

Key points for clarification and action

Appendix to the joint UNDP-OECD support team response to the consultation on the indicator proposal to measure transparency

This document seeks to clarify questions and address comments made during the Global Partnership consultation from 31 October to 14 November 2013 on the “Indicator Proposal to Measure Transparency”.

With a view to more effectively respond to the wide variety of contributions, the UNDP-OECD Joint Support Team (JST) has grouped them into several areas of comments.

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I. GENERAL APPROACH TO THE INDICATOR

Feedback: Some stakeholders raised the question of whether the proposed approach for the transparency indicator differs from the approach in the Busan agreement in respect to the role that individual providers' implementation schedules should play (France, Japan, MDBs, Norway, Portugal, Switzerland, WP-STAT Bureau).

JST: The proposed indicator approach to measure actual publication of information rather than progress against individual implementation plans was a direct response to the Post-Busan Interim Group proposal and mandate given by the Working Party on Aid Effectiveness in 2012 to measure the implementation of the common standard. The Ad Hoc Group on the common standard, which defined and brokered agreement on the standard itself, reaffirmed this approach in February 2013 by agreeing as guiding principles for the indicator that it should measure actual delivery/availability of information, with the option to supplement analysis by performance against each provider's implementation schedule.

As with other Global Partnership indicators, the objective is to measure actual implementation of selected commitments, rather than accomplishment of plans of individual stakeholders. Implementation schedules can provide valuable complementary documentation, and the joint support team will draw on these to enrich the analysis where relevant.

Feedback: Regarding the overall target for implementing the common standard; what degree of implementation will be considered to be "on track"? (MDBs)

JST: The Busan Partnership agreement explicitly set the target at full implementation of the common standard by 2015. The Post-Busan Interim Group proposal endorsed by the WP-EFF reconfirmed this target in 2012. The pilot assessment will deliver an initial stock-take on the state of implementation of the common standard. Since this standard by definition comprises three elements, implementation will be assessed through examining all three elements.

The question of what is full implementation of the standard requires further discussions and clarification among the stakeholders of the common standard. The JST hopes that the piloting exercise and preliminary assessment can also provide useful insights to this discussion.

Feedback: Some stakeholders raised concerns over the name of the indicator. There was support both for confining the label more strictly to the common standard (Norway, WP-STAT Chair) and for maintaining the label "Transparency indicator" to enable quick understanding by all stakeholders (PWYF).

JST: For easy reference by all stakeholders, Global Partnership indicators tend to be labelled under general topics/headings such as 'results' or 'predictability', while there is a mutual understanding that these indicators are always selective by nature. In the original JST proposal, the indicator was assigned the sub-title: "Publishing timely, comprehensive and forward looking information on development co-operation resources". The JST trusts that this sub-title sufficiently captures the key focus of the indicator.

Feedback: Some stakeholders expressed concerns, whereby once the indicator is piloted it would be difficult to modify it and that comparability over time would be rendered difficult (WP-STAT, Norway).

JST: The JST has indicated in the proposal, and reaffirms this point in response to the consultation, that there remain ambitions for refining the indicator. These relate most notably to incorporating an assessment of quality, and possibly of usability of information into the indicator approach. Further refinement of the indicator will be possible after the piloting, and in this case comparability over time can be pursued by comparing selected elements of the indicator or by recalculating baselines to correspond to any revised approach. This latter approach has already been applied to other Global Partnership indicators to enable a comparison between a revised approach in 2013 and the Paris Declaration approach applied to 2010 data.

Feedback: The assessment should consider, whenever possible, the three systems of the common standard (Portugal).

JST: The support team wishes to reconfirm that the indicator will assess all three systems wherever relevant. For example, the level of detail aspect is also integrated into the assessment of forward looking information by examining the disaggregation of information.

II. TECHNICAL OBSERVATIONS

A. Timeliness

Feedback: A number of stakeholders expressed concerns over “comprehensive data with a slower turnaround” being less rewarded than “less comprehensive data but with a quicker turnaround” and/or raised questions about the scoring approach (France, Germany, Japan, MDBs, Norway, Portugal, Switzerland, USAID, WP-STAT Bureau), with some interpreting this as favouring IATI over CRS. At the same time, feedback noted that timeliness “is an underlying condition for usability”, and that from the country perspective, usability only starts to feature when countries have data that is 3 months or less old (Honduras).

JST: The common standard reporting systems have different objectives and strengths. In general terms, comprehensiveness is commonly considered the strength of OECD CRS/FSS, while timeliness is often associated to the IATI reporting tool. Since this indicator element – by default – focuses on measuring timeliness, the inherent differences of CRS and IATI come to play. After careful consideration, the JST has decided to modify the scoring approach to timeliness. In practice, a revised approach to the time lag dimension will be applied for the CRS, in order to better take into account the specificities of CRS reporting and its timeframe. Consequently, reporting in the CRS will receive the following score for time lag:

- CRS data provided before 31 March : 4 points
- CRS data provided before 30 June : 3 points¹
- CRS data provided before 30 September : 2 points
- CRS data provided before 31 December : 1 point

The JST would like to reiterate that developing country perspectives on the importance of timeliness are clear. Timely and up-to-date information were among the top priority of partner

¹ While this will represent the overall scoring approach, in assessing time lag for CRS reporting in 2012, the same two-week extension as set out in the original indicator proposal will be granted. This means that reporters that adhered to the official CRS reporting deadline of 15 July 2012 will receive 3 points. However, in future assessments, the end June deadline will apply to scoring 3 points.

country needs in the 2009 UNDP led consultation². Stakeholder feedback on the indicator proposal included the suggestion that the point scale in the time-lag category should not ascend linearly, but rather exponentially, with the following scoring: “Annual Lag: 0, Semi-Annual Lag: 2, Quarterly Lag: 4, Monthly lag: 8.” The JST trusts that the modified scoring proposal may serve a middle ground between different stakeholder views expressed.

Feedback: Some contributors raised questions relating to the calculation of the time lag (Norway).

JST: The previous section sets out the revised approach to calculating time lag for CRS reporting. For assessing IATI reporting, time lag is assessed through analysing ‘financial transaction dates’ according to the following tests: Transactions reported for two of the last three months = monthly lag; Transactions reported for one of the last three months = quarterly lag; Transactions reported for any of the last six months = semi-annual lag; and transactions reported for any of the last twelve months = annual lag. The working assumption is that if reporters update the data for at least one project, they are making the necessary updates for all transactions as a regular update exercise. The expectation that providers would update IATI data on a daily basis does not seem reasonable. Rather, reporting practices indicate that updates are done in regular “batches” on a monthly or quarterly basis. Also, it is not because a transaction date does not change that data has not been updated (not all projects have transactions over a given period).

Feedback: There was concern that the indicator strives to make CRS reporting more frequent, and the view that this decision should be made within the DAC rather than by an indicator (Portugal).

JST: As foreseen in the Busan Partnership agreement, the global monitoring framework supports accountability for implementing commitments and seeks to stimulate dialogue on how to improve the effectiveness of development co-operation, including by signalling obstacles and opportunities for further progress. It places particular emphasis on behaviour change in development co-operation efforts. Therefore incentivising change and progress can be considered one of its key characteristics. While decisions governing behaviour are rightly made by concerned stakeholders themselves, Global Partnership indicators do seek to provide appropriate incentives that help steer stakeholders in the direction of progress towards agreed commitments and targets.

B. Level of Detail

Feedback: Some stakeholders questioned the assessment of all common standard data fields, indicated that some fields may be more important than others and/or raised questions about how the assessment of fields would happen in practice (France, Germany, Honduras, MDBs, Norway, Portugal, Spain, WP-STAT Bureau). Some expressed concerns whereby the proposed scoring method would be disadvantageous for assessing reporting in the CRS (Japan, Switzerland, USAID, WP-STAT Bureau).

JST: The common standard is defined to include 41 data fields. These consist of mandatory data fields that are common to the CRS and IATI, and additional IATI data fields that were defined partly in response to a partner country consultation carried out in 2009. As the JST

²Appendix (page 7) to the ‘Proposal for a common, open standard’ ([DCD/DAC/EFF\(2012\)9](#); June 2012)

was tasked to assess implementation of the common standard, the proposal was made to assess information provision to all data fields defined for the common standard.

Any process to prioritise certain data fields over others would involve normative/arbitrary decisions to prioritise preferences of certain stakeholders – either partner countries, providers, or others. Furthermore, it can be anticipated that on average, stakeholders may prioritise the ‘basic’ information fields for which there already exists most comprehensive reporting. This would imply that in limiting the assessment to those fields all stakeholders would be scored equally as they report them in any case. The current approach to assessing all fields provides a more comprehensive picture of reporting and will allow recognition of different reporting efforts. The potential weighting of different fields may be among the issues to reconsider in the future.

Finally, the JST duly noted the argument of some stakeholders that IATI non-mandatory fields (“Sub-national Geographic Location”, “text of any conditions” and “results data”) should not be included in the assessment (Norway, Germany). In recognition of the IATI agreement whereby these three fields are indeed not considered mandatory, the JST has decided to exclude them from the assessment. However, the JST wishes to draw attention to the fact that these fields relate to important elements in the transparency debate (developing countries already voiced their need for information about conditions and conditionalities in the UNDP 2009 consultation), and invites common standard stakeholders to consider reviewing the non-mandatory nature of these fields in the future.

On the methodology used to scan fields, an IT programme will be set up by OECD and IATI specialists to scan the relevant fields and identify if data is available or not in a specific field.

C. Forward Looking Information

Feedback: Some stakeholders questioned the relevance of activity level data and the possibility for donors to provide this data, and/or raised the question of whether it should be scored lower. (MDBs, Honduras)

JST: For the purpose of constructing an indicator, comprehensiveness has been considered to mean both the level of detail as well as the coverage of information. For planning purposes, the general assumption is that more detailed/specific information can be more useful than information provided only in aggregate terms. This point came out clearly already in the 2009 UNDP consultation on developing countries’ information needs, where one key demand was ‘information about where, when, how, on what and in which sectors aid is spent’. A number of providers are already reporting activity-level forward looking information either through FSS or IATI.

At the same time, the JST appreciates concerns expressed over scoring activity-level information three-fold to aggregate information. Therefore, the **JST has decided to revise this scoring approach as follows:**

Forward looking information : Scoring for information disaggregation	
Activity level forward looking information	= 2 points
Semi-aggregate forward looking information (sector level)	= 1.5 points
Aggregate forward looking information by country	= 1 point

This new scoring range will maintain the assessment of activity-level information, while also reducing the scoring gap between information provided by country or by activity to cater for a

more balanced approach. It should be noted that providers will score points on all forward looking information provided, so even where only aggregate information exists this too will yield points.

To date, semi-aggregate information is in practice not provided. Despite this, the JST will maintain the 'middle' scoring range in the hope that it may serve to incentivise and recognise a gradual move by providers from aggregate to disaggregate forward reporting.

Feedback: A number of stakeholders raise questions about the definition of coverage for the forward looking element and/or proposed that CPA be used (Canada, France, MDBs, Norway, WP-STAT Bureau)

JST: Feedback included important comments highlighting that particularly for this indicator element, confining the coverage to CPA would be useful since forward looking information primarily seeks to serve developing countries' planning. Based on this feedback, the JST has decided to redefine the coverage element for forward looking information to examine only CPA.

Feedback: How will the forward-looking element be scored in practice? (MDBs, Norway, Portugal)

*For each year for which the provider gives forward looking information, they are granted the following points: level of disaggregation score * % of CPA. The analysis will be first done by country, assessing the share of CPA the country represents in the provider's total portfolio and the existence of forward looking information for that country on activity, sector or aggregate level. Country results will then be aggregated for each provider.*

The joint support team wishes to clarify that any activity or sector information must be attributed to a specific country. In other words, scoring for activity level information requires providing information by country and by activity.

Feedback: It was noted that forward planning information is provided to partner countries on a bilateral basis (MDBs). There was also a perception that the indicator devalues providers that share their data with recipient countries but not publically (WP-STAT), and retreats from the Paris Declaration approach in failing to capture the recipient country's recording of information provided (USAID).

JST: This indicator measures transparency towards all stakeholders, not only partner governments, and therefore focuses on the public nature of information. At the same time, the vital importance of country-level efforts to ensure sufficient information provision in bilateral and multilateral development co-operation is explicitly recognised in the Global Partnership monitoring framework. This issue merits a separate assessment under medium-term predictability (indicator 5b), where developing country governments assess the availability of forward expenditure plans from each provider. Indicator 5b provides an estimate of the proportion of development co-operation covered by indicative forward expenditure plans for one, two and three years ahead. Where providers make efforts at country level to provide forward looking information, these will receive due recognition in the context of indicator 5b. As to recipient governments' recording of this information, the Global Partnership monitoring framework continues to assess the recording of development co-operation funding on budgets (indicator 6; aid on budget).

D. Overall Coverage

Feedback: Some contributors requested clarifications on the definition of the coverage and/or proposed that the coverage should be based on ODA or CPA (Canada, France, Norway, Germany, MDBs, Portugal, USAID, WP-STAT Chair).

JST: The coverage element seeks to indicate what proportion of total development co-operation is 'captured' by the common standard reporting tools. The initial proposal to focus on Official Development Finance stemmed from the Busan spirit of inclusive and effective co-operation beyond aid. After consultation and careful consideration, and taking into account the varying availability of reporting on Other Official Flows, the JST has decided to simplify this pilot assessment as follows:

Coverage for timeliness and level of detail will be defined as gross disbursements of:

- *Bilateral ODA*
- *Multilateral outflows – including concessional as well as non-concessional flows to capture an important portion of multilateral operations³.*

The disbursement figures are therefore examined from the outflow point.

By "latest verified figure for annual disbursements", the JST means the latest gross disbursement figures as verified during the DAC-CRS annual survey (which will be available by the end of 2013). In the case of this pilot assessment, coverage will therefore be based on verified 2012 CRS gross disbursement figures.

Therefore, coverage for a given provider for the CRS will be 100%, and the coverage for IATI reporting will be the total amount of ODA reported in IATI in 2012 divided by the CRS total amount of gross disbursements in 2012 for this provider.

For the forward-looking information, the coverage will be based on CPA using the base year 2012. The JST recognizes that this approach entails an assumption that the overall scale of a provider's disbursements does not change dramatically over the next three years, which may not always be entirely accurate. However, given that disbursement information is not available for forward years, the best available proxy is the coverage as defined for the base year.

Feedback: "As CRS data are published only once a year, this forces the assessment of IATI data to be as much as 12 months behind current IATI reporting" (USAID)

JST: It should be clarified that only the coverage component used for scoring the different indicator elements will be derived from 2012 reporting both to the CRS and IATI. This stems from the need to have a common basis for assessing coverage in the 2 systems. The assessment of timeliness, level of detail and forward looking information will be carried out on the latest data available.

³ Based on recent discussions on classifications by type of finance, for the purposes of assessing reporting to common standard systems/tools, discussions indicate that it may be helpful to exclude from the assessment multilaterals' **non-sovereign operations**, which include for example operations with partners such as private companies. For further information, see DAC Working Party on Development Finance Statistics [DCD/DAC/STAT\(2013\)18](#); November 2013.

III. PROCESS FOR DEVELOPING THE INDICATOR

A. Process to date

Feedback: Some contributors expressed concerns about participation in the technical preparation of the indicator and the decision-making process (MDBs, France, WP-STAT Chair).

JST: The joint support team was tasked by the WP-EFF in 2012 to refine the definitions and criteria for indicators which do not draw on existing methodologies. The JST has sought to ensure an inclusive process, while developing an indicator proposal that addresses the technical complexities of this topic and meets the Global Partnership timeframe for the upcoming High-Level Meeting. The principles underpinning the indicator were founded on feedback received from the Ad Hoc Group on the common standard in February 2013. After that, the joint support team drew on the knowledge of a core group of experts to finalise the proposal. As indicated in the original proposal, the core group was designed to gather necessary technical expertise on common standard reporting systems – not to represent any constituency. The purpose of this Global Partnership consultation was to facilitate feedback from all stakeholders.

Ahead of issuing the indicator proposal for broad consultation, the JST reached out to common standard stakeholders by offering to both WP-STAT and IATI an opportunity for an update on developing the indicator.

B. Next Steps

Feedback: Some contributors have encouraged the JST to integrate new dimensions in the indicator either immediately or in future versions of the indicator (Bangladesh, France, Finland, Germany, Honduras, Japan, Moldova, Norway, Portugal, PWYF, Spain, Switzerland, UK, UNDP, USAID, WP-STAT Bureau):

- **The quality / reliability of data**
- **The usability / accessibility of data**, calling also for a broader review of whether/how current reporting information responds to the needs of developing countries
- **Broader dimensions of transparency set out in Busan**
- **Increased coverage of actors**

JST: The original indicator proposal fully recognises – and this consultation further confirms – the shared ambition to integrate an assessment of quality of data into the indicator. Quality assurance initiatives already exist, both on OECD-CRS data and IATI reporting, which could be used as a basis and further expanded to integrate a systematic and quantitative assessment of quality of information into a next iteration of this indicator.

Usability of data by developing countries stood out strongly in the feedback received. This is a critical element of transparency – and ultimately defines whether providers' efforts are serving the purpose of more and better information for developing countries. In assessing providers' implementation of the common standard, the current indicator approach focuses on the global level supply/provision of information. An assessment of usability would necessitate a focus also on the demand/receipt side of the information equation. In tasking the JST to develop this indicator, the PBIG proposal that was endorsed by the WP-EFF specified that the indicator should not involve the collection of new data at the country level. The question of how these

two supply and demand perspectives can best be consolidated merits strong future attention from all concerned stakeholders. It is proposed that further work around the common standard looks into information needs of developing countries in line with the Busan Partnership agreement.

Deliberations on both quality and usability will inevitably need to also address the difference in characteristics between the OECD and IATI reporting systems/tools and, ultimately, the desired purposes and target users of these tools.

In the overall transparency narrative of the Global Partnership progress report, the JST will draw attention to key areas where common ambitions exist for further refinement. Ultimately, some Busan elements related to transparency can be included in a quantitative indicator, while others need to be analysed through qualitative information. As with all Global Partnership indicators, the selective nature is necessary to allow a focused assessment of implementation of key commitments.

The ambition is that in the future, assessments could capture a wider array of co-operation providers. As mentioned in the indicator proposal, the pilot assessment will focus on actors reporting to the common standard systems/tools since this is a practical way to examine available reporting. However, this indicator does not primarily seek to assess reporting through these channels but rather that timely, comprehensive and forward looking information is published. This means that providers not reporting to the common standard systems/tools could use the indicator criteria to guide their information publication through other means, for example their own public websites.

Feedback: Some contributors called for an extended consultation allowing the indicator to be debated in-depth (France, Japan, MDBs, Norway, Portugal, Switzerland, WP-STAT Bureau), **while others supported the overall approach and/or requested the Joint Support Team to proceed to piloting the indicator to facilitate a discussion on transparency in Mexico** (Bangladesh, EC, Finland, Germany, Honduras, Moldova, PWYF, Sweden, UK, UNDP).

***JST:** The JST devoted more time than initially envisaged to carefully review consultation feedback. The team has made all possible efforts to improve the indicator based on comments and suggestions received, although there remains room for further refinement in the future.*

The JST will proceed to pilot the revised indicator in order to deliver a preliminary assessment and lessons for Mexico. This will serve to facilitate political discussion on transparency in Mexico, and will provide a basis for further work on monitoring this important topic. In the progress report prepared for Mexico, the JST will point out the limitations of the pilot approach and seek to provide useful recommendations for future work and improvements.

Feedback: A number of contributors requested information on the next steps of the piloting process, including further engagement opportunities and the process for refining the indicator after Mexico. (Norway, USAID, MDBs, UK, WP-STAT)

***JST:** The joint support team will share the revised technical indicator document in January 2014. It will reflect the comments received and subsequent modifications made, and will include the finalised scoring and aggregation approach. Detailed numeric scores for each indicator element will be shared to enable a better understanding of the assessment and focused efforts of individual providers to improve their reporting practices where desirable. In line with the Global Partnership monitoring approach, providers will be scored by*

country/organisation, not by separate agencies. The aim will also be to allow global aggregation to enable Busan partners to report collectively on a shared commitment.

The JST will explore possibilities to calculate a baseline for early 2012 as indicated in the original proposal. However, constructing an accurate baseline may require additional technical work. The JST will prioritise the 2013 pilot assessment, and will then explore possibilities for constructing a baseline.

Based on the revised indicator, the pilot assessment of providers' reporting to the systems/tools of the common standard will be carried out by the OECD/DAC and IATI secretariats by mid-December, and analysis will be compiled by the Global Partnership joint support team during December 2013 - January 2014.

To facilitate engagement of all providers concerned, the joint support team will share with each provider the outcomes of the piloting by mid-January 2014. The findings of the pilot process will feed into the report on progress since Busan, which will be launched in March 2014.

As the Global Partnership monitoring framework includes several areas where new approaches are being piloted, the joint support team will undertake after the Mexico High-Level Meeting a stock-take of the 2013 monitoring round and lessons learned. Efforts will be explored to strengthen further the approach to monitoring the 10 selected commitment areas, and the joint support team will draw on the expertise of relevant stakeholders through an open and consultative process under the guidance of the Steering Committee. Further opportunities for broader consultation will be identified as part of the lessons learned review.

The piloting process is not an end in itself, but a first step forward in monitoring an important transparency commitment. Deliberations on this topic should continue, and members of the Global Partnership are invited to continue and lead in-depth debate about ambitions for the common standard and key challenges in this measurement to produce concrete proposals for refining the indicator based on the lessons acquired through the piloting process and to ensure that ultimately all efforts towards greater transparency meet the needs of developing countries.

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