

# **Multilateral Aid Organisations: Stakeholder Views on Effectiveness**

Report to DFID\*

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**Cecilie Wathne with Simon Burall and Edward Hedger**

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\* Disclaimer: The views presented in this paper are those of the authors and do not necessarily represent the views of the UK Department for International Development

**Overseas Development Institute**  
111 Westminster Bridge Road  
London SE1 7JD  
UK

Tel: +44 (0)20 7922 0300 Fax: +44 (0)20 7922 0399  
[www.odi.org.uk](http://www.odi.org.uk)

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## Acronyms

AAA	Accra Agenda for Action
AfDB	African Development Bank
AE	Aid Effectiveness
CB	Capacity Building
MO	Multilateral organisation
MOPAN	Multilateral Organisations Performance Assessment Network
NGO	Non-Governmental Organisations
ODI	Overseas Development Institute
PD	Paris Declaration
TA	Technical Assistance
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UK	United Kingdom

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# 1 Executive Summary

1. International agreements such as the Paris Declaration recognise the importance of effective donor behaviour for aid effectiveness and development more broadly. These agreements, as well as methodologies for monitoring aid effectiveness, set forth a range of suggested donor behaviour, including providing predictable aid, aligning with country systems and harmonising procedures. While evidence makes it clear why these principles are important for donor effectiveness, there is a shortage of information on which principles recipient governments perceive as most important.
2. Building upon previous work by the Overseas Development Institute, this report aims to unearth governments' perceptions about the relative importance of currently cited principles of donor effectiveness; deepen our understanding of why these factors are considered important; and identify any other aspects of donor effectiveness that are of importance to recipients but currently not included in international methodologies. To this end, in-person interviews with key government officials were carried out using a semi-structured questionnaire in Ethiopia, Sierra Leone and Zambia. The questionnaire sought to capture perceptions of donor effectiveness at two levels: partnership behaviour and interactions within projects. In addition, interviewees were asked questions about the relevancy and usefulness of current indicators. Although the questions were contextualised by reference to multilateral donors, responses are generally applicable to donor effectiveness more broadly.

## 1.1 Key findings

3. According to respondents, the three most important elements of an effective multilateral donor at the partnership level are depth of commitment, responsiveness and supporting recipient-driven policy. With regards to depth of commitment, an effective donor:
  - Honours its pledges;
  - Disburses aid on time and in full;
  - Allows for context-appropriate counterpart funding requirements; and
  - Provides a duration of support that is in line with the duration of the project.
4. With regards to responsiveness, an effective donor:
  - Takes into account the capacity of recipient governments;
  - Is flexible in response to changing circumstances;
  - Delegates sufficient authority to country offices; and
  - Allows appropriate time between tranches and achievable requirements for disbursement.
5. With regards to supporting recipient-driven policy, an effective donor:
  - Provides advice but not undue influence on strategies;
  - Aligns with the priorities identified by the government; and
  - Requires a minimal number of flexible, achievable and explicit conditionalities.
6. A number of additional aspects of partnership behaviour were also raised, including the importance of operating in a transparent manner, supporting capacity development and understanding and adapting to the context and culture of each country. Interviewees also stressed the importance of a quality relationship between donors and governments.

7. At the project cycle level, donor behaviour during design was most frequently ranked by respondents as important, followed by project implementation and evaluation.

## **1.2 Conclusions**

8. This report confirms the significance of current aid effectiveness indicators. It also provides a deeper understanding of recipient perspectives on what makes for an effective development partner. First, governments' perceptions of multilateral donor effectiveness are based on broader definitions than current measures of aid effectiveness. For example, according to interviewees, a predictable donor will disburse aid within the fiscal year and quarter for which it was scheduled, provide information on planned aid, including information on any changes to disbursement timing or levels, and translate pledges into actual commitments. Second, recipients' opinions of donor policies and behaviour are often nuanced. For example, respondents were generally in favour of counterpart funding requirements as long as such requirements included non-financial sources of contributions and were commensurate with governments' and communities' resources. There are also elements of donor behaviour for which there are no clear cut government preference, including the use of salary top-ups. Third, governments' perceptions of donor effectiveness includes aspects of donor behaviour that have received relatively little attention by international indicators to date, including the importance of mutual respect, adapting to the country context and making greater use of local knowledge and expertise.
9. Regarding multilateral donor effectiveness at the partnership behaviour and project cycle level, responses reveal that, although governments consider the way in which donors behave within projects as important (particularly at the design stage), most of the aspects of an effective donor at this level link back to the broader partnership behaviours – particularly responsiveness. This suggests that, with regards to aid effectiveness, donor behaviour at the project level may be subsidiary to donor behaviour at the partnership level.
10. Responses also suggest that while governments are unlikely to use aid effectiveness indicators to decide which donor to seek additional funding from, mechanisms such as the Paris Declaration Monitoring Survey are perceived by governments as important for holding donors to account and increasing dialogue on effectiveness. For these benefits to be fully achieved, however, awareness about these indicators – particularly outside the Ministry of Finance – needs to be increased.

## 2 Introduction

11. This report, written by the Overseas Development Institute (ODI) and commissioned by the UK Department for International Development, provides an overview of recipient governments' perspectives on the key characteristics of an effective multilateral donor. In recent years there has been an increased recognition of the importance of donor effectiveness for development results – including in the 2005 Paris Declaration (PD) on Aid Effectiveness (AE) and the 2008 Accra Agenda for Action (AAA). However, while both provided opportunities for recipient stakeholders to express their views, there remains a shortage of studies and forums specifically focused on the perspectives of recipients. This report seeks to reduce this gap.
12. The report is structured as follows: The remainder of section II provides a brief overview of past research on recipient perspectives of multilateral organisations' (MO) effectiveness. Section III sets out the hypotheses and methodology of this study and section IV presents the key findings of this research. The paper concludes with section V.

### 2.1 Findings from Previous Studies

13. Past research by ODI indicates that recipient government officials' assessment of what makes for an effective donor includes aspects of effectiveness currently not included in international methodologies and frameworks for monitoring aid effectiveness. A brief summary of the findings from these two studies follows.
14. **Stakeholder Perceptions Survey:** In 2007 ODI commenced a six country pilot project to gather the views of recipient country stakeholders on the performance of key multilateral organisations through a structured questionnaire. As part of the questionnaire, respondents were asked to rank individual donors against specific AE criteria. They were then asked to indicate, if given a choice, which multilateral organisation they would prefer additional aid disbursements from. Two key findings emerged from these answers. First, while respondents identified differences in donors' effectiveness against the 15 criteria set forth, when asked to rank the overall effectiveness of each organisation there was little perceived difference. For example, although the UNDP ranked relatively high against the individual criteria, its overall effectiveness was perceived to be in line with other multilaterals. Second, respondents' choice as to which multilateral organisation they would prefer additional aid from appear to be independent of their ratings of donor effectiveness. In particular, a high percentage of respondents in three out of the four African countries indicated they would prefer additional money from the African Development Bank (AfDB) despite the fact that it was rated relatively poorly against most of the 15 AE criteria put forth in the survey. These results imply that respondents took into account additional factors not covered in the survey questions when assessing donors' overall effectiveness (Burall et al., 2007).
15. **Multilateral Organisations Performance Assessment Network (MOPAN) Focus Groups:** In 2008, as part of the piloting of the new MOPAN Common Approach, respondents in Bangladesh, Mali and Nicaragua were asked during focus group sessions to provide feedback on the content of the new questionnaire. While respondents were broadly in agreement that the factors currently included in the questionnaire were important, they also indicated that a number of issues were missing. In particular, participants felt that there was a need for additional indicators on donor policies and procedures. On the policy side, respondents stressed the importance of greater flexibility (including an ability to react quickly to a changing environment) and a more positive engagement in policy dialogue. On the procedures side, respondents stressed the importance of fewer and less complex disbursement and procurement procedures, as well as the extent to which donors recruit local contractors. Two 'cross cutting' issues were also identified: the need for greater

transparency and clarity around donor policies and procedures and the need for greater alignment with government systems (including auditing functions and coordination with different government departments) (Burall & Pallen, 2009).

## 2.2 Current Approach

16. This study aims to build upon these previous findings by 1) unearthing stakeholders' perceptions about the relative importance of each aid effectiveness factor; 2) deepening our understanding of why these factors are considered important; and 3) identifying any other aspects of donor effectiveness that are of importance to recipients but currently not considered in existing international methodologies.
17. The findings are based on the perspectives of key government officials from three countries: Ethiopia, Sierra Leone and Zambia. The countries were selected based on their geographic location, aid dependency and history with donors. See Table 1 for details.

**Table 1: Key characteristics of the country sample**

<b>Ethiopia</b>	2005	2006	2007
Net ODA (USD million)	1916	1948	2422
Net ODA/GNI	15.6%	12.9%	12.5%
GNI per capita (Atlas USD)	160	190	220
<b>Sierra Leone</b>	2005	2006	2007
Net ODA (USD million)	350	344	535
Net ODA/GNI	29.8%	24.8%	32.7%
GNI per capita (Atlas USD)	220	230	260
<b>Zambia</b>	2005	2006	2007
Net ODA (USD million)	1165	1426	1045
Net ODA/GNI	17.3%	14.4%	10.2%
GNI per capita (Atlas USD)	500	640	800

Source: OECD/World Bank

## 3 Background and Methodology

18. To gain a better understanding of what characteristics recipients believe make for a good multilateral donor, in-person interviews with key government officials were carried out using a semi-structured questionnaire. In total, 57 interview sessions were conducted with 77 persons. In each country an attempt was made to speak with persons from a range of sectors and positions within the government. In total, three Ministers, two deputy Ministers, four Permanent Secretaries and one deputy Permanent Secretary were interviewed. See Appendix A and D for details.

### 3.1 Methodology

19. The questionnaire was divided into four sections: 1) an open ended question on what makes for an effective multilateral donor; 2) questions related to partnership behaviour; 3) questions related to the project cycle; and 4) questions about recipients' decision making regarding future funds. The reason for including each of these is described below. A copy of the questionnaire, as well as the accompanying visuals, is available in appendix B and C. It is

important to note that while the questionnaire focused exclusively on multilaterals, the findings reflect to some extent recipients' views on donor effectiveness more broadly.

### 3.1.1 Donor effectiveness

20. The purpose of this section was to provide respondents with an upfront, and unprompted, opportunity to describe what they felt made for an effective multilateral donor. The exact wording of the question varied slightly by interview but respondents were typically asked: “*What makes for an effective multilateral organisation?*” Based on their responses, specific follow-up questions were asked.

### 3.1.2 Partnership behaviour

21. The purpose of this theme in the questionnaire was to gain a better understanding of the key attributes and behaviours of an effective development partner from the recipient perspective. To do this, the authors categorised partnership behaviour into six dimensions. Respondents were first asked their opinion on each of these six dimensions. They were then asked to indicate which of these they considered to be the first, second and third most important factors for donor effectiveness. A summary of the six aspects of partnership behaviour, as well as their sub-dimensions, is given in table 2. The reason for including each of these elements in the questionnaire is described in appendix A.

**Table 2: Dimensions of partnership behaviour**

<b>Partnership behaviour</b>	<b>Sub-Dimensions</b>
Donor governance structure	
Depth of commitment	<ul style="list-style-type: none"> <li>• Long-term support</li> <li>• Predictable aid</li> <li>• Low or no counterpart funding requirements</li> <li>• Grants and/or highly concessional loans</li> <li>• Volume of support</li> <li>• Salaries in line with civil service</li> </ul>
Responsiveness	<ul style="list-style-type: none"> <li>• Flexible</li> <li>• Donor decentralised</li> <li>• Demand driven technical assistance (TA)</li> <li>• Whole of sector approach</li> </ul>
Recipient drives policy	<ul style="list-style-type: none"> <li>• Low/appropriate conditionality</li> <li>• Alignment</li> <li>• Providing input, not dictating policy</li> </ul>
Donor transparency	<ul style="list-style-type: none"> <li>• Intentions &amp; objectives</li> <li>• Procedures &amp; activities</li> </ul>
Capacity building	

### 3.1.3 Project cycle

22. This section of the questionnaire explored how a multilateral organisation works with the government to move a project idea from identification through to implementation and evaluation. It is clear that at each stage of this cycle, the way the donor acts and the demands it makes on the recipient may reduce the effectiveness of the funding. What is less clear is which stage is most crucial for donor effectiveness. To explore this, respondents were presented a diagram depicting the five key stages of the project cycle:

1. Project design
2. Project appraisal
3. Project approval
4. Project implementation
5. Project evaluation

23. They were then asked to rank at which stage donor behaviour has the first, second and third greatest impact on effectiveness. Following their rankings, respondents were asked to describe effective donor behaviour at each of these three stages.

### 3.1.4 Governments' choice in donor and the role of AE indicators

24. The final section of the questionnaire attempted to ascertain the degree to which recipients felt their government has a choice in which multilateral donor to seek additional funding from and what information recipient governments use (or would use if such an option was available to them) to make decisions about which multilateral to approach. The aim was also to ascertain whether (and why) recipients deem any of the current indicators on aid effectiveness as useful and whether they would be interested in any additional indicators on AE. Particular attention was given to this section of the questionnaire when speaking to officials within the Ministry of Finance, including country coordinators for the 2008 Monitoring Survey.

## 3.2 *Interpreting the findings*

25. The questionnaire was designed with the intention of gathering quantitative data on the aspects of multilateral donor effectiveness most important to recipients. To this end, respondents were asked a series of ranking questions. While the findings from this data provide important insight, it is not without its limitations (see appendix A for details). Moreover, because the interviews were semi-structured and in-person, a wealth of information beyond rankings was gathered. As such, it is the opinion of the authors that the key value added of this report is a deeper and more sophisticated understanding of recipient governments' perspectives on donor effectiveness. It is also important to note that during discussions interviewees often also made reference to, and provided examples of, the effectiveness of bilateral donors and NGOs. As such, the findings reflect to some extent recipients' broader views on donor effectiveness rather than multilaterals specifically.

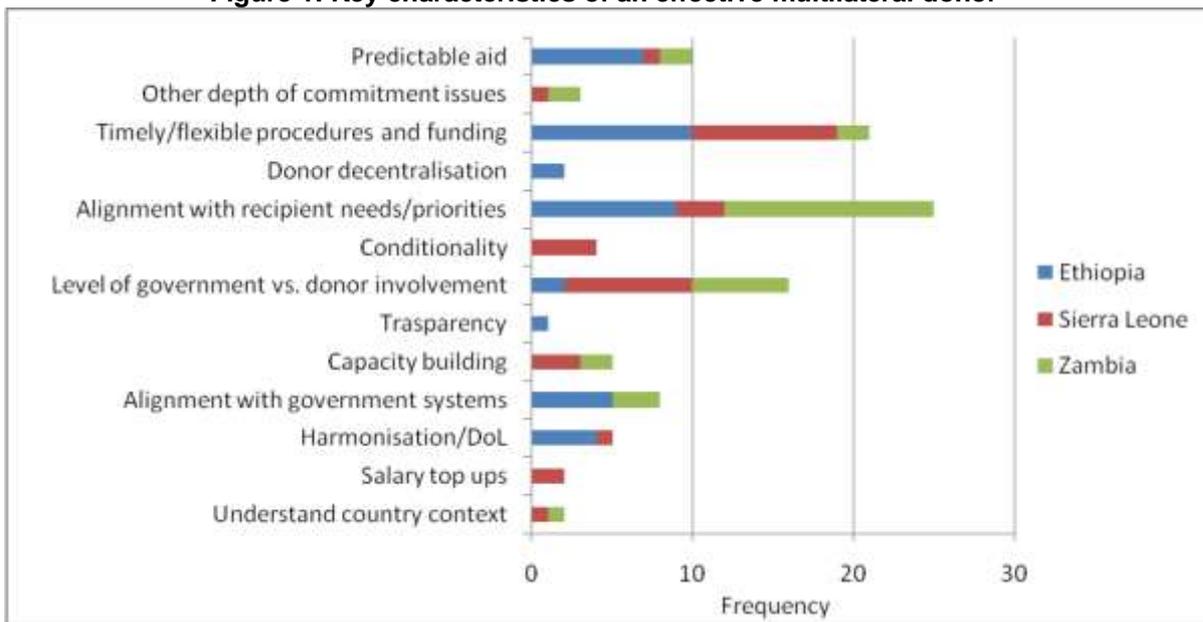
## 4 Findings

26. This section synthesises the key findings from interviews by going through each division of the questionnaire and making links across responses where appropriate.

## 4.1 Key characteristics of an effective donor

27. Without any leading question or suggested options by the researchers, the following attributes were identified by respondents as important factors of multilateral donor effectiveness: the extent to which they align with recipients' needs and priorities, their timeliness and flexibility, and the predictability of their aid. The level of government versus donor involvement in projects and policy design was also mentioned by a large percent of respondents; however, there was no consistent message on what the relative degree of involvement by donors should be. See 4.2.8 for details.

Figure 1: Key characteristics of an effective multilateral donor



28. Most of the frequently cited aspects of multilateral donor effectiveness fall within one of the six dimensions of partnership. In addition, when directly asked which has the greatest impact on donors' effectiveness, interviewees in three of the 10 sessions responded that partnership behaviour was more important than project cycle behaviour. A number of the seven respondents that gave both dimensions equal weight went on to say that if donors become effective partners then an improvement in their behaviour at the project level will naturally follow. This suggests that donors wanting to improve their effectiveness should focus on the partnership dimensions of effectiveness.

29. A deeper analysis of donor behaviour at the project and partnership level follows.

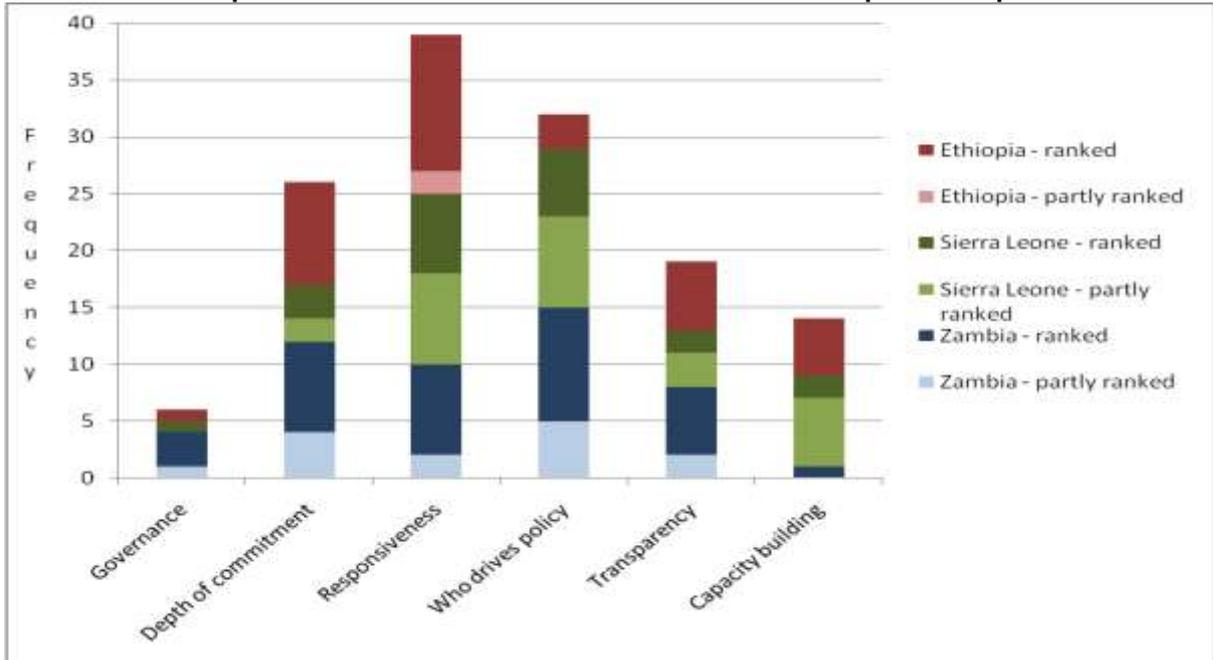
## 4.2 Partnership

30. Respondents from 50 interviews ranked, with the aid of a visual, which dimensions of partnership behaviour have the greatest impact on recipients' perceptions of donor effectiveness. In 33 of these interview sessions respondents provided clear rankings of which dimension of donor behaviour has the first, second and third greatest impact on effectiveness. In the remaining 17 interviews respondents provided partial rankings and/or gave a more open-ended response about how an effective donor interacts at the partnership level. In either case, based on what was said, the authors were able to collate responses into rankings following the interviews. See figures 2 and 3 for details. Comments on partnership behaviour were also given by respondents that were not presented the diagram. Although

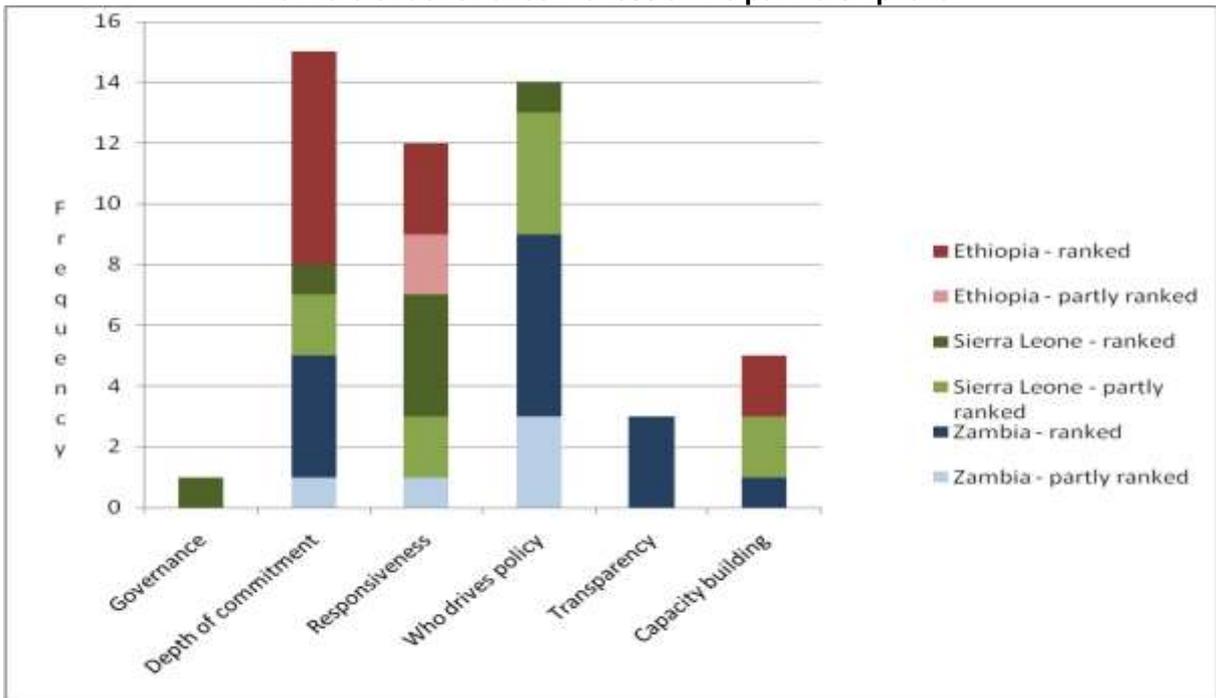
their comments are included in the analysis below, they are not included in the statistical breakdown.

31. According to respondents, the three most important elements of an effective multilateral donor at the partnership level are depth of commitment, responsiveness and supporting recipient-driven policy. A number of additional aspects of partnership not included in the questionnaire were also raised, including the importance of a quality relationship between donors and governments. Contrary to what the author hypothesised, the governing structure of multilaterals does not seem to be a key factor of effectiveness.

**Figure 2: Top three: Number of interviews listing a particular dimension as one of the three most important for multilateral donor effectiveness at the partnership level**



**Figure 3: Number of interviews listing a particular dimension as the most important for multilateral donor effectiveness at the partnership level**



#### 4.2.1 Recipient country representation in multilaterals' governance

##### Key messages:

- Few government staff are aware that their country is represented on the governing board of select multilaterals
- The key perceived benefit of recipient representation is better donor understanding of developing countries' needs, constraints and priorities

32. In one out of 50 interview sessions recipient country representation in the multilateral organisation's governance was listed as the number one factor determining the effectiveness of a donor; in a further five sessions – primarily in Zambia – governance was listed as one of the top three. None of these six interviews were with the central government's Ministry of Finance and no respondent mentioned multilateral governance as a key issue when responding to the open-ended question on "*what makes for an effective donor?*"<sup>ii</sup>
33. Based on responses from the 33 interviews that touched on the subject of multilaterals' governance, the following findings emerged: **Few government staff outside the Ministry of Finance were aware that their country is represented** on AfDB's governing board in Tunis. And, even when explained that this is the case, a number of respondents' answers had to do with the importance of donors setting up field offices and not to do with whether a recipient country representative in a donor's headquarters had any effect. For those whose answers were in line with the questionnaire's intended definition of governance, most agreed that such representation had, at least in theory, a positive influence on a donor's effectiveness. The most commonly cited reason for this was that donors with recipient country representatives would have a **better understanding of developing countries' needs, constraints and priorities**. In contrast, respondents in six interviews – four of which took place in Ethiopia – felt that having a recipient representative in the multilateral organisation's governance structure had no impact on the donor's effectiveness. According to these respondents, representatives do not have the power to influence how donors behave, including their choice of modalities or level of bureaucracy.
34. Note that although the aim of this study was not to make comparisons between donors, during discussion on governance structures, a number of respondents stated that they did not consider AfDB to be the most effective donor. This challenges earlier findings by Burall et al. (2007), where a high percentage of respondents chose the AfDB as the donor they would prefer additional funding from. Further research is needed to understand these variations.

#### 4.2.2 Depth of commitment

##### Key messages:

- Donors should honour pledges and disburse aid on time and in full
- Counterpart funding requirements need to be flexible
- Duration of support should be in line with the duration of the project

35. 15 out of 50 interviews gave depth of commitment as the number one factor determining the effectiveness of a multilateral donor; a further 11 listed it as one of the top three. Depth of commitment was most frequently identified as a top issue (12 times) in Zambia, though frequently in Ethiopia and Sierra Leone as well. Aspects of depth – particularly predictability

– were also frequently mentioned in the opening question of “*what makes for an effective donor?*” The following paragraphs describe, from a recipient perspective, key features of a donor deeply committed to development.

36. An effective donor honours its pledges and disburses funds on time and in the levels agreed to. The importance of **receiving aid on time** was widely raised by respondents in all three countries.<sup>ii</sup> Timeliness of funds was considered particularly important when donors provide budget support, aid to sectors with strict timeframes such as agriculture and aid to countries with a high level of dependence. Several interviewees, particularly in Sierra Leone and Ethiopia, remarked that donors that withhold support when the government fails to fully meet a minor contractual condition or for reasons not clearly stipulated in these agreements were less effective (see section 4.2.4 for more information on conditionality). Several interviewees, particularly in Zambia and Ethiopia, also expressed frustrations with donors pledging funds at events and meetings but then failing to **translate these pledges into actual commitments**, often without explaining to the government why. A less cited, but still considered important, predictability issue was the **level of funds provided**. According to interviewees, donors that disburse levels of funds that are significantly different from the amounts agreed to – particularly levels that are less than what was agreed to – are less effective.
37. The majority of interviews that touched on the subject of **counterpart funding** considered matching to be important both for project sustainability and ownership reasons. However, it was made clear that counterpart funding requirements needed to be flexible. In particular, donors should consider all forms of government and community resources as counterpart funds, including staff time, office space, equipment, building material and labour. Furthermore, donors should recognise that a matching requirement of even 10% is not always feasible, particularly for large infrastructure projects, for projects that are considered important but not a top government priority and for projects in poor and/or pastoral communities. Requiring a counterpart commitment in such circumstances may skew donor funds to smaller, less sustainable projects and to relatively well off communities.
38. In addition, donors should commit to a **period of support** that is in line with both the government’s planning cycle and the length of time needed for the project to achieve its intended objective.<sup>iii</sup> When pressed to prescribe an ideal length of donor support, several respondents suggested five years. Most, however, responded that the period of commitment should vary depending on the circumstances. In particular, the length of support that donors commit to should be commensurate with the proposed project; large infrastructure and capacity building projects, for example, require a long term commitment. Whatever the project, an effective donor continues its support until the intended result is achieved. It then withdraws its support in a way that ensures the project’s continuance.<sup>iv</sup>
39. Donors should also provide the level of funds needed to ensure the success of an entire project rather than spread their funds across a large number of smaller, perhaps even partial, endeavours, channel more resources through the government<sup>v</sup> and provide a greater proportion of that aid in the form of funds for implementation. According to several respondents, too many funds are currently allocated to management costs, feasibility studies, etc.
40. Perhaps the clearest indication of a donor’s depth of commitment to development is, however, the extent to which the donor ensures there is impact from its aid. Both when responding to the open ended question of “*what makes for an effective donor?*” and when providing their final comments at the end of the interview, a number of respondents expressed frustration with the impact of aid to date. Four respondents, two of which were political appointees and two of which senior government officials, went as far as to question whether donors in fact want them to develop.

### 4.2.3 Responsiveness

#### Key messages:

- Donors should be flexible in response to changing circumstances
- Donors should take into account the capacity of recipient governments
- Donors should delegate sufficient authority to country offices
- Time between tranches and requirements for disbursement should be appropriate

41. 12 out of 50 interviews ranked responsiveness as the number one factor determining the effectiveness of a multilateral donor; a further 27 listed it as one of the top three. Donor responsiveness was identified as important to partnership behaviour in all three countries, though most frequently in Ethiopia and Sierra Leone. Aspects of responsiveness – particularly timeliness and flexibility – were also frequently mentioned in the opening question of “*what makes for an effective donor?*” The following paragraphs describe, from a recipient perspective, key features of a responsive donor.
42. Donor flexibility is an essential component of aid effectiveness. According to respondents, donors should **respond, in a timely manner, to changing circumstances** (including economic downturns, rapid increases in the cost of material and better understanding of how best to implement following a mid-term evaluation) in order to ensure that the end goal is achievable by, for example, shifting funds between line items and fiscal years.<sup>vi</sup> This is particularly important when the length of time between project identification and implementation is substantial. Donors should also **take into account, and respond to, the capacity of recipient countries**. This includes simplifying and minimising procedures for project approval, disbursement, etc.; putting in place conditions for disbursement that are flexible and realistically achievable; and allowing funds to be moved between fiscal years and project lines where there are absorption constraints. The importance of aligning – to the extent possible – with government systems and procedures and being flexible in their choice and design of projects was also mentioned. See section 4.2.4 and 4.3.1 for details.
43. Donors should not only have country offices but **delegate sufficient authority to local staff**. According to respondents, the key benefit of decentralisation is to shorten the time frame of procedures such as project approvals, ‘no objections’ and disbursements. By speeding up these processes, projects are more likely to be implemented in a timely manner (see section 4.3 for details). Respondents also stressed that decentralisation is important because in-country staff have a better understanding of local circumstances. As such, by empowering delegates, donors are more likely to design effective projects, align with government priorities and respond to changing circumstances (by for example agreeing to reprogramming – see above paragraph on ‘flexibility’ for details). Several interviewees mentioned that government-donor relations were stronger with decentralised donors.
44. Effective donors adapt their **spending requirements** to the capacity of each country and allow sufficient **time between tranches**. According to respondents, it is unreasonable to expect governments to spend and account for 100% of aid funds on a quarterly basis. First, the length of time between tranches is too short. If there are any delays in funds (either because donors disburse late or because it takes time for the money to flow through government systems) insufficient time is left for implementation. In addition, even if funds are available on time (and the government is confident enough that the funds will materialise and so begins the process of procurement right away), not all tasks can be completed in such a short time period. As a result, the government may choose to focus on simpler tasks – a decision that could impact the overall outcome of the project and development more broadly.

Second, it is difficult for the government to prove 100% liquidation of aid resources in order to receive later tranches. Public financial management and procurement systems, while improving, are still not fully developed. Moreover, government offices – particularly at the district level – lack the human and physical resources needed to properly account for funds; some, for example, don't have the photocopy machines (or electricity to operate them) needed to make copies of receipts.

45. Several respondents from regional offices in Ethiopia also expressed frustrations with donors withholding funds to all districts when only a few districts failed to meet the requirements for second tranches.
46. During discussions on responsiveness, a number of respondents also stressed the importance of demand driven technical assistance. See section 4.2.6 for details. Several interviewees also noted that donors that took the time to understand the local context and donors with quality relations and dialogue with the government tended to be more responsive. These characteristics are discussed in detail in section 4.2.7.

#### 4.2.4 Recipient driven policy

**Key messages:**

- Development strategies should be domestically led
- Donors should align with the priorities identified by government
- Donor conditions should be minimal, flexible, appropriate, achievable and explicit

47. 14 out of 50 interviews ranked 'who drives policy' as the number one factor determining the effectiveness of a multilateral donor; a further 18 listed it as one of the top three. The importance of government driving policy was most frequently identified as a top issue in Sierra Leone (14 times) and Zambia (15 times). Aspects of policy drive – particularly aligning with the recipient country's needs and priorities – were also frequently mentioned in the opening question of "*what makes for an effective donor?*" The following paragraphs describe, from a recipient perspective, key features of a donor supporting greater country ownership.
48. An effective multilateral supports the development of **domestically led strategies**. According to interviewees, while donors should provide advice, the direction and content of these documents should be determined by the government (in consultation with civil society). This is particularly important for national and sector plans. A number of respondents remarked that, while on the surface these strategies appear to be owned, in reality governments are aware that the policies they produce must be in line with donor expectations. At the project level, respondents generally felt there was a greater role for donors in design. However, the preferred degree of donor involvement at this level is unclear; see 4.2.8 for details.
49. Once national and sector strategies are in place, donors should **align themselves** with these strategies to the extent possible. This is particularly important in countries where strategies are sufficiently strong. According to most of the respondents that provided insight on alignment, it is not sufficient for a donor to unilaterally choose which areas to support amongst the many activities listed in strategies.<sup>vii</sup> Rather, donors should focus on high level priorities and areas with clear funding gaps. In addition, donors should plan their activities in consultation with the government rather than presenting the government with a predetermined portfolio. Doing so will increase both local ownership of projects and the likelihood that the project succeeds. Respondents also generally preferred donors willing to

support a whole-of-sector approach and/or any area within a sector deemed important by the government.

50. While there is a role for mutually agreed to conditionalities, donor conditionality should be minimal, flexible, appropriate, achievable and explicit. According to respondents, when setting conditions donors need to **take into account the capacity and jurisdiction of the government**. The government should not, for example, be penalised for parliament failing to pass legislation or for a consultant arriving late. Similarly, aid should not automatically be withheld when a minor condition is not achieved; capacity, context and effort should be taken into account. In fact, the conditions themselves should be set with the capacity of the government in mind (this relates to the importance of donor flexibility, as discussed in 4.2.3). In addition, donor conditionalities should be **limited and harmonised**. According to respondents, conditions should not distort the government's agenda, be at the level of micromanagement or lead to implementation bottlenecks. A few explicitly expressed frustrations with 'no objections' requirements. In addition, conditions should relate to the project receiving support. Several respondents were frustrated with donors placing preconditions on their aid (e.g. privatization) that were entirely unrelated to the project. Finally, **conditionalities should be explicit**. In particular, if the government meets the agreed to conditions, donors should release funds regardless of the political situation on the ground. See the paragraph on predictability in 4.2.2 for details.

#### 4.2.5 Transparency

##### Key messages:

- Donors should provide detailed information on aid flows
- Donors should be up front about their intentions and decisions

51. 3 out of 50 interviews ranked transparency as the number one factor determining the effectiveness of a multilateral donor; a further 16 listed it as one of the top three. Transparency was particularly seen as important in Zambia, though it was mentioned by a number of respondents in each country. The following paragraphs describe, from a recipient perspective, key features of a transparent donor.
52. An effective donor provides **information on aid flows** to both the Ministry of Finance and line ministries. According to interviewees, donors should provide detailed information on the amount of aid allocated to each actor, including the country office (e.g. overhead costs), the government, NGOs and other implementers in order to improve government oversight and planning. Within the aid allocated to government, the percent of funds earmarked for technical experts, training, etc. should also be clear.
53. Donors should be **up front about their intentions and decisions**. Interviewees listed a number of situations where information given by donors is often insufficient. These include: why changes are made to projects; why disbursements are delayed and by when they can be expected; why less funds were disbursed than committed to; why feedback from the government was not taken onboard; why a given percent of funds was earmarked for TA; and for how long they intend to provide support. Several interviewees also stressed that all donor reports (including audits) should be made available to the government and that meetings with donors should take place in the recipient country and in a transparent manner. These behaviours are closely related to the issue of mutual respect, discussed in section 4.2.7. In general, donors that are decentralised and regularly interact with the government were seen to be more transparent.

54. A few respondents also mentioned the importance of donors providing clear and easy to understand information on their procedures.

#### 4.2.6 Capacity building

##### Key messages:

- Capacity building should be demand driven
- Donors should tailor capacity building to recipient needs
- Technical advisers should be of high quality
- Donors should support a combination of local and international experts

55. Five out of 50 interviews listed capacity building as the number one factor determining the effectiveness of a multilateral donor; a further nine listed it as one of the top three. Capacity building is considered vital both for the sustainability and success of individual projects and for development more broadly.
56. No explicit definition of capacity building was presented to interviewees. Rather, respondents were invited to interpret the term as they saw fit. While a wide range of responses were given, a number of points were consistently emphasised. These points were in part about donors' attitudes and approach towards capability building and in part about the specific types of capacity building that donors tend to provide. The following paragraphs describe, from a recipient perspective, key features of partnership oriented capacity development.
57. According to respondents, donor-provided capacity building should be **demand driven** and owned by government. Many interviewees in Zambia and Ethiopia noted that, while their requests for capacity building were usually fulfilled, donors often imposed additional capacity development components (particularly in the form of TA) as part of the 'aid package'. In addition, interviewees stressed the need for greater government ownership over technical assistance, including a role in drafting the terms of reference, selecting the expert and evaluating his/her performance.
58. Donors should also **tailor capacity building** to the needs of each project and country/community. Interviewees listed a number of capacity building modalities that they considered useful, including technical assistance, short and long term training and equipment (ranging from computers to vehicles). Informal learning opportunities were also appreciated, such as sharing of donor mission findings and peer learning opportunities. However, it was emphasised that the usefulness of each modality depends upon the current needs of the agency or project. In particular, where there is sufficient staff in place there may be less need for long-term technical advisers and more need for training and equipment. And where there is a need for experts, there may be more need for 'hard' experts (e.g. engineers) and less need for 'soft' experts (e.g. advisers). There was a feeling amongst several interviewees that donors currently focus too much on the TA side of capacity building.
59. In addition, an effective donor provides **high quality, and accountable, technical advisers**. Interviewees in all three countries expressed frustration with the calibre and attitudes of current consultants. For a consultant to be most effective, he/she should have sufficient experience and expertise, take the time to understand and adapt to the local context, take steps to actively transfer knowledge to local counterparts, build a close relationship (of earned, rather than forced respect) with the government and work closely with counterparts (either through regular meetings or by being based within a ministry). In its current form, donor provided TA is often seen as a 'short term fix' (e.g. to produce a report) rather than a long term capacity building tool.

60. Where available, donors should make **greater use of domestic experts** and firms. A number of interviewees expressed frustration with donors' high reliance on international experts. This frustration was primarily due to the feeling that international experts lacked understanding of the country context. However, a few interviewees also commented that some donors seemed to use TA as an opportunity to channel aid money back to their own country. Most interviewees preferred a combination of both local and international experts in order to bring both international best practice and an understanding of the country context to the project. In such a combination, interviewees stressed the importance of the international expert passing on his/her knowledge to the country counterpart. Remarks about the importance of international and local experts sharing the burden of work and being treated as equals were also made. A few interviewees stressed the need for greater (and sometimes even sole) reliance upon local experts (for cost-savings, capacity building and quality reasons). With regards to equipment and other material, local procurement was generally favoured.
61. Several respondents also mentioned the importance of donors providing a level and percent of funds in the form of capacity building that is in line with the programme/country's objectives and needs. Donors should also support a comprehensive approach to human resource capacity building, targeting all levels of need – from central government staff down to implementers at the grassroots level.

#### 4.2.7 Additional areas of importance for partnership behaviour

**Key messages:**

- Donors should understand and adapt to the context and culture of each country
- Donors should behave in a respectful and receptive manner and employ high-calibre staff
- Donors should harmonise their procedures and projects

62. Three aspects of multilateral donor effectiveness not included in the questionnaire were also raised by respondents. Two of these – understanding the country context and behaving in a respectful and receptive manner – have cross-cutting implications for nearly all aspects of donor effectiveness.
63. An effective donor **understands and adapts to the context** of each country. This entails regular consultation with the government and civil society; designing projects that match the specific needs of a community; and adjusting procedures and conditions to the capacity of the government. A number of respondents from Zambia also stressed the importance of understanding each country's culture. For example, politeness should not be taken for agreement in a society where direct criticism – particularly of someone providing assistance – is rare. Similarly, donors should not expect the advice of a young, inexperienced consultant to receive the same consideration as the advice of a seasoned consultant in a society where age is respected.
64. In addition, donor agencies and staff should behave in a **respectful and receptive** manner. In particular, donors should treat government staff as true and equal partners, recognising that there are opportunities for mutual learning and exchange of ideas. In addition, when donors identify a project they should convince government staff of the project's merits rather than dictating direction. Additional aspects of a true donor partner include: participating in regular and frank dialogue both in formal and informal meetings; fully taking into consideration the opinions and advice of government officials; improving communication with

government, including timely and candid information about missions and disbursement delays; and following through on international commitments and country pledges. The importance of mutual respect was particularly stressed by respondents in Sierra Leone and Zambia. Several interviewees also commented on the importance of **qualified donor staff**, particularly staff with sufficient country knowledge, broad-based and technical expertise and years of experience (similar to the characteristics outlined when describing an effective consultant). To this end, one respondent suggested a scheme whereby donor staff would be posted to the same country multiple times over the span of their career.

65. **Harmonisation** is also an important element of donor effectiveness. According to respondents, donors should coordinate their procedures, conditions and projects so as to avoid duplication, improve division of labour and minimise the administrative burden on government. However, coordination should not lead to collusion; three respondents from Sierra Leone expressed frustration with an individual donor's decision to withhold funds leading to all donors following suit. In general, interviewees preferred donors to fund through pooled arrangements.

#### 4.2.8 Aspects of donor behaviour requiring further exploration

66. During interviews two aspects of multilateral donor behaviour were repeatedly raised but with no clear consensus on how an ideal donor should behave: whether donors should provide salaries in line with the civil service and the degree to which donors should engage in policies and projects. Each of these is discussed in turn.
67. There was no clear message from interviewees about whether the use of **salary top ups**, secondments, hiring government staff, etc. made a donor more or less effective. Some were in favour of salary differences as they felt they a) improved the performance of individual projects; b) rewarded individuals for their hard work; and c) lessened the tensions that arise as a result of high salary differences between local and international staff. Others, however, felt that such incentives undermined the capacity of the government as a whole by creating tensions between government staff and adding to the high turnover of qualified civil servants. Based on the 16 interviews that touched on this topic, persons receiving a salary top up appear to be more in favour of such benefits than persons not receiving a top up. However, several persons receiving top-ups went on to state that while they were happy to receive this benefit, they also recognised the negative impact it had on their ministry/unit as a whole. Moreover, several persons not receiving top ups were in favour of them. Further research is needed to fully explore stakeholder perceptions of salary incentives.
68. Respondents also differed in their opinion of **how involved donors should be** in projects and policies. Some preferred the government and donors to work closely together at all times – primarily for consensus and capacity reasons. Others preferred donors to take a more 'hands off' approach, allowing the government to set its policies and refraining from the micromanagement of every purchase order. In general, interviewees preferred donors to limit themselves to an advisory role in policy design, to play a more active role in project design and monitoring, and to refrain from implementing projects themselves. Donors that provided funds through pooled arrangements were also generally preferred to those that provided project aid.

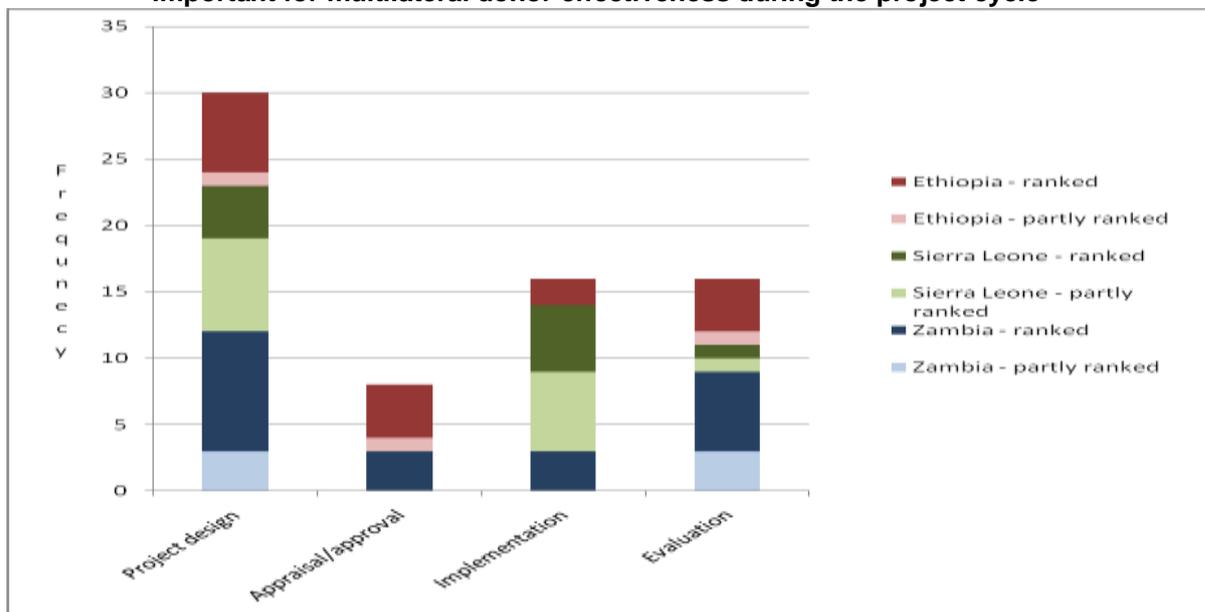
### 4.3 Project Cycle

**Key points:**

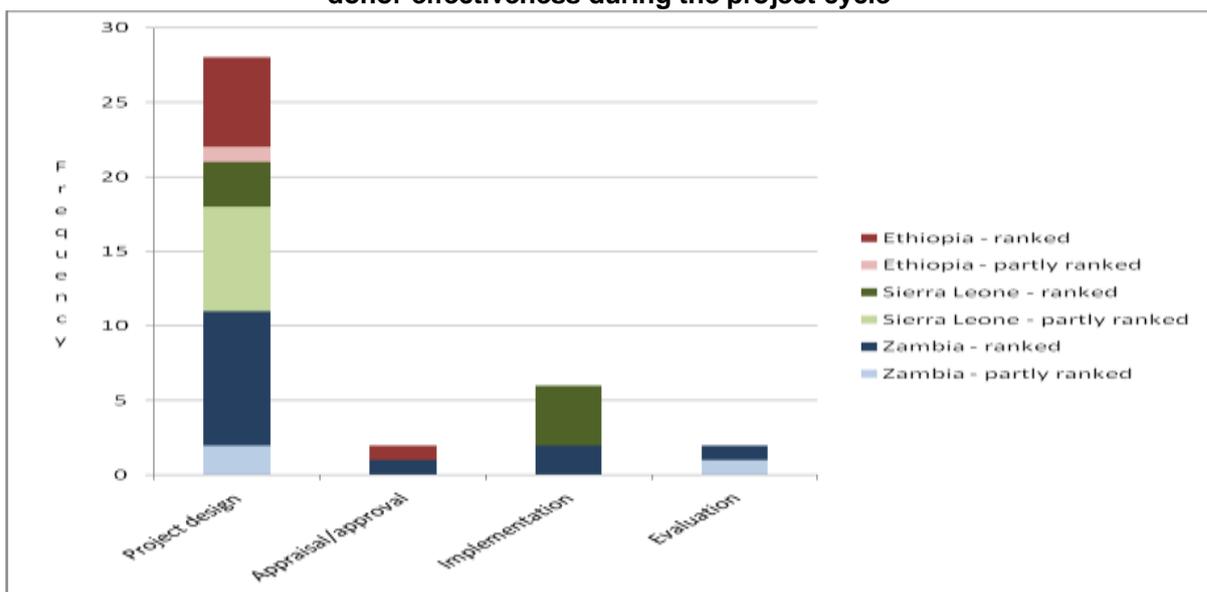
- A well designed project is more likely to succeed
- Projects should be designed in a consultative manner
- Project designs should incorporate country circumstances and needs
- During implementation, donors need to be flexible and timely
- Donors should encourage and participate in regular evaluations

69. Respondents from 38 interviews were asked, with the aid of a diagram, to identify which stages of the project cycle multilateral donor behaviour has the greatest impact on their perceived effectiveness. In 27 of these interview sessions respondents provided clear rankings of which stage donor behaviour has the first, second and third greatest impact on effectiveness. In the remaining 11 interviews respondents provided partial rankings and/or gave a more open-ended response about how an effective donor interacts during projects. In either case, based on the answers given, the authors were able to collate responses into rankings following the interviews. See figures 4 and 5 for details. Note that, although the focus of both interviews and this report are on donor behaviour, effective government behaviour in projects is essential as well.
70. When describing the behaviour of an ideal donor during a project a number of respondents focused on the importance of flexibility, adapting to the country context, speedy procedures and inclusiveness. Most of these fit within the partnership principles identified above (particularly ‘responsiveness’). Partnership characteristics were also referred to when describing the behaviour of an ideal donor at specific stages, such as aligning with the country’s priority areas during the design stage and providing predictable disbursements during the implementation stage. Combined with the responses given by interviewees when asked whether donor behaviour during the partnership or project cycle level had the greatest impact on the effectiveness of the donor (see section 4.1), these findings suggest that donors seeking to improve their effectiveness should focus on the partnership aspects of their behaviour.

**Figure 4: Top three: Number of interviews listing a particular stage as one of the three most important for multilateral donor effectiveness during the project cycle**



**Figure 5: Number of interviews listing a particular stage as the most important for multilateral donor effectiveness during the project cycle**



#### 4.3.1 Project identification and design

71. Of the five stages, donor behaviour during project design was most frequently ranked by respondents as important. According to interviewees, if the project is **properly designed** then the project as a whole is more likely to succeed.
72. A well designed project requires **broad based consultation** and a clear understanding of the needs and circumstances of the country and community. Regardless of whether it is a government or donor initiated project, respondents stressed the importance of government, donors and communities coming together to design the project.<sup>viii</sup> For a donor project, it is not enough for donors to simply meet with representatives from the government and communities; the feedback they provide needs to be taken on board. In addition, respondents emphasised that donors should **adapt their projects and approach** to the circumstances, priorities and capacities of each country. Donors should also ensure that the design allows for the risk of both foreseen and unforeseen challenges at the implementation stage; that the design includes a realistic implementation timeframe and costing estimate; that the design sets out clear opportunities for project evaluation; and that the project, as designed, can achieve the intended objective. The importance of moving quickly from project identification to implementation was also raised as an important element of donor effectiveness during both project design and project appraisal and approval.

#### 4.3.2 Project appraisal and approval

73. Donor behaviour during project appraisal and/or approval was ranked by respondents in approximately 20% of interviews as one of the three most important factors for donor effectiveness during the project cycle. According to interviewees, any changes made by donors during these stages should be transparent and consultative. In addition, donors should shorten the time between project design and implementation, as well as the number of forms and procedures required. Several interviewees cited examples of projects that, because they had taken years to be implemented, were rendered less effective due to changing circumstances on the ground – including the cost of material.

### 4.3.3 Project implementation

74. Respondents in 16 interviews, two thirds of which were from Sierra Leone, ranked project implementation as one of the three most important for donor effectiveness during the project cycle. According to interviewees, donors should disburse funds in a timely manner and allow for a **degree of flexibility**, including adjustments to the project timeframe and methodology in light of changing circumstances. Several interviewees stressed that donors should support projects that are implemented by the government and/or locally based consultants, particularly where there is sufficient capacity. While there is a role for donors in monitoring projects – a role that allows them to respond quickly to requests for project adjustments – very few respondents were in favour of donors directly implementing projects themselves.

### 4.3.4 Project evaluation

75. Project evaluation was ranked by respondents in 16 interviews, half of which were from Zambia, as one of the three most important factors for donor effectiveness during the project cycle. According to interviewees, donors should **encourage and participate in regular project monitoring** and evaluation. During the mid-term evaluation, which a number of respondents indicated was the most important evaluation, gaps and challenges should be identified. These findings should then be incorporated through timely adjustments to the project (see section on flexibility in 4.2.3 for details). During the final evaluation, a full assessment of the project is needed. These findings should then be incorporated into future project designs. In order to maximise the effectiveness of these evaluations, all stakeholders should be involved, including donors, government (even when there is low capacity) and user groups.

## 4.4 Recipient perspectives on AE indicators & their choice in donor

### Key points:

- Few respondents believe their government is in a position to turn down aid
- Familiarity with AE indicators outside the Ministry of Finance is low
- Respondents are generally in favour of AE mechanisms

76. To explore whether and how indicators of donor effectiveness are of use to recipients, respondents from 25 interview sessions were asked specific questions about their government's dependence on aid and their own familiarity with, and opinions of, current indicators of AE.
77. In the 12 interviews where respondents were directly asked whether they believed the government had a choice in which donor to receive additional funding from, only one interviewee could imagine his government declining funds.<sup>ix</sup> The other 11 all indicated that their governments were too dependent upon funds to consider turning away donors for aid effectiveness reasons; any **aid, even if ineffective, was considered better than no aid**.
78. In 18 interview sessions respondents were asked their **familiarity with the Paris Declaration** Monitoring Survey and similar aid effectiveness indicators currently being measured. Out of these, respondents in seven interview sessions were familiar with the Paris Declaration Survey, four had heard of the Paris Declaration Survey but had not seen their country's chapter and seven had never heard of the Paris Declaration Survey. Amongst those that were familiar with the Paris Declaration, few were well informed about other international measures of donor performance such as the *Multilateral Organisation*

79. It should be noted that the researchers' decision on whether to ask respondents about their familiarity with current AE indicators was not random. In particular, respondents from the Ministry of Finance and senior posts in other ministries were more likely to be questioned on this topic. Findings show they were also more likely to be the ones familiar with such indicators. Five out of the seven respondents that were well informed about the Paris Declaration were from the Ministry of Finance. The remaining two were in senior positions in sectors receiving large amounts of donor funds. These findings imply that the above cited statistics may overestimate government employees' familiarity with aid effectiveness indicators. Further surveying is needed to verify this.
80. Despite the lack of awareness about current measures of donor effectiveness and a general feeling that recipient governments are not in a position to choose which donors to work with, respondents were **predominantly in favour of both national and international mechanisms for assessing donors**. At the international level, respondents preferred mechanisms that provide disaggregated information on individual donor performance by recipient country. At the national level, respondents preferred mechanisms that assessed donor performance by sector (or even project) and/or included indicators tailored to the country's aid effectiveness agreements. The imagined benefit of such mechanisms was not for funding purposes.<sup>x</sup> Rather, respondents felt that AE mechanisms could serve as an instrument for holding donors to account and a forum for dialogue both within government and between the government and donors.
81. Whether improved dialogue and accountability can be achieved through greater awareness about and use of current AE indicators is, however, unclear. Five of the seven respondents identified as fully familiar with the Paris Declaration were asked to provide their opinions on its usefulness. According to all five, while the Monitoring Survey is a positive step towards assessing donor effectiveness, it includes a number of challenges and shortcomings. In particular, there was a sense that the definitions of several indicators were open to multiple interpretations and that the numbers put forth in the country chapters at times overestimated donors' performance. Several respondents also expressed frustration with the way in which data was selected and analysed.

## 5 Conclusion

82. This report confirms the significance of current aid effectiveness indicators and the aspects of donor effectiveness identified by previous ODI research. Multilateral donor behaviour related to depth of commitment, responsiveness and support of country ownership came across as particularly important.
- With regards to depth of commitment, an effective donor provides long term, predictable aid and requires counterpart funding that is context-appropriate.
  - With regards to responsiveness, an effective donor is flexible in response to changing circumstances and the capacity of recipients, delegates sufficient authority to country offices and allows appropriate time between tranches and achievable requirements for disbursement.
  - With regards to supporting recipient-driven policy, an effective donor provides advice without imposing undue influence and aligns with the priorities identified by government. Where conditionalities are necessary, such conditions are both flexible and explicit.

83. Although governments consider the way in which donors behave within projects as important (particularly at the design stage), the aspects of an effective donor identified by respondents at this level largely link back to the broader partnership behaviours – particularly responsiveness. This suggests that, with regards to aid effectiveness, donor behaviour at the project level may be subsidiary to donor behaviour at the partnership level.
84. This research also provides a more detailed understanding of recipient governments' perspectives on donor effectiveness. In particular, the aspects of donor behaviour considered by governments when describing donor effectiveness are broader, deeper and more nuanced than often appreciated. Donors should consider what implications this has for the Paris Declaration and their own aid strategies.
85. First, responses from interviewees suggest that governments' perceptions of multilateral donor effectiveness are based on much broader definitions than current measures of aid effectiveness. For example, according to interviewees, a predictable donor will not only disburse aid within the fiscal year for which it was scheduled and provide forward information on planned aid (as emphasised in the Paris Declaration and AAA), it will also translate pledges into actual commitments, disburse aid in the quarter for which it was scheduled and provide the government with timely information on any changes to disbursement dates or levels.
86. Second, responses suggest that recipients' opinions of donor policies and behaviour are more nuanced than often believed. For example, while the authors hypothesised that recipients prefer donors to provide aid without a counterpart funding requirement, according to interviewees matching fund requirements are often appreciated as long as such requirements include non-financial sources of contributions and are commensurate with governments' and communities' resources. In addition, there are some elements of donor behaviour for which there are no clear cut government preference. For example, respondents were in disagreement as to whether the use of salary top ups made a donor more or less effective, as well as the degree to which donors should engage in policies and projects.
87. Third, responses indicate that governments' perceptions of donor effectiveness include aspects of donor behaviour that have received relatively little international attention to date, including indicators of aid effectiveness. Mutual respect, adapting to the country context and making greater use of local knowledge and expertise were all considered important to donors' overall effectiveness.
88. This study also adds insight to the 'anomaly' identified by Burall et al. (2007). In the previous study, a high percent of respondents indicated they would prefer additional funding from the AfDB even though it rated relatively poorly against most of the specific AE criteria put forth in the survey. For this study, the authors hypothesised that this apparent contradiction emerged because the definition of aid effectiveness put forth failed to capture aspects of donor behaviour important to recipients. The authors initially hypothesised that this 'missing element' was the multilateral's governance structure. However, based on responses, this does not seem to be the case; few interviewees identified governance as one of the key aspects of an effective multilateral and a number of respondents indicated that the AfDB was not the most effective donor. A revised hypothesis is that it is the additional aspects of donor behaviour highlighted by respondents in this latest questionnaire – e.g. honouring pledges and adapting to the country context – that are the 'missing element'. Alternatively, it may be the case that recipients' preferences for funding are either not based on aid effectiveness principles or based only on a narrow sub-sample of these principles (e.g. the degree of concessionality and aid untying).
89. With regard to the use of aid effectiveness indicators, responses suggest that government are unlikely to use them to decide which donor to seek additional funding from. In addition,

because aspects of donor effectiveness are wide-ranging, complex and interlinked, it will be difficult to fully capture the effectiveness of donors through indicators. Still, mechanisms such as the Paris Declaration Monitoring Survey are seen as important for holding donors to account and increasing dialogue on effectiveness. For these benefits to be fully achieved, awareness about these indicators needs to be increased.

90. Finally, the feedback that interviewees provided researchers with indicates that government officials would like their perceptions of donor effectiveness to receive wider attention both in international and country specific dialogue on aid and development. However, there is currently a shortage of opportunities for governments to openly share their insights and for these insights to be communicated more broadly.

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<sup>i</sup> Given the low percent of interviews that ranked governance as a key element of partnership behaviour, three respondents – one from each country – were asked their opinion on why a number of respondents in the study by Burall et al. (2007) chose the AfDB as the donor they would prefer additional funding from. None of the three were able to give a clear answer as to why this was. However, they speculated that it may have something to do with a belief that the AfDB has a better understanding of the needs of African countries or that the persons that gave this response were from projects heavily supported by AfDB funds. Further research is needed to better understand the ‘anomaly’ of this earlier work.

<sup>ii</sup> According to interviewees, late funds negatively impact the government by lowering its ability to plan, by shortening the time left to implement and by forcing it to pay for donor funded projects, including contractors, out of pocket.

<sup>iii</sup> Interviewees in all three countries stressed that long term support was necessary for sustainable development and to ensure sufficient time for implementation (particularly when the time between design and disbursement is lengthy).

<sup>iv</sup> The issue of definition becomes important here. In particular, a few interviewees noted that while the governments tend to define projects in terms of an end objectives (e.g. increasing tourism or building a railway network), some donors are perceived to think in terms of sub-components (e.g. preparing a feasibility study). According to these interviewees, a donor that funds one segment of the project is less effective.

<sup>v</sup> According to a number of respondents, particularly in Sierra Leone, donors should channel fewer funds through NGOs. There are two reasons for this. First, interviewees felt that NGOs were no more capable or accountable than the government. Second, interviewees felt that working with the government was an important way to raise its capacity and ensure the sustainability, and geographical equity, of programmes.

<sup>vi</sup> Note, however, that there are limits to how frequently projects should be reprogrammed. Two respondents noted that there needs to be a balance between flexibility and consistency.

<sup>vii</sup> Note that a minority of respondents stated that donors were effective as long as they funded any area identified in national and sector plans. For example, a donor choosing to exclusively support HIV/AIDS is effective as long as a) there is a funding gap for HIV/AIDS and b) the donor makes it clear to the government what it is funding so that the government can then allocate its resources to other areas within the health sector.

<sup>viii</sup> According to respondents, donor involvement at the design stage – particularly when it is the government that will implement – can lead to a common understanding amongst stakeholders, a faster appraisal and approval process and a more responsive donor if implementation challenges arise. Government and community involvement is necessary to ensure that the project is in line with the needs and priorities of the country; that the project will be domestically owned; and that the project design is appropriate to the country context.

<sup>ix</sup> And even he felt it would be difficult for the government to turn down aid for sectors such as health and education

<sup>x</sup> Four respondents in Sierra Leone were asked to describe what factors the government would consider if it were in a position to choose amongst donors. In addition, one respondent in Zambia was asked to describe what factors the government would consider if it were in a position a position to oversee a division of labour exercise. All five respondents hypothesised that the government’s choice would be based on donors’ past performance in the sector/country and what they were currently offering. None of the five respondents mentioned scores given to donors by AE indicators as a factor.

## 6 References

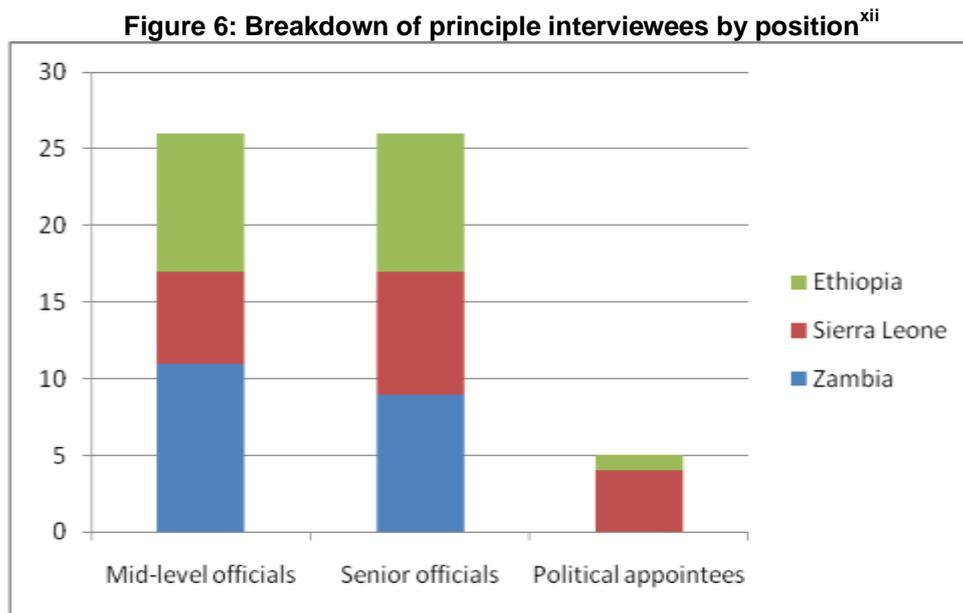
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## 7 Appendix A: Methodology

1. To gain a better understanding of what characteristics recipients believe make for an effective donor, in-person interviews (conducted jointly by an ODI researcher and a locally based consultant) with key government officials were carried out using a semi-structured questionnaire in Ethiopia, Sierra Leone and Zambia.<sup>xi</sup> In total, 57 interview sessions were conducted with 77 persons. In each country an attempt was made to speak to persons from a range of sectors and positions within the government. In total, three Ministers, two deputy Ministers, four Permanent Secretaries and one deputy Permanent Secretary were interviewed. See Figure 2 and Appendix A for details.



### 7.1 Hypotheses

2. Drawing upon findings from the previous ODI studies, a series of hypotheses on what recipients believe makes for an effective donor were developed by the authors. These hypotheses were then categorised into two themes: partnership behaviour and donor interaction at the project level. Within each theme a series of sub-categories were created. It is important to note that the questionnaire only included questions related to most of the hypotheses. However, in a number of interviews impromptu questions related to the remaining hypotheses were asked. No rankings were requested at the level of individual hypotheses.
3. The questionnaire was divided into four sections: 1) an open ended question on what makes for an effective donor; 2) questions related to partnership behaviour; 3) questions related to the project cycle; and 4) questions about recipients' decision making regarding future funds. The reason for including each of these is described below. A copy of the questionnaire, as well as the accompanying visuals, is available in appendix B and C.

#### 7.1.1 Donor effectiveness

4. The purpose of this section was to provide respondents with an upfront, and unprompted, opportunity to describe what they felt made for an effective donor. The exact wording of the question varied slightly by interview but respondents were typically asked: "What makes for

*an effective multilateral organisation?"* Based on their responses, specific follow-up questions were asked.

### 7.1.2 Partnership behaviour

5. The purpose of this theme in the questionnaire was to gain a better understanding of the key attributes and behaviours of an effective development partner from the recipient perspective. In the previous stakeholder perceptions survey (Burall et al., 2007) a number of issues related to partnership behaviour were identified as important. However, the relative ranking of various multilaterals against these indicators was not strongly correlated with whether or not recipients preferred funding through them (see introduction for details). This contradiction suggests there are other factors which influence recipient perceptions of multilateral organisation effectiveness.
6. This area was aimed to a) better understand which of the many AE aspects of partnership behaviour are most important; and b) identify whether there are any other aspects of partnership which have not been captured but which are important.
7. To do this, the authors categorised partnership behaviour into six dimensions:
  - A. Recipient country representation in a multilateral organisation's governance
  - B. The depth of the donor's commitment to development
  - C. How responsive the multilateral is to the country's needs
  - D. Whether the partner country drives policy
  - E. Multilateral donor transparency
  - F. The extent to which the donor prioritises and effectively supports national capacity building
8. Respondents were first asked their opinion on each of these six dimensions. They were then asked to indicate which of these they considered to be the first, second and third most important factors for donor effectiveness. The reason for including each of these elements in the questionnaire is described briefly below. A summary of the six aspects of partnership behaviour, as well as their sub-dimensions is given in table 3.

**Table 3: Dimensions of partnership behaviour**

<b>Partnership behaviour</b>	<b>Sub-Dimensions</b>
Donor governance structure	
Depth of commitment	<ul style="list-style-type: none"> <li>• Long-term support</li> <li>• Predictable aid</li> <li>• Low or no counterpart funding requirements</li> <li>• Grants and/or highly concessional loans</li> <li>• Volume of support</li> <li>• Salaries in line with civil service</li> </ul>
Responsiveness	<ul style="list-style-type: none"> <li>• Flexible</li> <li>• Donor decentralised</li> <li>• Demand driven TA</li> <li>• Whole of sector approach</li> </ul>
Recipient drives policy	<ul style="list-style-type: none"> <li>• Low/appropriate conditionality</li> <li>• Alignment</li> <li>• Providing input, not dictating policy</li> </ul>
Donor transparency	<ul style="list-style-type: none"> <li>• Intentions &amp; objectives</li> <li>• Procedures &amp; activities</li> </ul>
Capacity building	

9. ***Recipient country representation in multilateral organisations' governance:*** We hypothesised that recipient countries prefer support from multilateral organisations in which recipients themselves have a strong governance role – i.e. where they feel fully represented in the organisation's decision making structure. With the AfDB, for example, each member government is represented on the Board of Governors (Burall et al., 2007).
10. There are two potential reasons why governance is perceived as important to partnership:
- A. Through board representation, recipient countries feel they are better placed to influence the MO's sector focus, concessionality, conditionality, etc.
  - B. Recipients perceive that MOs with a stronger recipient representation on the board are better able to understand developing country issues, needs, etc.
11. The study also considered two alternate hypotheses:
- A. Recipients are either unfamiliar with or place a low value on country representation in MO governance and that, despite how stakeholders responded in the previous questionnaire by Burall et al. (2007), if really given the choice, recipients would not choose to receive additional funds from the AfDB.
  - B. Although respondents from the previous survey would indeed prefer to receive additional funds from the AfDB this finding does not apply more broadly.

12. **Depth of commitment:** We hypothesised that recipients prefer support from multilaterals that show a deep level of commitment to the country's development. Within this dimension of partnership, there are a number of MO behaviours that recipients prefer:
- A. Recipients prefer long-term support. This ensures that a) the aid provided is consistent with the timeframe needed to achieve intended objectives – i.e. that funds continue until the results materialise; and b) the period of aid commitments are synchronized with the government's budget planning horizon – i.e. if the government has a medium-term budget plan, donors are prepared to specify their intended support over a corresponding time period.
  - B. Recipients prefer predictable aid (both in-year and multi-year) that does not disrupt service delivery, cause recourse to unplanned in-year treasury operations to raise financing or result in payment arrears.
  - C. Recipients prefer limited or zero requirements for counterpart funding of MO support.<sup>xiii</sup>
  - D. Recipients prefer grants and/or highly concessional loans.<sup>xiv</sup> For MOs that provide a mixture of grants and loans, their decision to provide grants – where such a choice is available – is an indicator of their commitment to a country's development.
  - E. Recipients prefer relatively large volumes of support (both because it allows them to implement more programmes and because it reduces the per-unit transaction costs of receiving aid). There are two potential measures of aid volume: a) the volume of an MO's support relative to its total budget for all country programmes; and b) the volume of an MO's support relative to level of funds needed to tackle the stated project objective.<sup>xv</sup>
  - F. Recipients prefer MOs that align with government calendars/timing. For example, recipients prefer donors to respect mission free periods, propose projects during the budget planning cycle, etc.
  - G. Recipients prefer MOs that provide salaries in line with the civil service. By offering salaries at a higher rate, donors undermine the capacity of government by 'poaching' qualified staff; equally, by giving certain civil servants salary 'top ups' donors demotivate the remaining civil servants and risk creating a contingent liability on government. This issue has direct links to capacity building.
  - H. Recipients prefer MOs that share responsibility with recipient countries for achieving development results and acknowledge their role in failures and well as successes.
13. **Responsiveness:** We hypothesised that recipients prefer support from multilateral organisations that are responsive to the recipient country's needs. There are a number of aspects that make for a responsive partner:
- A. Donor strategic and operational flexibility: Recipients prefer MOs willing to make reasonable adjustments to existing and planned programs in response to changed government priorities and country circumstances. Similarly, they favour MOs that adjust their choice of modalities to reflect improvements in countries' public financial management and procurement systems.
  - B. MO willingness to take a whole of sector focus: Recipients prefer donors willing to fund any aspect of a sector deemed as critical, as opposed to ones that choose to focus on a narrow sub-set of issues within the sector.
  - C. MO decentralisation: Recipients prefer MOs that have significant in country budget holding and specialist presence (i.e. can they operate semi-autonomously of headquarters). Similarly, they prefer the MO head of mission/office to have sufficient delegated authority to deal with government at a decision-making level.
  - D. Nature of technical assistance: Recipients prefer TA that is demand driven rather than supply driven. They also prefer this TA to be timely (i.e. donors that are able to respond quickly to an identified need).

14. **Who drives policy:** We hypothesised that recipients prefer support from MOs that do not dictate policy.
  - A. Conditionality: In general, recipients prefer aid with few or zero conditions attached. There are also recipient preferences about the types of conditions. For example, a recipient may be more supportive of donor conditions that reinforce and incentivise positive government intentions.
  - B. Programme/policy identification: When designing a project, recipients prefer MOs that include them more in consultation. Donors should not work unilaterally. In addition, recipients do not want MOs to try inappropriately to influence their priorities. This is not to say that government wants to be the only side proposing programmes/policies/projects; MOs may offer advice and propose ideas but should not dictate policy or dominate policy-making.
  - C. Policy alignment: Recipients prefer MOs that align with the government's development priorities, at sector level, at sub-sector level and in terms of geographical focus.
15. **Transparency:** We hypothesised that recipients prefer support from MOs that are transparent. Donors should be transparent both in terms of their intentions/objectives and in terms of their procedures/processes/activities.
16. **Capacity building:** We hypothesised that recipients prefer support from MOs that build national capacity. Recipients also have preferences regarding the type of capacity building provided, as well as the percent of aid provided in this form. In order to fully capture what capacity building means to recipients, and how donors can best support this, the definition of CB was deliberately left open.
17. **Other:** We hypothesised that there are additional attributes of MO partnership behaviour that recipients appreciate. To capture these attributes, respondents were asked whether there were any features of partnership behaviour not identified above that they deemed important. In addition, as additional attributes were identified by interviewees (e.g. the importance of dialogue and mutual respect), a number of later respondents were asked their opinions on these.

### 7.1.3 Project cycle

18. In addition to the partnership side of aid effectiveness, we hypothesised that recipients' perceptions of multilaterals are based on donors' more technical interactions with government. As such, this section of the questionnaire explored how an MO works with the government to move a project idea from identification through to implementation and evaluation.
19. It is clear that at each stage of this cycle, the way the MO acts and the demands it makes on the recipient may reduce the effectiveness of the funding. What is less clear is which stage is most crucial for donor effectiveness. To explore this, respondents were presented a diagram depicting the five key stages of the project cycle:
  - A. Project design
  - B. Project appraisal
  - C. Project approval
  - D. Project implementation
  - E. Project evaluation
20. They were then asked to rank at which stage donor behaviour has the first, second and third greatest impact on effectiveness. Following their rankings, respondents were asked to describe their perceptions of effective donor behaviour at each of these three stages.

21. Note that the exact wording and interpretation of this question varied slightly. In particular, a few respondents seemed to focus their answers on which stages of the project cycle donor involvement is most important rather than at which stages of the project cycle the way in which donors behave is most important. Whether or not respondents imagined a donor or government led project may also have had some influence on the factors they selected.

#### 7.1.4 Governments' choice in donor & the role of AE indicators

22. The final section of the questionnaire attempted to ascertain the degree to which recipients felt their government has a choice in which donor to seek additional funding from and what information recipient governments use (or would use if such an option was available to them) to make decisions about which MO to approach. The aim was also to ascertain whether (and why) recipients deem any of the current indicators on aid effectiveness as useful and whether they would be interested in any additional indicators on AE.<sup>xvi</sup> Particular attention was given to this section of the questionnaire when speaking to officials within the Ministry of Finance, including country coordinators for the 2008 Monitoring Survey.
23. There are currently a number of indicators of aid effectiveness available to governments. These include international mechanisms such as the *Paris Declaration Monitoring Survey*, MOPAN's *Common Approach*, the Debt Relief International-led *Heavily Indebted Poor Countries Capacity-Building Programme analysis* and the *Strategic Partnership with Africa Survey of Budget Support* and country specific mechanisms such as Mozambique and Zambia's Performance Assessment Frameworks. In addition, the Center for Global Development has recently announced that it will begin to publish an annual assessment of donors' aid quality, using a broad range of indicators.

## 7.2 Notes on Application of the Methodology

24. The questionnaire was designed with the intention of gathering quantitative data on the aspects of donor effectiveness most important to recipients. To this end, respondents were asked a series of ranking questions. While the findings from this data provide important insight, it is not without its limitations (see the following paragraphs for details). Moreover, because the interviews were semi-structured and in-person, a wealth of information beyond rankings was gathered. As such, it is the opinion of the authors that the key value added of this report is a deeper and more sophisticated understanding of recipient governments' perspectives on donor effectiveness.
25. At the beginning of each interview, participants were asked to base answers on their experience with multilateral organisations<sup>xvii</sup>. Of these, interviewees were most familiar with AfDB, the World Bank, the EC, UNDP and UNICEF. However, it is important to note that during discussions interviewees often also made reference to, and provided examples of, the effectiveness of bilateral donors and NGOs. As such, the findings reflect to some extent recipients' broader views on donor effectiveness rather than multilaterals specifically.
26. The method in which section two on 'partnership behaviour' was presented to interviewees in Sierra Leone differed from the method used in Zambia and Ethiopia. In Sierra Leone, respondents were briefly introduced to each of the five elements of partnership behaviour, asked to select the three factors they considered most important and then asked probing questions about each of the three factors selected. In general, this method was effective in eliciting responses from interviewees. However, in a few instances, it seemed to result in respondents ranking factors without fully understanding their definition, as defined by this report. As such, in Zambia and Ethiopia respondents were generally first asked probing questions about each of the five partnership elements and then asked to select and rank the three most important.

27. Due to time constraints and differences in interviewee job descriptions, interview sessions often focused on particular sections of the questionnaire. For example, special attention was given to section three during discussions with persons assigned to individual projects. In general, section four was given the least attention by respondents.
- Questions from section four of the questionnaire were asked in 9 Sierra Leone interview sessions, 7 Zambia interview sessions and 9 Ethiopia interview sessions. Note that the specific questions asked, and answered, differed from one session to another depending upon the respondent's position within the government and familiarity with current AE indicators.
  - Questions from section two were asked in 19 Zambia interviews, 17 Sierra Leone interviews and 14 Ethiopia interviews. Note that not all respondents provided three rankings.
  - Questions from section three were asked in 16 Zambia interviews, 14 Sierra Leone interviews and 8 Ethiopia interviews. Note: not all respondents provided three rankings; respondents in 13 interviews provided one ranking; respondents in 18 interviews provided two rankings; and respondents in 7 interviews provided three rankings.
28. Although an attempt was generally made to obtain rankings of the partnership principles and project cycle stages interviewees considered to be most vital, a number of discussions took on a more open format. In cases where the respondent was presented and explained the visuals, the interviewer was often able to rank the factors following the interview, based on what was discussed. In cases where the visual was either not presented or given little attention, such post-interview rankings were not possible. There were also a number of cases where the respondent said they were unable to provide rankings, as the concepts in question – particularly partnership behaviours – were too complex to be narrowed down to one or two key aspects.
29. In 15 interviews, most of which took place in Sierra Leone, there was more than one government official present in the session. This was particularly the case in interviews with political appointees, as they tended to be accompanied by advisers. Although still possible in some cases, eliciting clear rankings from respondents was more difficult in group meetings.
30. In regards to figure 1: First, data was derived from an open-ended question on what respondents believe make for an effective donor. As such, the listed categories are based upon the authors' analysis of these responses. Second, although generally consistent with the findings of section 4.1 and 4.2, there are a few differences in the relative importance afforded characteristics when asked the introductory question of what makes for an effective donor vs. when asked to rank the importance of predefined aspects of partnership behaviour and stages of the project cycle. Transparency, for example, was raised by only one respondent in the introductory question but later ranked as one of the top three aspects of partnership behaviour in 19 interviews.
31. In regard to the analysis in section 4.2: Caution should be taken in focusing too narrowly on a single dimension of partnership behaviour. First, a number of respondents stated that all six aspects were important. Second, these dimensions are very much interlinked. Third, the authors suspect that respondents focused on the aspects of donor effectiveness that were still a challenge in their country; for example, 'who drives policy' was mentioned more frequently in Sierra Leone than in Ethiopia.

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<sup>xi</sup> Because of the decentralised governance structure in Ethiopia, interviews were conducted with both the central government and the regional government of Oromia.

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<sup>xii</sup> Note that this chart does not include the 20 additional government officials that participated in interviews but were not the primary speaker.

<sup>xiii</sup> Alternatively, it could be argued that a requirement for counterpart funds is a way for donors to encourage government to prioritize development, increase local ownership and ensure project sustainability. According to this logic, a donor that requires counterpart funds is more deeply committed.

<sup>xiv</sup> It is important to keep in mind though that a recipient's preference for grants goes beyond partnership objectives; because grants are in a sense 'free money', recipients may prefer to receive a poor quality grant to a high quality loan. It could also be argued that providing loans is better as it encourages governments to pursue revenue mobilisation strategies and may encourage greater government and donor ownership over projects.

<sup>xv</sup> Note that providing large volumes of aid does not necessarily make a donor effective. A donor providing a large, one time sum of money for a project with little concern for/understanding of recipient needs is arguably not showing a deep commitment.

<sup>xvi</sup> There is some evidence to suggest recipients would be interested in such information. For example, Burall and Pallen (2009) found that focus group participants were "interested in the global MOPAN report and a country report which has significant local input."

<sup>xvii</sup> Where the term MO was taken to include the EC, World Bank, UN funds, agencies and programmes, and regional banks

## 8 Appendix B: Copy of questionnaire

### Recipient Decision-Making about Additional Aid Financing: Stakeholder Views on Effectiveness

*For completion by enumerator*

CODE \_\_\_\_\_

*The purpose of this study is to explore what criteria recipient governments use in evaluating where additional funding should come from. The information obtained will be treated with the strictest confidence. We will not release information about the responses of any individual who takes part in this survey.*

#### Background questions

[1.] Country?

[2.] Ministry?

[3.] Position in Ministry?

[4.] How many years in current post? (If less than 6 months, what was your previous post?)

[5.] How many years working for government?

[6.] Gender?

- Male
- Female

[7.] Which organisations – particularly multilateral organisations – are you informed about? [Alternatively: which organisations do you have experience working with?]

#### Donor effectiveness criteria

[8.] What makes for an effective multilateral organisation?

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[Alternative prompting questions:

- a. *If you could choose one multilateral to receive increased support from, which would it be and why?*
- b. *Which MO in your country do you think is most effective?*
- c. *What do you think makes that MO most effective? ]*

The way a multilateral donor operates in partnership can have a huge impact on its development effectiveness. We first want to explore what aspects of partnership behaviour have the most impact on MO effectiveness.

**[9.] Partnership behaviour: There are a number of different aspects to the way that a MO operates in partnership with aid recipient countries. These are:**

- A. Recipient country representation in multilateral governance
- B. The depth of the multilateral's commitment to the country's development
  - Long-term support
  - Predictable aid
  - Low or no counterpart funding requirements
  - Volume of support
- C. How responsive the multilateral is to the country's needs
  - Flexible
  - Donor decentralised
  - Demand driven TA
- D. Recipient drives policy
  - Low/appropriate conditionality
  - Alignment
  - Providing input, not dictating policy
- E. The multilateral organisation's transparency
  - Intentions & objectives
  - Procedures & activities
- F. The extent to which the multilateral builds national capacity

**[10.] [Following a brief explanation by the interviewer] For each of these, please explain how important the aspect is in terms of MO effectiveness and, if important, what it is in particular about this aspect that is critical. If appropriate, please highlight the issue through use of examples.**

**a. Recipient country representation in MO governance**

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**b. The depth of the MO's commitment to the country's development**

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**c. How responsive the MO is to the country's needs**

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**d. Recipient drives policy**

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**e. Its transparency**

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**f. The extent to which it builds national capacity**

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**[11.] Which of these are the three most important aspects for you, in terms of multilateral effectiveness?**

1. 

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2. 

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3. 

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**[12.] Are there important aspects of partnership behaviour that you think we've missed?**

- Yes
- No

**[13.] If yes, please describe.**

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**[14.] If yes, are these factors more important than some of the factors that you listed as being the three most important in question 11?**

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Another area which officials in recipient countries identify as impacting on MO effectiveness is how an MO works with the government to move a project idea from inception to implementation and evaluation. We now want to turn to this aspect.

**[15.] The project cycle: Once the project has been identified, we have identified five broad stages within the project cycle. These are:**

- a) Project design
- b) Project appraisal
- c) Project approval
- d) Project implementation
- e) Project evaluation

**[16.] At each stage of this cycle, the way the donor acts and the demands it makes on the recipient, may reduce the effectiveness of the funding. In your experience, in which of these stages does donor behaviour have the greatest impact on effectiveness?**

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**[17.] In which of these stages does donor behaviour have the next biggest impact?**

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**[18.] [TIME ALLOWING] In which of these stages does donor behaviour have the third biggest impact?**

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**[19.] Please explain to me what it is that makes the three factors you've given important. In particular:**

**a. What makes for a good partner in terms of [the 1<sup>st</sup> most important factor] ?**

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**b. What makes for a good partner in terms of [the 2<sup>nd</sup> most important factor] ?**

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**c. [TIME ALLOWING] What makes for a good partner in terms of [the 3<sup>rd</sup> most important factor] ?**

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**[20.] We have asked you questions about two aspects of the way MOs operate**

- 1) The partnership behaviour of the organisation and**
- 2) The way in which it implements the project cycle.**

**Which of these has the most impact on the effectiveness of the organisation?**

- The partnership behaviour of the organisation
- The way in which the organisation implements the project cycle

**[21.] We've now talked about the partnership behaviour and the project cycle. Before we move onto the next set of questions, is there anything else important about the way MOs behaviour that you think makes them less effective?**

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### **How recipient governments make decisions**

Let's now move on to how governments seeking new funding make decisions about which donor to seek funding from. In particular, where there is more than one source of funding for a project, we are interested in finding out what information you use to make your decision about which funder to approach.

**[22.] Do you feel like the government has a choice about which donor to seek additional funding from?**

- Yes
- No

a. If yes, how does your government make decisions about which MO to seek additional funding from?

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b. If no, hypothetically speaking, if your government had a choice, how would it decide which MO to seek additional funding from?

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**[23.] What this project is particularly interested in is the information sources that might help inform these types of decisions, given that some donors are interested in funding methodologies that recipient countries would find useful. As such, do you find any of the international methods of assessing effectiveness provides you with useful information?**

*[Note to interviewer: for those that feel they have no choice word it like 'if you had a choice, would you use any of these?']*

- a) Own assessment methodology
- b) Paris Declaration monitoring survey
- c) COMPAS
- d) Debt Relief International's HIPC CBP
- e) MOPAN
- f) Strategic Partnership with Africa Survey of Budget Support

**[24.] Are there any other sources that we haven't listed?**

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**[25.] Earlier you highlighted a series of factors that you felt impact on agency effectiveness, in relationship to both the partnership behaviour and the project cycle. If it were possible to generate accurate information about these areas, do you think you would use it when making decisions about seeking new funding?**

- Yes
- No

**[26.] If yes, in what form?**

*[interviewee prompt: are you interested in country comparison? comparison of different organisations' behaviour in these areas? or in some other way?]*

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**[27.] If no, why not?**

*[interviewee prompt: because you don't believe can get this info? cannot get accurate info? some other reason?]*

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Thank you for taking the time to speak with us. We will be sure to send you a copy of the report once it is complete.

## 9 Appendix C: Copy of the visual aids

The following two visuals were presented to respondents during interviews.

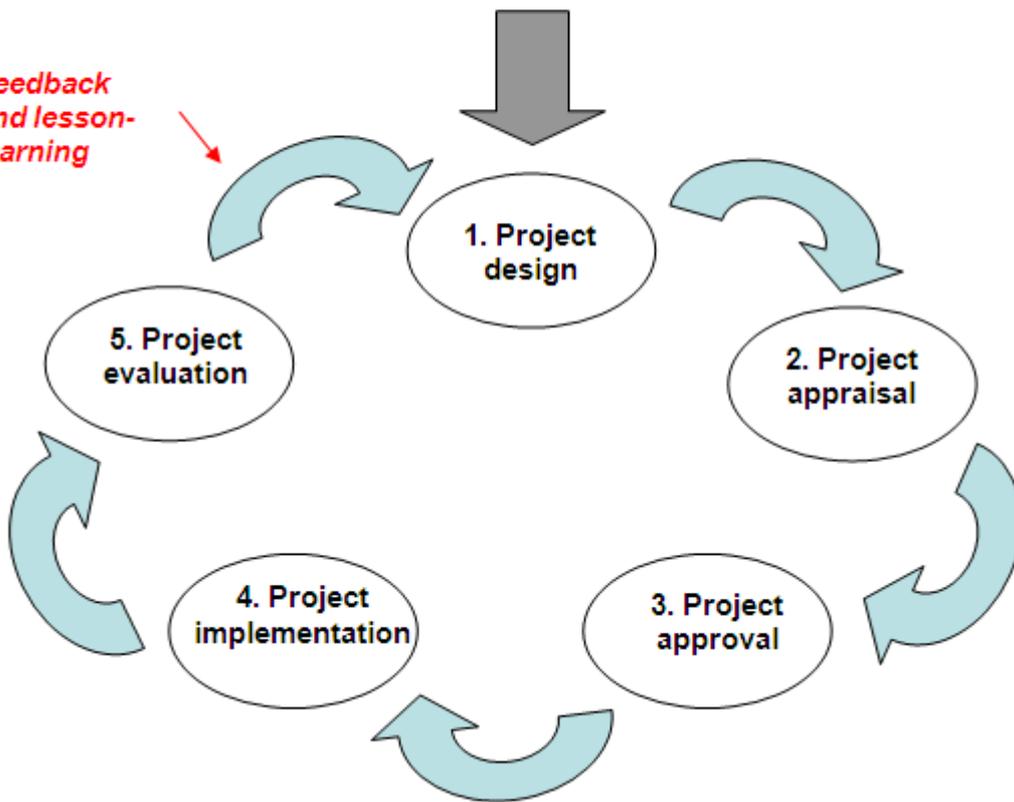
### **Partnership behaviour:**

- A. Recipient country representation in multilateral governance
- B. The depth of the multilateral's commitment to the country's development
  - Long-term support
  - Predictable aid
  - Low or no counterpart funding requirements
  - Volume of support
- C. How responsive the multilateral is to the country's needs
  - Flexible
  - Donor decentralised
  - Demand driven TA
- D. Recipient drives policy
  - Low/appropriate conditionality
  - Alignment
  - Providing input, not dictating policy
- E. The multilateral organisation's transparency
  - Intentions & objectives
  - Procedures & activities
- F. The extent to which the multilateral builds national capacity

# Project cycle

Project identification

*Feedback  
and lesson-  
learning*



## 10 Appendix D: List of interviewees

### Ethiopia

	Ministry	Name	Position
1	Oromia Bureau of Education	Lissanu Lejissa	Former planning & EMIS department head
2	Oromia Bureau of Education	Temesgen Addisu	Project Process Owner
3	Oromia Bureau of Finance & Economic Development	Alemayehu Sambu	Head, Dept of Development Cooperation & NGO
4	Oromia Bureau of Finance & Economic Development	Ali Adem <sup>1</sup>	Head, Planning Dept
5	Oromia Bureau of Finance & Economic Development	Elema Kamphe	Regional Procurement & Finance Property Administration Process Owner
6	Oromia Bureau of Finance & Economic Development	Gezu Urgessa	Expert
7	Oromia Bureau of Health	Asfaw Bekele	Plan & Program Head
8	Oromia Bureau of Water	Lachissa Iddoosa	Head Budget, Planning Monitoring & Evaluation Process Owner
9	Oromia Bureau of Water	Lemessa Mekonta	WASH Coordinator
10	Ministry of Agriculture and Rural Development	Mitiku Kassa	State Minister, Disaster Management & Food Security Sector
11	Ministry of Finance and Economic Development	Admassu Nebebe	Head, Multilateral Cooperation Dept.
12	Ministry of Finance and Economic Development	Hailemichael Kinfu	Head, Bilateral Cooperation Dept.
13	Ministry of Health	Mekedem Enkossa	Expert, Financial Resource Mobilization
14	Ministry of Health	Roman Tesfaye	Director, Financial Resource Mobilization
15	Ministry of Labour & Social Affairs	Asefa Baleher	Elderly Affairs Team Leader
16	Ministry of Women Affairs	Mengesha Demekristos	Gender, Research & Study Team Leader
17	Ministry of Water Resources	Gelebo Sengogo	National WASH Coordinator
18	Ministry of Water Resources	Getu Zegeye	Economic Advisor to the Minister
19	Ministry of Water Resources	Markos Wijore	Head, Policy & External Relations

<sup>1</sup> Accompanied by Eshetu Demissie (Planning & Budget Expert)

## Sierra Leone

	Ministry	Name	Position
1	Ministry of Agriculture, Forestry & Food Security	Joseph Sam Sesay <sup>2</sup>	Minister
2	Ministry of Agriculture, Forestry & Food Security	Paolo Giaroldo	Project Leader, PIU STABEX
3	Ministry of Agriculture, Forestry & Food Security	Saffa Kallon	Head, NERICA Project
4	Ministry of Agriculture, Forestry & Food Security	Sheku Ahmed Mansaray	Director
5	Ministry of Agriculture, Forestry & Food Security	Sid Mohamed Kamara	Counterpart, PIU STABEX
6	Ministry of Energy & Power	Haja Afsatu O.E. Kabba <sup>3</sup>	Minister
7	Ministry of Finance & Economic Development	Ellie Cockburn <sup>4</sup>	ODI Fellow
8	Ministry of Finance & Economic Development	Ibrahim Soriba Kanu	Director, National Authorising Office
9	Ministry of Finance & Economic Development	M.K. Klarritay <sup>5</sup>	Deputy Director, Economic Policy Unit
10	Ministry of Finance & Economic Development	Richard Konteh <sup>6</sup>	Deputy Minister
11	Ministry of Health and Sanitation	Alhaji E Kamara	Permanent Secretary
12	Ministry of Health and Sanitation	Alhassan Lans Seisay	Director of Primary Health Care
13	Ministry of Information and Communication	Alhaji Ibrahim Ben Kargbo <sup>7</sup>	Minister of Information and Communication
14	Ministry of Tourism	Cecil Williams	Head, Tourism Board
15	Ministry of Transport	Munda Rogers <sup>8</sup>	Director General, Sierra Leone Road Authority
16	Office of the President	Abdul Rahman Turay <sup>9</sup>	Coordinator/Principal Adviser, Strategy and Policy Unit
17	Office of the President	Llewellyn Olawale Williams <sup>10</sup>	Senior Management Analyst, Public Sector Reform Unit
18	Sierra Leone Agriculture Research Institute	Idrisse Baggie <sup>11</sup>	Soil Scientist/Research Program Leader

<sup>2</sup> Accompanied by a colleague

<sup>3</sup> Accompanied by two permanent secretaries

<sup>4</sup> Note: Ellie Cockburn spoke on behalf of Mr Kebbay. She was also accompanied by a colleague.

<sup>5</sup> Accompanied by an Economic Technical Advisor

<sup>6</sup> Accompanied by the Permanent Secretary from the Ministry of Youth

<sup>7</sup> Accompanied by a technical adviser

<sup>8</sup> Accompanied by the Deputy Director General

<sup>9</sup> Accompanied by two colleagues

<sup>10</sup> Accompanied by 3 Technical Advisors

<sup>11</sup> Accompanied by two colleagues

## Zambia

	<b>Ministry</b>	<b>Name</b>	<b>Position</b>
1	Cabinet Office, Gender and Development Division	Christine Kalamwina	Director, Social, Legal and Governance
2	Ministry of Agriculture and Co-operatives	Alick Daka	Deputy Director, Crop Branch
3	Ministry of Agriculture and Co-operatives	Kayoya Masuhwa	Chief Agriculture Officer
4	Ministry of Commerce, Trade and Industry	Christopher S. Chileshe	Acting Chief Planner
5	Ministry of Communications & Transport	John H. Chipuwa	Deputy Permanent Secretary
6	Ministry of Community Development & Social Services	Madrine Bbalo Mbuta	Chief Planner
7	Ministry of Education	Arnold M. Chengo <sup>12</sup>	Senior Technical Adviser
8	Ministry of Finance and National Planning	Mainga Luwabelwa	Chief Planner, Social Sectors, National Planning Department
9	Ministry of Finance and National Planning	Monde Florence Sitwale <sup>13</sup>	Deputy Director, Economic and Technical Co-operation
10	Ministry of Finance and National Planning	Wamupu S. Akapelwa <sup>14</sup>	Monitoring & Evaluation Officer, Planning & Economic Management
11	Ministry of Foreign Affairs	Anne Luzongo Mtamboh <sup>15</sup>	Director, Development Cooperation & International Organisations
12	Ministry of Health	Collins Chansa	Chief Planner, Development Co-operation
13	Ministry of Home Affairs; Research Department	Esau Mashowo	Research and Planning Officer
14	Ministry of Home Affairs	Susan D. K. Malundu	Director, Research and Planning
15	Ministry of Justice	Enerst Mwape	Accountability and Transparency Officer
16	Ministry of Local Government and Housing	Alfred S. Sakwiya	Director, Decentralisation Secretariat
17	Ministry of Local Government and Housing	Peter Lubambo	Director, Department of Infrastructure and Support Services
18	Ministry of Local Government and Housing	Thomson Banda	Assistant Director, Local Government, Finance and Audits
19	Minister of Tourism, Environment and Natural Resources	Davies Kashole	Forestry Resource Management Project Facilitator
20	Ministry of Youth and Sports	Derrick Saboi	Senior Planner

<sup>12</sup> Accompanied by Noel Chiluba Mulopa (Principal Planning Officer - Budgets & Projects)

<sup>13</sup> Accompanied by Vinayak Nagaraj (Economic Advisor/ODI Fellow)

<sup>14</sup> Accompanied by Prudence Kaoma (Monitoring & Evaluation Officer - Planning and Economic Management Division)

<sup>15</sup> Accompanied by Namakau Akapelwa (First Secretary)

## 11 Appendix E: Terms of Reference



### Recipient Decision Making about Additional Aid Financing:

#### Stakeholder Views on Effectiveness

#### Proposal to DFID

January 2009

### Introduction

1. In 2007, DfID provided ODI with funding to carry-out a pilot study into the perceptions of stakeholders of the effectiveness of multilateral organisations (MOs). The purpose of this work was to:
  - Build a better understanding of the performance of MOs amongst decision-makers, parliamentarians and other key stakeholders both in donor and recipient countries;
  - Develop a better informed dialogue between MOs and DfID staff at headquarters and country level;
  - Develop a better informed dialogue between MOs and key stakeholders in-country; and
  - Improve the performance of MOs at the country level.
2. This was followed by a third phase of work in 2008 consisting of the following four components:
  - Disseminating results by presenting the project at a civil society event with the aim to develop a wider network of civil society organisations interested in the issue;
  - Highlighting learning from phase I for the new MOPAN approach by producing a paper reflecting on lessons learnt from the data collection and analysis phase of the stakeholder perceptions project as well as an assessment of other methodologies for assessing donors;
  - Contributing to the development of the new MOPAN Key Performance Indicators and micro-indicators; and
  - Piloting the questionnaire in country.
3. While this work has helped DfID to develop, pilot and raise awareness about the new MOPAN approach, it has also illuminated key inconsistencies in the data; in particular, while recipients rate some organisations as relatively ineffective against a range of criteria they continue to want increased funding through them. This raises the following question: what criteria – beyond those currently being used to assess donor effectiveness – do governments use in evaluating where additional funding should come from?
4. DfID has been a leader in pushing for a more standardised benchmarking and evaluation of agency performance in order to give recipient governments more information on which to make decisions about where to seek additional funding. This effort can be strengthened by

further research into the area. In particular, there is a need to evaluate and update current assumptions about the ways that recipient governments assess donor performance, including the criteria that they use, and might want to use, to do this.

5. In this proposal we draw out the hypothesis for the inconsistency identified in the first stakeholder perceptions survey and propose a methodology for testing the hypothesis in order to inform thinking on the best way to offer recipient governments information in a way that will assist their thinking.

## **Research Hypothesis and Question**

### ***Hypotheses***

6. We propose to test the following two hypotheses on why there were inconsistencies in the first stakeholder perceptions survey.
7. *Hypothesis One*
  - Recipient governments' judgements of multilateral effectiveness include a range of criteria not covered by the Paris Declaration, MOPAN and other currently available data
8. *Hypothesis Two*
  - Recipient governments have few formal processes or data sources with which to make these evaluations prior to agreeing to new aid financing.

### ***Research Questions***

9. To determine which – if any – of the hypotheses best describe the way in which recipient governments evaluate donors, we propose asking key stakeholders the following questions.
  - A. In terms of effectiveness, what is more important: the partnership behaviour of the organisation or the way in which it implements the project cycle?
  - B. On the partnership side, what is most important?
    - a. The way the MO is governed
    - b. The depth of its commitment to the country
    - c. How responsive it is to the country's needs
    - d. Who drives policy
    - e. Its transparency
    - f. The extent to which it builds national capacity
    - g. Other
  - C. On the project cycle side, which step is most important?
    - a. Project design
    - b. Project assessment
    - c. Project approval
    - d. Project implementation
    - e. Project evaluation
  - D. What data sources do recipient governments use to make evaluations against these criteria?

- E. What data sources would be useful for recipient governments in making evaluations against these criteria?

## Research Methodology

10. We propose the following methodology:

- Design a questionnaire that ascertains which donor criteria are most important in assessing what makes for an effective multilateral organisation.
- Select three aid-dependent countries with a relatively strong multilateral presence. These countries may include Ethiopia, Sierra Leone and Zambia. However, the final choice of countries will depend on the presence of a strong local partner.
- Conduct 15-30 in-person interviews per country in a total of three countries. In each of these, ODI will work closely with a local researcher to identify, contact and interview key stakeholders within the government (including from the civil service, ministers and parliament).

## Project Outputs

11. The main audience for the work will be aid recipient country stakeholders, with donors as the secondary audience.

12. The main outputs are:

- A two page document identifying the criteria we hypothesise are influencing government decisions;
- A structured interview schedule. Most questions will either ask participants to rank options or choose top criteria from a list. The number of questions will be limited in order to give the interviewer sufficient time to ask questions about responses and the interviewees time to add criteria.
- A final report (approx. 20 pages) answering the research questions and analysing the policy implications for donors and recipient governments.
- A briefing paper that draws together ODI's recent work on stakeholder perceptions of multilateral effectiveness, ODI's recent work with the commonwealth and the DRI donor guide and uses these to highlight the policy implications in the final report. To ensure that that the briefing paper reaches a large audience, Smita Chakma will work on the project's communication requirements by implementing a communications plan and coordinating all communications activities. This will include overseeing the production of the briefing paper, dissemination across a range of channels and identifying opportunities to promote the briefing paper to the targeted audience. Smita will also work with other communications staff to identify opportunities for online dissemination to audiences and influencing of stakeholders.