



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
Danida

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EVALUATION STUDY USE OF ORGANISATION STRATEGIES AND RESULTS REPORTING FOR DANISH MULTILATERAL PARTNERS



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Table of Contents

List of Acronyms and Abbreviations:	ii
Executive Summary.....	iii
1. Introduction – Purpose, Scope and Approach of the Study.....	1
2. The Context: Old and New Challenges in Multilateral Development Cooperation	2
2.1 Old Questions.....	2
2.2. Old Answers...?	2
2.3 New Challenges, New Answers?	9
3. Management of Danish Multilateral Development Cooperation	10
3.1. The Programme Cycle for Multilateral Development Cooperation	10
3.2. Organisation Strategies.....	12
3.3. Strategic Dialogue and Influencing	16
3.4. Monitoring, Follow-up, Learning and Accountability.....	18
3.5 Support through Multilaterals at Country Level	21
4. What Do Other Donors Do?	22
4.1 Finland	23
4.2. Ireland	24
4.3. Sweden.....	25
4.4. Switzerland	27
4.5. United Kingdom	28
4.6. Summary - The Other Donors	31
5. Key Issues and Perspectives.....	32
6. Conclusions and Future Options	34
Annex 1: Danish Support to and through Multilateral Organisations.....	40
Annex 2: Ends and Means in the 1996 Plan for Active Multilateralism	41
Annex 3: OECD's New Principles on Good Multilateral Donorship.....	42
Annex 4: Danish Multilateral Performance Assessment Methodology, 2004-2006	43
Annex 5: Terms of References	46
Annex 6: References	49

List of Acronyms and Abbreviations:

AFD	African Development Fund
AMPA	Annual Multilateral Performance Assessment
CCM	Core Contribution Management
EC	European Commission
EDF	European Development Fund
DFID	UK Department for International Development
GAVI	Global Alliance for Vaccines and Immunisation
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
IBRD	International Bank for Reconstruction and Development
ICAI	Independent Commission on Aid Impact
IDA	International Development Association
MDR	Multilateral Development Review
MFA	Ministry of Foreign Affairs
MO	Multilateral Organisation
MOPAN	Multilateral Organisation Performance Assessment Network
MTR	Mid-term Review
OS	Organisation Strategy
SIDA	Swedish International Development Agency
UNCD	United Nations and Commonwealth Department
UNICEF	United Nations Children Emergency Fund
UNDP	United Nations Development Program
UNFPA	United National Fund for Populations Activities
UNHCR	United Nations High Commissioner for Refugees
WFP	World Food Programme and the

Executive Summary

This study examines how Denmark manages its multilateral development cooperation, in particular how it uses organisation strategies and results-reporting. The purpose is to understand how Denmark engages and influences its multilateral partners. The report builds on document reviews and interviews with key informants in the Ministry of Foreign Affairs (MFA), in Danish representations, and in other donor agencies.

Past and present context of multilateral cooperation

The study addresses old questions about Danish multilateral cooperation. These include which overall policy framework that has guided our engagement; the distribution of funding between bilateral and different multilateral channels: the share of core versus earmarked funding; how Denmark can pursue coherence; how we can influence; and which organisational set-up we need to pursue our goals.

Over the last decades, there has been but a few overarching multilateral strategies. Still, there has been a fairly stable 50/50 split between bilateral and multilateral development assistance. It is largely the same UN organisations and development banks that Denmark support as 25 years ago. A few new partners have entered, of which the EU is by far the most important. This has left less core funding for the UN system, but increases in earmarked funding has largely left the UN system with the same total as before.

Neither the constants, nor the shifts, in the funding pattern are linked to explicit assessments of relevance or effectiveness of the involved organisations, nor to explicit strategic decisions. Gradualism and informal processes have shaped Denmark's multilateral development and humanitarian cooperation more than formal strategizing expressed in policy and strategy papers. This is not unique to Denmark.

The Danish management system of multilateral cooperation is strongly decentralized, raising concerns about the internal coherence and coordination.

The quest for coherence in what Denmark does on the development and humanitarian scenes remains strong. Thematic and regional/global concerns – climate change, migration etc. – are likely to shift the drivers of coherence away from the nation-state focus of the past.

Further, the legitimacy of the multilateral system has come under pressure, which may jeopardize Denmark's interests in a rule-based international order, and strengthen incentives to fund multilateral organisations, also if the direct relevance and effectiveness is not scoring the highest marks.

The focus of development assistance has changed from the direct development effects to broader expectations of a catalytic role. For the multilateral system, the normative role and ability to shape policies and act as neutral brokers are important results, adding to the already significant complexities of defining and measuring contributions to higher level outcomes and impact.

The Management of Danish Multilateral Development Cooperation

The key elements in the management cycle for multilateral core contributions are described in the Guidelines for Management of Danish Multilateral Development Cooperation and include the preparation and approval of organisation strategies; strategic dialogue and influencing; and monitoring, follow-up, learning and accountability. This is mirroring the programme cycle approach in bilateral assistance.

An *organisation strategy* covers 3-4 years and should be aligned with the strategic cycles of the organisation, which has proven difficult in practice. Informants found that organisation strategies usefully serve as formal underpinning of funding decisions. They also serve as communication tools and include quite comprehensive basic information about the organisation in question.

The strategies justify in general terms what Denmark intends to prioritise. They do not justify the specific funding levels and modalities chosen, and they do not specify expected results of the Danish efforts to influence. The strategies are more descriptive than analytical.

The *formal policy dialogue* with multilateral takes place through participation in governing bodies, decentralized annual consultations and high-level consultations. Mandate notes are prepared of these events. Only a few of these refer explicitly to the organisation strategy.

More *informal ways of influencing* include alliance-building and leading working groups while maintaining consistency and focus over a longer term. Informants place more emphasis on the informal processes of influencing than the formal ones.

To play the informal influencing part Danish players must be perceived to be competent, reliable and sympathetic to the different views of others, enabling a role as honest brokers. Sufficient, and sufficiently experienced and qualified staff with strong networks is probably the key factor determining influence.

Organisation strategy papers are not central among influencing factors. Informants saw senior leadership attention to the shaping of multilateral strategies, also across individual organisations, as a strong enabling factor for Denmark's influencing work.

The Danes working permanently in the multilateral organisations serve as an important contact net for Denmark, because of their insights in the organisations, combined with their cultural affinity to Denmark.

The *monitoring and reporting* on multilateral cooperation build on three sources of data: The organisations' own reporting system; assessments by the Multilateral Organisation Performance Assessment Network (MOPAN); and reporting related to organisation strategies, including mid-term review reports.

The MOPAN assessments have become the standard assessment tool used by most donors. MOPAN lowers transaction costs and provides a uniform standard of assessment. This said, MOPAN is mainly offering accountability or compliance, rather than learning for self-improvement.

Mid-term reviews of the strategies assess relevance, progress on key indicators, and the development in the cooperation between Denmark and the organisation. The reviews are often performed by consultants. The mid-term reviews build flexibility into the formal four-years phases typically covered by OSs. They do not seem to be formally approved or lead to revision of e.g. results-frameworks of the strategies.

Brief *annual narrative progress reports* on the cooperation with individual organisations should be published on OpenAid.dk. The reports are indeed brief, sometimes not available, and not always up to date. They are not living up to minimum standards for basic results reporting.

There are thus very few traces of follow-up on the organisation strategies beyond the mid-term reviews, and these are not easily retrievable in the filing system of the Ministry. Reporting on results and performance is weak when it comes to multilateral cooperation.

Bilateral embassies in partner countries have the authority to grant funds to multilaterals for *earmarked country level activities*. The organisation strategies are not seen as relevant to the programming processes, where relevance and effectiveness in the local context is the key criteria.

What do other donors do?

The other donors reviewed in this study – Finland, Ireland, Sweden, Switzerland and the United Kingdom – face most of the same challenges regarding their multilateral cooperation as Denmark: i) ensuring strategic

coherence across the multilateral system(s); ii) ensuring coherence between core support and earmarked, country-level support; iii) getting appropriate data on performance; iv) using these data for decision-making in combination with “softer” policy concerns and interests; and v) collecting and sharing data on funding and performance with political and public constituencies.

The UK is the frontrunner in responding to these challenges. Finland, Sweden and Switzerland are in a middle group with relatively highly developed formal management systems and associated products, while Ireland has the most informal approach of the five. Still, even the UK and Sweden are criticised by their own independent reviewers, for not living up to what is being considered sufficient standards of management.

The review of the other donors does not say anything about the comparative efficiency and effectiveness of the actual management of their multilateral engagements by the five. Notably, Ireland found explicitly strengths in its more informal approach, which offers flexibility and adaptiveness.

The five donors reviewed – and Denmark – all support largely the same multilateral organisations, and they have done so for many, many years. They appear to have picked up largely the same newcomers, notably in relation to health and climate change. They give 70-75% of their funding to the same 10 organisations.

Given the self-declared liked-mindedness of the smaller donors in the sample, it makes sense to question the rationale and economy of each having their own elaborate results-based management and reporting systems. The group seems to get to largely the same conclusions regarding relevance and effectiveness of their multilateral contributions, the differences in their approach to management notwithstanding.

Key Issues and Perspectives

The findings of the study point to a pattern where deep strategizing on Danish relations to multilateral actors is scattered, and where effective results-management is largely absent. Denmark is not incurring unacceptable risks from a formal accountability point of view, and it does exert influence - but there is little apparent system in the successes, and little if any systematic learning from results.

There are apparently two streams of action that to a large degree run their own courses: i) a formal programme cycle, where organisation strategies and mid-term reviews are produced; and ii) an informal stream of influencing, which relates to the shifting arenas and agendas in the multilateral systems.

The organization strategies represent a snapshot of the strategic thinking in the informal processes, but their preparation is not in itself strategic processes. The informal processes add a healthy dose of adaptiveness to the management of multilateral development cooperation.

The weak reporting culture and the under-developed systems for storing and retrieving meaningful results-information is in this interpretation consistent with the incentives of a resource-constrained system that will focus on upstream work – spending money safely – as the main categorical imperative.

A deeper explanation could be that Denmark’s basic reasons to fund the multilateral system are not narrowly related to the shorter-term effectiveness of these organisations. Denmark could be funding the multilateral system broadly and consistently because its very existence is in our deepest interest.

In this light, the current state of affairs is more positive than if it is looked upon from the angle of standard results-based management approaches. Compared to other donors, Denmark is in the very informal end of the spectrum of management of multilateral cooperation. But if Denmark wants to move towards more structured approaches, it is no easy matter deciding how far to move. An ambition to get everything into a formal system may miss the wider strategic points that shape our interests in the multilateral systems.

Conclusions and future options

Responding to the specific question outlined for this study, the organisation strategies do not serve as a central management tool. They have a limited, useful function as formal basis for appropriations, and for communication purposes. The Danish monitoring of the strategies is sketchy. Instead, the audit requirements; and the reporting from the multilaterals, are the formal bedrocks of Danish accountability.

The organisation strategies are mostly a reflection of other, informal and rather opaque processes that shape and guide the engagement with multilateral partners. The strategies tend to pass into oblivion well before their intended period of coverage is completed. The study found no relationship between the organization strategies and the multilateral support provided through Danish representations in developing countries. Earmarked support at country level is decided based on the local context.

The study found no codified examples of institutional learning from the engagement with multilateral organisations. On the other hand, informants were extremely knowledgeable, pointing to the existence of quite effective informal on-the-job learning processes. The quality of dialogue with the multilateral partners appears good. Denmark has a reputation for insight, perseverance and flexibility.

The Guidelines are useful – and used – in the preparation process of strategies. The sections on reporting are not fully adhered to, and the Guidelines do not mirror the actual management processes in the MFA.

Based on the study findings, the MFA could decide a thorough revision of the approach to the Danish management of multilateral cooperation. An overall parameter worth considering is the desirable degree of formalization of the management, and, obviously, the costs that it is reasonable and possible to invest to perform the many additional functions that could easily be added to the current *modus operandi*.

A comprehensive review could address how the MFA may want to:

- Considering how to maintain a cyclical, light formal system, which documents and communicate funding decisions, key results and learning, and which builds on an adaptive, transparent and stronger underlying permanent management system.
- Getting the broader goals of multilateralism into play, and enhancing the strategizing in and across the developmental and humanitarian spheres in the multilateral systems; and making strategies more explicit;
- Identifying actionable targets for Danish performance management of its multilateral support, and adequate follow up at this level.
- Identifying the most important drivers of and mechanisms for enhanced coherence that Denmark will pursue.
- Defining the nature of an appropriate results-based management regime, including the incentives for management to prioritize it and staff to use it. As part hereof, increasing the transparency of and reporting from the results management system; including developing the usefulness and the functionalities of Openaid.dk
- Clarifying the role of staff, and possible multilateral task teams and networks in Copenhagen, in missions and in bilateral embassies, with a view of enhancing collaboration and information exchange. This may imply a review of the current quite far-reaching decentralization of authorities.
- Considering the significant senior management attention required if the current system should change more profoundly. On the other hand, a revision of the Guidelines without management guidance on the issues listed above is unlikely to enhance the return on Denmark's investment in the multilateral development and humanitarian organisations.

1. Introduction – Purpose, Scope and Approach of the Study

How does Denmark manage its engagement with multilateral development and humanitarian partners? How do we influence the organisations? More specifically, how do we use organisation strategies and results-frameworks, in particular in relation to core contributions? How do we follow-up on these and how do we conduct our dialogue with the multilateral partners?

This evaluation study attempts to throw light on these questions. The study serves the wider purpose of informing the ongoing discussions of how Denmark may engage better with the multilateral organisations (MOs) and ensure coherence between Danish bilateral and multilateral assistance. More narrowly, the study is expected to inform the revision of the Guidelines for Management of Danish Multilateral Development Cooperation (“the Guidelines”), which describe the operational programme management approach guiding core contributions to multilateral organisations. The Terms of Reference for the study are attached as Annex 5.

The study focuses on five organizations representing a variety of Danish priorities: World Food Programme (WFP), United Nations’ High Commissioner for Refugees (UNHCR), United Nations Fund for Population Activities (UNFPA), United Nations Children’s Fund (UNICEF), and the World Bank (WB).

In addition, the study assesses other donors’ approaches to cooperation with multilateral agencies, including Finland, Ireland, Sweden, Switzerland and the United Kingdom.

The study is based on extensive document reviews (see the References in Annex 4) and interviews with relevant staff in the Ministry of Foreign Affairs (MFA), both in Copenhagen and in embassies and missions abroad. In addition, interviews took place with colleagues from other donor agencies, and with other relevant informants. In consultation with the MFA it was decided not to approach the multilateral organisations directly.

A reference group accompanied the study process and discussed the draft study report.

The report first sets the context of the study (chapter 2), then describes how Danish multilateral cooperation is managed, based on available evidence (chapter 3). Chapter 4 presents the practices and experiences of other donors. Chapter 5 identifies wider perspectives or considerations that seem to emerge from the study. Chapter 6 concludes.

The consultant wishes to thank the Evaluation Department in the MFA for the effective support to and keen interest in the study. The consultant is also thankful to the interviewees, who gladly offered their time and insights. This said, the consultant is of course solely responsible for the opinions expressed in this report.

2. The Context: Old and New Challenges in Multilateral Development Cooperation

2.1 Old Questions...

Denmark has contributed voluntarily to multilateral organisations (MOs) in both the development and humanitarian spheres since the UN and the Bretton Wood organisations made calls for such support in the aftermath of the second world war. As Denmark's bilateral development assistance took off in the 1960's, several questions emerged both for multilateral assistance on its own, for bilateral assistance and for the relation between the two instruments. For the multilateral cooperation, core questions have included:

- Which top-level policy framework defines our general position towards the multilateral system and our principles for engaging with it?
- How much of overall Danish development cooperation should be multilateral and bilateral, respectively?
- Which MOs should Denmark contribute to, and according to which criteria about relevance, legitimacy, effectiveness and efficiency?
- What should be the share of core funding to (different) MOs, and what should be the share of earmarked funding – and how “hard” or “soft” should earmarking be?
- How should Denmark best pursue coherence between different multilateral channels and systems, and between bilateral and multilateral cooperation, to the degree this has been deemed desirable?
- How can Denmark best influence the multilateral development and humanitarian systems as such, including their interfaces (today phrased as “hum-dev nexus” or “hum-dev-peace nexus”), and how can and should Denmark influence the individual organisations with which it cooperates?
- Which organisational set-up, management processes and staff deployments will best ensure that Danish multilateral goals and strategies at different levels are achieved?

The primary focus of this study is on the more detailed machinery around individual appropriations and the follow-up on these, as described in the Guidelines for Management of Danish Multilateral Development Cooperation (“the Guidelines”). The answers to the broader questions listed above set the scene for the workings of this detailed machinery, which reversely also influence the answers to the wider questions.

This study does not include a fully-fledged historical account of how Denmark has managed its relations to the multilateral system(s) over the years. The section below provides a brief overview, including some key figures, more of which can be found in Annex 1.

2.2. Old Answers...?

Looking back nearly a quarter of a century, when the Danish “The Action Plan for Active Multilateralism” was about to be launched in 1996, it seems that the headline answers to questions above have been rather similar, embedded in brands such as “active multilateralism” or “new multilateralism”. An overview page illustrating the key messages from 1996 is included as annex 2. It displays the double focus on relevant results on the one hand, and administrative efficiency of the MOs on the other.

Indeed, relevance to Danish priorities, consistency of approach, flexibility, a mixture of core funding and earmarked funding, coherence and synergy between multilateral and bilateral cooperation, results-

orientation, increased effectiveness of multilateral organisations, and active engagement through a range of means (boards, alliances, working groups, secondments etc.) have been staples of all multilateral policy declaration since 1996.¹

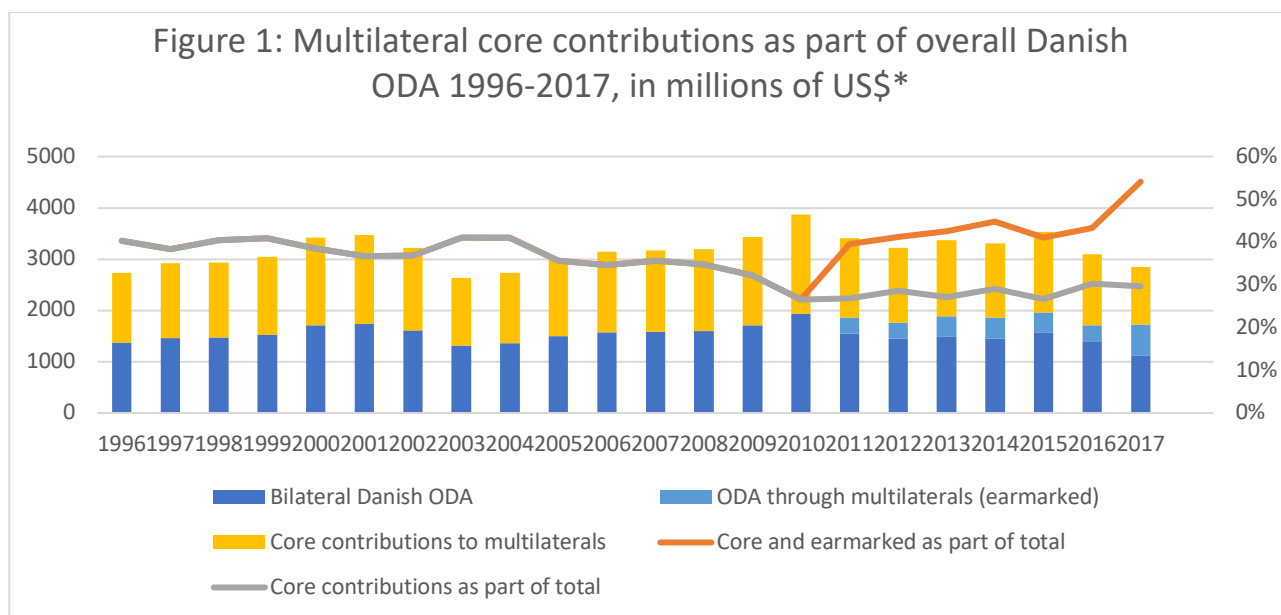
Looking beneath the headlines, there are some interesting changes, but also notable constants.

Policy frameworks

Since the 1996 plan was launched, there have been no separate overarching policy paper outlining Danish policies towards the multilateral system(s) – neither across foreign policy, development and humanitarian domains, nor separately for these areas. In 2013, the MFA conducted an analysis of Danish multilateral development cooperation², but it was not transformed into a policy.

Policies have instead been expressed as part of the overall development policies³, typically limited to 1-2 pages of text. In the most recent strategy⁴, the section on multilateral cooperation covers a little more than one page. It is limited to broad objectives and only a few more operational messages, including that Denmark will make increased use of soft and hard earmarking in contributions to UN organisations.

From half and half to ...half and half



* Constant 2017 US\$. Until 2011, the figures for bilateral Danish ODA include earmarked contributions to multilaterals. Source: Annex 1

In 1980, a government commission tasked with defining the principles for Danish development assistance recommended that, as a principle, Denmark should provide half of its assistance bilaterally, and the other half multilaterally.⁵ Though figures are not easily available⁶, this half-and-half distribution became the

¹ Ministry of Foreign Affairs/Danida 1996, 2000, 2010, 2013 and 2017, Rigsrevisionen 2002.

² MFA/Danida 2013

³ MFA/Danida 2000, 2010, 2017, Government of Denmark 2012.

⁴ MFA/Danida, 2017, section 3.4.

⁵ Udvalget vedrørende dansk bistandspolitik, 1980.

⁶ Earmarked funding through multilaterals are officially registered as bilateral assistance, and figures for earmarked contributions are only available from 2011.

rough standard, with the majority of financing provided as core funding. In 1996 multilateral core funding was 40% of total Danish ODA, a level kept to 2005 where it gradually fell to around 30% from 2009 onwards, as shown in Figure 1. There are no data on earmarked assistance before 2011, where it added 13% to the core-funding, but it seems fair to conclude that the combined multilateral support had decreased from around 50% in the 80-ies and 90ies, to 40% in 2011.

From 2011, multilateral support has again increased, reaching a total of 54% of all Danish ODA in 2017. Core funding has remained constant at around 30%. In money terms, multilateral core support peaked at 1,069 billion US\$ in 2000, from where it has fallen to 727 million US\$ in 2017.⁷ Overall Danish ODA also peaked in 2000.

The same key partners – but shifts towards the EU, away from the UN

The funding of individual organisations over the years display some significant shifts. First and foremost, the EU (and the European Development Fund, EDF) has sky-rocketed from getting 11.8% of Danish core funding in 1996, to getting not less than 38.4% in 2017.⁸ This has left much less to others, but it is particularly the UN system that has experienced decreased core-funding – from 54% of all core funding in 1996 to 32% in 2017. The World Bank (IDA and IBRD) has remained relatively constant at 10-13%.

In addition, new multilateral foundations – many of them so-called vertical funds focusing on e.g. immunization, or specific diseases – have entered the fray, and offered apparent efficiencies in their narrower remits. Several environment and climate focused channels have also been added.

Box 1: UNDP's troubles – in 1980

Already in 1980, the role and effectiveness of UNDP was an issue for the Government Committee defining the principles for development cooperation⁹:

“UNDP should continue to have a central position in Danish development cooperation in accordance with Denmark's general wish to strengthen the UN-system. UNDP is facing a number of serious problems. In the upcoming transition process in UNDP, emphasis should be both on redefining the coordinating role of the organisation in the UN-system, and on adapting tasks and plans to a realistic level of funding.” (own translation from Danish)

The exact number of multilateral organisations receiving voluntary core funding from Denmark is hard to detect in available statistics¹⁰. The number of traditional multilateral organisations from the UN system and the International Financing Institutions (IFIs) receiving core funding seems to be rather constant – around 20 – from 1996 to 2017, but the residual category of “others” have diminished in money terms, indicating a stronger focus of funding. Looking at the number of organisation strategies available presently (32), Denmark is in addition funding 10-12 organisations which are not part of the UN-system or the IFIs¹¹.

The 10 biggest recipients of multilateral core funding over the last 20 years are, according to OECD, the same as those topping the list in 2017¹². In 1996, they received 66% of all Danish core funding, a share increasing to 76% in 2017. The ten

⁷ Cf. Annex 1. Constant prices of 2017.

⁸ Figures from stats.OECD.org, presented in aggregate in Annex 1.

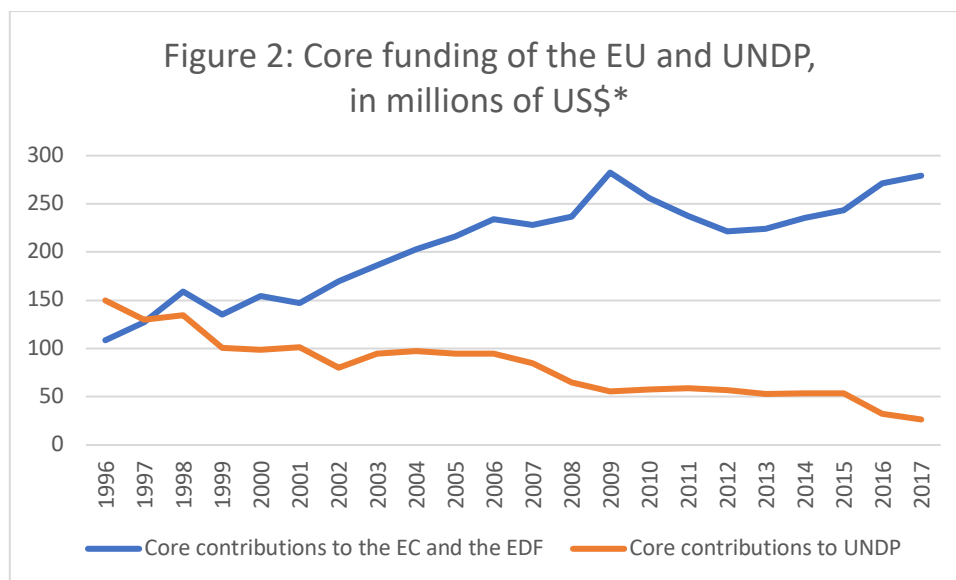
⁹ Udvalget vedrørende dansk bistandspolitik, 1980, p-15

¹⁰ There are no separate Danish statistics additional to those of the OECD.

¹¹ <https://um.dk/da/danida/samarbejspartnere/int-org/>, accessed on October 6, 2019.

¹² The available figures from OECD include, but do not specify contributions to e.g. GFATM, GAVI and recent climate funds unless these are managed by e.g. the World Bank.

organisations are, in decreasing order based on 2017 figures: the European Commission (EC), the International Development Association (IDA), United Nations Development Program (UNDP), the European Development Fund (EDF), World Food Programme (WFP), United Nations High Commissioner for Refugees (UNHCR), United National Fund for Populations Activities (UNFPA), United Nations Children Emergency Fund (UNICEF), the African Development Fund (ADF) and the International Bank for Reconstruction and Development (IBRD)¹³.



* Constant 2017 US\$. Figures for the EU combines core funding to the EC and the EDF. Source: Annex 1

While the EU/EDF receives the lion's share of core funding today, UNDP is the prominent loser: in 1996 it was the biggest recipient of core funding (16.2% of Danish core funding), in 2017 it got a mere 3.6%. For the rest of the major recipients of core funding, changes have been less dramatic – but core funding has decreased in particular for UN funds and agencies.

Looking at the Danish development assistance performance assessments published in 2004-2006¹⁴ there is no indication that the rise of the EU and decline of UNDP as recipients of Danish core funding are linked to the better performance of the former compared to the performance on the latter.

As already mentioned, Denmark has since the commission report of 1980 emphasized that the distribution of support between individual MOs would be based on criteria encompassing alignment with and relevance for Danish policy priorities; impact; efficiency; accountability and sound risk management. Additional criteria have over time included the influence of developing countries on the programmes; a fair burden-sharing between donors; and the perceived receptiveness of the organisations vis-à-vis Danish viewpoints.

There is no indication that the 10 organisations that continue to receive most Danish funding have performed better against these criteria than others. They are, looking across the UN system and the IFIs, *the* major organisations that also top the lists of other donors, perhaps because their mandates are broad, either in the developmental humanitarian sphere, or in both. It is simply difficult to see the alternatives – no matter what overall multilateral or organisation specific strategies might conclude.

¹³ According to stats.OECD.org. Openaid.um.dk, the official Danish website reporting contributions, would have the Global Partnership for Education at

¹⁴ MFA/Danida 2006, 2007

Earmarking

Core funding to the UN system has more than halved from 1996 to 2017, from 495 mill. US\$ to 234 million US\$.

On the other hand, earmarked funding – “softer” and “harder”¹⁶ - has increased significantly, from 13% in 2011 to 24% of all Danish ODA in 2017. And it is the UN system that is by far the biggest recipient, getting 52% of all earmarked funds. The amount, 314 million US\$ in 2017, more than offsets the loss of core funding.

UNDP is, together with the World Bank, the biggest recipient of earmarked funding in the last couple of years, but for UNDP the loss of core funding is bigger than the gain in earmarked funding, and in 2017 core funding to UNDP was only 21% of total funding – the rest was earmarked.

The pros and cons of earmarked funding are well known¹⁷. Core funding is the preferred modality from points of view of coherence, legitimacy and acceptance of the broad-based governance of the multilateral organisations. Earmarked funding may provide direct influence on projects or themes, give higher visibility and, when the funding is for themes or regions, ensure a targeting that is not possible with core funding. Earmarked funding may, on the other hand, fragment the organisations, lead to unwarranted mission creep and risks imposing donor priorities on the ultimate recipients. While earmarked funding can have drawbacks, it was also mentioned by informants that earmarked funding, which are part of a coherent strategy, are less of a problem for the recipient organisation.

The debates in the advisory Danish Council for Development Policy about multilateral appropriations frequently touch the distribution between the two types of funding¹⁸.

Box 2: Less core, more earmarking

“Denmark will prioritise an active partnership with the UN organisations whose mandate covers Danish priorities in terms of interests and values and where we can contribute to advancing a global agenda. Denmark’s financial and political involvement in the UN organisations must be pursued to leverage the representation of Danish interests. Contributions to the organisations’ performance of their core functions (core contribution) will continue to be an important instrument in ensuring Danish strategic influence on the organisations’ work. But to a greater extent than we have done so far, we will also be targeting thematic and regional initiatives where Denmark has special interests, strengths and is able to create added value (soft and hard earmarking of the funds). This way, Denmark will increase its influence on the field work and the visibility of the Danish effort.”¹⁵

¹⁵ MFA/Danida, 2017, p. 15

¹⁶ Soft earmarking includes contributions to thematic and/or regional trust funds, in most cases with other contributing donors. Hard earmarking describes funding of particular projects that a multilateral organisation implements with Danish funding, for example in a particular country where Denmark may have a bilateral programme. There is no data available on the use of the two instruments in Danish development assistance.

¹⁷ See Jenks and Kharas, 2016; OECD, 2018; Reinsberg, 2017; Tortara and Steensen, 2014

¹⁸ See Minutes of Meetings on September 11, 2018, and February 27, 2019, accessed on October 6, 2019 on <https://um.dk/en/danida-en/about-danida/Danida-transparency/Danida-documents/Council-for-development-policy/Previous%20cdp%20meetings/>

The Quest for Coherence

Coherence, synergy and a holistic approach – between multilateral and bilateral Danish assistance, and between different elements and channels of multilateral assistance – have been high in demand over the years. Again, and again, it has been found wanting, pointing to both conceptual and practical challenges.

Conceptually, the challenge includes defining the driver(s) of coherence: is it recipient country needs and country policy frameworks that should define coherence, such as it was thought around year 2000 when Comprehensive Development Frameworks and later Poverty Reduction Strategy Papers ruled the waves? The Danish Partnership 2000 strategy dutifully noted that international cooperation should take “points of departure in (countries’) own national priorities and in an effective distribution of tasks among the organisations in an individual country.”¹⁹

Box 3: Policy and/or EU coherence

“A lack of coherence between policies and instruments can undermine the effort to fight poverty and create sustainable development. Denmark will therefore strengthen the link between the relevant Danish policies and instruments in order to achieve a higher degree of synergy to the benefit of development.

Denmark will also contribute to enhancing the coherence between the EU’s policy areas and instruments to the advantage of development in the poorest countries of the world.... Among other things, focus will be on the consequences for the developing countries of areas such as trade and financing, food security, climate change, security and migration.

More coherence between development policy instruments in order to achieve results

Denmark will utilise all relevant development policy instruments in its engagement. These instruments include policy dialogue and multilateral and bilateral development efforts, as well as sector programme assistance and budget support, trade and commercial cooperation, humanitarian aid and civil society support. Coherence should be strengthened between the various development policy instruments while respect is maintained for the goals, principles and methods of the individual instruments.”²⁰

Or is it coherence between Danish interests, policy domains, and aid instruments? Or coherence between the efforts of the EU and its member states, or in and between different parts of the UN system as implied in the One UN approach? Box 3 quotes the 2010 strategy for development cooperation, marking a clear shift from the country-focus of 2000 to a policy domain and organisational focus, not least on the EU.

Today, thematic and regional/global normative concerns – climate change, migration, fragility, terrorism, gender equality – and the pattern of poverty pockets also in middle income countries are probably taking the drivers of coherence even further away from the nation-state focus. The reduction in the number of bilateral partner countries to 12²¹ (in 2000 it was 20²²) would further seem to indicate that the quest for

¹⁹ MFA/Danida, 2000, p.18

²⁰ MFA/Danida 2010, p.14

²¹ MFA/Danida, 2017

²² MFA/Danida, 2000

coherence and holistic thinking cannot be based primarily on a country focus – even if Denmark will, of course, strive for a level of coherence in the countries where we remain active. The challenge of deciding which degree of coherence that should be sought between Danish funded interventions, the sum of EU and EU-members' interventions, or according to a country perspective, will remain.

There are also coherence challenges in the humanitarian-development nexus, further adding to the complexity of the search for just “good enough coherence”. The latest Danish development strategy from 2017 was the first to formally cover both development and humanitarian assistance.

For the Danish multilateral cooperation, the challenge is thus not only the coherence between e.g. multilateral core funding to an organisation, and earmarked Danish funding to the same organisation in a Danish partner country. The wider, and more complex, issue is the coherence in the multilateral system(s) as such, and the coherence in Denmark's support to different parts of the multilateral system(s).

Organising for Influence on Matters Multilateral

The history of key instruments, organisational processes and leadership in the MFA is the backdrop for the topic of the next chapter in this study, which describes the current formal and informal organisation, management and leadership of Denmark's multilateral cooperation.

As already mentioned, there have only been few dedicated efforts to analyse and strategize on Denmark's multilateral development and humanitarian policies and approaches. The overall development policy frameworks have included brief accounts of multilateral ambitions, but not detailed strategies as such with the associated analytical justifications. Broader strategies or analyses of Danish multilateral development support date back to 1996 and 2013, respectively, and the 2013-analysis was never converted into a strategy.

At the level of individual organisations, Denmark made the first organisation strategies in 1996, for a few organisations. The general system was introduced in 2001, making organisation strategies mandatory for multilateral organisations receiving more than a certain threshold amount in core funding.²³ It has not been possible to retrieve strategies or guidelines for the preparation of strategies from before 2014.

From 2004 to 2006 MFA/Danida published Annual Performance Reports that included sections on multilateral performance²⁴. The methodology for these assessments is reproduced in annex 4. Bilateral embassies in selected countries contributed with assessments following a standard format. The assessments from the Multilateral Organization Performance Assessment Network (MOPAN) were used as core input to the Danish assessments. The Multilateral Development Cooperation Analysis from 2013²⁵ included an assessment of 17 organisations, based on MOPAN and a perception analysis among staff of relevance. The performance assessments from 2004-2006 and the 2013-analysis did not relate performance to the priorities of the Danish organisation strategies in force in that period.

Until 2009, the Ministry of Foreign Affairs had a head of multilateral affairs as well as a head of bilateral affairs, reporting directly to the undersecretary of state for development cooperation (the head of Danida).²⁶ The multilateral head supervised the operational offices in charge of e.g. relations to the UN

²³ The State Auditors, 2002.

²⁴ MFA/Danida 2006 and 2007. The report covering 2004 is not available on the website of the MFA.

²⁵ MFA/Danida 2013

²⁶ <http://www.netpublikationer.dk/um/9334/html/chapter15.htm>, accessed on October 1, 2019.

system, and to the development banks. The missions in New York and Geneva and embassies or representations in other locations with headquarters of multilateral organisations maintained the daily contacts and participated in board and committee-meetings.

After 2009, the multilateral development issues have been managed at unit level in the MFA, with another unit handling humanitarian assistance.

The Danish ambassador to the UN has, at least since the 1980-ies, always been the outgoing under-secretary of state for development cooperation, with the associated level of authority, ability to shape agendas and capacity to influence the direction of policies. In a deliberately decentralised system this points to the likelihood that the missions, especially the Danish UN mission in New York, play very strong roles in the management of Danish multilateral development cooperation.

2.3 New Challenges, New Answers?

The sketch of history above provides a picture where overarching foreign policy interests, tradition, gradualism and informal processes may have played a greater role in shaping Denmark's multilateral development and humanitarian cooperation than formal strategizing expressed in policy and strategy papers. This is not unique to Denmark, but also a key finding in a recent review of why six donor agencies delegate to multilaterals. It found that delegation is seen less as a technical decision process based on the advantages and disadvantages of multilaterals or of bilateral and multilateral aid, and more in relation to the wider international strategy of the countries.²⁷

Old challenges have remained, such as the desire for coherence, and striking the balance between core and earmarked funding. Denmark has in the latter aspect moved along with a broader trend among donors.

New challenges have been added over the years.

Firstly, the legitimacy of the multilateral system has come under pressure. For small states with an open economy, this may jeopardize their interests in a rule-based international order. Even if some multilateral development organisations only indirectly or informally set norms and define rules, they can reasonably be seen as part of the foundation of the entire system. When the system is under pressure, small states may want to strengthen their investments in multilateral organisations, also if the direct relevance and effectiveness of a particular organisation is not scoring the highest marks.

Secondly, there has been a proliferation of new multilateral actors, many of which are supported not only by governments, but also by private philanthropists. Participating in the governance of these new mechanisms adds to an already considerable task related to the governance of the traditional multilateral system.

Thirdly, the focus of development assistance – be it bilateral or multilateral - has changed from the direct development effects of the assistance to broader expectations of a catalytic role, where development assistance serves to mobilise additional resources and actors. For the multilateral system, their normative role and ability to shape policies may be as important result areas as the effects of their specific development interventions.

²⁷ Greenhill R. and Rabinowitz G., 2016

This adds to the already significant complexities of measuring contributions to higher level outcomes and impact, and thus questions more narrow approaches to results management.

Fourthly, and related to the above, there is a widespread recognition that development results are the effect of complex and dynamic social, economic, political and institutional processes, rather than planned, linear approaches theoretically assumed to lead from situation A to situation B. Translating these insights into both the performance management of multilateral organisations and in the performance and accountability demands that donors put on them, continue to be a considerable challenge. Strategic planning cycles over 3-4 years may simply turn irrelevant before they reach halfway through their intended period because contexts change rapidly and unpredictably, beyond what any reasonably specific theory of change can accommodate.²⁸

In the Danish context, it is finally worth noting the resource-constraints of the foreign service, where Danish staff-year equivalents fell around 30%, from 1555 in 2000 to 1098 in 2015.²⁹ Denmark has, excluding Iceland, the smallest foreign service in Scandinavia, putting an extra layer of challenges on staff when adding strategizing, coordination, monitoring and reporting tasks to the immediate operational priorities that tend to fulfil daily work schedules.

Some informants also noted that there are relatively few staff who have specialized in multilateral development cooperation management, or in humanitarian assistance.

The next chapter will describe how the MFA, within past and present challenges, in practice manages Danish cooperation with individual multilateral organisations.

3. Management of Danish Multilateral Development Cooperation

3.1. The Programme Cycle for Multilateral Development Cooperation

The Guidelines for Management of Danish Multilateral Development (the Guidelines) focus on operational procedures related to multilateral core contributions. They do not offer guidance on how to implement policy and strategic priorities in the engagement with multilateral and international organisations.³⁰

Though only covering the commitment procedures for core contributions, the Guidelines aim, at the strategic level, to foster a holistic approach in Denmark's cooperation with multilateral and international organisations, implying, among others, that Denmark's entire engagement with the organisation - core as well as earmarked contributions, and staff secondments - is supposed to be taken into account in the Danish Organisation Strategies and in the partner dialogue.

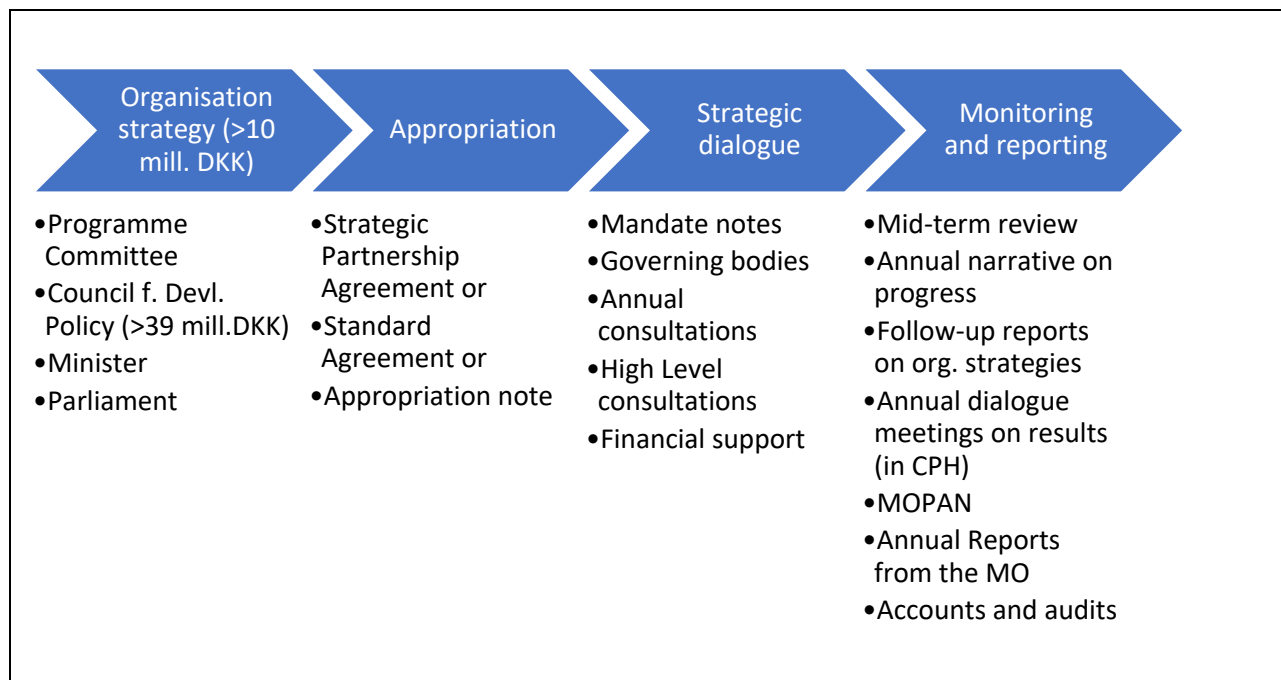
Box 4 depicts the key elements in the programme management cycle as outlined in the Guidelines.

²⁸ As an example, the cross-cutting note from the 2016-Mid-Term Reviews of UNDP, UNFPA, UNICEF and UNIFEM noted that "The strategies were well-elaborated and relevant for the time leading up to the transformative year for development, 2015. Since the formulation of the strategies in 2013 a number of external and internal developments have however changed the reality in which Denmark engages with the organisations.". MFA/Danida 2016a.

²⁹ Taksoe-Jensen, P, 2016

³⁰ MFA/Danida 2018, p. 3. The 2018-version of the Guidelines is called version 2.2., while the 2014-version was labelled version 1.1. It has not been possible to identify a version 2.1.

Box 4: Stylized Programme Management Flow



The individual elements in the flow are discussed in the next sections. From a process perspective, a key challenge for the Danish processes is the alignment to the planning cycles of the multilaterals. The Guidelines advice that organisation strategies should “follow, as far as possible, the organisations’ strategic planning cycle, and be aligned with the organisations’ own results-oriented reporting and monitoring framework” (p.6).

This follows from the basic premise that the Danish strategy must be fully aligned with the strategy of the MO, approved in its board (most often with Danish consent). Denmark – and other donors – cannot add results for the multilateral organisation on their own. Therefore, in principle, it is hard to prepare an organisational strategy *before* the MO has an (new) approved strategy. But this period is where Denmark and others can influence that strategy in working groups and governing bodies - once it is approved it is formally cast in stone. If Denmark therefore prepares the organisational strategy *after* a new strategy has been adopted by the MO, the strategic options are limited to choosing priorities within the priorities already decided by the multilateral, with Danish participation.

Since organisation strategies are the basis for Danish appropriations, they will furthermore have to be aligned to the appropriate points in time when Denmark must renew its funding commitment. This does not necessarily coincide with the adoption of a new strategy by the multilateral in question.

With the purpose of reflecting all Danish support to a multilateral, the MFA has since 2017 piloted the practice of signing Strategic Partnership Agreements with multilateral organisations. These legally binding agreements add another element of synchronisation challenge to the relation between the strategies of multilaterals, the Danish Organisation Strategies and the Strategic Partnership Agreement, as illustrated in box 5:

Box 5: Timing of Multilaterals' Own Strategies, Organisation Strategies and Strategic Partnership Frameworks

	<i>WFP</i>	<i>UNHCR</i>	<i>UNFPA</i>	<i>UNICEF</i>	<i>World Bank</i>
<i>Own Strategy</i>	2017-21	2016-17 2018-19	2018-21	2018-21	2017-20 2013 - ³¹
<i>Strategic Partnership Agreement</i>	2016-19	2017-21	2017-19	2017-19	
<i>Danish Organisation Strategy</i>	2017-21	2017-2021	2018-22	2018-22	2013-17 ³² 2019-23

The different cycles, and the fact that Strategic Partnership Agreements have been prepared and approved *before* the Organisation Strategies, indicate that the Danish strategic relations to multilateral organisations are articulated at various points in time, and not necessarily related to the preparation of a particular document such as the organisation strategy. This point will be further substantiated in the sections below.

3.2. Organisation Strategies

Intended and actual role of the organisation strategies

The Guidelines places the organisation strategy (OS) “at the centre of managing cooperation with multilateral and international organisations”.³³ The OSs are intended to “form the basis for Denmark’s dialogue and partnership with multilateral and international organisations and serve to enhance priority setting and results reporting.”^{34, 35}

Asked about the actual role of the strategies, informants have rather similar views. They downplay the strategy elements, and highlight that the documents first and foremost serve accountability and communication functions:

- OSs are the basis for appropriations, and thus usefully serve as formal underpinning of funding decisions.³⁶ They serve as key input for the discussions in the Programme Committee and the Council for Development Policy.
- They serve as communication tools for the public and key stakeholders (e.g. parliamentarians, where the short summaries are in particular high demand).

³¹ The 18. IDA Replenishment Period covers 2017-20. The latest World Bank Strategy from 2014 is in principle reaching to 2030.

³² The strategy has been extended to 2019.

³³ MFA/Danida 2018, p.4

³⁴ Ibid., p.5

³⁵ The intended core role is reflected in the common reference to the Guidelines for Management of Danish Multilateral Development Cooperation as “the guidelines for organisation strategies”, cf. the TOR for this assignment in annex 5.

³⁶ In practice, a Strategic Partnership Agreement may have been approved for the period that a later Organisation Strategy also covers, in which case the formal appropriation is linked to the Partnership Agreement.

- They are valuable for staff onboarding purposes.
- They serve to inform the MO receiving funds of the general Danish positions and priorities in relation to the funding.

The strategies can be compared to the programme or project documents used for bilateral cooperation. They are needed in some form or another, but their specific content and their production process is likely to determine whether they are simply a bureaucratic requirement, or the outcome of a strategic planning process.

The specific use of the OSs after their approval will be discussed in a later section.

The Content of Organisation Strategies

This study has focused on the most recent OSs for WFP, UNHCR, UNFPA, UNICEF and the WB, but also looked at several other strategies and previous strategies for the focus organisations. The website of the MFA currently displays 32 organisation strategies.

The strategies include a standardized text on the objective of the strategy; a description of the organisation; key strategic challenges and opportunities; Danish priority areas and results (typically 1-2 thematic areas and one related to organisational effectiveness); a budget including core and thematic earmarked funding³⁷; risks and assumptions; and, as annex, a matrix of priority results, with indicators. The strategies are between 10-15 pages long, excluding annexes.

Across the OSs, it is notable that priorities are justified in quite general terms, and there is, as a rule, no mentioning of areas that are not prioritised or a discussion of why certain priorities have been chosen instead of others.

The priorities can be at very high levels, as illustrated in Box 6, where the WFP and World Bank indicators are example of very high-level outcomes, in reality depositing the success of the OSs more in context factors (wars and displacement; overall growth; and overall success of climate policies) than in the performance of the organisations themselves. The choice of specific results and indicators for e.g. UNFPA and UNHCR appears on the other hand to be a selection among several possible indicators that are thought to be illustrative of what Denmark prioritizes, rather than a hard choice of what matters most.

Box 6 includes a quote from the UNICEF Organisation Strategy that is illustrative of the delicate balance between on the one hand accepting that core funding is intended to fund the entire strategic plan of the recipient organisation (which, overall, may be fully to Denmark's liking), and on the other hand conforming to the Guidelines, which insist that a few areas be picked as particularly relevant for Denmark.

Across the strategies reviewed, there is thus a focus on what Denmark expects to get in return for its (core) funding in terms of development results and organisational effectiveness, rather than on where the organisations – or the system as such – should move and how Denmark can most effectively exert influence in that direction. The strategies list expectations and demands on the multilaterals, but do not specify results pertaining to the MFA's own performance.

³⁷ Earmarked funding through multilaterals in Danish partner countries is not specified in the organisation strategies.

Box 6: Examples of priorities and indicators in recent organisation strategies

UNICEF

“While Denmark stays fully committed to the Strategic Plan of UNICEF as a whole, the priority areas are selected to highlight the most important priorities from a Danish perspective relating to both core and non-core contributions. In this strategy the Danish priorities of education and health are joined under one priority area while child protection constitutes an individual area. This choice was necessary because only two ‘substantive’ priority areas can be included according to Danish guidelines and Denmark sees some commonalities relating to the provision of social services across the education and health domains in both humanitarian and development setting. It does, however, not indicate that Denmark gives less priority to health and education respectively.” (MFA/Danida 2018b)

UNFPA

Output 1: Enhanced capacities to develop and implement policies, including financial protection mechanisms, that prioritize access to information and services for sexual and reproductive health and reproductive rights for those furthest behind, including in humanitarian settings. (MFA/Danida 2018a)

UNHCR

Favourable protection environment Ensuring access to territorial protection and asylum procedures; protection against refoulement; and the adoption of nationality laws that prevent and/or reduce statelessness. (MFA/Danida 2017a)

WFP

SDG 2: Access to food. Number of women, men, girls and boys receiving food assistance – Target 2017: 85 million. Baseline 2016: 82,2 million- (MFA/Danida 2017a)

World Bank

Population living on less than USD 1.90 a day. Baseline 2011: 13%, target 2020: 9%, 2030: 3%. Greenhouse Gas emission reductions in tonnes of CO₂eq/year. (MFA/Danida 2019)

The WFP strategy refers to the key findings of the mid-term review made of the previous organisation strategy, while the strategies for UNFPA and UNICEF mention the mid-term reviews in passing. The UNHCR and World Bank strategies do not refer to mid-term reviews. Excepting the WFP strategy, the other strategies do not refer to the previous organisation strategies and do not comment on how well they fared, including how well the organisations achieved the results that these earlier strategies had selected.

On the other hand, the strategies all refer to the most recent MOPAN assessments made, quoting the overall satisfactory score that the five organisations all received. The use of MOPAN assessments will be further discussed below.

The documents have few specificities on how Denmark will seek to influence the organisations, except stating that Denmark will follow up constructively, participate in boards etc. In that sense, the documents are policy-documents – stating objectives and priorities – rather than strategies detailing how to get to the goals.

Since OSs are only made for MOs that Denmark has decided to support, it is also clear that the documents are made to reflect key strategic decisions already taken (who to support, with which level of funding and with which distribution between core and earmarked funding). It is hard to see that e.g. a decision to cut or increase funding quite substantially to any of the organisations, or to switch a considerable share of funding from core to earmarking, would require any changes in the text of the organisation strategies, except in the pertinent numbers. The OSs may justify what Denmark intends to prioritise with its funding, they do not justify the specific funding levels and modalities.

This does not detract from their usefulness as programme documents, and communication tools. The strategies are more descriptive than analytical, and it may be more correct to say that the engagement with the multilateral partners guides the organisation strategies, than the other way around.

Process of Preparation of Organisation Strategies

The Guidelines include a 10-step process for the preparation of OSs. A separate appraisal after formulation is possible but has apparently never been applied. The Guidelines also include a suggested format for the organisation strategies.

Consultations with colleagues, other donors and stakeholders is part of the recommended process. The Guidelines are not clearly expressing if this includes staff from the organisations for which a strategy is being prepared. In practice, it seems always to be the case, with the clear joint understanding that the strategies are Danish documents, and not approved by the partners.

Several informants underlined the usefulness of the consultations with the multilateral partners, as it allowed a closer dialogue about the strategies of the MOs and served as a testing ground of Danish positions before they are formalized and approved. Informants found that the dialogues were in general welcomed by the multilateral organisations, as it enabled them to understand Danish positions in more detail. The introduction of Strategic Partnership Agreements and the associated negotiations of these, in some cases not long before the preparation of an OS, had caused some concerns over transaction costs with some MOs.

The responsible units for preparing and monitoring the strategies are listed in the Guidelines. The UN missions in New York and Geneva, and the embassies in Rome and Washington, covers UN and Bretton Woods institutions with headquarters in these cities. Strategies for among others climate and environmental multilateral funding are prepared in Copenhagen.

Consultants have been contracted to draft strategies in several cases. Some informants saw this as a risk of diminished in-house ownership to the result, while others found that senior ownership might anyway be weaker or stronger, also if the task was delegated to an in-house colleague. Many saw the use of consultants as a pragmatic issue of resource availability and stressed that consultants were often chosen among those with recent experience from work within the multilateral organisations or in Danish missions.

In principle, the strategies are prepared, processed and approved individually. However, the four recent strategies prepared by the New York mission (for UNFPA, UNICEF, UNDP and UNWOMEN respectively), were presented jointly to the programme committee, and jointly to the Council for Development Policy, in both cases allowing a discussion across the four organisations and also touching on the UN reform process. The minutes of the respective meetings indicate a well-informed discussion in quite some detail in the programme committee, with a slightly more general level pitch in the Council, as would be expected.

Draft strategies are published inviting comments from interested stakeholders. Several NGOs avail themselves of this opportunity.

The preparation of the strategies is quite resource-intensive, both for those drafting, for the colleagues and for the managers supervising and guiding the processes. Once a strategy is approved, informants uniformly confirm that attention is turned to other urgent tasks.

3.3. Strategic Dialogue and Influencing

Formalized dialogue and influencing

The Guidelines list four elements of formalized policy dialogue with the MOs: i) participation in governing bodies; ii) decentralized annual consultations; iii) high-level consultations; and iv) financial support.

Participation in governing bodies is considered the core element of Danish interactions with the organisations, a task managed by the relevant missions and embassies under their decentralized authority. They do consult with headquarters on strategic issues that may arise, but in the development context there is a perception that Copenhagen is only occasionally reacting. The impression is that there are more exchanges in the humanitarian field.

For the formal board meetings, the missions/embassies will prepare *mandate notes* indicating Danish positions and viewpoints in relation to board agendas. This is also the case for *annual consultations* and *high-level consultations*, the latter implying participation from Denmark by e.g. the minister or a secretary/under-secretary of state.

Only a few of the mandate notes reviewed for this study refer explicitly to the organisation strategy. The others may refer to Danish priorities, but without specific reference to a strategy. The mandate notes for board meetings are typically addressing more granular issues than those covered by the OSs.

In a few cases, the mandate notes have references to experiences from Danish embassies in partner countries relevant to e.g. the approval of a new country programme, or relevant to a joint humanitarian effort.

Several of the mandate notes reviewed are for the period covered by 2014-2017 strategies. These strategies were prepared on the backdrop of the 2013 Multilateral Analysis³⁸ which could not foresee the event of the SDGs in 2015, the development of the Grand Bargain³⁹ on the humanitarian-development nexus, or the efforts to reform the UN system. In key aspects regarding the future strategic choices of the multilaterals, the Danish strategies had therefore lost relevance well before they expired.

The *size and compositions of financial support* is considered a key element in the engagement, a kind of “voting with the feet”. As discussed earlier, the OSs reflect this vote, but do not explicitly justify it.

Taken together, the evidence pertaining to the *formal* dialogue processes mentioned above does not indicate that the OSs play any core role. This is consistent with the views of the informants. The WFP is the

³⁸ MFA/Danida 2013

³⁹ See <https://agendaforhumanity.org/initiatives/3861>

relative exception to this picture, but also here there have been synchronisation issues between the Danish strategy from 2014-2017, and the WFP shortening its corresponding strategy so that it ended in 2016.

Informal influencing

Informants have also been asked to mention elements of what can be labelled more *informal* ways of influencing MOs, as well as the factors on which the success of both formal and informal influencing depend. This elicited shared viewpoints focusing on alliance-building with other member states, either in formal groupings or ad hoc; taking the lead in selected working groups; maintaining consistency and focus; not spreading attention thinly; and keeping a long term engagement in mind. This is fully consistent with a recent study on influencing multilaterals, written by staff from the MFA, as reflected in Box 7:⁴⁰

Box 7: Influencing Multilaterals: A Toolbox for Small States⁴¹

Setting the Scene/Agenda	Influencing Operations	Reacting to Events
<ul style="list-style-type: none"> • Funding the drafting of concept notes and policy papers on thematic issues • Organizing thematic and “friends of” meetings including with the organisations • Supporting and financing academic studies • Defining priorities in relation to special events such as an EU Presidency • Establishing research/best practice centres • Chair or co-chair working and friends of groups • Different funding modalities 	<ul style="list-style-type: none"> • Monitoring and evaluation missions, processes and papers • Funding experts to assist the organisation with key processes • Strategic secondments of staff to strategic positions within the organisations • Rostering and deployment modalities for surge personnel • Building extensive and active network of key staff in the organisations • Dialogue on performance and priorities • Coherent and strategic use of earmarked funds and stable levels of core funding 	<ul style="list-style-type: none"> • Building alliances/networks with a broad and diverse group of member states • Possessing technical expertise to provide strategic feedback • Flexibility in budgeting to respond to opportunities and reward initiatives aligned to DK priorities • Link agendas across policy domains/arenas • Knowledge of performance frameworks, independent evaluations, budgetary dispositions etc. • Gain of influence at the policy level in UN HQs as well as in the field with regard to Danish priorities

The tools mentioned above are not in a prioritised order – that is likely to depend on the specific policy context and the specific influence that is sought.

Factors leading to influence

Informants place more emphasis on the informal processes of influencing than the formal ones – or, differently put, it is the informal processes – the preparations of agenda-setting, alliance-building, bringing appropriate evidence to the fore etc. – that lead to desired outcomes of the formal processes.

⁴⁰ Nilaus Tarp and Bach Hansen, 2013.

⁴¹ Ibid., p.21, table headlines adapted by this author.

To be able to play the informal influencing part, informants stress that Danish players must be perceived to be competent, reliable and sympathetic to the different views of others (some other countries, among mid-sized and great powers, are perceived to be acting in a muscular and arrogant manner, thus reducing their “soft power” to influence). Influence often comes from the ability to act as “honest brokers”. Walking the talk – for example living up to the emerging principles of good multilateral donorship outlined in annex 3 and being a generous funder – is another determining factor for exerting influence.

Sufficient, and sufficiently experienced and qualified staff knowing the game and having strong networks both among member states and inside the multilateral organisations, is probably the key factor determining influence.

Organisation strategy papers are not central among influencing factors. They are not mentioned at all in the study referred to in box 7, or by informants. Their limited use in the downstream policy dialogue processes point in the same direction. They may still be important to ensure consistency of Danish voices, but informants saw senior leadership attention to shape multilateral strategies, also across individual organisations, and bringing relevant MFA staff together around these strategies, as a stronger determining factor for Denmark’s ability to exert influence.

Danes in Multilateral Organisations, and Secondments

Denmark seeks having an adequate number of Danes employed in the relevant MOs, both at entry and at senior level. Denmark funds Junior Professional Officers at the entry level, and regularly raises the issue of the number of Danes working at higher and senior levels, at annual and high-level consultations.

In addition, Denmark second staff, often from the MFA, to assume positions in multilateral organisations for a limited period. Such secondments often aim to pursue strategic interests of strengthening certain areas or get influence on the policies adopted in certain areas.

Denmark does not have a tradition of “pushing” (ex-)politicians or senior civil servants into high positions in the MOs. Danes with long experience from the MOs also questions the effectiveness of political placements (except in the very top positions) compared to “the long march through the institutions”, whereby Danes may reach senior positions and have the associated solid networks shaped over many years.

The Danes working in multilateral organisations serve as an important contact net for Denmark. They do not work for Danish interests and priorities, as per their contractual obligations and by the respect for these of both Danes in the MOs and Danish representatives. Their insights in the organisations, combined with their cultural affinity to Denmark, enable them to assist MFA staff grasping the workings of what is sometimes very complex webs of views and positions. They are thus an important factor enabling Denmark to exert influence.

3.4. Monitoring, Follow-up, Learning and Accountability

The monitoring and reporting regime forming part of the management of multilateral cooperation builds formally on three sources of data:

- The organisations’ own reporting system
- Assessments by MOPAN of multilateral organisations
- Reporting related to organisation strategies, including Mid Term Review reports.

The organisations' own annual reports are sent to Denmark. It is not clear if and how they are processed.

The Multilateral Organisation Performance Assessment Network - MOPAN

The MOPAN assessments have become the standard assessment tool used by most donors, and donors who have had their own parallel systems (e.g. Australia, United Kingdom) have either abandoned these or put them on hold. Box 8 summarizes the key features of MOPAN.

Box 8: MOPAN key features

The first MOPAN assessments were made in 2003. 32 multilateral organisations have been assessed since then. Those who have participated from the beginning have been subject to assessment every 3-4 years.

The latest MOPAN methodology, MOPAN 3.0⁴², assesses multilateral organisation performance across five performance areas. Four of these areas (strategic, operational, relationship and performance management) relate to aspects of organisational effectiveness. The performance area on results addresses development/humanitarian effectiveness.

MOPAN does not assess relevance, as this is determined by the policies and priorities of individual donors. Individual donors thus typically assess relevance themselves, while drawing on MOPAN for assessment of results and organisational effectiveness.

The evidence sources are documents, including annual reports and evaluation reports, a perception survey among external stakeholders, and follow-up interviews and consultations. A MOPAN assessment does not include case-studies of programme or project implementation, though the network aims to pilot such elements.

MOPAN is in many ways an undisputed success as it lowers transaction costs and provides a uniform standard of assessment of performance across organisations.

This said, MOPAN is frequently acknowledged to offer accountability or compliance, rather than learning for self-improvement. According to a recent strategic review of MOPAN, "it exists first and foremost to help members demonstrate to their domestic constituencies that taxpayer funding routed through multilaterals is in safe hands and delivers adequate returns. By satisfying these concerns and helping to rebut unfounded criticisms, MOPAN sustains members' investments in these organisations, even if no learning or self-improvement takes place".⁴³

Another study found that "donor countries appear to use periodic assessments of major organisations as validation (or ex post rationalisation) for politically-influenced decisions to maintain, reduce, or increase

⁴² MOPAN, 2019.

⁴³ Rogerson and Jalles d'Orey, 2018

past contribution levels at the margin, rather than as the main plank of any zero-based overhaul".⁴⁴ This is in accordance with the findings of this study, which has not found any traces indicating that allocation decisions have been directly shaped by assessments.

MOPAN still has an important function in counteracting what is often described as hearsay or herd-thinking about multilateral performance. On the other hand, the fact that MOPAN at present does not include case-studies at country-level, or engagement with e.g. donor-offices at country level to assess how strategies and policies translate into local performance, do weaken the robustness and reputation of the assessments.

Mid-term reviews

According to the Guidelines, mid-term reviews of the organisation strategies are mandatory in the case where core contributions are above 39 million annually. They assess relevance, progress on key indicators, and the development in the cooperation between Denmark and the organisation. They may serve as input to high-level consultations, or to the next strategy. The reviews are often performed by consultants. In 2016, a cross-cutting summary was made, based on the reviews of UNDP, UNICEF, UNFPA and UNWOMEN

It has not been possible to retrieve earlier mid-term review reports and follow the trail of recommendations to the next strategy. There are references in the new strategies (for UNFPA, UNICEF and WFP) to the available mid-term reviews.

The mid-term reviews reviewed were positive. They found continued relevance of the organisations, but also noted that events had overtaken some of the elements in the strategies under review.

The mid-term reviews are larger, formal exercises, building flexibility into the four-years phases typically covered by OSs. They do not seem to be formally approved, or formally lead to revision of e.g. results-frameworks of the strategies.

Other reporting

According to the Guidelines, it is mandatory for the responsible units to prepare "brief narrative progress reports on Denmark's cooperation with the multilateral organisations, including on the Strategies' goals and indicators and results achieved from financial contributions".⁴⁵ These reports are supposed to be published on OpenAid.dk, the MFA/Danida's platform for communication of the results of Danish development assistance.

The reports are indeed brief (down to a few lines), sometimes not available, and not always up to date; they cannot be seen over time, and they do not refer to the organisation strategies. They may be intended to give the public a snapshot of ongoing cooperation, but they are not living up to even minimum standards for basic results reporting⁴⁶. The incentives to produce them and upload them seem weak.

⁴⁴ Rogerson and Barder, 2019

⁴⁵ MFA/Danida, 2018, p. 23.

⁴⁶ See e.g. <https://openaid.um.dk/da/projects/DK-1-271625>; <https://openaid.um.dk/da/projects/DK-1-2013120645>; <https://openaid.um.dk/da/projects/DK-1-256156>

The Guidelines also state that, in addition to the above reports, reporting on the follow up on the OS has to be made, either formally or informally. The only examples of formal reporting found are the mid-term reviews. As described in the section on dialogue above, there are only few references to the OSs in the mandate notes reviewed for this study.

In summary, there are very few traces of follow-up on the organisation strategies beyond the mid-term reviews, and these are not easily retrievable in the filing system of the MFA. This may indicate that the reports are not widely used, an impression underlined by informants, which did not refer to reports except a few noting that reporting on results and performance is weak when it comes to multilateral cooperation.

MOPAN ensures formal accountability but follow up on the Danish priorities as expressed in OSs is close to non-existing.

3.5 Support through Multilaterals at Country Level

It is within the authority of Danish embassies in partner countries to grant funds to MOs locally. Such support is registered as bilateral assistance, and forms part of earmarked assistance through multilaterals, which reached 598 million US\$ in 2017, compared to 727 million US\$ in core funding.⁴⁷ Unfortunately, the datasets available from OECD do not allow a disaggregation between e.g. support to thematic or regional funds, and support at country level. MFA/Danida's OpenAid.dk platform is not equipped with the basic functionalities that would enable to produce e.g. an annualised overview of grants in each country through multilateral organisations.

The Programme Committee – the highest level collegial body in the MFA discussing organisation strategies – noted in its discussion of organisation strategies in June 2018 “the possibility to better describe the linkages between the Danish support to a multilateral organization and the support to the same organization through bilateral interventions in the Danish priority countries. It was however recognized that it would be a challenge but the PC expressed the hope that it would be possible to include e.g. an overview of the bilateral supported activities”⁴⁸. That hope remains.

Interviews with staff posted in bilateral embassies revealed that they all had granted funds to multilaterals locally *without* consulting the OSs. They expressed clearly and unanimously that their viewpoint on the relevance and effectiveness of local funding was grounded in the local situation and in local experience with the organisation.

Conversely, they expressed strong reservations to the idea that they should either limit or give preference to multilateral funding by following the substantive priority areas coming out of strategy processes that they felt little ownership to, and which are not perceived necessarily producing meaningful guidance for local decision-making.

While the flow of guidance from missions or headquarter on multilateral strategies was thus seen with scepticism, staff at bilateral embassies were fully sympathetic to the relevance of feeding local experience with multilaterals back to headquarters and missions/embassies managing relations with multilaterals. When asked about the incentives to do this, it was acknowledged that it might come some way down on the priority list, where the operational business related to the country programme takes precedence.

⁴⁷ See annex 1 for an overview.

⁴⁸ Minutes of meeting in the Programme Committee, 6-06-2018

In conclusion, the organisation strategies and the associated core and thematic earmarked development funding is effectively a world apart from the earmarked support to multilaterals at country level. The lack of basic data further exacerbates the difficulties of getting a simple overview of the different modalities, indicating that there has not, over recent years, been any strong in-house demands for such an overview.

Bad as this may be, Denmark is not alone facing this situation. A recent multi-donor study found that “the paucity of data within bilateral donor agencies about the sources, size and purposes of multi-bi aid compromises the ability of multilateral institutions and bilateral donors to be strategic and internally coherent. The restricted overview of multilateral engagements implies that donors are unaware of inefficiencies in their current allocations, which undermines the principle of supporting only the most efficient multilateral channels.”⁴⁹

While issue can be taken with the validity of the assumed principle that only the most efficient multilateral channels should be supported, it is hard to argue against that basic data are a requisite to strategic behaviour and at least evidence-informed choices of requisite coherence.

4. What Do Other Donors Do?

Other donors face the same challenges regarding their multilateral cooperation as Denmark does. They struggle to ensure strategic and operational coherence, and they struggle to balance their interests in the multilateral system as such with the narrower interests in justifying and adjusting funding levels to individual organisations based on their performance. And they struggle with data, both on funding and on results. Box 9 below offers a comparison between the five donors consulted for this study (Finland, Ireland, Sweden, Switzerland, United Kingdom) and Denmark, followed by sections on each of the countries and a concluding section. The sections on each country have different focus, giving a wider span of impressions on aspects of the multilateral scene.

Box 9: Key Features of Multilateral Cooperation Management in Six Countries

	Finland	Ireland	Sweden	Switzer-land	United Kingdom	Denmark
Latest multilateral strategy/analysis	2013	2016**	2017		2016	2013
Strategies for individual MOs	✓		✓	✓	✓	✓
Multilateral core funding as % of total ODA (2016)*	40%	47%	29%	22%	36%	29%
Multilateral core funding as % of total multilateral funding (2016)*	70%	76%	60%	60%	65%	70%
Influencing strategies/own action plans	✓		✓	✓	✓	

⁴⁹ Reinsberg, 2017

Cross-cutting performance report on multilaterals ⁵⁰	✓		✓		✓	
Performance reports on individual organisations	✓			✓	✓	
Annual seminar/day on MOs	✓		✓			
Own Performance Assessments beyond MOPAN	✓		✓	✓	✓	
Teams/Networks responsible for individual MOs/MOs	✓	✓	✓	✓	✓	

*Calculated based on data for Figure 2.9, OECD 2018 ** A new multilateral strategy is under preparation

4.1 Finland

Finland has a highly structured formal results-based management approach to its multilateral development cooperation.

The principles for use of the multilateral system is briefly described in the Finnish Development Policy⁵¹. The latest cross-cutting multilateral analysis was prepared in 2008, while a strategy was adopted in 2013.

Since 2012, Finland has prepared agency specific strategies – so-called “influencing strategies” for all MOs receiving more than 1 mill. EUR in funding annually. They include a results-chain from development impact to organisational effectiveness outcomes – e.g. that the organisation adopts a gender-strategy - and specific activities that Finland will undertake to push the organisation in direction of the desired outcomes.

The multilateral management is organised around multilateral teams based in Helsinki. There is an annual cycle concentrated in spring where the teams report (score-cards with traffic-light system) on their results and the reasons explaining successes and challenges, followed by discussions with the director general for development, with participation of the Finnish missions. Based on the individual reports, an internal synthesis report is made for learning purposes, and these cross-cutting reports have also allowed more data on multilateral results to find their way to the public report on development results, published one time in every government period.⁵²

While the individual strategies and the follow-up is found useful, the focus on individual MOs has led to a certain loss of coherence and weakened the overall understanding of the multilateral systems. Objectives tended to become very specific, missing the bigger picture.

Resource constraints have also made it difficult to draw on the experiences from bilateral embassies. An annual Results Day do, however, enabling a discussion on both bilateral and multilateral results.

A cross-cutting internal multilateral influencing strategy has been prepared to enhance coherence and is pending approval. This reflects the experience that influence is linked to coherent messaging across platforms, and on focus on a limited number of issues.

⁵⁰ Either as stand-alone report or as part of development results report – not necessarily annually, but regularly.

⁵¹ Ministry of Foreign Affairs/Finland 2016

⁵² Ministry of Foreign Affairs, Finland, 2018

The introduction of a systematic results-management system has been a comprehensive administrative task and has also shifted the results-culture in the organisation, bringing quite different traditions from diplomats and development professionals, respectively, closer to each other.

A recent audit report from the National Audit Office of Finland⁵³ noted that the event of the results report to parliament would require improvement of the underlying data systems, and that it had proved “highly challenging” studying how much funding is provided to the multilateral development cooperation, partly because it is funded through many departments using different registration approaches.

4.2. Ireland

Ireland sees multilateral aid as an important complement to its bilateral aid, both in its partner countries, where it can help limit duplication of donor efforts, and in its ability to provide support to a far wider range of countries than would be possible on a bilateral basis.

Ireland adopts four formal criteria for the funding of MOs:

- The focus on poverty reduction and reaching the furthest behind first;
- The delivery of development assistance in partnership with developing countries, in support of their development strategies, and in co-ordination with assistance from other donors and stakeholders in order to take interventions to scale;
- The alignment with Irish international development policy and priorities therein;
- Having the accountability, governance and management systems and practices to ensure quality programming, robust oversight and value for money.

It is largely informal processes that dominate the management of relations to multilateral organisations. Decisions and approaches to multilateral organisations are informed by well established relationships with individual agencies both from HQ and through the Irish missions to the UN. Additionally, the country draws on foreign policy priorities, the international development policy framework, historical expertise and knowledge at global and country level on performance and impact, internal oversight mechanisms, and engaging and triangulating with other member states as well as civil society and other stakeholders.

The informality is perceived to provide flexibility, but it has left considerable room for discretionary decision-making by individual grant managers. Being a small donor, a lot of autonomy is effectively exercised by missions and representations.

To strengthen coherence, a separate Multilateral Unit for both the EU and the UN/International Financial Institutions was established in 2018 and endowed with additional resources. A new multilateral strategy is under preparation, including a mapping of the relations with individual MOs.

Coherence in the multilateral arena is seen to be driven by themes, and by a focus on the entire multilateral organisation. It is no longer driven by partner-country perspectives – Ireland is only bilaterally active in eight-nine countries - or by coherence between different Irish aid instruments.

A 2016 review of Ireland’s multilateral support noted a number of areas for strengthening, including having a more clearly defined reporting framework, a more thorough consideration on the appropriate balance between core and non-core funding, a need to look at rationalising, using the valuable experience from

⁵³ National Audit Office of Finland, 2017.

missions in partner countries more, and having a better targeted approach to monitoring the effectiveness of multilateral partners.

Monitoring builds strongly on MOPAN, which Ireland sees as particularly relevant for small donors because it allows to look at many organisations in a structured manner. As Ireland's multilateral support has grown, there is, though, a certain fear of over-relying on MOPAN.

In addition, Ireland monitors performance through annual high-level bilateral meetings with individual agencies, engagement at Executive Board level and through member states groups.

Ireland participates in multilateral review missions where it has multi-bi support in addition to own activities, enabling a triangulation between field evidence and e.g. MOPAN data. Performance is also monitored through feedback from the Evaluation and Audit Unit. Oversight and risk management are in focus, looking at the systems in place rather than expecting that no wrongdoing will happen.

Ireland is developing a results-based framework. It is recognized to be a huge effort. While wanting to build funding decisions on evidence it is also found that Ireland may for other reasons want to fund agencies that perform less well. Multilateralism is seen as important per se, not least in fragile environments and where the humanitarian-development nexus is important. Asking very hard questions on the risks related to concrete engagements in situations where Ireland is, at policy level, positive, is a difficult balance, also in the context of wanting to Do Development Differently, see Box 10.

Box 10: Doing Development Differently – an Irish Perspective

"The complexity of global politics, and prevailing uncertainty, leave no room for simple answers to development challenges. Global dynamics interact with the national and subnational contexts in which development takes place. For Ireland, even at our most ambitious, our ability to drive change will be constrained by foreseeable and evolving circumstances. Within this context, we are committed to build and grow our capacity to do development differently; to be flexible, responsive, adaptive and innovative. Our challenge is to build partnerships informed by shared values, in order to sustain the bedrock of multilateralism. In this way we can facilitate and sustain international cooperation and work to deliver measurable progress towards achieving the SDGs in the countries in which we work."⁵⁴

4.3. Sweden

Within the framework of an overall development policy, Sweden is one of the few countries⁵⁵ that has an overarching strategy for multilateral cooperation⁵⁶. At the level of individual organisations Sweden prepares organisation strategies for the major organisations it supports, covering around 80% of Swedish core multilateral support. Core funding and general consultations with the MOs are managed by the Ministry of Foreign Affairs or other ministries, while SIDA, the Swedish Development Agency, manages earmarked support at country level.

⁵⁴ Government of Ireland 2018, p.10.

⁵⁵ According to OECD/DAC, only 7 countries had such a strategy in 2018 (OECD, 2018)

⁵⁶ Government of Sweden, 2017. The previous strategy was adopted in 2007.

The management of Swedish multilateral assistance is described in guidelines⁵⁷, which also cover bilateral assistance. The programme management cycle has five steps:

- **Step 1: Organisation assessment.** An assessment is made of the results achieved by the organisation, its relevance, and its internal and external effectiveness. MOPAN assessments are used, but also own assessments, and inputs from bilateral country level work, and assessments by others. A template is used. A direction is proposed and, after being cleared with the responsible minister, it forms the basis for further work on the strategy.
- **Step 2 – Consultations in Sweden** regarding the drafting of an organisation strategy include the relevant government units, and relevant missions abroad. When required, a broader range of other actors can also be consulted.
- **Step 3 – Formulation of the organisation strategy.** A draft organisation strategy (around 10 pages) sets out the objectives of the organisation concerned, and how they relate to the overall objective of Sweden's international development assistance. Strategies are formally adopted by the government. They do not include a budget for Swedish support, which is decided in separate government decisions.
- **Step 4 – Operationalisation of the organisation strategy.** Strategies for multilateral organisations are operationalised in workplans. These are based on the priority areas in the strategy and are intended to coordinate the advocacy work of Swedish actors in relation to each organisation.
- **Step 5 – Monitoring and follow-up of the organisation strategy.** The emphasis is on relevance and effectiveness, and the reporting of results. Sweden works to ensure that multilateral organisations have an appropriate results-based management and results frameworks.

The Guidelines do not specify the data requirements and frequency of the reporting on multilateral support, or how Sweden's own workplans are monitored and reported on. The organisation strategy process includes a follow-up on the previous strategy, but there is no formal reporting (e.g. annual) in between the 3-5 years cycle of organisation strategies.

The reports (every second year) to the parliament⁵⁸ and from SIDA⁵⁹ to the government provide examples of results of Sweden's advocacy work and give narrative accounts of selected results. These reports are new and are made after a rather critical assessment by the National Audit Office in 2014⁶⁰. The audit found among others that the decisions governing the distribution of funding between multilateral agencies was opaque and poorly documented, and that there was no coordinated performance reporting linked to core funding.

While Swedish core support is governed at a general level by the multilateral strategy and at a more detailed level through strategies for each organisation, earmarked support provided by SIDA is governed by thematic and geographical strategies. The aim is that earmarked support will have a strategic focus on these organisations' global thematic programmes or region or country programmes, or will provide support to whole sectors in country programmes of a specific organisation. It can also focus on joint donor funds, including humanitarian funds. In countries where One UN funds have been established, support to UN operations at country level will be channelled via these funds.

⁵⁷ Government of Sweden, 2017a.

⁵⁸ Government of Sweden, 2018

⁵⁹ SIDA, 2017

⁶⁰ National Audit Office, 2014.

Sweden has a highly structured follow-up on its multilateral core funding, including bi-annual meetings on individual organisations, where staff in Stockholm, from permanent missions and selected embassies get together to review progress and issues. Such meetings are *inter alia* held before the spring meetings in IDA/IBRD. Bi-annual consultations are also made with e.g. the World Bank, where senior executives from the Bank visit Sweden to discuss key strategic areas of interest to both parties.

In addition, there is an annual day on multilateral organisations, organised by the Ministry of Foreign Affairs. In SIDA, multilateral issues are also discussed on the annual management days. Embassies are actively nudged to contribute, often by senior managers. This is based on the experience that influence in e.g. board meetings in the UN system is linked to credibility, and credibility is linked to solid evidence presented appropriately.

The intention of the follow-up is strengthening the overall cooperation in multilateral development cooperation between the relevant ministries, and SIDA, in a “Team Sweden” approach that is perceived to ensure better coherence.

4.4. Switzerland

Switzerland has a well-developed results-based management system of its multilateral core contributions for development. Together with an actively managed network of 34 colleagues working with multilateral development organisations in Bern and in missions, it provides a satisfactory level of coherence, institutional memory and learning about multilateral core funding.

Switzerland applies four criteria when assessing whether to fund a multilateral development organisation:

- Importance with regard to Swiss development policy
- Results achieved
- Scope for Switzerland to influence policies and strategies
- Swiss foreign policy interests

There is no multilateral strategy as such, and the processes in which the criteria above are applied are not clear. Switzerland currently gives core contributions to 15 organisations⁶¹.

The basic management pillar is the Core Contribution Management system (CCM). The CCM is an internal system consisting on a forward-looking planning part that defines objectives and results for a three-four years period, and an annual reporting tool that follows up on and adjusts the plan.

The CCM operates with results at two levels: Level 1 covers the multilateral organisation and will look at development and organisational effectiveness, while level 2 covers Switzerland’s results in relation to influencing the organisation to achieve priority results⁶². The CCM operates a standard template that forces staff to assess progress during the year compared to plan, and to formulate outputs for the coming period where relevant. It is a highly systematic instrument.

⁶¹ OECD 2017

⁶² In the few samples available on the internet the distinction between the two outcome levels was not very consistent.

The data for the CCM is taken from three sources: i) the latest MOPAN assessment; ii) self-assessments by the MO; and iii) an assessment by the officer in charge of managing Swiss contributions to the MO. There is no prescribed methodology for the third, internal assessment, but it includes consulting with colleagues in headquarters as well as in the field, as part of an “elevator approach” where it is attempted to get relevant information up and down in the system.

MOPAN is seen as largely providing accountability data. The CCM system was created because the parliament and the public demanded more information about results, beyond what MOPAN could deliver.

The CCM is condensed into a 2-page, public Annual Multilateral Performance Assessment (AMPA), with graphic presentations (diamonds) of the key assessments from the CCM. Where an organization receives a low rating SDC sets policy dialogue goals to try and improve performance via a management response.⁶³

While there is no overall multilateral strategy, the Global Institutions Division responsible for multilateral development funding⁶⁴ has a strategy for the division’s work. Considerable efforts are spent looking across the CCMs, and discussions are clustered thematically, and look forward as well as backward. Though there is not a formal strategy, the feeling is that coherence is reasonable and staff well-informed about the main directions that the department wants to take. Lessons learned are collected, and management craft a response to these once a year.

There is a formalized multilateral network that support the work. It has a person responsible for ensuring communication flows, and works decentralized and demand-driven, but also with “push”-functions from the centre. Every year the network organises 3-4 events.

The CCM system is costly to operate, annual reports cover 10-20 pages and build on careful scrutiny of quite comprehensive amounts of data. It is felt to be a worthwhile investment, but there is also a constant search for ways and means to get more out of the system, given its costs.

4.5. United Kingdom

United Kingdom (UK) has made results-orientation a trademark of its approach to development cooperation. This is also the case for the UK’s funding of multilateral organisations. The UK is the world’s biggest provider of core funding to multilaterals⁶⁵, providing around nine times as much core funding as Denmark.

Compared to other donors reviewed in this study, the UK has by far the most comprehensive, systematic and best documented management system of its relations to the multilateral system, both the development part and the humanitarian part.

Policies, guidelines, business case documents and comprehensive annual reports are readily available on <https://devtracker.dfid.gov.uk>. The website appears complete and up to date, and its use appears to be an

⁶³ OECD 2017

⁶⁴ Humanitarian funding is dealt with by another department in the Ministry of Foreign Affairs.

⁶⁵ <https://www.gov.uk/government/statistics/statistics-on-international-development-final-uk-aid-spend-2018>, table C3

integrated part of the formal business processes, which are described in a comprehensive 127-pages rulebook⁶⁶ supplemented by specific guidelines.

This “machinery” manages both multilateral and bilateral funding. It will be briefly described below, followed by a brief assessment of its strengths and weaknesses, drawn from British sources that are by far exhaustive.

The UK has conducted its own Multilateral Development Reviews (MDR), the first in 2011 and the second in 2016. The key criteria for assessing MOs are the match with DFID’s development and humanitarian objectives, and organisational strengths. The reviews build on a range of evidence sources, including publicly available information from agencies and external evaluations and reviews, including MOPAN, as well as feedback from DFID country office staff, other UK Government staff and others working in developing countries, including British non-governmental organisations (NGOs)⁶⁷

The MDR functions as a strategy. At the next level, DFID prepares comprehensive Business Cases (preceded by a Concept Note) as formal justification of funding decisions, coming to 50-60 pages for major recipients. The Business Cases (parallel to what other donors label programme or project documents) include alternative scenarios and justification of the specific choice made, indicators, monitoring and management plans, including a budget for the staff time reserved for managing the relations with the MO.

The most recent Business Case 2017-2020 for UNDP, UNICEF, UNFPA and UNWOMEN was combined in one document, to stress the importance of cross-agency collaboration. Similarly, a joint agreement and Business Case has been made for the humanitarian agencies (UK supports the Central Emergency Response Fund (CERF); Office for the Coordination of Humanitarian Affairs (OCHA); The United Nations High Commissioner for Refugees (UNHCR); UN Children’s Emergency Fund (UNICEF); World Food Programme (WFP); World Health Organisation (WHO); and International Organisation of Migration (IOM)).

As the only donor agency so far, DFID has introduced a Payment by Results (PbR) component in the two Business Cases referred to above. 30% of the funding for the last two years of the agreement (2019 and 2020) will be contingent on the achievement of pre-defined indicators, one of which relates to the cooperation between the agencies in question.

The Business Case describes the reporting, review and dialogue processes in detail. For the funding to the four UN agencies, a single Annual Review will be produced in July/August each year, following UN annual reporting to governing bodies. This is followed by annual strategic dialogues with the UN partners in autumn, which will reflect the entirety of UK’s policy engagement, core and earmarked/non-core funding to that agency, the results and reforms the UK want to see.

A Monitoring and Evaluation Supplier has been contracted by DFID to undertake an evaluation of the business case, evaluating the impact of the intended ‘reforms’ and also evaluating the impact of the Payment by Results approach.

The annual reviews include assessments of DFID’s performance.

Choices for non-core funded programmes are made by country offices and headquarters-based spending departments. The United Nations and Commonwealth Department (UNCD) who is the main responsible unit for multilateral funding to the UN system, has increased the information it provides to DFID country

⁶⁶ UK Department for International Development) (DFID), 2019

⁶⁷ UK Department for International Development) (DFID) 2016

offices about the use of UN agencies and their comparative advantage. The Business Case for the UN agencies promises that “portfolio-level reviews in the most appropriate format will continue to assess the level of coherence between DFID’s central UN reform priorities and non-core funded portfolio and the agencies’ own objectives”⁶⁸.

The UN Team within UNCD is led by a senior Team Leader, supported by Agency Strategic Relationship Managers based in the UK and Agency Leads based in the UK mission in New York. The roles, responsibilities and accountabilities are clearly articulated.

The UK has an Independent Commission for Aid Impact (ICAI), which in 2015 assessed how DFID works with multilateral agencies⁶⁹. Box 11 summarises its recommendations, which were largely rejected by DFID (but then partially acted on, according to a follow-up review from ICAI⁷⁰).

Box 11: Despite the efforts...?

- *Recommendation 1:* DFID should have a strategy for its engagement with the multilateral system as a whole at the global level.
- *Recommendation 2:* DFID needs clear objectives for its work with the multilateral system in its country-level strategies.
- *Recommendation 3:* DFID should address the low proportion and limited seniority of its core staff resources devoted to managing its relationships with multilateral agencies.
- *Recommendation 4:* DFID should continue to press for greater transparency and accountability of multilaterals.
- *Recommendation 5:* DFID should promote more integrated working amongst multilateral institutions at country level.
- *Recommendation 6:* DFID should work more collaboratively with other bilaterals in its engagement with multilateral agencies.
- *Recommendation 7:* DFID should communicate more effectively to taxpayers about the role, impact and importance of multilaterals.

A core issue is the coherence at the multilateral system(s) level, at country level, and between the multilateral and bilateral efforts of the UK. The joint Business Cases for UN development agencies and humanitarian agencies, respectively, is a clear move towards a more coherent approach at the system level.

DFID has recognised that the assessment system may lead to unwarranted effects if decisions are based unilaterally on e.g. comparative scores of multilaterals. Following the 2011 Multilateral Development Review, UK withdrew core funding from e.g. UNHABITAT. This had a signalling effects, being seen to represent a loss of confidence, which affected the behaviour of other donors and contributed to long-term

⁶⁸ UK Department for International Development (DFID) 2018

⁶⁹ Independent Commission for Aid Impact, 2015

⁷⁰ Independent Commission for Aid Impact, 2017

trends of declining core funding⁷¹. Despite getting a weak assessment score in 2016, the UK will not withdraw funding of the Commonwealth Secretariat, very much a creature of its own making.

The immanent event of Brexit also means that the UK attaches great importance to its remaining multilateral engagements. The UK has signalled that it will maintain its ODA at 0,7% also after Brexit, and the fact that the EU has been the second biggest recipient of core funding from the UK indicates that this is not the time where assessments, however thorough and critical, will underpin funding cuts.

It is, according to recent research commissioned by DFID⁷², too early to assess the effectiveness of the Payment-by-Results approach pioneered by the UK.

Given the development of the scope and methodology of MOPAN, the UK has for the moment put further own Multilateral Development Reviews on hold.

4.6. Summary - The Other Donors

The five donors under review in the section faces the same key challenges as Denmark does in relation to their multilateral funding: i) ensuring strategic coherence across the multilateral system(s); ii) ensuring coherence between core support and earmarked, country-level support; iii) getting appropriate data on performance as inputs for reviews and dialogue, while respecting principles for good multilateral donorship; iv) using these data for decision-making in combination with “softer” policy concerns and interests that may outweigh performance concerns; and v) collecting and sharing basic data on funding and performance with political and public constituencies.

The UK is by far the frontrunner in responding to these challenges – unsurprisingly, considering the sheer size of its multilateral engagement. Finland, Sweden and Switzerland are in a middle group with relatively highly developed formal management systems and associated products, while Ireland has the most informal approach of the five.

Still, even the UK and Sweden are criticised by their own independent reviewers (ICAI and the National Audit Office, respectively), for not living up to what is being considered sufficient standards of management.

While this short review of the five donors displays considerable differences in degree of formality and adoption of results-based management approaches, it does not say anything about the comparative efficiency and effectiveness of the actual management of their multilateral engagements by the five. Notably, Ireland found explicitly strengths in its more informal approach, which offers a flexibility and adaptiveness that may get lost if rigidity and formality dominates.

Transparency, results-orientation, evidence-based, coherence and adaptiveness are easy buzzwords, and few will attempt to argue against them. However, there are shades of all of them, and significant costs and drawbacks that have to be balanced against the actual benefits.

Notably, the five donors reviewed – and Denmark – all support largely the same multilateral organisations (Switzerland does not, as a non-member, fund the EU), and they have done so for many, many years. They appear to have picked up largely the same newcomers, notably in relation to health and climate change. They give 70-75% of their funding to the same 10 organisations, not counting the EU: The World Bank, the

⁷¹ UK Department for International Development (DFID) 2018

⁷² Clist, P., 2017

UN's Department for Peacekeeping Operations (DPKO), WFP, UN, UNDP, GFATM, UNICEF, UNHCR, AfDB and GAVI. The group, excluding Ireland, is also among the main funders of UNFPA.

Excepting Ireland, they are, together with Norway and Denmark, the donors which gives most multilateral funding per capita.⁷³

Given the similarity and self-declared liked-mindedness of the smaller donors in the sample, it obviously makes sense to question the rationale and economy of each having their own elaborate results-based management and reporting systems. The group seems to get to largely the same conclusions regarding relevance and effectiveness of their multilateral contributions, the marked differences in their approach to management notwithstanding. So, maybe, it is not the management approach that counts?

This will be discussed further in the next chapter.

5. Key Issues and Perspectives

How should the findings reported in the two preceding chapters be interpreted? What may be underlying factors or patterns explaining the current state of affairs?

What follows are interpretations of the consultant, and they can be dismissed as such. However, this level of analysis is particularly important because the temptation may be to think that a few quick fixes – a better format for organisation strategies, or revised Guidelines – will heal what may be broken.

That is unlikely to work. The findings above point to a pattern where deep strategizing on Danish relations to multilateral actors is scattered and potentially haphazard, and where effective results-management is largely absent – both when it comes to the results of the multilaterals themselves, and to the Danish efforts to influence them.

This does not imply that Denmark is incurring unacceptable risks from a formal accountability point of view. Neither does it imply that Denmark has little influence on multilateral matters – all accounts seem to indicate that we do, on several occasions, yield influence well beyond what our financial support and size would indicate.

The point is that there is little apparent system in the successes, and little if any systematic learning from results, including on own performance. Paradoxically, Denmark is requesting its multilateral partners to follow results-based management regimes that it does not apply to itself.

Looking at the actual processes, it may seem that the MFA has two streams of action that to a large degree run their own courses:

- A formal programme cycle, where organisation strategies and mid-term reviews are produced, legitimizing appropriations and serving communication purposes. This cycle is modelled over the traditional project/programme cycle which, with small modifications, has been in use for bilateral development assistance for the last 50 years.
- A much more informal stream of dialogue and influencing, which is hardly cyclical, because it relates to the constantly shifting arenas and agendas in and around e.g. the UN system and the IFIs.

⁷³ McArthur and Rasmussen, 2017. Luxembourg and Monaco are also among the most generous funders per capita.

The SDGs, the constant urgency of UN reform in new shapes, the focus on fragility, and then on the humanitarian-development nexus, are but some of the ever-unfolding changing scenes in which Denmark competes for influence.

The formal cycle appears static. Organization strategies represent a snapshot of the strategic thinking in the informal processes – the picture emerging in this study is that the “real” strategizing takes place in the informal processes, whereas the formal codification is precisely that – and not in itself a strategic process.

The weight of the informal compared to the formal processes adds a healthy dose of adaptiveness to the management of multilateral development cooperation. But the informal strategy processes are also opaque, especially when they move beyond individual MOs.

The primacy of the informal may explain the weak focus on reporting on development and humanitarian results. This reporting is important from a formal accountability point of view – but it is not the kind of results reporting that can guide what Denmark should do in the next board meeting, or how it should try to shape an alliance to keep sexual and reproductive rights on the agenda, when other countries go against them.

The weak reporting culture and the under-developed systems for storing and retrieving meaningful results-information is in this interpretation consistent with the incentives of a resource-constrained system that will focus on upstream work – spending money safely – as the first categorical imperative. In second order comes the daily interactions with others promoting Danish interests.

Those still in office after dark can compile results-reports and distribute them, but they may find that few will pay attention. When the MFA, in 2005, introduced more rigorous annual performance reporting, it lasted for only three years. Since then, annual reports have also disappeared, substituted by a web-portal that is broadly acknowledged by the informants consulted for this study to be dysfunctional.

This invites to add another layer of reflection on why the state of affairs is as it is. One straightforward option is that Denmark’s basic reasons to fund the multilateral system are not tightly related to the shorter-term development effectiveness and organisational effectiveness of these organisations, nor by the shades of relevance that they arguably represent for Danish foreign and development policies. In this perspective, Denmark is not so much “using” the multilateral channels to dispense of our largesse. We are funding the multilateral system broadly and consistently because its very existence is in our deepest interest.

The long history of our relation with UNDP is a case in point – the organisation has always been subject to a combination of praise and criticism; of being seen as necessary, but unwieldy and unfocused; and of being torn by divided loyalties between the countries in which it works and the donors who foot the bill. Still, the current pattern of Danish funding for UNDP, with a dramatic move from core to earmarked funding, and with an overall reduction in funding, has come over 20 years. It is parallel to what other donors have done and cannot be attributed to specific strategies. Looking at MOPAN assessments, UNDP scores as good (on some accounts better, on some less good) as other MOs supported by Denmark. UNDP is still, for all its virtues and vices, seen as an indispensable clog in the wheel of the UN system, and Denmark’s position cannot be – and is not, it seems – shaped by a narrow focus on UNDP alone, but on the wider system it is part of.

It does not mean that Denmark has no interest in strengthening the legitimacy and effectiveness of the multilateral systems and their components, because that is part of our struggle to support their survival.

If this interpretation is tentatively accepted, then the current state of affairs is maybe far more positive than if it is looked upon from narrow perceptions that strategies must be written strategies and that formal results-machineries weighing the organisations will be an effective way of influencing them, or shaping major decisions.

If Denmark's interest is not least the existence, legitimacy and broadly acceptable performance of the multilateral systems in their own right, then it may also follow that the search for more strategic coherence should be driven from this system perspective, rather than from the narrower perspective of coherence between multilateral and bilateral Danish support. Denmark is currently having only 12 partner countries with bilateral aid programmes. Looking at this number and the regional and global character of the challenges that Danish foreign and development policy seek to address, it seems reasonable to question whether coherence at partner country level should drive much more than that level of coherence. The world is an incoherent phenomenon, and so is development.

The interpretations offered in this section are in line with the findings related to the other donors reviewed in this study. Even the most formalised – the UK, Sweden and Switzerland – question or are questioned about coherence, and about the actual use in decision-making of elaborate assessment and results-management systems, which are costly to install and operate. History, broader policy concerns and the behaviour of others seem to be as influential in shaping decisions as the formal systems.

This said, it is broadly recognised that efforts like MOPAN has strengthened the donors' demands on the MOs to work harder to document development results. Positive as this may be perceived, it may also have drawn the attention to the trees rather than the forests. The bigger picture includes the normative role of both the UN and the IFI system (the latter has for good or less good been setting many norms for economic and sectoral policies); the general legitimacy of the system; and, linked to this, the availability of neutral dialogue and negotiation platforms where small actors can influence. These results are counting, but not counted by present results-based management approaches that work on short terms, short horizons and largely linear cause-effect assumptions and theories of change.

Denmark is clearly in the very informal end of the spectrum on how to manage multilateral development cooperation. But if it should decide to move towards more structured approaches, it is no easy matter to decide how far to move. An ambition to get everything into a formal system may miss the point.

6. Conclusions and Future Options

The TOR for this study (annex 5) included six specific core questions. The short answers to these questions are offered below.

1. *How does the MFA use the organization strategies as a management tool – and how does the organization strategies and the monitoring and reporting against these provide accountability for the Danish contribution?*

The OSs do not serve as a management tool, having a much more limited function as formal basis for appropriation, and for communication purposes. The Danish monitoring and reporting on the OSs are too sketchy to serve for more than formal accountability. The accounting and audit requirements; and the reporting from the MOs are the bedrocks of Danish accountability, supplemented by MOPAN assessments.

2. *How does the organizational strategies guide the engagement with multilateral partners?*

The OSs are mostly a reflection of other, informal and rather opaque processes that shape and guide the engagement with multilateral partners. The OS are helpful for new staff but tend to pass into oblivion well before their intended period of coverage is completed.

3. *What is the relationship between the organization strategies and the multilateral support provided through Danish representations in developing countries?*

The study found no relationship. Earmarked support at country level is decided based on the local context.

4. *How does the MFA report and learn from the engagement, including outcomes against the results frameworks as set out in the organization strategies?*

The study found no codified examples of institutional learning from the engagement with MOs. On the other hand, informants were extremely knowledgeable, pointing to the existence of quite effective informal on-the-job learning processes. The study found no reporting or learning about outcome-level results in the OSs.

5. *How is the quality of the dialogue between the MFA and the multilateral partner in terms of promoting Danish priorities in the organization's own results framework, including for annual consultations?*

The quality of dialogue between the relevant units in the MFA and the multilateral partners appears good, Denmark has a reputation for insight, perseverance and flexibility. It has not been possible to identify direct promotion of Danish priorities in the results-frameworks of the organisations. This should be no surprise, partly because Denmark in many cases support the broad results framework of the MO, despite picking its own preferences. The timing of the OS, coming after the MO's adoption of their strategic plan, also means that it is not the OS process as such that may influence the MO.

6. *What is the usefulness of the guidelines for organization strategies?*

The Guidelines are useful – and used – in the preparation process of OSs. They are apparently often referred to as the “Guidelines for Organisation Strategies”, indicating that their intended broader use – as guidelines for Denmark's multilateral cooperation – has not materialized. Notably, the sections on reporting are not fully adhered to. The Guidelines do not mirror the actual management processes in the MFA.

The TOR for this study did not include the preparation of recommendations but stated that the evaluation study is expected to inform the revision process of guidelines for organisational strategies, including for reporting and learning.

Based on the study findings, the MFA has the option of moving ahead with this revision as planned or use the opportunity to conduct a more thorough revision of the approach to the Danish management of multilateral development cooperation. The consultant recommends the latter. An overall parameter worth considering in a thorough revision is the desirable degree of formalization of the management system.

Obviously, another important element is the costs that it is reasonable and possible to invest to perform the many additional functions that could easily be added to the current *modus operandi*. The study found no indications that effective management, reporting of results and influence work can be performed without a considerable cadre of competent staff that is explicitly tasked to look at strategies, coherence and coordination. They must count on both the incentives and the time to perform these functions. Presently both elements are in little supply.

Even if the TOR did not ask for preparation of specific recommendations, the reference group for the assignment has requested the consultant to prepare a list of key issues and viewpoints that the MFA may want to consider. This follows below, with the caveat that while the broader issues are identified based on this study, some of the viewpoints offered venture into complex and wide-ranging areas that have not been under closer study in this assignment. They draw on the consultant's experience from work-periods in the multilateral system and from other assignments.

A comprehensive review should, in the opinion of the consultant, address the following issues and consider the discussion points prepared under each:

1. *Considering how to maintain a cyclical, light formal system, which documents and communicate funding decisions, key results and learning, and which builds on an adaptive, transparent and stronger underlying continuous management system.*

Discussion: A formal system with either individual or, in some cases, bundled organisation strategies is necessary to justify and document funding decisions. This should draw on, but not be confounded with the ongoing process of strategizing, operational planning and management of multilateral cooperation, which is and should be considered as the effective backbone of Danish multilateral development cooperation management. This backbone process needs to be adaptive to events in Denmark and in the multilateral contexts; it should be more explicit and transparent than presently; and deliver annual key results reporting and lessons learned, while feeding results and lessons into the next cyclical formal documentation and communication of funding decisions.

2. *Getting the broader goals of multilateralism into play; enhancing the strategizing in and across the developmental and humanitarian spheres in the multilateral systems; and making strategies more explicit.*

Discussion: Denmark's interests in the multilateral development and humanitarian system as such should be clarified and specified. This may have direct impact on how we fund and seek to influence the multilateral systems beyond the results that individual organisations have identified in their results-matrices. Whether this level of strategy is formalised in a "multilateral strategy" or in a (number of) position paper(s) should be of secondary importance as long as the strategy/ies are adapted and revised regularly by the highest level of the MFA and/or at the political level, based on regular to-the-point reporting on continued relevance and effectiveness of the strategy/ies. Compared to the present OSs, these adaptive strategies should include discussion of alternatives, possibly scenario-development, more granular risks analysis – more strategizing, in short, and less description.

3. *Identifying actionable targets for Danish performance management of its multilateral support, and adequate follow up at this level.*

Discussion: Denmark should live up to what it requires from the multilateral organisations that are receiving funding: that they have defined results pertaining to their effective and efficient performance as organisations. In the same vein, the MFA should define specific annual targets for its influencing work in and across the multilateral organisations, and follow-up on and draw lessons from the results. Such results could both be at effectiveness and process level (e.g. having a multilateral organisation take concrete steps to focus more on gender, as example of the effectiveness, and getting an alliance of countries to adopt a difficult joint position in a board as an example of process).

4. *Identifying the most important drivers of and mechanisms for enhanced coherence that Denmark will pursue.*

Discussion: There are multiple drivers of coherence, and not a single set that can serve to enhance the coherence in Denmark's multilateral management approach. Themes – climate, migration, gender, human rights - are likely to stand high on the list, but the coherence of the individual multilateral systems – the EU, the UN, the IFIs – and across them should come stronger into play. On the other hand, it is unlikely that coherence should be focussed more narrowly on what Denmark does in the few nation states left that receive bilateral development assistance, and what we do in the multilateral systems. In partner countries, coherence should be driven by a country perspective, informed by e.g. the overall strategy for a given (set of) organisation(s), but not directed by it.

The MFA should clarify what it sees driving coherence as part of the efforts to deepen strategic thinking as discussed above, in a perspective of achieving “good enough coherence”. The mechanisms to strengthen coherence is first and foremost focused communication between the key players in the management of multilateral cooperation, with participation of those defining or executing strategies in bilateral development assistance and other foreign policy domains, see more below.

5. *Defining the nature of an appropriate results-based management regime, including the incentives for management to prioritize it and staff to use it. As part hereof, increasing the transparency of and reporting from the results management system; including developing the usefulness and the functionalities of Openaid.dk*

Discussion: The issue of results-based management and reporting in relation to Danish development cooperation spans far beyond the multilateral development cooperation, both in terms of purposes, systems and incentives. The best initial perspective of analysis and reflection about the current system at this level may well be about the incentives – or, more precisely, the absence of strong incentives to report usefully on results from multilateral cooperation. A change in these incentives should not prioritise the formal system linked to Danish organisational strategies and the funding cycles, but instead focus on the results specified in the underlying permanent management systems, including the targets for Danish influence.

In such a system, development and impact results from the organisations' own reporting would constitute the *highest level* (and Denmark can highlight the results chosen in the OSs as relevant), while the *second level* would be assessment of the performance of the multilaterals, as reflected in their own reporting, in MOPAN assessments and in regular (but not necessarily annual) Danish assessment made by MFA staff both in headquarters, missions and in bilateral embassies. The *third level* would be results pertaining to the MFA's own performance. A traffic light system could be applied to enable condensed and accessible public reports.⁷⁴

The key incentive to maintain and use such a system would be likely to include management demand for and response to the reports, and on the systems level that filing of reports and digital signing off on annual work cycles cannot be completed without using OpenAid.dk or its successor system⁷⁵.

6. *Clarifying the role of staff, and possible multilateral task teams and networks in Copenhagen, in missions and in bilateral embassies, with a view of enhancing collaboration and information exchange. This may imply a review of the current quite far-reaching decentralization of authorities.*

Discussion: The MFA needs an unequivocal spearhead of multilateral affairs, with the duty, time, insight and staff to drive both strategy and management of multilateral contributions as an integrated, adaptive process. This need not be one person and need not be (a) person(s) based in Copenhagen – but it needs to be clear who shares the responsibility, what the responsibility entails and that this function, by one or more persons, will be held jointly accountable for performance. In addition to the management of the strategy work and learning, such a core multilateral leadership function would in some matters be likely to require an extended call-in authority (e.g. on country-level grants to multilaterals over a certain threshold; on experiences at country-level with multilaterals; on hum-dev nexus management; or on UN system reform).

The MFA should consider the establishment of organisation-specific teams and system-specific networks, with explicit mandates and necessary resources to perform their tasks, including self-administered learning platforms. Selected staff at bilateral embassies should be part of the networks, in particular to ensure local feedback on multilateral performance. Regular events (e.g. annual multilateral conferences combining specific themes with overall issues) should be part of the inventory, and colleagues working on bilateral development assistance or in other foreign policy domains should be drawn into the discussions to ensure a “whole-of-MFA” perspective on multilateral affairs.

The present study has not looked in any detail on the management of Danish contributions to the EC and the EDF, or on influencing work in this area or in connection with the European External Action Service. The above viewpoints are therefore not necessarily relevant or sufficient for this important area of multilateral development cooperation.

⁷⁴ A lighter version of the Swiss Core Contribution Management and Annual Multilateral Performance Assessment instruments could be considered.

⁷⁵ Inspiration should be sought from the UK's system, see <https://devtracker.dfid.gov.uk>

7. *Considering the significant senior management attention required if the current system should change more profoundly.*

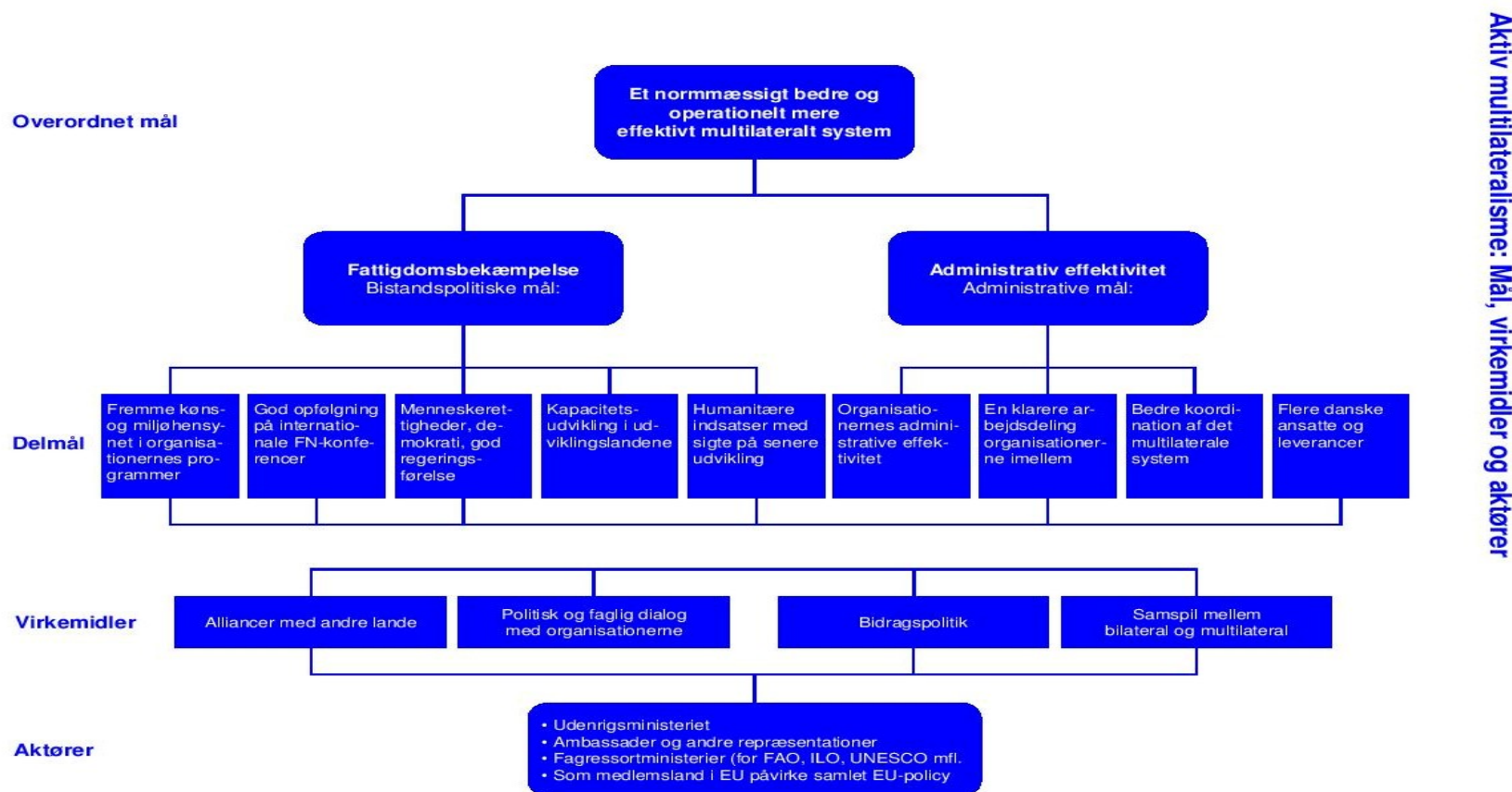
Discussion: The six points discussed above would, if they are pursued, imply on the one hand a strong element of continuity of what this study has labelled the informal stream of management of multilateral cooperation. It would also maintain a cyclical formalisation of organisation strategies. In addition, however, it proposes quite profound changes in incentives, processes and systems. Looking at the history, such changes do not come easy. They will require significant, sustained senior management drive and attention over an extended period of time, providing strong incentives for staff to redirect scarce time to sharpen strategies, reshape systems, build networks and teams, as well as engage in learning.

A revision of the Guidelines without leadership clearly shaping the direction in relation to the issues above is in the opinion of the consultant unlikely to yield significant results. It may lead to shorter strategy documents and nimble formal reporting. It is unlikely to enhance the return on Denmark's investment in the multilateral development and humanitarian organisations.

An even lighter system than what is in operation today could increase risks significantly and undermine formal accountability below an acceptable minimum level.

Annex 1: Danish Support to and through Multilateral Organisations

<i>Mio. US \$ (constant 2017 prices)</i>	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Danish ODA	2293	2364	2466	2571	2776	2736	2547	2227	2314	2332	2400	2459	2453	2531	2634	2548	2469	2581	2622	2670	2450	2448
Core contributions to multilaterals	925	905	998	1049	1069	1004	938	913	949	831	829	875	853	815	699	684	707	699	762	713	740	727
% core of total Danish ODA	40%	38%	40%	41%	38%	37%	37%	41%	41%	36%	35%	36%	35%	32%	27%	27%	29%	27%	29%	27%	30%	30%
Core to the EC	77	87	82	82	96	123	1	118	132	139	157	151	157	194	162	159	156	158	166	172	191	193
% core to EC as % of total core	8%	10%	8%	8%	9%	12%	0%	13%	14%	17%	19%	17%	18%	24%	23%	23%	22%	23%	22%	24%	26%	26%
Core to the UN	495	460	437	417	421	467	372	383	395	340	333	333	303	254	253	241	265	242	338	241	236	234
% core to the UN as % of total core	54%	51%	44%	40%	39%	46%	40%	42%	42%	41%	40%	38%	36%	31%	36%	35%	37%	35%	44%	34%	32%	32%
Core to IBRD, IDA and IFC	103	26	143	195	124	108	99	98	113	107	97	132	161	111	90	79	94	66	68	98	103	98
Core to IBRD, IDA and IFC as % of total core	11%	3%	14%	19%	12%	11%	11%	11%	12%	13%	12%	15%	19%	14%	13%	12%	13%	9%	9%	14%	14%	13%
ODA through multilaterals (earmarked)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	322	309	398	413	383	321	598
% earmarked of total Danish ODA																13%	13%	15%	16%	14%	13%	24%
Total core and earmarked as % of Danish ODA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	39%	41%	42%	45%	41%	43%	54%
Earmarked through UN																166	175	237	233	187	194	314
% earmarked through UN as % of total earmarked																52%	57%	60%	56%	49%	61%	52%
Earmarked through UNDP																61	39	80	83	59	73	102
% earmarked through UNDP as % of total earmarked																19%	13%	20%	20%	15%	23%	17%
Earmarked through WB																89	104	124	116	78	45	158
% earmarked through WB as % of total earmarked																28%	34%	31%	28%	20%	14%	26%
<i>Source: stats.OECD.org, accessed 27.9.2019)</i>																						



Annex 3: OECD's New Principles on Good Multilateral Donorship

Evidence-based principles of good multilateral donorship are needed for multilateral co-operation to achieve the 2030 Agenda

The multi-dimensional metrics on good multilateral funding developed for this report shows that sovereign states and multilateral organisations have a common responsibility to ensure adequate volumes and quality of resources for multilateral development co-operation. Greater quality of funding can be achieved through actions by both sovereign states and multilateral organisations to: better align resources to the mandates of multilateral organisations; increase flexibility in the use of resources; enhance predictability of revenue streams and reduce fragmentation of resources.

Beyond providing funding, sovereign states influence and shape multilateral organisations largely through their policies, decision making processes and monitoring practices. For example, sovereign states play a major role in board discussions of multilateral organisations and can encourage the adoption and use of social and environmental safeguards in multilateral operations.

Therefore, this report presents policy recommendations for principles of good multilateral donorship that address contributors': 1) policies, decision-making processes and monitoring practices, and 2) funding policies and practices. These are summarised below:

- *Adopt whole-of-government approaches for defining the expected outcomes of multilateral partnerships and adequate co-ordination mechanisms.* This would maximise the benefits of the growing plurality of national actors involved in multilateral co-operation and reduce overlaps and duplications.
- *Strengthen collective initiatives to assess multilateral performance,* such as multilateral organisations' evaluation units and MOPAN, to reduce the proliferation of bilateral assessments and using board discussions as the key platform for fostering institutional change.
- *Promote harmonised working practices of multilaterals and encouraging discussions on systemic gaps and division of labour.*
- *Fill gaps in underfunded areas by contributing to thematic windows and softly-earmark funds* instead of strictly earmarking at the project level.
- *Increase predictability of funding by making multi-annual commitments linked to the strategic plans of multilateral organisations.*
- *Collect and using evidence to make decision on earmarked funding and ensure alignment with the mandate and priorities of multilateral organisations,* particularly by centralising the information on the use and impact of earmarked funding and reviewing the multilateral portfolio accordingly

OECD (2018): *Multilateral Development Finance: Towards a New Pact on Multilateralism to Achieve the 2030 Agenda Together*. Paris: OECD Publishing.

Annex 4: Danish Multilateral Performance Assessment Methodology, 2004-2006

THE MULTILATERAL TOOLBOX

Seven key tools have been used to gather the information presented in this chapter:

- *Assessments according to a standard format filled in by the multilateral Representations and departments in MFA* responsible for the cooperation with each of the organisations remain an essential source of information. 17 organisations have been covered in 2005⁷.
- *Assessments according to a standard format filled in by Embassies* in programme countries and South Africa contribute to the overall picture by providing an assessment of the organisations' country-level performance. This year Embassies have been asked to concentrate assessments on the three organisations with which they have the closest collaboration. This has resulted in the receipt of a total of 46 assessment forms covering 11 organisations. The World Bank (15 assessments), UNDP (11 assessments) and EC (nine assessments) are by far the organisations best covered, whereas most other organisations are reported on only by one or two Embassies.
- *The MOPAN survey* carried out in a joint effort between Denmark and eight other bilateral donors also assesses the field effectiveness of multilateral organisations. In 2005, the survey covered the World Bank, UNFPA, and UNAIDS.
- Reporting by the responsible multilateral Representation or department in MFA, centred on the '*annual action plan*' that pertains to each '*organisation strategy*' (for Danish cooperation with the organisation concerned), supplements the perception analyses mentioned above. As action plans contain specific targets and indicators, this reporting is more quantitatively-

oriented than the more qualitative assessments derived from the perception analyses.

- *Danish-funded studies of RBM systems* in IFAD and OHCHR were finalised in 2005 (by Kabel Konsulting) and similar studies of RBM systems in UNDP and UNFPA were initiated in 2005 (by Dalberg).
- Recent *independent evaluations* are available of IFAD (carried out jointly by seven bilateral donors in cooperation with the governing council), WFP (also carried out jointly by seven bilateral donors in cooperation with the governing council), and UNDP (a peer assessment of UNDP's evaluation system led by the Danish Evaluation Department).
- *Minutes from High-Level Consultations* with the organisations and *minutes from board meetings or annual meetings* add valuable perspectives to the information gathered by other tools, and are supplemented by various other documents from the organisations (e.g. the EC monitoring format, internal assessments, etc.)

The full "toolbox" is described in annex 2

Ratings using the four-grade scale from 'very satisfactory' to 'unsatisfactory' have been used in the assessments and will be referred to when relevant. Similar to assessments discussed in the chapter on bilateral development cooperation, however, qualitative comments accompanying the ratings provide substantially more useful information, and will be the primary focus of discussions in this chapter.

⁷ Assessments are made by the Embassies in Washington (World Bank) and Rome (WFP, IFAD), the UN Missions in New York (UNDP, UNFPA, UNICEF) and Geneva (UNAIDS, UNCHR, OHCHR, ICRC, WHO), the Africa Department (AfDB), the Asia and Latin America Department (ADB), the Policy Department (EC), the Department for Humanitarian Assistance and NGO Cooperation (OCHA, UNWRA), and the Department for Environment and Sustainable Development (UNEP).

⁴² Annual Performance Report 2005. Ministry of Foreign Affairs of Denmark, Danida

2. MEASURING MULTILATERAL DEVELOPMENT COOPERATION

2.1. Introduction

The framework for assessing multilateral performance management, introduced in 2002, has been further strengthened during 2005. Existing tools have been refined, and new tools have been added to ensure that all findings are validated by combining a wide variety of sources. Seven key tools have been used to gather the information presented in this chapter (see toolbox on previous page).

To ensure the information is reliable, it has been decided to concentrate the presentation on the seven organisations best covered by the various tools. Thus, the World Bank, EC, UNDP, UNFPA, IFAD, WFP, and UNAIDS are all covered by a minimum of four of the seven tools available. Of these, UNDP, UNFPA and IFAD are each covered by six different tools.

Consistent with the focus in the various tools, the following dimensions have been selected for closer analysis:

- *Strategic framework*, including an assessment of goals, target-setting, and achievement of objectives.
- *Administrative effectiveness*, including an assessment of RBM systems and the adequacy of financial systems.
- *Partnership, coordination, harmonisation and alignment*, including an assessment of support for PRS alignment and MDGs, harmonisation and enhancement of country ownership.

As these organisations differ considerably with regard to mandate, resources, working conditions, etc. and have, moreover, not been assessed according to well-defined standard criteria, comparing their performances has been found inappropriate. Instead, this chapter sets out to present a coherent portrayal of each of the seven organisations, based on the information available. A brief overview of findings across all 17 organisations reported on opens the section.

2.2. General findings across organisations

Strategic framework

In the past, performance has been difficult to measure simply because there were no clear goals against which to measure. Therefore, multilateral Representations have been asked to assess whether organisations have *clear objectives and an operational strategy* to promote such goals as prerequisites for measurement.

In all of the assessed organisations, efforts are made to improve the formulation of objectives, strategies, goals and targets consistent with a results-based management approach, while goal and target-setting is rated as 'satisfactory' in 14 of 17 organisations. There are, however, considerable differences between the organisations as to how elaborate their frameworks and systems are at this stage. Those perceived to be frontrunners are ICRC, UNDP, UNFPA and UNICEF, while UNRWA and UNEP are among those facing more serious challenges in this field.

Assessments show that, compared to 2004, humanitarian organisations are making progress towards defining strategies to achieve objectives. ICRC is perceived to have a clear strategy for implementing its mandate of protection and assistance. In OCHA, a new structure has been developed to enhance the capability to realise objectives. UNHCR has, for the first time, issued Global Strategic Objectives for a two-year period 2005-2006, including expected accomplishments and indicators of achievement/performance measures, consistent with UN instructions on results-based management. Finally, OHCHR is undergoing similar changes, and a new plan of action provides a long-term strategic vision for the activities of the office.

Concerning the *attainment of goals*, two thirds (64%) of a total of 61 targets, formulated by 15 organisations in their external or internal documents, are assessed to have been accomplished to a satisfactory degree. The accomplishment of an additional 21% of targets is considered 'very satisfactory', while 15% are rated 'less satisfactory'. As also noted in 2004, assessments are primarily based on annual reports and less on internal or external reviews and evaluations. Only in the case of IFAD, WFP and the World Bank are specific performance reports referred to as the source for assessing the attainment of targets. This indicates that, for a majority of the organisations, continued work is needed to improve results-reporting mechanisms. Many of the targets listed by the organisations

are broad and at a high level of abstraction. This may reflect the difficulty of translating visionary statements into measurable targets. Of the assessments submitted, only that of the World Bank lists tangible targets, which are set within a certain timeframe and are measurable. Lack of measurable targets obviously makes it difficult to assess goal attainment.

Administrative effectiveness

Assessments indicate that many organisations have either recently concluded organisational reforms or are in the process of reforming. It is too early to make firm conclusions about the outcome of these changes, but ratings indicate overall satisfaction with efforts made so far. *Administrative effectiveness* is assessed as 'satisfactory' in 13 of 17 organisations. AfDB and ADB are among those whose organisational and administrative effectiveness is assessed as 'less satisfactory'. In the case of AfDB, setbacks in the organisational and administrative effectiveness are perceived as temporary and caused by the relocation of operations from Abidjan to Tunis. Conversely, though ADB has been through a reorganisation process improving the focus on individual countries, its implementation of a strategy to establish merit-based, transparent and effective human-resource management is considered half-hearted, which is seen as hampering administrative effectiveness.

Within 11 of 16 organisations, the *quality of established RBM systems* is considered 'satisfactory'. Frequently, however, creating and sustaining a results-oriented culture is perceived as a key challenge for integrating RBM throughout the organisation. Changing procedures and organisational structures is not sufficient to ensure effectiveness and efficiency; a results-oriented corporate culture is required. Assessments show great variation in the comprehensiveness of RBM frameworks and systems in organisations.

As for the *adequacy of financial systems*, satisfaction is expressed with 16 of the 17 organisations assessed, and among these the rating 'very satisfactory' is used in the case of WFP, AfDB, ADB and the World Bank.

Partnership, coordination, harmonisation and alignment

In general, the organisations' support for PRS alignment and towards achieving the MDGs is assessed as 'satisfactory', in the cases of UNHCR and OHCHR as 'very satisfactory'. Regarding *support for PRS alignment*, assessments of IFAD, UNDP, UNFPA and WHO indicate that more could be done to move support from the overall policy level to the

country level. The World Bank stands out as the only organisation, which regularly and systematically reports on progress in PRS implementation at the country level. Qualitative comments indicate that organisations such as UNICEF and WHO also monitor progress on PRS alignment, but both monitoring and reporting seem less systematic than that of the World Bank. *MDGs* are supported by all organisations, but the alignment of targets varies.

Support for donor harmonisation, enhancement of country ownership, joint programming and funding arrangements seems to be making headway among organisations with a development mandate. Also among organisations with a humanitarian mandate, progress seems to continue as UNHCR, OHCHR, UNICEF, UNRWA and WFP are all perceived as committed to further harmonisation. In the case of ICRC and OCHA, harmonisation efforts are pursued, but with somewhat greater reservation. The particular challenge for humanitarian organisations stems from the time factor, i.e. the need for rapid responses to emergency operations, which may sometimes be at odds with harmonisation efforts.

Support for Danish priorities

Of 17 organisations, all except two have formulated objectives for one or more of the *Danish cross-cutting issues* (gender equality, environment, and human rights & democratisation), while ten organisations have formulated objectives for all of the cross-cutting issues. Depending on their particular characteristics, organisations align with cross-cutting issues in different ways and to varying degrees. For approximately two thirds of the organisations, the degree to which objectives for the cross-cutting priorities are referred to systematically in the organisations' regular or annual management plans is described as 'satisfactory' or 'very satisfactory'.

15 of 16 organisations are seen as contributing satisfactorily to *combating corruption*. However, the measurements reveal substantial variations. While ADB, AfDB and the World Bank have specific anti-corruption policies and units set up to address all issues related to corruption, none of the UN organisations have defined anti-corruption as a specific policy priority.

Evaluation Study: Use of organization strategies and results reporting from Danish multilateral partners

Background

Denmark channels an increasing amount of its official development assistance (ODA) through multilateral partners. In 2018, 30% of the total Danish ODA envelope was given through multilateral partners as core contributions to multilateral organizations.

As reflected in the Danish strategy for development and humanitarian cooperation, Denmark strives to engage and seek influence in multilateral, international and humanitarian organizations in organizations where mandates are aligned with Danish development and humanitarian priorities. Core contributions to multilateral organizations' fulfilment of their mandate continue to be an important instrument to advance Danish development goals.

The rationale behind the support provided to the multilateral partners lies in the Danish will to support a norm-based international system as well as to engage in partnerships with partners with strong mandates and who can deliver towards the achievement of the Sustainable Development Goals.

Denmark prioritizes active partnerships with UN organizations and supports the multilateral development banks' broad development policy mandates. Among the most important multilateral partners to Denmark – strategically and financially – is UNICEF, UNFPA, UNDP and UNHCR as well as the World Bank.

Cooperation with multilateral partners is guided and defined by organizational strategies, which set out the priorities, objectives and expected results of the cooperation with the given organization. They form the backbone of the engagement with the multilateral partners and is based on the organization's own strategic frameworks. The Organisation Strategy – and in particular, goals and indicators from its performance framework – documents the basis for the collaboration.⁷⁶

Danida Aid Management Guidelines state that a mid-term review is carried out to assess the continued relevance of the organization strategy, overall progress on key indicators and reform processes, and of the cooperation between Denmark and the organization. The strategic dialogue with the organization is enhanced through participation in board meetings, decentralized annual consultations, high-level consultations with MFA HQ participation, and through financial support, which is a key instrument for engagement. To ensure quality and internal learning in relation to Danish multilateral cooperation, Organisation strategies are presented to the Programme Committee.

In order to leverage the strategic partnerships of multilateral partners and ensure effectiveness of the partnerships, organization strategies are the essential tool that the MFA can use in its dialogue with its multilateral partners. While respecting the independence of the multilateral partners and at the same

⁷⁶ Aid Management Guidelines, Multilateral Cooperation, 2017

time adhering to good donorship principles, organization strategies are intended as a management instrument to track results of the partnership. Organisation strategies are used to track results against Danish priorities and provides a platform for ensuring accountability in the partnership.

Purpose of the study

Over the last 2 years, a number of organizational strategies have been approved in the Programme Committee, prompting a discussion of the Danish engagement and influence in these organizations. The elaboration of the strategies and the subsequent discussions revealed an interest in the MFA to better understand how the MFA uses the organizational strategies, their results framework and the dialogue, monitoring and reporting against these to engage with its multilateral partners.

The Evaluation Department in collaboration with the Technical Quality Support Department is therefore commissioning a study to assess a selected number of organization strategies in order to understand:

1. How the MFA uses the organization strategies as a management tool – and how the organization strategies and the monitoring and reporting against these provide accountability for the Danish contribution;
2. How the organizational strategies guide the engagement with multilateral partners;
3. The relationship between the organization strategies and the multilateral support provided through Danish representations in developing countries;
4. How the MFA reports and learns from the engagement, including outcomes against the results frameworks as set out in the organization strategies;
5. The quality of the dialogue between the MFA and the multilateral partner in terms of promoting Danish priorities in the organization's own results framework, including for annual consultations and
6. The usefulness of the guidelines for organization strategies

The evaluation study is expected to inform the revision process of guidelines for organizational strategies, including for reporting and learning, a task TQS will undertake in 2019/20.

Scope and method

The study will focus on five organizations representing a variety of Danish priorities: WFP, UNHCR, UNFPA, UNICEF and the World Bank. The study will assess the organization strategies and their corresponding results frameworks, dialogue and reporting. In order to be representative, partners with a humanitarian mandate as well as a development mandate has been selected.

The study is primarily desk-based with extensive document review and interviews with relevant stakeholders in Copenhagen, Geneva and New York. The study should include a visit to Geneva/Bern.

The study will assess the engagement through the organization strategies, focusing primarily on the core contributions to the organizations. However, where relevant, the study should place these contributions into context with the accompanying earmarked funds Denmark provides to the particular organization.

In order to inspire the work of the MFA, the study will assess three like-minded donors' approach to cooperation with its multilateral partners. Specifically, it is proposed that the study looks at Switzerland

and Sweden as well as United Kingdom. The study should analyze the main tenets of like-minded donors' cooperation in order to provide concrete examples of effective results-based approaches to its multilateral cooperation.

The study will assess mandate notes, mid-terms reviews of organization strategies, minutes from board meetings and other relevant documents pertaining to the partnership with the organization.

Deliveries

- An inception note of 3-5 pages, outlining the approach and main study questions to be addressed in the study;
- A study report of no more than 30 pages including a four-page executive summary, containing an assessment of the strategies as well as the dialogue, monitoring and reporting against the strategies and an analysis of best practices in engaging with multilateral partners based on like-minded donors' cooperation with its multilateral partners.

Timeline and work plan

The study is estimated at 25-30 working days from April 2019 to June 2019.

A Reference Group for the study will be established, providing inputs to the inception note as well as the draft study report during the study process. The Reference Group will consist of 4-5 MFA staff members from relevant departments (TQS).

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EVALUATION STUDY USE OF ORGANISATION STRATEGIES AND RESULTS REPORTING FOR DANISH MULTILATERAL PARTNERS

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