Consultation Paper for the Scope of the IATI Standard

Draft 1

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IATI Technical Advisory Group

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Contents

1 Introduction and Background

1.1 Introduction

The purpose of this paper is to set out an initial proposal on the scope of the International Aid Transparency Initiative (IATI) standard for discussion at the IATI Technical Advisory Group (TAG) meeting due to take place at the Overseas Development Institute in London on Wednesday 2nd and Thursday 3rd September 2009.

It provides a description of the type of information and data captured in donor systems, based on consultations to date, and suggests areas where these should be extended with some indication where elements might need to be addressed in phases.

The paper is structured as follows. The following sub-section provides basic background drawn from the scoping paper. Section 2 summarises messages emerging from recent partner country and civil society consultations. Section 3 provides a suggested set of criteria for determining the scope the standard. Section 4 provides detailed comments on an updated version of the IATI information matrix attached to the report of the Brussels TAG workshop (2-3 June). Section 5 analyses and poses questions about a number of key issues concerning the scope of the IATI standard for discussion by the group. Appendix A links the IATI matrix to information generated during the project life cycle. Appendix B shows where IATI information is currently available. Appendix C lists the Paris Declaration Indicators. A separate spreadsheet links the IATI information matrix to other types of aid and shows the different codes and values currently in use on which the standard would draw.

1.2 Background

At Accra on 4 September 2008 IATI signatories committed 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", "support information systems for managing aid"; and "provide full and timely information on annual commitments and actual disbursements".*

There are a number of gaps in the aid system which give rise to the lack of transparency which IATI aims to address. Information on past aid flows published by the OECD-DAC in the CRS does not meet the needs of many stakeholders because it is not designed to provide much of the information needed at country level, is produced with a considerable time lag and does not provide a `forward look` on future aid commitments . Other information provided by donors is often not comparable because a multiplicity of definitions are used by different agencies e.g. in terms of purpose, sector focus, disbursements and conditions. Information kept in country level data bases tends not to be comprehensive or up to date, makes little or no attempt to capture critical qualitative information (e.g. on aid conditions) and is often not publically available. Lack of coverage is partly due to practical difficulties donors face in reporting their aid in a format consistent with country systems, due to incompatibilities with internal systems, though there is also evidence (e.g. from the Paris Declaration Survey) to suggest that donors fail to give recipient reporting the high priority it deserves.

The aim of IATI is to address these problems by developing a full set of standards though detailed consultations with partner countries, civil society organisations and other users of aid information. To avoid creating a parallel system and single data base - which risks being unwieldy and still not meeting the needs of different users - the aim is to deepen and extend existing systems. To this end it is envisaged that donors should agree on a common list of information to be provided and, in the light of this, combine and extend existing classifications and reporting formats. This paper is concerned with the first issue: the information list.

The general expectation is that the list will embrace core information on aid flows and activities, and specific project level information, recognising that a great deal of information is already captured in donor systems. There is strong demand for reliable information on future aid to help governments in their planning, and on the expected outcomes of providing aid. At present relatively little information of the latter types are published though there is some evidence that donors are generating more for their internal purposes.

Several donors consulted to date are well positioned from an organizational and systems perspective to provide a significant amount of the information described, and have the capability to extend what is captured. Concerning disclosure, many bilaterals already operate under freedom of information legislation, and the Word Bank is moving towards an `exception list` policy. Donor concerns over disclosure tend to relate to the quality of information held (potentially involving a reputational risk), or information about pipeline projects and future spending plans on which decisions may be pending.

2 Consultation Synthesis

The suggested criteria for the IATI scope, as well as the changes to the IATI information matrix, are largely drawn from discussions with key experts, findings from consultations and fact finding missions, and comments in the online discussion. This section briefly reviews some of the key messages coming out of these.

2.1 Key messages emerging from consultations

This section summarises key messages emerging from the East and Southeast Asian Regional CSO consultation held in Manila, Philippines in March; the East and Southern Africa partner country consultation held in Kigali, Rwanda in June; the Central and Eastern European and Commonwealth of Independent States partner country consultation held in Budva, Montenegro in July; the European CSO consultation held in Brussels, Belgium in July; and the Asia-Pacific e-Consultation which took place from June to July.[1]

More and better data. There was wide-spread agreement amongst consultation participants that there is a need for increased access to aid-related data for transparency, accountability, planning and budgeting purposes. As it stands, many government officials and civil society groups do not have a clear picture of the level and types of assistance flowing into their countries. Moreover, the information is often not made available in time to maximise its use and/or presented using donor-specific formats and definitions.

A country focus. A key message is that additional data are needed at the country level and that these data should provide information important to end-users. Related to this, while global standards are useful, the IATI framework needs to be responsive to the specific data requirements and priorities of each country. The data format should also be congruent with

[1] Findings in this section will be updated in due course to incorporate feedback from both consultations that have recently taken place but are not yet reported on (e.g. the African CSO consultation in Nairobi) and consultations that are scheduled for the coming month (e.g. the West Africa regional consultation in Accra).

current government mechanisms for capturing aid flows; IATI implementation should reduce, rather than increase, the transaction cost for governments.

A range of information needs. Participants listed an array of information needs, ranging from high level data on total aid flows to project specific data on the 'where', 'when', 'how' and 'what' of aid. These data largely fall within the matrix presented at the IATI TAG meeting in Brussels. With regards to financial information, participants expressed a desire for information on aid flows, including commitments, disbursements and future allocations; information on prospective inflows/projects in the pipeline; and information on aid allocations, including sector, modality (e.g. whether in the form of technical assistance), implementers, period and region. A range of non-financial information was also considered important. These include:

- Disbursement schedules;
- Impact, outputs and outcomes;
- Aid agreements, conditions and terms (including repayment liabilities);
- Contract and procurement details;
- Donor aid policies, procedures and strategies; and
- Project implementation status.

Participants also identified several information needs not explicitly stated in the matrix. These include:

- Government co-financing and contribution requirements;
- Overhead costs;
- Events and activities, including missions;
- Financial and non-financial incentives of aid as well as the cost/benefit of ODA flows;
- Donor policies and spending on non-ODA matters relevant for partner countries; and
- Use of country systems (though this could be captured within the Paris Declaration data).

While the messages on additional data needs coming out of each consultation are broadly consistent, there are a few areas – from both partner and CSO consultations – with no clear consensus. In particular, there are disagreements as to whether retrospective publication of historical information on aid flows is a priority (see reports on the Kigali and Brussels consultations for details) and whether the initial focus should be on providing reliable, basic data or expanding the scope of data (see in particular report on the Budva consultation).

Broad-based data. The need for information on aid from and through NGOs, private organizations, foundations and non-DAC donors was repeated throughout consultations. In fact, several participants suggested that these groups adopt IATI standards. However, in the CSO consultation in Brussels there was some hesitancy on the part of participants to adhere to the IATI standard. In the end, the group suggested that while aid channelled through NGOs may need to adhere to IATI standards, NGO transparency standards should be agreed through a separate process. For discussion of other donors see Section 5.

There was consensus that donors should publish information on as many forms of assistance as possible, though participants conceded that there would likely need to be exemptions for certain activities such as military aid. There was, however, no clear message on whether the IATI should focus on projects above a certain threshold (e.g. $1 million in value). One suggestion was for the threshold size to vary by partner country, as what constitutes a 'small' project for one country may be more significant for another.

Definitional flexibility. The current lack of consistency between data definitions and standards increases the administrative burden for recipients and reduces their ability to analyse and compare information. To this end, participants stressed the need for harmonisation in terminology (e.g. what is meant by 'disbursement', 'project', etc), coding and reporting format. However, this need for standards must be balanced with the need to respond to country-specific data requirements.

Timeliness. Participants emphasised the need for data to be timely in order to maximise its usefulness. For example, information on donor commitments is needed prior to the national government budget cycle. To ensure that data are received as soon as possible, several participants suggested that provisional data be provided (in a manner that makes it clear that they are not yet validated), with more accurate data following as soon as they become available. It was also suggested that reporting calendars should be formalised and that donors should provide data on a regular – perhaps even monthly – basis.

2.2 Findings from donor agency fact finding missions

In addition to consultations, fact finding missions are being undertaken in order to ascertain the types of information currently recorded by donors and the ease with which they can comply with IATI standards. Case studies undertaken to date are: the UK, the Netherlands and the World Bank. Further studies will be made of Germany and one other country. Other IATI signatories will be invited to complete a self-checklist of their readiness for the IATI standard once the scope is nearer to completion. Although the reports from these missions are still being finalised, early drafts suggest the following:

- These donors have some form of a centralised reporting system in place.
- Much of the information likely to be requested by IATI is already captured by these donors' reporting systems. However, the quality of and access to this information needs improving.
- Not all of the information likely to be requested by IATI is currently captured by donor reporting systems. Moreover, the amount and detail of information varies by donor. For example, of the three donors reviewed to date, only the UK includes project-level detail on Paris Declaration indicators. Detailed geographic information also seems sparse.
- Both countries have freedom of information acts. However, these acts include exemptions for information related to national security, etc.
- The extent to which donors make use of DAC CRS reporting codes varies, in some cases going beyond (e.g. Netherlands' policy markers) or different (e.g. WB's sector codes).

2.3 Key messages emerging from TAG consultations

This section summarises key messages emerging from the consultation with members of the Technical Advisory Group during August. The members are representatives from CSOs, donors, partner countries and private organisations.

Additional aid information. TAG members were asked to prioritise their need for additional aid information. The consensus from the comments made is that the highest priority is for more up-to-date information on what aid is spent on and in which sectors, allowing users to map sectors to national budgets. This information should be available for all agencies involved in developmental activities — official donors (DC and non-DAC), NGOs and foundations — in order to increase the level of transparency and improve coordination.

Standards to identify the implementing organisation or company are deemed essential for transparency. Others want identification of beneficiary groups at sub-national level. The least important information for participants is details of aid agreements which include any conditions attached. There was one comment that databases that are centrally administered are generally more reliable than those that rely on donors to enter data.

Results. Improving the availability of results information is a priority for the development community. However there would be difficulties when attempting to standardise the information and a danger of oversimplification of results measurement in order to achieve harmonization. There was also concern that the level of reporting would need to be balanced with the size of the organisation so as not to risk overburdening CSOs, especially those operating at the grass roots level.

3 Scoping Criteria

This section sets out eleven key criteria to help guide discussions on how to deliver a set of standards that fully represents the demands of IATI while taking into account the various concerns and pressures of members and IATI signatories.

Criterion 1: Core focus of initial effort is on countries receiving aid

- The recipient country is the focus of information being coordinated under IATI. IATI should aim to give a clear picture of resources going into each country. As a result the primary focus should be aid spent at country level.

Criterion 2: Compliance should be led by the core donors (IATI signatories and potential signatories)

- IATI relevant information available in current donor systems (keeping in mind signatories and potential signatories) should be made available as a minimum[2].

Criterion 3: IATI relevant information currently not in IATI signatory systems should be generated and made available

- IATI standard information that does not exist in systems, for example the proposal for detailed geographic information, should be developed and integrated into internal reporting and management systems.

Criterion 4: Compliance should unfold over phases

- Initially it will be difficult to ask for complete compliance from all agencies receiving or spending 'aid' money. The degree of compliance (down the procurement line) should unfold in phases.

Criterion 5: Ensuring the standards acknowledge and work with implementers or agencies funded from donors should be a priority

- Implementing agencies and international level recipients of aid flows are vital to the delivery of aid and traceability of flows and procurement. Focus on ensuring standards are applicable to agencies and implementers will allow for deeper evidence on procurement and aid flows for the bulk of money flowing to non-country-specific institutions.

[2] Certain commercial or security related caveats are acknowledged

Criterion 6: Data should use existing systems and standards to the full extent

- This particularly includes the DAC information. Where data standards do exist IATI should use and support these standards, where they do not, it should work to develop an appropriate standard, for example, using country norms.

Criterion 7: Efforts in developing the standard should be prioritised in terms of the impact and coverage

- The aim is to make sure the early focus of the standard is on the aid modalities that deliver the largest or most significant levels of aid flows.

Criterion 8: IATI should focus on flows that are above a certain threshold

- IATI standards should focus on aid that is influential, large, or otherwise significant and avoid being caught up initially in designing the system to work with flows below a certain threshold.
- Although the focus of the IATI standard should be on large aid flows, currently available information on smaller, less significant aid flows should continue to be published.

Criterion 9: Publish as a default, but work towards a common standard

- IATI aims to achieve a change in cultures surrounding aid information to publish all relevant information as a default in an accessible way with exceptions such as for specific data that carry security or commercial reasons for non-publication. This is particularly relevant, but not exclusive, to information that is publically available by law under applicable freedom of information acts such as project documents, tenders, contracts, completion reports, results data and matrices/logframes.

Criterion 10: Core Standards but room for growth and refinement (within the structure)

- While the core standard of information and the data format of information published should be defined by IATI, the standard must remain flexible enough to build in country specific requirements and reporting mechanisms.

Criterion 11: Documents can be varied, but data need to be in standard format

- Existing reporting formats, documents or systems need not necessarily be changed, but the specific data within these reports should be formatted in a common way to allow for comparison and other analysis.

4 IATI Information Matrix

The IATI Information matrix emerging from the TAG meeting in Brussels (2-3 June) is taken as a starting point for this paper and for continuation of Workstream 1. The general data remain the same, but have been re-categorised to some extent, expanded and separated into smaller units or redesigned to match/align with existing standards.

The IATI Information has been divided into seven categories described below.

01 – non aid flow specific information
02 – aid flow specific documents

03 – data (identification)
04 – data (financial)
05 – data (results)
06 – data (procurement)
07 – data (other)

IATI Information Types 03-07 are data and should have a standard. Types 01 and 02 are donor or country specific and may be more flexible. The documents in IATI Information type 01 and 02 and/or the project management and financial management systems should contain the data for information types 03-07.

(Note: Current coding - The codes currently put against the IATI Information type in this document are indicative only and intended as a reference guide in the discussion around them. Once the format of the presentation/management of the IATI data is finalised they will be recoded or reorganised in the most appropriate way.)

Donor/Country Level Information (Type 01 information)

Aid Policies, Strategies, Procedural documents and assessments (0101-0105)
These types of document will generally appear on donor websites. Aid effectiveness assessments are emerging and IATI will help to strengthen their timely publication. One of the key issues that have emerged from consultations is that fixed three or five year strategic documents may not be linked to annual budgets and commitments.

Future funding opportunities and Annual forward planning budgets (0106-0109)
Forward donor budgets are likely to be available at an aggregate level, since these are needed for overall planning purposes, but are often not on a rolling basis. Commitments are limited to approved projects and do not comprehensively capture medium term spending plans, as many future projects will not have been conceived. This means that outer years are underestimated.

It is expected that overall forward planning budgets for donors over the medium term (IATI Info 0107), broken down by contributions to institutions (IATI Info 0108) and to country programmes (IATI Info 0109), should be available and publishable.

Country strategic plans and evaluations (0110-0111)
These documents are likely to be published on donor websites if they exist, and active efforts should be made to support publication where this is not already the case. These documents are particularly useful in making comparisons between donor country strategies and individual project plans and goals.

Documentation (Type 02 information)

Project Concept Note (0201)
There is significant concern as to whether project concept notes can be made publically available. Also it is not a required document for some agencies or for some aid flows below defined thresholds.

Pre-Project impact Appraisals (0202)
As above

Project design docs/logframes (0203)
Consultations have shown that project design documents tend in practice to be made available on request (e.g. under Freedom of Information provisions) rather than automatically. Making publication a default requirement is being strongly encouraged,

though there are some concerns related to security (e.g. named individuals contained in projects documents), quality and language. This may mean that careful phasing of this IATI Information is needed.

Memorandum of Understanding (0204)
All Memoranda of Understanding (MoU) linked to aid agreements should be publishable and must be made available. When security or commercial concerns exist, exceptions may be necessary, but this should remain an exception rather than the default position.

Additional Documents (0207-0212)
Reporting and evaluation documentation is likely to be available and publishable if it exists. Tranche release documentation and loan repayment documentation or conditions are also likely to be available and publishable for those with loan programmes.

Standards for identifying and reporting on loans exist within the DAC CRS coding.

Online access is often to project documentation or descriptions and should be provided as a default, with automatic generation and publishing of project websites integrated into the IATI standard.

Identification (Type 03 data)

Aid Activity ID, **Title and Description & Traceability (codes 0301-0306)**
Identification numbers will need to derive from existing donor systems, as this is where the flow originates and is likely to possess a unique identifier. When submitted to the DAC, OCHA, AIMS or other database a further unique identifier will be given. It is important for IATI to recognise this, and where possible retain reconciliation tables to ensure that flows are not double counted.

The issue of how to ensure that multi-donor funding and basket funds are accurately captured needs to be addressed, building on the so far limited facility in the DAC CRS.

There needs to be a debate on what kind of reporting can be expected on procurement in order to push traceability `down the line'. For now, IATI info (0304) on recipient agency/organisation is the first 'link' in this chain. The next link, currently considered as the first 'procurement' and identified in IATI Info 0601, can also make use of this classification system if it is appropriate in identifying the recipient. Or, if the transfer is to a local NGO, commercial contractor, or other agency not coded under the DAC classification, it can make use of local level classifications etc. This issue is further addressed in the procurement section (below).

The approach is consistent with the criteria discussed in Section 3 since it addresses the first link in the aid transfer chain and allows it to develop as the standard becomes more widely used, with additional identification of agencies through which aid is channelled.

Country/Destination & Detailed Geographic information (0303-0304, 0310)
There are clear DAC standards for identifying recipient countries and agencies (0303-0304), although this standard will need to be expanded to encompass lower level or country level agencies as the standard is pushed 'down the line', perhaps incorporating country specific identification lists or classifications.

Detailed geographic information is not standardised and, while geo-coding is desirable and capacity for this is emerging, it is currently not clear exactly how this type of data could be captured in a standardised way. Most aid flows do not have a specific detailed geographic link below the country level. This will increasingly be the case in future with further moves towards sector and general budget support.

Project Dates and Status (0307-0308)
Much of the debate on project dates and status will come down to technical definitional issues. Donors using government budgetary systems (e.g. providing budget support) already have to find ways of reconciling financial years. Whatever the format used, project initiation dates will exist in project documentation. End dates (0307) or status updates (0308) will also exist within the project management or financial management systems of the implementing agency or donor. How these are drawn from these systems, and the exact format in which they are presented, will be a point to clarify in Workstream 2.[3]

Humanitarian aid, budget support, project type aid, core funding/replenishment flows and other aid types will all have different 'project life cycles'. Project type aid has been mapped out against the IATI data using a generic life-cycle chronology in Appendix A. Visualisations of the remaining three types of aid are mapped out in a separate spreadsheet.. All four show where and when status updates are likely to occur, and at what points in the cycle key documents (IATI information Type 02) are likely to emerge. Appendix B depicts which data are likely to be accessible in DAC CRS, AIMS or other systems.

Project Contacts (0309)
The contact could be a central point located within aid agencies to avoid security concerns over attaching named staff to project documents or other information. The code of conduct could specify a timeframe for replies to queries.

Detailed Sector information (0311)
There has been a considerable amount of work done on a common standard to define sectors and sub-sectors. The global standard for aid flows is the DAC CRS purpose codes, which are used by all 23 DAC members and some multilateral agencies. At country level the need is for classifications relating to the national budget, PRSPs or both. There is the COFOG[4] standard for the budget. Aid flows need to be mapped to this. There will need to be a reconciliation table between the two standards. Some donors may have already done such mapping where they engage both in country systems and this is likely to evolve as more donors engage in developing standard and open reconciliation tables. The CRS codes are kept under periodic review to reflect evolving policy requirements and some donors maintain more granular codes in their systems to reflect their specific needs. They map these to the CRS standard.

Funding Type/ type of aid flow (0312-0314)
The DAC Working Party on Statistics (WP-STAT) has reviewed and changed the aid type typology, and donors are changing their reporting systems in order to reflect the new categories. The categories of aid are:

- Financial contributions to recipient governments
- Financial contributions to NGO multilateral and private agencies
- Project type interventions – financial and non financial flows
- Technical cooperation
- Donor personnel
- Local personnel
- Training and research
- Debt relief
- Other donor expenditures

[3] Workstream 2 will consider the data format for the IATI standard.
[4] Classification of Functions of Government (http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4&Lg=1)

This new system of reporting will be used by DAC/CRS from 2011.

For IATI there is still a need to distinguish between aid that goes to directly to countries and aid that does not. DAC have introduced a new proxy for this called "country programmable aid" which is defined by excluding flows that by their nature are not programmed at country level (e.g. debt relief, humanitarian aid, training in the donor country). DAC standards on identifying channels of aid alongside country codes may allow for country-specific or non country-specific aid to be tracked even more precisely. Additional use of channel codes going down the supply chain is possible using the same or similar codes at country level.

Tied aid status (0315)
This is recorded in the DAC CRS, but needs to be examined to see if it meets country needs.

Other policy markers (0316)
DAC CRS has standard markers for gender, environment and Rio Conventions. Other policy markers tend to be donor specific. Country level PRSP or Budget classifications normally have well defined country specific policy markers that may be linked to donor policy.

Financial (Type 04 data)

Funding organisation (0301)
This is addressed in the identification section above.

Total project cost (0401-0403)
Drawing from the consultations, and in an effort to better address the complexities of multi-donor aid and basket funding, there has been a careful selection of additional data elements to capture total project cost and individual donor contributions. The IATI standard also requires annualised budgets. The issue of how to format dates and align financial years will need to be discussed in Workstream 2.

Commitments & Disbursements (0404-0406)
Commitments are agreed as the design stage of projects become finalised and project documents or MoUs are produced, following initial financial pledges given at earlier stages (see Appendix A and the separate worksheet for descriptions of aid flow life cycles). Disbursements occur over the implementation phase and are routinely captured in donor financial systems. Final figures at project completion stage provide a disbursement figure that can be matched against original commitments. For partner countries it is important to distinguish planned disbursements from existing projects and planned disbursements from projects that are still in the planning stage. This type of information may already be publically available, although in practice it varies by project, by project status and by donor. As a rule it should be published automatically.

Loans and Interest repayment (0407-0408)
Financial information on loan repayments should be made available and match-able against repayment terms and documentation (0209). DAC CRS standards around the identification of loan type data exist and should be used by IATI.

Results and Output Indicators (Type 05 data)

Results/output indicators (0501-0502)
The debate about IATI's approach to inclusion of results information and output data requires further attention and is addressed in Section 5. As it stands, clearly defined linkages to expected outputs at the initiation of an aid flow, and actual achievements at the conclusion

of the aid flow, should fall within the scope of the standard. Initially these could be integrated through the inclusion of key documents, assessments and reports that contain this information.

The output and/or outcome objectives of an aid flow as represented in the project documentation (IATI Info 0203) should be identified with a direct link when the project is initiated. As a part of this, agencies should be expected to document their end-of-project assessment plans at this stage, i.e. before projects are completed and reports written.

Results against these output and outcomes that emerge during the project (e.g. mid-term monitoring reports; IATI Info 0207), at its conclusion (project completion reports; IATI Info 0210) or at a later assessment (Post-project evaluations; IATI Info 0211) should be identified and linked in.

See Section 5 for further discussion.

Procurement (Type 06 data)

Implementing agency and channel of delivery (0601) and details of the procurement (0602-0603)

IATI standards on procurement and traceability should require publication of tenders, contracts, completion documents, evaluations and financial data for all aid modalities whether grant or loan. Eventually this should be traceable from donors to end users, but the process for achieving this depth of traceability needs to be considered carefully. Public information on procurement will be key to addressing the traceability and accountability concerns of IATI.

Standards relating to procurement require agreement on certain norms and units of analysis. Although the procurement chain from donors and governments through to end users will often be highly complex, allocation and disbursement of funds in practice necessarily requires financial systems which document and report on these various flows. As a result a large amount of procurement information will be available. The key challenge is to extract information from various systems, and address any legal or commercial impediments to publishing this information.

Procurement regulation over commercial tenders in Europe, both by the EC and by European bilateral donors is governed by EU regulation above a threshold[5] and by law tenders and contracts above this limit must be published. Additionally, the World Bank and UN more widely have clear procurement procedures.

However, a very limited amount of aid actually passes though and is governed by these procedures; increasingly aid is disbursed through multilaterals or through (recipient) country level procurement systems in accordance with the Paris Declaration, particularly in the case of budget support.

A goal of the Paris Declaration and Accra Agenda for Action (AAA) is to encourage greater use of government procurement systems where this is appropriate. This must absolutely be encouraged and greater transparency in procurement should not be sought at the expense of government systems. In countries with weaker procurement systems, donors must seek to strengthen and then use country procurement systems.

The contracted agency or 'channel' for procurement is closely connected to the recipient agency/organisation (type 0304) in that it uses standard DAC codes where available to track

[5] Currently EURO 133,000

a recipient. As money exits a donor project or financial management system, the aid flow can in principle be tracked further down the procurement line although it unclear how far this can extend to the final end user in practice. Further debate is needed on how to most appropriately capture procurement details in a way that can achieve this. In any event a phased approach will almost certainly be required. Existing documentation will include tender details, contract costs, and start and end dates. There are concerns that automatic disclosure could raise issues of security and that revealing budgets could undermine competition and inflate costs. Key issues and questions are summarised in Section 5.

Alignment Indicators (Type 07 data)

Import content (0701)
Details concerning import content need additional consideration and debate amongst the TAG.

Paris Declaration Targets (0702)
It is not known what targets will remain in place beyond 2010, so it is difficult to define what should fall within the standard at this stage, although the need for information concerning 'aid flows on budget' is likely to continue. This is discussed further in Section 5.

Aid agreements and conditions (Type 07 data)

Conditions (0703)
It is important that this type of information is included in MoUs, contract or project documents. One specific request is for clarity of information on the conditions to be met for counterpart funding, as these can lead to delays in releasing donor funding.

Date Stamp of Submission of Data (0704)
The date at which all information is made available should be captured. Depending on the way the IATI standard is implemented this could be automated, a feature already in place in some donor systems (e.g. the DfID Aries software captures the date at which information is submitted to a recipient government).

5 Key Issues and Questions for the TAG

Aligning with existing database infrastructure

The scope and structure of the IATI information will need to be flexible enough to evolve with time and integrate emerging concerns as the standard is piloted. We need to test this concept with existing donor systems and databases. Initially this requires access to the coding standards of these databases and integration of reconciliation tables, whether existing, or formed during the process. This will likely lead to some adjustments or additions of emerging types or codes if innovative or otherwise useful coding or data points are discovered in this process.

There is no reason to create another standard that duplicates those already used by donors, recipient countries, the DAC and other relevant parties. The role of IATI should be to ensure that any competing standards are able to be compared or reconciled. Where standards do not exist, IATI can work to develop a standard.

Procurement and Traceability

The scope of standard procurement information

The Paris Declaration and AAA are encouraging donors to make greater use of country procurement systems, for which internationally accepted guidelines covering various aspects of transparency are already in place. Indeed the major share of procurement already takes place through these country systems. Key issues are the extent of the gap between IATI's needs and what country systems are currently able to provide; what further support is needed in order to improve and develop these systems; and whether current guidelines in principle are making sufficient provisions on transparency. Where donors are procuring though their own systems the issue is more straightforward: all relevant information should be published.

The broad approach, keeping in mind criteria discussed in Section 3, is to require procurement detail on tenders, contracts, timing, monetary or other transfer value, conditions and completion documentation (particularly results matrices) above a certain threshold. This could be presented in existing documents or formats, provided these contain all relevant information.

Given the potential complexity of agency processes, sub contracts etc, compliance to this area of IATI should be phased, with signatories initially providing information on procurements they undertake directly themselves, with further information subsequently provided on procurements carried out by subsidiary entities. Later phases should require further compliance down the line, although a culture of compliance across all entities should be fostered immediately.

There will be numerous types of procurement that carry security, commercial or other concerns that make publication of part or all of the required information impossible. These should be justified but most importantly be the exception with publication of all procurement information being the norm.

Country focus

As discussed above, the focus of attention should be to strengthen and support the use of country procurement systems and procedures, in line with the Paris Declaration. Where procurement takes place within a recipient country this should be identifiable regardless of the system or regulation to which it is linked. Contracts between donors and international agencies or other implementing organisations where a recipient country is not identifiable should also be fully compliant with IATI standards.

Procurement through government systems

Where government procurement systems are non-existent or fail to reach standards generally considered as acceptable for use by international agencies (see OECD and WB procurement system assessments) efforts should be made to help countries reach these. In situations where country regulations are unclear or actively inhibit publication or public access to key procurement documentation, direct IATI leverage over traceability and transferability is unclear. IATI standards must be flexible enough to work with existing country systems and work to find solutions where compliance is hampered by incompatible local regulations. Further input from country procurement specialists is needed to clarify how procedures can be monitored, strengthened and potentially integrated into IATI.

How do we apply the standard in contracts down the supply chain?
It is likely that NGOs and implementing agencies will welcome a common approach to reporting on funding they receive[6]. Currently finance departments have to customise individual project reports and documents to fit the demands of the specific funder. Often there are multiple funders for single projects leading to a proliferation of versions of reports and documents. Not only is this time consuming and inefficient for the agencies, but it can also lead to conflicting evidence, double counting etc.

Larger NGOs with dedicated fundraising departments will often have established systems for coping with these demands, so the needs and requirements of these systems should be taken into account when standards are designed.

Smaller implementing agencies such as small international NGOs, country level NGOs and other local implementation agencies may not have well established systems for coping with existing demands. It can often fall to individuals in finance or fundraising departments to customise project documents or reports to meet different requirements. Any reduction in the costs of preparing reports to comply with a multitude of standards would provide valuable efficiency.

Questions:

1. How far does procurement information deliver on traceability concerns (i.e. tracking aid flows though the system to ultimate beneficiaries)?
2. How do we approach gaining public access to procurement information (e.g. from bottom up, top down, a combination or some other solution)?
3. How far can we expect to see procurement information published down the line?
4. To what extent can recipient government procurement systems provide information to satisfy donor compliance with IATI, especially when a growing proportion of aid uses local procurement? What should be expected from donors in supporting these systems?
5. Tenders have a critical role in providing forward looking data on aid volumes. However is disclosure of tendering information desirable given the bias this may introduce into bidding processes and the potential inflationary effects?
6. What threshold if any is appropriate for published procurement information?
7. How should procurement be treated when it is governed by multiple procedures, for example when a project has multiple funders?

Results

Within the scope of IATI, the guiding principle with regard to results is that aid flows must have detailed results expectations and that information on achievements should be available and published.

Performance against outputs is reported in a wide variety of ways, but by and large a contractual agreement between a funder and an intermediary or implementing agency should have a results matrix and completion plan initially defined at contracting stage, and a report upon completion of the activity. Outputs will typically be assessed against this framework. Although this may not exist in a simple form for all aid flows, details of the results expectations, monitoring strategy and final achievements must be published, ideally through existing documents such as project completion reports.

[6] Although with reference to findings from the CSO consultations, this should be emphasised as an approach that simplifies and aligns the types of reporting to funders rather than create another standard and more 'red tape'.

At this stage IATI is not proposing a standard format for reporting or a standard global set of indicators, although it should be noted that the UK and the World Bank have just introduced standard indicators for their funding, based on international standards such as the MDG indicators. Rather, in order to avoid imposing a profusion of reporting requirements on each country, the scope for standardisation between donors *within* a country should be explored. Findings from consultations have strongly emphasised the importance of links to government indicators and systems. The results to be measured for a project or in a sector should be aligned with those used by the country itself for monitoring its development outcomes. And where possible these indicators should conform to international statistical norms for that sector. Where PRSPs or similar results frameworks exist they should be identified in IATI Information (IATI Info 0110-0111).

What data to use?
The IATI standard should have a role in emphasising donor use of and support for government systems for producing good quality statistical data. Projects should where possible use indicators and data at national and sectoral levels, such as those generated by high profile surveys, MICS, DHS, censuses and others local sources of information.

Where the country level data do not exist or are of poor quality, an effort to support these systems rather than create parallel systems is critical. This is particularly relevant to budget support, which by nature should provide alignment between government and donor assessment of performance, although the emphasis given to different aspects of performance may differ.

Including relevant and standard survey data of this kind in the IATI standard should be useful for comparability at national or sub-national levels, but is unlikely to provide attribution to particular aid flows.. Also, it may be considered redundant for IATI to extract data from these surveys and present these separately as IATI standard information.

For those recipient country governments that have developed comprehensive output information attached to budgets, particularly when coded and linked with other national standards, it is imperative that donors in country work to support these standards.

Suggested IATI information to improve linkages between project outputs and government strategies might include:

> Free text – how does this link to donor strategic objectives?
> Short field free text – to what section(s) of the National Strategy does this link?
> Long field free text - how does this relate to country strategic objectives (PRSP, Output Budget, etc)?)?

Questions:

1. Is asking for results frameworks as they are presented in project documents as they currently exist enough for IATI?
2. What is IATI's role in achieving greater standardisation of indicators at country level while ensuring these remain appropriate at the country level?
3. To what degree can and should monitoring and evaluation material be available?

IATI data content

The Paris Declaration
At the recent TAG meeting in Brussels it was agreed to go "through Paris Declaration and decide on indicators that will be captured".

Of the 12 Paris Declaration Indicators (see Appendix C), eight (indicators 3-10) are donor specific. Most of these eight indicators could in theory be measured at the project level. In fact, the UK's aid management system currently allows for data on five indicators (3, 4, 5, 7 and 9). Preliminary consultations with two other TAG donors revealed a willingness to consider recording information on indicators 3, 5, 7 and/or 9. There also appears to be a demand for such information; during recent partner country and CSO consultations, there were several requests for information on Paris Indicators – particularly on use of country systems (indicator 5) and predictability (indicator 7).

However, the Paris indicators received relatively less attention compared to some of the other requests for data. Furthermore, while it is possible to do so, Paris indicators were not designed to be measured at the project level and it is unclear whether the Paris Declaration will continue beyond 2010. However, regardless of what happens, several of the Paris indicators remain highly relevant to IATI's scope – including the commitment to put more aid on budget.

Question: What Paris Declaration information should IATI capture? Options are as follows:

1. Capture information on all relevant PD indicators for donors at the project level
2. Capture information on a smaller sub-group of PD indicators at the project level
3. Do not capture PD indicators at the project level; instead use country level information—the Monitoring Survey outputs and other documents (e.g. reviews of Harmonisation and Alignment Action Plans).
4. Do not capture PD indicators at the project level; instead use country level information based solely on the Monitoring Survey outputs.

Note that if option 1 or 2 is selected, IATI needs to consider how indicators will be calculated. Paris Declaration indicators 3 and 7 are, for example, measured by the Monitoring Survey using recipient country data.

Other potential data

During partner country and CSO consultations to date, participants identified several information needs not explicitly stated in the matrix presented at the IATI TAG meeting in Brussels. These include:

- Government co-financing and contribution requirements;
- Overhead costs;
- Events and activities, including missions;
- Financial and non-financial incentives of aid as well as the cost/benefit of ODA flows; and
- Donor policies and spending on non-ODA matters relevant for partner countries.

The draft Code of Conduct also suggests information needs not in the current information matrix. These include:

- Duplication and overfunding by sector and region and administrative units
- Details of aid incentives
- Information on procedures, conditions and costs of aid delivery
- Criteria for the allocation of aid
- Benchmarks, triggers, and details of decisions to suspend, withdraw or reallocate aid funds
- Audit reports of aid effectiveness

Question: which, if any, should be incorporated into the matrix?

Information from NGOs, foundations and non-DAC donors

As indicated in Section 2, there is strong demand for information on development flows from all sources. To this end, there are a number of initiatives under way to increase information on non-DAC donors, foundations, etc.

Question: To what extent should IATI link with these initiatives? Is there scope for IATI to go beyond these initiatives?

Appendix A: Life cycle of a typical project

Colour Legend for data on Donor Systems/documentation

	Information (data or document) highly likely to exist and be publishable without significant policy problems
	Information (data or document) should exist, but may not be verified, formalised or publishable for systems or policy reasons
	Information may exist but is not be clearly included in documents/database or be publishable
	Revisions to previously generated info possible at this stage
bold border	Identifiable document

Hatching Legend to data on public websites or databases

	Submitted to CRS DAC
	Likely to be on a country level AIMS if functioning
	Likely to be on both
	Unlikely to be on any

Donor/Country level IATI information

01	01	Aid policies and procedures	
01	02	Procurement procedures or regulation	
01	03	Assessments of aid and aid effectiveness	
01	04	Regional, country, sectoral strategies	
01	05	Information on opportunities for public participation in decision making and evaluation	
01	06	Future funding opportunities	
01	07	Three year annual forward planning budget: total for donor agency (IATI signatory)	
01	08	Three year annual forward planning budget: for institutions	
01	09	Three year annual forward planning budget: at country level	
01	10	Country Government Strategic Plan	
01	11	Country Government Publication on Results	

Project level IATI information

		Documents or potential sources of IATI data (to be published)	Pre-Pipeline and Pipeline / Identification / Inception Phase	Project Design/ Compact Phase Concluded	Implementation Phase	Project completion phase	Post project evaluation phase
02	01	Concept notes					
02	02	Pre-project impact appraisals					
02	03	Project design docs / logframes					
02	04	MoU					
02	05	Tenders					
02	06	Contracts awarded for project					
02	07	Mid term monitoring report					
02	08	Tranche Release Documentation					
02	09	Loan Repayment Documentation					
02	10	Project completion report					
02	11	Post-Project evaluations					
02	12	Project website					

IATI Standard Data from type 02 docs or donor management system (ARIES, MIDAS etc)
(NB: text cells with maroon fill represent IATI information that is currently collected by few or no donors)

03	01	Funding country					
03	02	Funding agency / organisation & type					
03	03	Recipient Govt					
03	04	Recipient agency / organisation					
03	05	Aid activity ID					
03	06	Project title & purpose/ description					
03	07	Project dates					
03	08	Project status / stage					
03	09	Project contacts					
03	10	Detailed geographic info					
03	11	General / detailed sector					
03	12	Bilateral or multilateral type					
03	13	Flow type					
03	14	Finance type					
03	15	Tied aid status					
03	16	Other policy markers					
04	01	Total project cost (including all donors)					
04	02	Total amount committed by individual donor					
04	03	Annual project budgets					
04	04	Annual commitments by individual donor					
04	05	Planned disbursements					
04	06	Actual disbursements					
04	07	Loan repayments					
04	08	Interest repayments					
05	01	Outputs and outcomes indicators defined					
05	02	Results indicators					
06	01	Implementing agency / channel of delivery/ commercial contractor					
06	02	Value of contracts					
06	03	Length of contract					
07	01	Import Content					
07	02	Project specific Paris Declaration Target and indicators					
07	03	Conditions					
07	04	Date stamp of submission of IATI info to recipient govt					

Appendix B: IATI information currently available

IATI Info Type code	IATI Info code	Info Name	Data Type	Donor Website	DAC	AIMS	OCHA (HA only)	Gov't if on Budget	Other	Notes
01	01	Aid policies and procedures	Document	✓						
01	02	Procurement procedures	Document	✓						
01	03	Assessments of aid and aid effectiveness	Document							
01	04	Regional, country, sectoral strategies	Document	✓						
01	05	Information on opportunities for public participation in decision making and evaluation	Document							
01	06	Future funding opportunities	Document							
01	07	Annual forward planning budget total for agency	Document							
01	08	Annual forward planning budget for institutions	Document	✓						
01	09	Annual forward planning budget at country level	Document							
01	10	Country Government Strategic Plan	Document					✓		
01	11	Country Government Publication on Results	Document					✓		
02	01	Concept notes	Document	✓						
02	02	Pre-project impact appraisals	Document							
02	03	Project design docs / logframes	Document							
02	04	MoU	Document							
02	05	Tenders	Document	✓						
02	06	Contracts awarded for project	Document							
02	07	Mid term monitoring report	Document							
02	08	Tranche Release Documentation	Document							
02	09	Loan Repayment Terms and Documentation	Document							
02	10	Project completion report	Document							
02	11	Post-Project evaluations	Document							
02	12	Project website	Website							
03	01	Funding Country	ISO/code		✓	✓	✓			
03	02	Funding Agency/ Organisation & Type	DAC code		✓	✓	✓			
03	03	Recipient Country	ISO/code		✓	✓	✓			
03	04	Recipient Agency/Organisation	DAC code		✓	✓	✓			
03	05	Aid Activity ID	Donor & CRS ID		✓	✓	✓			
03	06	Project Title & Purpose/ Description	Free text		✓	✓	✓	✓		
03	07	Project Dates	dd/mm/yyyy		✓	✓	✓			
03	08	Project Status / Stage	Coded			✓	✓			
03	09	Project contacts	Free text			✓				
03	10	Detailed geographic info	Free text		✓	✓	✓		Admin areas	Used in CRS when

IATI Info Type code	IATI Info code	Info Name	Data Type	Donor Website	DAC	AIMS	OCHA (HA only)	Gov't if on Budget	Other	Notes
										multiple recipients
03	11	General / Detailed Sector	DAC & Budget code		✓	✓	✓	✓		
03	12	Bilateral or Multilateral Type	Coded		✓					
03	13	Flow Type	Coded		✓					
03	14	Finance Type	Coded		✓	✓	✓			
03	15	Tied Aid Status	3-way code		✓					
03	16	Other Policy Markers	Coded		✓			✓		
04	01	Total project cost (including all donors)	Currency			✓	✓	✓		
04	02	Total amount committed by individual donor	Currency			✓	✓			
04	03	Annual project budgets	Currency			✓	✓	✓		
04	04	Annual Commitments by individual donor	Currency			✓	✓			
04	05	Planned disbursements	Currency			✓		✓		
04	06	Actual Disbursements	Currency		✓	✓	✓	✓		
04	07	Loan repayments	Currency		✓			✓		
04	08	Interest repayments	Currency		✓			✓		
05	01	Outputs and outcomes indicators defined	Free text			✓				
05	02	Results indicators	Free text			✓				
06	01	Implementing Agency / channel of delivery/ commercial contractor	Channel code & additional		(✓)				Procurement systems	Channel codes cover NGOs/agencies, but not the broader commercial sector
06	02	Value of contracts	Currency							
06	03	Length of contract	dd/mm/yyyy							
07	01	Import Content	Currency							
07	02	Project specific Paris Declaration Target and indicators	Values			✓				
07	03	Conditions	Free text				✓			
07	04	Date stamp of submission of IATI info to recipient govt	dd/mm/yyyy				✓			

Appendix C: The Paris Declaration Indicators

<table>
<tr><th colspan="2">OWNERSHIP</th><th colspan="2">TARGET FOR 2010</th></tr>
<tr><td>1</td><td>Partners have operational development strategies — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.</td><td colspan="2">At least 75% of partner countries have operational development strategies.</td></tr>
<tr><th colspan="2">ALIGNMENT</th><th colspan="2">TARGETS FOR 2010</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.</td><td colspan="2">(a) Public financial management – Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.</td></tr>
<tr><td colspan="2">(b) Procurement – One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.</td></tr>
<tr><td>3</td><td>Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners' national budgets.</td><td colspan="2">Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).</td></tr>
<tr><td>4</td><td>Strengthen capacity by co-ordinated support — Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.</td><td colspan="2">50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.</td></tr>
<tr><td rowspan="8">5a</td><td rowspan="8">Use of country public financial management systems —Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.</td><th colspan="2">PERCENT OF DONORS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>5+</td><td>All donors use partner countries' PFM systems.</td></tr>
<tr><td>3.5 to 4.5</td><td>90% of donors use partner countries' PFM systems.</td></tr>
<tr><th colspan="2">PERCENT OF AID FLOWS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>5+</td><td>A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.</td></tr>
<tr><td>3.5 to 4.5</td><td>A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.</td></tr>
<tr><td rowspan="8">5b</td><td rowspan="8">Use of country procurement systems — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.</td><th colspan="2">PERCENT OF DONORS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>A</td><td>All donors use partner countries' procurement systems.</td></tr>
<tr><td>B</td><td>90% of donors use partner countries' procurement systems.</td></tr>
<tr><th colspan="2">PERCENT OF AID FLOWS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>A</td><td>A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.</td></tr>
<tr><td>B</td><td>A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.</td></tr>
</table>

6	*Strengthen capacity by avoiding parallel implementation structures* — Number of parallel project implementation units (PIUs) per country.	**Reduce by two-thirds** the stock of parallel project implementation units (PIUs).
7	*Aid is more predictable* — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	**Halve the gap —** halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.
8	*Aid is untied* — Percent of bilateral aid that is untied.	**Continued progress over time.**
	HARMONISATION	**TARGETS FOR 2010**
9	*Use of common arrangements or procedures* — Percent of aid provided as programme-based approaches.	**66% of aid flows** are provided in the context of programme-based approaches.
10	*Encourage shared analysis* — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	**(a) 40% of donor missions** to the field are joint**.** **(b) 66% of country analytic work is joint.**
	MANAGING FOR RESULTS	**TARGET FOR 2010**
11	*Results-oriented frameworks* — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	**Reduce the gap by one-third —** Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
	MUTUAL ACCOUNTABILITY	**TARGET FOR 2010**
12	*Mutual accountability* — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	**All partner countries** have mutual assessment reviews in place.