

Proposal to members on financial sustainability

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1. Introduction

Our request to members

- Please approve the proposal for reduction of our expenses by 1 January 2026 (see section 2).
- Please approve the proposals for increasing our income (see section 3), in particular the rise in member contributions according to the tables in section 3.1.

Please also take note of the ideas in section 4, for discussion in the Members' Assembly.

We will consider not responding a sign of approval. If you do not approve to one or both of the above, please write to chair@iatistandard.org. If you have questions, please join the extra Drop-in on Wednesday October 1st. Details in the e-mail you received today.

As hopefully all IATI members know, the Initiative urgently needs financial reform. Where we historically underspent, this situation changed during the transition to the new secretariat consortium of UNDP, UNOPS and ODS. Since 2022, both a rise on our expenses and a steady decline in income has steadily eaten away at our reserves.

IATI has needed to dip into its contingency fund in 2023, and we have not replenished it since. The financial sustainability report by the Secretariat came out in September 2024, and the independent evaluation of April 2025 also raised the alarm, stating that the financial situation requires immediate and urgent action.

Some figures:

- **The income currently from memberships is just under 3 million**
- **Our spending has been around 4,2 million since 2024**
- **The overspending is structural: we spend more on staff and tech**

For the 2025 budget, it has been necessary to economise, and if we were to not take action, the Initiative would run out of money in 2026, or beginning of 2027.

Added to the situation is the fact that our income may drop further, caused by a sector dealing with drastic budgets cuts and political uncertainty. The fact that IATI is still considered to be underperforming and invisible by some, may complicate raising our income in future.

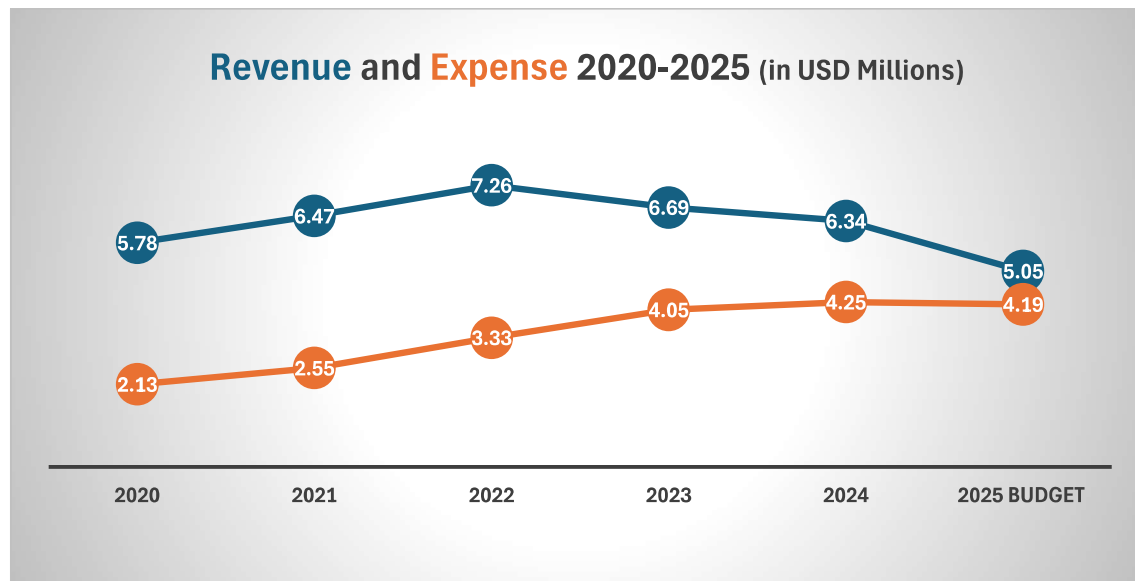


Figure taken from the Financial Sustainability Working Group report. Revenue includes reserves from previous years.

The Financial Sustainability Working Group, formed to recommend solutions and consisting of 4 to 5 experienced members, presented its report in June. It suggested closing the 1.2 million gap as follows:

- raising the contribution from members (result in 0.5 million extra income in 2026)
- reducing our annual expenses in staff, events and tech to a total of 750,000

The Secretariat has added its recommendations as well, and the Board especially welcomes the following:

- more focus on diversification of the income stream
- a value proposition for members.
- the suggestion to delay the rise in member contributions by a year.

Based on both of these recommendations, the Board has formed a proposal to members and asks for your approval. This proposal is based on the following principles :

- **Cuts should be structural and long-term, to ensure a sustainably improved financial situation.**
- **The solution should be fully in place by the end of 2025.**
- **We have adopted a suggestion from a meeting recently, which is to cover the core cost completely by members’ contributions as much as we can.**
- **Staff contracts and rights need to be honoured and respected.**
- **We assume that income does not rise at all in 2026, and we assume a net zero increase in number of members.**

2. Cost reductions

2.1. Background: FSWG and secretariat recommendations

The FSWG has suggested to cut cost in all three sections of the secretariat, in summary:

| Cost reduction measure | | Cost reduction amount in USD | Remarks |
|------------------------|---|------------------------------|---------|
| Staffing costs | Simplifying the IATI management structure | 175,000 | |
| | Reduction of UNOPS staffing levels of 2023 and 2024 | 84,000 | |
| | IATI standard management on project basis | 174,000 | |
| | Reducing the speed of ODS delivery | 121,000 | |

| | | | |
|--|--|------------------|---------------------------------------|
| | In kind contributions from UNDP | 250,000 | Uncertain if feasible |
| Other costs | Less in person Members Assemblies | 81,000 | |
| | Cost reduction of the technology stack | 60,000 | Needs some further technical analysis |
| | Travel costs | 55,000 | |
| Relocation of IATI outside New York city | | | Unknown estimate |
| IATI as an independent entity | | | Unknown estimate |
| Total cost reduction | | 1,000,000 | |

The GB welcomes these recommendations, except in the following cases:

- We consider it impossible to cut the UNOPS staff back to levels of '23/'24
- In kind contribution from UNDP has proven to be impossible on top of staff cuts
- 'Simplifying the IATI management structure' was envisioned to be achieved by cutting a high cost staff position (275,000) and replacing it with a lower paid position (100,000). Given the fact that we can't cut staff in UNOPS, and the fact that we can't raise members contributions until 2027, we consider it wise to not add that lower paid position and try to achieve the 275,000 cost reduction in staff, by reducing management or by reducing other staff.
- In total, the modified proposal would lead to a total reduction of roughly 750,000.

The secretariat has developed further recommendations on cuts, based on the assumption that income levels will go back up steeply, which would make economies necessary only for 2026. This led to a proposal to cut in activities (mostly meetings and events) rather than structural reductions, and a focus on ODS for the largest amount of cuts (500,000). The Board considers this scenario too risky.

2.2. The proposal to the members

The Board considers it wise to be conservative in our expectations of future income. New members may be found, but others may leave. A diversification in income streams is necessary and the secretariat has provided great ideas for this (see section 3), but these streams have not been tested yet and will be less stable than member contributions, even in the most optimistic scenario.

The Board also considers it sensible to keep investing in developing the standard, data quality and data use tools.

Most importantly, the aim is to cut our spending in the core expenses so we are well set up for the future.

In meetings and presentations, and in one to one talks with members, the board has found a similar sentiment among members. We are cautioned in almost every meeting with members to not be too ambitious and to set priorities, and to be aware of the current situation in the aid landscape.

This has led the Board to propose the below reductions to members. All reductions will take effect on 1 januari 2026.

UNDP staff

The FSWG recommendation can't be executed at this stage due to UNDP policies. The reduction is now achieved by cutting two positions. Current team:

| Position | Level | Amount |
|--|--------------|------------------|
| IATI Executive Director | FTA-P5 | 353,534 |
| IATI Manager, Policy and Technology | FTA-P4 | 306,929 |
| IATI Operations Specialist | FTA-P3 | 260,882 |
| IATI Specialist, Communications & Advocacy | FTA-P3 | 260,882 |
| IATI Specialist, Data Policy | IPSA-10 | 135,886 |
| IATI Specialist, Engagement | IPSA-10 | 135,886 |
| IATI Specialist, Policy & Governance | IPSA-10 | 135,886 |
| IATI Operations Analyst | FTA - G6 | 24,780 |
| | TOTAL | 1,589,885 |

Two staff positions are removed: the IATI Specialist Data Policy and the IATI Specialist Engagement. This will lead to a reduction of 271,772.

UNDP other cost

UNDP reduces IT application cost and subscriptions by 20,000.

UNOPS staff

As mentioned before, we don't want to cut cost here, given the heavy workload, and efficiency already achieved by UNOPS. Due to inflation, staff cost will actually increase with 34,898.

UNOPS other cost

As with UNDP, other economies will be mostly caused by the cancelling of events.

ODS

We follow the FSWG recommendations:

| | |
|--|----------------|
| IATI standard on project basis | 174,000 |
| Reducing the speed of ODS delivery | 121,000 |
| Cost reduction of the technology stack | 60,000 |
| | 355,000 |

More detail is needed, which will be discussed further in meetings with ODS and the Board and if needed, during the MA.

Activities

We reduce the cost of events and meetings by:

- Doing an MA once every two years (81,000)
- No in person meetings for the GB other than during the MA (31.000).
- Reduction of other travel expenses, for example by working towards workshops in partner countries where we can rely on local knowledge so staff travel from Europe and the US is unnecessary (26,228)

In short, the reduction in structural spending is as follows:

| Budget category | Reduction |
|--|----------------|
| UNDP staff | 271,752 |
| UNOPS staff | -34,898 |
| ODS | 355,000 |
| IT applications UNDP | 20,000 |
| MA in person | 81,000 |
| Board meeting | 31,000 |
| Other travel (workshops, events) and other | 26,228 |
| | |
| Total | 750,102 |

3. Income Strategy

The FSWG has recommended raising the contribution fees for members. Furthermore, the secretariat has proposed some other strategies for increasing IATI's income, which are part of this proposal. All combined, they have the purpose of strengthening our financial sustainability, diversifying our income, and creating a funnel for organisations towards membership. These strategies are promising and we hope they have the full support of members.

3.1. Increasing the membership contributions

The Board, the Secretariat and the FSWG believe that increasing the member contributions is necessary to bring us back in step with our spending. As the FSWG wrote in its recommendations: 'Membership fees have remained at the same level for at least 8 years and it is unrealistic to expect IATI to deliver the same amount of service to the Community when costs have obviously increased significantly during this period.'

We propose to members to adopt the FSWG recommendations to increase membership contributions for all members (see the table below, taken from the FSWG report) but to delay the increase with a year, which means the increase will take effect in 2027.

| Membership Category | Description | Current Annual Fee (USD) | Revised Annual Fee (USD)* |
|---------------------|---|--------------------------|---------------------------|
| Tier PDC1 | Provider of development cooperation | 85,000 | 100,000 |
| | | 46,500 | 54,684 |
| | | 33,000 | 38,808 |
| Tier PS1 | Private sector organisations with annual turnover exceeding \$ 10m | Upon request | Upon request |
| Tier PS 2 | Private sector organisations with annual turnover between \$ 1m and \$10m | 2,200 | 2,587 |
| Tier PS 3 | Private sector organisations with annual turnover below \$1m | 1,100 | 1,293 |
| Tier PC1 | Partner countries | 2,200 | 2,587 |
| Tier CS1 | CSO and other organisations with annual expenditure exceeding \$10m | 2,200 | 2,587 |
| Tier CS2 | CSO and other organisations with annual expenditure below \$10m | 1,100 | 1,293 |

After 2027, we propose to increase the contributions annually with a smaller percentage, roughly in line with inflation:

| Year | % Fee increase |
|------|----------------|
| 2027 | 17.6% |
| 2028 | 5% |
| 2029 | 4.76% |
| 2030 | 4.54% |

3.2. Increasing the number of members

In the FFD4 conference in Sevilla (July) and the inclusion of IATI in its outcome document signals an ongoing and growing interest in transparency and open data. Several initiatives to attract new members have already been deployed and will continue to be a priority.

Increasing our numbers will be necessary, since the current trend is a decline in members, rather than an increase. It is also possible that the rise in the member contribution fees will lead to some members leaving the Initiative. New members hopefully take their place.

To this effect, the Secretariat has developed a value proposition for membership, attached here, which we will discuss during the MA.

3.3. Increasing voluntary contributions

Voluntary contributions have slowed down in recent years and will be a focus for the secretariat in the upcoming years. Members and non-members are invited to collaborate with IATI on specific projects, such as:

- Improving the customer journey for downstream publishers
- Enhancing data use through capacity-building at country levels
- Improving data quality
- Use of AI for generating insights, research and analytics of IATI data
- Improving our data use tools, which deserve urgent attention

3.4. Researching the option for publisher (non-member) participation

The secretariat proposes targeting large non-member publishers that have not yet joined as member to financially contribute to IATI, in exchange for more support. This model will initially target five large publishers by 2030, allowing us to learn key lessons and scale up after 2030. This will also serve as a clear path towards membership.

3.5. Overview of projected income and expenditure

| Income scenario 2026-2030 | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Membership contributions from existing members | 2.846.782 | 2.846.782 | 2.846.782 | 2.846.782 | 2.846.782 | 2.846.782 |
| Increase membership fees | | | 510.000 | 700.000 | 900.000 | 1.140.000 |
| Interest | 12.366 | 12.471 | 13.000 | 13.000 | 14.000 | 15.000 |
| Subtotal core income | 2.859.148 | 2.859.253 | 3.369.782 | 3.559.782 | 3.760.782 | 4.001.782 |
| Voluntary contributions | 115.650 | 115.650 | 115.650 | 115.650 | 115.650 | 115.650 |
| Projected paying publishers (50k each) | | | 150.000 | 250.000 | 250.000 | 250.000 |
| Previous year carry-over | 2.088.224 | 869.101 | 339.409 | 370.246 | 495.678 | 622.110 |
| Total variable income | 2.203.874 | 984.751 | 605.059 | 735.896 | 861.328 | 987.760 |
| Total projected income | 5.063.022 | 3.844.004 | 3.974.841 | 4.295.678 | 4.622.110 | 4.989.542 |
| Expenditure | 4.254.595 | 3.504.595 | 3.504.595 | 3.600.000 | 3.700.000 | 3.800.000 |
| Contribution to contingency fund | | | 100.000 | 200.000 | 300.000 | 400.000 |
| Total projected expenditure | 4.254.595 | 3.504.595 | 3.604.595 | 3.800.000 | 4.000.000 | 4.200.000 |

4. Considerations for discussion during the MA

Other proposals which should improve our finances and operations:

4.1. Move the Secretariat out of NYC

Some of our cost are linked to the fact that the Secretariat is based in the high cost New York City. The Board has asked, in accordance with the FSWG recommendation, the secretariat to work on a plan to move from NYC to a cheaper location in Africa or Europe. Being closer to most members and their time zones will be an added bonus. This topic will be on the agenda on the Members' Assembly in Nairobi.

4.2. Minimum viable product

For the Q3 Board Meeting, we have asked the Secretariat to work on a document defining our ‘minimum viable product’ (MVP). Which services do we need to keep offering as a minimum to still be useful to members and community? This necessary exercise will give us more focus and protects the initiative in case the financial situation does not improve but further deteriorates. This topic will be on the agenda on the Members’ Assembly in Nairobi.

4.3. Future staff restructuring

To tackle the fact that UNDP staff is relatively expensive, we consider it desirable to evaluate positions further in 2026 or when staff leaves the IATI team. Especially when the offices move out of the US, more flexible contracts may offer great opportunities to cut cost while not jeopardising staff health insurance or legal rights. Moreover, we have a top-heavy structure with relatively few ‘boots on the ground’. Fixing this, as the FSWG stated, remains important.

4.4. Priorities when income rises in future

As explained in section 2, we take a conservative approach and assume no rise in income in 2026 and no change in the net number of members.

Obviously, we very much hope to be wrong in this assumption, and the Secretariat has ambitious plans to increase our income. We recommend to spend this money on structural improvements in data quality and data use tools, and if possible, making it possible for members and/or the GB to meet in person annually again, since this is where the members and others share ideas and strengthen their relationships, which is much needed to remain a strong community.

4.5. Priorities when income drops in future

Income may drop further. If this happens, a new working group should be formed to discuss, with the minimum viable product in hand, which of our activities need to be restructured, along with further economies in the core cost.