

# TRACING US DEVELOPMENT FLOWS

A study of the traceability of US aid to Ghana

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Over 600 development organizations publish to the International Aid Transparency Initiative (IATI) Standard. IATI provides up-to-date and reliable aid data to improve accountability, coordination and effectiveness. Aid flow traceability throughout the implementation chain is a key part of this. However, using 2013–2015 IATI data, it is only possible to verify that 7 percent of US aid to Ghana (\$28 million) arrived in the country. The traceability gap stems from limited IATI reporting by the international NGOs and firms that implemented most aid activities. To enhance traceability, the US government should require its implementers to publish to IATI.

**This research report** was written to share research results, to contribute to public debate and to invite feedback on development and humanitarian policy and practice. It does not necessarily reflect the policy positions of the organizations jointly publishing it. The views expressed are those of the author and not necessarily those of the individual organizations.

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# ACRONYMS

CABRI	Collaborative Africa Budget Reform Initiative
CoFoG	Classifications of the Functions of Government
CRS	Creditor Reporting System (OECD DAC)
DAC	Development Assistance Committee (OECD)
DFID	UK Department for International Development
HIV/AIDS	Human immunodeficiency virus/acquired immunodeficiency syndrome
HQ	Headquarters
GFS	Government Financial Statistics
IATI	International Aid Transparency Initiative
INGO	International nongovernmental organization
MCC	Millennium Challenge Corporation
NGO	Nongovernmental organization
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OOF	Other official flows
PFM	Public financial management
STD	Sexually transmitted disease
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USG	United States government

# EXECUTIVE SUMMARY

Aid transparency has come a long way since the launch of the International Aid Transparency Initiative (IATI) at the Accra High Level Forum on Aid Effectiveness in 2008. At present, 601 organizations are publishing to the IATI Standard.<sup>1</sup> IATI seeks to meet the needs of stakeholders in developing countries—including national governments and citizens' organizations—to improve aid accountability, coordination, allocation and effectiveness. This requires up-to-date and reliable data on current and future development cooperation and detailed information on where, when, by whom and how it is spent. The traceability of financial flows from development cooperation providers all the way through the implementation chain is a key part of this.

This report assesses the current status of US development cooperation transparency efforts, focusing on US aid to Ghana during 2013–2015, and the extent to which IATI allows users to trace the flow of aid funds from the US Treasury to their final end use. Such information can help the Ghanaian government to hold donors such as the US accountable and to be accountable to its own citizens. We focus on aid to Ghana because of Oxfam's long-term focus on aid effectiveness in that country.

The report provides a methodology, based on the IATI Standard, for carrying out a traceability analysis. The IATI Standard is a framework for organizations to follow when publishing data on their development activities to IATI. It is made up of data fields, data formats, and code lists. Our methodology identifies (1) the net development cooperation that reaches a country, and (2) the volume of aid that remains in a country once it has arrived. For the amount of aid that remains in the country, the methodology further provides a strategy for analyzing IATI data to assess the use of country systems for aid delivery—i.e., the disbursement of funding through the partner country's budget execution, auditing, financial reporting and procurement procedures—and the extent to which data on development cooperation can be mapped to country budget classifications. This allows an understanding of whether a donor's assistance is consistent with the aid effectiveness principle of country ownership. IATI is designed to make it possible to trace development spending flows through the development implementation chain, from one organization to other organizations, right down to the final stage in the chain: spending on goods and services. In theory, therefore, it should be possible to use IATI data to trace the flow of US aid arriving and remaining in Ghana and assess its use of country systems. In practice, however, we had to engage in considerable manual coding and manipulation of IATI data to do this, and even then, we could only estimate the relevant volume of development cooperation.

We found that during 2013–2015, the United States provided \$404 million in aid to Ghana (see Table ES for annual funding levels), with 99 percent of the funds allocated to project-type interventions. The remainder covered technical assistance and administrative costs.

**Table ES: US aid to Ghana, 2013–2015 (\$ millions)**

	2013	2014	2015
<b>Total US development cooperation</b>	132.0	103.9	167.7

*Source: IATI and OECD data.*

*Note: Almost all (99.8 percent) of US development cooperation to Ghana during 2013–2015 was official development assistance.*

In applying our methodology to US aid to Ghana, we found the following:

- In 2013, we can only be certain that 8 percent of the US aid (\$10 million) arrived in the country, because it went through the government of Ghana (7 percent) or Ghana-based NGOs and companies (1 percent). For the remaining 92 percent (\$122 million), it is not clear whether the flows reached Ghana in whole or part because of limited IATI reporting by non-country-based recipients of US aid, such as international NGOs and foreign for-profit firms.

Some or all of the funds may have remained at these recipients' headquarters; we have no way of knowing for sure using IATI data.

- In 2014, 9 percent (\$9 million) of total net US official development assistance (ODA) definitely reached Ghana through the government (8 percent) and Ghana-based organizations (1 percent).
- In 2015, 6 percent of net ODA (\$9 million) definitely arrived in Ghana through the government (4 percent) and Ghana-based organizations (2 percent).

With regard to ownership, we found that 86 percent (in 2013), 84 percent (2014) and 87 percent (2015) of US development cooperation reported to IATI can be matched to Ghanaian government budget classifications. However, using IATI data, we cannot determine whether development cooperation is (1) on budget—i.e., reported in partner country budget documentation—or (2) disbursed through partner-country systems. Results from the 2011 Paris Declaration Survey found that 76 percent of US development cooperation to Ghana was on budget. It also found that aid donors made negligible use of Ghana's public procurement and financial management systems.<sup>2</sup> These findings suggest that US aid funds are not necessarily provided in a way that enables the Ghanaian government to manage and integrate them most efficiently, or in a way that allows Ghanaian citizens to hold their government to account for its use of aid.

The report includes a gap analysis that examines use of the IATI Standard by the US government and other IATI publishers, and the limitations of the current Standard. It also suggests avenues for further research. With regard to the identified gaps, applying some changes to the IATI Standard and strengthening reporting by donors and recipient organizations down the implementation chain would allow more accurate and comprehensive analysis of aid traceability. In particular, we recommend that the US government require recipients of its aid to publish to IATI, as other donors have already done.

# 1 INTRODUCTION

Aid transparency has come a long way since the launch of the International Aid Transparency Initiative (IATI) at the Accra High Level Forum on Aid Effectiveness in 2008 and its reaffirmation three years later in Busan.<sup>3</sup> There are now 601 organizations publishing their data to IATI.<sup>4</sup> A 2016 progress report on making development cooperation more effective reviews the progress in implementing key Busan commitments on transparency and accountability.<sup>5</sup> The report finds notable progress in the timeliness and comprehensiveness of publically available information, whereas the publication of forward-looking information remains a challenge for many development partners.<sup>6</sup>

The main objective of IATI is to meet the needs of stakeholders in developing countries to improve the accountability, coordination, allocation and effectiveness of aid.<sup>7</sup> This requires up-to-date and reliable data on current and future development cooperation and detailed information on where, when, by whom and how it is spent.<sup>8</sup>

The United States government (USG) is an IATI signatory and publishes data about its development cooperation in line with the IATI Standard, which is a framework for organizations to follow when publishing data on their development activities to IATI. It is made up of data fields, data formats and code lists. The USG has published to IATI since the end of 2012. Data on USG aid to Ghana are, on the whole, reasonably complete and provide enough information to answer the research questions on which this report focuses. The main limitations lie in the lack of reporting by organizations down the implementation chain. The USG currently provides the following information:

- detailed transactions, with provider and recipient organization names indicated;
- implementing organizations, recorded at activity level;
- sectors, allocated at activity level.

Publish What You Fund's latest Aid Transparency Index indicates that of the US aid agencies, the Millennium Challenge Corporation (MCC) ranks as "very good," with the second-highest score on the Index, while other US institutions lag behind. The United States Agency for International Development (USAID) and State Department are listed as "fair." The Index focuses on both the availability of data and data quality.<sup>9</sup>

IATI's own assessment of its publishers uses three dimensions: timeliness, forward-looking and comprehensiveness. This shows that the USG overall ranks 105th (in the top 20 percent of publishers) and USAID ranks 302nd out of all IATI publishers.<sup>10</sup>

However, despite progress on aid transparency on the part of the USG and other development actors, evidence from country-level actors shows that they still struggle to access the information they need. There are many possible reasons for this. The information might not be widely available, it might be difficult to use and understand, or it might not exist.<sup>11</sup> Even if the information exists, country-level actors may not be aware that it is available, or they may lack the capacity to access and use it.

This report assesses the current status of US development cooperation transparency efforts, focusing on US aid to Ghana, and the extent to which they help the Ghanaian government to hold donors accountable and to be accountable to its own citizens. We focus on aid to Ghana because of Oxfam's long-term focus on aid effectiveness in that country. Oxfam has worked with Ghanaian civil-society partners on monitoring budgets at the district and national levels, and, in collaboration with Save the Children, carried out an assessment of how a USAID project in Ghana was furthering country ownership.<sup>12</sup>

The report proceeds as follows: in the rest of this introduction, we lay out the research questions explored in this report. We then briefly expand on the methodology that we developed and employed in the research; this is elaborated in greater detail in the appendices. Applying the methodology to US aid to Ghana during 2013–2015, we estimate US net development cooperation that arrived in Ghana, as well as the sectoral allocation of that aid, including gender-specific expenditures. We next examine the extent to which US aid is reported using classifications that can be matched with those of the Ghanaian budget, is “on budget,” and makes use of Ghana’s systems. Following an analysis of the specific gaps and limitations in US IATI data by using the methodology to look at the information that is accessible for the target country (Ghana), we present recommendations for the US government and the IATI Secretariat for resolving the identified gaps both in US IATI data and in the IATI Standard itself.

## RESEARCH QUESTIONS

The research sought to answer the following questions:

1. Based on available IATI data, what amount of US development cooperation was actually transferred to Ghana?
  - a. Is it possible to find out the net amount of US development cooperation transferred to Ghana?
  - b. What information gaps need to be filled in order to find out how much US development cooperation is transferred to Ghana?
2. What factors account for the information gaps that would prohibit someone from being able to learn how much development cooperation is transferred to Ghana?
  - a. Are these information gaps due to limitations in US compliance with IATI or to limitations in information requested as part of the IATI Standard?
3. What other aid data can be combined with IATI data to obtain more detailed information about net flows to Ghana? In particular, how much US aid money
  - a. is spent in the local economy?
  - b. is on budget—i.e., reported in partner country budget documentation and disbursed using partner country systems?
  - c. is reported using classifications that align with partner country budget classifications?
  - d. is given to non-US compared with US-based firms and nongovernmental organizations (NGOs)?
4. Based on available IATI data, how much US development cooperation spending is transferred to Ghana by subnational location, sector and time period?

## METHODOLOGY

IATI is designed to allow people to trace development spending flows through the development implementation chain, from one organization to other organizations right down to the final stage in the chain: spending on goods and services. The IATI–Accra statement, signed by all members, claims, *“To the extent possible, we expect that organizations that deliver aid on behalf of our respective organizations should adhere to the same standards of transparency.”*<sup>13</sup> Theoretically, this means that aid flows should be reported not only by donors (such as USAID) but also by the other organizations in the implementation chain. The methodology used in this report is based on the financial traceability potential of IATI, full details of which can be found in the forthcoming methodology note that accompanies this paper (see Box 1 for a synopsis).

**Box 1: The IATI Standard and traceability**

The IATI Standard has a number of features that enable more detailed tracing of development cooperation flows, including the following:

- It provides transaction-level details about flows to and from organizations; however, these organizations must be manually grouped and coded.
- It differentiates between types of transactions: incoming funds; disbursements (a cue to follow to the next step in the implementation chain); and expenditures (direct spending flows on goods and services, seen as the end of the traceability line).
- It also differentiates between types of aid, which can help identify the nontransferable aid.
- It offers a method for linking outflows and inflows using both organization and project identifiers.
- It is used by a wide and increasing range of development organizations.
- It is timely: 2017 data are already available from some publishers.
- It has the ability to report multiple sector codes.

In practice, however, we could use the methodology only by relying on considerable manual coding and manipulation of IATI data, and even then, we arrived at only estimated aid volumes. (See the methodology note for a table of the types of flows, including details of which stages of the methodology require significant manual coding to apply to current IATI data.)

Tracing donor funds as far along the implementation chain as possible provides an estimate of the net flows that reach the target country. This estimate can be used to identify any missing information (gap analysis) in order to calculate a more accurate estimate of net flows. The four steps for calculating net development cooperation are as follows:

1. Access IATI data (see methodology note for details);
2. Calculate total development cooperation to country;
3. Calculate net development cooperation transferred to the intended recipient country's economy;
4. Calculate volume of net development cooperation that remains in intended country.

There are two main methods for accessing IATI data: the [IATI Datastore](#) and [d-portal](#). For the purposes of this study, the Datastore was used, since it enables a more disaggregated analysis of IATI data.

Under IATI's definition, development cooperation is composed of a number of different flows, based on definitions from the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC)/Creditor Reporting System (CRS): official development assistance (ODA), other official flows (OOFs), private grants, private market flows, non-flows and other flows (for example, non-ODA components of peacebuilding operations).<sup>14</sup> Analysis of IATI data published by bilateral and multilateral agencies shows that the majority of flows reported are ODA and OOF. The sum of these flows is counted as "total development cooperation" in this study (see definitions in the methodology note), and these flows would be applicable to other assessments of bilateral and multilateral donor cooperation, such as our forthcoming study tracing Swedish aid to Tanzania using IATI data. It is calculated by summing all disbursement and expenditure transactions reported by the donor of interest that fall into the relevant flow criteria.<sup>15</sup>

Net development cooperation is defined in this report as development cooperation that is disbursed to country-based organizations (at any point in the implementation chain) and expended on local goods and services, minus repayments to non-country-based organizations. Money transferred to the intended recipient country is likely to be spent in the local economy. Importantly, in practice, flows arriving in country do not necessarily follow aid effectiveness



principles such as ownership, alignment with country priorities, transparency, accountability, results orientation and use of country systems.

We calculate development cooperation that does not reach the intended country in two categories:

1. Non-transferable aid: defined by reported aid modality and delivery mechanisms.
2. Non-recipient-country implementer costs: calculated using IATI fields including transaction, recipient organization names and types, transaction type (disbursements/expenditures) and activity identifiers (see the methodology note for more detail).

For the flows that do reach the recipient country, it is necessary to calculate whether they remain there. Flows may leave the country for a number of reasons; for example, organizations down the implementation chain may purchase goods and services outside the country, or flows may be used for loan repayments. In practice, it is difficult to identify what volume of development cooperation enters and remains in the local economy because few data are available that allow traceability of flows beyond the first stage of the implementation chain.

**Flows remaining in the recipient country** are those spent on goods and services by an organization in that country. In IATI, this is shown as an expenditure transaction being received by an organization in the designated recipient country.

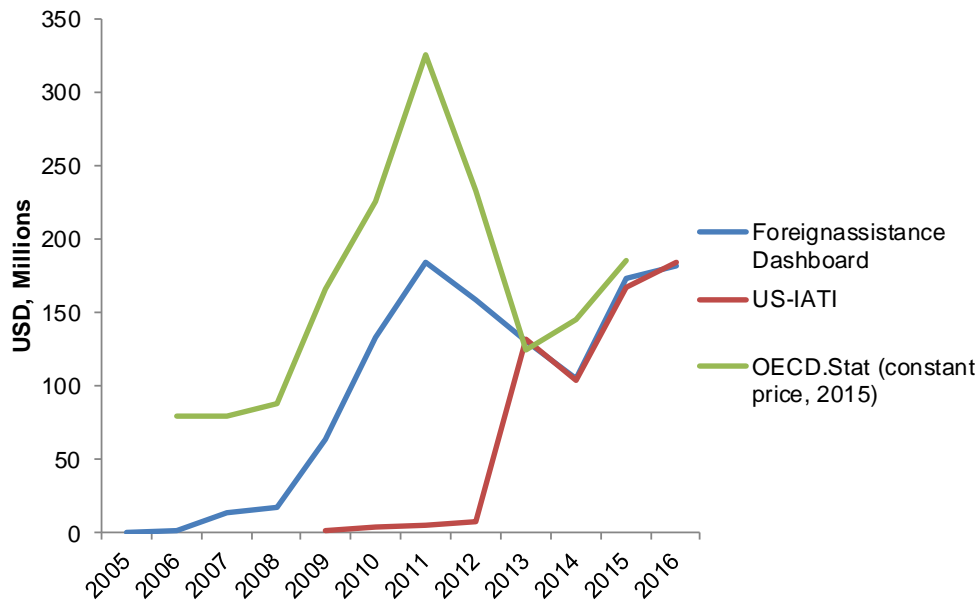
## 2 APPLICATION OF THE METHODOLOGY TO US DEVELOPMENT COOPERATION TO GHANA

The United States established diplomatic relations with Ghana in 1957 following Ghana's independence from the United Kingdom. Ghana has long been known as a "donor darling."<sup>16</sup> The United States is Ghana's largest bilateral donor, and USAID delivers the vast majority of US assistance.<sup>17</sup> The USAID Country Development Cooperation Strategy (2013–2017) seeks to accelerate Ghana's transition toward established middle-income status by helping to achieve strengthened democratic government, shared economic growth, equitable improvements in health and improved performance in primary school.

### US ODA TO GHANA (2013–2015)

We use data from 2013, 2014 and 2015 to apply the methodology to US aid to Ghana, to ensure that it is complete as possible, and to allow for outflows from recipient organizations down the implementation chain (for more detail, see Appendix A).<sup>18</sup> To assess the consistency of US development cooperation, we have cross-checked the total US development cooperation extended to Ghana in IATI with the data reported in OECD/DAC/CRS and the US government's Foreignassistance.gov dashboard. The US reported quite different amounts of ODA to different data sources between 2005 and 2012. Starting in 2013, however, data reported to IATI and the foreign assistance dashboard is virtually the same, though there is still a difference vis-à-vis data reported to OECD/DAC/CRS (Figure 1). One reason for the difference could be that IATI and the foreign assistance dashboard use the US fiscal year (October–September) whereas CRS reports on the calendar year.

**Figure 1: US development cooperation to Ghana according to different data sources, 2005–2016**

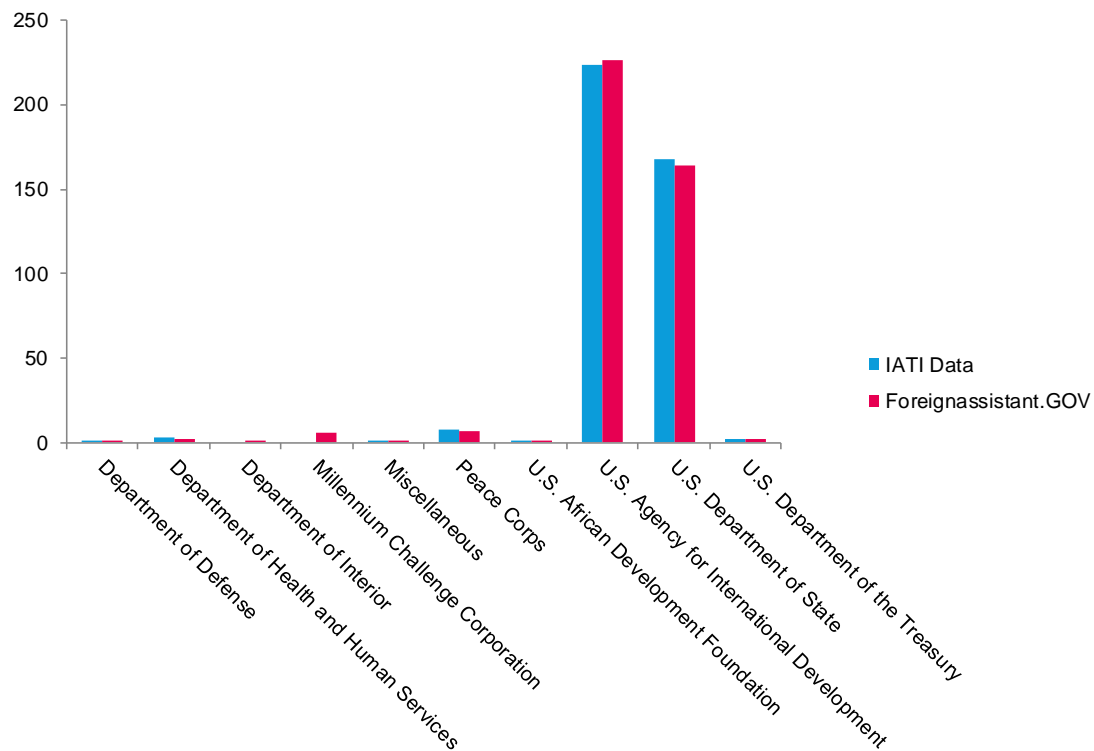


Source: IATI, Foreignassistance.gov, and OECD/DAC/CRS data.

According to IATI data, the USG provided \$132 million in ODA to Ghana in 2013, and the amount was reduced by 21 percent (to \$104 million) in 2014. In 2015, the total ODA extended to Ghana reached \$168 million, an increase of 64 percent from the previous year and an increase of 27 percent over 2013. The US agencies reported as transaction provider organizations during 2013–2015 included the African Development Foundation (ADF); USAID; the Peace Corps; the Departments of Defense (DoD), State (DoS), Health and Human Services (HHS), and the Treasury; and miscellaneous. More than 96 percent of USG ODA to Ghana was delivered through USAID and the Department of State during 2013–2015 (Figure 2). Categorization of USG ODA shows that about 99 percent went to project-type interventions, with the remaining 1 percent going to technical assistance and administrative costs.<sup>19</sup>

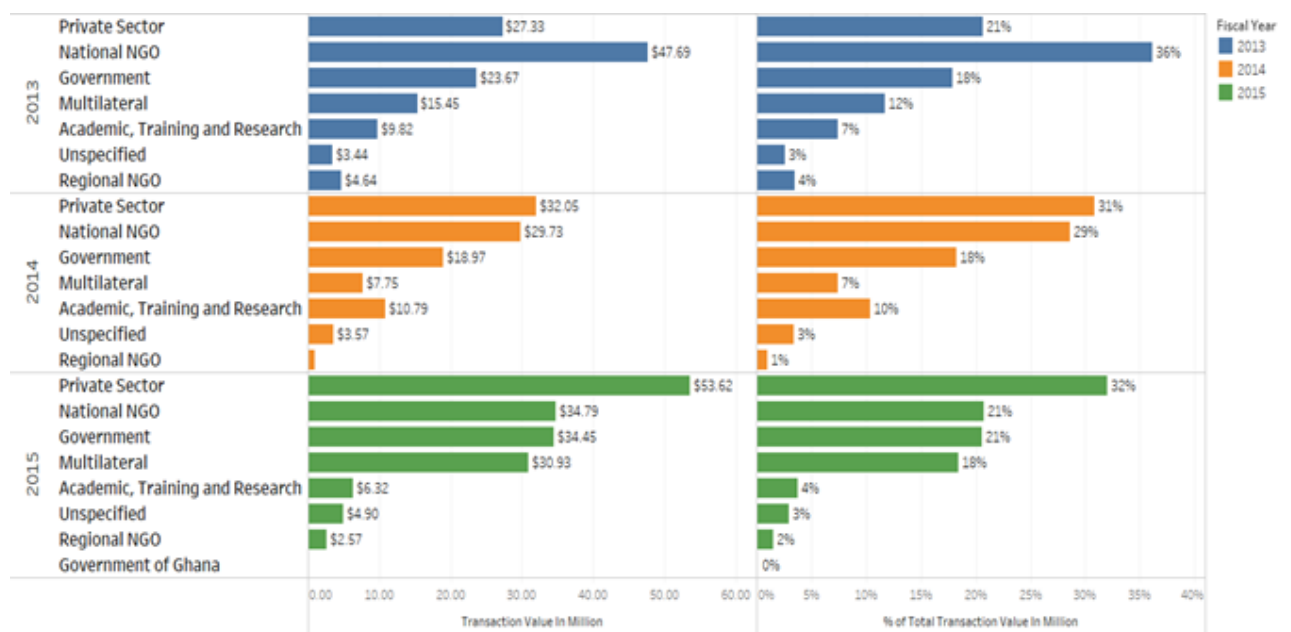
Figures 3 and 4 summarize US ODA based on implementing organization type. Of the types of organizations that received US flows to Ghana, NGOs in Ghana received \$48 million (36 percent of ODA in 2013), of which 87 percent went to international NGOs with country offices in Ghana, 5 percent to US-based NGOs and the remaining 8 percent to unidentified NGOs. In 2013, the private sector, the second leading recipient of USG ODA, received \$27 million (21 percent of ODA), with 96 percent going to international firms with offices in Ghana and the remaining 4 percent to private sector actors based in the US. Out of a total of \$24 million (18 percent of ODA) that went to government, 46 percent went to the US government and 38 percent was allocated to the government of Ghana.

**Figure 2: US ODA to Ghana by extending agencies according to different data sources, 2013–2015**



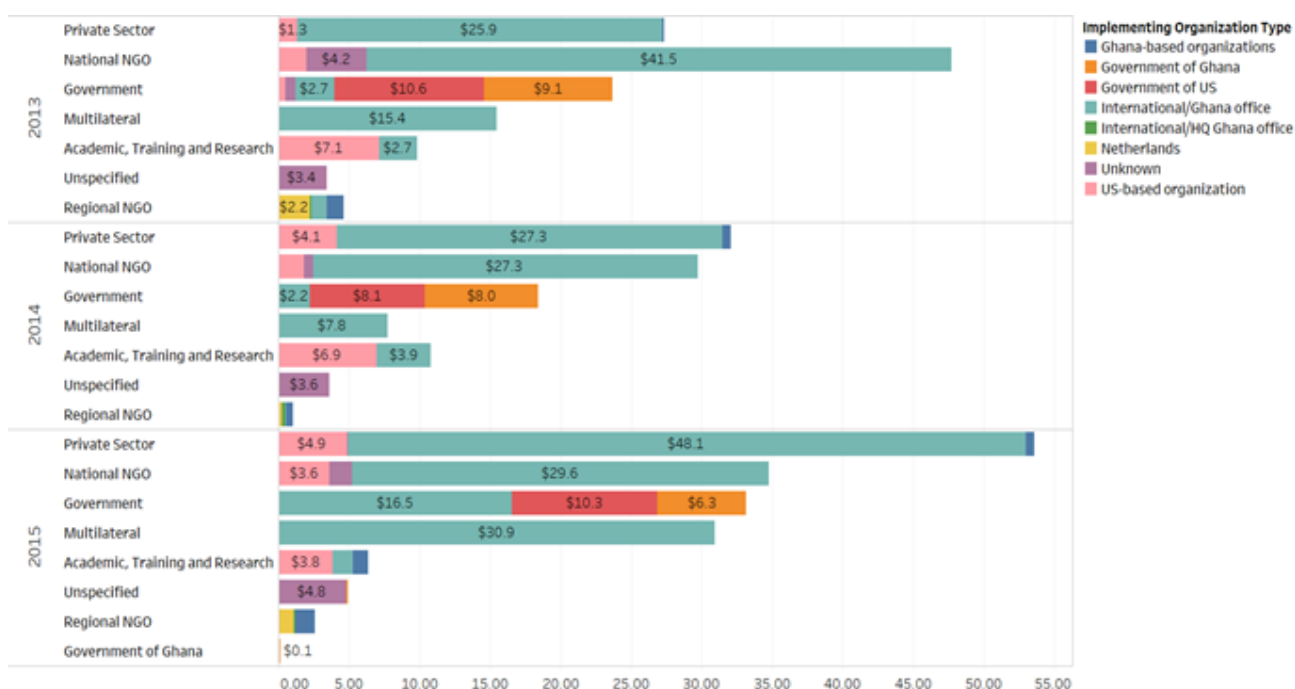
Source: IATI and foreignassistance.gov data.

**Figure 3: Recipients of US development cooperation by organization type, 2013, 2014, and 2015 (\$ million)**



Source: IATI data.

**Figure 4: Total US ODA across implementing organizations (\$ million)**



Source: IATI data.

Note: Netherlands refers to implementation by Dutch NGOs.

In 2014, the private sector was the largest recipient of US ODA to Ghana (with 31 percent of total ODA), followed by NGOs with offices in Ghana at \$30 million (29 percent) and government at \$19 million (18 percent). Out of the \$32 million that went to the private sector, 81 percent was allocated to foreign companies with offices in Ghana; 17 percent went to US-based private sector actors and the remaining 2 percent was allocated to Ghana-based private sector actors. Moreover, 81 percent of the total ODA allocated to NGOs went to international NGOs with Ghana country offices; 16 percent went to US-based NGOs and the remainder was allocated to unknown NGOs.

The same trend holds for FY 2015: Out of \$54 million (32 percent) that went to the private sector, only 1 percent was allocated to Ghana-based private sector actors; 83 percent was allocated to international companies with offices in Ghana and the remaining 16 percent was received by US-based private companies. Of the \$35 million that went to NGOs, 80 percent was received by international NGOs with country offices and 15 percent was allocated to US-based NGOs.

From these results we can conclude, based on IATI data, that

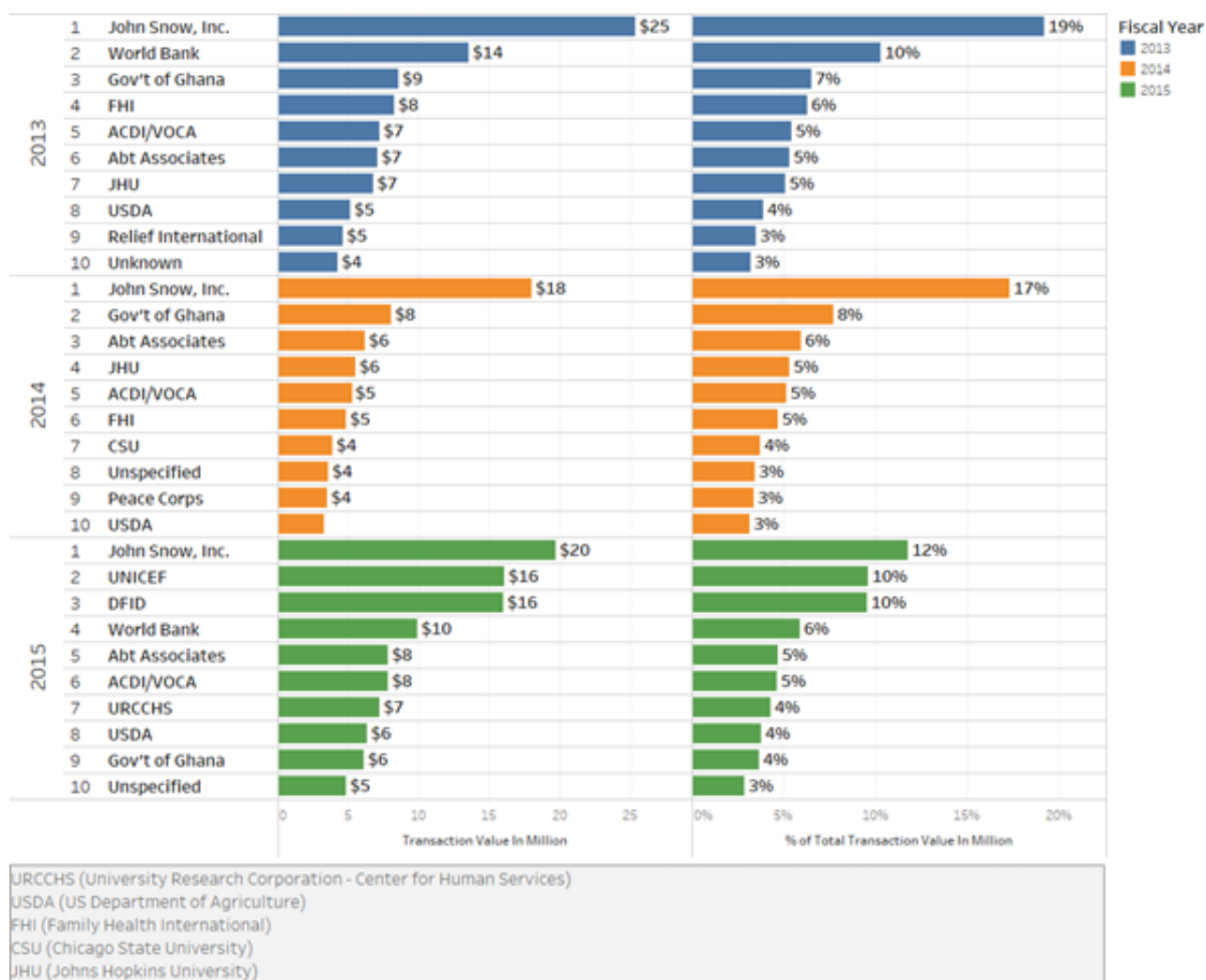
- an extremely small share of US ODA to Ghana went to Ghanaian organizations;
- a large share of ODA was allocated to the international private sector and international NGOs with country offices in Ghana; and
- there was a shift during the three-year period from NGOs to the private sector as the primary recipients of resources.

In 2016, according to *The Economist*, about a quarter of USAID spending went to private sector/for-profit firms—two-thirds more than in 2008. The changing nature of aid and stagnant staffing levels at USAID and other aid agencies were cited as the reasons for the shift toward private sector actors.<sup>20</sup>

Figure 5 shows the top 10 recipients of USG ODA during 2013–2015. Together, these recipients accounted for 67 percent of total development cooperation in 2013, 59 percent in 2014 and 63 percent in 2015. The private sector (John Snow, Inc.) and multilateral institutions (the World Bank and UNICEF) took the lead in those years. The government of Ghana took the

third position in 2013, rose to second in 2014 and fell to ninth in 2015. Appendix A lists all implementing organizations that received at least \$1 million.

**Figure 5: Top 10 recipients of US ODA extended to Ghana, 2013, 2014, and 2015**



Source: IATI data.

## US NET DEVELOPMENT COOPERATION THAT ARRIVED IN GHANA

Based on the analysis of IATI data, the net development cooperation extended to Ghana in 2013 was the same as total development cooperation, as there was no non-transferable aid in that year. In 2014 and 2015 non-transferable aid accounted for less than 1 percent, and net development cooperation was \$103 million and \$166 million, respectively.

Table 1 summarizes net US ODA extended to Ghana. Analysis of IATI data on US aid to Ghana in 2013 shows that 8 percent of the total (\$10.33 million) definitely arrived in Ghana through the government of Ghana (7 percent) and Ghana-based organizations (1 percent).<sup>21</sup> In 2014, 9 percent (\$9 million) arrived in Ghana directly through the government (8 percent) and Ghana-based organizations (1 percent). On the other hand, only 6 percent (\$9.5 million) arrived directly in Ghana in 2015, of which 68 percent went to the government of Ghana.

It is not possible to tell if the remaining 92 percent (\$122 million) in 2013, 91 percent (\$94 million) in 2014 and 94 percent (\$156.5 million) in 2015 arrived in Ghana, for two reasons:

1. The flow that went to international organizations with country offices in Ghana cannot be traced in enough detail to understand how much, if any, went to the Ghana country offices and how much remained at headquarters.

2. Most recipients of US government transactions do not report to the IATI Standard, and those that reported generally did not report incoming funds. Consequently, it is not feasible to state the volume of US net development cooperation that did reach Ghana (see below and Appendix A for details).

**Table 1: Summary of US development cooperation that arrived in Ghana, 2013, 2014, and 2015**

Category	Volume (\$ million)			Notes
	2013	2014	2015	
<i>Total US development cooperation allocated to Ghana</i>	132	103.9	167.7	The sum of all expenditure and disbursement transactions reported by the USG that falls into the relevant flow criteria defined in the methodology section. <sup>a</sup>
<i>Amount of non-transferable aid</i>	0	0.6	1.3	The sum of all types of aid that fall under non-transferable aid.
<i>Net development cooperation</i>	132	103	166	Total development cooperation minus non-transferable aid
<i>Direct flows to Ghana</i>	10 (8%)	9 (9%)	9.5 (6%)	ODA that went to the government of Ghana and Ghana-based organizations
<i>Indirect flows to Ghana (through international organizations with country offices)</i>	87 (66%)	60 (58%)	120 (72%)	Development cooperation that went to international organizations (NGOs, private sector firms and multilateral institutions) that have offices in Ghana. Further analysis of data published by international organizations does not provide sufficient detail to identify precise volumes, if any, that actually reached country offices rather than remaining at headquarters.
<i>Indirect flows to international organizations with headquarters in Ghana</i>	0.3 (0.2%)	0.2 (0.2%)	0.1 (0.1%)	West Africa Program to Combat AIDS and STI (WAPCAS)
<i>Indirect flows to Ghana (through non-recipient country implementer organizations)</i>	35 (27%)	34 (33%)	36.5 (22%)	Flows received by organizations that are neither based in Ghana nor have an office there, including US ODA that went to <ul style="list-style-type: none"> <li>the US government (\$29 million);</li> <li>Netherlands (\$3.5 million)</li> <li>Unspecified (\$19 million)</li> <li>US-based organizations (\$53.6 million)<sup>b</sup></li> </ul>

Source: Authors.

<sup>a</sup> There is no expenditure transaction reported in US-Ghana IATI. ODA accounts for more than 99 percent of total development cooperation.

<sup>b</sup> These figures are sums of ODA during 2013–2015.

Even when recipients of USG aid funds reported data to IATI, it generally was not possible to ascertain whether they spent some or all of the funds in Ghana. Examples include the following:

- Abt Associates
  - ✓ No incoming funds from USAID or other sources are reported.
  - ✓ Abt reported one £1.7 million commitment transaction to Ghana in 2014, provided by the UK Department for International Development (DFID).
- Marie Stopes International
  - ✓ Owing to a problem with the relevant activity file, it was not possible to download this organization's data.
- Plan International (US)
  - ✓ Plan International reported \$21 million in expenditure transactions (\$10 million in 2014 and \$11 million in 2015 to Ghana) provided by the Bill & Melinda Gates Foundation.
  - ✓ No incoming funds were reported.
- World Vision
  - ✓ World Vision reported a \$2 million commitment transaction to Ghana where the provider organization is USAID.
- WASH Alliance
  - ✓ No data were reported at the transaction level.
- UNICEF
  - ✓ No incoming funds were reported.
  - ✓ A total of \$4.5 million in expenditure transactions (\$0.7 million in 2013, \$1.6 million in 2014 and \$2.2 million in 2015) were reported, and USAID provided the funds. On the other hand, in US-Ghana IATI data, a total of \$18.4 million (\$1 million in 2013, \$1.4 million in 2014 and \$16 million in 2015) was reported as disbursement transactions from USAID and Department of State to UNICEF.
- DFID
  - ✓ No incoming funds were reported, while DFID received disbursements of \$1.5 million in 2013 and 2014 and \$16 million in 2015 from the USG.

## WHERE DOES THE MONEY GO? USG DEVELOPMENT COOPERATION ACROSS SECTORS

During 2013–2015 the bulk of USG aid to Ghana went to malaria control, primary education and agricultural development (Figure 6). This aligns with the USAID-Ghana development strategy goal of improving health status, primary schooling and agricultural sector development. In all years, the private sector spent most of its budget on malaria control<sup>22</sup> while primary education was financed by NGOs, government and multilateral institutions (Figure 7).

In 2013 and 2014, 6 percent of net development cooperation was not coded by sector; in 2015 the figure was 4 percent. We cannot ascertain how these funds were used.

### Policy markers

In addition to looking at the sectoral breakdown of flows, it is useful to identify where flows contribute to certain policy themes that cut across sectors. The IATI Standard includes a “policy-marker” field, which identifies an overarching theme addressed by flows. It is possible to report either OECD/DAC/CRS policy markers or those that are used in internal or local systems.<sup>23</sup> When reporting policy markers, donors can identify the percentage of flows for a particular year that address a particular theme, e.g., gender equality (Policy Marker code 1: Gender Equality). However, the US does not use policy markers in its IATI reporting, making it difficult to assess

the extent to which flows addressed themes of interest. Indeed, only 11 percent of all publishers currently use IATI policy markers (see Text Box 2). However, the use of policy markers may not necessarily (or in all cases) lead to greater clarity. For example, a large program with a small gender component marked as “gender equality” may somewhat misrepresent actual work on the ground, too.

**Box 2: Tracing gender-specific projects and programs**

Since the US does not use policy markers in its reporting to IATI, it is not possible to identify the volume of flows that address issues such as gender. An additional search through activity titles and descriptions for 2013 US development cooperation data in IATI did not yield further information. However, the resources directed to family planning and reproductive health likely contained elements that might be relevant to analysis of gender-related programming. It is also possible that other projects may have had significant gender-equality components. In particular, the development cooperation that went to health-related activities (for example, control of sexually transmitted diseases) and agricultural projects may have contributed to gender justice. According to the USAID-Ghana strategy (2013–2017), directing resources toward agriculture with explicit attention to reducing gender gaps in access to and control over key resources to improve nutritional status, especially of women and children, is among the development objectives. But because there is no indication in US-Ghana IATI data that these resources were allocated to gender-specific projects, we cannot tell for sure from these data. For further details and recommendations, see the Gap Analysis.



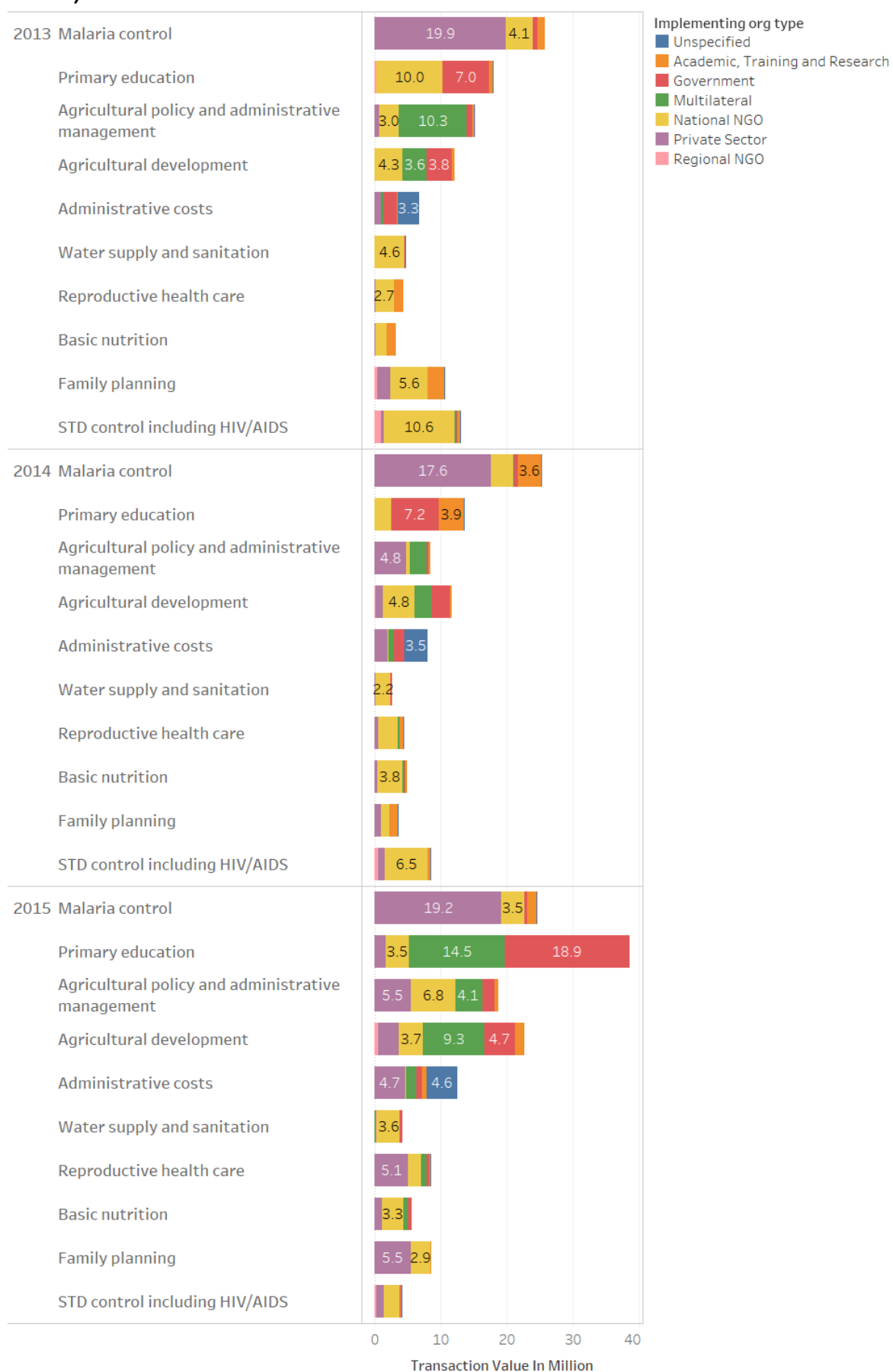
**Figure 6: US development cooperation across sectors**



Source: IATI data.

Note: Only sectors that received at least \$1 million are included in this analysis.

**Figure 7: US ODA across sectors broken down by implementing organization type (\$ million)**



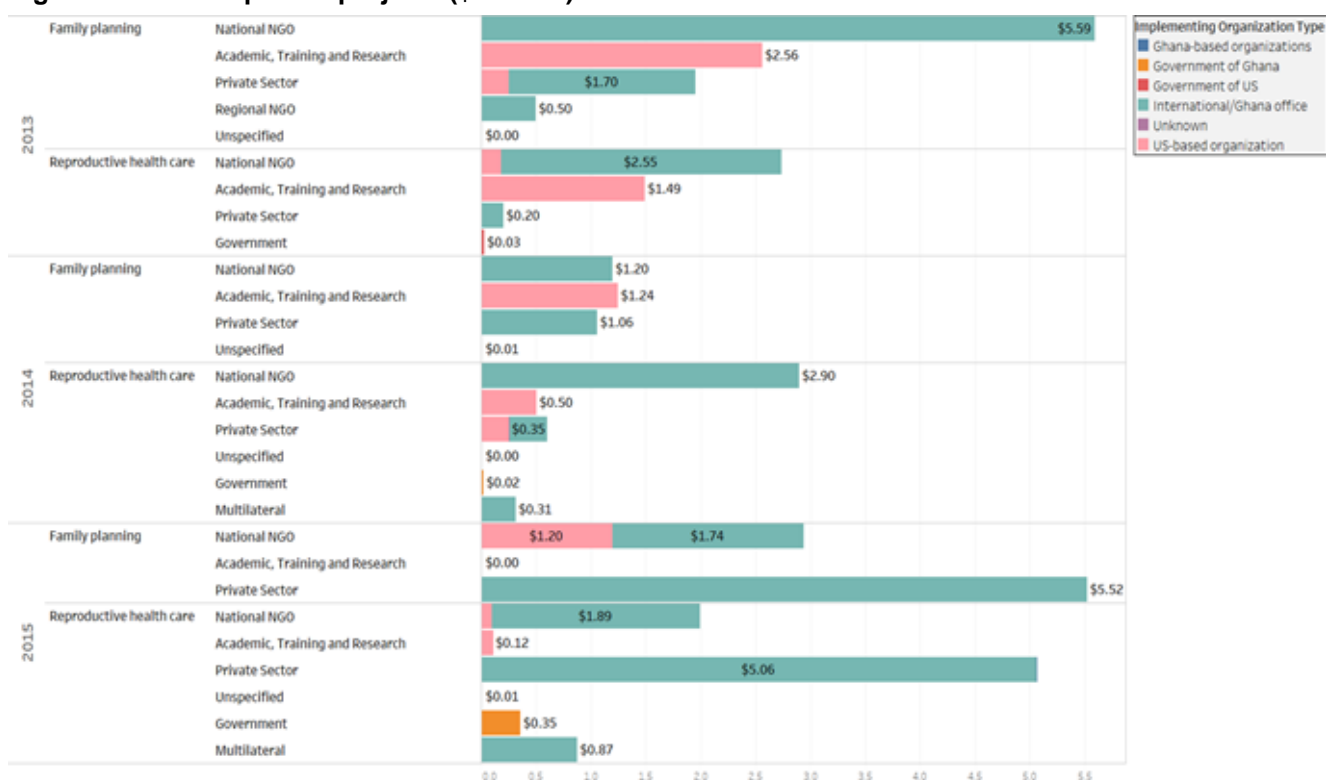
Source: IATI data.

## Gender-specific projects

Because of its commitment to gender justice, Oxfam has a particular interest in the percentage of development cooperation flows that contribute to gender-specific projects and programs. Considering family planning and reproductive health care as the components of gender-specific projects, we found the following:

- In 2013, \$15 million (11 percent of net development cooperation for that year) was allocated to gender-specific projects: family planning (8 percent) and reproductive health (3 percent). Seventy percent of the \$15 million went to international organizations with country offices in Ghana, and the remaining 30 percent went to US-based organizations (Figure 8).
- In 2014, about \$8 million (8 percent of development cooperation) was extended to gender-specific projects, of which only 0.25 percent definitely arrived Ghana through the government of Ghana. The remaining development cooperation went to international organizations with country offices in Ghana (64 percent) and US-based organizations (34 percent). Using IATI data, we cannot say for sure how much, if any, of these funds arrived in Ghana.
- The same trend holds for FY 2015. Out of \$17 million (10 percent of net development cooperation) that was extended to gender-specific projects, only 2 percent arrived in Ghana through the government of Ghana, and the remainder went to international organizations with country offices in Ghana (86 percent) and US-based organizations (11 percent).
- Other projects may have had significant gender-specific activities, but we cannot investigate this using IATI data because the US does not make use of IATI's policy markers for gender (see Text Box 2)

**Figure 8: Gender specific-projects (\$ million)**



Source: IATI data.

# KEY FINDINGS FROM APPLYING THE METHODOLOGY TO US AID TO GHANA

The results of our application of the methodology to the case of US aid to Ghana during 2013–2015 can be summarized as follows:

- It is possible to capture an estimate of the net amount of US development cooperation that is transferred to Ghana, but the estimate is incomplete. In particular, this is the case for flows that are channelled through non-country-based organizations. Even if IATI data show that flows are eventually transferred to a country-based organization or the country offices of an international organization, the precise volume of those funds is not clear.
- There are gaps in the publication of IATI data by the US government and its partners down the implementation chain. Filling these could provide a more comprehensive picture of the flow of US development cooperation. This is particularly true for tracing movement of flows beyond the first stage of the implementation chain, given that few receiver organizations publish to IATI and the data for those that do are limited.

## 3 MONITORING THE EFFECTIVENESS OF TRACEABLE DEVELOPMENT COOPERATION

Understanding whether development cooperation reaches intended recipient countries is essential to assess its impact on local economies. It also helps to build a better picture of how donors provide development cooperation and whether they do so in a way that helps recipient countries integrate the flows with other resources and manage development processes.

We look at two elements of development effectiveness related to how the US provides development cooperation and publishes data on their flows, by assessing

- the volume of development cooperation that is reported using classifications that can be matched with partner country budget classifications;
- how much US development cooperation is (1) “on budget” and (2) disbursed or expended through partner country systems.

Here we specify and apply methodologies for assessing these two questions (more detail is provided in Appendix B).

## MATCHING TO BUDGET CLASSIFICATIONS

Reporting development cooperation in a way that enables simple matching with developing-country budget classifications can ensure that counterpart governments can quickly and easily link data with their own relevant units, functions or programs. This is vital for providing the information required for effective macroeconomic forecasting, planning and budget planning and execution.

### Method

We adopted the 2012 IATI budget group proposal as a proxy measure of the degree to which US government IATI data can be matched with budget classifications used by recipient

countries. Initially, we also intended to map directly to Ghanaian budget classifications, but sufficient budget data were not publicly available to do this. According to the International Budget Partnership, the government of Ghana could make improvements in the comprehensiveness and timeliness of the budget information that it provides. For example, the government does not consistently publish pre-budget or year-end statements, and it is often late to issue the budget documents that it does publish.<sup>24</sup>

Table 2 shows the mapping of the US framework sector codes, reported in US IATI data, to the OECD/DAC/CRS purpose codes. The CRS codes are similar to the proposed IATI “common code,” a new code for classifying aid flows that is “a best fit for a functional classification of aid between partner country budget systems and a donor’s system.”<sup>25</sup> It is based on the budget classification systems of more than 35 countries.<sup>26</sup> According to the IATI Technical Advisory Group’s Working Group on the Budget Identifier, the proposed common code (CC) is closely aligned with the CRS code, meaning that most USG sector codes will align with the common code proposed by IATI. Further details on the mapping of US sectors with the common code and CRS are available in Appendix B.

In applying US IATI data, we find that 94 percent of USG development cooperation reported in IATI could be matched with OECD/DAC/CRS budget classifications in 2013, while it was 95 percent and 96 percent in 2014 and 2015, respectively. The remaining US development cooperation reported to IATI could not be matched with CRS purpose codes because it was allocated to unspecified sectors.

**Table 2: Mapping from CRS purpose codes to common code**

US IATI sector codes	Share of US development cooperation to Ghana allocated to sector (%)		
	2013	2014	2015
Primary education	13.50	13.17	23.18
Higher education	0.62	0.44	0.15
Basic nutrition	2.45	4.75	3.38
Basic health care	No budget allocated	0.10	0.56
Infectious disease control	0.01	0.00	0.03
Malaria control	19.46	24.42	14.76
Tuberculosis control	1.48	0.002	0.54
Reproductive health care	3.38	4.20	5.05
Family planning	8.03	3.40	5.09
STD control including HIV/AIDS	9.83	8.21	2.47
Water supply and sanitation—large systems	3.51	2.58	2.54
Public finance management (PFM)	0.20	0.01	0.003
Decentralization and support to subnational government	2.13	1.91	1.44
Anti-corruption organizations and institutions	No budget allocated	0.39	0.37
Democratic participation and civil society	1.14	1.45	0.01
Legislatures and political parties	0.01	0.07	No budget allocated

General budget support	No budget allocated		0.09
Civilian peace-building, conflict prevention and resolution	No budget allocated	0.00	0.00
Disaster prevention and preparedness	No budget allocated	No budget allocated	0.06
Social/welfare services	0.49	0.79	0.004
Informal/semi-formal financial intermediaries	0.05	No budget allocated	0.02
Financial policy and administrative management	No budget allocated	No budget allocated	0.19
Agricultural policy and administrative management	11.45	8.19	11.22
Agricultural development	9.23	11.26	13.66
Small and medium-sized enterprise (SME) development	0.23	1.20	1.90
Environmental policy and administrative management	0.74	0.34	1.00
Biosphere protection	1.19	No budget allocated	0.30
Material relief assistance and services	0.00	No budget allocated	0.01
Administrative costs	5.13	7.84	7.53
Economic and development policy/planning	0.00	0.00	0.72
Sectors not specified	No budget allocated	No budget allocated	0.02
Unknown sector	5.77	5.28	3.73

Source: Authors' calculations.

Note: Green = a direct map from the sector to the common code. Red = CRS codes that require extension to map to the IATI common code, according to work done by the IATI Technical Advisory Group's Working Group on the Budget Identifier. Purple = no direct mapping (because no sector was reported).

## Findings

In applying the methodology to US development cooperation, we find the following:

- The US uses CRS purpose codes as the sectoral classification in the IATI data. Among the sectors reported during 2013–2015, eight sectors need to be disaggregated according to the IATI proposed common code.<sup>27</sup>
- Among the sectors reported in 2013, 18 out of 25 sectors (86 percent of the dollar value of development cooperation reported to IATI) can be mapped to extended sector codes, and therefore to the proposed IATI common code. The remaining 7 sectors (14 percent of value) do not align because they are allocated either to a purpose code that needs to be extended<sup>28</sup> (8 percent of value) according to the IATI Technical Advisory Group's Working Group on the Budget Identifier or to unspecified sectors (6 percent).
- In 2014, 19 out of 25 sectors (84 percent of the value of development cooperation reported to IATI) can be mapped to extended sector codes, and therefore to the proposed IATI common code. The remaining 6 sectors (16 percent of value) do not align because they are allocated to a purpose code that needs to be extended (11 percent) or to unspecified sectors (5 percent).

- In 2015, out of a total of 30 sectors reported, 21 sectors (87 percent of development cooperation in 2015) can be mapped to extended sector codes, and therefore to the proposed IATI common code. The remaining 9 sectors (14 percent of value) do not align because they are allocated to a purpose code that needs to be extended (10 percent) or to unspecified sectors (4 percent).

In summary, using IATI data, we find that during 2013–2015 more than 80 percent of US development cooperation extended to Ghana, as reported in IATI, can be matched with the Ghanaian government's budget classifications. This high percentage is due to US use of CRS sector codes in its IATI reporting.

## HOW MUCH US DEVELOPMENT COOPERATION IS (1) “ON BUDGET” AND (2) DISBURSED OR EXPENDED THROUGH GHANAIAN SYSTEMS?

When development cooperation is “on budget” (reported in partner-country budget documentation) and disbursed using partner-country systems, it can enable management, oversight and scrutiny by domestic constituencies (such as parliament and civil society). If flows are well managed and subject to accountability processes, they are more likely to be allocated and used efficiently.<sup>29</sup>

For the purposes of this study (given data availability), we use the following definitions of “on budget” and “country systems,” which broadly reflect the essence of the work of the Collaborative Africa Budget Reform Initiative (CABRI):<sup>30</sup>

- **On-budget aid**—share of development cooperation funding scheduled for disbursement that is recorded in the annual budget approved by the legislatures of developing countries.
- **Aid that uses country systems**—the disbursement of funding through the partner country's budget execution, auditing, financial reporting and procurement procedures.

Given our inability to use IATI data to confirm whether or not more than 90 percent of US aid to Ghana actually reached the country during 2013–2015, we cannot use those data to determine whether US development cooperation was on budget or disbursed through Ghanaian systems.

It is possible, however, to get a historical picture of whether US aid was on budget or disbursed through Ghanaian systems. The 2011 Paris Declaration Survey for Ghana, which presented data for 2010, found that 76 percent of US aid to Ghana was on budget. It also found that aid donors made negligible use of Ghana's public procurement and financial management systems (see Table 3). These results suggest that although a considerable volume of development cooperation flows may reach Ghana, they are not necessarily provided in a way that enables the Ghanaian government to manage and integrate them most efficiently or that allows Ghanaian citizens to hold their government to account for its use of aid.

**Table 3: On-budget aid from the US and use of country systems, 2010**

Indicator	Result
Aid flows to government sector that are reported in Ghana's national budget	76 percent of US development cooperation was on budget.
Aid flows that use Ghana's public financial management (PFM) systems	0 percent of US development cooperation used Ghana's PFM systems.
Aid flows that use Ghana's procurement systems	1 percent of US development cooperation used Ghana's procurement systems.

Source: OECD, *Aid effectiveness 2011: Progress in implementing the Paris Declaration, Volume 2, Country chapters, Ghana* (Paris: OECD, 2012), [http://www.oecd-ilibrary.org/development/aid-effectiveness-2011\\_9789264125780-en](http://www.oecd-ilibrary.org/development/aid-effectiveness-2011_9789264125780-en).



## 4 GAP ANALYSIS

The methodologies described above have certain limitations that prevent the calculations from being more than estimates. In this section, we subject these limitations to a gap analysis of the use of the IATI Standard by the USG and other IATI publishers, and the existing fields of the IATI Standard.

Some of the most important findings from the gap analysis are the following:

- If the USG required recipients of its development cooperation to publish to IATI,<sup>31</sup> traceability beyond the first step of the implementation chain could improve dramatically.
- Improving levels and quality of publication in the following fields would improve the traceability of US development cooperation flows: organization type, activity titles and descriptions (to a level similar to that in the CRS), transaction dates, organization identifiers at the transaction level, DAC sector codes and subnational region of activity.
- Publication of policy markers would allow for simple tracing of thematic flows down the implementation chain.

Table 4 provides the full gap analysis and makes recommendations that IATI stakeholders and publishers should consider in their ongoing work to allow for greater traceability of development cooperation flows.

**Table 4: Gap analysis**

Gap	Description and limitations for methodology and analysis	Recommendation
<b>US government application of the IATI Standard</b>		
<i>“Organization type” is not recorded for implementing organizations.</i>	The US data currently do not include the organization type code (e.g., government, NGO), which meant each transaction-receiving organization needed to be coded manually. The data were coded by researching the organization’s name and cross-checking codes with DAC CRS data, where the organization was reported. Organization type codes would allow more automated coding of organization types for organizations that receive USG flows.	The US government to publish organization type codes for implementing organizations.
<i>Activity titles and descriptions are of relatively poor quality.</i>	Poorly reported activity titles and descriptions hinder the ability to trace flows to implementing organizations’ activities or to manually code organization types. The US government’s CRS data have much better quality titles and descriptions than found in IATI.	The US government to improve quality of activity titles and descriptions (perhaps using those in the CRS).
<i>US data do not include organization identifiers for transaction-receiving organizations.</i>	No organization identifiers are used in the US IATI data for the transaction-receiving organizations. Currently, organization identifiers are useful for identifying the country where the receiving organization is registered, and therefore where it can be assumed it works (and where the	The US government to report receiving organization identifiers under the transaction element and implementing organization identifiers under the participating



	development cooperation flows go to). The organization identifier (e.g., GB-COH-123456) uses the ISO code for the country where the organization is registered as its first two letters. Organization identifiers are also rarely used for implementing organizations in the data, which means that they cannot be cross-referenced from this source.	organization element.
<i>Few recipients of US government development cooperation publish to IATI.</i>	As noted, the greatest limitation in the analysis was lack of data provided by recipients of US government development cooperation. Such data would enable flows to be traced further down the implementation chain and give a clearer estimate of the net volume of development assistance that reaches and remains in Ghana.	The US government to require that organizations that receive US development cooperation publish data using the IATI Standard, enabling greater traceability. Other donors such as the Netherlands and the UK have such requirements.
<i>There are discrepancies between total development cooperation reported for each year to different sources.</i>	While total volume was comparable across the three sources (IATI, the OECD DAC CRS and the Foreign Assistance Dashboard), total flows from each agency varied considerably across the three. It is thus unclear which data source is most accurate and has the greatest detail.	The US government to increase the consistency of development cooperation reporting across IATI, CRS and the Foreign Assistance Dashboard.
<i>The US government does not report the policy marker field in IATI.</i>	To track thematic foci of donors, the policy markers from the CRS were integrated into the IATI Standard. The US government, along with many other donors, does not currently report policy markers to IATI, making it difficult to trace flows thematically across multiple sectors. This is particularly important for monitoring flows to areas such as gender equality, which may be a significant element of activities from a number of sectors. Including policy markers might allow data users to monitor flows in these thematic areas more accurately rather than relying on basic search functions for words and terms in activity descriptions and titles and building assumptions. Even if the use of policy markers does not enable improved monitoring, it would presumably aid analysis by more directly identifying which programs may be relevant.	The USG to report policy markers in IATI.
<i>The US government does not report transaction recipient region.</i>	Regional data could allow for more disaggregated data at the regional level and help determine US development cooperation spending that is transferred to Ghana by subnational location.	The USG to report recipient region in IATI data.

Overall application of the IATI Standard		
<i>Publishers do not always use unique organization identifiers.</i>	These identifiers can be used to find additional information on organizations receiving aid and implementing activities, including the country in which they are based.	IATI to require publishers to use unique organization identifiers.
<i>Some IATI publishers apply transaction types (disbursement and expenditure) inconsistently.</i>	<p>In IATI, transactions are used to report the incoming and outgoing flows of an organization. There are two main types of outgoing transactions: disbursements and expenditures.</p> <p><b>Disbursements</b> are outgoing funds that are placed at the disposal of another organization (government or implementing partner). Under IATI, recipients of disbursements should be required to publish their data to IATI.</p> <p><b>Expenditures</b> are outgoing funds spent directly on goods and services that are seen as the end of the implementation chain. The recipients of expenditures would not sit within IATI's traceability framework.</p> <p>Currently, there is some inconsistency in how publishers apply these terms to their financial transactions, with disbursements being reported as expenditures and vice versa. This means that identifying the end of the implementation chain (and therefore where funds are finally spent) can be challenging.</p>	IATI to develop clearer guidance for publishers on the differences between transaction types.
<i>Country-based organizations currently publishing IATI data are scarce.</i>	<p>One of largest limitations to tracing flows once they reach a country is the scarcity of country-based organizations down the implementation chain that publish IATI data.<sup>32</sup> According to the IATI registry, only 27 national NGOs from developing countries publish to the Standard. In total, three Ghana-based organizations have published their data to IATI (one national NGO, one international NGO and one private sector entity). If more were to do so, it would result in more accurate figures on the volume of flows that reach the country. Nevertheless, US government IATI data shows that most recipients are international organizations with country offices. This is due in part to the current coverage of organizations publishing to IATI,<sup>33</sup> which shows more international than country-based organizations. Another reason for this is that most US aid goes to international organizations (public, NGO, and private).</p>	US and other donors to encourage country-based partners to publish to IATI. IATI to promote more widely simplified IATI reporting tools, such as Aidstream. <sup>34</sup>

<i>"Disbursement channel" is rarely used by publishers.</i>	The "disbursement channel" <sup>35</sup> field under the transaction element in the IATI Standard can be used to highlight where money is flowing directly to a ministry of finance or other government institution or whether it is "aid-in-kind" (directly from donors or through NGOs). Currently, publishers rarely use this field. <sup>36</sup> If it were used, it would help identify where money is flowing through recipient-country systems by introducing a new step in the methodology that would enable flows to reach a recipient-country government more easily.	IATI to strongly encourage publishers to make use of the "disbursement channel" field.
<i>"Organization identifiers" are rarely used in reporting transaction-receiving organizations.</i>	IATI publishers other than governments commonly do not use organization identifiers. At each place in the Standard where an organization should be reported, there is a framework in place to allow publishers to provide the organization identifier, but it is rarely used. Monitoring organization identifiers (which contain the location of an organization's registration) is a central part of IATI's traceability structure.	Publishers to use organization identifiers where possible.
<b>Design of the IATI Standard</b>		
<i>The "organization type" code is only related to the implementing organizations of an activity and not the transaction recipients.</i>	"Organization type" codes can be reported only for the participating organization element of the IATI Standard and not for the "receiving organization" of a transaction. This means that it is sometimes necessary to cross-reference the "receiving organization" of the transaction against the "implementing organization" to identify what type of organization it is. Analyzing the US IATI data was not problematic because implementing organizations and disbursement-receiving organizations match. For other publishers, this may not be the case.	Publishers to include the "organization type" code under the element for "transaction – receiver organization."
<i>The IATI Standard classification of organizations does not include location information</i>	When defining an organization in IATI, the classifications do not include an organization's location. This could mean that a transaction recipient organization could be classified as "government," where the category could refer either to the recipient developing-country government or a donor government managing a pooled fund. Hence, research is needed to understand the structure of organizations and their location (where they are based, whether they have country offices). This research can then be used to code organizations as	IATI to extend "organization type" codes to mirror the CRS channel codes (and consider extending further where necessary; see methodology note for detailed recommendations).

	“country-based,” “international organizations with country offices” or “non-recipient country implementer.”	
<i>The IATI Standard captures financial outflows and inflows from and to organizations, not locations.</i>	<p>There is no facility in the IATI Standard to capture the location where flows go or the bank account to which they arrive. Users can ascertain to which organizations funds flow, but not the precise location where the money ends up. This methodology relies on using data such as organization type codes and organization identifiers to make assumptions about where financial flows end up. Thus applying this methodology will provide only an estimate of net development cooperation flows that remain in an intended recipient country.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• For flows from country-based organizations: <ol style="list-style-type: none"> <li>1. Expenditures end up in country</li> <li>2. Implementer costs remain in country</li> </ol> </li> <li>• For flows from international organizations with country offices: <ol style="list-style-type: none"> <li>1. Expenditures are likely to end up in country</li> <li>2. Implementer costs will not reach the country</li> </ol> </li> <li>• For non-recipient country implementers: <ol style="list-style-type: none"> <li>1. Expenditure will not reach the country</li> <li>2. Implementer costs will not reach the country</li> </ol> </li> </ul>	IATI to consider methods for recording the location of transaction flows (for example, making organization type for transaction receivers mandatory or including a location field or marker).
<i>The IATI Standard does not currently allow for individual financial flows to be traced within activities.</i>	<p>Currently, individual flows are not traced within an IATI activity. For example, if an NGO activity has a \$1 million inflow from each of the US and UK governments and outflows of \$1.5 million in total, there is no way of knowing how much of the US government money has been spent—only how much of the UK and US flows combined has been spent. This means that for organizations with incoming funds from multiple donors, it is difficult to ascertain the precise amount of each donor’s flow that has been spent in different ways. Hence applying the methodology will only provide an estimate of net development cooperation flows that remain in an intended recipient country.</p> <p><b>Assumption:</b></p> <ul style="list-style-type: none"> <li>• The proportion of a recipient’s total activity budget coming from the</li> </ul>	IATI to assess ways of tracing individual flows through the use of identifiers or markers.

	traced flow must be calculated and then applied to calculations for implementer costs, and ongoing disbursements or expenditures.	
<i>The IATI Standard is not designed to capture reporting by governments that are recipients of development cooperation flows.</i>	<p>The movement of development cooperation flows by recipient governments is outside the scope of IATI. This means that the traceability link is currently broken when flows enter a government budget. It is theoretically possible to assess outflows from some governments through budget tracking and or open procurement mechanisms, such as Open Contracting (<a href="http://www.open-contracting.org">www.open-contracting.org</a>). However, there are currently limitations to this:</p> <ul style="list-style-type: none"> <li>• Most budgets do not contain details at the line level about where donor support is used, which donors are involved, and which donor activities the funds come from.</li> <li>• An initial version of the Open Contracting Standard was released in November 2014 but is still in its infancy.</li> </ul> <p>For this reason, tracing flows through recipient governments have been left out of this research methodology for the time being.</p>	IATI to continue work with the Joined-up Data Alliance to consider how to enable traceability between data standards.
<b>Accessibility of IATI data</b>		
<i>The IATI Datastore does not currently provide all IATI fields when a download is requested (for example, related documents)</i>	<p>The IATI Datastore is in the early stages of development and does not enable users to access all IATI data fields when downloading data. This means that additional manual searching of IATI data files is necessary to collect information from fields such as related documents. This information can be particularly helpful for understanding the nature of activities and how money is spent. There are also some bugs that mean that some information is not exported (for example, sector code names).</p>	IATI to repair bugs on the Datastore and expand its functionality to export all fields relevant to an activity or transaction.

Source: Authors.

# 5 CONCLUSIONS AND RECOMMENDATIONS

## CONCLUSIONS

The analysis in this paper has shown that the current framework of the IATI Standard can be used to trace flows partway through the implementation chain. Specifically,

- it is feasible to calculate net development cooperation flows intended for a recipient country such as Ghana; and
- it is possible to estimate
  - ✓ the volume of flows that are actually transferred to the intended recipient country; and
  - ✓ the volume of flows that remain in the country.

However, making certain IATI reporting fields (e.g., organization type, organization identifier) mandatory at the transaction level and introducing improved location markers for organizations would improve the accuracy of this estimate (see the Gap Analysis in section 4 of this report).

To provide data that supports traceability, certain IATI fields also require publishers to supply **better-quality reporting or improved volumes of reporting**. This can be achieved by a combination of the following:

- Increasing the number of country-based organizations reporting to IATI to significantly improve the ability to trace flows through the implementation chain.
- Increasing publication of organization type codes, organization identifiers and disbursement channels.
- Improving consistency in the publication of transaction types, including expenditure and disbursement transactions.

In applying the methodology to **US development cooperation flows to Ghana**, reported to IATI for 2013–2015, we found the following:

- It is feasible to calculate the net development cooperation flows to Ghana, but there are some inconsistencies between data published to IATI, the OECD/DAC/CRS and the Foreign Assistance Dashboard. Accordingly, net development cooperation was \$132 million, \$103 million and \$166 million in 2013, 2014 and 2015, respectively.
- It is only possible to estimate for certain that a small share of US aid resources was transferred to Ghana: \$10 million (8 percent) in 2013; \$9 million (9 percent) in 2014 and \$9.5 million (6 percent) in 2015. Data are not sufficient to ascertain whether the remaining US\$122 million in 2013, \$94 million in 2014 and \$156 million in 2015 reached Ghana or not.
- Most of the resources go to US-based for-profit entities and large international NGOs, most of which do not publish to IATI. Owing to the low levels of IATI publication, it was not feasible to follow a significant proportion of flows beyond the first stage of the implementation chain to identify which flows remained in country.
- If the US government required recipients of its development cooperation to publish to IATI, traceability beyond the first step of the implementation chain would improve significantly.
- Improving levels and quality of publication in the following fields would improve the traceability of US development cooperation flows: organization type, activity titles and descriptions (to a level similar to that in the CRS), transaction dates, organization identifiers at the transaction level, DAC sector codes and subnational region of activity.

- Publication of policy markers would enable simple tracing of thematic flows (e.g., gender equality) down the implementation chain.

When it comes to monitoring the **ability to integrate development cooperation flows into recipient budgeting systems**, we found that 86 percent (2013), 84 percent (2014) and 87 percent (2015) of US development cooperation extended to Ghana, which is reported in IATI, can be matched with the Ghanaian government's budget classifications.

In addition, we found that it is difficult to use IATI data to assess the use of country systems. Outside IATI, the only available data is very dated:

- The 2011 Paris Declaration Survey for Ghana reveals that 76 percent of US development cooperation in 2010 was reported on Ghana's national budget.
- The same survey shows that US aid simply does not use Ghanaian systems: only 1 percent of US development cooperation used Ghana's procurement systems, and none went through Ghana's PFM systems.

Our findings suggest that while a considerable volume of development cooperation flows may reach Ghana, they are not necessarily being provided in a way that enables the most efficient management and integration of flows by the government of Ghana, or in a way that allows for Ghanaian citizens to hold their government to account for its use of aid.

Applying some changes to the existing IATI Standard and strengthening reporting by donors and recipient organizations down the implementation chain would allow more accurate and comprehensive traceability. Furthermore, it is clear that there is still a great deal of progress to be made in using Ghana's systems to ensure strong management of development cooperation flows at the country level.

## RECOMMENDATIONS

With this in mind, the following are proposed next steps by the US government, IATI, its publishers and the broader IATI community. These include proposals for further research into traceability.

### The IATI team and community

- Promote and support traceability by providing clear guidance on how traceability works and how to publish data in a way that fosters it.<sup>37</sup>
- Talk to key IATI publishers to understand the opportunities and challenges for publishing better data that improve the traceability of development cooperation.
- Encourage donors who require their partners to publish to IATI to think about how they can support traceability in their rules and training.

### US government

- Discuss the following with Oxfam and the IATI Secretariat:
  - ✓ The potential for action on the recommendations outlined in this report
  - ✓ The discrepancies between data sources (IATI, CRS and the Foreign Assistance Dashboard).
- Consider ways of requiring recipient organizations to publish to the IATI Standard and supporting them in doing so, building on the experience of others, including the Netherlands and the United Kingdom.

## Further research

The analysis in this report has answered many questions, but it has also identified a need for further research in several areas:

- Testing the IATI traceability model with case studies. Case studies could take specific development cooperation flows and manually collect information that demonstrates their traceability. With this information, it would be possible to reverse-engineer the outcome to demonstrate how the IATI Standard could have been used and how easily the relevant organization could have published this information. This research could be approached by looking at the bottom of the implementation chain as well as the top.
- Exploring other sources for information about traceability of aid, by, for example,
  - ✓ reviewing documents published through IATI and on websites to assess their role in providing useful information to answer the questions;
  - ✓ examining the websites of organizations that receive flows;
  - ✓ analyzing the role of open contracting; and
  - ✓ analyzing the role of open budgets and aid management systems.
- Testing the assumptions made within the methodology outlined in this paper, and assessing alternative approaches. The following questions could be explored in further detail:
  - ✓ Who requires traceability information in country, and what are their specific use cases?
  - ✓ Does having country offices mean the money arrives in the country?
  - ✓ Is expenditure actually the end of the chain (e.g., if expenditure flows to an international organization, does it mean the money does not reach the country)?
  - ✓ Is a 12-month traceability “lag” between a disbursement inflow and a related outflow sufficient?
  - ✓ Are implementing organizations always aligned with transaction recipients (as they are in US data)?
  - ✓ Is there a need to develop traceability models for different types or sectors of aid? For example, is there a prescribed volume that is permitted to be spent as “implementer costs” by INGOs, which could be used to calculate the volume of flows that does not reach the intended recipient country?



# APPENDICES

## APPENDIX A: DETAILED FINDINGS—APPLICATION OF THE METHODOLOGY TO US DEVELOPMENT COOPERATION TO GHANA

Appendix Table 1 shows the principal US aid implementers (defined as those that received \$1 million or more) according to the IATI data. They accounted for 88 percent of total US aid to Ghana in 2013, 83 percent in 2014 and 91 percent in 2015.<sup>38</sup> Appendix Table 2 provides information on traceability vis-à-vis a selection of these large recipients.

**Appendix Table 1: Major implementers of US aid to Ghana, 2013–2015**

Implementing organization	Transaction value (\$ million)	% of total transaction value
<i>2013</i>		
John Snow, Inc.	25.38	19.23
World Bank Group	13.58	10.28
Government of Ghana	8.59	6.50
Family Health International	8.36	6.33
ACDI/VOCA	7.20	5.46
Abt Associates	7.04	5.33
Johns Hopkins University	6.76	5.12
US Department of Agriculture	5.12	3.88
Relief International	4.59	3.48
Unknown	4.24	3.21
Plan International	3.94	2.98
Peace Corps	3.48	2.64
Unspecified	3.45	2.61
University Research Co., LLC	3.21	2.43
Management Systems International	2.81	2.13
KNCV Tuberculosis Foundation	2.20	1.67
University of Rhode Island	2.08	1.58
CARE	1.84	1.39
UK Department for International Development (DFID)	1.50	1.14
Government of Denmark	1.00	0.76
<i>2014</i>		
John Snow, Inc.	18.03	17.36
Government of Ghana	8.01	7.71
Abt Associates	6.18	5.95
Johns Hopkins University	5.51	5.30
ACDI/VOCA	5.32	5.12
Family Health International	4.86	4.68
Chicago State University	3.86	3.72

Unspecified	3.57	3.44
Peace Corps	3.51	3.38
US Department of Agriculture	3.28	3.16
JHPIEGO	2.97	2.86
International Fertilizer Development Center (IFDC)	2.74	2.64
World Bank Group	2.51	2.41
CARANA Corporation	2.44	2.35
Program for Appropriate Technology in Health (PATH)	2.41	2.32
Management Systems International	1.98	1.90
Development Alternatives, Inc.	1.94	1.87
UK Department for International Development (DFID)	1.58	1.52
Relief International	1.50	1.45
Chemonics	1.44	1.39
United Nations Children's Fund (UNICEF)	1.41	1.36
CARE	1.28	1.23
Citizens Development Corps, Inc.	1.24	1.19
Nexant, LLC	1.06	1.02
<i>2015</i>		
John Snow, Inc.	19.71	11.75
United Nations Children's Fund (UNICEF)	16.09	9.59
UK Department for International Development (DFID)	16.00	9.54
World Bank Group	9.88	5.89
Abt Associates	7.82	4.66
ACDI/VOCA	7.80	4.65
University Research Corporation–Center for Human Services	7.23	4.31
US Department of Agriculture	6.30	3.76
Government of Ghana	6.13	3.65
Family Health International	4.86	2.90
Unspecified	4.83	2.88
CARANA Corporation	4.81	2.87
International Fertilizer Development Center (IFDC)	4.66	2.78
CHF International	4.50	2.68
Management Systems International	3.65	2.18
Chemonics	3.43	2.05
University of Rhode Island	3.03	1.81

Program for Appropriate Technology in Health (PATH)	2.86	1.70
ICF International & ICF Macro	2.33	1.39
Peace Corps	2.06	1.23
Social Impact, Inc.	1.96	1.17
Unknown	1.70	1.01
JHPIEGO	1.66	0.99
Citizens Development Corps, Inc.	1.50	0.89
Development Alternatives, Inc.	1.50	0.89
Johns Hopkins University	1.41	0.84
Recipient indicated as "Not Applicable" in IATI data (no further information available)	1.28	0.76
Nexant, LLC	1.19	0.71
KNCV Tuberculosis Foundation	1.10	0.65
University of Cape Coast (DFAS)	1.06	0.63
Population Services International (PSI)	1.00	0.60

Source: IATI data.

**Appendix Table 2: Traceability by implementer**

<b>Implementer</b>	<b>\$ million (share of US aid to Ghana)</b>	<b>Ghanaian organization?</b>	<b>Office in Ghana?</b>	<b>IATI publisher?</b>	<b>Other information to support traceability</b>
Millennium Challenge Account Ghana	3.2 (10%)	Yes	Yes	No	
JSI Research & Training Institute, Inc.	13 (10%)	No	Yes	No	JSI Research & Training Institute, Inc., and John Snow, Inc. are the nonprofit and for-profit arms of the same firm.
John Snow, Inc.	12.4 (9%)	No	Yes	No	
World Bank	9.3 (7%)	No	Yes	Yes	Documents are published in IATI, and further details are on the World Bank website.
Family Health International	9.2 (7%)	No	Yes	No	
ACDI/VOCA	8.4 (6%)	No	Yes	No	
Government of Ghana	8.3 (6%)	Yes	Not applicable	No	Budget data are publicly available.
Abt Associates	8.1 (6%)	No	Yes	Yes (since July 2015)	
Johns Hopkins University	6.8 (5%)	No	Unknown	No	
Relief International	4.6 (4%)	No	Unknown	No	
Plan International USA	3.9 (3%)	No	Yes	Yes	
Peace Corps	3.4 (3%)	No	Yes	Yes	
University Research Co., LLC	3.2 (2%)	No	Unknown	No	
US Department of Agriculture	3 (2%)	No	Unknown	No	
Management Systems International, Inc.	2.8 (2%)	No	Unknown	No	MSI is a subsidiary of Coffey, which publishes to IATI.

KNCV	2.2 (2%)	No	No	No	
CARE	1.8 (1%)	No	Yes	Yes (only for UK-funded projects)	
DFID	1.5 (1%)	No	Yes	Yes	
Ghanaian NGOs combined	1.3 (1%)	Yes	Not applicable		
Government of Denmark	1 (1%)	No	Yes	Yes	

*Source: IATI data and authors' analysis.*

*Note: Data in the country office column is based on research on organizations' website contacts pages.*

For a selection of the implementers in Appendix Tables 1 and 2, we tested for two things:

1. Inflow traceability: identifying the incoming flow from the USG government
2. Outflow traceability: identifying where the USG flow goes next after reaching the recipient.

Appendix Table 3 shows the results of this analysis.

**Appendix Table 3: Traceability for selected implementers**

Implementer	Inflow traceability	Outflow traceability
<p><i>World Bank</i> \$9.3 million total For 2 World Bank projects:</p> <ul style="list-style-type: none"> <li>• Ghana Commercial Agriculture Project (GCAP): \$0.5 million<sup>a</sup></li> <li>• Consultative Group on International Agricultural Research (CGIAR): \$8.8 million<sup>b</sup></li> </ul>	<p>The World Bank does not publish data on incoming funds, so we cannot follow the money directly.</p> <ol style="list-style-type: none"> <li>1. GCAP: Identified through project title in World Bank IATI data. The total project commitment is \$100 million.</li> <li>2. CGIAR: Could not be obviously identified in World Bank IATI data.</li> </ol>	<p>According to the World Bank's IATI data, \$24 million have been disbursed for GCAP since 2013. There are no details in the transactions about the organizations receiving disbursements. The implementing agency is listed as the Ghanaian Ministry of Agriculture and Food. It is not possible to follow specific outflows from the World Bank, which can be linked to corresponding inflows from the USG.</p>
<p><i>Plan US</i> \$3.9 million For Ghana Transition and Persistence (TAP) Project<sup>c</sup></p>	<p>The TAP project was identified in Plan US's IATI data. It includes an incoming fund transaction from the US of \$9.5 million with a 2010 date, but no specific data from 2013.</p>	<p>There are no outflow details for the TAP project.</p>
<p><i>DFID</i> \$1.5 million For Strengthening Transparency and Accountability and Responsiveness in Ghana (STAR Ghana) Project<sup>d</sup></p>	<p>The STAR Ghana project was identified in DFID's IATI data. £12.5 million total commitment. No data were provided about incoming funds, so it is not possible to follow specific funds accurately. In total, the US provided \$3.1 million to the fund, so approximately 16% of total outflows can be attributed to the US, but not for a specific year.</p>	<p><i>DFID:</i> Since 2013, £2.6 million has been disbursed, but the receiver's name has been withheld. This may be because the project is politically sensitive (focused on increasing parliamentary and civil society organization influence on governance of public service delivery). There has been an additional £2.5m expenditure, £2.3m of which went to Coffey—a UK-based consultancy firm. Coffey also publishes to IATI.</p> <p><i>Coffey:</i> Coffey's IATI data show aggregate incoming funds from DFID since the start of project at £3.3 million and disbursement of £5 million in 2013 (no receiver specified). Nine expenditure transactions since the start of the project total £3.68 million. Without information specific to year, and no receiver organization data published, it is not possible to follow the money any further in order to understand whether it reached Ghana or not.</p>

<p><i>Government of Denmark</i> \$1 million For Business Sector Advocacy Challenge Fund</p>	<p>The Business Sector Advocacy Challenge Fund was identified in Denmark's IATI data, from the project title. No data were available about incoming funds. Total commitments for the project were only \$0.15 million</p>	<p>Disbursements of \$0.15 million were recorded in Denmark's IATI data in 2014 and 2015. No receiver organization information was published, but the implementing organization is listed as "Government."</p>
<p><i>UNICEF</i> \$0.97 million For 2 UNICEF projects:</p> <ul style="list-style-type: none"> <li>• HIV/AIDS</li> <li>• Policies, Regulation and Systems</li> </ul>	<p>The projects were not easy to identify in UNICEF's IATI data, which do not include data on incoming funds. We identified UNICEF projects with the US indicated as the funding organization. However, they do not obviously align with the sectors reported in the USG's IATI data.</p>	<p>The projects that we perceived to be funded by the US expended \$2 million and disbursed \$0.1 million during 2013 and 2014 (significantly more than was originally disbursed by the US). UNICEF data give no details about the receivers of the outflows or any implementing organization.</p>

Source: Authors' analysis.

<sup>a</sup> The GCAP project page is at [www.worldbank.org/projects/P114264/ghana-commercial-agriculture?lang=en](http://www.worldbank.org/projects/P114264/ghana-commercial-agriculture?lang=en).

<sup>b</sup> The CGIAR website is at [www.cgiar.org/](http://www.cgiar.org/). The CGIAR has a multidonor trust fund, the CGIAR Fund, which is administered by the World Bank.

<sup>c</sup> The Ghana Transition and Persistence Project (TAP) project website is at [www.planusa.org/ghana-transition-and-persistence](http://www.planusa.org/ghana-transition-and-persistence).

<sup>d</sup> The Strengthening Transparency and Accountability and Responsiveness in Ghana (STAR) project information are available at [www.devtracker.dfid.gov.uk/projects/GB-1-201590/](http://www.devtracker.dfid.gov.uk/projects/GB-1-201590/).

As it currently stands, there is not enough information to draw meaningful conclusions from the traceability aspect of this study. There is enough, however, to suggest potential for doing so in the future. In most cases it is possible to trace the flow to the relevant project in the implementing organization's data, but a lack of critical information prevents full traceability. In most cases the missing information consists of data on incoming funds (or total project commitments), which would allow calculation of the proportion of the project funded by US. Beyond this, the missing information differs in each case, suggesting that the problem is not inherent within the IATI traceability model but rather something that could be improved by working with publishers.

# APPENDIX B: DETAILED METHODOLOGY—MATCHING US DEVELOPMENT COOPERATION TO PARTNER-COUNTRY BUDGET CLASSIFICATIONS

## To what extent can US development cooperation be matched to partner-country budget classifications?

Governments commonly use three types of budget classifications—economic, functional, and administrative—with which development cooperation needs to align (Appendix Table 4).

**Appendix Table 4: US aid and Ghanaian budget classifications**

Classification	Definition	Standards and norms	Comparable classifications in development cooperation data
<i>Economic</i>	Type of expenditure—capital or recurrent, grants or subsidies, etc.	IMF's Government Financial Statistics (GFS)	None
<i>Functional</i>	The purpose of the expenditure—i.e., sectoral focus	Classifications of the Functions of Government (CoFoG)	CRS purpose codes <sup>a</sup> ; IATI sector codes <sup>b</sup>
<i>Administrative</i>	The government institution responsible for the flow	Country specific	CRS agency codes <sup>a</sup> ; IATI implementing organization <sup>c</sup> /transaction receiver organization <sup>d</sup>

Source: Authors.

<sup>a</sup> OECD DAC code lists are available at <http://www.oecd.org/dac/stats/dacandcrscodelists.htm>.

<sup>b</sup> IATI sector codes are available at <http://iatistandard.org/201/codelists/Sector/>.

<sup>c</sup> IATI participating organization reference page is available at <http://iatistandard.org/201/activity-standard/iati-activities/iati-activity/participating-org/>.

<sup>d</sup> IATI transaction receiver organization reference page is available at <http://iatistandard.org/201/activity-standard/iati-activities/iati-activity/transaction/receiver-org/>.

Classifications such as these are designated through a variety of codes, defined through national or international systems (GFS, CoFoG, etc.). Governments use multiple classifications (in different combinations) depending on their budgeting systems.

## IATI and budget classifications

IATI has established a working group to look at how the IATI Standard can best ensure easy alignment between development cooperation data and country budgets. This working group has identified the need for two pieces of information in order for donor activities to align with 90–99 percent of most budgets (this was based on a 2012 study of 35–40 countries and further tested during 2014 in 5 countries<sup>39</sup>):

- A “common code” classification system: A coding system made up of 153 codes that can be mapped to most budgets’ functional and administrative classifications. As a pragmatic means of achieving this, they have recommended that five of the current DAC/CRS sector codes (also the codes used by the IATI Standard), extended to map to the common code and in turn most country budgets. The current CRS purpose codes map to 61 percent of the common code.<sup>40</sup>
- An economic classification: This classification would identify whether the flow is a capital or recurrent cost. Economic classifications are widely used by governments in classifying their budgets, often combined with either functional or administrative classifications. The 2012



IATI study found that economic classifications would enable recipient governments to classify flows appropriately against administrative classifications for budget formulation, execution and transparency.<sup>41</sup>

Currently, the working group is focused on working with the DAC Working Party for Statistics to see if more CRS purpose codes can be adopted. If these discussions are successful, the common code will be dropped, but for the purposes of this study the proposed common code methodology will be used.

Sometimes when an activity is identified in the CRS and triangulated with the sector reported there, direct mapping is clear. For example, there are different CRS codes that could be relevant for water and sanitation, but since only one is used in the CRS data, it is clear that there is a direct mapping.

Finally, in some cases the IATI Working Group on the Budget Identifier has identified the CRS code as not being detailed enough and therefore subject to a proposal for extension to increase the ability to map to budget classifications. For example, the proposal is that the “Decentralisation and Support to Subnational Government” code needs to be split into four codes to properly match up with the common code.

We calculated a volume-per-sector breakdown of US development cooperation in IATI for a year, based on CRS purpose codes but using the sector classifications reported in IATI. We calculated the proportion of total funds that is either

1. allocated to a purpose code that will be extended in the IATI proposals; or
2. a non-DAC sector classification that does not map to the CRS purpose codes; this proportion will be considered as not aligning with budget classifications.

### **Limitations and assumptions in matching US development cooperation to partner-country budget classifications**

The major limitation is that currently there is no method for assessing economic classification. Once the proposal for an additional field is accepted and implemented, we will be able to incorporate this information into the methodology.

The main assumption is that the common code aligns to the relevant country budget. Although this has been tested with about 40 countries and found to be workable, there is always a chance the countries outside the sample have budgets that do not align or that countries adopt new budget classifications.

### **Alternative and additional methods that could be deployed**

Models could be developed for different types of projects. For example, it could be assumed that infrastructure projects involve a high degree of capital investment. In addition, the concept of budget alignment could be extended to include other information required for alignment to the budget project, such as forward-looking budget information.

### **Detailed methodologies for assessing whether US development cooperation is (1) “on budget” and (2) disbursed or expended through partner-country systems**

There are differing definitions for both “on-budget” aid and aid that “uses country systems,” as referenced in the 2014 synthesis report on using country systems in Africa.<sup>42</sup> The report states that for some time, the terms “use of country systems” and “on-budget aid” have been used interchangeably: using country systems implied donor use of all parts of the budget cycle (planning, budget formulation, parliamentary budget approval, etc.).

However, CABRI reasons that current research highlights two dimensions to bringing aid on budget. The first is aid transparency: is comprehensive ODA information available that can be integrated into decision-making processes (by reflecting ODA in the budget and budget documentation and reporting ODA to parliament and citizens)? The second involves partner-country management of resources: do donors rely on country systems to manage resources? This is the basis for CABRI's definition of use of country systems in its report: "*a continuum of practices throughout the budget cycle, with the ideal being the delivery of aid using all the components of the core budget process fully, notwithstanding the aid modality.*"<sup>43</sup>

There is currently no effective way of monitoring levels of "on-budget" aid or aid that "uses country systems" beyond the official monitoring of the Paris Declaration (last carried out in 2011<sup>44</sup>) and the subsequent Busan Global Partnership indicators.<sup>45</sup> Monitoring mechanisms are currently being developed. The relevant indicators appear in Appendix Table 5.

**Appendix Table 5. Paris and Busan indicators of on-budget aid and aid disbursed via country systems**

Paris	Busan
<p><i>Indicator 3: Aid flows are aligned on national priorities</i></p> <p>% of aid flows to the government sector that is reported on partners' national budgets</p>	<p><i>Indicator 6: Aid is on budgets which are subject to parliamentary scrutiny</i></p> <p>% of development cooperation funding scheduled for disbursement that is recorded in the annual budgets approved by the legislatures of developing countries</p>
<p><i>Indicator 5: Use of a) country public financial management systems; b) country procurement systems</i></p> <p>% of donors and % of aid flows that use (a) public financial management; (b) procurement systems in partner countries, which either (i) adhere to broadly accepted good practices or (ii) have a reform program in place to achieve these.</p>	<p><i>Indicator 9: Effective institutions: developing countries' systems are strengthened and used</i></p> <p>(a) Use of country public financial management (PFM) systems (b) Use of country procurement systems.</p>

Sources: OECD, *Aid effectiveness 2011: Progress in implementing the Paris Declaration* (Paris: OECD, 2012), [www.oecd.org/dac/effectiveness/2011surveyonmonitoringtheparisdeclaration.htm](http://www.oecd.org/dac/effectiveness/2011surveyonmonitoringtheparisdeclaration.htm); Global Partnership for Effective Development Co-operation (GPEDC), *The Monitoring Framework of the Global Partnership for Effective Development Co-operation*, <http://effectivecooperation.org/wordpress/wp-content/uploads/2015/05/GPEDC-Monitoring-Framework-10-Indicators.pdf>.

### Limitations and assumptions

The obvious limitation is that the latest data available are from 2010.<sup>46</sup> Moreover, systematic investigation of whether aid is on-budget and uses country systems would require some analysis of budget documents, supported by surveys and interviews with government and donor institutions. According to a 2016 progress report on making development cooperation more effective, development cooperation is increasingly on budget.<sup>47</sup> Among the countries participating in the monitoring report, two-thirds (66 percent) of development cooperation funding scheduled for the public sector is now on budget and overseen by parliament—this figure is still 19 percent short of the target for 2015. Moreover, one-fifth of participating countries (not including Ghana) have reached or surpassed the target of having 85 percent of their development cooperation funding on budget; most of these countries are in Latin America and the Pacific. In Africa, the share of development cooperation on budget (59 percent) is lagging behind the target.

There are potential opportunities for expanding elements of IATI that could support such analysis, at least from the perspective of donors. These are reflected in the gap analysis.

## APPENDIX C: DEFINITIONS OF TERMS

The following are terms and definitions used throughout this report.

<b>Activity</b>	An activity is the unit of reporting in IATI. Activities are usually projects but can be any unit of development cooperation as defined by the publisher—a program, a contract, etc.
<b>Administrative classification</b>	A government budget classification type referring to the government institution responsible for the flow.
<b>Aid that uses country systems</b>	Disbursement of funding through budget execution, auditing, financial reporting and procurement procedures.
<b>Common code</b>	A coding system made up of 153 codes (based on OECD DAC CRS purpose codes) that can be mapped to most budgets' functional and administrative classifications. This was designed by the IATI Working Group on the Budget Identifier in 2012.
<b>Country-based organization</b>	Organization that is based in the recipient country of interest.
<b>Development cooperation (total)</b>	Bilateral aid from a government agency or department, or multilateral aid from an international organization, with a specific country attributed as the recipient country under any of the following flows: official development assistance (ODA), other official flows (OOF), and other flows.
<b>Direct flow</b>	Development cooperation that goes directly to the intended recipient country, either to country-based organizations (government or NGO) or to international organizations with offices in the intended recipient country.
<b>Disbursement</b>	A type of outgoing transaction in the IATI Standard. It is used for funds that leave the donor institution and are placed at the disposal of another organization in the aid delivery chain but not yet spent. The recipient of a disbursement should be required to report to the IATI Standard.
<b>Economic classification</b>	A government budget classification type referring to the type of government expenditure (e.g., capital or recurrent, subsidy or grant).
<b>Expenditure</b>	A type of outgoing transaction in the IATI Standard. It is used for funds that are spent directly on goods and services. The recipient of this expenditure falls outside the IATI traceability standards.
<b>Functional classification</b>	A government budget classification type referring to the purpose or sector of government expenditure.
<b>Implementer cost</b>	Internal organization cost (including administration and overhead costs) that is not used for specific delivery of a project or activity.
<b>Indirect flow</b>	Development cooperation that reaches the intended recipient country through a non-recipient-country implementing organization.
<b>International organization with country office</b>	An international organization that has a physical presence in the intended recipient country.

<b>Net development cooperation</b>	Development cooperation that is disbursed to country-based organizations (at any point in the implementation chain) and expended on local goods and services, minus repayments to non-country-based organizations.
<b>Non-recipient-country implementer</b>	An organization (international or national) that receives flows from a donor as part an activity that is intended for a recipient country.
<b>Non-transferable aid</b>	Development cooperation that is not designed to arrive in country owing to its modality and delivery mechanisms (e.g., debt relief, student costs).
<b>Official development assistance (ODA)</b>	Flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions that are provided by official agencies and each transaction of which (1) has promotion of economic development and welfare of developing countries as its main objective and (2) is concessional in character, with a grant element of at least 25 percent. <sup>48</sup>
<b>On budget</b>	Development cooperation scheduled for disbursement that is recorded in the published government budget of a developing country.
<b>Other flows</b>	Other flows to developing countries reported to IATI that fall outside of ODA and OOF categories, including non-ODA components of peace-building operations. <sup>49</sup>
<b>Other official flows (OOF)</b>	<p>Transactions from the official sector that do not meet ODA criteria. Such transactions include</p> <ul style="list-style-type: none"> <li>• grants to developing countries for representational or commercial purposes</li> <li>• official bilateral transactions intended to promote development but with a grant element of less than 25 percent</li> <li>• official bilateral transactions, whatever their grant element, that are primarily intended for export facilitation</li> <li>• export credits extended directly to an aid recipient</li> <li>• net acquisition by governments and monetary institutions of securities issued by multilateral development banks at market terms</li> <li>• subsidies to the private sector to soften credits to developing countries</li> <li>• funds in support of private investment<sup>50</sup></li> </ul>
<b>Policy marker</b>	<p>A field in IATI that identifies an overarching theme addressed by a flow. The list of policy markers is available at <a href="http://www.iatistandard.org/201/codelists/PolicyMarker/">www.iatistandard.org/201/codelists/PolicyMarker/</a>.</p>
<b>Repayment</b>	Flows that reach a receiving organization and are then repaid to the donor; these could be loan repayments or return of funds that were not spent on a particular activity.
<b>Transaction</b> (see also <i>Expenditure and Disbursement</i> )	<p>Incoming and outgoing funds as reported in IATI. They are reported under each activity. A full list of transaction types is available at <a href="http://www.iatistandard.org/201/codelists/TransactionType/">www.iatistandard.org/201/codelists/TransactionType/</a>.</p>

# NOTES

- 1 This figure is as of early December 2017. For a full list of organizations publishing to IATI, visit <http://iatiregistry.org/publisher>; for details on the IATI Standard, see <http://iatistandard.org/>
- 2 OECD, Aid effectiveness 2011: Progress in implementing the Paris Declaration, Volume 2, Country chapters, Ghana (Paris: OECD, 2012), [http://www.oecd-ilibrary.org/development/aid-effectiveness-2011\\_9789264125780-en](http://www.oecd-ilibrary.org/development/aid-effectiveness-2011_9789264125780-en)
- 3 IATI, History of IATI, <http://www.aidtransparency.net/about/history-of-iat>; Busan Partnership for Effective Development Co-operation, Outcome Document (2011) par. 23.c. A list of Busan Common Standard Implementation schedules can be found at <http://www.oecd.org/dac/aid-architecture/acommonstandard.htm>. IATI is one of three complementary reporting systems contained in the Common Standard.
- 4 This figure is as of early December 2017. For a full list of organizations publishing to IATI, visit <http://iatiregistry.org/publisher>.
- 5 OECD/UNDP, Making development co-operation more effective: 2016 progress report (Paris: OECD, 2016).
- 6 Detailed information on indicators used for the assessment of progress and detailed results can be found in chapter 5 of the report. See <http://www.oecd.org/dac/aid-architecture/acommonstandard.htm>.
- 7 IATI, About IATI, <http://www.aidtransparency.net/about>.
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- 15 At this stage of the analysis, it can be useful to cross-check the total in IATI with the total reported in the OECD DAC CRS, to assess the comprehensiveness of the IATI data.
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- 21 It is of course possible that the government of Ghana and the Ghana-based organizations that received the funds then spent them on goods and services outside the country.
- 22 Forty percent of the budget allocated for malaria control was from John Snow, Inc.
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- 27 These sectors included Administrative costs, Decentralization and support to subnational government, Economic and development policy/planning, General budget support, Material relief assistance and services, Public finance management, Sectors not specified and Social/welfare services.

- 28 This means that the proposed IATI common code is more detailed than the CRS purpose code and therefore additional mapping is required. For example, the sector specified as "Decentralization and support to subnational government" in CRS is subdivided in the IATI common code into local government finance, other central transfers to institutions, and local government administration. For more detail on how the common code extended some of the CRS purpose codes, see <http://www.aidtransparency.net/wp-content/uploads/2013/05/Annex-4-Common-Code-and-CRS-Spreadsheet.xls>.
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- 31 This is done, for example, by the UK government (for NGOs and the private sector) and the Netherlands (for NGOs).
- 32 According to the IATI registry list of publishers (<http://iatiregistry.org/publisher>), only 27 national NGOs, 1 private sector organization, and 4 academic/research/training organizations currently publish to the Standard.
- 33 See the full list at [www.iatiregistry.org/publisher](http://www.iatiregistry.org/publisher).
- 34 Aidstream ([www.aidstream.org](http://www.aidstream.org)) is a simple web-entry form tool that allows organizations with limited capacity and a small to medium number of activities to publish to the IATI Standard.
- 35 For details on the disbursement channel, see <http://iatistandard.org/201/activity-standard/iat-activities/iat-activity/transaction/disbursement-channel/>.
- 36 For example, the United States includes this element for only 13 percent of the activities it publishes. DFID does not use it for any transactions. For further details on use of the disbursement channel, refer to the IATI Dashboard: [http://dashboard.iatistandard.org/element/iat-activity\\_transaction\\_disbursement-channel.html](http://dashboard.iatistandard.org/element/iat-activity_transaction_disbursement-channel.html).
- 37 Guidance is needed on, for example, how to account for internal administration costs (implementer costs) and how to calculate the proportion of flows for tracing through multi-funded projects.
- 38 When CRS data are considered, other organizations would also have been included on the list: University of Rhode Island (US\$2.5 million); Chicago State University (US\$1.6 million) and UNICEF (US\$1.3 million). Of these, only UNICEF is an IATI publisher.
- 39 Fölscher et al., Study on better reflecting aid flows in country budgets (<http://www.aidtransparency.net/wp-content/uploads/2013/05/Study-on-better-reflecting-aid-flows-in-country-budgets.doc>).
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- 49 This definition is based on the definition on the OEC website at <http://www.oecd.org/dac/stats/officialdevelopmentassistance/definitionandcoverage.htm>.
- 50 This definition is based on the definition on the OECD website at [www.oecd-ilibrary.org/development/data/oecd-international-development-statistics/other-official-flows-oof\\_data-00075-en](http://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics/other-official-flows-oof_data-00075-en).

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