

Recipient Countries' Perspectives in Evaluating Performance of Multilateral Financial Institutions

*A Case Study of the
Commonwealth Secretariat's
Efforts*

Presentation organised into 5 sections:

- A Review of Donors' Performance Assessment Frameworks
- What is Missing? – Identification of Incompleteness in ONLY Donor-based Perceptions
- A Pioneering Attempt by DRI to fill the Missing Link by Enlisting Recipients' Perceptions

- Commonwealth Secretariat's Pioneering Attempt at Broadening Recipients' Performance Assessment of Donors.
- Assessment of Prospects and Challenges of Enlisting Participation of Recipient Countries in Evaluation of Performance of Multilateral Aid Agencies.

A Review of Donors' Performance Assessment Frameworks

- 1st: Intra-organisation Internal Evaluation by an Independent Unit in the Organisation.

- 2nd: Inter-organisational Joint Internal Evaluation by 5 participating multilateral development banks (viz: AfDB, AsDB, EBRD, IADB AND World Bank) under the name Common Performance Assessment System (COMPAS).
 - Focuses on how the MDBs are implementing managing for development results (MfDR) – an adaptation of “performance management”, “results-based” or “managing for outcomes” paradigm.

- Is based on 7 categories of data: country-level capacity development; performance-based concessional financing; country strategies; projects & programmes; monitoring and evaluation; learning & incentives; and inter-agency harmonisation.
- It is mainly concerned with the processes, as opposed to the actual outcomes, of development or what the recipient countries desire.

- 3rd: External Assessment by a Donor Country (UK's DfID) under the name Multilateral Effectiveness Framework (MEFF).

- Focuses on organisational effectiveness and looks at 8 organisational systems (corporate governance, corporate strategy, resource management, operational management, quality assurance, staff management, monitoring evaluation & lesson learning, and results reporting), using a checklist form with some 72 questions or indicators; a scorecard, where the answers are scored using a traffic light system; and a summary report that briefly sets out the organisations' main strengths and weaknesses.

- As in the case of COMPAS, it too is anchored on the results-based management paradigm and is not directly concerned with actual results or with the desires of recipient/beneficiary countries.
- Unlike COMPAS, it is not even concerned with the actual implementation of the organisational design.

- 4th: External Assessment by a Group of like-minded 9 Donor Countries (comprising Austria, Canada, Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland, and the UK) under the name Multilateral Organisations' Performance Assessment Network (MOPAN), established in 2003.

- MOPAN uses annual surveys, based on the perception (as opposed to hard facts or actual results on ground) of MOPAN member embassies or country offices, arising from their day-to-day contacts with multilateral organisations.
- Unlike MOPAN and MEFF, the survey is not an evaluation.

- The objectives of the surveys are better information and understanding of multilateral organisations by stakeholders in MOPAN member countries; better informed dialogue with the multilateral organisations; and improved overall performance of the organisations at the country level.

What is Missing?

- While each of the above approaches has its own merit, it is also inadequate in a number of ways. Even, all of them combined would still not address some of the inadequacies. It is not the objective here to highlight such inadequacies.
- We only need to mention here that none of them gives a voice to the perspectives of aid recipients in evaluating the multilateral organisations.

- As a result, previous assessment attempts by donors and the multilateral organisations themselves hardly address the objectives and underlying philosophy of the organisations. At best, they assess how they are complying with the objectives for setting them up, as opposed to whether those objectives are relevant in the first place.

A Pioneering Attempt to fill the Missing Link

- Debt Relief International (DRI) recently developed a survey-based methodology for recipients' performance assessment of assistance provided by different donors.
- The methodology focuses on the features of the donors' policies and procedures, including disbursement methods, schedules and procedures, procurement rules, and coordination.

- However, the narrow pre-occupation with technical matters bothering on financial management and policy concerns limits the scope of issues that should have been covered.

Pioneering Attempt at Broadening Recipients' Performance Assessment of Donors

- The Commonwealth Secretariat has taken this initiative further by carrying out surveys of recipient countries' assessment of performance of (mostly, multilateral) donors on a very broad range of issues. The surveys were designed and facilitated by the Commonwealth Secretariat's consultant, Overseas Development Institute (ODI), London.

- A regional meeting was organised by the Secretariat (in collaboration with Organisation Internationale de la Francophonie, facilitated by ODI) for aid recipient countries in Asia. The Meeting took place in Dhaka, Bangladesh, in March 2006.
- A similar regional meeting for recipient countries in Africa was organised in Yaoundé, Cameroon, in May 2006.
- At both meetings, Civil Societies participated actively in the discussions, just as government officials.

- At the Surveys Meetings, participants were asked to identify best practice criteria for donors and use such criteria in ranking the donors.
- The outcomes of the two Meetings, when pulled together, provided insights into country preferences for donor characteristics and also a basis for developing a charter of best practice for donor behaviour. Each of the two Meetings was conducted by dividing participants into groups. Out of the combined groups into which the 2 Meetings were divided, the preferences for best practice characteristics for donors are as follows:

- **Characteristics agreed upon by 5 Groups as being important to look for in a donor:**
Alignment, Flexibility and transparency.
- **Characteristics agreed upon by 4 Groups as being important to look for in a donor:** High concessionality, participatory approach, predictability, speed of disbursement, and volume of financing.

- **Characteristics agreed upon by 3 Groups as being important to look for in a donor:** Efficiency/cost effective light bureaucratic procedures, untying of aid.
- **Characteristics agreed upon by 2 Groups as being important to look for in a donor:** Good monitoring, knowledge transfer, regional focus, and technical expertise.

- **Characteristics agreed upon by 1 Group as being important to look for in a donor:** Ability to fund infrastructure, access for Civil Society Organisations to aid, accountability, budget support, consistency of donor policy over time, customer friendliness, decentralisation of aid management, emergency response, being environment friendly, internal governance, knowledge banks, light on conditionalities, open-mindedness, outcome-driven, ownership, being people-oriented, being pro-poor, rights-based, sector-focus, strengthening capacities, use of national expertise, long-term impact, long-term projects, mutual respect.

- Some salient features of the outcomes of the scoring exercises of the aid agencies, based on the characteristics just identified, include the following:

- **World Bank/IDA:** At the Dhaka Meeting, this generally scored highly on aid volume, technical expertise, efficiency and sector focus, but poorly for terms of finance (in case of IBRD); consultation, flexibility and transparency. At the Yaoundé Meeting, it scored highly on aid volume, concessionality (i.e., IDA finance), budget support, predictability, untying of aid, alignment, efficiency and long-term impact but score poorly on conditionality, level of bureaucracy, transparency and flexibility.

- **UNDP:** At the Dhaka Meeting, it scored highly in transparency and response to national priorities, but not in efficiency and volume of assistance. At the Yaoundé Meeting, it scored highly on untying of aid, long-term impact and concessionality but poorly on bureaucracy and speed of disbursement.

- **AsDB/AfDB:** AsDB scored highly for aid volume, sector focus, customer-friendliness and regional expertise but not on concessionality, flexibility, response speed, mutual respect and open-mindedness. AfDB scored highly on volume of financing, accountability, concessionality, transparency and long-term impact, but not in terms of disbursement speed, flexibility,
- transparency, efficiency, bureaucracy and provision of budget support.

- **EU:** At the Dhaka Meeting, it scored highly on mutual respect and aid volume but poorly on speed and flexibility. At the Yaoundé Meeting, it scored highly on level of financing, accountability, concessionality, untying of aid, access for Civil Society Organisations to aid and long-term impact but poorly on conditionality, bureaucracy, disbursement speed, respect for national systems and ownership.

- Participants at the Meetings also suggested areas of reform of the international aid system, including how to reform multilateral aid organisations.
Some of the suggested reforms include:

- A single UN Development Authority, funded by a trust fund for the Secretary-General of the UN.
- UN to be responsible for setting all norms and standards for co-ordination, harmonisation and delivery of aid.
- Changes to the voting structure in the World Bank and use of EU Partnership structures in the World Bank.

- National level Paris Declaration agreements and 10-year partnership agreements between donors and recipients.
- Promotion of mutual accountability and ensuring predictable aid flows for completion of projects and programmes and setting of measurable targets.
- Countries to request multi-donor evaluations and/or an independent evaluation body.
- Mutual (i.e., donor-recipient) peer review programmes.

- The Commonwealth Secretariat, with the assistance of ODI, has put the above ideas and others together into a number of (precisely, 5) possible options for reform of international aid architecture and presented the same to the Commonwealth Finance Ministers' Meeting in Colombo, Sri Lanka, in September 2006. The Ministers discussed the options and gave the Commonwealth Secretariat a mandate to explore one of them (plus some features of the other options), with a view to operationalising them and guiding the Commonwealth, both individually and collectively, on how to take part in the ongoing debates on international aid architecture, based on the favoured option.

- Efforts of the Commonwealth Secretariat in accomplishing this mandate is ongoing, with a Meeting of Senior Officials from member countries being organised to take place in Washington DC on 11 April 2007 to discuss the issue.

Challenges of Ensuring Participation of Recipient Countries in Evaluation of Performance of Multilateral Aid Agencies

- The pioneering efforts of the Debt Relief International and The Commonwealth Secretariat in giving a voice to the recipient countries in evaluating donors' performance, while very laudable and a step in the right direction, leaves room for further steps needed to institutionalise giving a voice to the aid recipients.

- How to go about this is part of the ongoing efforts of the Commonwealth Secretariat. But the Dhaka and Yaoundé Meetings are just ad hoc, just as the planned Washington DC Meeting in April 2007 – which is rather unique in the sense that representatives from both donor and recipient (Commonwealth member) would sit together to arrive at a consensus on the issue.

- Giving a voice to aid recipients is recommended for other international development forums as a practice to adopt. There is the need for organised and institutionalised forums for the recipients, equivalents of MOPAN, COMPASS, etc that exists on the donor/creditor side.

- Thank You!