

Multilateral donors: stakeholder perceptions revealed

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In 2007, ODI undertook a pilot project to identify the views of stakeholders in recipient countries about the performance of key multilateral organisations, and their preferences for which organisations should disburse additional aid.

Despite the dip in aid volumes in 2005, the OECD/DAC predict that aid volumes will rise to around \$130 billion by 2010.¹ At the same time, however, several bilateral donors are reducing costs by holding or even cutting staff numbers. These donors are therefore considering increasing the aid they channel through multilateral organisations, because they will find it difficult to distribute the extra money bilaterally. In addition, increasing aid given through multilaterals could offer a range of benefits such as cutting procurement costs for example.

If this change is to happen, however, bilateral donors need to be aware of the effectiveness of multilateral agencies. Some attempts to measure effectiveness have included results-based management toolkits, and investigating organisational policies and processes. Most efforts have relied on perception data, but these have usually focused on the opinions of staff from donor governments and agencies, or more rarely from recipient government officials.² Until this survey, there had been no systematic studies to seek the views of the range of stakeholders who interact with donors in-country and are responsible for implementing donor programmes.

The survey

Stakeholders from six countries gave their views and perceptions about various dimensions of effectiveness of seven organisations. The six countries were: Bangladesh, Ghana, India,

South Africa, Tanzania and Zambia. The seven organisations were: the African Development Bank; and Asian Development Banks, the European Commission, the Global Fund for AIDS, TB and Malaria, United Nations Children's Fund (UNICEF), United Nations Development Fund (UNDP) and the World Bank. Local country coordinators administered a questionnaire seeking views from five stakeholder groups (business leaders, civil servants, civil society leaders, government ministers, and members of parliament). 261 individuals responded to the questionnaire, and contributed an additional 2300 comments which provide valuable context and additional insight.

Figure 1 shows the total number of respondents by country, while Figure 2 (overleaf) shows the total number of respondents by stakeholder group.

Since 2005 much of the attention of donor and recipient governments has been focused on assessing progress towards indicators of effectiveness as stated by the Paris Declaration on Aid Effectiveness.

The survey sought respondents' perceptions of multilateral organisation performance according to three measures from the decla-

Key points

- The perceptions of 261 senior recipient country stakeholders about the performance of multilateral organisations are a challenge for donors.
- Respondents and donors appear to use different sets of criteria to assess overall effectiveness.
- Perceptions of governance and ownership appear to affect recipient preferences about which multilateral organisation should disburse additional aid.



Figure 1: Respondents by country, total 261

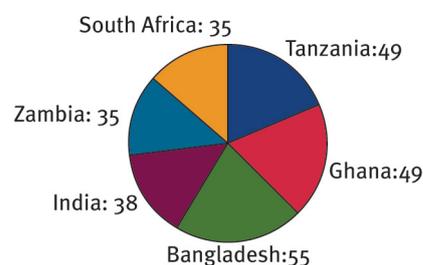
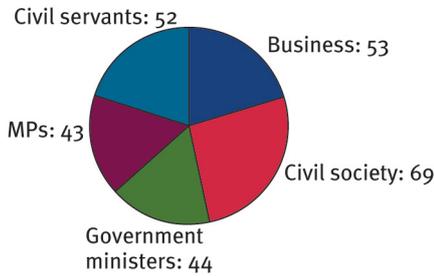


Figure 2: Respondents by stakeholder group, total 261



ration: (1) promotion of ownership of the development process by the government; (2) harmonising with other donors; and (3) alignment with government priorities.

In addition, the project developed its own effectiveness criteria. This exercise drew on two separate projects which brought together recipient country stakeholders, one coordi-

nated by the Commonwealth Secretariat together with la Francophonie, and the second by Debt Finance International. Respondents were asked to rank fifteen of the most important criteria developed by these two exercises. They were then asked to rank the performance of the MOs against each of the criteria. The survey also asked respondents to rank the organisation in the order in which they would prefer them to act as disbursement channels for any additional overseas development aid.

The results

Figure 3 summarises the results. Each bar is split into four elements. The top three elements show the ratings given to the MOs for the three Paris Declaration indicators. The bottom element shows the scores received by the MOs when respondents were asked to rate overall effectiveness. Ratings for each element were on a five point scale giving an overall maximum potential score of twenty. The crosses on Figure 3 show respondents preferences for which organisations should disburse additional ODA. The maximum potential score is three.

The policies and procedures criteria were ranked higher than the disbursing funds criteria. The fifteen additional effectiveness criteria can be split into two groups: criteria relating to the way donors provide funds, and criteria relating to donors' policies and procedures. Respondents' ranking of the criteria, see box 1, suggests that the criteria relating to policies and procedures are more important; Six of eight policy and procedural criteria were rated by 70% or more of those who answered the question as 'highly important', com-

pared with only two of the seven funding criteria. Respondents were also offered the opportunity to add additional criteria that they believe to be important to donor effectiveness. Few did this, suggesting that the list presented in the survey was seen to be adequate.

Little difference was perceived between multilateral organisations in indicators for the Paris Declaration. In aggregate, respondents identified little difference between organisations against the three Paris Declaration indicators of ownership, harmonisation and alignment. Where there are differences, the UN agencies tended to be rated higher than the Banks and European Commission, though this was country specific.

The Asian Development Bank, UNDP and World Bank ranked highest for both the funding, and the policies and procedures criteria. The Asian Development Bank, UNDP and World Bank received a greater number of highest place rankings than the others. The European Commission received three highest place rankings, the African Development Bank one, and the Global Fund for Aids, TB and Malaria received none.

There was no perceived difference between agencies in overall effectiveness. Figure 3 shows that respondents give equal ratings, in the range 3.30–3.52, for overall effectiveness to the seven organisations studied. This finding is surprising for two reasons. First, respondents clearly saw differences between the organisations in terms of the fifteen effectiveness criteria. Second, other studies assessing multilateral organisations identified differences in their effectiveness. The result suggests, therefore, that respondents took into account other factors as they assessed overall effectiveness.

Respondents' open-ended comments on the

Box 1: Important additional criteria affecting donor effectiveness

Funding Criteria

- Disburses funds quickly
- Flexible in the types of funding provided
- Makes long-term commitments
- Provides predictable funding
- Provides funds with low conditionality
- Provides untied aid
- Provides highly concessional funds

Policies and Procedures Criteria

- Facilitates the participation of stakeholders in its work
- Is transparent in the way it makes funding decisions
- Is cost-effective
- Undertakes constructive policy dialogue
- Monitors and evaluates its work effectively
- Programmes and projects aligned to government's development priorities
- Harmonises with the procedures of other donors
- Uses government procurement procedures

These criteria are presented in two groups. In each group they are in the order they were ranked, highest at the top.

questionnaire provide some insight into the factors they seemed to be taking into account when assessing overall effectiveness. For example, the *focus of activities* appears to be important. UNICEF and the Global Fund for Aids, TB and Malaria were valued for their health focus; the African and Asian development banks, the World Bank, and, to a lesser extent the European Commission, for their focus on productive sectors and infrastructure; and UNDP for its technical assistance. The *scale of activities* also appears to be a factor, as the Banks and the European Commission received more positive comments about the amount of money they can disburse, while the UN agencies received almost exclusively negative comments in this regard.

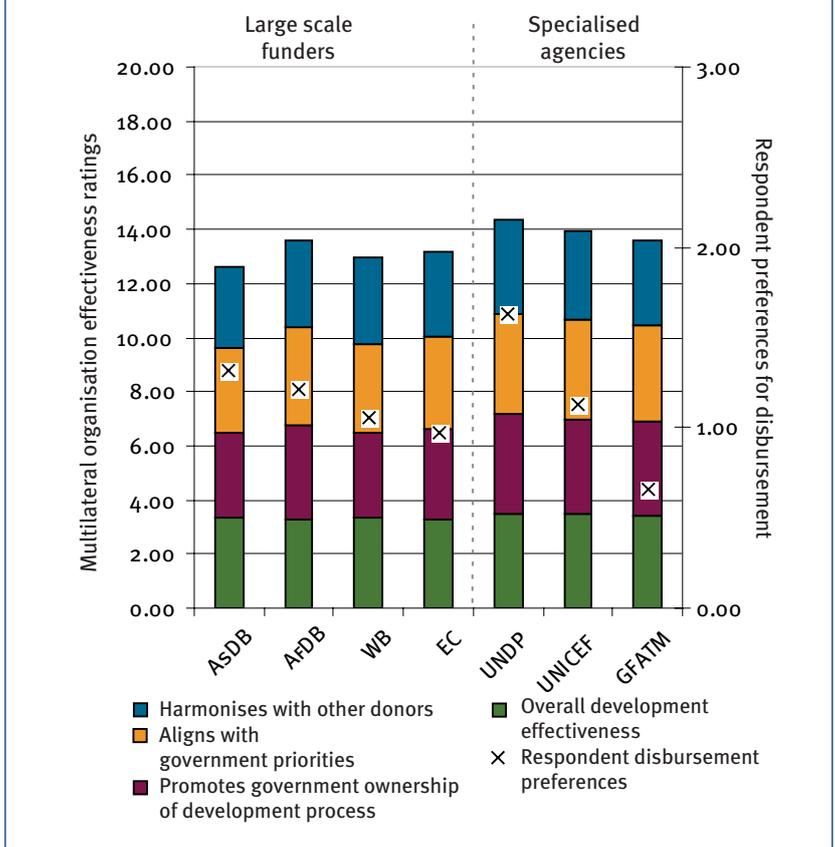
Preferences for which multilateral organisation should disburse additional aid appear to be independent of perceptions of effectiveness. Figure 3 shows that, unlike the ratings given for overall effectiveness, respondents' preferences for which of the MOs should disburse additional ODA are clearly differentiated. In aggregate, respondents ranked UNDP as first preference for disbursing additional aid. Comparing the multilateral organisations that can disburse significant sums of extra financing, stakeholders preferred the African and Asian Development Banks to the World Bank and European Commission. Analysing the data confirms that respondent preferences for disbursement are only weakly correlated with the overall effectiveness, the Paris Declaration and other effectiveness indicators explored in the study. This suggests that other factors also influence disbursement preferences.

Governance appears to be an important influence on disbursement preferences. Overall, the African Development Bank rated poorly for most of the fifteen effectiveness indicators. Despite this, respondents in three of the four African countries studied preferred it over the European Commission and World Bank as a disbursement channel for additional aid. Additional comments suggest that one key reason for this could relate to the more equitable governance structure of the African Development Bank. This supports the hypothesis that perceptions of ownership of the institution and its policies can trump perceptions about its effectiveness.

Country context is important. Several additional comments indicated that a broader context is important in determining stakeholder perceptions of effectiveness. These contextual factors will vary across countries but could include the history of the organisation in that country, the visibility of its activities, the type of activities it undertakes, as well as personal factors such as the performance of the head of the agency in country.

The pilot study has demonstrated that key stakeholders in aid recipient countries want to have their voices heard. It invited the views of senior individuals from five respondent groups. The individuals invited to complete the questionnaire are all very

Figure 3: Multilateral organisation effectiveness ratings and respondents preferences for disbursement of additional aid flows



busy and at the beginning of the project there was a real fear that they would not find the time to complete a questionnaire. In the end, the majority of respondents also contributed textual comments, totalling over 2300.

What next?

Understanding recipient stakeholder perceptions is vital to understanding the effectiveness of multilateral organisations. Our results suggest that donor governments and recipient stakeholders differ in the factors they use to assess effectiveness. Bilateral donors place more emphasis on outputs and outcomes, while recipient stakeholders appear to place at least as much importance on ownership and governance. Given the clear consensus that ownership of the development process is critical to aid effectiveness, understanding stakeholder perceptions must be a critical element of any overall assessment of donor effectiveness.

This difference in emphasis on the range of factors which could be taken into account while assessing effectiveness suggests that a single tool is not a viable way to assess donor effectiveness. Instead, a variety of tools will be needed to capture the various dimensions of effectiveness necessary to obtain a complete view. These include results-based

management tools, assessments of organisational processes, and different stakeholder assessments. Donors, recipient governments and key stakeholders will then need to use the range of evidence generated to form judgements about which multilateral organisations to fund and engage with.

Box 2: Comments about multilateral organisation effectiveness

'The Global Fund for Aids, TB and Malaria and UNICEF's funding especially as regards to HIV/AIDS and children, its effectiveness can be seen through activities currently implemented in these two areas.' (Tanzania Civil Service)

'The World Bank and African Development Bank are likely to favour the productive sectors for growth promotion.' (Tanzania Civil Society)

'The UN and European Commission offer more than just funding, they build capacity in government and civil society. They offer a package.' (South Africa Parliament)

'The World Bank with its high lending of fund is relatively effective than UNDP which with less funds is content to publish more reports.' (Business India).

'...UNICEF [...] releases funds timely.' (South Africa Government)

'The European Commission is very bureaucratic and takes a long time when contracts are signed and when it is implemented. UNDP and World Bank are much better, even though there are delays also.' (Ghana Business)

'The World Bank's loan disbursement policy is guided by the head office. Their prescription never give results for the LDCs.' (Bangladesh Business)

'The World Bank is sometimes bogged down with inflexible conditionalities.' (Tanzania Business)

'The World Bank gives loans... which have to be paid back at some future date. We need more grants.' (Zambia Business)

'The African Development Bank is directly accountable to African countries.' (Tanzania Government)

'The African Development Bank is a regional organisation and is more in touch with continent issues and has a stake in its development.' (South Africa Government)

'I believe in the potential of the UN system and its political accountability.' (Ghana Civil Society)

'Organisations such as the European Commission hide behind their regulations forcing recipients to use their procedures... arguing that these cannot be changed quickly because of their bureaucracy etc. These regulations impede efforts at attaining aid effectiveness.' (South Africa Government)

Donors will need to take stakeholder views about multilateral organisations into account. The African Development Bank was a preferred disbursement organisation despite rating relatively poorly for the fifteen effectiveness criteria in the survey. Yet donors will find it hard to justify significantly increasing funding through this Bank in the immediate future given mixed views of its effectiveness. This suggests that bilateral donors need to work harder to assist the African Development Bank to build its capacity and increase its effectiveness in order to provide bigger volumes of funding to it since it is the institution with which stakeholders appear to feel the greatest sense of ownership.

If donors include the views of recipient stakeholders in assessments of effectiveness, then multilateral organisations will need to pay closer attention to issues of governance and ownership. The issue of country ownership will continue to be important. It is likely that the views of recipient stakeholders, both governmental and non-governmental, about donor performance will therefore become more important, and methodologies of this type will be increasingly used by donors to assess effectiveness before channelling funds. Given that governance and ownership appear to play an important role in shaping stakeholders' views, multilateral organisations that want to improve their ratings will need to pay closer attention to these issues.

Endnotes

1. OECD/DAC April 2007, www.oecd.org/dataoecd/13/26/38341348.pdf

2. Donor attempts to assess donor effectiveness where the results are publicly available include: The Multilateral Organisation Performance Assessment Network (MOPAN) Survey, the OECD/ DAC Paris Baseline Survey, the Performance Management Framework (Denmark), and the Strategic Partnership for Africa survey.

Project information

This pilot project aims to build an understanding of key stakeholders' perceptions of effectiveness of multilateral organisations. By engaging key stakeholders at the recipient country level, we hope to generate more debate about the relative effectiveness of donors and create the impetus to move to more effective mutual accountability mechanisms. The project is funded by the UK Department for International Development.

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