



THE BMZ'S MULTILATERAL ENGAGEMENT

Financing and Interplay

2025



DEval

GERMAN
INSTITUTE FOR
DEVELOPMENT
EVALUATION

Multilateral development cooperation (DC) makes an essential contribution to tackling current global challenges. Against this background, the evaluation analyses the multilateral engagement of Germany's Federal Ministry for Economic Cooperation and Development (BMZ). Taking into account the evaluation criteria of “relevance”, “coherence” and “efficiency”, the focus is on financing modalities, portfolio design and the interplay between bilateral and multilateral DC.

One result is that the portfolio is not sufficiently strategically orientated. At the same time, the findings reveal untapped potential in the interplay between bilateral and multilateral DC. It is therefore recommended that the BMZ should, among other things, hone the strategic role of multilateral funding in relation to bilateral funding, while working towards stable core funding and further reducing the share of tight earmarking. Furthermore, the BMZ should use earmarked funds in a way that strengthens the mandates of multilateral organisations. Finally, the BMZ should identify and dismantle barriers that stand in the way of the interplay between bilateral and multilateral DC.

THE BMZ'S MULTILATERAL ENGAGEMENT

Financing and Interplay

2025

IMPRINT

Authors

Dr Angela Heucher
Judith Ihl
Ines Reinstädtler

Responsible team lead

Dr Angela Heucher

Responsible head of department

Amélie Gräfin zu Eulenburg

Design

Zlatka Dimitrova, Katharina Mayer, DEval

Editing

Marcus Klein, PhD

Translation

Bob Culverhouse

Photo credits

Title: Shutterstock, Anastasiia Guseva

Bibliographical reference

Heucher, A., J. Ihl and I. Reinstädtler (2025), *The BMZ's Multilateral Engagement. Financing and Interplay*, German Institute for Development Evaluation (DEval), Bonn.

© German Institute for Development Evaluation (DEval), 2025

ISBN 978-3-96126-231-1 (PDF)

Published by

German Institute for
Development Evaluation (DEval)
Fritz-Schäffer-Straße 26
53113 Bonn

Phone: +49 (0)228 33 69 07-0

E-Mail: info@DEval.org

www.DEval.org

The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions.

The Institute's evaluation reports contribute to the transparency of development results and provide policymakers with evidence and lessons learned, based on which they can shape and improve their development policies.

This report can be downloaded as a PDF-file from the DEval website:

<https://www.deval.org/en/publications>

A BMZ response to this evaluation is available at:

<https://www.bmz.de/de/ministerium/evaluierung/bmz-responses-19422>

ACKNOWLEDGEMENTS

In the preparation of this report the team was supported by many people to whom we would like to express our sincere thanks.

First, we would like to thank all the members of the reference group from the Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the KfW Development Bank and the German Institute of Development and Sustainability (IDOS). Throughout the entire process, the team benefited from – and greatly appreciated – both the excellent collaboration and the technical, constructively critical exchange. We would also like to thank all the interviewees for their interesting contributions.

We would like to thank our colleagues from the Swedish Expert Group for Aid Studies (EBA) – specifically Helena Hede Skagerlind, Ravneet Singh and Jan Pettersson – for their joint work on the systematic review on the effectiveness of multilateral financing modalities. We would also like to thank Isabel Malandu Mukali and Rebecca Jambo, who, as Young Emerging Evaluators (YEE), played a key role in the systematic

review. Furthermore, we would like to thank our colleagues at the Organisation for Economic Co-operation and Development (OECD) for the helpful exchange on the methodology of portfolio similarity analysis.

We would also like to extend our thanks to the reviewers. Dr Mirko Heinzel supported us with a factor analysis on the allocation of BMZ funds, Dr Andreas Obser with an expert opinion on the multilateral engagement of other bilateral donors. Special mention should be made of the continuous professional support provided by Dr Bernhard Reinsberg, who, as an external peer reviewer, provided valuable input and contributed to the quality assurance of the report. This also applies to our internal DEval peer reviewer Dr Thomas Wencker. We would like to thank everyone for their constructive and critical support of the evaluation and for the many valuable contributions.

Finally, we would like to thank Hamide Bayramoglu-Fatoum, Anna Ebedat and Miriam Ohlmeyer for their deep commitment and their valuable and competent support throughout the entire process.

EXECUTIVE SUMMARY

The international community needs to work together in order to achieve the Sustainable Development Goals and to protect global public goods. Germany makes important contributions to multilateral organisations through various ministries. The Federal Ministry for Economic Cooperation and Development (BMZ), which holds the largest share of the overall German multilateral portfolio, is especially relevant here. Just under 30% of the BMZ's expenditure is made up of multilateral budget items; if earmarked funds are included, the share is as high as 56%.

Despite the extent of the BMZ's involvement in multilateral development cooperation (DC), there are still evidence gaps. Various actors – including the Bundesrechnungshof (Federal Audit Office) and the Ministry itself – identify the need for evaluation and name multilateral DC as an important subject of evaluation (BMZ, 2021a; BRH, 2023).

Against this background, this evaluation is the first comprehensive analysis by the German Institute for Development Evaluation (DEval) of the BMZ's multilateral engagement. The overarching objectives of the evaluation are to contribute to transparency and accountability and to generate stimuli for learning.

The BMZ's multilateral engagement is part of a complex multilateral development system. Multilateral organisations are independent actors that have enough scope to act and operate in accordance with their respective mandates; at the same time they are often deployed in DC as project-implementing organisations (Klingebiel, 2014). Furthermore, their respective reputation and performance vary; some organisations are heavily criticised, while others enjoy a comparatively good reputation. Bilateral donors such as the BMZ are confronted with the question of how they can reconcile the promotion of the multilateral system as such with their own development interests, and what considerations need to be weighed up (Milner and Tingley, 2013). At present, the decision by the United States government to massively cut DC funding seems to be leading to fundamental changes in the multilateral development system.

The question of the BMZ's use of different financing modalities – core and earmarked funding – becomes increasingly important in view of this complex multilateral development system. The use of different financing modalities reflects decisions as to which multilateral organisations and which topics should be supported. Core funding and earmarked contributions (see Glossary: “Core funding” and “Earmarked contributions”) each have strengths and weaknesses with regard to different development objectives. While core funding directly strengthens multilateral organisations but involves less control, earmarking can be used to pursue more specific development objectives and can exercise a greater steering role.

Evaluation subject and questions

The subject of the evaluation is the BMZ's multilateral engagement, which, in this evaluation, includes the multilateral financing modalities of core funding and earmarked contributions. Core funding refers to assessed membership contributions, non-earmarked voluntary contributions, capital increases and replenishments (Dag Hammarskjöld Foundation and MPTFO, 2019; Gulrajani and Lundsgaarde, 2023; OECD, 2011). Earmarked contributions are payments made by a donor country to a multilateral organisation for a specified purpose, which may be defined tightly or softly (see Glossary: “Earmarking”). They are provided on a voluntary basis (Reinsberg et al., 2015a).

The evaluation addresses five evaluation questions and assesses the “relevance”, “coherence” and “efficiency” evaluation criteria of the Organisation for Economic Co-operation and Development (OECD). These evaluation questions (EQs) relate to the relevance of the multilateral portfolio (EQ 1), to the interplay between, and thus coherence of, bilateral and multilateral DC (EQ 2), to the factors that influence this interplay (EQ 3), to the efficiency of the financing modalities applied (EQ 4), and to the effectiveness of earmarked and non-earmarked contributions (EQ 5).

The focus of evaluation question 1 is the relevance criterion and the question of how the BMZ's strategic priorities are reflected in its multilateral portfolio. These priorities are derived from the Ministry's strategies on multilateral development policy since 2013 (BMZ, 2013a, 2020a, 2023a).

Evaluation question 1: To what extent is the BMZ's multilateral portfolio aligned with the latter's strategic priorities? (Relevance)

In relation to the coherence criterion, evaluation question 2 focuses on interplay. The issue is primarily internal coherence, i.e. the coherence of bilateral projects and those that are financed via earmarked BMZ funds given to multilateral organisations.

Evaluation question 2: To what extent do bilateral and multilateral DC interlink in a meaningful way? (Coherence)

Building on evaluation question 2, evaluation question 3 analyses factors that facilitate or hinder the interplay between bilateral and multilateral DC. The aim is to identify and systematise these factors. No assessment is made.

Evaluation question 3: What factors facilitate or hinder interplay between bilateral and multilateral DC?

Evaluation question 4 emphasises the efficient use of various financing modalities of multilateral DC. The criterion of "efficiency" is thus addressed based on scientific findings on the various financing modalities.

Evaluation question 4: To what extent are the various financing modalities of multilateral DC used efficiently? (Efficiency)

Evaluation question 5 asks how effective different financing modalities are. As regards effectiveness, the focus is on achieving development targets and on other consequences, for example the structures of the partner countries or how

the multilateral development system as such functions. International scientific research is processed for this evaluation question; no assessment is therefore made.

Evaluation question 5: How effective are core funding and earmarked contributions?

Methodology

The evaluation design comprises the complementary components portfolio analysis, literature analysis and case study. On the one hand, it describes current multilateral development practice (portfolio analysis, case study); on the other, it covers the scientific findings on this topic area (literature analysis). The evaluation design combines a broad-based analysis (portfolio analysis) with a selected in-depth analysis (case study). Descriptive statistics and a portfolio similarity analysis are used as evaluation methods in the course of the portfolio analysis, supplemented by a strategy and factor analysis. In addition, a qualitative content analysis of documents and semi-structured interviews, as well as a social network analysis, are carried out as part of the case study. The literature analysis component is implemented via a systematic review.

The portfolio analysis compares the multi- and bilateral distribution of funds; the literature analysis interprets the current state of research; and the case study analyses the interplay between bilateral and multilateral DC. The purpose is to provide the BMZ with strategic and management-relevant findings. The aim of the portfolio analysis is to obtain an overview of the components and characteristics of funds within a fixed framework. By analysing the allocation of funds, statements can be made on distribution trends over different time periods, and conclusions can be drawn on consistencies with strategic priorities. The aim of the literature analysis is to summarise research findings in a structured manner and to identify gaps, while the case study examines the interplay between bilateral and multilateral DC in a specific topic area, and analyses the factors that are conducive or obstructive to this interplay.

Results

Strategic relevance of the multilateral portfolio

With regard to the orientation of the multilateral portfolio towards the BMZ's strategic priorities, the portfolio analysis reveals a mixed picture. The BMZ's earmarked portfolio reflects geographical priorities, particularly with regard to the promotion of African countries and regions. However, the priority promotion of multilateral organisations and topics mentioned in the strategies is not clearly reflected in this portfolio. Similarly, financing modalities in the multilateral BMZ portfolio are only partly aligned with strategic priorities. The proportion of non-earmarked contributions has been falling since 2014. By contrast, the rising core funding for United Nations (UN) organisations is in line with the strategic objectives. Finally, the cross-cutting issues of "gender" and "climate" are embedded to varying degrees in the BMZ's earmarked portfolio. Gender is more strongly represented in the earmarked portfolio than in the bilateral portfolio; the reverse is true for climate.

Coherence of the bilateral and earmarked engagement

The second evaluation question on the interlinking of bilateral and earmarked forms of engagement reveals challenges in the relationship between the portfolios. Although the earmarked portfolio strengthens the bilateral portfolio geographically, at the thematic level the BMZ's earmarked contributions have neither a reinforcing nor a complementary effect, so that there is no clear strategic orientation. While the relationship between the bilateral and earmarked portfolios can be complementary and reinforcing, the BMZ's earmarked contributions should be complementary to the disbursements of the multilateral organisations, so that they are used in accordance with their mandate and the comparative advantages usually associated with it.

With regard to the coherence of bilateral and earmarked DC at the country level, the case study on projects within the core area of "Life without Hunger" in Ethiopia paints a more positive, albeit more selective, picture. It shows that there are several channels of communication and coordination between bilateral and earmarked projects. Information is exchanged both formally and informally, and this is generally rated as

useful, although coordination with individual UN organisations and with other stakeholders is criticised as insufficient. Furthermore, bilateral and earmarked projects basically pursue coherent objectives, even if in practice there are overlaps and interferences between projects or with other actors. The projects endeavour to practise a division of labour and to find ways to collaborate. In practice, however, there are few joint activities, and actual synergies are difficult to achieve.

All four factors examined under evaluation question 3 – "governance/institutionalisation", "political support", "cooperation", "administrative processes" – are relevant and, depending on their characteristics, can either promote or hinder the interplay between bilateral and earmarked DC. Additional or already established institutional mechanisms in projects and with other stakeholders facilitate interplay, whereas a lack of institutional incentives for cooperation, staff fluctuation and structural challenges makes it more difficult. Political support from both the BMZ and the political partner is key for interplay and is required by project managers. At the same time, various obstacles make it difficult to use political weight to encourage interplay or, in view of vested interests such as visibility, this is not per se in the interests of all the stakeholders involved. According to the unanimous opinion of the interviewees, a good relationship of trust and personal contact promotes interplay; conversely, competition, a lack of trust in organisations and a lack of incentives in multilateral organisations make cooperation between bilateral and earmarked projects more difficult. According to the interviewees in the case study, the administrative processes factor in particular – for example different project cycles – has proved to be an obstacle to interplay. However, these challenges become less significant when there is, for example, a long history of cooperation and an established knowledge of the processes of multilateral organisations (and vice versa).

Efficiency of the financing modalities

The fourth evaluation question on the efficient use of financing modalities offers a positive picture for fragile contexts; at the same time, the use of flexible financing modalities is limited throughout the multilateral portfolio, and efficiency aspects

are of secondary importance in the design of financing modalities. In highly fragile contexts, a large share of tightly defined earmarking enables a flexible use of financing. The comparative advantages of multilateral organisations, such as local structures and a long-term ability to act, are cited as reasons for using them for implementation. In addition, multilateral organisations that are active in highly fragile contexts are supported with a higher proportion of voluntary core funding than those that do not work in these contexts. At the same time, the share of earmarked contributions in the BMZ's overall portfolio is increasing, while the share of core funding is decreasing. Last but not least, efficiency aspects play a subordinate role in the design of financing modalities. Less consideration is given to whether efficiency losses result, for example, from rising transaction costs and higher management overheads for the BMZ, the participating multilateral organisations or the partner countries, since the focus is primarily on substantive considerations and target achievement.

Scientific evidence on the effectiveness of core funding and earmarked contributions

The systematic review in evaluation question 5 results in a mixed picture regarding the effectiveness of core funding and earmarked funds; research emphasises the role of core funding for the overall functioning of multilateral organisations. The regular payment of core contributions by donors to multilateral organisations ensures their ability to function, as the core funding represents a reliable basis for financing. However, with trust funds, which fall under earmarked funding, multilateral organisations can respond better to emergency situations, especially in fragile contexts. At the same time, earmarked funding can limit the partner countries' autonomy in general. Comparative analyses at the project level, furthermore, show that projects financed by trust funds are less effective than those financed by core contributions.

In addition, the systematic analysis reveals evidence gaps in process effectiveness at the project level, and in cost and outcome effectiveness at the system level. Relevant questions that have not yet been addressed in scientific research relate, among other things, to process effectiveness

at the project level. This applies to both core and earmarked financing. Overall, there is also little robust evidence on how effective core funding and earmarked contributions are in the overall multilateral development system and what possible overarching effects they have beyond individual projects. Cost and outcome effectiveness is usually discussed at the project and organisational level. While this is relevant, it does not provide a complete picture of systemic effects.

Conclusions and recommendations

Use of financing modalities and portfolio design

At the portfolio level, it is not sufficiently clear what strategic role the earmarked portfolio should play vis-à-vis the bilateral portfolio. The BMZ promotes a wide range of topics with its earmarked portfolio, but it is difficult to see thematic priorities that are in line with the strategic priorities. This finding of the portfolio analysis on evaluation question 1 is similar to that of the DEval allocation study on bilateral DC (Wencker, 2022), according to which no thematic concentration is recognisable in the bilateral portfolio. Furthermore, the portfolio similarity analysis shows that the earmarked portfolio neither reinforces nor complements the bilateral portfolio in thematic terms. In order for the earmarked portfolio to fulfil its function as part of multilateral engagement, it is important to specify the relationship between the portfolios and to align allocation decisions accordingly.

Recommendation 1: Define the relationship between the earmarked and the bilateral portfolio

The BMZ should define the strategic role of the earmarked portfolio in relation to the bilateral portfolio.

The BMZ's earmarked contributions are predominantly complementary to the disbursements of multilateral organisations, but they should be geared towards strengthening the latter's mandates and ability to act. The results of the portfolio similarity analysis under evaluation question 2 regarding the coherence of the bilateral and multilateral

portfolios show that earmarked contributions, especially in the case of UN organisations, are predominantly complementary in orientation, even in the case of broadly defined priorities at the sector level. This finding is surprising – for not only in terms of the efficiency of the financing modalities used but also in order to strengthen multilateral organisations and their ability to act, it would make sense for the earmarked contributions to consolidate the thematic portfolio of multilateral organisations to further support the comparative advantages and strengths of individual organisations. The focus should therefore be on comparatively broad priorities at the sector level, so that the contributions have a reinforcing effect and an organisation's own aims in development policy, as well as its strategic and institutional objectives, can be brought together in practice in view of possible areas of tension between different target requirements.

Recommendation 2: Gear earmarked contributions more to the thematic portfolio of multilateral organisations

The BMZ should work towards gearing earmarked contributions more closely to the thematic portfolio of multilateral organisations in order to promote a more efficient use of funds in addition to core funding, to strengthen the organisations' ability to act, and to achieve the BMZ's own development goals.

In its portfolio, the BMZ uses different financing modalities, including core funding and earmarked contributions, which fulfil different functions. The portfolio analysis shows that the relative share of core funding to multilateral organisations decreased during the period under review, while at the same time the earmarked contributions increased in both absolute and relative terms.

With regard to earmarked contributions, it should be noted that those that are tightly earmarked are considered problematic due to high transaction costs and the fact that they restrict the ability of multilateral organisations to act. The systematic review, for example, shows that earmarked funding undermines the cost-effectiveness of multilateral organisations' projects. Where earmarking is strict, the financing can only be used flexibly to a limited extent and

transaction costs can rise. Reducing transaction costs is key to efficient action; tight earmarking should therefore only be applied in well-founded exceptional cases. In order to be consistent, the BMZ should (further) reduce the amount of tight earmarking and earmark the funds softly for a predetermined purpose. This can make the engagement more efficient.

Recommendation 3: (Further) reduce tight earmarking

The BMZ should work towards further reducing tight earmarking in the multilateral portfolio and earmark contributions softly – where possible – to ensure the multilateral organisations' ability to act and to reduce transaction costs.

Adequate core funding is necessary to ensure that multilateral organisations can fulfil their mandates. Accordingly, the relevance of core funding for multilateral organisations is emphasised in BMZ strategies, and the Ministry lays down strategic targets for this. The portfolio analysis comes to the conclusion that core contributions for certain UN organisations named as priorities in the strategies increased, at least in relative terms, in the study period from 2014 to 2022. The results of the systematic review on evaluation question 5 show that core funding is seen by many multilateral organisations as the most suitable financing modality, whereas bilateral donors view this more critically, as they have less direct influence over the use of funds as a result. Similarly, the systematic review shows that earmarked contributions represent additional resources for multilateral organisations and are therefore attractive for them.

Core funding is necessary to ensure a multilateral development system's ability to act in the long term. Continuous and stable funding is important – for multilateral organisations and especially for UN organisations. In line with the UN Funding Compact, at least 30% of contributions should therefore be made as core contributions to give UN organisations planning security and, at the same time, help strengthen the multilateral system as envisaged (UN, no date). The BMZ should contribute to this within the scope of its possibilities. Conversely, the BMZ can call for more accountability and transparency from the UN organisations in line with the UN Funding Compact.

Recommendation 4: Ensure stable core funding, especially for the UN system

In accordance with the UN Funding Compact, the BMZ should work towards stable core funding for UN organisations; this would contribute to their ability to act and strengthen the multilateral development system.

Interplay

Interlinking bilateral and multilateral DC is a continuous, strategic aspiration on the part of the BMZ (BMZ, 2013a, 2020a, 2023a), and its implementation is demanding. The results of the case study on the interlinking of bilateral and earmarked projects in the core topic area of “Life without Hunger” in Ethiopia indicate a potential for more interplay between projects and show that project staff see added value in this. However, several obstacles stand in the way, despite the willingness of the parties involved. These results lead to the conclusion that relevant administrative and strategic barriers to more interplay within the sphere of influence of German DC should be identified and gradually reduced.

Recommendation 5: Identify and reduce barriers to bi-multi interplay

The BMZ and the implementing organisations GIZ and KfW should work together in a structured manner to identify barriers to interplay and gradually dismantle them.

CONTENTS

Imprint	iv	5.2	Results on coherence	34
Acknowledgements	v	5.2.1	Portfolio level	35
Executive Summary	vi	5.2.2	Country level	37
Contents	xii	5.2.3	Summary assessment of evaluation question 2	41
Abbreviations and Acronyms	xiv	5.2.4	Factors affecting interplay	41
Glossary	xvi	5.2.5	Summary of evaluation question 3	43
1. Introduction	1	5.3	Results on efficiency	44
1.1 Background	2	5.3.1	Portfolio level	44
1.2 Evaluation subject and questions	4	5.3.2	Design of the financing modalities	47
		5.3.3	Summary assessment of evaluation question 4	48
2. Conceptual Framework	6	5.4	Results of the systematic review	48
2.1 The multilateral development system and its actors	7	5.4.1	Process effectiveness	48
2.2 Financing modalities	9	5.4.2	Cost effectiveness	51
2.3 Interplay	14	5.4.3	Outcome effectiveness	52
		5.4.4	Summary of evaluation question 5	53
3. Methodology	15	6. Conclusions and Recommendations	54	
3.1 Evaluation design	16	6.1 Use of financing modalities and portfolio design	55	
3.1.1 Components of the evaluation design	16	6.2 Interplay	58	
3.1.2 Criteria for case selection	16	7. Literature	60	
3.2 Evaluation methods	17	8. Annex	71	
3.3 Reflection on the evaluation design	20	8.1 Rating scales in DEval evaluations	72	
4. Strategy Overview and Portfolio Analysis	21	8.2 Evaluation matrix	73	
4.1 Overview of relevant strategies for multilateral DC	22	8.3 Evaluation schedule	77	
4.2 The multilateral BMZ portfolio in the German and international context	24	8.4 Evaluation team and contributors	78	
5. Results	27			
5.1 Results on relevance	28			
5.1.1 Portfolio strategy comparison	28			
5.1.2 Summary assessment of evaluation question 1	33			

Figures

Figure 1	Evaluation subject	4
Figure 2	Relative distribution of disbursements by all DAC donors in the multilateral development system in 2022	7
Figure 3	Donor influence in multilateral DC	8
Figure 4	Forms of core funding according to organisation type	10
Figure 5	Financing modalities in the multilateral DC system	11
Figure 6	Assessment period of the evaluation	18
Figure 7	Strategic context of multilateral development cooperation 2010–2024	22
Figure 8	Absolute and relative distribution of actors in the German multilateral portfolio	25
Figure 9	Comparison of the relative distribution of the bilateral and multilateral portfolios between bilateral DAC members and the BMZ as percentages	26
Figure 10	Absolute and relative distribution of core funding and earmarked contributions by type of organisation in the multilateral BMZ portfolio	29
Figure 11	Absolute and relative distribution of financing modalities in the BMZ's multilateral portfolio	31
Figure 12	Development of the share of strict earmarking in the BMZ's earmarked portfolio by dimension	31
Figure 13	Development of the geographic and thematic similarity of the BMZ's earmarked portfolio compared to its bilateral portfolio	36
Figure 14	Network of bilateral and earmarked projects in the core area of "Life without Hunger" in Ethiopia – relevance, information exchange, cooperation	40
Figure 15	Relative distribution of fragility contexts in the bilateral and earmarked BMZ portfolio as a percentage	46

Tables

Table 1	Degrees of earmarking	12
Table 2	Advantages and disadvantages of earmarking in the multilateral development system	13
Table 3	Evaluation questions and method integration	17
Table 4	Categories of analysis and (un-)available evidence on process effectiveness	49
Table 5	Categories of analysis and (un-)available evidence on cost effectiveness	51
Table 6	Categories of analysis and (un-)available evidence on outcome effectiveness	52
Table 7	Effectiveness of trust funds by donor and recipient characteristics	53

Boxes

Box 1	Consideration of multilateral DC in previous DEval evaluations	3
Box 2	Developments in the multilateral portfolio of DAC members	30
Box 3	Patterns in the allocation of BMZ funds to multilateral organisations	32
Box 4	The 2023 strategy against the backdrop of the current portfolio	34
Box 5	The evaluation against the background of the 2030 Agenda	57

ABBREVIATIONS AND ACRONYMS

AfDB <i>African Development Bank</i>	EU <i>European Union</i>	IFAD <i>International Fund for Agricultural Development</i>	TC <i>Technical Cooperation</i>
BMZ <i>Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung)</i>	FAO <i>Food and Agriculture Organization of the United Nations</i>	IFI <i>international financial institution</i>	UN <i>United Nations</i>
	FC <i>Financial Cooperation</i>	IMF <i>International Monetary Fund</i>	UN Women <i>United Nations Entity for Gender Equality and the Empowerment of Women</i>
CRS <i>Creditor Reporting System</i>	GAVI <i>Global Alliance for Vaccines and Immunisation</i>	KfW <i>Development Bank of the Kreditanstalt für Wiederaufbau (Entwicklungsbank der Kreditanstalt für Wiederaufbau)</i>	UNDP <i>United Nations Development Programme</i>
DAC <i>Development Assistance Committee (of the OECD)</i>	GEF <i>Global Environment Facility</i>	MDTF <i>Multi-donor trust fund</i>	UNFPA <i>United Nations Population Fund</i>
DC <i>Development Cooperation</i>	GIZ <i>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH</i>	MOPAN <i>Multilateral Organisation Performance Assessment Network</i>	UN-Habitat <i>United Nations Human Settlements Programme</i>
DEval <i>German Institute for Development Evaluation (Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit)</i>	HDI <i>Human Development Index</i>	ODA <i>Official Development Assistance</i>	UNICEF <i>United Nations International Children's Emergency Fund</i>
EBA <i>Expert Group for Aid Studies</i>	IBRD <i>International Bank for Reconstruction and Development</i>	OECD <i>Organisation for Economic Co-operation and Development</i>	UNIDO <i>United Nations Industrial Development Organization</i>
ECD <i>Evaluation Capacity Development</i>	IDA <i>International Development Association</i>	SDGs <i>Sustainable Development Goals</i>	WFP <i>United Nations World Food Programme</i>
EQ <i>Evaluation question</i>		SDTF <i>Single-donor trust fund</i>	

GLOSSARY

Co-financing

Co-financing is when a measure is funded by several actors.

Co-financing comprises the forms of parallel and joint financing. In the case of parallel financing, each contributing actor finances a definable part of the measure in coordination with other participating actors.

In the case of joint financing, the parties involved agree on uniform standards and each assumes a share of the total costs (BMZ, 2021b).

Core funding

Core funding refers to assessed contributions, voluntary contributions without earmarking, as well as capital increases and replenishments (Dag Hammarskjöld Foundation and MPTFO, 2019; Gulrajani and Lundsgaarde, 2023; OECD, 2011). Contributions from core funding are paid directly into the budget of the respective international or multilateral organisation and are used by the organisation itself (Weinlich et al., 2020).

Earmarked contributions

Earmarked funds, also known as multi-bi contributions, are contributions from a donor country to a multilateral organisation with an earmarked purpose. The OECD defines these flows as bilateral contributions (OECD, 2022b). They are provided on a voluntary basis (Reinsberg et al., 2015a).

Earmarking

Payments can be earmarked independently of the recipient organisation or country (hereinafter also referred to as “earmarked contributions” or “earmarked funds”; see under “Earmarked contributions”). Bilateral earmarked payments to a multilateral organisation are also referred to as multi-bi contributions. These earmarked contributions are defined as bilateral by the Organisation for Economic Co-operation and Development (OECD), because the donor country retains a certain degree of control via the earmarking, and the contributions do not become part of the multilateral organisation’s budget (Reinsberg, 2017b). This distinguishes them from core contributions defined as multilateral (see under “Core funding”).

Earmarking can involve four dimensions: topic, geography, institution and level (OECD, 2020a; Reinsberg et al., 2015a). Within these dimensions, earmarking can be tight (within the “topic” dimension, for example, the concrete topic of “teacher training”) or soft (within the “topic” dimension, for example, the topic area of “education”).

Fund

In the context of multilateral development cooperation (DC), funds are an important instrument for pooling and providing money for various purposes. There are five different types of funds: single-donor trust funds and multi-donor trust funds have their own management structure, but are linked to a multilateral organisation (WBG, 2011). By contrast, special funds are part of a multilateral organisation’s budget (Droesse, 2011). Finance given to these two forms of fund is understood as a softly earmarked contribution (see “Earmarking”). Global funds are managed by independent boards, although multilateral organisations are the implementing actors (Reinsberg, 2017a). Vertical funds, on the other hand, relate to a specific relevant topic in the development context, and are financed by several donors (Browne and Cordon, 2015).

International and multilateral organisations

The definition of international organisations includes both governmental and civil society organisations. Multilateral organisations, by contrast, only include nation states and their governments as members (Freistein and Leininger, 2012; OECD, 2022a). A sub-category of these two groups are organisations that are involved in development policy. The literature also refers to international development organisations. For example, multilateral donor organisations are grouped under the category of international development organisations (Reinsberg et al., 2015a). The European Union is defined in the literature not as a multilateral but as a supranational organisation (Klingebiel, 2013). The BMZ’s definition concurs with this (BMZ, 2021b).

Joint programming

Joint programming refers to the joint planning and strategic orientation of objectives, as well as the division of labour, implementation and impact measurement of DC measures between the European Union (EU) and EU member states and, where appropriate, third parties (EU, 2015). It can replace the BMZ’s own country strategy. Joint programming is defined as the standard for European DC in the new Neighbourhood, Development and International Cooperation Instrument (NDICI) (EU, 2021a). It is also used to connect the individual Team Europe initiatives (EU, 2021b).

Multilateral contributions

Contributions are multilateral if the recipient institution carries out all or part of the development activities; and the recipient institution either

- has governments as members or
- is a fund administered autonomously by a multilateral organisation; and
- the contributions are transferred to the budget of the multilateral organisation (OECD, 2019).

Pass-through organisations

Multilateral organisations that administer measures and contributions financially, but themselves have no capacity for implementation, are referred to as pass-through organisations (for example global or vertical funds; see under “Fund”). Contributions forwarded by the pass-through organisation to the implementing multilateral organisation are subject to a form of earmarking that corresponds to the focus of the pass-through organisation (Reinsberg et al., 2015a).

1.

INTRODUCTION

This chapter begins by explaining the background to the evaluation (Section 1.1). It then presents the subject of the evaluation and the evaluation questions (Section 1.2).

1.1 Background

Multilateral development cooperation (DC) is playing an increasingly important role in the context of growing global crises (OECD, 2024a). Since 2010, the multilateral share in the portfolio of all countries of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) rose from 37% to 43% in 2022 (OECD, 2024a), mainly due to higher earmarked payments for crisis management (COVID-19 pandemic, Ukraine) (OECD, 2024a). Furthermore, the share of multilateral organisations in development financing increased from 45% to almost two thirds between 2012 and 2022 (OECD, 2024a). This growth was due to rising donor contributions, as well as the ability of some multilateral organisations to generate capital market financing.

Germany is the second largest DAC donor to the multilateral system after the United States of America (OECD, 2024a). In 2022, Germany financed 17% of the DAC countries' total expenditure on the multilateral system, the USA 26% (OECD, 2024a). At the same time, in a comparison of DAC donors, Germany is one of the countries that, in relative terms, implement more funds via the bilateral than the multilateral channel (OECD, 2023a).

Of all the German ministries, the Federal Ministry for Economic Cooperation and Development (BMZ) has the largest share of the overall German multilateral portfolio (see Chapter 4); furthermore, multilateral DC accounts for a significant proportion of the BMZ's commitment with just under 30% of BMZ budget funds. In the 2024 budget, 20% of the BMZ's expenditure on "European development cooperation, contributions to the United Nations (UN) and other international institutions" and 10% of "contributions to multilateral development banks" was invested in multilateral budget items.

Multilateral cooperation is necessary in order to use these funds in a targeted and efficient manner to achieve the Sustainable Development Goals (SDGs) and to protect global public goods. With this in mind, the BMZ formulated its aspiration towards strong multilateral cooperation in its strategy for multilateral development policy published in 2023 (BMZ, 2023a). Accordingly, the BMZ cooperates with a large number of multilateral organisations, such as the UN and the World Bank Group. These are regarded as important supranational actors and are characterised by a broad membership and, in the Federal Ministry's view, political neutrality. They also have capital and expertise (BMZ, 2023b).

Despite the high volume and great relevance of multilateral DC, evidence gaps do exist. Previous analyses of multilateral DC have either been part of a larger analysis of Germany's overall development engagement within the framework of the OECD-DAC Peer Reviews (OECD, 2010, 2015, 2021), or examine individual components, such as a detailed study on earmarking as a multilateral financing modality (Weinlich et al., 2020). Also in evaluations conducted by the German Institute for Development Evaluation (DEval), multilateral DC has to date only been analysed selectively and in relation to specific issues (Box 1).¹

Various actors have identified a resultant need for evaluation. For example, the Bundesrechnungshof (Federal Audit Office) recommends that the BMZ should "include more contributions by German civil society and multilateral organisations to DC in the evaluation system" (own translation; BRH, 2023: 2). In its evaluation guidelines, the Federal Ministry itself states – in addition to supporting the evaluation activities of multilateral organisations – that certain forms of financing of multilateral DC can "be the subject of strategic evaluations with regard to [their own] overarching – organisation-related, possibly thematic or country-related – objectives [...]" (own translation; BMZ, 2021a: 32).

This evaluation – the first comprehensive strategic analysis of the BMZ's multilateral engagement – addresses this gap. Two overarching objectives are pursued in this context:

¹ Closing systematic evaluation gaps, for example in the field of multilateral engagement, is one of DEval's strategic objectives (DEval, no date).

the first is transparency and accountability, which relate in particular to a structured and systematic documentation of German DC's multilateral portfolio, inter alia because multilateral contributions are recorded under different budget items; the second is learning. Findings on interplay and on the effectiveness of earmarked and non-earmarked funds aim to provide stimuli for learning. Evidence of this is essential, not least for the implementation of the BMZ's latest multilateral strategy, in which stronger links between the DC instruments are a stated objective (BMZ, 2023a).

The evaluation questions (EQs) relate to the OECD criteria of “relevance”, “coherence” and “efficiency”. Evaluation question 1 examines the extent to which the multilateral portfolio is aligned with the BMZ's strategic priorities (relevance), while evaluation question 2 analyses the relationship and interaction between bilateral and multilateral DC (coherence). Building on this, evaluation question 3 asks which factors promote and hinder interplay. Evaluation question 4 subsequently examines the extent to which financing modalities are used efficiently (efficiency). Finally, evaluation question 5 focuses on the existing international scientific evidence on the effectiveness of earmarked and non-earmarked funds.

Box 1 Consideration of multilateral DC in previous DEval evaluations

The studies on partner perspectives (Guffler et al., 2020; Masaki et al., 2016) **show that multilateral organisations are considered to be stronger than bilateral actors in terms of the usefulness of policy advice, influence on agenda-setting and support for the implementation of reforms.** Accordingly, bilateral donors should examine whether they can make more intensive use of multilateral channels to support political reforms in partner countries (Guffler et al., 2020).

Surveys on development attitudes show that the German population believes that the European Union (EU) and multilateral organisations should be primarily responsible for implementing DC measures (Schneider et al., 2024). The values are 49% (EU) and 48% (multilateral organisations) respectively. The governments of the partner countries (41%) and the German Federal Government (35%) are in third and fourth place.

In thematic evaluations, multilateral DC is treated as part of the evaluation subject (Noltze et al., 2023a, 2023b; Noltze and Rauschenbach, 2019). Germany's pledges on climate-change adaptation projects are made via both bilateral and multilateral channels; the majority of funding is bilateral (Noltze and Rauschenbach, 2019).

Further DEval evaluations address the relationship between bilateral and multilateral DC, suggesting more coherence and a joint donor approach. Orth et al. recommend that “bilateral and multilateral donors should jointly (re)engage in integrated policy-based approaches to support partner development strategies.” (Orth et al., 2018: xxi). The evaluation of Rwandan-German DC (Noltze et al., 2014) advises that German DC should take on an intermediary role to promote coherence between the development partners. This can be achieved, for example, by exerting more influence in multilateral organisations. Furthermore, the evaluation of the cooperation model of reform partnerships envisages the possibility of a greater development leverage effect if reform financing is organised jointly with donors, or multilaterally (Roxin et al., 2022).

1.2 Evaluation subject and questions

The subject of the evaluation is the BMZ's multilateral engagement, which, in this evaluation, includes core funding and earmarked contributions (Figure 1). The OECD defines multilateral DC as activities relevant to development policy that flow to an international organisation or an autonomously

administered fund, and are transferred to the recipient's budget (OECD, 2019, see Glossary: "Multilateral contributions"). These contributions can be assessed or voluntary (see Glossary: "Core funding"). Earmarked contributions² are thus contributions made by a donor to a multilateral organisation for a specific purpose (see Glossary: "Earmarked contributions").

Figure 1 Evaluation subject



Source: DEval, own visualisation

Earmarked contributions are conceived as part of the BMZ's multilateral engagement. This happens for several reasons, although the OECD defines them as bilateral contributions (OECD, 2022b). For example, they are a form of financing for multilateral organisations. The main implementing actors are usually the multilateral organisations themselves. Furthermore, in academic discourse, earmarked contributions are also treated under multilateral development policy and discussed together with other multilateral financing modalities (Reinsberg et al., 2015a). Last but not least, the present evaluation is thus complementary to the DEval allocation study on bilateral German official DC from budget funds (Wencker, 2022), which did not analyse earmarked contributions.

The evaluation comprises five evaluation questions and assesses the OECD criteria of relevance, coherence and efficiency.³ These are evaluation questions on the relevance of the multilateral portfolio (EQ 1), the coherence of bilateral and multilateral DC (EQ 2) and the factors that influence it (EQ 3), the efficiency of the financing modalities used (EQ 4), and the international scientific evidence on the effectiveness of earmarked and non-earmarked contributions (EQ 5).

Evaluation question 1: To what extent is the BMZ's multilateral portfolio aligned with the latter's strategic priorities? (Relevance)

² Earmarked financing also includes trust funds.

³ In view of the broad scope of the subject matter of the evaluation, the focus is on these three criteria. Investigating the criteria of "effectiveness", "impact" and "sustainability" generally requires more extensive impact analyses, which would also require a further narrowing down of the evaluation subject

The focus of evaluation question 1 is the relevance criterion and the question of how strategic priorities of the BMZ are reflected in its multilateral portfolio. These priorities are derived from the BMZ's strategies on multilateral development policy since 2013 (BMZ, 2013a, 2020a, 2023a). The focus is on the continuity of the content of the multilateral strategies published to date and the degree to which the portfolio is aligned with it. In terms of the relevance criterion, the EQ assesses the extent to which the portfolio is strategically structured and correspondingly aligned over time.

Evaluation question 2: To what extent do bilateral and multilateral DC interlink in a meaningful way? (Coherence)

In terms of the coherence criterion, the focus of evaluation question 2 is on interplay. Interplay is a term that is often used in DC but rarely explicitly defined. First, there is an assessment of how the bilateral and earmarked portfolios relate to each other within German DC, along a scale from reinforcing to complementary to diversifying (OECD, 2022b). Second, there is a study of the extent to which various bilateral and multilateral measures at the country level are coordinated with each other and interlink in a meaningful way in terms of coherent objectives and an appropriate division of labour.⁴

Evaluation question 3: What factors facilitate or hinder interplay between bilateral and multilateral DC?

Building on evaluation question 2, evaluation question 3 analyses factors that facilitate or hinder the interplay between bilateral and multilateral DC. The aim is to identify and systematise factors that promote or hinder interaction. No assessment is carried out.

Evaluation question 4 focuses on the efficient use of different financing modalities of multilateral DC. It starts by determining the extent to which economically efficient financing modalities are selected in the portfolio and whether this makes it possible to react quickly enough especially in crisis contexts. Secondly, it analyses the extent to which efficiency considerations regarding the use of resources, management overhead and transaction costs play a role in decisions on the design of a financing modality.

Finally, evaluation question 5 examines the effectiveness of multilateral financing modalities, and specifically studies core funding and earmarked contributions. The focus is on achieving development objectives, as well as on other consequences, for example for structures in the partner countries or the functioning of the multilateral development system as such. The aim is to provide structured scientific evidence with which decisions on the use of earmarked and non-earmarked funds can be made in a scientifically sound and criteria-based manner. No assessment is carried out.

⁴ In order to study the "coherence" criterion in a meaningful way, the evaluation subject is extended at this point to include the relationship between bilateral and multilateral DC.

2.

CONCEPTUAL FRAMEWORK

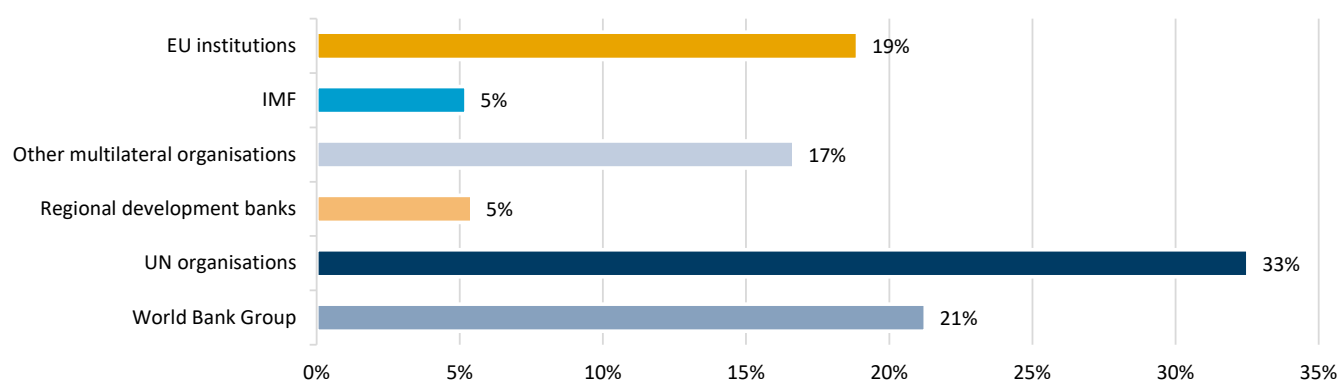
This chapter begins with an introduction to the multilateral development system and its actors (Section 2.1). It subsequently defines financing modalities (Section 2.2) and then examines the concept of interplay (Section 2.3).

2.1 The multilateral development system and its actors

The multilateral development system is very complex because of the large number of actors as well as the different financing modalities. This heterogeneity is promoted by two aspects: on the one hand, by a considerable increase in the number of organisations, specifically in the form of funds (Besada and

Kindornay, 2013), which are largely established and financed by governments (in response to possible deficits in the multilateral system or to gain more control and recognition within it [Heldt and Schmidtke, 2019]). From 2019 to 2023, for example, governments were responsible for 90% of the trust funds of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) (World Bank, 2023). On the other hand, earmarked contributions increase fragmentation (OECD, 2022b). The UN organisations, the World Bank Group and the EU institutions⁵ received the largest share of disbursements from DAC member countries in 2022. This year, 33% went to the UN system, 21% to the World Bank Group, 19% to the EU institutions, and 5% each to the International Monetary Fund (IMF) and regional development banks (Figure 2).

Figure 2 Relative distribution of disbursements by all DAC donors in the multilateral development system in 2022



Source: DEval, own visualisation based on OECD (2024b)

In this multilateral development system, multilateral organisations are recipients and implementing actors and vary in terms of their importance, their tasks and their sectoral or geographical orientation⁶ (Klingebiel, 2013, 2014). In addition to providing DC, multilateral organisations are furthermore norm and standard setters, for example with the adoption of the Millennium Development Goals in 2000 (Klingebiel, 2013). Their successor, the 2030 Agenda, also contains important norms and standards for sustainable development (see Section 4.1).

The effectiveness of bilateral and multilateral DC is controversially discussed in the scientific literature, and there is no unequivocal evidence in favour of greater effectiveness on the part of one of the two channels (Biscaye et al., 2017). Rather, their respective effectiveness in improving development indicators such as economic growth or governance varies according to the countries and regions, time periods and donors or donor organisations studied. For example, it is shown that bilateral DC in sub-Saharan Africa promotes economic growth

⁵ The EU is not seen as a multilateral organisation but as a supranational one. In contrast to other DAC members, it not only provides DC funds for recipient countries and multilateral organisations; it also acts as a mediator and coordinator for its member countries vis-à-vis their DC partners (Klingebiel, 2013). The term “collective bilateralism” is also used in this context (own translation; Klingebiel, 2013: 28).

⁶ These roles include setting norms and standards, promoting sustainable economic development and providing topic-specific expertise and funding (OECD, 2020b). An overview of different organisation types can be found in the online annex.

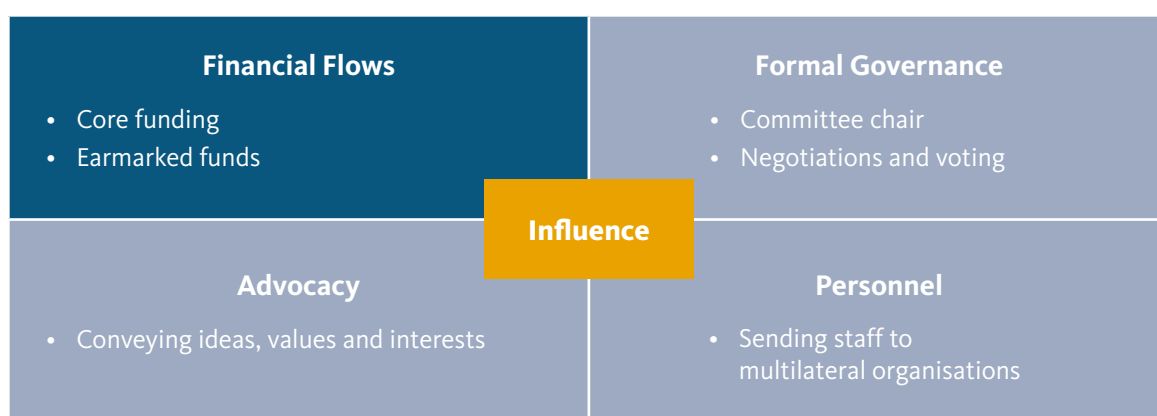
more than multilateral DC and, furthermore, has a more positive impact on private investment and government spending (Edo et al., 2023). Multilateral DC, on the other hand, is more effective in promoting domestic savings in sub-Saharan African countries. This positive effect is also linked to the quality of governance in the partner country: domestic savings increase as a result of multilateral DC especially in countries with good governance (Wambaka, 2022). If the focus is on the promotion of democracy and its effect on a partner country's democracy level, slight differences become visible among various donors. For example, a study by the Expert Group for Aid Studies (EBA) shows that Swedish support for democracy has a stronger positive effect on the level of electoral democracy in a partner country than the support provided by other bilateral and multilateral donors (Niño-Zarazúa et al., 2020).

Bilateral actors face the question of whether to implement funds via multilateral organisations in line with their comparative advantages – even if this means relinquishing control over decisions relevant to development policy such as project selection or funding conditions – or whether to operate bilaterally and thus be able to implement more of their own political priorities (Milner, 2006; Milner and Tingley, 2013). Multilateral actors are considered less politicised and better

informed about the activities of the partner country (Milner, 2006). At the same time, the reduction in workload through task-sharing involves a loss of control. By handing over responsibility via core funding, bilateral actors can only exert limited influence over multilateral DC activities (Milner and Tingley, 2013). The decision on funding is tied to negotiations with other members on the boards of the multilateral organisations (Humphrey, 2022). There are also concerns among the populations of bilateral donors about reduced control. Earmarking is an attempt to counter these fears (Bayram and Graham, 2022).

In general, bilateral donors can exert influence in multilateral DC via four channels: financial flows, formal governance, advocacy and personnel (Figure 3; Lundgren and Strindevall, 2023). First, they can influence whether and for what purpose core funding or earmarked funds are used; second, they can influence negotiation processes (for example in the case of UN votes) via formal roles (for example presidency of the G20 or a seat on the organisation's supervisory board); third – beyond their formal voice (for example on a supervisory board) – they can use advocacy to bring ideas, values, interests and political issues to the fore and thus influence other actors or even convince them to act accordingly; fourth and finally, they can exert influence by sending staff to multilateral organisations.⁷

Figure 3 Donor influence in multilateral DC



Source: DEval, own visualisation based on Lundgren and Strindevall (2023)

⁷ Two of the four channels are mentioned in the BMZ's 2023 multilateral strategy (BMZ, 2023a). First, influence in multilateral organisations is to be increased via the personnel channel by "maintain[ing] or boost[ing] the presence of German staff – in terms of both number and pay grade" (BMZ, 2023a: 12). Second, the advocacy channel is intended to strengthen relationships with partners with shared goals, values and interests in formal and informal forums in order to ensure the future viability of the multilateral system (BMZ, 2023a).

Multilateral DC is interesting for bilateral donors because multilateral organisations are seen as having more legitimacy, more capacity and more expertise – inter alia in fragile contexts (OECD, 2019). Multilateral organisations have a high level of legitimacy because of the number of member states and their specific mandates. Furthermore, multilateral organisations often have a greater financing capacity and a broader reach in the implementation of development activities due to a larger budget (OECD, 2019). Above all in fragile contexts, bilateral donors place their trust in multilateral organisations to promote regions or topics in which they themselves have less expertise, or to make use of their implementation capacity (OECD, 2019). Finally, they can also introduce their bilateral priorities on the multilateral level or reinforce topics that are complementary to their bilateral portfolio (OECD, 2019).

Bilateral donors use multilateral organisations strategically for the allocation of funds. Multilateral organisations (and also non-governmental organisations) are used to avoid channelling financial flows directly through the government in the partner country. This happens especially when the quality of governance is low (Dietrich, 2013). A study using the example of the USA also shows that the question of whether a country is financed bilaterally or multilaterally depends on its voting behaviour in the UN Security Council. Countries that share the same voting behaviour as the USA receive more bilateral DC (Dreher et al., 2022).

At the same time, bilateral donors' control over multilateral organisations is limited – according to the principal-agent theory inter alia because, although an international organisation as the agent is supposed to implement the interests of the member states as the principal (contractor), the organisation as a bureaucracy has its own interests and opportunities to pursue (Hawkins et al., 2006). Barnett and Finnemore (1999) – as well as Busch et al. (2021), Ege et al. (2021) and Thorvaldsdottir et al. (2021) – show that international organisations develop their own interests and exert influence independently of the member states. The finding that the number of staff is negatively

correlated with the largest contributor's financing share also points to a principal-agent problem (Vaubel et al., 2007). The issue of agency slack – which describes actions by the agent that are not desired by the principal – is analysed empirically against this background. The relationship between greater control by the principal and a better-following agent is not clear across all organisations. Rather, organisational characteristics and varying degrees of control appear to have an influence on agency slack (Heldt et al., 2022; Jankauskas et al., 2024).

2.2 Financing modalities

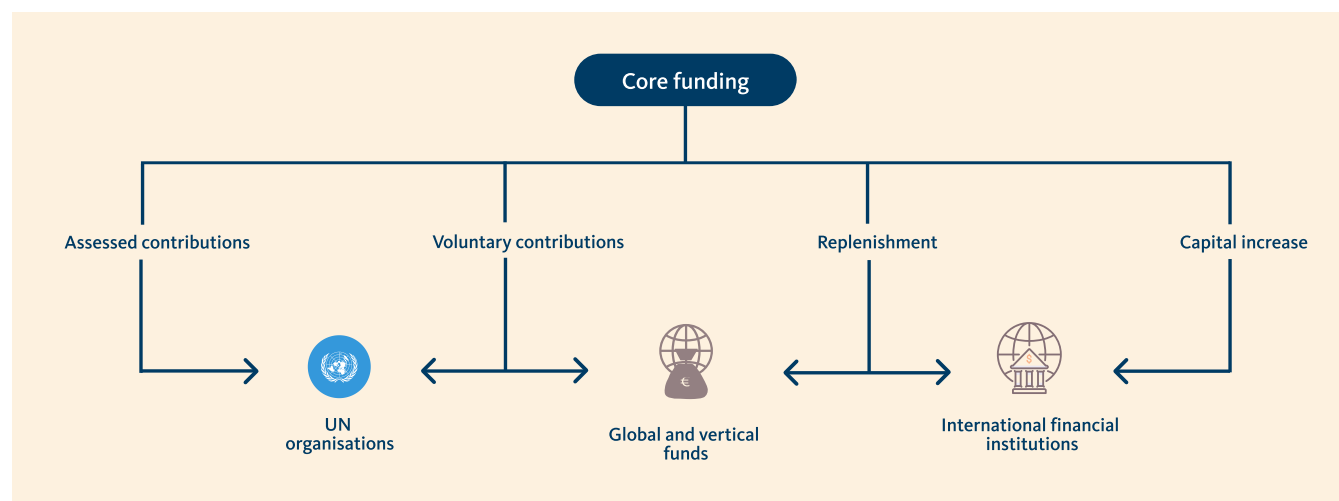
Payments to multilateral organisations are divided into core funding and earmarked funds. The core funding flows into the budget of the recipient multilateral organisation (Weinlich et al., 2020). Earmarked funds, by contrast, are to some extent under the control of a bilateral donor, as the latter determines the purpose for which it is earmarked. For this reason, these funds are also referred to as multi-bi funds (Reinsberg, 2017b). Many bilateral donors have made increasing use of earmarked funds in recent years (OECD 2024a). At the same time, bilateral expenditure decreased slightly between 2015 and 2020, but core contributions barely increased over the same period (OECD, 2022a).

Core funding includes assessed, that is membership-based contributions, as well as voluntary contributions, capital increases and replenishments (Figure 4; Dag Hammarskjöld Foundation and MPTFO, 2019; Gulrajani and Lundsgaarde, 2023). Voluntary and assessed contributions make up the main component of core funding for UN organisations (Dag Hammarskjöld Foundation and MPTFO, 2019). Exceptions include the World Bank Group and the IMF, which, like other multilateral and regional development banks, finance themselves via capital increases and replenishments (Gulrajani and Lundsgaarde, 2023). Global funds also use replenishments and supplement them with voluntary contributions (Gulrajani and Lundsgaarde, 2023).

Capital increases are a way of ensuring the provision of public goods by international financial institutions (IFIs) (Gulrajani and Lundsgaarde, 2023). However, implementation is difficult. On the one hand, new sources of financing often need to be identified, such as by using the available capital to increase

the credit rating of IFIs in order to leverage more funds on the financial market (Humphrey, 2024). On the other hand, talks about a capital increase are linked to discussions about adjusting the shareholders' voting structures (Gulrajani and Lundsgaarde, 2023).

Figure 4 Forms of core funding according to organisation type



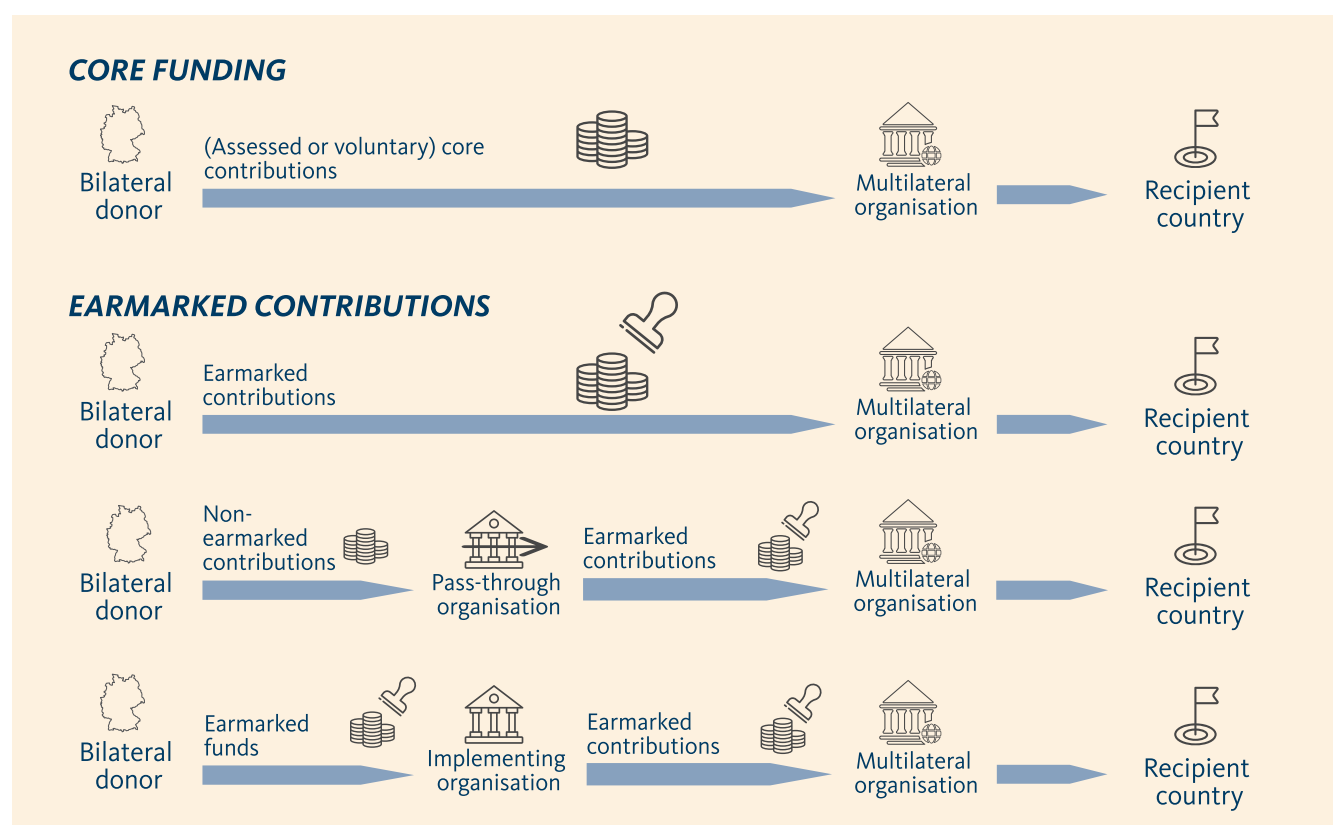
Source: DEval, own visualisation based on Dag Hammarskjöld Foundation and MPTFO (2019); Gulrajani and Lundsgaarde (2023); OECD (2023a, 2023b)

Note: The World Bank Group and the IMF are grouped with multilateral and regional development banks under international financial institutions. Examples of global and vertical funds include the Global Alliance for Vaccines and Immunisation (GAVI), the Global Environment Facility (GEF) and the Global Fund to fight AIDS, Tuberculosis and Malaria.

Earmarked funds either go directly to an implementing multilateral organisation or are channelled via a non-implementing multilateral organisation, a so-called pass-through organisation (Figure 5). However, pass-through organisations again fall back on “traditional” multilateral organisations, such as parts of the UN or the World Bank Group, to implement the funds. To do this, they send the funds to one of these organisations as earmarked contributions (Reinsberg et al., 2015a). From a legal perspective, such pass-through

organisations are independent institutions that operate in a specific sector (Reinsberg, 2017b). One example is the Global Environment Facility (GEF) (Reinsberg, 2017a). If a bilateral donor collaborates with national implementing organisations, earmarked funds are channelled through them and only then passed on to a multilateral organisation (Gulrajani, 2017). Here it is already clear at the outset how the financing is to be implemented.

Figure 5 Financing modalities in the multilateral DC system



Source: DEval, own visualisation based on Reinsberg et al. (2015a)

Earmarking can involve four dimensions: topic, geography, institution and level (OECD, 2020a; Reinsberg et al., 2015a). Within the dimensions, the intended purposes can be defined in ways that vary in terms of strictness (Table 1). Three levels are differentiated: no specification, broadly defined or “soft” earmarking (for example region or the topic area of “education”)

and tight earmarking (for example country or the concrete topic of “teacher training”) (Reinsberg et al., 2015a). The OECD also distinguishes between project-specific and programme-specific earmarking⁸ (OECD, 2020a). The degree of earmarking can differ in each dimension.

⁸ Programmes are the definition of the Creditor Reporting System (CRS), which includes programmes and funds with a specific sectoral, thematic or geographical focus. On the other hand, there are projects that are a collection of inputs, activities and outputs agreed on with the partner country. Projects have a fixed time-framework and geographical focus as well as a fixed budget (OECD, 2023d).

Table 1 Degrees of earmarking

Dimension	Degree	Soft earmarking	Tight earmarking
Topic		Topic area	Concrete topic
Geography		Regional	Country-specific
Institution		Sub-organisation	Institutional actor; staff
Level		Programme	Project

Source: DEval, own visualisation based on OECD (2020a) and Reinsberg et al. (2015a)

Earmarked contributions are often managed via multilateral funds, which can be divided into different categories.⁹ While a single-donor trust fund (SDTF) is financed by just one donor, in a multi-donor trust fund (MDTF) resources from several donors are combined or “pooled”. MDTFs are used primarily in humanitarian aid, while in SDTFs donors support a programme area relevant to development policy (Weinlich et al., 2020). Funds also differ in their affiliation with established multilateral organisations (World Bank or other UN organisations): they either form part of an organisation’s budget, or belong to it but have a self-managed budget, or manage themselves completely autonomously (Droesse, 2011; IEG, 2011; Reinsberg, 2017a).

Earmarked contributions have an impact at the level of the bilateral donors, the multilateral organisations, the partner countries and the entire multilateral development system. According to the scientific literature, there are advantages and disadvantages to using earmarked funds at all levels (Table 2).

Bilateral donors can support mandates of multilateral organisations by means of voluntary core contributions, or multilaterally promote their own development interests – and control them more strictly – with earmarked funds. Further reasons for earmarking funds include dissatisfaction with the performance of the recipient organisation, domestic political interests, or a lack of support for the organisation’s programmes and objectives (Baumann, 2020). Core contributions, by contrast, make it possible to strengthen the institutional partnership with the recipient organisations and to exert influence within the respective institution (Lundgren and Strindvall, 2023).

Having a large proportion of earmarked contributions in their own budgets makes it difficult for multilateral organisations to implement coherent and effective DC (Weinlich et al., 2020). In 2022, 21% of the entire financing of all DAC countries was earmarked; the share of core financing was 22% and bilateral DC 57% (OECD, 2024a). There is a broad consensus in the literature on the financing of multilateral organisations that earmarked contributions lead to fragmentation and higher transaction costs than non-earmarked contributions (Baumann, 2020). Furthermore, they make it more difficult for these organisations to deal flexibly with complex and long-term problems, and they restrict recipient countries’ autonomy (Baumann, 2020; Reinsberg, 2023). While UN organisations in particular have received earmarked funds in recent years, since 2022 the proportion of this form of funding has also been increasing within the World Bank Group and the IMF. This is mainly due to payments for crisis management (OECD, 2024a).

Partner countries prefer multilateral organisations to bilateral donors; however, earmarked contributions mean a decline in their autonomy. Multilateral organisations such as the IMF and World Bank are seen by stakeholders in partner countries as being more influential and useful for the implementation of reforms than other donors (Custer et al., 2021). In addition, citizens in partner countries prefer DC from democratic donors, transparent implementing organisations and international organisations (Kim et al., 2025). With regard to earmarked contributions, analyses show that these reduce responsibility, for example for the formulation of policy objectives or the use of DC by national systems. Moreover, DAC members hardly

⁹ In addition to the direct financing of multilateral organisations, parallel financing and triangular collaborations can also make cooperation possible. Multilateral organisations and other countries can be incorporated into parallel financing or triangular-cooperation projects (BMZ, 2021b; OECD, no date). These two forms are not included in the portfolio analysis as they are not reported as earmarked contributions to multilateral organisations.

ever address these negative effects of earmarking on autonomy (Reinsberg and Taggert, 2024).

Earmarked funds are an additional financial resource for the multilateral system, but, at the same time, they also mean increased influence from individual donors. For example, a high volume of earmarked funds to the International

Organisation for Migration (IOM) has increased both its capacity to engage in the protection of certain groups and its level of visibility and recognition at the international level (Lebon-McGregor and Micinski, 2021). On the other hand, the large donations from individual donors in particular have led to a shift in responsibility away from the collective donor community (Barder et al., 2019).

Table 2 Advantages and disadvantages of earmarking in the multilateral development system

Level	Advantages	Disadvantages
Bilateral donor	<ul style="list-style-type: none"> National interests can be strengthened More control over the use of funds and more management options National compliance mechanisms and own standards can be applied Agenda setting and visibility in multilateral organisations Comparative advantages (for example access to the target group, capacity in fragile contexts, large volume of funding) of multilateral organisations can be used Risks are outsourced 	<ul style="list-style-type: none"> Higher transaction costs due to management overheads and monitoring of more projects with smaller volumes
Multilateral organisations	<ul style="list-style-type: none"> Larger budget in the earmarked topic areas (especially in the UN system) Short-term acquisition of funds, above all in a crisis context 	<ul style="list-style-type: none"> Mandates and core functions of multilateral organisations are watered down New funds require their own processes (for example in administration and for monitoring and evaluation) Multilateral agenda is undermined by bilateral interests Little financing flexibility and stability Competition for earmarked funds and the associated risk of inter-institutional, strategic fragmentation Higher transaction costs due to increased administrative and management overheads
Partner country	<ul style="list-style-type: none"> Increased funding in selected topic areas 	<ul style="list-style-type: none"> Less autonomy Priorities of the partner countries may be eclipsed by thematic priorities of the donor countries
Multilateral DC system	<ul style="list-style-type: none"> Possibility of increased donor coordination within the sectors with a large proportion of earmarked funds Rapid release of funds in crisis contexts Competition for earmarked funds (advantageous in moderation) Better system performance since donors take on more responsibility 	<ul style="list-style-type: none"> Overarching goals are lost (collective goals such as “leave no one behind”) Reduced donor coordination due to fragmentation of contributions Responsibility passes from the collective to individual dominant donors Fragmentation of contributions has impacts on evaluability and impact measurement

Source: DEval, own visualisation based on Barder et al. (2019), Baumann, (2020), OECD (2019, 2020a, 2022a), Reinsberg (2017a), Sridhar and Woods (2013) and Weinlich et al. (2020)

2.3 Interplay

In both scientific literature and development practice, the meaningful interlinking of bilateral and multilateral DC is often described with terms such as **interplay or complementarity, coordination or coherence**.¹⁰ The scientific debate on complex problems (also referred to as “wicked problems”¹¹) explores the question of how different actors come together to solve cross-border and highly complex challenges (Candel and Biesbroek, 2016; Cejudo and Michel, 2017; Peters, 2018; Tosun and Lang, 2017).

Coordination and coherence processes between different organisations or units are necessary in order to interlink bilateral and multilateral DC; different levels of intensity are possible in each case (see online annex; Cejudo and Michel, 2017). The aim of coordination in this context is to stipulate tasks and responsibilities and to exchange information. Coherence, by contrast, involves organising measures in such a way that they reinforce each other positively and contribute to achieving an overarching goal. Coherence can be achieved by objectives, instruments and target groups.

The interplay between bilateral and multilateral DC can be either “reinforcing” or “complementary” – the decisive factor is the intentional design. A distinction must be made in this context between dimensions like geography (for example country or region) and topic. Distinctions can also be made according to the level (for example portfolio or project) or the different functions of the actors involved (for example setting standards, implementing activities). Different combinations are also conceivable depending on the aim of interplay: for example, bilateral and multilateral DC can aim to reinforce each other in a certain sector by complementing each other via their functions in the joint implementation of a programme.

Promoting and hindering factors relate to the dimensions of “governance/institutionalisation”, “political support”, “cooperation” and “administrative processes” (see online annex). Based on work on complementarity and interplay, influencing factors were clustered in the four dimensions mentioned above (Doc. 20–22¹²). Governance/institutionalisation refers to how or with which modes the cooperation is formally structured and jointly regulated among the actors. Political support includes the engagement of the principal, the BMZ, the German embassy and local political partners. The cooperation dimension relates to the interpersonal aspects of cooperation, while administrative processes particularly affect contractual matters and funding arrangements within the individual organisation.

¹⁰ These terms are not used exclusively for linking bilateral and multilateral DC but also for the process of integrating different policy fields.

¹¹ This term is used to describe the fact that different policy fields are shaped by different actors who differ in terms of their interests and political assumptions and therefore cannot agree on a coherent approach to solving problems. Furthermore, these challenges involve controversies, uncertainties and entrenched interaction patterns (Candel and Biesbroek, 2016).

¹² To ensure the confidentiality of unpublished documents passed on to DEval, they are listed in the text using the form “Doc.” plus a consecutive number and do not appear in the list of literature.

3.

METHODOLOGY

This chapter first explains the evaluation design and the criteria for case selection (Section 3.1). It subsequently presents the methods used to answer the evaluation questions (Section 3.2).

3.1 Evaluation design

3.1.1 Components of the evaluation design

The evaluation design comprises the components portfolio analysis, literature analysis and case study,¹³ whereby a mixed-method approach is pursued. The three components complement each other: the current multilateral development practice (portfolio analysis, case study) and the scientific findings on this topic area (literature analysis) are described. The evaluation design thus combines a broad-based analysis (portfolio analysis) with a selected in-depth analysis (case study), in particular on the interaction between bilateral and multilateral DC.

The aim of the portfolio analysis is to obtain an overview of the components and characteristics of the BMZ's multilateral funds. First, this overview is obtained via a descriptive perspective by categorising the distribution of funds in the portfolio in different dimensions, thereby making priorities and distribution patterns visible. Second, an analytical approach is taken by means of a portfolio similarity analysis between bilateral and earmarked portfolios on the one hand, and earmarked contributions and the portfolio of multilateral organisations on the other. By analysing the allocation of funds, statements can be made on distribution trends over different time periods, and conclusions can be drawn on consistencies with strategic priorities.

The systematic review serves to summarise scientific findings on the effectiveness of multilateral financing modalities (of core and earmarked funding), to identify existing gaps and to classify our own research (Snyder, 2019; Tranfield et al., 2003).

Evidence on the effectiveness of core and earmarked funding is analysed and processed according to three dimensions of effectiveness (process, costs, outcome) and three levels of intervention (project, organisation, system).

The aim of the case study is to analyse the practice of interplay between bilateral and multilateral DC in a specific topic area and country context, along with the factors that are conducive to or hinder this interplay. As part of the case study, the perspectives of German DC, multilateral organisations and ministries are documented. For the case study, interviews are carried out and qualitatively analysed together with project documents. A social network analysis is also conducted.

3.1.2 Criteria for case selection

In order to identify a relevant case, selection follows a three-stage procedure, which differentiates first between core areas and then between countries, and finally examines other relevant criteria. The aim is to identify cases that can be expected to yield informative results on the question of the interplay between bilateral and multilateral DC. In particular, the analysis of the cases is intended to allow a better understanding of the factors that enable or hinder interplay. Against this background, the first criterion is that there is a balanced relationship between the BMZ's bilateral and multilateral engagement within a core area. From this selection, the second step is to identify partner countries that also have a balanced relationship between bilateral and multilateral DC. The third criterion is that both UN organisations and international financial institutions are active in the selected core area and partner country.¹⁴

The result of these three steps is the selection of bilateral and earmarked projects in Ethiopia in the core area of "Life without Hunger".¹⁵ In this core area, the ratio of bilateral to earmarked contributions in the Ethiopian portfolio has been balanced since 2020.¹⁶ It is also the only country that fulfils the criteria of step 3 and, furthermore, where transitional development assistance projects are being implemented.

¹³ See the online annex for a depiction of the evaluation criteria and components of the evaluation design.

¹⁴ Further information on the three-stage case-selection procedure can be found in the online annex.

¹⁵ Furthermore, in the core area of "health", inspection of the CRS data shows that only UN organisations receive earmarked contributions in the countries examined.

¹⁶ The core areas and the core area model were introduced in 2020.

3.2 Evaluation methods

In terms of method integration, various methods are used to answer the evaluation questions (Table 3). Evaluation question 1 on the relevance of the portfolio is primarily answered using descriptive statistics. For evaluation question 2 on interplay and thus coherence, descriptive statistics and portfolio similarity analysis are used for the portfolio level; for the country and activity levels, documents (including strategy, programme and project documents) and interviews

(with decision-makers and project staff from German DC, multilateral organisations and partners, among others) are analysed in the course of the case study. Interviews and documents are also consulted for evaluation question 3. Evaluation question 4 on the efficiency of the financing modalities also combines descriptive statistics with an analysis of interviews. A systematic review is conducted to answer evaluation question 5 on the state of knowledge on the effectiveness of financing modalities.

Table 3 Evaluation questions and method integration

EQ \ Methods	Descriptive statistics	Portfolio similarity analysis	Strategy analysis; factor analysis	Systematic review	Qualitative content analysis: interviews	Qualitative content analysis: documents	Social network analysis
EQ 1: Portfolio	X		X				
EQ 2: Interplay	X	X			X	X	X
EQ 3: Interplay factors					X	X	
EQ 4: Efficiency of financing modalities	X				X		
EQ 5: Effectiveness of financing modalities				X			

Source: DEval, own visualisation

The derivation of the benchmarks for assessing the evaluation questions is based on an analysis of BMZ strategies and the scientific literature. For the assessment of evaluation questions 1, 2 and 4, an evaluation matrix was developed with benchmarks derived from the multilateral BMZ strategies (BMZ, 2013a, 2020a, 2023a) and from the scientific literature (see Annex 8.2). Operationalising the goals from the BMZ strategies posed a challenge, as the goals are defined at an abstract, overarching level, and provide little guidance for action.

Portfolio analysis: descriptive statistics and portfolio similarity analysis

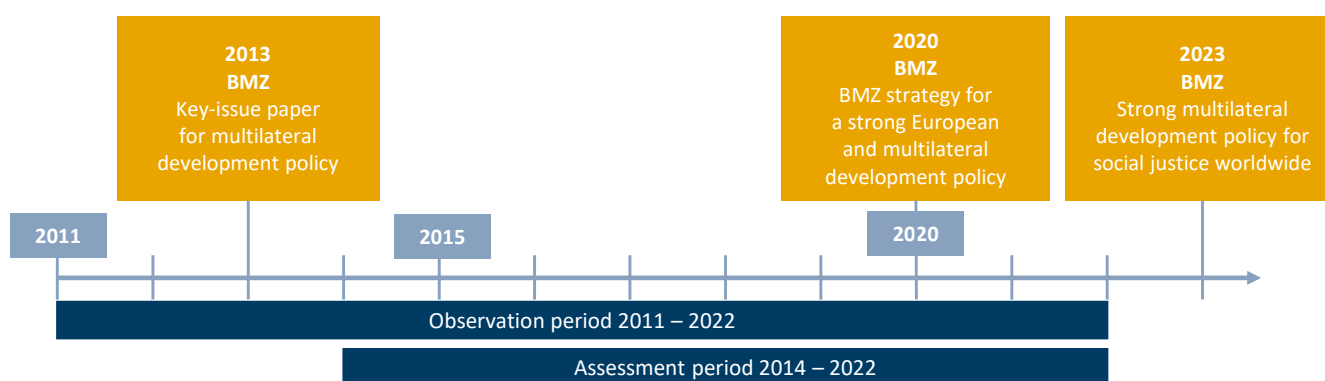
The portfolio analysis for evaluation questions 1, 2 and 4 consists of descriptive statistics, an assessment of compliance with the strategic priorities and a portfolio similarity analysis for evaluation question 2. The descriptive statistics¹⁷ show the distribution of core funding and earmarked contributions during the period under review, which are then compared with the priorities from the 2013 and 2020 strategies. The portfolio similarity analysis describes the relationship between the BMZ's bilateral and earmarked portfolios.

¹⁷ In the portfolio analysis, European DC is included in the descriptive section (see Section 4.2) in the sense of an overview. A detailed breakdown of the share of European DC in the BMZ portfolio can be found in the online annex. For the assessment of the portfolio (in Chapter 5), European DC is excluded and only multilateral DC is considered, as the EU plays a special role in the DC system as a supranational organisation (see Glossary: "International and multilateral organisations"; Klingebiel, 2013).

The portfolio analysis examines the extent to which the BMZ's strategic priorities were implemented in the portfolio from 2014 to 2022. To this end, empirical implications are derived from the strategy documents. These empirical implications are tested using a descriptive portfolio analysis. To achieve this, the dimensions of "sector", "core areas", "institutions", "geography" and "financing modalities", among others, are broken down

within the period 2011 to 2022. The period under review begins before the first BMZ strategy on multilateral development policy (BMZ, 2013a) in 2011.¹⁸ The period from 2011 to 2013 is used as a comparison from which changes resulting from the 2013 strategy can be measured. This results in an assessment period from 2014, which ends in 2022 for reasons of data availability (Figure 6).¹⁹

Figure 6 Assessment period of the evaluation



Source: DEval, own visualisation

The portfolio similarity analysis²⁰ examines the similarity²¹ between the BMZ's earmarked and bilateral portfolios, as well as disbursements by multilateral organisations²² at the thematic and geographical level for the period 2014 to 2022.²³ The first part deals with the similarity of earmarked contributions relative to bilateral funding channelled through the public sector; the second part deals with the similarity of disbursements by individual multilateral organisations relative to the BMZ's earmarked contributions to these respective

organisations. At the thematic level, the similarity is analysed on the basis of sectors²⁴. At the geographical level, countries and regions that have received funding are analysed.²⁵ In addition to an overall examination of the period from 2014 to 2022, the similarity within individual years is likewise determined in order to map the development over the period.

In terms of interplay, the bilateral and earmarked portfolios can reinforce each other or be complementary to each other.²⁶

¹⁸ The OECD dataset used – "Members' total use of the multilateral system" – is available from 2011.

¹⁹ In relation to the 2023 strategy, the extent to which the current portfolio already meets the priorities of this strategy is outlined. However, this is not assessed. The evaluation thus generates information on the question of whether and in which areas adjustments could be necessary in the allocation of funds to fulfil the 2023 strategy.

²⁰ This method is recommended in the new Multilateral Development Finance 2024 report (OECD, 2024a) to promote transparency, coordination and cooperation.

²¹ This is determined by the cosine similarity, which can assume a value between zero and one. A value close to 0 indicates that the two portfolios are not similar, but complementary to each other, whereas a value close to 1 means that the two portfolios are very similar and reinforce each other (OECD, 2022b).

²² Multilateral disbursements come from the budget of multilateral organisations. Earmarked contributions are not part of this (OECD, 2024c).

²³ The analysis is based on the script of the authors of the study "Comparing Multilateral and Bilateral Aid. A Portfolio Similarity Analysis" (OECD, 2022b).

²⁴ The analysis of the thematic similarity between the bilateral and earmarked BMZ portfolio is based on the CRS variable "SectorName" (OECD, 2023a). In order to depict the full breadth of the mandates of multilateral organisations, the sub-sectors were aggregated into a total of eleven sectors for the analysis of thematic similarity between multilateral disbursements and the respective BMZ earmarked contributions (see online annex).

²⁵ The analysis of the similarity between bilateral and earmarked BMZ portfolios is based on the CRS variable "RecipientName" (OECD, 2023a), while that between multilateral disbursements and the respective earmarked BMZ contributions is based on the CRS variable "RegionName" (OECD, 2023a).

²⁶ A limit value between 0.4 and 0.6 was defined for the assessment. Within this area, the portfolio is neither reinforcing nor complementary.

The portfolios reinforce each other if, for example, they support the same sectors with a similar financing volume. Complementarity arises when different sectors are financed.²⁷

Strategy assessment

The aim of the strategy assessment for evaluation question 1 is to work out the relevant development framework and the strategic objectives for multilateral DC and to identify the priorities that are reviewed by means of the portfolio analysis in a portfolio-strategy comparison. To this end, relevant strategies of the BMZ (for example the multilateral strategies), the German Federal Government (for example the White Paper on Multilateralism [Deutscher Bundestag, 2021]) and coalition agreements (Federal Government, 2009, 2018, 2021a), as well as international frameworks (for example the Addis Ababa Action Agenda [UN, 2015a]) are analysed in a structured manner in a qualitative content analysis using a coding scheme (see online annex).

Factor analysis

The factor analysis contributes to understanding the allocation of BMZ funds to multilateral organisations and to identifying relevant correlations for evaluation question 1. To this end, linear regression models (ordinary least squares) are used to examine the relationship between financing flows (as the dependent variable) and various independent variables at the organisation level for the period 2011 to 2022. The latter include the assessments of the Multilateral Organisation Performance Assessment Network (MOPAN), compliance with procedural standards and accountability mechanisms, the “age” of the multilateral organisation, and sectoral versus cross-purpose mandates (see online annex).

Systematic review

The systematic review for evaluation question 5 provides a structured overview of the current, internationally available literature and scientific evidence on the effectiveness of financing modalities.²⁸ The focus is on the effectiveness

of earmarked funds and core contributions. This includes, for example, which advantages and disadvantages arise for different actors from the use of the financing modalities. The advantage of the systematic review is that literature on all bilateral donors can be taken into account and the results are therefore valid across countries.

The analysis scheme of the systematic review differentiates between the effectiveness dimensions “process”, “costs” and “outcome”, as well as the “project”, “organisation” and “system” levels (see online annex). For the analysis, the evidence was assigned to one of the previously defined intervention levels (project level, organisational level, level of the entire multilateral system) and an effectiveness dimension (process, costs, outcome). The process dimension looks into the internal functioning and inner workings of a multilateral organisation: rules, procedures and routines for planning strategically, managing processes efficiently, collaborating effectively with partners, monitoring results and promoting learning. Cost effectiveness means that the resources are used in such a way that the greatest possible benefit or impact is achieved (IEO, 2022; Lall, 2017). The outcome dimension refers to whether the previously defined objectives are realised; in other words, it is about an organisation’s ability to achieve agreed targets (Gutner and Thompson, 2010).

Qualitative content analysis: documents and interviews

A qualitative content analysis is used to review text material for evaluation questions 2 and 3 and reduce it to key statements; the data is based on strategy, programme and project documents, as well as semi-structured, guideline-based interviews with project managers and staff in the case-study country (see online annex). Programme and project documents are relevant in terms of their statements on the interlinking between bilateral and earmarked DC projects. Qualitative, semi-structured interviews make it possible to elicit knowledge, attitudes and assessments from interviewees, since they allow open answers and provide space for reflection. They are especially suitable for approaching factors that promote or hinder interplay.

²⁷ The OECD study Comparing Multilateral and Bilateral Aid. A Portfolio Similarity Analysis (OECD, 2022b) distinguishes between the four categories “reinforcing”, “thematically complementary”, “geographically complementary” and “diversifying”.

²⁸ The systematic review is carried out in co-operation with the EBA and two young evaluators from the Global South.

Social network analysis

The aim of the social network analysis is to record, visualise and analyse relationships and networks between different actors for evaluation question 2. The unit of analysis is the individual bilateral or earmarked project in the core area of “Life without Hunger” in Ethiopia as part of the case study. In order to examine the links between the bilateral and earmarked projects, project managers are asked in an online survey which other projects in the core area they know, which of these are relevant to their own project, which they exchange information with, and which they cooperate with beyond this (see online annex). The answers are processed using gephi visualisation and analysis software; the emerging networks between projects are analysed.

Evaluation Capacity Development (ECD)

One of DEval’s objectives is to strengthen evaluation capacity in partner countries. In this way individuals, organisations and society as a whole can be empowered to commission and implement evaluations and make systematic use of findings (DEval, 2023). DEval realises this objective, for example, via the EvalConnect project, as well as in individual evaluations.

The collaboration with young emerging evaluators (YEEs) in the systematic review covers the individual component of ECD. ECD has an individual and systematic component. As part of the cooperation with the YEEs, individual capacities are strengthened; at the same time, the evaluation team benefits from a perspective from the Global South. In addition to the comprehensive cooperation on the systematic review, a joint dissemination activity is sought.

evidence on multilateral financing modalities. The results are verified using various methods. Qualitative and quantitative data are triangulated with each other in this context.

The evaluation design allows the results of the systematic review to be generalised and ensures a high validity of the portfolio analysis data and results. Since the systematic review considers all available international evidence from the current state of research, the results can be generalised beyond German DC. The portfolio analysis takes into account the entire BMZ portfolio and ensures that relevant features are covered by the analysis – in this evaluation these are financing modalities, sectors and institutions.

The focus is on the OECD criteria of “relevance“, “coherence” and “efficiency“, while “effectiveness“, “impact” and “sustainability” are not analysed. Accordingly, statements on the results and impacts of the BMZ’s multilateral engagement are neither intended nor possible.

The limitations of the evaluation design are that the case study can only be generalised to a limited extent and that the portfolio analysis is conducted at an aggregated level. The case selection is based on the criterion of a relevant or typical case; no random sample is used. The results of the case study are therefore not readily transferable to other country and/or core area contexts.

3.3 Reflection on the evaluation design

One of the strengths of the evaluation design is the integration of different design components and methods. For example, the portfolio analysis, the systematic review and the case study with the qualitative content analysis of documents and interviews provide a comprehensive and broad overview of the BMZ’s multilateral engagement, as well as scientific

4.

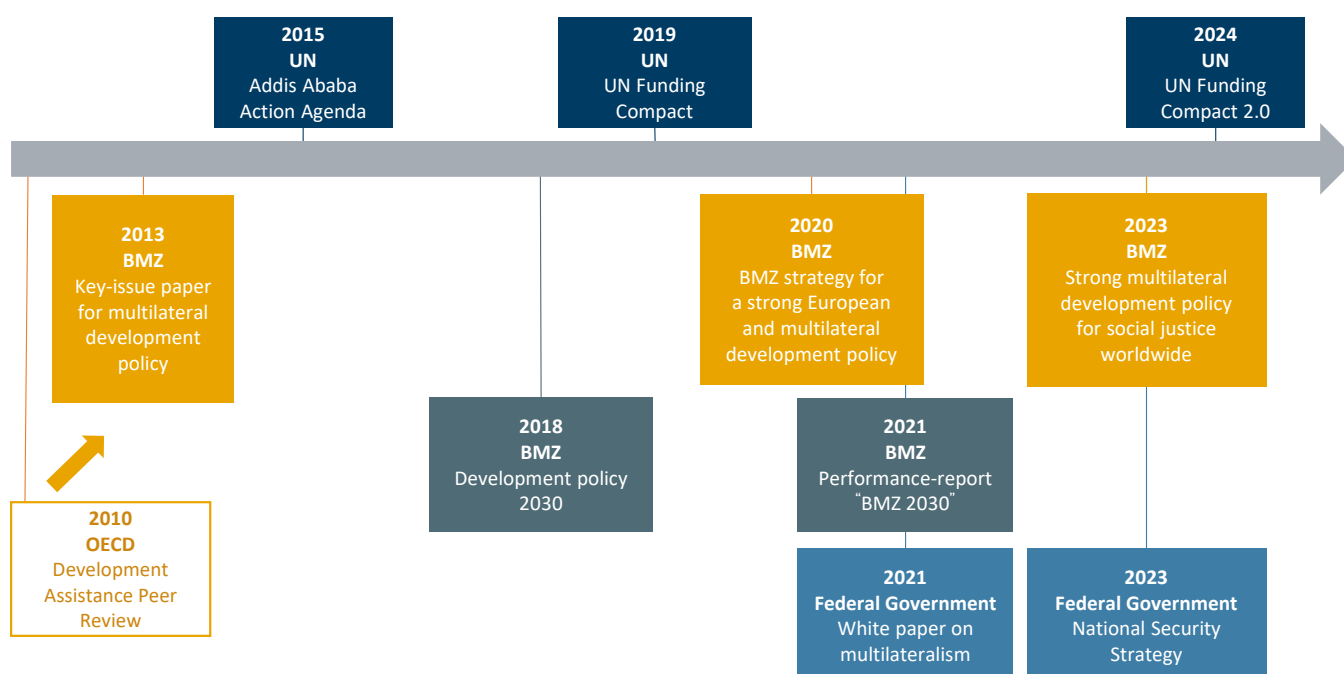
STRATEGY OVERVIEW AND PORTFOLIO ANALYSIS

This section explains the strategic context of German multilateral development policy. A number of strategies at the international and national level are relevant for German multilateral development policy. First, international strategies are presented that define a framework for the involvement of donor countries and multilateral organisations, and are accompanied by substantive and financial objectives. The BMZ strategies for multilateral DC are subsequently explained, and further relevant BMZ and other national strategies are also outlined.

4.1 Overview of relevant strategies for multilateral DC

Alongside the 2030 Agenda, the Paris Climate Agreement and strategies such as the UN Funding Compact and the Addis Overview of relevant strategies for multilateral DC Ababa Action Agenda are relevant at the international level. The UN's 2030 Agenda (UN, 2015b) lays down 17 global goals for sustainable development. The UN's Paris Climate Agreement (UN, 2015c) contains commitments to mitigate climate change and achieve a climate-friendly transformation. Further significant international agreements include the Addis Ababa Action Agenda (UN, 2015a), which supports the implementation of the 2030 Agenda, and the UN Funding Compact²⁹ (UN, 2019) and its revision, the UN Funding Compact 2.0 (UNSDG, 2024)³⁰, which was concluded to ensure the flexibility of UN funding (Figure 7).

Figure 7 Strategic context of multilateral development cooperation 2010–2024



Source: DEval, own visualisation

Note: other relevant international commitments include the 2030 Agenda (UN, 2015b) and the Paris Climate Agreement (UN, 2015c).

²⁹ On the one hand, member states should strive for funding that is geared towards an organisation's needs. On the other hand, multilateral organisations are working to improve transparency and accountability (UN, 2019).

³⁰ A revision of the UN Funding Compact was published in 2024. The UN Funding Compact 2.0 pursues three overarching goals: (1) a more strategic and responsive UN development system that supports the achievement of SDG outcomes in line with national development needs and priorities and embeds them in intergovernmentally agreed UN principles, norms and standards, as well as in the UN Charter; (2) a more collaborative and integrated UN development system; and (3) a more efficient and streamlined UN development system that maximises human and financial resources (UNSDG, 2024). Another new feature of the UN Funding Compact 2.0 is that a distinction is made between a tight and a soft commitment with regard to earmarked funding (UNSDG, 2024).

In 2010, the OECD recommended that the BMZ develop a strategy for multilateral DC; since then, the Ministry has published three such strategies (BMZ 2013a, 2020a, 2023a).³¹ In the 2010 Development Assistance Peer Review, the OECD recommended further developing the first draft key-issue paper available at the time (OECD, 2010). The draft strategy was to include “how German development goals could be promoted by multilateral financing” (own translation; OECD, 2015: 97). As a result, the key issues paper for multilateral development policy was published in 2013. This was followed in 2020 by the “BMZ Strategy for a Strong European and Multilateral Development Policy” (own translation; BMZ, 2020a). Finally, the latest multilateral strategy of the BMZ was published in 2023 (BMZ, 2023a).

An overarching goal in the 2013 and 2020 strategies was to increase the effectiveness of multilateral DC; the most recent strategy also names this goal but no longer as a priority. The two older strategies proposed a manageable and efficient international organisational landscape to increase effectiveness and reduce fragmentation (BMZ, 2013a, 2020a). The 2020 strategy additionally placed particular emphasis on transparency and efficiency, which should also be emphasised in political dialogue with new donors (BMZ, 2020a). The latest strategy retains the goal of making multilateral organisations more effective and efficient, but this is no longer a priority (BMZ, 2023a).

Compared to the 2013 and 2020 strategies, the 2023 strategy includes more and new overarching goals (BMZ, 2013a, 2020a, 2023a). In contrast to the previous strategies, further aspects mentioned include “strategic partnerships”, the importance of the multilateral development system in crises, the reform of the UN development system, and the creation of structures in the multilateral development system for social justice. For the first time, the 2023 strategy also attaches considerable importance to the protection and provision of global public goods (BMZ, 2023a).

One goal for multilateral DC since 2013 has been to interlink bilateral and multilateral DC. This is a particularly prominent topic in the 2013 strategy (BMZ, 2013a). Furthermore, undefined delegated cooperation, basket funding and strategic partnerships are mentioned as concrete possibilities for interplay (BMZ, 2013a). Also according to the 2020 multilateral strategy, BMZ priorities were to be embedded multilaterally and the Funds-in-Trust financing instrument³² geared more specifically towards interplay between bilateral and multilateral DC (BMZ, 2020a). Finally, linking bilateral with multilateral DC and EU cooperation is also listed as a key objective in the 2023 strategy. This is to be deployed above all when the legitimacy of the multilateral organisation makes politically sensitive areas of work or regions accessible, specifically in crisis contexts (BMZ, 2023a).

The BMZ consistently emphasises the importance of core contributions to strengthen the mandates of multilateral organisations. In the 2013 strategy, the BMZ regards the counterpart to core contributions – the widespread earmarked contributions from many bilateral donors – as the cause of the fragmentation of the multilateral organisational landscape. As a result, it continues, multilateral organisations are increasingly restricted in their independent planning and the strategic focus of their activities (BMZ, 2013a). The payment of core contributions to the UN system is emphasised in all three strategies.³³

Earmarked funds are to be used strategically to avoid fragmentation, reduce transaction costs and ensure flexibility. The 2013 strategy states that the fragmentation of the multilateral development system should be reduced by regulating the establishment of SDTFs (BMZ, 2013a). The 2020 version emphasises that “earmarked contributions to multilateral organisations, especially the UN, should, as a rule, be made as fund contributions, not as co-financing of individual projects” in order to reduce transaction costs and promote

³¹ The significance of multilateral DC in German development policy has changed with the appointment of different BMZ ministers. More detailed explanations can be found in the online annex.

³² The funds-in-trust item is part of budget item 68701 “Contributions to the United Nations, its specialised agencies and other international institutions and international non-governmental organisations” (own translation) in Chapter 2303.

³³ While the 2013 strategy does not explicitly mention individual UN organisations, in 2020 the United Nations International Children's Emergency Fund (UNICEF) and the United Nations Development Programme (UNDP) are specifically mentioned as important UN organisations (BMZ, 2020a). The United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), the United Nations Population Fund (UNFPA) and the United Nations World Food Programme (WFP) were added in 2023. Core contributions are named as a primary form of financing for UN organisations (BMZ, 2023a), but their effectiveness is not classified.

coherence (own translation; BMZ, 2020a: 7). According to the 2023 strategy, earmarked funds should be used for the BMZ's priority objectives and primarily for crisis situations; furthermore, organisations should have the greatest possible scope when using the funds (BMZ, 2023a).

The thematic and sectoral focus on migration/refugees, education, health, poverty and climate, as well as the regional focus on Africa in the multilateral strategies have been maintained since 2020. The BMZ's 2013 multilateral strategy only emphasised climate as a sector. Others were added in 2020, and these were also mentioned in the 2023 strategy: migration/refugees, education, health, poverty, climate. There was a geographical focus – Africa – for the first time in 2020, and further regions and individual countries of “global and regional significance” (BMZ, 2023a: 15) were added in the 2023 strategy (BMZ, 2013a, 2020a, 2023a).

To summarise, the BMZ's 2013, 2020 and 2023 strategies on multilateral development policy reveal further development. This relates to the differentiation of objectives and instruments, whereby the content – especially the objectives – remains at a superordinate, abstract level.

4.2 The multilateral BMZ portfolio in the German and international context

In this section, the multilateral BMZ portfolio³⁴ is classified in the German and the international context³⁵. In a first step, the focus is on the multilateral BMZ portfolio's share of the overall German multilateral portfolio. In a second step, the distribution of the bilateral and multilateral BMZ portfolio is compared with the distribution between bilateral and multilateral DC across all DAC countries.

The financing volume of Germany's multilateral portfolio increased from around 7.6 billion euros in 2011 to approximately 19.7 billion euros in 2022 (Figure 8). While the BMZ's disbursements grew by more than a third in absolute terms during this period (from 6.8 to 11.3 billion euros) and those of the Federal Foreign Office increased almost tenfold (from 0.4 to 3.6 billion euros), other federal ministries and federal states³⁶ have also been paying out increasing sums since 2020. In 2022, 65% of disbursements by other federal ministries and federal states, or 2.6 billion euros, was paid by the Federal Ministry of Finance to the IMF (OECD, 2023e). The Federal Ministry of Health paid out 758 million euros in that year, which corresponds to a share of 19% (OECD, 2023e).³⁷

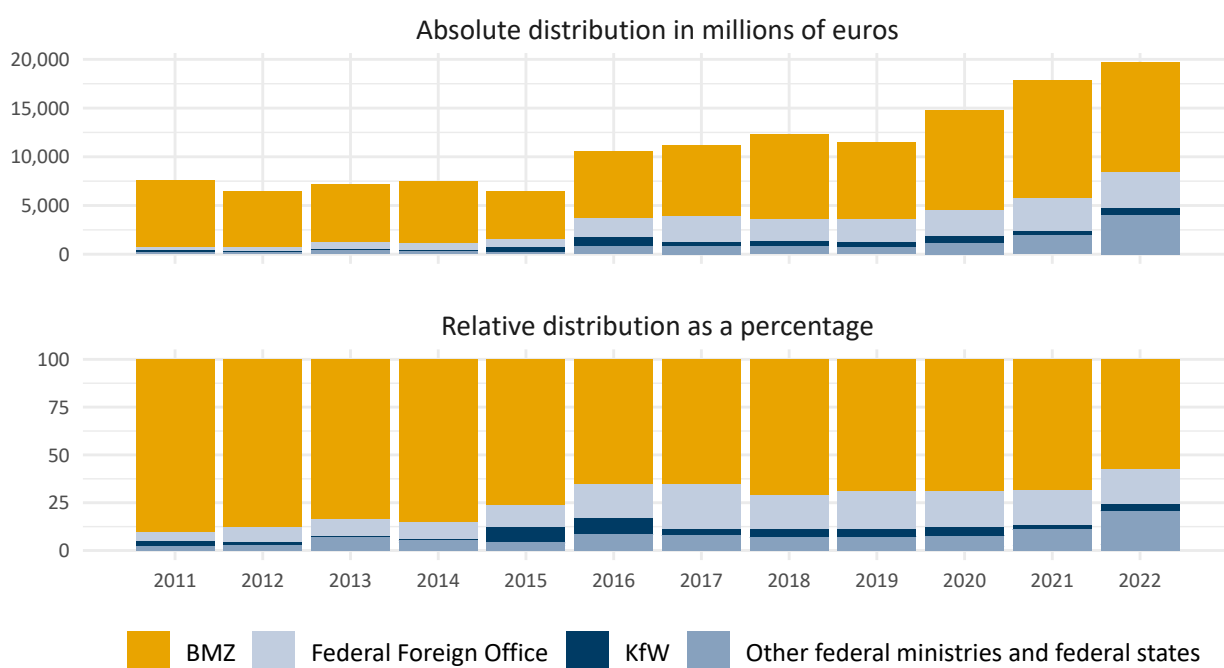
By comparison with the Federal Foreign Office and other federal ministries and federal states, the BMZ's share fell from 90% in 2011 to 58% in 2022, although the BMZ remains the largest actor in the overall German multilateral portfolio (Figure 8). The second-largest actor is the Federal Foreign Office with a share of 18% between 2020 and 2022. The Federal Foreign Office has been responsible for humanitarian aid since 2014 (Weinlich et al., 2020). Since then, 50% to 74% of the ministry's budget has consisted of emergency measures as part of these support measures. The share of other federal ministries and federal states rose to 21% in 2022.

³⁴ In order to provide an overview of multilateral engagement, including European DC, payments to the EU are included in the descriptive analysis of the multilateral portfolio in this chapter. The focus of the analytical section in the following chapter, however, is on multilateral DC (see also Chapter 3).

³⁵ The portfolio analysis is based on inflation-adjusted disbursements in euros. The data stems from the OECD's CRS (OECD, 2023a, 2023e). Further information can be found in the online annex.

³⁶ Federal states: Bavaria, Saxony-Anhalt, North Rhine-Westphalia, Saxony, Schleswig-Holstein; other federal ministries (as of 2021): Federal Ministry for Economic Affairs and Energy, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Federal Ministry of Defence, Federal Ministry of Education and Research, Federal Ministry of Finance, Federal Ministry of Food and Agriculture, Federal Ministry of Health, Federal Ministry of Justice and Consumer Protection, Federal Ministry of Labour and Social Affairs, Federal Ministry of the Interior, Building and Community, Federal Ministry of Transport and Digital Infrastructure.

³⁷ A detailed breakdown of the distribution of payments by other federal ministries and federal states can be found in the online annex.

Figure 8 Absolute and relative distribution of actors in the German multilateral portfolio

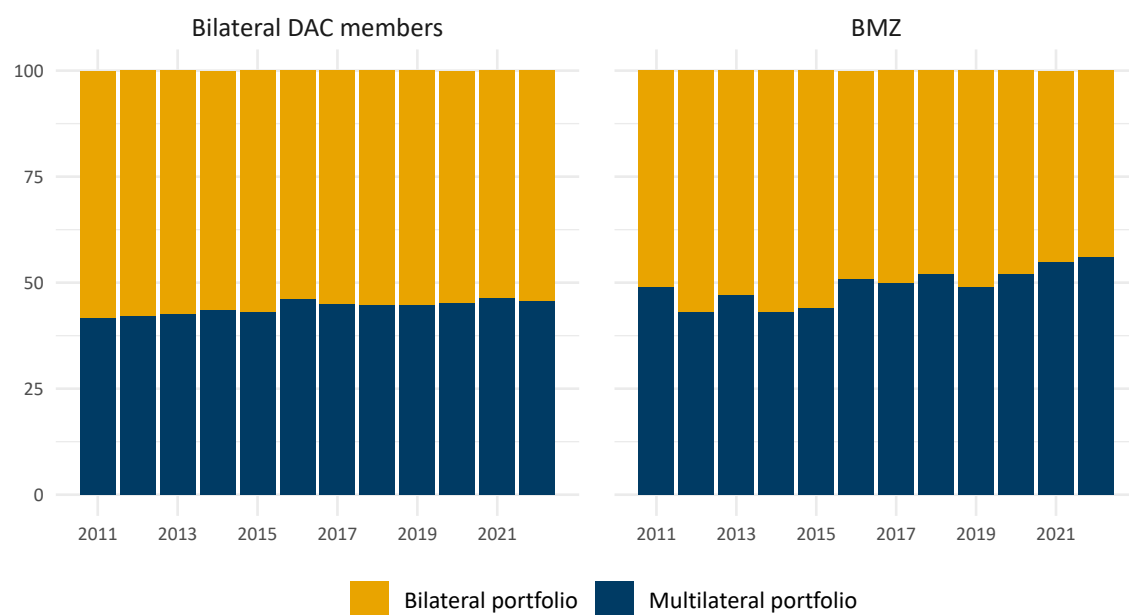
Source: DEval, own visualisation based on OECD (2023e)

Note: contributions from the Reconstruction Loan Corporation (KfW) in this chart are its own funds, contributions to the EU are included.

Compared to all DAC countries, the BMZ's overall portfolio has a higher multilateral share, and shows slight fluctuations between the bilateral and multilateral portfolios (Figure 9). Since 2017, the multilateral portfolio's share of the BMZ's overall portfolio has been higher than in the overall assessment of all DAC countries. While the ratio for the DAC countries has hardly changed in recent years and has stabilised at a distribution of around 55% bilateral to 45% multilateral, the BMZ has seen an increasing share of the multilateral portfolio since 2019:³⁸ from 51% to 56% in 2022. Within the multilateral portfolio, the share of earmarked contributions in particular grew from 5% to 57% between 2011 and 2022 (see Figure 11). Individually, the DAC countries differ greatly from one another in terms of the distribution of bilateral and multilateral funds (see online annex).

³⁸ The analysis of the multilateral portfolio here includes both core funding and earmarked contributions. The share therefore differs from the multilateral share of 30% stated in the introduction, which relates to expenditure under multilateral budget items.

Figure 9 Comparison of the relative distribution of the bilateral and multilateral portfolios between bilateral DAC members and the BMZ as percentages



Source: DEval, own visualisation based on OECD (2023a, 2023e)

Note: the multilateral portfolio includes core funding and earmarked contributions to multilateral organisations and the EU, while the bilateral portfolio includes all contributions that are not intended for multilateral organisations. This also includes disbursements to and by civil society and non-governmental organisations. The diagram shows the ratio between bilateral and multilateral portfolios in the total amount of all bilateral DAC member portfolios. As a DAC member, the EU was excluded from this amount.

5.

RESULTS

5.1 Results on relevance

The following section examines the extent to which the priorities of the BMZ's multilateral strategies issued in 2013 (BMZ, 2013a) and 2020 (BMZ, 2020a) are implemented in the Ministry's multilateral portfolio; it thus examines the "relevance" evaluation criterion. The first part discusses the extent to which institutional, geographical

and thematic priorities are reflected in the earmarked portfolio (Benchmark 1.1), while the second part analyses the use of various financing modalities based on strategic objectives (Benchmark 1.2). Finally, the extent to which the cross-cutting issues of "gender" and "climate" are embedded in the earmarked portfolio compared to the bilateral portfolio is examined (Benchmark 1.3).

Evaluation question 1: To what extent is the BMZ's multilateral portfolio aligned with the latter's strategic priorities?

Method and data basis: descriptive statistics based on CRS data from 2011 to 2022

5.1.1 Portfolio strategy comparison

Benchmark 1.1: The earmarked portfolio reflects institutional, geographical and thematic priorities.	Criterion 1: The earmarked portfolio reflects the institutional priority for the promotion of UN organisations.
	Criterion 2: The earmarked portfolio reflects the geographical priority for the promotion of Africa.
	Criterion 3: The earmarked portfolio reflects thematic priorities.

Overall, the volume of BMZ funding to multilateral organisations³⁹ (core funding and earmarked contributions) has been increasing since 2011⁴⁰ with varying degrees of fluctuation (see Figure 11; also Box 2). A total of 3.3 billion euros was paid out in 2011, 7.6 billion euros in 2021. From this peak, the total amount fell to 6.7 billion euros in 2022. This figure includes earmarked contributions totalling over 3.8 billion euros.⁴¹

The recipients of multilateral funding are global and vertical funds, international financial institutions and UN organisations⁴². In 2022, 2.6 billion euros (40%) was disbursed to global and vertical funds, 1.9 billion euros (30%) to international financial institutions and 2 billion euros (30%) to UN organisations. Within these categories, the Global Fund to Fight AIDS, Tuberculosis and Malaria (global and vertical fund), the International Development Association of the

World Bank (international financial institution) and UNICEF (UN organisation) have respectively received the highest funding since 2011 (see online annex).

The distribution of funds to the different organisation types⁴³ has varied since 2011 and shows no clear trends towards increased funding for UN organisations (see Criterion 1, Figure 11). Both the 2013 and 2020 strategies mention support for UN organisations as an institutional priority (BMZ, 2013a, 2020a). Figure 10 shows that absolute contributions to UN organisations (core funding and earmarked contributions) increased from 384 million euros in 2014 to 2.3 billion euros in 2021. However, the relative share fell from 41% to 30% between 2020 and 2022. Absolute contributions fell below 2 billion euros in 2022. There is thus no evidence of continuous priority support for the UN organisations.

³⁹ From this section onwards, funds to the EU are excluded from the analysis (see Section 3.2).

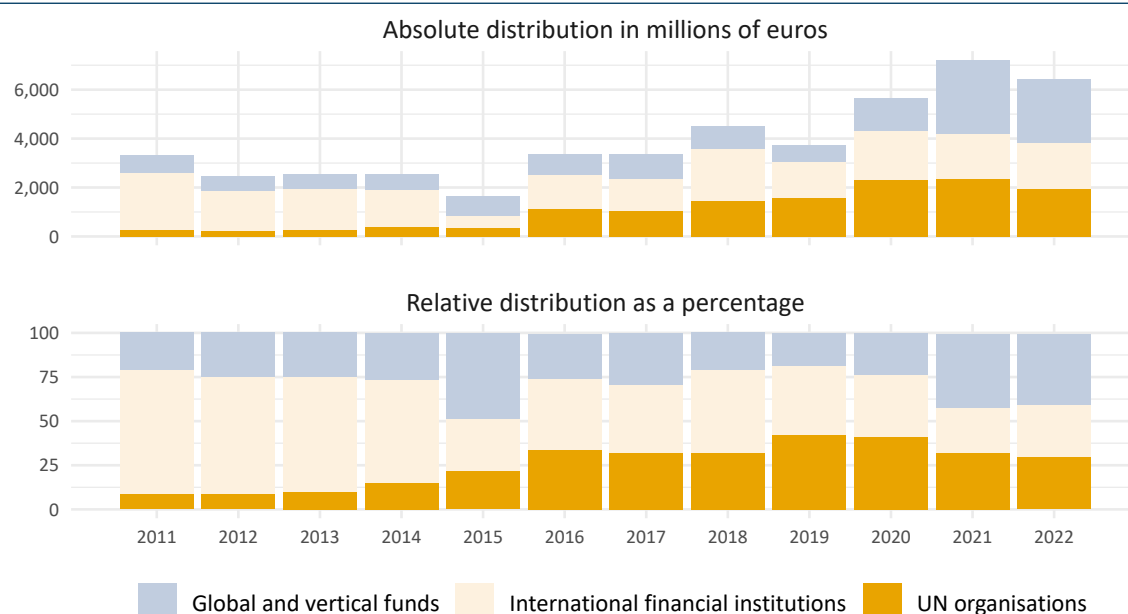
⁴⁰ In the portfolio analysis, a distinction is made between the observation period from 2011 and the assessment period from 2014 to 2022. The assessment of strategy implementation involves comparing the period one year after the respective publication with the period before.

⁴¹ An analysis of the BMZ budget based on the multilateral budget items (with European DC) results in a total amount of 4.3 billion euros for 2022 (BMF, 2024). This corresponds to around 30% of the BMZ's total budget. The approach via the multilateral budget titles is not used further in the analysis, since a large proportion of the earmarked funds does not come from these multilateral budget items; the earmarked funds, however, are relevant for the analysis. The portfolio analysis is based on CRS data, which no longer allows conclusions to be drawn about the budget title in question.

⁴² An overview of the associated organisations can be found in the online annex. The allocation to the individual organisation types is based on the OECD CRS code list (OECD, 2023d).

⁴³ A breakdown by type of organisation of the organisations that received the most financing can be found in the online annex.

Figure 10 Absolute and relative distribution of core funding and earmarked contributions by type of organisation in the multilateral BMZ portfolio



Source: DEval, own visualisation based on OECD (2023e)

Since 2020, countries and regions in Africa have received a large proportion of the earmarked contributions⁴⁴ (Criterion 2; see online annex; OECD, 2023e).⁴⁵ As early as 2020, their share already accounted for more than 50% of all earmarked contributions.

Furthermore, since 2011, countries and regions in Asia and the Middle East have also been supported (see online annex; OECD, 2023e). Between 2015 and 2022, earmarked contributions for the Middle East rose in absolute terms from 92 to 767 million euros (2020); however, the relative share for the region fell from 47% to 22% between 2018 and 2022. Regions of Asia were given particular support between 2011

and 2014. In 2013, for example, 60% of earmarked contributions went to countries and regions in Asia.

Earmarked contributions are used to support a large number of sectors⁴⁶ with varying intensity (Criterion 3; see online annex; OECD, 2023e).⁴⁷ Up until 2020, the priorities of the 2013 strategy⁴⁸ can be recognised to a small extent in the portfolio.⁴⁹ The promotion of the individual sectors has always been subject to considerable fluctuations. For example, funding for “Disaster Prevention & Reconstruction” increased between 2015 and 2018 before being superseded by growing contributions for “Other Social Infrastructure & Services” and “Health & Population Policies” from 2019. Thematic priorities

⁴⁴ Core funding is not directly tied to geographical and thematic dimensions and cannot therefore be used for the assessment of Criteria 2 and 3. For this reason, only earmarked contributions are discussed below. See the online annex for a detailed breakdown by region and an overview of the partner countries receiving funding.

⁴⁵ This geographical priority stems from the 2020 multilateral strategy. The 2013 multilateral strategy did not specify a geographical priority, which is why this criterion was not assessed until 2021.

⁴⁶ The distribution by core areas is also analysed as part of the evaluation (see online annex). As neither multilateral strategy relates directly to core areas, a sector-by-sector approach was chosen for the evaluation.

⁴⁷ Since no thematic continuities can be identified between the 2013 and 2020 strategies, the thematic priorities of the respective strategies are considered separately for the respective implementation periods.

⁴⁸ The 2013 strategy lists “water and sanitation, water/energy/rural development/food nexus, sustainable growth, human rights/good governance” as thematic priorities (own translation; BMZ, 2013a).

⁴⁹ This statement also applies if only the portfolios of fragile and functioning contexts are considered and the highly fragile contexts are excluded (see Section 5.3) for the definition of fragility contexts and the online annex for a more detailed presentation of the results).

from the 2020 strategy, such as health, social security, global trade and hunger⁵⁰, have been reflected since 2021. Also since 2021, the climate-protection focus in the earmarked portfolio has been reflected in rising numbers of 1 and 2 scores for

climate adaptation and climate mitigation⁵¹ (see online annex). However, the share of other priorities such as education fell from 10% to 6% between 2021 and 2022.

Benchmark 1.2: The use of different financing modalities is in line with the strategic objectives.	Criterion 1: The multilateral portfolio contains a constant proportion of non-earmarked contributions over time.
	Criterion 2: The earmarked portfolio shows a decrease in tightly earmarked contributions over time.
	Criterion 3: The financing modalities of the multilateral portfolio correspond to the BMZ's institution-specific objectives.

In a growing BMZ multilateral portfolio, the share of non-earmarked contributions declines due to rising earmarked contributions (Criterion 1, Figure 11). Core and earmarked funding each involve different advantages and disadvantages (Table 2). One advantage of core funding cited in the scientific literature is its flexibility, as it gives multilateral organisations room for manoeuvre (Weinlich et al., 2020). Both strategies call for more flexible financing for the recipient multilateral organisations (especially for the UN),

which is why at least a constant share of core funding should be identifiable, both in the overall multilateral portfolio and in relation to the UN organisations (Criterion 3). Figure 11 shows that the total amount of all earmarked contributions per year rose steadily from 1.2 billion euros in 2016 to 3.8 billion euros in 2022. A growing share of earmarked contributions within the multilateral BMZ portfolio can also be seen in relative terms over the entire evaluation period from 16% in 2014 to 57% in 2022. Only in 2021 did the share fall slightly to 40%.

Box 2

Developments in the multilateral portfolio of DAC members

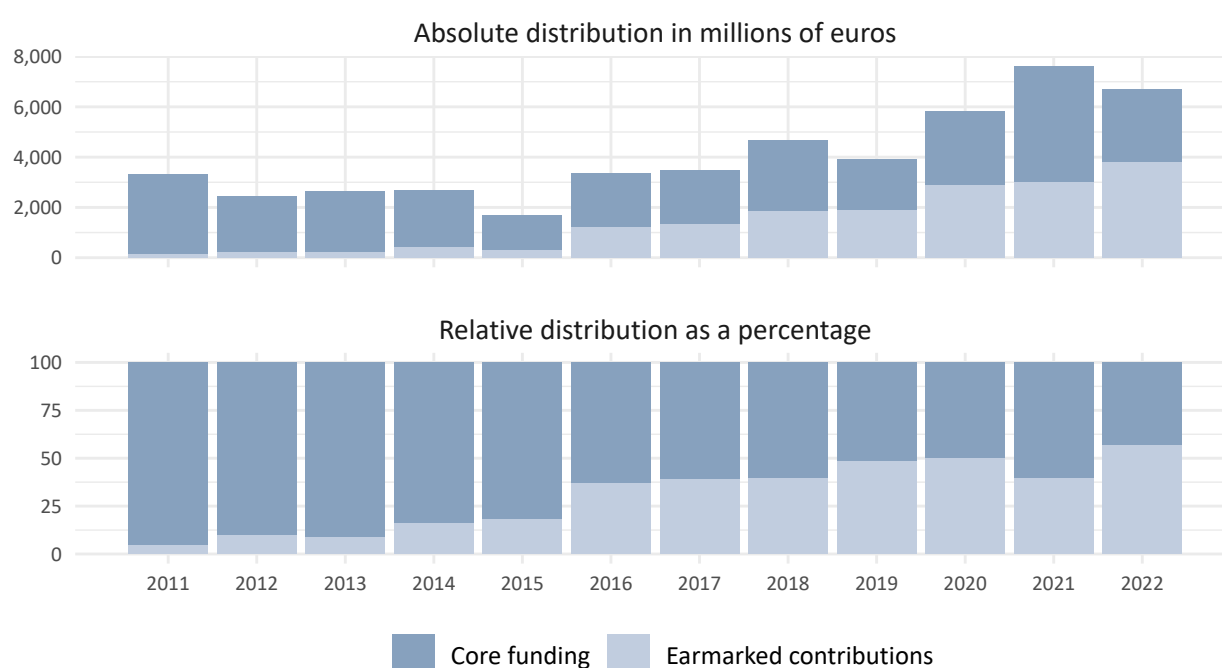
In the BMZ's multilateral portfolio, the shares of earmarked contributions to UN organisations were higher than the average for all DAC countries in 2021 and 2022. In the case of the DAC countries, an average of 74% of contributions were earmarked in 2021 and 72% in 2022; by contrast, the figures for the BMZ portfolio were 81% and 75% respectively.

Across all DAC countries, the share of earmarked contributions increased, while that of core funding fell. The proportion of earmarked contributions rose from 32% in 2011 to 49% in 2022. The sharpest increase in the proportion of earmarked funds was recorded between 2021 and 2022 at 11%.

Increases in multilateral disbursements have been caused by events such as the COVID-19 pandemic and the Russian war of aggression against Ukraine. Across all DAC countries, the bulk of additional earmarked contributions was spent on these areas in 2021 and 2022. In the case of the BMZ, the figure for 2022 was 18% for combating the COVID-19 pandemic and 3% for Ukraine (OECD, 2023e; Römling et al., 2024).

⁵⁰ The thematic priorities are assigned to the sectors as follows: health to “Health and population policies”, social security to “Other social infrastructure and services”, global trade to “Production” and hunger to “Development Food Assistance”.

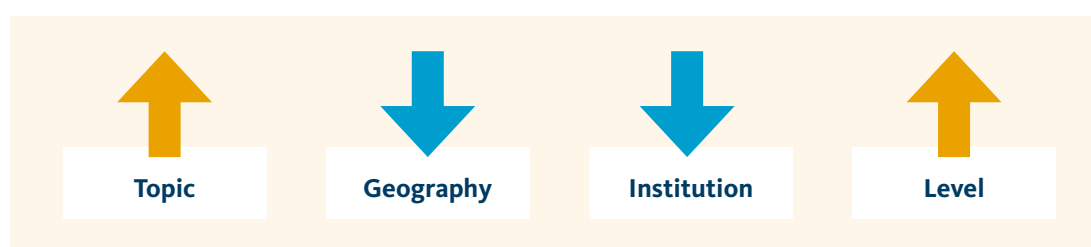
⁵¹ See Benchmark 1.3 for an explanation of scores of 1 and 2.

Figure 11 Absolute and relative distribution of financing modalities in the BMZ's multilateral portfolio⁵²

Source: DEval, own visualisation based on OECD (2023e)

The degree of earmarking varies in the dimensions of “topic”, “geography”, “institution” and “level” (Criterion 2, Figure 12, see also Table 1, Section 2.2). Both BMZ strategies examined aim to reduce earmarking. In the thematic dimension, tight earmarking (concrete topic) increased to 25% in 2021 and 43% in 2022 following fluctuating developments, while in the

geographical dimension (country) it fell to 34% in 2022 (see online annex). In the institutional dimension, the share of tight earmarking (institutional actor or staff) has been below 1% since 2016 (see online annex). By way of contrast, in the level dimension⁵³ there was an increase from 17 to 56% between 2018 and 2022 (see online annex).

Figure 12 Development of the share of strict earmarking in the BMZ's earmarked portfolio by dimension

Source: DEval, own visualisation based on OECD (2023e)

⁵² The multilateral portfolio presented here includes payments to global and vertical funds, international financial institutions and UN organisations. A presentation that includes contributions to the EU can be found in the online annex.

⁵³ In the “level” dimension, earmarking is either tight (project) or soft (programme); the “no earmarking” category does not exist.

The absolute sum and the relative share of core funding to UN organisations increased from 2018 to 2020 (Criterion 3, see online annex). Criterion 3 examines the use of certain financing modalities for specified multilateral organisations as required by the strategies. In both BMZ strategies, the priority was to increase support for (certain) UN organisations⁵⁴ through core funding. From 2018 onwards, the core contributions increased in absolute terms from 254 million euros to a peak of over

500 million euros in 2020. In relative terms, the proportion of disbursements to UN organisations rose from 18% to 22% during this period. Prior to this, the annual budget ranged between 127 (2014) and 185 million euros (2017). While the budget rose and fell in absolute terms during this period, the relative share of core funding fell continuously from 48% to 14%. In 2021 and 2022, the core contributions grew from 448 million (19%) to 484 million euros (25%).

Box 3 Patterns in the allocation of BMZ funds to multilateral organisations

A factor analysis of the allocation of BMZ funds to multilateral organisations between 2011 and 2022 reveals four key findings. It should be noted that the analysis does not make any causal statements about allocation decisions. Rather, the aim is to identify patterns in the allocation of resources by means of regression analyses. There are five different models for this (see online annex): in Model 1 the focus is on the age of the international organisations and their sectoral and regional focus. Model 2 examines the correlation between the coordination rules and the distribution of voluntary contributions, while Model 3 looks at the MOPAN performance indicator. Model 4 tests the relationship between accountability mechanisms and BMZ allocation, and, finally, Model 5 looks into whether the average distance to all other member states makes a difference in votes of the UN General Assembly.

The results in detail:

1. **Multilateral organisations with a better MOPAN assessment do not receive more voluntary core funding⁵⁵, nor are earmarked contributions less strictly earmarked.** On the contrary, the coefficient for the change in the amount of the BMZ's voluntary contributions is negative and statistically significant.
2. **Multilateral organisations that adhere to standards of accountability, such as transparency, independent evaluation or the participation of people affected, appear to receive more funding.** In other words, the allocation decisions seem to be based more on procedural standards than on the performance of the organisations.
3. **The BMZ's funding allocations are more tightly earmarked for organisations that have a broader geographical or thematic mandate, as well as for humanitarian organisations.** The BMZ provides more funds to organisations active in humanitarian aid, as well as to cross-purpose and global organisations, than to regional organisations. These coefficients are positive and statistically significant in all five models presented. Furthermore, there are also some indications that the BMZ provides less voluntary funding for financial and environmental organisations and more for agricultural organisations; these results are non-uniform, however.
4. **BMZ funds are more tightly earmarked if Germany can be more easily outvoted by other member states in the relevant organisation.** The degree of earmarking is lower in organisations where decisions are made unanimously or by weighted voting. In these organisations, Germany has more direct control over decisions, even when there is no earmarking.

⁵⁴ The 2020 strategy exhibits propounds further institutional priorities in relation to the UN. For example, in addition to specific UN organisations (UNDP and UNICEF), it also mentions the need to increasingly disburse earmarked contributions as fund contributions. Further graphics can be found in the online annex.

⁵⁵ This result corresponds to the findings of Reinsberg et al. (2024). Multilateral organisations with a positive MOPAN assessment do not receive an increase in core funding but more earmarked funds.

Benchmark 1.3: The cross-cutting issues of “gender” and “climate” are sufficiently embedded in the earmarked portfolio.	Criterion 1: The earmarked portfolio reveals at least one distribution of gender markers that is similar to the bilateral portfolio.
	Criterion 2: The earmarked portfolio reveals at least one distribution of climate markers ⁵⁶ that is similar to the bilateral portfolio.

The cross-cutting issue of “gender” is more firmly embedded in the earmarked portfolio than in the bilateral⁵⁷ BMZ portfolio (Criterion 1; see online annex). The cross-cutting issues are not mentioned directly in the multilateral strategies, but they can be assigned to the BMZ’s quality characteristics⁵⁸, or to the previous strategic demands on mainstreaming cross-cutting issue. Accordingly, the earmarked portfolio should not lag behind the bilateral portfolio with regard to embedding gender and climate. They are checked by assigning scores of 1 or 2⁵⁹ to the gender, climate adaptation and climate mitigation markers⁶⁰. Up until 2021, there was a larger share of both 1- and 2-gender markers in the earmarked portfolio than in the bilateral portfolio. In the latter, the proportion of 1 marker scores varied between 59% and 70%, that of 2-markers between 3% and 9%. In 2022, the proportion of 2 marker scores in the bilateral portfolio was 5%, higher than that in the earmarked portfolio at 3%.

The cross-cutting issue of “climate” is less well represented in the BMZ’s earmarked portfolio than in its bilateral portfolio (Criterion 2; see online annex). In 2019 and 2020, the cross-cutting issue of climate appeared more frequently in the earmarked portfolio, with 5% being awarded a climate adaptation score of 2. In the bilateral portfolio, the share in this period was 4% and 3% respectively. In all other years since 2014, the proportion of climate adaptation 2-marker scores in the bilateral portfolio has been 0.5% to 4% higher. Up to 2019, the proportion of 1-marker scores was 5% below the level of the bilateral portfolio on average. Since 2021, it has risen in the earmarked portfolio and, at 24%, is five percentage points higher than in the bilateral portfolio. The proportion of 1-marker scores for the climate mitigation marker is lower in

the earmarked portfolio than in the bilateral portfolio. During the assessment period, the share in the earmarked portfolio was 6% higher in 2016 and between 1% and 3% lower in the other years. At the beginning of the assessment period, the proportion of 2-markers was between 0.5% and 2% higher, then fell below the level of the bilateral portfolio of 6% to 7% and rose again to 9% in 2022. That year, the proportion in the earmarked portfolio was 3 percentage points higher.

5.1.2 Summary assessment of evaluation question 1

The earmarked BMZ portfolio reflects the geographical priorities of the 2020 multilateral strategy; by contrast, institutional and thematic priorities are not clearly recognisable. As a result, Benchmark 1.1 “The earmarked portfolio reflects institutional, geographical and thematic priorities” is therefore partially fulfilled.

Financing modalities in the multilateral BMZ portfolio are to some extent aligned with the priorities of the 2013 and 2020 strategies. The proportion of non-earmarked contributions (core funding) has not remained constant over the years, but has declined. As a result, the increased flexibility for multilateral organisations intended by the strategies is not reflected. At the same time, the shares of tight earmarking are falling in two of the four dimensions, while remaining unchanged or rising in the other two. The strategic requirements are thus not fully met. Hence, Criterion 1 is not fulfilled and Criterion 2 is partially fulfilled. Rising core funding for UN organisations is in line with strategic requirements. Criterion 3 is therefore

⁵⁶ The OECD handbook Rio Markers for Climate lists climate mitigation and climate adaptation as relevant Rio markers for the cross-cutting issue of “climate” (OECD, no date).

⁵⁷ The bilateral portfolio includes funds distributed via the public sector.

⁵⁸ The six quality criteria are: human rights, gender equality and inclusion; combating poverty and reducing inequality; environmental and climate assessment; digitalisation; anti-corruption and integrity; conflict sensitivity (BMZ, 2020b).

⁵⁹ The gender or climate markers have a value of 2 if the respective cross-cutting issue is the project’s main objective, a value of 1 if it is a significant secondary objective of the project, and a value of 0 if the cross-cutting issue is not an objective of the project (OECD, 2024d).

⁶⁰ When measuring these markers, it should be noted that climate adaptation markers in particular are subject to overreporting (Borst et al., 2023).

assessed as fulfilled. Benchmark 1.2 “The use of different financing modalities corresponds to the strategic objectives” is **partially fulfilled** overall.

The cross-cutting issues of “gender” and “climate” are embedded in the BMZ’s earmarked portfolio to varying degrees: gender to a greater extent, which is why Criterion 1 is fulfilled, while

climate is weaker than in the bilateral portfolio. While the score for climate adaptation has been above the level of the bilateral portfolio since 2014, the results for the climate mitigation score are mixed. Criterion 2 is therefore mostly fulfilled. Benchmark 1.3 “The cross-cutting issues gender and climate are sufficiently established in the earmarked portfolio” is therefore **mostly fulfilled**.

Box 4 The 2023 strategy against the backdrop of the current portfolio⁶¹

The 2023 strategy (BMZ, 2023a) names a “high level” of core funding for the UN organisations UNDP, UNICEF, UN Women, UNFPA and WFP as institutional priorities. In 2022, the core funding for these organisations amounted to 442 million euros or 28% (see online annex).

Africa and the Middle East accounted for a total of 76% of the 2022 portfolio (see online annex). 54% was allotted to countries and regions in Africa and 22% to countries and regions in the Middle East. 10% of the earmarked contributions were pledged for the regions of Asia and around 4% for the Americas.

The thematic priority⁶² of promoting social security systems is already visible in the current portfolio (see online annex). In 2022, 13% of all earmarked contributions were allocated to this sector. However, the relative share was decreasing. In 2020, the figure was still 22%.

The 2023 strategy (BMZ, 2023a) calls for flexibility in the use of funds for multilateral organisations. In the current portfolio, the shares of less flexible earmarked contributions rose to 34% in 2022. The share of flexible core financing fell from 59% to 43% between 2021 and 2022 (see online annex).

5.2 Results on coherence

The following section analyses the interplay between bilateral and multilateral DC against the background of the evaluation criterion of “coherence”, and examines which factors facilitate or hinder interplay. The first part examines at the portfolio level the extent to which the BMZ’s earmarked portfolio is similar to the bilateral portfolio (Benchmark 2.1) and to disbursements by multilateral organisations (Benchmark 2.2).

The second part explores at the country level the extent to which coordination and harmonisation mechanisms exist between bilateral and earmarked projects (Benchmark 2.3), and complementary objectives, synergies and a division-of-labour approach are developed (Benchmark 2.4). Evaluation question 2 is answered on the basis of these results. The third part analyses facilitating and hindering factors and answers evaluation question 3.

⁶¹ As OECD data for 2024 are not yet available, the BMZ’s new multilateral strategy (BMZ, 2023a) is not assessed in the portfolio analysis.

⁶² More detailed information on the core areas can be found in the online annex.

Evaluation question 2: To what extent do bilateral and multilateral DC interlink in a meaningful way?

Evaluation question 3: What factors facilitate or hinder interplay between bilateral and multilateral DC?

Method and data basis: 1. Portfolio similarity analysis based on CRS data from 2014 to 2022 (EQ 2, Benchmarks 2.1 and 2.2) | 2. Case study on interplay in the core area “Life without Hunger” in Ethiopia based on a qualitative content analysis of 16 interviews with project managers and staff (BMZ, implementing organisations, multilateral organisations, political partners) and 22 programme and project documents, as well as a social network analysis based on an online survey of seven project managers (EQ 2, Benchmarks 2.3 and 2.4, EQ 3)

5.2.1 Portfolio level

Benchmark 2.1: The earmarked and bilateral portfolios interlink in a meaningful way.	Criterion 1: Earmarked and bilateral portfolios reinforce each other geographically or are complementary to each other.
	Criterion 2: Earmarked and bilateral portfolios reinforce each other thematically or are complementary to each other.

The earmarked and bilateral BMZ portfolios⁶³ reinforce each other at the geographical level⁶⁴ (Criterion 1). Based on a portfolio similarity analysis, an OECD publication (OECD, 2022b) recommends assigning clear roles to bilateral and multilateral DC in order to jointly support sustainable development. To ensure that earmarked contributions fulfil a clearly defined task, they should either reinforce or complement bilateral funding. This applies to both the geographical and the thematic dimension.⁶⁵ Earmarked contributions by the BMZ are geographically very similar to contributions from the Ministry's bilateral portfolio.⁶⁶ From 2014 to 2022, earmarked contributions reinforced the bilateral portfolio (Figure 13). While the similarity decreased in 2016, it has been rising continuously since 2017. This means that approximately the same volume of funding went to the same regions and countries in the earmarked and

bilateral BMZ portfolios. Earmarked contributions thus played a reinforcing role vis-à-vis the bilateral portfolio.

The BMZ's earmarked contributions and the Ministry's bilateral portfolio neither reinforce nor complement each other at the thematic level⁶⁷ (Criterion 2). In the thematic dimension, there is no clear evidence of the earmarked contributions having an unequivocal role vis-à-vis the bilateral portfolio. Earmarked contributions neither promoted the same topics to a similar extent nor did they set different priorities than in the bilateral portfolio. Over the years (Figure 13), it can be seen that earmarked contributions supplemented the bilateral portfolio until 2017. From 2018 onwards, the similarity increased, and by 2022 it was in a range⁶⁸ that was neither reinforcing nor complementary to the bilateral portfolio.

⁶³ A look at the similarity between the bilateral and earmarked portfolios of the DAC countries reveals a mixed picture. At the thematic level, the earmarked portfolios in most countries occupy a complementary position; at the geographical level, there are both complementary and reinforcing earmarked portfolios (see online annex).

⁶⁴ The entire portfolio similarity analysis was carried out again for a plausibility test using data generated by the “bootstrapping” procedure. The plausibility test confirmed the result. More detailed explanations can be found in the online annex.

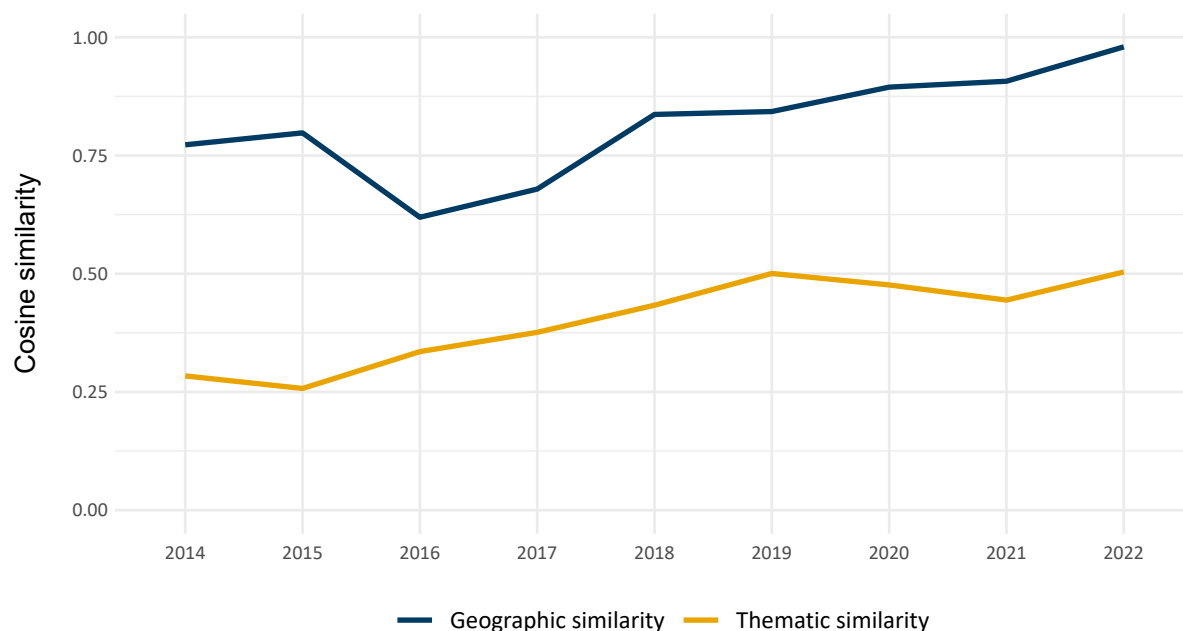
⁶⁵ An overview of the distribution of recipients and subsectors in the respective portfolios can be found in the online annex.

⁶⁶ The cosine similarity is 0.94.

⁶⁷ The cosine similarity is 0.52.

⁶⁸ The limit value was between 0.4 and 0.6. Within this area, the portfolio was neither reinforcing nor complementary.

Figure 13 Development of the geographic and thematic similarity of the BMZ's earmarked portfolio compared to its bilateral portfolio



Source: DEval, own visualisation based on OECD (2023a)

Benchmark 2.2: Earmarked contributions fit in well with the portfolio of multilateral organisations.	Criterion 1: Earmarked contributions geographically reinforce the portfolio of multilateral organisations.
	Criterion 2: Earmarked contributions thematically reinforce the portfolio of multilateral organisations.

At the geographical level, the BMZ's earmarked contributions are largely complementary⁶⁹ to multilateral disbursements from UN organisations⁷⁰ and IFIs⁷¹ (Criterion 1). In the current literature (OECD, 2018), the BMZ strategies (BMZ, 2013a, 2020a, 2023a), the UN Funding Compact (UN, 2019, UNSDG 2024) and BMZ policy documents (Doc. 17), it is recommended that the core mandates of multilateral organisations should be reinforced. This can be achieved by

increasing core funding or via earmarked contributions that are thematically and geographically similar to the mandate and thus to the disbursements of the multilateral organisations⁷². At the geographical level, the aim is to use existing structures and capacities of multilateral organisations in countries and regions. The BMZ's earmarked contributions should therefore reinforce multilateral disbursements at the geographical level. This is the case for the UN organisations UNICEF and WFP⁷³,

⁶⁹ An overview of the distribution of regions and sectors in the respective portfolios can be found in the online annex.

⁷⁰ The portfolios of UNDP, UNICEF and WFP were examined. An explanation of the choice of the organisations examined can be found in the online annex. Disbursements (core funding and earmarked contributions) to these organisations account for 75% of BMZ funding to UN organisations.

⁷¹ The portfolios of UNDP, UNICEF and WFP were examined. Disbursements (core funding and earmarked contributions) to these IFIs account for 75% of BMZ funding to IFIs. An explanation of the choice of organisations examined can be found in the online annex.

⁷² The selected multilateral organisations are examined individually for the analysis. This means that the disbursements of a multilateral organisation are included in the calculation relative to the earmarked contributions to this multilateral organisation. See Section 3.2.

⁷³ The cosine similarity of the respective earmarked contributions to UNICEF disbursements is 0.63 and to WFP disbursements 0.96.

but in the case of the UNDP they are neither geographically reinforcing nor complementary⁷⁴. Over time, it can be seen that earmarked contributions have had a geographically reinforcing effect since 2021 (see online annex). Most earmarked contributions made by the BMZ to IFIs are geographically complementary⁷⁵. This means that the Ministry's earmarked contributions play a reinforcing role for some organisations at the geographical level.

At the thematic level, the BMZ's earmarked contributions and the multilateral disbursements from UN organisations and IFIs are also largely complementary to each other⁷⁶ (Criterion 2). As explained in the previous paragraph, the aim

is for earmarked contributions to reinforce disbursements by multilateral organisations. At the thematic level, this means that earmarked contributions should support the topics promoted by multilateral organisations⁷⁷. This is not the case for UNICEF and WFP⁷⁸; in the case of UNDP they neither reinforce their disbursements on the thematic level nor are they complementary⁷⁹. Earmarked contributions from the BMZ are neither reinforcing nor complementary to disbursements from the IDA⁸⁰; they are complementary to the IBRD⁸¹ 82. The analysis for each year also confirms this result (see online annex). A reinforcing⁸³ role can only be observed for the African Development Bank (AfDB)⁸⁴. Thus, earmarked contributions only play the required reinforcing role in the case of this IFI⁸⁵.

5.2.2 Country level

Benchmark 2.3: Coordination and harmonisation mechanisms between bilateral and earmarked DC projects have been established at country and/or activity level.	Criterion 1: Bilateral and earmarked DC projects have access to established communication and coordination channels in various project phases (planning, design, implementation, evaluation).
	Criterion 2: Bilateral and earmarked DC projects share information with each other.
	Criterion 3: Bilateral and earmarked DC projects coordinate their cooperation with ministries, other bilateral donors, other multilateral organisations and further stakeholders.

⁷⁴ The cosine similarity is 0.41.

⁷⁵ The cosine similarity of the respective earmarked contributions to IDA disbursements is 0.45; to IBRD disbursements it is 0.004 and to AfDB disbursements 0.13. The low geographic similarity between the AfDB and the BMZ portfolio is due to the fact that the BMZ only finances the "Africa" region, while the AfDB differentiates between the regions of "Africa", "North of Sahara" and "South of Sahara". A detailed view of this distribution can be found in the online annex.

⁷⁶ An overview of the distribution of regions and sectors in the respective portfolios can be found in the online annex.

⁷⁷ The CRS sub-codes were aggregated to eleven sectors in order to obtain the broadest possible perspective on the priority topics of multilateral organisations (see online annex).

⁷⁸ The cosine similarity at the thematic level is 0.32 (UNICEF) and 0.11 (WFP) for the overall period from 2014 to 2022.

⁷⁹ The cosine similarity is 0.53.

⁸⁰ The BMZ's disbursements of earmarked contributions in 2016 and from 2019 to 2022. No corresponding data are available in the CRS for the years 2014 to 2015 and 2017 to 2018.

⁸¹ The BMZ's disbursements of earmarked contributions by the BMZ in 2016 to 2022. No corresponding data is available in the CRS for the years 2014 to 2015.

⁸² The cosine similarity of the earmarked contributions to IDA disbursements is 0.45 and to IBRD disbursements 0.27.

⁸³ The cosine similarity is 0.89.

⁸⁴ The BMZ's disbursements of earmarked contributions in 2014, 2017 and from 2020 to 2022. No corresponding data is available in the CRS for the years 2015 to 2016 and 2018 to 2019.

⁸⁵ The relative distribution of funds across a large number of subsectors is very similar for the BMZ's earmarked contributions and the AfDB's disbursements. For example, since 2014, the AfDB has spent 9.4% of its multilateral disbursements on the "Production" sector. The BMZ provided 10.8% of the earmarked funds to AfDB in this sector (OECD, 2023a).

There are numerous formats for communication and coordination between bilateral and earmarked DC projects in the core area of “Life without Hunger” in Ethiopia, both in the narrower sense between German DC projects and with other local development partners (Criterion 1). These include thematic working groups on rural development and food security, sectoral and technical rounds of discussion and conferences, steering committees and governance bodies, such as the flagship programmes⁸⁶, as well as steering and coordination meetings at the EU level and donor working groups chaired by the Ethiopian agricultural ministry (Doc. 2–8; Int.⁸⁷ 8–10). People responsible for German DC in situ describe these formats as important but sometimes also as time-consuming, since the various coordination bodies overlap (Int. 11–14). The function of the flagship programmes for communication and coordination arises from the fact that they define joint processes, and participation in high-level policy dialogue is made possible via participation in the accompanying MDTFs (Int. 15–16). There are exchanges with multilateral organisations either via the steering committees of the flagship programmes, in which German Financial Cooperation (FC) is represented, or via ad hoc and regular discussions with the UN organisations involved in the earmarked projects, such as WFP and UNICEF (Int. 9, 17).

Exchange and communication in the early phases (planning and conceptualisation of the projects) are crucial in terms of an interplay between bilateral and earmarked projects. Project staff from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the KfW Development Bank (KfW), as well as the multilateral organisations, agree that intensive discussion is particularly important in the planning phase (Int. 9, 12, 14–15, 18). With regard to bilateral projects, interviewees from implementing organisations furthermore emphasise that reciprocal invitations to audit missions are helpful, as they provide an opportunity to redirect appraisal and planning processes in good time, and to obtain essential information on issues relevant to implementation (Int. 11–12, 14–15, 18).

Projects primarily share operational project experience, technical approaches and analyses with each other, although project managers rate the quality and scope of the information exchange differently (Criterion 2). The information shared includes experience on the course of the project, on progress and challenges, thematic solutions and technical knowledge (Doc. 7, 9; Int. 8–12, 15–18, 20), also on partner capacities and capabilities (Doc. 2–3; Int. 15) and on civil society organisations (Int. 11). With regard to the exchange with multilateral organisations, interviewees from German DC emphasise, among other things, that they benefit from the high-quality analyses of the World Bank (Int. 16, 19). Another added value of the earmarked projects, they say, is that one is “sitting at the table” and has access to the information that is shared as part of the MDTFs (Int. 15). While interviewees emphasise other practical benefits – including receiving useful information, avoiding duplication and developing a common understanding via exchange (Int. 9–12, 14–16, 20–22) – there is also criticism, for example of UN organisations involved. One criticism is that the latter do not share information proactively (Int. 17, 19).⁸⁸

Consultations with other actors largely take place via existing governance structures and serve, among other things, to avoid risks relating to a partial lack of coordination or potential conflicts with the interest in visibility (Criterion 3). German DC actors, in this case particularly the BMZ, coordinate with multilateral organisations and other donors such as USAID or within the EU to convey common strategic messages to the political partner in Ethiopia (Doc. 10, Int. 23). In the operational sphere, consultations are held via the local economic cooperation officers (Int. 23). Coordination between the German implementing organisations and multilateral organisations such as the World Bank, the International Fund for Agricultural Development (IFAD) and the AfDB also serves to minimise risk in view of the partner’s limited capacities, the joint use of resources (Doc. 2–3) and dealings with implementation partners (Int. 13). The flagship programmes have an important role to play in this context by facilitating

⁸⁶ Flagship programmes are initiated by the government in a partner country and include a coordination structure (Vorwerk and Köder, 2024). The Sustainable Land Management Programme (SLMP), among others, is relevant to the core area of “Life without Hunger” in Ethiopia.

⁸⁷ To ensure the confidentiality of the interviews, they are listed in the form of “Int.” plus a consecutive number in the text.

⁸⁸ A study by Herrmann et al. (2014) on the German trust fund portfolio came to similar conclusions.

a harmonised programme approach between donors, thus avoiding competition (Doc. 5). The agreements reach their limits when they conflict with the desire for individual visibility (Int. 23). Furthermore, interviewees point out that reduced financial resources also go hand in hand with limited influence,

and that the multilateral organisations sometimes coordinate directly with the Ethiopian government and not with the bilateral actors, which poses challenges for the coordination of bilateral and multilateral DC projects with regard to cooperation with other stakeholders (Int. 15–17, 22).

Benchmark 2.4: At the country and/or activity level, bilateral and earmarked DC projects pursue complementary objectives, work on the basis of a division of labour, and create synergies.	Criterion 1: Bilateral and earmarked DC projects pursue coherent and complementary objectives.
	Criterion 2: Bilateral and earmarked DC projects coordinate their activities and work on the basis of a division of labour.
	Criterion 3: Bilateral and earmarked DC projects identify synergies and carry out joint activities.

Bilateral and earmarked DC projects in the core area of “Life without Hunger” in Ethiopia pursue in general coherent and complementary objectives (Criterion 1). In purely bilateral DC, the common goals in the core area are derived from the DC programme logic, although, according to the project managers, there is more complementarity in implementation (Int. 13, 15–16, 18, 20–21). For example, there are identical or complementary objectives, as well as complementary types of activities, some of which take place in the same region and with the same target group (Doc. 2–3, 8–9, 11). There are large overlaps with multilateral actors such as the World Bank or the United Nations in terms of the development challenges identified in the country; the differences are reported to relate more to the field of technical implementation (Int. 23). Interviewees – including those of the political partner – emphasise the function of the flagship programmes, and stress that the activities of different actors complement each other with regard to the shared objectives (Int. 8, 15–16).

Despite fundamentally coherent and complementary objectives, there are limitations and adverse effects between the projects and/or the actors in DC practice. For example, the realisation of other projects can lead to capacity bottlenecks for the political implementation partner (Doc. 12), or professional counselling approaches of different actors contradict each other (Int. 11). Furthermore, there are indications of adverse effects between humanitarian-aid and transitional-aid projects on the one hand and development-cooperation projects on the other, in which the long-term objectives of the latter are undermined by the short-term objectives of the former (Int. 12). In addition, challenges arise when the approaches of different

donors vis-à-vis the political partner are not coordinated, for example when the World Bank continues to finance projects despite human-rights violations while German DC suspends its work, or vice versa (Int. 16).

The DC projects endeavour to coordinate activities by means of a geographical, sectoral and function-related division of labour (Criterion 2). DC projects in the core area of “Life without Hunger” in Ethiopia are endeavouring to achieve a geographical (Doc. 2–3, 5, 13), sectoral (Doc. 2–3) and function-related logic (Doc. 2–3, 5) to implement a division of labour. Within bilateral DC, one of the functional aspects is that technical cooperation (TC) fulfils cross-cutting tasks (capacity building, knowledge management) that also benefit FC (Doc. 5), thus creating conditions on which FC can build (Int. 22). A division of labour between bilateral and multilateral actors is also envisaged, for example in that the GIZ pilots approaches that the World Bank then implements on a broad scale (Int. 11, 16), or in the fact that multilateral organisations are active in areas where bilateral DC cannot work (Int. 9) or where they can use their greater political weight (Int. 13, 22).

Overlaps between projects exist and cannot be completely eliminated, also in view of the “rigidity” of processes during the implementation phase of projects. In Ethiopia, there are many projects with similar objectives (Doc. 13), as well as many donors with large-volume projects, whereby the programme design takes place in silos respectively (Int. 11–12, 14). The sometimes unclear mandates of the different ministries with which projects are implemented represent a further challenge (Int. 11). In addition

to overlaps, gaps can also arise for lack of coordination (Int. 9). Since projects are more difficult to adapt during implementation, reactions to overlaps are often time-consuming if they are not identified before implementation has begun. However, in addition to the risks of overlaps, individual interviewees also point out their advantages. For example, they can lead to more complex approaches in the realisation of projects (Int. 21).

The flagship programmes initiated by the government and unilateral adjustments are key to the coordination of activities and a division of labour. The relevance of the flagship programmes for the coordination of activities of different actors is emphasised throughout (Doc. 5–6, 14–15; Int. 23), also between TC and FC (Doc. 14). Regular consultations and informal dialogue are also mentioned (Doc. 13; Int. 18–19, 22); these include agreements between Ethiopian ministries, German DC and the World Bank (Doc. 2–3, Int. 16). In addition to a joint approach, unilateral adaptations are also possible. These include adjusting one's own plans at the sub-regional level to the plans of UN organisations at the regional level (Doc. 13) or

building on World Bank analyses in order to avoid duplication and overstretching partner capacities (Int. 16).

In view of limited capacities, the responsible partner ministry cannot fully take on the coordination of different projects, which would be its task overall. These include coordinating the various contributions of bilateral donors and multilateral organisations, and supervising a division of labour (Doc. 2–3, Int. 20).

Synergies and joint activities are difficult to implement in practice, and the planning phase is again key to joint implementation (Criterion 3). There are individual examples of bilateral and earmarked projects carrying out activities together, including joint monitoring and evaluation systems (Doc. 7) or the use of joint control units at the project level (Doc. 4). The social network analysis, for example, also shows that the number and density of links between bilateral and earmarked projects in the core area of “Life without Hunger” is declining more and more – from relevance to information exchange to cooperation and the implementation of joint activities (Figure 14).⁸⁹

Figure 14 Network of bilateral and earmarked projects in the core area of “Life without Hunger” in Ethiopia – relevance, information exchange, cooperation



Source: DEval, own visualisation

Note: Each circle represents a project. Other projects are rated on a scale of 1 to 5. Example in the case of relevance: 1 = other project is not relevant for one's own project, 5 = other project is highly relevant for one's own project. Detailed explanations can be found in the online annex.

⁸⁹ The measures of the edge density are 0.286 for relevance, 0.243 for information sharing and 0.152 for cooperation. Edge density values lie between 0 and 1 and show the ratio of the number of actual connections to the number of possible connections. If the value is 0, there are no connections between units in the network; if it is 1, all theoretically possible connections actually exist. Further explanations can be found in the online annex.

In cooperation between donors, German DC actors note tension between harmonisation and visibility. German DC finances MDTFs in Ethiopia, thus contributing to a harmonised, joint donor approach (Doc. 14–15, Int. 16). At the same time, interviewees see a risk here that this harmonised approach could lead to a loss of visibility and thus influence for German DC in the partner country (Int. 16, 23).

5.2.3 Summary assessment of evaluation question 2

At the geographical level, the earmarked portfolio reinforces the bilateral portfolio. At the thematic level, the BMZ's earmarked contributions have neither a reinforcing nor a complementary effect and therefore do not play a clear role. Benchmark 2.1 – “The earmarked and bilateral portfolio interact meaningfully” – is therefore **partially fulfilled**.

At the geographical level, earmarked contributions to UNICEF and WFP reinforce the respective portfolios, and there is complementarity between the IFIs analysed and the respective BMZ portfolios. Earmarked contributions that go to UN organisations and IFIs are thematically complementary to the respective portfolios of the multilateral organisations. Only earmarked contributions from the BMZ to AfDB reinforce its portfolio. As a result, Benchmark 2.2 – “Earmarked contributions are meaningfully integrated into the portfolio of multilateral organisations” – is **barely fulfilled**.

At the country level, the case study on bilateral and earmarked projects in the core area of “Life without Hunger” in Ethiopia shows various channels of communication and coordination, particularly mediated via the earmarked projects and the flagship programmes. The planning phase is key to this. Information is exchanged both formally and informally, and this is generally regarded as useful, despite criticism of the exchange of information with single UN organisations. Coordination with further responsible actors takes place via various structures, but in some cases it is not sufficiently coordinated. Benchmark 2.3 – “Coordination and harmonisation mechanisms between bilateral and multilateral projects are established at the country and/or activity level” – is therefore **mostly fulfilled**.

The bilateral and earmarked projects in the core area of “Life without Hunger” in Ethiopia pursue coherent objectives in principle, but, nevertheless, in practice there are overlaps and interferences between them and with other actors. Although there are few joint activities in practice and actual synergies are difficult to achieve, projects are endeavouring to practise the division of labour and to coordinate their activities. Flagship programmes have an important orientation function in this context. Overall, Benchmark 2.4 – “At the country and/or activity level, bilateral and multilateral projects pursue complementary objectives, proceed on the basis of a division of labour and create synergies” is **mostly fulfilled**.

5.2.4 Factors affecting interplay

In general, the German DC actors (BMZ, GIZ, KfW) interviewed as part of the case study on interplay regard the interplay between bilateral and multilateral DC as desirable; at the same time, they point out its limitations and the effort required to achieve it. Interviewees describe interplay as important for effective DC and as a characteristic of a “good donor” (Int. 12, 23). Furthermore, it is noted that it can mean more influence for German DC (Int. 14). At the same time, people in responsible positions point out that interplay is time-consuming, and that clear boundaries and differentiated responsibilities are needed (Int. 12).

Governance or institutionalisation at different levels (project, German DC-wide, partner level) as the first factor is conducive to the interplay between bilateral and multilateral DC, for example through additional measures in projects and joint structures for control and coordination. At the project level, there are indications that supplementary measures such as a monitoring system (Doc. 16), knowledge management and personnel responsibilities for coordination (Int. 12, 14, 21), as well as a joint governance structure (Int. 10) lead to earmarked projects functioning better, and to successful interplay. With regard to the German DC level, established institutional mechanisms between bilateral projects and multilateral organisations (such as flanking an MDTF with a project financed in parallel) facilitate interlinking (Int. 23), while, at the partner level, the flagship programmes with their joint steering

committees, structures and strategies are considered helpful, as coordination and exchange take place there (Doc. 4, Int. 12, 15, 20, 22–23).

However, structural barriers or a lack of implementation capability can result in the declared targets of complex interventions being missed. At the project level, formats of exchange and knowledge management may not be sufficient in view of the high complexity of the intervention (Doc. 6), especially since limited insight into project planning and monitoring in earmarked projects reduces traceability and transparency (Int. 19). For example, interviewees point out that institutionalisation is not enough if the implementation capacity of the actors involved is not sufficient to implement the bilateral and earmarked projects (Int. 23). With regard to the German DC-wide level, project managers explain that the structures in German DC – including the “fragmented nature” of the projects⁹⁰ and poorly coordinated decision-making structures – make it difficult for the different projects to work together in the core area (Int. 11, 18). At the partner level, staff fluctuation makes continuity in cooperation more difficult (Doc. 7); furthermore, there is a lack of clarity regarding the division of labour with multilateral organisations (Int. 19). In particular, limited institutionalisation of the cooperation is characterised as an inhibiting factor.

Political support by the BMZ and the political partner in the country as a second factor is important for interplay, although interviewees see potential for the BMZ to demand more cooperation from the multilateral organisations at the political level. Interviewees from the KfW, GIZ and multilateral organisations see the BMZ’s political support as an important factor for interplay (Int. 9–15, 17, 19, 22). This relates to high-level political discussions, the coordination and alignment of programmes, help in the event of specific disruptions, and an overarching, global agenda-setting level. Furthermore, the participating implementing organisations emphasise that the partner’s political will is important, and that politically the partner government can exert a positive influence above all by setting a framework (Int. 13–14, 17, 20). German DC actors also point out that joint lines of development policy between the BMZ, other bilateral donors and multilateral actors are

important for interplay, although there is a risk of losing partner orientation as a result (Int. 13, 22). Beyond local political support, for example from economic cooperation officers, project officers say that the BMZ should demand more cooperation from the multilateral organisations at the political level (Int. 19), and that the implementing organisations themselves could also develop stronger incentives within the organisations to encourage cooperation with the multilateral organisations (Int. 19).

A lack of political support and contradictory incentives from the BMZ, the political partner and between donors are seen by interviewees as obstacles to interplay. On the one hand, political support by the BMZ is seen as essential for interplay. On the other hand, interviewees point out that the “small-scale nature” of German DC projects means that the BMZ’s actual political weight cannot be effectively used in the sense of interlinking; that there is a lack of coordination within the BMZ; and that there is not enough support in accessing multilateral institutions (Int. 18, 21). The case study thus contains criticism both of the structures of German DC and of the ineffective use of the available political weight. With regard to the political partner in Ethiopia, interviewees noted that the latter sometimes played different projects off against each other; that the Ethiopian ministries did not cooperate sufficiently; that there was little capacity; and that frequent staff changes undermined political support (Int. 10–11, 21–22). Meanwhile, the various German ministries are criticised for pursuing different interests (Int. 18). The same applies to diverse donors, where a lack of incentives for interlinking was identified (Int. 10–11). There is also criticism that interests in visibility lead to uncoordinated decisions (Int. 23), which, in turn, make it difficult to achieve a coherent line of cooperation between different projects.

The third factor – “cooperation” – can promote or hinder the interplay between bilateral and multilateral DC, depending on how it is structured, with trust and knowledge of the other organisation playing a particularly important role. Project managers emphasise the importance of involving individuals who can create links between projects as “knowledge carriers” or “anchor persons” (Int. 15–16, 18–19). Overall, interviewees describe good personal relationships, empathy, a relationship of trust and personal contact as key factors for interplay

⁹⁰ BMZ-financed GIZ projects in Ethiopia had an average financing volume of 4.9 million euros in the period from 2011 to 2022. For other BMZ-financed GIZ projects outside Ethiopia, the volume in the same period was 6.2 million euros. If all implementing organisations are included, the average size of projects in Ethiopia between 2011 and 2022 was 4.7 million euros; in the rest of the portfolio (clustered according to project titles; OECD, 2023a) it was 5.2 million euros.

(Int. 9, 11, 15, 17–18, 22–23). Existing cooperation and good institutional relationships between organisations, too, lead to multilateral organisations showing initiative and to improved cooperation (Int. 23). Conversely, interviewees point out that certain interpersonal constellations do not work and that the “coincidence factor” plays a role (Int. 14). This is further complicated by staff rotation among the different stakeholders (including multilateral organisations and political partners). Managers in earmarked projects point out, for example, that annual contracts with multilateral organisations and the associated changes in personnel structure and policy impair cooperation (Int. 17). Likewise, these multilateral organisations lack incentives to cooperate with bilateral actors (Int. 19).

“Administrative processes”, the fourth factor, facilitate integration on condition that there are common structures, experience and standardisation in cooperation, or that the organisations are of a similar type. Joint structures, for example in the area of financial management and logistics, many years of experience in cooperation with individual multilateral organisations, and knowledge of processes and administrative and financial rules facilitate cooperation between bilateral and earmarked projects (Int. 9, 17, 21–23). Similarities in the type of organisation (for example “financial institution”) are also advantageous because processes are compatible or assessable (Int. 22). Finally, individual interviewees see potential in stipulating the need for cooperation with multilateral organisations as part of the work mandate (for example in the indicators) and thus transferring it further into the administrative processes (Int. 18).

On the other hand, administrative processes often act as an obstacle to interplay when different actors follow their own organisational logics, and compatibility with other organisations is limited. Challenges in administrative processes begin within the organisation. For example, restructuring processes on the part of partners can lead to delays (Doc. 7), internal procedures make cooperation with multilateral organisations more difficult, and processes are slowed down by “self-bureaucratisation”⁹¹. A further factor is a personnel policy based on annual contracts, which are an obstacle to structure-building processes (Int. 16–17, 19). In addition, there are processes within German DC where

there are indications of frictional losses, for example between bilateral and earmarked projects and the direct financing of multilateral organisations, between transitional aid and DC, and between the BMZ and the Federal Foreign Office (Int. 11–12). The difficulty of the process and the challenge of linking TC and FC schedules are also criticised (Int. 15, 22). Further points of criticism include processes between German DC, multilateral organisations and bilateral donors that are incompatible or difficult to reconcile, such as the use of different environmental and social standards (Int. 17). Factors mentioned in this context include a lack of knowledge of the administrative processes of other organisations; the restriction by time limits of the ability to act; differences in reporting requirements; and not incorporating other stakeholders until key decisions for projects have already been made and can no longer be changed (Int. 9, 11, 13–14, 17, 19, 22–23).

5.2.5 Summary of evaluation question 3

All four factors examined in the case study – “governance/institutionalisation”, “political support”, “cooperation”, “administrative processes” – have proved to be relevant and, depending on their characteristics, can either facilitate or hinder the interplay between bilateral and earmarked DC. Additional or already established institutional mechanisms in projects and with other stakeholders facilitate interplay; on the other hand, a lack of institutional incentives for cooperation, staff fluctuation and structural challenges make interplay more difficult. Political support from both the BMZ and the political partner is key and is expected by project managers; at the same time, various aspects make it difficult to use political weight for the purpose of interplay, or it is not per se in the interests of all the stakeholders involved in view of vested interests such as visibility. According to the unanimous opinion of the interviewees, a good relationship of trust and personal contact promote interplay; conversely, competition, a lack of confidence in organisations and a lack of incentives in multilateral organisations hinder cooperation between bilateral and earmarked projects. Challenges relating to the administrative processes factor become less significant when there is a long history of cooperation and an established knowledge of the processes of multilateral organisations (and vice versa).

⁹¹ Understood as a process of ever-increasing regulation in order to exclude (ever-decreasing) risks associated with the projects.

According to the interviewees in the case study, the “administrative processes” factor in particular proved to be an obstacle to interplay. Administrative and procedural challenges – at the BMZ, the implementing organisations, the political partners and the multilateral organisations – were repeatedly described as aspects that make project implementation and cooperation between bilateral and multilateral organisations more complicated. This also applies to the programme planning of other donors and, in general, to different planning horizons, project cycles and reporting requirements.

5.3 Results on efficiency

This section analyses the extent to which the financing modalities are used efficiently. First, at the portfolio level, it examines the extent to which the degree of earmarking and the use of trust funds corresponds to economically efficient use (Benchmark 4.1) and how the earmarked portfolio is structured in highly fragile contexts (Benchmark 4.2). Second, it analyses which efficiency considerations are made regarding resource expenditure, the management overhead, and transaction costs (Benchmark 4.3).

Evaluation question 4: To what extent are the various financing modalities of multilateral DC used efficiently?

Method and data basis: descriptive statistics based on CRS data from 2011 to 2022 and BMZ departmental budgets 23 from 2011 to 2022 (Benchmarks 4.1 and 4.2) and the qualitative content analysis of seven semi-structured interviews with twelve employees from the BMZ and implementing organisations (Benchmarks 4.1, 4.2, 4.3)

5.3.1 Portfolio level

Benchmark 4.1: The BMZ uses economically efficient financing modalities in its multilateral portfolio.	Criterion 1: The financing modalities used can be applied flexibly by either not earmarking at all or by only using soft earmarking.
	Criterion 2: Multi-donor trust funds are used more frequently than single-donor trust funds.
	Criterion 3: The multilateral portfolio contains a constant proportion of non-earmarked contributions over time.
	Criterion 4: The earmarked portfolio shows a decrease in tightly earmarked contributions over time.

The financing modalities used by multilateral organisations have limited flexibility (Criterion 1). Earmarked – especially tightly earmarked – contributions are associated with less flexibility for these organisations (Weinlich et al., 2020) and entail the risk that overarching objectives of the multilateral system of development policy will be lost (OECD, 2022b). Multilateral organisations can only use BMZ payments freely in limited ways, as the BMZ’s multilateral portfolio has an increasing proportion of earmarked contributions and is tightly earmarked in two of four dimensions (see Section 5.1).

Budget adjustments within a year enable projects to be flexible. According to interviewees, budgets can be adjusted according to needs, in terms of both size and topic, within the framework of the project concept (Int. 4–6). It is relevant here that the general purpose assigned to the project is adhered to (Int. 7).

MDTFs are perceived by those responsible at BMZ and KfW as an efficient and adaptable instrument and are used more frequently in the current portfolio than SDTFs (Criterion 2).

MDTFs promote coordination between donors and make it possible to avoid further fragmentation in the multilateral development system (Weinlich et al., 2020). Those responsible at the BMZ describe MDTFs firstly as an instrument that can be adapted flexibly and quickly, particularly in crisis contexts (Int. 1). Secondly, MDTFs are structures that already exist and can be co-financed by the KfW with little in the way of resources (Int. 7). The review of the trust funds currently financed by the KfW from the BMZ budget⁹² shows that only three of the 27 are SDTFs⁹³ (Doc. 1).

The share of non-earmarked contributions in the BMZ's multilateral portfolio fell from 84% in 2014 to 43% in 2022 (Criterion 3). In both absolute and relative terms, the proportion of earmarked contributions has been increasing since 2016 (see Figure 11, Section 5.1). For an efficient multilateral system, transaction costs caused by earmarking should be kept to a minimum (Dag Hammarskjöld Foundation and MPTFO, 2019; OECD, 2024a; UN, 2019). The trend towards rising shares of earmarked contributions runs counter to this goal.

In the earmarked portfolio, the degree of earmarking fell in two of four dimensions between 2011 and 2022 (Criterion 4). Alongside a low degree of flexibility, tight earmarking is also characterised by higher transaction costs for multilateral organisations (Schmid et al., 2021). In the multilateral BMZ portfolio, the trend is partly moving towards soft earmarking, which entails lower transaction costs. While the percentage of tight earmarking is decreasing or already at a low level in the "geography" and "institutions" dimensions, it is rising in the thematic and "level" dimensions (see Section 5.1). The share of earmarked contributions associated with increased transaction costs for multilateral organisations is therefore only partially reduced. Specifically in the thematic dimension, multilateral organisations are restricted in their flexible use of funds. The interviews show that the BMZ discusses efficiency issues primarily in terms of target-group proximity. In crisis contexts, this means implementation via multilateral organisations (Int. 2, 7), for which higher costs are accepted (Int. 2). Alignment and distribution according to the priorities of the multilateral organisations, also in terms of economically efficient distribution, is therefore only partially possible.

Benchmark 4.2: The BMZ actively manages the multilateral portfolio in view of comparative advantages and uses financing modalities that enable a timely response.	Criterion 1: In line with the comparative advantages of multilateral organisations, the earmarked portfolio is more focused on crisis regions than the bilateral portfolio.
	Criterion 2: In crisis contexts, financing modalities are primarily used that allow flexibility (non-earmarked or softly earmarked).
	Criterion 3: Voluntary core funding is used in particular in the case of multilateral recipient organisations that work in crisis contexts.

More highly fragile contexts are supported in the earmarked portfolio than in the bilateral one⁹⁴ (Criterion 1, Figure 15). For the analysis, fragile contexts are defined as crisis regions according to Ziaja and Grävingholt (2023)⁹⁵ and Ziaja et al. (2019). Countries are divided into three categories based on Faust et al. (2023): functioning, fragile, highly fragile.

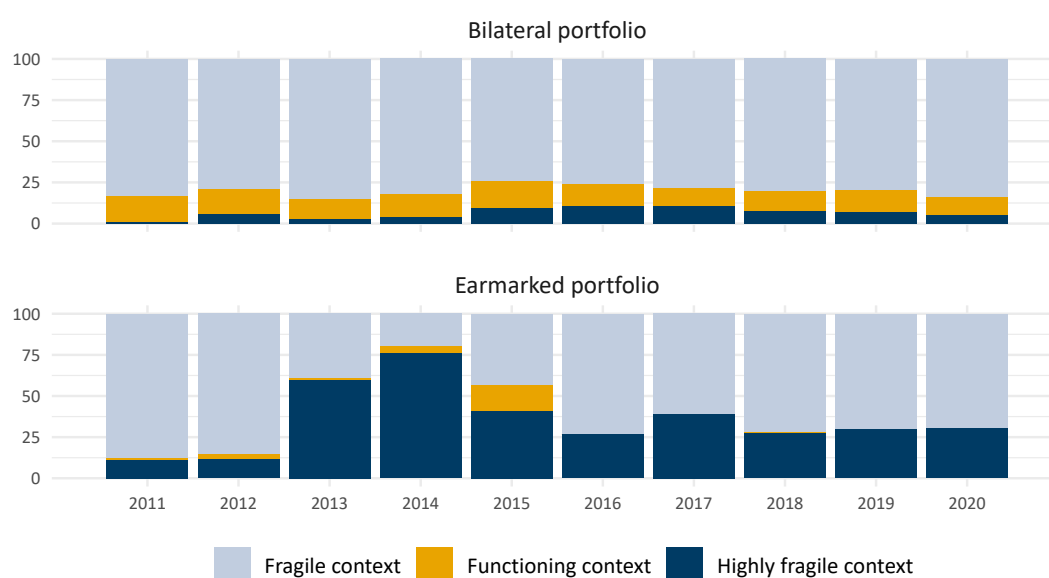
The proportion of highly fragile contexts in the multilateral BMZ portfolio fluctuated between a minimum of 11% in 2011 and a maximum of 76% in 2014. In 2019 and 2020, the share of highly fragile contexts levelled off at 30%, while in the bilateral portfolio it did not rise above 10% in the entire period from 2011 to 2020.

⁹² As of June 2024.

⁹³ A portfolio analysis of the World Bank trust funds supported by Germany carried out in 2014 shows that there were only a few SDTFs at that time (Herrmann et al., 2014).

⁹⁴ The bilateral portfolio comprises all of the financing disbursed by the various implementing organisations.

⁹⁵ The data are available until 2020.

Figure 15 Relative distribution of fragility contexts in the bilateral and earmarked BMZ portfolio as a percentage

Source: DEval, own visualisation based on OECD (2023a, 2023e) and Ziaja and Grävingholt (2023)

The local structures and the reach of multilateral organisations are cited by those responsible at the BMZ and the implementing organisations as factors that enable the rapid implementation of funds, particularly in crisis situations (Criterion 1, Int. 2–3, 5, 7). For example, as part of the fight against the COVID-19 pandemic and for Ukraine, funds were implemented via multilateral organisations in order to use their capacities (Int. 3; Römeling et al., 2024).

In highly fragile contexts, earmarked contributions are softly earmarked in all dimensions⁹⁶ (Criterion 2). In the “topic” and “level” dimensions, the proportion of soft earmarking is higher in highly fragile contexts than in fragile contexts (see online annex). The proportion of thematic soft earmarking in highly fragile contexts fluctuated between 68% (2014) and 89% (2018). Only in 2017 did the share fall to 38%. An increase in soft earmarking can also be seen in the level dimension. 38% of multilateral funding in highly fragile contexts flows into programmes (OECD, 2023e). Since 2013, programme funding has made up at least 68%. In the institutional dimension, there is no tight earmarking in highly fragile contexts (see online annex).

Possibilities for flexibly adjusting the budget, a high proportion of cash and accelerated processes enable rapid implementation in crisis situations. In such circumstances, relevant information on the security situation, for example, can be used for short-term redirection (Int. 2, 6). Commissioning within the year and a high cash component support rapid implementation. An existing and functioning programme in the target context is also helpful (Int. 2, 6). Where necessary, parts of the inspection process can be relocated to ensure rapid deployment (Int. 4).

Multilateral organisations that are active in highly fragile contexts⁹⁷ receive most of the voluntary core funding (Criterion 3). This is the result of an analysis of the relevant BMZ departmental budgets 23⁹⁸ (BMZ, 2011, 2012, 2013b, 2014, 2015, 2016, 2017b, 2018b, 2019, 2020c, 2021c, 2022). In the years 2011 to 2012, 2014 to 2018 and 2022, the proportion of voluntary core contributions from the Ministry to these organisations was over 90%⁹⁹, in 2013 and 2019 to 2021 it fluctuated between 83% and 88%.

⁹⁶ The “level”, “institution” and “topic” dimensions were analysed. As the data on fragility contexts are based on states, it is not expedient to analyse the geographical dimension, as states fall into the strict-earmarking category.

⁹⁷ GAVI, United Nations Convention to Combat Desertification (UNCCD), UNDP, UNICEF, UNIDO, UNFPA, United Nations Volunteers (UNV) programme, UN-Habitat, UN Women.

⁹⁸ Commitments are listed in the departmental budget.

⁹⁹ In absolute terms, the sum of commitments for voluntary core contributions increased from 52 to 752 million euros between 2011 and 2022.

5.3.2 Design of the financing modalities

Benchmark 4.3: Efficiency considerations play a role in the design of the financing modalities and in the decision in favour of a recipient multilateral organisation.	Criterion 1: Efficiency aspects for the BMZ are taken into account when designing financing modalities.
	Criterion 2: Efficiency aspects for the recipient multilateral organisation are taken into account when designing financing modalities.
	Criterion 3: Efficiency aspects for the partner country are taken into account when designing financing modalities.
	Criterion 4: Efficiency aspects are taken into account when choosing between different multilateral organisations.

When designing financing modalities, efficiency aspects¹⁰⁰ – such as checking whether they fit the portfolio and reducing costs with standard contracts – are less important for the BMZ than content-related considerations and institutional requirements (Criterion 1). When negotiating the costs of UN organisation projects, the KfW reviews the direct and indirect project costs and their plausibility (for example by making regional and contextual comparisons), renegotiates where necessary, and makes recommendations to the Ministry on how well they fit into the overall portfolio (Int. 4–6). Templates for processes with multilateral organisations and standard contracts also facilitate cooperation and speed up implementation. In this context, content-related considerations are more important than costs when designing the conditions (Int. 2). Above all, if the BMZ has an interest in certain activities, objectives and regions, funds are strictly earmarked (Int. 2). Furthermore, interviewees consider the choice of multilateral organisation to be more relevant than the decision on the design of the financing modalities (Int. 2), which, according to one interviewee, is additionally restricted by the budget item as this specifies the earmarking (Int. 6).

Efficiency aspects for multilateral organisations, such as lowering transaction costs by softening earmarking, are reflected to a limited extent in considerations on the design of financing modalities (Criterion 2). Factors such as the ability to act and degree of appreciation of multilateral organisations are motives for core funding (Int. 1–3). Unlike earmarked contributions, these are determined via the budget procedure and can therefore not be directly shaped by the BMZ (Int. 2). In the case of earmarked contributions to UN organisations, project costs are negotiated with them (Int. 6). Instruments

such as pooled funds are used to promote cooperation between organisations and to avoid duplication. In the World Bank context, thoughts on higher transaction costs due to strict earmarking are irrelevant, as no further earmarking is possible within a trust fund (Int. 7). The emphasis is on influence and design options when structuring the financing modalities (Int. 2, 6).

Efficiency aspects for partner countries are less a part of the design of the financing modalities and, in the BMZ's view, take place more at a higher level (Criterion 3). Discussions are held within the World Bank on maximising the proportion of concessionary loans for the poorest countries. In addition, there are trust funds that are managed by the partner countries themselves (so-called recipient-executed trust funds) (Int. 1, 4). The interviews did not yield any indications that there are thoughts on efficiency aspects for partner countries beyond the aspect of protecting partner structures in fragile contexts (Int. 1).

The choice of a multilateral organisation is characterised by path dependency, organisation-specific aspects and the BMZ's political interests; seldom by efficiency aspects (Criterion 4). According to the interviewees, multilateral organisations that have received large volumes of funding in the past will continue to receive funding. Support for core mandates and the implementation of BMZ-relevant topics are also important. Furthermore, multilateral organisations can attract funds for their own budgets. Organisation-specific aspects are used in agency analyses, which examine the activities and how well the multilateral organisation's portfolios fit (Int. 3–7). In addition, there are indications that the results of MOPAN reports are used when advising on decisions concerning UN organisations (Int. 3).

¹⁰⁰ Efficiency aspects include considerations of resource costs, management overhead and transaction costs, and how these affect different actors (BMZ, multilateral organisation, partner country).

5.3.3 Summary assessment of evaluation question 4

Rising proportions of earmarked contributions in the multilateral BMZ portfolio lead to a fall in the share of financing that can be used flexibly. Due to declining trends in tight earmarking in two of the four dimensions, earmarked contributions can be used flexibly to some extent. Benchmark 4.1 – “The BMZ uses economically efficient financing modalities in the multilateral portfolio” – is thus **partially fulfilled**.

The earmarked portfolio is more focused on highly fragile contexts than the bilateral portfolio. In such contexts, a high proportion of soft earmarking enables a flexible use of financing. Comparative advantages, such as local structures and an ability to act, are cited as reasons for implementation via multilateral organisations. Furthermore, multilateral organisations active in highly fragile contexts receive the largest share of voluntary core funding. Benchmark 4.2 – “The BMZ actively manages the multilateral portfolio in view of comparative advantages and uses financing modalities that enable a timely response” – is thus **fulfilled**.

To some extent, German DC actors take efficiency aspects for the BMZ into account when designing financing modalities; however, content-related motives tend to be more important. For multilateral organisations, efficiency issues are included to a lesser extent in corresponding considerations, while for partner countries they are part of overarching reflections in multilateral processes, but do not influence the design of financing modalities. Efficiency aspects also play a subordinate role in the selection of the multilateral organisation. Benchmark 4.3 – “Efficiency considerations play a role in the design of the financing modalities and the decision in favour of a recipient multilateral organisation” – is thus **barely fulfilled**.

5.4 Results of the systematic review

The following section examines the international scientific evidence on how effective core funding and earmarked funding are in multilateral DC.¹⁰¹ It is structured according to the effectiveness dimensions of process (Section 5.4.1), cost (Section 5.4.2) and outcome (Section 5.4.3) – and therein according to the levels “project”, “organisation” and “system” – insofar as scientific findings are available in each case.¹⁰²

Evaluation question 5: How effective are core funding and earmarked contributions?

Method and data basis: systematic review, 36 analysed articles (time period 2005–2024); databases: EBSCO and Scopus as well as Google Scholar and publication pages of relevant institutions

Categories of analysis: dimensions of effectiveness (process, costs, outcome), intervention levels (project, organisation, multilateral system)

5.4.1 Process effectiveness

The following section presents the state of the scientific literature on core and earmarked funding in the “process” effectiveness dimension. Evidence on this can be found at the organisational and system level (see Table 4).¹⁰³

¹⁰¹ Detailed explanations of the methodological approach can be found in the online annex.

¹⁰² Further details can be found in Ihl et al. (2025).

¹⁰³ Brief explanations on the effectiveness dimensions can be found in Section 3.2; Ihl et al. (2025) contains further details.

Table 4 Categories of analysis and (un-)available evidence on process effectiveness

Financing modality	Project level	Organisational level	System level
Core funding	No evidence	Evidence	No evidence
Earmarked funding	No evidence	Evidence	Evidence
Trust funds	No evidence	Evidence	Evidence

Source: DEval and EBA, own visualisation

Organisational level

Core funding allows multilateral organisations the most flexibility in the use of funds (Lee, 2021; MOPAN, 2017a). Lee (2021) shows this for the WFP, for example. Assessed and voluntary core contributions to the ILO also allow a flexible management of projects compared to those financed with earmarked funds (MOPAN, 2017a).

The decline in core funding to UN organisations has a negative impact on their ability to plan and work strategically (MOPAN, 2017a, 2017b, 2017c, 2019a, 2020; Schmid et al., 2021). The ILO, UNIDO, UN-Habitat and WFP have noted a decline in core funding. MOPAN assessments of UN organisations show that the lower share of core funding restricts their ability to work flexibly and to implement their mandates effectively. This impairs their ability to make long-term strategic and investment decisions (MOPAN, 2017a, 2017b, 2017c, 2019a, 2020). Schmid et al., for example, explain with reference to interviews with UNDP and UNICEF that core funding (as well as softly earmarked funding) enables the organisations to work according to their mandate. Consequently, the interviewees describe core funding as the “best” financing modality. According to the authors, a large proportion of core funding is used to cover the administrative costs of projects which, for their part, are financed via earmarking.

Earmarked funding can undermine the performance of a multilateral organisation (MOPAN, 2019b, 2019c, 2020, 2021a, 2021b; Reinsberg, 2023; Schmid et al., 2021; Weinlich et al., 2020). The unpredictability of earmarked funding poses a challenge to organisations’ ability to plan ahead and set priorities (Reinsberg, 2023). With regard to UNDP and UNICEF,

Schmid et al. (2021) and the corresponding MOPAN assessments point out that the timing and amount of core funding are largely determined by the institutional environment, for example by the budget cycles of the donors. However, the timing of financing varies in the case of earmarked funding, which can furthermore be provided for any period of time. This makes it difficult for both organisations to plan for a longer period of time and pursue a strategy (MOPAN, 2021a, 2021b; Schmid et al., 2021). Reinsberg (2023) shows in the meantime that earmarked funds can undermine the achievement of results and cause operational fragmentation. MOPAN also recognises that the UNDP portfolio is fragmented (MOPAN, 2021b). Earmarked funds reduce the process performance of the multilateral organisation by making strategic planning, inter-organisational cooperation and institutional learning more difficult, as well as increasing the administrative burden due to donor requirements (Reinsberg, 2023). The Food and Agriculture Organization of the UN (FAO) is another example. As the majority of its budget comes from earmarked contributions, it faces the challenge of harmonising the funds with its own strategic objectives (MOPAN, 2019b).¹⁰⁴ Finally, tightly earmarked funding has an equally negative impact on the adaptability, flexibility and agility of the World Health Organization. Its programme budgets are largely earmarked for diseases – at the expense of other priority areas such as strengthening health systems (MOPAN, 2019c).

However, there is a certain amount of evidence to suggest that earmarked funding does not impair the work of certain multilateral organisations in crisis contexts (Migliorisi et al., 2012). A study by Migliorisi et al. (2012) found that WFP and UNHCR have sufficient earmarked funding to respond

¹⁰⁴ The FAO has conducted a strategic dialogue process and has actively sought to strengthen and refocus instruments to ensure that earmarked financing is coherent with FAO’s strategy (MOPAN, 2019b).

appropriately to unexpected disasters and emergencies by means of resource mobilisation and corresponding measures. Strategic planning can therefore be realised thanks to the relative stability and predictability of earmarked funding (Migliorisi et al., 2012).

Trust funds involve less administrative effort for recipient countries and donors and, from the point of view of multilateral organisations, can be used meaningfully in crisis contexts (IEG, 2011; MOPAN, 2023; Reinsberg et al., 2015b; Weinlich et al., 2020). They therefore have characteristics that make them effective for recipient countries, donors and organisations. The recipient countries frequently have less administrative work, since they do not have to take into account the different administrative requirements of various donors. The donors may find them more efficient, because trust funds are associated with less bureaucracy and they do not have to negotiate financing agreements. Trust funds – especially MDTFs – likewise enable multilateral organisations to engage in situations where the extension of a credit is not possible, for example in fragile and conflict-affected situations, emergencies and in situations where access to IDA or IBRD funds is restricted (IEG, 2011; MOPAN, 2023; Reinsberg et al., 2015b; Weinlich et al., 2020).

World Bank trust funds contribute more effectively to a country's capacity development if this is one of its core objectives and the programmes are adapted to the needs of the partner countries (IEG, 2011). It has been shown that capacity building is more effective when it is a key objective of the trust fund. Furthermore, programmes financed in this way, which operate via the partner countries' systems, lead to more effective capacity development than those that operate via the trust fund's own implementation agreements (IEG, 2011).

To a certain extent, the World Bank bypasses its own political and procedural structures with its trust funds (MOPAN, 2017d). The World Bank has created structures to support the goals and needs of partner countries. However, trust funds are sometimes set up outside these structures. As a result, in its corresponding portfolio and its procedures, the World Bank must weigh up compromises between the flexibility offered by a more adaptable approach to partnerships (and the willingness

to establish trust funds that are responsive to member demand) and a tightly regulated and planned strategy (MOPAN, 2017d).

System level

Earmarked funding can compromise the UN's ability to address complex issues of long-term impact (Weinlich et al., 2020). Earmarked financing of the UN is characterised by short project durations which involve poor coordination of activities in the UN system, and that can have a negative effect on the goal of effective sustainable development. There is some evidence to suggest that softly earmarked funds perform better in terms of efficiency, coordination and the autonomy of the UN organisations (Weinlich et al., 2020).

Earmarked funding, especially when its use is tightly defined, can restrict multilateral organisations in their ability to ensure ownership on the part of the partner countries (Weinlich et al., 2020). As the activities supported by the earmarking are not always a priority for the recipients, the sustainability of multilateral DC is limited (Weinlich et al., 2020). In the UN system, tightly earmarked funds with short project durations can mean that the multilateral organisations cannot ensure the ownership of the partner country. This ultimately impairs the autonomy of the partner government and its ability to tackle complex problems sustainably (Weinlich et al., 2020).

Multilateral organisations are taking steps to regain control of their own funding (Weinlich et al., 2020). For the United Nations development system, individual organisations are striving to cooperate with donors in closer partnerships, both individually and collectively. They are also redirecting donors towards more flexible forms of financing and endeavouring to work more transparently and cost-efficiently. Other measures include the Funding Compact, which involves all UN member states and all UN organisations. The aim is to increase the number of total contributors and the proportion of core contributions, and to provide more flexible MDTFs. The World Bank is the most advanced in the multilateral development bank system with efforts to consolidate small trust funds into a new programmatic umbrella structure to improve management supervision and ensure strategic alignment with its priorities (Weinlich et al., 2020).

For certain countries and topics trust funds are an instrument for closing financing gaps in the multilateral system (IEG, 2011; MOPAN, 2023). They make it possible to promote innovative financing and governance arrangements (IEG, 2011). MOPAN's assessment of the World Bank for 2021/22 (IDA and IBRD) sees the following benefits of trust funds in this context: a predictable, multi-year source of funding for activities such as knowledge work, technical assistance, project-preparation support, impact evaluations and institutional support for debt management (MOPAN, 2023). It also states that trust funds are a good platform for knowledge sharing and partnerships between donors, partner countries and other interest groups at the global, regional and country level (MOPAN, 2023).

Trust fund governance structures are subject to administrative rules and performance frameworks that encourage the organisations' staff to minimise outcome and fiduciary risks and maximise the efficiency and effectiveness of aid provision (Dietrich et al., 2022). For example, trust-fund agreements contain different financial-accounting

and performance-reporting frameworks based on specific indicators (Dietrich et al., 2022). Trust funds can also be seen as instruments for minimising information asymmetries between donors and multilateral organisations (Dietrich et al., 2022).

A considerable amount of heterogeneity is observed in the structure of trust funds, which, according to Dietrich et al. (2022), is underestimated in the literature. Although many trust funds prioritise efficiency, others focus on longer time horizons and the transfer of knowledge and skills. These differences in objectives and time horizons demonstrate the diversity of these funds (Dietrich et al., 2022).

5.4.2 Cost effectiveness

The following section presents the state of the scientific literature on core and earmarked funding in the effectiveness dimension of "cost". Evidence on this can be found at the project and organisational level (Table 5).

Table 5 Categories of analysis and (un-)available evidence on cost effectiveness

Financing modality	Project level	Organisational level	System level
Core funding	No evidence	No evidence	No evidence
Earmarked funding	Evidence	Evidence	No evidence
Trust funds	No evidence	Evidence	No evidence

Source: DEval and EBA, own visualisation

Project level

Earmarked funding weakens the ability of multilateral organisations to fulfil their mandates cost-efficiently (Heinzel et al., 2023). In their study of projects of the Asian Development Bank, the African Development Bank, the Caribbean Development Bank and the World Bank, Heinzel et al. (2023) come to the conclusion that the organisations' earmarked projects are around one and a half times more expensive than core-financed projects. This is primarily due to the higher costs for supervision. Under the same conditions, earmarked projects therefore perform worse than comparable projects with core funding. In order for earmarked projects to

achieve the same performance (in terms of outcome level) as core-funded ones, donors and multilateral organisations have to make larger financial investments (Heinzel et al., 2023).

Organisational level

UN organisations regard the high transaction costs as a key problem of earmarked funding (Schmid et al., 2021). Earmarked funds require additional time and personnel resources, as different teams in the organisations and contact points are involved in the corresponding funding agreements (Schmid et al., 2021).

The World Bank has reduced the administrative costs of its trust funds with a reform (MOPAN, 2023; WBG, 2024a, 2024b). The aim of the reform is for trust funds to be used strategically to supplement the core funding of the IBRD and the IDA (WBG, 2024a). As part of the reform, the World Bank established “Umbrella” programmes in 2019, which bring together trust funds on strategic topics. Each programme has a uniform governance and administrative structure and a results framework (MOPAN, 2023). According to the World Bank Group, this step has increased the overall flexibility and strategic focus of the trust funds and, at the same time, reduced fragmentation and transaction costs (WBG, 2024b). This is confirmed by a MOPAN assessment: as recently as the 2019 financial year, 70% of the World Bank’s 529

trust funds (MOPAN, 2023) accounted for 7% of total trust fund resources. The reform and the adjustments to the cost-recovery framework have contributed to the fact that 90% of the total costs incurred by the bank for the administration of activities financed from trust funds are now covered annually (MOPAN, 2023).

5.4.3 Outcome effectiveness

The following section presents the state of the scientific literature on core and earmarked funding in the “outcome” effectiveness dimension. Evidence on this can be found at the project and organisational level (Table 6).

Table 6 Categories of analysis and (un-)available evidence on outcome effectiveness

Financing modality	Project level	Organisational level	System level
Core funding	Evidence	No evidence	No evidence
Earmarked funding	Evidence	Evidence	No evidence
Trust funds	Evidence	Evidence	No evidence

Source: DEval and EBA, own visualisation

Project level

World Bank projects financed by trust funds are less effective than World Bank projects financed by core contributions, according to Heinzel and Reinsberg (2024).¹⁰⁵ In general, World Bank projects have a positive impact on local economic development – although the degree of effectiveness varies according to the financing modality. Core-funded projects increase economic activity by 3% and economic growth by 10.3%, whereas trust-fund-financed projects only lead to an increase of 1.6% in economic activity and 5.5% in economic growth. Earmarked funds are therefore less effective than core funding. Heinzel and Reinsberg (2024) conclude that donors should provide a larger share of their ODA as core funding if they are aiming for development effects.¹⁰⁶

In another study on UNDP projects, Heinzel et al. (2024) demonstrate that projects with more core funding mobilise less money overall for the same number of project objectives, but have a better outcome and a bigger impact. Heinzel et al. (2024) examine how the autonomy of international organisations influences their performance, particularly via the role of core funding. First, the results show that UNDP projects that rely to a greater extent on core funding mobilise less funding for the same number of objectives. Second, the performance at the outcome and impact level (more objectives achieved and an improved sub-national Human Development Index [HDI]) increases when core funding’s share in a project is higher. Third, these results also generate

¹⁰⁵ According to Heinzel and Reinsberg, the findings are consistent with qualitative evidence from the literature, for example that the organisational capacity of multilateral organisations to respond to new challenges is reduced by earmarked funding; furthermore, that projects are poorly equipped and have higher transaction costs, and that only a few trust funds are able to cover the costs of project monitoring (Heinzel and Reinsberg, 2024).

¹⁰⁶ Heinzel and Reinsberg conclude that earmarked projects are the second-best projects for promoting economic development. However, this does not mean that these initiatives are less effective than bilateral projects. They could even surpass them (Heinzel and Reinsberg, 2024). Furthermore, the results indicated that politically driven aid is less effective (Heinzel and Reinsberg, 2024). However, there is considerable heterogeneity in the case of trust funds, and further research is required (Heinzel and Reinsberg, 2024).

different effects: The impact of projects with core funding on the subnational HDI is larger due to better outcomes, while earmarked resources only lead to small improvements in the subnational index. As UNDP is one of the most heavily earmarked multilateral organisations, the overall impact of UNDP is much smaller, as earmarked resources only lead to small improvements in the subnational index (Heinzel et al., 2024).

Organisational level

Reinsberg (2023) notes that earmarked funds can improve the performance of multilateral organisations if they are used in a targeted way, properly managed and linked to core funding. They can have a positive impact on the mainstreaming of cross-cutting issues at the organisational level and also encourage an

organisation to prioritise topics that are within its mandate, but which it would not have pursued on its own. At the same time, earmarked funding entails risks, as it supports measures that are less sustainable and relevant and thus jeopardise the long-term capacities of multilateral organisations and ultimately impair the effectiveness of the aid (Reinsberg, 2023).

The number of donors and recipients influences how effective World Bank trust funds are (IEG, 2011; Table 7). MDTFs, each of which addresses several recipient countries, achieve moderate results in terms of effectiveness, aid coordination and efficiency. They are most effective with one recipient country. Similarly, SDTFs with one recipient country are among the most effective, as they are better geared towards national needs. With several recipient countries, however, they are the least effective overall (IEG, 2011).

Table 7 Effectiveness of trust funds by donor and recipient characteristics

Recipient	Several donors	One donor
Several recipient countries	Moderately effective	Least effective
One recipient country	Most effective	Most effective

Source: DEval, own illustration based on IEG (2011)

5.4.4 Summary of evaluation question 5

The systematic review provides a mixed picture as regards the effectiveness of core and earmarked funding. Scientific evidence exists on the three effectiveness dimensions but not for each level of intervention within these dimensions.¹⁰⁷ In terms of process effectiveness, the regular payment of core contributions offers multilateral organisations the greatest flexibility in the use of funds. Earmarked financing, on the other hand, can undermine a multilateral organisation's performance.

At the same time, trust funds involve less administrative work for donors and, from the perspective of multilateral organisations, can be used meaningfully in crisis contexts. The results on cost effectiveness show that earmarked financing weakens the ability of multilateral organisations to fulfil their mandates cost-efficiently. As regards outcome effectiveness, World Bank projects financed by trust funds prove to be less effective than those financed by core contributions. The effectiveness of World Bank trust funds is influenced by the number of donors and recipients.

¹⁰⁷ Further information on the evidence base and evidence gaps can be found in Ihl et al. (2025).

6.

CONCLUSIONS AND RECOMMENDATIONS

6.1 Use of financing modalities and portfolio design

The following section draws conclusions from the findings on the use of financing modalities in multilateral DC and derives recommendations from them.

Conclusion: the role of the earmarked portfolio in relation to the bilateral portfolio is not adequately defined.

At the portfolio level, it is not sufficiently clear what strategic role the earmarked portfolio should play vis-à-vis the bilateral portfolio. The BMZ promotes a wide range of topics with its

earmarked portfolio, but it is difficult to see thematic foci that are in line with the strategic priorities. This finding of the portfolio analysis on evaluation question 1 is similar to that of the DEval allocation study on bilateral DC (Wencker, 2022), according to which no thematic concentration is recognisable in the bilateral portfolio. Furthermore, the portfolio similarity analysis shows that the earmarked portfolio neither reinforces nor complements the bilateral portfolio in thematic terms. In order for the earmarked portfolio to fulfil its function as part of multilateral engagement, it is important to specify the relationship between the portfolios and to align allocation decisions accordingly.

Recommendation 1: Define the relationship between the earmarked and the bilateral portfolio

The BMZ should define the strategic role of the earmarked portfolio in relation to the bilateral portfolio.

- **Implementation guidance 1:** The BMZ can pay particular attention to the thematic dimension.
- **Implementation guidance 2:** The BMZ can weigh up the “reinforcing” and “complementary” options against each other – in terms of the thematic and geographical dimensions respectively.

The BMZ's earmarked contributions are predominantly complementary to the disbursements of multilateral organisations, but they should be geared towards strengthening their mandates and their ability to act. The results of the portfolio similarity analysis in evaluation question 2 regarding the coherence of the bilateral and multilateral portfolios show that earmarked contributions, especially in UN organisations, are predominantly complementary in orientation, even in the case of broadly defined foci at the sector level. This finding is surprising – for not only in terms of the efficiency of the financing modalities used but also in

order to strengthen multilateral organisations and their ability to act, it would make sense for the earmarked contributions to consolidate the thematic portfolio of multilateral organisations to further support the comparative advantages and strengths of individual organisations. The focus should therefore be on comparatively broad priorities at the sector level, so that the contributions have a reinforcing effect and an organisation's own aims in development policy, as well as its strategic and institutional objectives, can be brought together in practice in view of possible areas of tension between different target requirements.

Recommendation 2: Gear earmarked contributions more to the thematic portfolio of multilateral organisations

The BMZ should work towards gearing earmarked contributions more closely to the thematic portfolio of multilateral organisations in order to promote a more efficient use of funds in addition to core funding, to strengthen the organisations' ability to act, and to achieve the BMZ's own development goals.

Conclusion: multilateral engagement should be (further) designed in view of the advantages and disadvantages of different financing modalities.

In its portfolio, the BMZ uses different financing modalities, including core funding and earmarked contributions, which fulfil different functions. The portfolio analysis shows that the relative share of core funding to multilateral organisations decreased during the period under review, while at the same time the earmarked contributions increased in both absolute and relative terms. The results for evaluation questions 1 and 4 show a low level of tight earmarking in the institutional dimension and a decrease in the geographical dimension, as well as a significant increase in the case of topic and level. This means that earmarked contributions relate more to a concrete topic than to a broad topic area and are primarily earmarked at the project level rather than at the programme level.

With regard to earmarked contributions, it should be noted that those that are tightly earmarked are considered problematic due to high transaction costs and the fact that they restrict the ability of multilateral organisations to act. The systematic review, for example, points out that earmarked funding undermines the cost-effectiveness of multilateral organisations' projects. This reveals a general area of tension: on the one hand, multilateral organisations are to be strengthened in their role and in terms of mandate fulfilment; on the other hand, they are sometimes used more as implementing organisations via (tightly) earmarked contributions.

As a consequence, the BMZ should (further) reduce tight earmarking and focus on soft earmarking in order to boost the efficiency of the engagement. In the case of tight earmarking, the funds can only be used flexibly to a limited extent and higher transaction costs can arise. Reducing transaction costs is key to efficient action; tight earmarking should therefore only be applied in well-founded exceptional cases.

Recommendation 3: (Further) reduce tight earmarking

The BMZ should work towards further reducing tight earmarking in the multilateral portfolio, and earmark contributions softly – where possible – to ensure the multilateral organisations' ability to act and to reduce transaction costs.

- **Implementation guidance 1:** The BMZ can concentrate on the “level” and “topic” dimensions, as tight earmarking is more pronounced in these than in the other two dimensions analysed.
- **Implementation guidance 2:** The BMZ can define specific criteria under which the use of tightly earmarked funds is appropriate in terms of development objectives and apply these criteria in decisions on the design of financing modalities.
- **Implementation guidance 3:** The BMZ can continue to rely on existing funds – preferably joint donor funds – and use existing structures where possible, provided these are in line with the development objectives and the priority areas agreed between the BMZ and the partner countries.
- **Implementation guidance 4:** In view of the evidence gaps at the project level identified in the systematic review and with regard to outcome effectiveness, the BMZ can – where appropriate together with multilateral organisations – promote the creation of (rigorous) evidence to address these gaps and build up knowledge relevant for governance with a view to the use of earmarked funds.

Adequate core funding is necessary to ensure that multilateral organisations fulfil their mandates. Accordingly, the relevance of core funding for multilateral organisations is emphasised in BMZ strategies, and the Ministry lays down strategic goals for this. The results of the systematic review on evaluation question 5 show that core funding is seen by many multilateral organisations as the most suitable financing modality, whereas bilateral donors view this more critically as they have less direct influence on the use of funds as a result. Similarly, earmarked contributions can represent additional resources for multilateral organisations and can therefore also be attractive for them.

The portfolio analysis shows that the relative share of core funding to multilateral organisations decreased during the period under review, while at the same time the earmarked contributions increased in both absolute and relative

terms. An exception to this result is the finding that the core contributions for certain UN organisations that are named as priorities in the BMZ's multilateral strategy (BMZ, 2013a, 2020a) increased, at least in terms of relative distribution.

Core funding is necessary for a multilateral development system capable of acting in the long term. Continuous and stable funding is important – for multilateral organisations in general and for UN organisations in particular. In line with the UN Funding Compact, at least 30% of contributions should therefore be made as core contributions to give UN organisations planning security and, at the same, to help strengthen the multilateral system as envisaged (UN, no date). The BMZ should contribute to this within the scope of its possibilities. Conversely, the BMZ can call for more accountability and transparency from the UN organisations in line with the UN Funding Compact.

Recommendation 4: Ensure stable core funding, especially for the UN system

In accordance with the UN Funding Compact, the BMZ should work towards stable core funding for UN organisations; this would contribute to their ability to act and strengthen the multilateral development system.

Box 5 The evaluation against the background of the 2030 Agenda

The BMZ's multilateral engagement is linked in many ways to the goals and principles of the 2030 Agenda for Sustainable Development. The BMZ's earmarked portfolio serves a large number of different sectors (see Section 5.1) and thus contributes both to the individual goals and to the universal ambition of the 2030 Agenda.

In this evaluation, the principle of shared responsibility is meant in the sense of using existing systems and the division of labour. Particularly in highly fragile contexts, the BMZ relies on the structures of multilateral DC organisations and, more often, softly earmarks contributions to them, thus strengthening their ability to act (see Section 5.3). The division of labour becomes less marked in the relationship between the bilateral and earmarked portfolios – the two portfolios neither reinforce nor complement each other, so that no clear division of roles is discernible (see Section 5.2).

Similarly, the interaction of economic, ecological and social sustainability also becomes clear in the analysis of multilateral engagement. This is particularly evident in the analysis of the embedding of cross-cutting issues, which indicate the interaction of different issues with components of environmental and social sustainability (see Section 5.1). Gender equality (with its reference to the eponymous SDG 5) is sufficiently embedded in the multilateral portfolio, which means that this aspect of social sustainability is taken into account in several sectors of engagement. While “climate” performs slightly worse as a cross-cutting issue, the thematic breadth of this component of environmental sustainability in the multilateral portfolio is also becoming increasingly important.

6.2 Interplay

The following section draws conclusions from the findings on the interlinking of bilateral and earmarked DC and on the coherence of bilateral and multilateral DC; it also derives recommendations from these conclusions.

Conclusion: Interplay is challenging and confronted with obstacles.

Interplay between bilateral and multilateral DC is a continuous, strategic aspiration of the BMZ (BMZ, 2013a, 2020a, 2023a) **which is difficult to implement.** In practice, it is a challenge to implement such interplay and to promote a coherent interlinking of bilateral and multilateral DC – wherever it is possible and expedient to go beyond mere coordination.

The results of the case study show that those involved in a project see added value in interplay and also point to possible potential for deepening it. The interviews conducted as part of the case study confirm that there is considerable interest in interplay. The social network analysis also makes it clear that many of the projects are known to each other and see other projects as being relevant to their own work. Nevertheless, the number and density of links between the projects is lower in information exchange than in relevance, and even lower in cooperation. In addition, the case study provides indications of possible measures that could be used to promote the interlinking of bilateral and multilateral DC. These include formats at the DC programme level involving multilateral organisations and political partners, as well as the flanking of an MDTF to a flagship programme by means of parallel financing.¹⁰⁸

Various obstacles stand in the way of interplay, or make it more difficult, even when the parties involved are willing to pursue the idea. In view of the large number of actors and the complexity of actor constellations in a country context, challenges for an interlinked approach are to be expected. Depending on the subject matter, relevant actor constellations

exist within the BMZ, German DC (BMZ, implementing organisations), and other German DC (other ministries), and with multilateral organisations (differentiated according to UN and IFIs), other bilateral donors and the political partner. Specific obstacles include the fact that those responsible in the country lack information about the activities of other actors or do not receive it in good time (programme design in “silos”), conflicting incentives for the various actors involved, and what are sometimes perceived as cumbersome administrative procedures (within German DC and with multilateral organisations). This last aspect relates to the fact that project managers in the case study generally found it difficult to change the direction of German DC projects after the planning phase had been completed, for example in view of new information, changing local conditions or the activities of other actors. On the other hand, guidelines and incentives for interplay with multilateral activities are unclear and it often depends on the commitment of the individual.

These results lead to the conclusion that obstacles to interplay need to be identified and reduced. The evaluation results point to various obstacles, not all of which can be addressed by the BMZ and German DC; multilateral organisations and other actors also have an important role to play. Nonetheless, the obstacles in the administrative and strategic areas that can be influenced by German DC should be gradually removed. Furthermore, where possible, incentives should be created for the actors involved to promote a close interlinking of activities with other actors. For example, interviewees in the case study point out the amount of coordination work that can be involved in interplay efforts. One approach could be pro-rata personnel resources that are explicitly responsible for coordination and communication. A further lever could be explicit specifications, for example that a yet-to-be-defined percentage of new projects should include cooperation with another project, or that selected bilateral and earmarked projects in a country per core area/sector should implement an interlinked approach.

¹⁰⁸ Team Europe Initiatives (TEI) are also included but are not explained further as they were not the subject of the case study.

Recommendation 5: Identify and reduce barriers to bi-multi interplay

The BMZ and the implementing organisations GIZ and KfW should work together in a structured manner to identify barriers to interplay and gradually dismantle them.

- **Implementation guidance 1:** The BMZ and the implementing organisations can combine different findings on interplay from this evaluation and from the assessment of pilot measures in order to identify key obstacles, formulate a concrete action plan to remove these obstacles, and implement it within a set timetable.
- **Implementation guidance 2:** The BMZ and the implementing organisations can develop guidelines and incentives to further promote the use of interplay's potential. In doing so, the BMZ and the implementing organisations can focus on the early planning phase of projects, which is considered crucial for exploiting the potential of interplay.
- **Implementation guidance 3:** The BMZ and the implementing organisations can distinguish between different levels when it comes to obstacles to interplay and a) start directly with the bilateral and earmarked projects in their own area of responsibility, and b) advocate interplay with the multilateral organisations at the headquarters level.
- **Implementation guidance 4:** The BMZ and the implementing organisations can also use other options such as peer learning or the compilation of good practices.

7.

LITERATURE

- Barder, O., E. Ritchie and A. Rogerson (2019)**, “Contractors or Collectives?” Earmarked Funding of Multilaterals, Donor Needs, and Institutional Integrity. The World Bank as a Case Study”, CGD Policy Paper, No. 153, Center for Global Development, Washington, D. C.
- Barnett, M. N. and M. Finnemore (1999)**, “The Politics, Power, and Pathologies of International Organizations”, *International Organization*, Vol. 53/4, pp. 699–732. <https://doi.org/10.1162/002081899551048>.
- Baumann, M. (2020)**, “How Earmarking Has Become Self-perpetuating in United Nations Development Co-operation”, *Development Policy Review*, Vol. 39/3, pp. 343–359. <https://doi.org/10.1111/dpr.12504>.
- Bayram, A. B. and E. R. Graham (2022)**, “Knowing How to Give. International Organization Funding Knowledge and Public Support for Aid Delivery Channels”, *The Journal of Politics*, Vol. 84/4, pp. 1885–1898. <https://doi.org/10.1086/719414>.
- Besada, H. and S. Kindornay (2013)**, “Introduction. Multilateralism in an Era of Change”, in Besada, H. and S. Kindornay (eds.), *Multilateral Development Cooperation in a Changing Global Order*, Palgrave Macmillan, Basingstoke & New York.
- Biscaye, P. E., T. W. Reynolds and C. L. Anderson (2017)**, “Relative Effectiveness of Bilateral and Multilateral Aid on Development Outcomes”, *Review of Development Economics*, Vol. 21/4, pp. 1425–1447. <https://doi.org/10.1111/rode.12303>.
- BMF (2024)**, “Bundeshaushalt digital”, Federal Ministry of Finance, <https://www.bundeshaushalt.de/DE/Bundeshaushalt-digital/bundeshaushalt-digital.html> (accessed 29.10.2024).
- BMZ (2011)**, “Bundeshaushaltsplan 2011. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2012)**, “Bundeshaushaltsplan 2012. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2013a)**, “Eckpunktepapier für die multilaterale Entwicklungspolitik”, BMZ-Strategiepapier, No. 7, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2013b)**, “Bundeshaushaltsplan 2013. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2014)**, “Bundeshaushaltsplan 2014. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2015)**, “Bundeshaushaltsplan 2015. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2016)**, “Bundeshaushaltsplan 2016. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2017a)**, “Entwicklungspolitik als Zukunfts- und Friedenspolitik”, 15. Entwicklungspolitische Bericht der Bundesregierung, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2017b)**, “Bundeshaushaltsplan 2017. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development Bonn & Berlin.
- BMZ (2018a)**, “Development policy 2030. New challenges – new solutions”, BMZ Strategy Paper, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2018b)**, “Bundeshaushaltsplan 2018. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.

- BMZ (2019)**, “Bundeshaushaltsplan 2019. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2020a)**, “BMZ-Strategie für eine starke europäische und multilaterale Entwicklungspolitik”, BMZ Papier, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2020b)**, “Reformkonzept “BMZ 2030”. Umdenken – Umsteuern”, Federal Ministry for Economic Cooperation and Development, Bonn/Berlin.
- BMZ (2020c)**, “Bundeshaushaltsplan 2020. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2021a)**, “Evaluierung der Entwicklungszusammenarbeit. Leitlinien des BMZ”, BMZ Papier, No. 4, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2021b)**, “Leitlinien für die bilaterale Finanzielle und Technische Zusammenarbeit mit Kooperationspartnern der deutschen Entwicklungszusammenarbeit”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2021c)**, “Bundeshaushaltsplan 2021. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2022)**, “Bundeshaushaltsplan 2022. Einzelplan 23”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2023a)**, “Strong Multilateral Development Policy for Social Justice Worldwide”, Federal Ministry for Economic Cooperation and Development, Bonn & Berlin.
- BMZ (2023b)**, “Multilaterale Zusammenarbeit. Der Weg der Weltgemeinschaft. Die Entwicklungszusammenarbeit Deutschlands im Rahmen von internationalen Organisationen” (Working on joint solutions to cross-border issues. Germany’s development cooperation within the context of the international community), Federal Ministry for Economic Cooperation and Development, www.bmz.de/de/ministerium/arbeitsweise/multilaterale-zusammenarbeit-19880 (accessed 26.10.2023).
- BMZ (2023c)**, “Entwicklungsministerin Schulze. Antworten auf globale Krisen müssen multilateral sein”, Federal Ministry for Economic Cooperation and Development, <https://www.bmz.de/de/aktuelles/aktuelle-meldungen/schulze-antworten-auf-globale-krisen-muessen-multilateral-sein-175168> (accessed 22.11.2023).
- Borst, J., T. Wencker and A. Niekler (2023)**, “Estimating Overreporting in the Creditor Reporting System on Climate Adaptation Finance Using Text Classification and Bayesian Correction”, Proceedings of the 7th Joint SIGHUM Workshop on Computational Linguistics for Cultural Heritage, Social Sciences, Humanities and Literature, o. O., pp. 99–109.
- BRH (2023)**, “Bericht nach § 88 Absatz 2 BHO an das Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung über die Evaluierung von Maßnahmen der Entwicklungszusammenarbeit”, Bundesrechnungshof, Bonn.
- Browne, S. and R. Cordon (2015)**, “Vertical Funds. Lessons for Multilateralism and the UN”, Briefing, No. 25, Future United Nations Development System, New York.
- Busch, P.-O., H. Feil, M. Heinzel, J. Herold, M. Kempken and A. Liese (2021)**, “Policy Recommendations of International Bureaucracies. The Importance of Country-Specificity”, *International Review of Administrative Sciences*, Vol. 87/4, pp. 775–793. <https://doi.org/10.1177/00208523211013385>.
- Candel, J. J. L. and R. Biesbroek (2016)**, “Toward a Processual Understanding of Policy Integration”, *Policy Sciences*, Vol. 49, No. 3, pp. 211–231. <https://doi.org/10.1007/s11077-016-9248-y>.

- Cejudo, G. M. and C. L. Michel (2017)**, “Addressing Fragmented Government Action. Coordination, Coherence, and Integration”, *Policy Sciences*, Vol. 50/4, pp. 745–767. <https://doi.org/10.1007/s11077-017-9281-5>.
- Custer, S., T. Sethi, R. Knight, A. Hutchinson, V. Choo and M. Cheng (2021)**, “Listening to Leaders 2021. A Report Card for Development Partners in an Era of Contested Cooperation”, AidData at the College of William & Mary, Williamsburg, VA.
- Dag Hammarskjöld Foundation and MPTFO (2019)**, “Financing the UN Development System. Time for Hard Choices”, Dag Hammarskjöld Foundation & UN Multi-Partner Trust Fund Office, Uppsala & New York.
- Deutscher Bundestag (2020a)**, “Gesetz über die Feststellung des Bundeshaushaltsplans für das Haushaltsjahr 2021 (Haushaltsgesetz 2021)”, No. BGBl. I 2020, Berlin.
- Deutscher Bundestag (2020b)**, “Opposition kritisiert Kürzungen bei multilateralen Hilfen”, Deutscher Bundestag, <https://www.bundestag.de/dokumente/textarchiv/2020/kw40-de-entwicklung-zusammenarbeit-793450> (accessed 22.11.2023).
- Deutscher Bundestag (2021)**, “Weißbuch Multilateralismus der Bundesregierung – Gemeinsam für die Menschen. Unterrichtung durch die Bundesregierung”, Drucksache 19/30294, Berlin.
- DEval (2023)**, “Evaluierungskapazitäten Stärken” (Evaluations Capacity Development), German Institute for Development Evaluation, www.deval.org/de/evaluierungskapazitaeten/evaluierungskapazitaeten-staerken (accessed 26.10.2023).
- DEval (n. d.)**, “Independent, impact-oriented, research-based. Deval Strategy 2022–2026”, German Institute for Development Evaluation (DEval), Bonn.
- Dietrich, S. (2013)**, “Bypass or Engage? Explaining Donor Delivery Tactics in Foreign Aid Allocation*: Bypass or Engage?”, *International Studies Quarterly*, Vol. 57/4, pp. 698–712. <https://doi.org/10.1111/isqu.12041>.
- Dietrich, S., B. Reinsberg and M. C. Steinwand (2022)**, “Donor Bureaucratic Organisation and the Pursuit of Performance-Based Aid through Multilateral Trust Funds”, *Journal of International Relations and Development*, Vol. 25/3, pp. 709–738. <https://doi.org/10.1057/s41268-022-00259-x>.
- Dreher, A., V. Lang, B. P. Rosendorff and J. R. Vreeland (2022)**, “Bilateral or Multilateral? International Financial Flows and the Dirty-Work Hypothesis”, *The Journal of Politics*, Vol. 84/4, pp. 1932–1946. <https://doi.org/10.1086/718356>.
- Droesse, G. (ed.) (2011)**, *Funds for Development. Multilateral Channels of Concessional Financing*, Asian Development Bank, Mandaluyong City.
- Edo, S., O. Metthew and I. Ogunrinola (2023)**, “Bilateral and Multilateral Aid Perspectives of Economic Growth in Sub-Saharan Africa”, *African Journal of Economic and Management Studies*, Vol. 14/1, pp. 1–17. <https://doi.org/10.1108/AJEMS-02-2022-0047>.
- Ege, J., M. W. Bauer and N. Wagner (2021)**, “How Do International Bureaucrats Affect Policy Outputs? Studying Administrative Influence Strategies in International Organizations”, *International Review of Administrative Sciences*, Vol. 87, No. 4, pp. 737–754. <https://doi.org/10.1177/0020852321100010>.
- EU (2015)**, “EU Joint Programming Guidance Pack. 1. Quick Guide”, European Union, https://www.eeas.europa.eu/sites/default/files/quick-guide_en.pdf (accessed 25.10.2023).
- EU (2021a)**, “Neighbourhood, Development and International Cooperation Instrument (NDICI). Global Europe”, European Union, https://international-partnerships.ec.europa.eu/system/files/2021-07/factsheet-global-europe-ndici-june-2021_en.pdf (accessed 25.10.2023).

- EU (2021b), "Working Better Together as Team Europe. Through Joint Programming and Joint Implementation", Guidelines, No. 10, Tools and Methods Series, European Union, Brüssel.
- Faust, J., A. Kocks and T. Wencker (eds.) (2023), *Under Challenging Conditions. Development Cooperation in Fragile States*, Focus Report, German Institute for Development Evaluation (DEval), Bonn.
- Federal Government (2009), "Wachstum. Bildung. Zusammenhalt. Koalitionsvertrag zwischen CDU, CSU und FDP", Berlin.
- Federal Government (2018), "Ein neuer Aufbruch für Europa. Eine neue Dynamik für Deutschland. Ein neuer Zusammenhalt für unser Land. Koalitionsvertrag zwischen CDU, CSU und SPD", Berlin.
- Federal Government (2019), "Entwurf eines Gesetzes über die Feststellung des Bundeshaushaltsplans für das Haushaltsjahr 2020 (Haushaltsgesetz 2020)", Drucksache, Nr. 19/11800, Berlin.
- Federal Government (2021a), "Mehr Fortschritt wagen. Bündnis für Freiheit, Gerechtigkeit und Nachhaltigkeit. Koalitionsvertrag zwischen SPD, Bündnis90/Die Grünen und FDP", Berlin.
- Federal Government (2021b), "Deutsche Nachhaltigkeitsstrategie. Weiterentwicklung 2021", Weiterentwicklung 2021, Berlin.
- Federal Government (2023), "Wehrhaft. Resilient. Nachhaltig. Integrierte Sicherheit für Deutschland.", Nationale Sicherheitsstrategie, Auswärtiges Amt, Berlin.
- Freistein, K. and J. Leininger (2012), *Handbuch Internationale Organisationen. Theoretische Grundlagen und Akteure*, Oldenbourg Wissenschaftsverlag, München.
- Fues, T. (2010), "Bi oder Multi. Deutsche Interessen und entwicklungspolitische Strategien", Perspektive, Friedrich-Ebert-Stiftung, Berlin.
- Guffler, K., A. Harutyunyan, M. DiLorenzo, T. Sethi, M. Eppler and M.-S. Heinelt (2020), *Development Cooperation from a Partner Perspective. How Can Germany and Other Donors Perform Better in the Eyes of Their Partner Countries?*, German Institute for Development Evaluation (DEval), Bonn.
- Gulrajani, N. (2017), "Bilateral Donors and the Age of the National Interest. What Prospects for Challenge by Development Agencies?", *World Development*, Vol. 96, pp. 375–389. <https://doi.org/10.1016/j.worlddev.2017.03.021>.
- Gulrajani, N. and E. Lundsgaarde (2023), "Navigating Core Funding Frontiers. Assessing Options for Mobilising Flexible Multilateral Financing", Working Paper, Overseas Development Institute (ODI), London.
- Gutner, T. and A. Thompson (2010), "The Politics of IO Performance. A Framework", *The Review of International Organizations*, Vol. 5/3, pp. 227–248. <https://doi.org/10.1007/s11558-010-9096-z>.
- Hawkins, D., D. A. Lake, D. Nielson and M. J. Tierney (2006), "Delegation under Anarchy. States, International Organizations, and Principal-Agent Theory", in Hawkins, D. G., D. A. Lake, D. L. Nielson and M. J. Tierney (eds.), *Delegation and Agency in International Organizations*, Cambridge University Press, Cambridge, pp. 3–38. <https://doi.org/10.1017/CBO9780511491368.002>.
- Heinzel, M., B. Cormier and B. Reinsberg (2023), "Earmarked Funding and the Control–Performance Trade-off in International Development Organizations", *International Organization*, Vol. 77/2, pp. 475–495. <https://doi.org/10.1017/S0020818323000085>.
- Heinzel, M. and B. Reinsberg (2024), "Trust Funds and the Sub-National Effectiveness of Development Aid. Evidence from the World Bank", *World Development*, Vol. 179/106609, pp. 1–12. <https://doi.org/10.1016/j.worlddev.2024.106609>.
- Heinzel, M., B. Reinsberg and G. Zaccharia (2024), "Core Funding and the Performance of International Organizations. Evidence from UNDP Projects", *Regulation & Governance*, pp. 1–20. <https://doi.org/10.1111/rego.12632>.

- Heldt, E. C. and H. Schmidtke (2019)**, "Explaining Coherence in International Regime Complexes. How the World Bank Shapes the Field of Multilateral Development Finance", *Review of International Political Economy*, Vol. 26/ 6, pp. 1160–1186. <https://doi.org/10.1080/09692290.2019.1631205>.
- Heldt, E. C., P. A. Mello, A. Novoselova and O. R. S. Oswald (2022)**, "When Do International Organizations Engage in Agency Slack? A Qualitative Comparative Analysis of United Nations Institutions", *Global Studies Quarterly*, Vol. 2/ 3, pp. 1–15. <https://doi.org/10.1093/isagsq/ksaco35>.
- Herrmann, S., C. Kükenshöner, B. Reinsberg and Y. Tesfaye (2014)**, "Analysis of the German Trust Fund Portfolio at the World Bank and Guidance on Reforms", Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Berlin.
- Humphrey, C. (2022)**, *Financing the Future. Multilateral Development Banks in the Changing World Order of the 21st Century*, Oxford University Press, New York.
- Humphrey, C. (2024)**, "The Legal Underpinnings of MDB Callable Capital. Implications and Policy Options", Working Paper, ODI, London.
- IEG (2011)**, "Trust Fund Support for Development. An Evaluation of the World Bank's Trust Fund Portfolio", Independent Evaluation Group & World Bank Group, Washington, D. C.
- IEO (2022)**, "Cost-Effectiveness Analysis (CEA)", Independent Evaluation Office, <https://erc.undp.org/methods-center/methods/methodological-fundamentals-for-evaluations/cost-effective-analysis> (accessed 03.12.2024).
- Ihl, J., R. Singh, I. M. Mukali, H. H. Skagerlind and A. Heucher (2025)**, "Effectiveness of Core and Earmarked Funding in Multilateral Development Cooperation – A Systematic Review", Discussion Paper 02/2025, German Institute for Development Evaluation (DEval) and Expert Group for Aid Studies, Sweden (EBA), Bonn.
- Jankauskas, V., C. Knill and L. Bayerlein (2024)**, "More Control – Less Agency Slack? Principal Control and the Risk of Agency Slack in International Organizations", *Regulation & Governance*, Vol. 18/4, pp. 1171–1192. <https://doi.org/10.1111/rego.12525>.
- Kim, S. E., J. H. Park, I. Rhee and J. Yang (2025)**, "What Do Aid Recipients Want? Public Attitudes toward Foreign Aid in Developing Countries", *World Development*, Vol. 186/106815, pp. 1–14. <https://doi.org/10.1016/j.worlddev.2024.106815>.
- Klingebiel, S. (2013)**, "Entwicklungszusammenarbeit. Eine Einführung.", Studies, No. 73, Deutsches Institut für Entwicklungspolitik (DIE), Bonn.
- Klingebiel, S. (2014)**, "Multilaterale Entwicklungszusammenarbeit. Strukturwandel und Geberpräferenzen", *Zeitschrift für Außen- und Sicherheitspolitik*, Vol. 7/1, pp. 33–47. <https://doi.org/10.1007/s12399-013-0364-x>.
- Lall, R. (2017)**, "Beyond Institutional Design. Explaining the Performance of International Organizations", *International Organization*, Vol. 71/ 2, pp. 245–280. 1 <https://doi.org/10.1017/S0020818317000066>.
- Lebon-McGregor, E. and N. R. Micinski (2021)**, "The Changing Landscape of Multilateral Financing and Global Migration Governance", in de Lange, T., W. Maas and A. Schrauwen (eds.), *Money Matters in Migration: Policy, Participation, and Citizenship*, Cambridge University Press, Cambridge, pp. 19–37.
- Lee, H. (2021)**, "Portfolio Analysis of Contributions to World Food Programme of Korea and France. Focusing on Korean Multi-Bi Aid", *Development Studies Research*, Vol. 8/1, pp. 14–23. <https://doi.org/10.1080/21665095.2021.1872393>.
- Lundgren, M. and I. Strindevall (2023)**, "Influence in Multilateral Aid Organizations. A Literature Review", Working Paper, Expert Group for Aid Studies (EBA), Stockholm.

- Martens, J. (2013)**, "Die Wirklichkeit der Entwicklungspolitik 2013. Eine kritische Bestandsaufnahme der deutschen Entwicklungszusammenarbeit. Einundzwanzigster Bericht: Raus aus der Nische! Entwicklungspolitisches Reformprogramm für die neue Bundesregierung", Deutsche Welthungerhilfe e. V. & terre des hommes Deutschland e. V., Bonn & Osnabrück.
- Martens, J. (2014)**, "Die Wirklichkeit der Entwicklungspolitik 2014. Eine kritische Bestandsaufnahme der deutschen Entwicklungszusammenarbeit. Zweiundzwanzigster Bericht: Fit für die Gipfel? Die deutsche Entwicklungspolitik vor dem ‚Schlüsseljahr 2015‘", Deutsche Welthungerhilfe e. V. & terre des hommes Deutschland e. V., Bonn & Osnabrück.
- Masaki, T., B. Parks, J. Faust and S. Leiderer (2016)**, *German Aid from a Partner Perspective. Experience-Based Perceptions from AidData's 2014 Reform Efforts Survey*, German Institute for Development Evaluation (DEval), Bonn.
- Migliorisi, S., I. Alikhani, N. B. Tallroth, M. Cramer, M. Ashouripour and G. Di Dio (2012)**, "Activity Based Financial Flows in UN System. A Study of Selected UN Organisations. Volume 1 – Synthesis", Norwegian Agency for Development Cooperation (Norad), Oslo.
- Milner, H. V. (2006)**, "Why Multilateralism? Foreign Aid and Domestic Principal-Agent Problems", in Hawkins, D. G., D. A. Lake, D. L. Nielson and M. J. Tierney (eds.), *Delegation and Agency in International Organizations*, Cambridge University Press, Cambridge, pp. 107–139. <https://doi.org/10.1017/CBO9780511491368.005>.
- Milner, H. V. and D. Tingley (2013)**, "The Choice for Multilateralism: Foreign Aid and American Foreign Policy", *The Review of International Organizations*, Vol. 8/3, pp. 313–341. <https://doi.org/10.1007/s11558-012-9153-x>.
- MOPAN (2017a)**, *MOPAN 2015–16 Assessments. International Labour Organization. Institutional Assessment Report*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2017b)**, *MOPAN 2015–16 Assessments. United Nations Development Programme (UNDP). Institutional Assessment Report*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2017c)**, *MOPAN 2015–16 Assessments. United Nations Human Settlements Programme (UN-Habitat). Institutional Assessment Report*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2017d)**, *MOPAN 2015–16 Assessments. The World Bank. Institutional Assessment Report*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2019a)**, *MOPAN 2017–18 Assessments. World Food Programme (WFP)*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2019b)**, *MOPAN 2017–18 Assessments. Food and Agriculture Organization (FAO)*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2019c)**, *MOPAN 2017–18 Assessments. World Health Organization (WHO)*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2020)**, *MOPAN 2019 Assessments. United Nations Industrial Development Organization (UNIDO)*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2021a)**, *MOPAN Assessment Report. United Nations Children's Fund (UNICEF). 2020 Assessment Cycle*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2021b)**, *MOPAN Assessment Report. United Nations Development Programme (UNDP). 2020 Assessment Cycle*, Multilateral Organisation Performance Assessment Network, Paris.
- MOPAN (2023)**, *MOPAN Assessment Report. World Bank (IDA and IBRD). PART I. Analysis Summary*, Multilateral Organisation Performance Assessment Network, Paris.

- Niño-Zarazúa, M., R. M. Gisselquist, A. Horigoshi, M. Samarin and K. Sen (2020), "Effects of Swedish and International Democracy Aid", EBA Report 2020:07, Expert Group for Aid Studies (EBA), Stockholm.
- Noltze, M., T. Schwedersky and F. Gaisbauer (2014), *Thirty Years of Rwandan-German Development Cooperation in the Health Sector*, German Institute for Development Evaluation (DEval), Bonn.
- Noltze, M. and M. Rauschenbach (2019), *Evaluation of Climate Change Adaptation Measures. Portfolio and Allocation Analysis*, German Institute for Development Evaluation (DEval), Bonn.
- Noltze, M., A. Köngeter, I. Mank, K. Moull and M. Rauschenbach (2023a), *Evaluation of Interventions for Climate Change Adaptation. Agriculture, Water, Environmental Protection, Nationally Determined Contributions and National Adaptation Plans*, German Institute for Development Evaluation (DEval), Bonn.
- Noltze, M., A. Köngeter, I. Mank, K. Moull and M. Rauschenbach (2023b), *Evaluation of Interventions for Climate Change Adaptation. Synthesis Report*, German Institute for Development Evaluation (DEval), Bonn.
- OECD (2010), *Deutschland. Entwicklungsausschuss (DAC). Peer Review 2010* (OECD Development Assistance Peer Reviews: Germany 2010), Organisation for Economic Co-operation and Development, Paris.
- OECD (2011), *2011 DAC Report on Multilateral Aid*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2015), *DAC-Prüfbericht über die Entwicklungszusammenarbeit. Deutschland 2015*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2018), *Multilateral Development Finance. Towards a New Pact on Multilateralism to Achieve the 2030 Agenda Together*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2019), *Ensuring Effective and Quality Support for the Multilateral System*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2020a), "Earmarked Funding to Multilateral Organisations. How Is It Used and What Constitutes Good Practice?", *Multilateral Development Finance Brief*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2020b), *Multilateral Development Finance 2020*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2021), *OECD Development Co-Operation Peer Reviews. Germany 2021*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2022a), *Multilateral Development Finance 2022*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2022b), *Comparing Multilateral and Bilateral Aid. A Portfolio Similarity Analysis*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2023a), "Creditor Reporting System (CRS)", OECD.Stat (Datensatz), <https://stats.oecd.org/Index.aspx?DataSetCode=CRS1> (accessed 28.11.2023).
- OECD (2023b), *DAC Working Party on Development Finance Statistics. Reporting Contributions to Trust Funds Managed by Multilateral Institutions. Guidance Document*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2023c), *DAC Working Party on Development Finance Statistics. Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire*, Organisation for Economic Co-operation and Development, Paris, Chapters 1–6.

- OECD (2023d)**, “DAC and CRS Code Lists”, Organisation for Economic Co-operation and Development, <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/dacandcrscodelists.htm> (accessed 08.11.2023).
- OECD (2023e)**, “Members’ Total Use of the Multilateral System”, OECD.Stat (Datensatz), <https://stats.oecd.org/Index.aspx?DataSetCode=MULTISYSTEM> (accessed 26.10.2023).
- OECD (2024a)**, *Multilateral Development Finance 2024*, Organisation for Economic Co-operation and Development, Paris.
- OECD (2024b)**, “Members’ Total Use of the Multilateral System”, OECD Data Explorer, [https://data-explorer.oecd.org/vis?fs\[o\]=Topic%2C1%7CDevelopment%23DEV%23%7COfficial%20Development%20Assistance%20%28ODA%29%23DEV_ODA%23&fs\[1\]=Topic%2C2%7CDevelopment%23DEV%23%7COfficial%20Development%20Assistance%20%28ODA%29%23DEV_ODA%23%7CFlows%20on%20individual%20projects%20%28CRS%29%23DEV_ODA_FIP%23&pg=o&fc=Topic&snb=8&df\[ds\]=dsDisseminateFinalDMZ&df\[id\]=DSD_MULTI%40DF_MULTI&df\[ag\]=OECD.DCD.FSD&df\[vs\]=1.o&dq=DAC.DPGC.1000.10%2B20.41000.D.Q._T..&to\[TIME_PERIOD\]=false&pd=2020%2C2022&vw=sb](https://data-explorer.oecd.org/vis?fs[o]=Topic%2C1%7CDevelopment%23DEV%23%7COfficial%20Development%20Assistance%20%28ODA%29%23DEV_ODA%23&fs[1]=Topic%2C2%7CDevelopment%23DEV%23%7COfficial%20Development%20Assistance%20%28ODA%29%23DEV_ODA%23%7CFlows%20on%20individual%20projects%20%28CRS%29%23DEV_ODA_FIP%23&pg=o&fc=Topic&snb=8&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_MULTI%40DF_MULTI&df[ag]=OECD.DCD.FSD&df[vs]=1.o&dq=DAC.DPGC.1000.10%2B20.41000.D.Q._T..&to[TIME_PERIOD]=false&pd=2020%2C2022&vw=sb) (accessed 16.10.2024).
- OECD (2024c)**, “Official Development Assistance (ODA). Frequently Asked Questions”, Organisation for Economic Co-operation and Development, <https://www.oecd.org/en/data/insights/data-explainers/2024/07/frequently-asked-questions-on-official-development-assistance-oda.html> (accessed 05.11.2024).
- OECD (2024d)**, *Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire*, Organisation for Economic Co-operation and Development, Paris, Chapters 1–6.
- OECD (n.d.)**, *OECD DAC Rio Markers for Climate. Handbook*, Organisation for Economic Co-operation and Development, Paris.
- Orth, M., M. Birsan and G. Gotz (2018)**, *The Future of Integrated Policy-Based Development Cooperation. Lessons from the Exit from General Budget Support in Malawi, Rwanda and Zambia*, German Institute for Development Evaluation (DEval), Bonn.
- Peters, B. G. (2018)**, “The Challenge of Policy Coordination”, *Policy Design and Practice*, Vol. 1/1, pp. 1–11. <https://doi.org/10.1080/25741292.2018.1437946>.
- Reinsberg, B. (2017a)**, “Trust Funds as a Lever of Influence at International Development Organizations”, *Global Policy*, Vol. 8/S5, pp. 85–95. <https://doi.org/10.1111/1758-5899.12464>.
- Reinsberg, B. (2017b)**, “Five Steps to Smarter Multi-Bi Aid. A New Way Forward for Earmarked Finance”, Overseas Development Institute (ODI), London.
- Reinsberg, B. (2023)**, “Earmarked Funding and the Performance of International Organizations. Evidence from Food and Agricultural Development Agencies”, *Global Studies Quarterly*, Vol. 3/4, pp. 1–14. <https://doi.org/10.1093/isagsq/ksado56>.
- Reinsberg, B., K. Michaelowa and V. Eichenauer (2015a)**, “The Rise of Multi-Bi Aid and the Proliferation of Trust Funds”, in Arvin, B. M. and B. Lew (eds.), *Handbook on the Economics of Foreign Aid*, Edward Elgar Publishing, Cheltenham, pp. 527–554.
- Reinsberg, B., K. Michaelowa and S. Knack (2015b)**, “Which Donors, Which Funds? The Choice of Multilateral Funds by Bilateral Donors at the World Bank”, *Policy Research Working Paper*, Nr. 7441, The World Bank, <https://doi.org/10.1596/1813-9450-7441>.
- Reinsberg, B., M. Heinzel and C. Siauwigaya (2024)**, “Tracking Earmarked Funding to International Organizations. Introducing the Earmarked Funding Dataset”, Harvard Dataverse, V1 (Datensatz), <https://doi.org/10.7910/DVN/WCS99H> (accessed 30.10.2024).
- Reinsberg, B. and J. Taggart (2024)**, “How Does Earmarked Foreign Aid Affect Recipient-Country Ownership”, *Journal of International Development*, accepted for publication, <https://doi.org/10.1002/jid.3985>.

- Römling, C., S. Disse, M. Orth-Rempel, J. Schnell and W. Stein (2024), *Evaluation of the BMZ Emergency COVID-19 Support Programme. Lessons from the Pandemic*, German Institute for Development Evaluation (DEval), Bonn.
- Roxin, H., M. Eppler and M.-S. Heinelt (2022), *Evaluierung des Kooperationsmodells der Reformpartnerschaften. Partnerschaft durch Fördern und Fordern? (Evaluation of the Cooperation Model of Reform Partnerships. Partnership based on support and demands)*, Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DEval), Bonn.
- Schmid, L. K., A. Reitzenstein and N. Hall (2021), "Blessing or Curse? The Effects of Earmarked Funding in UNICEF and UNDP", *Global Governance*, Vol. 27/3, pp. 433–459. <https://doi.org/10.1163/19426720-02703002>.
- Schneider, S. H., A. Gödderz, H. Zille and M. Bruder (2024), *Opinion Monitor for Development Policy 2024. Public Support and Criticism in the Context of Multiple Crises and New Guiding Principles*, German Institute for Development Evaluation (DEval), Bonn.
- Snyder, H. (2019), "Literature Review as a Research Methodology. An Overview and Guidelines", *Journal of Business Research*, Vol. 104, pp. 333–339. <https://doi.org/10.1016/j.jbusres.2019.07.039>.
- Sridhar, D. and N. Woods (2013), "Trojan Multilateralism. Global Cooperation in Health", *Global Policy*, Vol. 4/4, pp. 325–335. <https://doi.org/10.1111/1758-5899.12066>.
- The 1818 Society (2012), "The Key Challenges Facing the World Bank President. An Independent Diagnostic", Washington D.C.: The 1818 Society.
- Thorvaldsdottir, S., R. Patz and S. Eckhard (2021), "International Bureaucracy and the United Nations System. Introduction", *International Review of Administrative Sciences*, Vol. 87/4, pp. 695–700. <https://doi.org/10.1177/00208523211038730>.
- Tosun, J. and A. Lang (2017), "Policy Integration. Mapping the Different Concepts", *Policy Studies*, Vol. 38/6, pp. 553–570. <https://doi.org/10.1080/01442872.2017.1339239>.
- Tranfield, D., D. Denyer and P. Smart (2003), "Towards a Methodology for Developing Evidence-Informed Management Knowledge by Means of Systematic Review", *British Journal of Management*, Vol. 14/3, pp. 207–222. <https://doi.org/10.1080/01442872.2017.1339239>.
- UN (2015a), "Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda)", United Nations, New York.
- UN (2015b), *Transforming Our World. The 2030 Agenda for Sustainable Development*, United Nations, New York.
- UN (2015c), *Paris Agreement*, United Nations, New York.
- UN (2019), *Implementation of General Assembly Resolution 71/243 on the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System, 2019. Funding Compact. Report of the Secretary-General*, United Nations, New York.
- UN (n.d.), *Framework for Global-Level Monitoring & Reporting on the Funding Compact for the UN's Support to the SDGs*, United Nations, New York.
- UNSDG (2024), *Funding Compact for the United Nations' Support to the Sustainable Development Goals*, United Nations Sustainable Development Group, New York.
- Vaubel, R., A. Dreher and U. Soylu (2007), "Staff Growth in International Organizations. A Principal-Agent Problem? An Empirical Analysis", *Public Choice*, Vol. 133/3–4, pp. 275–295. <https://doi.org/10.1007/s11127-007-9188-3>.
- Vorwerk, K. and M. Köder (2024), *Die strategische Portfolio-steuerung in der bilateralen deutschen Entwicklungszusammenarbeit (Strategic Portfolio Management in German Bilateral Development Cooperation)*, Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DEval), Bonn.

- Wambaka, K. (2022)**, “Impact of Bilateral and Multilateral Aid on Domestic Savings of Sub-Saharan African Countries. Mediating Role of Institutional Quality”, *Journal of Economics and International Finance*, Vol. 14/4, pp. 103–111. <https://doi.org/10.5897/JEIF2022.1174>.
- WBG (2011)**, *Trust Fund Support for Development. An Evaluation of the World Bank’s Trust Fund Portfolio. Draft Management Response*, World Bank Group, Washington, D. C.
- WBG (2024a)**, “Trust Funds and Programs. Trust Fund Reform”, World Bank Group, <https://www.worldbank.org/en/programs/trust-funds-and-programs/news> (accessed 05.11.2024).
- WBG (2024b)**, “Trust Funds and Partnerships”, World Bank Group, <https://www.worldbank.org/en/programs/trust-funds-and-programs/trust-fund-reform> (accessed 12.11.2024).
- Weinlich, S., M.-O. Baumann, E. Lundsgaarde and P. Wolff (2020)**, “Earmarking in the Multilateral Development System. Many Shades of Grey”, *Studies*, No. 101, German Development Institute, Bonn.
- Wencker, T. (2022)**, *Die Verteilung von Mitteln für die deutsche öffentliche Entwicklungszusammenarbeit. Allokationsstudie zur bilateralen staatlichen Entwicklungszusammenarbeit aus Haushaltsmitteln (Allocation Patterns of German Development Cooperation)*, Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DEval), Bonn.
- World Bank (2023)**, *2023 Trust Fund Annual Report. Addressing Global Challenges. Trust Funds & Partner Relations. Development Finance*, Washington, D. C.
- Ziaja, S., J. Grävingholt and M. Kreibaum (2019)**, “Constellations of Fragility. An Empirical Typology of States”, *Studies in Comparative International Development*, Vol. 54/2, pp. 299–321. <https://doi.org/10.1007/s12116-019-09284-3>.
- Ziaja, S. and J. Grävingholt (2023)**, “Constellations of State Fragility (2.0)”, German Institute of Development and Sustainability (Datensatz), <https://doi.org/10.23661/CSF.csv2.0.0> (accessed 16.10.2024).

8.

ANNEX

8.1 Rating scales in DEval evaluations

Categories	Explanation
Exceeded	The intervention clearly exceeds the benchmark for the applied evaluation criterion. Findings demonstrate a result well above the benchmark.
Fulfilled	The intervention meets the benchmark for the applied evaluation criterion. Findings demonstrate that the benchmark is met
Mostly fulfilled	The intervention largely meets the benchmark for the applied evaluation criterion. Findings which demonstrate that the benchmark is met predominate.
Partially fulfilled	The intervention partially meets the benchmark for the applied evaluation criterion. The numbers of findings demonstrating that the benchmark is met, and those demonstrating it is not, are (more or less) equal.
Barely fulfilled	The intervention barely meets the benchmark for the applied evaluation criterion. Findings which demonstrate that the benchmark is not met predominate.
Missed	The intervention does not meet the benchmark for the applied evaluation criterion. Findings demonstrate that the benchmark is not met.

8.2 Evaluation matrix

Benchmark	Criteria	Rating scale
EQ 1: To what extent is the BMZ's multilateral portfolio aligned with its strategic priorities? (Relevance)		
Benchmark 1.1 The earmarked portfolio reflects institutional, geographical and thematic priorities.	<ul style="list-style-type: none"> # The earmarked portfolio reflects the institutional priority for the promotion of UN organisations. # The earmarked portfolio reflects the geographical priority for the promotion of Africa. # The earmarked portfolio reflects thematic priorities. 	<p>Benchmark 1.1 exceeded: Three out of three criteria are fulfilled to a particularly high degree of quality.¹⁰⁹</p> <p>Benchmark 1.1 fulfilled: Three out of three criteria are fulfilled.</p> <p>Benchmark 1.1 mostly fulfilled: Two out of three criteria are fulfilled.</p> <p>Benchmark 1.1 partially fulfilled: One out of three criteria is fulfilled.</p> <p>Benchmark 1.1 barely fulfilled: One out of three criterion is fulfilled to a low degree.</p> <p>Benchmark 1.1 missed: No criterion is fulfilled.</p>
Benchmark 1.2 The use of different financing modalities is in line with the strategic objectives.	<ul style="list-style-type: none"> # The multilateral portfolio has a constant proportion of non-earmarked contributions over time. # The earmarked portfolio shows a decrease in tightly earmarked contributions over time. # The financing modalities of the multilateral portfolio correspond to the BMZ's institution-specific objectives. 	<p>Benchmark 1.2 exceeded: Three out of three criteria are fulfilled to a particularly high degree of quality.</p> <p>Benchmark 1.2 fulfilled: Three out of three criteria are fulfilled.</p> <p>Benchmark 1.2 mostly fulfilled: Two out of three criteria are fulfilled.</p> <p>Benchmark 1.2 partially fulfilled: One out of three criteria is fulfilled.</p> <p>Benchmark 1.2 barely fulfilled: One out of three criteria is fulfilled to a low degree.</p> <p>Benchmark 1.2 missed: No criterion is fulfilled.</p>

¹⁰⁹ "To a particularly high degree of quality" in the case of "exceeded" means that a criterion has been fulfilled comprehensively and beyond expectations. This varies depending on the criterion. An example under Benchmark 1.2: for the criterion "The multilateral portfolio shows a constant share of non-earmarked contributions over time", this means that the share not only remains the same, but increases.

Benchmark	Criteria	Rating scale
Benchmark 1.3 The cross-cutting issues of “gender” and “climate” are sufficiently embedded in the earmarked portfolio.	<p># The earmarked portfolio reveals at least one distribution of gender marker scores that is similar to the bilateral portfolio.</p> <p># The earmarked portfolio reveals at least one distribution of climate marker scores that is similar to the bilateral portfolio¹¹⁰.</p>	<p>Benchmark 1.3 exceeded: Compared to the bilateral portfolio, the earmarked portfolio shows a more pronounced embedding of gender and climate. The proportion of 1 and 2 scores is significantly higher.</p> <p>Benchmark 1.3 fulfilled: Compared to the bilateral portfolio, gender and climate are embedded in the earmarked portfolio to an extent that is in line with the bilateral portfolio. The proportion of 1 and 2 scores is as high as in the bilateral portfolio.</p> <p>Benchmark 1.3 mostly fulfilled: Gender and climate are embedded in the earmarked portfolio to a similar extent to the bilateral portfolio. In one of these two cross-cutting issues, the share of 1 and 2 scores is just as high as in the bilateral portfolio. In the other, although the share is lower than that of the bilateral portfolio, it is still reasonably close.</p> <p>Benchmark 1.3 partially fulfilled: Gender and climate are embedded in the earmarked portfolio to a lesser extent than in the bilateral portfolio. In one of these two cross-cutting issues, the share of 1 and 2 scores is just as high as in the bilateral portfolio. In the other cross-cutting issue, the share is significantly lower than that of the bilateral portfolio.</p> <p>Benchmark 1.3 barely fulfilled: Gender and climate are hardly embedded in the earmarked portfolio. The share in both cross-cutting issues is lower than – but reasonably close to – the share in the bilateral portfolio. The shares of both cross-cutting issues are lower than the shares of these topics in the bilateral portfolio, but are still reasonably close to them.</p> <p>Benchmark 1.3 missed: The earmarked portfolio differs greatly from the bilateral portfolio in terms of gender and climate markers. At the most, one cross-cutting issue is weakly embedded. The share of one cross-cutting issue is lower than the share of this topic in the bilateral portfolio, but is still reasonably close to it.</p>
EQ 2: To what extent do bilateral and multilateral DC interlink in a meaningful way? (Coherence)		
Benchmark 2.1 The earmarked and bilateral portfolios are interlinked in a meaningful way.	<p># Earmarked and bilateral portfolios reinforce each other geographically or are complementary to each other.</p> <p># Earmarked and bilateral portfolios reinforce each other thematically or are complementary to each other.</p>	<p>Benchmark 2.1 exceeded: At the geographical and thematic levels, the bilateral and earmarked portfolios are fully complementary or substantially reinforced¹¹¹.</p> <p>Benchmark 2.1 fulfilled: At the geographical and thematic levels, the bilateral and earmarked portfolios complement or reinforce each other.</p> <p>Benchmark 2.1 mostly fulfilled: There is complementarity or reinforcement of the bilateral and earmarked portfolios at the geographical level, and weak complementarity or reinforcement of the bilateral and earmarked portfolios at the thematic level (or vice versa).</p> <p>Benchmark 2.1 partially fulfilled: At the geographical level, there is complementarity or reinforcement of the bilateral and earmarked portfolios, while at the thematic level there is no complementarity or reinforcement of the bilateral and earmarked portfolios (or vice versa).</p> <p>Benchmark 2.1 barely fulfilled: At the geographical and thematic levels, there is weak complementarity or reinforcement of the bilateral and earmarked portfolios.</p> <p>At the geographical level, there is weak complementarity or reinforcement of the bilateral and earmarked portfolios, and at the thematic level there is no complementarity or reinforcement of the bilateral and earmarked portfolios (and vice versa).</p> <p>Benchmark 2.1 missed: There is no complementarity or extensive reinforcement of the bilateral and earmarked portfolios at either the geographical or thematic level.</p>

¹¹⁰ The study focuses on the climate change markers (OECD, no date) and therefore does not include the Rio markers for biodiversity (BTR) and desertification (DES).

¹¹¹ For both criteria, the ratio of the earmarked and bilateral portfolios is determined on a scale of 0 to 1 using cosine similarity. 0 means no similarity, 1 stands for a complete match. Two limit values are defined on this scale. There is complementarity between 0 and the first limit value. Between the second limit value and 1, the two portfolios reinforce each other. There is neither complementarity nor reinforcement between the limit values.

Benchmark	Criteria	Rating scale
Benchmark 2.2 Earmarked contributions fit in well with the portfolio of multilateral organisations.	<p># Earmarked contributions geographically reinforce the portfolio of multilateral organisations.</p> <p># Earmarked contributions thematically reinforce the portfolio of multilateral organisations.</p>	<p>Benchmark 2.2 exceeded: Earmarked contributions reinforce the portfolio of the multilateral organisations examined to a particularly high degree at the geographical and thematic level.</p> <p>Benchmark 2.2 fulfilled: Earmarked contributions reinforce the portfolio of the multilateral organisations examined at the geographical and thematic level.</p> <p>Benchmark 2.2 mostly fulfilled: Earmarked contributions reinforce the portfolio of the multilateral organisations examined at the thematic or geographical level. At the other level respectively, they neither reinforce nor complement each other.</p> <p>Benchmark 2.2 partially fulfilled: Earmarked contributions reinforce the portfolio of the multilateral organisations examined at the thematic or geographical level. At the other level respectively, they are complementary to each other.</p> <p>Benchmark 2.2 barely fulfilled: Earmarked contributions reinforce the portfolio of the multilateral organisations examined at the thematic or geographical level in individual cases.</p> <p>Benchmark 2.2 missed: Earmarked contributions do not reinforce the portfolio of the multilateral organisations examined – neither at the thematic nor at the geographical level.</p>
Benchmark 2.3 Coordination and harmonisation mechanisms between bilateral and earmarked DC projects are established at the country and/or activity level.	<p># Bilateral and earmarked DC projects have established communication and coordination channels in various project phases (planning, design, implementation, evaluation).</p> <p># Bilateral and earmarked DC projects share information with each other.</p> <p># Bilateral and earmarked DC projects coordinate their cooperation with ministries, other bilateral donors, other multilateral organisations and further stakeholders.</p>	<p>Benchmark 2.3 exceeded: Three out of three criteria are fulfilled to a particularly high degree of quality.</p> <p>Benchmark 2.3 fulfilled: Three out of three criteria are fulfilled.</p> <p>Benchmark 2.3 mostly fulfilled: Two out of three criteria are fulfilled.</p> <p>Benchmark 2.3 partially fulfilled: One out of three criteria is fulfilled.</p> <p>Benchmark 2.3 barely fulfilled: One out of three criteria is fulfilled to a low degree.</p> <p>Benchmark 2.3 missed: No criterion is fulfilled.</p>
Benchmark 2.4 At the country and/or activity level, bilateral and earmarked DC projects pursue complementary objectives, proceed on the basis of a division of labour, and create synergies.	<p># Bilateral and earmarked DC projects pursue coherent and complementary objectives.</p> <p># Bilateral and earmarked DC projects coordinate their activities and proceed on the basis of a division of labour.</p> <p># Bilateral and earmarked DC projects identify synergies and carry out joint activities.</p>	<p>Benchmark 2.4 exceeded: Three out of three criteria are fulfilled to a particularly high degree of quality.</p> <p>Benchmark 2.4 fulfilled: Three out of three criteria are fulfilled.</p> <p>Benchmark 2.4 mostly fulfilled: Two out of three criteria are fulfilled.</p> <p>Benchmark 2.4 partially fulfilled: One out of three criteria is fulfilled.</p> <p>Benchmark 2.4 barely fulfilled: One out of three criteria is fulfilled to a low degree.</p> <p>Benchmark 2.4 missed: No criterion is fulfilled.</p>
EQ 3: What factors facilitate or hinder interplay between bilateral and multilateral DC?		
Exploratory, no evaluation	/	/

Benchmark	Criteria	Rating scale
EQ 4: To what extent are the various financing modalities of multilateral DC used efficiently? (Efficiency)		
Benchmark 4.1 The BMZ uses economically efficient financing modalities in its multilateral portfolio.	<ul style="list-style-type: none"> # The financing modalities used can be applied flexibly by either not earmarking at all or by only using soft earmarking. # Multi-donor trust funds are used more frequently than single-donor trust funds. # The multilateral portfolio has a constant proportion of non-earmarked contributions over time. # The earmarked portfolio shows a decrease in tightly earmarked funds over time. 	<p>Benchmark 4.1 exceeded: Four out of four criteria are fulfilled to a particularly high degree of quality.</p> <p>Benchmark 4.1 fulfilled: Four out of four criteria are fulfilled.</p> <p>Benchmark 4.1 mostly fulfilled: Three out of four criteria are fulfilled.</p> <p>Benchmark 4.1 partially fulfilled: Two out of four criteria are fulfilled.</p> <p>Benchmark 4.1 barely fulfilled: One criterion out of four is fulfilled.</p> <p>Benchmark 4.1 missed: No criterion is fulfilled.</p>
Benchmark 4.2 The BMZ actively manages the multilateral portfolio in view of comparative advantages, and uses financing modalities that enable a timely response.	<ul style="list-style-type: none"> # In line with the comparative advantages of multilateral organisations, the earmarked portfolio is more focused on crisis regions than the bilateral portfolio. # In crisis contexts, financing modalities that allow flexibility (non-earmarked or softly earmarked) are primarily used. # Voluntary core funding is used in particular by multilateral recipient organisations working in crisis contexts. 	<p>Benchmark 4.2 exceeded: Three out of three criteria are fulfilled to a particularly high degree of quality.</p> <p>Benchmark 4.2 fulfilled: Three out of three criteria are fulfilled.</p> <p>Benchmark 4.2 mostly fulfilled: Two out of three criteria are fulfilled.</p> <p>Benchmark 4.2 partially fulfilled: One out of three criteria is fulfilled.</p> <p>Benchmark 4.2 barely fulfilled: One out of three criteria is fulfilled to a low degree.</p> <p>Benchmark 4.2 missed: No criterion is fulfilled.</p>
Benchmark 4.3 Efficiency considerations play a role in the design of the financing modalities and the decision in favour of a recipient multilateral organisation.	<ul style="list-style-type: none"> # Efficiency aspects for the BMZ are taken into account when designing financing modalities. # Efficiency aspects for the recipient multilateral organisation are taken into account when designing financing modalities. # Efficiency aspects for the partner country are taken into account when organising financing modalities. # Efficiency aspects are taken into account when choosing between different multilateral organisations. 	<p>Benchmark 4.3 exceeded: Four out of four criteria are fulfilled to a particularly high degree of quality.</p> <p>Benchmark 4.3 fulfilled: Four out of four criteria are fulfilled.</p> <p>Benchmark 4.3 mostly fulfilled: Three out of four criteria are fulfilled.</p> <p>Benchmark 4.3 partially fulfilled: Two out of four criteria are fulfilled.</p> <p>Benchmark 4.3 barely fulfilled: One criterion out of four is fulfilled.</p> <p>Benchmark 4.3 missed: No criterion is fulfilled.</p>
EQ 5: How effective are core funding and earmarked contributions?		
Exploratory, no evaluation	/	/

8.3 Evaluation schedule

Time frame	Tasks/phases
06/2023 – 09/2023	Conception phase
09/2023	Evaluation memo sent
10/2023 – 12/2023	Inception phase
12/2023	1. Reference group meeting to discuss the inception report
01/2024 – 02/2024	Revision and finalisation of the inception report
02/2024 – 09/2024	Data-collection and analysis
07/2024 – 09/2024	Synthesis of the results
09/2024	2. Reference group meeting on initial results
09/2024 – 11/2024	Preparation of the draft report
11/2024	3. Reference group meeting on conclusions and recommendations
12/2024 – 02/2025	Revision and finalisation of the draft report
03/2025	Finalising the evaluation after layout and printing

8.4 Evaluation team and contributors

Core team	Role	CRedit-Statement ¹¹²
Dr Angela Heucher	Senior evaluator, team leader	Conceptualisation, data curation, formal analysis, investigation, methodology, project administration, supervision, writing – original draft, writing – review & editing
Judith Ihl	Evaluator	Conceptualisation, data curation, formal analysis, investigation, methodology, project administration, writing – original draft, writing – review & editing, visualisation
Ines Reinstädler	Evaluator	Conceptualisation, data curation, formal analysis, investigation, methodology, writing – original draft, writing – review & editing, visualisation

Responsible	Role
Amélie Gräfin zu Eulenburg	Head of Department

Contributors	Role
Hamide Bayramoglu-Fatoum	Project administrator
Ariane Bischoff	Intern
Sabrina Disse	Evaluator
Anna Ebedat	Student employee
Dr Mirko Heinzel	External expert
Rabecca Jambo	Young emerging evaluator
Isabel Malandu Mukali	Young emerging evaluator
Dr Andreas Obser	External expert
Miriam Ohlmeyer	Project administrator
Dr Bernhard Reinsberg	External peer reviewer
Dr Thomas Wencker	Internal DEval peer reviewer

¹¹² The CRedit statement (Contributor Roles Taxonomy, <https://credit.niso.org/>) indicates the roles of the authors of this evaluation report in the evaluation. The CRedit taxonomy distinguishes between 14 different roles to show the specific contribution of the individual authors.

German Institute for
Development Evaluation (DEval)

Fritz-Schäffer-Straße 26
53113 Bonn, Germany

Phone: +49 (0)228 33 69 07-0

Email: info@DEval.org
www.DEval.org



DEval

GERMAN
INSTITUTE FOR
DEVELOPMENT
EVALUATION
