



**Global
Partnership**

for Effective Development
Co-operation

A SPACE FOR CHANGE

Partner perspectives on
an effective multilateral system

GPEDC REPORT

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Foreword

The Global Partnership for Effective Development Cooperation marked its 10th year in 2022 – 10 years of committing to multi-stakeholder approaches, to putting country ownership first, to mutual accountability, and to focusing on results.

Each of the above principles – the principles of effective development cooperation – guide, in their own way, the work of the UN. The challenges we face today – from the unfolding climate crisis to era-defining pandemics, ongoing conflicts and record numbers of displaced people – require global and coordinated responses. While the multilateral system stands at its strongest when crises hit – as the past three years have shown – all multilateral organizations today bear a fundamental responsibility to understand not only *how* more can be done, but how to do it *better*.

This is one of the reasons the partners in the Global Partnership, through engaging in and guiding this report, attempt to understand what is meant by effective multilateral institutions, how stakeholders engage with the broader system, and what results follow. It analyses perspectives and expectations from different types of partners, builds on latest research efforts by key stakeholders to promote mutual learning and aims to contribute to the global discourse on effectiveness.

Some findings of the paper are arguably intuitive. The report highlights that the multilateral system is shaped, and sometimes limited, by how it is funded and supported, which has been the subject of various other reports and studies (with references to many of them included throughout the present report). Other findings are apparent, but worthy of a reminder – an investment in the multilateral system is not just an investment in a programmatic result, but in an international normative architecture, spanning issues from gender-based violence to Rights-based approaches to environmental governance – concepts that make the world safer, and more sustainable, for everyone. Some other findings are more counter-intuitive – a donor can work with the multilateral system to align its development efforts with partner country priorities, because political considerations prohibit a more direct (government-to-government) rapport. The partners are keen to use the multilateral system to dilate our understanding of country ownership to include more than just the Government partners, but also by encouraging, for instance, an on-going dialogue with legislatures and other state institutions.

Perhaps the most interesting finding is that, regardless of how narrowly different types of partners define their own policy objectives, they perceive a clear role for the multilateral system in pursuing those objectives – the system is not just a ‘mutual support and protection network,’ but a ‘protected sphere for shared action that creates options, alternatives and even ways of saving face for navigating some of the toughest policy challenges going, from the climate crisis to war.’

This report comes at a critical time, amid socio-economic crises and turmoil, growing poverty and inequality; and in an increasingly fragmented development co-operation landscape, impacted by budgetary pressures and global uncertainty. The need to invest in inclusive, evidence-based and open dialogues to strengthen partnerships at the country level has never been more important to get the world back on track to achieve the 2030 Agenda. Investing in the multilateral institutions that bind us – the ‘fabric of our solidarity’ – will only leave us better prepared, and more resilient, for what the future brings.

Ms. Ulrika Modeer, Assistant Secretary-General and Director of the Bureau for External Relations and Advocacy, UNDP

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List of Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank Group
AiIB	Asian Infrastructure Investment Bank.
CAF	Development Bank of Latin America
CEB	Council of Europe Development Bank
CERF	Central Emergency Response Fund
CIF	Climate Investment Funds
DAC	Development Assistance Committee
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FC	Funding Compact
GCF	Green Climate Fund
GEF	Global Environment Facility Trust Fund
GPEDC	Global Partnership for Effective Development Co-operation
HDP-nexus	Humanitarian-Development nexus
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFIs	International Financial Institutions
ISDB	Islamic Development Bank
IMF	International Monetary Fund
MDBs	Multilateral Development Banks
MIGA	Multilateral Investment Guarantee Agency
MPTFO	UN Multi-Partner Trust Fund Office

List of Acronyms

NDB	New Development Bank
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Right
QCPR	Quadrennial Comprehensive Policy Review
SAIs	Supreme Audit Institutions
SDGs	Sustainable Development Goals
UNAIDS	United Nations Programme on HIV/AIDS
UNDAF	United Nations Development Assistance Framework
UNDS	United Nation Development System
UNEP	United Nations Environment Programme
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
UNITAID	International Drug Purchase Facility
UNHCR	United Nations High Commissioner for Refugees
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
UNSDG	United Nations Sustainable Development Group
UNWTO	World Tourism Organization
WHO	World Health Organization

Executive Summary

Why?

This report intends to understand what an 'effective' multilateral system should look like, taking as a lens the four principles of effective development co-operation – country ownership, inclusive partnerships, a focus on results, and mutual accountability and transparency.

How?

There is a default focus on the UN Development System (UNDS), which accounts for close to two-thirds of the UN system's global expenditure, and the majority of its offices in countries across the globe. This was also the dominant subject among respondents. Other parts of the multilateral system do feature however, with international financial institutions being a notable reference point, as well as represented among respondents. In terms of methodology, there are two main parts: extrapolations on existing research; and a qualitative analysis of primary data of partners' interview responses. Interviewees were selected from four main partner-types, with bilateral development partners (donors, otherwise referred to as 'bilateral partners') making up the majority, given their capacities dedicated to funding and governing the system

What?

In terms of existing research, the paper finds that resourcing to the multilateral system (and notably the UNDS) has shown a clear and strong growth trend: a first indication that partners are broadly confident in the capacities of the system to deliver effectively for them. Recent survey data of bilateral partners puts three of the four effectiveness principles among the top motivating factors for engaging with the system, while quantitative analysis by the Global Partnership itself, as well as others, indicates multilateral organizations can often perform more effectively – in terms of the principles – than bilateral partners working alone. But a clear constraint on the effectiveness of the system is how it is funded and supported by its partners.

An analysis of partners' responses, disaggregated by principle, provides more insights into partners' expectations, and how the system supports effective multilateral action. While country ownership remains a broad objective for nearly all partners, definitional challenges remain (the role of Parliaments, for instance, and other important institutions of the State come to the fore here, not to mention civil society). And similar issues emerge when considering inclusive partnerships. The ability of the system to focus and clearly report on results is a common theme. But beyond this, there is a clear value placed on the system's ability to go beyond narrow programmatic results, to represent broader normative agendas. And whilst there is a perception of multilateral organizations as fundamentally transparent, this remains the subject of on-going work, not least within the UN system/member state 'Funding Compact.'

So?

The Compact, along with the development-oriented international financial institutions, and humanitarian funding modalities and mechanisms, are each identified as avenues for further exploring how development partners might make the multilateral system more effective still.

Drawing on interview responses and qualitative findings, the conclusion uses the concept of a 'trilemma' to illustrate how the multilateral system, as a policy space that allows partners to limit individual risk, enables them to manage and navigate otherwise potentially contradictory objectives.

Recommendations for each partner-type to bolster the multilateral system – and its effectiveness – based on this analysis, and to cultivate this unique policy space, are provided in an annex.

Introduction

1.1 Background

The 2030 Agenda for Sustainable Development provides a clear and important framework and indicators around which the international community can align itself and consolidate its efforts for sustainable development. Yet the development co-operation community in its broader sense seems significantly off track in attaining several of the Sustainable Development Goals (SDGs) and in mobilising the necessary resources required to do so. Challenges have also been exacerbated by

the COVID-19 global pandemic, which has in many cases undermined efforts to address inequalities and deepened vulnerabilities. Current world events also threaten to produce wide-ranging challenges in terms of food and energy prices and availability which have particularly serious implications for the world's poor. It is therefore more important than ever that development resources are utilised as effectively as possible in support of the attainment of the SDGs.

Why is Effective Development Cooperation So Important?

Realizing the 2030 Agenda, and driving the 'Decade of Action', will require urgent additional efforts. The international community has decided what it wants to achieve in the Sustainable Development Goals (SDGs), and a framework for what this needs in the Financing for Development (FfD) process.

But the global effort to drive sustainable development is facing profound headwinds, from growing inequality to a global pandemic. Only collective action will see us through these challenges – and that is why how we partner and work together – through principle-based, evidence-led development efforts – is more important than ever to achieving the 2030 Agenda.

Source: GPEDC, About the Partnership

The Global Partnership for Effective Development Co-operation (GPEDC), otherwise known as the Global Partnership, was established in 2012 as a primary multi-stakeholder platform for driving development effectiveness with the objective of “maximizing the effectiveness of all forms of co-operation for development for the shared benefits of people, the planet, prosperity and peace.” In support of these efforts the GPEDC has established a work programme for 2020–2022 entitled “How We Partner Together for Sustainable Development” which identifies a number of strategic priorities and action areas. Under Priority 2: Building Better Partnerships, Action Area 2.7 notes that the “need for an effective multilateral system has never been more important to address the nature and scale of today's global challenges” and goes on to propose that the Global Partnership's convening power be used to make ¹:

- a substantive multi-stakeholder contribution to the global discourse on an effective multilateral system

- a substantive multi-stakeholder contribution on how partners can effectively support multilateralism

The present report is intended to be a contribution to this work, with the specific objective of helping to explore and frame an understanding of effective donorship to multilateral organizations through the lens of the effectiveness principles. The report seeks to assess how bilateral partners – and notably donors – support the multilateral system, how this aligns with the effectiveness principles, and options moving forward to encourage greater effectiveness and strengthened partnerships around multilateral ODA.

The findings presented in this report are focused on the UN system, reflecting the key issues raised during consultations with partners and those that emerged from the literature reviewed.

¹ Action Area 2.7 Effective Multilateral Support – Work Programme, GPEDC 2020

1.2 Methodology

The basic approach to this work sought to leverage the convening power of the Global Partnership, and its credibility on development co-operation and effectiveness issues, to develop a multi-stakeholder contribution to the discourse on an effective multilateral system and, based on this, reflect on how partners might more effectively support multilateralism. To achieve this, a two-part methodology was adopted, consistent of the steps and processes outlined in Table 1:

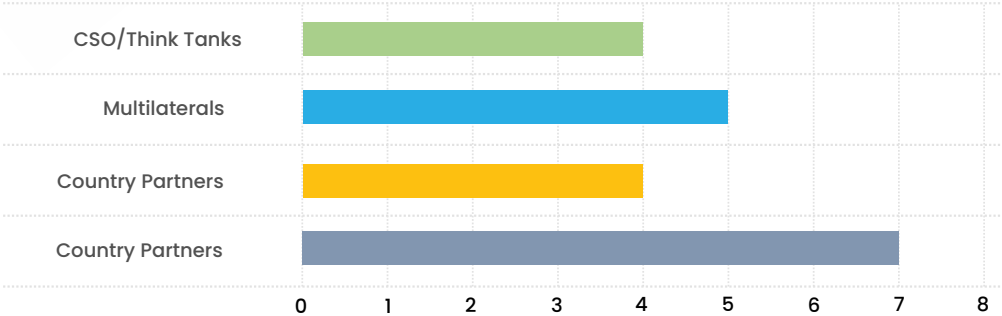
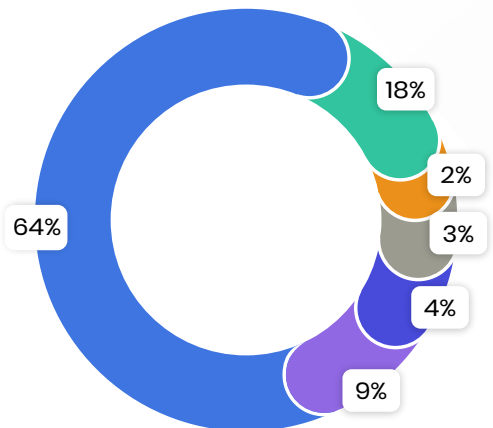
- A literature review, drawing on the pieces identified above, as well as other data sources – including from the Global Partnership’s own data collection efforts, and
- Online consultations with a cross section of key stakeholders comprised of development

partners (including traditional bilateral partners), partner countries, multilateral partners (drawn from UNDS agencies, but also development banks) and non-governmental partners. A total of 25 people participated in the consultations drawn from 18 entities across stakeholder groups. ‘Topic Guides’ were used to help lead and manage the discussions, themselves informed by the findings of the literature review.

Based on the pattern of responses, and key themes emerging, recommendations were then developed, in consultation with partners, by partner-type, based on clear steps and measures that each partner can reasonably take within the current context.

Table 1: Stepped mixed approach process used to explore issues

Document	Description
Literature Review	<ul style="list-style-type: none"> ○ Collation and review of approximately 65 documents on multilateral finance including general background material and reports – policy documents, studies etc
Targeted Consultations	<ul style="list-style-type: none"> ○ A series of consultations held with a cross section of key stakeholders comprised of: (a) Donor partners, specifically those responsible within donor entities for multilateral finance and/or development effectiveness; (b) Country partners, drawn from a range of geographical and socio-economic contexts; (c) Multilateral partners drawn from UNDS agencies, WBG, and the OECD; and (d) NGOs, thinktanks and others ○ A series of consultations held with a cross section of key stakeholders comprised of: (a) Donor partners, specifically those responsible within donor entities for multilateral finance and/or development effectiveness; (b) Country partners, drawn from a range of geographical and socio-economic contexts; (c) Multilateral partners drawn from UNDS agencies, WBG, and the OECD; and (d) NGOs, thinktanks and others ○ A total of 25 people participated in the consultation process, from 20 entities across the stakeholder groups

Document	Description														
Targeted Consultations	 <table border="1"> <caption>Horizontal Bar Chart Data</caption> <thead> <tr> <th>Category</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>CSO/Think Tanks</td> <td>4</td> </tr> <tr> <td>Multilaterals</td> <td>5</td> </tr> <tr> <td>Country Partners</td> <td>4</td> </tr> <tr> <td>Country Partners</td> <td>7</td> </tr> </tbody> </table>	Category	Count	CSO/Think Tanks	4	Multilaterals	5	Country Partners	4	Country Partners	7				
	Category	Count													
CSO/Think Tanks	4														
Multilaterals	5														
Country Partners	4														
Country Partners	7														
Validation Meeting	<p data-bbox="470 974 1412 1041">Bilateral partners consulted represent approximately 36% of ODA in 2021 (which is estimated to be USD 178.9 billion using preliminary OECD figures)</p>  <table border="1"> <caption>Donut Chart Data</caption> <thead> <tr> <th>Partner</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>64%</td> </tr> <tr> <td>Germany</td> <td>18%</td> </tr> <tr> <td>UK</td> <td>9%</td> </tr> <tr> <td>Sweden</td> <td>3%</td> </tr> <tr> <td>Switzerland</td> <td>4%</td> </tr> <tr> <td>Korea</td> <td>2%</td> </tr> </tbody> </table> <ul data-bbox="518 1232 710 1556" style="list-style-type: none"> ● Germany ● Korea ● Sweden ● Switzerland ● UK ● Other <p data-bbox="486 1814 1460 1881">○ A validation meeting was held where 32 people representing a cross section of types of participants discussed and summarized key findings.</p>	Partner	Percentage	Other	64%	Germany	18%	UK	9%	Sweden	3%	Switzerland	4%	Korea	2%
Partner	Percentage														
Other	64%														
Germany	18%														
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2. Defining effective donorship and the role of multilaterals

2.1. The journey to effectiveness

Focused discussions on the effectiveness of development assistance date back to the turn of the 21st century when it was recognised that there was a need to harmonise and streamline processes for both preparing, delivering, and monitoring development assistance. The International Conference on Financing for Development held in Monterrey in 2002 and related work

undertaken by both an OECD DAC Task Force and the UNDG led to the Rome Declaration on Harmonisation in February 2003 in which representatives from 28 aid recipient countries and from 40 bilateral and multilateral donors undertook action on effectiveness and good practice standards. Further key events and milestones are summarised below.

Table 2: Key milestones on the road to improved Development Effectiveness

Key Outcomes/Milestones and Progress on the road to Development Effectiveness
2005 Paris Declaration on Aid Effectiveness ²
<ul style="list-style-type: none">○ Set out to deliver a practical roadmap to improve the quality of aid and its impact. Built on five fundamental principles: Ownership, Alignment, Harmonisation, Results and Mutual Accountability.
2008 Accra Agenda for Action ³
<ul style="list-style-type: none">○ Focused on deepening and strengthening implementation of the Paris targets and proposed major improvements in Ownership, Inclusive partnerships, and Delivering results. Also noted the importance of capacity development at all levels to build country capacity.
2011 Busan Partnership Agreement ⁴
<ul style="list-style-type: none">○ Established the agreed development cooperation principles (country ownership, focus on results, inclusive partnerships, transparency and accountability) and the GPEDC.○ Highlighted the need to broaden debate and engagement to ensure effective development, not just “aid effectiveness”, and the importance of south-south cooperation. .
2014 Mexico Communique ⁵
<ul style="list-style-type: none">○ 1st High-level Meeting of the GPEDC. Clearly anchored effective development cooperation in the post-2015 agenda. It also agreed working arrangements and the evolving role of the GPEDC.

² OECD (2005), Paris Declaration on Aid Effectiveness, OECD Publishing, Paris

³ [ACCRA AGENDA FOR ACTION](#)

⁴ [Busan Partnership Agreement, OECD Library](#)

⁵ [Mexico Communique, GPEDC 2014](#)

Key Outcomes/Milestones and Progress on the road to Development Effectiveness

2016 Nairobi Outcome Document⁶

- Second High-Level Meeting of the GPEDC. Renewed, emphasised previous commitments, and outlined further work and engagement with parliaments, civil society, and the private sector.

2019 Co-chairs' Statement of Effectiveness⁷

- Galvanised a broad network of senior stakeholders who agreed on the need to accelerate SDG implementation and on development effectiveness being a cornerstone

2.2 Structure and work of the Global Partnership

Formally created in 2012, the Global Partnership represents a multi-stakeholder approach encompassing national and local governments, civil society, private sector, bilateral and multilateral organizations, trade unions, parliaments, and philanthropy. It is supported by the OECD and UNDP.⁸ The Global Partnership's work is focused on the implementation of the four agreed effective development cooperation principles and organizes work around three strategic priorities.

The Global Partnership's monitoring exercise and report is a flagship instrument of the Partnership that provides a critical snapshot of effective development cooperation, around which high-level advocacy can convene (in the High- and Senior-Level Meetings) to address commitments and progress towards country ownership, inclusive partnerships, mutual accountability, and focus on results.

Table 3: Summary of Effective Development Cooperation Principles and Strategic Priorities

Principles

- Country Ownership over the Development Process
- Focus on Results
- Inclusive Development Partnerships
- Mutual Accountability & Transparency

2.3 Multilateralism – definition and evolution

In its most basic form, multilateralism has been defined as cooperation between at least three states.⁹ However, this does not capture the scale and depth of multilateralism in current practice, which has evolved since the formation of the League of Nations in 1919 and the United Nations in 1945 and today involves a broad range of organizations which, although they may have distinct functions, share a system of norms and values based on consultation,

inclusion, and solidarity. Multilateralism can therefore be seen as a method of cooperation, as well as a form of organization for the international system.¹⁰ The long-term growth of the system demonstrates its ongoing relevance, only further underscored by overarching policy frameworks like the Millennium Development Goals, and now the Sustainable Development Goals and the 2030 Agenda.

⁶ [Nairobi Outcome Document, GPEDC 2016](#)

⁷ [Senior High Level Meeting Summary UN HQ July 2019, GPEDC](#)

⁸ [The Global Partnership at a Glance – GPEDC 2021](#)

⁹ [Multilateralism At a Glance](#)

¹⁰ [100 years of Multilateralism in Geneva](#)

The table below gives a broad indicative overview of multilateral organizations grouped by category.

Table 4: ODA eligible multilateral organizations that report to the OECD Creditor Reporting System (non-exhaustive list for illustrative purposes only¹¹)

UN agencies, Funds, and Programmes	World Bank Group	Other MDBs	Vertical Funds	Other
Funds & Programmes	IBRD	AfDB	Health	IMF
UNDP	IDA,	ADB	Global Fund	EU
UNEP	IFC	AIIB	Gavi	
UNFPA	MIGA	IADB	UNITAID	
UNICEF		ISDB		
Specialized agencies		CAF		
FAO		CEB	Environment	
IFAD		NDB		
UNWTO			GCF	
WHO			GEF	
Other			CIF	
CERF			Adaptation Fund	
IFAD				
UNWTO				
WHO				
Other				
CERF				
OHCHR				
UNAIDS				
UNHCR				
UNRWA				

¹¹ Multilateral Development Finance Report 2020, OECD 2021

2.4 The evolution of aid modalities and instruments

Funding to UNDS agencies and the MDBs, and IFIs¹² more broadly (which collectively are often taken to constitute the core of the multilateral system), takes several forms and

modalities. The most significant are briefly described in the table below

Table 5: Major multilateral funding instruments¹³

Instrument/Mechanism	Broad Description
Core Funding	<ul style="list-style-type: none"> ○ Collation and review of approximately 65 documents on multilateral finance including general background material and reports – policy documents, studies etc
Agency Specific¹⁴ Thematic	<ul style="list-style-type: none"> ○ Includes assessed and voluntary contributions that are unearmarked- usually used to fund both operational costs and a variety of activities. Assessed contribution are obligatory payments made by member states to finance the regular budgets of multilateral organizations
Agency Specific Projects	<ul style="list-style-type: none"> ○ Contributions or responses made available to specific UN agency projects which are usually country or regionally focused but may occasionally be thematic. They differ from the above in that support is earmarked for specific activities and objectives rather than themes. Funding may be sought centrally or at country
UN or WB Pooled Funds Thematic	<ul style="list-style-type: none"> ○ Contributions or responses made available to specific UN agency projects which are usually country or regionally focused but may occasionally be thematic. They differ from the above in that support is earmarked for specific activities and objectives rather than themes. Funding may be sought centrally or at country

In the aggregate, UN funding, for instance, has grown considerably over the last 30-odd years, reflecting both the increasing challenges the world is dealing with, and,

presumably, the confidence partners place in the UNDS to help them address these challenges.

2.5 The 2019 Funding Compact

As part of the process of ensuring that the UNDS was able to respond to and help deliver the 2030 Agenda, the UN General Assembly adopted Resolution 72/279 which agreed a package of reforms aimed at making the UNDS more strategic, accountable and results-oriented. The resolution welcomed the call by the Secretary-General for a Funding Compact between the UN Development System'

entities and member states. The Funding Compact seeks to address several challenges in multilateral funding – closely related to effectiveness issues – including a growing imbalance between core and non-core resources, broadly aims to ensure a more predictable funding base for the 2030 Agenda and contains commitments and indicators for both member states and for the UNDS

¹² For the purpose of this report, and from here on in the text, the term 'International Financial Institutions (IFIs)' will be used broadly to also refer to Multilateral Development Banks (MDBs).

¹³ Financing the UN Development System Time for Hard Choices, UN MPTF/Hammar skjold Foundation, 2019


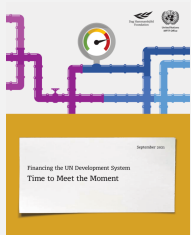
¹⁴ These are usually contributions or projects supported by bilateral partners although there have been a growing number of contributions provided by large Philanthropic Foundations and groups in recent years.

2.6. Summary of findings from key literature

As highlighted in Section 1.2, an extensive range of literature was reviewed as part of this exercise. Findings from several documents are reflected throughout this

report. However, a few documents can be considered as essential texts on multilateral funding and financing; they are highlighted and summarized in the table below.

Table 6: Summary of key documents and main content

Document	Author/Date	What does the report cover?
	<p>Multilateral Development Finance</p> <p>OECD 2020</p>	<ul style="list-style-type: none"> ○ Panorama of the multilateral development system <ul style="list-style-type: none"> ● Scope and historical evolution of the multilateral system in financing development ● Overview of the multilateral system's strategy against the backdrop of the COVID-19 crisis. ● Proposes three key areas of intervention to maximise the impact of multilateral development finance: The scale of multilateral finance (touching on new focus on climate) efficiency, accountability ○ Funding to the System <ul style="list-style-type: none"> ● Key trends in recent funding to the system (earmarked vs. core contributions, declining quality of multilateral funding, tendency by bilateral partners to forsake consensus-based approaches in favour of ad hoc initiatives) ● DAC members' decisions and implication on funding ● How the funding bases of multilateral organizations can affect their independence and the sustainability of their programmes ○ Financing from the system <ul style="list-style-type: none"> ● Evidence on the performance of multilateral system and bilateral providers with reference to effective development co-operation and alignment with partner countries' strategic priorities. ● Sheds light on how development activities financed by multilateral organizations add value compared to other sources of development finance
	<p>Financing the UN Development System: Time to Meet the Moment</p> <p>Dag Hammarskjöld Foundation - UNMPTFO 2021</p>	<ul style="list-style-type: none"> ○ Who is providing funding, who is being funded, and how. ○ UN spending based on geographic and thematic priorities. ○ Includes two contributions from UNICEF on individual giving and innovative financing, ○ Recommendations on how Member States can mitigate the impact of COVID ○ Focus on quality and quantity of financial flows in terms of sustainable development results ○ Private sector role with related case study ○ Core and earmarked contributions and pooled funding instruments and mechanisms.

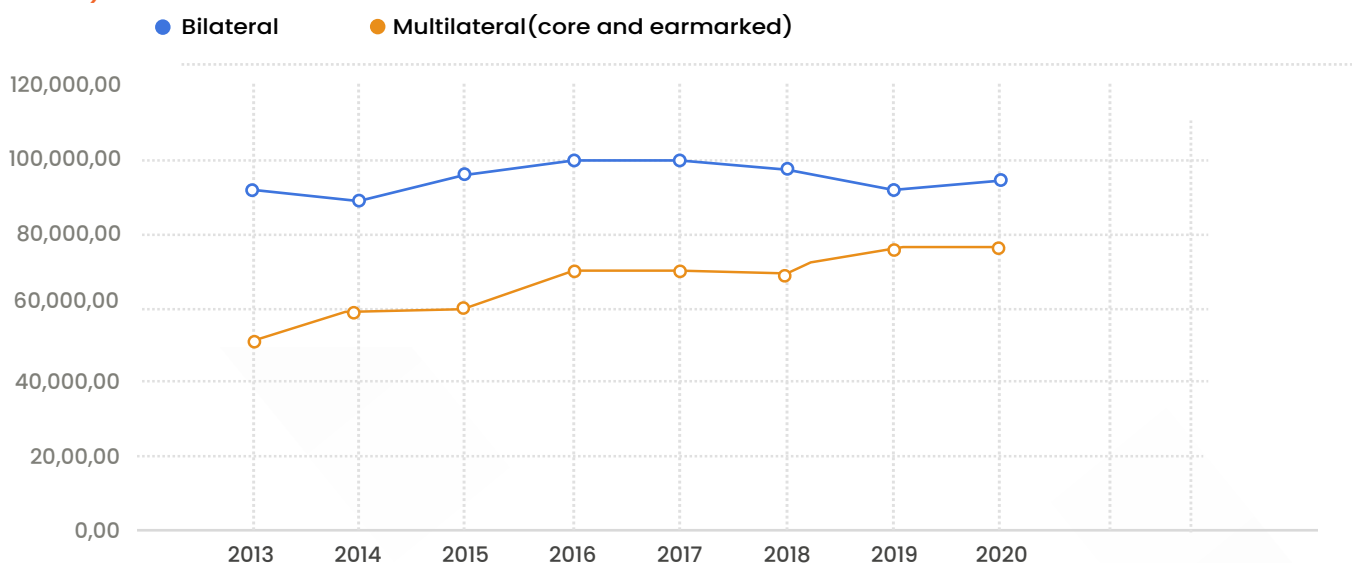
Document	Author/Date	What does the report cover?
 United Nations	2022 Secretary-General's report on the implementation of the QCPR - Funding analysis UN General Assembly Economic and Social Council 2022	<ul style="list-style-type: none"> ○ Recommendations on funding the United Nations Development System. ○ An overview of the latest data and trends in funding, with a focus on 2020. ○ Progress made in implementing the Funding Compact. ○ Detailed data on funding by entity, contributor, recipient country and type of funding (core, non-core, pooled, etc.) ○ Transparency and accountability
	QuODA CGD 2021	<ul style="list-style-type: none"> ○ Compares performance on the aid quality of 49 of the largest bilateral and multilateral agencies. ○ Features a quantitative assessment of providers effort (such as on ODA spent in partner countries, core support, fragile contexts and public goods support, spend reported in IATI, data comprehensive-ness) ○ Assesses the performance of multilateral agencies against bilateral providers in relation to Prioritisation, Ownership, and Transparency & Untying
Additional sources of data		
	Multilateral performance: The Multilateral Organization Performance Assessment Network (MOPAN)	<ul style="list-style-type: none"> ○ Launched in 2022, MOPAN monitor the performance of multilateral development organization at the country level and their effectiveness. ○ Organization's performance is assessed and rated against the MOPAN Indicator Framework, covering four areas of organizational effectiveness: 1) strategic management, 2) operational management, 3) relationship management and performance management, and 4) results.
	Donors' performance: (MOPAN) OECD DAC Peer Reviews	<ul style="list-style-type: none"> ○ Conducts periodic reviews of the individual development co-operation efforts, policies and programmes of DAC members. ○ Outlines progress, results and challenges related on aid effectiveness and provide specific recommendation for each development partner. ○ Analyses the presence of the effectiveness principles (particularly country ownership and transparency) in development partner's
	GPEDC Global Progress report	<ul style="list-style-type: none"> ○ Highlights where progress has been made and where challenges remain at the country level ○ how effectively development partners support partner country-led efforts for sustainable development ○ Reflection of GPEDC stakeholders policy and vision.
	Principled Aid Index 2020 2019	<ul style="list-style-type: none"> ○ Reveals bilateral donors' motives for aid-giving, their national interests vs shared value of unity and the prevalence of one over the other through the Principled Aid Index. ○ This index evaluates donors' giving and related impacts in terms of <ul style="list-style-type: none"> ● Reduced vulnerabilities and inequalities ● Strengthen international responses ● Maximized impact with narrower domestic gains

2.7 Headlines from the literature

The multilateral system has remained a stable source of development finance over time, with multilateral flows increasing both in volume and as a proportion of ODA. Despite challenges, confidence in the effectiveness of the multilateral system in its use for financing both development and humanitarian assistance appears to remain

high. This is illustrated in the graph below which is drawn from data in the Multilateral Development Finance Report 2020 and updated data on the OECD Statistic database¹⁵ and modalities.

Graph 1: Bilateral and multilateral contribution from DAC Donors as a share of ODA 2013–2020 (USD billion)

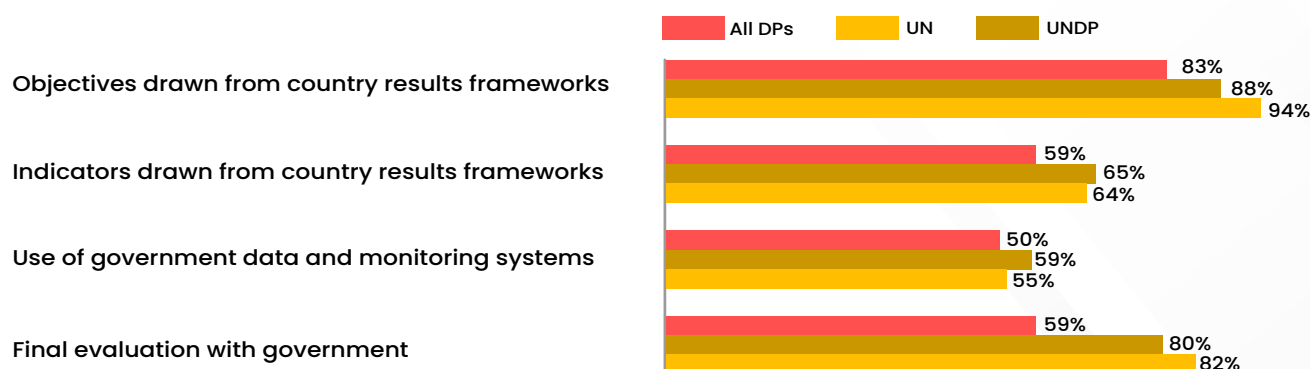


Data source: OECD (2020), Multilateral Development Finance 2020, OECD Publishing, Paris

The 2021 Quality of Official Development Assistance (QuODA) report suggested that UN multilateral agencies outperformed bilateral providers on three of the four dimensions measured: Prioritisation, Ownership and Transparency and Untying. The GPEDC's own data shows how the multilateral system can often be considerably more effective in some aspects of its delivery than bilateral partners.

For example, close to 60% of UN partners reported using government data and monitoring systems, compared to around 50% of other development partners, and 80% undertook final evaluations with governments, compared to only 59% of development partners. Yet, GPEDC data also show that in other areas (e.g., use of Public Financial Management systems) UN performance is on average below that of

Graph 2: Comparative use of country frameworks and systems between all development partners (DPs) and UN agencies

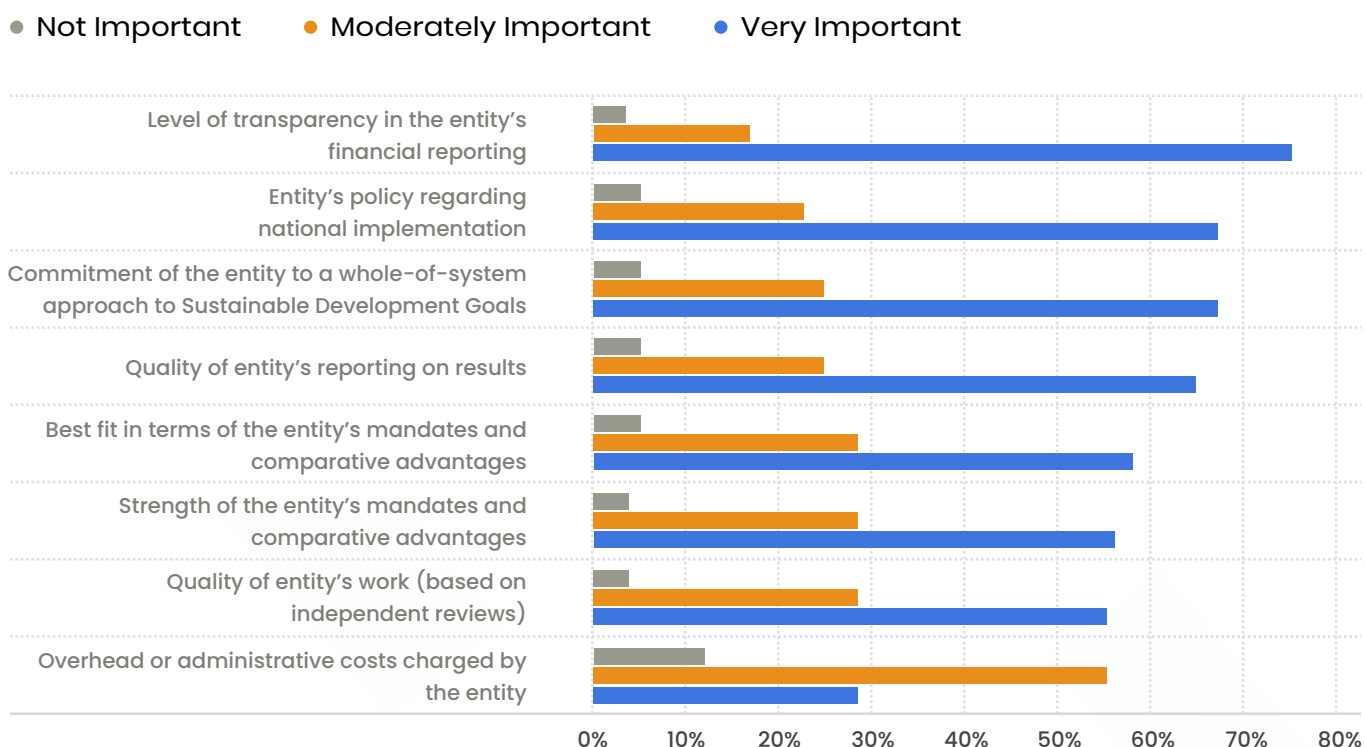


Data Source: aggregate data from the GPEDC Global Progress Report 2019

These findings are consistent with those from the March 2022 QCPR Report, which identified factors that were important for bilateral partners in deciding where and how to contribute funding, and which are highlighted in the graph below. Three of the

four top reasons for giving to the UN system in fact align with the effectiveness principles: transparency, national implementation/ownership, and focus on results.

Graph 3: Motivating factors for contributing to the UN development system



Source: 'Report of the Secretary general: Implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system: funding of the United Nations development system.'

Multilaterals partners are also seen as well placed to respond rapidly and quite flexibly to large-scale events requiring multi-sectoral action and responses. These include emergencies and humanitarian crises, but also other more protracted and complex events where there is a need for multi-country responses and the use of different financing instruments. Responses to the recent COVID-19 pandemic have been highlighted and cited as examples of such cooperation.¹⁶

The 2020 OECD Multilateral Development Finance report found that DAC members recognised the value of UNDS entities in terms of standard setting and the upholding of normative values as well as their ability to react to crises. IFIs were also seen as important due to their ability to raise significant finance from a range of sources. Both the UNDS and IFIs were recognized as

having considerable convening power and the ability to help manage or pool risks.

But the UNDS, like any other, is shaped by the way it is supported – and this can be seen in the challenges it faces. Predictability of funding remains a major challenge for many of its entities. For example, Global Partnership monitoring found that for UN entities on average the proportion of cooperation disbursed in the year for which it was scheduled remains significantly lower than for development partners. Reliance of the system on relatively few contributors for a significant proportion of core funding also remains a substantial concern. This challenge is partly due to the difficulty faced by some partners to provide predictably funding as part of their multi-year commitments, (discussed in more detail in section 4).

¹⁶ Quality of Official Development Assistance (QuODA) report, 2021

3. Perceptions and expectations of the multilateral system – why partners choose to engage

Quality of Official Development Assistance (QuODA) report, 2021

This section highlights and analyses the perceptions of stakeholders on their expectations of the multilateral system and their reasons for supporting multilaterals. Key findings are grouped according to the development effectiveness principles.

3.1 Country Ownership

National Ownership was recognised and highlighted as an important principle by respondents across the different stakeholder types. Views on the impact of financing through multilateral institutions on national ownership were however mixed.

It was suggested by some respondents that funding channelled through multilaterals might not be particularly supportive of national ownership, as partner governments may not fully participate in funding decisions and resource allocation processes. This may be a risk that needs to be considered, but discussions with others suggested that the reality is more complex. Support through multilaterals has enabled the provision of assistance to national programmes and institutions in circumstances where it would

have been considered too risky if channelled from bilateral partners – for reasons ranging from fiduciary risks to security concerns and political sensitivities. In these instances, support through multilateral channels has enabled ongoing funding of key public services and support to nascent but fragile reform and capacity building processes. Such mechanisms allowed the pooling of risk and also provided a means of coordinating responses with other partners.

"Multilateral funding can allow us to engage in countries and at times where it would be difficult (technically and politically) to continue engagement"

Bilateral respondent

Supporting social protection in Yemen during protracted crisis

A UNDP-led and EU-funded intervention in Yemen, Social Protection for Community Resilience in Yemen found a way of using an existing and trusted mechanism (the Social Fund for Development), which maintains legitimacy and acceptance across communities separated by conflict, to channel resources through local infrastructure to deliver services and interventions such as health and nutrition support, cash-based employment, psychosocial support and basic services by local authorities, at a time when direct support to Government budgets was not possible.

It is however clear that for many bilateral partners, funding through multilateral channels provides an important mechanism for managing both fiduciary and political risk, particularly in difficult security contexts and challenging environments: it allows needed resources to be provided whilst at the same time protecting the donor from direct fiduciary responsibility for the management of resources.

While the working definition of national ownership is increasingly broadening in the global discourse – it now covers work undertaken by a range of national stakeholders and not just central governments – it was pointed out that more efforts are needed by both bilateral partners and multilaterals in this area. Issues raised by respondents extended beyond engagement with civil society and other non-governmental stakeholders to other parts of government. Specific mention was made of the value of engaging with parliaments and supreme audit institutions as mechanisms for deepening ownership across government as a whole and strengthening oversight mechanisms. Whilst the exact nature of 'such partnerships at country level needs to be informed by the national context, it was felt that more systematic and coordinate approaches across parliaments and Supreme Audit Institutions (SAIs) at the international level could still be beneficial in many situations. Engagement with national parliaments is now included as a responsibility in UN Resident Coordinator job descriptions, which was noted and welcomed by several respondents.

3.2 Inclusive Partnerships:

There was clear recognition across the stakeholder groups of the importance of genuinely inclusive partnerships in taking forward the SDGs and improving development effectiveness. Effective cooperation and coordination are perceived as more important than ever, with the global geopolitics and the growing impacts of climate change exacerbating development challenges.

Many of those consulted felt that in terms of coordination and cooperation amongst multilateral agencies themselves, there was less competition and duplication than before and that collaboration between agencies was being actively encouraged in many instances. One respondent from a major IFI said that operationalizing and deepening partnerships at country level with other multilaterals has become a key pillar in their organizations' forward strategy. However, it was also pointed out that this is largely dependent on and driven by funding,

reporting score the highest, there is a tight focus on the achievement and reporting of results both against the SDGs as well as at the national level.

- In fragile contexts, multilateral funding provides an important means of managing and sharing both fiduciary and political risks for bilateral partners, and this can be an important mechanism for protecting key programmes and sectors when direct funding is not possible.
- Rather than undermining national ownership, it can provide a means of continuing to engage with country-led processes and provide support to locally led and managed services and reform efforts.
- The working definition of national ownership is with time coming to mean more than just working with central governments. There is still, however, considerable scope to strengthen country ownership and related process further forward. The important role of other constituencies and state-actors, including parliaments and audit bodies goes alongside national and local non-governmental institutions. including parliaments and audit bodies goes alongside national and local non-governmental institutions.

with adequate levels of core support or pooled arrangements needed to enable and incentivise inter-agency collaboration. Some of the respondents highlighted and further stressed the need to work more effectively toward public-private partnerships and ensure that both multilaterals and bilateral partners leverage the much-needed potential of the private sector to fill the gap, not only in terms of resourcing, but also with in to capacity building, strengthened resilience and knowledge sharing.

"Divides around geopolitics and North/South issues are becoming bigger – more than ever we need to build bridges and consensus. Work on the SDGs and Global Partnership can be good ways of doing so"
(Bilateral respondent)

(UNSDG respondent)

Some respondents from civil society felt that space for meaningful partnerships, including with multilaterals, was quite limited, and in some cases shrinking. At the country level the rise in authoritarianism in some country contexts was limiting and narrowing space for civil society. It was noted that whilst “on paper” civil society is recognised as an important partner, CSOs sometimes struggle to be meaningfully heard in policy discussions, and to secure adequate levels of funding. It was felt that multilateral agencies can play an important role in helping to create and maintain space for civil society on key issues – by emphasizing whole-of-society approaches to development – and may provide support and even funding in ways which might be perceived as less threatening by national governments than when it comes directly from bilateral partners.

Respondents felt that there were several practical opportunities for multilaterals to increase the scope and depth of partnerships moving forward:

3.3. Focus on Results

In Section 2.7, it was noted that confidence in multilateral financing from ODA (both for development and humanitarian action) appears to remain high. Provisional figures released by OECD for 2021 indicate a further rise in overall ODA to USD 178.9 billion with approximately 30% flowing through multilateral channels, whether UN agencies, IFIs or related funding instruments.¹⁷

More broadly, these are significant resources that indicate an ongoing willingness by bilateral partners to provide ODA and to channel a significant proportion of it through multilateral agencies, suggesting that partners believe they can achieve their intended results through the multilateral system.

More specifically, the majority of respondents highlighted that ongoing support to multilateral agencies was an important way of supporting and upholding

- The increasing use of country programme documents and integrated frameworks may provide further opportunities for the development of common or pooled funding arrangements and instruments at the country level and for further streamlining reporting arrangements
- Climate-related programme financing and other growing funding envelopes
Climate issues and growing funding envelopes offer significant convening power which might be more effectively harnessed and utilised to strengthen Partnerships.
- A country partner held the view that much more could still be done to promote and support south-south/triangular exchanges of views and experiences, and that the multilateral agencies are well placed both to facilitate and themselves participate in this.
- Perceptions of shrinking space for and lack of engagement with civil society need to be addressed.

normative approaches and human rights-based approaches – results that partners might not otherwise be able to achieve individually.

The ability to utilize funding through the UN system to support and promote collective action is seen as an important reason for maintaining multilateral support particularly in difficult and fragile contexts.

Whatever challenges we face - the need for ongoing support for global norms and standards, human rights-based approaches and neutrality and access in humanitarian contexts remain compelling arguments for funding the multilateral system”.

Bilateral respondent

¹⁷ ODA levels in 2021 – Preliminary Data, OECD, April 2022

Closely connected with this is the convening power of the UNDS agencies, with their capacity for coordination and advocacy, and the ability of the IFIs to leverage significant additional resources from both public and private channels.

Respondents noted that recent positive examples of the benefits of multilateral funding, where collective action translated into real, tangible results can be found in responses to the COVID-19 pandemic, and the conflict in Ukraine where, for instance, multilateral organizations and instruments enabled a rapid response even to refugees travelling to third countries.

One country partner noted that whilst increased cooperation between UNDS agencies was evident, operations could still be quite siloed and fragmented if not incentivised and held together by strong national planning frameworks – demonstrating that a focus on results is driven by demand as much as supply.

More effectively communicating results and impacts of work was also highlighted as important. Although there is general recognition of the work and value of multilateral action in terms of results, a number of respondents mentioned challenges in effectively communicating this to domestic audiences at both public and political levels, against a backdrop of constrained national budgets and perceptions that the UN is struggling at the highest levels to prevent or resolve major conflicts.

3.4. Mutual Accountability and Transparency

Broadly speaking, the majority of respondents considered multilateral organizations to be fundamentally transparent, and accountable to the various mandates they are built upon. Governance structures, from the shareholder model of the IFIs to the executive boards of UN and other international organizations, gave partners a chance to stay informed on, engage with, and shape development policy.

Some respondents felt that a key factor in improving the ability of the UNDS to effectively support programmes – not just activities or processes, but results – at the country level – was the work undertaken to strengthen the core capacities of Resident Coordinators under the current reform efforts. Their potential role in fragile contexts was highlighted as critical for coordination and supporting transition across the HDP Nexus dot. For example, one country partner expressed appreciation for the role that a Resident Coordinator recently played in helping to convene meetings between government and non-governmental stakeholders as part of the process of developing and negotiating a new national development framework.

- Resourcing through the UNDS entities continues to be regarded as an important means of upholding normative approaches and standards, particularly in challenging environments
- Efforts to strength the capacities of Resident Coordinators are seen to have had positive impacts, but it is important to keep momentum and explore practical approaches to maintaining and improving coordination, particularly across the humanitarian-development-peace nexus.
- Ways to communicate more effectively, to different audiences, the value and impact of multilateral action and resourcing should be considered.

But non-governmental partners, as well as partner country respondents, also pointed out that mutual accountability is not a straight-forward matter, given the multiplicity of actors involved. Should multilateral agreements and plans not be subject to parliamentary accountability?

An NGO respondent highlighted how many multilateral organizations – not least humanitarian organizations – depend on local NGOs and CSOs for service delivery. And yet, beyond basic fiduciary arrangements, there is often no clear line of accountability from the multilateral to the NGO. Such concerns echo, in many ways, the issues around inclusive partnership – who is included? And once ideas and objectives are agreed, who has agency? Questions sufficiently open, based on responses, to put into relief the gap between the discourse around whole-of-society approaches and the reality.

Compact – a distinct attempt to construct a very clear set of mutual commitments, across the UN system, and Member States. Current commitments made by bilateral partners and UNDS agencies are widely seen by both bilateral partners and UNDS members as important and having helped drive meaningful progress on multiple fronts. Whilst these are not the only measure of commitment to accountability and transparency, they are an indicator of the extent to which institutions take the issues seriously.

At the forefront of consultations with bilateral partners on this topic, is the Funding

Table 7: Funding Compact Commitments and progress against selected indicators

Commitment and Indicator	Baseline	Target	Latest Value
UNSDG commitment #1: To enhance cooperation for results at the country level			
<ul style="list-style-type: none"> UN 1.1 Percentage of Programme Country Governments that 'agree' that there is an improved focus on common results amongst UNDS entities at the country level. 	85% (2017)	100% (2021)	100% (2021)
UNSDG commitment #3: To fully implement and support the functioning of the new RC system			
<ul style="list-style-type: none"> UN 3.1. Percentage of Programme country Governments that 'agree' that the Resident Coordinator has sufficient prerogative to effectively fulfil her/his mandate; 	83% (2017)	100% (2021)	89% (2021)
UNSDG commitment #4: To improve reporting on results to host governments			
<ul style="list-style-type: none"> UN 4.1. Fraction of Programme country Governments that confirmed receipt of a report on the results achieved by the United Nations Country Team as a whole in the most recent annual cycle 	60% (2017)	90% (2021)	77% (2021)
Member States commitment #1: To increase core resources for the UN development system			
<ul style="list-style-type: none"> MS. 1.1. Core share of voluntary funding for development-related activities 	19.4% (2017)	30% (2023)	17.2% (2020)
Member States commitment #2: To double the share of non-core contributions that are provided through development-related pooled funds and single-agency thematic funds			
<ul style="list-style-type: none"> MS 2.1. Percentage of non-core resources for development related activities channeled through inter-agency pooled funds 	5.0% (2017)	10.0% (2023)	11.7% (2020)
<ul style="list-style-type: none"> MS 2.4. Annual contributions to the Peacebuilding Fund 	\$129m (2018)	\$500m (2020)	\$195m (2021)

Commitment and Indicator	Baseline	Target	Latest Value
Member States commitment #4: To provide predictable funding to the specific requirements of UNSDG entities, as articulated in their strategic plans, and the UNDAF funding needs at country level			
○ MS 4.2. Funding gaps in CF/UNDAF financing frameworks	..	n/a	57% (2021)
○ MS 4.3. Fraction of UNDS entities indicating at least 50% of their contributions are part of multi-year commitments	48% (2017)	100% (2023)	55% or 12/22



Data source: 2022 Secretary-General’s report on the implementation of the QCPR

Despite the broadly positive feedback obtained in interviews, several respondents expressed concern about what they saw as mixed or slow progress in attaining some of the commitments made by member states. Some felt that too many decisions remain crisis and security driven with overall levels of funding, support to core funds, and the predictability of resourcing still significantly challenging sustained action from bilateral partners.

It was also noted that that whilst the current Funding Compact indicators are clear and easy to understand, they don’t necessarily capture the nuance behind some of the bilateral partners’ approaches or intent. For example, one bilateral donor said that at a country level they frequently provide support to had integrated frameworks implemented and managed by UN agencies, which to all intents and purposes are “core like” in nature, but this was not captured as such in the way that Funding Compact indicators are currently designed and reported against. The OECD, for its part, has undertaken work on different types of earmarking, and what they mean for quality; work that would do well to be reflected in the Compact.

As highlighted in Section 3.1 it was noted by bilateral partners, UNDS and other multilateral respondents that in some situations, particularly where high levels of political or fiduciary risk exist, multilateral support can be an important de-risking

mechanism for bilateral partners. This crucial aspect, arguably not well-captured in the Funding Compact, could help multilaterals, notably UN entities, make the case for sufficient levels of resourcing to meet core costs.

“Some honest discussions just need to be had – offloading risks comes at a cost”
UNDS respondent

- Progress made towards achieving Funding Compact commitments are to be welcomed but further work is needed on some commitments, particularly those for bilateral partners.
- Further work to unpack some of the commitments and indicators of the Funding Compact could be considered to better capture soft earmarking and the intent behind decision making processes.

4. Funding channels and modalities – how partners engage with the system

4.1. Funding channels

In Section 3, why partners fund and engage with the system was explored through the lens of the effectiveness principles. Here, the intention is to look at how partners engage

with different parts of the multilateral system. Starting on the topic of mutual accountability, and the UN-Member State Funding Compact.

Figure 1: Why a Funding Compact?



Data Source: Source: UN General Assembly and UN Economic and Social Council (ECOSOC), ‘Report of the Secretary-General: Implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system: funding of the United Nations development system.’

Member State Commitment 1: To increase Core Resources for the UNDS

Indicator and Status: Core share of voluntary funding for development related activities to be 30% by 2023 (baseline 19.4% in 2017) (status 17.2% in 2020)

Both core and earmarked funding levels have risen over the last decade, but earmarked funding has grown at a much faster pace and amounted to 35% of total contributions in 2018 – a 5% increase from 2011 and a quadrupling since the early 2000s¹⁸. This rise in earmarked contributions is not matched by a similar increase in core contributions. The sharp increases seen in

the level of earmarked contributions as a proportion of overall financing to the UNDS have caused concerns. These include the potential undermining of agency strategic priorities, the steering of programmes towards bilateral partners’ geopolitical, thematic, and sectoral (among others) interests, and reduced country ownership particularly in relation to non-country specific earmarked funding. The 2020 OECD Multilateral Development Finance Report described this as multilateralism “a la carte”. During consultations, these issues were recognised by respondents as potential challenges, and concern was expressed about the risk of increased “securitisation” of ODA: that is, ODA being focused on a few

¹⁸ Multilateral Development Finance Report, OECD 2020

political interests and geographic priorities at the expense of wider equitable development.

"It seems as if everyone is looking for reasons to get through loopholes in DAC criteria (on definitions of ODA)".

(UNDS respondent)

The reliance of the UNDS on relatively few contributors for a significant proportion of core funding has been a major concern.¹⁹ In 2020, four contributors accounted for half of all voluntary core contributions received. However, there was broad recognition across all respondent groups that sufficient core funding is important. Several UN partners noted that that adequate core funding enables agencies to be more collaborative on thematic issues and around country level priorities, rather than having to sometimes compete for project resources. As highlighted in Section 3.4, some donor partners stressed that some forms of soft earmarking, particularly the funding of overall country strategic plans, can be "core like" in nature despite not being captured as such within the current Funding Compact indicators, and this needs greater recognition. However, broadening the base of bilateral partners making and sustaining core contributions clearly remains work in progress. For most donor respondents, decision making around levels of core funding was said to be mainly based on perceptions of overall performance and quality of dialogue with agencies.

Member State Commitment 2: To double the share of non-core contributions that

Indicator: Percentage of non-core resources for development related activities channelled through inter-agency pooled funds - target: 10% by 2023 (baseline 5% 2017) (status 11.7% in

A discussion paper commissioned by the UN Development Group in 2016²⁰ suggested that in fragile contexts in particular, the use of pooled funding instruments could help to improve aid effectiveness and promote

alignment among a range of UNDS and other actors, as long as they were well designed and appropriately capitalized. The UN Multi Partner Trust Fund Office supports and facilitates the development and management of these instruments, which have become increasingly popular and are seen as an important component of efforts to promote alignment and partnerships.

As can be seen from the above, the Funding Compact target set has been exceeded and there has been a steady growth in both the number and contributions to pooled funding instruments. Unlike voluntary core funding, the donor base of funding in terms of the number of contributors has also grown. In 2017, five bilateral partners contributed USD 90 million or more to pooled instruments; in 2020 ten bilateral partners contributed USD 90 million or more.²¹ This trend was echoed in consultations with several respondents highlighting the value of pooled funding mechanisms; yet respondents highlighted the importance of remaining focused on why separate instruments need to be established in certain circumstances.

Member States commitment #4: To provide predictable funding to the specific requirements of UNDS entities, as articulated in their strategic plans, and the

Indicator and Status: Core share of voluntary funding for development related activities to be 30% by 2023 (baseline 19.4% in 2017) (status 17.2% in 2020)

Progress against this indicator is of particular concern, as predictable and multi-year funding commitments are an important component of development effectiveness, particularly with reference to delivering support in countries' own longer-term planning frameworks and cost effectiveness around procurement processes. This argument seems to be understood by bilateral partners but still presents a challenge for a significant number of them. Respondents spoke of the limitations they face due to budget cycles and processes, and of concerns that in the current climate, even if multi-year commitments are made, there is a significant risk they may not be

¹⁹ DESA 2020 Data

²⁰ The Role of UN Pooled Financing Mechanisms to deliver the 2030

²¹ SG QCPR Report 2022

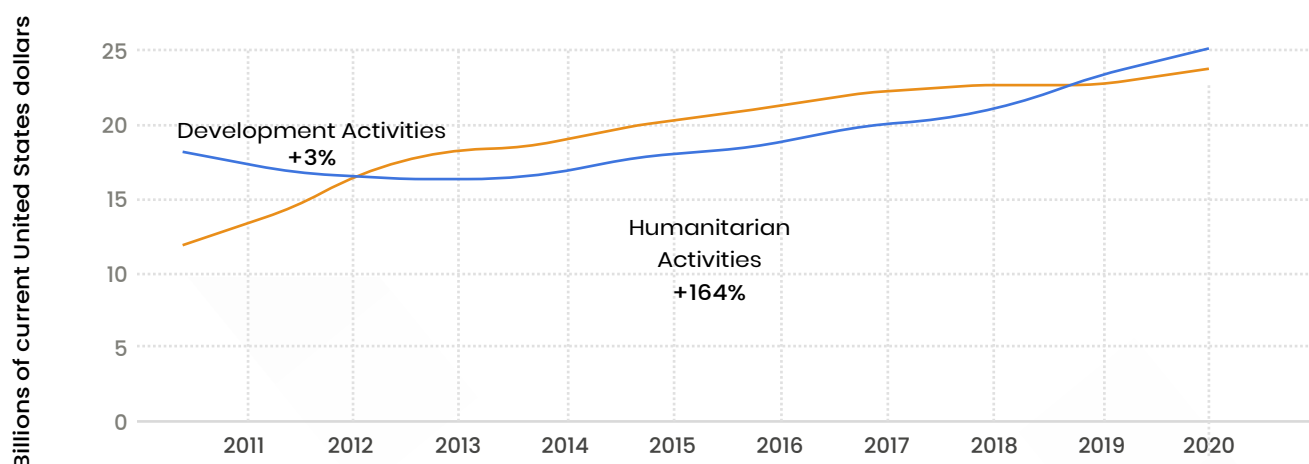
Some even pointed to legal limitations (though this does not seem to hinder other commitments, such as to IFIs).

4.2 Development and humanitarian funding and the Nexus

Over the last few years, there has been a significant growth in both the overall volume of humanitarian assistance and its proportion in relation to overall expenditure by the UNDS. In just the last decade,

expenditure on humanitarian assistance has increased by an estimated 164%, surpassing that spent on development in 2017. Overall trends are further highlighted in the figure below

Graph 5: Expenditures by UNDS in USD billions showing humanitarian and development activities in proportion.



Source: Dag Hammarskjöld Foundation and UN Multi-Partner Trust Fund Office (2021), *Financing the UN Development System: Time to Meet the Moment*, ISBN 978-91-985372-8-4.

However, it can also be argued that, rather than being about proportions, this highlights the preponderance of urgent crises today, and the need for greater advocacy around additionality and promotion of increased work across the humanitarian-development-peace nexus, to tackle some of the most difficult and challenging issues the world is facing.

Levels of funding received by UNDS agencies for humanitarian activities also highlight how adept some agencies have become at responding in crisis situations and the growing confidence of bilateral partners in mechanisms such as the Central Emergency Response Fund (CERF). Given the increasing accuracy and confidence in

models used to predict the timing and impact of some types of shocks, interesting work has also been done on what has been termed Anticipatory Action: where response frameworks are developed based on a forecast and trigger a decision-making process and action plan underpinned by pre-arranged finance.²² Options for the greater use of such instruments across the nexus could warrant serious exploration.

²² For more information see the [Anticipatory Action](#) website maintained by OCHA

4.3. Financial institutions and comparative advantages

As highlighted in Section 2.3, the number and variety of multilateral channels has grown significantly over the last decade. While UNDS organizations and the World Bank Group are still the major recipients, there has been high growth in the volume of funding through the Regional Development Banks and vertical funds such as Gavi, and the Global Fund to Fight Aids, Tuberculosis and Malaria. Climate funding mechanisms have all seen significant growth. Some proliferation of channels can be an inevitable outcome of increased funding and might result in greater flexibility and innovation. However, it can also sometimes give rise to concerns about duplication of effort, increased transaction costs, competing mandates and overall

fragmentation of the system.

At the same time, a degree of diversity was also felt by some to be an important potential source of resilience, particularly in a climate where funding remains unpredictable and subject to sudden change (this could also be said of the relative of growth earmarked funding versus core funding).

But a core of the multilateral system remains the International Financial Institutions, and in particular multilateral development banks – with their development mandate and agenda, and their capacity to leverage and direct private

UNDS Key Roles and Comparative Advantage	IF Key Roles and Comparative Advantage
<ul style="list-style-type: none"> ○ Support for norms, standards, and rules-based systems ○ Incorporation, advocacy for, and strengthening of human rights-based approaches ad actions ○ Rapid mobilization and disbursement of resources and expertise in crisis situations 	<ul style="list-style-type: none"> ○ Shareholder boards – perception of more influence through membership ○ Effective management of fiduciary risk and PFM ○ Ability to make and oversee large scale investments in infrastructure ○ Leveraging of resources – including private capital ○ Replenishment of funds and predictable funding

It is important to note that both UNDS and IFIs were perceived to have considerable convening power and influence which enable them to harness and take forward collective action and help de-risk in difficult situations. IFIs, however, distinguish themselves not only by their ability to leverage capital, but also by their capacity to roll over and replenish at scale. resources at a large scale. Several respondents noted the potential for some aspects of how IFIs are resourced and managed by their member states and stakeholders resourcing

and management being used to (such as different credit frameworks, and direct links to treasury ministries) help UNDS agencies, with issues like multi-year financing.

5. Synthesis – the multilateral system as an effective, and novel, policy-space system

This report has set out to understand what an ‘effective’ multilateral system means, taking as a lens, the four principles of effective development cooperation – country ownership, inclusive partnerships, a focus on results, and mutual accountability and transparency – agreed in Busan in 2011 at the 4th High-Level Forum on Aid Effectiveness.

What made this work at once richer and more difficult is the sheer quality of the work already available to us at the outset, from QCPR reporting put out by the UN Department of Economic and Social Affairs, supported by the agencies, funds and programmes of the UN System, to the work of the UN Multi-Partner Trust Fund Office and the Dag Hammarskjöld Foundation, to the

OECD’s own analysis, built on access to the DAC.

This report also brought a distinct methodology, which sought to establish, in the words of those engaging closest with the system, what they think the value of these investments really is.

The basic approach to this work sought to leverage the convening power of the Global Partnership, and its credibility on development co-operation and effectiveness issues, to develop a multi-stakeholder contribution to the discourse on an effective multilateral system and, based on this, reflect on how partners might more effectively support multilateralism.

5.1 Perception and expectations of the multilateral system

Looking at each principle, both the existing sources,²³ the interviews conducted for this exercise and additional survey data²⁴ bore the same finding: that multilateral organizations are on average, not least by way of the effectiveness principles, more effective than bilateral partners acting alone:

- On national ownership: Quantitative data found that multilaterals were often better aligned with local efforts than other types of partners,²⁵ and indeed, this was perceived by development partners as one of the top three reasons for working with multilaterals. But it also emerged that national ownership means different things to different actors, and that a ‘classical’ reading of government-of-the-day buy-in was increasingly seen as too limited. Some partners, even in the same context, pursued national ownership differently on different topics: agreeing to fund governments on-budget for service

provision for instance, but preferring multilateral-led, country-wide programmes (themselves the result of extensive consultations and broad engagement) for other types of programming.

- On mutual accountability: Again, multilaterals and their widely recognised approaches to transparency and reporting speak for themselves, across data, survey results, and interviews. But, and closely related to the issue above, definitional questions remain, not least in terms of accountability to whom? Aid and development cooperation necessarily create a delicate junction: central political and distributional questions, but conducted through the prism of foreign policy, where central governments have historically acted without the close scrutiny of civil society or auditors, let alone the parliaments

²³ OCED (2020) Multilateral Development Finance

²⁴ See “Additional sources of data” included in the tabulated literature review

²⁵ Aggregate data from GPEDC progress report 2019 Development Agenda

they are typically otherwise beholden to. Multilaterals, while themselves typically highly transparent (in their planning and reporting), are just as implicated in this tension as other actors, and platitudes to ‘whole-of-society’ approaches to development are no panacea; and requires more application.

- On inclusive partnerships: Data and surveys suggest that multilaterals play, and are seen to play, a role in convening different development actors – creating space for partners to come together around development policy, with new initiatives for reaching the private sector (even if civil society engagement is more mixed). But it is still far from the breadth many consider as essential to an effective approach. One could argue development has never been more inclusive of different partners, given the general awareness of and technical application to more marginalized groups. And yet, considering the broader understanding of national ownership and accountability (again, the effectiveness principles both overlap and interact), key institutions of the State (from Parliaments to auditors), not least civil society, are often missing. The UN, and particularly

Resident Coordinators, have an important role to play in advocating for and building capacities in partner countries to lead and convene multistakeholder processes on sustainable development.

- On focusing on results: there is solid evidence partners understand how multilaterals are working toward development goals, not least those of the 2030 Agenda, and responding to sudden-onset crises, such as COVID. But the clearer, and easier the goal, the more likely development partners are to work toward them bilaterally (an idea that will be discussed further below). A clear finding in favour of the multilateral system here however is the power of the UN system’s normative role – whether it is development partners thinking that their women’s programming will be stronger with UN-Women, or bilateral partners simply preferring to navigate more politically complex landscapes within a broader partnership.

Table 8: Key perceptions and expectations identified broadly across partners

KEY THEME	DONORS	PARTNER COUNTRIES	MULTILATERAL ORGANISATIONS	NGOs/CSOs	TOTAL	%
Bridge building/ access/country ownership						89.4
Increased influence & leverage convening powers						73.6
Own Objectives and Policy Agenda						57.8
Normative standards and HRBA approaches						57.8
HDP balances & nexus						36.8

Table 9: Key challenges and opportunities identified as priorities across partners

KEY THEME	DONORS	PARTNER COUNTRIES	MULTILATERAL ORGANISATIONS	NGOs/CSOs	TOTAL	%
De-risking through Multilaterals						47.3
Challenges of predictability in earmarking/core funds						78.9
Pooled fundings						47.3
Fragmentation as challenge or opportunity						52.6
CSOs shrinking space						57.8

Data source: based on the proportion of responses drawn from key informant interviews, using an open dialogue methodology.

5.2 Creating space for development policy

Behind these structured reflections however, a sense of the basic value of the multilateral system, and in particular the UN system, did emerge unanimously among development partners and near-unanimously among other types, in the form of three key themes:

- Country ownership and access/'bridge-building'
- Own objectives and policy agenda
- Rapid mobilization and disburse

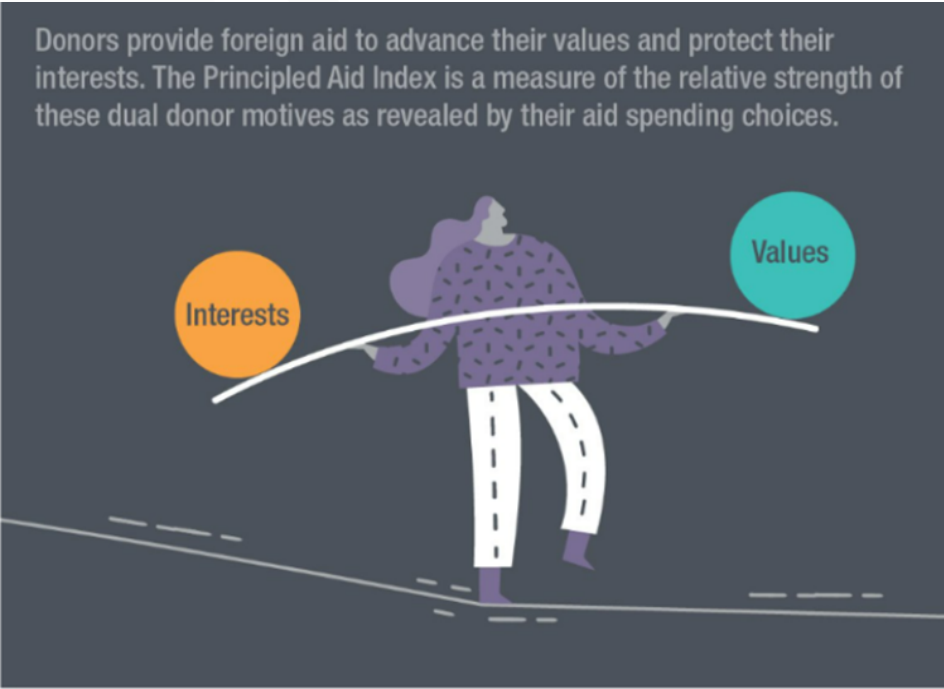
Weiss²⁶ and others have assembled a rich legacy of work interpreting the multilateral system and the UN as being a 'policy space' – for achieving outcomes and objectives that would not otherwise be possible working individually, or in isolation. And this policy space is created via collective action; thereby serving to de-risk action by individual actors, as the potential risk burden is shared.

This policy space is often 'unpacked' as three distinct aspects or functions: (i) as a convening space, bringing together Member States foremost (but also different partners;

with most, if not all 'rules of engagement' understood); (ii) as a corps for implementing and bringing life to decisions reached within that space; and (iii) as a repository of norms, embodying the values that have been agreed upon, from the importance of national sovereignty, to the fundamental nature of human rights.

And as the last two functions suggest, some of these values can come into conflict with one another, underscoring another core value of the system: as a space for navigating – as much as resolving – our most fundamental and challenging values and differences. Bringing this perspective to development is not new. Many will recognize this role, and these dynamics, from their own work. A piece we have made less reference to, but no less authoritative than its peers, the ODI's Principled Aid index takes this idea head on, conceptualizing the fundamental balancing act between development partners and bilateral partners' own interests, and principle-led development values.

²⁶ Weiss, Thomas G. and Sam Daws, eds. (2018). "The Oxford Handbook on the UN"

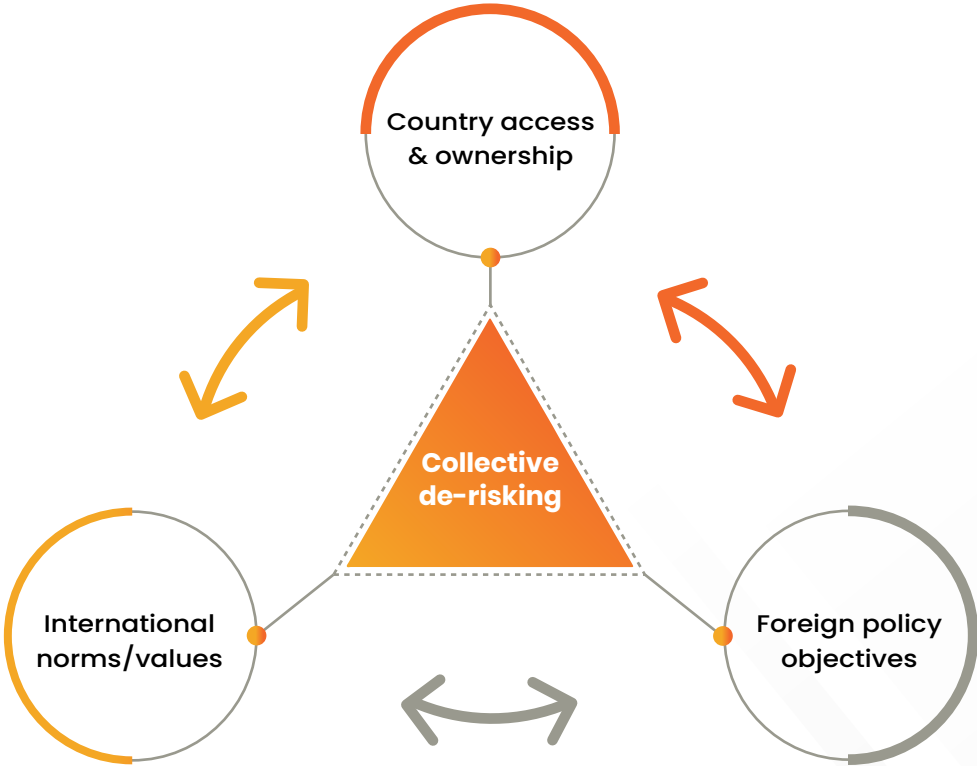


Source: ODI – Principled Aid Index 2020

Based on the three themes above, this balancing act could be extended into a three-way 'trilemma' (where the pursuit of two primary objectives precludes a third). Placing the three emerging themes into a

trilemma, one begins to see how the multilateral system becomes an effective tool for partners in the policy space for navigating, managing and even minimizing the trade-offs involved.

Figure 2: The multilateral system: a policy space to managing trilemmas in development co-operation



To illustrate, three examples can be considered:

- i. Prioritizing international norms and foreign policy objectives at the expense of country ownership: one example here would be international efforts on COVID vaccine distribution. International agreements led by key global actors were put together, and there remains a keen understanding of how immunizing the world protects everyone, including the largest bilateral partners. And yet, a hyper-commitment to global patent rights has undermined the ability of countries to produce their own vaccines and prioritize and distribute according to their own needs (partially off-set by various mechanisms within covax).
- ii. Prioritizing country ownership and foreign policy objectives at the expense of international norms: here, we might take the example of a development partner entering into an agreement with a partner country for managing asylum applicants. In the absence of a broader policy space for managing the agreement, one such recent example was subsequently prohibited by an international court, precisely for violating international norms and treaty obligations.
- iii. Prioritizing country ownership and international norms at the expense of foreign policy objectives: This is the case with assessed and voluntary core contributions, undertaken nonetheless because of a fundamental rationale: mainly to invest in the multilateral system that allows for collective action and de-risking and that provides member states with space to manage the trade-offs above more dynamically.

And this is perhaps the broadest, but also most salient finding of this report: when partners are asked outright about their perceptions and expectations of the system, these three broad development objectives – country ownership, their own objectives, and international values – come at the forefront; with multilaterals effective at creating not only the space for pursuing these objectives,

but also the means for managing trade-offs between them.

The starting point to understand how partners support the system and channel resources is the most recent agreement between the UN system and member states on such issues, namely, the Funding Compact of 2019. All development partner respondents interviewed were aware of, and indeed, well versed in the Compact, and its basic intent to put development financing on a surer, more robust, and more consistent footing. And the three-core financing and funding themes of the Funding Compact (also those, as it happens, whose key indicators lag furthest behind) all came up as subjects of discussion: core funding, pooled funding, and multi-year commitments.

Key themes emerging here were not novel for those familiar with these issues (visibility, attributability) but there were certainly examples of how development partners were being creative and thoughtful in how to support the system, with direct funding of country programme documents, for instance, and softer forms of earmarking. Multilateral partners interviewed agreed such efforts deserved greater recognition and even encouragement. In short, not all earmarking is equally disruptive. And indeed, close to one-third of respondents pointed to the virtues of different and varied funding sources; when some 15 member states account for 90%+ of core across the system, political developments in one of them can trigger their own outsized and disruptive impacts.

5.3 Building on lessons from other parts of the multilateral system

But there is a multilateral space beyond the UNDS. And two aspects of it came up often, both as a partner-type, and as a context for development efforts.

The first would be humanitarian responses and related channels of funding. Development partners were unanimous that securing political and public backing for humanitarian response was considerably easier than other kinds of development-related spending. And this held true even as needs increased, moving from a period of relative global stability at the turn of the century into the wars in Syria and in Ukraine, increasing incidence of dramatic climatic events, and the overall effects of the climate crisis. Indeed, this shows in the funding figures themselves, with UNICEF and WFP – each with a large humanitarian presence – supplanting UNDP as the largest entity in the UNDS over the last decade.

Well-versed arguments about the connections between development investments and humanitarian response, and how building capacities with development interventions can lessen the impacts of disasters and create the wherewithal for more independent responses, do not – based on interviews – inspire confidence in practitioners that they can convince their Ministers and other decision makers. No tears are shed of the crisis that does not erupt. But this does not mean there are no lessons to be learnt from different partners on how to approach humanitarian assistance; from building on OCHA's pooling and standing capacity instruments, to nascent forecasting efforts, to development partners' own innovations around separate credit frameworks for development and humanitarian spending (ensuring one does not come at the direct expense of the other) and efforts to bridge the gap between programme types, with separate frameworks and instruments for HDP nexus activities.

The second major area that is close to but distinct from the basic approach of the UNDS, and from which there are lessons to be learnt, is development-focused IFIs. By raising capital on open markets, IFIs can often afford to be less donor driven (though the shareholder model reinforces some of the donor prerogatives) and therefore more responsive at country level. Preferred creditor status (meaning they will be paid sooner than others) allows them to invest in most vulnerable, high-risk countries (often where needed most), and in at least one of them, major decisions require triple majorities: of voting shares, of the membership, and of the borrowing membership. The shareholder model moreover creates space for multi-year/rolling investments, even from those partners who are otherwise unable, for ostensibly legislative reasons, to make multi-year contributions to the UNDS. Typically, development banks and others are engaging with DAC country treasuries rather than development agencies, giving them yet more voice and influence over policy.

Drawing on the examples of humanitarian response and institutional financing, could one or two development priorities over a set period (Ending hunger? Eliminating Malaria?) be identified for special targeted funding treatment? Within the confines of one-member/one-vote, could structures be set up to give programme countries a greater voice still – so development priorities and approaches can be better distilled?

Final Reflections

Using existing data and analysis sources, this report establishes that, by way of the effectiveness principles, much of the multilateral system does indeed present itself as an effective partner in the effort to end poverty and transform our world by 2030. And multilateral institutions are often more effective in their outcomes than bilateral partners working alone.

Feedback from different types of development partners underscored the value they place in the multilateral system, as well as how partners use the system to work toward the principles, and how partners' understanding of the principles is evolving over time: from a broader sense of country ownership, to technical elaborations of mutual accountability.

More than this, there are instruments, habits, and solutions from which to borrow and learn in helping the multilateral system become a more effective partner still – some of which are captured in

recommendations, organized by partner-type, as part of this report.

Three areas emerged in discussions with respondents as of particular interest, in terms of learnings from across the system, namely: mutual accountability efforts, such as the UN/member state Funding Compact; pooled and innovative humanitarian funding and financing modalities; and IFI partnership and governance arrangements.

And it is also worth taking a moment to reflect on what is most effective about the multilateral space: a protected sphere for shared action that creates options, alternatives, and ways of preserving credibility while navigating some of the toughest policy challenges going, from the climate crisis to war. It is the very fabric of development actors' solidarity across nations and borders, and a mutual support and protection network.

Annex 1 Recommendations by partner-type

Specific Recommendation	Rationale	Principles aligned with
<p>A. Donor Partners</p> <p>A.1. Explore with other partners opportunities to develop new financing modalities or instruments in support of targeted, thematic, major international agreements or programmes that encourage work between financing partners and country partners.</p>	<p>Recently developed initiative to support coal transition at COP26 summit is an example of this type of instrument: see Accelerating Coal Transition Initiative</p>	<p>Focus on Results Country Ownership Inclusive Partnerships</p>
<p>A.2 Develop strategies to share positive impacts achieved through multilateral financing to disseminate to a broad public audience and measure this impact on public perceptions</p> <p>A.3 Work towards comprehensive partnership agreements for direct support to multilateral country programmes – at country level – which include mechanisms, processes and indicators that strengthen alignment with national frameworks and regular dialogue with a range of national stakeholders.</p>	<p>Much multilateral support has limited publicity and visibility – notably development, as opposed to humanitarian, work. Exploring new ways to document and disseminate results may help to strengthen public/political support for multilateral funding.</p> <p>Most bilateral partners will have established MoU or similar frameworks that govern their relationship with and commitment to national partners. Further strengthening of these frameworks and the creation of opportunities for greater whole of society engagement could be an important catalyst for strengthened effectiveness</p>	<p>Focus on Results Mutual Accountability</p> <p>Focus on Results Mutual Accountability Inclusive Partnerships Country Ownership</p>
<p>A.4 Explore financial instruments and mechanisms used to support International Financial Institutions (IFIs, i.e., different types of credit frameworks, internal connections to Government Treasury departments), and their potential and applicability for funding other types of IOs.</p>	<p>Linkages with Treasury and more dynamic financial mechanism give financing partners both more flexibility, and greater clout in terms of funding and financing allocations.</p>	<p>Focus on Results Inclusive Partnerships</p>
<p>A.5 Cultivate a community of practice among respective multilateral units in bilateral agencies focused on sharing issues and best practices on funding multilateral partners</p>	<p>Some innovative finance instruments still have little visibility and have been little practiced, yet have much to offer. Exploring research studies and practical example of how these have been used and related results could be useful to successfully implement new ways of funding the system.</p>	<p>Focus on Results Inclusive Partnerships Country Ownership Mutual Accountability</p>

Specific Recommendation	Rationale	Principles aligned with
B.Partner countries		
B.1 Identify and document best practice / lessons learnt on multilateral cooperation in support of national planning and budgeting processes in other countries, regionally and globally and share findings.	Countries have significant experience of engagement with multilateral partners on support to national development plans and best practice etc. Country experiences might be usefully shared and discussed between countries themselves. Opportunity to Strengthen south-south coordination and voice on financing issues and instrument.	Country Ownership Mutual Accountability
B.2 Undertake an assessment of functions and capacities of UN and other multilateral agencies in-country to inform cooperation frameworks and agreements.	Country level agreements and MoU are important tools for defining partnerships and regulating institutional cooperation. An examination of different approaches /lessons learned may be useful. Existing processes (INFF diagnostics, for example) could be adapted to support this process.	
C.Multilateral Partners		
C.3 Explore innovative finance mechanisms and financing instruments (such as local currency bonds and bonds guarantee) to help de-risk through local currency financing.	Allowing local governments and enterprises to access long-term finance in local currency – by diminishing risks related to debt management, currency exchange and the cost of capital – can help further drive ownership.	Focus on results Country Ownership
C.4 Draw on examples of rapid and concerted humanitarian mobilization to identify key themes (particular SDGs) for high-level and urgent development advocacy (i.e., eliminating hunger, or the climate crisis).	Lessons learnt from instruments such as the Central Emergency Response Fund and emerging findings from Anticipatory Action Pilots can help apply similarly urgent and effective advocacy around equally life-saving and transformative development initiatives. public/political support for multilateral funding.	Mutual Accountability Focus on Results
C.5 Explore structural agreements and mechanisms with IFIs, underwriting/backstopping support to areas with limited access to markets, small private sector presence, and in difficult environmental and social contexts.	This approach draws on the structural advantages development banks are equipped with (i.e., preferred creditor status) to target groups and issues that are more vulnerable and furthest behind	Mutual Accountability Focus on Results

Specific Recommendation	Rationale	Principles aligned with
D.NGOs, Thinktanks, Others		
D.1 Advocate for whole-of-society mechanisms that connect multilateral actors to non-governmental and other development organizations in-country, including engagement with national planning and policy frameworks.	Widen and deepen the dialogue around Country Ownership and inclusive partnerships, e.g., with reference to RC and parliaments, in a climate where some perceive political and civic space shrinking.	Country Ownership Inclusive Partnerships Mutual Accountability
D.2 Continue to cultivate a concerted community of practice, and further research, on multilateral funding and financing, drawing on MDR, FUNDS, and other analysis and sources. I contexts.	A space where lessons learnt and shared knowledge is used to work together on innovative, inclusive solutions for greater impacts and long-lasting results.	Focus on Results Inclusive Partnerships