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Exploring methods to track aid subcontracts

WP-STAT open session, "Development Finance Data Forum"
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This document presents initial findings from a pilot study exploring potential approaches to tracking aid subcontracts. The pilot is undertaken in collaboration with the International Aid Transparency Initiative (IATI) and with contribution from the Australian Department of Foreign Affairs and Trade (DFAT).

This work is part of the follow-up to the WP-STAT's process to modernise the reporting on aid untying, undertaken within the broader review of the DAC Recommendation on Untying ODA. It also connects to a separate work stream focused on developing metrics for Locally Led Development (LLD).

This document is submitted for discussion under Panel 1.2 of the WP-STAT open session called "Development Finance Data Forum" [DCD/DAC/STAT(2025)54].

Participants are invited to provide feedback on the questions presented in paragraph 4 of the introductory section.

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Exploring methods to track aid subcontracts

Broader policy context

Under the DAC Recommendation on Untying Official Development Assistance (ODA), donors have committed to untying aid and encouraging local and regional procurement. However, historical data indicates that high-value contracts are still frequently awarded to management contractors based in donor countries, raising concerns about potential donor-country bias in ODA procurement and limited opportunities for local suppliers. In light of these concerns, a key question emerges: Could examining the next level of contracting – specifically, the subcontracts awarded by prime contractors – offer a more accurate reflection of aid untying and local procurement outcomes?

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1. Executive summary

1. This document presents initial findings from a pilot study led by the OECD Development Co-operation Directorate (DCD), in collaboration with the International Aid Transparency Initiative (IATI) and the Australian Department of Foreign Affairs and Trade (DFAT). **The study explores possible approaches to capture data on aid subcontracts** to improve transparency, accountability, and policy relevance in development finance.

2. Despite DAC donors' commitments to untie Official Development Assistance (ODA), data shows that high-value contracts are still predominantly awarded to suppliers in donor countries. This raises concerns about potential donor-country bias and the limited participation of local suppliers in ODA procurement. Current OECD-DAC reporting and monitoring focus on prime contracts, missing visibility into subcontracting practices.

3. **The pilot aims to** (i) assess the feasibility of tracking aid subcontracts to improve the measurement of aid untying and local procurement throughout the aid delivery chain, and (ii) demonstrate the policy relevance of such data in enhancing donor assessments of aid untying and in promoting locally led development.

4. The study identified the following **key findings**:

- **Subcontracting data provide pivotal insights for aid untying and local procurement policies:**

- Evidence from Australia shows a **shift in supplier nationality along the aid delivery chain** – while prime contracts are dominated by firms registered in Australia, subcontracts are largely awarded to locally registered suppliers.
- The data highlights **how development contractors influence aid delivery**.
- The **degree of discretion contractors have** in subcontracting decisions affects how strongly those practices can be attributed to donor policy.

- **Capturing data on aid subcontracts is feasible, though challenges exist:**

- **The two models examined offer complementary strengths:** Australia's PERFORMS delivers high-quality, centrally managed data with strong insights into subcontracting patterns but limited accessibility. IATI offers more accessible, decentralised data useful for mapping project-level subcontracting, though its variable quality and coverage limit broader portfolio analysis.
- Successful cases often rely on sustained donor investment in **building implementing partners' capacity** to report on subcontracts.
- **System interoperability** remains a challenge. Linking contracts and organisations across systems is complicated by inconsistent identifiers.

5. **Key Recommendations** from the pilot study:

- **Policy-level:** Donors are encouraged to consider the strategic value of subcontracting data in advancing aid untying and local procurement objectives.

- **Technical-level:**

- Improve **interoperability** across aid data systems.
- Facilitate **peer learning** among donors to share lessons from successful cases.
- Invest in **building implementing partners' capacity** to ensure quality reporting.
- Explore **AI** tools to reconcile data inconsistencies.

2. Introduction

1. This document presents initial findings from a pilot study exploring potential approaches to tracking aid subcontracts. It is submitted for discussion under **Panel 1.2** of the WP-STAT open session called “**Development Finance Data Forum (DF²)**”¹, taking place on 14 October, alongside the meeting of the **DAC Working Party on Development Finance Statistics (WP-STAT)**. The pilot is undertaken in collaboration with the **International Aid Transparency Initiative (IATI)** and with contribution from the **Australian Department of Foreign Affairs and Trade (DFAT)**.

2. This work is part of the follow-up to the WP-STAT’s process to modernise the reporting on aid untying [DCD/DAC/STAT(2024)4/FINAL], and undertaken within the broader review of the **DAC Recommendation on Untying ODA**. It also connects to a separate work stream focused on developing metrics for **Locally Led Development (LLD)**, which will be discussed under Panel 1.1 of the DF² agenda.

3. The **objective** of the discussion is to support ongoing efforts by the OECD and the broader development finance community to explore methodologies for capturing aid subcontract data. By bringing together diverse perspectives, the aim is to assess the challenges, feasibility, and potential value of such data in strengthening measurement, transparency, and accountability in aid procurement. Based on this first dialogue, more sustained work will be undertaken in this area.

4. **Participants to the DF² are invited to provide feedback on the following questions:**

- a) What value could subcontract data add to policy discussions on aid untying and locally led development?
- b) What are your views on the Australian and IATI models for tracking subcontracts (see section 4)? Could these approaches be scaled or replicated more broadly?
- c) What practical steps could be taken to improve the coverage and quality of aid subcontracting data?

3. Background

3.1. Understanding the issue and its importance

3.1.1. Historical trends in ODA procurement suggest donor-country bias and limited use of local suppliers

5. **In the DAC Recommendation on Untying ODA², DAC donors have committed to untie their ODA** to least developed countries (LDCs), highly indebted poor countries (HIPCs), Other Low-Income Countries (OLICs) and IDA-only countries³, **and to promote local and regional procurement** where appropriate. The Recommendation focusses on the types of aid that may actually result into procurement opportunities (e.g.

¹ [DCD/DAC/STAT(2025)54]

² [DCD/DAC/STAT(2024)18/REV2]

³ According to the World Bank operational lending categories, “IDA-only countries and territories” are countries and territories that are only eligible to financing from the International Development Association.

investment project aid, sector programme assistance), and excludes certain areas where competitive bidding may not be applicable, such as humanitarian aid.⁴

6. To monitor implementation, the OECD collects two key types of data from DAC donors:

- **Tying status of ODA commitments:** Reported through the [Creditor Reporting System \(CRS\)](#), this indicates whether aid is legally (*de jure*) tied, partially untied, or untied.
- **Untied ODA contract awards:** This data identifies the suppliers and their countries of origin, allowing to assess whether aid that is legally untied (*de jure*) is also untied in practice (*de facto*). In other words, it helps determine whether contracts are being awarded fairly, without a disproportionate share going to suppliers from the donor country. It also provides insight into whether donors are supporting local procurement by awarding a reasonable share of contracts to suppliers based in developing countries.

7. **Despite the untying commitments, historical evidence suggests that high-value contracts are frequently awarded to entities based in donor countries, raising concerns about the authenticity of implementation.** This trend is particularly evident in contracts issued directly by donor headquarters to management firms responsible for administering programmes or projects. Australia and the United Kingdom exemplify this trend (see Table 1). Both report 100% of their ODA as untied, meaning that contractors are selected through international competitive bidding. However, in practice, nearly all contracts are awarded to domestic entities, with negligible shares going to suppliers in developing countries.

Table 1 Untying by Australia and the United Kingdom

In terms of contract value, 2020-23 average

	UK	Australia
Share of ODA reported as untied	100%	100%
Share of untied ODA contracts awarded to suppliers in the donor country (donor procurement)	85%	91%
Share of untied ODA contracts awarded to suppliers in developing countries (local procurement)	0.01%	1%

Note: Contracts awarded by Australia and the United Kingdom are often related to programme management tasks.

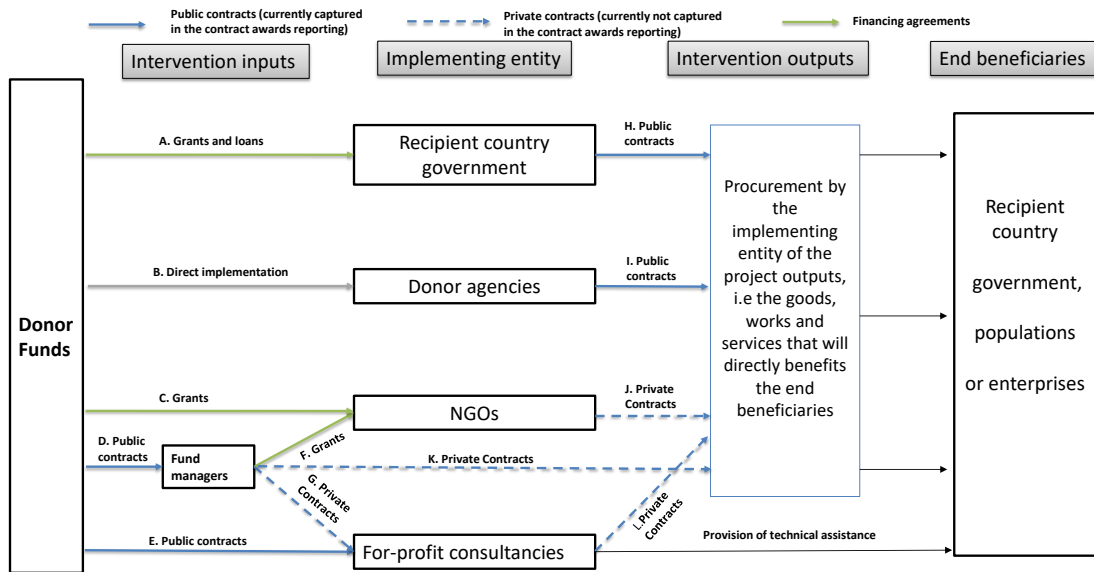
Source: OECD-DAC Contract Awards database.

3.1.2. Donor-awarded prime contracts are more likely to signal this trend

8. **OECD-DAC reporting on contract awards currently covers only public contracts.** The financing and procurement sequence of aid projects is illustrated in Figure 1. Donors currently report on their direct procurement contracts (Tier 1 contracts – see lines D, E and I in Figure 1) and those undertaken by recipient governments (Tiers 2 contracts – see line H). However, the reporting systems do not capture procurement contracts by NGOs and prime contractors when they receive funding (through grants or prime contracts) from DAC donors (Tier 2 contracts – see lines G, J, K, L).

⁴ The DAC Recommendation on Untying ODA excludes free-standing technical co-operation, humanitarian assistance, food aid and core contributions to non-governmental organisations.

Figure 1. Illustration of the financing and procurement sequence



Source: Authors.

9. Donors differ in their reporting practices. Countries like France and Japan primarily report procurement contracts awarded by recipient governments, often linked to infrastructure projects. In contrast, donors such as Australia and the United Kingdom mainly report contracts they award directly, typically for programme management.

10. As noted in Section 3.1.1, **donor-awarded management contracts are frequently granted to private consultancies or management firms based in the donor's own country.** This trend can be attributed to several structural and practical factors that inherently favour donor-based suppliers:

- **Established capacity and track record:** These firms often have a proven history of delivering on donor-funded projects and are better equipped to manage large-scale contracts, giving them a competitive advantage over local organisations.
- **Proximity to the client:** In many procurement cases, physical closeness to the client (in this case the donor) is a key consideration. Consultancies typically operate from offices or subsidiaries located near donor headquarters, aligning with broader patterns in government consulting where proximity facilitates coordination and responsiveness.
- **Risk aversion and network familiarity:** Some donors show a preference for contracting within known networks, favouring suppliers they have previously worked with or that operate within familiar institutional environments. This approach is often driven by a desire to mitigate perceived risks.

11. As a result, focusing only on prime contracts awarded to development contractors is likely to signal a donor-country bias and low participation of local suppliers.

3.1.3. Looking beyond prime contracts: the role of subcontracting in measuring untying and local procurement outcomes

12. Management contractors frequently serve as intermediaries between donors and the entities responsible for on-the-ground implementation. Their role often includes awarding subcontracts to other implementing organizations. Local actors are more likely engaged at

the subcontracting level, particularly for smaller, targeted interventions. However, current OECD-DAC reporting mechanisms do not adequately capture this level of engagement.

13. This raises a key question: **Could examining the next level of contracting—specifically, subcontracts awarded by prime contractors – offer a more accurate reflection of aid untying and local procurement outcomes?**

3.2. Objective of the pilot study: exploring methods to track aid subcontracts

14. To develop a more accurate picture of aid untying and local procurement practices, it is important to examine subcontracting arrangements. In collaboration with the International Aid Transparency Initiative (IATI) and the Australian Department of Foreign Affairs and Trade (DFAT), the OECD Secretariat is undertaking a pilot study aimed at exploring methodologies for capturing data on second-tier (Tier 2) aid contracting, with a particular focus on contracts awarded by development contractors. This initiative seeks to leverage a range of international and national data systems to enhance visibility into subcontracting practices and improve the overall transparency of aid delivery.

15. The objectives of the pilot are the following:

- **At the technical level:**
 - **Explore linkage models:** Investigate options for linking main contracts (Tier 1) to subcontracts (Tier 2) to enhance transparency and traceability.
 - **Assess feasibility:** Provide guidance on the challenges and practicality of different subcontracting models.
- **At policy level,**
 - **Demonstrate the benefits and usefulness of tracking aid subcontracts to:**
 - Allow better assessments of aid untying by donors (de facto untying)
 - Promote locally led development by encouraging local procurement and participation at the subcontracts level

16. Preliminary findings will be presented at the Development Finance Data Forum on 14 October, held alongside the DAC Working Party on Development Finance Statistics (WP-STAT). An updated version of this document will be published by the end of 2025.

3.3. Definitions used in this study

17. Given the varying terminology used across different contexts, it is important to clarify key terms to ensure a shared understanding. For the purposes of this document, the following definitions apply:

- **Award:** The allocation of funding or resources by a donor to an implementing entity – such as a government, NGO, or private contractor – for the implementation of a development programme, project, or activity. Awards can take the form of grants, contracts, or other financial instruments.
- **Commercial contract award:** A formal decision by a donor to purchase a good or service from a supplier or service provider through a contractual commercial agreement. This typically follows a procurement process. Contract awards are often used for programme management, technical assistance, or infrastructure development.

- **Grant contract award:** the provision of financial resources by a donor to a recipient without the expectation of repayment. Grants are non-commercial in nature and may be awarded either directly or through a competitive selection process, typically to support specific projects, activities, or objectives aligned with the donor's mission or priorities.
- **Tier 1 awards:** The direct financial flows from donors to implementing entities. These include prime contracts, prime grants, and other flows representing the first level of funding allocated for the delivery of development programmes or projects.
- **Tier 2 awards:** The subsequent financial flows made by implementing entities using Tier 1 funding. These include subcontracts or subgrants awarded by implementing partners to suppliers, service providers, or other organisations.
- **Development contractor:** A private-sector entity engaged by a donor or implementing agency to deliver specific services, goods, or infrastructure in support of development programmes or projects.
- **Contract value:** The total financial amount agreed upon in a formal contract between a donor or an implementing entity and a supplier or service provider. It represents the maximum funding allocated for the delivery of specified goods, services, or works under the contract.
- **Expenditures:** The actual disbursement of funds by a donor, implementing agency, or contractor in the course of executing a development programme or project. This includes payments made for goods, services, personnel, and other operational costs.

4. Exploring methods to capture data on subcontracts

4.1. Understanding the available data systems on financial flows from donors and implementing partners

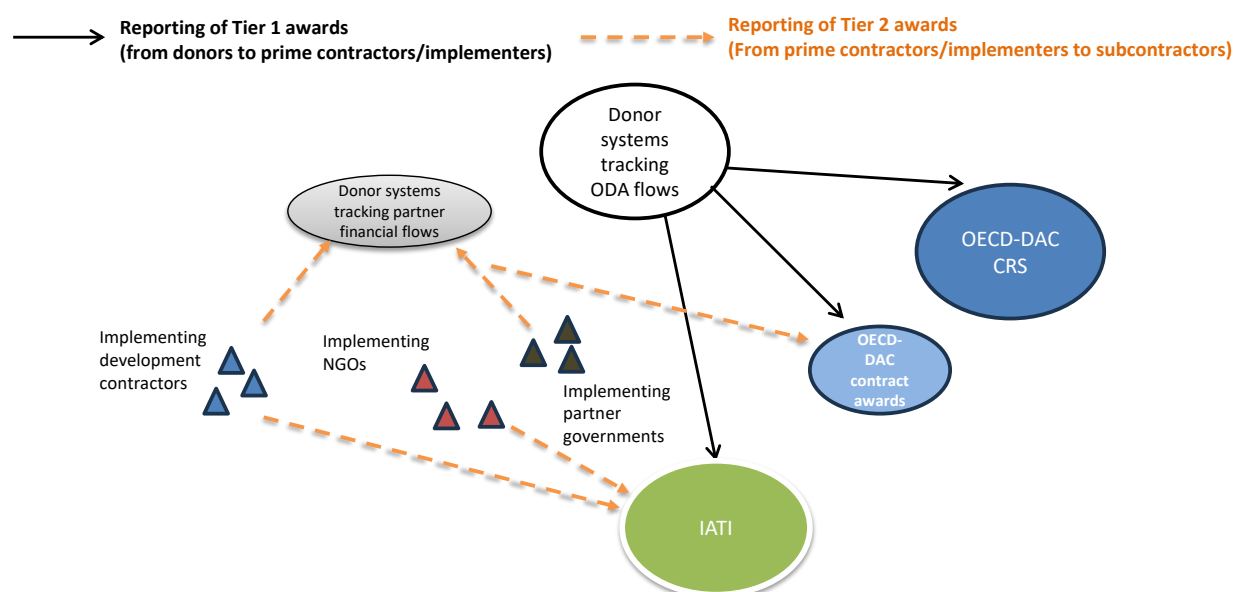
18. Figure 2 illustrates how donors and their implementing partners report flows related to Tier 1 and Tier 2 awards. For Tier 2 awards – those made by implementing partners – different reporting models exist:

- **Reporting back to donors:** Implementing partner governments are generally required to report their procurement contracts to donors. In at least one case – Australia – implementing development contractors are also required to report their financial flows to the donor. This approach is explored in section 4.2.
- **Reporting via IATI:** Some implementing NGOs and development contractors publish data on their Tier 2 financial flows directly through the International Aid Transparency Initiative (IATI). This approach is explored in section 4.3

19. Tier 1 awards – i.e., the direct financial flows from donors to implementing entities – are reported to the OECD Creditor Reporting System (CRS). Many donors also publish this data through IATI. In addition, donors report their own ODA procurement contracts (Tier 1), as well as those awarded by partner governments (Tier 2), to the OECD Contract Awards database. However, this database only covers a portion of ODA – specifically, the share delivered through public procurement.

20. The CRS contains statistically robust, retrospective data on ODA flows⁵, whereas IATI data is designed to be forward-looking and published frequently. Donors report CRS data to the OECD annually, whereas IATI is a distributed data system for which donors publish data independently about their ongoing projects. There is no submission or central curation of IATI data. Both the CRS and IATI include project-level data. Donors often publish a wider range of information in their IATI data, including budgets, implementing partners, project documents and results.

Figure 2. How donors and their implementing partners report on financial flows



4.2. Pilot 1: Using donor-reported subcontracts

4.2.1. The Australian model

21. **Australia mandates its prime commercial contractors to submit annual data on subcontracting activities via a structured survey.** The Department of Foreign Affairs and Trade (DFAT) utilizes the Project Electronic Recording of Financial and Operational Reports Management System (PERFORMS) as a standardised reporting tool. This system captures detailed information at both contract and subcontract levels, including procurement, employment, and financial data across the development programme portfolio.

22. Data is collected through an annual questionnaire distributed to prime contractors holding commercial contracts exceeding AUD 3 million. The survey focuses on key areas such as financial performance, staffing, subcontracting arrangements, and programme outcomes. In the 2023–24 financial year, Australia’s ODA delivered through commercial contractors amounted to AUD 1.2 billion, representing 25% of total ODA. During this period, PERFORMS data was collected across 117 ODA investments implemented by 23 commercial suppliers operating in 19 countries. Prime contractors reported a total of 4 629 subcontracts, with an aggregate value of AUD 1.8 billion.

⁵ The CRS also covers non-ODA flows such as non-concessional development loans, export credits and private flows such as FDI.

23. **PERFORMS was successfully developed and launched, supported by strong internal coordination and stakeholder engagement.** Its design was anchored in government policy priorities, which helped secure institutional buy-in. The use of an existing platform (SmartyGrants) allowed for flexibility and cost-effective implementation. Contractors ultimately supported the system, recognising the benefits of standardised reporting and improved data visibility across programmes.

24. **While PERFORMS is a robust and effective system, its implementation requires thoughtful planning and ongoing commitment:**

- **Resource investment:** Developing and launching the system required significant effort. DFAT dedicates approximately half a full-time equivalent (FTE) annually to manage the system. This investment is offset by the long-term benefits of improved data quality and streamlined reporting.
- **Data management:** Ensuring completeness and accuracy involves proactive follow-up and quality assurance, but results in reliable, policy-relevant insights.
- **Privacy and confidentiality:** Sensitive data is handled securely and in compliance with the Privacy Act, with raw data shared only with relevant stakeholders and aggregate data used for broader analysis.

4.2.2. Results

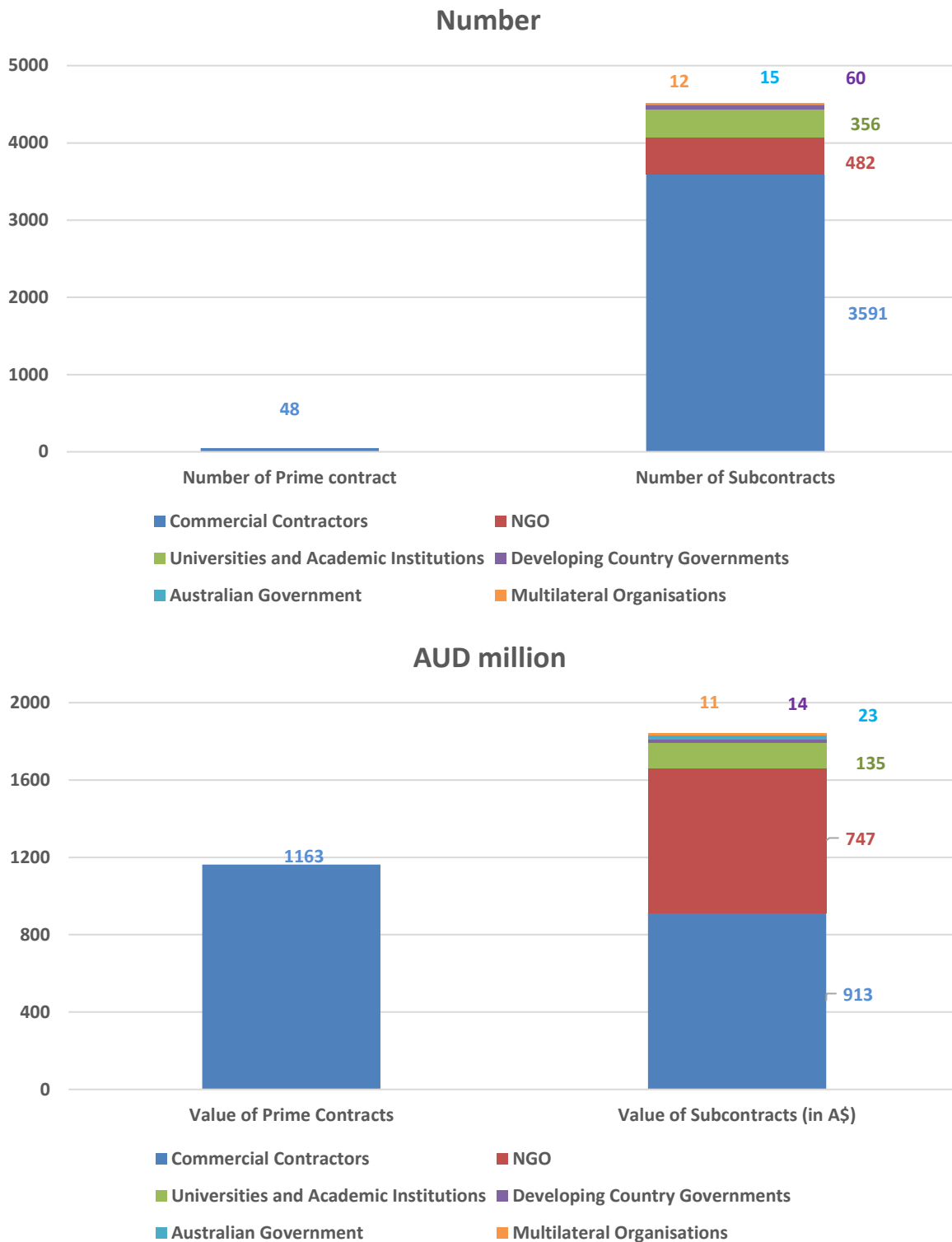
25. **The data shared by Australia on its subcontracting can be considered of great coverage and quality.** Australia provided aggregate data on subcontracts awarded by commercial suppliers during the 2023–24 financial year. The Australian dataset is comprehensive, covering all subcontracts above the reporting threshold. Its quality is also high, as it is centrally managed and verified by a statistician from the Department of Foreign Affairs and Trade (DFAT). Although shared in aggregate form, the data includes detailed breakdowns by recipient country, supplier nationality, type of award (grant or commercial contract), and type of organisation (e.g., commercial suppliers, recipient governments, NGOs).

26. **This dataset enables the extraction of several policy-relevant insights, particularly in areas such as untying aid and promoting local procurement.**

27. An initial comparison between prime commercial contracts and subcontracts offers valuable insights into differing procurement patterns:

- Subcontracting offers significantly more procurement opportunities than prime contracting (see Figure 3):
 - Australia awards a relatively small number of high-value prime commercial contracts, 48 in total with an average value of AUD 24 million.
 - These prime commercial contracts generate a substantially larger number of subcontracts of smaller value, 4 516 in total with an average value of AUD 0.4 million.
- Prime commercial contractors engage a diverse range of stakeholders.
 - While they subcontract commercial suppliers to deliver goods and services, they also extend grants to recipient governments and NGOs. This dual approach positions them not only as implementers but also as de facto “donors” – channelling funds and engaging with a broad spectrum of stakeholders across sectors.

Figure 3. Comparison of commercial contracts awarded by Australia and subcontracts issued by Australia's development contractors, FY 2023–24



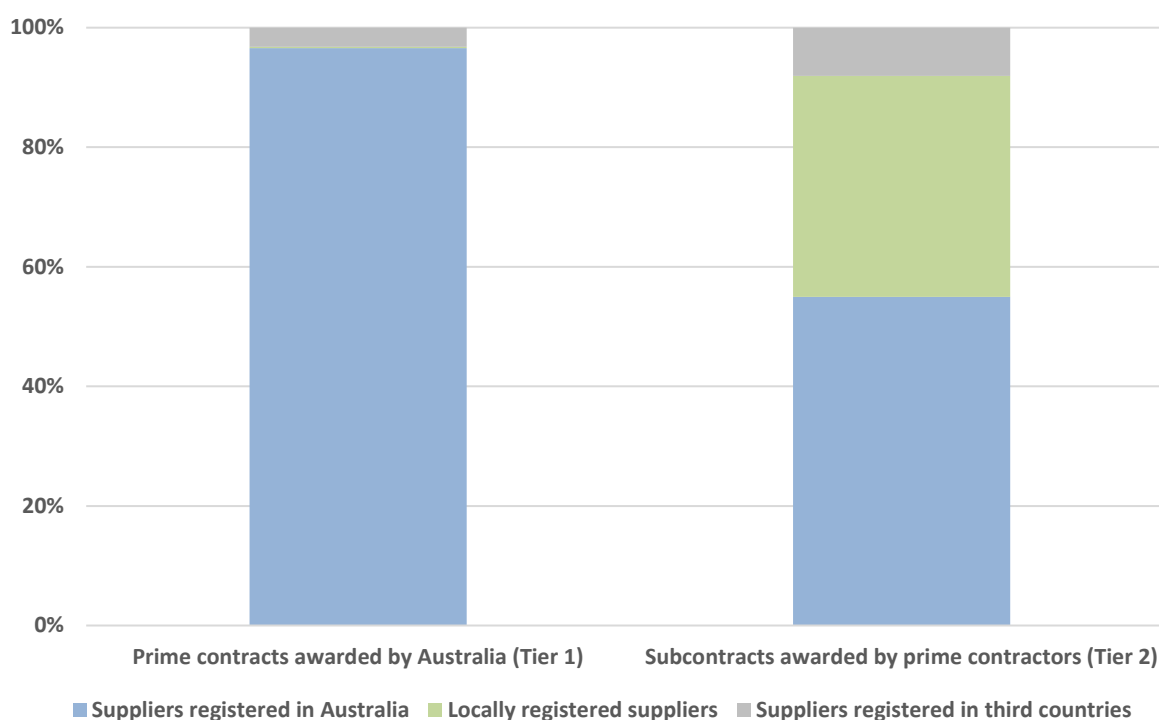
Source: OECD-DAC Contract Awards database; The Australian Department of Foreign Affairs and Trade (DFAT)' PERSOMRS

28. **There is a notable shift in supplier nationality between prime commercial contracts (Tier 1) and subcontracts (Tier 2). While Australian suppliers dominate at the prime contract level, locally registered suppliers play a much more prominent role at the subcontracting level.**

29. The proportion of contracts awarded to suppliers registered in Australia drops significantly at the subcontracting level (Tier 2) compared to the prime contract level (Tier 1). As illustrated in Figure 3, during the financial year 2023–24, 96.6% of the total value of prime contracts awarded by Australia went to development contractors registered in Australia. However, only 55% of the value of subcontracts issued by these development contractors was awarded to entities registered in Australia.

30. Conversely, the share of contracts awarded to locally registered entities increases notably at the subcontracting level. In FY 2023–24, just 0.2% of the value of prime contracts was awarded directly to locally registered contractors, whereas 37% of the value of subcontracts was awarded to locally registered entities.

Figure 4. Geographical distribution of commercial contracts awarded by Australia and subcontracts issued by Australia’s development contractors, contract value, FY 2023–24

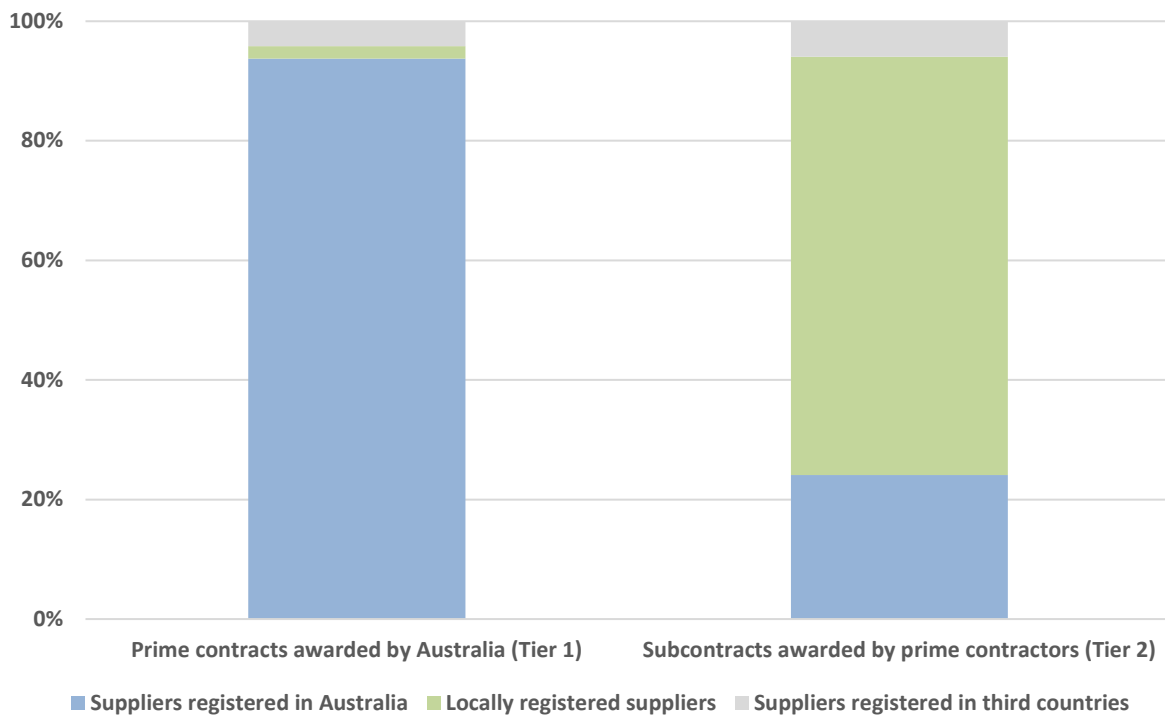


Note:

Source: OECD-DAC Contract Awards database; The Australian Department of Foreign Affairs and Trade (DFAT) PERSOMRS.

31. This trend becomes even more pronounced when examining the number of contracts awarded. In FY 2023–24, locally registered contractors accounted for just 2.1% of prime contracts awarded directly by Australia, yet they received 70% of all subcontracts issued by Australia’s development contractors (see Figure 5). In contrast, contractors registered in Australia secured 93.8% of prime contracts but only 24% of subcontracts. This confirms the assumption that local organisations are much more likely to be involved at the subcontract level.

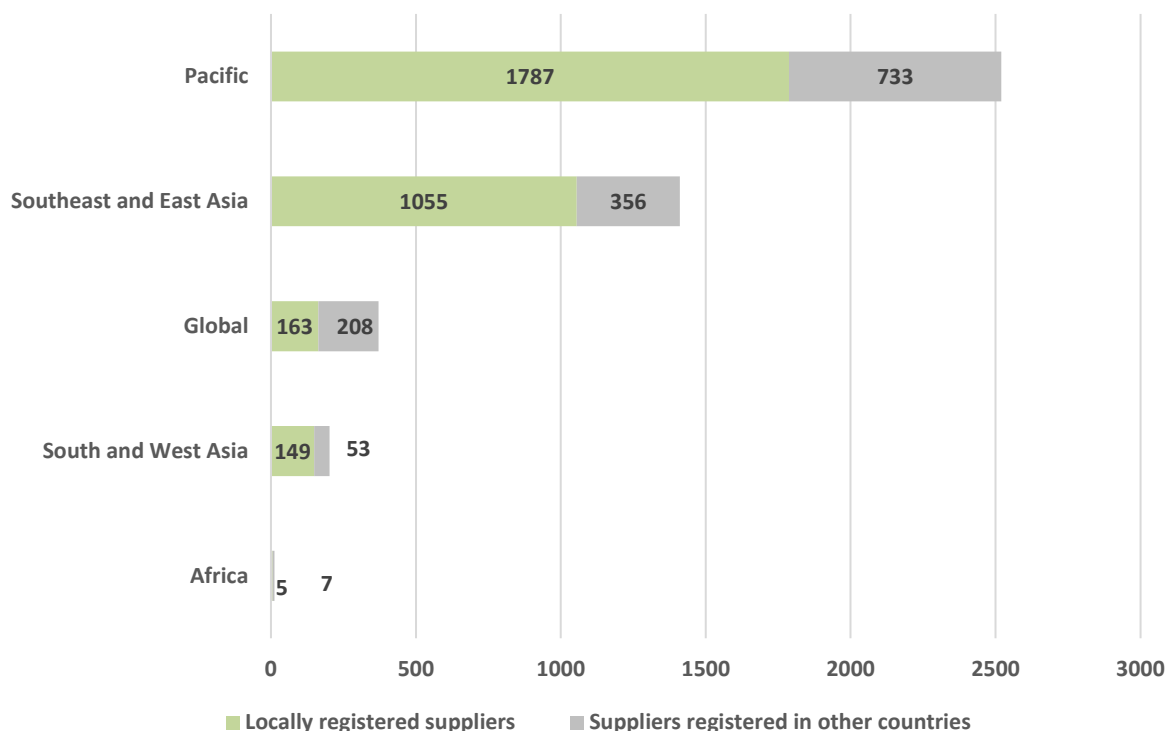
Figure 5. Geographical distribution of commercial contracts awarded by Australia and subcontracts issued by Australian development contractors, number of contracts, FY 2023–24



Source: OECD-DAC Contract Awards database; The Australian Department of Foreign Affairs and Trade (DFAT)' PERSOMRS.

32. **Local suppliers in small Pacific Island economies are just as competitive in securing subcontracts as those in larger Asian markets.** Interestingly, locally registered suppliers perform relatively evenly across the Asia-Pacific region. One might assume that smaller Pacific Island economies—due to their limited market size and geographic isolation – would secure fewer contracts compared to the larger economies of South and East Asia. However, the data does not support this assumption. Suppliers from the Pacific secured 71% of subcontracts implemented in their region (see Figure 5), which is comparable to South and West Asia (74%) and Southeast and East Asia (75%).

Figure 6. Subcontracts awarded by development contractors to locally registered suppliers by country of implementation, number of contracts, FY 2023–24



Source: The Australian Department of Foreign Affairs and Trade (DFAT)' PERSOMRS.

4.3. Pilot 2: Using data published by prime contractors in IATI

4.3.1. The IATI Model

33. The International Aid Transparency Initiative (IATI) encourages any organisation involved in development or humanitarian work to publish data about their projects using a common data format (the IATI Standard). Each organisation is responsible for publishing and maintaining its own data, which makes IATI a distributed data model. A number of donors – including Belgium, Denmark, the Netherlands and the United Kingdom – require their implementing partners to publish data via IATI.⁶

34. The IATI Standard has established mechanisms for different organisations to connect together the projects they publish, which allows funds to be traced from donors to end beneficiaries. This mechanism has been promoted by various bilateral donors, to set up the infrastructure for the network of data.

35. To ensure data comparability, it is important for data publishers to use references that allow organisations to be mapped across different datasets. The aid transparency community has long faced this challenge. The IATI Secretariat encourages use of a shared [protocol](#) of organisation references to identify the [list](#) on which any entity might be registered (builds on the CRS channel codes taxonomy and national business, charity and

⁶ Sweden will launch a programme to require their partners to publish IATI data, in Q4 2025.

4.3.2. Methodological approach

38. For this analysis, the IATI Secretariat explored the use of IATI data published by prime contractors to examine subcontracting patterns. An exercise was conducted to map selected prime contracts reported by donor agencies to the OECD, to subcontracts published by prime contractors in IATI. The analysis focussed primarily on examples of commercial contracts but also investigated one example of grant contract.

39. The IATI data standard includes the concept of an “activity”, which is a specific piece of humanitarian or development work as defined by the organisation that is publishing data. When looking at the IATI activities published by prime contractors, one can make inferences about subcontractors from the receiver organisation information in the activity’s transactions. These are inferences however, rather than explicit procurement data.

40. Several projects from prime contractors (funded by the UK or Dutch governments) were analysed in detail. The names of subcontractors were extracted from the prime contractors’ activity disbursements using IATI tooling ([IATI Tables](#)) and their country location derived from use of search and AI tools.

41. Alongside this, the IATI Secretariat undertook a wider analysis on the use and sharing of organisation references amongst all IATI publishers. This involved both cleaning and visualising the resultant data, alongside webinars with the community share results.⁷

4.3.3. Results

42. **At the technical level, the following key findings emerged from the mapping exercise:**

- Most of the prime contractors identified in OECD-supplied UK and Netherlands contract lists have published some data to IATI.
- Where prime contractors have published information on their projects in IATI, they typically include the names of organisations that they subcontract funding to.
- Organisation references of subcontractors are rarely used by prime contractors in the IATI data they publish, which limits the ability to identify the country location of subcontractors. However, countries can be derived through online searches of the subcontractor names. The advancement of AI tooling further enhances this task, delivering rich information, based on the input of the IATI format.
- While IATI is able to provide rich information at the level of individual projects and prime contractors, analysing a donor’s entire ODA portfolio is difficult due to limited data coverage (not all implementing partners that should publish IATI data do) and variable data quality.
- Other limitations of IATI data include the fact that transaction data can be interpreted and published differently by different organisations. If a prime contractor does not publish transaction data, it will not be possible to infer the funding amounts to subcontractors.
- For the exploration of relevant and specific chains of prime contractors and their partners, IATI can provide a rich source. It should also be noted that IATI is not

⁷ See [IATI State of the Data: Aid in Motion](#).

intended to have the same statistical rigour as CRS, and so the use case can alter the expectations.

- When organisations are referenced in common by different IATI publishers, it is possible to draw network graphs to illustrate and explore patterns between different parties.

43. **At the policy level the preliminary data also suggest the potential policy usefulness, including in terms of measuring untying and local procurement:**

- While all prime contracts were awarded to entities registered in the donor country, subcontractors span a wider selection of countries than prime contractors. Organisations in the donor country often feature at the subcontractor level.
- Organisations from developing countries are much more likely to be involved at the subcontract level.
- The proportion of subcontracts awarded to entities from the donor country versus those from other countries varies significantly, suggesting that some sectoral or project design factors may influence these patterns. This variability could present opportunities for policy action – for example, to encourage greater involvement of local entities.

Table 2. Analysis of subcontractors via selected IATI publications

Donor	Prime contractor	Project	Number of subcontractors*	Estimated countries subcontractors are based in	% (and number) of subcontractors in donor country	% of disbursement funding to subcontractors in donor country
UK FCDO	University of Manchester (registered in the UK)	African Cities Research Programme	10	UK, Germany, Kenya, South Africa, Finland	60% (6)	51%
UK FCDO	Palladium International Ltd. (registered in the UK)	Climate Smart Jobs (CSJ) Programme	7	UK, Uganda, Switzerland	57% (4)	38%
UK FCDO	Adam Smith International (registered in the UK)	Sustainable Energy and Economic Development (SEED) Programme	19	Pakistan, UK, India, US	16% (3)	50%
Netherlands	Netherlands Enterprise Agency (registered in Netherlands)	SEE-Clean Cooking	14	No data available	29% (4)	52%
Netherlands	Oxfam Novib (registered in the Netherlands)	Power of Voices Partnership FAIR for All	57	Vietnam, Cambodia, OPT, Nigeria, Netherlands, Uganda, UK, US, South Africa, Mozambique, +8 others	9% (5)	26%

Note: According to named recipients of disbursements in the prime contractor's IATI data.

Source: [Prime contractor IATI data - example projects](#).

5. Key findings and recommendations

5.1. Key findings

44. Preliminary findings from this pilot illustrate how **subcontracting data can generate key insights for aid untying and local procurement policies**, while also raising important questions:

- **Enhanced policy dialogue:** Subcontracting data can significantly enrich policy discussions on aid untying and locally led development:
 - **Revealing implementation dynamics of aid untying and local procurement:** While analyses of donor-awarded prime contracts often indicate a strong bias toward suppliers based in donor countries and limited engagement with local actors, subcontracting data tells a much more nuanced story. Evidence presented in this report on Australia reveals a large shift in supplier nationality between prime contracts and subcontracts. While firms registered in Australia dominate at the prime contract level, locally registered suppliers play a much more substantial role in subcontracting arrangements (see section 4.2.2).
 - **Deepening understanding of development contractors' roles:** The data also sheds light on how development contractors operate and influence development co-operation policies, offering a basis for more informed policy decisions.
- **Interpreting subcontract data in policy analysis and monitoring:** A key question is how should subcontract data be interpreted in relation to donor policies? In some cases, prime contractors retain significant discretion over subcontracting decisions. This autonomy may complicate efforts to directly link subcontracting outcomes to donor intent or policy objectives. If donors have limited influence over which entities receive subcontracts, it becomes difficult to attribute subcontracting patterns to deliberate policy choices.

45. At the **technical level**, this pilot study shows that **capturing data on aid subcontracts is feasible and viable , though challenges exist:**

- The Australian model and the IATI model offer both interesting options for capturing aid subcontract data. They both have pros and cons:
 - The **distributed model** used by IATI enables broad accessibility and reuse of data across the development community but requires substantial coordination and support to ensure consistent, high-quality reporting. IATI data is particularly valuable for project- or organisation-level analysis, but less suited for portfolio-wide comparisons due to variability in reporting practices.
 - In contrast, **donor-managed delivery chain data** (such as Australia's PERFORMS) may offer greater reliability and completeness but is often less accessible to external users, limiting its broader utility. Due to confidentiality concerns, it is useful for offering insights at aggregate level, but more limited to capture project level information. It is notable many of Australia's prime contractors also work with other donors, suggesting that, in principle, they could apply similar reporting practices in other contexts.
- Regardless of the data model adopted, **building the capacity of implementing partners is essential** to ensure consistent and high-quality reporting. A key success factor in the establishment of Australia's PERFORMS system was the extensive

consultation and capacity-building efforts undertaken by DFAT with its development contractors. These efforts helped embed reporting practices and fostered ownership of the system among partners. Similarly, the Netherlands' relatively high-quality IATI data can be attributed to its sustained investment in strengthening the reporting capacity of its implementing partners.

- Data visualisations and analysis that enable interaction can help engage organisations, leading to improvements and enhancements in data quality. These inputs can also lead to new insights, that may have previously been unknown or unclear.
- The question of how to identify contracts and organisations consistently in different systems, and the broader **interoperability of the different systems**, is key:
 - Effective linking of contracts across different data systems depends on consistent use of organisation identifiers. The IATI organisation reference protocol, which builds on the CRS channel codes taxonomy and national business, charity and other official registries, could offer a foundation for this, but usability improvements are needed to encourage wider adoption.
 - A key limitation of current organisation references is their inability to reliably distinguish between local ownership and international presence. For example, country offices of international NGOs may appear locally registered but do not necessarily represent locally led entities. This can lead to overestimation of local procurement and misrepresentation of local engagement.
 - It has also proven difficult to link the contracts reported in the OECD-DAC contract awards database to the same contracts reported in IATI as the identifiers and project details are different.

5.2. Recommendations

46. The following **recommendations** emerge from this pilot study:
- **Policy-level recommendation:** Donors are encouraged to consider the strategic value of subcontracting data in advancing aid untying and local procurement objectives.
 - **Technical-level recommendations** to advance capacities to track aid subcontracts include:
 - **Improve interoperability across data systems:** Concrete steps could be taken to further enhance the interoperability of aid data systems (e.g., IATI, OECD-DAC, national platforms). This includes aligning data standards, improving metadata consistency, and developing tools or protocols to link contract records across platforms. Interoperability is essential for enabling end-to-end tracking of aid flows and improving data usability for both donors and external stakeholders.
 - **Facilitate peer learning and knowledge sharing:** Donors should create opportunities for peer learning, allowing those with successful subcontract tracking systems to share experiences, tools, and lessons learned. This could take the form of workshops, communities of practice, or donor coordination groups focused on subcontracting transparency.
 - **Invest in capacity building for implementing partners:** Regardless of the data model used, sustained investment in capacity building is critical to ensure

the production of high-quality, usable data. This includes training implementing partners on data standards, reporting tools, and the importance of transparency. Experience from countries like Australia and the Netherlands shows that such investments directly improve data quality and consistency.

- **Explore the potential of artificial intelligence to enhance data use and to facilitate certain resources intensive tasks:** The aid transparency community has long struggled with inconsistencies in organisation names, identifiers, and locations. AI tools could help reconcile these differences and enrich existing datasets like IATI. Pilot projects should be encouraged to test the added value of AI in supplementing traditional analytical methods.