

DFID'S ASSESSMENT OF MULTILATERAL ORGANISATIONAL EFFECTIVENESS: AN OVERVIEW OF RESULTS.

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ABSTRACT

This paper reports the results of DFID's 2004 assessment of the organisational effectiveness of 23 multilateral and international organisations. The study focuses on *corporate management systems*: the way organisations are improving their internal performance, their focus on country level results and their partnerships with governments and other aid agencies. It does not tell us about the development effectiveness of these organisations, i.e. the results actually achieved on the ground. For that, we would also need to know about the quality of these systems and how well they are implemented, especially at country level.

The study reveals that an enormous amount of organisational change is taking place amongst multilaterals, and substantial progress has been made towards more results-focused management systems. However, there are differences amongst and within agencies and the pace of reform is variable. There are some common weaknesses across the multilateral system, particularly as regards aligning to national strategies and systems and moving towards outcome-focused monitoring and reporting.

All aid agencies are wrestling with these problems, including DFID, and we will be working with other bilateral and multilateral partners to further improve our internal practices in order to achieve the common goal of eliminating world poverty and reaching the MDGs.

ACRONYMS

AfDB	African Development Bank
AsDB	Asian Development Bank
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDF	European Development Fund
DAC	Development Assistance Committee (OECD)
FAO	Food and Agricultural Organisation
Habitat	United Nations Human Settlements Programme
IADB	Inter-American Development Bank
ICRC	International Committee of the Red Cross
IDA	International Development Association
IDAD	International Division Advisory Department
ID	International Division
IFAD	International Fund for Agricultural Development
IFRC	International Federation of the Red Cross
ISP	Institutional Strategy Paper
IS	Institutional Strategy
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MEFF	Multilateral Effectiveness Framework
MfDR	Managing for Development Results
MOPAN	Multilateral Organizations Performance Assessment Network
NAO	National Audit Office
NGOs	Non-Governmental Organisations
OCHA	Office of the Coordination of Humanitarian Affairs
OHCHR	Office of the High Commissioner for Human Rights
PRS	Poverty Reduction Strategy
PRSPs	Poverty Reduction Strategy Papers
PSA	Public Service Agreement
RBM	Results Based Management
UNDP	United Nations Development Programme
UNDG	United Nations Development Group
UNFPA	United Nations Population Fund
UNESCO	United Nations Education, Scientific and Cultural Organisation
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Development Fund for Women
UN	United Nations
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation

EXECUTIVE SUMMARY

- i. During 2003-04, DFID established a Multilateral Effectiveness Framework (MEFF) for assessing and monitoring the organisational effectiveness of international organisations that it funds centrally. It was implemented by DFID staff. Twenty-three organisations were assessed.¹
- ii. The MEFF focuses on **organisational effectiveness**, using a results-based-management (RBM) approach. It looks at the results-orientation of eight corporate systems, in relation to three perspectives (internal performance, the focus on country level results and partnership).
- iii. The key methodological instruments are a **checklist** and a **scorecard** that uses a simple traffic lights system to score an agency's effectiveness in each area. The results are summarised in a **summary report**.
- iv. The **general results** indicate that:
 - Most international organisations have aspects of RBM systems in place and a process of convergence is taking place
 - Nevertheless there is scope for improvement, but the required changes are mostly underway
 - Three types of organisational change have been identified: *consolidating reforms; 'big bang' reforms; piecemeal, incremental reforms*
 - There is patchy performance in most agencies
 - The country level results perspective is much weaker than that for internal performance and partnerships
 - Looking across all perspectives, the commonest weakness is in monitoring and evaluation (M&E) and reporting
- v. **Inter-agency comparisons** reveal that:
 - There are important differences amongst different agency groupings
 - This differentiation is less marked amongst the Multilateral Development Banks, where convergence is most marked
 - The standard-setting agencies have weaker results, particularly as regards the focus on country level results. However, this is not true for all in this group and many have significant changes underway

¹ The UNESCO results have been added recently and are still provisional.

- vi. The MEFF results have greatly enhanced our understanding of the multilaterals and have enabled us to develop a more strategic, focused and differentiated approach to promoting organisational effectiveness.
- vii. However, we are aware of the need to supplement the RBM approach with information on implementation and behaviour at country level.
- viii. DFID will use the MEFF results in the following ways:
 - For financing decisions, the MEFF will provide only one of the criteria amongst others; and when relevant, will be used in five possible ways (see 4.6)
 - The three areas identified for MEFF monitoring will feed directly into Institutional Strategy (IS) objectives and will be monitored as part of IS annual reviews
 - The MEFF summary reports have identified three areas for tracking progress over the next two years, and reporting against these areas will be used as part of DFID's formal performance contract – the Public Service Agreement (PSA)
- ix. DFID intends full public disclosure of this paper and one on the MEFF methodology. The detailed checklists and scorecards will be sent to key stakeholders on request. A number of external dissemination events are planned to share the lessons of the MEFF.

I INTRODUCTION

1.1 During 2003-04, DFID's International Division (ID) established a Multilateral Effectiveness Framework (known as the MEFF) for assessing the organisational effectiveness of the international agencies that it supports with central funding. It was implemented in-house by staffs responsible for managing Institutional Strategies. Twenty-three organisations were assessed.²

1.2 The main objectives of the MEFF are to:

- Provide information to strengthen DFID's accountability under its Public Service Agreement (PSA) objectives³
- Provide inputs to DFID's Institutional Strategies (ISs) for engagement with multilaterals⁴
- Provide inputs to future financing decisions

1.3 This paper provides an overview of the approach, the results and how the information will be used. A companion methodology review paper describes and assesses the methodology.⁵

II THE APPROACH AND METHODOLOGY

2.1 Intuitively, one might expect to be able to assess multilateral effectiveness by looking at the results they achieve in developing countries. However, an initial survey of agency reporting on country level results found a severe lack of information in this area, added to which there are technical difficulties in attributing results to the actions of a single aid agency⁶ and comparing different types of results (e.g. inoculations, enrolments, bank privatisation, public sector reform).

2.2 The MEFF therefore focuses on **organisational effectiveness**, which describes the enabling system that needs to be in place to produce these results. This approach draws on Results-Based-Management (RBM) theory, which argues that an effective organisation is one that incorporates a results focus into all its business processes and uses the results to continually improve performance. This type of approach was advocated by NAO⁷ and is consistent with DFID's advocacy over the last five or so years, on the importance of institutional reforms amongst multilaterals.

² The UNESCO results have been added recently and are still provisional.

³ In 2002, a new PSA target was introduced for the International Division, 'to improve the effectiveness of the international system as demonstrated, *inter alia*, by working to improve the institutional effectiveness of 12 multilaterals'.

⁴ First generation ISs were referred to as Institutional Strategy Papers (ISPs).

⁵ A. Scott 'The MEFF methodology – A Review of DFID's Multilateral Effectiveness Framework', DFID, March 2005. See also the approach paper: A. Scott, 'Assessing Multilateral Effectiveness', DFID, February 2004.

⁶ 'With the majority of measures it is not possible to determine the extent to which any achievement is a result of DFID's effort, because of the numerous other factors and organisations in development work.' NAO 'Performance Management – Helping to Reduce World Poverty', April 2002, page 26.

⁷ See NAO, *op cit*, page 53. NAO calls this 'organisational capability'

2.3 The MEFF assesses effectiveness in terms of the results focus of multilateral organisational systems. It looks at **eight systems** in all:

- corporate governance
- corporate strategy
- resource management
- operational management
- quality assurance
- staff management
- monitoring, evaluation and lesson learning
- reporting of results

It assesses each of these systems with **three perspectives** in mind:

- their focus on internal performance
- their focus on country-level results
- their focus on partnerships

2.4 We assume that all development and humanitarian agencies have these eight organisational systems, even if they are structured differently in particular cases. We also assume that the three perspectives are relevant to all agencies, i.e. they are concerned about internal performance; have an objective to achieve and track outcomes at country level (even if they are not specifically focused on MDGs or PRSPs); and make some effort to work in coordination with other relevant agencies. Thus the framework is reasonably generic across the international system.⁸ The reasoning behind these assumptions is set out in the 2004 approach paper.

2.5 The design of the MEFF was influenced by several key principles:

- *Partnership*. To adopt a transparent, consultative approach with the agencies.
- *Objectivity*. To aim for an objective, factual approach, using agencies' own information sources as the evidence.
- *Generic criteria*. To establish criteria and indicators that would be applicable to all agencies, regardless of different mandates.
- *Comprehensive*. To take a comprehensive, holistic view of the agency, without privileging on any specific aspect.
- *A complex analysis of results*. To recognise strengths as well as weaknesses.

Assessment instruments

2.6 There are three main assessment instruments:

- A **checklist**, which is represented as a matrix, with the eight organisational systems listed horizontally and the three perspectives,

⁸ There are limits to the generic applicability of some criteria in a small number of agencies such as the EBRD, Habitat, OCHA and OHCHR. See 'The MEFF methodology' section 9.

vertically. In each of the 24 cells in the matrix, a number of indicators are expressed as questions (see figure A1, Annex 1).

- A **scorecard**. The information in the checklists was scored via a simple traffic light system (illustrated at figure A2, Annex 1).⁹
- A **summary report** provides a short, qualitative summary of the agency's performance on each of the three perspectives, together with relevant background information. It also identifies three areas that will be used for future monitoring of the agencies effectiveness.

Quality assurance

2.7 A quality assurance process checked for format consistency, clarification of responses and score accuracy. A final check on the quality of the results, with some minor score adjustments, has confirmed that the quality and robustness of the results is good (see methodology review paper).¹⁰

III THE RESULTS

3.1 DFID is mainly interested in using the MEFF results at a disaggregated agency-by-agency level, to identify the relative strengths and weaknesses of the assessed organisations and track progress over time. However, it is useful to obtain an overview of relative performance across the 23 agencies in order to identify common patterns. For this we needed to construct meaningful comparison groups and indices. Details are provided in box 1 and Annex 2. In interpreting these data, we have also drawn on insights from the detailed MEFF agency reports. The results are presented in figures 1-5 below and in the tables at Annex 3.¹¹

Box 1. Statistical method (see Annex 2)

The multilateral comparison groups are based on similarity of function:

- Multilateral Development Banks (MDBs)
- UN development organisations
- UN standard-setting organisations
- Humanitarian organisations
- Coordination organisations
- The European Commission

The principle statistical measures are:

- **The MEFF index** sums differently weighted green, amber and red scores and expresses the result as a proportion of the maximum (all green) score.
- **The 'RBM positive' index**, which represents the proportion of green scores within a given category. This measure ignores amber and red scores.
- **The 'scope for improvement' index** is the inverse of the 'RBM positive' index, being the proportion of amber and red scores within a given category. In most cases this index reflects changes that are already underway.

⁹ Green – the system or practice is in place; amber – it is under development; red – it is not in place. Blue and blank scores indicated insufficient information or non relevance, respectively.

¹⁰ A. Scott, *op cit.* 2005, Section 9.

¹¹ Please note that the UNESCO results are provisional.

General results

3.2 The extent of organisational change in most international organisations is very widespread and most of them now have aspects of RBM systems in place. This is seen in the fact that almost two thirds of the total valid scores are green (63%), just under a third are amber (32%) and very few are red (6%). This result reflects the emphasis on organisational reform in the international system during recent years, not least due to pressure from shareholders and member states.

3.3 There seems to be a process of convergence between agencies on results-based management as a result of increasing inter-agency coordination and lesson-learning on organisational reform.¹² There is scope for improvement within this overall picture, but the fact that most of the non-green scores are amber rather than red suggests that necessary changes are already underway. However, results-based management systems take some time to roll out and the pace of change is variable.

3.4 The detailed information on particular agencies suggests that there are three types of organisational change going on.

- *Consolidating reforms* by 'mature' agencies that adopted aspects of RBM some time ago, comprising a fine tuning of systems and gradual incorporation of newer agendas such as PRS alignment, results-based country programming and harmonisation. This mainly applies to the World Bank, which started its major organisational reforms in 1997.
- *'Big bang' reforms* adopted by some – initially weak – agencies as part of major structural change and reorganisation. The pace and scope of change in these cases is considerable. Examples include UNDP, UNFPA, UNIDO, the African Development Bank and the EC.
- *Piecemeal, incremental reform* being adopted by agencies that are more cautious in their approach. Some of these agencies, such as WHO, IFAD, and the Asian Development Bank, are further ahead than others although their changes are still registering as amber. Other agencies with a slower pace of reform may not be fully convinced that aspects of the new results agenda apply to them (e.g. some standard-setting or small agencies).

3.5 There is patchy performance amongst most agencies, with some weak areas amongst the better agencies and some good performance amongst the weakest. Results are strongest for the internal performance perspective. This reflects long-standing concerns with internal efficiency, delivery and quality assurance. Results for the partnership perspective are also good, and reflect

¹² E.g. the MDB working groups on Evaluation, Harmonisation and Managing for Development Results (MfDR), and the coordination work of the United Nations Development Group (UNDG) and the Inter-Agency Standing Committee (on humanitarian coordination).

the increased interagency coordination mechanisms already mentioned and recent efforts to deliver on the harmonisation agenda.

3.6 Performance on the country results perspective is disappointing. This reflects some hesitancy in terms of aligning country programmes to national Poverty Reduction Strategies (PRS). It seems to be proving difficult to move beyond the rhetoric of principled support to revising country programming instruments, issuing guidelines on PRS alignment and monitoring progress in this area. The slow pace of decentralisation is also a factor, accentuated in some cases by the small size of the agency and/or its focus on regional rather than country programmes. We shall return to this issue below (paragraph 3.17).

3.7 Looking at the eight corporate systems across all perspectives, the commonest weakness is to be found in monitoring and evaluation (M&E) and reporting. Most monitoring and reporting systems are still focusing on inputs and activities, although some agencies are trying to move towards an increased focus on outcomes. Few agencies currently produce an overall development effectiveness report. Many of them are in the process of strengthening their evaluation offices, although they remain under-resourced and it is unclear how their work is incorporated into lesson-learning.

3.8 Another problematic area is corporate governance. Some Boards or Governing Bodies suffer from micro-management and a lack of consensus on key development issues. While corporate governance is not within the control of management, it can undermine the strategic direction of an agency and its organisational effectiveness. The MEFF results are merely suggestive in this area, as the methodology has some weaknesses for assessing this issue in depth, but corporate governance performance clearly needs to be investigated further.

3.9 The strongest results are in the areas of corporate strategy and human resource management, reflecting a general wave of strategic planning and the introduction of performance-based personnel policies. However, we have reservations about the adequacy of the questions in these areas.¹³ A few agencies still lack an overarching strategy that would provide a focus on their comparative advantage and assist prioritisation. The MEFF data show that the absence of such a strategy has repercussions for other areas of organisational effectiveness, such as resource allocation, operational planning and M&E activities.

Inter-agency comparisons

3.10 It is not possible in this brief overview to provide details on the strengths and weakness of individual agencies, but rather to indicate general trends. There are marked differences in organisational effectiveness amongst different groups of multilaterals. This is revealed by the MEFF index (fig. 1) but is especially marked by the 'RBM positive' index (fig. 2), which does not

¹³ See 2005 methodology review, paragraph 9.11.

include changes that are not yet fully in place. Its inverse, the 'scope for improvement index' illustrates these differences even more vividly (fig. 3). However, it should be noted that this index does reflect changes that are already underway.

3.11 The degree of differentiation is less marked amongst the MDBs than the other groups, indicating that the convergence process referred to above is more marked there. The MDBs may also have been subject to more concerted pressure from their donors during the replenishments in 2000, which had a significant emphasis on results and institutional reform.

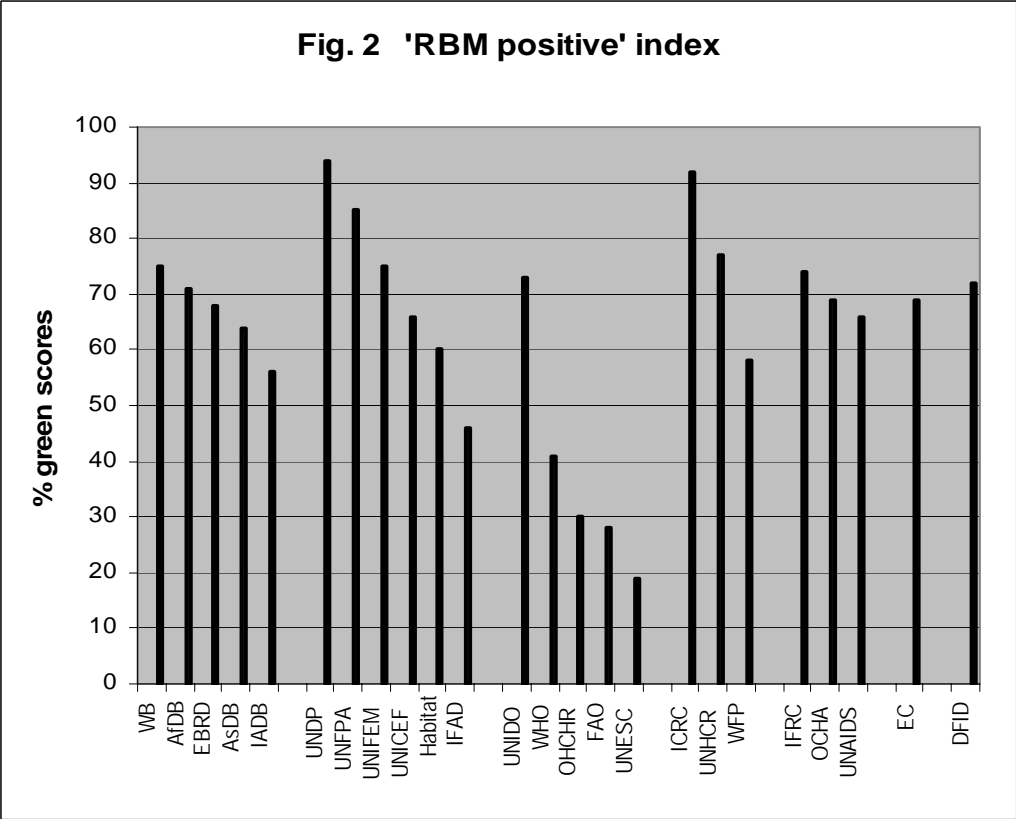
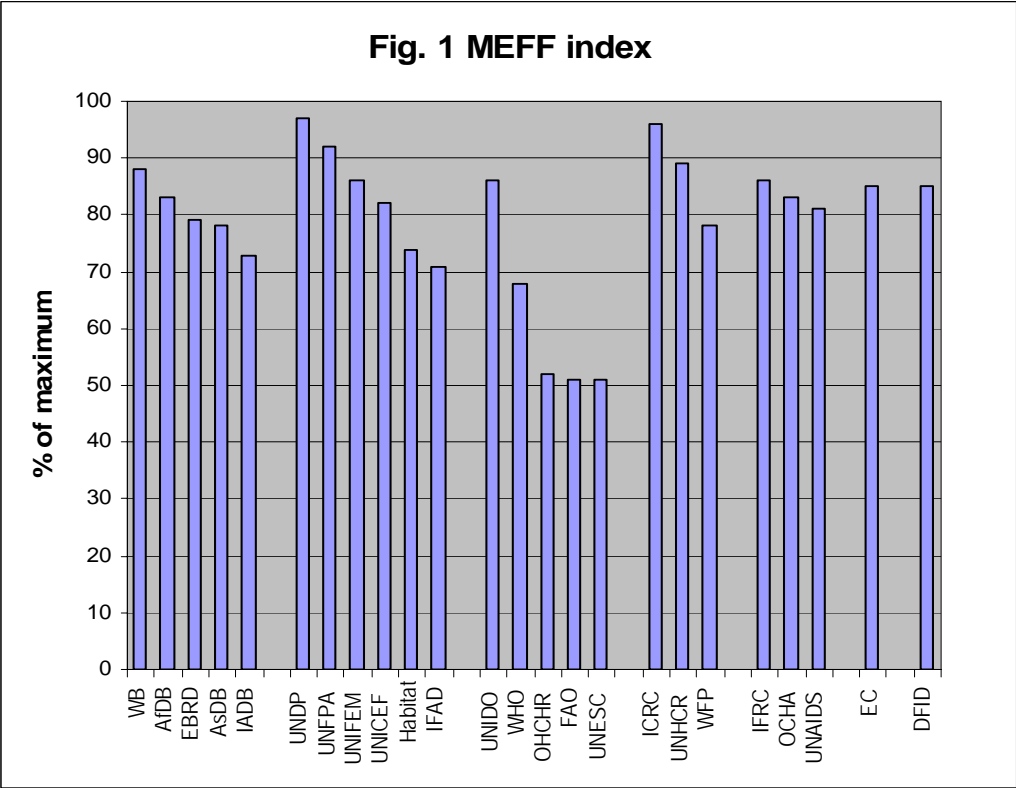
3.12 Differences in organisational effectiveness are most marked amongst the UN development agencies, where variations in the pace of change are significant. The agencies that score well have undergone 'big bang' reforms (UNDP, UNFPA) as part of the wider UN reform process set in motion in 1997 by the Secretary General. Other organisations are adopting a more incremental approach. IFAD has widespread changes in the pipeline, but they have yet to be put in place.

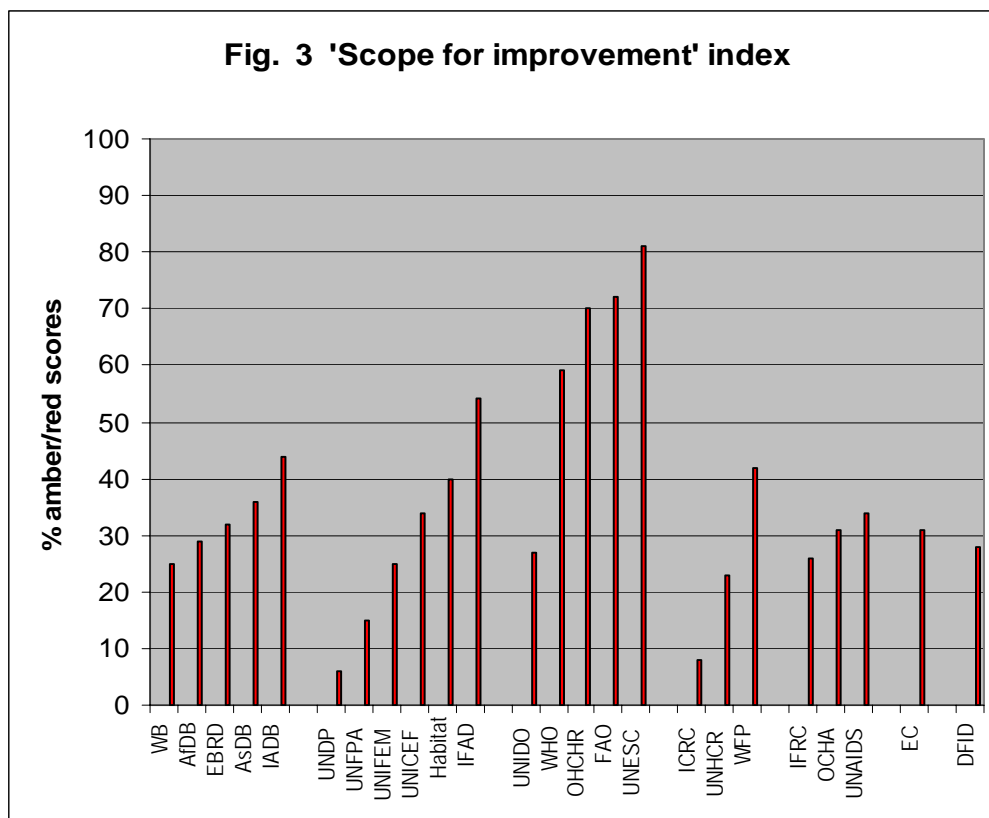
3.13 The standard-setting agencies fare less well overall compared with other groups, particularly as regards their focus on country level results. This overall trend is reflected in all three indices, and is particularly visible in figure 3. However, there is significant variation within this group and we may expect more as reforms in the pipeline are put in place. UNIDO has recently adopted a number of 'big bang' changes; WHO has a number of important changes underway that will be fully in place in the near future. Others such as FAO, UNESCO and OHCHR have implemented more piecemeal reforms and the pace of change is slower. Donor pressure for organisational reform may be weaker in these standard-setting agencies because of the subscription mode of financing.

3.14 The three humanitarian agencies and the coordinating agencies perform well relative to the other groups (although the small numbers in each group mean that we should be cautious about such comparisons). WFP is in the process of setting up a new results-based management and strategic planning system, which will substantially raise the effectiveness scores. One common problem for humanitarian agencies is the instability of funding associated with the annual appeals process.

3.15 The EC has good results, reflecting a number of 'big bang' reforms in 2000, which overhauled its internal management, particularly its audit and financial controls, and its management of external actions. There have been particular improvements at policy, structural and programme levels – which have included simplification of procedures, more rapid disbursement, quality controls and de-concentration to field delegations.¹⁴

¹⁴ These positive results are confirmed by the recent DAC mini-peer review of the EC's development work (2004)





3.16 Figure 4 gives the 'RBM positive' results for all three perspectives. It demonstrates the strength of results for internal performance and partnership, compared with the focus on country level results. In terms of partnership, it is interesting to note the good results for coordination agencies (it is their role), small agencies such as Habitat and UNIDO (which depend on partnership with others), and the EC (as an intergovernmental organisation, it gives particular emphasis to coordination with member states, but is also increasingly working with the MDBs).

3.17 Figure 5 presents the MEFF index and the 'RBM positive' index for the focus on country level results. The first index shows overall (weighted) performance, including amber scores, while the second shows only the green scores, i.e. where RBM systems are actually in place. This figure shows the distance to travel, particularly for the standard setting agencies. Some of the latter have challenged the relevance of the country level results perspective given that their normative work does not always take place at country level and/or is not reflected in national PRSPs. However, DFID's position is that as the entire international community has signed up to the principle of supporting PRSPs as a mechanism for achieving the MDGs, all agencies should consider how they relate to PRSPs in those countries that have them, even if this is a small part of their mandate and overall activity.

Fig. 4. 'RBM positive' by perspective

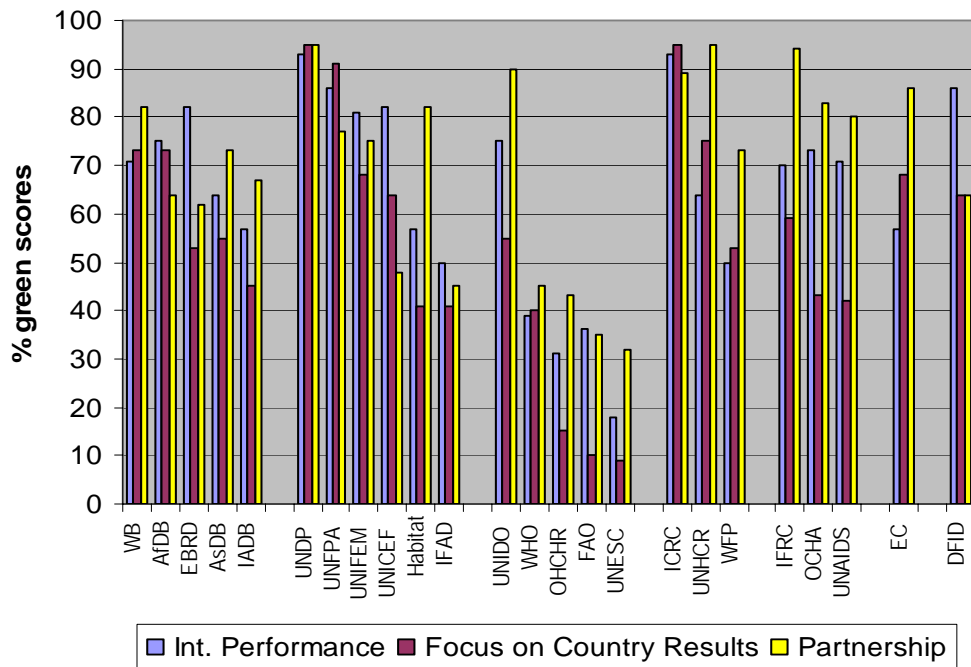
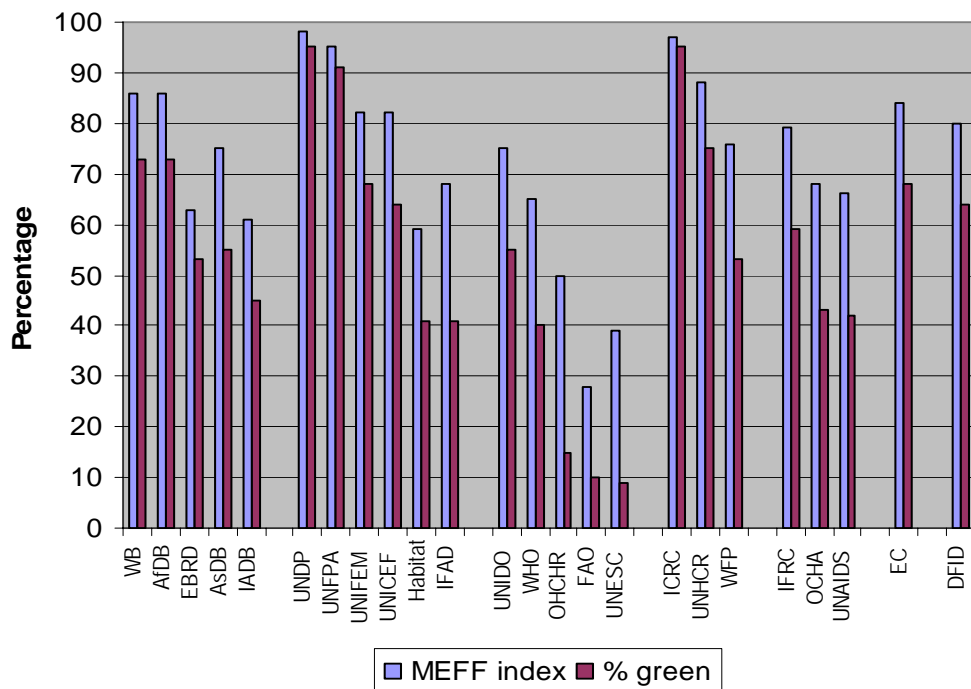


Fig. 5. Country Level Results Perspective



What have we learned from the MEFF results?

3.18 DFID has advocated institutional reform in these multilaterals through its advocacy on the governing bodies, in the replenishment process, and with bilateral pressure groups such as the Utstein group. It has also supported change processes directly through the Institutional Strategies.¹⁵

3.19 The MEFF has greatly enhanced our understanding of the organisations we are supporting and of organisational effectiveness issues generally. It has enabled us to develop a more strategic, focused and differentiated approach to promoting organisational effectiveness. The MEFF results have shown us that it is important to:

- recognise the diversity of RBM experience amongst multilateral agencies and differentiate our advocacy accordingly, rather than pursuing a one-size-fits-all reform strategy
- acknowledge that RBM-type reforms take time to develop and roll out
- understand that the newer institutional change processes are still fragile and will take time to bed down. In such cases we should focus on monitoring the implementation of these reforms, rather than continuing to press for further change
- continue to press the RBM agenda in those agencies where the change process still has some way to go.

3.20 Across the board, we need to press all multilaterals for

- an increased adoption of measures to enhance country level results
- improvements in results-based monitoring and reporting systems
- information on the implementation of RBM systems.

Limitations of the RBM approach

3.21 We have become aware of the limitations of the RBM approach, particularly that establishing results-based organisational systems is only one part of the effectiveness story. Quality and implementation are equally important. However, information on these topics would require more in-depth analyses, which ideally should be provided by the agencies themselves. As indicated above, DFID will therefore press for increased internal reviews and evaluations of RBM implementation.

¹⁵ For example, since the 1999 ISP, DFID has been a significant supporter of UNDP's organisational reforms and provided targeted funding over four years, to RBM, human resource management and partnership.

3.22 We also need to gather evidence of multilateral effectiveness at country level, e.g. through the experience of DFID's country staffs working with multilaterals there. We will continue to participate in the bilateral network (MOPAN), which conducts joint surveys of multilateral behaviour at country level.¹⁶

IV USE OF THE RESULTS

4.1 The three objectives of the MEFF were to provide an evidence base that would inform PSA monitoring, Institutional Strategies and financing decisions. The MEFF's detailed and up-to-date information will undoubtedly provide better quality and more relevant information to meet all three of these objectives.

Links to financing decisions

4.2 As general background to multilateral financing decisions, we are mindful of the different ways in which multilaterals are financed (replenishments, subscription, annual appeals, extra-budgetary annual and multi-year funding). However, this does not prevent us from taking an overall strategic view about an optimal allocation across the international system. It just means that translating an optimal allocation into marginal adjustments in funding is subject to different constraints for different agencies and may be quite limited in some cases.

4.3 The contribution of the MEFF to decisions on financial allocations to the multilaterals may be considered at two levels. First, what is the role of the effectiveness evidence relative to other decision factors? Second, in what ways should the MEFF evidence itself be used?

a) The MEFF in relation to other funding criteria

4.4 In March 2003, the ID Director set up the cross-Divisional Multilateral Finance Allocation Committee as a quality assurance mechanism and to provide strategic advice on major funding decisions. Since then a number of key principles have been established in terms of criteria for funding, which were further developed as part of the Spending Review discussions.

4.5 Effectiveness is only one of the criteria for funding. These criteria are set out in the guidance for financing submissions and include:

- DFID's vision regarding the appropriate role and size of the multilateral in the overall international architecture
- The multilateral's relevance for poverty reduction, MDGs or humanitarian assistance

¹⁶ MOPAN stands for Multilateral Organisations Performance Assessment Network. It is a grouping of 8 bilateral donors, who have been conducting a joint survey of multilateral partnership behaviour in 8-10 countries. The survey was piloted in 2003 and has recently completed the first full survey in 2004. This survey covered UNDP, FAO and the African Development Bank.

- Any specific advantages or risks concerning its policy stance and instruments
- The organisation's record in terms of improving its organisational effectiveness
- DFID's current strategy for financial support, including our policy on multi-year core funding and targeted discretionary financing, current conditionality and commitments etc.
- The specific case for any new or additional financing, including new priorities, the opportunity costs for DFID and the agency, burden sharing implications, fiduciary risks, and/or other influencing or political issues.

b) Use of the MEFF results in their own right

4.6 Depending on circumstances, there are five possible ways in which the MEFF results on effectiveness can be used:

- In a determining role, where – other things being equal – effectiveness is the main decision route
- In a quality assurance role, when the major funding decision is made primarily on other grounds but we need to be confident that the agency has good organisational systems, or is making credible improvements in its organisational effectiveness to justify the intended level of funding
- On architecture grounds, where we may be concerned about weak effectiveness preventing this organisation from fulfilling its role in the international system, so that we should provide additional support to strengthen it
- As an input to conditionality. The MEFF may provide information on organisational weaknesses that should be addressed as part of the condition for core and/or multi-year financing
- As an input to targeted discretionary spending. The MEFF results may indicate a key organisational weakness that could be significantly strengthened by specific additional financing as part of an IS.

Links to Institutional Strategies

4.7 In principle, the IS provides a framework for our corporate engagement with the multilaterals and includes a strategy for meeting our PSA objective of improving the effectiveness of the international system. In addition, the IS may also have policy objectives that relate to our poverty reduction goals and our vision of the agency's role in the international aid architecture.

4.8 The MEFF summary report provides a synthesis of the agency's strengths and weaknesses and identifies three areas for close monitoring and updating over the next two years. These three areas would be subsumed into

any new IS.¹⁷ For example, out of a possible six IS objectives, a subset would be drawn from the three MEFF monitoring areas. On the other hand, the IS would complement the MEFF by providing a more detailed information on these effectiveness areas, especially as regards implementation. The annual and end-of-cycle IS reviews would converge with the MEFF monitoring and update process.

4.9 The development of the MEFF coincided with a wave of second generation ISs, so there has been an potential opportunity to incorporate the MEFF results and tracking indicators. However, in some cases the links between the MEFF and the ISs have not been clear enough, and this has been confusing for some agencies that have experienced parallel discussions on the MEFF and the IS. In the coming months, we will provide further guidance to indicate how the MEFF results for a particular agency should be incorporated into the IS process.

PSA monitoring

4.10 The three areas identified through the MEFF for annual monitoring will be used to track progress for our PSA objective. However, detailed indicators for these areas still need to be specified, which ideally will be drawn from the agency's own workplans and targets and will be compatible with those already established in existing ISPs. The three MEFF areas will be updated on an annual basis and a full revision of the MEFF will take place in 3-4 years, unless an agency requests one earlier.

External use of the MEFF results.

4.11 The two MEFF review papers will be available on request from IDAD, DFID. The detailed checklists and scorecards will not be on general release, but will be sent to interested stakeholders on request (such as other parts of government and donors), in the interests of harmonisation.

4.12 The case for this disclosure policy is as follows:

- There is strong external demand for DFID to share the MEFF's pioneering methodology
- There is pressure from the assessed agencies for us to join up with other bilaterals in order to avoid duplication of similar initiatives
- The MEFF results should be shared with other donors as a basis for more effective joint advocacy
- To spread an understanding of organisational effectiveness amongst relevant stakeholders (Whitehall, bilaterals, multilaterals, consultants, NGOs)
- To justify DFID's multilateral spend

¹⁷ Many of the first generation of ISPs did focus on organisational reforms and the implementation of various aspects of RBM. So for ongoing ISs, the choice of focus areas for MEFF monitoring built on existing objectives where relevant.

- The requirements of the UK Freedom of Information Act (1 January 2005)

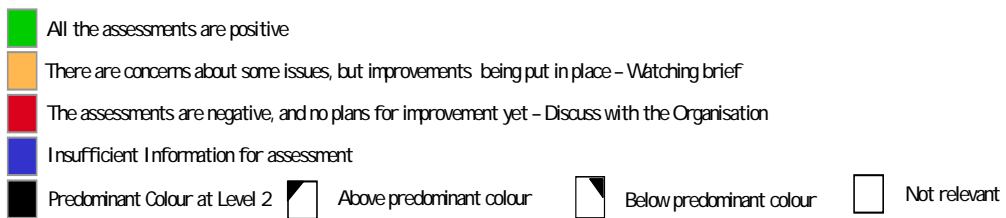
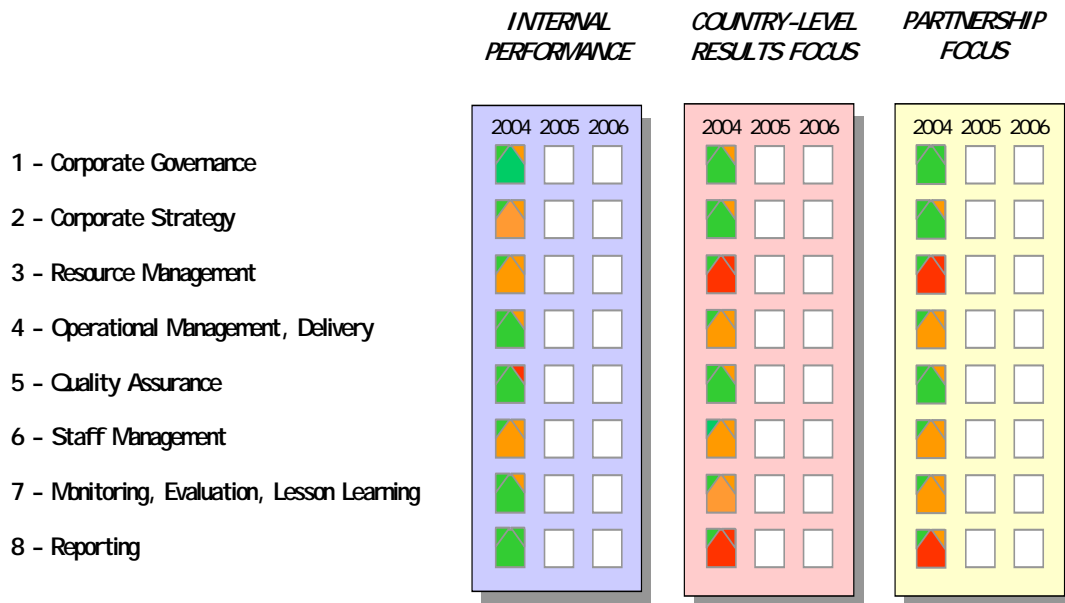
During the coming months, we are planning a number of dissemination events to share the MEFF methodology and results with interested stakeholders.

END

Fig. A1 The MEFF checklist

Organizational systems	Internal Performance	Focus on country level results	Focus on partnership
Corporate Governance	3 questions	3 questions	3 questions
Corporate Strategy	3 questions	3 questions	3 questions
Resource Management	4 questions	3 questions	2 questions
Operational Management	4 questions	2 questions	3 questions
Quality Assurance	4 questions	3 questions	2 questions
Staff management	4 questions	2 questions	3 questions
M&E Lesson learning	3 questions	3 questions	3 questions
Reporting	3 questions	3 questions	3 questions

Fig. A2 MULTILATERAL EFFECTIVENESS SCORECARD
Dream Development Agency - Level 2 Summary



NOTE ON STATISTICAL METHOD

1. DFID is mainly interested in using the MEFF results at a disaggregated level, to identify the relative strengths and weaknesses of the assessed organisations and track progress over time. However, it is also useful to obtain an overview of relative performance across the 23 agencies in order to identify common patterns. For this we need to construct meaningful comparison groups and indices.

Comparison groups

2. We attempted to construct a framework that was sufficiently generic to apply to all the assessed agencies. This was reasonably successful, although we failed to capture some specificities (see 2005 methodology review paper).¹⁸ Even with a fully generic framework it would still be desirable to group agencies with similar characteristics together as far as possible, because of significant differences in mandate, function, size, governance structure and mode of financing.

3. A distinction is often made between Multilateral Development Banks and UN organisations (the former as resource-transferring institutions and the latter as technical assistance- and grant-giving institutions). However, this distinction does not take into account variations amongst both groups. UN organisations are often distinguished between Programmes and Funds, Specialised Agencies, and other UN entities and departments of the Secretariat. But this classification owes more to administrative and governance arrangements than to mandates and functions.

4. We have adopted a classification that focuses on **similarities of function** as this is most relevant to organisational effectiveness. These functional differences have consequences for their financial and operational management systems, especially in terms of country programming. However, even within these groups there are important differences.

- **Multilateral Development Banks (MDBs)** have a common development mandate which is delivered through commercial and concessional lending to governments. However, the EBRD's mandate is more narrowly defined in terms of economic transition and its lending is primarily to the private sector.
- **UN development organisations** include those agencies that are usually defined as 'Funds and Programmes' (UNDP, UNIFEM, UNFPA, UNICEF, UN-Habitat). They have a clear developmental mandate and operate primarily through technical assistance. However, UNDP also has a coordination function and UNIFEM is more of an advocacy organisation. Moreover, UN-Habitat has some standard-setting functions. We have included IFAD in this group, although it is formally a Specialised Agency, because its function is primarily developmental. Although it operates mainly through concessional lending and increasingly through grants, it is not big enough to be classified as an MDB. UN Funds that have a humanitarian mandate are treated separately below.
- **UN standard-setting organisations** are those Specialised Agencies that have a specific mandate to promote and monitor global norms and standards. However, they also provide technical assistance to support this normative function, which can be seen as a developmental function. The Specialised Agencies are so classified by the UN because of

¹⁸ See A. Scott op. cit. 2005, paragraphs 9.1-9.5 and table 1.

their autonomy vis-à-vis the UN.¹⁹ However, we have included OHCHR in this group because of its role in the promotion of human rights standards, even though it is a part of the UN Secretariat.

- **Humanitarian agencies** are treated separately because their function is more focused on the short term and they usually have a less direct relationship with governments and state planning mechanisms such as PRSPs.²⁰ This group includes UNHCR and WFP, which are both UN Funds and Programmes. WFP, however, also has a development mandate, but was assessed by the MEFF as a humanitarian agency because this is the major part of its work. This group also includes ICRC, which has a similar function but is in fact a private organisation. Two other humanitarian agencies (IFRC and OCHA) are classified separately below.
- **Coordination agencies** are separated out from the other groups because they do not have direct assistance programmes and their role is primarily that of inter-agency coordination. This function has meant that some of the MEFF criteria regarding operational and financial management have required special interpretation. This group includes two humanitarian agencies (IFRC and OCHA) and UNAIDS. Like ICRC, the IFRC is a private organisation.
- **The European Commission** is classified separately as it has a unique structure and function. It is primarily an intergovernmental mechanism that has development as one of its functions, amongst others. This function is currently delivered through two Directorates (DG Dev and DG Relex) as well as an implementing arm (EuropeAid).

5. It should be noted that OHCHR and OCHA are part of the UN Secretariat, which means that they lack autonomous governance, and have limited control over their financial management, and monitoring and evaluation arrangements. This has resulted in a large number of blank scores (around 25% in both cases),²¹ which means that their overall MEFF scores are based on a narrower range of criteria, somewhat limiting their comparability with other agencies. However, this was not considered to be a reason for classifying them separately.

Statistical measures

6. In order to provide relative effectiveness measures, we converted the MEFF traffic lights into some simple numerical measures.
- The MEFF index is constructed by assigning a value to each valid²² score as follows: green=10, amber=5, red=0, and then sums them together within a given category and calculates the result as a percentage of the maximum valid score (all green) in that category. Crude aggregate scores can be misleading because of variations in the number of questions and the non-applicable or no information scores within a given category. Therefore they have been standardised by calculating the MEFF index as a proportion of the total valid responses in each category if they were all green. This index

¹⁹ Specialised Agencies are autonomous organisations working with the UN and each other through the coordinating machinery of ECOSOC. Most Specialised Agencies are financed through subscription. The World Bank Group and the IMF are formally UN Specialised Agencies.

²⁰ For this reason we slightly adapted the main checklist questions, although the criteria remained generic.

²¹ 23% in the case of OCHA and 26% in that of OHCHR.

²² No information or not relevant scores are ignored.

reflects the distribution across all three types of scores, but with a differential weighting to each.

- The 'RBM positive' index represents the proportion of valid scores that is green within a given category. In contrast to the MEFF index, it ignores amber and red scores and therefore provides a more extreme measure of performance. It tells us the degree to which results-based systems (as we have defined them) are currently in place.
- The 'scope for improvement' index is the inverse of the 'RBM positive' measure, and focuses on the proportion of amber and red scores within a given category. However, because red scores are assigned a zero, it in fact only represents amber scores (but red scores were only 5% of the total). This measure indicates the distance to go towards becoming a fully RBM-effective organisation. However, the amber scores indicate that progress is already underway in these areas.

MEFF RESULTS ON ORGANISATIONAL EFFECTIVENESS

Table 1 MEFF index* as percentage of maximum score

Agency	Internal performance	Country level results focus	Partnership focus	Total scores
MDBs				
World Bank	86	86	91	88
AfDB	86	86	77	83
EBRD	91	63	79	79
AsDB	77	75	84	78
IADB	79	61	79	73
UN Dev'ment Agencies				
UNDP	96	98	98	97
UNFPA	93	95	89	92
UNIFEM	91	82	83	86
UNICEF	91	82	71	82
HABITAT	73	59	89	74
IFAD	73	68	70	71
UN Standard Setting Ags.				
UNIDO	88	75	95	86
WHO	68	65	70	68
OHCHR**	52	50	54	52
FAO	66	28	55	51
UNESCO***	54	39	61	51
Humanitarian Agencies				
ICRC	96	97	94	96
UNHCR	82	88	98	89
WFP	75	76	84	78
Coordination Agencies				
IFRC	85	79	94	86
OCHA**	86	68	92	83
UNAIDS	86	66	90	81
Other				
EC	79	84	93	85
All agencies	81	74	83	80
DFID	93	80	82	85

* Score conversion: green=10, amber=5, red=0, blue/blank=0. Maximum score is 100% green within category.

** Large number of blank scores (OCHA-23%, OHCHR- 26%) affects reliability of result

*** UNESCO results are provisional

MEFF RESULTS ON ORGANISATIONAL EFFECTIVENESS

Table 2. 'RBM positive' (green) scores as % total valid* scores

Agency	Internal performance	Country level results focus	Partnership focus	Overall average %
MDBs				
World Bank	71	73	82	75
AfDB	75	73	64	71
EBRD	82	53	62	68
AsDB	64	55	73	64
IADB	57	45	67	56
UN Dev'ment Agencies				
UNDP	93	95	95	94
UNFPA	86	91	77	85
UNIFEM	81	68	75	75
UNICEF	82	64	48	66
HABITAT	57	41	82	60
IFAD	50	41	45	46
UN Standard Setting Ags.				
UNIDO	75	55	90	73
WHO	39	40	45	41
OHCHR**	31	15	43	30
FAO	36	10	35	28
UNESCO***	18	9	32	19
Humanitarian Agencies				
ICRC	93	95	89	92
UNHCR	64	75	95	77
WFP	50	53	73	58
Coordination Agencies				
IFRC	70	59	94	74
OCHA**	73	43	83	69
UNAIDS	71	42	80	66
Other				
EC	57	68	86	69
All agencies	65	57	72	65
DFID	86	64	64	72

* Omits no information (blue) and not relevant (blank) scores

** Large number of blank scores (OCHA-23%, OHCHR- 26%) affects reliability of result

*** UNESCO results are provisional

MEFF RESULTS ON ORGANISATIONAL EFFECTIVENESS

Table 3: 'Scope for improvement' (amber/red scores) as % of total valid* scores

Agency	Internal performance	Country level results focus	Partnership focus	Total
MDBs				
World Bank	29	27	18	25
AfDB	25	27	36	29
EBRD	18	47	38	32
AsDB	36	45	27	36
IADB	43	55	33	44
UN Dev'ment Agencies				
UNDP	7	5	5	6
UNFPA	14	9	23	15
UNIFEM	19	32	25	25
UNICEF	18	36	52	34
HABITAT	43	59	18	40
IFAD	50	59	55	54
UN Standard Setting Ags.				
UNIDO	25	45	10	27
WHO	61	60	55	59
OHCHR**	69	85	57	70
FAO	64	90	65	72
UNESCO***	82	91	68	81
Humanitarian Agencies				
ICRC	7	5	11	8
UNHCR	36	25	5	23
WFP	50	47	27	42
Coordination Agencies				
IFRC	30	41	6	26
OCHA**	27	57	17	31
UNAIDS	29	58	20	34
Other				
EC	43	32	14	31
All agencies	35	43	28	35
DFID	14	36	36	28

*Omits no information (blue) and not relevant (blank) scores

** Large number of blank scores (OCHA-23%, OHCHR- 26%) affects reliability of result

*** UNESCO results are provisional