



**IATI** INTERNATIONAL  
AID  
TRANSPARENCY  
INITIATIVE



## **International Aid Transparency Initiative Consultation for Europe and the CIS**

### **CONSULTATION REPORT**

**Budva, Montenegro**

**6th-7th July 2009**



Pictured: Delegates from 1244 RSC (foreground), Uzbekistan, Ukraine, Armenia, Serbia, Kyrgyzstan, Bosnia and Herzegovina, and Georgia.

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## Executive summary

The IATI Regional Consultation for Europe and the CIS brought together government representatives from Albania, Armenia, Bosnia & Herzegovina, Georgia, Kosovo 1244 RSC, Kyrgyzstan, Montenegro, Ukraine, and Uzbekistan in Budva, Montenegro, from 6<sup>th</sup> to 7<sup>th</sup> July 2009. The Government of Montenegro was present at high political levels. UNDP Serbia participated to report back to the Government. The European Commission, Synergy International, the supplier of the DAD aid management database, and numerous UNDP Country Offices also participated. Representatives from the above countries showed great interest in the initiative, topics and follow-up. *The interest was heightened in the current economic crisis, which is seriously affecting the region and where ODA can play a bridge role.*

The key points from the consultation are as follows:

- ❖ **Transparency and mutual accountability are crucial.** There is consensus on the need to strengthen mutual accountability and transparency of aid. Differences in donor budgeting cycles and procedures are posing special strains on government capacities, are time-consuming and not cost-effective. The issue remains whether IATI would help cut on transaction costs or whether it is an additional burden (e.g. who enters data).
- ❖ **Ensure an inclusive approach, based on the needs of end-users.** Governments feel that country ownership is not getting full expression. As one Government representative said: “We don’t want information, we want an invitation [to be part of the process]”. The consultation was useful to inform about IATI, but it will require further discussions at country level as well as further consultations prior to the IATI Conference (21-22 October, The Hague). Thus, articulating the added value of IATI is of particular significance as well as strengthened advocacy and communication.
- ❖ **Keep in mind the specificities of the region.** The region comprises primarily of MICs, with a strong EU presence and accession processes going on. Many of the countries have small levels of ODA (e.g. Ukraine 2%, Serbia 3-4%), and the dominating role of the EU dictates a different format of donor coordination.
- ❖ **There is no one-size-fits-all.** “Universal” standards are difficult to define since there is no “one-size-fits-all”, while at the same time there is need for the use of a common terminology and definitions. In this sense, it is important to clarify that IATI is not a database system, which could create overlaps and additional costs, but that it seeks to develop common standards to inform aid management and reporting for comparability and consistency, particularly at country level. The IATI Code of Conduct should be a distinct mutual accountability framework, with clear mechanisms in case of non-compliance.
- ❖ **Donor fragmentation and internal fragmentation persist.** Donor fragmentation and different standards used by donors, as well as internal fragmentation in aid management within countries (e.g. Ministry of Finance, Ministry for EU Integration, Ministry of Foreign Affairs) highly affect aid effectiveness and efficiency in delivery. A best practice for donor coordination in the region is emerging from Montenegro, where the Heads of the EC, UN, and OSCE now hold regular troika meetings. Sector-wide approaches were mentioned as preferential strategies. Predictability of aid needs to be improved.
- ❖ **Capacity development needs.** Aid remains a donor-driven agenda, donor harmonization is slow with continuing overlaps. Country systems are not used irrespective of commitments. Not surprisingly, capacity development is approached in a fragmented manner, and not through an integrated approach. IATI provides niche for customized capacity development support.

## 1. Introduction

The regional consultation on the [International Aid Transparency Initiative \(IATI\)](#) for Europe and the CIS took place in Budva, Montenegro, from 6-7 July 2009. Government participants from nine countries across the region attended the consultation.<sup>1</sup> Other participants included colleagues from the European Commission, Synergy International and UNDP Country Offices. The interest was heightened in the current economic crisis, which is seriously affecting the region and where ODA can play a bridge role.

The Government of Montenegro, which has recently endorsed the IATI and joined its Steering Committee, participated at high political levels. The consultation was formally opened by the Deputy Minister of Foreign Affairs, Milorad Scepanovic. The Minister for European Integration, Gordana Djurović, spoke to the plenary on the second day of the consultation and shared Montenegro's experience in aid coordination and aid management. The Secretary-General of the Ministry of Foreign Affairs, Mirsad Bibovic, hosted a reception for participants on the eve of the first day of the consultation.

The Budva consultation was one of a number of regional events that aim to:

- Familiarize a larger number of partner countries and stakeholders with the IATI and its objectives as it relates to the Accra Agenda for Action, Paris Declaration and other international commitments on transparency and mutual accountability;
- Identify those information needs of partner country governments which are not currently being met, and make recommendations for areas to be included in the scope of potential IATI standards, drawing on the IATI scoping paper;
- Facilitate South-South learning and peer exchange on good practices, lessons learnt and challenges from the deployment of aid information management systems (AIMS), and how the IATI can help to improve the effectiveness of such systems, as well as how best practices and experiences with country AIMS can feed into the development of an IATI standard;
- Discuss how to take the IATI forward at country, sub-regional, regional and global levels, to include partner country needs in regard to capacity development.

The meeting was conducted in plenary, with break-out groups and a panel discussion. The agenda followed the structure and issues of the IATI scoping paper to maximize responses from the participants and to inform the finalization of the scoping paper and preparations for the IATI Conference in The Hague, 21-22 October 2009. The participants exchanged information on their respective aid management and monitoring mechanisms and their experience in donor coordination. They were also informed of the preparations for the UN ECOSOC Development Cooperation Forum, particularly on transparency and mutual accountability.

The workshop was organised by UNDP and hosted by the Government of Montenegro.<sup>2</sup> UNDP is a founding member of the IATI and is part of the initiative's Secretariat as well as its Steering Committee. Its main responsibility is outreach to recipient countries. One important aspect of the consultation was sharing of country experiences. Thus, all e-mail addresses are made available to participants to facilitate peer learning, and UNDP Country Offices stand ready to support if so requested.

## 2. Aid information in the broader context of ownership, accountability and implementing the AAA

### *Day 1*

Following the welcome remarks by the Deputy Foreign Minister of Montenegro and the UNDP Resident Representative in Montenegro, UNDP introduced the IATI on behalf of the IATI Secretariat.<sup>3</sup> As the world is

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<sup>1</sup> Albania, Armenia, Bosnia & Herzegovina, Georgia, Kosovo 1244 RSC, Kyrgyzstan, Montenegro, Ukraine, and Uzbekistan. The UNDP Country Office Serbia also participated to report back to the Government.

<sup>2</sup> Special thanks go to the Montenegro Ministry of Foreign Affairs and the UNDP Country Office in Montenegro for the successful organisation of the meeting.

<sup>3</sup> The presentations are available in soft copy upon request.

facing an economic crisis resulting in shrinking budgets and decreasing aid flows, effective aid management becomes more important than ever. Policy- and decision-makers need to ask themselves: “How do we account for the dollar spent and how does it really affect the poor?”. Participants were also informed about the [ECOSOC Development Cooperation Forum \(DCF\)](#), which concluded in July 2009 that scaling-up in both the quantity and quality of aid is needed. In preparation for the next DCF in 2010, a series of preparatory symposia is under way. The preparatory symposium in Vienna this November will focus on accountability and transparency, issues highlighted by UN Member States at the DCF in July 2008.

Participants voiced their concern that the IATI is a donor-driven initiative and that country ownership is not getting expression. While the Budva consultation was very useful to inform on the IATI, it would be necessary to discuss it further at country level (within government and between government and development partners), as well as conduct another round of discussion prior to the October conference. Articulating the “added value” of IATI as well as advocacy and communication around the initiative are of particular importance. At country level, there is no awareness of the initiative and even donors that have signed on are not articulating and advocating for it. The IATI can be used as an opportunity to have an in-depth discussion with donors and ask them to focus their assistance in areas where they are good at and that are aligned with Government priorities.

It was also not clear to participants whether the IATI was an additional data system or an aid standard across systems. The IATI is not an additional system, but aims at creating one common aid information standard that would travel across various systems. This needs to be articulated more clearly.

The plenary discussion resulted in a lively exchange of experiences, expectations and concerns with regards to aid management in general. While ODA flows to countries in the region only make up small portions of their budgets, participants highlighted the need for increased transparency and mutual accountability. Many countries also expect more funds to come in. Some of the present countries have established aid management databases housed in the ministries responsible for aid coordination, but often the information is not comprehensive.<sup>4</sup> The importance of linkages to national systems, for example, PFM and procurement, was also highlighted. Government participants reported that donors were still reluctant to go through national systems. Thus, participants wanted to better understand the IATI and explore how the initiative could potentially be integrated in their countries to help tackle issues around transparency and mutual accountability.

Feedback from the break-out groups included that there are no or not sufficiently structures/institutional arrangements in the government for the coordination of aid flows. This makes it impossible to determine who is responsible and accountable for implementing and monitoring donor assistance projects. Often, there is no designated coordination unit for donor funding, instead several ministries are involved making coordination and coherence difficult. There is also a fragmentation of reporting within the government, often building and/or resulting in inaccurate data. Thus, aid management needs to be conducted in coordinated manner and the institutional arrangements need to be made. The coordination mechanism should also include the prerequisite of including projections of future aid flows. The role of line ministries in sectorial working groups with donors should be strengthened. A common challenge for recipient countries is high staff turnover in public service, resulting in loss of institutional memory and the need to rebuild relationships with other government counterparts, as well as donors.

Avoiding double-counting continues to be a challenge at the country level. There is also a frequent overlap of projects due to donor misreporting or ministries double-reporting. The use of national public financial management and procurement systems by donor remains a challenge; national systems are hardly used. With regards to the involvement of civil society, this should be strengthened beginning at the strategic planning stage. There is thus a need to develop tools to have civil society contribute to planning exercises.

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<sup>4</sup> In Bosnia and Herzegovina, the database currently comprises approx. 1,000 projects (soft credits and loans). In Armenia, the Development Assistance Database (DAD) was introduced in 2001. While functioning well, it needs further input. In Ukraine, the database is housed at the Ministry of Economy. The Government wants to further strengthen transparency and make the database more comprehensive.

## Day 2

Opening the second day of the consultation, the Minister for European Integration, Gordana Djurović, shared Montenegro's experience in aid coordination and aid management. She stressed the importance of linking development and investment initiatives so that they can be both aligned with national priorities.

The coordination mechanism in place in Montenegro consists of sub-sectoral donor meetings combined with direct communication with the donor community. When asked what information Montenegro needs from donors to plan and budget effectively, she mentioned (a) align with our priority areas, (b) timing ("What are your priorities for 2009-2011?"), and (c) amount and kind of support (e.g. technical assistance), and (d) information about the beneficiaries. She stressed that there was no need for too detailed data. Ms. Djurovic emphasized that simple information can help donors as much as it helps governments.

*"We don't need a lot of additional data, we need simple information. This information can help donors as much as it helps us."*

*Gordana Djurovic, Minister for European Integration, Montenegro*

The newly established troika mechanism in Montenegro, i.e. regular meetings between the heads of the UN, European Commission and the OSCE in Montenegro, is a useful mechanism and an emerging best practice. The mechanism is also appreciated by other donors, including non-resident donor agencies. The recommendations from the European Commission serve as the guiding framework for decision-makers, which is also respected by the broader donor community ("soft power"). For example, the World Bank provides an agricultural loan to Montenegro and has been cooperating fully with the Government and Brussels on this. The three major prerequisites for effective donor coordination at country level according to Ms. Djurovic are: (a) open and frequent communication among donors, (b) clear priorities based on country priorities, and (c) internal coordination based on the principle of responsibility.

The general discussion showed that while the IATI is much needed and welcome, it cannot be successful in a vacuum and should not be discussed in isolation. Underlying issues of donor coordination and management at the country level need to be addressed. The essential premise is change of donor behaviour at the country level (e.g. harmonization, cost effectiveness) and at the same time capacity development and country leadership. Donor reporting format is different for each donor. Common challenges include: (a) allocation of commitments (in years) differs among donors and (b) donors apply their own rules to aid disbursements, not channeling it through government structures, making it difficult for government to track aid flows properly. Non-DAC donors should be included in the initiative if possible.

Countries shared their experiences in aid coordination. For example, in Uzbekistan, a resolution on increasing transparency and mutual accountability of foreign assistance was endorsed last year. An agency was created to implement the resolution. In Kosovo, 2009 saw the start of a high-level donor forum with representatives of Kosovo, including sector-level meetings. In Kyrgyzstan, the donor council meets every three months. The chair is on a rotational basis, and the Government is invited to participate.

### 3. Key challenges in accessing and using aid information

The panel composed of Mr. Sasa Drljevic, Ministry for European Integration, Montenegro, Mr. Nurmambet Toktomatov, Head, Department of Aid Planning and Appraisal, Ministry of Economic Development and Trade, Kyrgyzstan, and Mr. Leopold Maurer, Head, Delegation of the European Commission to Montenegro discussed challenges in accessing and using aid information, country-level donor coordination and identified capacity development needs.

Mr. Maurer said that a recent report of the Audit Court of the European Commission identified donor coordination as a key bottleneck for the more effective use of aid flows. He also provided illustrations of the results of insufficient donor coordination. For example, the police force in Macedonia possesses over 30 different types of vehicles because donors provided different cars. The country is now facing costly maintenance cost. He also mentioned that the European Commission had learnt an important lesson in Bulgaria and Romania, both countries that had not been sufficiently prepared for the absorption of incoming monies. Donor coordination should not become an “artificial exercise” but needs to be based on the realities on the ground and needs to be country-led. The European Commission itself has issued an [EU Code of Conduct on Complementarity and the Division of Labour in Development Policy](#), which is the basis for the engagement of EU member states in development cooperation.<sup>5</sup>

*“I am not feeling the effects of coordination – I am feeling the effects of non-coordination.”*

*Leopold Maurer, Head, Delegation of the European Commission, Montenegro*

Mr. Toktomatov reminded that our common basis consists of the Millennium Development Goals as well as the Rome, Paris and Accra Declarations. Each donor needs to contribute to the respective national development strategy. In Kyrgyzstan, the Government does not have a whole picture of the amount of aid flowing into the country. The Government of Kyrgyzstan is thus much interested in this initiative as reliable data is essential for future planning and coordination (“We need to know to what extent we can finance a particular sector”).

Complementing the remarks of his colleagues, Mr. Drljevic argued that aid coordination and management was a learning-by-doing process. The documents produced by the European Commission serve as planning documents. Unfortunately, still to this day, officials in different ministries are not aware what different donor initiatives are under way in the areas falling under their respective ministries. In general, sector-level coordination seems often easier than overall coordination.

The panellists agreed on the importance of including parliamentary bodies in this discussion, as it is happening in other fora.<sup>6</sup> Parliaments were often viewed as part of civil society, but they are the legislative and oversight arm of the state and representatives elected by citizens. The interface between staff from the executive and legislative branch of the parliament’s budgetary committee and related administrative capacities need to be strengthened. The involvement of the parliamentary committees should not happen at the project level, but at the aggregate level.

While the NGO sector has information about government finance, governments often do not have any or insufficient information about the activities of NGOs in their countries. Thus, an intensified dialogue with NGOs is needed. It is important that the NGO sector is also coordinated and that they also contribute to the countries’ development priorities. Problems the government might have with donors selecting particular NGOs to monitor projects where the government is the beneficiary. Rules that apply to track civil society funding are not the same as the rules applied to track donor funding. NGOs should be included in the IATI Code of Conduct.

### **3.1 Current sources of information on aid, and challenges associated with these**

Donors often have no decentralized systems of ODA reporting, which can lead to a log in data availability. It is particularly difficult to track NGO funding and private flows. Data consolidation takes time. Donors and their publics very often have set ideas what type and area of support they want to provide, dictating aid allocation, without respect for country needs and demands which leads to having many development programmes fall through the cracks (not interesting for donors).

<sup>5</sup> Most participants were not familiar with the document, highlighting the need for increased advocacy by the EC and EU member states at the country level.

<sup>6</sup> At the global level, the multi-stakeholder forum in the run-up to the July 2008 Development Cooperation Forum brought together parliamentarians. AWEPA is now participating in the OECD DAC Working Party on Aid Effectiveness.

It is often difficult to reconcile reporting by line ministries/sectorally and central government since there is often tension between these. In post-crisis countries, donor coordination is often lacking and more difficult with large donors dominating. Donor coherence is particularly important in post-crisis countries, for example when comparing the practices in Georgia and Abkhazia. A standardized emergency response is necessary. This creates overlap and waste among donors and often conflicting activities. Double-counting remains a pertinent issue for many of the countries and needs to be resolved urgently (e.g. European Commission and individual EU members providing support).

### **3.2 Priorities for partner countries for improving access to aid information**

Categorization of data is extremely important which will in turn influence the type of AIMS to be adopted by the government. It is important not to promote one type of AIMS but allow for different types along the same standards. Databases should be simple, cost-effective and user-friendly (see also 3.3).

### **3.3 Potential impacts of better aid information**

The overall consensus among participants was that the data standard should be kept simple. For example, it would be unrealistic to include each contract that is connected to a certain project as this can easily go into hundreds of different and very small-sized contracts. It will be important to find a common denominator. One key concern was the issue of data entry. Governments argued that data entry would remain their responsibility and another standard might result in increased transaction costs for them, further straining their capacities. This is not acceptable to them. They thus wanted further clarification as to what their responsibilities would be with regards to the common aid standard.

The standard will be useful if it serves a planning and policy purpose. Participants made the following general remarks on the standard and the potential categorization:

- Keep it simple and bear in mind cost and time effectiveness.
- Purpose of IATI needs to be elaborated (planning tool vs. post-facto data collection).
- Be clear on who will need to enter data (e.g. donor, implementing agency, recipient government).
- Focus on the needs of the end-users. You might not be able to meet all demands, so find common denominator. The end-user in the participants' opinions should be the recipient Government.
- Many categories that are applicable to MICs are not applicable to LDCs or post-crisis countries.
- Focus on the qualitative side of the standard and keep it to strategic planning level, i.e. avoid too much detail.
- Focus on the qualitative aspects to enable Governments to better plan and implement.
- Be realistic and ensure for flexible monitoring mechanisms and updates, which will help Governments manage at country level.
- Include case studies of data systems in the respective regions.
- Emphasize that the aid standard does not make good division of labour at country level obsolete.
- Conduct baseline studies at country level to implement IATI.
- Legal and country specificities should be provided for.
- Public acceptance of standard will be important.
- The aid standard should also be used by NGOs and non-DAC donors.

Prioritised list of areas/categories in which further and/or more detailed information on aid flows and activities is required:

- Sectoral information.
- Stage that the project is in and what the next steps of the project will be.
- Predictability (combating "December fever", i.e. the rush among donors at times to spend unallocated resources at the end of their reporting year).
- Schedules for disbursements and future flows so that delivery can be monitored.



- Outcome and output indicators, i.e. project performance indicators should find way into standard (e.g. how many children can go to school now).
- Co-financing, including amounts and percentages.
- Strategic framework of donors.
- Environment and gender indicators.
- Information on use of national systems (e.g. procurement, public financial management systems).
- Common definition and terminology will be key for the standard.

#### **4. Solutions: Aid information management systems, IATI and complementary initiatives**

##### **4.1 Country experiences, lessons and challenges in aid information management**

Aid information systems should accompany donor/government coordination which in many cases still remains a donor “club” with limited government leadership and ownership. It should accompany alignment with national development strategies and changing country development priorities (e.g. in the current economic climate) and wherever possible joint assistance action plans, strategies and frameworks.

An effort should be made to link the database reporting and the standards to country development priorities and to make an effort to track development results and impact, at different levels and over time. This is where the Governments have to take the lead in the articulation of the NDS.

##### **4.2 How IATI could help to support country PFM and aid management systems**

It needs to be elaborated how the IATI standard would relate to existing databases both in format, terminology, and complementarity. Use of common terminology and definitions is crucial since it relates to the potential of addressing planning, predictability, resource needs articulation and also raises the issue of how much it may burden the government as it moves towards the standard. For instance, it would need to be the government to include additional information. Capacities for this are rather low and it may compete with other more pressing tasks.

##### **4.3 Identified capacity development needs**

Throughout the consultation, various capacity development needs were mentioned. These include the capacity for inclusive planning, capacity to coordinate internally effectively, capacity to monitor and capacity to report comprehensively. Tailored capacity assessments are needed at country level.

#### **5. Taking forward the IATI: partner country recommendations**

##### **5.1 How should IATI be developed? How should partner countries be involved?**

Participants emphasized that for the conference to result in tangible results, all stakeholders need to be present in The Hague, including countries that have not signed or endorsed the IATI. As one Government participant said, “Don’t give us information, give us invitation”. While the conference is targeted at the highest political level, it will be critical also to invite the directors of aid coordination units, or equivalent. Members of parliamentary oversight bodies should gradually be included in the process.

The underlying principles of the IATI should be (a) country ownership, (b) simplicity, (c) consultative approach, (d) mainstreaming existing good practices and (e) facilitation by the UN framework. The conference itself needs to be grounded in country-level experience and focus on the needs of end-users of aid information. Legal and political specificities need to be taken into account.

There is the need for increased advocacy both at headquarters, regional and country level in the run-up to the conference as well as intensive dialogue at country level in preparation for the conference. As such, the

conference will be a crucial event but participants emphasized that it cannot be the “final event” and that IATI is rather work in progress. Participants see the potential to improve the sustainability for sharing aid information through IATI, but it needs to be further determined how relevant the initiative can be for the Western Balkans as well as other regions in the sub-region, for the specificities stated earlier.

For the IATI to become a powerful instrument at country level, all discussions need to be embedded in existing coordination mechanisms both at the horizontal and vertical levels. One of the key issues to be discussed should be the level of detail to be included in the IATI standard. For example, the depth of detail needs to be different for loans and grants. The urgent question of common definitions, a common terminology definitions and mapping also need further elaboration. The conference will also need to address the question of mechanisms in case of non-compliance as well as the establishment of a regular annual reporting cycle. Finally, outreach and communication to the general public should be further increased, including parliaments, civil society and opinion-makers.

## **5.2 What needs for support and capacity development arise in partner countries?**

Aid remains a donor driven agenda, donor harmonization is slow, there are overlaps, country systems are not used irrespective of commitments and much remains to be done on strengthening country capacities. It will be important to raise general public awareness for capacity development in the region. A major bottleneck for sustainable capacity development is the proliferation of small-size projects that are not linked. Sustainable capacity development can only come from within, supported by long-term partnerships. One government representative highlighted the importance of keeping track of trained government officials, for example, through a database so that they are not hired away.

Another suggestion raised was to have “roving experts” at the country level who could foster peer exchange and peer learning in the region. The IATI offers a niche for contextualized capacity assessments to determine country-specific capacity development needs and assets. Gradual capacity development of parliamentary bodies could become a key pillar of such efforts.

## **5.3 Towards a donor Code of Conduct: what are the key priorities for inclusion by partner countries?**

The code of conduct should rest on the principles of transparency and mutual accountability. Participants suggested the following elements:

- Reaffirmation of the primacy of national priorities as the starting point for alignment for all development partners, including NGOs and non-DAC donors;
- Reaffirmation of Paris and Accra commitments;
- Establish clear mechanisms for enforcement of IATI standards and mechanisms in case of non-compliance;
- Stipulate that all providers of development assistance need to report for a comprehensive overview of resource flows for planning, i.e. include flows from NGOs, private organizations, foundations and non-DAC donors;
- Stipulate procedures and process for reporting, e.g. bi-annual reporting.

The participants’ recommendations for the process for the establishment of the Code of Conduct are:

- Draft the Code of Conduct through a joint partnership. Partner country governments need to be involved in the process; sharing the Code of Conduct is not enough;
- Be distinct from other codes of conduct to avoid overlap;
- Organize country-level workshops, possibly by UNDP;
- Increase the number of signatories, especially among recipient countries, to have critical mass;
- Strengthen communication. Some Governments noted that also donors in their countries that have signed the IATI did not know about the initiative;
- Bring IATI partner country outreach to scale instead of having one round of consultations;

- Establish government-led fora of donor consultation/transparency at the country level.

To summarize, the IATI should be seen as work in progress – with much potential if done properly based on country ownership and resulting in changed donor behavior at the country level.

## Annex 1. Participants' list: IATI Regional Consultation for Europe and the CIS, Budva, Montenegro, 6-7 July 2009

### LIST OF COUNTRY REPRESENTATIVES

	NAME	POSITION	COUNTRY
1	Ms. Gordana Djurović	Minister for European Integrations	Montenegro
2	Mr. Milorad Šćepanović,	Deputy Minister for Foreign Affairs	Montenegro
3	Ms. Dragana Šćepanović	Ministry of Foreign Affairs	Montenegro
4	Sasa Drljevic	Ministry of European Integration	Montenegro
5	Ms. Alia Kerimbaeva	Advisor to the Minister of Finance	Kyrgyzstan
6	Mr. Nurmambet Toktomatov	Head of department on Aid Planning and Appraisal, the Ministry of Economic Development and Trade	Kyrgyzstan
7	Ms. Olena Kucherenko	Director of the Department for International Technical Assistance, Ministry of Economy	Ukraine
8	Ms. Marianna Poghosyan	Chief specialist, Department for EU and International Economic Cooperation	Armenia
9	Ms. Natia Samushia	Chief Expert, Office of the Prime Minister, External Economic Affairs	Georgia
10	Mr. Arben Salihu	Directorate of Aid Coordination	Kosovo 1244 RSC
11	Mr. Mentor Mehmedi	Senior Political Advisor to the Minister of Finance and Economy	Kosovo 1244 RSC
12	Mr. Botir Mirbabaev	Director of the department of the Ministry of Finance	Uzbekistan
13	Mr. Durbek Amanov	Head of the department of the Ministry of Foreign Affairs	Uzbekistan
14	Ms. Edina Topčagić	Ministry of Finances and Treasury	Bosnia and Herzegovina
15	Ms. Azeta Xhafka	Coordinator for WB, Department of Strategy and Donor Coordination	Albania

### LIST OF UNDP AND OTHER PARTICIPANTS

	NAME	POSITION	COUNTRY
1	Mr. Alexander Avanesov	Resident Representative, UNDP	Montenegro
2	Ms. Astrid Schnitzer	Policy Specialist, UNDP	New York HQ
3	Ms. Daša Šilović	Senior Policy Advisor, UNDP	New York HQ
4	Ms. Rini Reza	Deputy Resident Representative, UNDP	Serbia
5	Ms. Sanja Bojanic	WB REP Cluster Leader	Montenegro
6	Mr. Dragan Djurić	CDP, Chief Technical Advisor	Montenegro
7	Mr. Peter van Ruysseveldt	Deputy Resident Representative, UNDP	Bosnia and Herzegovina
8	Ms. Sophie Kemkhadze	Assistant Resident Representative, UNDP	Georgia
9	Ms. Valerie Wolff	Programme Analyst, UNDP	Kosovo 1244 RSC
10	Mr. Armend Muja	Communications Team Leader	Kosovo 1244 RSC
11	Mr. Kamolkhon Inomkhodjayev	Project Economist, UNDP	Uzbekistan
12	Mr. Leopold Maurer	Head of European Commission	Montenegro
13	Mr. Arthur Hovanesian	Synergy International	

## Annex 2. Background note



IATI  
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### International Aid Transparency Initiative Consultation Workshop for Europe and the CIS

Hotel Maestral, Pržno, Budva, Montenegro  
6<sup>th</sup>-7<sup>th</sup> July 2009  
**CONCEPT NOTE**

#### Background

The International Aid Transparency Initiative (IATI) is a new initiative which aims to make information about aid flows more available and accessible to all stakeholders, particularly partner countries. Launched at the Accra High Level Forum in September 2008, IATI now has sixteen donor signatories<sup>7</sup> and endorsement from a growing number of partner countries<sup>8</sup>.

IATI aims to make information about public and private aid more available and accessible, in compliance with the Paris Declaration and the Accra Agenda for Action, in order to increase the accountability, predictability and effectiveness of aid and reduce transactions costs. In the Doha FfD outcome document the UN member states noted that *“the aid architecture has significantly changed in the current decade. New aid providers and novel partnership approaches, which utilize new modalities of cooperation, have contributed to increasing the flow of resources... There is a growing need for more systematic and universal ways to follow quantity, quality and effectiveness of aid flows, giving due regard to existing schemes and mechanisms.”*

IATI seeks to respond to the concerns raised by partner countries and civil society organizations that information about aid flows is not sufficiently timely, detailed or accessible. The 2008 Paris Declaration evaluation found that partner countries face *“continuing serious difficulties involved in securing and providing timely, transparent and comprehensive information on aid flows that enable [them] to fully report on budgets to their legislature and citizens...this basic contribution by donors to mutual accountability is widely found to be missing or inadequate, even in relatively strong systems.”* Challenges in accessing information on aid flows were also raised during the regional consultations ahead of the Accra HLF.

Through IATI, donors will also implement the commitments made in the Accra Agenda for Action to *“publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries.”*

IATI aims to bring together donors, partner countries, CSOs and other users of aid information to agree common standards for the publication of information about aid flows. It does not envisage the development of a new aid information database, but rather the adoption by donors of ways of recording and reporting information that will enable existing users and

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<sup>7</sup> UK, Germany, Netherlands, UNDP, Finland, Denmark, Ireland, EC, World Bank, Australia, New Zealand, Spain, Sweden, Hewlett Foundation, GAVI, Norway.

<sup>8</sup> So far, the governments of Central African Republic, Colombia, Ghana, Moldova, Montenegro, Nepal, Papua New Guinea, Rwanda and Viet Nam have endorsed or expressed their interest in the initiative.

databases – and potential future services – to access more detailed, timely and accessible information about aid.

Agreement of common information standards will help partner countries improve planning and budgeting and promote mutual accountability by:

- Committing donors to publishing more detailed, timely and up to date information in a form that enables partner countries to more easily incorporate aid into their budgets and aid management systems, and strengthen macroeconomic management. For example, IATI is expected to commit donors to providing more detailed information on expected and actual disbursements;
- Committing donors to provide more detailed information about which donors are delivering which projects, and where, to enable partner countries to better co-ordinate development efforts;
- Reducing the time and effort taken by partner countries in collecting and collating information on expected and actual aid flows from different donors;
- Developing common electronic formats to enable automatic data exchange, for example between donor systems and country aid information management systems (AIMS), helping to ensure more accurate and up-to-date data and reduced transaction costs;
- Committing donors to publish indicative future aid flows, to the extent possible, to facilitate medium term budgeting by partners;
- Agreeing a code of conduct for the publication of information which will enable partner countries to hold donors accountable for compliance;
- Providing capacity development support to enable partner country governments and other stakeholders to better access and make use of current and future sources of information on aid.

## **Workshop Objectives**

IATI aims to respond to the needs of all stakeholders, particularly partner country governments. In order to inform the development of the IATI standards, UNDP – as a member of the IATI Steering Committee<sup>9</sup> - has been tasked with facilitating detailed consultations with partner country government officials and Parliamentarians in order to better understand their priorities and aid information needs. This will help to ensure that IATI is developed in a way that meets as many of those needs as possible.

The Budva workshop is one of a number of regional events that aim to:

- Familiarize a larger number of partner countries and stakeholders with the IATI and its objectives as it relates to the Accra Agenda for Action, Paris Declaration and other international commitments on transparency and mutual accountability;
- Identify those information needs of partner country governments which are not currently being met, and make recommendations for areas to be included in the scope of potential IATI standards, drawing on the IATI scoping paper;
- Facilitate South-South learning and peer exchange on good practices, lessons learnt and challenges from the deployment of aid information management systems (AIMS), and how the IATI can help to improve the effectiveness of such systems, as well as how best practices and experiences with country AIMS can feed into the development of an IATI standard;

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<sup>9</sup> The IATI Steering Committee comprises of 18 representatives from donors, partner countries, CSOs and aid information experts.

- Discuss how to take the IATI forward at country, sub-regional, regional and global levels, to include partner country needs in regard to capacity development.

### **Expected Outputs**

- Enhanced awareness and understanding of the aims and objectives of IATI, and its relationship to the AAA and WP-EFF, by partner countries;
- Peer learning on aid information management and shared discussion of challenges and how to address them;
- Guidance from partner countries as to the current sources of information on donor flows and activities, and an assessment of the usefulness of those sources;
- Prioritised list of areas/categories in which further and/or more detailed information on aid flows and activities is required. This should draw from, but not necessarily be limited to, Appendix C of the IATI Scoping study;
- Guidance and leadership from partner countries as to how they would like to see the IATI developed, and the role they see partner country members playing;
- Guidance from partner countries on key areas for inclusion in the Code of Conduct.

### **Follow-up activities**

It is anticipated that the outputs of this workshop should be shared in a number of ways, including:

- Full reports to be available online at <http://www.aidtransparency.net>
- Partner country representatives and UNDP feed back to the IATI Steering Committee in September 2009;
- Key messages from the regional consultations to be presented at the IATI Conference in October 2009;
- Partner country representatives and UNDP provide inputs and guidance to the Technical Advisory Group (TAG).

### **Resources / Inputs**

- The IATI scoping study will be the major background reading for the consultations. The paper will be circulated to participants ahead of the meetings, along with other relevant readings and background materials;
- Representatives of partner country governments will be invited to present on and share their respective experiences and challenges to date with respect to aid information.

### **Participation**

This sub-regional workshop is aimed at government officials involved in aid management and tracking activities from countries in Europe and the CIS.

It is anticipated that participants will come from a range of partner country institutions (Ministries of Finance, Planning, and possibly central banks and interested line ministries). Participation is aimed at heads of units responsible for aid management / tracking and their staff.

The following countries have been invited to attend the Budva workshop: Albania, Armenia, Bosnia and Herzegovina, Georgia, PISG Kosovo, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Russia, Serbia, Ukraine, Uzbekistan.

## Annex 3. Agenda



**IATI** INTERNATIONAL  
AID  
TRANSPARENCY  
INITIATIVE



### International Aid Transparency Initiative Consultation for Europe and the CIS

Hotel Maestral, Pržno, Budva, Montenegro  
6<sup>th</sup>-7<sup>th</sup> July 2009

#### AGENDA

<i>Time</i>	<i>Session</i>	<i>Speaker/lead/rapporteur</i>
<b>DAY ONE – MONDAY 6<sup>th</sup> JULY 2009</b>		
<b>Session 1: Introduction: aid information in the broader context of ownership, accountability and implementing the AAA</b>		
<i>Chair: Montenegro, Co-Chair: United Nations Development Programme</i>		
9.00 – 9.30	Welcome and opening remarks Aims and objectives of the meeting	<i>Mr. Milorad Šćepanović,</i> Deputy Minister of Foreign Affairs of Montenegro <i>Mr. Alexander Avnessov,</i> UNDP Resident Representative
9.30 – 13.00 (11.00-11.30 <i>coffee break</i> )	Introduction and plenary discussion: ❖ Aid information in the broader context of ownership, alignment and mutual accountability ❖ Aims and objectives of IATI in the context of AAA implementation at the partner country level ❖ IATI scoping study: key messages, findings, recommendations	Lead: <i>Ms. Daša Šilović,</i> UNDP/IATI Secretariat  Presentation of scoping study: <i>Ms. Astrid Schnitzer,</i> UNDP/IATI Secretariat  Rapporteur: <i>Ms. Edina Topčagić,</i> Ministry of Finance and Treasury, Bosnia and Herzegovina
13.00 – 14.00	<i>Lunch break</i>	
<b>Session 2: Key challenges in accessing and using aid information</b>		
14.00 – 15.30	Break-out session 1: <b>Current sources of information on aid – practice, instruments, challenges</b> The IATI Scoping Paper makes reference to a number of existing sources of aid information accessible to partner country governments (DAC-CRS; national aid information management systems; ad-hoc data collection efforts at the country-level; accessibility of some aid information via the web sites of donors and other services such as AiDA). Reflecting on what currently exists, and the degree to which it meets partner countries' needs, will be important in informing the development of the IATI standard and Code of Conduct.  Issues for discussion: ❖ What are country experiences/practices?	<i>Rapporteurs to be chosen within groups.</i>



	<ul style="list-style-type: none"> <li>❖ What systems and databases are available?</li> <li>❖ How do you currently access information on aid to your country?</li> <li>❖ Which sources of aid information are you familiar with, and to what extent do they meet your needs?</li> <li>❖ What are the key challenges you face in using existing sources of aid information, and how might your experiences translate into recommendations for the development of the IATI standard?</li> <li>❖ Is it different after crisis situations, in middle income countries, in countries in accession to the EU?</li> <li>❖ How do different donors harmonise data collection and are they transparent in providing data?</li> </ul>	
15.30 – 15.45	<i>Lunch break</i>	
15.45 – 17.30	<p><b>Break-out session 2: Priorities for improving access to aid information</b></p> <p>The IATI Scoping Paper refers to a number of areas which could be addressed by the IATI standard (see page 1 of Executive Summary in workshop folder). IATI calls for more detailed information on where aid is spent, when, how, on what. It requests that this information be timely. It calls for reliable information on future aid flows, expected outputs, and sufficient detail so it can be used in national budgeting systems. It is important however that partner country needs and priorities are fully understood, and are reflected in IATI's programme of work. Prioritisation of needs will be important in this regard.</p> <p>Issues for discussion:</p> <ul style="list-style-type: none"> <li>❖ What aid information do you need, and what you see as the most (least) important?</li> <li>❖ Are there any information needs that you consider important that are not covered by the scoping paper?</li> <li>❖ Within the broad categories proposed, are there any more specific information needs that should be detailed?</li> </ul>	<i>Rapporteurs to be chosen within groups.</i>
18.00 – 20.00	<i>Cocktail reception (hosted by the Government of Montenegro)</i>	

## DAY TWO – TUESDAY 7<sup>th</sup> JULY 2009

<b>Session 3: Solutions: Aid information management systems, IATI and complementary initiatives</b>		
9.00-10.00	Aid coordination, aid management and transparency in the context of Montenegro	<i>Ms. Gordana Djurović, Minister for European Integration, Montenegro</i>
9.45 – 11.00	Plenary discussion: <b>Better aid information – better development impact?</b> The IATI Declaration and scoping paper make reference to the potential benefits of an IATI	<i>Facilitator: Mr. Alexander Avanessov</i>

	<p>standard and code of conduct. Central to the development of these will be a clear understanding of the intended benefits for partner country stakeholders. Identifying clearly how the improvements in aid transparency facilitated by IATI will be translated into results at country level will also be important in mobilising the support of donors and other stakeholders in this initiative. This session is intended to discuss the key areas in which better information on aid will impact on partner countries, prioritising these issues and outcomes were possible.</p> <p>Issues for discussion:</p> <ul style="list-style-type: none"> <li>❖ What are successes, challenges and lessons learned in the use of aid information as it relates to ownership and accountability?</li> <li>❖ Does good data on aid result in better decisions? What data do donors and partner country governments need to strengthen planning, budgeting and execution?</li> <li>❖ How might improved information on aid support national ownership and strengthen mutual accountability processes? For example, what information might partner country governments need to better hold donors to account for their commitments on the quality and volume of aid? And how might better aid information strengthen domestic accountability?</li> </ul>	
<i>11.00 – 11.30</i>	<i>Coffee break</i>	
11.30 – 13.00	<p>Panel discussion:</p> <ul style="list-style-type: none"> <li>❖ What are the linkages between external and internal resource mobilisation and monitoring?</li> <li>❖ How could IATI help to support country PFM and aid management systems in this respect?</li> <li>❖ What are capacity development needs?</li> </ul>	<p>Panelists:</p> <p><i>Mr. Sasa Drljevic</i>, Ministry for European Integration, Montenegro</p> <p><i>Mr. Nurmambet Toktomatov</i>, Head, Department of Aid Planning and Appraisal, Ministry of Economic Development and Trade, Kyrgyzstan</p> <p><i>Mr. Leopold Maurer</i>, Head, Delegation of the European Commission to Montenegro</p> <p>Facilitators: <i>Mr. Alexander Avanessov and Ms. Daša Šilović</i>, UNDP</p>
<i>13.00 – 14.00</i>	<i>Lunch break</i>	
<b>Session 4: Taking forward the IATI: partner country recommendations</b>		
14.00 – 16.00	<p>Break-out session 3:</p> <p><b>Key issues to take to the global IATI Conference (The Hague, 20-21 October 2009)</b></p> <p>Issues for discussion:</p> <ul style="list-style-type: none"> <li>❖ How should IATI be developed – the</li> </ul>	<p>Facilitators: <i>Mr. Alexander Avanessov and Ms. Daša Šilović</i>, UNDP</p> <p>Rapporteur: <i>To be chosen</i></p>

	<p>process, the code of conduct? How should partner countries be involved;</p> <ul style="list-style-type: none"> <li>❖ Towards a donor Code of Conduct: what are the key priorities for inclusion by partner countries?</li> <li>❖ What needs for support and capacity development arise in partner countries?</li> </ul>	<i>within groups.</i>
15.45-16.00	Closing remarks	<i>Mr. Alexander Avanesov and Ms. Daša Šilović, UNDP</i>
16.00-16.30	<i>For interested participants and due to demand: Presentation on aid management systems (with live presentation of a system)</i>	<i>Ms. Astrid Schnitzer, UNDP</i>