs, bed nets and other health products was highlighted by several country teams. Technical assistance and government capacity strengthening activities to promote sustainability were other areas where DFID support was highly commended. In several countries, DFID has facilitated increased interaction between the Global Fund and the wider donor community.

Several Global Fund Staff (Fund Portfolio Managers) provided examples of the responsiveness and the flexibility of DFID programmes and their swiftness in bringing in complementary support to help prevent stock-out of basic and essential drugs at District and Central Hospitals (Malawi), provision of additional bed nets to help ensure universal coverage (Uganda) and supplementation of Indoor Residual Spraying campaigns (Mozambique).

DFID plays a prominent role in several Global Fund Country Coordinating Mechanisms (CCMs) and currently participates in the CCMs in Myanmar, Pakistan, Vietnam, Zambia, Zimbabwe and Malawi amongst others. The CCM has been a cornerstone of the Global Fund architecture since the organization was created in 2001. CCMs embody the Global Fund's key principles of country ownership and partnership through multi-stakeholder collaboration and participatory decision-making. The CCMs develop and submit grant proposals to the Global Fund based on priority needs at the national level. After grant approval, they oversee progress during implementation. CCMs include representatives from both the public and private sectors, including governments, multilateral and bilateral agencies, non-governmental organizations, academic institutions, private businesses, faith based organizations, and people living with the diseases. Representation of bilateral donors is generally rotational among donors. In Zimbabwe for example, DFID is fully engaged in the CCM, and effectively communicates with both The Global Fund and other donors (not part of the CCM) to ensure a common approach, avoid duplication and ensure gap filling.

How DFID should approach multilateral aid reviews

Overall, we see the MAR process as thorough, transparent and interactive, providing valuable information for the assessed organization. If continued the review could capture trends over time, highlight improvements as well as on-going weaknesses, which will further assist organizations in improving their effectiveness.

The MAR report has in some ways set the standard for reviews of multilateral organizations and in the Global Fund's case we have noted that all our donors are very much aware of the MAR and some have taken it into account in their policy and funding decisions or are inspired by it in carrying out their own reviews. For example, in the on-going evaluation of the French contribution to the Global Fund, the consultants have both reviewed the MAR report and engaged directly with DFID staff responsible for its compilation.

The transparency around the process and the opportunity for the Global Fund Secretariat to both provide input and later feedback on the report was particularly appreciated. Allowing organizations to respond to the findings before they are published would be an additional improvement.

The usefulness of giving an "overall" assessment of particular agencies, when in practice their performance may vary from country to country

An overall assessment can give the leadership of an organisation an indication of whether it is seen as broadly on track or not and highlight areas of particular achievement or on-going weakness. As such this is something the Global Fund sees as valuable in spite of the methodological challenges and the need to interpret any such rating with appropriate caution. While this could be nuanced by highlighting country-level variances, the overall assessment is what gives the report greater relevance.

Impact of the MAR process on the agencies being assessed

For the Global Fund the impact of the 2011 MAR was substantial in that it both validated the overall directions of our reforms and guided the implementation of them. The practice of seeking feedback from DFID country offices was particularly helpful in providing insights in how to improve our business model at country level and ensuring the agreed principles on aid effectiveness are even better integrated therein.

Having undergone a rapid transformation in 2011 and 2012, the Global Fund appreciated the fact that the MAR exercise was repeated in 2012 as it allowed us to demonstrate what has been achieved. Nonetheless, given the time and resources required to respond to the MAR it would under normal circumstances perhaps be more appropriate to carry out this type of review every two or three years.

Opportunities for DFID to collaborate with other bilaterals in assessing multilateral performance, to reduce the burden on the agencies being assessed

While DFID has pioneered this kind of review, it is suggested they move towards mechanisms for joint review. The MAR does require a significant time commitment from the institution being assessed in terms of responding to questionnaires and any follow up questions and engages staff across most core departments. Using the MAR as a basis to drive an increased level of coordination and information sharing among donors interested in review processes could both increase consistency and introduce efficiencies for all parties. While recognizing that donors have varying strategic approaches and goals for their development cooperation, areas such as value for money and organizational effectiveness could be assessed jointly with other bilateral agencies. Increased collaboration with the Multilateral Organisation Performance Assessment Network (MOPAN) regarding assessment of organizational effectiveness is also encouraged. Another suggestion would be to, as far as possible, make use of the assessed agencies' existing performance measures and key indicators to further reduce the reporting burden and increase the relevance of the findings and any recommendations.

The Global Fund is an international financing institution dedicated to attracting and disbursing resources to prevent and treat HIV and AIDS, Tuberculosis and Malaria. Since its establishment in 2002, the Global Fund has supported more than 1,000 programs in 151 countries. These programs have provided AIDS treatment for 4.2 million people, anti-tuberculosis treatment for 9.7 million people and distributed 310 million insecticide-treated nets for the prevention of malaria in addition to supporting measures to strengthen overall health systems and running multiple prevention measures to fight the three pandemics.

July 2013

Written evidence submitted by UNFPA (United Nations Population Fund)

LEADERSHIP AND COMMITMENT

- UNFPA, the United Nations Population Fund, commends the Department for International Development (DFID) for its consistent leadership in international development and for its efforts on targeting the most vulnerable and poor populations.
- DFID's leadership in areas such as humanitarian assistance, the United Nations reform agenda, fragile states and aid effectiveness strategically positions the United Kingdom (UK) to influence other donors.
- UNFPA commends the UK's commitment of 0.7% of the GNI to ODA in 2013.
- As a member of the governing body that determine administrative costs, the UK plays an instrumental role in setting the operational costs of multilateral organisations and can influence these costs at an earlier stage, during planning discussions and negotiations.

DFID MULTILATERAL PARTNERSHIPS

- DFID considers multilateral organisations an essential part of the international system for humanitarian and development aid. Organisations, such as UNFPA that have a strong global presence and the capacity to work in a wide-range of diverse and politically sensitive contexts are valuable engagement partners for DFID.
- DFID's clear development agenda, coupled with its political and financial commitments result in very effective multilateral partnerships.

MAR ASSESSMENT PROCESS

- With regards to the 2013 assessment, the evidence gathering was primarily conducted at the country level.
- DFID relied mostly on perceptions, and in some instances did not consult with the partners under review.
- The MAR assessed a small sample of countries; the results are therefore often general and not necessarily reflective of an organisation's overall performance.

- The MAR required an increase in time consuming and costly oversight activities. UNFPA understands the basis for the MAR; however, there may be more cost-effective and efficient ways in which the process can take place and results achieved, for example discussions at the Executive Board and building on existing assessment mechanisms.
- Multilateral organisations are overburdened with assessment demands from various donors. UNFPA's administrative capacity to respond to individual Member States' assessments is limited. The demands of multiple assessments are time consuming and costly, diverting human and financial resources away from programme implementation.
- UNFPA recommends that DFID use and strengthen existing assessment mechanisms, such as the Multilateral Organisations Performance Network (MOPAN)—particularly as an active member of the Network—to eliminate the duplication of processes and to reduce transactional costs.
- UNFPA encourages DFID to work more with the other donors for a more harmonized approach and to use existing mechanism to assess multilateral aid for increased effectiveness.

MAR ASSESSMENT FINDINGS

- The findings of the 2013 MAR should complement the assessments carried out in the initial disclosure of the MAR findings from 2011.
- The initial findings from 2011 have been an important reference tool that has supported on-going efforts to improve accountability and results-based management. The assessment was particularly valuable to UNFPA during the Mid Term Review of the Strategic Plan in 2011.
- The different MAR components provide a robust basis for assessing organisations and the ways in which these organisations' priorities are aligned with those of the UK.
- The findings highlighted UNFPA's internal priorities which have already been addressed in the new Strategic Plan 2014–17.

July 2013

Written evidence submitted by the UNDG Steering Committee for the Expanded Funding Window

EXPANDED “DELIVERING AS ONE” FUNDING WINDOW FOR THE ACHIEVEMENT OF THE MDGS

BASIC FACTS AND BACKGROUND

The Expanded “Delivering as One” Funding Window for the Achievement of the MDGs (EFW) was launched in response to Triennial Comprehensive Policy Review (TCPR), which “*recognized that...the United Nations Development System...requires continuing improvement in its effectiveness, efficiency, coherence and impact, along with a significant increase in resources and an expansion of its resources base on a continuous, more predictable and assured basis*”. More specifically, it aimed at:

- Responding to the need for additional un-earmarked and more predictable funding;
- Providing a channel for additional resources to fill funding gaps in the One Programmes;
- Allowing donors to support the One Programmes in countries where they may not have a bilateral presence;
- Reducing the transaction costs associated with separate and multiple financing arrangements.

ACHIEVEMENTS

The EFW is a global funding mechanism:

- Made available USD 282 million of un-earmarked contributions to fill in the funding gaps identified by countries. Among other things, this helped ensure full alignment with national development priorities.
- Supported only countries voluntarily adopting the Delivering as One approach—the number of countries supported by the EFW increased from 10 to 2009 to 19 in 2012. The total number of DaO countries increased from 8 in 2007 to 34 in 2013.
- Focused its support on countries most in need—81% of total available funding allocated to low income countries in 2009; 79% in 2010, 2011 and 2012 (USD 209 million for 7 LICs and USD 73 million for 12 MICs).

In 2012, several important assessments and evaluations took place,¹⁵ recognising the value of the EFW and highlighting the following key results:

- The DAO Independent Evaluation recognises that the One Funds are “an important incentive for agencies to work together”. One Funds are a “valuable addition to traditional core and non-core funding”, thus having “the potential to address a broader range of the needs and priorities of programme countries than do traditional core and non-core funding”.
- In this way, the Expanded Funding Window that provided almost 40% of the total funding made available to One Funds (\$282 million out of \$758 million, respectively) is seen as a critical catalyst of the UN working together and strengthening partnerships with programme countries.
- The EFW is seen as an “innovative pooled funding mechanism, which could fill gaps in the One Programme not covered through traditional and agency specific core and non-core resources”. This helped focus on areas highly prioritized by national counterparts, but with insufficient funding.
- The value of the EFW was highlighted by programme country governments and UN Resident Coordinators, as it offers flexible, predictable (to some extent) funding that can be used to meet the agreed priorities in country.
- It is also recognised that “the nature of this central funding mechanism has provided unquantifiable political drive and support to encourage countries to adopt the DAO approach, and Governments and Agency heads in DAO countries to be motivated to drive it forward in a way that it is thought would not have happened to the same extent without the EFW”.
- The EFW “has attracted a significant number of self-starter countries to develop the DAO approach, which has created the momentum crucial to its success”—the number of countries pursuing the principles of Delivering as One increased from 8 in 2009 to 34 in 2013, with 19 countries being supported by the EFW.

Specific results of the Expanded Delivering as One Funding Window for the Achievement of the MDGs are also available from the country-level One Fund reports prepared on annual basis—the most recent reports can be accessed through the MPTF Office website.

PARTNERSHIPS

The Expanded Delivering as One Funding Window for the Achievement of the MDGs promoted strong partnerships both at country and global levels.

At the country level, the EFW promoted stronger partnerships between national governments and the UN system through joint UN-Government Steering Committees responsible for strategic direction of One Programmes and fund allocation. Some of these committees also include donors.

At the global level, partnerships between donors, programme countries and the UN are embedded in the EFW governance structure. Although it is managed by a global Steering Committee, the Consultative Group, comprising of programme countries and donors provides a broader perspective to the governance process and inputs on key up for the provision of EFW support to attain country-level development objectives.

The contributions of development partners were of critical importance and made the achievement of critical results possible:

<i>CONTRIBUTOR/PARTNER</i>	<i>COMMITMENTS</i>	<i>DEPOSITS</i>	<i>% OF TOTAL</i>
DFID	63,729,000	63,729,000	22.7%
NETHERLANDS	4,125,800	4,125,800	1.5%
NORWAY	68,647,128	68,647,128	24.5%
SPAIN	144,100,000	144,100,000	51.3%
TOTAL	280,601,928	280,601,928¹⁶	100%

Way Forward

Building on the success of the Expanded Delivering as One Funding Window, development partners and the UN agencies are now working on the conceptualisation of a global funding mechanism, with a primary focus on support to delivering better results—“Delivering Results Together” Fund (DRT Fund). The 2012 QCPR is the primary mandate for the new DRT Fund. It requests “to support programme countries that have adopted the ‘Delivering as one’ approach” and encourages donors to “increase contributions to ... One UN Funds at the global and country level”.

¹⁵ Independent Evaluation of Delivering as One Lessons Learnt; Review of the Expanded Delivering as One Funding Window for the Achievement of the MDGs; Internal assessment of the EFW progress by the Department for International Development.

¹⁶ The amount disbursed to countries of USD 282 million is higher because of the interest rate accumulated during the previous years.

The DRT Fund will stimulate greater focus on results achieved through strengthened complementarities between normative and operational development work of the UN system, as well as greater coherence within the UN system and partnerships with its development partners. It is an evolution of the Expanded Delivering as One Funding Window into a more inclusive platform with shared accountability and working together in a tripartite arrangement. One of the major features of the EFW—its catalyst function—is maintained, but the DRT Fund will concentrate on three distinct output areas and focus on results.

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