



# **PARTNERING WITH THE MULTILATERAL SYSTEM**

DEVELOPMENT CO-OPERATION **FUNDAMENTALS**



# WHY IS IT IMPORTANT?

Bilateral development co-operation partners rely on multilateral organisations that are uniquely placed to address global challenges, respond to crises and complement bilateral efforts.

A significant share of official development assistance (ODA) is provided multilaterally. In 2019, ODA to multilateral organisations reached an all-time high of USD 75.6 billion, almost **half of total ODA**.

For multilateral organisations and the multilateral system as a whole to be more effective, co-operation across governing boards, between member states and with multilateral partners is essential. Members and funders should respect multilateral mandates, promote agreed system-wide reforms, and support joint approaches.



Member states value multilateralism, uphold mandates, and advocate for developing countries' interests.



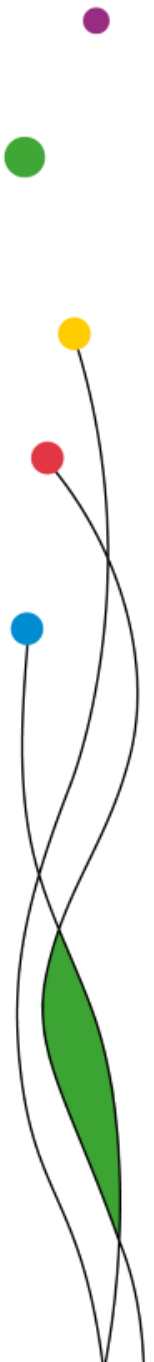
They adopt a coherent approach across government, and engage in policy and reform processes.



Multilateral organisations are funded as predictably and flexibly as possible.



The multilateral system is better equipped to deliver development objectives and longer-term change.



# BASIC STANDARDS

Few formal standards exist on what it means to be a good partner and funder of the multilateral development system.

Two recent agreements, the [Grand Bargain](#) and the [UN Funding Compact](#), include mutual commitments by member states and multilateral organisations, among other stakeholders, to better serve people in need. They pledge to **improve the quality of funding** for multilateral organisations, and strengthen the **transparency, accountability** and **effective use of resources** to achieve collective results.

Basic standards for partnering with the multilateral system can be drawn from these and other commitments.

Section III.1 of the [OECD DAC Peer Review Analytical Framework](#) sets out the Development Assistance Committee's (DAC) expectations with regard to multilateral partnerships, including that members' partnerships are coherent across government and complementary to bilateral efforts.



# WHAT IS MULTILATERAL ODA?

**Multilateral ODA** fulfills the following three criteria:

**One.** The recipient conducts all or part of its activities in development and for developing countries.

**Two.** The recipient is *either* a) an international agency, institution or organisation whose members are governments represented at the highest-level of decision making, or b) a fund managed autonomously by a multilateral agency as defined in a).

**Three.** Funds are pooled so that they lose their identity and become an integral part of the recipient institution's financial assets, i.e. a **core contribution**.

ODA providers can also provide **earmarked contributions** to specific-purpose projects, programmes and funds managed by multilateral organisations, or payments for them to implement the providers' own projects and programmes. These constitute **bilateral ODA** channeled through the multilateral system.

An ODA coefficient is applied to contributions to some international organisations whose core-funded activities are considered ODA-eligible in part.



# GOOD PRACTICES



**Develop transparent strategies on partnerships with multilateral organisations. Be clear about how they fit with bilateral development co-operation efforts, and the overall approach to multilateralism.**

- Germany's Federal Ministry for Economic Cooperation and Development (BMZ) defines three, overarching goals in its multilateral development [policy](#) (2020).
- A White Paper by Norway sets out its [envisaged role and interests](#) in multilateral co-operation, guiding its commitment to a strong multilateral system.
- Sweden's [strategy](#) for multilateral development co-operation was updated in 2017 to reflect changes in the multilateral architecture.



**Put development issues on the international agenda.**

- DAC members advocate actively for multilateral solutions to food security, debt and vaccine access.



# GOOD PRACTICES



**Engage in regular dialogue with governing board members and multilateral representatives in headquarters and in partner countries.**

- **At governing board level.** Reinforce mandates, support system reforms, incentivise co-operation across organisations, and advocate for joint approaches.
- **Through country presence.** Extend diplomatic and financial commitments to co-ordinating and ensuring synergies in country processes and programming.
- **Connect the dots.** Ensure that engagement in governing boards is informed by country-level experience and a coherent, whole-of-government approach.



**Act on ongoing reform efforts.**

- The United States, Germany, Japan, Sweden, Norway and United Kingdom are among top donors of the new UN Resident Co-ordinator system via the [Special Purpose Trust Fund](#).
- Encourage multilateral actors to have clear criteria to support local actors, where relevant.



# GOOD PRACTICES



Employ a mix of flexible, predictable, multi-year funding (outside of fund replenishments) in response to clear needs. Allow for short-term funding when appropriate.

- Italy has [special legislation](#) as part of the budget law that allows for multi-year funding to multilateral entities.
- [Multi-partner trust funds](#) and country-based pooled funds offer flexibility and are a way to avoid proliferating single-donor initiatives, for example in fragile and conflict-affected contexts.



Prioritise the use of existing channels and structures to deliver funding.

- The United Kingdom and Germany together with other key partners [increased funding](#) to a multilateral social protection programme by 24% in response to the negative COVID-19 effects in Rwanda.



# GOOD PRACTICES



**Support transparency, reporting on results and accountability. At a national level, report contributions to overall results and conduct any additional reviews jointly where possible.**

- [Finland](#) and the Netherlands regularly report to parliament on results they contribute to multilaterally.
- Joint initiatives such as [MOPAN](#) reduce the burden of multiple parallel accountability reviews or evaluations on multilateral organisations.
- The Global Partnership's [monitoring exercise](#) assesses the effectiveness of multilateral organisations by measuring their alignment to partner country priorities, focus on results, transparency and mutual accountability.





# MEASURING SUCCESS

How do we know if bilateral actors are moving in the right direction?

- ▶ Co-operation across governing boards and between member states, as well as engagement with multilateral partners, **respects the mandate of multilateral organisations, promotes agreed system-wide reforms, and supports joint approaches.**
- ▶ Engagement and funding support the governance and effectiveness of multilateral organisations and **reinforce their ability to fulfil their mandate**, while allowing for **flexibility and adaptive programming**. This is made possible through core and earmarked funding in accordance with commitments made as part of the international reform agenda and good practice principles.
- ▶ **Dialogue and feedback between actors** ensures that bilateral and multilateral efforts are complementary and, where possible, mutually reinforcing, in support of the overall development co-operation policy.
- ▶ Decisions on multilateral funding **resist the proliferation of entities and channels**, to make individual organisations and the multilateral system as a whole more effective.



# RESOURCES

The [2020 Multilateral Development Finance Report](#) is accompanied by a series of policy briefs. This includes [a brief](#) on earmarked funding to multilateral organisations, with a decision tree illustrating the variety of funding options and alternatives available to policy makers to support multilateral entities.

An OECD DAC peer learning [background paper](#) discusses effective and quality support for the multilateral system.

An [Insight Brief](#) on partnering, funding and influencing the multilateral development system examines different approaches to assessing multilateral support.

Find relevant evaluations via the [DAC Evaluation Resource Centre \(DEReC\)](#).

## Relevant topics in this series

- ***Risk management***
- ***People and skills***
- ***Setting thematic and geographic priorities [forthcoming]***

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# DEVELOPMENT CO-OPERATION FUNDAMENTALS

This series unpacks development co-operation standards and illustrates how DAC members are applying them. Applying standards can help all actors to fulfil their ambitions and commitments.

Each *Fundamentals* document introduces a **key aspect** of effective co-operation, sets out **basic standards**, offers **good practice** examples, and identifies **relevant resources**.

Other topics in this series, which is being expanded and updated regularly, can be found [here](#). For any comments contact [DCD.TIPs@oecd.org](mailto:DCD.TIPs@oecd.org).

