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8 September 2021

Development Co-operation Directorate  
Development Assistance Committee

## DAC Working Party on Development Finance Statistics

### Peer Review on Development Finance Statistics of Iceland

The Statistical Peer Review of Iceland was carried out from 2-6 November 2020 virtually. The review team consisted of representatives from Slovenia and Luxembourg as well as 6 staff from the DAC Secretariat. Representatives from Poland participated as observers. The review covered the seven dimensions outlined in the Guidance note for statistical peer reviews, namely: statistical policy issues; domestic data collection; statistical reporting; performance on DAC recommendations and international commitments; transparency; data accessibility; and publication of statistics.

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JT03480581

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# Executive Summary

**The Peer Review on Development Finance Statistics of Iceland was carried out from 2-6 November 2020.** The review team consisted of representatives from Slovenia and Luxembourg as well as six staff from the Secretariat. Representatives from Poland participated as observers. Due to COVID-19 travel restrictions, the review took place virtually. The review covered seven dimensions, namely: statistical policy issues; domestic data collection; statistical reporting; performance on DAC recommendations and international commitments; transparency; data accessibility; and publication of statistics. The report presents the key findings of the review summarised below.

**In 2016, ICEIDA, the former Icelandic International Development Agency and the Ministry for Foreign Affairs (MFA) merged.** Since then, the MFA is responsible for managing Iceland's development co-operation portfolio. The main purpose of this merger was to break up silos, integrate different dimensions of work (easier achievement of key foreign and development policy priorities, such as gender equality) and bring together specialists of development co-operation. Furthermore, the MFA was reorganised in 2020, bringing a new momentum for Iceland's development co-operation. Two specific expenditure areas were created under the MFA for development co-operation: expenditure area 35 (for ODA-eligible activities) and expenditure area 4 (mostly for multilateral contributions and non-ODA-eligible activities). Prior to this reorganisation, the budgets for ODA and non-ODA eligible activities were not clearly separated as the MFA only had one budget line for both types of activities (expenditure area 4). The introduction of expenditure area 35 was successful in protecting the volume, transparency and integrity of ODA funds. During 2020, the **department for finance and statistics (DFS) within the Directorate of International Affairs and Development Co-operation** was established. DFS is responsible for all ODA-related statistical work within the Ministry. It has the **mandate to collect and collate development finance data** and to control the ODA eligibility of activities proposed to be funded from the ODA budget (expenditure area 35). The creation of DFS is a strong sign of Iceland's emphasis on ODA integrity along with evidence that acknowledges both the complexity and importance of ODA.

**The DFS team does a thorough job in reviewing the ODA-eligibility of Iceland's activities.** Once a project is drafted and before it is approved, DFS reviews it using a special factsheet requesting detailed data such as the target countries, policy markers, descriptive information, collaboration with other institutions and links to the Icelandic development strategy, in order to assess whether a project meets the ODA criteria. This factsheet is stored in the MFA archive system and remains linked to the project throughout its life. DFS sees the factsheet as an opportunity to inform desk officers on ODA eligibility issues and thus train them. When in doubt about an ODA assessment, the DFS team consults with the OECD or with members of the Norstat<sup>1</sup>.

The ICEIDA **Quality Handbook** was adopted by the MFA during the merger in 2016. This Handbook describes workflows, including for the Icelandic DAC project database. Guidelines and instructions on DAC reporting requirements have been added to the Handbook when appropriate (e.g. CRS, Main DAC Questionnaire, DAC Advance Questionnaire, Forward Spending Survey, contract awards). Given that staff

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<sup>1</sup> The Norstat is an informal group consisting of WP-STAT representatives of five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). It has the objective to share experience and good practices, harmonise donor reporting practices and prepare e.g. WP-STAT meetings.

rotate frequently to new posts and positions within the MFA, staff find it particularly helpful. The Directorate for International Affairs and Development Co-operation relies more heavily on the Handbook than the other Directorates. DFS has also been very active in producing additional information and guidelines for desk officers on ODA-eligibility.

**Iceland impressed with its openness on the topic of in-donor refugee costs**, their thorough and conservative approach to apply the clarifications, to adjust its reporting practices and diligent communication with the Secretariat. Communicating with the other relevant administrations and providing more transparent information is a challenge faced by many DAC members in this area.

**Iceland supports the development of the broader Total Official Support for Sustainable Development (TOSSD) statistical framework.** In terms of reporting, it does not foresee any specific issue but, in 2020, needed to prioritise other reporting work (including ODA and CRS). TOSSD was reported based on Iceland's CRS, complementing the specific TOSSD fields. A more comprehensive TOSSD data collection will take place in the coming years.

Iceland is developing a new website: [www.Openaid.is](http://www.Openaid.is), which will publish interactive development statistics. **Iceland plans to use the Openaid.is website for displaying its aid activities to increase transparency and accessibility of aid data in a user-friendly way.**

#### **Key recommendations:**

##### **ODA eligibility:**

- Diligent work conducted by DFS to verify the eligibility of activities through a factsheet for each project before it is approved is commendable. Further progress could be achieved with dedicated trainings for desk officers on ODA eligibility and/or reporting rules for new recruitments.

##### **IT architecture:**

- There is no automated link between the MFA archive system, Orri and the DAC project database, which means that a lot of data needs to be copied or re-entered into the DAC project database to provide a full set of descriptive and financial data. Iceland is encouraged to consider building links between these databases to avoid these manual steps, and ensure that the data in the DAC project database are always up to date.

##### **Quality assurance:**

- Iceland is encouraged to attribute and verify policy markers beyond the current coverage i.e. gender and environment at the design phase of the project so that the data are already quality checked when the programme becomes active.

##### **TOSSD reporting:**

- Iceland is encouraged to continue its efforts on TOSSD reporting. While Iceland has already reached out to other government agencies, DFS could organise trainings to inform them about TOSSD. The Secretariat is happy to share training materials.
- Iceland could consider establishing an inter-agency TOSSD team to ensure the quality of the reporting and to discuss ODA and TOSSD in a whole-of-government setting.

##### **Transparency:**

- Iceland is encouraged to continue its effort and commitment to improve the Openaid.is website by further utilising the MFA's in-house human resources, as such an initiative serves not only to increase transparency but also to enhance the staff capability and knowledge.

##### **Data accessibility:**

- Iceland is encouraged to organise a workshop with CSOs to explore how aid data on the new Openaid.is website could be exploited and made more useful for CSOs so that they could refer to it more frequently.

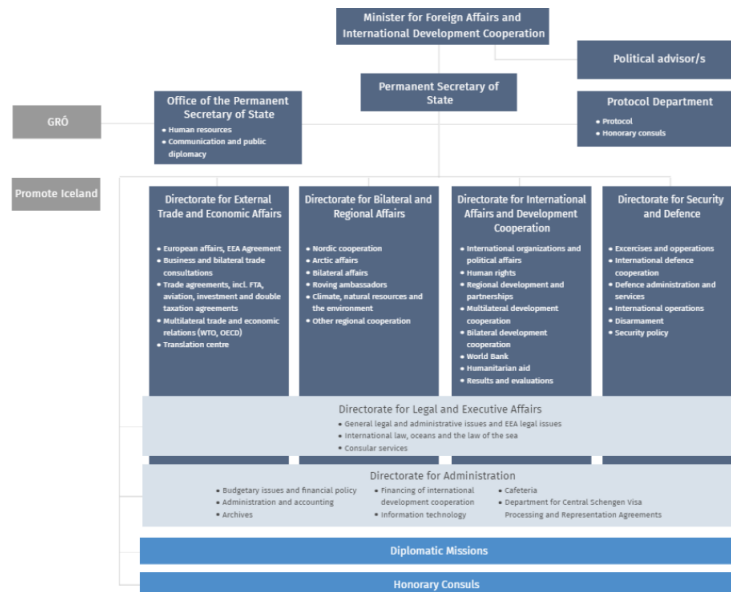
**Publication of statistics:**

- Iceland is encouraged to consider linking communication on development co-operation to ODA and development finance in general. For example, Iceland could communicate on its data on development co-operation by building a narrative around ODA data.
- For better communication around ODA, Iceland could produce an annual report on Iceland's aid figures.

# Introduction – Overview of Iceland’s development co-operation, key priorities and the budgeting process

- 1. In 2016, ICEIDA, the former Icelandic International Development Agency and the Ministry for Foreign Affairs (MFA) merged.** Since then, the MFA is responsible for managing all of Iceland’s development co-operation portfolio. The MFA consists of four Directorates (External Trade and Economic Affairs; Bilateral and Regional Affairs; International Affairs and Development Co-operation; Security and Defence) and two cross-cutting Directorates (i.e. Legal and Executive Affairs and Administration), see Figure 1 The Directorate for Administration and Directorate for Legal and Executive Affairs serve the entire MFA covering e.g. human resources, consular services, budgeting and administration, accounting and operation, archives, information technology (IT), consular and Schengen visa services and cafeteria management, and have a few dedicated staff appointed to work on development.
2. The merger aimed at, *inter alia*, integrating international development across all budget programmes within the MFA (easier achievement of key foreign and development policy priorities, such as gender equality), breaking down silos and bringing in specialists for development co-operation. Much effort has been placed on unifying processes between former ICEIDA and the MFA and this is considered completed. An evaluation of the merger is scheduled for 2021.
3. The Department for Finance and Statistics (DFS) falls under the Directorate for International Affairs and Development Co-operation, and is composed of three employees, the Director, who is also the WP-STAT delegate, a statistician with expert knowledge of development finance data and business analysis, and an accountant. The Directorate gets relevant support from the two cross-cutting Directorates.

Figure 1. Institutional architecture of Iceland's Ministry of Foreign Affairs



Source: Ministry for Foreign Affairs of Iceland

4. The main objective of Iceland's development co-operation is to support efforts by governments in developing countries to eradicate poverty and hunger and to promote economic and social development.<sup>2</sup> Iceland's development co-operation reflects the values of Icelandic society: respect for democracy, human rights, diversity, tolerance, justice and solidarity. Uganda and Malawi are Iceland's key partner countries. The Director General of the Directorate for International Affairs and Development Co-operation oversees development co-operation work in these countries as the previous ICEIDA had missions there. Due to this, Icelandic embassies in Uganda and Malawi have a particular focus on development work. Another priority country is Sierra Leone. Iceland is currently working on many projects in the field through multilateral organisations, with plans to start bilateral operations soon. Iceland's development co-operation also relies on intensive co-operation with permanent missions in New York, Paris, Geneva and Rome.

5. The latest organisational changes put emphasis on strengthening development co-operation with a stronger focus on digitalised processes and on new departments within the Directorate for Administration supporting development co-operation. A new organisational chart was presented early 2020, where smaller and leaner departments had been formed, and some topics were placed together for a better match on strategic and policy level. The changes also focused on improving development finance and statistical reporting. The recruitment of a new statistician in DFS in fall 2019 has enabled significant improvements in the collection, analysis, reporting and communication of data, especially through the construction of a dedicated database and effective use of Power BI and BI manager tools. DFS co-operates closely with other departments to ensure advice and quality control and joins teams to help them carrying out their tasks. The changes have led to results that speak for themselves: a new project database was established, a new website for development aid is on the way, quality assurance procedures are available to all staff and updated and reporting systems are finalised.

<sup>2</sup> [Government of Iceland | International Development Co-operation](#)

## The budgeting process

6. The MFA is responsible for the development co-operation budgeting process and allocating the budget to the embassies. Development co-operation represented 35% of the MFA budget in 2020 and is forecast to reach 42% of the MFA budget in 2025.

7. In 2020, the MFA was restructured, bringing new momentum for Iceland's development co-operation. The Minister for Foreign Affairs' title was renamed Minister for Foreign Affairs and Development Co-operation. Development co-operation became a specific expenditure area under the MFA, i.e. expenditure area 35 (for ODA-eligible activities) and expenditure area 4 (mostly for multilateral contributions and non-ODA eligible activities). Before, the budgets for ODA and non-ODA eligible activities were included under expenditure area 4, but with separate budget lines. The introduction of expenditure area 35 was successful in protecting the volume, transparency and integrity of ODA funds. ODA volumes are planned in the Icelandic National Budget, which allows no transfers from this expenditure area to others without parliamentary approval. The budget for expenditure area 35 is set every five years in the Fiscal Strategy Plan but can be reviewed and is adjustable in order to respond to urgent needs (e.g. COVID-19 pandemic). The creation of specific expenditure area 35 is a strong sign of Iceland's emphasis on ODA integrity along with evidence that acknowledges both the complexity and importance of ODA.

8. Expenditure area 35 covers 11 budget objects and funds can be transferred from one to another throughout the year if the need arises. These are the following<sup>3</sup>:

- 101 Administration
- 111 Bilateral co-operation
- 112 Regional co-operation and technical co-operation
- 113 Partner countries
- 121 UN multilateral organisations
- 122 GRÓ International Centre for Capacity Development
- 130 Humanitarian assistance
- 131 World Bank
- 132 Environment, Gender equality and human rights
- 133 Civil Society and NGOs
- 190 Positions abroad, communication, other

9. The MFA is responsible for calculating the budgetary needs for expenditure area 35 and communicating them to the Ministry of Finance and Economic Affairs. The process starts when the MFA receives the latest GNI forecasts from Statistics Iceland. The ODA budget is established based on these forecasts along with the expected ODA/GNI target set for Iceland in any given year. The MFA then requests other ministries for estimates of their expenditures for the year. When the MFA receives this additional information (e.g. in the case of in-donor refugee costs, estimates for quota refugees and the number of asylum seekers that have actually received asylum) it adjusts the figures. In addition, the budget department applies ODA coefficients, where relevant, to forecasted core contributions. When the figures are fixed, the MFA deducts these from the planned ODA budget, and the residual is attributed to expenditure area 35.

10. According to Articles 4 and 5 of the Public Finance Act. No. 123/2015, Iceland is committed to the UN target of 0.7% of GNI, although this is not reflected in the five-year public budgetary framework. However, Iceland's ODA as a share of gross national income (GNI) is expected to increase from 0.25% GNI in 2019 to 0.35% GNI by 2022 (see Figure 3). Iceland also plans to adhere to its goal to allocate 0.2%

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<sup>3</sup> Identification numbers are for the year 2019, as this could change slightly throughout the years with priorities.

of its GNI to the least developed countries (LDCs), in line with the UN target.<sup>4</sup> Although Iceland continues to be a relatively small provider of development co-operation, it has maintained its rank as the 15th largest DAC country in terms of ODA/GNI.<sup>5</sup>

**Budget allocations are linked to political commitments**

11. Since 2016, budgeting for gender issues is mandatory, and this plays a significant role in Iceland’s strategic planning (e.g. activities for knowledge on gender issues, training on gender equality) for the annual budget bill under expenditure area 35. The Minister for Foreign Affairs and Development Co-operation presents an annual report to the Parliament, including on ODA expenditures. The presentation covers elements of the legal framework – multilateral agreements, strategic budgeting, and planning process.

**Economic uncertainties around the effects of the COVID-19 pandemic**

12. Predictions of economic downturn due to COVID-19 could influence ODA volumes in coming years. In 2019, Iceland’s ODA as a share of GNI was 0.25%.

Figure 2. Funding Outlook – MFA’s expenditure areas



Source: Ministry for Foreign Affairs of Iceland

Figure 3. Iceland’s commitment

Years	2020	2021	2022	2023	2024	2025
ODA as per cent of GNI	0.30%	0.32%	0.35%	0.35%	0.35%	0.35%

Source: Ministry for Foreign Affairs of Iceland

<sup>4</sup> <https://www.government.is/library/01-Ministries/Ministry-for-Foreign-Affairs/Iceida/Publications/Parliamentary%20Resolution%20on%20Iceland's%20policy%20for%20international%20development%20co-operation.pdf>

<sup>5</sup> <https://www.oecd.org/dac/peer-reviews/DAC-mid-term-Iceland-2020.pdf>

### ***Department for strategic partnerships***

13. Based on long-lasting and diverse experience in development co-operation, Iceland aims to engage in strategic partnerships with different stakeholders, from NGOs and consultants to other private sector actors, to deliver its projects and programmes for the benefit of partner countries.

14. Iceland's technical assistance programme is implemented bilaterally as well as through nomination of experts to partner institutions such as the World Bank, Food and Agriculture Organization, International Fund for Agricultural Development and UN Environment Programme. Iceland has comparative advantages in specific areas, such as fisheries and geothermal energy. The technical assistant experts support small assignments in relation to identification, preparation or implementation of projects in collaboration with partner institutions in countries and territories eligible to receive ODA. The programme is currently being extended to gender equality, hydro-electric power, soil reclamation and sustainable land use, which again are based on the core capacities and the comparative advantage of Iceland's international development co-operation and as reflected in Iceland's policy.

15. The Sustainable Development Goal co-operation (SDG) fund was established in 2018 as a three-year project with the possibility of extension. The purpose of the fund is to encourage participation and contribution to development co-operation by the private sector, with the objective of reducing poverty and supporting job creation and sustainable growth in the world's poorest countries, in accordance with the SDGs. Projects should provide benefits and generate revenue in developing countries and have clear linkages to one or more SDGs. Eligible collaborating countries range from LDCs to lower middle income countries (LMICs) as per OECD/DAC's definition, plus upper middle income small island developing states (SIDS).

16. Iceland has a well-established co-operation with CSOs. CSOs are in general seen as experienced, knowledgeable, and dedicated to distribute the aid where it is needed. In Iceland's policy for international development co-operation, CSOs are recognised as important partners, and the support towards CSOs has been growing in the past years. Focus has been put on expanding the current partnerships via outreach to smaller CSOs that are interested in starting work in the development arena. Recent developments brought a possibility of multiannual support (up to 4 years) for development programmes and allow more predictability and ease the administrative burden on both (MFA and CSO) sides. For humanitarian assistance, the MFA has one multi-year framework agreement with the Icelandic Red Cross, but hopes to extend these types of agreements to more CSO partners in the future. Iceland uses three main channels for partnerships with CSOs: (i) CSOs in partner countries (this method has not been very active lately), (ii) UN bodies with a wide coverage of co-operation with CSOs (e.g. UN OCHA in Syria and Lebanon) and (iii) Icelandic CSOs. Channel (iii) i.e. Icelandic CSOs is the main focus within the Department of Strategic Partnerships. Grants to and partnerships with CSOs are governed by a set of rules and detailed guidance, which is published on the Ministry's website.

17. There is an ongoing dialogue with CSOs throughout the year. Five representatives from the CSO community sit on the Ministry's Development Committee (official committee that advises on international development co-operation). These members then ensure the information reaches other Civil Society Partners. The Committee meets regularly – about every three months or so. Due to the COVID-19 pandemic, however, meetings were held only three times in 2020.

### ***Multilateral partners***

18. The Department of Multilateral Organisations and Political Affairs within the Directorate for International Affairs and Development Co-operation was established in May 2020 and consists of five employees and a Director. It is in charge of Iceland's multilateral development co-operation and humanitarian aid as well as political issues, including UN affairs and matters related to OSCE, Council of

Europe (CoE) and other organisations. It also deals with crosscutting priority issues: human rights, gender, and environment. The organisational change was still ongoing at the time of the Statistical Peer Review.

19. Iceland's key multilateral partners and areas of focus are:

- The World Bank Group, which is Iceland's largest partner in terms of overall contributions (IDA replenishments, capital increases of IBRD and IFC). Iceland's co-operation with the World Bank is diverse and focused on Iceland's foreign policy priorities and comparative advantage, e.g. the energy sector, blue economy and fisheries, human rights and gender equality. It takes different forms, such as contributions to specific assistance programmes, trust funds and secondments. It includes also collaboration in key sectors by linking the World Bank's country programmes with Iceland's technical assistance programme.
- UN agencies, in particular UNICEF, UN Women and UNFPA when it comes to development co-operation, and WFP, OCHA, CERF and UNHCR in humanitarian assistance. The political division of the Department is responsible for overall co-operation with the UN, OSCE and CoE.
- Iceland puts a lot of emphasis on co-operation and coordination within the Nordic 5<sup>6</sup> group.

***Observations by the peer review team:***

- The peer review team would like to commend Iceland on their efforts to protect the volume, transparency and integrity of ODA. The fact that ODA is clearly separated in the budget under the dedicated expenditure area 35 appears as an efficient means to protect ODA.

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<sup>6</sup> The Nordic 5 is a term used for collaboration among the five Nordic countries (Denmark, Sweden, Finland, Iceland and Norway) on policy matters.

# 1. What are the main statistical policy issues?

## 1.1. Verifying the ODA eligibility of activities funded from the ODA budget

20. DFS within the Directorate for International Affairs and Development Co-operation is in charge of not only reporting statistics, but also verifying the ODA eligibility of activities funded from the ODA budget. Each new project or programme needs to promote and target the economic development and welfare of developing countries as its main objective, as well as be aligned with the Icelandic strategy for international development.

## 1.2. ODA eligibility

21. Iceland is greatly attached to the integrity of ODA. Once a project is drafted and before it is approved, DFS reviews it using a special factsheet requesting the relevant data about the project or programme, such as the project target (target audience, purpose, expected result, etc.), beneficiary countries as well as SDGs and policy markers (gender equality and environment). The fact sheet also requires some descriptive information e.g. information on collaboration with other institutions and links to the Icelandic development strategy, in order to assess whether a project meets the ODA criteria. See Annex A for the structure of the factsheet. This factsheet is stored in the MFA archive system, an archives database, and will remain linked to the project throughout its life. DFS sees the factsheet as an opportunity to inform desk officers on ODA eligibility issues and thus raise awareness on the topic. DFS considers the factsheet crucial as it serves as one of the first steps in evaluation.

22. DFS uses the DAC Statistical Reporting Directives to demonstrate why certain projects are not ODA-eligible. DFS can push back on projects and has back-up from their Director General to do so. When in doubt about an ODA assessment, the DFS team consults with the OECD or with members of the Norstat.

23. DFS carries out periodic ad-hoc reviews of the ODA eligibility of certain projects, which can result in changes to ODA reporting. For example, during the review of Iceland's Crisis Response Unit, some activities previously reported as ODA were moved to the defence portfolio. Another example is the costs attached to the seconded expert to the Council of Europe, which used to be accounted as fully ODA-eligible, while a review by DFS (through interviews and other checks) concluded that the seconded expert also carried out activities beyond ODA. The ODA coefficient of the Council of Europe was applied to these costs to reflect the developmental share. The DFS team also regularly evaluates posts abroad to ensure their focus has remained fully ODA-eligible (see section on administrative costs below).

24. Once a project is approved, it is registered in the MFA's DAC project database. Once registered, every project in the DAC database (called DAC Project) is evaluated by DFS.

**Observations by the peer review team:**

- The peer review team shared its experience in discussing ODA-eligibility issues at headquarters. Luxembourg advised that Iceland should put in place a specific process to protect DFS from pressure on ODA-eligibility; in a “small” country, distance to hierarchy is also small and senior staff is often closer to the rest of staff, which may exacerbate this type of pressure. Slovenia emphasised the importance for the statistical team to be trusted by its hierarchy. They have the role of ensuring good quality of ODA data and of protecting its integrity by following a conservative approach despite potential push from the hierarchy for producing a bigger ODA figure. The Secretariat also receives numerous requests from members to review the eligibility of some projects; it builds on its institutional memory to maintain the integrity of ODA, although this can be a time-consuming exercise.

**1.3. GRÓ, International Centre for Capacity Development**

25. Iceland supports education via GRÓ, the International Centre for Capacity Development, through four training programmes. GRÓ’s mission is to strengthen individual, organisational and institutional capacities in developing and conflict/post-conflict countries to deliver development results in line with the SDGs. GRÓ’s purpose is building human resource capacities in developing countries in fields where Icelandic expert knowledge is available.

26. All students come from developing countries and are supported for short and long-term studies. Iceland explained that not all the activities from this programme are eligible and that non-ODA funds are used to cover the non-ODA part (e.g. research). ODA funds are used for students from ODA-eligible countries only. Its four thematic areas focus on: fisheries, geothermal training, gender equality and land restoration.

- (1) Fisheries Training Programme: GRÓ offers an applied postgraduate training programme for fisheries professionals under the auspices of UNESCO.<sup>7</sup>
- (2) Geothermal Training Programme: GRÓ offers a postgraduate geothermal training programme under the auspices of UNESCO, aimed at assisting developing countries in capacity building within geothermal exploration and development.<sup>8</sup>
- (3) Gender Equality Studies & Training Programme: It is a multidisciplinary programme to promote gender equality and social justice.<sup>9</sup>
- (4) Land Restoration Training Programme: This programme focuses on the sustainable use of natural resources and societal change.<sup>10</sup>

**Request to the Secretariat:**

- Iceland confirmed that all students who participate in GRÓ programmes come from developing countries and it reports these costs as in-donor costs (scholarships), but it would like the Secretariat to advise on how to best report related costs in ODA.

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<sup>7</sup> <https://www.grocentre.is/ftp>

<sup>8</sup> <https://www.grocentre.is/gtp>

<sup>9</sup> <https://www.grocentre.is/gest>

<sup>10</sup> <https://www.grocentre.is/lrt>

## 1.4. In-donor refugee costs

27. In Iceland, the share of in-donor refugee costs in total ODA reached 32% in 2017, and this high share in an already relatively small ODA budget raised concerns among CSOs. In order to implement the HLM clarifications on in-donor refugee costs<sup>11</sup> agreed in 2017, Iceland conducted a thorough and comprehensive review of its methodology and adjusted its reporting practices accordingly. This process led to a reduction of refugee costs included in ODA and their share in total ODA – 13% in 2019.

28. Iceland conducted an inter-ministerial consultation to analyse the compliance of each relevant budget line with the clarifications. The costs stretch over three separate budgets, in two ministries: the Ministry of Social Affairs and the Ministry of Justice (the Directorate of Immigration). These two Ministries cover costs from their own budgets, and not from expenditure area 35 (the budget for development co-operation). This greatly facilitated the inter-ministerial discussions, which were purely technical and aimed at implementing the clarifications, and not a matter of protecting respective budgets.

29. Iceland followed a conservative approach in reviewing costs and diligently communicated with the Secretariat during this process. The application of the clarifications led to a decrease in costs considered eligible. In particular, considering that asylum seekers from safe countries of origin, who apply for protection in Iceland, are generally not granted protection and instead returned to their state of origin after undergoing an accelerated procedure, Iceland decided to remove the related costs entirely from its ODA reporting. In the view of the Secretariat, considering that close to 100% of applicants from safe countries are rejected, it would indeed be difficult to justify the humanitarian nature of these costs and their inclusion in ODA.

30. In 2020, the MFA established a working group including experts from the Ministry of Health, Ministry of Social Affairs, Ministry of Finance and Economic Affairs and Ministry of Justice (Directorate of Immigration), along with the Chair of the Icelandic International Development Co-operation Committee. The group came up with suggestions on how to further improve the calculation of in-donor refugee costs and delivered a report with six suggestions for follow-up actions:

1. Transparency of the full ODA expenditures, with the objective that they are published holistically in the State's Financial Plans.
2. Better flow of information between the Directorate of Immigration and the MFA to better plan the cost of asylum seekers and refugees.
3. Improved and more detailed accounts of costs incurred by municipalities that host asylum seekers and refugees.
4. Evaluation of the services of the municipalities to asylum seekers and refugees.
5. Transparent and open processes of how asylum seekers and refugees receive IDs and are registered. This will facilitate in future a monitoring of costs at individual refugee level.
6. Actual cost for in-donor refugees should be reported quarterly for consistency and transparency, and to give Iceland the time to revise budgets if needed.

### ***Observations by the peer review team:***

- Communicating with the other relevant institutions and providing more transparent information is a challenge faced by many DAC members. The peer review team commended that Iceland thoroughly implemented the clarifications and changed its reporting practice even though this entailed a reduction in the expenditures that Iceland reported as ODA.

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<sup>11</sup> [DCD/DAC\(2017\)35/FINAL](#)

- Luxembourg noted that they took the political decision not to report any of these costs in its ODA.

## 1.5. Administrative costs

31. Two topics were discussed in relation to administrative costs:

- Administrative costs linked to expenditure areas 4 and 35:

All administrative costs of expenditure area 35 are ODA-eligible and those of expenditure area 4 are only partly ODA-eligible. The share that can be counted as ODA is based on a review of the portfolio of staff to only include staff working on ODA tasks. This share is then used to determine the eligible costs, e.g. through pro-rata of square meters for rental costs of the Ministry building.

- Costs at embassies:

At the MFA, heads of mission are required to submit at the end of each year a projection of all major expenses for the coming year. DFS has created a template that can be used for projections of administrative costs and that shows actual costs in previous years. The biggest cost items at the missions are salary costs and other related expenses (taxes, pension contributions, etc.) for both diplomatic and locally-hired staff.

In the case of embassies in Malawi and Uganda, Iceland considers all costs are reportable as ODA, as these two embassies have a purely developmental mandate. This includes salary costs of diplomats, local staff and office costs, which covers rental costs, utilities and security services for embassy office as well as residences for diplomatic staff. Iceland assigns two representatives to each of these embassies. The size of the diplomatic staff family is taken into account in the assignments as it affects expenses such as post adjustment and school fees. If there is any diplomatic staff turnover during the year, the costs of travel and possible shipment of household furnishings are included in the financial projection for the year. Projected travel expenses for staff, including fares and per diems, are also included. As the development co-operation takes place on a district level, which requires frequent travel, the embassies operate several vehicles. The cost of fuel and maintenance are therefore also considered. Both embassies are located in larger office buildings and overhead costs are shared.

After the merger, an Ambassador was posted in Kampala, Uganda, but this did not affect the types of activities carried out at the embassy, which still consisted exclusively of development co-operation tasks.

Iceland indicated it had had an exchange with Switzerland as a like-minded partner to elaborate its methodology for calculating eligible administrative costs.

## 1.6. Private sector instruments (PSI)

32. Iceland is keen on co-operating with the private sector. Co-financing with the private sector was enabled through the creation of a Sustainable Development Goal (SDG) Fund in 2018. The Fund policy follows the OECD DAC Blended Finance Principles. Co-financing is in the form of a project-specific grant, which can cover up to 50 percent of the total project cost, and is subject to the rules on state aid under the European Economic Area agreement. It is limited to Icelandic companies and hence is fully tied. The instrument enables mobilisation of private funds for sustainable development. Both examples presented (fisheries and access to finance) show a clear development potential.

33. Iceland includes the SDG Fund grants in its ODA reporting, but has so far not identified them as "Private Sector Instruments". Reporting on the amounts mobilised from the private sector through the SDG

Fund is expected to be carried on an ex-post basis when the necessary data on private co-financing becomes available through evaluations.

## 1.7. Proposed recommendations – Dimension 1

### ***In-donor refugee costs:***

- Iceland is encouraged to continue thoroughly implementing the clarifications.
- While CSOs felt there was a lack of transparency, Iceland could share good practice by communicating with the Secretariat on the topic of in-donor refugee costs in a transparent manner. As a way forward, Iceland has agreed to publish its methodology for calculating its in-donor refugee costs on the DAC website, and this is commendable.

### ***Verifying ODA eligibility:***

- Diligent work conducted by DFS to verify the eligibility of activities through a factsheet for each project before it is approved is commendable. Further progress could be achieved with dedicated trainings for desk officers on ODA eligibility and/or reporting rules for new recruitments.

### ***Administrative costs:***

- Iceland was transparent in describing its methodology for calculating administrative costs; it is encouraged to share the details of the methodology in the survey on the reporting practices related to administrative costs that the Secretariat is preparing.

## 2. How to make domestic data collection more effective and efficient?

34. This dimension describes how Icelandic aid data are collected and managed by the MFA. It provides an overview of Iceland's statistical system and its recent developments.

### 2.1. Data collection

35. DFS is responsible for the data collection, quality control, reporting and publication of Icelandic aid statistics, as well as for the financial management and budgeting of expenditure area 35 (e.g. approving requests for funds). With increasing volumes of funds, more projects and more demands for reporting on different dimensions, it became clear that more resources were needed in this area. In addition, there was a strong demand from the Director General for International Affairs and Development Co-operation for more efficient data management systems, better accessibility of such data and a stronger results-based approach. In this context and with such mandates, the DFS was established during the merger of two departments within the Directorate in 2020, to support and be responsible for all statistical work within the Ministry. Emphasis was placed on statistics along with IT systems that capture flows.

36. The MFA manages the bulk of ODA through expenditure area 35. Every year, DFS reaches out to other government departments or Ministries to collect additional ODA expenditures in Excel sheets. DFS then enters these data into its DAC project database, which covers all ODA expenditures and is used to compile ODA statistics.

37. In preliminary 2020 figures, the share of each data source was as follows:

- Ministry for Foreign Affairs (Area 35): 74%
- Ministry for Foreign Affairs (Area 4): 2%
- Ministry of Justice: 10%
- Ministry of Finance and Economic Affairs: 7%
- Ministry of Social Affairs: 7%

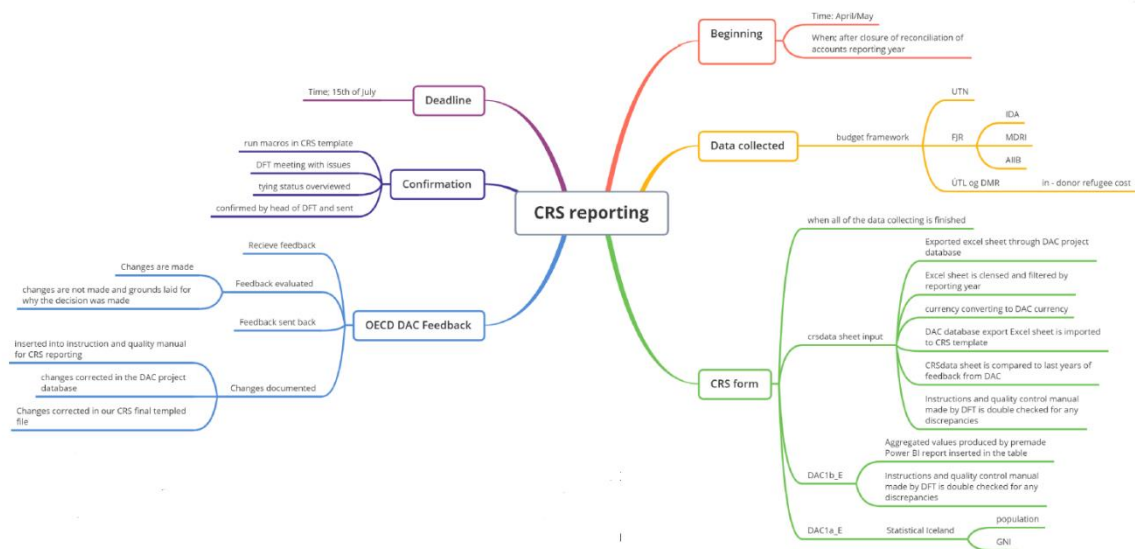
38. The DFS team works closely with all other departments to ensure that the data are reported properly. For example, concerning expenditure area 4, it works closely with colleagues to ensure that relevant ODA coefficients for international organisations are properly applied. DFS also worked with the Ministry of Justice to review the methodology for calculating in-donor refugee costs.

### 2.2. Data management process and tools

39. Desk officers or experts are in charge of the contracts and general project management within their area of responsibility of expenditure area 35. They draft the contracts, which are reviewed by the Head of DFS to ensure they meet ODA criteria as well as the Legal Department in the MFA, before they

are presented to an internal project committee. There, they are signed off by the Director General or Minister so that payments can be processed by the accountant and sent to treasury for disbursement. Until 2019, the bookkeeping and accounting linked to aid activities was processed by embassies. However, since then, these functions take place at the MFA in Iceland, which has led to improved communication, a better and more transparent overview of the accounts as well as less errors in the data. As soon as a project is signed, desk officers or experts enter project information into the DAC project database. This includes detailed information like channel codes, types of aid, country codes etc. The DAC project user interface includes guidelines and explanations for different reporting requirements (e.g. description of each aid type). Desk officers also import all documents to “Málaskrá”, the MFA archive system for storage and backup. Staff outside the department with no access to the DAC project database can access documents in the MFA archive system, as it has a wider user base. Information in the DAC project database and the MFA archive system is linked by project number. Figure 4 shows the data management process and cycle in detail.

Figure 4. Data management process



Source: Ministry for Foreign Affairs of Iceland

### Box 1. Data management tools

The **MFA archive system** is the records management system and archives database that is used by the Icelandic Government. It was the first system developed for generating and storing documents and has been in use for 20 years. It started as a LOTUS Notes database and is now operating using IBM Notes. At the MFA, all documents and e-mails are stored in the archive system with indexes that facilitate searches. Documents and e-mails that are linked together by content are stored as a “case”. Cases are opened when a request begins for a project and are closed when the project is approved. E-mail chains between DFS and the OECD that pertain to statistical reporting are also stored as a case in the archive system. However, there is no automated link between the archive system and other information systems and no financial information is stored in it. There is an archive case number for each project in the archive system, which is registered in DAC database to create a connection. At present, given IBM Notes is being phased out, the Icelandic government is looking for new solutions to migrate the archive system (e.g. Sharepoint, Cloud, etc.), however, at this point it is unclear how long the archive system will continue in its current form.

All financial information is stored in the **Orri database**, which operates using Oracle. Like the MFA archive system, Orri is used by the entire government of Iceland and accessible for those who handle financial figures and process monthly payments for approved projects. The CRS recipient code and type of aid are included in Orri but there is no link to the DAC project database.

The **DAC project database** was developed in 2019 to replace an old database in Microsoft Access, which was used previously for statistical purposes, but quite cumbersome. The DAC project database is a custom made database developed by an Icelandic company, Advania, based on specifications defined by DFS. Currently, the DAC project database is hosted and maintained outside the MFA, which creates issues when codes (e.g. CRS codes) are changed or updated, or corrections need to be made to the programme. This means that any update to the DAC project database needs to be communicated and arranged with Advania and incurs additional fees. There are plans to have it hosted within the MFA even if database management and hosting capacities are limited. Nevertheless, the DAC project database represents an important improvement for data collection within the MFA.

The DAC project database is the basis for DAC statistical reporting and the source for other statistical work in Iceland. It is accessible to all staff in the MFA, staff located both domestically and abroad. Only ODA activities and activities with ODA coefficients are entered into the DAC project database. During the summer, an intern copied all data from the previous Access database to the DAC project database which now contains all ODA activities as from 2010 (prior to 2010, all data are stored in excel sheets). Besides the statistical information on activities, the DAC project database contains other relevant information, e.g. for communication purposes (e.g. photos, stories and impressions from the field).

40. Data are collected via three different databases in the MFA, which accounts for 80% of activities (the remaining 20% are provided by other government departments via Excel spreadsheets), see Box 1.:

- The MFA archive system – the archives system;
- Orri – the Oracle database that contains financial information;
- DAC project database – used for reconciling data from various sources and producing statistical outputs.

41. Desk officers at the MFA enter all data pertaining to a project in the archive system. Once the project has been signed off by the Director General or Minister, it is “created” (if it is new) or “updated” (if it is continued). For all new projects, relevant information is also entered in the DAC project database. In 2019, continuing projects represented 64% of the total, which simplifies the data collection process as desk

officers review the project and only new financial data need to be added. Financial data are copied from Orri into the DAC project database to complement the more descriptive information. All data from area 35 are copied, as well as data on core funding to international organisations from area 4. This is a manual process as there is no automated link between the three systems. DFS created accounting dimensions in Orri to solve time-consuming importation of financial data from Orri into DAC project database. Every contribution must be tagged using two dimensions: the recipient code and the channel code/type of aid. This has allowed detailed tracking of administrative costs. DFS can daily alter these two dimensions in collaboration with the Financial Management Authority (FJS).

42. In addition, data obtained in Excel from other government departments (Ministry of Justice, Ministry of Finance and Economic Affairs and Ministry of Social Affairs) are entered by hand into the DAC project database. Once grants for CSOs have been registered (through a manual process) into the archives, they are also entered into the DAC project database.

43. Once the data have been completed for the year, financial data are imported after settlement of accounts, usually before the yearly Advance Questionnaire and other fields by early July. The DFS team carefully reviews the data, checks that all relevant coefficients for multilateral organisations have been applied and exports the data into Excel for DAC statistical reporting purposes. A macro is run to check for data integrity and aggregates are compiled via a procedure (using Power BI). The data are then submitted to the OECD. In the past, some reporting delays were due to late submissions by the Ministry of Justice of finalised figures, but in 2020, Iceland's reporting to the OECD was timely. Any feedback that is received from the OECD is promptly documented in the MFA archive system and in in-house CRS guiding manuals, and changes are made directly to activities in the DAC project database, so that the errors do not repeat themselves over time.

### ***Statistical analysis in place***

44. Apart from Excel, the DFS team use Power BI to generate reports for internal purposes, reports for the Minister and the parliament as well as data visualisation through tailor-made dashboards and for other analytical purposes. Toolkits have also been developed to run reports, publications and other standard outputs.

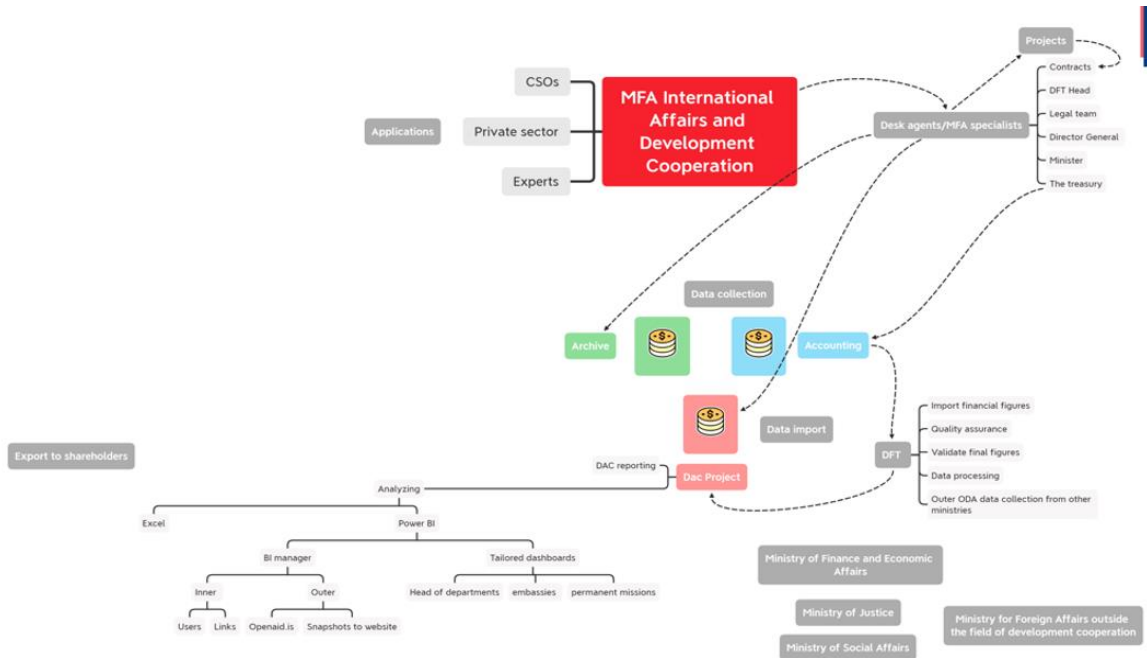
45. All information from the DAC project database can be easily downloaded in an Excel file or with a filter tool in a quick view. Users can further use Excel for personal analysis or export the data to other analytical tools. In addition, a live connection to the Power BI statistical analysis tool has been built on top of the DAC project database and allows the statistician to undertake further analyses. All users of the database are allowed to have a live connection to Power BI if they so desire.

46. With regard to measurements and data reliability within the DAC project database itself, the data are manually registered and managed by experts, and activated once the respective contract is approved. Data cleaning and error reporting can be executed and managed through Power BI diagnostics via live connection. Key figures on the development of cross-cutting issues are also monitored in installed Power BI reports. DFS has up to 50 custom-programmed metrics and several external data sources such as economic forecasts, exchange rate figures, etc. linked to the DAC project database. Much work has been done to ensure strong and fast analyses in Power BI that flow from different data sources. DFS uses Power BI for example, Openaid.is, website analysis, CRS implementation comparison for past years, flexibility of the database, maintenance, overview and monitoring for deviations, backroom data that lies in the database and is not shown in the interface design.

47. DFS uses workflow tools (e.g. Visio and Xmind) to map and plan its data processes. Furthermore, the DFS incorporates visuals from its infogram account and infographics from online tools. DFS does not limit itself to specific tools and is open to the use of any tool to facilitate analysis and to increase the quality of visuals and statistics. DFS is therefore always in pursuit of new tools.

48. Future plans include tailor-made dashboards for the decision-making executives e.g. heads of departments, embassies and permanent missions. These will be developed internally and be linked to the DAC project database to include real time data.

Figure 5. The different databases within the MFA



Source: Ministry for Foreign Affairs of Iceland

**Observations from the peer review team:**

- It is commendable that DFS staff take into consideration the Secretariat’s feedback on annual CRS submission and enter these into the DAC project database. This ensures that once data issues are addressed, they do not occur again.
- Iceland was commended for the improvements it has made for the efficiency of its data collection and quality of its data over the last year with the introduction of the DAC project database.
- Iceland was encouraged to explore the Annex 2 listed international organisations for possible additional core contributions to multilateral organisation paid by ministries and institutions other than the MFA to complement their existing ODA dataset.

**2.3. Proposed recommendations – Dimension 2**

- There is no automated link between the MFA archive system, Orri and the DAC project database, which means that a lot of data needs to be copied or re-entered into the DAC project database to provide a full set of descriptive and financial data. Iceland is encouraged to consider building links between these databases to avoid these manual steps, and ensure that the data in the DAC project database are always up to date.
- At present the maintenance and hosting of the DAC project database is managed by an external company, meaning that it is inconvenient and costly to make changes to the database (e.g.

changes to CRS codes). The MFA is encouraged to consider building capacity internally (e.g. within its IT department) to maintain and host the DAC project database, which is central to the work on ODA monitoring and reporting.

- Data collection from other sources (e.g. Ministry of Justice) could be managed through an application to avoid manual interventions by DFS.

## 3. How to improve reporting to the OECD and how to consolidate quality reporting over time?

49. This dimension reviews how Iceland compiles its statistics for reporting to the OECD.

### 3.1. ODA statistics and the Statistics Section

50. DFS is responsible for compiling and publishing data on total flows to developing countries for Iceland. It is also in charge of reporting these data to the OECD/DAC, carrying out statistical surveys, producing internal and external reports with data, providing relevant information to programme officers, communicating on aid statistics and presenting data on-line through the new Openaid.is website. DFS is also responsible for monitoring Iceland's ODA target on a continuous basis. The department has goals for transparency, easy access to data for everyone and user-friendly analyses and integrity goals for ODA.

51. DFS collects data from all government agencies, which are centralised in the DAC project database and used for statistical reporting purposes.

52. The DFS team consists of three permanent staff:

- The Head of department and team lead who is responsible for the financial management and budgeting of expenditure area 35, the quality control of ODA funds, the reporting on ODA, the development and maintenance of systems. In addition, the Head represents Iceland at the WP-STAT and follows DAC statistical reporting issues.
- The statistician who is responsible for data collection, analysis and information support, database maintenance and development, validating the CRS data, data outputs (e.g. surveys and reports), website development, dash boards and analysis for decision-making.
- The accountant who does the bookkeeping, accounting and reconciliation of accounts for the whole Directorate for International Affairs and Development Co-operation.

### 3.2. Quality assurance process and DAC Reporting

53. The former ICEIDA Quality Handbook was adopted by the MFA during the merge in 2016. This Handbook includes workflows (e.g. DAC project database workflows), guidelines and instructions on DAC reporting requirements (e.g. CRS, Main DAC Questionnaire, DAC Advance Questionnaire, Forward Spending Survey, contract awards). Given there is a high turnover of staff within the MFA, new staff find it particularly helpful. The Directorate for International Affairs and Development Co-operation relies more heavily on the Handbook than other Directorates. DFS has also been very active in producing additional leaflets and guidelines for desk officers on ODA-eligibility.

54. Once all data items have been merged from Orri and the MFA archive system (using project identification numbers) into the DAC project database, DFS carries out further data checks such as verifying that proper coefficients have been applied to international organisations to which contributions can be reported as ODA from area 4. They use macros and custom-made reports (using Power BI) to review each project.

55. Dedicated staff review data on policy markers such as gender and environment. However, other policy markers are not reviewed as thoroughly due to resource constraints.

56. The aggregate data are compiled from the DAC project database once the CRS has been finalised. If there should be a change in the CRS, it would be replicated in the DAC project database simultaneously to store correct data. Aggregates are then refreshed through Power BI.

57. In 2020, Iceland's DAC statistical reporting was sent to the OECD in July. Feedback from the OECD are thoroughly discussed by the DFS team with desk officers who evaluate the proposed changes and implement them in the DAC project database when considered necessary. The changes are all well documented so that they are taken into account in the future even if there are staff movements.

58. A vital part of the DFS's quality assurance process can also be attributed to its organising capacity as well as regular – yearly, monthly or weekly – meetings.

59. DFS formulates its yearly plan usually in January. The plan includes the mapping of every project assignment and deadlines for reports and other returns. DFS uses the methodology called “yearly wheel”, which allows it to break down the yearly outlook and workload to monthly and weekly level. DFS sets its goals and the role to pursue as a department. Through this meeting, the DFS organises its activities for the year and sets a realistic picture to ensure all goals are achieved.

60. Monthly meetings are convened in the beginning of the month. The DFS reviews deadlines, processes, checklists, performance in the previous month, future goals and the ongoing assignments. The DFS looks over the yearly wheel/plan and organises the following month agenda.

61. Weekly meetings are informal meetings in which the DFS coordinates the plans and priorities of the week among all staff. The aim is to improve communication and organisation as well as to meet the goals of the week.

62. These meetings improve communication among staff, engage all staff, and enhance efficiency.

### 3.3. Data quality and specific reporting issues

#### **Commitments**

63. In Iceland, the ODA budget is considered committed once it has been signed by the Minister. However, data reported on individual commitments refer to signed contractual obligations rather than contractual activities. This once led to a misinterpretation of commitment data used in the calculation of tying status. For this reason, gross disbursements are currently used as a proxy for commitments.

#### **Tying status**

64. DFS has been working to improve the reporting on the tying status which was incorrectly reported as 100% untied up until 2017. Limited commitment data were reported and gave an inaccurate picture of the tying status (8%). With the 2018 data, by using gross disbursements as a proxy for commitments, 8% changed to 52%.

65. DFS is concerned with the reporting of tying status. It used to fill in this information in the DAC project database by applying certain guidelines according to types of aid or recipient codes. However, the

application of these guidelines, for instance by considering all ODA to and through CSOs as tied, may be too conservative as the actual procurement status is not reviewed, and the DAC statistical reporting directives indicate that core contributions to CSOs are usually considered untied.

66. DFS has discussed this matter thoroughly with the Secretariat's data collection team, and as a result, calculation of the tying status will be based on the gross disbursements instead of commitments starting from 2018 data. This changes the untied share from 8% to 52.5% for the year 2018, which is a realistic reflection of Iceland's tying status.

### ***Granularity of data***

67. Iceland's reporting of UN peacekeeping operations, refugee costs and scholarships remains at an aggregate level. However, it would be interesting to have more granularity on these items. In the case of refugee costs, this would require more work with the Ministry of Justice on the methodology to compile more granular costs, but the data are available by UN peacekeeping operation and DFS felt that more detailed data on scholarships would be feasible.

### ***Observations by the peer review team:***

- The DFS team was perceived as being extremely proactive in guiding desk officers (using leaflets or additional guidelines) and reviewing the ODA eligibility of each project through the factsheet.
- It is commendable that feedback from the OECD on reporting issues are thoroughly discussed by the DFS team and desk officers, and that any suggestions from the OECD to modify or correct the reporting are implemented in the DAC project database when considered appropriate.

## **3.4. Proposed recommendations – Dimension 3**

- The DFS team does a thorough job in reviewing the ODA-eligibility of Iceland's activities. However, Iceland could further improve its reporting by offering trainings on ODA eligibility.
- Iceland is encouraged to attribute and verify policy markers beyond the current coverage i.e. gender and environment at the design phase of the project so that the data are already quality checked when the programme becomes active.

### ***Untied aid:***

- Follow-up discussions helped to bring more clarity. As regards the tying status, rather than applying certain guidelines for activities to determine their tying status, Iceland is encouraged to review the procurement data or plans of activities (e.g. results of international competitive bidding processes) to determine the real nature of tied, partially tied and untied activities.

## 4. How to better monitor recommendations and commitments in the field of development co-operation?

### 4.1. Implementation of the 2030 Agenda and results-based management

68. Iceland bases its results framework on 10 of the 17 SDGs, with sub-targets for each of the goals. As per the policy for international development, the aim is to implement a corporate results-based system for all aid mechanisms. Iceland plans to have a holistic system in place by the end of year 2020. The DAC project database allows for allocations to be assigned to results framework goals and sub-goals, as well as SDGs. As regards multilateral organisations' contributions, the results are communicated through the MFA website using the organisations' own analyses and communication materials. As reflected upon in DAC's recent mid-term review of Iceland, the next steps entail the expansion of the DAC project database to add a results dimension encompassing results indicators and measures. Such a tailor-made approach was deemed suitable for Iceland as a micro donor; to rely on and link the performance system with existing data and avoid any duplication of efforts.<sup>12</sup>

69. The MFA is currently designing a dashboard application to monitor and make available to managers real time financial data against targets. For international development, the DAC project database will be integrated into the application and implemented in 2021.

### 4.2. TOSSD

70. Iceland supports the development of the broader Total Official Support for Sustainable Development (TOSSD) statistical framework and considers TOSSD as an important measure. In terms of reporting, it does not foresee any specific issue but, in 2020, it needs to prioritise other reporting (including ODA and CRS). Iceland reported TOSSD based on its CRS, complementing the specific TOSSD fields, and will be able to conduct a more comprehensive TOSSD data collection in future years. Iceland took initial steps as it reached out to other government agencies that could potentially report on TOSSD (Central Bank and Statistics Iceland). Iceland is still at an early stage of the reflection and in a learning process and therefore interested to hear about other countries' experience in collecting TOSSD data.

71. Iceland appreciated the feedback it received from the DAC Secretariat on its first TOSSD reporting. Iceland indicated that the attribution of SDG targets to the activities entailed a significant workload on their side, but they found it definitely improved the value of their data, which would also be reflected through their Openaid.is website.

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<sup>12</sup> [Main-findings-recommendations-Iceland-2017-EN.pdf \(oecd.org\)](#)

72. The Secretariat presented the state of play of the TOSSD data collection, including examples of TOSSD activities for pillar I and pillar II. It advised that the TOSSD Task Force had prepared user-friendly information materials on TOSSD, such as videos and infographics and that they are available online.<sup>13</sup>

**Observations by the peer review team:**

- Slovenia shared its experience by describing the actions taken in the country to reach out to relevant partners for reporting in TOSSD beyond ODA:
  - Development and export bank: focuses on export-oriented instruments with no measure of development impact/contribution to SDGs – not reportable as TOSSD.
  - Ministry of Education, Science and Sport: hosts a system for reporting/classifying publicly financed research and development – potential source for Pillar II expenditures in TOSSD, to be further explored.
  - Ministry of Defence: some of their bilateral contingents, not eligible under ODA, could be eligible expenditures for peace and security under TOSSD, which has a broader scope of ODA in this field.
- Luxembourg shared that TOSSD is not a high priority at this stage, and this might change once more countries report on TOSSD. So far, it is not in a position to report on TOSSD for all Ministries.

### 4.3. Humanitarian assistance

73. Humanitarian assistance is managed in MFA by one person, responsible for co-operation with key partners especially from the UN family (OCHA, CERF, UNHCR, WFP, UNRWA) and the ICRC, budgeting, participation in pledging events and reporting to the DAC project database and Financial Tracking Service (FTS). Multiannual agreements with key partners enable predictable and flexible funding, and most of these contributions are disbursed in the first quarter of the year. Annual meetings are organised with key partners for monitoring and evaluation of co-operation. Iceland relies on annual reports and audits of individual organisations and on the assessments of the Nordic countries with larger capacities. As regards international pledging conferences, Iceland uses soft earmarking and pledges for 2 to 3 years at a time. Iceland carefully selects high-level pledging events, and uses established partners to finance protracted crises, such as for example the one in Yemen, which is financed through UNFPA, OCHA and WFP.

74. It also finances secondees and consultants (up to 4 positions each year) and has a stand-by search and rescue team, which has, however, not been called-in much lately.

### 4.4. Proposed recommendations – Dimension 4

**TOSSD reporting:**

- Iceland is encouraged to continue its efforts on TOSSD reporting. While Iceland has already reached out to other government agencies, DFS could organise trainings to inform them about TOSSD. The Secretariat is happy to share training materials.
- Iceland could consider establishing an inter-agency TOSSD team to ensure the quality of the reporting and to discuss ODA and TOSSD in a whole-of-government setting.

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<sup>13</sup> [www.tossd.org](http://www.tossd.org)

- DFS is encouraged to systematically identify how its operations support the SDGs and continue reporting on TOSSD.

## 5. How to improve transparency and the related performance on transparency indicators and indices?

### 5.1. Transparency

75. The platform of [www.openaid.is](http://www.openaid.is) aims to increase transparency and accessibility of aid data in a user-friendly, interactive way to enhance the public scrutiny of ODA. After much time devoted towards publication of the data, piloting the web prototype was scheduled for 2020. A review and update of all work procedures, which are published in the MFA quality handbook, are underway. Data collection, data cleaning, data source connections, translations and text enhancements are in the final stages.

76. As next steps for Openaid.is, Iceland plans to conduct tests on the prototype with closed access users connected to the official Government website. The implementation and negotiation processes have begun with a company that manages a solution called BI Manager. BI Manager is a powerful web solution that facilitates the implementation of Power BI and the display of information for a variety of user groups and applications. BI Manager removes the obstacles that lie ahead of the opening of Openaid.is and offers many other resources for sharing data internally as well as data for the public and provides a flexible interface that allows administrators to authorise data sharing and permissions. With these implementations, the flow of data within the MFA will be greatly strengthened, as will transparency and information to the public.

77. The DFS's priorities are user-friendliness and quality of data, where reported data will not overwhelm, but inform the user. This process has given staff of DFS ample learning, enabling constant improvements towards a completed website.

78. Collaboration for further development of Openaid.is with development co-operation partners remains tremendously important for Iceland, not only with partners from the south, but also Nordic partners and within the venue of the DAC.

### 5.2. Proposed recommendations – Dimension 5

- Iceland is encouraged to continue its effort and commitment to improve the Openaid.is website by further utilising the MFA's in-house human resources, as such an initiative serves not only to increase transparency but also to enhance the staff capability and knowledge.

## 6. Are the data fit for purpose?

### 6.1. An external user perspective

79. Currently, data on different aspects of Iceland's development co-operation are not widely available. This goes both for partnerships with CSOs, bilateral development co-operation and multilateral co-operation. The main avenues for reporting are the Minister's yearly report and statistical reports made to OECD DAC.

80. The Openaid.is website has not been launched but in theory, access should be easy and transparent for CSOs as the platform will be public. As regards the data published on CSOs projects, the MFA only publishes minimal information including the total amount received, the country where the programme is implemented, what CSO partner is implementing the project, what sector the project focuses on, the name of the project, main beneficiaries and overall objectives.

#### **Session with CSOs**

81. During this session, the peer review team met with representatives from the following CSOs: Icelandic Church Aid, Icelandic Lutheran Mission, Icelandic Red Cross, SOS Children's Villages and the Smiley Charity. A representative from UN Women was also present during this session. There is no umbrella organisation for CSOs that captures data flows. However, there is an informal umbrella organisation/group for Icelandic CSOs in development co-operation where the CSOs engage in informal policy dialogue, discuss issues/emphasis and compare their works. The MFA is usually invited to their meetings once per year.

82. The MFA manages activities with about nine CSOs that apply for grants from the Icelandic Government. Iceland considers CSOs as important partners and the share of ODA channelled through CSOs has been increasing in past years.

83. Nine Icelandic CSOs are part of a platform that meets twice a year with the MFA to discuss development matters (any CSO can be part of the platform so long as it adheres to the standards set by the MFA). Five CSOs are also part of the Development Committee (which regroups the Government, private companies, CSOs and academia) and serves as an advisory body to the Government. However, there is no platform that represents all CSOs, which could meet with the Icelandic Government.

84. CSOs felt that the MFA website had improved and so had communications of grant applications. Some indicated they used the website often and found the information posted clear. Newsletters and other information on development were used for awareness campaigns. However, there was not much use of the data posted. Some felt that some costs, such as in-donor refugee costs could be made more transparent. The use of data may increase once the MFA launches aid data on Openaid.is late 2020 or early 2021.

85. CSOs indicated they could attend meetings and workshops organised by the MFA upon invitation, but stated there was no fixed group that was invited to these meetings. They stated that a platform would be needed for a regular dialogue and that the MFA could be more transparent in sharing its development strategies so that common expertise and strengths could be shared and CSOs could better help the

government implement its aid programme. They stated that such discussions did occur, but on an individual basis rather than whole of CSO basis.

## 6.2. Proposed recommendations – Dimension 6

- Iceland is encouraged to organise a workshop with CSOs to explore how aid data on the new Openaid.is website could be exploited and made more useful for CSOs so that they could refer to it more frequently.
- In terms of data disclosure, Iceland could benefit from the DAC project database to make information on ODA activities available to the public.

## 7. How are data disseminated?

### 7.1. Communication and dissemination

86. The perception of development co-operation is overall positive in Iceland, this includes CSOs and the civil society. Iceland plans to use the Openaid.is website for displaying its aid activities to increase transparency and accessibility of aid data in a user-friendly way. While a prototype is being tested, the public has not much visibility on Iceland's data on ODA activities.

87. However, Iceland has a communication department that publishes daily news on development co-operation with more than 25,000 users daily (e.g. NGOs, schools). In terms of visibility, the Ministry has an agreement with visir.is, a public news site, where news and articles around development co-operation are published regularly. A big portion of these news are on CSOs, both projects in partnership with the Ministry as well as other work ongoing with the CSOs or international sister agencies. In 2019, 364 news items on development co-operation from the Ministry were published on Vísir, all of which are also published on Heimsljós, a special website on the Government's website dedicated to development and humanitarian issues. Iceland also uses social media to communicate around development co-operation, such as Facebook, Twitter and Instagram, which enabled it to reach a wider audience. Embassies in Uganda and Malawi have their own dedicated Facebook pages. In 2018, Iceland also set up a TV series in collaboration with a broadcasting service to raise awareness around development co-operation.

88. Iceland considers youth education, the so-called "global education", an important element for development awareness around development co-operation and the SDGs. The communication team in the MFA stated that they do not strategically link communication activities with ODA figures. There is a strategy for communication, which covers but is not specific for social media.

89. Reporting on aid activities is done mainly once a year through the Report of the Minister for Foreign Affairs and International Development Co-operation to the Parliament. In addition to this, information on grants and projects supported by the MFA is available on the Ministry's webpage and is regularly updated (in more detail in Icelandic).

### 7.2. Proposed recommendations – Dimension 7

- Iceland is encouraged to consider linking communication on development co-operation to ODA and development finance in general. For example, Iceland could communicate on its data on development co-operation by building a narrative around ODA data.
- For better communication around ODA, Iceland could produce an annual report on Iceland's aid figures.

# Annex A. Structure of the factsheet and DAC database

## Structure of the factsheet

The factsheet is filled out and contains the data in the following order.

- i. Intro
  - The main role of the institution
  - Purpose of the project
  - Main partners
- ii. Date
- iii. Responsible department and staff
- iv. Time frame
- v. Key results
- vi. Cost/contributions
  - Breakdown by year
- vii. Justification for support
  - How support is related to Iceland's goals and other work
  - Background (if relevant)
  - DAC-eligibility
- viii. Markers
  - Gender equality
  - Environment
- ix. Comments

## Structure of the DAC database

DAC database holds the above data for every project in five parts as follows.

- i. Basic info
  - Title, year, description of the projects (in English and Icelandic)
  - In the description of the project, specialists are asked to fill in; arguments for contribution, goals as well as expected products (results and target audience are often mentioned)

here). Success stories, pictures and relevant documents can be attached. Staff responsible, relevant archive number (the MFA archive system) are also included here.

- ii. DAC info
- iii. Markers and SDGs
- iv. Amount extended and date
- v. Result framework and indicators