



## Update on the International Aid Transparency Initiative

IATI aims to deliver a step shift in public availability and accessibility of information on aid flows and activities. It will do this by bringing together donors, developing countries and civil society organisations to agree common information standards applicable to aid flows, building on existing standards and definitions. Launched at the Accra High Level Forum in September 2008, IATI now has 16 donor signatories and a growing number of endorsements from developing countries.

The IATI Steering Committee commissioned a scoping paper as the basis for consultation about taking forward the initiative. The scoping paper was prepared in March/April by the aidinfo team at Development Initiatives Poverty Research. It has been through two consultation processes and will be the major input for consultation meetings with partner countries and CSOs. It is available at [www.aidinfo.org/iati/iati-scoping-paper](http://www.aidinfo.org/iati/iati-scoping-paper) with the opportunity to make comments on a chapter-by-chapter basis.

This pamphlet uses the Executive Summary of the scoping paper to set out the requirements for more transparent information, the current sources of information, how IATI could improve aid transparency and the next steps. The IATI Steering Committee aims to agree by end 2009 the scope of an 'IATI standard' and a 'code of conduct' for what should be published and during 2010 to finalise definitions and a common data format.

For more information about the International Aid Transparency Initiative visit [www.aidtransparency.net](http://www.aidtransparency.net).

We welcome your feedback. Please send your comments and requests for further information or to join the mailing list to [r-greenhill@dfid.gov.uk](mailto:r-greenhill@dfid.gov.uk)

## Executive Summary

The International Aid Transparency Initiative (IATI) was launched at the High Level Forum on Aid Effectiveness in Accra in September 2008. IATI will accelerate the reduction of poverty by improving aid through greater transparency. The publication of comprehensive, timely and detailed information about aid, in a form that is easy to access, will contribute to more effective aid, limit opportunities for corruption, and promote greater mutual accountability and ownership by developing countries.

IATI commits donors to work together to make aid more transparent; including by agreeing common standards for the publication of information about aid.

IATI does not envisage the development of a new database but rather the adoption by donors of ways of recording and reporting information that will enable existing databases—and potential future services—to provide more detailed, timely and accessible information about aid.

### Main requirements

There are many stakeholders that want access to better information about aid. Partner country governments need information for budgeting, effective service delivery and macroeconomic management. In line with the Paris Declaration principles of national ownership and mutual accountability, they also need it to hold donors to account for the quality and volume of their assistance. Donors and non-government organisations (NGOs) need information about each others' current and planned activities. Parliaments, civil society organisations (CSOs) and the media need information to hold governments and donors to account. Community groups and citizens need information about aid to provide feedback about whether services meet their needs and to increase accountability of government and CSOs.

These different stakeholders have different information needs. A central bank may be interested in the exact timing of when aid will arrive. A CSO may be interested in the conditions attached to aid and in tracing exactly how it is being delivered. A community group may be interested in the exact location of an investment and its environmental impact. Researchers and academics, international NGOs, and taxpayers may want information that is comparable across countries to enable them to compare the effectiveness and efficiency of different approaches. Although these groups have different needs, there is commonality in the type of information that will meet their needs.

The main requirements appear to be for information that is:

- **detailed** about where, when, how, and on what aid is spent
- **timely**
- **comparable** between donors
- reliable on **future aid flows**
- about **conditions** attached to aid
- about the terms of **concessional loans**
- useful for assessing **output and outcome indicators**
- relevant for economic and environmental appraisals and other **supporting analysis**
- a mechanism to **trace aid** through the system from donor to intended beneficiary
- **classified in sufficient detail** to match aid to local budgets and international classifications
- in a **common data format** to be integrated electronically into local systems
- from a **wider range of donors**, including non-DAC, foundations and private charities
- **easier to access** for all stakeholders, especially those in partner countries.

The challenge for donors is to provide information that meets these different needs at a justifiable cost while avoiding duplicate reporting and preventing the publication of conflicting or inaccurate information.

*“Transparency promotes accountability and provides information for citizens about what their government is doing. Information maintained by the Federal Government is a national asset. My administration will take appropriate action, consistent with law and policy, to disclose information rapidly in forms that the public can readily find and use. Executive departments and agencies should harness new technologies to put information about their operations and decisions online and readily available to the public.”*

President Obama's memo on transparency, 21 January, 2009

## Main reporting mechanisms

There are many positive platforms on which to build solutions in response to the challenge:

- common standards and comparable data in the DAC's Creditor Reporting System
- donors' own management information and financial management systems
- donors positive efforts towards transparency, including publishing on websites and in annual reports
- new technologies that make it easier to publish, access and re-use information
- DAC and donor expertise on challenges and opportunities for improving statistical reporting in a way that reduces overlap and duplication.

The **Creditor Reporting System (CRS)** of the OECD Development Assistance Committee (DAC) is the most comprehensive source of information about aid, but it covers only DAC donors and some key multilaterals. It uses common definitions. It is a platform for sharing information between donors and holds them to account for their commitments. It is not intended or designed to provide information for country aid management systems or to improve accountability in developing countries. For example, data in the CRS are by calendar year, according to DAC classifications, which do not match fiscal years or budget definitions in many partner countries.

Some 46 partner countries have **aid information management systems**. They gather information separately in-country from donor representatives. The information can be less accurate and comprehensive than the CRS, but it is often more timely, detailed and forward looking, and focuses on aid flows into partner countries. The classifications are, by design, more useful for the partner government and other local stakeholders. As yet, only 24 of these systems are open to parliaments and the public.

Some donors publish information on their activities on their **websites and in annual reports** to account to their domestic stakeholders such as parliament and taxpayers. However, very little information is published about forward-spending plans and expected outputs and outcomes, even though developing country stakeholders want such information.

There is very little information currently available from **NGOs, foundations, and non-DAC** emerging donors such as Brazil, China and India.

Publishing information in this fragmented way imposes large costs on actual and potential users. It takes time to assemble published data from different sources and it is often impossible to construct a common data set. Users often have to reconcile information from a variety of sources and then interpret it. As a result there is a growing number of diverse requests for information and assistance from donors, who find they face increased transaction costs.

IATI is not attempting to meet these challenges through extension of existing databases or creation of a single database, which would be unwieldy and unlikely to meet the specific needs of all users. Instead, IATI is proposing that donors:

- should agree a list of information to be covered by IATI
- combine and extend the existing classifications and formats into a common aid information standard that substantially meets the different data needs
- agree a code of conduct covering implementation and compliance.

Donors would then adjust their systems and processes to collect and publish information in this common format. This would allow a wide variety of users to access the information they need and to present it in a format that is suitable for their particular purpose.

*An IATI standard would comprise four related components:*

- a. An **agreement of what information donors will publish***
- b. **Common definitions of aid information**, designed to meet diverse needs of users of aid information from developing country governments to NGOs and academics*
- c. **A common data format**, designed to facilitate easy and rapid electronic interchange of information;*
- d. **A code of conduct** which describes what information should be published and, how users may expect to access that information.*

*A Malawi case study revealed the primary means of data collection on future aid allocations to be a spreadsheet-based return that the Ministry of Finance sends out to donors on a monthly basis. Line ministries in Malawi, including education and health, also request data directly from donors on relevant projects to assist their national planning.*

*These parallel requests for information result in discrepancies, with both education and health ministries reporting that the information they were given by donors did not match the information on expected disbursements from the Ministry of Finance, which were generally lower.*

## Opportunities for IATI to improve aid transparency

Subject to further consultation with partner countries, donors and CSOs, IATI should address these issues:

- **collect and report information not currently available** (such as name of the implementing agency, conditions, expected outputs)
- **improve detail** (such as detailed sectors, geographic locations, exact disbursement dates)
- **improve timeliness** (reduce delays before publication)
- **improve data on future aid flows** (publish schedules of planned expenditure)
- **improve coverage** (particularly of non-DAC donors, multilaterals, foundations and NGOs)
- **improve comparability** (make information available in a standardised way)
- **make information more accessible** (data in a common electronic format can be presented in ways that are specific and more accessible to a wide range of users)
- **trace aid from donor to intended beneficiary** (for relevant aid modalities common project identifiers would enable aid money to be tracked from one organisation to another).

The challenges are not primarily technical—the technology is available and most donors have sufficiently good information systems to achieve the IATI goals for most of their ODA. Rather, the **challenges are political and cultural** and relate to the difficulties and costs of updating internal processes. Implementing a common standard would require the time, commitment and training of donor agency staff in HQs and in the field. A crucial role for IATI will be to create the political drive to make the required investments in systems and technology. These costs must be weighed against the benefits that greater transparency would bring in terms of improved aid effectiveness and reduced transaction costs for reporting.

The case for action is compelling—greater transparency about aid flows is fundamental to delivering the Paris Declaration objectives of ownership, alignment, harmonisation, managing for results and mutual accountability. Transparency also plays a crucial role in combating corruption.

IATI is launched at a time when civil society is strongly promoting the principle of full public disclosure of information, both as a fundamental right, and as key means of improving the effectiveness of aid. One of the challenges for IATI is to balance this ambitious agenda with the more cautious approach of donors, who are concerned to ensure that any investment in improving their systems is cost-justified.

## Next steps

From June to September 2009, the IATI Steering Committee is organising detailed consultations with partner countries, civil society organisations and other key stakeholders to determine their priorities in terms of aid information. The recommendations in the scoping paper will be refined in light of the findings from these consultations.

The suggested next steps are for IATI to:

- analyse **the costs and benefits** of complying with the IATI standard and the support donors may require
- **define what information should be included in the ‘IATI standard’** (phase 1 – information likely to be currently available in donor systems and meet basic needs of most stakeholders; phase 2 – to cover additional information needs)
- **agree common definitions**—extend existing reporting formats and standards to respond to the needs of a broader range of stakeholders; involve partner countries to be sure the standard is compatible with their systems
- **establish a data format and appropriate technology** for sharing information effectively
- **agree code of conduct**—to set out what, when, how and where information should be published, how users can access it, and how donors will be held accountable
- **define how the IATI standard should be implemented, supported, managed and updated**
- **support donors to implement the IATI standard**—provide technical support and, where necessary, additional labour to enable donors to report against the standard
- **build capacity for users to access and use the information**—for example training local stakeholders to access data and helping organisations to design systems that meet users’ needs
- identify **short-term opportunities** for improvements in data accessibility.