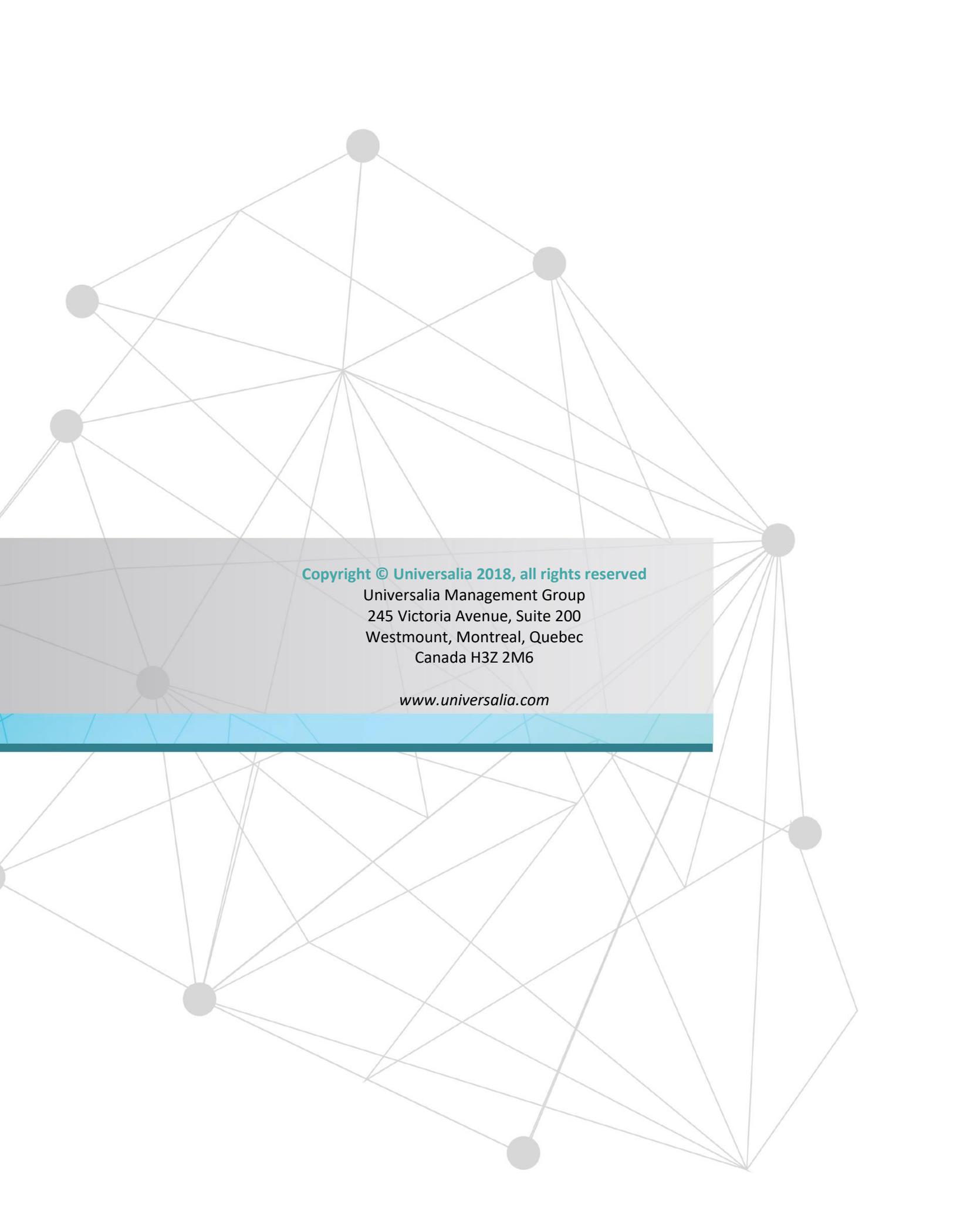


# Long-Term Institutional Arrangements Analysis – International Aid Transparency Initiative (IATI)

Analysis of Options for Long-Term Institutional Arrangements for IATI

**FINAL REPORT** | JUNE 2018



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Universalia Management Group  
245 Victoria Avenue, Suite 200  
Westmount, Montreal, Quebec  
Canada H3Z 2M6

*[www.universalia.com](http://www.universalia.com)*

# Acronyms

CSOs	Civil Society Organizations
DFID	Department for International Development
DI	Development Initiatives
IATI	International Aid Transparency Initiative
MA	IATI Members' Assembly
MDBs	Multilateral Development Banks
MSI	Multi-Stakeholder Initiative
NAFTA	North American Free Trade Agreement
Sida	Swedish International Development Agency
SOPs	Standard Operating Procedures
SOPs	Standard Operating Procedures
TAG	Technical Advisory Group
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services



# Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>V</b>
Purpose and Overview .....	v
Key Findings and Insights.....	v
<b>1 INTRODUCTION AND APPROACH.....</b>	<b>1</b>
1.1 Background.....	1
1.2 Institutional Description .....	2
1.3 Approach .....	4
<b>2 ANALYSIS STAGE 1: INSTITUTIONAL ANALYSIS .....</b>	<b>5</b>
2.1 Accomplishments .....	5
2.2 Governance Structure.....	5
2.3 Governance Responsibilities.....	7
2.4 IATI Management .....	9
<b>3 ANALYSIS STAGE 2: TRANSITION COSTS, LEGAL IMPLICATIONS, RISKS, AND BENEFITS .....</b>	<b>14</b>
3.1 Transition Costs and Social Factors .....	14
3.1.1 Social Factors.....	16
3.2 Legal Implications .....	17
3.2.1 Legal Entity Status in the Netherlands .....	17
3.2.2 Legal Issues Related to a Hosted MSI in the United States.....	19
3.3 Risks and Benefits.....	20
<b>4 CONCLUSION.....</b>	<b>24</b>

## Figures

Figure 4.1	Risk Benefit Matrix Legend.....	20
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## Tables

Table 3.1	Timeliness of Contributions Received .....	10
Table 4.1	Summary of Core, Operating and Transition Costs .....	15
Table 4.2	Risks and Benefits Matrix .....	20
Table IV.1	Average Salaries in NYC and Amsterdam .....	31
Table IV.2	Breakdown of Core, Operating and Transition Costs .....	32
Table IV.3	TAX in NYC and Amsterdam .....	34
Table IV.4	2018 Income Tax Table, Residents and Non-residents (Netherlands) .....	34
Table IV.5	Cost of Living Index Ratings .....	35
Table IV.6	Cost of Living Indices in Relative Terms .....	35
Table IV.7	Comparison of Selected Basket of Goods Items .....	35

## Appendices

Appendix I	Stakeholders Consulted.....	25
Appendix II	Works Consulted .....	27
Appendix III	Technical Team Structure and Assets .....	30
Appendix IV	Options Analysis Costs Breakdown .....	31

# Executive Summary

## Purpose and Overview

The purpose of this report is to examine the International Aid Transparency Initiative's (IATI) institutional arrangements within the context of its past and future goals; and to provide support to the IATI Working Group on Institutional Arrangements (Working Group) development of recommendations regarding IATI's long-term institutional planning and evolution. It does this analytically in two stages.

With Stage 1, our team developed a 'diagnostic' of the current institutional arrangements at IATI. This analysis is informed by Working Group, Secretariat, Governing Board, and Members' feedback with the purpose of identifying current governance and institutional challenges and gaps. This institutional analysis serves to situate and inform the overall findings provided, laying the ground for the Stage 2 analysis.

Stage 2 provides a concrete analysis of two potential, though for the time being illustrative options for IATI: 1) being hosted by the UN in New York City, as it currently is but with some modifications, and 2) being an independent legal entity in Amsterdam. This section of the current report provides analysis of current and envisaged operational and transition costs, legal implications, risks and benefits of retaining the current hosting arrangement and of relocating and becoming an independent, stand-alone organization.

## Key Findings and Insights

A number of key findings from this report include:

- IATI's formal **governance structure** is largely appropriate for an MSI of its nature and size. It comprises an MA, a Governing Board, a consortium-based Secretariat, and a TAG. However, some structural arrangements and ambiguous responsibilities *within* some of the governing structures are holding the institution back from more effective and efficient performance.
- The articulation and distribution of **responsibilities**, structurally and in practice, is contributing to the governance uncertainties experienced by IATI over the last 18 months or so.
- IATI does not have a formalized 3-5 year **strategic plan** in place, such that IATI operations occur on an annual budget cycle, guided by an annual workplan. This does not provide evidence of a formal strategic planning process.
- The limited strategic, medium-term planning has constrained core technical, networking and relationship-building, communications and other **functions and tasks** from performing and progressing to their potential.
- IATI's day-to-day management is handled by the Coordinator of the Secretariat, based at UNDP. Effective and efficient day-to-day management is structurally constrained by inadequate **accountability mechanisms** between Secretariat staff and the Coordinator.

- The ability to complete activities in the workplan has been prevented by **cash flow shortages** due to the delayed payment of membership contributions.

The report also provides measured insights into the financial and legal implications, the benefits, political and reputational risks, and transitional costs associated with potential future hosting arrangements. In coordination with the Working Group, it was decided following data collection and review of the 2017 Long-term Institutional Arrangements Powered by Data report that the two new options<sup>1</sup> to be assessed would be: i) within the current arrangement, hosted by the UN in New York City, and ii) IATI as an independent organization with fiduciary and legal responsibilities based in Amsterdam, the Netherlands. The analysis provided herein is an *illustrative* exercise, with the intention of giving a good indication of the merits and limitations of each option, to inform the recommendations developed by the Working Group.

The following key points to be retained from this analysis:

- In the current hosting arrangement, UNDP provides approximately USD 330,000 of in-kind salary contributions to the Secretariat. **Transitional fees**, here considered to be the cost of recruitment, legal fees for the establishment of a new legal entity and equipment costs, are estimated to be in the vicinity of USD 141,000, and USD 210,000 in ongoing annual fees (rent, legal fees, and core costs), for a total of USD 351,000. Overall, a transition to an independent status is likely to incur a loss of revenue and increase in costs, and it will surely require transitional resources.
- Within the **current arrangement**, any revised hosting agreement could be undertaken in a relatively short period of time and without incurring significant costs. Setting up a **standalone Secretariat** in the Netherlands would require the creation of a legal entity and related policies, processes and costs.
- Both institutional options explored carry certain risks and benefits. On balance, there are more, and more significant, risks to IATI from becoming an independent organization (e.g. disruption) than from remaining a hosted MSI, *at the current time*. There are also many more, and more significant, benefits to maintaining its currently hosted arrangement (e.g. institutional capacity), though with some modifications.

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<sup>1</sup> These are not the exact same options as were developed for the Powered by Data report.

# 1 Introduction and Approach

## 1.1 Background

### Background

IATI was launched in Accra in 2008 with the aim of increasing the transparency of development cooperation as a means of supporting aid effectiveness in reducing poverty. In 2013, IATI's inaugural hosting arrangement with DFID ended. A multi-stakeholder, membership-based initiative (MSI), it has since then been managed by a consortium of five organisations.

The consortium formally comprises the United Nations Development Programme (UNDP), United Nations Office for Project Services (UNOPS), Development Initiatives (DI), and the Governments of Ghana and Sweden. This consortium was first established and contracted for a 3-year period (originally ending in 2016). Its mandate has been extended twice, first in 2016 (for 2 years, until 2018) and again in March 2018<sup>2</sup> until 31 August 2019. IATI's institutional arrangements have been the focus of some deliberations over the last two years.

### Purpose

The purpose of this report is to examine IATI's institutional arrangements within the context of its past and future goals, and to provide support to the development of final recommendations towards its long-term institutional planning and evolution. It does this analytically in two stages: first by reviewing the overall governance and management of IATI, its component structures, their functions, and their working relations, and to identify key strengths and concerns of the current arrangement as part of an Institutional Analysis. Secondly, it provides an analysis of the current and envisaged transition costs, legal implications, risks and benefits of both a hosted and an independent IATI. Both analytic components inform the recommendations of the Working Group.

The findings of the report are based upon original key informant interviews, a review of interviews undertaken for the 2017 Institutional Analysis of IATI (the Powered by Data report), written feedback from IATI members, and a document review (see Annex 1 and 2). With these findings in hand, there will by necessity be some challenging and rewarding conversations ahead. Ultimately, decisions about the future of IATI will be made by IATI. This report is meant to inform those conversations and decision-making processes.

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<sup>2</sup> UNDP (2018). *Proposal to Extend Consortium Hosting Arrangement to August 31<sup>st</sup>, 2019*. New York, 23 March 2018.

## 1.2 Institutional Description

### Vision and Mission

IATI is many things to many people: an initiative, a standard, a network, a community, an institution.

- IATI's vision<sup>3</sup> is stated as follows:
  - **Vision:** Transparent, good quality information on development resources and results is available and used by all stakeholder groups to help achieve sustainable development outcomes.
- IATI's mission is the following:
  - **Mission:** The IATI community works together to 1) ensure transparency of data on development resources and results; 2) ensure the quality of IATI data is continually improved and responds to the needs of all stakeholders and 3) facilitate access to effective tools and support so that IATI data contributes to the achievement of sustainable development outcomes.

This section provides a description of the various working parts of the IATI MSI institution and their roles and responsibilities, as described within their respective Terms of Reference (TOR) – not necessarily how they are in fact functioning – a matter raised in the Stage 1: Institutional Analysis. Indeed, the mandate of the current study is to examine, assess and provide guidance on the *institutional arrangements* of IATI, including the functions and inter-relations and accountabilities of the constituent parts.

### Members' Assembly

The Members' Assembly (MA) was set up to be a decision-making governing body to the institution. It is to provide a high-level deliberative and decision-making function to the institution, informed by the leadership of the Governing Board, on key matters including IATI's strategic direction, workplanning, budgeting and other financial matters when appropriate. It is also to provide support to the Board through participation in working groups (IATI, 2018). Members within the MA are structured into three constituencies: Civil Society Organizations (CSOs) and Others (including the private sector) (18 members), Partner Countries (31 Members), and Providers of Development Cooperation (including foundations) (39 members)<sup>4</sup>. With forthcoming modifications to institutional Standard Operating Procedures (SOPs), a fourth 'private sector' constituency will also be created.

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<sup>3</sup> <https://www.aidtransparency.net/governance/vision-and-mission> Consulted 4 May 2018.

<sup>4</sup> Member amounts are from the IATI website.

## Governing Board

Formed as a governing body in 2016, the mandate of the Governing Board<sup>5</sup> is to make recommendations on the overall strategic direction of IATI to the MA, to oversee institutional performance, and to ensure IATI effectively operates within its mission, vision, and values (IATI, 2016). The Governing Board comprises seven representatives (two from each constituency and the Technical Advisory Group (TAG) Chair), with one Chair and two Vice-chairs. Its members are elected by the MA, and it is supported by the Secretariat.

## Technical Advisory Group

The Technical Advisory Group (TAG) comprises approximately 200 members of the development cooperation and open data communities, of which membership is not dependent upon membership in IATI. The Secretariat of the TAG is situated within the IATI Secretariat infrastructure, and the Chair of the TAG is also a member of the IATI Governing Board. The role of the TAG is both convening, i.e. bringing together its members from different communities, and advisory, i.e. the Chair of the TAG provides advice on improvement, development and adaptation of the IATI Standard.

## Secretariat

IATI has a distributed Secretariat. Within the Secretariat, UNDP is responsible for programme management, including but not limited to its day-to-day operations. It coordinates meetings, facilitates communication between the MA and Governing Board, and develops materials for consideration by the Governing Board, as required. It provides guidance, coordination and reporting on the workplan, leading workplan development for submission to the Governing Board and approval by the MA, and coordinating with the MA, Governing Board and TAG for formal and informal consultation. UNDP is also responsible for leading political engagement and outreach (IATI, 2018).

UNOPS, as the Trustee organization, has full fiduciary responsibility and accountability for the member contributions and disbursement of funds for programmatic activity implementation. DI leads the technical components of IATI, including Standard maintenance and the implementation of workplan activities, alongside performing communications and outreach to CSOs and other non-traditional donors. Ghana and Sweden have until recently been responsible for leading engagement with partner countries and bilateral members, respectively.

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<sup>5</sup> IATI (2018). *Standard Operating Procedures, Change Record – Revision 4, January 31, 2018*

## 1.3 Approach

The overall approach guiding this analysis is transitional in nature, recognizing IATI as an MSI that has undergone significant institutional change since its 2008 launch; from its creation and initial hosting arrangement with DFID to its current hosting arrangement within the UN system; and with deliberations underway over two years about future institutional arrangements. Each stage of this study's approach builds on the previous stage and is informed through a participatory approach guided by the IATI Working Group on Future Institutional Arrangements, formed during the Member's Assembly in October 2017.

### Data Collection

Data collection for this study included stakeholder interviews (Annex I), a detailed review of previous interviews and analyses collected during the 2017 Institutional Analysis<sup>6</sup>, ongoing and iterative feedback with the Working Group, and feedback from the broader IATI community via the Discuss Forum.

### Analysis Stage 1 – Institutional Analysis

Our team first developed a 'diagnostic' of the current institutional arrangements at IATI. Included herein, this analysis is informed by Working Group, Secretariat, Governing Board, and Members' feedback with the purpose of identifying current governance and institutional challenges and gaps. This Institutional Analysis serves to situate and inform the overall findings and recommendations of the IATI Working Group.

### Analysis Stage 2 – Transition Costs, Legal Implications, Risks & Benefits

Stage 2 provides a concrete analysis of two potential though for the time being illustrative options for IATI: 1) being hosted by the UN in New York City, as it currently is with some modifications, and 2) being an independent legal entity in Amsterdam. It draws on, but is not a strict comparison of, two of the four options presented in the earlier Powered by Data report. This section of the current report provides analysis of current and envisaged operational and transition costs, legal implications, risks and benefits of retaining the current hosting arrangement and of relocating and becoming an independent, stand-alone organization.

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<sup>6</sup> Johnson, M.; Lenczner, M. (2017). Recommendations for the long-term institutional arrangements for the International Aid Transparency Initiative.

# 2 Analysis Stage 1: Institutional Analysis

## 2.1 Accomplishments

### Multiple Accomplishments

IATI's many and important achievements over the last 10 years must be recognized. There has been a notable increase in demand for IATI as a service and as an aid effectiveness tool<sup>7</sup>. IATI has seen a dedicated, supportive community of transparency and open-data advocates develop around it, investing talent, time and resources. The increase in CSOs, bilateral donors, and recipient countries publishing according to the IATI Standard has been in part due to the success of its Secretariat in politically engaging with key actors on the international aid effectiveness scene at high level forums; including the Busan High Level Forum on Aid Effectiveness (2011), the High-Level Meeting on Aid Effectiveness in Mexico City (2014), and IATI's inclusion in the 2016 Grand Bargain (ICVA, 2016; 2017).

Since 2013, IATI has seen growth in its membership base, which includes multilateral financial institutions, bilateral donors, CSOs, private sector companies, and aid recipient countries. There are over 700 organizations publishing approximately USD 145 billion in aid spending to IATI, an increase from approximately 100 organizations in 2013. Fiscally, FY2017 saw an important landmark in being able to fulfill its mandated workplan activities. The continued growth of the TAG community, including the hosting of mini-TAGs, has proven to be essential to the continued evolution of an inclusive technological development and maintenance of the Standard and overall pursuit of data usage, remaining a crucial aspect of IATI's function and values.

## 2.2 Governance Structure

### A Largely Appropriate Structure

IATI's formal governance structure is largely appropriate for an MSI of its nature and size. It comprises an MA, a Governing Board, a consortium-based Secretariat, and a TAG. The organizational structure articulated in the SOPs (Revised, 31 January 2018) raises no major *a priori* concerns, except with respect to the TAG (discussed below). Overall, some structural arrangements and ambiguous responsibilities *within* some of the governing structures are holding the institution back from more effective and efficient performance.

- Members' Assembly: Overall, the structure of the MA is regarded as being inclusive of the broad range of IATI stakeholders, and representative of its values. The MA appropriately consists of paying

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<sup>7</sup> For examples of IATI in use for aid effectiveness, see <https://www.openaid.nl/>; <https://devtracker.dfid.gov.uk/>

Members, grouped by constituency and having a vote on governance decisions (where decisions are made by consensus, or otherwise through a simple majority in each constituency). Of note, the CSO and Others constituency has been criticized for its catch-all nature (e.g. including the private sector and others), both here and in the Governing Board<sup>8</sup>. This category of membership is appropriately being revised.

- Governing Board: The Board has been recognized and appreciated as being representative of IATI's constituents, and thus a factor of its institutional legitimacy. Of note, currently, an expansion of the Board from seven to ten members is being considered by the MA, which may bring added clarity to the catch-all, CSOs and Others constituency (i.e. inclusive of non-traditional providers of development cooperation).
- Secretariat: In principle, the distributed Secretariat is neither a structural strength nor a limitation, and such structures are increasingly in evidence for MSIs throughout the international development community. In the case of IATI, representative of all branches of the IATI Secretariat have indicated that the spatial distribution itself is not a structurally problematic constraint and may bring benefits to capitalize upon (e.g. diverse institutional experience, systems and resources; enabling networks and reputations; operating across time zones, etc.).
  - Each consortium member of the Secretariat commits staff to IATI through either contractual agreement (as is the case with IATI Secretariat staff based at DI), or through a combination of in-kind salary contribution and regular salary payment (as is the case with UNDP and UNOPS, respectively).
  - UNDP's global legitimacy as a UN Programme, the reach of its network, and the infrastructural and financial support provided are immense.
  - UNOPS provides its extensive experience in contracting, administrative and fiduciary matters, and logistical matters.
  - DI's technical capacity and institutional flexibility have been invaluable to IATI.
- However, a few noteworthy issues specific to IATI that merit attention and possible reconsideration are as follows:
  - Accountability: To begin with, there is no clear accountability mechanism within the Secretariat of the various parts (UNDP, UNOPS, DI, country representatives) to the Coordinator. Each organizational staff is accountable to their own organizational line managers, not to the Coordinator. Country representatives cannot be held to account for their *performance* within the Secretariat (given their primary accountability in principle and mechanism to their own governments). It thus flows that the Secretariat is not structured to operate effectively and efficiently, though it may function well in practice at the discretion of the constituent parts.
  - Constituencies: While not necessarily designed as such, the constituency structure of the Secretariat reproduces the representativeness of the Governing Board and the MA. Since the introduction of the Governing Board in 2016, in addition to the MA, the constituency structure of the Secretariat no longer seems to offer unique and evident benefits to the coordinating, technical and fiduciary functions of the Secretariat<sup>9</sup>.

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<sup>8</sup> Johnson, M.; Lenczner, M. (2017). *Recommendations for the long-term institutional arrangements for the International Aid Transparency Initiative*.

<sup>9</sup> Key stakeholder interviews, April 23<sup>rd</sup> – 27<sup>th</sup>, 2018

- Bureaucracy: While UNOPS and UNDP bring a host of established administrative systems to IATI (including financial, legal, human resources, etc.), working within the UN system results in an institution that is less administratively flexible than if it were a non-UN administrative system. While UN hiring practices can be, in general, prohibitively slow and costly relative to non-UN organizations, IATI only pays the UNOPS portion of wages, as UNDP salaries are paid by UNDP as in-kind contributions to IATI. In the first years under the current arrangement (FY2013 - 2016) the IATI *portion* of salaries was very much in line with competitive salaries for similar international organizations – which were then topped-up by UN contributions<sup>10</sup>. As of January 2017, the full Coordinator salary is made as an in-kind contribution from UNDP, in addition to in-kind senior management oversight.<sup>11</sup>
- The TAG: The TAG provides a technical bridge between the Secretariat, the MA and the wider open data community. Structurally, the TAG is anomalous, in seeing its own Secretariat situated within the wider IATI Secretariat, while being accountable to the MA (and not directly to the Board). This structural location is one of the reasons why the TAG has been described as “isolated, ... institutionally and structurally.” It certainly makes structural sense for the IATI Secretariat to have a technical team leader, as is currently the case through DI, accountable to the Secretariat Coordinator. It also makes sense for the MA to have a structure for technically-oriented Members to participate in discussion, critical engagement with technical ideas, and overall to inform the technical work of IATI both strategically and technically. However, the location of the TAG Secretariat within the IATI Secretariat while reporting to the MA (through the Chair) conflates the strategic and management structures and functions of IATI.

## 2.3 Governance Responsibilities

### Ambiguous Responsibilities

The articulation and distribution of responsibilities, structurally and in practice, is contributing to the governance uncertainties experienced by IATI over the last 18 months or so. The introduction of the Governing Board in March 2016 was an important step in IATI’s institutional growth. It also generated as yet unresolved ambiguities in terms of leadership and responsibility; which is not uncommon at moments of change in the life-cycle of organizations, particularly in times of evolutionary growth. As a first step in addressing such ambiguities, it is necessary to recognize where they are in evidence.

The Governing Board is appropriately accountable to the MA. As mandated in its TOR, the Governing Board’s primary role is to make recommendations to the MA regarding the strategic direction of IATI. It is to do this with input and support from the Secretariat. At the same time, the Governing Board is to provide strategic guidance and oversight to the Secretariat, holding it accountable for IATI management and delivering on an annual workplan, while providing guidance and support to the Secretariat, all of which is also essential.

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<sup>10</sup> For example, IATI (2015). *Paper 3B – IATI Workplan Y2 FY14-15* has 75% of the UNDP IATI Secretariat Coordinator salary funded by IATI, and 25% as an in-kind UNDP contribution

<sup>11</sup> IATI (2017). *Revised IATI Budget Financial Year 5 September 2017 - August 2018*.

While roles are clearly defined in their respective TOR, in practice, there has been too much ambiguity and overlap between the Governing Board's activities and those of the MA and the Secretariat. The Governing Board has in the past veered into becoming involved in the day-to-day operations and management of IATI.<sup>12</sup>

In the clearest terms, the Governing Board is to provide strategic direction to IATI and hold the Secretariat accountable for the delivery of annual workplans. Any residual ambiguity between the strategic role of the Governing Board and the operational and management role of the Secretariat, creates confusion, interferes with the effectiveness and efficiency of the Secretariat, and also with the efficient use of Member resources.<sup>13</sup>

## Strategic Planning

In terms of strategic guidance, IATI has a Governing Board paper on the strategic direction for IATI (2016-2018), which has provided important guidance to the Secretariat and Governing Board.<sup>14</sup> While this has been an important strategic guide, it does not amount to a formalized 3-5 year strategic plan; with IATI operations occurring on an annual budget cycle, guided by an annual workplan. Further, this does not provide evidence of a formal strategic planning process, which is typically a requirement for an MSI of IATI's recent stature. Of note, its guidance period comes to an end shortly.

The current strategic planning approach and practice is constraining IATI's ability to drive forward with vision and leadership, to effectively benefit from the experience of the MA and Governing Board<sup>15</sup>, and to situate annual workplans within the trajectory of formalized, medium-term, 3-5 year strategic plans.

As things stand, the MA is responsible for approving annual workplans and budgets during the annual Members' Assembly meeting, and making decisions throughout the year when called upon to do so through voting within and between constituencies. The annual approval mechanism sees inconsistencies in the extent and quality of Member participation, with some Members devoting appropriate time and resources to the planning and budgeting processes and others less so. Also, there are process, coordination and time constraints that reportedly challenge this exercise with an ever-growing membership. Thus, the annual workplan approval process does not take full advantage of the diverse technical, institutional and political leadership of which the MA is comprised, and which could provide IATI guidance from a more strategic vantage point over a 3-5 year planning arc.

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<sup>12</sup> According to key informant interviews, the Governing Board has become involved in the production and management of communications outputs, which is outside its mandate according to the SOPs.

<sup>13</sup> To have too many and inappropriate hands involved in the operational work of the IATI Secretariat is not a best governance practice.

<sup>14</sup> IATI (2016) *Paper 3: Board recommendations on Strategic Direction for IATI 2016-2018*. Members' Assembly Meeting: 29-30 June 2016. Available at: <https://www.aidtransparency.net/wp-content/uploads/2016/06/Paper-3-Board-Paper-on-Strategic-direction-for-IATI-2016-2018.pdf>

<sup>15</sup> It must nonetheless be noted that the Governing Board has been undertaking some strategic planning, including the recent development of IATI's vision and mission.

## 2.4 IATI Management

This section of the report discusses the management of IATI, as undertaken by the distributed Secretariat. The current management arrangements, responsibilities and practices result in strategic constraints and operational inefficiencies that merit attention.

### Strategic Management

IATI's day-to-day management is handled by the Coordinator of the Secretariat, based at UNDP (which is the Program Manager). As noted above, effective and efficient day-to-day management is structurally constrained by inadequate accountability mechanisms between Secretariat staff and the Coordinator.

The Coordinator is also responsible for providing "substantive guidance, coordination and reporting" on behalf of IATI. Thus, on paper, the Coordinator is empowered to assume the management leadership role required by IATI in substantive terms, in relationship with the Governing Board (in particular) and the MA (less directly). As per the SOPs, the Board is to provide clear strategic guidance to the Secretariat and the Coordinator in particular, without interfering in day-to-day activities.<sup>16</sup>

### Workplan Implementation

Implementing the approved workplan and budget is the primary responsibility of the Secretariat.<sup>17</sup> The limited strategic, medium-term planning has constrained core technical, networking and relationship-building, communications and other functions and tasks from performing and progressing to their potential.

The absence of appropriate accountability mechanisms and progress monitoring of activities by the Secretariat to the Board (and thus also the Board to the MA) has raised recurrent challenges around workplan implementation. Without clearer accountability and progress monitoring, within an annual workplan, itself situated within a medium-term strategic plan, IATI runs the risk of being bound to annual planning cycles; without appropriate objectives and planning milestones, without a good system in place for systematic institutional learning. It follows that it is thus under-utilizing the human, institutional and technical resources on hand.

IATI establishes annual budgets that are tied to workplans, which is appropriate. However, the ability to complete activities in the workplan has been prevented by cash flow shortages due to the delayed payment of membership contributions. According to UN rules, spending can only take place from resources that are actually available, not those committed or anticipated. IATI has recurrently seen payment of membership dues in Q2 or later, which has significantly delayed workplanning implementation, as seen in Table 3.1 below of Y4<sup>18</sup>.

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<sup>16</sup> As noted earlier, this matter that has caused some concern in the past.

<sup>17</sup> Of note, 80% of activities in the 2016-2018 workplan fall within the remit of DI's responsibility, 38% UNDP's responsibility and 30% UNOPS's responsibility (over 100% due to shared responsibilities on activities).

<sup>18</sup> IATI (2017). *Paper 2A: Report on the Financial situation from Year 1 – Year 4 (2013- 2017)*

**Table 2.1** *Timeliness of Contributions Received*

QUARTER	% OF CONTRIBUTIONS RECEIVED	CONTRIBUTIONS RECEIVED (USD)
Q1	22	543,193
Q2	51	1,255,440
Q3	23	561,017
Q4	7	174,496

It is the Coordinator's responsibility to establish clear and effective management practices across the Secretariat, including appropriately regular meetings with different staff. As things stand, the Secretariat meets formally on a weekly basis with agendas and minutes of meetings, has exchanges throughout the week on Yammer, and holds ad hoc meetings by Skype daily among different members of the Secretariat. In principle, this appears appropriate. However, given mixed messages about the effectiveness and efficiency of these management practices, this suggests a need to revisit the frequency and perhaps type of meetings to ensure that the distributed Secretariat is able to meet IATI's coordination and guidance priorities.

### Core Technical Functions

Among other things, IATI is responsible for the maintenance of the IATI Standard. It is essential that IATI, as an MSI, is able to maintain and develop the Standard, and to further cultivate data use (as per institutional priorities, evident by the recently appointed Data Use Task Force<sup>19</sup>). This is in line with the following IATI strategic priorities and activities<sup>20</sup>:

- 1) Promoting data use;
- 2) Improving data quality, breadth and depth; and
- 3) Maintaining and strengthening IATI systems (including the IATI Standard).

As a Secretariat consortium member, DI has provided IATI's core technical functions<sup>21</sup>. It has a significant staff of managers and data technicians (see Appendix III), who together provide leadership, technical capacity and institutional memory on such matters to IATI. The technical team has produced a range of fundamental Technical Assets (see Appendix III) and maintains a technical vigilance that is core to the purpose and advancement of IATI, and whose value must not be underestimated. As work has progressed on the Standard for publishing and data use, the technical team expects the technological components and functionality of IATI to be operationally sustainable by the December 2019-April 2020 period.

<sup>19</sup> IATI (2017). *Data Use Strategy 2017-2019*.

<sup>20</sup> IATI (2016) *Workplan Financial Years 4-5*

<sup>21</sup> See Appendix 3 for an organizational structure of DI's staff working on IATI activities

From a structural vantage point, there are no formal and regular reporting systems and practices in place between the DI-based technical team, the UNDP-based Coordinator, and the Chair of the TAG. Communication occurs through regular calls between the tech team and the TAG chair, and a representative of the tech team is present during weekly Secretariat calls. Beyond this, there are no formal accountability processes in place, including the regular and ongoing monitoring of activities from an accountability, performance and results-based management perspective.

The work of the technical team has seemed relatively opaque to important segments of the IATI community, membership and Governing Board. A recent desire has been expressed from across the IATI developer community, and more broadly from among the generalist community of IATI, for greater and more open communication, information-sharing, and collaboration. This also entails a reflexive approach by the wider technical community, to cultivate supportive ways of engaging with the technical team. Of note and among other things, TAG meetings and recent well-located, timely and thematically relevant mini-TAGs have been lauded for inclusively shedding light on this important and challenging work.<sup>22</sup>

For the time being, the technical functions of IATI, including activity execution and communication of results seem somewhat misaligned with the needs of the Secretariat, and the needs and aspirations of partner countries, publishers, users, TAG members and others. This is seen in terms of establishing effective use-case strategies of IATI data, a lack of communication in the tools and products developed between DI and the TAG in an open and transparent fashion, and the development of tools which can meet the needs of partner countries (noting there are both political and technical dimensions to this matter).

## Communications

Overall, primary responsibility for communications resides within DI, in the distributed Secretariat, with some UNOPS involvement. Recognizing the professionalism of staff, the ability of the communications function to deliver has been adequate but mixed. On the one hand, relations between DI and UNOPS on communications have raised little concern, on matters including annual reporting, branding and the like. On the other, delays in website development have been raised as a recurring theme, given the importance of this communications tool.

As things are structured, the communications function (currently at DI) and the coordination function (currently at UNDP, including relations with Members and other organizations) are physically distinct and appear to be operating sub-optimally in strategic and operational terms. Planning and coordinating on communications between the Coordinator and the communications staff, beyond workplan development, are less than adequate for the purpose of aligning and communicating messages on 'data use' and IATI more effectively, as well as ensuring that the MA is properly informed of workplan development leading up to the annual meeting.

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<sup>22</sup> <https://discuss.iatistandard.org/c/community-zone>; <https://discuss.iatistandard.org/c/standard-management>; <https://www.iatiregistry.org>

## Resource Mobilisation

There is ambiguity in roles within the Secretariat around resource mobilisation activities. While UNDP is mandated to “engage in resource mobilization for the programme” according to its TOR (IATI Standard Operating Procedures, 2018), UNOPS is mandated in the 2016-2018 workplan to “implement a fundraising strategy including through collection of voluntary membership fees” (IATI Workplan Financial Years 4-5). Such ambiguity needs to be resolved, such that accountability mechanisms can be established with clarity. Also, a fundraising strategy that goes beyond Member Contributions remains fairly limited in scope and effectiveness.

## Membership

Membership is based on benefits and responsibilities, as discussed below, on matters of resource mobilization, value-for-money, and in supporting the IATI Standard as a Global Public Good associated with membership.

- **Resource Mobilization:** Member contributions amount to the majority (77%) of IATI’s total budget of USD 2,534,147 (Y4, up until 30 June 2017)<sup>23</sup>. The majority of efforts spent on resource mobilisation is through collecting membership contributions. As a fundraising mechanism, Members from different constituencies pay different annual contributions based upon their expenditures. Several issues with raising funds through membership are notable: high transaction costs for small organizations; and, lack of consistency in financial planning for IATI where dues are paid late. Nonetheless, there is widespread agreement across stakeholder groups that membership-based resource mobilization is an appropriate leading system for financing IATI in an accountable and transparent way; it is not, however, always effective and efficient where payment of dues is delayed or withheld.
- **Global Public Good:** Members feel that in supporting IATI, and therefore the IATI Standard, they are delivering a global public good, supporting international development actors to better coordinate resource use, increase effectiveness, efficiency and transparency in resource use, and ultimately increase accountability. Contributing to IATI is seen as an opportunity to contribute to enhanced development outcomes by contributing to global transparency. Yet, a ‘free rider problem’ persists with IATI, where only a relatively small percentage of publishers are Members, and only a handful of paying Members (about 7-10%) are primarily carrying the IATI budget.
- **Value-for-Money:** Becoming a Member, and paying one’s membership contributions, provides a right to participate in IATI’s decision-making processes, in support of the institution’s cherished mission. As it is currently structured, the membership contribution structure is out of balance with its perceived value; certain categories of stakeholders (e.g., certain countries and MDBs) have either delayed or withheld their contributions, creating budgetary and thus operational challenges for IATI, with strategic implications.<sup>24</sup> Further, many IATI publishers are not Members (as is the case with many CSOs).

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<sup>23</sup> IATI (2017). *Paper 2a Report on Financial Situation from Y1 – Y4, 2013-2017*

<sup>24</sup> Members from the MDB stakeholder group see certain risk to IATI’s sustainability due to its reliance on a single tier of membership (Tier 1, Provider of development cooperation).

As things stand, IATI is vulnerable because of the perceived misalignment between the contribution structure, the overall value of IATI as a global public good, and the perceived value-for-money of membership.

## Working Groups and Task Forces

A function of the MA, as found in its TOR, is that Members are encouraged to volunteer for participation in working groups/ task forces on specific issues, as required by the Governing Board. Engagement of the MA in this way is seen to be effective for Member engagement while sharing the responsibilities of governing and managing the institution. The Working Group on Future Institutional Arrangements of IATI<sup>25</sup> and the Task Force on Data Use (among others) are evidence that IATI Members are willing to become involved in meaningful ways for advancing IATI's mission.

A limitation to be considered is that delegating important activities within the workplan to Members who have other extra-IATI responsibilities (e.g. day jobs) or without appropriate support, resources and accountability mechanisms in play may result in tasks being carried out to a lesser standard than required by the institution, or with notable delays. Nevertheless, the participation in Working Groups / Task Forces is one of the key benefits and responsibilities of membership in IATI.

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<sup>25</sup> IATI (2017). *Members' Assembly 2017 Minutes: Annex A – Principles to guide Working Group on future institutional arrangements of IATI*

# 3 Analysis Stage 2: Transition Costs, Legal Implications, Risks, and Benefits

The current chapter provides measured insights into the financial and legal implications, the benefits, political and reputational risks, and transitional costs associated with potential future hosting arrangements. In coordination with the IATI Working Group on Future Institutional Arrangements, it was decided following data collection and review of the 2017 Long-term Institutional Arrangements Powered by Data report that the two options to be assessed would be: i) within the current arrangement, hosted in New York City, and ii) IATI as an independent organization with fiduciary and legal responsibilities based in Amsterdam, the Netherlands.<sup>26</sup>

Other cities considered were Washington, London, and Nairobi, however these failed to meet respective criteria decided upon by the Working Group such as political support (Washington), visa and immigration accessibility (London and Nairobi), supportive institutional infrastructure and civic space (Nairobi), and cost (mostly Washington and London). As agreed with the Working Group, the analysis provided herein is an *illustrative* exercise, with the intention of giving a good indication of the merits and limitations of each option, and to inform the recommendations of the Working Group advanced by this study.

## 3.1 Transition Costs and Social Factors

Based on the current operating structure of IATI (e.g. staff size and salaries, inclusive only of UNDP, UNOPS and DI), and of generalized cost estimations for both options and the transition, an informed estimate of what both options would cost has been broken down as follows:

- Core Costs (Staff remuneration)
- Operating Costs (Rent and Utilities)
- Transition Costs (Hiring, Legal, One-time equipment purchases)

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<sup>26</sup> As agreed between the consultant team and the Working Group, only these two illustrative options were considered, despite the fact that the Powered by Data presented and considered four options. This has allowed for a further narrowing down of options, while informing the recommendations, which were themselves not bound by one or other illustrative option – which have served analytic and learning needs.

The summary of all costs can be found in Table 4.1; with a breakdown of each sum provided in Appendix IV.

Overall, in the current hosting arrangement, UNDP provides approximately USD 330,000 of in-kind salary contributions to the Secretariat as well as towards office costs. Transitional fees, here considered to be the cost of recruitment, legal fees for the establishment of a new legal entity and equipment costs, are estimated to be in the vicinity of USD 141,000, ongoing costs as an independent organization (rent, legal fees and central costs) being approximately USD 210,000, for a total of USD 351,000 in the first year. Overall, a transition to an independent status is likely to incur a loss of revenue, is assumed here not to include any in-kind resources, and it will surely require transitional resources.

**Table 3.1 Summary of Core, Operating and Transition Costs**

FACTOR	HOSTED – NEW YORK CITY (CURRENT ARRANGEMENT COSTS, USD)		INDEPENDENT – AMSTERDAM (USD)	
	<b>Core Costs (staff remuneration) – Secretariat</b>	<b>UNDP</b>	In-kind – 332,007 <sup>27</sup>	<b>Management</b>
			<b>Operations</b>	120,065
<b>UNOPS</b>		In-kind – 15,000 Cash – 323,987	<b>Finance</b>	120,000
<b>DI</b>		In-kind – 40,000 Cash – 272,988	<b>Communications / Business Analysts</b>	301,370
<b>Subtotal Secretariat Core Costs – Without Technical Team (DI)</b>	In-kind – 347,007 <sup>28</sup> Cash – 606,585		784,835	
<b>Core Costs (staff remuneration) – Technical Team (DI)</b>	Cash – 436,900 <sup>29</sup>		199,232	
<b>Total Core Costs (Salaries – All inclusive)<sup>30,31</sup></b>	<b>In-kind – 387,007</b> <b>Cash – 1,043,485</b>		<b>Cash – 984,067</b>	

<sup>27</sup> In-kind amounts inclusive of IATI Coordinator and Senior Management Support. For details, see Annex IV.

<sup>28</sup> In IATI (2018), *Revised (March 2018) IATI Budget Financial Year 5 September 2017 – August 2018* the total in-kind personnel contribution is 481,312, a difference of USD 17,816 as listed in salary estimates in the Y4-Y5 Budget. For illustrative purposes, the amount in the Y4-Y5 Budget is used in this table.

<sup>29</sup> Under DI, several communications and business analyst positions are placed under the Technical Team salary section. As an independent organization, these positions have been moved to “communications / business analysts” costs within the secretariat.

<sup>30</sup> IATI (2018), *Revised (March 2018) IATI Budget Financial Year 5 September 2017 – August 2018*. Available at: <https://www.aidtransparency.net/wp-content/uploads/2018/04/IATI-budget-Y5-revised-VFb-12Mar18.pdf>

<sup>31</sup> Salary amounts for Hosted – New York City option are based upon gross salaries as reported in IATI annual reporting, not including benefits.

FACTOR	HOSTED – NEW YORK CITY (CURRENT ARRANGEMENT COSTS, USD)	INDEPENDENT – AMSTERDAM (USD)
<b>Operating Costs – rent and utilities</b>	Central Costs (DI) – 91,984 <sup>32</sup> UNDP Contribution towards office costs	80,568 – Rent (annual) 50,000 – Software, hardware, office equipment costs (initial)
<b>Financial Support Services and Management Fees</b>	Management Fee (UNOPS) 8% 61,393 Management Fee (UNOPS) 1% 18,740 Management Fee (UNDP) 8% 58,873	Salary support administration fees approximately 10% of salaries - 98,406.70
<b>Incorporation Fees as Foundation ('Stichting')</b>		4,662.60
<b>Additional Transition Fees (hiring fees)</b>		60,000 (Recruitment) 26,297.10 (International hiring application fee for 3 staff)
<b>Legal Indirect Costs (annual)</b>		30,000 <sup>33</sup>
<b>Total One-time transitional costs subtotal (hiring fees, equipment purchase and incorporation fees)</b>		<b>140,959.70</b>
<b>Total In-Kind contributions of UNDP, UNOPS, DI</b>	<b>In-kind: 410,823 + UNDP Contribution towards office costs</b>	
<b>Total Core and Operating Costs</b>	<b>1,276,995</b>	<b>1,334,001.40</b>
<b>Total Costs and in-kind Contributions</b>	<b>1,687,818 + UNDP Contribution towards office costs</b>	<b>1,334,001.40</b>

### 3.1.1 Social Factors

There are additional social factors requiring consideration, including access to a healthy and desirable talent pool and the quality of life in the new location. However, as discussed below, these are not very significant given the choice of location used here for illustrative purposes.

<sup>32</sup> Central costs are understood to mean operating costs at DI as a portion of commitment to IATI.

<sup>33</sup> Based on the estimated legal fees for similar-sized organization in transition

## Access to Talent

Access and ability to attract talent at the executive and managerial levels is of critical importance to the long-term success of an organization, and has direct costs financially, temporally, and organizationally. Amsterdam is ranked as having an exceptional global talent pool. In terms of its ability to enable, attract, grow and retain talent, Amsterdam (11<sup>th</sup>) is ranked higher than New York (26<sup>th</sup>)<sup>34</sup>, with the Netherlands also seen to be a leader in Europe in terms of ICT infrastructure and talent. Amsterdam is thus a highly favourable option in terms of both technological and political leadership and management talent globally<sup>35</sup>. In terms of talent shortages, 14% and 32% of employers in the Netherlands and the US respectively have reported having difficulty filling roles, making the Netherlands more favourable in terms of fewer talent shortages<sup>36</sup>.

## Quality of Life

The overall quality of life, in terms of access to healthcare, childcare, and education are found to all be relatively higher in Amsterdam than New York City (see Appendix IV). Further, the relative cost of living in Amsterdam (for overall cost of living, rent, groceries, restaurants, international primary school) are all lower in Amsterdam than New York (e.g. Amsterdam has 43% lower rent costs (Appendix IV)).

## 3.2 Legal Implications<sup>37</sup>

### 3.2.1 Legal Entity Status in the Netherlands

Setting up a standalone Secretariat in the Netherlands would require the creation of a legal entity.

Organizations setting up not-for-profit legal entities in the Netherlands generally choose between the forms of a Foundation ('Stichting') or an Association. A lawyer located in the Netherlands<sup>38</sup> could advise on the best form, based on the current structure (Members Assembly plus Governing Board) as well as the objectives of the organization. A number of steps are required in the creation of the legal entity: i) a deed of incorporation must be drafted; ii) it must be internally agreed-to by IATI Members or Board Members, iii) it must be translated into Dutch, iv) pursuant to EU counter-terrorism financing and anti-money-

<sup>34</sup> INSEAD (2018) *The Global Talent Competitiveness Index 2018*, Fontainebleau, France

<sup>35</sup> PricewaterhouseCoopers (2017) *Doing Business in the Netherlands, 2017*. Available at: <https://www.pwc.nl/nl/assets/documents/pwc-doing-business-in-the-netherlands-2017.pdf>

<sup>36</sup> Manpower Group (2015). *2015 Talent Shortage Survey*. Available at: [https://www.manpowergroup.com/wps/wcm/connect/db23c560-08b6-485f-9bf6-f5f38a43c76a/2015\\_Talent\\_Shortage\\_Survey\\_US-lo\\_res.pdf?MOD=AJPERES](https://www.manpowergroup.com/wps/wcm/connect/db23c560-08b6-485f-9bf6-f5f38a43c76a/2015_Talent_Shortage_Survey_US-lo_res.pdf?MOD=AJPERES)

<sup>37</sup> All information contained in this publication are for general information purposes only and do not constitute legal advice. Qualified practitioners licensed to provide legal advice in the respective jurisdictions of the Netherlands and New York should be consulted if legal advice is required.

<sup>38</sup> An experienced lawyer in creating entities for foreign organization is: Marie-Jeanne Zillikens-Loos | substitute civil law notary | Pels Rijcken & Droogleever Fortuijn N.V. | P.O. Box 11756, 2502 AT The Hague | The Netherlands | t +31 (0)70 515 3630 | f +31 (0)70 515 3347 | [mj.zillikens@pelsrijcken.nl](mailto:mj.zillikens@pelsrijcken.nl) | [www.pelsrijcken.nl](http://www.pelsrijcken.nl)

laundering rules, the firm must conduct due diligence on the names of the Board members; and v) all formalities must be completed, including notarized or certified signatures of all Board members. Once these steps are completed, the Stichting or Association can be registered very quickly, within 24 hours. The cost of legal services required to create an Association or Stichting is estimated at USD 4,662.60 (€ 4000) minimum, but could increase depending on the complexity of the process or deed created.

## Insurance

An Association or Stichting should take out Director and Officer Liability Insurance as well as insurance on property owned or rented.

## Taxes

An Association or Stichting not conducting for-profit business activities is exempt from corporate taxes. Foundations that qualify as an 'institution for public benefit' ("algemeen nut beogende instelling" or 'ANBI') may apply for the so-called ANBI regime. Donors to the ANBI may enjoy certain tax advantages or deductions. Employees will be required to pay income tax and other contributions on salaries (average practical tax rate is 41%)<sup>39</sup>, as well as VAT on purchases of goods and services<sup>40</sup>.

## Immigration

Nationals of an EU/EEA Member State or Switzerland do not require a residence permit to live and work in the Netherlands, nor do they need to report to immigration authorities. Merely having a valid passport issued to an EU/EEA Member State or Switzerland establishes a person's right to stay lawfully and work in the Netherlands.

Hiring foreign nationals for countries other than EU/EEA Member States or Switzerland requires a combined residence and work permit, the so-called 'single permit' (*Gecombineerde vergunning voor verblijf en arbeid*, GVVA). This single permit is a residence permit with an additional document stating for which employer the applicant is permitted to work and under which conditions. Application by the employer per employee costs USD 8,765.70 (€ 7,510).

## Health Care

All residents of The Netherlands are required to obtain private insurance for basic health care, which costs individuals approximately USD 46 – 116.57 (€ 40-100) per month (low-income, asylum-seekers, and children are covered without charge). Consumers also pay a deductible of about USD 420.00 (€ 360) per annum to access the system (not including visits to a physician's office). A Dutch resident with health insurance in another country that provides coverage in the Netherlands will entitle the worker for the cost of health care received. Dutch employers pay a contribution of 7.75%, based on the employee's income,

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<sup>39</sup> <https://info.caprelo.com/blog/tax-rates-by-country>

<sup>40</sup> European Commission (2018) *VAT rates applied in the Member States of the European Union – Situation at 1<sup>st</sup> January, 2018*. Taxud.c.1(2018) – EN. Available at: [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/taxation/vat/how\\_vat\\_works/rates/vat\\_rates\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf)

and this is deducted through the payroll of their employees. These payments are transferred to the Health Insurance Fund.

### 3.2.2 Legal Issues Related to a Hosted MSI in the United States

If the IATI were to be hosted by an international organization in New York, no legal entity would be required to be created. However, a hosting agreement would have to be negotiated between the host organization and representatives of IATI. Such an agreement may take up to several months to be negotiated and signed, if this were not as per the current arrangement. Within the current arrangement, any revised agreement could be undertaken in a relatively short period of time and without incurring significant costs.

#### Insurance for Directors and Officers

It would be advisable for an IATI project hosted by an international organization to obtain Director and Officer ("D&O") Liability Insurance. Although staff employed by international organizations may be immune from certain legal processes pursuant to hosting agreements between the organization and the host country, there would be risks that such immunities would not be upheld in court, and would not, in any case, apply to the Directors. Governing Board members and potentially staff would be vulnerable to not having their legal fees covered should a lawsuit be filed against the IATI and/or individuals in officer or director positions. The IATI should ensure that adequate D&O liability insurance is in place, as well as property insurance.

#### Immigration

Non-US nationals hired to work in New York would be required to obtain a work visa, however, the United Nations enjoys special immigration and visa arrangements with the US Government. Obtaining a visa to work at UNDP in New York would be handled administratively by UN offices.

#### Taxes

In the United States, IATI would not be required to pay taxes on revenues, either as a project hosted by the United Nations or a standalone non-profit legal entity 501(c)(3) of the Internal Revenue Code. Income earned by employees of the United Nations may be income tax-exempt, depending on the nationality of the employee. Even if subject to income tax on UN-earnings, certain personal taxes may be recoverable from the United Nations. The average practical tax rate in the United States is 18%.<sup>41</sup> In the state of New York, purchases made on most goods and services are subject to a tax of 8.875%.

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<sup>41</sup> European Commission (2018) *VAT rates applied in the Member States of the European Union – Situation at 1<sup>st</sup> January, 2018*. Taxud.c.1(2018) – EN. Available at: [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/taxation/vat/how\\_vat\\_works/rates/vat\\_rates\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf)

## Health Care

The United States health care system requires that persons are covered by private insurers. The UN provides employees with subsidized health insurance coverage and other benefits.<sup>42</sup>

### 3.3 Risks and Benefits

Both institutional options explored carry certain risks and benefits. To better understand this, the matrix below (Table 4.2) provides a ranking of the current and most consequential factors to IATI's long-term success as an institution based on an expert assessment of risk and benefit (see Figure 4.1 for colour-key). The purpose for this analysis is to explore what we consider to be the most relevant institutional, structural and operational risks and benefits of each option at the current time, and to illustrate that both options carry certain risks and offer potential benefits. The scoring and color coding in the matrix reflect the collective expert judgment of the Universalialia team. It must be noted that as things change or are made to change, structurally, as well as in terms of the governance and management of IATI, the scoring would likely be modified as well. As such, the overall assessment of options and the recommendations derived from this assessment may in effect look quite different.

**Figure 3.1 Risk Benefit Matrix Legend**

Risk	Some Risk	Neutral Impact	Some Benefit	Benefit
R	SR	NI	SB	B

**Table 3.2 Risks and Benefits Matrix**

FACTORS	HOSTED NEW YORK CITY	INDEPENDENT AMSTERDAM	NOTES
Leadership	SR	SR	The current institutional arrangement requires some important changes in the overall governance and management structures and accountability mechanisms that are hampering its ability to lead IATI forward. At the same time, IATI's UN affiliation provides important support and avenues for the expression of its leadership. A move to an independent organizational status contains many unknowns with respect to IATI's continued leadership in the field, at least in the short-term and if not prepared well in advance of such a move.
Reputational	SB	SR	IATI's reputation may suffer from a move to an independent status, given the uncertainties associated with doing so.

<sup>42</sup> See <https://icsc.un.org/resources/pdfs/sal/sabeng18.pdf>

FACTORS	HOSTED NEW YORK CITY	INDEPENDENT AMSTERDAM	NOTES
<b>Strategic Direction</b>	NI	NI	IATI has undertaken some important strategic work as of late (e.g. Task Force on Data Use) and there remains more to be done. It is anticipated that an independent organization would undertake strategic work in equal measure.
<b>Flexibility</b>	SR	B	As a standalone legal entity there are benefits to be gained from being nimble in hiring, firing, entering into contracts, etc. which remains a risk in IATI's current hosting arrangement.
<b>Institutional Capacity</b>	B	SR	The current institutional arrangement offers significant institutional capacity that would take some time to build in an independent organization, at least a year (in terms of financial and human resources, policies on everything from human resources to procurement, etc.).
<b>Professionalism and Skill of Staff</b>	SB	SB	There are highly professional staff in the current hosting arrangement, which can be expected in an independent organization.
<b>Credibility of Standard</b>	SB	SR	The Standard is now embedded in the global community through a hosted UN arrangement. There is a risk that the Standard will lose credibility from a move outside the UN system.
<b>Data Quality</b>	NI	NI	IATI has faced some issues related to data quality (e.g. double counting, which has not as yet been effectively addressed so far). It is not clear the extent to which an independent organization would be able to address such issues any more effectively.
<b>Tooling for Data Production and Use</b>	SR	SR	Risk remains in the current hosting arrangement for IATI to meet deliverables on creating tools and services to foster data use. Such risk is inherent to the development of technological tools (and serves), and would remain in an independent organization.
<b>Commitment to Standard</b>	SB	SR	The current UN-based hosting arrangement has been valuable in developing the global community's commitment to the IATI Standard. There is a moderate risk that this would change, were the Standard maintained by an independent organization.
<b>Financial</b>	SB	SR	The current institutional arrangement offers significant financial resources. Nonetheless, any in-kind contributions from an international organization or donations from a government to a legal entity are risky from a sustainability perspective since institutional and political priorities change. Finally, there are no specific rules that prohibit funds from being transferred to an independent organization.

FACTORS	HOSTED NEW YORK CITY	INDEPENDENT AMSTERDAM	NOTES
<b>Fiduciary Risk / Accountability</b>	SB	NI	The current arrangement offers UNOPS as the responsible fiduciary body, which is of benefit to IATI. It is unclear what the arrangements would likely be of an independent organization, and thus where risks and benefits would be situated.
<b>Membership – General</b>	SB	SR	Overall, a UN-hosted membership-based organization offers benefits to its Members that may not be easily reproduced in the first or second year of an independent organization.
<b>Membership – Providers of Development Assistance</b>	SB	NI	Being hosted in a large organization provides an assurance of fiduciary and fiscal responsibility (e.g. making membership contribution transfers easy).
<b>Membership – Partner countries</b>	NI	SR	It is not at all clear that Partner countries would be equally committed and involved as Members of an independent organization. There are mixed experiences on this matter.
<b>Membership – CSOs</b>	SB	SB	There are benefits to be gained for CSOs from membership in both a hosted and an independent IATI.
<b>Membership – Others (private sector, foundations, etc.)</b>	NI	SB	Private sector organizations, in particular, would likely appreciate the flexibility and nimbleness of an independent organization, which may enable their greater access and involvement than has been the case with IATI to date.
<b>Network Access</b>	SB	SR	The hosted arrangement with the UN offer important access to global networks. There is a risk that this may wane, or come up against emergent competitors, were IATI to become independent.
<b>Institutional Memory</b>	SB	SR	Institutional memory is critical to organizations, given that they contain the relationships and track records of organizations. There is a moderate risk that such institutional memory may become fragmented or even lost with an independent organization.
<b>Timing / Immediacy</b>	SB	SR	The transition process (creating a legal entity, recruiting an ED, physical moving needs, etc.) can be more time consuming than negotiating new agreements under a hosting arrangement. There is moderate risk that a transition to independence will take longer than planned.
<b>Predictability</b>	SB	R	A move to independence creates a highly unpredictable environment, for the Secretariat, the Board, TAG and Members, which is a significant risk to the organization at the current time, unless managed highly skillfully and effectively.

FACTORS	HOSTED NEW YORK CITY	INDEPENDENT AMSTERDAM	NOTES
Disruption	SR	R	At the current time, IATI requires stability. Of course, there is certain disruption with both options (remaining hosted requires some restructuring; independence will be highly disruptive to almost all aspects of the organization). There are more risks associated with the disruption of a move to independence than an internal restructuring.
Alignment with Open Data Philosophy / Values	SB	SB	There is no inherent difference between the options.
Promoting the Common Good	SB	SB	Both a hosted MSI and a standalone non-profit organization can promote the common good equally.
Overall	SB	SR	

## Overall Risk-Benefit Results

Considering all the above factors, neither option is without risk, and both offer a measure of benefits. However, on balance, there are more, and more significant, risks to IATI from becoming an independent organization than from remaining a hosted MSI, *at the current time*. There are also many more, and more significant, benefits to maintaining its currently hosted arrangement, though with some modifications.

Two risks are most apparent from a move to the creation of an independent organization: predictability and disruption.

- **Predictability:** This risk is evident in nearly all organizational aspects, including funding regularity, donor support, senior management staff hiring, and in IATI's ability to maintain its broad international presence at a high political level.
- **Disruption:** Likewise, organizational disruption is seen to be highly risky from a move to an independent organization, in terms of its impact on operations, management, funding stability, and membership.

Considerable organizational progress has been made since 2016, progress which risks being undone if a transition to independence occurs imminently or prematurely.

Further, the current hosted institutional arrangement offers significant institutional capacity to IATI, which must be recognized. Finally, it can reasonably be expected that an independent IATI would likely benefit from a more nimble and flexible structure. Bearing this in mind, the MSI nature of the current hosted arrangement has been a deft solution to an otherwise real constraint.

## 4 Conclusion

This paper has set out an institutional analysis in the form of a diagnostic of IATI's institutional arrangement, its governance and management structures and functions. It has also provided a costing, legal implications, and risk-benefit analysis of two *illustrative* options for IATI: 1) remaining hosted within the UN system in New York, and 2) becoming an independent organization based in the Netherlands. It has stopped short of including specific recommendations.

This document is submitted to the Working Group for Future Institutional Arrangements with the intention of informing the MSI's deliberations on its institutional arrangements. Informed by this work, the Working Group must now formulate a clear proposal to the Governing Board and Members' Assembly in time for the July 2018 meetings. The extended hosting arrangement, to 31 August 2019, is an opportunity for IATI to design a workplan for the upcoming year and to prepare for a subsequent, medium-term planning process that will steer the course from a clear institutional vantage point.

With this analytic and forward-looking analysis in hand, IATI will by necessity engage in some challenging and rewarding conversations. Ultimately, decisions about the future of IATI will be made by IATI. This report is meant to inform those conversations and decision-making processes.

## Appendix I Stakeholders Consulted

### Current Evaluation – Working Group Discussions, April 13-14, 2018

#	First Name	Last Name	Company/Org
1	Bosiljka	Vukovic-Simonovic	Ministry of Foreign Affairs, Montenegro
2	Eilidh	Simpson	UK Department for International Development
3	Reid	Porter	InterAction
4	Winnie	Kamau	Association of Freelance Journalists
5	Theo	van de Sande	Ministry of Foreign Affairs Netherlands
6	Isaora Zefania	Romalahy	Prime Minister Office / Government of Madagascar
7	Eric	Abitbol	Universal Management Group
8	Michael	Lenczner	Powered by Data
9	Corey	Pembleton	Universal Management Group
10	Chiyo	Kanda	World Bank
11	Annelise	Parr	UNDP
12	Carolyn	Culey	Development Initiatives (via Skype)
13	Tim	Takona	UNICEF
14	Mishiko	Seino	UNICEF

### Current Evaluation: Stakeholder Interviews

#	First Name	Last Name	Company/Org
1	Carl	Elmstam	Sida
2	Bill	Anderson	Development Initiatives
3	Margaret	Thomas	UNDP
4	Rohini	Simbodyal	Development Initiatives
5	Petya	Kangalova	Development Initiatives
6	Argjira	Belegu-Shuku	UNOPS
7	Katrin	Lichtenberg	UNOPS
8	Cillian	O'Cathail	UNOPS
9	John	Adams	DFID
10	Roderick	Besseling	DFID

### Current Evaluation: IATI Discuss Forum Consultative Feedback

#	First Name	Last Name	Company/Org
1	Andie	Vaughn	USAID
2	Bill	Anderson	Development Initiatives
3	Nyamiye	Hermengilde	Human Health Aid Burundi

## Appendix II Works Consulted

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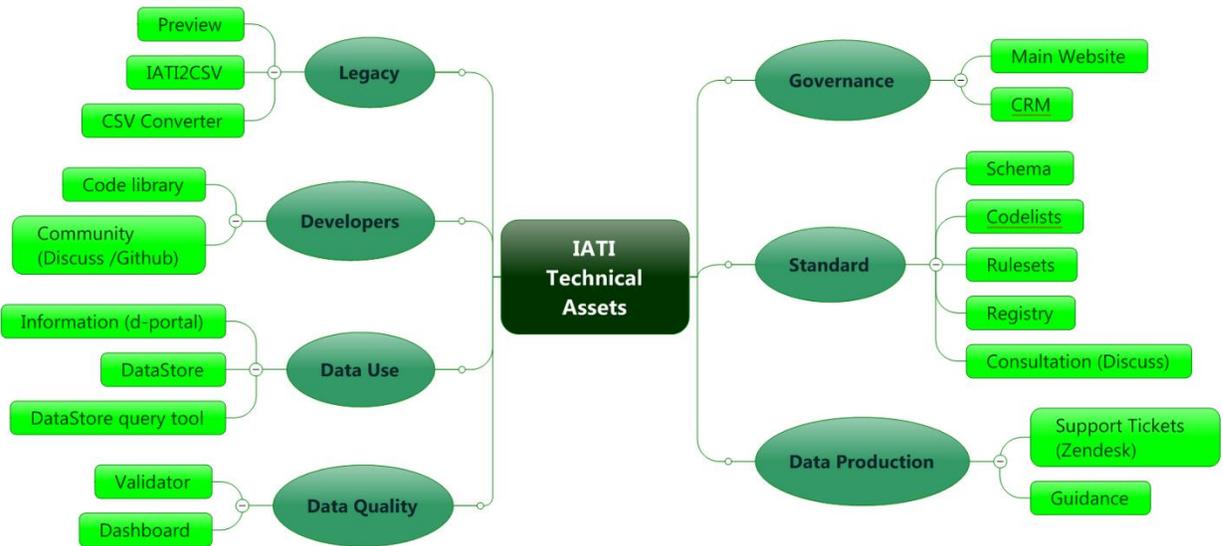
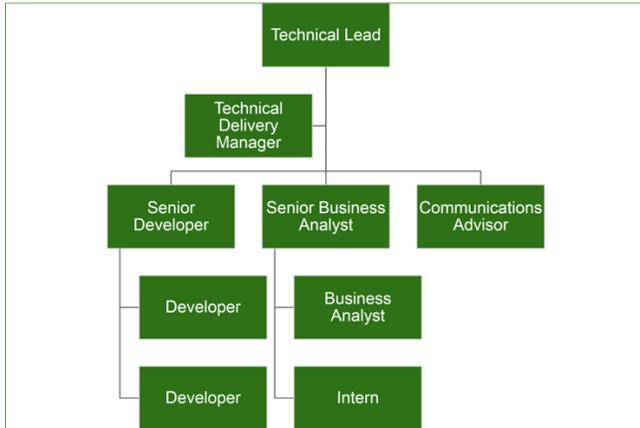
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# Appendix III Technical Team Structure and Assets



# Appendix IV Options Analysis Costs Breakdown

## Operating Costs Calculations

Annual prime office rents in Amsterdam<sup>43</sup> (USD52.50 per square foot (USD537.12 m<sup>2</sup>)) are 31% lower than in New York City<sup>44</sup> (Manhattan - USD72.13 per square foot / USD776.40 m<sup>2</sup>), with markedly lower costs in other Dutch cities outside of Amsterdam (e.g. USD250 m<sup>2</sup> in The Hague). Based upon the current staff size of the IATI secretariat (across UNDP, UNOPS and DI) of approximately 10 staff, there would be a requirement of an office space of approximately 150 - 180m<sup>2</sup>, which would cost USD537.12 x 150 (180) = USD80,568 annually(USD96,681.60).

## Core Costs Calculations

Table VI.2 provides a breakdown, per position, of costs as they stand in a hosted arrangement and costs of salaries of similar positions in Amsterdam. Sources for salary calculations for all salaries are from glassdoor.nl, and according to average monthly and annual salaries per city. For comparative purposes, average salaries can also be found in NYC and Amsterdam in Table IV.1.

**Table IV.1 Average Salaries in NYC and Amsterdam**

CITY	AVERAGE MONTHLY SALARY (NET)	AVERAGE HOURLY LABOUR COST	COMPARABLE DIRECTOR SALARIES
Amsterdam	USD2, 977.00	USD41.50 <sup>45</sup>	USD81,110 <sup>46</sup>
New York City	USD4, 091.24	USD35.82 <sup>47</sup>	USD129,029 <sup>48</sup>

<sup>43</sup> Cushman & Wakefield (2018). *The Netherlands – Office Market Snapshot First Quarter, 2018*

<sup>44</sup> Cushman & Wakefield (2018). *Marketbeat Manhattan Office Q1 2018*

<sup>45</sup> European Commission (2018). *Eurostat – Statistics Explained. Hourly Labour Costs*. Updated April 2018. Available at: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly\\_labour\\_costs](http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs)

<sup>46</sup> Average based upon non-profit director salaries from two non-profits based in Amsterdam (1. <https://icdi.nl/media/uploads/publications/auditors-financial-report-icdi-2016.pdf> 2. ACIPP - US 70,000 <https://www.glassdoor.nl/Salarissen/ACIPP-Salarissen-E625007.htm>)

<sup>47</sup> New York Department of Labour (2018). *Labour statistics for the New York City Region*. Available at: <https://www.labor.ny.gov/stats/nyc/NYC%20Hours%20Earnings.xls>

<sup>48</sup> Glassdoor.ca (2018) *Executive Director – Non Profit Salaries in New York City, NY*. Available at: [https://www.glassdoor.ca/Salaries/new-york-city-executive-director-non-profit-salary-SRCH\\_IL0,13\\_IM615\\_KO14,43.htm](https://www.glassdoor.ca/Salaries/new-york-city-executive-director-non-profit-salary-SRCH_IL0,13_IM615_KO14,43.htm)

Table IV.2 Breakdown of Core, Operating and Transition Costs

FACTOR	HOSTED – NEW YORK CITY (USD)		INDEPENDENT – AMSTERDAM (USD)	
Core Costs (staff remuneration) – Secretariat <sup>4950</sup>	UNDP	1 x Coordinator @ 292,899 (In-kind)	Management	1 x Executive Director @ 120,000 –
		1 x Senior Management Support @ 39,108 (In-kind)		.2 x Director of Strategic Partnerships @ 23,400 (117k per annum)
		<b>Total UNDP – 332,007 (In-kind)</b>		1 x IATI Lead [Senior Manager] @ 100,000
			Operations	1 x Project Support @ 60,000
				.4 x Project Manager @ 30,400 (76,000 per annum)
				.2 IATI Technical Lead @ 29,665
	UNOPS	1 x Logistics, Admin, Finance Specialist @ 121,639	Finance	1 x “Senior Finance Manager” (logistics, admin, finance specialist) @ 120,000
		.5 x transparency and Comms officer @ 52,345		
		.5 x transparency and Comms analyst @ 40,345		
		1 x Senior Management Support @ 15,000 (in kind)		
		Support Services –109,658		
		<b>Total UNOPS Cash Costs – 323,987</b>		
	DI	.2 x IATI Technical Lead @ 29,665	Communications / Business Analysts	1 x communications officer / analyst @ 35,000
		.2 x Director of Strategic Partnerships @ 30,844		1 x Communications advisor @ 60,000
		.4 x Project manager @ 30,546		.8 x Senior Business and Data Analyst @ 66,281
		1 x Communications advisor @ 75,422		1 x Business and Data Analyst @ 64,949
		1 x IATI Lead @ 101,316		1 x Business and Data Analyst @ 75,140
		<b>TOTAL DI (Secretariat) – 272,988</b>		

<sup>49</sup> For instances, with fractional salaries, this is to provide an equal comparison across the current hosting arrangement salary structure, which is measured by fractions of Full Time Equivalent staff. For example, .5 would be half of a single full-time salary.

<sup>50</sup> Secretariat Staff Costs Source: IATI (2018). *IATI Budget Financial Year 5 September 2017 – August 2018*; Total amounts of in-text table updated according to revised March 2018 Budget figures, which causes some discrepancy between this staff breakdown and the totals.

FACTOR	HOSTED – NEW YORK CITY (USD)	INDEPENDENT – AMSTERDAM (USD)
Subtotal Secretariat Salaries	In Kind – 387,007 Cash – 497,122	Cash – 784,835
Core Costs (staff remuneration) – Technical Team	1 x Developer @73,778 .8 x Senior Business and Data Analyst @ 67,495 1 x Business and Data Analyst @ 66,040 2 x Developer @ 76,529 1 x Business and Data Analyst @76,529	1 x Developer @ 72,442 2 x Developer @ 63,395
Subtotal Technical Salaries	436,900	199,232
<b>Total Salaries<sup>51</sup></b>	<b>In-kind – 410,823</b> <b>Cash – 1,043,485</b>	<b>Cash – 984,067</b>
Operating Costs – rent and utilities	Central Costs (DI) – 91,984 UNDP in-kind office costs	80,568 - Rent (annual) 50,000 – Software, hardware, office equipment costs (initial)
Financial Support Services and Management Fees	Management Fee (UNOPS) 8% - 61,393 Management Fee (UNOPS) 1% 18,740 Management Fee (UNDP) 8% 58,873	Salary support administration fees approximately 10% of salaries 98,406.7
Incorporation Fees as Foundation ('Stichting')		4,662.60
Additional Transition Fees (hiring fees)		60,000 26,297.10 (International hiring application fee for 3 staff)
Legal Indirect Costs (annual)		30,000 <sup>52</sup>
Total Core and Operating Costs (not including in-kind contributions)	<b>In-kind: 410,823 + UNDP Contribution towards office costs</b> <b>Cash – 1,276,995</b>	<b>1,334,001.40</b>

<sup>51</sup> IATI (2018), *Revised IATI Budget Financial Year 5 September 2017 – August 2018*. Available at: <https://www.aidtransparency.net/wp-content/uploads/2018/04/IATI-budget-Y5-revised-VFb-12Mar18.pdf>

<sup>52</sup> Based on the estimated legal fees for similar-sized organization in transition

FACTOR	HOSTED – NEW YORK CITY (USD)	INDEPENDENT – AMSTERDAM (USD)
Total Cash and In Kind	<b>1,687,818 + UNDP Contribution towards office costs</b>	<b>1,334,001.40</b>
One-time transitional costs		86,297.10+ 4662.60+ 50,000+ <b>=140,959.70</b>
Additional Annual costs (rent, legal fees, core costs)		98,406.70+ 80,568+ 30,000+ <b>=208,974.70</b>
Total Estimated Transition Costs		<b>349,934.40</b>

**Table IV.3 TAX in NYC and Amsterdam**

CITY	CORPORATE INCOME TAX	VAT	TAX EXEMPTION FOR NON-PROFIT ACTIVITIES?
Amsterdam	25%	21%	Yes
New York City	N/A	N/A	N/A

**Table IV.4 2018 Income Tax Table, Residents and Non-residents (Netherlands)<sup>53</sup>**

BRACKET	USD	USD	INCOME TAX RATE (%)	SOCIAL SECURITY TAX RATE (%)
1	0	24,053.46	8.90	27.65
2	24,054.65	40,595.43	13.20	27.65
3	40,596.63	81,810.65	40.85	0.00
4	81,811.84	Over	51.95	0.00

<sup>53</sup> KPMG (2018), *Netherlands – Income Tax, 1 January 2018*. Available at: <https://home.kpmg.com/xx/en/home/insights/2011/12/Netherlands-income-tax.html>

**Table IV.5** *Cost of Living Index Ratings*

CITY	COST OF LIVING	RENT (RESIDENTIAL) INDEX	COST OF LIVING PLUS RENT	GROCERIES INDEX	RESTAURANT PRICE INDEX	LOCAL PURCHASING POWER INDEX
Amsterdam	86.02	57.31	72.42	67.17	90.73	100.51
New York City (baseline)	100	100	100	100	100	100

**Table IV.6** *Cost of Living Indices in Relative Terms*

CITY	COST OF LIVING	RENT (RESIDENTIAL) INDEX	COST OF LIVING PLUS RENT	GROCERIES INDEX	RESTAURANT PRICE INDEX	LOCAL PURCHASING POWER INDEX
Amsterdam	13.98% less expensive	42.69% less expensive	27.58% less expensive	32.83% less expensive	9.27% less expensive	0.51% more expensive
New York City (baseline)	100	100	100	100	100	100

In terms of other standards of living, Amsterdam is seen to be less expensive than New York City in terms of residential rent, and is comparable in cost regarding childcare and utilities, and has a higher index rating for overall health care quality.

**Table IV.7** *Comparison of Selected Basket of Goods Items*

CITY	1BR CITY CENTRE	3BR CITY CENTRE	CHILDCARE	INTL PRIMARY SCHOOL	UTILITIES (85M <sup>2</sup> APT)	HEALTH CARE INDEX <sup>54</sup>
Amsterdam	USD 1,806.31	USD 3,070.77	USD 1,907.60	USD 9,365.88	USD 192.96	72.21
New York City	USD 3,133.96	USD 6,155.62	USD 1,864.38	USD 30,312.50	USD 126.98	64.98

<sup>54</sup> Health Care Index is an estimation of the overall quality of the health care system, health care professionals, equipment, staff, doctors, cost, etc.,. More information on methodology available at: [https://www.numbeo.com/health-care/indices\\_explained.jsp](https://www.numbeo.com/health-care/indices_explained.jsp)