

Australian Multilateral Assessment (AMA) Methodology

This paper describes the methodology that will be used for the AMA.

1. Purpose

The AMA is intended to:

- provide a firm base of information about the effectiveness and relevance of multilateral organisations, from the perspective of the Australian aid program;
- inform the relevant decisions on funding allocations in the 2012-13 budget; and
- design a rating system that can be used on an annual basis to inform decisions on subsequent budget allocations and policy engagement.

Assistance through multilateral development or humanitarian organisations and funds is a large and integral part of Australia's aid program. In 2009-10 about 40 per cent of the aid program (approximately \$1.3 billion) was channelled through multilateral organisations and funds. This helps meet Australia's obligation as a good international citizen. It also allows Australia's aid program to benefit from the specialist expertise of these organisations and funds, and extends the program's reach and impact in geographic areas where the Australian government has only a limited presence.

In its July 2011 statement *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, the Government has said that core funding to multilateral organisations and funds should be increased significantly as a share of the aid program. It has also said that this funding should be linked to relevance to Australia and effectiveness, through the introduction of a multilateral rating system for ongoing monitoring of performance. The AMA is the next step in implementing these intentions. The AMA will not itself make any recommendations on funding, but will inform budget discussions, including by demonstrating which multilateral organisations are stronger or weaker. Funding decisions will be taken as part of the regular budget process, and any funding for which there are international obligations (such as contributions to the capital of the Multilateral Development Banks, or assessed UN contributions) will be met. The AMA will also contribute to consideration of where future reforms should be sought, as part of the ongoing development of relationships with multilateral organisations.

2. Coverage

The AMA Terms of Reference provides a provisional list of 42 multilateral organisations and funds to be assessed (listed in Appendix 1). These have been selected on the basis that:

- they received core funding of more than \$2 million and/or non-core funding of more than \$5 million in 2009-10 through the Australian aid program; or
- there is a reasonable likelihood of their receiving new or increased Australian aid funding; or
- they were rated poorly in the recent UK review of multilaterals (see 3.2 below); or
- there is a national interest case for including them.

Generally the AMA will not cover multilateral organisations that only have a regional presence and membership, or are used predominantly as contracting or delivery agents.

Although the 42 multilateral organisations and funds to be examined in the AMA represent a sub-set of the organisations that received Australian aid funding in 2009-10, they account for nearly all the aid program's funding allocations. The AMA has both short and long term aims, and as well as its initial assessment it will develop a system for ongoing assessment that can be used on an annual

basis (see section 4). Multilateral organisations and funds not covered by the AMA may be included in the rating system to be used in future years.

3. The Assessment Framework

The framework used in the AMA will, as the Government intends, assess multilateral organisations in relation to their –

- poverty orientation and impact, taking account of their mandate,
- capacity to make a difference,
- value for money, and
- alignment with Australia’s development objectives.

The framework for doing this is outlined in the three following sections.

3.1. Components of the assessment

The four factors above can be disaggregated into seven components, as shown in the table below. The first three components encompass the varying development and humanitarian purposes of multilateral organisations and funds. They have been formulated to take account of the fact that the objectives of Australia’s aid program relate in different ways to the multilaterals’ mandates and the roles they perform in recipient countries. The other four components are critical aspects of organisational effectiveness.

Components
Why we fund
1. Delivering results on poverty and sustainable development in line with mandate
2. Alignment with Australia’s aid priorities and national interests
3. Contribution to the wider multilateral development system
How they perform
4. Strategic management and performance
5. Cost and value consciousness
6. Partnership behaviour
7. Transparency and accountability

The AMA taskforce believes that using this range of components will be the best means of making balanced assessments of the work of each organisation.

3.2. The evidence base

The AMA will draw heavily on information already available, as well as gathering new information where necessary. All information will be analysed from an Australian aid perspective using the methodology described in this paper. The evidence base will comprise:

- consultations with multilateral organisations and funds, at headquarters and in the field,
- consultations with stakeholders, including partner governments and civil society groups both in Australia and in developing countries,
- consultations with Australian government departments that deal with multilateral organisations and funds,

- reporting from Australia’s representatives who manage headquarters relationships with multilateral organisations and funds,
- reporting from Australia’s representatives in developing countries on their perspective of how multilateral organisations and funds are performing in the field,
- publicly available reporting by the multilateral organisations and funds being assessed, including any documents outlining reform efforts or responding to recent external reviews,
- recent Australian assessments and reviews of multilateral organisations and funds,
- recent assessments and reviews conducted by other donors, including the United Kingdom’s 2011 Multilateral Aid Review (UK-MAR) and reviews conducted by the Multilateral Organisation Performance Assessment Network (MOPAN), and
- submissions from members of the public.

Field visits will be undertaken to countries where Australia has a significant aid program and/or strong engagement with multilateral organisations and funds. These will seek additional information about the performance of the multilaterals in those countries, and elicit views from partners and other stakeholders about the multilaterals’ operations there.

Multilateral organisations and funds will be invited to provide documentation or other evidence of their performance to the AMA (beyond what is publicly available) should they so desire.

3.3. Forming the ratings and overall assessments

In the AMA all multilateral organisations and funds will be rated against each of the seven components listed above. From these ratings an overall assessment will be formed for each multilateral. Each component will be weighted equally.

The rating for each component will be determined by assessing the multilateral organisation or fund in terms of a set of criteria. These represent key aspects of the component which are likely to apply to most multilaterals.

The criteria proposed for each of the seven components are shown in the table in Appendix 2. The table indicates the main focus of attention for each criterion and the main sources of evidence to be used in rating for each component. For each component, a multilateral organisation or fund will be given a rating on a four-point range from 1 to 4, where 1 represents weak, 2 represents satisfactory, 3 represents strong and 4 represents very strong. A judgement will be made which takes account of the varying relevance of criteria to the particular situation of any of the multilateral organisations or funds, and reflects the extent and reliability of the available evidence. In forming ratings, consideration will be given where relevant to the extent of the multilateral’s openness to positive change and take into account any reform processes underway.

The overall assessment for each multilateral organisation or fund will be presented in a two-dimensional summary, with the average rating on components 1 to 3 showing the strength of the case “why” Australia should provide support, and the average on components 4 to 7 showing “how well” organisations conduct themselves.

This will allow the overall assessments for the 42 multilaterals to be compared in a two-dimensional chart.

Consideration may be given to clustering of multilateral organisations by their mandate and weighing of components as part of the sensitivity analysis, but the overall presentation of results will be kept as simple as possible.

While the AMA assessment methodology takes cognizance of the approach used in similar studies, such as MOPAN assessments and the UK MAR, it does differ in a number of important aspects. While criteria used to examine and assess organisational efficiency, delivering results for development and operational efficiencies are broadly the same, the AMA is particularly concerned to assess how well the organisation fits with Australia's interests and its alignment with Australia's development objectives. The AMA will be applying a different lens to previous studies such that the assessment of each organisation reflects specific Australian perspectives and concerns.

4. Ongoing Ratings System

The AMA will develop a system that can be used on an annual basis to update the assessments of Australia's key multilateral partners. This system will be designed for assessments that are less comprehensive than in the AMA, but focused where updates of information and judgements will be most salient so as to provide a sufficiently robust basis for budget and policy decisions. It will also enable the effectiveness of multilateral organisations and funds to be tracked over time.

5. Consultation

The AMA will involve consultation with a wide range of stakeholders, as outlined in 3.2. As well as for expanding the evidence base, consultations have been held on the methodology, and will be held on individual assessments and the final report.

Multilateral organisations and funds will be given an opportunity to comment on their individual draft assessments.

6. Quality assurance

The AMA will, as noted in 3.2, require flexibility and subjective judgments. An ongoing quality assurance process will therefore be necessary to ensure that the AMA is as rigorous and consistent as possible.

The following will be the main methods of quality assurance:

- oversight throughout by the Development Effectiveness Steering Committee (DESC) and the Development Effectiveness Working Group (DEWG). The DESC is chaired by the AusAID Director General and includes Deputy Secretaries from the Department of the Prime Minister and Cabinet, the Department of Foreign Affairs and Trade, the Treasury and the Department of Finance and Deregulation. The DEWG is an inter-departmental committee at SES Band 1 level that reflects the membership of the DESC;
- establishment of a dedicated inter-departmental committee (IDC) of Australian Government agencies that engage with the multilateral organisations and funds being assessed; and
- peer reviews by a senior government official not directly involved in the AMA, an independent consultant and a representative from the international development NGO community.

The DESC and IDC will ensure that all development-related aspects of the performance of the multilaterals and funds, and their impact on Australia's national interests, are taken into consideration.

7. Timetable

The AMA will be undertaken between August and December 2011. A final report is to be provided to AusAID by 5 December 2011, for endorsement by DESC at the next available opportunity. Following endorsement it will be provided to Ministers to inform 2012-13 budget deliberations.

8. Publication

The AMA will be made public, as soon as is practicable, and distributed to stakeholders. This is expected to be in the first quarter of 2012. The published AMA report will contain sufficient documentation and analysis to show the basis for its ratings for each organisation.

Appendices

1. Multilateral organisations and funds being assessed under the AMA
2. AMA framework: proposed components, criteria and sources of evidence.

Appendix 1: Provisional list of multilateral organisations and funds being assessed

African Development Bank
Asian Development Bank – including Asian Development Fund
Climate Investment Funds
Commonwealth Secretariat (CFTC and CYP)
Consultative Group on International Agricultural Research
Education for All Fast Track Initiative
Food and Agriculture Organization
Global Alliance for Vaccines and Immunisation
Global Crop Diversity Trust
Global Environment Facility
Global Facility for Disaster Reduction and Recovery
Global Fund to Fight AIDS, TB and Malaria
Inter-American Development Bank
International Committee of the Red Cross
International Finance Corporation
International Fund for Agricultural Development
International Labour Organization
International Monetary Fund Technical Assistance Trust Funds
International Organization for Migration
Joint United Nations Programme on HIV/AIDS
Kyoto Protocol Adaptation Fund
Multilateral Fund for Implementation of the Montreal Protocol
Office of the High Commissioner for Human Rights
Private Infrastructure Development Group
UN Capital Development Fund
UN Children's Fund
UN Development Programme
UN Educational, Scientific and Cultural Organization
UN Environmental Programme
UN High Commissioner for Refugees
UN Human Settlements Program
UN International Strategy for Disaster Risk Reduction Secretariat
UN Mine Action Service
UN Office for the Coordination of Humanitarian Affairs
UN Office of Drugs and Crime
UN Peace-building Fund
UN Population Fund
UN Relief and Works Agency
UNFCCC Least Developed Countries Fund
World Bank – including International Development Association
World Food Programme
World Health Organization

Appendix 2: AMA Framework: Components, Criteria and Sources of evidence

Component	Criteria
1. Delivering results on poverty and sustainable development in line with mandate	<p>a) Demonstrates development or humanitarian results consistent with mandate The focus here will be on examining progress against the organisation's mandate and result statements and whether it can document achievement in terms of outputs and how these contribute to broader development outcomes.</p> <p>b) Plays critical role in improving aid effectiveness through results monitoring This will consider how well the organisation monitors and records key information on program quality that provides effective and timely feedback to improve design and delivery of its programs.</p> <p>c) Where relevant, targets the poorest people and areas where progress against the MDGs is lagging. This will involve asking how far, consistent with its mandate, the organisation allocates its resources to the poorest people and/or the most lagging development sectors, taking account of numbers of poor people and human development indicators in partner countries.</p> <p>Sources of evidence: The assessment will use corporate documents, such as the Strategic Plan, Annual Plans, performance reporting and program reviews and monitoring reports. It will also draw on MOPAN assessments, evidence compiled from the MAR, AusAID quality assurance reports and reviews and evaluations conducted by partners, DAC or other agencies.</p>
2. Alignment with Australia's aid priorities and national interests.	<p>a) Allocates resources and delivers results in support of Australia's development objectives This will focus on the degree to which the organisation structures its policies and programs on areas and sectors which are a priority for Australia. It will include assessing the organisation's openness to constructive influence from Australia.</p> <p>b) Effectively targets development concerns and promotes issues consistent with Australian priorities This will assess how far the organisation contributes to saving lives, promoting opportunities for sustainable economic development, supporting efforts to enhance governance, and responding to disasters and humanitarian crises.</p> <p>c) Focuses on cross-cutting issues, particularly gender, environment and people with disabilities. This will examine the organisation's policies and implementation record in relation to cross-cutting issues, such as gender equality, disability inclusive development and environmentally sustainable development.</p>

	<p>d) Performs effectively in fragile states Where an organisation's mandate includes working in fragile states this will assess whether it has sound policies and effective operational guidelines and practices.</p> <p>Sources of evidence: These criteria will be assessed from the organisation's public documents, reviews and evaluations; evidence compiled for the MAR, MOPAN and other relevant assessments; reviews of the organisations fulfilment of agreements with Australia; feedback from partner countries and other stakeholders; and reports from Australian representatives.</p>
<p>3. Contribution to the wider multilateral development system.</p>	<p>a) Plays a critical role at global or national level in promoting the coordination of development or humanitarian efforts This will assess how far the organisation plays a pivotal or influential role, consistent with its mandate, in promoting the coordination of international development efforts, in supporting approaches to streamline collaboration among partners, constructive and supportive collaboration with other multilaterals or in creating common platforms for more effective joint efforts.</p> <p>b) Plays a leading role in developing norms and standards that facilitate the achievement of development outcomes, or in providing large-scale finance or specialist expertise This will assess how far the scale or specialisation of the organisation makes a critical difference to development outcomes, and how open the organisation is to working in cutting-edge areas or tackling difficult policy or program issues.</p> <p>c) Fills a policy or knowledge gap, or develops innovative approaches This will consider the contribution of the organisation to international development policy, to enhancing knowledge or to creating innovative approaches to complex or difficult development issues. It will also consider how well the organisation shares this experience with partners and the wider development community.</p> <p>Sources of evidence: This will be assessed from the organisation's public documents, records of international aid consultations and other multilateral fora; donor evaluations; MOPAN and other reviews; evidence compiled for the UK-MAR; feedback from partner countries, stakeholders and reports from Australian representative.</p>
<p>4. Strategic management and performance</p>	<p>a) Has clear strategy and plans, effectively implemented The organisation's overall policy and planning framework will be assessed, including how it is translated into resource and program management.</p> <p>b) Governing body is effective in guiding management The role and composition of the organisation's governing bodies will be assessed for the reach and focus of its advice and the impact of its decisions on management action.</p> <p>c) Has a sound framework for monitoring and evaluation, and acts</p>

	<p>promptly to realign or amend programs not delivering results This means assessing whether the organisation's systems for monitoring and evaluation provide accurate and timely performance information to managers, how responsive managers are in ensuring quality of programs at implementation, and whether information about the impacts and other results of programs is obtained and used.</p> <p>d) Leadership is effective and human resources are well managed This means reviewing the organisation's approach to promoting and supporting good leaders, whether it encourages and rewards collaboration and team-building among its managers, and the quality of its HR policies and staff management.</p> <p>Sources of evidence: MOPAN reports, quality assurance reviews by AusAID, evaluations by other partners, and reporting by the organisation itself, especially public documents. The views of partners and other stakeholders on performance against these criteria will also be critical, particularly for organisations focussed on sectoral or thematic issues.</p>
<p>5. Cost and value consciousness</p>	<p>a) Governing body and management regularly scrutinize costs and assess value for money This means examining the degree to which cost control and value for money are routine aspects of management reporting and of concern to the governing body. This will also assess, to the extent possible, actual administrative costs as a proportion of budgets.</p> <p>b) Rates of return and cost effectiveness are important factors in decision-making This means gauging the importance the organisation places on using these analytical tools to inform its planning and program decisions.</p> <p>c) Challenges and supports partners to think about value for money This means considering how well the organisation interacts with its partners both to challenge them to review costs and seek more efficient approaches to budgeting and disbursement, and to assist them in doing so.</p> <p>Sources of evidence: the organisation's published reports on budget and financial management, and its internal documentation on quality assurance, audit and assessment procedures; information obtained for MAR assessments of those organisations it covered; and recent MOPAN assessments for some organisations. Reviews by AusAID and other organisations will be used to inform assessments and to identify areas for further consultation with partners and in-country agents.</p>
<p>6. Partnership Behaviour</p>	<p>a) Works effectively in partnership with others This means reviewing the organisation's working relationships with a range of partners, particularly those at country level and in civil society. It will include the quality of dialogue and outreach approaches, flexibility in shifting approaches so that partners' priorities and capabilities are taken into account, and promotion of joint activities and publicity for collaborative efforts.</p> <p>b) Places value on alignment with partner countries' priorities and systems</p>

	<p>This means looking at whether the organisation follows internationally accepted principles (such as the Paris Declaration and Accra Agenda for Action) in these aspects of its relations with partner countries.</p> <p>c) Provides voice for partners and other stakeholders in decision-making</p> <p>This means assessing whether the organisation effectively implements social safeguard policies in place, has a participatory approach to program design and implementation, and engages in open consultation with partners, particularly women and marginalised groups.</p> <p>Sources of evidence: This will be assessed using evidence of how the organisation works in partnership included in the MOPAN, the UK-MAR and surveys of partner views. Where relevant it will draw on the organisation's adherence to the Good Humanitarian Donorship principles and the DAC Principles for Good international Engagement. Views of with AusAID and other agencies represented in-country will be sought as appropriate.</p>
7. Transparency and accountability	<p>a) Routinely publishes comprehensive operational information, subject to justifiable confidentiality</p> <p>This will include assessing the standards for content and timeliness which the organisation attains in its published reporting, whether this reporting covers safeguard issues, whether the organisation is committed to implementing the International Aid Transparency Initiative (IATI) for standardisation of such information, and whether there is a sound basis for exclusions.</p> <p>b) Is transparent in resource allocation, budget management and operational planning</p> <p>This will involve asking whether the organisation allocates its budget according to published criteria, and whether it uses procedures that can easily be understood and followed by its partners.</p> <p>c) Adheres to high standards of financial management, audit, risk management and fraud prevention .</p> <p>This will involve asking whether the organisation's overall financial management is adequate; whether its audit practices accord with international standards and provide objective information for management; whether it manages effectively its financial and other risks; whether it seeks to deter internal corruption; and whether it takes timely and appropriate action if irregularities are identified.</p> <p>d) Promotes transparency and accountability in partners and recipients</p> <p>This will involve asking whether the organisation encourages its partners and recipients to be transparent, especially to show aid received in budgets, and to be accountable for their own effectiveness and cost control. It will also involve asking whether the organisation takes timely and appropriate action if irregularities are identified in entities which it funds.</p> <p>Sources of evidence: This will be assessed from evidence which has been compiled for MOPAN, DAC/OECD and the UK-MAR, and feedback from partner countries and Australian representatives.</p>

