



Australian Government



Australian Multilateral Assessment

March 2012



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Abbreviations and explanations

ADB	Asian Development Bank
AF	Kyoto Protocol Adaptation Fund
AfDB	African Development Bank
AMA	Australian Multilateral Assessment
AusAID	Australian Agency for International Development
CGIAR	Consultative Group on International Agricultural Research
CIFs	Climate Investment Funds
COMSEC	Commonwealth Secretariat
CSO	Civil Society Organisation
FAO	Food and Agriculture Organization
GAVI	GAVI Alliance
GCDT	Global Crop Diversity Trust
GEF	Global Environment Facility
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GFDRR	Global Facility for Disaster Reduction and Recovery
GPE	Global Partnership for Education
ICRC	International Committee of the Red Cross
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institution
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
LDCF	Least Developed Countries Fund
MAR	Multilateral Aid Review
MDB	Multilateral Development Bank
MDG	Millenium Development Goal
MLF	Multilateral Fund for the Implementation of the Montreal Protocol
MOPAN	Multilateral Organization Performance Assessment Network
NGO	Non-Government Organisation
ODA	Official Development Assistance
OHCHR	Office of the High Commissioner for Human Rights

PBF	United Nations Peacebuilding Fund
PIDG	Private Infrastructure Development Group
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNISDR	United Nations International Strategy for Disaster Reduction
UNMAS	United Nations Mine Action Service
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNODC	United Nations Office on Drugs and Crime
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme
WHO	World Health Organization



Executive summary



The AMA is designed to:

- The AMA is not the final word on how the Australian aid program views multilateral organisations. Australia will use the findings of the assessment as a platform to build greater evidence over time on multilateral effectiveness to guide policy and funding decisions. The findings will also help to shape Australia's future engagement on multilateral issues.

In recent years Australia has channelled a growing proportion of Official Development Assistance (ODA) through multilateral organisations, including United Nations agencies, global funds and the multilateral development banks. In 2010–11, total funding to the 42 multilateral organisations included in the AMA was \$1.6 billion, or around 37 per cent of ODA.

The large and growing amount spent through multilateral organisations reflects the value that Australia assigns to working in partnership with these organisations. Multilateral organisations add value through:

- > the legitimacy they bring and weight they add to addressing challenging development issues through their wide membership
- > the leadership role they play in international development efforts, for example by championing the Millennium Development Goals
- > their expertise and global reach which brings a wealth of information and lessons learned
- > the global standards they set in sectors such as health, education, food security, human rights, humanitarian assistance and labour standards
- > their lead in coordinating donor efforts at global, sector and country levels and in response to trans-boundary challenges such as epidemics or climate change

- > mobilising large-scale investments with financing leveraged from capital markets and the private sector.

The AMA assessed organisations against the development-related aspects of their mandate. As such, results for organisations with mandates that stretch well beyond development, such as the United Nations Educational, Scientific and Cultural Organization, the United Nations Office on Drugs and Crime, the Food and Agriculture Organization and the International Monetary Fund, must be interpreted with caution. For these organisations, the ratings do not reflect how well the institution as a whole is doing its job, but rather how their results, relevance and organisational behaviour contribute to Australia's development objectives.

Methodology

The AMA considered 42 multilateral organisations against an assessment framework that includes seven components. The first three components relate to results and relevance, and the other four components relate to organisational behaviour:

Results and relevance

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

Organisational behaviour

4. Strategic management and performance
5. Cost and value consciousness
6. Partnership behaviour
7. Transparency and accountability

The seven components were broken into 24 criteria. Ratings of Very strong, Strong, Satisfactory, Weak or Not applicable were given for each organisation against each criterion.

Ratings were determined based on the benchmarks outlined in Appendix 1.

Every possible effort was made to use objective evidence when scoring. The AMA report was subject to three separate peer review processes.

Ratings

The AMA used the following sources of evidence to inform assessments and ratings:

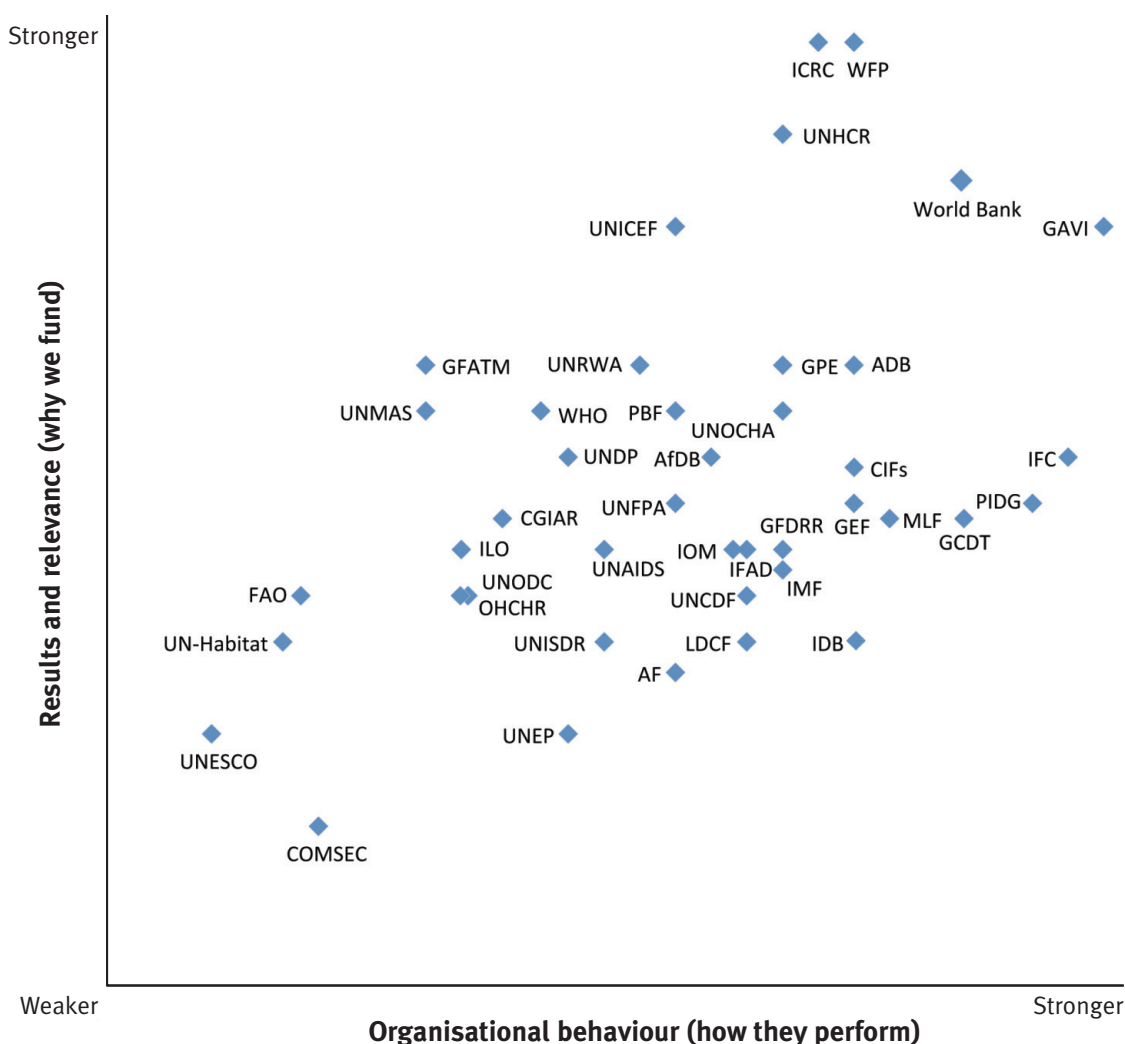
- > publicly available documentation, including reporting of the multilateral organisations themselves and reports from the Multilateral Organization Performance Assessment Network (MOPAN)¹
- > engagement with the headquarters of multilateral organisations
- > consultations with partner governments, civil society and other donors
- > analysis and reporting from the Australian government, including overseas missions
- > consultations with stakeholders including Parliamentary committees and non-government organisations (NGOs)
- > public submissions.

The overall ratings for the multilateral organisations are summarised in the following scattergram. The vertical axis ('results and relevance') represents the average ratings for criteria in components 1 to 3 of the assessment framework, while the horizontal axis ('organisational behaviour') represents the average rating for criteria in components 4 to 7.

While the scattergram enables a quick overview, the ratings reflected need to be treated with caution because: future potential is not included in the ratings; all criteria are weighted equally despite the reality that not all criteria are equally important for all organisations; and the methodology of assessing organisations against their mandate favours small and specialist organisations.

¹ MOPAN is a network of 16 bilateral donors, established in 2003, that undertakes joint annual assessments of approximately six multilateral organisations in approximately 10 countries.

Summary of criteria ratings



ADB: Asian Development Bank
AF: Kyoto Protocol Adaptation Fund
AfDB: African Development Bank
CGIAR: Consultative Group on International
Agricultural Research
CIFs: Climate Investment Funds
COMSEC: Development Programmes of the
Commonwealth Secretariat
FAO: Food and Agriculture Organization
GAVI: GAVI Alliance
GCDT: Global Crop Diversity Trust
GEF: Global Environment Facility
GFATM: Global Fund to Fight AIDS, TB and Malaria
GFDRR: Global Facility for Disaster Reduction and
Recovery
GPE: Global Partnership for Education (Formerly
Education for All Fast Track Initiative)
ICRC: International Committee of the Red Cross
IDB: Inter-American Development Bank
IFAD: International Fund for Agricultural Development
IFC: International Finance Corporation
ILO: International Labour Organization
IMF: International Monetary Fund (Trust Funds)
IOM: International Organization for Migration
LDCF: UN Framework Convention on Climate Change
Least Developed Countries Fund

MLF: Multilateral Fund for the Implementation of the Montreal Protocol
OHCHR: Office of the High Commissioner for Human Rights
PBF: United Nations Peacebuilding Fund
PIDG: Private Infrastructure Development Group
UNAIDS: Joint UN Program for HIV/AIDS
UNCDF: UN Capital Development Fund
UNDP: UN Development Programme
UNEP: UN Environment Programme
UNESCO: UN Educational, Scientific and Cultural Organization
UNFPA: UN Population Fund
UN-Habitat: UN Human Settlements Programme
UNHCR: UN High Commissioner for Refugees
UNICEF: UN Children's Fund
UNISDR: UN International Strategy for Disaster Risk Reduction Secretariat
UNMAS: UN Mine Action Service
UNOCHA: UN Office for the Coordination of Humanitarian Affairs
UNODC: UN Office of Drugs and Crime
UNRWA: UN Relief and Works Agency for Palestinian Refugees in the Near East
WFP: World Food Programme
WHO: World Health Organization

Major findings

As would be expected when assessing 42 multilateral organisations of different sizes and mandates, there is significant variation in findings. However, seven general findings emerge.

Coordination is improving across the multilateral system but more is needed

The AMA found examples where the multilateral system is working more coherently than it has in the past. Despite this progress, there is scope for significant improvement in how multilateral organisations work together in food security, emergency assistance and climate change. These areas suffer from overlapping mandates, with too many organisations attempting to raise funds and run programs on the same sets of issues. Multilateral organisations also need to work better together in many fragile and conflict-affected countries.

The UN ‘Delivering as One’ approach should become the norm

Evidence shows that the UN’s Delivering as One approach is working well across most of the eight pilot countries. In Vietnam, for example, the AMA saw the dividends that can be realised when UN agencies work closely together. There is scope to do more to advance Delivering as One including by speeding up processes at headquarters level to harmonise business practices in areas such as human resource practices and legal agreements.

Joint assessments of multilateral effectiveness can be strengthened

Efforts by bilateral donors to jointly assess multilateral effectiveness have strengthened in recent years thanks to the Multilateral Organization Performance Assessment Network (MOPAN). Nevertheless, MOPAN’s approach has limitations that are driving donors towards undertaking their own assessments. Over time, there is scope to encourage greater synchronisation between the various donor efforts to assess multilateral organisations, including MOPAN.

Reform is prevalent

Of the 42 multilateral organisations assessed in the AMA, 15 have major reform efforts underway. In some cases reform is fundamental and institution-wide, designed to address major shortcomings and make major improvements in institutional effectiveness, although embarking on reform does not automatically lead to improvements in effectiveness. In most cases where major reform is underway, further analysis is required on the prospects of reform efforts and the implications of this for budget and policy decisions.

Results measurement and reporting: focus is welcome but risks must be managed

Many multilateral organisations are investing heavily in their capacity to measure and report on results. This increased attention to monitoring and reporting on results is encouraging. However, there are risks and missed opportunities in the way that this agenda is evolving. There is scope for greater collaboration and sharing of best practice across multilateral organisations, and for more systematic capturing of the views of partners and beneficiaries.

Insufficient attention to value for money

The lowest ratings in the AMA were in relation to the component on ‘cost and value consciousness’. This is also the area in which the AMA found the least amount of evidence. This suggests that a focus on cost effectiveness, a critical element in ensuring value for money, is not a high priority for most multilateral organisations, their governing bodies or donors. There is scope for a greater attention to ensuring value for money, particularly in relation to cost effectiveness.

Effectiveness varies at country and regional levels

A theme that emerged during the AMA was the considerable variation in the effectiveness of many multilateral organisations at country-level (i.e. some organisations perform well in some countries but poorly in others). Factors driving this differ across multilateral organisations, but one key element is the quality of in-country teams. There may be scope for a greater focus by governing bodies and donors on how to improve the overall quality of in-country teams through measures such as human resource management reforms.

Budget implications of ratings and findings

The AMA’s terms of reference state that the findings will feed into the Australian Government’s aid budget process. With regard to core funding (funding not tied to a specific purpose), the ratings and findings will be one important element in informing funding decisions, but other key factors include:

- > existing funding levels (which vary widely across the 42 organisations assessed in the AMA)
- > the organisation’s need for additional funding and its capacity to effectively absorb it (which was not assessed in the AMA)
- > particular sectoral, thematic or geographic priorities the government wishes to target
- > the prospects of reform efforts leading to improvements in effectiveness. Potential improvements in effectiveness are not captured in the ratings and in some cases further analysis is needed on the likelihood of reform succeeding.

Thirteen organisations rate as very strong or strong across most (at least six) of the seven AMA components and not rated as weak against any component. With these organisations, the Australian Government can have a high degree of

confidence that increases in core funding will deliver tangible development benefits in line with Australia's development objectives, and that the investment will represent good value for money.

These organisations are:

- > Asian Development Bank
- > Climate Investment Funds
- > GAVI Alliance
- > Global Crop Diversity Trust
- > Global Environment Facility
- > Global Partnership for Education
- > International Committee of the Red Cross
- > International Finance Corporation
- > Multilateral Fund for the Implementation of the Montreal Protocol
- > Private Infrastructure Development Group
- > UN High Commissioner for Refugees
- > World Bank
- > World Food Programme.

A further sixteen organisations are rated as very strong or strong on a majority of components (at least four) and are not rated as weak on any component. With these organisations, the Australian Government can have a reasonably high degree of confidence that increases in core funding will deliver tangible development benefits in line with Australia's development objectives, and that the investment will represent good value for money. However, funding decisions for these organisations should consider organisation-specific findings.

These organisations are:

- > African Development Bank
- > Global Facility for Disaster Reduction and Recovery
- > Inter-American Development Bank
- > International Fund for Agricultural Development
- > International Monetary Fund Technical Assistance Trust Funds
- > International Organization for Migration
- > Joint United Nations Programme on HIV/AIDS
- > UN Capital Development Fund
- > UN Children's Fund
- > UN Development Programme
- > UN Office for the Coordination of Humanitarian Affairs (incorporating the Central Emergency Response Fund)

- > UN Peacebuilding Fund
- > UN Population Fund
- > UN Relief and Works Agency
- > UNFCCC Least Developed Countries Fund
- > World Health Organization.

Eight organisations are rated as at least satisfactory on every component and not rated as weak for any component. With these organisations, decisions on whether to increase core funding should be made case-by-case following closer examination of AMA findings. Some of these organisations are new or undertaking significant reform efforts, and further analysis of the prospects of reform leading to improvements in effectiveness may be needed.

These organisations are:

- > Consultative Group on International Agricultural Research
- > Global Fund to Fight AIDS, TB and Malaria
- > International Labour Organization
- > Kyoto Protocol Adaptation Fund
- > Office of the High Commissioner for Human Rights
- > UN Environmental Programme
- > UN International Strategy for Disaster Risk Reduction Secretariat
- > UN Office of Drugs and Crime.

Five organisations are rated as weak on at least one component. For all these organisations, further analysis is required before decisions are made on core funding levels. Most of these organisations are in the midst of significant reform efforts, and more analysis of the prospects of reform leading to improvements in effectiveness may be needed to inform decisions on future funding and policy engagement.

These organisations are:

- > Commonwealth Secretariat Development Programmes
- > Food and Agriculture Organization
- > UN Educational, Scientific and Cultural Organization
- > UN Human Settlements Programme
- > UN Mine Action Service.

The UN Mine Action Service appears to function reasonably effectively on the ground in spite of weaknesses in aspects of its corporate systems.

The findings will be an input into decisions by country and thematic teams on non-core funding (funding tied to a specific purpose). The AMA findings will not be decisive, however. Country and thematic teams will need to continue to base their non-core funding decisions primarily on their own analysis of the

organisation's effectiveness in the particular country or sector in which it is operating. This is particularly the case at country-level given the AMA finding that there is a wide variation in the effectiveness of many multilateral organisations across countries and regions.

Policy implications of ratings and findings

The AMA findings are also designed to provide information to help inform future policy engagement with multilateral organisations. The policy implications of the findings will be taken forward through the multilateral engagement strategy for the aid program. The AMA findings will be a key input into the Strategy, due to be finalised and published in 2012.

The multilateral engagement strategy will outline how the Australian aid program will pay more attention to managing its largest multilateral partnerships. It will also describe how Australia will manage multilateral partnerships where funding levels do not justify a major investment of time in managing the partnership.

Ongoing ratings system

Subject to approval by the AusAID Executive, the multilateral engagement strategy will provide details of an ongoing system for tracking multilateral effectiveness. This system will comprise:

- > an annual multilateral performance scorecard prepared in August of each year reporting the effectiveness of the Australian aid program's multilateral partners, including major developments against the AMA's seven components
- > more systematic reporting on multilateral effectiveness at country-level
- > addressing performance concerns through a formal process
- > conducting a five-yearly comprehensive assessment of multilateral effectiveness.

