IMPLEMENTING IATI

Practical Proposals

January 2010
Final Draft

A study produced for and funded by the International Aid Transparency Initiative (IATI)

By
Development Initiatives
Keward Court, Jocelyn Drive
Wells, Somerset BA5 1DB
United Kingdom
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### Abbreviations

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<th>Abbreviation</th>
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<tr>
<td>AAA</td>
<td>Accra Agenda for Action – an agreement on aid effectiveness reached in September 2008</td>
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<td>AIMS</td>
<td>Aid Information Management System (a generic term covering AMP, DAD, ODAMoz and other developing country systems)</td>
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<td>AMP</td>
<td>Aid Management Platform (an aid management system supplied by the Development Gateway)</td>
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<td>CRS</td>
<td>Creditor Reporting System (one of two databases managed by the DAC, which measure aid outflows)</td>
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<td>COFOG</td>
<td>Classification of the Functions of Government – a standard classification of government spending</td>
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<td>DAC</td>
<td>Development Assistance Committee (part of the Organization for Economic Cooperation and Development, OECD)</td>
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<td>DAD</td>
<td>Donor Assistance Database (an aid management system supplied by Synergy)</td>
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<td>IATI</td>
<td>International Aid Transparency Initiative</td>
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<tr>
<td>IDML</td>
<td>International Development Mark-up Language – a form of Extensible Markup Language (XML) that can be used to describe development data</td>
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<td>FTS</td>
<td>Financial Tracking Service – a global real time database recording humanitarian aid managed by the UN Office for Coordination of Humanitarian Affairs (OCHA)</td>
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<td>OCHA</td>
<td>UN Office for Coordination of Humanitarian Affairs</td>
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<td>ODA</td>
<td>Official Development Assistance – a definition of aid agreed by donors in the DAC</td>
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<tr>
<td>USIF</td>
<td>Unified Standard Input Format – an electronic format for data submission mandated by the DAC for submission of data</td>
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<tr>
<td>XML</td>
<td>Extensible Markup Language – a set of rules for encoding documents electronically, widely used on the internet</td>
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This paper outlines proposals for meeting the objectives of the International Aid Transparency Initiative (IATI) without disproportionate cost, and explains what value IATI would add to existing systems for reporting aid. Detailed work on implementation issues is scheduled through the IATI Technical Advisory Group (TAG) during 2010. Membership of the TAG is open, and so far, over 100 individuals have contributed to its work, including representatives of each stakeholder group.

There are many people and organisations with diverse, legitimate and important needs for information about aid. Developing country governments need information about how aid is being spent in their country. Parliamentarians in developing countries and in donor countries want to hold their government to account. Communities in developing countries need to know what resources are available for their development priorities and in what way they can influence how those resources are used. A village council wants to know what aid is available to improve water in its area. Researchers need better data to understand how aid can be more effective. Taxpayers want to know how their money is being spent.

No single database can satisfactorily meet the needs of all these potential users.

These users all want information tailored to their own needs. Often they want information from many different donors, combined with information from other sources, such as the government’s spending, or disease surveillance data.

Yet it is unrealistic to expect donors to provide information separately to hundreds of possible information systems.

This then is the dilemma: users need information presented in ways specific to their needs, but donors cannot provide information to each of them individually.

There are broadly two ways to respond to this challenge. A limited response is for those donors who currently report to the Development Assistance Committee (DAC) databases to step up the information that they already provide, and for all donors to improve reporting to country government aid management systems (AIMS).

This paper sets out a more comprehensive response and shows how IATI could improve reporting to existing systems, and at the same time meet a much wider range of needs for information, including documents as well as data.

Donors would extend their existing processes for collecting information about aid, which they currently use to report to the DAC and other systems. They would include additional information needed by other stakeholders, much of which is currently collected and provided separately. As now, donors would choose their own systems to manage this data collection. They would put this combined information into the public domain more rapidly and in a common format. They
would register the location of the data in a “registry” – a kind of online catalogue which enables users to find it.

This approach can be summarised as “publish once, use often”.

The combination of common, open formats plus the registry would add huge value to the information already being published by donors, and the additional information they would publish as a result of IATI, because users would be able to access information of particular interest to them, in a format that is useful to them, without having to trawl round all the donor websites individually. This would open up the information to a wider range of users and democratise access to information through services such as mobile phones or Google.

The information collected and published under IATI would provide the information needed for donor reporting to existing systems, such as DAC and country AIMS and national budgets. This would reduce duplicate information collection and reporting.

To meet their commitments under the Accra Agenda for Action (AAA), and in the context of growing calls for government transparency, donors are increasingly publishing more information about aid. Clearly this will involve some costs to donors. These IATI proposals are designed to minimise the additional burden of this greater transparency, and yet obtain the maximum benefits from their efforts by ensuring that the information, once collected, is universally accessible.
Ten desirable characteristics of IATI

Based on extensive stakeholder consultation summarised in Chapter One, aidinfo concludes that the system to implement the IATI declaration signed in Accra in 2008 should:

1. meet in full the information needs of developing country government AIMS and budgets without imposing a burden on developing countries, including complying with local definitions and classifications;
2. build on the work that has been done through the DAC to develop common definitions and reporting processes, and avoid the establishment of duplicate or parallel reporting processes;
3. produce information which is easily accessible to parliamentarians, civil society, the media and citizens as well as to governments (in line with the expanded definition of country ownership agreed at Accra);
4. provide accurate, high quality and meaningful information, and enable users to distinguish official statistics, which have been professionally scrutinised, from management information about projects and programmes;
5. include information about spending by non-DAC donors, multilateral organisations, foundations and NGOs;
6. be easy to understand, reconcile, compare, add up, read alongside other sources of information, and be easy to organise and present in ways that are useful to information users;
7. be legally open, with as few barriers to access and reuse as possible;
8. reduce duplicate reporting by donor agencies and minimise additional costs;
9. be electronically accessible in an open format so a wide range of third party intermediaries can access the information and present it either as comprehensive information or niche analysis;
10. result in access to information about aid which is more timely, more detailed, more forward looking and more comprehensive than existing data, and which includes wider information on aid, such as key policy and appraisal documents and the outputs and outcomes it achieves.
The International Aid Transparency Initiative (IATI) was launched at the Accra High Level Forum on Aid Effectiveness in September 2008. IATI is a multi-stakeholder initiative to accelerate access to aid information to increase effectiveness of aid in reducing poverty.

The Accra Agenda for Action (AAA) recognised that increased transparency is central to the objectives of the Paris Declaration. Transparency is essential to meet the five underlying principles of ownership, alignment, harmonisation, managing for results, and mutual accountability. The AAA expanded the concept of country ownership to include parliamentarians, civil society organisations (CSOs), academics, the media and citizens. Donors agreed to support efforts to increase the capacity of all development actors to play an active role in policy dialogue. The AAA committed donors to “disclose regular, detailed and timely information about our aid flows” and to “support information systems for managing aid”.

IATI provides a way for donors to meet this commitment in a coherent and consistent way. IATI has 18 signatories, of whom 13 are DAC members. These signatories resolved to “give strong political direction” and “invest the necessary resources in accelerating the availability of aid information”.

IATI also contributes to Cluster C on Transparent and Responsible Aid, which sits under the Working Party on Aid Effectiveness (WP-EFF.) IATI has been tasked by the Cluster with developing reporting formats and definitions for sharing information about aid, drawing on the expertise of the Working Party on Statistics (WP-STAT.) Proposals developed by IATI will be available to inform the Cluster’s work.

IATI aims to agree a four-part standard consisting of:

1. an agreement on what would be published
2. common definitions for sharing information
3. a common electronic data format
4. a code of conduct.

The details of what would be covered by IATI and how this would be published will be decided by the IATI members, following detailed research by the Technical Advisory Group (TAG) and consultation with stakeholders. It is intended that the standard will be adopted at first by IATI members but it may over time be adopted by other DAC donors, and by other non-DAC donors, other foundations and non-governmental organisations (NGOs). There is widespread support among developing country governments for extending the coverage of aid information to non-traditional donors.

IATI responds to growing demands from civil society and citizens for greater transparency of information about spending and results, and for access to key documents as well as data. The ambitions of IATI are consistent with many other recent initiatives to increase transparency, for example President Obama’s August 2009 memo on transparency, the World Bank’s new disclosure policy, which represents a
paradigm shift to proactive disclosure with limited exceptions, and the development of online information portals for citizens, such as in Brazil. IATI seeks to harness the power of new technology to deliver real improvements in the lives of the world’s poorest people, in the same way that email, internet access and mobile phone networks have revolutionised the way that aid agencies themselves do their business.

Since its launch in September 2008, IATI has focused on consultation with developing countries and CSOs, fact-finding missions to a number of donor countries, and detailed work by the TAG on parts 1 and 4 of the proposed IATI standard, covering an agreement on what would be published and a code of conduct.

The IATI Conference, held in The Hague in October 2009, confirmed widespread support for the objectives of IATI, and consensus on the key information needs of different stakeholders. At the same time, it was clear during the IATI conference that a number of stakeholders would welcome greater clarity on how IATI might work in practice, so that they can consider the full implications of the initiative for their agencies.

Although detailed work on the precise practical and technical mechanisms for implementing IATI is only just beginning, this paper presents a proposal on how IATI would work, what this framework would mean for different stakeholders, and what added-value it is envisaged that IATI would offer as a result.

Notes

Chapter One: Stakeholder Needs

This chapter sets out the principles which guide the rest of the paper. It summarises relevant lessons learned from the consultations with donors, partner countries and civil society, and from aidinfo’s extensive, in-depth research. It sets out the requirements that IATI must meet if it is to meet the interests of its stakeholders.

The consultations with developing countries and donors have yielded clear messages, summarised in the ten characteristics of IATI outlined in the Executive Summary.

Developing countries believe that donors at the country level do not give sufficient priority to providing aid information to national authorities, and this undermines their efforts to put in place AIMS, and to have reliable, up-to-date information available for decision-making, especially in relation to budgets. In 2007, only 48% of aid was recorded on budget.

Developing countries’ top priority is for timely, up-to-date and reliable information on current and future aid flows. They do not want “one size fits all” information but information that they can use for their own systems and processes. They also want more detailed information on where, when, by whom, how, on what, and in which sectors aid is spent. They stress the need for better information to allow them to monitor results and the impact of aid, and they want better coverage of aid flows, including information from global funds and NGOs.

Information on conditions and terms was regarded as essential; and for some, information to assist in monitoring of Paris Declaration targets was regarded as useful. While contract and procurement details were regarded as less important for developing countries than other areas of the proposed standard, non-statistical information, including relevant strategy, policy and evaluation documents, were regarded as essential.

The areas highlighted by the CSO consultation exercise were conditionality, aid commitments and actual disbursements, project impact and complete project documentation.

The conclusions from the four donor fact-finding missions to date was that these donors are well-placed to comply with IATI as most of the information required is already captured in centralised systems, and timely publication of basic project information and financial flows is achievable. Donors already have in place systems to collect information and report it to the DAC, and a huge amount of work has gone into defining common definitions. Bilateral donors are clear that IATI should build on, and not duplicate or undermine, these efforts.

It is also clear that donors already publish a lot of information about the aid that they give, but in ways that do not make it easily accessible from the perspective of users. Some donors attach importance to improving the transparency of outputs and results, as well as spending.

Forward-looking budget data presents the greatest challenge for donors, with most donors still deciding how to meet the Accra commitment in this area. While Freedom of Information legislation and
commitment to transparency have created conducive policy environments. a move from reactive to proactive disclosure would require decisions on exemptions, such as for commercially confidential information.

It is clear from preliminary discussions that some of the challenges in implementing IATI will be different for multilateral agencies and foundations. More work is required to understand fully these challenges, and to support non-bilateral donors through the process of implementation.

However it is implemented, greater transparency will require some donors to change their procedures to be more systematic about gathering information in a form that is fit for publication. While there will inevitably be some costs to this, there are also potentially large savings for donors, particularly at country level, from more systematic and pro-active collection of data and a reduction in duplicate reporting. These costs and benefits are discussed in more detail in Chapter 3.

The stakeholder consultations have provided remarkably consistent conclusions, summarised in the ten principles listed in the Executive Summary.
This chapter reviews the current systems for reporting aid information and summarises a way that IATI could be implemented. Thirteen of the 18 IATI signatories are DAC bilateral donors and for them, ensuring that IATI supports, rather than undermines, existing reporting mechanisms is crucial. The situation is different for multilateral agencies and foundations, and further discussions are required to understand fully the challenges they will face in implementing IATI. Subsequent chapters look in more detail at what these IATI proposals would mean for specific stakeholders.

**Current reporting systems**

At present, donor agencies are typically involved in several different kinds of reporting on aid projects and programmes [see figure 1]. Most agencies have an internal information system, such as a management information system (MIS). This information is used for a variety of purposes, such as planning, monitoring and managing aid allocations and producing annual reports or reports to Parliament.

The current gold standard for aid information is the aid databases managed by the DAC. All DAC donors are required to report data to the DAC each year – some do this using information taken directly from their MIS, while others maintain a separate database for DAC reporting. This reporting, which occupies considerable effort on the part of donors, is the most authoritative and comprehensive source of aid information.

To serve information needs at country level, donors also provide detailed information to more than fifty AIMS that have been adopted by partner country governments. These databases serve a different purpose from the DAC; and they represent a huge advance because before they were developed, there was no effective mechanism for the management of aid information in developing countries.

While the AIMS are a great step forward, they too cannot meet every need for information. They are designed to help finance and planning ministries with overall fiscal management, but they typically do not contain sufficient detail and richness of information to fulfill the needs of line ministries (and they would be unwieldy to maintain and use if they attempted to do so). And there are many other stakeholders – such as parliamentarians, CSOs, academics, journalists and citizens – who need additional information.

The result is that in addition to reporting to the DAC and to the country AIMS, donors also face a growing range of overlapping requests for related information.

One of the concerns expressed about IATI is that it would create a parallel reporting system. In reality, this is a description of the current situation, which IATI aims to help solve. IATI aims instead to reduce duplication by allowing donors to publish information once in a form that meets a wider variety of needs.

In many ways, the status quo represents the worst of all possible worlds: donors are already burdened by a multitude of parallel requests for information at both country and headquarter level, but despite their best efforts, the information they make
available does not fully meet the needs of different users.

Furthermore, the level of demand for aid information is likely to increase. The welcome spread of AIMS, increasing expectations of open access to data, and the growing use of Freedom of Information legislation are all putting pressures on donors to publish more information for a wider range of uses.

The existing systems are extremely important and donors and developing countries have put a lot of effort into developing and maintaining them. It is desirable in its own right to further develop those systems and to improve reporting. But these systems, however well designed, cannot meet the legitimate needs of all stakeholders, nor meet all of the essential requirements set out in the previous chapter.

The IATI mechanism would help improve reporting to those systems, and more, in a cost effective way. Given the huge changes in technology and the consensus about the importance of transparency for greater aid effectiveness, a more practical and sustainable response to this challenge is for donors routinely to publish more detailed and comprehensive information about aid. Donors can build on their existing mechanisms to collect information to report to the DAC, and use them to collect additional information to provide to country AIMS and to meet other needs for aid information. As well as providing the information to these systems, they would put it into the public domain quickly and in a common format.

Figure 1: The situation today: publish many, use rarely
This information, once gathered and published, can be used by donors as the basis of fulfilling their various reporting obligations, and it can meet a wide array of new uses for the information, while reducing rather than adding to the burden on donors [see Figure 2].

This approach can be characterised as “publish once, use often”.

Under the arrangements proposed here, each donor would extend their existing data collection systems to bring together more detailed information about their aid programmes and activities. (IATI members have begun to discuss, but have not yet agreed upon, the scope of this additional information). They would routinely publish this information online in a common electronic data format (which IATI members would need to discuss and agree). They would then register where their aid data are located (i.e. an internet address) in an online IATI registry. The information published by donors would contain the basis for reporting about projects and programmes both to the DAC and to developing country AIMS; and it could also be used by a wide variety of intermediary organisations to provide bespoke and niche services to other users.

How will this work?

Donors would be responsible for gathering detailed information about each project or programme, classifying them according to both a global classification (based on current definitions, most notably the DAC) and local classifications (consistent with AIMS and budget classifications). This would normally be done by staff in country offices, as now. They would tag the projects using DAC classifications; and they would tag it with other classifications. Donors would assemble this information using their own internal systems, apply internal quality control, and then export it into data files in a common electronic format. (Donors already use a common format, called USIF, for reporting to the DAC. The IATI format, when it is agreed, would be consistent with this, so it would be simple to convert IATI data into USIF.)

Donor agencies use a variety of different means to collect information to meet their existing reporting obligations. These could be extended to include the broader range of information needed for reporting under IATI, about which agreement has not yet been reached.

Donors would publish their IATI data online, either on their own websites or, if they prefer, on third party sites, and they would register the location of the data with the IATI registry. (The registry is a kind of online catalogue that points users to the information they need.) Having assembled and published the data in the IATI format, donors would have already done the bulk of the work required to assemble the information needed to report their aid in the relevant formats and time periods to the DAC and to developing country AIMS.

Developing country governments could, if they wish, continue to receive data from donors as they do now. Over time, as automatic data transfer of aid information is further developed and piloted, they may want to take advantage of IATI to adapt their AIMS to collect the information automatically from the published IATI data, which would involve a straightforward modification to their software. Provided that this proves to be successful, this would further enhance the value of the AIMS, improving the quality, timeliness and coverage of information while reducing the burden of data collection.

Line ministries needing more detailed information than is collected in the AIMS would be able to access the same...
published IATI data to access additional detail about the projects and programmes. This would enable line ministries to have more detailed information than they can get from the AIMS but still be sure that it is consistent with the information being used by their finance ministry.

Parliamentarians, CSOs, citizens and the media would be able to access the information directly from donor websites if they wish. (Because many of the AIMS are not publicly accessible, reporting to the AIMS itself does not meet their information needs). These key stakeholders would see the same information as is being provided to developing country governments. Increasingly, however, these users would look to third party information intermediaries. The intermediaries would be able to use the IATI data to provide more tailored information, and present it in a more accessible way (for example, in local languages) and through a variety of mediums (for example, through mobile phones, radio or posters as well as websites).

Figure 2: IATI proposal: Publish once, use often
By routinely publishing information in a common format, IATI would open the way to new technologies, such as mobile phones and Google maps, to provide detailed information to users in developing countries. As a result, a much wider range of country stakeholders would have access to the same information about aid that donors currently supply privately to governments.

Notes
1. In this report, “project” is used to describe a unit of reporting. In practice, this term may cover many activities that are not projects in the conventional sense.

2. AidData, a collaboration between the Development Gateway, William & Mary College and Brigham Young University, intends to provide this service.
This chapter considers the implications for donors of the proposed arrangements, and describes in more detail the options for them.

The current situation

At present, in most donor agencies, country-based staff are responsible for recording information about the aid projects that they administer; while headquarters staff record information about spending administered centrally. Information required for donor reporting (for example, to parliaments and the DAC) is provided to donor headquarters, usually by way of an MIS or other internal reporting system. The DAC reporter supplies this information in a common electronic format to the DAC.

Country office staff provide information to AIMS, usually via a spreadsheet or email, and respond to additional requests for information from line ministries and other stakeholders.

This means that where global reporting standards (for example, DAC classifications) differ from local classifications (for example, in AIMS) donors that supply information to both are already having to classify each project in two different ways.

The proposed IATI mechanism

Under the IATI mechanism proposed here, donors would routinely assemble more information about each project as the project is being designed and implemented. (The exact coverage of this information has yet to be agreed by the IATI members). This information would undergo internal quality control and then be routinely and automatically published. The box below (see page 11) describes several different ways donors might choose to do that, building on the variety of systems that donors presently have in place to meet their reporting requirements.

The information gathered about projects and programmes would be designed to meet in full the needs of the local aid management system, the local finance ministry and line ministries and central reporting needs.

For example, the information gathered about an education project to build schools in Ethiopia might include:

a. Information about the size of commitments, terms, and dates of disbursement, long descriptions, and implementing agents; this information would be used by everyone using the data;

b. The DAC Creditor Reporting System (CRS) sector codes for the project;

c. The sector codes used by PASDEP (Ethiopia’s Plan for Accelerated and Sustained Development to End Poverty) which are needed for reporting to the Ethiopia Aid Management Platform);

d. The woredas (i.e. local government areas) in which the schools will be built (this information is reported to both the Education Ministry and the Finance Ministry);

e. The number and sizes of classrooms to be built (information needed by the
Education Ministry but not by the Finance Ministry, and which is not included in the AMP).

Under IATI, this information would be assembled by the donor staff in the country office, and recorded in the donor’s internal information system (usually, a MIS system).

Taken together, this information would provide the basis for reporting to the DAC CRS, to the local AIMS, and it would provide more specific information to the line ministry. It is mostly information that donors already have internally, usually within an existing information system, and which they already make available to the government, though not usually to the public unless they are specifically asked.

Individual donors would retain flexibility about how they collect information and store it; they would be responsible for converting their aid information into the data format that IATI members agree upon.

**Classifications**

Donor staff (usually those responsible for managing a project or programme) would classify projects according to both universal and local classifications. Most, perhaps 80 percent, of the data collected about each project would be universal – for example, the dates and amounts of transactions and the financial terms.

The data would be classified according to the classifications agreed in the DAC on classifications for the CRS database. In addition, they would be classified according to other universal classifications, to be agreed by IATI members, which would be based on existing taxonomies, such as COFOG or FTS.

![Figure 3: Multiple overlapping classification](image)

In addition to the universal classifications, each project would also be tagged with any specific classifications and information needed for local systems (for example, AIMS and national budget classifications). This information would also include information about outputs and results.

This means that every project would be routinely coded according to both universal and local definitions. This may appear to be additional work because it means double coding some information for each project. But donors already have to double code every project so that they can report it both to the DAC and to the local AIMS. The main difference from now would be that projects would be routinely classified as they are developed and agreed, and this information would be published more rapidly as unified, consistent and universally accessible data, rather than supplied separately when requested. Moreover, where projects are funded by multiple donors, it would increase consistency of coding if the correct classification is agreed when finalising the arrangements.
Location of data & the registry

Donors would be able to choose whether to publish their IATI data in a single data file or in several, and they would publish these online. Some donor countries may wish to have a single repository for all their aid, others may want to publish data in different locations for different aid agencies. Smaller donors might want to have their data hosted by a third party organisation.

This flexibility is possible because users would always be able to locate the data by way of the “registry”, a kind of online catalogue that signposts the location of all the data.

Each time a donor adds new data or updates existing data they would send an automatic electronic notification to a central “registry”. The registry would keep track of which IATI data sets are available, what they cover, and where they are located. (The registry is not an aid database, and does not keep a copy of the data). The registry is a signposting system used either by a person – using, for example, a web browser – or by a computer programme, such as a database or an accounting system.

A database (most notably a country AIMS system) would be able to interrogate the registry automatically to find out where all the data relevant to that database can be found. This means that each database can

How donors might choose to collect and publish information

Donors would need to gather information on each project or programme. They would continue to use their own systems for doing this, then convert and publish this data in an agreed common, electronic format. DAC donors already have systems in place to do this to enable them to report to the DAC. In most cases, they would simply extend those existing systems to collect a bigger range of information, classified in more detail, to meet the needs of IATI.

a. Some donors may want to adapt their Management Information Systems to collect the information as part of the project management cycle, and then to produce the IATI data automatically from the MIS. For most donors, this would be simple and cheap. Some donors may adapt their MIS to do this next time they are updating or upgrading it.

b. Other donors may want to use an existing or new internal project database, for example a web-based intranet. (This could be provided as a secure web service by third-party organisations.) Staff would enter the information onto a web form, and the database would produce the IATI information in the required format.

c. Other donors presently use spreadsheets or manual data collection. These donors could continue with this approach, extending it to include the information their staff are already supplying at country level to local aid management systems.

Once the complete data are collected in a collection of spreadsheets, a database or in an MIS system, it is technically straightforward to export the data into whatever electronic format IATI members eventually agree on.
update itself automatically, either at regular intervals or whenever a donor notifies the registry that it has published new data.

**Quality and accuracy**

As donors move to become more transparent, it is important that the information they publish is of sufficient quality. There is a direct trade-off with timeliness – information is more useful if it is available in good time, especially for aid management purposes, but this reduces the time available for central scrutiny and checking.

Any moves to greater transparency have to balance the need for high quality data with the need to make more information accessible in a timely manner.

The specific features of this IATI proposal for minimising the risks and maintaining quality are:

- mistakes often arise from problems reconciling and aggregating information from many different sources. IATI would, under these proposals, make it much easier to reconcile information;
- projects and programmes would be usually classified and coded at the time by the staff with the most direct experience of those projects;
- organisations often take more care over accuracy of information that is going to be published;
- the adoption of common definitions would reduce the risk of misunderstandings both for users and for those assembling the information.

It is the responsibility of the users themselves to decide whether and how much to use timely but less scrutinised data, depending on their particular purpose. The proposed IATI system will enable users to see clearly which information has benefited from DAC's additional quality control.

Common classifications require more than a rule book: they require a shared understanding among the people recording the information and the people using it. It will be important that donors invest in training staff and communication to understand what the classifications and definitions mean, and the importance of doing this well. This is particularly true for multilateral agencies, non-DAC donors, NGOS and foundations who do not routinely use all (or in some cases any) of the existing DAC classifications. Rather like financial management, understanding the meanings of the terms used to classify aid information and recognising the importance of accurate reporting will increasingly need to be core competences within donor agencies.

To avoid misunderstanding of the data, and the additional work that this imposes on donor staff, it will also be important for donors to support capacity building for organisations and individuals that use IATI information so that they interpret it accurately and understand its limitations. IATI data will include meta data which describes the source of the data and what it means, and there will be public documentation describing the classifications and their meaning and limitations.

**Costs and savings**

Donors will have to do some things differently as a result of greater transparency irrespective of the system used to implement it, and there will inevitably be costs attached to doing so. The information some donors collect and use internally and provide to partner governments is not intended to be made public. Any system which makes this information available to the public will
mean those donors will have to tighten their processes to make this information suitable for publication. This is an unavoidable result of publishing this additional information, and does not depend on the choice of mechanism for IATI.

IATI will involve some additional, upfront costs for donors, but at the same time, it can help donors to avoid unnecessary administrative costs of collecting information and multiple reporting. This will not only minimise the costs of greater transparency in the future, it will potentially reduce the existing costs of reporting aid information. The possible savings for donors are quite large. Based on a small survey of donor country offices² aidinfo estimates that donors currently employ the equivalent of 350 full time staff at country level to provide detailed information about aid to their headquarters for reporting to the DAC, to country AIMS and to answer other information requests about aid. We estimate that routine publication of detailed aid information in an accessible form would substantially reduce this work, saving approximately $7 million a year for IATI signatories (as a whole) by reducing, though not entirely eliminating, the work involved in duplicate manual reporting of aid information.

Under the IATI proposals, donors would adapt their information systems to collect more detailed information needed about each project and programme and to publish it. The challenges in doing so will be different for different donors, and over the coming months, the TAG will be undertaking further donor fact-finding missions to gain a better understanding of the specific obstacles faced by individual donors, and the support they will need in implementing IATI.

The cost of adapting systems will depend on (a) what kind of IT system the donor is using; (b) the extent to which they are already collecting the information required; and (c) the details of what the IATI members decide to include within the IATI standard. IATI members have not reached agreement on important features of the IATI system, such as the information that would be collected and published and the electronic format they would use, and these decisions will also have a bearing on the costs.

The TAG has conducted four visits to donors (UK, Netherlands, Germany and World Bank) to understand in more detail what the cost would be of adapting systems to collect information and publish it in a common format. Based on those visits, and following further discussions with technical staff in donor agencies, an independent IT and financial management consultant grouped all the IATI donors into five categories, according to the extent of systems changes they would need to implement IATI. The likely costs of the changes that would be needed was estimated separately for each group, using information provided confidentially by donors about the costs of systems changes in the recent past.

In the case of agencies that already have a MIS system which collects the required information, the cost of publishing the information in whatever IATI format is eventually agreed may be as little as $100K. In other cases, more work would be needed to adapt systems to collect additional data and publish it. But it appears that even in these cases the overall cost per agency is still likely to be in the order of $500K. We would stress that these estimates are provisional, but even if the costs of implementing IATI prove to be significantly higher – even double aidinfo’s current estimates – they would still be small compared with the significant benefits delivered to both donor agencies and partner countries.
As the IATI process moves towards more specific conclusions about the scope of what would be published, and the mechanism for doing so, and before final agreements are reached, donors will want to look in more detail at the cost implications of the emerging proposals to validate these estimates.

These preliminary estimates of implementation costs, and savings by reducing duplicate reporting, imply that the efficiency savings resulting from the IATI proposals would cover the costs of implementing IATI in one or two years.

The evidence also suggests that including additional categories of information in IATI would not substantially increase the implementation costs, but would significantly increase the savings by making it more likely that duplicate reporting would be eliminated. Broader coverage of IATI could therefore be more cost-effective than narrower coverage.

Increased transparency also opens the way to significant improvements in the effectiveness of aid by reducing diversion and capture, reducing unpredictability, improving accountability and service delivery, improving coordination, facilitating research, improving aid allocation and increasing public support for development. The size of these benefits is uncertain. Based on a thorough analysis of existing literature, aidinfo estimates that reduced diversion of funds and increased predictability alone could result in very large improvements in aid effectiveness, perhaps equivalent to an increase in aid of $1 or $2 billion a year. These benefits are obviously much larger than any likely cost of implementation.

Notes

1. For example, the agreed common data format might be an extension of Unified Standard Input Format (USIF) currently used by donors for reporting the DAC; or it might be an XML schema, like International Development Markup Language (IDML), the common format used by AIDA.

2. World Bank, the United Kingdom, Germany and the Netherlands.
IATI & the DAC

The most comprehensive and authoritative source of aid information is provided by donors to the Development Assistance Committee (DAC) of the OECD. Donors have mandated the DAC to define ODA, and to collect, validate and aggregate data from DAC donors to produce information for comparative purposes including tracking progress in meeting agreed quantitative and qualitative targets on aid.

The information published by the DAC is the result of considerable efforts to define common standards for aid reporting, to build a system for data exchange, and the result of efforts of DAC reporters, members of WP-STAT and DAC staff to ensure that data are comprehensive and accurately reported.

Access to aid information through the DAC has improved as a result of the introduction of a more user-friendly interface to the database, and the introduction of an improved reporting system called CRS++.

IATI aims to support and extend this work. It is clear from the stakeholder consultations that it must not become a parallel reporting initiative. IATI would mean that donors place in the public domain the information that they provide to the DAC in a more timely manner, supplemented by extra information which is not published by the DAC (much of which donors are currently providing elsewhere). This approach supports reporting to the DAC without duplicating it, and adds value in a number of ways:

- More information would be gathered and placed in the public domain than is currently reported to the DAC. The information would go beyond official aid statistics to include both qualitative and quantitative information needed for planning, coordination and accountability at country level.
- The information would be available more quickly than it is through the DAC, having been through internal quality control within donor agencies but without the benefit of prior scrutiny by DAC staff.
- The information that is presently reported by donors to the DAC and to other systems would be publicly available in a consistent and coherent form, so reducing the burden on users to reconcile information from multiple data sources.
- IATI has the scope to cover a wider range of donors than the DAC, including, over time, non-DAC official donors, foundations and NGOs. (It should be noted that some of these are beginning to report to the DAC).
- The IATI data would be more easily accessible to third parties, enabling a wide range of information intermediaries to use the data to provide services tailored to users’ needs.

Because the data published by donors under IATI includes the project and programme information that they would report to the DAC, this would not require an additional parallel process within donor agencies. Donors would be able to use this information to compile their subsequent reports to the DAC.

This process would add value to the DAC reporting itself. There would be more political and managerial focus within donor agencies on the need to collect and publish information about aid programmes, which would increase the resources for, and the quality and timeliness of, reporting by donor staff. Over time, more development agencies would have better systems for collecting and publishing information about their activities using common definitions and data formats, simplifying DAC reporters’ task of collating information for submission to the DAC. Because data would routinely be published, there would be stronger pressure within donor agencies to gather and record accurate information.
Chapter Four: Developing Countries

Developing countries would not have to make any changes to their systems in the light of the introduction of the proposed system; in practice, however, they may want to take advantage of IATI to automate the collection of information for their country AIMS and for other information needs, as soon as this has been fully developed and tested. Cost and capacity issues resulting from this will need to be further discussed and addressed by members as IATI moves towards implementation.

Developing country partners would benefit directly from the publication by donors of data that are more complete, more comprehensive, more timely and more accurate than the information they receive from donors today. IATI would strengthen and support reporting to AIMS and to other developing country systems.

IATI would improve information in developing countries because:

- donors would make a stronger and more accountable commitment to provide comprehensive data and information;

- donors would put in place more systematic mechanisms to collect, structure and publish information needed by developing country governments;

- data provided by donors would also be publicly available at the same time, resulting in stronger internal pressures to improve quality of the data;

- because the information would be public, civil society would be able to hold donors to account so increasing donors’ incentives to report comprehensively and accurately;

- publication of a common dataset to serve as the basis of all reporting by donors would reduce inconsistencies, double counting and missing data, and make it possible to reconcile data from a variety of sources.

The IATI information datasets would contain all the information, suitably classified, needed for local AIMS. Developing countries would not have to change their AIMS or budget classifications at all.

Once the donors have published information in the IATI format, it should be straightforward to automate the exchange of data into the country AIMS, if partner countries wish to do so. Alternatively, they could continue to receive data as they do now. One of the main suppliers of country AIMS estimates that, once the system for doing so has been fully developed and tested, the cost of adapting an AIMS system to collect information automatically from IATI data will be relatively low. (Once information is in a single format and suitably structured, it is cheap and easy to transfer it into a database).

The automatic exchange of information between donors and developing country governments will be tested through IATI pilots in 2010.

Line ministries in developing countries need more detailed information about
donor activities in their sector than they can get from the AIMS. Donors who have supplied information to the AIMS are understandably reluctant to engage in a separate exercise to report this additional information.

Under the IATI proposals, donors would publish detailed information, from which the finance or planning ministry would be able to draw the high level data needed for the AIMS system, which is at the heart of their fiscal planning and management. Line ministries would be able to access the more detailed information that they need for the purposes of sector planning and monitoring. In this way the information used by line ministries would be narrower but more detailed than the information held in the AIMS. This means that the information used by the line ministry would be consistent and reconcilable with the information used by the finance ministry. At the same time, the donors would have fewer reporting obligations. This is an example of how “publish once, use often” is an advantage for both donors and developing country partners.

To the extent that more extensive, timely and detailed information about aid would be publicly available under IATI than now, this would increase accountability pressures on developing countries as well as on donors. This increased accountability is in line with the principles agreed at Accra of country, not just government, ownership of the aid relationship.
The Accra Agenda for Action is clear that country ownership means more than just government ownership. Parliaments, civil society, the media and citizens also have an important role to play in the accountability of their own governments, service providers, international NGOs and donors. Access to information about aid is pre-requisite for being able to play this role effectively.

The information needs of citizens and members of parliament are not likely to be met directly by databases run by governments, donors, or international organisations. Those organisations do not have the capacity, incentives, or customer focus needed to enable them to make information easy to access and simple to use.

These stakeholders are often primarily interested in the overall resources flowing to a particular sub-national administration or available for a particular topic, and rather less interested in the individual activities of a single donor or even the sum of all aid agencies taken together. They want aid information, but mainly to enable them to combine it with information from other sources and about other kinds of resources. They also want access to documents, as well as data.

Under the arrangements proposed here, citizens and parliamentarians are not likely to access directly the raw data and

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**Figure 4: Example of Aid Management Portal**

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**Chapter Five: Citizens and Parliaments**

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Under the arrangements proposed here, citizens and parliamentarians are not likely to access directly the raw data and
documents provided by donors, though they could if they wished. Instead they would be more likely to access information through third party intermediaries.

These intermediaries, discussed in the next chapter, might be public sector, private sector or non-profit organisations. The publication of data online in a common format would enable such organisations to access and use information at very little set-up cost. There would be at least some services attempting to aggregate all aid information in one place in a user-friendly way, but many citizens are more likely to want to use niche services, providing information about a particular topic, because such a service would be more tailored to their interests and easy for them to use.

In many cases these intermediary services would bring together information about aid with other kinds of information (for example, about poverty levels or disease rates) to serve the particular interests of their users [see Figure 4 for an example].
Chapter Six: Information Intermediaries

The publication of information online in a common format would open up aid information to a wide variety of information intermediaries (“infomediaries”). These proposals would make it possible for infomediaries to access, combine and reuse aid data published by donors.

IATI would dramatically reduce the barriers to entry for such infomediaries. Once the information is online in a common format, and can be found by way of the registry, it is technically very easy to develop a website or database that uses the data in new and interesting ways.

Intermediaries would use the IATI registry to get the location of the data they are interested in (for example, all data about Kenya, or all data about HIV or education). They would then be able to assemble the data automatically into a combined dataset. They would also be able to access meta-data which explains what the data mean.

The information would be free, and there would be an explicit licence giving certainty to infomediaries that they are legally allowed to republish it.

The agreement of internationally agreed definitions and classifications would reduce the risk of misunderstandings about what the data actually mean. IATI members should invest more in training CSOs, parliamentarians and citizens to use the existing sources of aid information, and helping them to use the information accurately and effectively. IATI should also be accompanied by extensive documentation, capacity building and information to educate users about the meaning and limitations of the data.

This approach would enable infomediaries to juxtapose aid information against other information such as government spending, disease burdens or geography. The services may be in local languages, and not all would be internet-based. Some, for example, may provide information through mobile phones, local radio stations or posters for local communities.

It is likely that some donors would want to provide funding and technical assistance to organisations to help them to establish and operate these services.

For some purposes, some infomediaries would want to use only data that has the status of official statistics (for example, information that has had a seal of approval from the OECD DAC).

If the OECD DAC publishes data listing the information they have verified, this could be read alongside the IATI data published by donors. In this way, intermediaries would be able to distinguish the data which has benefited from DAC scrutiny, or indeed to restrict themselves to this data if they wish.

Unlocking information and reducing barriers to entry so that information can be used by a wide range of intermediaries is one of the most powerful ways that donors can make aid information more accessible to people in developing countries as well as to citizens of donor nations. The success of IATI will be greatly dependent on whether the information is produced in a sufficiently easy to access way to make it possible for these organisations to develop new and innovative services.
Chapter Seven: Conclusions

A vision of aid transparency

The proposed combination of comprehensive information published in common, open formats, located through a registry, would add huge value to the information being published by donors. Users would be able to access information of particular interest to them, in a format that is useful to them, without having to trawl round all the donor websites individually.

This would open up the information to a wider range of users and democratise access to information through services, such as mobile phones or Google. The information could be shared electronically, gathered and presented to users in ways that meet their particular needs.

An everyday example of this kind of process is the way that information about the weather is gathered from a variety of different sources, aggregated by specialist organisations, and presented to users through a variety of different media (see diagram below).

In Senegal, the weather forecast is read out to the fishermen as they set sail each morning, broadcast over loudspeakers strung up along the coast. The reader gets the information from Yahoo, which in turn has pulled the information from a variety of government sources.

Once aid information is widely available in a common format, a whole series of new applications could be developed. These might include:

- a portal for information on a particular topic – such as tropical diseases – which brings together information about the challenges, the investments that are being made by the public and the private sectors, including financed by aid, and the impact that this is having.

- An information source for parliamentarians in a particular country, bringing together information about all the aid coming into the country, that can then be juxtaposed to information about revenues from extractive industries, climate change funds, and the government’s own revenues and expenditures, in order to improve parliamentary scrutiny.

- A platform which publishes information about all the HIV/AIDS services in a particular area, which enables providers to add specific details about their services, together with maps and photographs, which enables users of those services to provide feedback about their experiences, all linked back to the original funders. These services could gather information by SMS or word of mouth, and share information through the media and community groups.
The development of **accounting and financial management systems** for public services in developing countries which gather information about aid projects directly from the IATI information published by donors, enabling public servants to see the expected future provision of aid for public services and how public services complement other aid projects.

- The development of **donor-specific websites**, to enable taxpayers, whose money finances aid, to track what has happened to their money.

The purpose of aid, and of aid transparency, is to accelerate the reduction of poverty. IATI would open the way to innovative uses of new technologies to increase accountability, reduce transaction costs, improve performance and make aid more effective. It is a critical step towards government of the people, by the people, for the people.
Appendix One: Other Options

This appendix considers the advantages and disadvantages of other possible ways to make aid more transparent. These are not necessarily mutually exclusive.

Four options are considered in turn:

a. Donors agree to improve their reporting to country level AIMS;

b. Donors agree to improve their reporting to the Development Assistance Committee Creditor Reporting System (DAC CRS);

c. Donors agree to put more data about aid on their websites;

d. Donors create a single large database containing all aid data.

As set out below, while the first three options all offer added value, aidinfo believes that none of these options on their own would achieve the goals of IATI; pursuing all three independently would move closer to these goals, but at disproportionate cost to donors; whereas the “publish once, use often” proposal in this paper would enable all three of these options to be easily implemented.

A: Improved reporting to AIMS

There are many things donors can and should do to improve reporting to AIMS. But this alone would not meet all IATI objectives:

- because no single database can meet the needs of all users of aid information. Improving the information flowing to the AIMS would be of value to the users of that database, but would not meet the needs of other users (for example, line ministries);

- this would not increase the information available to the wider community, unless all AIMS were made public

- it would not increase the accountability of donors for meeting their transparency commitments, since there would be no way to monitor what had been reported;

- it would not make it easy for third-party organisations to develop services targeted to, and accessible by, particular users;

- it would not reduce duplicate reporting; pressure would continue to increase for donors to provide additional information to a variety of other services.

B: Improved reporting to the DAC CRS

This option has the advantage of expanding an existing system for standardised reporting of aid data. It does not require the establishment of new systems or processes. The main disadvantages of this are:

- the DAC deals primarily with statistical data, not with some of the wider aid information that users want;

- the DAC databases are designed to facilitate information exchange about past aid flows and to serve the needs of donor for comparable information, rather than the needs of people in developing countries; it is not part of their mandate, organisation or culture to provide information for day-to-day aid management in developing countries;
it is clear from the consultations that it is a high priority for developing countries to have information not just from DAC donors but also from non-DAC official donors, foundations, NGOs and others; it is hoped that the IATI approach will spread to a wider number of donors and development actors;

despite recent improvements in the user interface, the DAC databases are still complex to access for a wide variety of users; inevitably, governments and international organisations cannot provide the resources and incentives to provide a wide range of user-oriented services;

uniform DAC definitions would not meet the specific needs of in-country AIMS; this information would have to be reported separately as now, so the problems of duplicate reporting would continue to grow;

the DAC process is designed to provide complete official statistics, not to provide timely management information for coordination and planning. The systems and culture would need to be significantly changed to meet the objectives of IATI, since many donors would struggle to provide more timely data from their central statistical reporting systems.

C: Improved publication of data on donor websites

Another option is for donors to publish more information on their websites independently, without agreeing common formats or setting up a registry.

This option has the advantage of simplicity for donors. Publication on websites would concentrate the minds of donors on improving data collection and reporting, which would have benefits for other data users.

The main disadvantages of this website-only approach are:

- information would be published in many different formats, making comparisons between donors difficult, and users would have to locate many different websites independently, without the help of a central catalogue or registry;

- this does not make it easier to provide information to country level AIMS;

- most users of aid information do not want donor-specific information; they want information about all aid provided for specific countries, regions or sectors; providing information just in separate donor databases does not make it possible to aggregate information across donors;

- donor databases are not easy to access and use; governments do not have the resources or the incentive to meet the needs of a wide variety of users.

D: Create a single large new database

The main disadvantages of building a big new database are:

- it would require an organisation and staff to design, build and manage such a database; to investigate user requirements; to verify data and maintain the systems;

- one database would not meet the needs of all users; there would be no competition among different services to meet the needs of users;

- it would add to multiple reporting requirements on donors;
the IATI publication system set out here enables third parties to build a big global aggregator database if they want (for example, the Development Gateway Foundation is working on a universal database); so users wanting a single database containing all aid data would be able to find one which would be more comprehensive than, but consistent with, the DAC database.

Summary of options

Each of these options is worthwhile, but none would meet the objectives of IATI set out in Chapter One. The table on the following page assesses each option.

The proposed system of proactive collection and publication of comprehensive data in a common format to meet multiple reporting needs would enable donors to achieve all of these four options simultaneously: they could improve reporting to AIMS, improve reporting to the DAC, enable the construction of a single aid data repository; and publish more and better data on their own websites.
<table>
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<th>Improved reporting to AIMS</th>
<th>Improved reporting to DAC / CRS</th>
<th>More aid data on websites</th>
<th>Create single large database</th>
<th>Publish information in a common format (IATI proposal)</th>
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<td>Meets needs of AIMS, local definitions and classifications</td>
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<td>Uses – and adds to - CRS standards and reporting</td>
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<td>YES</td>
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<td>Accessible to CSOs, parliament and others</td>
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<td>YES</td>
</tr>
<tr>
<td>Accurate, easy to distinguish what has been verified</td>
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<td>YES</td>
<td>PARTIALLY</td>
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<td>YES</td>
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<tr>
<td>Includes non-DAC donors, NGOs, foundations</td>
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<td>POSSIBLY</td>
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<td>Easy to reconcile, compare, reuse, mix with other sources of information</td>
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<td>Free and legally open</td>
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<td>Reduce duplicate reporting</td>
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<td>Reduces barriers to third party intermediaries</td>
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</tr>
</tbody>
</table>
Aid Works.

But it could work better

**aidinfo** works to enable full and transparent access to poverty resource information. Information that is complete and timely, includes future and past resource flows, is presented in a format allowing for easy data mash-ups and allows for feedback from all those interested in poverty – especially those who need this information to transform their own lives.

We are doing this because we believe in the transformative power of information:

**People in poor countries** could hold their governments to account for the delivery of required services.

**Governments in developing countries** could plan more joined-up programmes to target those most in need.

**People in donor countries** might increase their commitment to aid, now they can track how it is spent.

**Journalists and advocacy organizations** could check that resources are being used in the most effective way.

**Donors and aid professionals** could increase the effectiveness of their programmes and their overall impact on poverty reduction.