Governance, Social Development, Conflict and Humanitarian PEAKS

Consortium led by Coffey International Development

Policy Brief ©

UN and Commonwealth Reform Study

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SPECIALISTS IN DEVELOPING COMMUNITIES

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LIST OF ACRONYMS

AusAID	Australian Agency for International Development
CRWG	Comprehensive Reform Working Group
DESA	(UN) Department of Economic and Social Affairs
DFID	Department for International Development
EU	European Union
GA	General Assembly
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GHD	Good Humanitarian Donorship Initiative
HLP	High-Level Panel
MAR	Multilateral Aid Review
MDGs	Millennium Development Goals
MO	Multilateral Organisation
MOPAN	Multilateral Organisation Performance Assessment Network
MPTF/MDTF	Multi-Partner Trust Fund/Multi-Donor Trust Fund
MS	Member States
NGO	Non-governmental Organisation
Norad	Norwegian Agency for Development Cooperation
OCHA	Office for the Coordination of Humanitarian Affairs
OIG	Office of the Inspector General
OIOS	Office of Internal Oversight Services
PCR	Plan for Comprehensive Reform
PF	Performance Framework
RBM	Results-based Management
UNAIDS	Joined UN Programme on HIV/AIDS
UNCD	United Nations and Commonwealth Department (of DFID)
UNDS	UN Development System
UNEP	UN Environment Programme
UNICEF	United Nations Children's Fund
WHO	World Health Organization

EXECUTIVE SUMMARY

In common with many international development agencies, DFID relies on the multilateral system to help implement significant parts of its development and humanitarian programme. However, while multilateral organisations (MOs) are generally considered to be an essential part of the international development system, it is widely believed that many perform inadequately. Notably, DFID's 2011 Multilateral Aid Review (MAR) observed that *'There was not enough evidence of multilaterals consistently delivering results on the ground'.*

DFID's UN and Commonwealth Division UNCD intends to build from the findings of the MAR to help promote the changes required of the MOs with which it chooses to collaborate. As part of this effort, in late 2012/early 2013 UNCD commissioned a literature review to provide evidence-based insight into the most effective means of driving change within the UN and Commonwealth agencies as well as other MOs. The review systematically drew out findings from available journal-published research and evaluations on these issues, plus the wider grey literature (comprising UN and Commonwealth reports, reports produced by other multilateral agencies as well as the governments or aid agencies of other Member States, and other relevant information not commercially published). This produced a database of approximately 400 resources, which were filtered on the basis of inclusion/exclusion criteria and assigned a Utility Score to identify those that best responded to the research objectives.

The most extensive coverage of change in UN and Commonwealth organisations has been given to reforms of the overall system (including its governing bodies); the available literature pays much less attention to the transformation of individual entities within the system. Consequently the study relied principally on relating external documents (which tend to focus on the need for change) to internal reports, which describe what has been done and, to a lesser extent, the results achieved. In this way, and by collating relevant fragments of evidence in the context of the generally accepted principles of effective change management, it was possible to elicit relevant lessons and insights that donors and other interested stakeholders should be able to put to practical use.

Overall the evidence points to the need to relate influence on individual UN organisations to more general efforts to promote reform of the broader UN system. Otherwise the danger is that individual MOs will be encouraged to behave in ways that conflict with the overall drive towards coherence, which itself is considered critical to enhanced efficiency and effectiveness of the UN. Furthermore, evidence suggests that problems within the system will likely obstruct efforts to improve the performance of individual organisations. The implication is that, the more donors are able to support harmonisation, coherence and coordination, the better the prospects for reforming individual organisations.

When working with individual organisations, the review concluded that donors, above all else, should concentrate on building consensus among all influential stakeholders on the specific case for change. In particular the available evidence highlights that:

- Coordinated, rather than bilateral, efforts by donors seem most likely to bring about desired changes within MOs.

- MOs are most responsive to the views of Member States. Donors should, as a coordinated group, strive to build sufficient consensus among and with Member States on strategic goals and the case for change that these imply.

- Where consensus exists among donors and Member States, the focus should then be on working with organisational leaders to create a shared case for change that they are willing and able to pursue.

- Organisational transformation is most likely to happen in response to major events or trends in the external environment. To be compelling, a case for change should embrace and address these external drivers.

A common theme of much of the literature that considers how donors are influencing the work of MOs is concern that trends away from assessed to voluntary, and from core to non-core, funding is creating perverse incentives for UN programs and agencies which encourage incoherence and poor coordination within the UN System. More specifically the evidence suggests that choice of funding mechanism is less about assessed versus voluntary or core versus non-core funding. Rather, the aim should be to ensure that funding is provided in a way that is consistent with the expectations being placed on the organisation. In order to optimise constructive donor influence this should entail some degree of predictability and flexibility, as can be achieved through vehicles such as negotiated multi-year funding frameworks.

From the point of view of donors, such an approach demands that MOs provide accurate and reliable management information that aids performance assessment. The availability of robust assessment methodologies is therefore crucial to effective engagement in change programmes, and indeed to creating a link back to the creation of a shared and well-articulated case for change. However, the evidence points to significant shortcomings in existing assessment methodologies, which may in turn be discouraging donors from systematically engaging with MOs, they instead relying on funding to wield the necessary influence. There is little evidence that this is an effective approach.

This points to the need to persist with MO assessments and comparative evaluations, while looking at more effective ways to perform these. The evidence also suggests that much better outcomes will be achieved if these efforts are led by groups of donors, rather than being performed on a bilateral basis. Therefore a preferred option might be further strengthening of the Multilateral Organisation Performance Assessment Network, to ensure that this provides management information that enables meaningful assessment of change over time. Without effective assessment mechanisms, there is limited capacity for all partners to truly contribute to the change. Strengthening of MO performance assessment should this be viewed as being part of the larger RBM issue, and should be related to moves to improve transparency and accountability.

1   BACKGROUND TO THE PAPER

Multilateral organisations (MOs) were established by international law to enable national governments to work together on particular issues, and are considered to be *"an essential part of the international system for development and humanitarian aid"*[1]. The multilateral system is generally perceived as having unique reach, relevance and respect. DFID's 2011 Multilateral Aid Review (MAR) noted that *"Together the multilateral organisations mobilise large-scale funding, bring specialist expertise, support innovation, play pivotal leadership roles with other donors, have the mandates and legitimacy to help to deal with conflict situations, and provide a platform for action in every country in the world."*[2] Within this overall context, the strength of the United Nations in development is perceived by many as *"its ability to link national and international goals, both in advice and implementation.....One of the major contributions of the United Nations has been to define and rally partners around an agreed international development agenda, through the holding of international conferences, the formulation of action plans, and last but not least, the Millennium Summit and the Millennium Declaration."*[3]

In 2011-12, 44 percent (£3.4bn) of DFID's total programme expenditure was delivered through central or core funding to MOs, of which £225m was distributed to UN and Commonwealth organisations. Given the UK's commitment to achieve the best results and value for money, it is essential that the MOs that DFID funds are as efficient and effective as possible. Indeed the MAR was commissioned to assess the strategic value that individual MOs add to the UK's fight against poverty and the value for money that they deliver to UK aid, and identified priority reforms for each of the organisations that it funds[4]. Notwithstanding the merits of the multilateral system, the MAR observed that *"There was not enough evidence of multilaterals consistently delivering results on the ground, particularly in fragile states. Too many organisations lack a clear strategic direction, and systems to get the right staff in post at the right time, and ensure that management and staff are focused on achieving results and held to account for this. Most multilaterals are not paying sufficient attention to driving down costs or achieving value for money. Most multilaterals are not concentrating enough on gender issues. There is still much room for improvement for the multilaterals as a group on transparency and accountability. And poor partnership working between multilateral organisations is undermining the effectiveness of the system."*[5]

DFID's UN and Commonwealth Division (UNCD) intends to build from the findings of the MAR to help determine future funding allocations and to promote the organisational changes required of the MOs with which it collaborates. Given the considerable effort and resources that have already been devoted to promoting change within UN and Commonwealth organisations, and to ensure that DFID's future work in this field is evidence-based, in late 2012/early 2013 UNCD commissioned a literature review[6] to draw on what is known more generally about organisational change and, more specifically, obtain insight into the most effective means of influencing organisational change within the UN and Commonwealth agencies and other MOs. As one of the key outputs of the study, this policy brief presents vital evidence of how DFID and other concerned stakeholders could and should influence purposeful change in the behaviour and performance of UN, Commonwealth. On the basis of this evidence it outlines a set of principles that DFID should apply to its work with those MOs that can help it achieve its development goals.

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[1] DFID (2011) Multilateral Aid Review: Ensuring Maximum Value for Money for UK Aid through Multilateral Organisations. UK Department for International Development: London.
[2] Ibid.
[3] JIU (2005) Some Measures to Improve Overall performance of the United Nations System at the Country Level (Part 1). Joint Inspection Unit.
[4] Forty-three organisations were assessed. Nine were deemed to offer very good value for money, 16 to offer good value for money, nine to offer adequate value for money, and nine to offer poor value for money for UK aid.
[5] Extracted from the Executive Summary of the "Multilateral Aid Review "; DFID (2011a).
[6] The conduct and findings of the literature review are fully documented in a Main Report, dated February 2013. The research produced a database of approximately 400 resources, comprising academic papers, institutional documents, news articles, interviews, and speeches. These were filtered on the basis of inclusion/exclusion criteria to identify which documents best responded to the main research question. The researchers also developed a qualitative Utility Rating, scoring each resource according to their expert assessment of the quality and reliability of the source.

2 THE PRINCIPLES OF EFFECTIVE CHANGE MANAGEMENT

There exists a large variety of theoretical perspectives on the causes and nature of organisational change. A stream of research exists that contains various models and frameworks, many of them loosely based on Lewin's[7] (1947) steps or phases of change. Despite some differences in these models and frameworks, many similarities exist. MOs, while not strictly speaking "public sector" entities, are more likely to exhibit change behaviour characteristic of governmental bodies as opposed to private businesses. This being the case, accepted theory suggests that change leaders in UN and Commonwealth organisations should pay special attention to the eight factors summarised below.[8]

Figure 1: Factors Determining Change Behaviour in UN and Commonwealth Organisations

Factor 1: Ensure the need	Develop a compelling vision that clearly shows why change is necessary and provides an overall direction for the process
Factor 2: Provide a plan	Transform the new idea or vision into a course of action with goals and a plan, identifying obstacles and remedial measures
Factor 3: Build internal support and overcome resistance	Create psychological ownership by disseminating critical information and encourage employee participation and feedback
Factor 4: Ensure support and commitment of top management	Establish an idea champion or guiding coalition to lend legitimacy to and marshal the resources required to achieve the change
Factor 5: Build external support	Gain backing from key external stakeholders, particularly those able to change the rules and control the flow of vital resources
Factor 6: Provide resources	Direct scarce resources towards essential new activities, in particular planning, communicating, training and redesigning
Factor 7: Institutionalise change	Ensure members of the organisation incorporate the new policies or innovations into their daily routines
Factor 8: Pursue comprehensive change	Develop an integrative, comprehensive approach to change that ensures all subsystem changes contribute to the desired outcome

Many of these factors stress the importance of leadership, communications and engaging people in the change process. Often the task of leaders is to provide a "protected operating space" in which change, innovation and capacity development can happen[9]. Genuine change takes time and should be planned accordingly, attention being paid to aspects of organisational culture and values, as these are often decisive determinants of the real direction and pace of change. It is important for change leaders to understand the varying perspectives of stakeholders; often, combining insider knowledge and experience with objective outsider expertise and facilitation helps to blend differing perspectives and reframe the issues. Thus DFID and other donors have the opportunity to contribute as "objective outsiders" to the change efforts of MOs, applying effective change practices to help promote the desired results. The challenge is to understand just how best to play this role.

In applying theories of effective change it must also be borne in mind that an external stakeholder such as DFID has differing opportunities; first to promote a case for desired change (particularly in relation to factors 1, 5 and 6 above) and then to encourage the effective implementation and achievement of change. Generally, when organisations collaborate, they are motivated by self-interest, which may be shared with or differ from that of other stakeholders. To succeed, the collaborators must develop a shared purpose, with a common understanding of the problem and the role of each organisation in addressing the problem. Motivations must be explicit, allowing for discussion of differences and development of ways to accommodate any differences.

Given that the relationship between donor and MO is in effect that of principal-agent (PA), it may often be difficult for the "principal" (donor) to motivate the "agent" (MO) to act in what it considers to be its

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[7] Kurt Lewin is often recognized as the "founder of social psychology" and was one of the first to study group dynamics and organisational development.
[8] This summary draws in particular on Fernandez S. and Rainey H. G. (2006) Managing Successful Organizational Change in the Public Sector. Public Administration Review 66: 168–176.
[9] Parts of this section draw on UNDP (2006) Institutional Reform and Change Management: Managing Change in Public Sector Organisations. UNDP Conference Paper #5, Working Draft.

best interests. Such interests may diverge because the agents have different preferences to or incentives from the principal (for example, agents may have a different stake in the outcome or may receive different rewards than the principal), or because of contrasting access to information. These divergences may give rise to problems relating to monitoring, incentives, coordination, and strategy, such that the principal cannot directly ensure that the agents are always acting in the principal's best interests, particularly when activities that are useful to the principal are costly to the agent, or where elements of what the agent does are costly for the principal to observe.

Various mechanisms may be used to align the interests of the agent with those of the principal, in effect involving changing the rules of the game so that the self-interested rational choices of the agent coincide with what the principal desires. Effectively, principal and agent need to combine to create a change coalition and an agreed roadmap for change. This in turn requires an understanding of the logic and concerns, as well as the different power bases, underpinning different stakeholders' positions. For example, there is a risk that an agenda for change may seem to those within an MO to represent a "political fix" (reflecting the interest of the more powerful players) or an inappropriate response to donor pressure. Where this is the case, true alignment of interests and genuine commitment to change may not occur, thus risking failure of any resultant change effort. This highlights the importance of focusing on power relations and dynamics in the institutional landscape, to properly understand how donors might act as either drivers or facilitators of change.

Managing opposition to change often requires a combination of incentives and facilitating processes in order to create true alignment. Incentives can sometimes be of a financial nature but may also be non-monetary[10]. Financial incentives carry with them the associated risks that organisations will buy the substance but not the vision of change. Nonmonetary incentives, such as creating opportunities to learn, developing merit-based systems that reward performance and enabling a creative working environment are often more powerful. Adequate and appropriate incentives could bring about significant change in attitudes and increase overall organisational performance. As external stakeholders, donors have a range of tools that they can use to help understand what will work and then to encourage the creation of the conditions that will support change, in particular participation in governing bodies and/or strategic planning activities, supporting NGOs and other partners in their work with MOs, seconding of staff to MOs, and establishing research or other collaborative networks, including like-minded groups and communities of practice.

Unfortunately the issue of incentives can get somewhat obscure in UN and Commonwealth organisations, which often suffer from what might be considered a *"fuzzy reality"*[11]. In contrast to the clear lines of command and defined boundaries concerning roles and responsibilities common in most private sector enterprises and public administrations, the organisational culture of UN agencies might best be described as resulting from *"porous boundaries"*, which affect different aspects of organisational life and help to explain some of the performance issues confronting the UN system. In particular, goals tend to represent negotiated compromises that often remain ambiguous in order to satisfy the needs and objectives of the stakeholders. Consequently donors face considerable challenges when trying to encourage transformation in the behaviour of MOs, and need to apply the tools of influence both adeptly and adaptively if the desired results are to be achieved.

3 PROMOTING CHANGE IN UN AND COMMONWEALTH ORGANISATIONS: LEARNING FROM THE EVIDENCE

The literature review found that the most extensive coverage of change in UN and Commonwealth organisations has been given to reforms of the overall UN system (including its governing bodies); much less attention has been paid to transforming individual entities within the system. Consequently the study relied principally on relating external documents (which tend to focus on the need for

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[10] A key information source for the section on donor tools is Grimm, S. and Warrener, D. (2005) Relationships of Other Donor Organisations with Multilaterals. Overseas Development Institute: London.
[11] Particular reference has been made to Saner, R. and Lichia Yiu (2004) "Organisational Culture of UN Agencies: The Need for Diplomats to Manage Porous Boundary Phenomena" In Slavik, H. (ed) Intercultural Communication and Diplomacy.

change) to internal reports, which describe what has been done and, to a lesser extent, the results achieved. In this way, and by collating relevant fragments of evidence in the context of the generally accepted principles of effective change management, it was possible to elicit relevant lessons and insights that DFID should be able to put to practical use. The critical evidence underlying the conclusions that have been drawn is summarised below.

3.1 The Capacity for Change in UN and Commonwealth Organisations

3.1.1 Organisations Making Change Happen

The literature demonstrates that some individual organisations have achieved significant change, and that cases for change are often to a significant extent driven by the organisations themselves. UNICEF provides a clear example. While overall UN reforms and changes to the development and humanitarian agendas undoubtedly played a role in UNICEF's evolution, it is arguable that the most significant reforms within the organisation have been internally driven; as, for example, in response to the Organisational Review carried out in 2006-07[12], which recommended a range of measures considered necessary to enhance UNICEF's efficiency and effectiveness. As a result, the organisation's management identified multiple initiatives for improvement, these being bought together in an overall change plan.

In its over fifty year history, UNICEF has had only six Executive Directors, this stability of leadership seeming to have contributed to the consistently clear vision of the organisation. In contrast, changes in leadership at WHO since the mid-1990s appear to be associated with new efforts to shake up the organisation and improve efficiency and effectiveness. A key example is the appointment of Gro Harlem Brundtland in 1998[13]. As a previous Prime Minister of Norway, Brundtland was well placed to understand the politics of management, and demonstrated strong leadership and direction from the outset. Before she was appointed, she commissioned a transition team to assess WHO's activities and structures, which enabled her on accession to act immediately to remove the existing Secretariat and make her own cabinet appointments. This swift action to restructure the secretariat took the organisation by surprise, but set a precedent for Brundtland's mandate to change the WHO.

Common to successful efforts to transform has been effective planning. Notably, GFATM implemented wide ranging change measures to address, in particular, deficiencies in fiduciary controls, but also more general weaknesses in governance and strategic management. To initiate the process the Fund's Board established a Comprehensive Reform Working Group (CRWG), which was charged with: *"developing and defining a comprehensive reform agenda of specific action steps that will maximize the cost-effectiveness and impact of the Global Fund investments"*.[14] Significantly, the Fund recognised that the challenges it faced were not susceptible to one or two general changes and that, as with other maturing organisations, the real need was successful implementation of a broad package of targeted solutions to discrete problems that, taken together, held out the prospect of substantial overall improvements in organisational performance that could be carefully rolled out over time.[15] As part of the CRWG's mandate, the group brought together the complete range of reform actions and integrated these into one broad framework, the Plan for Comprehensive Reform (PCR), which outlined reform areas, expected benefits from action in each area, deliverables, and responsible actors. The PCR thus enabled the Fund to see and communicate the totality of the ongoing reform initiatives, also creating accountability for the Global Fund by providing clarity on deliverables and milestones to help the Board track progress.

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[12] "UNICEF, Organizational Review, Synthesis Report, Findings and Summary Recommendations", GivingWorks. http://www.unicef.org/about/execboard/files/Organizational_ Review_Synthesis_Report_070525.pdf.
[13] Andresen, S. (2009) Leadership Change in the World Health Organization: Potential for Increased Effectiveness. Fridtjof Nansen Institute.
[14] Report of the Comprehensive Reform Working Group. The Global Fund to Fight AIDS, Tuberculosis and Malaria. GF/B23/13 Board Decision, 11-12 May 2011.
[15] Consolidated Transformation Plan. GFATM, Twenty-Fifth Board Meeting, Accra, Ghana, 21-22 November 2011, GF/B25/4 Board Decision.

3.1.2 Organisations Lacking the Will or Capacity to Change

As might be expected, not all MOs demonstrate equally the capacity to change. For example, the Commonwealth Secretariat has been found to have significant shortcomings, an Australian review conducted in 2012[16] highlighting in particular the lack of performance data and poor monitoring and evaluation, which hamper the ability to identify gaps and strategise accordingly. Similarly, the MAR identified the performance management of the Secretariat as weak, with inadequate follow-through on work to improve management systems. The specific example of the Secretariat's Gender Plan of Action, initiated in 1995 to promote gender mainstreaming in programmes and internally, serves as an example of how change can be mandated at the highest policy levels but fail to translate into effective action due to a lack of political push, resources, good data, and cross-sectional working.

This lack of progress at the Secretariat also demonstrates the importance of ensuring the capacity to change is institutionalised in all MOs. For example, and while the WHO has had some success in implementing reforms, there is evidence that these relied excessively on the presence of Brundtland and were not properly institutionalised.[17] Some observers stated that the kind of change that had been pursued simply asserted Brundtland's control over the organisation but did not offer significant reform to the workings of the WHO. Differences of values within the leadership continued to cause fragmentation, these being exacerbated by strained financial resources[18].

Institutional barriers to change are also evident at UNEP, its perceived ineffectiveness having given rise to extensive discussions over the last 20 years about whether a new entity (the World Environment Organisation) should be formed. To-date no discernible progress has been made. Member States (MS) have taken ferocious positions on either side of the debate with strong actors like the USA remaining consistent and unmoving. This indicates that, irrespective of the qualities of an organisation, in order for large-scale reform to occur, Member States' support is essential. In the absence of this, even a strong UNEP may have been unable to engineer a successful transformation.

The dominance of MS also appears to have been a determining factor at the Commonwealth Secretariat. Despite external such as DFID's MAR and the similar exercise conducted by AusAID, no evidence has been found of large scale organisation-wide reform programmes during the last decade, or indeed to suggest that the Secretariat is particularly influenced by such external initiatives. The Secretariat's formal response to the MAR[19] notes strongly that it is a demand-driven organisation responsible to the needs of its Member States, and as such is not necessarily directly responsive to any bilateral donor's direction. Again the message is that change is unlikely where the views of donors are in discord with those of Member States. To reinforce this observation, and while little progress has been made in reforming UNEP, by comparison UN Women was formed after five years of discussion. The primary difference seems to be that, while MS have been unable to agree how to reform UNEP, there was a general consensus on the need to form UN Women[20]. Debates over change took the form of how it should be structured, governed and funded, but Member States were largely agreed on the need for a new effective body on gender equality[21].

3.1.3 Understanding why Change does or does not Happen

It is extremely difficult to discern the relative importance of internal and external influences on MOs. Effective MOs seek to proactively influence as well as to heed external stakeholders. Understandably, in an effort to "own" a change programme, any internal documents would present initiatives as something driven by management and staff, even if external influences were predominant.

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[16] Australian Multilateral Assessment March (2012) Commonwealth Secretariat Development Programmes (COMSEC). AusAID.

[17] JIU (2012) Review of Management, Administration and Decentralization in the World Health Organization (WHO) Part I. UN Joint Inspection Unit: Geneva.

[18] Ibid.

[19] Commonwealth Secretariat (2011) DFID Multilateral Aid Review Commonwealth Secretariat Response. Commonwealth Secretariat: London.

[20] Jagel K. (2012) The Creation of a Composite Gender Entity: System-wide Coherence reform 2008 to present. Center for UN Reform.

[21] Baruch M.C. (2012) Engendering the UN Architecture: Feminist Advocacy in the Establishment of UN Women. MSc Thesis, Rutgers University.

This difficulty is illustrated by changes that have occurred at GFATM. Its transformation plan was strongly promoted by the findings of a High-Level Panel (HLP) on Fiduciary Controls[22]. This seems to be an example of external influence leading to an organisation developing a robust programme for change[23]. On the other hand, the HLP was established at the request of GFATM's Board to review the Fund's policies and systems as a result of the internal audit unit, the Office of the Inspector General (OIG), reporting that financial irregularities had been detected in the Global Fund's programmes in three countries. This compares to the Board's response to a 2008 independent (external) evaluation, which was to formally accept it without taking action. This suggests that the internal evaluation was taken more seriously by the Board than was the previous external one (notwithstanding the possibility that the external recommendations became harder to ignore given the findings of the OIG).

Developments at OCHA also illustrate the difficulty of separating and attributing external and internal influences. By the mid-2000s, Secretary-General Annan's HLP on System-Wide Coherence began a new reform process in the UN that emphasised more coordination in humanitarian responses, calling among other things for greater attention to RBM. This was further increased in 2007 by UN GA resolution[24], which called for a review of RBM practices at OCHA, the ensuing review by the Office of Internal Oversight Services[25] highlighting that inadequacy of RBM practices resulted in strategy decisions and operational planning not being sufficiently based on evidence. Given OCHA's role in coordination, clearly coherence and harmonisation reforms would significantly impact the organisation, and available evidence shows that OCHA has since made major attempts to improve its performance[26], this tending to suggest that the overall drive toward UN reform has been a significant influence on OCHA. At the same time, in common with many organisations within the UN System, OCHA has been in a perpetual state of change, and recent reforms seem to point to a proactive management, intent on continuous improvement[27]. Significantly, there are a number of factors that may contribute to this willingness to reform, including: a proactive and equity oriented donor base that contributes substantively to OCHA's strategic agenda and in turn provides financial support for the agenda; and, through the Inter-Agency Standing Committee, a strong stakeholder base of international NGOs and other multilaterals focused on improving humanitarian response.

The OCHA case perhaps indicates that it is the interplay of internal and external influences – rather than their relative importance – that is most critical. Typically the relationship between MOs and their external stakeholders is blurred. The latter group tends to be distinctly heterogeneous, often comprising a combination of Member States, donors and other interested parties, in particular international NGOs. Differences in their vested interests will likely impact on their ability to influence MOs, as well as on the MOs ability to effectively react. This perhaps highlights the vital role that bilateral donors and other advocates such as NGOs can play in building an all-important consensus to implement change. Indeed, creating the will for change among Member States may be the most effective lever of influence available to donors.

This is not to overestimate the power of this approach. As Browne and Weiss (2012)[28] observe, *"although national parliaments work on the basis of majorities.…UN proceedings work on consensus, effectively giving a veto to even the smallest states and driving the process to the lowest common denominator. As a result, on an issue as vital as climate change, member states do not feel under any*

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[22] GFATM (2011) Turning the Page from Emergency to Sustainability: The Final Report of the High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

[23] See "Consolidated Transformation Plan". GFATM (2011).

[24] GA Resolution A/RES/61/245. 7 March 2007.

[25] OIOS (2007) Inspection on Results-based management (RBM) practices at the United Nations Office for the Coordination of Humanitarian Affairs (OCHA). OIOS.

[26] UN Office for the Coordination of Humanitarian Affairs (2011) "Biennial Report of the OCHA Evaluation and Guidance Section 2009-10". Evaluation and Guidance Section, OCHA.

[27] Foran, S., Aisling Swaine, Kate Burns (2012) Improving the effectiveness of humanitarian action: progress in implementing the Inter-Agency Standing Committee (IASC) Gender Marker. Gender & Development Vol. 20, Iss. 2.

[28] Browne, S. and Thomas Weiss. (2012) Making Change Happen: Enhancing the UN's Contribution to Development. Ralph Bunche Institute for International Studies.

duress if they find themselves in a minority." Mark Malloch Brown, who pushed hard for reform both at UNDP and the UN Secretariat, echoed this point when reflecting that *"reform led by managers alone is a tall order. Governments need to be on board, and powerful ones need to lead".*[29] Under these circumstances, it becomes extremely difficult to create a momentum for change.

In fact some evidence suggests that the creation of a momentum for change may not be entirely within the control of an MO's stakeholders. Olivier Nay[30] has written three papers on reform of UNAID that, while identifying a combination of change drivers, highlight three "external factors" - structural change in global AIDS governance, the recognition of the epidemic as a major challenge for development, and UN system-wide reform – that had the greatest influence. Tellingly, the global commitment to fighting AIDS increased enormously through the 1990s. By 2005, it was shaped by a diverse field of different voices and a plurality of goals and frameworks. Perhaps more than anything this put pressure on UNAIDS to reform to represent the UN with one voice and a clear strategy. The MDGs and other international commitments also created a drive for change and highlighted the extent of the epidemic, and the degree to which UNAIDS was not addressing it. The system-wide coherence agenda also threw a spotlight on UNAIDS' performance and showed the need for reform. An independent evaluation of UNAIDS, Member States' complaints about effectiveness, and the addition of four new agencies added to this. It appears that this combination of external drivers contrived to create the most compelling case for change, Nay concluding that UN agencies are unlikely to enter into processes of reform without strong incentives from their environment.

3.2   Evidence of How Donors can Best Influence Change

The evidence makes it clear that donors face considerable limitations when trying to influence MOs. To a large extent, and while the body of literature that considers how donors and other external stakeholders are influencing the work of MOs is substantial, the focus of much of this has been on the nature and impact of different forms of funding on MOs generally, and UN entities in particular. A common theme of much of this material is concern over how trends away from assessed to voluntary, and from core to non-core, funding is effecting the strategic performance of UN entities.

Today the UN Development System (UNDS) receives the majority of its financial support from voluntary contributions. In the view of some *"The turn to voluntary funding produces perverse incentives for UN programs and agencies which encourage incoherence and poor coordination within the UN System."*[31] The risk is that, if funding incentives cause MOs to pursue inconsistent objectives or duplicate effort, both their efficiency and their cost effectiveness are likely to be compromised.

The experience of UNDP in environmental affairs is illustrative. *"Despite limited expertise, UNDP has been the most frequent implementing agency for projects in the area of climate change adaptation. The result is unsurprising; recipient state reports often indicate UNDP staff lack the knowledge on climate change issues that is necessary to guide project identification and design. In an evaluation of its own work, UNDP determined that its drive to pursue resources lead to unproductive competition with UNEP and deterred coordination with other agencies (UNDP 2008, viii, 15, 74)."*[32] In instances such as this, increased competition can reduce cooperation, the problem of insufficient coordination – today generally considered to be among the chief causes of inefficiency in the UN System – in effect being encouraged by multiple masters supplying voluntary funds.

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[29] Malloch Brown, M. (2007) "Holmes Lecture: Can the U.N. be Reformed?" to the annual meeting of ACUNS (Academic Council on the U.N. System) on 7 June 2007.
[30] Nay, O. (2009). "Administrative Reform in International Organizations: The Case of the Joint United Nations Programme on HIV/AIDS." Questions de recherche/Research in Question 30: 1–37; (2011), What Drives Reforms in International Organizations? External Pressure and Bureaucratic Entrepreneurs in the UN Response to AIDS. Governance, 24: 689–712; (2012) How do policy ideas spread among international administrations? Policy entrepreneurs and bureaucratic influence in the UN response to AIDS. Jnl Publ. Pol., 32, 1, 53–76.
[31] Graham E.G. (2012) Money, Power, and the United Nations: Examining the Causes and Consequences of Voluntary Funding. Paper prepared for presentation at the International Relations Faculty Colloquium, Princeton University, March 26th, 2012.
[32] Ibid.

It must be noted that the issue is not simply one of assessed versus voluntary funding, but also one of core versus non-core (or "earmarked") funding, the literature generally favouring core funding *"as the best route for furthering multilateral effectiveness. While over-reliance on earmarked funding adds to the proliferation of aid activities, core funding supports flexibility"[33]* as well as MO capacity to respond to the needs of recipient countries. In the view of Dinham (2012) it strengthens a donor's voice in regard to improving effectiveness, quality and efficiency, at the global and country-level. *"There is no question that Australia's large core contributions to the Asian Development Bank (ADB) have secured it significant influence at the Bank's Board in pressing for greater organisational effectiveness and attention to development results. Similarly, where Australia's core contributions to UN organisations have been such as to ensure it a place amongst the top ten largest donors, its voice in debates on policy and reform has undoubtedly been enhanced."[34]*

Unfortunately, *"To a far greater extent than in the case of other multilateral organisations, donors earmark their contributions ("multibi aid") to the UN. In 2008, roughly 70% of contributions were earmarked. In many instances, donors use the UN as contractor for implementing their own priorities. These practices not only undermine the multilateral priority setting and decision-making that serves as a foundation for the UN's biggest asset – its neutrality – but also fuel the UN system's fragmentation and lack of focus."[35]* Thus, while non-core funding has become the predominant tool that donors use to wield influence over MOs, it is questionable whether this is achieving the desired results.

When assessing this there are also important distinctions to be made between types of non-core funding, as some such mechanisms are both predictable and appropriate, and have the potential to provide an efficient and targeted response to aid challenges. For example, coordinated donor funding channelled through the World Bank-managed Climate Investment Funds or the UN Multi-Partner Trust Fund Office can be efficient and strategic. The implication of the available evidence is that donors should continue to utilise Trust Funds as channels for non-core funding to encourage coordination reform and focus on priority issues, with more effort still being required to increase predictability of such funds while also lowering their transaction and reporting costs.

Currently there is limited available evidence clearly articulating the link between funding modality and organisational performance and/or ability to change. From a UN perspective DESA reports that, in its surveys of programme country governments and Resident Coordinators and UN country team members, respondents felt that the *"increasing percentage of non-core resources makes it more difficult for the United Nations development system and individual entities to pursue their strategic objectives due to differences in how the non-core resources are allocated – by the contributor as opposed to by the governing bodies."[36]* UNDP, in its 2000 study of non-core resources, reached a similar conclusion in stating that the *"increased importance of earmarking affects its ability to pursue a flexible programming approach and to fully address priorities."[37]*

The evidence does not, however, necessarily indicate that voluntary funding is in itself the cause of sub-optimal organisational performance or results. For example, while only five percent of OCHA's total operational budget comes from assessed contributions[38], its un-earmarked funding has increased from 44% to 55%, providing the organisation with significantly more flexibility in the allocation of its resources. The OCHA experience, particularly when contrasted to that of WHO, indicates that it is the combination of governance involvement plus the approach to voluntary funding that is the critical determinant of donor impact on MO behaviour. One of the most significant influencers on OCHA has been the Good Humanitarian Donorship (GHD) Initiative, which emerged

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[33] Dinham, M. (2011) Study of AusAID's Approach to Assessing Multilateral Effectiveness.
[34] Ibid.
[35] Weinlich, S. (2011). Reform of the UN Development System: New Multilateralist Reform Coalition Needed. Bonn: Deutsches Institut für Entwicklungspolitik / German Development Institute; Graham (2012) also commented that "Core resources were largely stagnant between 1994 and 2009, decreasing by 2 percent. In contrast non-core resources grew by 208 percent (ECOSOC 2011)".
[36] Report of the Secretary General. Analysis of funding of operational activities for development of the United Nations system for the year 2010.
[37] Norad (2010) Activity-Based Financial Flows in UN System: A Study of Select UN Organisations. Norad.
[38] OCHA in 2012 & 2013 - Plan and Budget. UN Office for the Coordination of Humanitarian Affairs. 2012.

out of a meeting of 17 donors in June 2003, the participants agreeing to a set of Principles and Good Practice of Good Humanitarian Donorship. *"These were drawn up to enhance the coherence and effectiveness of donor action, as well as their accountability to beneficiaries, implementing organisations and domestic constituencies, with regard to the funding, co-ordination, follow-up and evaluation of such actions."*[39] In parallel OCHA has also made significant strides in implementing systems for managing and reporting on its use of funds. This appears to have helped secure higher and more predictable funding levels for the organisation, as well as more flexibility in spending.

The evidence therefore suggests that coordinated involvement by donors may well offer the best returns on investment, while working bilaterally can have its limitations. For example, some commentators feel that, notwithstanding the poor performance of the Commonwealth Secretariat, a threat by DFID to withdraw funding might not be an effective way of stimulating desired change. Cooper[40] (2011) claims that, if the UK government withdrew funding, other governments would likely follow suit, essentially dissolving the Commonwealth Fund for Technical Co-operation (the development arm). This would likely be considered counterproductive, as the Secretariat is widely regarded as an important and useful partner. The implication is therefore that the withdrawal of funding may not be an effective way of encouraging an organisation to change, and should only be considered when a donor is committed to ending its involvement for the foreseeable future. Notably, AusAID, which similarly concluded that the Secretariat was underperforming in many key areas[41], identified ways to try to positively influence change, building on areas in which AusAID's and the Secretariat's interests align. This positive approach to driving change may be more effective than threatening to withdraw funds unless reforms are made.

In fact there is some evidence to suggest that funding and non-funding instruments should be used in combination, potentially in the form of Performance Frameworks (PFs) that set out the conditions for predictable multi-year (ideally core) funding as well as other forms of support to help achieve the results defined by the framework. However, this approach is dependent on effective ways of assessing organisational performance, and available evidence suggests that the current methods applied are not entirely fit for purpose. For example, De Koster and Holvoet (2011) used case studies of three bilateral agencies – Belgium, the United Kingdom and the Netherlands – to describe and analyse how they are measuring and using information on MOs' effectiveness. The research observed that, although the bilateral assessments shed light on some dimensions of UN agencies' organisational effectiveness, *"none of them really proves satisfactory. While they are all fragmentary, there are at the same time overlaps among assessment initiatives, which generate unnecessary transaction costs. Moreover, each of the individual assessment initiatives has limited leverage in terms of holding UN agencies accountable and pushing them towards increased effectiveness. The fact that most of these initiatives have only been conducted once also illustrates the uncertainty that bilateral donors have regarding their own information needs (Kabell and Balogun, 2004). In addition, while bilateral donors generally acknowledge the importance of relying on and strengthening UN agencies' own M&E systems, most of their initiatives have not used or reinforced them (ODI, 2005; CIDA, 2006a). On the contrary, they have so far mainly assessed UN agencies' effectiveness from the outside, often using non-transparent approaches (OECD/DAC, 2009a)."*

Shortcomings in assessment methodologies may go some way to explaining the lack of available evidence on the use of non-financial tools by donors. The reality might be that inadequate information is discouraging donors from systematically engaging with MOs in such ways, instead relying on funding to wield the necessary influence. If this is the case then this absence of evidence might well be a significant finding. It seems clear that OCHA benefited from the application of "The Principles and Practice of Good Humanitarian Donorship", the strength of which lie in the enhanced cohesion and accountability they promote between donors, beneficiaries, implementing organisations and domestic constituencies, holistically with regard to the funding, co-ordination, follow-up and evaluation of collaborative efforts. Evidence of the strength of the initiative is both the increase in membership of

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[39] Good Humanitarian Donorship Initiative (GHD). Website. http://www.goodhumanitariandonorship.org/gns/home.aspx.
[40] Cooper, D. (2011) The Commonwealth in Denial. Commonwealth Advisory Bureau. London.
[41] Australian Multilateral Assessment March (2012)

the GHD from 17 to 40 members (demonstrating commitment to the principles on the part of the donors) as well as significantly increased funding levels. Having reliable and relevant information on organisational effectiveness and performance would likely greatly assist the application of such principles in other UN and Commonwealth organisations.

4   CONCLUSIONS AND RECOMMENDATIONS

Overall the evidence points to the need to relate influence on individual organisations to more general efforts to promote reform of the UN system overall. If this link is not explicitly made the danger is that individual MOs will be encouraged to behave in ways that conflict with the overall drive towards coherence, which itself is considered critical to enhanced efficiency and effectiveness of the UN. Furthermore, evidence suggests that problems within the system will likely obstruct efforts to improve the performance of individual organisations. The implication is that the more support the donors are able to provide to harmonisation, coherence and coordination, the more work can be done toward changing individual organisations in alignment with systemic reforms.

At a more detailed level, the fragmented nature of available evidence makes it difficult to draw unequivocal conclusions. However, it is possible to create a preliminary framework of influence that might inform the future efforts of UNCD, based on three distinct stages in the cycle of donor engagement with MOs. These stages, and their relationship to the eight factors of effective change management that emerged from the literature review, are summarised in Figure 2.

Figure 2: Relating the Principles of Change Management to Donor Engagement with MOs

Stage 1: Help build a shared vision of the future state	Factor 1	Ensure the need
	Factor 5	Build external support
	Factor 4	Ensure top-management support and commitment
Stage 2: Support the MO to establish a framework for effective change	Factor 2	Provide a plan
	Factor 6	Provide resources
Stage 3: Help reinforce the change effort	Factor 3	Build internal support and overcome resistance
	Factor 8	Pursue comprehensive change
	Factor 7	Institutionalise change

The major opportunity for external stakeholders exists in stage 1 and, to a slightly lesser extent, in stage 2. As emphasised by PA theory, the MO benefits from greater access to information in particular during stage 3 and, as the evidence reveals, existing methodologies for assessing MO performance do not yet adequately address this bias. Reflecting on this overarching observation, specific issues relating to each stage are highlighted below.

4.1   Stage 1: Focus on Creating a Compelling and Shared Case for Change

It appears that the most successful organisational transformations[42] can be associated with some overwhelming external influence, be this a major conflict or humanitarian disaster, or the compelling emergence of a cross-cutting theme such as gender or climate change, or the mobilisation of broad-ranging stakeholder opinion around such events. These are equivalent to the "burning bridges" that stimulate transformation within businesses; there are many that believe true change is dependent on such a stimulus. When considering the UN as a whole, this is a view that seems to be shared by Mark Malloch Brown, who has reflected that *"if 1945 created a moment of malleability and vision because of war, there sadly may need to be some similar spur – environmental catastrophe, terrorist attack, global recession, a major breakdown of peace. One wishes for none of them, but it may be that we only see the necessary galvanization of reform when such a crisis is viewed as having been brought about in some major part by the absence of the international means to manage it."[43]*

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[42] Transformational events can be considered to be those that cause people to rethink their assumptions about how things work. Thomas Kuhn, in "The Structure of Scientific Revolutions" (1996), referred to them as paradigm shifts, where the old framework governing a world outlook is supplanted by a new one.
[43] Malloch Brown, M. (2007) "Holmes Lecture: Can the U.N. be Reformed?" to the annual meeting of ACUNS

The importance of burning bridges is evident in changes that have occurred at OCHA, or in the formation of UN Women and UNAIDS. The implication is that no single donor (or other stakeholder for that matter) is likely to be able to cause substantial change within an MO, unless it is pursuing aims consistent with these more transformative influences. The message of the study is that donors should work as "good partners" - to each other as well as to the MOs - in influencing change within UN and Commonwealth organisations. The evidence also highlights the advantages of collaborating where possible with the wider stakeholder group (including NGOs, representatives of civil society, etc.). This seems in one way or another to have enhanced the impact of external stakeholder influence at WFP, OCHA, UNICEF and GFATM. This finding would seem to be consistent with UNCD's existing theory of change, which *"recognises that the UK is just one member of UN and Commonwealth Boards. Any change therefore requires substantial engagement with, and influencing of, Board members, wider stakeholders and the agencies themselves. Through this approach we will secure support for UK reform priorities which will lead to improved performance by the MOs."[44]*

UNCD's existing theory of change also indicates clear appreciation of the importance of differences of opinion among external stakeholders. This is important because, to the degree that adequate evidence is available, this emerges as being a critical factor during all three stages of engagement, but in particular during stage 1. As with all change processes, success will be dependent on alignment amongst and consistent messaging from the stakeholders. This does not necessarily imply complete consensus, as differences of opinion often exist at some level of detail. More important is common acceptance of strategic goals and a roadmap to their achievement, and the ultimate purpose of change.

Within this broad framework – possibly akin to the kind of PFs with which DFID is already familiar – focus during Stage 1 of the engagement should be on how to make the partnership work. In particular, it has to be recognised that, as the evidence shows, change in UN organisations must have Member State buy-in before it can be effected. The optimum approach may often be to work with partners to improve both the theory of the relevant governance arrangements and the practice of the way in which they are applied, ensuring there is in place an appropriate relationship between financial donors and strategic decision making.

In Stage 1, attention to issues of governance must also include the issue of MO leadership. The available evidence demonstrates how critical committed leaders are to the conception and execution of change processes. While the right leadership will be only one of the necessary ingredients for success, little is likely to be achieved in its absence. The implication is that donors should only be looking to back organisations where such leadership is in place.

4.2   Stage 2: Ensure Planning and Funding Promote Strategic Change

Where the conditions of Stage 1 have been satisfied, the critical role of donors emerges as being ensuring that an effective and adequately resourced plan is in place. Evidence from MOs such as the WHO show that it is essential that practical measures are taken to institutionalise change, otherwise any progress may be short-lived. Clearly it is the responsibility of the MO to develop the plan, and ultimately it will retain the strongest influence over the way it is implemented (in Stage 3). However, almost certainly, successful implementation will have funding implications – either because additional resources are required, or because changes in the allocation of existing funds are necessary. Either way, it is at this point that donors would appear to have the most leverage on the way in which change is to be executed, and to ensure programmes exhibit the eight factors highlighted previously.

To this end donors should work with MOs to ensure they develop change frameworks that include meaningful targets and performance frameworks, so that progress against these can be assessed over time. Importantly, these should be publicised (thus heightening the sense of shared commitment) and be part of informal and formal consultations between MOs, their executive boards and partners. Unless these frameworks are featured prominently with regular performance updates, there is no accountability and thus limited capacity for all partners to truly contribute to the change. This is of

(Academic Council on the U.N. System) on 7 June 2007.
[44] DFID (2012) Operational Plan 2011-2015 DFID United Nations and Commonwealth Department (UNCD).

course part of the larger RBM issue, and should be related to moves to improve transparency and performance measurement.

The evidence also highlights that choice of funding mechanism is less about assessed versus voluntary or core versus non-core funding. Rather, the aim should be to ensure that funding is provided in a way that is consistent with the expectations being placed on the organisation. In order to optimise constructive donor influence this should entail some degree of predictability and flexibility. In particular, the use of negotiated multi-year funding frameworks appears to be absolutely critical to planning processes, their absence undermining the effective use of RBM frameworks. Regardless of chosen modality, the guiding principle should be that funding enables the MO to direct resources in ways that facilitate successful achievement of strategic change. As such programmes require adaptation, and success will inevitably be jeopardised by funding that is overly restrictive, or subject to excessive uncertainty.

4.3   Stage 3: Establish Robust Assessment Methodologies

From the point of view of donors, flexibility demands accurate and reliable management information from the MO. The availability of more effective assessment methodologies is therefore crucial to effective engagement during stage 3, and indeed to creating a link back to the strategic direction required under stage 1. DFID already has significant experience in this kind of approach, using PF agreements with UN bodies, including in collaboration with other donors. As observed by Dinham (2011), *"These agreements have generally incorporated baseline core funding commitments, but have also linked additional 'bonus' core payments to the MO's performance against specific annual performance indicators....A recent review commissioned by DFID of these arrangements revealed some interesting pros and cons. On the positive side, the performance frameworks were seen to have helped improve and sharpen the policy dialogue between DFID and PF agencies on issues such as results and value for money. The agencies had taken seriously the push to improve performance, mindful of the risks to their reputation as well as their revenue if bonus funds were not approved."*

The evidence points to the need to persist with MO assessments and comparative evaluations, while looking at more effective ways to perform these. It also suggests that much better outcomes will be achieved if these efforts are led by groups of donors rather than on a bilateral basis. One option that might merit concerted effort is further strengthening of the Multilateral Organisation Performance Assessment Network (MOPAN). Established in 2002 and today made up of 17 donor countries[45], each year MOPAN carries out assessments of several MOs based on criteria agreed by MOPAN members, to provide a snapshot of four dimensions of organisational effectiveness (strategic management, operational management, relationship management, and knowledge management). While the approach may not yet be fit for purpose, efforts to optimise this might be more fruitful than the development of such approaches. Working on MOPAN again emphasises partnership and cohesion.

4.4   Conceiving a Framework of Donor Influence

Based on this assessment of the evidence, a preliminary framework of donor influence on MO change can be conceived, highlighting the critical levers that are available at the various stages of engagement, aligned to the theory of change that has emerged from this study. This framework is outlined in Figure 3. Given the gaps in the evidence that is currently available, this represents a reasonably robust proposition, rather than a finished piece of work. Among other things, the framework should help focus the attention of any follow-on research that is considered necessary.

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[45] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, The Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Figure 3: Creating a Framework of Donor Influence

Stage	Ensure coherence in the views and methods of influence of donors and other external stakeholders	Activity	Method of influence	Description
Stage 1: Help build a shared vision of the future state		Ensure the need	Promote good governance and committed leaders	Work with the organisation to create a vision that will inspire necessary development results
		Build external support		Support the creation of shared goals and objectives among external stakeholders
		Ensure top-management support and commitment		Get behind chiefs with the commitment and capacity to drive through necessary change
Stage 2: Support the organisation in establishing a framework for effective change		Provide a plan	Provide funding in a way that enables change	Ensure that a well specified, practical plan is in place, combined with the capacity to manage it
		Provide resources		Ensure that the organisation is able to direct necessary resources to change efforts
Stage 3: Help reinforce the change effort		Build internal support and overcome resistance	Develop and employ a single method for measuring change	Ensure the plan encourages inclusive participation & measures levels of engagement
		Pursue comprehensive change		Ensure the plan promotes integrated change across the relevant parts of the organisation
		Institutionalise change		Seek evidence of necessary change in structures, processes and behaviours