



Capacity Development for Development Effectiveness (CDDE) Facility

CONSOLIDATED REPLY: Better Data, Better Aid? How can the International Aid Transparency Initiative Help You?

The Asia-Pacific e-Consultation on the International Aid Transparency Initiative is now closed. Please find below the final round of consolidated replies. In addition, we have included the key messages that came out of a 2-day sub-regional multi-stakeholder consultation on IATI held in Kigali, Rwanda in June in order to bring a multi-regional dimension to this discussion.

We would like to thank everyone for their contributions and hope you have found it a useful exchange. Your comments will not only be fed back to the IATI Secretariat for their consideration in shaping the future and scope of IATI, but will also be used to **feed directly into a face-to-face regional dialogue to be held on Aid Information Management Systems and IATI in Bangkok on 27-28 August 2009**. The questions, concerns, and issues you have raised will shape the agenda for this event, and will go a long way in helping other members of the Community of Practice make sense of the systems they need to ensure effective aid transparency, accountability, and ownership. Please do contact us at cdde@undp.org if you are interested in learning more about this August event. More information will soon be available online at www.AidEffectiveness.org/CDDE.

Original Query sent 29 June 2009

The Accra Agenda for Action contains clear and strong commitments on transparency and accountability by both donors and developing countries which, if implemented, are certain to improve the impact of aid. Turning words into actions is the objective of **the International Aid Transparency Initiative (IATI)** – an Initiative that was itself launched at the Accra High Level Forum last September. Alongside many donors that have signed up to IATI, some partner countries have endorsed the initiative. IATI commits donors to work together to make aid more transparent – to agree on **what aid information should be published**, set out **clear definitions and a common format** for aid information, and sign up to a **code of conduct** so donors live up to their promises.

To ensure IATI supports your country level work, IATI is seeking the views of aid policy makers and practitioners in each region. The **e-Consultation is open to government officials, civil society representatives, members of parliament and donors** from across Asia and the Pacific. It seeks your views on the questions below – or any other comments on IATI that you would like to share:

- 1. Does good data results in better decisions?**
- 2. How might improved information on aid support national ownership and strengthen domestic and mutual accountability processes?**
- 3. What aid information do you need?**
- 4. How can a code of conduct ensure IATI delivers improvements?**
- 5. How can country-level Aid Information Management Systems benefit from IATI?**
- 6. What sorts of capacity challenges might need to be addressed to support the implementation of IATI at the partner country level?**

Contributions received with thanks from:

1. **Nematullah Bizhan**, Director General, Policy & Monitoring, Ministry of Economy, Afghanistan
2. **Mohammad Sediz Orya**, Portfolio Manager, Pro-Poor Policies, UNDP Afghanistan
3. **Travis Harvey**, Asia-Pacific Programs Coordinator, Development Gateway
4. **Manju Senapaty**, Senior Planning & Policy Specialist, Strategic Planning, Policy & Interagency Division, Asian Development Bank
5. **Devi Prasad Sharma**, Section Officer, Ministry of Finance, Nepal
6. **Narayan Dhakal**, Section Officer, Foreign Aid Coordination Division, Ministry of Finance, Nepal
7. **Julia W. Korovou**, Principal Economic Planning Officer, Budget Division – ODA Unit, Ministry of Finance, Fiji
8. **Richard Bradley**, Aid Management Advisor, Synergy International Systems
9. **Pranay Kumar Sinha**, Masters Candidate in Aid Management, University of Birmingham (formerly Aid Coordination Officer, UNDP India)
10. **Oul Nak**, Deputy Director, Aid Coordination Policy Department, Cambodia Rehabilitation and Development Board, Council for the Development of Cambodia

Summary of Responses (full responses below):

1. **Good Data for Better Decisions**

Contributors agreed that good quality aid information is the backbone of strong decision making in any government. Fundamental to accountability, contributors suggested that good aid data is imperative for the provision of quality policy advice, and towards budgetary and planning deliberations. Having good aid data also ensures effective compliance of aid procedures and thus works towards the achievement of the Paris Declaration and Accra Agenda for Action. Poor aid data, on the other hand, results in weak coordination between donors and partner countries, a lack of joint commitments towards development, and lower overall impact of aid. Decisions made without having clear aid information run the risk of diverting governments away from their development priorities.

Having good aid information is only the first step, however. Several contributors highlighted that good data only lends itself to better decision making when it is accompanied by good analysis, timely communication and a strong link to national planning and resource allocation. Countries need to look beyond mere data collection to draw meaningful trends from that data towards key indicators of its effectiveness. Aid data should be used to support empirical analysis and the provision of practical policy-relevant advice.

2. **Promoting National Ownership and Domestic/Mutual Accountability**

Contributors agreed that national ownership means not only having direct access to funds earmarked for development, but having an effective stake in development plans. Information is power, and governments need to be well informed in order to own the process of aid disbursement and evaluate and institutionalize the outcomes. The more information governments have at their disposal, the greater role they can play in designing and implementing their own development plans. National ownership thus becomes more credible as a result of enhanced information sharing.

Contributors also felt that good aid data was necessary for all of civil society, the media, and parliamentarians alike in order to hold governments accountable for the aid they receive. With

better aid information at their hands, these stakeholders could better fulfill their roles in questioning the government on their actions towards development priorities. Better aid also promotes inclusiveness and ownership amongst all key stakeholders by facilitating the dialogue on plan formulation and results monitoring. In addition to creating more transparent processes, it was also suggested that in order to strengthen domestic accountability even further, governments make use of both parliamentarians and independent consultants to evaluate the outcome and impacts of aid, and use workshops and public hearings as a forum on aid with civil society.

Several contributors suggested that the greater the transparency of aid, the more comfortable donors feel in harmonizing and aligning their priorities with governments. Improved aid information can clearly highlight the impact of that aid towards key development indicators and sectors. Where aid flows are linked to specific indicators, a gap analysis can identify areas where investment or modalities are insufficient or ineffective. Donors then come to increasingly trust the government's ability to identify key priorities and design programs to address them. They thus feel more comfortable in the government's strategy and are willing to be held mutually accountable for its results.

3. **Essential Aid Information**

The following aid information was identified by contributors as being high priority and necessary for effective decision making at country-level:

- Information on multi-year commitments and disbursements
- Current flow of overall assistance by individual donors at micro level
- Outputs and outcomes of activities throughout the life of a programme
- Details of programs and projects, according to development partner, sector, modality, implementers, period, region and other stakeholders
- Level of alignment with country systems, institutions, and procedures
- Details of repayment liabilities for future generations
- Funding gaps, duplications and overfunding across sectors, regions, and political/administrative units
- Details of financial and non-financial incentives of aid
- More information on the objectives and targets of aid
- More information on the procedures, conditions, and costs of aid delivery

4. **IATI Code of Conduct**

Contributors agreed that a Code of Conduct would help in putting peer pressure on signatories to not only comply with agreed actions, but to develop a sense of collective responsibility. This was felt to be especially important where donor countries have signed up to the IATI principles at the global level but their country level offices lack the procedural reforms to implement any changes. One contributor suggested that a Code of Conduct would also help in bringing all OECD-DAC and non-DAC donors on board with IATI.

In designing the Code of Conduct, contributors recommended that it not be broad, but as specific as possible, focusing on key deliverables that can be monitored over time. Unless strict mechanisms for adherence that go beyond peer pressure are introduced, several suggested the Code of Conduct will be ineffective. To meet that challenge, one contributor proposed an

independent body beyond the IATI Secretariat that should help monitor and ensure compliance with the Code of Conduct. This body could have representatives of civil society, along with select government and donor officials who would serve on a rotational basis. It was also advised that the Code of Conduct be embedded into national aid policies and action plans, as well as donor coordination mechanisms, as has the Paris Declaration in some countries. The Code of Conduct could also be linked directly to the configuration of national AIMS in order to ensure effective adoption of IATI standards at country level.

5. **AIMS and IATI**

Contributors suggested that country aid information management systems can benefit from IATI primarily through:

- The sharing and exchange of lessons learned among partner countries
- The facilitation of workshops and regular interaction among partner countries to help managers and users of AIMS
- The provision of a platform for ongoing discussion of key topics (ie. terminology, reporting formats) between national stakeholders
- The standardized nature and better availability of data at regular intervals at country level
- The examining of the comparability of aid tracking mechanisms and processes between countries
- The conducting of a gap analysis of existing information in AIMS in different countries and exploring ways to reduce this gap
- The provision of regular off-line capacity support to overall aid information management in partner countries
- The establishment of a commitment among all donors and partner countries to continuously improve on existing aid information classifications
- The reduction in transaction costs of accessing and publishing aid information
- The improvement of domestic accountability by making aid information available to the public

While most contributors saw the benefits of IATI towards AIMS, several highlighted the challenges that exist for the implementation of IATI at the country level beyond those of national capacities. This includes the differing nature of country systems and aid architecture from one country to another, and the necessity of IATI to understand and account for the different local country contexts.

6. **Country-Level Capacity Challenges**

Contributors identified several capacity challenges at the country level that would need to be addressed to ensure the successful implementation of IATI:

- The clarification of roles, responsibilities, and mandate within central and line ministries for the collection and management of aid data
- A functioning institutional framework with a strongly mandated agency in charge of aid tracking
- The development of clear mechanisms for the use of aid data towards decision making
- Strong political commitments and leadership

- The development of a viable national aid policy that outlines clear mutual obligations and operating procedures
- The development of effective coordination and dialogue mechanisms between the government and donors
- A long-term commitment (3-5 years) to capacity-building related to aid information management
- The provision of additional offline support for those partner countries with limited IT infrastructure
- Capacity building to help map global IATI classifications to local classification schemes
- Capacity building for senior government and technical officers for data analysis
- Support for government re-engineering processes, including identifying mutual benefits and penalties for stakeholders to adopt and maintain good data management practices
- Regular refresher training and handover manuals to compensate for regular turnover in government ministries
- Capacity support to improve the integration and data sharing between PFM systems and AIMS
- Stronger articulation of the role of civil society and parliamentarians
- Capacity building for public financial management capacities

Feedback from IATI sub-regional consultation held in Kigali, Rwanda in June 2009

A two-day sub-regional multi-stakeholder consultation on IATI was held in Kigali, Rwanda in June. A summary of the key points that emerged follows:

- Participants wanted to see stronger partner country involvement on the IATI Steering Committee and asked for clarification on the nomination process
- They asked for a more technical level event to be held in order to better understand some of the commonalities of country challenges with reporting
- They requested a more comprehensive website on IATI, and AIMS more broadly
- A proposal was put forward for an 'IATI Fund' that would be used to support AIMS and related capacity building at country level. Lack of skilled IT personnel was specifically highlighted as a challenge.
- On the IATI Code of Conduct, participants put forward several proposals: (i) it should have a disclosure/reporting calendar to which all are bound, with no data to be more than 1 month old at any time; (ii) data status should be flagged and can evolve over time; (iii) all bilateral and multilateral donors should sign up to the Code, and should in turn hold their implementing partners to account for respecting the Code were they are used to channel funds; (iv) ODA should be covered broadly, and include "additional" (ie. police, security).

Asia-Pacific e-Consultation Responses in Full:

Nematullah Bizhan, Director General, Policy & Monitoring, Ministry of Economy, Afghanistan

Thank you for your email. Here are some of my thoughts briefly stated on the questions:

1. Data very much results in better decisions, in Afghanistan we are facing the problem with lack of data and reliable data. Without having evidence and data it more often results to a situation that the plans cannot get implemented and monitored. In those sector that good data is available we are considering significant progress in planning and implementation.
2. Improved information on aid support helps to better plan, and identify the priorities. This will impact the credibility of the state, if good information on aid is available- in case of a country like Afghanistan dependent on Aid- that will help with realistic planning and alignment process. In Afghanistan more than 80% of the aid is channeled not through the government treasury, this has created a critical situation, which is typical with lack of development information and negative public perception.
3. When, if good information on aid is available this will give a good tool of monitoring for the public, the state and tax payers. They can check where the aid has been spent and what has been the impact?
4. Overall pledges in the formal way, commitment against projects, disbursements and real expenditure. In case of the direct funded projects by donors the real progress or physical progress is also crucial for the monitoring purposes. On time information will be the key.
5. The situation in Afghanistan has been improving gradually; a code of conduct will be important. The code of conduct should not be broad, but it should be more specific and deliverable that can be monitored overtime. All should commit to this, as consensus is built on each deliverable.
6. The country system can benefit from IATA: 1) Sharing of Lessons Learned, 2) comparability of the mechanisms and process, 3) exchanges.
7. The key challenges will be: 1. Country wide systems differ, 2. Different human and institutional capacity, 3. Lack of an integrated approach in country level aid architecture, 4. Resources required.

Best regards,

Nematullah Bizhan

Mohammad Sediz Orya, Portfolio Manager, Pro-Poor Policies, UNDP Afghanistan

Please find attached the responses for the question asked in your emails and I am sure my colleague Mr. Jalil also sent you this. In no doubt, I will be in contact with you and am always ready for assistances/more information you may need from our end.

Q1. Does good data results in better decisions?

Yes. Useful information functions as a life blood for taking decisions by both the donor and recipients. For countries which are heavily dependant on development assistance good and on-time data on the flow of development aid is very critical for planning and decisions on allocation of resources for its priority projects.

Q2. How might improved information on aid support national ownership and strengthen domestic and mutual accountability processes?

National ownership not only means to have direct access to the funds earmarked for the development. It is indeed having the basic and most effective stake in development plans and information play a key role in planning. Knowing the “who”, “where”, “how” and “when” of the flow of Development Assistance into the country will enable the recipient design and implement the development plans accordingly. In fact, reliable information about the prospective long term and short term influx of development assistance is a key source to design long and short term National Programs which is a primary factor in determining the extent of the national ownership. To prepare a realistic and effectively executable fiscal budget, the country should have accurate information on the availability and need of the financial resources in the future. As the aid-dependent countries have scarce sources of revenue and heavily relies on the assistance from development partners, they should have updated information on the future aid flow for the preparation of the national budget.

The national of the donor countries are liable to be questioned by their people regarding the spending of the money collected from them as taxes. They want to assess the value being created by the money spent to reduce the poverty in developing countries. The governments of the recipient countries are, on the other hand, accountable to their people and civil society to justify the expenditure of the financial resources received for the purpose of changing their fate. So it's mandatory for the government of the donor countries to maintain an updated Aid information Management system.

3. What aid information do you need?

An effective Aid Information Management System within the recipient country which can be widely accessed by public and other stakeholders helps the government of the recipient countries to maintain their accountability. Therefore, it's very important to know; how much aid is flowing to the country? Where it will be used? How it will be used? What we have achieved so far from development aid and etc. Each country's need for information is different from other country and therefore each country should have a harmonized reporting format for donors to report on their assistance.

In Afghanistan we mainly need the following information;

- The current flow of the over all assistance by individual donor on micro level.
- The aid predictability for within the long and short term in the future.
- The sector wise allocation of the prospective inflow of the development assistance.
- The modality {External + Core Budget Support (Trust Funds, Preferred, unpreferred)} for spending the money receive.
- The detail of the programs, sub programs and projects including information on the modality, implementers, period and other stakeholders.
- The country strategy for the recipient countries.

4. How can a code of conduct ensure IATI delivers improvements?

The code of conduct will help donors to comply with the principles of Aid effectiveness in a disciplined manner and will improve the accountability of the stakeholders.

5. How can country-level Aid Information Management Systems benefit from IATI?

There are usually some leakages and weaknesses in the country level aid information management system which hinders the process of accountability and transparency. The IATI will help all the members and stakeholders of this forum to learn from each other's experience and which will further assist to improvement of country level information management system.

6. What sorts of capacity challenges might need to be addressed to support the implementation of IATI at the partner country level?

Some countries usually the Non-DAC members of the donor community have information systems which are of different standards and lacking the harmonization factor. The implementation of IATI for some donors with low capacity and resource, particularly to non-DAC donors will be a major challenge.

Best regards,

Mohammad Sediq Orya

Travis Harvey, Asia-Pacific Programs Coordinator, Development Gateway

1) Does good data result in better decisions?

The short answer yes but only when good data is accompanied by good analysis, timely communication and a meaningful link to national planning and resource allocation. The ability to draw meaningful trends from ODA data in relation to key indicators of effectiveness (e.g. gap analysis, poverty impact, levels of conditionality, disbursement and expenditure performance etc.) is a prerequisite to its ability to inform sound decision making.

2) How might improved information on aid support national ownership and strengthen mutual accountability processes?

Visibility of all available resources and activities in key sectors is critical to strengthening ownership and mutual accountability. This visibility promotes a better understanding of how these components contribute to the achievement of national-plan objectives and poverty indicators.

It can also help to promote inclusiveness and ownership amongst key stakeholders by facilitating the dialogue on plan formulation and results monitoring.

Also, for donors to feel confident in harmonising and aligning their priorities with government, a high-level of trust and transparency is required. The same can be said for the adoption of program-based funding modalities, which provide governments with greater flexibility and ownership.

Improving information on aid can help to build this trust and more clearly highlight the impact of investment levels and implementation arrangements toward key development indicators and sectors. When investment is linked to specific indicators and national plan objectives it also allows for gap analysis, to identify areas where investment is insufficient or the modalities in use are ineffective.

The result is that donors increasingly trust the government's ability to identify key priorities and design programs to address them. They subsequently feel more confident to invest in the government's strategy and be held mutually accountable for its results.

3) How can better aid data strengthen domestic accountability?

The accountability of any recipient government to its own people should always be paramount. Noting this however, donors are also accountable to their parliaments and constituents. Recipient governments therefore, also feel this accountability to some extent.

This tension can often lead to fragmentation and politicization of aid in countries with large numbers of bilateral donors. It also leads to burdensome conditionalities and reporting requirements being imposed on recipient governments. In turn this can lead to diminished accountability and reduced capacity at the national level.

Therefore a balance must be struck. Accurate, transparent data on aid funded activities, especially when made accessible to the public, can service both of these accountability channels equally. Better availability of data on public resources (whether it's aid resources or otherwise) enables national legislatures (in recipient countries) and civil society to play their key oversight roles more effectively. It can therefore increase domestic accountability and simultaneously cut down the propensity for restrictive behaviors among donors.

4) How can a code of conduct ensure IATI delivers improvements?

The code of conduct is critical to the successful implementation of Paris Declaration principles at the country level. Recipient governments often feel that although donor countries may have signed up to the principles at the international level, their country level offices are sometimes unwilling or unable (due to a lack of procedural reforms) to implement them at the country level. The code of conduct will promote consistency across various countries where a donor operates.

5) How can country-level Aid Information Management Systems benefit from IATI?

IATI provides a platform for ongoing discussion of key topics (e.g. terminology, reporting formats etc.) between national stakeholders and for sharing experiences between participating countries on implementing Paris principles.

One of the key benefits of IATI for AIMS should be better availability of data at the country level. Donors that have signed IATI have agreed to provide detailed information that can be disaggregated in all sorts of useful ways. They have also pledged to improve the timeliness of data. This should help recipient governments in their efforts to populate AIMS with quality info.

IATI should therefore significantly cut down on the transaction costs of dealing with different donor reporting requirements, since IATI donors will have agreed to a common information standard.

To ensure these standards translate to the country level the code of conduct could be embedded into the Aid Policies (incl. action plans) and donor coordination mechanisms of recipient countries (as the PD has been in some places). It can also be linked directly to the configuration of national AIMS to ensure effective adoption at the country level.

6) What sorts of capacity challenges might need to be addressed to support the implementation of IATI at the partner country level?

- Capacity building may be required to help map global IATI classifications (e.g. sector codes) to local classification schemes that the recipient government wishes to maintain.
- Sound intra-ministerial coordination and communication are just as critical to effective aid utilisation as sound donor/government coordination. Our experiences have shown that this is often problematic and in need of capacity support.
- Achieving data quality is highly dependent on establishing effective data management and reporting practices. Governments often require support to re-engineer processes and to identify: clear roles and responsibilities; mutual benefits; incentives and penalties for stakeholders to adopt and maintain good data management practices.

- Building capacity among senior-level government officials and technical officers for meaningful data analysis is critical in creating demand for good data and requires specific capacity development activities (e.g. MfDR initiatives).
- Regular refresher training and handover manuals are required to compensate for regular turnover in government ministries.
- Improving the integration and data sharing between PFM systems and AIMS needs capacity support to ensure effective coordination on data collection and exchange.
- There is a need to provide facilitated opportunities (like this one!) for meaningful exchange of ideas and experiences between countries implementing IATI and AIMS.

Kind regards,

Travis Harvey

Manju Senapaty, Senior Planning & Policy Specialist, Strategic Planning, Policy & Interagency Division, Asian Development Bank

Please see our general comments:

- Data at country levels should be maintained not only at the activity or input level, but also cover outputs and outcomes through the life of the programme (whether it is funded by government or external partners)
- Partner countries need to clarify roles and responsibilities in the collection and maintenance of data, sometimes it is difficult to establish the mandate of finance and line Ministries/planning Ministries in data collection, compilation, publication or use of the data. Transparency on this issue is important. Standardization and code of conduct as being suggested by IATI for aid information is equally relevant for partner countries, and equally for both aid information, and that for national projects and programs.
- For achievement of better results at the country levels the key is to ensure that efforts are not only made to improve data systems, but also clear mechanisms for use of the existing data for decision making are identified and established.

Manju Senapaty

Devi Prasad Sharma, Section Officer, Ministry of Finance, Nepal

I as a practitioner of foreign assistance I would like to join e consultation of IATI. I have few points as comments here now and will be more in coming days.

1. Data and Information are basic tools to make decision. If decisions are made with out correct data or information the decision may be wrong or may bring negative result.
2. Aid money by donors is also paid by their tax payers to them. So every donor and recipient countries are directly or indirectly answerable to them but donor are more responsible.
3. Both sides must have kin interest to maximum utilization and not to misuse of it. This will be the win-win situation regarding the foreign assistance.

4. If recipient country wants more assistance with their donor, they must give assurance that aid money is utilizing to fight against poverty with inclusiveness.
5. Accountability Mechanisms might be; updating data base, creating awareness and public audit.
6. Aid information is needed to all. IATI may get success to accumulate and provide to all through web base template. Both sides should have to cooperate.
7. Code of conduct is a tool of moral binding, if both sides agree to compliance.

Regards
Devi Prasad Sharma

Narayan Dhakal, Section Officer, Foreign Aid Coordination Division, Ministry of Finance, Nepal

Please find attached my reply to IATI e-consultation questions.

1. Good data for better decisions.

Good data are inputs for better decisions and better planning. If both donor and partner country work for the same purpose, which may not always be the case in entangled aid relationship, the following types of data, among others, could be beneficial-

- Multiyear commitment (projection).
- Actual disbursement
- Events/activities taken place collectively/jointly
- Funding gap, duplication and overfunding across the sectors, geographical regions, political/administrative units
- Policy /strategy coherence among the donors and with the partner country.
- Variation in priority matching between partner country and donors.
- Level of alignment with the country system/country institutions/country procedures.
- List of program-specific interests/incentives on both donor and partner country side.
- Cost /benefit of ODA flowed to particular program/project for partner country and donor.
- Level of enthusiasm versus reluctance for use of country public financial management system, including procurement system, both in donor and partner country

2. Information on aid encourages ownership and mutual accountability.

Information is power. As aid is a negotiable business and information helps boost up negotiation power to make it better and accountable. Volume, quality, outcome, impact etc of aid is the key for partner country to own it, lead the process, evaluate, and internalize /institutionalize the outcomes. Stakeholders in both the donor and partner country must be well-informed about what, how, when and whom of the aid flow for making them accountable for success and failures. For example, information on volume of aid, repayment liability for future generation, interest rate, benefits for donor and partner country, direct and indirect cost for partner country, terms and conditions etc of particular aid would help the partner country citizen/civil society/ parliamentarian/ entrepreneurs to understand the value for money and encourage them not to misuse aid.

3. Better aid data strengthen domestic accountability.

There is mutually reinforcing and cyclic relationship between 'transparency' and 'accountability'. Better aid data ensure transparency and transparency strengthens domestic accountability. Once domestic accountability is in place, level of transparency improves not only on

part of domestic stakeholders but also on part of donors. Following accountability mechanism could be useful-

- Analysis of cost and benefit, evaluation of outcome and impacts through independent evaluators,
- Disseminating to parliamentarian, civil society or interested citizens through dedicated workshop, public hearing etc.
- Engaging parliamentarian to the analysis of aid data to determine its usability.

4. Essential Aid Information.

Timely and reliable information on where, when, how, and what of the aid in the pipeline, ongoing and of the future provides more flexibility for resource planning. Additionally, the following information are essential for more effective, quality, and mutually accountable aid-

- Financial and non-financial incentives of particular aid for partner country and for donor
- Direct and indirect costs and benefit of particular aid for partner country and for donor

5. Code of conduct ensures improvements.

The code of conduct in form of document is not that important unless it is fully complied with. Aid is not one way, it involves multi-level stakeholder with multi-level governance system. Aid relationship being a part of international relation, is often anarchic. It is more based on good faith and survives in compatibility and coherence of the incentive system rather than enforcement and persuasion. However, experiences show that the code of conduct puts tremendous peer pressures on its signatories for greater compliance and develop sense of collective efforts/responsibility.

6. IATI helps strengthen local Aid Information Management Systems (AIMS).

Data stored and maintained by one system may vary from those maintained by another. This is natural both at local and global levels. The generalized data available through global system may have risk of giving wrong and misleading scenario. Therefore, data must be qualified by the country-specific context through customization process. AIMS can help with this by developing and engaging the local experts/users from the beginning of system development, installation, operation, and maintenance. AIMS should be designed and customized to country context so as to produce globally comparable but locally harmonized as well as usable data. IATI can induce generating such data to ensure sustainability. IATI can do this by ways of demanding and consuming more and more data for transparency and accountability purpose at country levels. Means could be workshops, interactions etc. It can analyze and disseminate such data in the interest of local beneficiaries. Of course, face-to-face interactions between IATI and AIMS can reduce confusions regarding inconsistencies/contradictions between country and global database and identify the resolve to the problems.

7. Capacity for IATI implementation at country level.

I think, weak ownership and leadership is the main constraints to implementing any reform initiatives in partner countries. To overcome this, local capacity should be developed through organic process. Capacity is the function of trust, ownership and leadership. Trust enhances ownership; ownership encourages taking lead in the initiatives; encouraged ownership and leadership tends to heavily engage the partner country actors in the process. Such engagement with ownership and leadership make them further capable through learning by doing process. Therefore, IATI should encourage donors to extend trust toward partner country actors and see how they own and lead. Again, such approach will require information that creates incentives for local actors to own and lead. It is true that this initiative would require a bit more courage on part

of donor to bear the cost of what donor call fiduciary risk. But, in the long run, such costs are likely to be offset by the benefit, such as, increased capacity, increased leadership and ownership.

8. We need to be realistic but cannot breach our own commitment.

We, partner country and donor, committed many things at policy level in Paris in 2005 and in Accra last year around five principles- ownership, alignment, harmonization, managing for development result and mutual accountability. Each of these five principles in isolation is meaningless. All of them are mutually dependent and reinforcing aiming at reducing aid-dependency and achieving self-reliance. Absolute self-reliance in this globalizing world is simply not possible. We need to seek a blending between self-reliance and global interdependence to live up with our commitment.

The AAA urges donors must use country system as the first option without fail. If they cannot use for example due to low level of capacity to avoid fiduciary risk, they must spell out what the risks are. Thus, fiduciary risks become a good escape for donors for not using country system and reverting back to the donor system/structure. For this, we need 'capacity' as it cuts across the five principles. How to obtain capacity is always the issue because it is long –term. Capacity is the entangled issue also for the following-

- Donors say, 'X' partner country requires another ODA in form of TA to develop capacity to manage ODA. Consultants, suppliers tend to prolong TA as they find perverse incentives in doing so.
- Capacity cannot be built through engineering approach; it is something to be developed from what we already have in form of institutions, values, norms, traditions, and positive sides of unique social capital. Such organic process of capacity development definitely involves risks as it flourishes through 'trial and error' or 'learning by doing' approach.

We must have guts to bear risks to live up with our own commitments of using country system. Donors in particular must have capacity/readiness to- understand local context; understand local capacity; step back from micro management of aid money; and heartily accept partner country in leading role and so on.

With best regards,

Narayan Dhakal

Julia W. Korovou, Principal Economic Planning Officer, Budget Division – ODA Unit, Ministry of Finance, Fiji

I've attached for your consideration the Republic of Fiji's response to the IATI Questionnaire.

Asia-Pacific IATI E-Consultation : 29 June – 17 July 2009

Country: Republic of the Fiji Islands

1. Does good data result in better decisions?
Absolutely. Good quality data is a pillar of strength for any Government and its ODA Unit if it must make aid more effective at country level. It is recognised that poor data results in weak coordination between donors and partner countries and lack of joint commitments towards development; poor aid management and subsequently, less impact of aid in the development and growth of partner countries.

The effective and appropriate management of Aid information is fundamental to the accountability of the Government to the Donors and CSOs and vice-versa. It is key imperative to the provision of quality policy advice on aid matters, and support towards the budgetary and planning deliberations and decisions. It ensures effective compliance and implementation of aid procedures and conditions and therefore strengthens the attainment of the Paris Declaration and other international agreements.

2. How might improved information on aid support national ownership and strengthen mutual accountability processes?

It is recognised that receiving comprehensive, timely aid commitments and information from donors is key imperative to assist partner countries to effectively plan and budget for our development priorities and objectives. Thus it helps abate the problem of double dipping and enhance allocation of our scarce resources to targeted strategic areas of development. As well, it improves harmonisation of donors' assistance and managing for development results.

For Fiji, normally during the month of July to August in every fiscal year the ODA Unit would request donors to provide details of their commitments for the next financial year. The process is implemented concurrent to our national budgeting process.

At most times, however, we have to request for more reliable aid information that are needed for better budgeting and planning deliberations. Aid component (only those that disbursed through the Central Government Account) is incorporated and reflected in our annual Budget for over a decade now and is still the current practice. This has substantially improved transparency and accountability.

However, Fiji currently is experiencing great difficulty in capturing and quantifying the volume of aid received by Government per se. This problem arises in circumstances when donors decide not to use government's financial system, but mobilise funds directly to Ministries and Departments. Consequently, most of these assistance are not accounted for in the State of Nations and neither is the Ministry of Finance nor the ODA Unit cognizant of their progress.

In light of this problem and to ensure better aid coordination and management, a policy guideline on the Record and Management of Aid Information together with relevant user-friendly spreadsheets were developed and implemented in February this year, with the objective to, specifically capture all aid received upfront by Ministries and Departments and quantified in the State of Nations. The process is envisaged to improve transparency, accountability, and effective management of aid and its impact.

3. How can better aid data strengthen domestic accountability?

With improved quality aid data, the ODA Unit would be able to effectively manage, co-ordinate, implement and monitor aid projects and programmes as well in assessing their effectiveness and impact on of aid by partner countries and mutual accountability.

It is recognised that in order to achieve an effective, efficient and ethical management of aid and its delivery to intended beneficiaries, it is essential that the Aid Unit have a complete and accurate record of all external donations with their respective objectives and outputs.

In our National Budget the aid component are categorised as "R", meaning that all requests for release of aid funds must be processed through the Requisition to Incur Expenditure

mechanism, which warrants the approval of the Minister for Finance based on the recommendation of the Permanent Secretary for Finance. The process requires production of key documents such as the Project's Action Plan, MOU/MOA in the case of first requests, and Acquittal Reports for continuing projects etc. The process is recognised as a control mechanism which will improve accountability and transparency.

Country Strategy Programmes, Agreements and Projects/Programmes Plan of Action are tools used for monitoring and evaluation.

4. What aid information do you need?

Reliable aid information on commitments and evidence of commitments; predictability of aid and quantum; procedures, conditions and costs; aid objectives and targets (aligned to Government's development priorities). Quality data are substantial to partner country's planning and budgeting process. Country Strategy Programmes and Agreements must be jointly formulated rather than donors bringing their predetermined Draft Strategy/Framework on the table for discussion with limited time allowed for partner country to thoroughly peruse the strategies/programmes and to propose changes significant to achieving development goals and objectives. However, we acknowledge the big steps of improvement taken by donors in this regard.

Realistic, specific, achievable and measurable indicators should be stipulated by donors. Hidden costs of aid should be made transparent.

5. How can a code of conduct ensure IATI delivers improvements?

The code of conduct would act as the binding/legal instrument for donors to provide timely, comprehensive aid information and to ensure easy access. It would improve the joint evaluation exercise of aid projects/programmes normally stipulated in the respective Agreements but not enforced or effectively implemented.

Improve donors support towards our development initiatives and the willingness to use our country systems and its improvement from lessons learned. Preliminary consultations prior to the drafting of their Country Strategy or Programme Frameworks, to ensure aid assistance are consistent with the development priorities of partner countries. Only then would aid be more effective in the context of development and growth. No doubt government's support towards the project or programme will strengthen and thereby promoting national ownership, mutual accountability, aid management and managing for development results.

6. How can country-level Aid Information Management Systems (AMIS) benefit from IATI?

IATI is envisaged to strengthen Fiji's AMIS and aid management by ensuring quality and reliable aid information are made transparent which would promote mutual accountability and impact of aid. Particularly in most cases where donors prefer to use their own procedures and conditions of work, and thus making work processes very difficult for the ODA Unit having to comply with and implement the various procedures and conditions required by each donor.

Fiji currently is trying to set up an AMIS. At the beginning of this year, a policy guideline on Record and Management of Aid Information was developed and approved by the high level committee on Aid for implementation (mentioned in No. 2 above). The guideline aims to capture and appropriately record all aid assistance received; to ensure the proper coordination, management, delivery, monitoring, evaluation and reporting of aid and aid funded programmes and projects by the ODA Unit in a

systematic manner; and to help the ODA Unit with its effective and efficient management of aid information/data and ultimately the establishment of an Aid Management Information System. The process is envisaged as a transition to a sustainable AMIS in the medium to long-term.

We will build on this exercise and improve to foster greater accountability and transparency in reporting. To provide timely feedback to key stakeholders and provide advice on the integration of aid, by sector and by donor, into the budget framework, targeting development priorities and consequently, satisfying the Paris Declaration, the AAA, MDGs and relevant international agreements.

Fiji is currently working in close collaboration with the UNDP to secure and implement the Development Assistance Database which is anticipated to become Fiji's AMIS.

7. What sorts of capacity challenges might need to be addressed to support the implementation of IATI at the partner country level?

Challenges would include:

- i) Capacity building in areas concerning information system and human resource;
- ii) Sustainability of aid mechanisms and systems;
- iii) Role of CSOs and parliamentarians should be well articulated;
- iv) As part of its Financial Management Reform, Fiji is currently targeting to move from Cash Accounting towards Accrual Accounting and its successful adoption for implementation by 2012. As such assistance is needed to build financial management capacity to effectively implement the Accrual accounting concept and to ensure its sustainability.

Best regards,

Julia W Korovou

Richard Bradley, Aid Management Advisor, Synergy International Systems

Principles into Action

Through the implementation of the Development Assistance Database (DAD) in over 25 countries, Synergy has acquired extensive expertise in utilizing information technology to make aid information more accessible, transparent, and results-oriented. Given the close link between our work and IATI's key tenets, we have participated in the first two partner country consultations in Rwanda and Montenegro.

A key need of partner country governments is the ability to collect data from donors in a regular and timely manner through Web-based AIMS. But donors have their own internal systems, and they often express concern about devoting limited time and resources to manually re-entering the same data into an AIMS—what they see as duplicative work. To address this issue, Synergy has recently developed an automated data transfer utility that links donor systems to country AIMS. In Pakistan, for example, the World Bank's Client Connection system is being linked to DAD Pakistan, whereby data from Client Connection is automatically transferred to the DAD. This eliminates any potential duplication, reduces transaction costs, and creates greater incentives for data reporting. The implementation of such data

transfer utilities can result in a win-win solution: donors easily report timely and reliable information that the government can then use to coordinate development activities in line with national priorities.

The evolution of AIMS in the last several years has led to the emergence of a set of expectations that are in line with IATI tenets—such systems should be Web-based, multi-lingual, and publicly available to support greater transparency and accountability. In addition, our work in countries with limited IT infrastructure has shown that relying solely on Web-based systems does not fully meet the needs of our users. To respond to this reality, Synergy provides an off-line DAD fully integrated with its online counterpart, which allows users without access to the Internet to enter data, perform analysis, and create reports. In short, by extending access to the AIMS, this tool enhances the quality of data available to the government and its development partners.

Key Challenges: More Political and Institutional, Less Technical

Our decade-long work in this field has taught us that the central challenges to better aid data are more political and less technical. In particular, the effectiveness of an AIMS largely depends on the existence of a favorable political and institutional environment. Here are a number of important political factors that are crucial to the viability of AIMS:

- * Strong political commitment and political “champions”
- * A viable government aid policy setting out clear mutual obligations and standard operating procedures on AIMS
- * A functioning institutional framework with a strongly mandated agency in charge of the AIMS
- * Clear roles and responsibilities among ministries regarding AIMS
- * Effective coordination and dialogue mechanisms between the government and donors
- * Long-term commitment (3-5 years) to capacity-building related to AIMS management

If IATI can advise partner countries on how to address these and related issues, then it has the potential to play an invaluable role in facilitating the implementation of AIMS and thus advancing its key objectives.

Richard K. Bradley

Pranay Kumar Sinha, Masters Candidate in Aid Management, University of Birmingham (formerly Aid Coordination Officer, UNDP India)

Dear Colleagues,

Please find enclosed my response on these questions –

Does good data result in better decisions?

Before exploring whether good data does result in better decisions or not, it is extremely important to revisit that the 2010 indicative target on Indicator 5 of Paris Declaration i.e. use of country PFM and

procurement systems is 80%. Recently conducted 2008 survey on monitoring the Paris Declaration reveals that the progress is very modest on two accounts. First its approximately 45% compared with the target levels of 80% and there is a slow progress of only four to five percentage points increase (PFM was 40% in 2005 which increased to 45% in 2007 where as public procurement was 39% in 2005 which increased to 43% in 2007). Please refer page 38 here <http://www.oecd.org/dataoecd/58/41/41202121.pdf>.

So in this backdrop, larger question remains - what data do donors and partner country governments need to strengthen planning, budgeting and execution? Though some data on aid flows already exists – either in country level aid tracking systems or through the OECD DAC's Creditor Reporting System, it's extremely difficult for recipients to access the information on aid flows which are not flowing through country PFM system. In my opinion it would be important to move forward through this IATI to figure out the aid flows which are not flowing through recipient country PFM system. Mutual accountability mechanism in place would attempt to identify the limitations why it's not flowing and facilitate to overcome these limitations at the individual country level, which would in turn strengthen the process to achieve above said Paris Declaration commitment. One possible way out is to reconcile the OECD DAC's Creditor Reporting System with the recipient country level aid tracking systems/ MoF data and identify the gaps in those flows. Once the details of such flow are available with partner government, it would improve the planning, budgeting and execution of such aid inflows.

How might improved information on aid support national ownership and strengthen mutual accountability processes?

It has been observed that the accountability mechanism which exists strongly in aid relationship is at two levels. The first one is from recipient governments to donor agencies and the second one from donor agencies to donor country parliament and their citizens. The accountability of donors to recipient governments and recipient governments to their citizens is considered to be comparatively much weaker. Improved information on aid flows through IATI has the potential to bring a shift in this existing accountability mechanism and may bring donors as well as recipient governments to be simultaneously accountable to their respective constituencies on the outcome of the aid utilization. It would also improve the mechanism of domestic accountability as improved information on aid flow would also strengthen the role of parliament, civil society and media to question the duty bearers with in the national government and that will ultimately bring larger development effectiveness of aid flows. Thus improved information on aid would be instrumental in strengthening not only the donors-recipients mutual accountability processes but also supporting national ownership involving government, parliament, civil society, media as well as its citizens.

What aid information do you need?

Information on yearly commitment and disbursement as well as commitment charge paid by the recipients are extremely important aid information required at the country level. In few cases (bilaterals as well as multilaterals) – disbursement delays has a direct and significant impact on the recipients exchequers as they are supposed to pay commitment charges because of their failure to timely utilize the committed external aid amount. An academic study as well as Paris Declaration finds that the constraints lies both at the donor as well as the recipient side which typically creates barrier to timely disbursement. So in this case the above said aid information would be instrumental to both donors as well as recipients to identify slow moving projects and take timely remedial measures and ultimately progress towards realization of Indicator 7 of Paris Declaration i.e. predictability of disbursements. Data on future aid commitment/flows and tied aid is also required to realize the goals envisaged in Paris Declaration.

How can a code of conduct ensure IATI delivers improvements?

As of now it is observed that not all the OECD-DAC donors are on board in IATI. A code of conduct will have the potential to demonstrate and bring such donors on board (along with their peers) to adhere to a common framework on what, when and how to publish. This will also be a step forward to pursue non DAC donors to participate in IATI. Unless all the donors come to this common commitment, IATI would have limited impact at individual country level.

Whether code of conduct would be binding or voluntary in nature, would further determine the efficacy of the IATI to bring desired result. An independent body (represented by civil society as well as selected recipients/donors on a rotation basis) other than IATI secretariat should be entrusted the role to monitor and ensure the compliance, if any.

How can country-level Aid Information Management Systems (AIMS) benefit from IATI?

IATI would benefit country-level Aid Information Management Systems in following ways –

1. By establishing a common understanding followed by all donors and partner countries to reconcile and continuously improve on existing classifications such as sector, budget classification as well as financial year.
2. By reducing the transaction cost of both donors as well as partner countries in accessing, providing and publishing the detailed aid information
3. By significantly improving the accountability by making aid information available to their respective citizens
4. By ensuring the timeliness of data availability and reducing the time gap in data publication
5. Standardization of ODA data available at country level which can be useful in comparison across different thematic areas (financial year, sectors, MDGs, donors, geographic location, etc) and which would be cost effective.

Following agenda may be useful to consider while structuring a face-to-face workshop on IATI and AIMS to help managers and users of AIMS –

Gap Analysis of existing available information in AIMS at different country level and what IATI expects donors/ partner countries to publish. With the help of a matrix, it may be useful to identify that whether the information required to bridge the data gap exist at OECD DAC database, partner country database or with donors and then possibilities/way out to be explored to how to reduce this gap.

Best regards,
Pranay

Oul Nak, Deputy Director, Aid Coordination Policy Department, Cambodia Rehabilitation and Development Board, Council for the Development of Cambodia

I would like to share with you the following inputs concerning with Aid Information.

How does the Cambodia ODA database support the Aid Effectiveness Agenda?

The Royal Government of Cambodia and its development partners have signed a local Declaration that commits all parties to the implementation of the H-A-R Action Plan. For government and development partners, the ODA database provides a strategic management tool to support the implementation of good practices in aid management with regard to coordination, planning, implementation and reporting.

- Aid Coordination: Harmonisation and alignment supported through universal on-line access to information on activities, sorted by development partner, sector, modality or province;
- Planning: Ex post and forward-looking alignment is monitored and supported by comparing resources flows with resource requirements identified in the National Strategic Development Plan- NSDP;
- Results: Support to NSDP implementation, tracking of financial resources contribute to an assessment of development impact as well as to improve budgeting;
- Mutual Accountability: National ownership and partnership-based dialogue become more credible as a result of enhanced information sharing.

Promoting evidence-based development management via the Cambodia ODA database:
The National Strategic Development Plan (NSDP) provides the overarching framework for implementing development activities and for programming domestic and external resources in Cambodia. In this context, and noting the obligation of both government and development partners to the 2005 Paris Declaration on Aid Effectiveness, the cambodian government has developed its own ODA database to promote effective aid management.

The Cambodia ODA database is designed to be responsive, cost-effective and sustainable. It has the following objectives:

- To record all development finance to Cambodia from all sources
- To promote the effective planning, budgeting and mangement of external resources
- To provide public access to information on aid provided to cambodia
- To support empirical analysis and the provision of practical policy-relevant advice (Ex. Aid Effectiveness Report)

I would like to apologize for not responding to all questions.

I am looking forward to cooperating with you at all time and all aspects.

Best regards,
Oul Nak



Capacity Development for Development Effectiveness (CDDE) Facility

FIRST CONSOLIDATED REPLY: Better Data, Better Aid? How can the International Aid Transparency Initiative Help You?

Please note this is the first of two consolidated replies that will be sent. If you would like to contribute, the e-Consultation will remain open until **17 July**. Comments can be sent to cdde@undp.org. For more information, including a list of participants and Frequently Asked Questions on IATI, please visit www.AidEffectiveness.org/IATI.

Original Query sent 29 June 2009

The Accra Agenda for Action contains clear and strong commitments on transparency and accountability by both donors and developing countries which, if implemented, are certain to improve the impact of aid. Turning words into actions is the objective of **the International Aid Transparency Initiative (IATI)** – an Initiative that was itself launched at the Accra High Level Forum last September. Alongside many donors that have signed up to IATI, some partner countries have endorsed the initiative. IATI commits donors to work together to make aid more transparent – to agree on **what aid information should be published**, set out **clear definitions and a common format** for aid information, and sign up to a **code of conduct** so donors live up to their promises.

To ensure IATI supports your country level work, IATI is seeking the views of aid policy makers and practitioners in each region. The **e-Consultation is open to government officials, civil society representatives, members of parliament and donors** from across Asia and the Pacific. It seeks your views on the questions below – or any other comments on IATI that you would like to share:

7. Does good data results in better decisions?
8. How might improved information on aid support national ownership and strengthen domestic and mutual accountability processes?
9. What aid information do you need?
10. How can a code of conduct ensure IATI delivers improvements?
11. How can country-level Aid Information Management Systems benefit from IATI?
12. What sorts of capacity challenges might need to be addressed to support the implementation of IATI at the partner country level?

Contributions received with thanks from:

11. **Allan Daonga**, Under Secretary (Acting), Ministry of Development Planning & Aid Coordination, Solomon Islands
12. **Bhuban Karki**, Under Secretary, Ministry of Finance, Nepal

13. **Uma Chowdhury**, Director, SUPRO, Bangladesh

14. **Lava Deo Awasthi**, Joint Secretary, Ministry of Education, Nepal

Further contributions are welcome!

Summary of Responses (full responses below):

7. Good Data for Better Decisions

Contributors overwhelmingly agreed that good aid information is a necessary ingredient for good decision making by both governments and donors. Having good data is important not only in principle – promoting the Accra priorities of transparency and accountability – but also in terms of supporting the government’s planning and budgeting process, ensuring effective resource allocation, and increasing the overall performance and contribution of aid towards key national development objectives. It was also highlighted as important for governments to have a clear view of aid that comes in through unofficial or non-traditional channels in order to better harmonize development efforts and ensure the effective implementation of government priorities.

8. Promoting National Ownership and Domestic/Mutual Accountability

Improved information on aid was identified as a prerequisite for promoting national ownership and mutual accountability. Providing clear and accurate aid information promotes wider participation in both the implementation and monitoring of aid. If people are more likely to participate in the process, then they are also more likely to care about the results, thereby increasing their ownership of aid.

Providing better aid data puts pressure on governments to deliver results for which they can then better be held accountable for. Civil society, for instance, serves an important watchdog role and needs good aid information in order to (i) assist public expenditure tracking; (ii) promote and advocate pro-poor policies; (iii) improve harmonization, good planning and monitoring of resources; (iv) identify actual inflows; and (v) improve local level monitoring of programs. Likewise, parliamentarians need good aid information in order to (i) scrutinize aid agreements and governments’ budget proposals; and (ii) hold governments to account against stated commitments to aid quantity and aid quality. Academics and the media play similar roles.

While transparency on the receiving end is always highlighted as a priority, contributors agreed that donors also have a responsibility – and an interest – in providing clear and transparent information on aid flows. Good aid data helps donors (i) inform their own decisions in the

interest of avoiding duplication and increasing both coordination and harmonization; (ii) accurately measure the results of their assistance; and (iii) demonstrate the positive impact of their aid interventions in their own countries.

Challenges towards mutual accountability that remain were identified as being the large numbers of actors involved, as well as insecurity, corruption, poor governance and a lack of capacity and resources at the country-level.

9. Essential Aid Information

The following aid information was identified by contributors as being high priority and necessary for effective decision making at country-level:

- Better information on donor commitments and disbursements
- Information on future allocations
- Information on contract and procurement processes
- Details of aid agreements, including any conditions and terms attached
- Information on the timing and number of donor missions
- Better information on the flow of aid from non-traditional donors or unofficial channels
- Details on the preparation and implementation status of projects, co-financing needs and government contributions
- Information on technical assistance
- Repayment status details
- Information on pipeline projects/programs

10. IATI Code of Conduct

Contributors agreed that by clearly outlining all the agreed upon terms and actions, an IATI Code of Conduct will help put pressure on donors to provide better aid information on the above-mentioned priorities, which would help promote increased aid transparency and accountability. By making donors comply with its terms and improving data at country level, the Code of Conduct could also have a number of secondary consequences, such as putting pressure on donors to untie their aid.

11. AIMS and IATI

The Code of Conduct should accurately spell out the relationship between any country-level Aid Information Management Systems and IATI in order to ensure the two are mutually compatible in advance of any actions being taken. To ensure AIMS benefits from IATI, IATI should act as a bridge between donors and countries in terms of supplying aid information, while also helping countries network and share lessons and good practice on aid information management. IATI should facilitate the regular interaction of country aid practitioners and policy makers and their exchange of AIMS challenges and opportunities. Additionally, IATI should work to strengthen national capacities for the successful implementation of AIMS.

12. Country-Level Capacity Challenges

Contributors identified several country-level challenges that they currently face in implementing the aid effectiveness agenda, and which would need to be addressed in order to support the implementation of IATI:

Solomon Islands:

- Improved coordination and integration of internal and external resources in the implementation of local programmes and activities
- Improved management towards development results and the more strategic targeting of aid towards development objectives
- Developing effective reporting mechanisms/processes between government and donors. The Government of Solomon Islands is currently considering the development of an MOU between itself and its donors to improve the reporting process, and welcomes ideas and examples of efficient reporting mechanisms from other countries.
- Reinforcing linkages between Central and Line Ministries
- Improving the relevant human resource capacities, including increased training
- Establishing a national development assistance database. Solomon Islands is currently at the stage of exploring different AIMS, including DAD, and welcomes any suggestions and lessons learned from other countries' experiences.

Nepal:

- Improving national financial management systems
- Improving the reporting systems within Central and Line Ministries
- Increasing training of relevant staff on aid coordination and management in order to foster motivation and retention
- Improving the sustainability of national aid information management systems
- Enhancing the roles of parliamentarians and civil society
- Increasing the transparency of government rules and regulations

Bangladesh:

- Enhancing levels of transparency, accountability and participation more broadly
- Improving coordination between donors, governments, and other in-country stakeholders
- Improving the levels of collaboration, networking and information dissemination between stakeholders
- Increasing the role of parliamentarians and civil society

Responses in Full:

Allan Daonga, Under Secretary, Ministry of Development Planning & Aid Coordination, Solomon Islands

Greetings from Honiara, Solomon Islands and first of all, let me once again say a very big thank you to UNDP for this initiative to share ideas as well as to be given the opportunity to learn from each other's experience through this Asia- Pacific IATIE-Consultation process.

Just a brief thought on a general response to the questions for discussions below. I believe, having a good data is no doubt a very important instrument for better result driven decision- making process not only on the part of the aid recipient countries but also for the donor's. Having a good data promotes transparency and accountability on the part of the aid giver and recipients. It is also an important planning tool in terms of identifying the priority gaps and resource allocations (budgeting process). Solomon Islands receives substantial overseas development assistance in various forms but as support to both the recurrent and development budgets. In 2008, approximately half of both the recurrent and development budgets were funded by bilateral and multilateral donors. Clearly, this significant use of overseas development assistance points to the need for increased aid coordination on the part of the Government. We need to take a leading role in ensuring an effective process of integrating external and internal resources in the implementation of local programmes and activities; that we manage for results and ensure that aid is strategically targeted and therefore more effective. These agenda's for promoting

greater ownership, alignment, harmonization and managing for results are also enshrined in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action that Solomon Islands is also party to. Additionally, increased aid effectiveness is also imperative for achieving the MDG's.

The aim of this project is to strengthen and improve the effectiveness and efficiency of aid coordination and management through building the organizational and management/staff capacities of the Aid Coordination Division of MDPAC and better enabling them to carry out the aid coordination and management mandates.

The Aid Coordination project will concentrate on strengthening capacity by focusing on the following four areas.

1. *Establishing Aid Coordination and management Processes and Procedures*
Under this component, the project aims to help establish or further strengthen processes and procedures including strategies and action plans for progressive harmonization, alignment and simplification of development cooperation activities.
2. *Re enforcing linkages between Ministry of Development Planning & Aid Coordination (MDPAC), other Government Line Ministries and Aid Players in the country.*
Through this component, the project hopes to establish and or strengthen working linkages and ensure close cooperation and greater collaboration between MDPAC, other line ministries and donor partners.
3. *Strengthened Human Resource Capacities in Aid Coordination Division.*
Under this component, training will be made available for skills upgrading and capacity development of MDPAC staff both to address day to day work activities and role specific training to enhance aid management capabilities.
4. *Upgrading the existing Information and Grant Management System.*
This component will include the establishment of an overseas development assistance database with appropriate functional and economic classification of aid resource allocations that will have direct correspondence with the development budget. The technical architecture of the system will also allow for data entry at the source, thereby allowing donors to directly update programme/project information onto the website periodically. This improves programme/project management on the part of the Solomon Islands Government. The system will also allow for and enhance the ability to generate analytical reports which can be used for monitoring and performance assessment of aid funded projects.

It is hoped that the project will contribute to enabling the government of Solomon Islands to have a working, transparent and effective aid coordination, management and monitoring system. In the same vein, it is hoped that this project will put us on a better footing to be able to ensure that foreign assistance is better targeted, that we increase absorptive capacity and on the overall increase performance of aid funding invested to strategically address key development objectives.

In terms of implementing component 4 of this project, we are now at this stage exploring the different ODA Database Systems including DAD and we would be happy to hear or find out from other colleagues on your recommendation about which ODA Database System is most appropriate, simple and user-friendly.

One of the major problem the Solomon Islands Government is currently faced with is getting relevant information's from donors (some donors) with regards to implementation status of the various projects they have currently implemented in the country and also other relevant information's regarding their programmes. It is anticipated that the project on Strengthening Aid Coordination and Management Capacities in Solomon Islands with funding assistance from UNDP which are starting to implement will look into improving the reporting process between government, donors and other stakeholders and probably through a memorandum of understanding (MOU). We would be grateful indeed to hear ideas and examples of efficient/effective reporting mechanisms/process between their government and donor partners. Regular information sharing as such is in my view very important in terms of living up to the principles of AE and as reiterated in the AAA.

Glad to hear from other colleague's on their country's experiences on effective and efficient reporting strategy.

This is all for the time being.

Kind regards,
Allan Daonga

Bhuban Karki, Under Secretary, Ministry of Finance, Nepal

Enclosed please find my reply.

1) Does good data result in better decision?

Yes.

2) How might improved information on aid support national ownership and strengthen mutual accountability?

Improved information on aid will help in building country ownership in various ways. First, people will be better informed about the assistance. Second, this will increase their participation in the implementation of aid projects. Third, they will be more concerned about the results of the project. Thus, it will increase their ownership on aid. Improved information on aid is the prerequisite for mutual accountability. Parliamentarians, civil society representatives, academicians, media people, watch dog entities need better information in order to enhance mutual accountability on Aid.

3) How can better aid data strengthen domestic accountability?

As better data will put pressure on the government to deliver results and they will be more accountable to the Parliament and people. Based on the better data provided by donors government will reflect it in their annual budget books. This will make government more accountable to the parliament and people. Because people can ask questions on the use and misuse of donor funds with information they have. Thus, better data strengthen domestic accountability.

4) What aid information do you need?

Information on commitments, disbursement, future allocation, procurement, repayment status, pipe line projects/programs, conditionalities, and information on timing and number of missions. Besides, information on project preparation, co-financing needs and government contribution is also required. Information on technical assistance also needs to be provided adequately.

5) How can a code of conduct ensure IATI delivers improvements?

A code of conduct will put pressure on donors to provide information on all aspects of aid including including appointing international consultant and their compensation. It will also pressurize them to untie aid, provide more information on aid flow so that these could be reflected in annual budget of the government which in turn will be presented to the parliament. Overall, it will help in making aid more transparent and accountable.

6) How can country-level Aid Information Management System (AIMS) benefit from IATI?

IATI can provide information on how other countries are networking on aid information management system and also act bridge between donor and country in terms of supplying and networking aid information. IATI can also bring people in one place with a view to share and exchange ideas on challenges and opportunities on AIMS. It can also work on strengthening capacities of countries for the successful implementation of AIMS.

7) What sorts of capacity challenges might need to be addressed to support the implementation of IATI at the partner country level?

- Improvement in financial management system
- Improvement in reporting system within Finance Ministry and Executing Ministries.
- Training: Manpower needs to be trained, motivated and retained in coordination and aid management.
- Sustainability of aid information management system
- Role of Parliamentarians and civil society need to be enhanced
- Rules and regulations of government needs to be more transparent

Regards,

Bhuban

Uma Chowdhury, Director, SUPRO, Bangladesh

Greetings from SUPRO,

Thank you so much for sending the mail and reminding me further. I am sending my views whatever right or wrong I am fascinated to join this nice process. Thanks again for your nice cooperation.

My views is as follows:

1) Does good data result in better decisions?

Positively good data result in better decision because based on reliable data easily duty bearers will be able to take the decision specifically on what purpose should get priority, how much budget allocation is needed for what and how it will be monitored etc. What type of Aid is needed, why needed and how much Aid is needed and also the conditionality if any is it accepted by the country or not that type of data need to strengthen planning, budgeting and execution.

2) How might improved information on aid support national ownership and strengthen mutual accountability processes?

Strengthening the rights based approach and specifically ensuring the participation by all relevant stakeholders specially the policy makers.

Partner country governments need access to reliable aid information in order to (i) ensure effective planning, implementation, and accounting processes; (ii) strengthen national ownership of aid; and (iii) increase transparency and accountability. At the most basic level Governments need to ensure that donors are delivering on the pledges they have made on both aid quantity and quality.

Mutual accountability demands mutual respect and a feeling of moral responsibility among actors to be accountable to each other. This is necessary to overcome the unequal power relations that exist between development actors and to ensure that accountability is meaningful and not merely a technical process.

Independent evidence and analysis, comprehensive data or other essential elements will strengthen mutual accountability.

3) How can better aid data strengthen domestic accountability?

Better Aid data easily can facilitate to strengthen domestic accountability because mutual accountability is advocated as a way to improve aid effectiveness. It means that the actors involved in development processes should be accountable to each other and take joint responsibility for the management, implementation and impact of aid.

There are large numbers of actors and practical challenges, including insecurity, corruption, poor governance and a lack of capacity and resources that are all impeding mutual accountability. Mutual accountability demands mutual respect and a feeling of moral responsibility among actors to be accountable to each other. This is necessary to overcome the unequal power relations that exist between development actors and to ensure that accountability is meaningful and not merely a technical process.

CSOs in both donor and partner countries need access to aid information in order to (i) assist public expenditure tracking; (ii) promote and advocate pro-poor policies; (iii) improve harmonization, good planning and monitoring of resources; (iv) identify actual inflows; and (v) improve local level monitoring of programs.

Partner country parliamentarians need access to aid information in order to (i) scrutinize aid agreements and governments' budget proposals; and (ii) hold governments to account against stated commitments to aid quantity and aid quality.

Donors have an interest in providing reliable aid information in order to (i) inform their own decisions in the interest of avoiding duplication and increasing both coordination and harmonization; (ii) accurately measure the results of their assistance; and (iii) demonstrate the positive impact of their aid interventions in their own countries.

4) What aid information do you need?

Clear purpose of taking Aid and conditionality of Aid is very important to know by everyone. However, a clear message civil society is that aid is not delivering for poor people. Much aid is still tied and unpredictable, and there is limited use of country systems. How can there be real ownership and accountability in this situation?

5) How can a code of conduct ensure IATI delivers improvements?

Code of conduct is a legal document where every instruction including terms will be stated clearly and as we perform the things according to code of conduct positively that will help both parties to be accountable, transparent and ultimately will support in improving data at country level as well as will ensure delivery of improvement of IATI.

6) How can country-level Aid Information Management Systems (AIMS) benefit from IATI?

As there will be a specific Code of Conduct between IATI and AIMS where the specific plan of action will be stated and according to plan everything will be done so AIMS positively will be benefited from IATI.

7) What sorts of capacity challenges might need to be addressed to support the implementation of IATI at the partner country level?

Transparency, accountability and participation are in general challenges and in capacity ground. Coordination between the various actors is weak; therefore they are not accountable to each other or the country people. Collaboration, networking, dissemination and sharing are also a challenge. All actors should be accountable to each other. Emphasis was placed on the role of Parliament to call the GoA to account to ensure that it is working on behalf of the country people.

International development efforts do not consider the needs of the people; therefore actors are not accountable to the people.

Sincerely,

Uma Chowdhury

Lava Deo Awasthi, Joint Secretary, Ministry of Education, Nepal

Data, Donors: a Distant Dream

Yes, certainly good data result in better decisions. Data help the Government make an informed choice for aid effectiveness. However, the primary sources of information on aid and external funding are the development partners and their agencies. Apart from providing funds through official channels, most donor countries and agencies tend to flow funds through at their own discretion. Many aid agencies distribute and disburse funds directly through diplomatic channels or other means without letting the Government know anything about them. Giving money to the people or agency in the country where it flows without sharing the information with the Government is contradictory to the principles of transparency and is a breach of the Paris Declaration as well as the Accra Agenda for Action.

Many developing countries across the globe, including Nepal, do not seem to know for sure how much money is flowing in their country in the name of development via unofficial channels and/or non-government networks. I think this issue needs to be raised strongly for two reasons: (a) we have to learn how we show respect to the sovereignty of the state where the money flows and the program operates (b) we also have to learn how we harmonize the development efforts and support the Government system for sustainable development.

Most of the international aid agencies, both bilateral and multilateral, and the donating nations seem to have employed a double standard. The donors' intentions presumably may not be ill-intended and might have been guided by a philanthropic viewpoint, but the consequences of their behaviours and deeds are damaging to both the taxpayers and target populations. Both ends seem to be defeated, and results are disappointing.

Despite these striking consequences, the reasons for perpetuating the same practices may be because the development partners might have pre-conceived notions of development. Meaning that if you give aid; effect will be automatic, without realizing that the aid can lead to deprivations if the approach is not appropriate.

In this sense, the development partners seem to have inadequate knowledge (or might have taken it for granted) about the consequences the receiving ends are facing. The sustainable development of a country is possible only when there is transparency on both the donating and receiving sides. So far, we have placed emphasis on transparency on the part of the receiving end, assuming that everything is transparent on the part of the donors. But, now we know that this is not the case.

Therefore, the best approach to support people or any country is to share information on how much money has been pumped into a country and how that has been channelled through. Until the receiving end has the information on the resources that come in its territory, the question of alignment, harmonization and integration remains a distant dream.

Lava D Awasthi

Many thanks to all who contributed.

Visit www.AidEffectiveness.org/IATI or email cdde@undp.org to learn more.