

Commonwealth Secretariat Response

to the DFID Multilateral Aid Review Update

Summary

The Commonwealth Secretariat recognises that the United Kingdom contribution to the Commonwealth Fund for Technical Cooperation accounts for around 0.07% of the total budget of the Department for International Development (DFID), and that the amount of this contribution is to decline in 2013/14. The Secretariat remains deeply appreciative of this financial contribution but is also concerned that this reduced contribution is likely to have a serious impact on the delivery of the Secretariat's new Strategic Plan.

The Multilateral Aid Review (MAR) and MAR Update give insufficient weight to the fact that the Secretariat's work is fundamentally oriented towards advancing both democracy and development, which from a Commonwealth perspective are inter-related, mutually supporting and most effectively advanced together rather than in isolation. The Secretariat in particular works to set and improve the political context in which development can occur.

The Commonwealth Secretariat considers that the MAR "Baseline" includes some review criteria which are inherently problematic for the Secretariat, and that the MAR Update is similarly limited as an effective evaluation of the totality of the Secretariat's goals and work across its three core Funds.

In particular, the Commonwealth Fund for Technical Cooperation is a voluntary and mutual development fund that derives and delivers its mandates based on the agreed collective priorities of all Commonwealth member governments. Therefore, the MAR criteria, grouped under components that are specific to the UK's development objectives, will provide a UK perspective but cannot provide a robust basis for assessing the Secretariat's multilaterally agreed objectives, priorities and targeted partner beneficiaries.

The MAR update observes that there is little evidence of increased impact at the country level. While the Commonwealth Secretariat is not a development agency, neither the MAR nor the MAR Update take into account that the Secretariat's role often entails discreet and small-scale contributions that most actors in the donor community are unable to scale down and 'right size' in order to be effective at the country level, especially with respect to small states which comprise 32 of the 54 member states.

The MAR Update acknowledges progress achieved in the Secretariat's internal governance. However, the Update could more accurately reflect that these recent achievements initiated by the Secretary-General – including the introduction of

international accounting standards, the creation of a strengthened corporate governance staff team, and the achievement of a suite of new policies governing corporate services – now reflect best possible policy against which best possible practice is being applied and evaluated by the organisation itself. The Secretariat nonetheless recognises and remains committed to further and continual advance in its corporate governance, including stronger and more consistent adherence to its new policies.

The Commonwealth Secretariat continues to welcome close examination and regular review of its development programmes by all member governments.

MAR Update Reform Components: Commonwealth Secretariat comment

Critical role in meeting development objectives

The MAR recognised that the Commonwealth Secretariat "...has a unique role in the international system that allows it to influence across and beyond its membership." Yet the MAR Update review criteria – like the earlier MAR – do not take account of this uniqueness in the Secretariat's contribution to global development.

Instead, the MAR Update takes as its measurement whether or not the Secretariat "...is critical in the delivery of the MDGs and poverty reduction; and whether it fills a critical gap in the international development architecture." Given the size of its budget, the nature of the political as well as development work mandated by Commonwealth member governments, and its particular modes of delivering assistance, this conclusion is unsurprising but questionably appropriate as a measurement of the Secretariat's impact and effectiveness.

Many Secretariat programmes focus on improving governance and thus help to create the political enabling environment in which broader development can occur. Long-standing Commonwealth support to strengthen the 'political-administrative interface', for instance, facilitates good governance and sustainable development. While this may not fit within narrowly-defined UK development objectives, ensuring the political context is in place for development to happen is an essential requirement for making development possible.

The Secretariat's advocacy on global development also has tangible impacts. The MAR Update asserts that these are modest contributions, which they indeed are in terms of the financial cost but which are also significant in terms of impact. For instance:

- The continuing relevance and quality of the Commonwealth Secretariat's contributions to the G20 on behalf of developing states were recognised when the current Chair of the G20 invited the Secretariat to participate in the latest meeting of the G20's Working Group on Development to offer policy proposals addressing the indebtedness of small states.
- The Commonwealth Secretariat promoted inter-governmental discussion on the global development agenda following the Millennium Development Goals timeframe, with resulting outcomes and

Commonwealth recommendations being actively discussed and reflected in the report of the UN High-Level Panel of Eminent Persons on the Post-2015 Development Agenda.

Criticism is levelled at the Secretariat's new Strategic Plan. The MAR Update acknowledges that the Secretariat's own proposals for the Plan would have entailed a smaller area of focus. The fact is not well recognised that the Plan – which has now been adopted – reflects the will and direction of all member governments collectively, including that of the UK Government, rather than those of the Secretariat alone or of any single member government alone.

The Secretariat is a political institution that is demand-driven in responding to development needs, rather than supply-driven by its own particular priorities and objectives or those of any single member or contributor. This sets and improves the political context in which effective, efficient, equitable and measureable development can occur.

The outcome of the adoption of the Strategic Plan goes to the heart of the challenge posed by the MAR and MAR Update. The Commonwealth Fund for Technical Cooperation is a mutual development fund that derives and delivers its mandates based on the agreed collective priorities of all Commonwealth member governments. Therefore, the MAR criteria, grouped under components that are specific to the UK's development objectives, cannot provide a robust basis for assessing scope for improvement in terms of the Secretariat's multilaterally agreed objectives.

Contribution to results

The MAR update observes that there is little evidence of increased impact at the country level. While the Commonwealth Secretariat is not a development agency, neither the MAR nor the MAR Update take into account that the Secretariat's role often entails discreet and small-scale contributions that most actors in the donor community are unable to scale down and 'right size' in order to be effective at the country level, especially with respect to small states which comprise 32 of the 54 member states.

It is also noteworthy that the Commonwealth Secretariat's scale of budgets is inadequate to undertake a significant number of country level interventions. Therefore most 'fieldwork' is delivered at a regional or pan-Commonwealth level, or through networks and partners.

The Secretariat often works as a catalyst and a facilitator in strengthening institutional capacity, promoting policy reforms and providing advisory services, in response to specific and often modest requests from member governments to meet their requirements. For instance:

- The Secretariat has assisted a member country successfully to negotiate a bail-out package through advice on debt sustainability and debt management. That country's Finance Minister has indicated that this assistance has directly resulted in a change to the country's bond subscription rate, which is expected to lead to a reduction of 8.5% of

debt-to-GDP ratio by 2020, thereby saving that country nearly US\$166 million per annum.

- Through the technical support provided to strengthen the High Court in a Commonwealth member country, a commercial court has been established and is functioning effectively. That country's position in the World Bank's 'Doing Business' scale has risen by 17 places, with the expectation of increased investments as confidence in the country's legal system is strengthened.
- Assistance to strengthen public administration in a Commonwealth member country has led to improvement in relations between Ministers and Permanent Secretaries; formally defined roles and responsibilities for most Deputy Ministers; and, finalisation of the Civil Service Code of Conduct for that country. The Prime Minister and Foreign Minister have both expressed appreciation for a tangible contribution and the progress achieved.
- The Secretariat has recently and discreetly developed a regional Aid for Trade Strategy, endorsed by all countries (predominantly Commonwealth but also non-Commonwealth) from that region, which is now being finalised for implementation.
- The Secretariat has provided assistance to over 16 member states to lodge Extended Continental Shelf (ECS) Submissions with the United Nations. The combined total area of ECS claimed amounts to over 5 million square kilometres of seabed. It is through this process that member states can secure rights over additional areas of seabed and have exclusive access to seabed resources.
- The Secretariat has assisted a number of member states successfully to settle maritime boundaries that had been unresolved for many decades. This included the drafting and successful conclusion of nine maritime boundary delimitation agreements in one region.
- The Secretariat developed and advocated Gender Responsive Budgeting for public expenditure, which has been adopted by at least 30 Commonwealth countries.

Strategic and performance management

The MAR Update relied for evidence of its assessment on Secretariat documentation and UK officials' direct exposure. On the other hand, developing states of the Commonwealth - the key stakeholders - who receive the Secretariat's development assistance - were not involved in either the MAR or the MAR Update. At a meeting of Primary Contact Points (country-level coordinators of the Secretariat's development work) in July 2011, at which DFID was present, representatives observed that the Commonwealth Fund for Technical Cooperation (CFTC) had provided effective assistance over 40 years and suggested a meeting and survey for a more balanced view to determine the effectiveness of CFTC assistance. The Primary Contact Points also felt that member countries should have the opportunity to respond on issues such as ownership and impact rather than relying on assessments to which they had not contributed.

It is observed in the MAR Update that progress has been hampered by the delay in approving the Strategic Plan. It should also be noted, however, that the Strategic

Plan is approved by member governments and the timing of that approval – now achieved – was beyond the control of the Secretariat.

The Secretariat has trained almost all staff during and since the period of the MAR Update on results-based management, and remains committed to achieving a stronger results framework and to having stronger Human Resources policies and systems. In addition to the evaluation reports mentioned in the MAR Update, the Secretariat has taken other initiatives to strengthen project and programme management including undertaking mini impact assessments of specific projects in order to draw lessons.

Contemporary technology has been and is being embraced. The Secretariat's use of the 'Commonwealth Connects' web platform and the use of ICTs to strengthen networks and results in the Commonwealth Youth Programme are recognised in the MAR Update. The Secretariat is not static in this regard: the number of networks on the Commonwealth Connects platform continues to grow; the Secretariat's debt management training has been migrated to an e-learning platform, leading to greater contemporary relevance and impact as well as substantial savings; and, a new generation of debt management software (Horizon) that will be on a web-based platform is also a demonstration that the Commonwealth Secretariat is embracing new technology.

Financial resource management

The MAR Update observes that "...the Secretariat is not a large-scale development finance provider, thus limiting the relevance of the question" of whether or not it uses a clear and transparent system to allocate aid. The Secretariat considers it important to have a clear and transparent system for financial allocations and accountability irrespective of the amounts of monies involved.

The acknowledgment of the progress achieved by the Secretariat in strengthening its financial management, spearheaded by the Secretary-General's commitment to implement International Public Sector Accounting Standards (which is now in place and applied successfully over the last two financial years), is appreciated.

Cost and value consciousness

The Secretariat is conscious of the need for constant governance and oversight improvements and fully concurs with the MAR Update on the need for further improvement in this area. Many aspects of the drive towards efficiency will become clearer as the new Strategic Plan is implemented, the organisation is restructured, and results-based management principles become embedded.

It is noted that the MAR Update draws attention to the ratio of direct to indirect costs and indicates that indirect costs (administration, etc) are overly high. In the Secretariat, however, a considerable number of staff are experts and advisers in their professional fields who are deployed to provide assistance as direct programme activity even if their costs to the organisation are defined as indirect. The Secretariat is currently working to provide greater transparency of the actual, and lower, costs of indirect expenditure including in ratio to direct costs.

A good example of the Secretariat cost consciousness is in its debt management work. With an annual budget of about £1 million, the Secretariat provides a comprehensive programme of assistance in debt management to some 42 countries. For the new Strategic Plan period, the Secretariat plans to introduce maintenance fees for users of its debt recording and management system, sensitive to the fact that users of the Secretariat's assistance tend to be heavily indebted and capacity-constrained, and look to the Commonwealth as a trusted development partner.

Commonwealth Secretariat
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