



ADAPTATION FUND

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Project and Programme Review Committee
Ethics and Finance Committee
Tenth Meeting
Bonn, Germany, 11-12 December 2012

Adaptation Fund Board
Eighteenth Meeting
Bonn, Germany, 13-14 December 2012

INTERNATIONAL AID TRANSPARENCY INITIATIVE (IATI): BACKGROUND DOCUMENTS

The International Aid Transparency Initiative (IATI)

Summary

IATI is a voluntary multi-stakeholder initiative that seeks to increase donors' aid transparency in order to maximise the effectiveness of aid in reducing poverty. Through consultation with donors, partner countries, CSOs and independent experts, IATI has developed a global open data standard that makes information about aid spending easier to access, compare, use and understand.

Research shows that developing countries and their citizens face huge challenges in accessing information about current aid flows and activities. IATI aims to address these challenges. IATI allows for those involved in aid programmes to better track what aid is being used for and what it is achieving. This stretches from taxpayers in donor countries, to those in developing countries who benefit from aid. Improving transparency also helps governments in developing countries manage aid more effectively. This means that each dollar will go as far as possible towards fighting poverty.

History and future

IATI was launched in 2008 and now has 35 donor signatories and 22 partner country endorsers. Together, IATI signatories account for over 75% of global Official Development Finance. To date, 18 IATI signatories have published data to the IATI Registry and a further 78 implementing partners – including major NGOs such as Oxfam, Hivos and Save the Children – have also published to IATI. Publication of aid information to IATI's open standard will enable developing countries to plan and manage aid resources more effectively, and help taxpayers and CSOs to hold governments to account for their use of aid. IATI will also help citizens in donor countries see how their aid money is spent, for better domestic accountability.

Donors should sign up and start publishing to the IATI Registry.

Partner countries are invited to endorse the IATI Standard.

Other aid actors are encouraged to start publishing their information according to the standard.

IATI was launched in September 2008 during the [3rd High Level Forum \(HLF3\)](#) on Aid Effectiveness, where donors committed to:

- *publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure;*
- *regularly make public all conditions linked to disbursements*
- *provide full and timely information on annual commitments and actual disbursements;*
- *provide 3 to 5 year forward budgets.*

Adaptation Fund and the 2012 Aid Transparency Index

The Aid Transparency Index

2012 is the second year that Publish What You Fund has used a methodology of primary data collection to provide an analysis of the levels and progress of aid transparency by donors in our *Aid Transparency Index*. There are 43 indicators, grouped into three levels – organisation, country (for the donor's biggest recipient country) and activity (for all activities or projects in that country) level. The three levels are weighted equally, and each of the indicators within the levels is weighted equally. The one exception is an indicator on engagement in the International Aid Transparency Initiative, which is double-weighted.

In 2011, we included all IATI signatories and DAC members, plus a small number of other donors to test the methodology. In 2012, and responding to feedback from donors and peer reviewers, we included additional organisations, including climate finance for the first time.

The Adaptation Fund

The Adaptation Fund scored highly in the 2012 Aid Transparency Index, 17th out of 72 donors. It was first among all the climate finance funds, and scored particularly highly at the activity level, scoring third among all donors at this level.

While a large amount of activity-level information is available on the Adaptation Fund website, it is often only in PDF files, which are not searchable and are difficult to re-use. The 2012 Index does not look in much detail at the quality or format of data, but this is something that we intend to consider in future years. By satisfying the need for comparable and re-usable data, publication to IATI is likely to lead to bigger increases in an organisation's score in future, as data quality and format are examined more closely.

Publish What You Fund and Climate Finance

Although Publish What You Fund has largely focused on aid flows from traditional donors up to this point, as more donors begin to sign and publish, we are beginning to consider how we can maximise the value of IATI by bringing in stakeholders from other, but related flows, including humanitarian flows, private flows, and climate finance. While the motivations, goals, and sometimes modalities of these flows may be very different, there is both potential to learn from the lessons of aid transparency and a need to ensure that different flows can be seen alongside each other.

Our first step into Climate Finance transparency was a paper with Aidinfo, *Toward Climate Finance Transparency*. Available in full via the Publish What You Fund website:

http://www.publishwhatyoufund.org/files/Towards-Climate-Finance-Transparency_Final.pdf

Climate Finance and the International Aid Transparency Initiative

Information on climate finance: hard to publish, hard to find

With the Fast Start Finance period for climate finance soon coming to an end, the Green Climate Fund preparing for action and other efforts to expand climate finance ongoing, increasing attention is turning to the need to track the financial flows for climate action, in order to support decision-making and accountability.

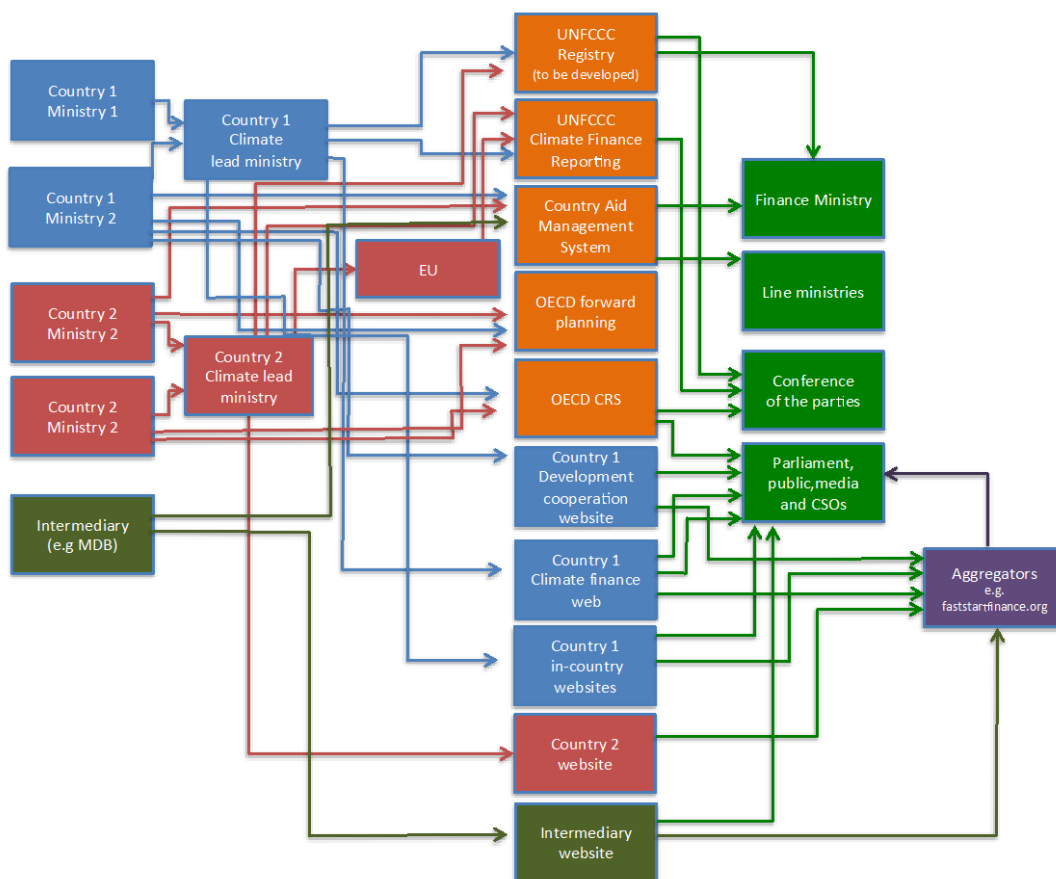
There are a number of **organisations working on climate finance transparency** alongside the ongoing work of the UNFCCC. These include the OECD, Open Climate Network, Climate Policy Initiative, International Institute for Environment and Development, Overseas Development Institute (ODI), World Resources Institute (WRI), AidData, Transparency International and Ecofys.

UNFCCC Climate Finance Portal
www.openclimatenetwork.org
http://www.nama-database.org

www.faststartfinance.org
www.climatefundsupdate.org
www.climatefinanceoptions.org

Both compilers and users of climate finance data are already reporting frustration with the proliferation of channels and incompatible formats which make data hard to access and use. For example, in order to analyse U.S. climate finance flows researchers from the Open Climate Network had to first find and search through some 200 documents, just to compile the raw data.¹

Information flows on climate finance

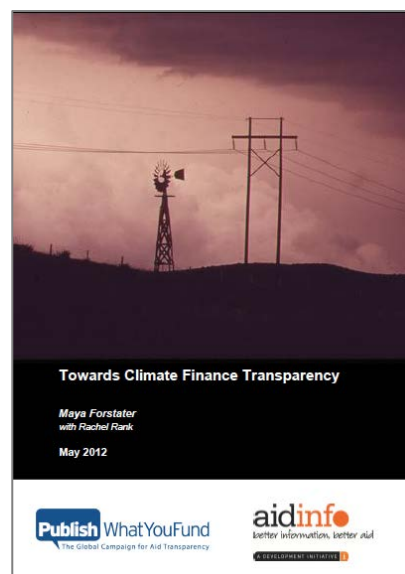


Can aid transparency tools help?

Climate finance and aid have overlapping channels, aims and accountabilities. There remain unresolved definitional questions concerning what should be considered as climate finance for the purpose of meeting UNFCCC commitments, how to avoid double counting, and how to take account of the benefits of using public money to leverage private investment.

However, a key lesson from aid transparency is that while high quality statistics on aggregated flows are crucial, so too is detailed, accessible and timely information to meet the needs of different information users. With this in mind, Publish What You Fund and aidinfo recently published a report, *Towards Climate Finance Transparency*, to assess whether aid transparency tools can support climate finance transparency.²

The study concluded that the **International Aid Transparency Initiative** could be a powerful tool to support clearer understanding of the funding flows that are being disbursed to address climate change. This would be helpful in building trust and supporting discussions to resolve definitional dilemmas. Greater transparency will also help to reduce the high costs, inefficiencies and fragmentation associated with multiple systems tracking the same funds.



The International Aid Transparency Initiative

The International Aid Transparency Initiative (IATI) was set up to solve the problem of hard to publish, hard to find, hard to use data, which is common both to climate finance and development cooperation.

Although the IATI standard was originally developed for publishing aid information it does not just cover Official Development Assistance. It can be used by any organisation including government ministries and agencies, intergovernmental agencies, NGOs, private foundations and private sector organisations and covers Other Official Flows (OOF) such as export credit payments, as well as private grants and private investment.

IATI is not a database, but an open data standard to enable funders to categorise and publish detailed information in a timely, accessible and comparable way. This global standard was agreed in early 2011 and funders have begun to use it. Country signatories include Australia, Belgium, Canada, Denmark, Finland, Germany, Ireland, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, the UK and the U.S.

The standard provides a common markup language (XML) for funders to publish detailed information on their own websites about projects, programmes and budgets. Users register the location of the data with the IATI Registry. This enables information to be published just once but used in many different ways.

Information fields have been designed to meet the needs of a wide range of stakeholders – recipient countries, donor agencies and CSOs – and includes information related to individual projects, amounts received, location and forward-looking budget information. Crucially, this data is machine readable, meaning it can be queried automatically. This opens up datasets to interactive visualisations and data utilities.³

www.aidtransparency.net

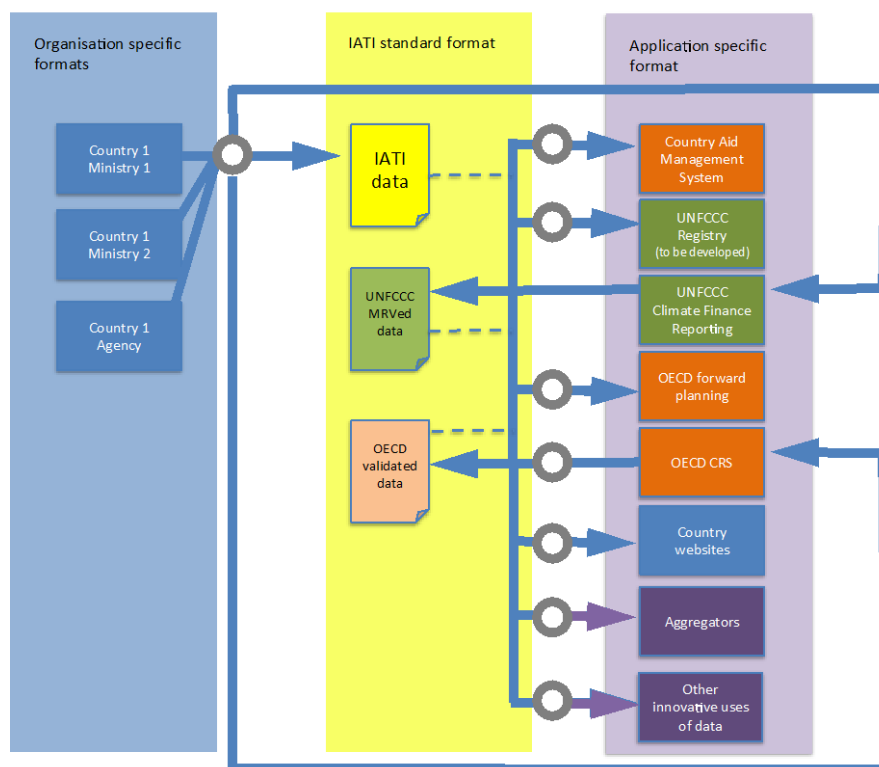
The opportunity for climate finance transparency

Some organisations already include data on selected climate finance projects and budgets in the IATI format. This could be strengthened by encouraging more climate-related funders to register data with the IATI Registry, and by developing a specific set of climate finance extensions for IATI.

Small modifications to the IATI standard could allow users to provide additional detail on climate actions and impacts as part of their IATI publication. This would enable ministries to tag the percentage of each budget intended for climate mitigation, adaptation or REDD goals and to state whether this is part of a UNFCCC climate finance commitment. This would strengthen both the transparency of climate change funding flows and the availability of information on the climate compatibility of aid portfolios, as well as reducing the administrative burden of coordinating information from many departments and for different users.

The diagram below highlights how IATI could provide a bridge between different systems and users, unlocking information which is currently presented in multiple, inconsistent individual databases and reports.

Publish once, use often



IATI is already set up to be compatible with the OECD Creditor Reporting System (CRS). Similarly, an extension could be developed that would enable countries to publish information using the IATI standard which would meet UNFCCC reporting requirements. This would mean that users could cross-reference between the biennial reports that Annex 1 countries make to the UNFCCC and more detailed project information.

What about the 'Climate Finance Registry' already planned?

While both IATI and the UNFCCC use the term 'registry', these have different functions. The UNFCCC NAMA Registry is envisaged as a 'dating site' between funding sources and funding needs; whereas the IATI Registry is a system for pointing users to original source data. However, the open data standard approach used for IATI could also support the development of the UNFCCC Registry, making it more flexible and powerful than a centralised system managed as an in-house database.

Towards a common data standard for climate finance

Governments are beginning to recognise the potential to use IATI for climate finance. In 2011, the **Finance Ministers of the Commonwealth countries called for the rapid integration of climate finance into IATI.**⁴

In 2012, **WRI, ODI and Publish What You Fund hosted a roundtable alongside the UNFCCC Bonn meeting** to bring together research teams engaged in assessing climate finance.⁵ Participants at the roundtable also agreed there was clear potential to use IATI to support climate finance information availability.

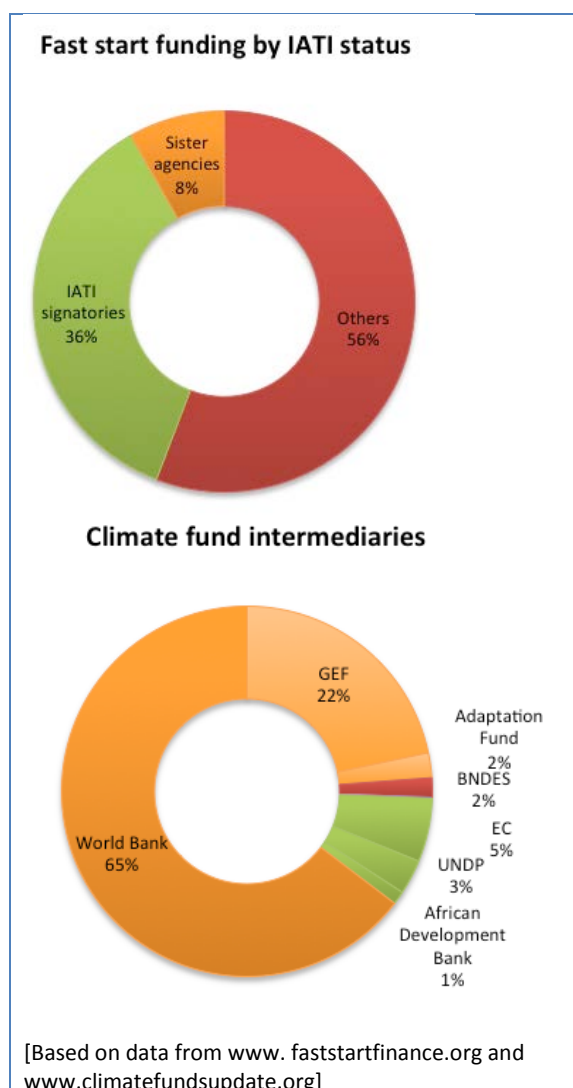
Without seeking to impose an answer to definitional questions, which need to be decided within the framework of international agreements, practical steps can already be taken that would facilitate the **IATI standard to become a powerful tool for climate finance transparency:**

- **Existing IATI signatories** using IATI as a tool for climate finance transparency and encouraging sister agencies to adopt IATI.
- **Countries and funds not yet using the IATI standard** adopting it as a means to disclose their aid *and* climate finance information in a standardised format.
- **The IATI Steering Committee** engaging with the climate finance community to develop climate finance compatibility, including with UNFCCC requirements.
- **Research teams** continuing to share knowledge between the development finance and climate finance community, including exploring how impacts of public-private initiatives can best be included.

There are already signs of progress: **Over one third of 'fast start funding' pledged originates from ministries that are signatories to IATI** and an additional 8% is handled by sister agencies from the same countries. The UK's Department of Energy and Climate Change, for example, has recently joined the Department for International Development in publishing to IATI.

A smaller proportion of multi-donor funds are currently covered by IATI commitments. However, it should be noted that the World Bank is an active signatory of IATI and is trustee for the Climate Investment Funds, the Global Environment Facility and the Adaptation Fund. It is therefore likely to be technically straightforward for these funds to publish to IATI.

A work programme has been established under the UNFCCC Subsidiary Body for Scientific and Technological Advice to develop a common format for the electronic reporting of information by developed country Parties. This will provide some clarity on reporting requirements to the UNFCCC.



Publish What You Fund

In 2012 Publish What You Fund began to include dedicated climate funds and funders within its Aid Transparency Index, which benchmarks the transparency of over 70 agencies, starting with the Adaptation Fund, World Bank Clean Technology Fund and the GEF. Climate finance agencies included for the first time in the 2012 Index demonstrated moderate scores.⁶

In order to support the adoption and adaption of IATI for climate finance we are seeking to work with climate funders, data users and research organisations and the respective secretariats of IATI and the UNFCCC to:

- **Raise awareness of and advocate for IATI** within the climate finance community.
- **Share learning between funders** applying IATI to climate finance.
- **Explore the potential to develop a climate finance extension** to the IATI standard.
- **Use the Aid Transparency Index** to assess the transparency of climate finance.

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¹ Fransen, T., Stasio, K. and Nakhoda, S., *The U.S. Fast-Start Climate Finance Contribution*, Working Paper, ODI/WRI, May 2012.

² Forstater, M. with Rank, R., *Towards Climate Finance Transparency*, Publish What You Fund, May 2012.

³ <http://www.aidinfo.org>

⁴ Commonwealth Senior Financial Ministers, Final Commonwealth Statement on Accelerating Development with More Effective Aid, 21 September 2011.

⁵ The roundtable included participants from DIE, Ecofys, Germanwatch, IGES, ODI, the OECD, Oxfam UK, Publish What You Fund, the Tropical Forest Group and WRI.

⁶ Aufricht, J., Brough, M., Clarke, A. and Rank, R., *2012 Aid Transparency Index*, Publish What You Fund, October 2012.