

3. Assessment ratings and findings

This section provides an overview of the ratings of the assessment and presents these in a scattergram. Some qualifications to the ratings arising from the methodology are noted. Seven major findings that cut across the organisation-specific findings are presented. The section concludes with the implications of the findings for budget and policy decisions.

A. Overview of ratings

The overall ratings for the 42 multilateral organisations included in the AMA are summarised in the scattergram (Figure 6).

The vertical axis ('results and relevance') represents the average rating of criteria in components 1 to 3 of the assessment framework, while the horizontal axis ('organisational behaviour') represents the average rating of criteria in components 4 to 7.

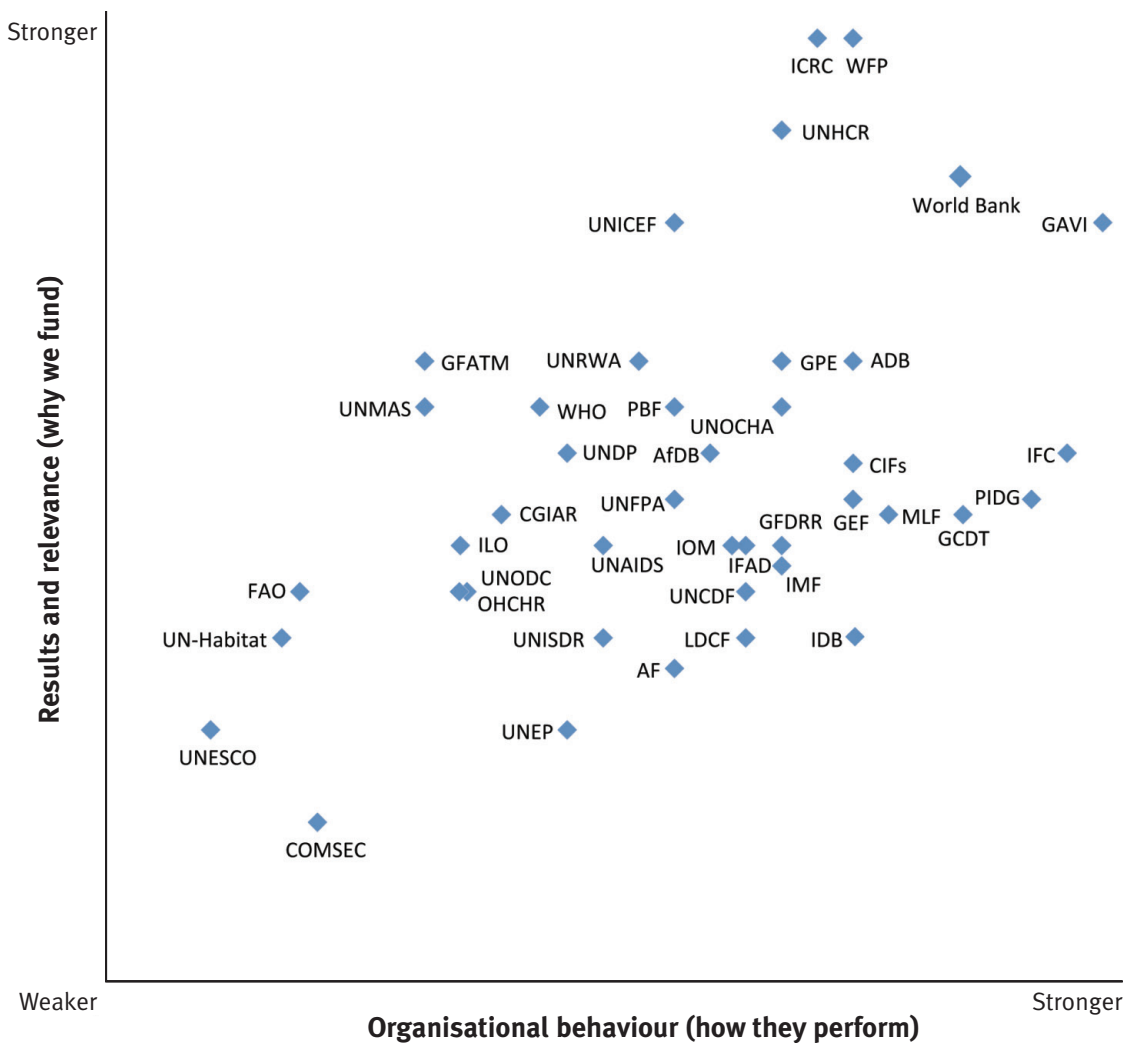
On most of the seven components and 24 criteria, ratings of the 42 multilateral organisations are spread over a broad range. High ratings were received by a mixture of multilateral development banks (MDBs), UN agencies, 'vertical' or specialist funds and the International Committee of the Red Cross.

Organisations that mobilise or deliver large amounts of funding had higher average ratings than others in relation to the 'results and relevance' criteria.

Newer organisations and those with specialised mandates had higher average ratings than others in relation to the 'organisational behaviour' criteria.

Organisations with a humanitarian mandate had higher average ratings than those with a development mandate.

UN organisations received a wide range of ratings, although their average ratings are slightly lower than the overall average.



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

IMF: 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

B. Qualifications on ratings arising from the methodology

While the scattergram enables a quick overview, the ratings reflected need to be treated with caution in at least three respects:

1. Future potential is not included

The current position of multilateral organisations on the scattergram must be weighed with the potential for future improvements in effectiveness. As discussed in Section 2, ratings were determined on demonstrated effectiveness. If reform efforts were underway, credit was given only where there was evidence of the reforms being implemented successfully.

Future potential not being included works against relatively new multilateral organisations (such as the climate change-related funds), organisations in the midst of major reforms that show promise but are not yet proven (such as the Consultative Group for International Agricultural Research), and organisations that are both new and undertaking reforms (such as the Global Partnership for Education).

Initiating reform does not guarantee improvements. But for those organisations with reforms underway, if and when reform efforts lead to demonstrable improvements in effectiveness, the ratings will improve.

2. The methodology weighs all criteria equally, but reality is not that simple

The criteria are all weighted equally as any other approach would be unhelpfully complex. In reality, however, not all criteria are equally important to all organisations. Therefore, an examination of the specific findings and ratings at the component and criteria level for each organisation is needed before decisions are made in relation to policy and funding decisions.

For example, the UN Mine Action Service received low ratings in some of the 'organisational behaviour' criteria for not having some institutional documents or systems. But because of its small size, the absence of these institutional structures does not appear to be a major impediment to its operational effectiveness.

3. Assessing organisations against their development-related mandate has implications

The decision in the methodology to assess organisations in relation to their development-related mandate avoids judging them against unfair or unrealistic benchmarks. But the drawback of this approach is that the AMA does not assess the extent to which each organisation's mandate is appropriate or adds significant value to overall development efforts.

Assessing organisations against their development-related mandate resulted in a range of ratings in Components 1 and 3 being higher than they would have been had assessments been made against fixed benchmarks. In Component 1 it

affected ratings on ‘delivering results’ (1a) and ‘targets poorest’ (1c). In Component 3 ratings against all three components were affected, although some weight was given to the scale and importance of each organisation’s activities in the overall multilateral system.

Assessing organisations in relation to their mandate favours smaller organisations and those with specialised roles.

C. Major findings

As would be expected when assessing 42 multilateral organisations of different sizes and mandates, findings are broad-ranging. However, seven general findings emerge. These relate to common challenges facing both multilateral organisations and donors that have not yet been fully addressed. The first three findings relate to issues above and beyond engagement with individual organisations. The final four findings relate to sub-sets of the organisations assessed in the AMA.

While not distracting from the primary purpose of this report—to review these multilateral organisations in terms of their results, relevance and organisational behaviour—these findings are worth considering because they have implications for the way Australia moves forward with its multilateral engagement. The findings are broad ranging and any action taken may be best pursued with like-minded countries.

1. 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. For example, the:

- > Global Partnership for Education shows promise in bringing greater coherence to development efforts in the education sector
- > extent of collaboration between the multilateral development banks (MDBs) has lifted sharply over recent years, as demonstrated by initiatives such as the Common Performance Assessment System (designed in 2005 to promote dialogue among the MDBs on managing for development results) and agreements on the cross-debarring of companies that misappropriate funds
- > the UN International Strategy for Disaster Risk Reduction Secretariat and Global Facility for Disaster Risk Reduction have made substantial progress since 2006 in uniting policy and funding efforts of all development stakeholders behind the Hyogo Framework for Action commitments.

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.

With climate change, ongoing international negotiations offer an opportunity to strengthen complementarity of mandates and coordination among climate change related organisations and funds to improve the effectiveness and efficiency of climate financing.

With food security, the establishment of the UN Inter-Agency Standing Committee shows early promise in creating a global food security cluster, co-led by the Food and Agriculture Organization and World Food Programme, integrating food aid, agriculture and other livelihood interventions. More work is needed to increase effectiveness and reduce transaction costs by promoting clarity of mandates and strengthening coordination of multilateral organisations.

With emergency assistance, many multilateral organisations have introduced recent reforms designed to help improve coordination and effectiveness given the difficulties experienced with the international community's response to disasters such as the 2010 Haiti earthquake and Pakistan floods. These include innovative approaches such as using internet applications for collecting data and new technologies enabling community participation. Some multilateral organisations are taking measures to improve surge capacity, for example establishing rosters of trained staff and streamlining business processes for more rapid responses. Despite improvements, there remains a need to clarify mandates and establish appropriate roles and responsibilities of organisations in emergency response situations. The development of new tools and systems, such as sharing data, strengthening local networks and improving access to technology will help.

Effective coordination among multilateral organisations remains a particular challenge in fragile states. The 2011 World Development Report found that multilateral organisations have not delivered effective and efficient engagement despite good understanding of requirements. This finding is consistent with AMA's finding from Australian overseas missions in several fragile states.

At headquarters level, the UN–World Bank Post-Crises Cooperation Agreement aims to establish a more effective partnership between them in their approaches to fragile states. Although it was slow to gain traction, in recent times there has been signs of positive movement towards genuine partnership, including the exchange of liaison officers into World Bank and UN headquarters. This helped with progress towards country-level cooperation in four pilot countries in Africa.

2. 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. This evidence is supported by the increasing number of countries volunteering to take on the approach.

In Vietnam, for example, the AMA saw the dividends that can be realised when UN agencies work closely together. Delivering as One in Vietnam has been underway since 2006. The AMA visit confirmed the findings of a 2010 country-led evaluation, by Derek Poate et al in *Country-led Evaluation Delivery as One: UN Pilot Initiative in Vietnam (May 2010)* that 'the performance of the reform is

remarkable and brings forward many lessons for expanding the initiative to other countries.’ Sixteen UN agencies now work under a single agreed plan aligned with government priorities and implemented through donor funds channelled into a single pool. Progress is reported through a joint monitoring and evaluation framework. The UN resident coordinator is the single entry point for all program and policy dialogue with UN agencies.

In Vietnam the government, other donors, international NGOs and UN agencies all spoke positively about the impact of the Delivering as One reforms. Government representatives said UN programs are now more coherent, better coordinated and better reflect the government’s national priorities. The government and other donors see the UN as now playing a more effective convening role. Representatives from UN agencies noted the efficiencies in jointly managing administrative processes such as recruiting, banking and printing, resulting in a reduction of administrative costs per officer from US\$200 in 2006 to US\$116 in 2011.

Most stakeholders felt the success of Delivering as One in Vietnam was primarily due to country-specific factors such as strong leadership from the government and the UN Resident Coordinator and the willingness of donors to pool funding into one fund. Apart from initiating the reform agenda, UN headquarters has played little part in driving the reforms in-country, partly because there is no formal mandate from members that this is the way the UN should do business. There is scope to do more to speed up processes at headquarters level to harmonise business practices, particularly in areas such as streamlining staffing conditions and human resource practices, reducing legal impediments, achieving cost effective collaboration and removing complications affecting legal agreements.

During the field visit to Indonesia, where Delivering as One has not yet rolled out, the AMA found that efforts to promote coherence among UN agencies were far less advanced. Representatives of government, civil society and other donors felt there was insufficient collaboration and coordination among UN agencies. A new ‘partnership development framework’, designed as a single plan for the UN in Indonesia, does not appear to be a strong driver for individual UN agencies to consolidate activities around core areas where they have a comparative advantage. One donor representative summarised the views of many when describing the UN effort in Indonesia as a ‘many-headed hydra’, with agencies nibbling at each other’s mandates.

Given the clear benefits of Delivering as One, there is scope to explore ways to encourage its adoption as the norm. Ways forward may include:

- > ensuring that key elements of Delivering as One pilots are institutionalised by the UN system in the quadrennial comprehensive policy review as the way of doing business in all program countries
- > encouraging the governing bodies of individual UN funds and programs and specialised agencies to promote greater coordination and collaboration with other UN agencies at country-level, including by increasing harmonisation of business practices, working to remove constraints to collaboration in areas

such as human resources and legal frameworks, and helping fund coordination functions from core resources

- > working with other donors at country-level to send clear signals to UN agencies on the desirability of better coordination, including by providing un-earmarked pooled funding for UN country programs where possible.

3. Joint assessments of multilateral effectiveness can be strengthened

Efforts by bilateral donors to jointly assess multilateral effectiveness have strengthened in recent years thanks largely to Multilateral Organization Performance Assessment Network (MOPAN). MOPAN is a network of 16 bilateral donors, established in 2003. It undertakes joint annual assessments of a select number of multilateral organisations (approximately six) in a select number of countries (approximately 10).

MOPAN aims to provide bilateral donors and other stakeholders with necessary performance information on the effectiveness of multilateral organisations. It consolidates efforts to maximise the scope of information gathered while minimising duplication of burden on all stakeholders. The Australian Government endorses these principles as an active member and strong supporter of MOPAN. MOPAN was an important source of information for the AMA for some multilateral organisations and also for some review components.

Nevertheless, MOPAN's approach has two limitations. First, it does not assess the delivery of development results, but rather focuses on how well multilateral organisations function and their partnership behaviour (although MOPAN is now in the very early stages of piloting moves to include a development results component). Second, it is selective in its coverage of organisations based on the importance of the multilateral organisation to all MOPAN members. As a result, some multilateral organisations looked at under the AMA have never been assessed by MOPAN, and for others the last MOPAN assessment was undertaken some years ago.

These dual constraints, combined with increasing interest from donors in ensuring they get value for money from their multilateral contributions, are driving donors towards undertaking their own assessments. Australia, Canada, the Netherlands, Norway, Sweden and the UK—all members of MOPAN—have undertaken some form of separate multilateral assessment over recent years. This is understandable, and some national element to assessments will always be needed to reflect the priorities or government requirements of individual donors. But there is a risk that too many disparate efforts to measure multilateral effectiveness will stretch the capacity of multilateral organisations, as well as their partners and beneficiaries. It also risks creating a situation in which reviews using slightly different criteria or performance benchmarks for organisational effectiveness will confuse stakeholders.

The Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) has recently undertaken work on emerging lessons on 'good multilateral donorship', one of which is to maximise

use of joint assessments, independent evaluation findings and third-party analysis. The AMA attempted to do this, but sees scope for donors to work together through MOPAN to further efforts at joint assessment to meet the growing demands for comprehensive information on multilateral effectiveness.

MOPAN is considering options to strengthen links with the multilateral-related work of the Development Assistance Committee.

Over time, ways to promote greater joint donor effort on multilateral assessments may include:

- > encourage an increase in MOPAN assessments (both the number of organisations assessed and the number of countries surveyed each year)
- > continue to move towards including an assessment of the effectiveness of delivering development results in MOPAN's methodology
- > encourage, over time, greater synchronisation between MOPAN and other efforts to assess multilateral organisations, particularly with gathering evidence on effectiveness. This may include links with assessments by bilateral donors (including from outside the OECD where there is interest) and perception surveys undertaken by multilateral organisations themselves.

4. Reform is prevalent

There is a remarkable amount of significant reform underway across multilateral organisations.

In some cases it is fundamental and institution-wide, designed to assess major shortcomings and make major improvements in institutional effectiveness. Often such reforms are taking place over several years and being driven hard by the organisation's governing body, senior management or both. In other cases it is designed to address specific weaknesses, for example the need for improved communications, accountability practices or human resource policies.

Major reform efforts are underway in the following multilateral organisations:

- > Consultative Group on International Agricultural Research
- > Commonwealth Secretariat Development Programmes
- > Food and Agriculture Organization
- > Global Fund to Fight AIDS, Tuberculosis and Malaria
- > Global Partnership for Education
- > Inter-American Development Bank
- > International Labour Organization
- > International Monetary Fund Technical Assistance Trust Funds
- > UN Development Programme
- > UN Educational, Scientific and Cultural Organization
- > UN Environment Programme
- > UN Human Settlements Programme

- > UN Population Fund
- > UN International Strategy for Disaster Reduction
- > World Health Organization.

Embarking on reform does not automatically lead to improvements in effectiveness. The degree to which the AMA could assess the prospects for reform success varied across organisations. Where reforms show significant promise for improvements in effectiveness, this is noted in assessment reports. But, as previously indicated, ratings are based on evidence of effectiveness and do not factor in *potential* improvements from partially implemented reforms.

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.

5. 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. During discussions with multilateral organisations at headquarters and in the field, it was evident that almost all are focused on improving their capacity to measure and report on results.

Improving results management is a key focus for many of those organisations in the midst of major reform efforts. For example, the Consultative Group on International Agricultural Research is in the development stages of establishing a results-based management system.

But improving results monitoring and reporting is also a focus for organisations that have had results-based management systems in place for many years, including those that received high ratings for the relevant criterion in the AMA. For example, the Asian Development Bank, the World Food Programme and the GAVI Alliance all have well established and proven systems for results measuring and reporting, yet are taking iterative steps to improve them further.

The strong results measurement and reporting focus appears to be driven by factors such as:

- > increasing demands from governing bodies
- > senior management recognising that improved results measurement can help with strategic decision making
- > increasing links by donors between their funding decisions and the demonstration of tangible and cost effective 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. The following observations are made with the acknowledgment that developing and implementing results-based management systems cannot be resource neutral and that systems take time to become embedded.

- > There is scope for greater shared effort across multilateral organisations to develop common systems or learn from each other's experiences. Some multilateral organisations are developing, or are in the early stages of implementing, complex systems. In some cases this is creating confusion at country-level. Overly complex systems, or systems requiring significant additional resources to implement effectively, may not produce the desired information or may take substantial country-level resources away from planning and delivering activities. Sharing experience and best practice may help to ensure the right balance between developing and implementing results-based management systems. One example of good practice is the World Food Programme and United Nations High Commissioner for Refugees (UNHCR) working closely together and learning from each other on results-based management.
- > Some multilateral organisations with mandates that do not involve direct delivery of tangible results are struggling to find appropriate indicators to measure success. As reporting on results continues to improve across most organisations, and donors increasingly link funding decisions to results, this raises the risk that multilateral organisations playing important roles in areas such as standard setting or coordination, or areas such as governance where results are difficult to measure, may face funding shortfalls. There may be scope for the international community to collaborate on developing best-practice approaches to monitoring and measuring results in difficult-to-measure areas such as governance, standard setting and coordination.
- > There is considerable variation in how well multilateral organisations seek the views of partners and beneficiaries when monitoring and reporting on results. Some do so as an integral part of their monitoring and evaluation processes. Others undertake periodic surveys. There may be scope for greater collaboration and sharing of best practice across multilateral organisations to systematically seek the view of partners and beneficiaries when monitoring and reporting on results.

6. Insufficient attention to value for money

In undertaking the AMA, a striking feature was the shortage of available evidence in relation to the component on 'cost and value consciousness'.

Few organisations publish details about the measures they have in place at the institutional or program level to minimise the costs required to deliver outputs and outcomes. This is in spite of downward pressure on the administrative budgets of many organisations in recent years, either due to a shortage of funding or under direction from their governing bodies.

Without firm information on measures to promote cost effectiveness at the program level, it is difficult to assess the extent to which the results delivered by organisations represent value for money.

A further problem in assessing cost effectiveness is the lack of consistency in how organisations classify administrative costs. These differing interpretations make it difficult to compare relative efficiency and cost effectiveness between organisations.

Although most governing bodies pay attention to the overall size of the administrative budget, the AMA found little evidence of governing bodies focusing heavily on improving cost effectiveness at the program level (with a few exceptions such as the International Finance Corporation and the Private Infrastructure Development Group).

There may be scope for a greater focus by organisations and their governing bodies on ensuring attention to cost effectiveness, as a key part of promoting value for money, at both an institution and program level. There may also be scope for cost effectiveness and value for money to feature more prominently in dialogue between organisations and donors.

7. Effectiveness varies at country and regional levels

A theme that emerged during AMA field visits and through the survey of Australian overseas missions was the considerable variation in the effectiveness of many multilateral organisations at country-level.

In the case of United Nations Development Programme (UNDP), for example, Australian overseas missions in Latin America report that it is generally effective; while Australian overseas missions in Pacific Island countries report wide variance in the effectiveness of its programs across countries and areas of focus; while in Indonesia, consultations with stakeholders during this AMA field visit revealed that many consider UNDP programs have little impact.

The World Bank and the World Food Programme (WFP) are other examples. AMA visits and reporting from overseas missions shows that most stakeholders consider the World Bank to be highly effective in Indonesia, the Philippines and Vanuatu but struggling to be effective in East Timor. WFP was found to be highly effective in most countries, but AusAID has not continued bilateral program support with the WFP in Indonesia due to concerns about its effectiveness.

At regional-level, the International Labour Organization and International Organization for Migration were assessed as performing well in Asia, thanks in large part to strong regional and country teams. This boosted the ratings of these organisations in AMA.

Factors driving the varying degrees of effectiveness at country and regional levels differ across multilateral organisations. The extent of attention to monitoring and evaluation, the extent of institutional flexibility in processes and the extent to which partnerships are an organisational priority are all important factors.

But one key factor that came through time and again during AMA visits and in the survey from Australian overseas missions was the quality of in-country teams. For example, the AMA found that the Food and Agriculture Organization (FAO), which is facing some challenges at institutional level with its development mandate, was highly effective in Sri Lanka and the Horn of Africa, in large part due to high-calibre personnel. In their survey responses, Australian overseas missions in small and fragile states, particularly in Papua New Guinea and the Pacific, frequently cited the quality of in-country teams as a decisive factor in the effectiveness of multilateral organisations.

The AMA found many examples where multilateral organisations are undertaking efforts to improve their resourcing levels and the calibre of their in-country teams. A range of multilateral organisations with humanitarian mandates have upgraded their surge and stand-by capacity to give them access to a wider pool of talent to send to the field in emergency situations.

Nevertheless, there may be scope for a greater focus by governing bodies and donors on how to improve the overall quality of in-country teams. This could include measures such as continued reform to human resource policies and practices, a focus on placement processes to ensure the skills and experience of in-country staff match needs, and more rigorous implementation of performance management.

D. Budget implications of ratings and findings

The findings will feed into the Australian Government's aid budget process in which resource allocation will be based upon the criteria of poverty, national interest, capacity to make a difference and current scale and effectiveness.

This section outlines how the AMA findings will help to inform budget decisions.

1. Core funding

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:

- > Food and Agriculture Organization
- > Commonwealth Secretariat Development Programmes
- > 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.

2. Non-core funding

The AMA findings will be an input into decisions by country and thematic teams on non-core funding. Findings will paint a picture for country and thematic teams of the institutional strengths and weaknesses of multilateral organisations. This will help inform decisions on whether or not to pursue potential partnerships with multilateral organisations.

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 it is operating in. This is particularly the case at country-level given

the AMA finding that there is a wide variation in multilateral organisations effectiveness across countries and regions.

E. Implications of the ratings and findings for future policy engagement

The AMA findings are also designed to provide information to help inform future policy engagement with multilateral organisations through the aid program. Subject to the approval of the AusAID Executive, the policy implications of the findings will be taken forward through the multilateral engagement strategy for the aid program.

The multilateral engagement strategy will outline how the Australian Government will implement the commitments in *An Effective Aid Program for Australia* to enhance Australia's engagement with multilateral organisations. This will include:

- > devoting greater senior management resources to developing and managing relationships with key partners
- > placing key partnerships on a strategic footing in terms of policy engagement and funding, avoiding micromanagement
- > using Australia's 'seat at the table' to exert more influence over policy and program directions and better monitor effectiveness
- > seeking appropriate recognition for Australian contributions
- > better monitoring performance and relevance through introduction of a multilateral rating system, including measures to deal with under-performance.

The AMA findings will be a key input into the strategy. In relation to the ongoing ratings system, Section 6 of the AMA describes a proposed system for monitoring the performance of multilateral organisations over time to inform budget and policy decisions. The multilateral engagement strategy will provide more detail on means of taking this forward.

Most of Australia's largest multilateral partners rated reasonably well in the AMA, but findings show that even the highest rated organisations have scope to improve their effectiveness. The multilateral engagement strategy will set a platform for Australia to sharpen its engagement with its largest multilateral partners. The multilateral engagement strategy will be a key input, along with separate decisions about resource allocations, into organisational engagement strategies that will:

- > identify specific areas where Australia will pursue improvements in effectiveness
- > outline means of pursuing these improvements, including working with other like-minded countries or through governing bodies where appropriate
- > identify how improving effectiveness will be monitored and measured.

