

Multilateral Aid Review: Assessment of Expanded Delivering as One Funding Window for the achievement of the MDGs (EFW)

Summary

Organisation: **Expanded Delivering as One Funding Window for the achievement of the MDGs** Date: February 2011

Description of Organisation

The Expanded Funding Window for Delivering as One (EFW) is a new instrument that has only been active since 2009. It is a multi-donor trust fund that provides un-earmarked funding to UN country programmes that adopt a Delivering as One (DaO) approach. The concept evolved from an MDG Achievement Fund launched by Spain in 2006, which included a window for funding the One UN pilot countries. The UK, Norway and the Netherlands worked with Spain, UNDP and the UN Development Operations Coordination Office (UNDOCO) to expand the One UN window into a separate pooled multi-donor financing mechanism. The EFW provides additional un-earmarked resources to UN country teams in countries with an integrated One UN programme. In doing so it allows donors to support One UN country programmes where they may not have a bilateral programme, empowers the UN Resident Co-ordinator by putting funding under their control and reduces transaction costs associated with separate financing agreements at a country or agency level.

The availability of flexible financing is intended to encourage UN Country Teams (UNCTs) to move away from a fragmented UN system with multiple budgets and programmes to a more unified system (“Delivering as One”) that targets resources at achieving the MDGs more effectively. Unearmarked funding is co-mingled with other funds in a One UN Fund.

Total donor commitments to the EFW are some US\$ 252 million over 2009-2011. US\$81m was allocated in 2009 to twelve countries (5 low income countries, 7 middle income) and US\$84m was allocated in 2010 to seventeen countries (8 LIC, 9 MIC). In both 2009 and 2010 to comply with the operational guidelines, over 80% of funding went to the LICs and under 20% to MICs.

US\$87m remains for 2011. So far no other donors beyond the original four have been found and none of the existing donors have made further commitments. The future sustainability of the EFW is the top issue facing the governance and management of the EFW.

Funding to the EFW is additional to DFID’s core and thematic support to UN agencies and our contributions through the UN in country.

Contribution to UK Development Objectives	Score (1-4)
<p>1a. Critical Role in Meeting International Objectives</p> <ul style="list-style-type: none"> + The EFW is an innovative funding mechanism designed to encourage the UN to “deliver its work at country level more effectively and efficiently”. + It contributes to the funding of UN organisations at country level, many of which have a critical or significant role in delivering MDGs or other development goals. – The EFW, due to its current size and scope, of itself is not critical in the delivery of MDGs or other development goals. = The EFW strengthens the UN’s contribution to poverty reduction and attainment of the MDGs at country level by promoting a Delivering as One approach. 	<p>Satisfactory (3)</p>
<p>1b. Critical Role in Meeting UK Aid Objectives</p> <ul style="list-style-type: none"> + The EFW contributes to the effective and efficient delivery by all UN agencies at the country level across DFID’s four pillars. It directly supports the UN “Delivering as One”. – The EFW, due to its current size and scope, of itself is not critical to the delivery of DFID’s pillars at country level. = The EFW strengthens the UN’s contribution to poverty reduction and attainment of the MDGs at country level, through encouraging a Delivering as One approach. 	<p>Satisfactory (3)</p>
<p>2. Attention to Cross-cutting Issues:</p> <p>2a. Fragile Contexts</p> <ul style="list-style-type: none"> + The EFW has put in place a specific policy that enables post-conflict countries to apply to the Fund. = A positive approach to fragile states. <p>2b. Gender Equality</p> <ul style="list-style-type: none"> + The EFW encourages UN country teams to follow a Delivering as One approach. There is good evidence that Delivering as One has enabled stronger UN partnerships and mainstreaming of gender. = The Fund is playing a positive role in promoting better join-up across the UN on gender equality. <p>2c. Climate Change and Environmental Sustainability</p>	<p>Satisfactory (3)</p> <p>Satisfactory (3)</p> <p>Not Scored</p>
<p>3. Focus on Poor Countries</p> <ul style="list-style-type: none"> + Assessed centrally by comparing the multilateral’s country by country spend with an index that scores developing countries based on their poverty need and effectiveness (the strength of the country’s institutions). 	<p>Satisfactory (3)</p>

<p>The EFW spends a very high proportion of its resources (76%) in the countries that are in the top quartile of the index. This is why it scores well.</p> <ul style="list-style-type: none"> - However less than 20% of the money spent in the top quartile goes to the countries at the top end of the index which is why it falls short of obtaining the highest score. 	
<p>4. Contribution to Results</p> <ul style="list-style-type: none"> - The EFW's mandate is limited to ensuring that policies and procedures for allocating money are adhered to. + The EFW can demonstrate some progress against these objectives. - There are only limited examples of delivery or progress against objectives at the central or country levels. - The Fund's objectives are only at the level of inputs. = The EFW can demonstrate some progress against objectives, but these objectives are not challenging. 	Weak (2)
Organisational Strengths	
<p>5. Strategic and Performance Management</p> <ul style="list-style-type: none"> + The EFW has a clear and simple mandate. + The governance structure can hold management to account - Neither donors nor recipients have a formal voice in decision making. - The lack of a comprehensive results framework is a weakness. = While the EFW has a clear mandate and governance structure the lack of a comprehensive results framework is a key weakness. 	Score (1-4) Weak (2)
<p>6. Financial Resources Management</p> <ul style="list-style-type: none"> + The EFW has clear systems for allocating aid and the ability to be flexible in particular situations. + Financial accountability is provided through the broader policies and processes of the UNDG, MDTF office and in turn UNDP, which are considered broadly satisfactory. - While the intention of the Fund is to provide predictable commitments, in reality the amounts allocated to countries has fluctuated. = Despite some lack of predictability financial resource management is broadly satisfactory. 	Satisfactory (3)
<p>7. Cost and Value Consciousness</p> <ul style="list-style-type: none"> + The EFW provides incentives to the UN and countries to adopt the Delivering as One approach. This aims to deliver better value for money through increased UN coherence and efficiency savings and through adopting common procurement and other systems. 	Weak (2)

<ul style="list-style-type: none"> - The EFW has not established objectives for improvements in efficiency or cost effectiveness. - The EFW does not directly challenge and support development partners to think about VFM. = While the EFW (and DaO) in principle provides incentives to improve UN efficiency, it has not set objectives or targets for this. 	
<p>8. Partnership Behaviour</p> <ul style="list-style-type: none"> + The EFW provides a strong incentive to strengthen partnership behaviour between the whole of the UN country team, government, development partners and civil society. + It strengthens UN alignment with national priorities and improves the UN's performance against the Paris aid effectiveness principles. - The EFW does not engage directly with beneficiaries. = The EFW incentivises greater UN coherence and partnership behaviour. 	<p>Satisfactory (3)</p>
<p>9. Transparency and Accountability</p> <ul style="list-style-type: none"> + As an MDTF the EFW employs the standard policies set by UNDP. UNDP has a disclosure policy and is an active member of the IATI. - Project level information is not available through the EFW. = Although detail of commitments to One UN programmes is published, project level data are not available. 	<p>Weak (2)</p>
Likelihood of Positive Change	Score (1-4)
<p>10. Likelihood of Positive Change</p> <ul style="list-style-type: none"> + As a light organisation in terms of governance size, 'mandate' and strategy, there is, in principle, considerable agility for reform. + As one of only four donors to the EFW DFID has an influential position within the Consultative Group. There is a major opportunity for change (or closure) of the Fund with replenishment in 2011. - DFID's influence is limited as the Steering Committee (of UN agencies) takes all decisions. = There is good reason to believe that the key challenges to how the EFW is managed and structured can be addressed. 	<p>Likely (3)</p>