



# Multilateral Cooperation: Global Challenges, Joint Solutions

**Periodic Review (2017-2023) on unearmarked  
contributions to regional development banks  
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# Multilateral Cooperation: Global Challenges, Joint Solutions

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## *Executive summary*

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### *Periodic Review (2017-2023) on unearmarked contributions to regional development banks and UN organisations under BHOS article 5.1*

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## MULTILATERAL COOPERATION: GLOBAL CHALLENGES, JOINT SOLUTIONS

Periodic review of the regional development banks and UN organisations under BHOS Article 5.1 on Multilateral Cooperation (2017-2023)

Dutch development aid consists in part of **unearmarked funds provided to UN organisations and regional development banks**. Unearmarked means that financial resources are provided for the realisation of the objectives of these organisations, without *additional* geographical, thematic or procedural conditions. This report studies the (conditions for) effectiveness and efficiency of the unearmarked funds provided to four multilateral organisations: two regional development banks (AfDB and AsDB) and two UN organisations with a broad thematic mandate (UNICEF and UNDP). Between 2017 and 2023, total contributions under Article 5.1 amounted to €1.3 billion (5.1% of the BHOS budget), of which 81% went to these four organisations.



### CONCLUSIONS EFFECTIVENESS

**Advantages of UN organisations:** crisis preparedness (emergency aid), neutrality (for promoting good governance), unique expertise in the fields of health and education.

Important for: **1 2**

**Advantages of regional development banks:** economies of scale in setting up large-scale projects, legitimacy vis-a-vis regional partners such as the AU and ASEAN, and expertise in infrastructure projects for energy, transport, agricultural development and water.

Important for: **2 3 4**

#### Improvement areas and recommendations:

1. **Limited effectiveness in addressing international migration and promoting climate adaptation** → coordinate multilateral efforts and leverage comparative advantages per organisation.
2. **Limited effectiveness in promoting good governance** → explore channels to more effectively promote good governance in partner countries.



### RESEARCH METHODOLOGY

Synthesis study of **85 meta-evaluations**, each based on dozens of underlying project evaluations, supplemented with the most recent academic insights and policy documents.



### 5 BHOS OBJECTIVES

- 1 Eradicating extreme poverty (emergency aid)
- 2 Addressing the root causes of poverty and migration
- 3 Advancing climate mitigation and climate adaptation
- 4 Fostering a resilient global economy
- 5 Strengthening the multilateral system



### UNEARMARKED FUNDING

Enhances **flexibility, crisis responsiveness, and economies of scale** in mobilising private development finance.

Requires **reforms** to broaden the financial base and thereby also maintain financial health, flexibility, and stability in the long term.

Important for: **1 2 4 5**



### CONCLUSIONS EFFICIENCY

**Lower administrative costs** because multilateral organisations have economies of scale and are generally well governed.

**More business opportunities** for the Dutch private sector.

**Mobilisation of private capital** to amplify donor funding for development.

#### Improvement areas and recommendations:

1. **Financial dependence on a limited group of donors** → focus reforms on financial stability and transparency.
2. **Limited insight into potential returns for the Dutch economy** → highlight the economic benefits of multilateral cooperation for the Netherlands.



#### Mitigate risks of unearmarked funding:

1. **Monitor the comparative advantages of organisations** and assess proposed mandate extensions against existing expertise and alignment with BHOS priorities.
2. **Assess the channels through which the Netherlands influences multilateral organisations** and how to increase this influence.

# Executive Summary

**Table S.1.** Delineation of this Periodic Review (PR)

	Explanation
<b>Description SEA theme</b>	The Netherlands is committed to multilateral cooperation to tackle global challenges such as extreme poverty, climate change and migration. Under Article 5.1 of the Foreign Trade and Development Framework, the majority of the funding goes to UN organisations and regional development banks, which receive unearmarked contributions to flexibly implement their broad mandate. This PR shows how the four largest recipients – UNICEF, UNDP, the African Development Bank (AfDB) and the Asian Development Bank (AsDB) – contribute to the BHOS objectives and the role of unearmarked financing in this.
<b>Evaluation period</b>	2017-2023
<b>Previous PR/policy review</b>	<a href="#">Policy review of Dutch cooperation with United Nations development agencies</a> (IOB, 2017)
<b>Main questions</b>	What insights are available about (the conditions for) effectiveness and efficiency of multilateral organisations that received unearmarked funding from the Netherlands between 2017 and 2023? What does this imply about the Dutch efforts in the field of multilateral cooperation for the BHOS (Dutch Foreign Trade and Development Cooperation) objectives, and what lessons can be learned for current and future policy?
<b>Budget article</b>	Foreign Trade and Development Cooperation ('BHOS') Article 5.1 on Multilateral Cooperation and Other Deployment
<b>Budget table</b>	See Table S.2

**Table S.2.** Expenditures under BHOS article 5.1 (in millions of euros)

Type of organization	2017	2018	2019	2020	2021	2022	2023	Total
Regional development banks	89,0	56,0	61,7	90,5	65,5	73,9	86,4	523,1
UN organisations	44,4	74,1	71,4	77,2	71,8	72,2	73,4	484,6
Other (e.g. IMF, JPO programme)	17,0	20,9	16,3	47,1	40,7	39,8	14,3	196,2
<b>Total BHOS 5.1</b>	<b>150</b>	<b>151</b>	<b>149</b>	<b>215</b>	<b>178</b>	<b>186</b>	<b>174</b>	<b>1.203</b>
% BHO(S) budget	6,6%	5,5%	5,3%	3,7%	7,4%	3,8%	6,6%	5,1%

Note: Expenditures relate to payments made, rather than commitments. Payments to IFIs for support to Ukraine under BHOS article 5.1 are outside the scope of this review and are therefore not included here.

## Policy Reconstruction

**From 2017 to 2023, the Dutch policy for Foreign Trade and Development Cooperation (BHOS) was based on five overarching objectives.** Article 5.1 played a key role in this policy by providing 'core funding' to multilateral organisations, an unearmarked form of funding that allows the recipient organisations to use the resources without specific restrictions. The policy theory behind this approach was that support provided through multilateral organisations is more effective and more efficient, due to their ability to scale-up, specialised expertise, global legitimacy, and capacity to mobilise additional resources. A further assumption was that multilateral organisations are better equipped to operate more effectively and efficiently in situations where bilateral aid is less suitable or adequate. The Dutch policy efforts were specifically designed to help achieve the following objectives:

1. eradicating extreme poverty (by providing emergency aid);
2. addressing the root causes of poverty and (irregular international) migration;
3. advancing climate mitigation and climate adaptation;
4. fostering a resilient global economy; and
5. strengthening the multilateral system.

**Regional development banks and UN organisations fulfilled complementary roles within the multilateral system.** During the evaluation period (2017-2023), the African Development Bank (AfDB) and the Asian Development Bank (AsDB) focused on providing loans and grants to (vulnerable) governments and companies in Africa and Asia, with an emphasis on infrastructure, energy, and agriculture. During this same period, the UN agencies UNICEF and UNDP focused on humanitarian aid, access to basic services, and institutional strengthening in fragile and crisis situations.

**The main purpose of the Dutch commitment was to provide core funding: unearmarked contributions to the general resources of organisations without a predetermined thematic or geographical destination.** The main reason for this form of funding was the importance of having predictable and flexible financial resources for the implementation of the mandate of multilateral organisations: financing complex and multiannual programmes; building a stable presence in countries and regions; and strengthening crisis preparedness. Unearmarked funding was therefore considered an important condition for effectiveness. In addition, unearmarked funds were assumed to increase organisations' strategic policy space to implement governance, transparency, and efficiency reforms. Finally, it was expected that this form of financing would improve the ability of multilateral organisations to mobilise private resources, so that public donor contributions generate leverage and thereby catalyse additional development funding.

## Approach

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**This Periodic Review is based on an extensive synthesis study of existing independent literature on three topics:** (1) the importance of unearmarked contributions for multilateral organisations, (2) the effectiveness and efficiency of UNICEF, UNDP, AfDB and AsDB, and (3) the extent to which their results contribute to the Dutch BHOS policy objectives. As the main input for this synthesis study, the research team reviewed 85 existing meta-evaluations from the four organisations. These meta-evaluations in turn synthesised the findings of dozens (and sometimes hundreds) of underlying project and programme evaluations on specific themes or regions. The resulting insights on effectiveness and efficiency were then supplemented with insights from the academic literature. The synthesis study also took into account variations in the reliability of the consulted meta-evaluations, giving more weight to more reliable results based on the 'effect ladder'.<sup>1</sup> In addition, the research team reconstructed an overarching 'theory of change' for article 5.1 and assessed the Dutch expenditures under this article.

## Conclusions

The five most important conclusions, based on the results of this synthesis study, are presented below. Chapter 6.1 contains the extended version of these conclusions and the accompanying further explanation.

**Conclusion 1: The Netherlands' commitment to multilateral cooperation in the period 2017-2023 was predominantly effective and the supported organisations contributed plausibly to achieving most of the BHOS objectives.** The core of Dutch policy efforts was to exploit the benefits of multilateral cooperation through regional development banks and UN organisations to achieve the objectives. The research team found that the supported organisations offered several benefits and made a significant contribution to eradicating extreme poverty, addressing the root causes of poverty, strengthening a resilient global economy, and advancing climate mitigation. The UN organisations and regional development banks complemented each other well in this respect: with their neutrality, expertise and

<sup>1</sup> The effect ladder is a framework that indicates how strong the evidence for the effectiveness of an intervention or instrument is. See the report "[Dare to learn, continue measuring](#)" (2022, ter Weel Committee; Evaluation methods for systemic and transition policies)

crisis preparedness, UN organisations made a major contribution to emergency aid and structural solutions on themes such as health, education, and good governance. At the same time, development banks were able to implement large-scale projects due to their financing model and their regional legitimacy, especially in green energy supply and infrastructure - in areas such as regional integration (international connecting roads), energy (electricity transport), water (civil works) and agricultural development (rural roads).

**Conclusion 2: The multilateral organisations supported were less effective in a number of areas.**

These included the areas of climate adaptation and migration, partly due to the lack of a mandate and a lack of expertise on these themes. The regional development banks were only partially effective in promoting good governance and private sector development, while the UN agencies were less effective in economic areas, for example. However, it should be noted that it was not always possible to make a robust assessment of effectiveness, which was dependent on the quality and quantity of available evaluations.

**Conclusion 3: The four supported organisations functioned mostly efficiently and met most of the conditions for efficiency.**

Key benefits of multilateral cooperation include economies of scale and lower administrative costs, for example, because the Netherlands does not need to be actively involved in the implementation and supervision of projects. Multilateral organisations were also able to set up large programmes, which kept the implementation costs per euro spent relatively low. The support for multilateral organisations also indirectly contributed to creating earning opportunities for Dutch businesses. Nevertheless, the synthesis study also identified some vulnerabilities that could undermine efficiency in the long term, particularly in the area of financial stability.

**Conclusion 4: Unearmarked funding of multilateral organisations contributed to increasing their flexibility, crisis preparedness, and leverage, but sometimes risked leading to fragmentation.**

For development banks, unearmarked (multi-year) funding made it possible to mobilise a multitude of private funds, thereby strengthening their economies of scale. For UN organisations, the funding provided an opportunity to build a permanent regional and country presence, and expand their networks, allowing them to act quickly in case of crisis. The financial contributions also made it possible to implement important reforms with the aim of making the organisations more effective and efficient. Finally, during the COVID-19 crisis, unearmarked contributions proved to offer the necessary flexibility to enhance health related interventions. However, this did create a risk of fragmentation, i.e. a possible unnecessary broadening of activities to areas outside the organisations' core mandate.

**Conclusion 5: Support for multilateral organisations was largely complementary and contributed to increasing the coherence of the BHOS policy.**

In sectors where both development banks and UN organisations were active and were delivering results, they were largely complementary and overlap was avoided. The multilateral organisations were also thematically complementary to other BHOS instruments. Finally, because of their broad geographical mandate, the organisations also achieved results outside the 'focus countries' of Dutch bilateral aid. This was in line with the Dutch policy commitment to deploy multilateral organisations for this very purpose.

## Recommendations

The most important recommendations to the Dutch Ministry of Foreign Affairs DMM Directorate that result from this study are presented below. Chapter 6.2 contains the extended version of the recommendations and the accompanying further explanation.

**Recommendation 1: Strengthen the Dutch government-wide coordination of multilateral efforts.**

This can be done by systematically assessing which BHOS goals can be better achieved through other budget articles and organisations. This should also be linked to an overview of comparative advantages per organisation and the results should be anchored in the Policy Coherence for Development Action Plan and the policy framework 'Global Multilateralism'.

**Recommendation 2: Monitor the scope of the thematic mandate of multilateral organisations.** This can be done by closely monitoring expansions to the organisation's track record, possible overlap with other multilateral organisations, and alignment with BHOS priorities. Encourage co-financing as an alternative to mandate broadening, so that economies of scale are maintained without loss of focus. The Netherlands can do this by actively forging coalitions within executive boards and working groups with countries that pursue similar priorities.

**Recommendation 3: Encourage multilateral organisations to strengthen good governance in partner countries more structurally.** Through working groups and executive boards, the Dutch representation can encourage the organisations concerned to make more targeted use of instruments for strengthening good governance that are in line with their core mandate. These include, for example, sector-specific support, stricter conditionality, technical assistance, and capacity building. It is advisable to work in broad coalitions within working groups and executive boards, in which regional member countries are also involved, so that organisations retain their legitimacy. In addition, there is a need for follow-up research in the field of good governance, as meta-evaluations of the organisations still provide limited insights into the optimal mix of instruments and themes.

**Recommendation 4: Make multilateral organisations more aware, through executive boards and working groups, of the importance of strengthening their independent evaluation departments.** Encourage them to carry out thematic meta-evaluations and impact studies more frequently and more systematically, explicitly distinguishing between results in vulnerable and middle-income countries, and including side effects. In addition, ensure that results are presented in a comparable and accessible way to improve the results measurement of the organisations.

**Recommendation 5: Continue the system of multiannual funding to strengthen predictability and efficiency, and encourage other donors to do the same.** During the evaluation period, the Netherlands committed its contributions to UN organisations on a multi-annual basis, in contrast to many other donors who usually only pledged year on year. Actively put this theme on the agenda in the WEOG working group and work together with like-minded donors in the UN Funding Compact, so that agreements are also sustainably secured in other member states.

**Recommendation 6: Focus on targeted institutional reforms in multilateral organisations on crucial aspects of efficiency where they sometimes underperformed.** In doing so, emphasise the promotion of financial stability and transparency. This is relevant for the Netherlands as one of the few creditworthy donors and guarantors, precisely because there is a risk that the Netherlands will be called upon more often if these problems are not resolved. Use findings from MOPAN reports and scorecards to systematically put these weaknesses on the agendas of board meetings and policy discussions.

**Recommendation 7: Improve information and communication about Dutch earning opportunities and revenues achieved through multilateral cooperation.** This can be done by systematically publishing information on the revenues achieved by Dutch companies through assignments and projects commissioned by multilateral organisations. Make this transparent in scorecards and reports, and link it to concrete examples of how the Netherlands exerts influence within these organisations. In addition, map out the coherence between bilateral and multilateral cooperation more systematically, by explicitly including multilateral efforts in the Policy Coherence for Development Action Plan.

**Recommendation 8: Conduct follow-up research to further improve the effectiveness and efficiency of multilateral cooperation.** This Periodic Review shows that there is still insufficient insight into a number of issues that are important to better understand how Dutch multilateral policy efforts can be shaped even more effectively and efficiently. Relevant follow-up research is particularly desirable on the following themes: (a) coherence of multilateral cooperation; (b) the Dutch influence on multilateral organisations; (c) the financial stability of regional development banks; (d) the effects of recent geopolitical developments on UN organisations; and (e) promoting good governance in partner countries.

## Policy Options (DMM)

As part of this Periodic Review, the Dutch Ministry of Foreign Affairs DMM Directorate considered the policy implications of this review in the form of two possible policy scenarios: one policy option based on a 20% budget reduction (the –20 scenario) and a policy option based on a 20% intensification (the +20 scenario). These two policy options are described below.

**Policy option 1:** compared to the period under investigation, a de facto budget cut was already implemented in 2025 for the period from 2026 onwards. Further cuts will automatically lead to hard choices. This concerns an additional cut of approximately EUR 30 million per year, which can only be achieved through a combination of suspending (all) unearmarked core funding to UNDP and UNICEF, cutting the resources of the regional development banks (this will affect the African Development Bank in particular), and/or terminating smaller programmes in the field of assistant experts, SDG funds, technical assistance, etc.

**Policy option 2:** in the +20 variant, the Periodic Review offers starting points for increasing the effective use of development aid through core financing, using the leverage effect of the regional development banks for development finance, and strengthening the private components of the regional banks.