

DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE

Working Party on Statistics

WP-STAT PROPOSAL ON ITS APPROACH TO ADDRESSING THE AAA TRANSPARENCY  
REQUIREMENTS

*Further to consultations with members both in writing and at the February 2011 and June 2011 meetings of the DAC Working Party on Statistics, this revised document is presented to members for their APPROVAL and DECLASSIFICATION under the written procedure.*

*If no objections are received by close of business on 13 July 2011, this document will be considered approved and declassified.*

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**WP-STAT PROPOSAL ON ITS APPROACH TO ADDRESSING THE AAA TRANSPARENCY  
REQUIREMENTS  
(REVISED VERSION)**

**PREAMBLE**

The present proposal is intended to position the Working Party on Statistics (WP-STAT) within the manifold approaches of dealing with aid transparency and give the WP-STAT a strategic orientation for responding to current requirements. It is a framework to guide the Working Party's further action and decision-making. It is not intended - and should not be mistaken - as a directive that establishes reporting requirements, or deadlines, for Members' statistical reporting to the DAC. While it can be used as a starting base and reference for amendments to the Statistical Reporting Directives, any such amendments will require the usual, separate adoption processes. Since implementation of this strategy has financial and personnel resource implications for both the Members and the Secretariat, these implementation issues need to be clarified first. Approval of this document thus means adoption of the strategy as a framework but NOT approval of any immediate changes to the current Reporting Directives. This document is also intended for external communication as to where WP-STAT is headed in terms of the transparency agenda.

**A. BACKGROUND & CLARIFICATIONS**

*I. Requirement under the Accra Agenda for Action (AAA) of the Paris Declaration*

1. The Accra Agenda for Action stipulates that donors will publicly disclose regular, detailed and timely information on *volume, allocation* and, when available, *results of development expenditure* (paragraph 24) ... as well as ... timely information on *annual commitments and actual disbursements* ... and ... regular and timely information on their *rolling three- to five-year forward expenditure and/or implementation plan*, with at least indicative resource allocation [and that they]... will address any constraints to providing such information (paragraph 26).

*II. Necessary clarifications*

2. Individual donors have subscribed to the above requirements, it is therefore donors' aid authorities that are called upon to take the necessary steps to meet these requirements. It is neither the mandate nor the responsibility of the DAC Working Party on Statistics (WP-STAT) to ensure that the commitments in paragraphs 24 and 26 are met. However, this group of donors' DAC statistical correspondents can make important contributions to the transparency agenda by improving data quality (consistency and comparability) and adequate use and interpretation of aid data. Some concrete steps in that direction have already been taken.

3. The AAA commitments refer to "disclosing" and "providing" information on aid. In the present context, these two terms reflect different approaches – or philosophies – of making data available and have a strong implication on the mechanisms used (addressing the questions of "to whom" and "how" to disclose/provide). Annex 1 offers detailed explanations on the distinct approaches.

4. Data transparency needs to be addressed at two different levels: (i) access to data, which often relates to (electronic) format concerns and (ii) content of data, which relates to the concept with which data are collected and presented (published); for adequate use and interpretation of available data, the underlying concept (point of measurement, coverage, definitions, classifications, etc.) must be transparent and clearly understandable for users.

## B. ONGOING RESPONSES

### *III. Initiatives set up to meet the AAA commitments*

5. Responses to the AAA commitments have been manifold, but some of them have been established with a view to meeting these commitments.

- a) **The International Aid Transparency Initiative (IATI)** has agreed a standard providing the mechanism for delivering on these commitments by the time of the HLF4 in Busan (according to its own description). IATI's approach is in line with the "data disclosure" concept, envisaging to replace most data provision processes (e.g. direct donor-to-partner provision of future spending data) by establishing a global Web-registry that can be queried by all data users - partner governments and NGOs of all kinds alike - for all needed aid data. As is the case for all systems, in order to be able to deliver on that vision, such an approach requires that all donors subscribe and deliver data in the specified format. So far, only a few donors see themselves in a position to fully comply. However, IATI has an important advocacy role by pressuring donors to be more transparent on their aid and publish more and more detailed information on their websites.
- b) The European Union has established its own reporting mechanisms for its members (incl. non-DAC donors) to respond to AAA commitments. Some follow the "data provision approach" with specific information being requested on questionnaires (e.g. Monterrey or Division of Labour reporting). But in addition, there is TR-AID, an EU initiative that requests submission of data to its web-based data system.

### *IV. Other relevant mechanisms*

- c) **Partner country governments** have been collecting future spending as well as historical data directly from donor field representations, in line with their requirements. These direct data provision processes have been going on for several years now, and WP-STAT has addressed technical constraints observed with these processes (e.g. data gaps for donors with no representation in the respective partner country, data identification problems), in line with the AAA provision in paragraph 26 ("Donors will address any constraints to providing such information").
- d) The **DAC** has been collecting future spending data through its own Forward Spending and Aid Allocation Survey and has published these data in respective reports (so far at aggregate level only). The possibility of expanding this mechanism to include item-level data, where possible, is being discussed.
- e) The members of the Working Party on Statistics have been reporting their historical data to the DAC through DAC and CRS statistical systems. Having recognised the importance of the transparency agenda and the potential duplication of efforts by newly created aid data initiatives, the WP-STAT has been trying to incorporate several aspects of the AAA commitments into its agenda. It has recognized the fact that DAC/CRS aid data are not well known outside specific circles, particularly not among partner country officials. This may have contributed to the proliferation of aid data initiatives. Therefore, WP-STAT has started to make efforts to improve dissemination of both DAC/CRS data, as well as the underlying collection methodology to

partner countries (e.g. through a workshop in Cambodia in November 2010). It has also undertaken considerable efforts to improve data quality and to increase the accessibility and user-friendliness of DAC/CRS data.

### C. FURTHER ACTION - STRATEGIC CONSIDERATIONS BY WP-STAT

6. The question of “what data to be disclosed” has been well addressed so far, and there seems to be broad correspondence between IATI (phase I) proposals and CRS coverage. The focus now needs to shift towards elaborating solutions for the pending questions “to whom” and “how” to disclose/provide data, i.e. through which mechanisms (e.g. direct bilateral donor-to-partner data provision or disclosure through a centralized facility). The text of the AAA requirements is not specific on this point, however success in meeting the transparency commitments will depend on finding suitable answers to this.

7. For the **historical data to be disclosed**, there seems to be agreement on what items satisfy the requirement of AAA paragraph 24 b) (“volume, allocation and, when available, results of development expenditure”). It seems that the following items would satisfy the volume and allocation information requirement: reporting organization, recipient country or region, collaboration type (bi/multi, contribution to multilaterals, core NGOs etc), flow type (ODA, OOF), aid type (according to the new classification), finance type (grant, loan, TC), donor activity identifiers (CRS and/or donors’ own), activity title and description, sectors and policy markers, activity start and end dates, tied aid status, sub-national geographic location, commitment amount, disbursements<sup>1</sup>. If there is agreement that CRS definitions and classifications could be used as a basis for this set of data, the choice of mechanism for publication would be secondary (DAC/CRS, IATI, TR-AID or other), since the data content would be comparable no matter what the electronic format. Transformation from one format to another could even be IT-aided if the data models are compatible.

8. As for the **results information** requirement, it is yet to be clarified whether this refers to statistical data/indicators or document information. The Cluster C Task Team on Predictability and Transparency, including its core team, should attempt to clarify the general approach to disclosing results information first, and after having reached consensus on this, to discuss the details of results information structure. Results information is not covered by the DAC/CRS statistical systems, therefore this type of information would clearly need to be disclosed by donors through their own agency websites.

9. As for the **timeliness of historical data**, quarterly reporting of (preliminary and complete) CRS item-level data (on commitments) has proven unfeasible for the vast majority of DAC members<sup>2</sup>. On the other hand, the current cycle, which takes almost two years to publish, is too long to be useful for partner countries and other users for aid management purposes. The feasibility of stepping up the reporting cycle is being examined. For instance, using the CRS mechanism for reporting preliminary data on ODA spending (on the Advance Questionnaire, or as part of the Forward Spending and Aid Allocation Survey, which includes preliminary data on actual spending in the previous year) would make more detail on ODA spending available much earlier in the year (e.g. by beginning of April instead of end December). Of course, this set of preliminary data would need to be offered separately from validated historical data (separate database) and be clearly labelled with a disclaimer that alerts data users that these preliminary, unvalidated data, with (usually) incomplete coverage, must not be used to produce aggregated figures nor to derive interpretations on aid performance in general.

10. The importance of **future spending data** for partner countries has been confirmed on many occasions, and was discussed by participants of the CRS Dissemination Workshop in Cambodia, where

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1. These items were originally proposed by IATI, and a comparison revealed that all of the mentioned items are available in CRS.

2. This point was confirmed only recently during the WP-STAT’s February 2011 meeting.

they made clear that 3-5 year forward data was their top priority in terms of aid data needs. The current collection (by the DAC) of only aggregate future spending data cannot respond to that need. Initiatives like IATI, or the EU's TR-AID, are based on the philosophy that donors make available all necessary data (including future spending data) through a centralized facility (IATI registry or TR-AID database), and users retrieve the data they need from there. In this way, direct data provision upon users' requests would no longer be necessary or drastically reduced. This idea is appealing, as it eliminates manifold data provision procedures, but, on the other hand, in order for such a highly centralised mechanism to deliver the needed data reliably, it requires full coverage for all donors and for the entire spectrum of aid data. In addition, it requires from partner governments high capacities to integrate the data retrieved from such central sources into their aid management systems and procedures and to link them to their budget cycle. Furthermore, creating yet another reporting scheme, increasing the already considerable reporting burden on donors, may undermine the role of the comparability-ensuring CRS system. It seems unlikely that these requirements will be met in the near future, since only few donors see themselves in a position to fully deliver on this in view of the requirement of additional capacities in donor countries for extended reporting. A more feasible response, therefore, is to continue - and improve - the direct donor-to-partner provision of future spending data, addressing and removing current constraints in these processes. The Cambodia workshop was a first step in that direction<sup>3</sup>, and further CRS dissemination activities of this kind by WP-STAT are envisaged.

11. However, in addition to directly providing future spending data to partner governments for planning purposes, it has been found useful to also have **some centralised mechanism for reporting and publishing future spending data** – e.g. such as the Forward Spending and Aid Allocation Survey/Report by the DAC – in order to have a diagnostic basis for cross-country comparison and analyses (e.g. for the Division of Labour debate). It is important to note that this reporting focuses on the country-programmable part of ODA only. For this centralized reporting of future spending data, the feasibility of a changeover from the present aggregate to a CRS-based “item-level” reporting practice is being examined, keeping in mind that “item-level” for some data types may mean indicative budget envelopes by country/region and/or sector (with no further details available). The use of the CRS structure would allow for more detailed information to be provided, at least for aid components where details are available. While CRS can accommodate semi-aggregates or aggregates in addition to detailed data records, aggregate reporting does not allow for the inclusion of details. First feasibility tests were undertaken in February 2011 by the Austrian and Belgian Statistical Reporters in collaboration with the DAC Secretariat's Aid Architecture and Financing Division, by submitting data to the Forward Spending and Aid Allocation Survey in a CRS++-based format. The Secretariat will explore the feasibility of setting up a separate database for receiving such preliminary data from donors. This database could be used for further testing to see whether the necessary data coverage can be achieved, before offering such data to the public.<sup>4</sup>

12. Partner country consultations are being undertaken through the Working Party on Aid Effectiveness' (WP-EFF) Cluster C Task Team on Predictability and Transparency structures and/or through CRS dissemination activities, in order to ensure that the WP-STAT response to AAA transparency commitments meets partner country needs.

13. In order to contribute to the transparency agenda of the Paris Declaration and Accra Agenda for Action, agreement by WP-STAT is sought for the following measures of enhanced statistical reporting:

- Agreement on the items to be disclosed (see paragraph 7);

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3. For more details please refer to the Workshop Summary Report, distributed 2 December 2010: *STAT(2010)64 {Follow up} DAC Statistical Workshop, Siem Reap, 12 November 2010.*

4. Japan has requested that the Secretariat examine the specific purpose of the DAC's diagnostic work utilizing the future spending data collected through centralized mechanisms to clarify the necessity and cost-effectiveness of the work.

- Further investigate the feasibility of accelerated submission of preliminary historical data in order to publish them in the subsequent calendar year with a disclaimer on the preliminary nature of such data (see paragraph 9);
- Capturing of future spending data and their direct provision to partner countries as well as to the DAC Secretariat's Aid Architecture and Financing Division, if feasible in the CRS++ logic and structure (see paragraphs 10 and 11). This would focus on country-programmable aid.

## ANNEX 1 – “DISCLOSURE” VS “PROVISION” APPROACHES

“**Data disclosure**” suggests a mechanism where donors publish aid data, especially all newly concluded funding agreements, on their websites, on their own initiative, and as the details emerge.

IATI (International Aid Transparency Initiative) has proposed a specified standard format for this, following the idea of "publish once, use often", i.e. donors disclose their aid data in almost real time with all agreed details on their websites presented in a specified harmonised format, so that a "Web-registry" can collate the data and respond to data queries from any users at any time.

Using CRS logic and concept (the “CRS data model”) for publishing such data would greatly support data consistency and comparability across donors. Therefore WP-STAT highly recommends the use of the CRS data model as a basis. If aid data systems – in both donor and partner countries – adopt the CRS data model for common data fields, this approach would ensure that any updates to definitions, variables, and classifications agreed by WP-STAT could be carried over to national systems that publish such data. It would avoid the statistical classifications of disclosed data deviating from DAC/CRS historical validated data, which in the end would lead to different data sets on the same content (aid activities) available in the Internet, creating confusion and contradictions.

**In contrast, “Data provision”** suggests the supply of specific data to specific users for specific purposes upon request (e.g. future spending data to partner country governments or future spending data to the DAC Forward Spending and Aid Allocation Survey).

It is the opposite extreme to the data disclosure concept. Initiatives using this approach tend to strive for a complete segregation from other aid data collections, usually stressing their individual needs and denying existing linkages to related data collections. They often collect the same aid data over again from scratch in different formats and with different classifications, ignoring interfaces with other collections. This has led to a remarkable proliferation of unharmonised collection initiatives, with severe overburdening of reporting units, bad data coverage and poor data quality as a result. Incomparability of such isolated data collections across countries or sectors etc. restricts usefulness of the data, and many such collections end up as stranded investments. However, the advantage of the "data provision" philosophy is that it gives independence to specific (e.g. local) needs and allows for tailoring a data collection to particular data demands.

While “data disclosure” suggests a need for a universal standard in terms of both format (electronic format) and content (data structure, classifications etc.), as otherwise data access and use would be hampered, “data provision” implies a supply of data tailored to the needs and requests of specific users and purposes. There seems to be a need for both a certain degree of standardization and bridging of aid data collections on the one hand and room for individual data needs and local independence on the other. A suitable aid data transparency strategy should address both needs. It should find an appropriate combination of the advantages, avoiding the disadvantages of each.