

# Practical approaches to the aid effectiveness agenda

## Evidence in aligning aid information with recipient country budgets

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Samuel Moon with Zachary Mills

**Working Paper 317**

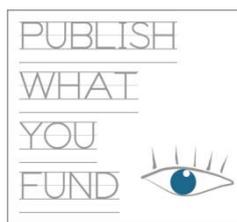
Results of ODI research presented  
in preliminary form for discussion  
and critical comment

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evidence in aligning aid information with  
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**Samuel Moon with Zachary Mills**

July 2010



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\* Disclaimer: The views presented in this paper are those of the author and do not necessarily represent the views of the Overseas Development Institute or the International Budget Partnership.

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## Acronyms

AiDA	Accessible Information on Development Activities
AIDS	Acquired Immune Deficiency Syndrome
AIMS	Aid Information Management Systems
AMP	Aid Management Platform
CAPE	Centre for Aid and Public Expenditure (ODI)
CoA	Chart of Accounts
COFOG	Classification of the Functions of Government
CRS	Creditor Reporting System (OECD DAC)
DAC	Development Assistance Committee (OECD)
DAD	Development Assistance Database
DMFAS	Debt Management and Financial Analysis System (UNCTAD)
ESA	European System of Accounts
FMIS	Financial Management Information System
GFS	Government Finance Statistics (IMF)
GFSM	Government Finance Statistics Manual
GIS	Geographic Information System
GNI	Gross National Income
HIPC	Heavily Indebted Poor Country Initiative
HIV	Human Immunodeficiency Virus
IATI	International Aid Transparency Initiative
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
INGO	International NGO
ISCED	International Standard Classification of Education
ISIC	International Standard Industrial Classification
JLOS	Justice, Law and Order Sector
MTEF	Medium-Term Expenditure Framework
NGO	Non-Governmental Organisation
OCHA	UN Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
PEFA	Public Expenditure and Financial Accountability
PEM	Public Expenditure Management
PFM	Public Financial Management
PIP	Public Investment Programme
PLAID	Project-Level Aid Data
PRSP	Poverty Reduction Strategy Paper
SME	Small and Medium-Sized Enterprise
SOE	State-Owned Enterprise
SWAp	Sector-Wide Approach
UN	United Nations
UNCTAD	UN Conference on Trade and Development
WAEMU	West African Economic and Monetary Union

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# Executive summary

## Background and methodology

The Paris Declaration and the Accra Agenda for Action emphasise the importance of aligning aid with recipient government priorities and delivering aid through government systems. However, since a significant amount of aid is not delivered through national budgets, the issue of aligning these resources to government systems remains a major challenge. A fundamental concern is the ability to relate aid resources to the expenditure patterns of recipient governments. Too often, that link is not made. Generic donor ‘sector’ categorisations of aid are applied at country level, even though these do not relate meaningfully to recipient governments’ sectoral or administrative budget classifications.

At the core of this problem is the need to produce aid information in a way that can be aligned with the administrative/organisational classification and the functional/purpose classification of a recipient government’s budget. Making aid information available to the recipient country government at the relevant point in their budget calendar is also important. An explicit linkage between the purpose of aid and the government development strategy and budget is fundamental to more effective strategic planning and budgeting. It will also facilitate the implementation of government policies and programmes in the context of a more comprehensive and accurate estimate of the total government and donor resources available for national priorities.

This paper explores the linkages between aid and budgets in two ways. First, it documents similarities among 14 aid-recipient country budgets, comparing them with the Creditor Reporting System of the Development Assistance Committee (DAC/CRS) and the UN Classification of the Functions of Government (COFOG) system. It assesses the fit of the latter for practical use by donor agencies. The main aim is to contribute to the development of more comprehensive sub-sector classifications, which may also be movable among top-level sectors, so as to fit around decisions made at country level on sector definitions.

Second, the paper constructs a generic functional classification, designed specifically for the purpose of examining budget administrative classifications. This set of functions is grouped at sector level for ease of analysis and use, but is anchored on the lowest level of the classification. The aim was to review the commonalities between budget administrative classifications and develop a draft set of generic functional definitions that best align with the administrative structures of the countries in the sample. Those definitions may then be tested at donor headquarters level. The paper also makes recommendations on how to facilitate the transfer of aid information, particularly aid that is not spent through recipient country budget systems.

It should be noted that the outputs here are not in themselves enough to allow countries to put aid on their budget. Economic, programmatic and country-specific organisational information is also vital. The analysis is not applicable to certain types of aid that are not split by sector but that remain at the resource level, or to aid that is multi-sectoral. The differences and similarities among local government-level budgets also could not be addressed in detail. Further examination of these may be useful in the future. Timing constraints limited the extent to which country Charts of Accounts (CoAs) could be obtained for use in the analysis. Finally, the paper touches only lightly on the political incentives involved in the flow of information from donors to recipient budgets, at both donor and country level. These are significant and need to be addressed more comprehensively in future studies.

## **Commonalities between sample budgets and international classifications**

The main findings are subdivided into nine specific sector subsections: general public services; defence, justice, law, order and security; economic affairs; water, natural resource management and environment; health; recreation, culture and religion; education; social protection, land, housing and community amenities; and aid that is not supplementary to a government role.

COFOG, which was designed specifically to describe the activities government undertakes, is an appropriate starting point to examine alignment between recipient budget classifications and existing international aid classifications. COFOG represents country sector and administrative classifications fairly well at aggregated levels, but at the lower levels tends not to disaggregate the functions of government in the same ways or to the same degree that many governments do.

The DAC/CRS purpose codes provide sectoral analysis of aid flows but are not designed to link to sectors in national budgets. The research shows limited comparison with existing national budget structures. The DAC/CRS has naturally evolved to become more granular in areas where donors are more active. In some sectors, this has tended to align with government, such as in education; in others, it has tended to develop in parallel with government, such as health and justice, law, order and security (JLOS). The DAC/CRS codes can be a useful resource in improving alignment with recipient budgets in sectors such as education, but in other sectors they may not be useful because they have developed largely to describe funding external to recipient government budgets.

There are significant commonalities between budget structures at the lowest level of the classifications in most of the sample countries, but the composition of these functions in terms of the ministry and sector in which they are located varies widely from country to country. Neither of the international classification systems comprehensively captures the commonalities between the lower-level functional components, although the DAC/CRS is fairly accurate in some areas. This is particularly apparent in JLOS, where the makeup of the sector varies widely but the presence of many lower-level departments or institutions is common.

The availability of national budget classifications was more limited than expected, in itself an important finding and a challenge to the integration of aid and budgets. Budget administrative classifications were more easily available in countries with comprehensive websites and greater domestic transparency, leading to an unintended bias in the comparison of countries with the international standards. This exposes the fact that the ease of mapping aid onto budgets may have an inverse relationship with institutional capacity levels, and lower capacity countries are likely to start at a disadvantage in the attempt to use aid information and build functioning integral Aid Information Management Systems (AIMS). Recent research (de Renzio, 2009) adds to this question by finding that aid dependency has a weak association with stronger and more transparent public financial management (PFM) but a negative association with good donor practices (such as the predictability of disbursements and the percentage of aid that uses national procedures).

## **Constructing a generic functional classification derived from the sample budgets**

Broadly, this study finds that, while COFOG is a better starting point for describing government organisational structure, neither system is sufficient in itself to provide detailed information on aid in a way that is optimal for aligning aid with recipient government budgets. This study proposes a new functional classification built on the commonalities between the sample budgets, drawing on the international classification systems and mapped to the DAC/CRS.

The classification was constructed to prioritise the lower-level functions and to allow them to be discrete and movable, enabling them to be matched to varying compositions of functions in different

countries' organisational structure. The low-level functions are grouped into sectors that conform to a large extent with COFOG sectors. The two significant deviations are the extraction of water supply (to merge with environment) and the merger of social protection with housing and community amenities. Development of generic classifications for health and for local government structures was not possible, given the number of distinct and incompatible systems in the sample health budgets and the varying degree to which devolution exists in the sample countries.

Testing of the classification was undertaken during development with the sample countries and afterwards with three other countries. In Uganda, which has undergone a number of rigorous reforms and which has a detailed set of functions available for analysis, the classification was able to predict 136 out of 158 ministries and departments. In Sierra Leone, the classification structure was able to predict 174 out of 190 ministries and departments. The administrative classification of expenditure seems generally to be similar between Anglophone and Francophone countries.

The classification also introduced a separate sector of expenditure that does not occur in national budgets: describing and classifying aid expenditures on donor administration. While it will not map with recipient country budgets, and thus cannot be tested against them, this function is important for both governments and civil society in planning, monitoring and evaluating development activities. This sector will need to be tested against the organisational structure of donor country offices.

## **Bringing more aid into the budget planning process**

The research found a significant degree of commonality among recipient country administrative classifications. International classifications are able to match these to some degree in some sectors, although neither is designed to describe information about aid in the context of the budget processes of aid-receiving countries.

With regard to general budget support and sector budget support, a more granular classification of the functional components is not appropriate. Nevertheless, integrating the funding facility better into the budget calendar and providing more transparent information about the expenditure is important for both government and civil society. Meanwhile, project aid, technical assistance and any aid that is specific to a government department – or function if off budget – must be clearly identified against that function. It is important to identify these funds at granulated level, to allow planning and monitoring to take an activity fully into account during the budget cycle. In using a generic functional classification, or even existing international classifications, it is also important to define the activity at the lowest level.

The COFOG 'not elsewhere classified' option is designed to get around this problem to some extent. This is a different approach to that of the DAC/CRS but still allows a default classification that in planning terms is meaningless. Greater effort to achieve a more comprehensive set of lowest-level classifications by identifying and extracting standard roles currently described under 'not elsewhere classified' would enable greater accuracy and better information.

Two clear areas need to be addressed. First, at country level, an AIMS has to reclassify fully and align aid information on all donor spending with country-level definitions, currency, financial year, sectors and strategic areas. This would be a challenging task.

Second, donors must provide information in a way that best facilitates country-level demands (i.e. through the interface between donor aid classifications and government budget classifications). Otherwise, even if the standard and timeliness of information improve dramatically, it will fail to be properly integrated into national policy and planning cycles. Working at headquarters will help simplify matters at country level, reducing the transaction costs of collecting and reformatting aid. At the same time, information needs to be provided publicly, so civil society can access and use it.

Further work is needed to gain a fuller understanding of the constraints at country level and in donor headquarters. A thorough technical assessment of what donor country aid systems are currently capable of supplying would be an important step towards understanding the gap. To examine further the practicality of matching donor system information with recipient government budgets, a useful exercise would lie in testing a much larger sample of countries in the functional structure and with regard to all other relevant parameters of budget information, including budget calendars, currency conversion, programmatic classifications and broad economic areas of expenditure.

# 1. Introduction

This paper explores the link between donor aid and recipient budgets, and the role that greater transparency and clearer information about aid can play in improving budget transparency, the quality of budgetary decisions and accountability systems in developing countries. This paper makes a contribution towards linking classifications of aid and public expenditure, and also makes recommendations on how to facilitate the transfer of information about aid from donor to recipient governments, particularly aid that is not spent through recipient country budget systems.

Current work in the field of aid and budget linkages and aid effectiveness is making significant progress towards an understanding of the issues and towards implementation of technical solutions that fit with the Paris Declaration principles. For example, a recent study by Mokoro (2008) undertakes a detailed analysis of the parameters of ‘putting aid on budget’. In addition, the International Aid Transparency Initiative (IATI) has been set up to design and implement a comprehensive and transparent standard for donors to publish information about aid.<sup>1</sup>

This study intends to build on this work in two ways. The first is to add to the literature on aid and budget linkages and aid effectiveness by examining and documenting the similarities among a sample of aid-recipient country budgets, within an analytical framework that uses two different international classifications for describing aid and government expenditure. The second is to construct a generic functional classification derived from the sample of aid-recipient country budgets and using lessons from the comparison exercise. This proposal was designed primarily to demonstrate the similarities and differences between country budget structures and international classifications rather than to prescribe a common format.

The paper proceeds in the following way. Section 2 defines the problem to be addressed and provides some background. Section 3 describes the methodology of the research. Section 4 presents the findings in detail. Section 5 concludes and lays out recommendations arising from the research.

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<sup>1</sup> See Appendix 4 for a detailed presentation of the IATI proposed information fields and a discussion about how they link to the elements in a generic chart of accounts.

## 2. Background and problem definition

A typical government implements policies through ministries, departments and agencies at central and sub-national government levels. These public bodies, and their executives, are accountable to the political leadership. Politicians, in turn, are accountable to their citizens for the implementation of national policies, in health care and education for example. Budgets are the link between policies and their implementation, between political visions or programmes and their delivery: they allocate resources to plans in terms of money and time. It is important to emphasise that a national budget must itself be comprehensive and transparent to allow citizens to hold the government to account in managing public money. To substantiate this point, the Open Budget Index (Open Budget Initiative, 2008) finds that 80% of countries assessed fail to provide enough information for citizens, legislators and auditors to examine public finances to an adequate level.<sup>2</sup>

A large proportion of aid to developing countries is provided to, and spent by, the governments of those countries – whether in the form of budget support, projects or other modalities of aid. Government budgeting comprises the allocation of funds to specific organisations, which then implement agreed policies and programmes. In many countries, these organisations are grouped together in broader ‘sectors’, at which level policies and funding are coordinated. There are other key categorisations of expenditure, such as location, economic type and source of finance, but these tend to be either specific to the country or linked clearly to an international standard (e.g. the International Monetary Fund’s Government Finance Statistics (IMF GFS)).<sup>3</sup>

The Paris Declaration and the Accra Agenda for Action emphasise and formalise the importance of aligning aid with recipient government priorities and delivering aid through government systems. Yet, a significant amount of aid, in some countries the vast majority, is not delivered through the national budget. Indeed, many recipient governments are not even aware of large amounts of the aid directed to their countries. Generic donor ‘sector’ categorisations of aid are often applied at country level, even though these do not relate meaningfully to recipient governments’ sectoral or administrative budget classifications.

While budget comprehensiveness and transparency are priorities, the domestic cycle of accountability is likely to be undermined if it is not carefully observed and supported in the delivery of aid (Barder, 2009; Brautigam and Knack, 2004). One way this can happen is if aid is delivered with implementation arrangements and accountability structures that are parallel or separate to those of the government. Putting aid on budget is an issue not merely of describing aid in the budget law, but also of how aid is linked with government treasury, accounting and audit procedures.<sup>4</sup> Furthermore, in countries that are highly aid dependent, a large proportion of total government revenue is derived from aid rather than taxation. This may further reduce the interest or attention that a government pays to its citizens in favour of donors.

In both the above scenarios, the ability of citizens to hold their government to account for the services it delivers may be weakened by the provision of aid.

For foreign aid to support rather than undermine accountability between the recipient government and its citizens, aid must be programmed in a way that both is aligned with national budgets and supports transparent budget practices. Donors must also provide information about all their aid commitments and disbursements to recipient governments, in compatible formats and in a timely manner. Publishing detailed information about aid projects that are implemented by or partnered with government may require authorisation by government as well in some cases.

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<sup>2</sup> The Open Budget Index presents the results of a biennial survey implemented by the International Budget Partnership. The latest survey available is 2008; the 2010 survey is forthcoming.

<sup>3</sup> See Appendix 3 for a separate analysis of the economic classification and recommendations that supplement the main analysis of this project.

<sup>4</sup> Mokoro Ltd (2008) outlines in detail the numerous parameters by means of which aid can be brought on budget.

Recipient budget structures bear many similarities in terms of functional roles and accounting systems, but this is not reflected in current formats for reporting aid. The transaction cost is high for collecting and reformatting aid information to be useful in the planning process, with the priority lying with funds that are delivered through government systems. Meanwhile, those countries most dependent on foreign aid and countries with lower capacity will lose out if donors do not publish aid information that is easy to link with recipient government budget systems.

For these problems to be overcome (and if aid is to support stronger budget transparency and government accountability in the future), two dimensions must be considered – the country level and the donor headquarters level.

At the **country level**, the specific context will dictate the individual, country-led effort to ensure alignment. It is necessary to have a tool or mechanism, generically termed an Aid Information Management System (AIMS), to fully reclassify and align aid information on all donor spending with country-level definitions, currency, financial year, sectors and strategic areas.<sup>5</sup> Aid appropriated by government and delivered through government financial systems has by default already been reclassified, but this is also necessary for aid projects not partnered with government. This is a daunting task for even the most capable developing countries and, to date, no AIMS has successfully and reliably brought aid information together in a way that interfaces with the national budget. A successful AIMS will require close collaboration between the government and country-level donors, but in recipient countries there may not yet be enough political demand to carry out an initiative of this type.

At **headquarters level**, donors must provide information in a way that best facilitates country-level demands for aid information. At the same time, they should provide the information publicly to ensure that civil society can also access and use it. Working at this level can simplify the overall situation: improving the timeliness, standardisation and definitions of the aid information delivered from donor systems to recipient country systems will significantly reduce the transaction costs and complexity of the country-level AIMS – helping the poorest and lowest-capacity countries the most. IATI is already attempting to address the problem of insufficient aid information from donors, working with both donors and recipient country governments and directing the effort both at headquarters and at country level.<sup>6</sup>

The flow of information from donors will need to adequately address issues at country level (i.e. through the interface between donor aid classifications and government budget classifications), otherwise it will fail to be properly integrated into the national policy and planning cycles of recipient governments – even if the standard of information being delivered by donors improves dramatically.

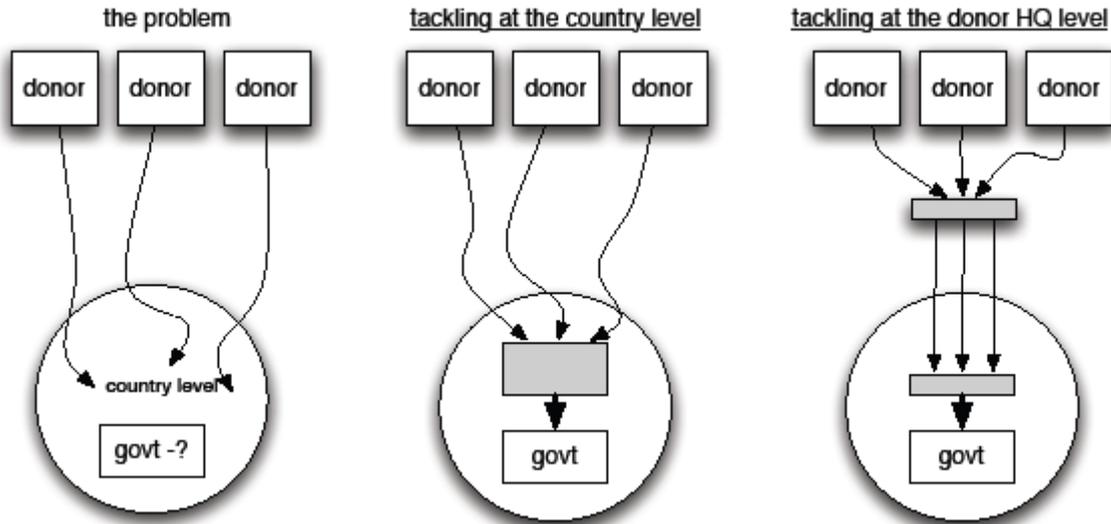
Figure 1 demonstrates the two levels of the problem in a simple manner. The first diagram represents a scenario where information about aid from each donor is not captured or classified and cannot be used for planning or budgeting by the government. In the middle diagram, an AIMS at country level, represented by the grey box, is in place to collect and reformat aid to country requirements. In the final diagram, a publishing standard for aid information implemented at donor headquarters level reduces the transaction costs of collecting and reformatting aid at country level.

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<sup>5</sup> See Appendix 1 for a detailed description of an AIMS.

<sup>6</sup> See Appendix 4 for a discussion on IATI information and a detailed examination of the IATI information types relevant for this study, including a matching of IATI Information types to the segments of a generic recipient budget code and other specific parameters in the budget process.

Figure 1: The two levels in improving aid transparency for budgets



Many bilateral and multilateral donors have already designed and implemented mechanisms for adjusting to financial years and currencies for budget support and funding for projects delivered by government. However, donor alignment with the full budget calendar, particularly annual and medium-term budget planning, regular reporting and auditing, must also be achieved. An AIMS attempts to enable alignment with financial year reporting, although not all systems deliver this yet.

Overall, the core issue to be addressed is the full alignment of information about the administrative/organisational classification and the functional/purpose classification of aid with a recipient's budget classifications, and making it available to the recipient country government at the required point in the budget calendar. An explicit linkage between the purpose of aid and the government development strategy and budget will enable the development of national strategic plans and annual national budgets. It will support the implementation of government policies and programmes in the context of a more comprehensive and accurate estimate of the total government and donor resources available for funding national priorities.

### 3. Method of analysis

In response to the dual problem described above, this paper systematically compares the organisational budget classifications of 14 aid-recipient countries (Table 1) with the Creditor Reporting System of the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC/CRS) and the United Nations (UN) Classification of the Functions of Government (COFOG) system (see below). It assesses the fit of these generic international classifications for practical use.<sup>7</sup>

Countries were selected using a purposive sampling technique, under criteria of aid-receiving countries in Africa, Asia, the Middle East and the Caribbean, including countries with French administrative heritage and countries with a federal structure. Given the difficulty in obtaining this type of information from some countries at the level of the detail required for the study, and the limitations of desk-based studies, countries selected for analysis required relatively accessible data.

As noted, another factor that is emphasised is Francophone and Anglophone legacy. Many developing countries, particularly in Africa, have inherited either a French- or a British-based public financial management (PFM) system, which have different approaches to a number of processes within the PFM cycle. A detailed comparison of the two (Lienert, 2003) identifies the key differences and, using an IMF PFM benchmarking methodology,<sup>8</sup> finds Francophone countries to perform better in areas of budget formulation and budget execution and Anglophone countries to perform better in the area of fiscal reporting. However, on the organisational (and economic) classification of expenditure, Lienert finds the two sets to be generally similar. Extending beyond the heritage of the systems, the past decades have seen an array of reforms to both sets of countries that have influenced and added to the budget classifications. These reforms include medium-term expenditure frameworks (MTEFs), sector-wide approaches (SWAs), programmatic budgeting, financial management information systems (FMIS) and adaptations for GFS reporting.

**Table 1: Countries included in the analysis**

	Open Budget Index score 2008
Antigua	-
Burundi x	-
Ethiopia	-
Ghana	49%
Haiti*	-
Iraq	-
Mongolia	36%
Pakistan (Sindh province)	(38%)
Rwanda	0%
Sierra Leone*	-
South Africa	87%
Southern Sudan	-
Tanzania	35%
Uganda	51%
West African Economic and Monetary Union (WAEMU)*	-

*Notes:*

\* Countries that were used only later, as part of the testing of the generic set of government functions (see below), as data became available only at this stage.

x Country unable to be used as the full detailed Chart of Accounts (CoA) could not be obtained at the time of analysis.

<sup>7</sup> Appendix 1 gives background on national budget structure, international classification systems used in this study and AIMS.

<sup>8</sup> The research predated the commonly used public expenditure and financial accountability (PEFA) methodology and used a set of 15 benchmarks for aspects and issues in public expenditure management (PEM) designed for the analysis of public expenditure in Heavily Indebted Poor Country (HIPC) Initiative countries (IMF, 2001a).

COFOG was chosen as a control for comparison as it was developed by the UN specifically to describe the structure of government. It therefore purports to have most resonance at country level. COFOG is a part of the GFS methodology for government financial accounting and is recommended for financial reporting by the IMF. As a result, most countries are familiar with COFOG and report to the IMF in GFS recommended format.<sup>9</sup> The analysis here uses a sector-by-sector approach using COFOG-defined sectors, with some minor exceptions.<sup>10</sup>

The DAC/CRS purpose codes are based on the International Standard Industrial Classification (ISIC), the UN standard for categorising general economic activities, and were created to help donors categorise their aid activities in a standardised way. They have been adjusted to give more granularity to activities that are frequently funded by aid and less to those attracting little aid funding. The DAC/CRS sector classification is currently used by most of the largest foreign aid donors for publicly reporting aid activities. Many of these already have systems in place to categorise their information into DAC/CRS codes, which implies that any recommendations on the presentation and publication of aid information by donors will gain significantly from leveraging these existing processes.

Although the definitions of the top-level sector classifications were addressed in the analysis, they were not of primary importance, as they cannot be expected to reconcile comprehensively with every country. The purpose of this work was therefore to contribute to the development of sub-sector classifications that are more comprehensive than existing classifications and may be movable among top-level sectors, so as to fit around the decisions made at country level on sector composition.

During this step, the sample budgets were broken down by ministry and agency, organised into sectors and set in tables with the relevant COFOG and DAC/CRS classifications. The lower-level classifications were then compared at a sub-organisational level,<sup>11</sup> to demonstrate the unique, partial and failed matching for each sector in each country.

The findings from this stage, along with a further examination of the sample budgets, were then used to construct a generic set of classifications designed specifically for the purpose of matching budget organisational structures. This set of functions is grouped at sector level for ease of analysis and use, but is anchored on the lowest level of the classification. This generic set was tested against the sample budget classifications<sup>12</sup> and additions or amendments derived from this analysis were incorporated into the generic classification. The generic classification is provided in Appendix 2 and discussed in Section 5. The aim was to review the commonalities between budget organisational structures and to develop a draft set of generic functional definitions that align (in a best fit manner) with the administrative structures of the countries in the sample, to be tested at donor headquarters level.

The analysis was constrained in several ways, which should be noted. First, examining the organisational structure of the sample budgets and proposing a generic functional structure that corresponds to these is not in itself enough to allow countries to put aid on their budget. There must also exist, at a minimum, economic, and country-specific organisational information.<sup>13</sup>

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<sup>9</sup> Countries reporting to the IMF in standard formats are listed in Appendix 3, Table A3.1.

<sup>10</sup> Particularly, the merger of law and order and defence; the merger of social protection and housing and community amenities; the separation of water from housing and community amenities and its merger with environment; and finally the addition of a sector to describe spending that defines administrative spending for donor activities. The reason for these changes is that this configuration better represents that of the sample budgets, and therefore allows a more cohesive presentation of the findings. The use of these sector definitions should be considered as for practical purposes rather than as central to the analysis of this paper.

<sup>11</sup> Country organisational structure varies but is usually defined as the 'sub-Vote' level of the classification, but is sub-sub-Vote in some cases. In the cases of Uganda and Rwanda, a country-defined grouping sub-Vote definition is used in analysis as it describes a discrete set of administrative bodies nested beneath a unique Vote-level budget organisation. The reason for this is to prioritise the planning structure specific to the country and to allow the analysis to apply to the development budget as well as the recurrent budget.

<sup>12</sup> Including three more budget classifications – Haiti, Sierra Leone and WAEMU – as they became available at this stage.

<sup>13</sup> To be fully aligned, aid must be reprogrammed according to the national CoA, implemented through government accounts and systems, and appear on all budget planning, reporting, monitoring and evaluation documentation, including that reviewed by Parliament and national auditors.

Meanwhile, the analysis applies to expenditure classification, largely for projects, technical assistance and sector budget support, rather than resources. It is not applicable to and no functional classification should be used for certain types of aid that are not split by sector but that remain at the resource level (i.e. general budget support). Furthermore, aid that is multi-sectoral is not directly addressed. Many governments have developed standards for classifying multi-sectoral activities or projects (i.e. funding that is allocated to a cross-sectoral programme such as HIV reduction or climate change), often through a programmatic structure linked to or derived from the national strategic objectives, but such analysis is beyond the scope of this paper.

Moreover, the variety and specific commonalities between local government-level budgets could not be addressed in detail. The degree of decentralisation of expenditure and governance varies significantly from government to government. The level of autonomy and discretion of local governments affects the existence, size and nature of any transfers from central to local government. Also, the degree to which a unified central and local government planning and budgeting system exists may affect the extent to which expenditures within these transfers are systematically defined. A further examination of the commonalities between devolved levels of government may be extremely useful, as often local governments are significant beneficiaries of aid and much of the service delivery aspect of government budget implementation takes place at this level.

Timing constraints limited the extent to which country CoAs could be traced and acquired. This meant that the analysis of some countries had to be abandoned when CoAs could not be obtained. Additionally, the methodology was limited to using only the education, health and justice, law, order and security (JLOS) sectors, whereas a more comprehensive analysis would be desirable.

Finally, while this paper deals with the technical details of the flow of information from donors to recipient budgets, it touches only lightly on the political incentives, at both donor and country level. These are significant and need to be addressed more comprehensively in a subsequent discussion.<sup>14</sup>

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<sup>14</sup> Allan (2010) has carried out some interesting work on incentives within and around the PFM reform process in the context of aid.

## 4. Findings

This section presents the findings of the research, subdivided into nine specific sector subsections, as follows: general public service; defence, justice, law, order and security; economic affairs; water, land, natural resource management and environment; health; recreation, culture and religion; education; social protection, housing and community amenities; and aid that is separate to the role of government.<sup>15</sup> Conclusions and recommendations for a generic government function classification are presented in Section 5.

### 4.1 General public service

#### Summary of general public service

- Executive and legislative functions are separate and clearly identified in COFOG so can map with sample countries more (unlike the DAC/CRS).
- Accountability functions in COFOG, including financial and fiscal management, budgeting and planning, are aggregated; in the DAC/CRS, they are mostly classified generically under government administration.
- Debt is identifiable in COFOG, but foreign aid management is not defined. Monetary institutions and debt are given unique and detailed classifications in the DAC/CRS.
- Foreign affairs is clearly identifiable in COFOG but not in the DAC/CRS.
- Statistics is linked with planning in COFOG but in countries is very often a separate institution. It is more separate in the DAC/CRS, which is appropriate.
- Election services is usually defined in countries as an autonomous body.

This sector includes a number of central agencies involved in administering the state and diplomatic interaction exterior to the state. This includes the executive and legislative bodies, financial and fiscal affairs, planning, local government financing, foreign aid and foreign affairs functions of government. This definition, drawn from COFOG, generally conforms well to the countries in the sample, as every country has these key organs of government.

The COFOG functions are fairly robust but are aggregated in some areas, which may not allow for a clear fit with a country organisational structure, notably in financial and fiscal management, budgeting and planning. The DAC/CRS also aggregates classifications in this area, as well as a large range of central government functions in the sector, including executive and legislative branches, foreign affairs and local government, under government administration, in a way that does not allow for a clear mapping to country budget structures.

#### 4.1.1 Financial and fiscal management, budgeting and planning

The various financial, fiscal and planning bodies in a government may have different prominence in different countries and therefore may be linked or organised in a variety of ways. Disaggregating them to a greater degree than simply financial and fiscal affairs and planning would allow for a clearer fit across the range of possible configurations. DAC/CRS clearly separates planning, financial management and statistical functions and, as such, offers a slightly better fit for countries than COFOG, although a more detailed disaggregation would be recommended.

Based on common divisions in the sample countries, financial and fiscal affairs and PFM could be broken down into: budget policy and preparation; macroeconomic policy; debt and aid policy; tax policy; national accounting, integrated FMIS (IFMIS) and treasury operations; audit; and tax collection. Planning is also a key role of government, described separately from statistics. The DAC/CRS has a unique classifier for the central bank termed monetary institutions. In most countries, the central bank

<sup>15</sup> As explained in Section 3, sectors that represent a modification or a merger of COFOG sectors are: defence, justice, law, order and security; water, land, natural resource management and environment; and social protection, housing and community amenities. One sector is additional to COFOG (aid that is separate to the role of government).

is government owned but autonomous, and may not appear in the government organisational structure.<sup>16</sup> As a result, it does make sense to have a separate classification to describe this function.

#### **4.1.2 Executive, legislative and foreign affairs**

The DAC/CRS does not uniquely identify these functions: executive, legislative and foreign affairs functions are all classified under government administration. COFOG does partially disaggregate this, but a clearer division would allow for a clearer fit with countries' budget definitions.

An issue relating to foreign affairs is the payment of regular subscriptions to international institutions. Although aid very rarely finances such payments, these transactions are generally listed under external affairs in COFOG. It makes sense to disaggregate this, as the department that finances these types of payments may not always be located within the Ministry of Foreign Affairs.

#### **4.1.3 Local government finance**

The degree of decentralisation of expenditure and governance varies significantly from government to government. The level of autonomy and discretion of local governments will affect the existence, size and nature of any transfers from central government. In addition, the degree to which a unified central and local government planning and budgeting system exists may affect the extent to which expenditures within these transfers are systematically defined.

COFOG has a clear classification of 'transfers of a general character between different levels of government' as a function of central government. This is generally a good fit for countries that provide central management and transfer of funds for activities implemented at local government level. These transfers may in some cases be earmarked for activities in specific sectors, in which case the expenditure can be classified by sector. Alternatively, they may be un-earmarked, in which case they represent a resource at local government level and do not have an identifiable sector of expenditure. In this case, COFOG's classification of local government finance is applicable. The DAC/CRS classifies this un-earmarked local government finance under the broad category of government administration.

Fairly autonomous local governments, for example Pakistan's Sindh province, show a clear set of functions at this level. Less politically or fiscally devolved local governments, such as in Rwanda or Uganda, also have a clear set of institutions and responsibilities at local government level and a classification for the administration of transfers.

#### **4.1.4 Debt and foreign aid**

The fact that the DAC/CRS is designed to describe donor expenditure rather than recipient government expenditure makes the classification of financial transfers between donor and recipient somewhat complicated.

The seven categories of debt transaction in the DAC/CRS can generally be grouped with public debt transactions as described in COFOG. Debt policy and management would usually be undertaken by either an independent agency or a department in the Ministry of Finance, and this is demonstrated to some extent in the sample countries. As such, a separate classification is appropriate but, for the purposes of recipient countries, the most important distinctions are debt policy and management, debt transactions external and debt transactions internal.<sup>17</sup> Beyond this, characteristics or conditions of the specific transactions do not need to be classified in a sector-based set of classifications.

Foreign aid is listed as a category in COFOG, subdivided into payments to countries and payments to international institutions. This is separate from subscription fees for international institutions. For a

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<sup>16</sup> It usually will be treated in a similar way to state-owned enterprises (SOEs), with just a government transfer facility available for any financing.

<sup>17</sup> These could be further broken down by principal and interest payments, but this is probably an unnecessary level of disaggregation.

recipient country that is also a donor, for example Colombia or India, this is a useful classification, but generally it is unlikely that donors will finance the foreign aid expenditures of a recipient country. However, for comprehensiveness and clarity, it is a useful category to maintain.

#### 4.1.5 Other central transfers

Many countries do not explicitly define transfers to autonomous bodies or SOEs<sup>18</sup> within the functional structure, but rather treat these as transactions under a specific ministry. For example, subsidies to an electrical generation or distribution SOE may be budgeted for under the Ministry of Energy. Both COFOG and the DAC/CRS do not identify these activities either. Nevertheless, as a classification of ‘budget subsidies to autonomous institutions’ would be useful for countries that have a central body that oversees these types of subsidies, such as Ethiopia, this is recommended.

Specific transfers from central government to institutions or individuals in the form of compensation, pensions or subsidies may exist. This standard function is usually identifiable but can come under different sector definitions in recipient countries. Even though several countries attach pensions and social benefits to a ministry or hold them independent within the equivalent of the general public service sector, this function is discussed in Section 4.8, under social protection, housing and community amenities.

#### 4.1.6 Statistics

Many countries have a statistical office with some degree of autonomy. It is therefore appropriate that the DAC/CRS differentiates between economic planning and statistical services, although COFOG categorises these two functions as one.

#### 4.1.7 Elections

This role usually has a unique classification in countries as the electoral commission will tend to be an autonomous institution. The DAC/CRS has a clear classification for assistance to election implementation and monitoring, whereas COFOG classifies this under ‘general public services not elsewhere classified’.

## 4.2 Defence, justice, law, order and security

### Summary of defence, justice, law, order and security

- Lower-level defence, justice, law and order functions are clearly identified and closely match most country budget classifications in COFOG, although they are grouped in a variety of ways as sectors. In the DAC/CRS, many of these functions also fall under government administration.
- Often, numerous levels of law courts are disaggregated further by countries.
- Police and prisons are clearly identified in most country classifications, whereas fire services are less often identified.
- Narcotics control, human rights and a number of specific post-conflict activities are listed in the DAC/CRS, although among these only narcotics control appears with any regularity in country classifications.
- The closest fit for any defence classification in the DAC/CRS is security system management and reform.

This sector’s definition, composition and cohesiveness vary from country to country, although at institutional level the countries are remarkably similar (and fairly well described by COFOG).

Countries tend to fit well with COFOG with regard to policing, legal and judicial roles in the JLOS sector and also in terms of defence. COFOG also implicitly includes what is described in many countries as internal affairs, which includes immigration and customs and may include internal security. The DAC/CRS does not explicitly mention the defence sector, largely because military assistance is not classified as official development assistance (ODA), but the closest fit is security system management

<sup>18</sup> This could be funded from a variety of locations in government, but it is discussed under this heading in this paper for simplicity’s sake.

and reform. The DAC/CRS also lists human rights and several post-conflict activities that do not often appear in country-level classifications, most likely because of the context-specific and relatively temporary nature of these types of activities for any one specific country.

Judicial institutions in countries tend to be numerous, with separate levels of courts and subsidiary services, such as judicial service commission, legal training, prosecution, etc, allocated separate votes. In this regard, most country governments disaggregate at a far higher level than both the DAC/CRS and COFOG. COFOG defines policing fairly broadly, encompassing many internal affairs type activities under police services, for example immigration. Meanwhile, governments typically have a department for internal or home affairs that is described inadequately in COFOG (and not at all in the DAC/CRS). Despite the fact that only a few countries have a separately identified fire services unit, COFOG has a classification for this.

The DAC/CRS is far from comprehensive here, likely because of its origins in the ISIC coding system, whereby activities in which the sovereign government traditionally holds a monopoly (defence, justice, policing, foreign affairs, etc) are classified under ‘public administration and defence’, with other services provided by the state but not unique to it, such as education and health, given separate sectors. In most countries, the JLOS sector falls under ISIC public administration and defence classification, which the DAC/CRS has expanded to include civil society activities, although it has retained most of the traditionally sovereign activities in the DAC/CRS classification ‘government and civil society’.

The DAC/CRS classifies the legal and judicial sub-sector separately, but the rest of the JLOS sector tends to be grouped under the broad government administration sub-sector, with little disaggregation, making coding for these activities poor. The DAC/CRS does explicitly identify narcotics control as a unit, which is relatively common in government CoAs, although it comes under other social infrastructure and services. COFOG generally classifies this under policing but does not allocate it a unique code.

In countries, anti-corruption activities may have a unique function or, in some cases, an autonomous agency. COFOG and DAC/CRS do not have specific classifications for anti-corruption, but it does fall under the function within COFOG termed ‘preparation and enforcement of legislation and standards for the provision of public order and safety’.

### 4.3 Economic affairs

#### Summary of economic affairs

- COFOG clearly identifies sub-sectors and as such generally matches country budgets fairly well.
- COFOG does not disaggregate the sub-sectors much at all, which can make matching to country budgets difficult, particularly where different types of services are delivered at central and local government levels, and where construction and public works are grouped together in a unique ministry or department separate from the planning and administration of each of the sub-sectors.
- Activities of the planning and regulatory ministries and bodies of labour, commerce and industry are not clear in the DAC/CRS, although trade activities are identified in great detail.
- Most of the economic functions are described in far greater detail in the DAC/CRS than in the country budgets, but generally the association is fairly clear.
- Public works, roads and communications sectors are usually more structured in country budgets.

Economic affairs groups several economic and productive sectors, such as agriculture, transport, communications, energy, etc. For the purposes of this paper, they are discussed under a broader heading. The DAC/CRS (as well as some countries) presents these functions as individual sectors. As it derives these from the UN industrial classification, the level of disaggregation is extremely detailed: 97 sub-sector-level classifications compared with a third of this number in COFOG (most countries have even fewer). However, this disaggregation is based around industries, whereas countries nowadays generally approach economic activity from a comprehensive oversight and regulatory perspective, grouping economic activities strategically at sub-sector level rather than by industry. Alignment with

this approach can be fairly easily achieved from the DAC/CRS definitions, and examples will be given when relevant in the following sections.

In large part, the government role in economic affairs lies in policy, management and regulation, with some strategic interventions or investments in infrastructure, for example in transport and energy. COFOG describes policy and administrative management within the relevant ‘not elsewhere classified’ function, whereas the DAC/CRS consistently identifies this function within each industrial classification.

#### **4.3.1 General economic, commercial and labour affairs**

In the sample countries, a number of general functions relate to this sector, including trade, labour, industrial policymaking, investment promotion and regulatory bodies. In many countries, these are located within the Ministry of Trade and Industry, but there are some variations (in some cases they come under several ministries), so a clearer disaggregation than either the DAC/CRS or COFOG provides would allow for a better fit with the variety of recipient country budget classifications: general policy and administration; labour affairs; trade affairs; industry and commerce affairs; and financial sector promotion and regulation. The DAC/CRS has separate and fairly specific classifications that represent a number of activities within the more general economic affairs functions that countries define. COFOG classifies them in a more structured and aggregated format as ‘general economic and commercial affairs’ and ‘general labour affairs’.

#### **4.3.2 Public works**

Several countries have a separate government body responsible for the regulation of and, in some cases, the construction of infrastructure projects across multiple sectors of the economy, but neither COFOG nor the DAC/CRS has a classification specifically for public works. Even though it may not apply to all countries, a separate classification for ‘public works design, coordination and control’ would be helpful in budget classifications to identify part of this role. However, with regard to the construction role of public works, it is important that this does not appear as an aggregated function, but rather that it becomes a standard classification within every economic sector for which public works is relevant. This disaggregation will mean that, for example, a donor-funded borehole construction project is classed as ‘public works construction – water’, allowing it to be associated with either water or public works depending on the organisation of the functions of government within a given recipient country.

#### **4.3.3 Agriculture, forestry and fisheries**

This sector tends to have the three clear roles in the sample countries: agriculture, forestry and fisheries (and in some cases hunting). The agriculture sub-sector usually has a number of clear functions, whereas forestry and fisheries tend not to be disaggregated any further. No countries have as many individually described functions as those in the DAC/CRS, whereas COFOG is excessively aggregated. Using COFOG, the DAC/CRS and the sample countries’ budgets, the following functions capture the majority of budget classifications listed by the sample countries: policy and administrative management; food crops; industrial crops; livestock and veterinary services; agricultural extension; agricultural research; forestry; fishing; hunting; and irrigation.

Irrigation, sometimes termed ‘water for production’, is a slightly contentious function, as some responsibility for the function, particularly in the area of construction, may lie with the water sector. As a result, it is critical to identify this function uniquely to allow it flexibility between sectors.

#### **4.3.4 Energy**

This sector is often merged with one or more of the other economic affairs sectors in the sample countries. For both COFOG and the DAC/CRS, the only matching country spending item is petroleum and natural gas, and this function, in many cases, can be placed within exploration and mining activities rather than energy generation. Disaggregating to the degree of the DAC/CRS is largely unnecessary for the purposes of matching recipient countries’ budgets. Meanwhile, COFOG groups

mineral fuels as energy and non-fuel minerals as mining. For the purposes of this paper, and in deviation from the COFOG classifications, functions relating to any kind of mining or exploration are addressed in more detail under mining and mineral development (Section 4.3.5), to better align with the majority of country-level classifications.

Electricity is explicitly mentioned only in the cases of Iraq and South Africa. Different degrees of privatisation within the sector mean that energy generation, regulation and distribution functions may not be the role of government in some countries. Several countries have rural energy and electrification programmes which may also be related to rural development functions (addressed in Section 4.8), but for the purposes of this paper these are better classified under energy.

Drawing mainly from the DAC/CRS, a set of functions that would be useful for the purpose of matching budget classifications would include: energy policy and administrative management; general power generation; electrical transmission, distribution and regulation; and rural energy.

#### **4.3.5 Mining and mineral development**

As mentioned in the previous section, mining and mineral development is often closely related to energy. COFOG definitions of the sector are generally more closely aligned with the budget classifications in the sample countries, although in some countries the functions, particularly those relating to mineral fuels, are listed under the classification for energy. This does not necessarily make a difference unless it becomes difficult to determine, for example, where to locate the mining of mineral fuels that are not directly intended for energy generation (but rather for export or other purpose). For the purposes of this paper, mineral fuel functions are located under the mining classification in order to link more accurately with DAC/CRS classifications as well as with a number of the sample budget classifications. Within the sample countries, only the first two DAC/CRS classifications (mineral/mining policy and administrative management' and 'mineral prospection and exploration') appear, suggesting that the DAC/CRS is excessively disaggregated. Mineral/mining policy and administrative management is relevant and is usually clearly defined.

Beyond this, it is fairly simple to group the 10 DAC/CRS classifications in mining into the COFOG classifications of 'petroleum and natural gas', 'coal and other solid mineral fuels' and 'mining of mineral resources other than mineral fuels', which together align with the variety of budget classifications in the sample.

#### **4.3.6 Transport**

There is significant variation among classifications in the transport sector in the sample countries, although they are fairly similar in the DAC/CRS and COFOG. For example, most sample countries disaggregate the roads sub-sector, whereas other forms of transport do not appear individually in any of the budget structures. Rail, ports and air transport services are often fully or partially privatised. Public transportation may not always exist; where it does, it may also be privatised. Nevertheless, it is important to maintain these separate types of transport classifications, as they represent standard classifications of transport and some governments may have distinct budget allocations.

The roads sector is also one where there may be local government budget spending on feeder roads. In countries where local governments do not exist or do not control a budget for roads, there may be a classification for feeder roads that is funded from central government.

Many countries have a meteorological office, although its location within the budget structure can vary widely. Where it exists, is most commonly associated with transport; as such, it is recommended that meteorology has a unique classification and be classified under transport. COFOG places this function in general economic and commercial affairs, whereas the DAC/CRS places it in (the even broader) government administration.

Based on these findings, classifications for the following functions of the transport sector would allow a clearer matching for the purposes of budget classification: transport policy and administrative management; transport regulation and standards; national road maintenance; national road construction; water transport; air transport; public transport; and meteorology;

#### **4.3.7 Communication**

The communications sector in the sample countries is often linked with information and contains functions including: policy, administration and regulation; information and communication technology (ICT) and telecommunications; broadcasting and publishing; and information services.

The DAC/CRS disaggregates these fairly well under communications, although there is an additional 'free flow of information' category under government and civil society. This wording may, in some cases, be considered political, as it suggests certain policies relating to broadcasting and publishing that may not exist in the recipient country. The more generic 'communications policy, administration and regulation' is more appropriate.

COFOG does not disaggregate the sector at all, but it classifies 'broadcasting and publishing services' within the recreation and culture sector. Based on the sample countries' budget structures, it is a better fit to place this function under communication and information rather than under recreation and culture, although its location can be flexible.

#### **4.3.8 Tourism and its link with culture and environment**

Tourism is an important sector in many of countries in the sample, and the composition of institutions responsible for overseeing the various functions related to tourism varies widely, leading to close linkages among: tourism located under economic affairs; the environment sub-function; and functions within recreation, culture and religion. Tourism is given an independent function within COFOG, under other industries.

The important components to differentiate in individual classifications are: tourism promotion, listed under tourism; conservation policy and operation of parks, listed under environment; and museums, libraries and cultural activities, listed under culture. Many countries group some or all of these, for example by placing tourism in a sector with environment but keeping arts and culture separate (South Africa). It is important that these functions be separately identifiable and movable within the classification to allow recipient countries to clearly identify the intended function.

#### **4.3.9 Other industry**

Both the DAC/CRS and COFOG categorise further for additional types of industry – e.g. banking, small and medium-sized enterprise (SME) development, storage – although very few countries within the sample have any specifically identified functions that relate to these categories. Therefore, this level of disaggregating does not particularly improve the match with budget structures.

## 4.4 Water, natural resource management and environment

### Summary of water, natural resource management and environment

- Country budgets organise and group water supply, natural resource management and environment functions in a variety of ways, although the lower-level functions are fairly common in each country.
- Rural and urban disaggregation of water supply and sanitation is common in countries, and can be related to the level of government that provides delivery.
- Wildlife protection and tourism are merged in some countries.
- Irrigation can be placed under water or under agriculture in different countries.
- COFOG defines water supply under community and housing amenities, linking it loosely with some other public utilities; however, most countries in the sample have a separate ministry and a detailed set of functions for water provision.
- Sanitation is not identified in COFOG, although waste management is.
- Environment has a number of sub-functions that are fairly easily identifiable in country budgets.
- The DAC/CRS identifies a function for water policy and planning, which makes it easier to align with countries where public works undertakes much of the construction role.
- While the split between large systems and basic water supply in the DAC/CRS may often be more or less analogous with the rural and urban split, the merger of water and sanitation may not always be relevant, as some countries have separate sanitation departments that are not linked to level of delivery.
- The DAC/CRS has a range of environment classifications that exceeds the detail of most country systems.

The functions of water provision, land management, natural resource management and environment are grouped together here as a sector because of the great many linkages between them in the sample countries. However, an examination of the functions offers a strong case for highlighting the lower-level functions as opposed to defining the broader sector. Most of these functions exist in each of the sample countries, but in different configurations.

The water supply function is often associated with infrastructure, given the large construction component in the sector, and is hence classified under economic affairs in many budget structures. COFOG classifies water provision as a sub-sector of housing and community amenities and does not disaggregate this beyond water supply and does not identify sanitation at all. This is not disaggregated enough to adequately map the sector with recipient budgets, which often see significant government and donor priority and investment in water provision. The DAC/CRS classification of water supply and sanitation is disaggregated and the sub-sector classifications fit fairly well with the sample country budget structures. In the sample countries, the sector typically has the following components, though often not disaggregated: water policy and administrative management; rural water provision; urban water provision; sanitation; and sewage and waste management. This last is closest to waste water management in COFOG, under environment protection. The rural and urban split of water supply reflects different strategic approaches to this key area of service delivery and can be related to the level of government providing the service – with local governments, where they exist, often dominant in rural water supply.

Irrigation, sometimes termed water for production, often has a close relationship with the water sector, but is discussed under agriculture in this paper.

Under the environment sub-sector, several clear functions exist. Environmental policy, administrative management and regulation usually exist to some extent in most country budget structures. The DAC/CRS classification of environmental policy and administrative management conforms extremely well to the countries' classification systems. COFOG does not have a similar category, and items placed under the DAC/CRS's environmental policy and administrative management would end up under COFOG's 'environmental protection not elsewhere classified'. Water resources management is a common function in many budget structures, often listed along with water provision. This links closely with the function of natural resources management, which exists in a few countries.

Climate change policy and management has a growing importance and includes two roles, one specific to environmental policy and the other related to disaster prevention and preparedness. Neither COFOG

nor the DAC/CRS has a classification for climate change<sup>19</sup> but it may be useful to link climate change-related activities to an existing environment function.

COFOG places wildlife and landscape protection under biodiversity in the environment sub-sector. The DAC/CRS places this same role under biodiversity under general environment protection, within the multi-sector/crosscutting classification. In reality, many countries have a national parks service or agency which undertakes the operational role of wildlife and land conservation, while a broader ministry undertakes the policy and planning. The wildlife function can often be linked or merged with tourism in sample country classifications (addressed in Section 4.3.8).

## 4.5 Health

Summary of health
<ul style="list-style-type: none"> <li>• The health sector is structured very differently in different countries, and is often heavily funded by donors, often through parallel institutions.</li> <li>• Governments usually have a curative and preventative structure; a basic and disease-based approach; or a hospital and basic services structure.</li> <li>• The role of local government service delivery is also an important determinant of the structure of the health sector budget.</li> <li>• COFOG defines functions for institutions responsible for inputs and services such as pharmaceutical products and hospital, specialised and nursing services; this structure is similar to some of the sample budgets.</li> <li>• The DAC/CRS clearly defines basic health services, which is relevant to many sample budgets.</li> <li>• It approaches major diseases individually, unlike in many countries.</li> <li>• HIV is defined as completely separate from health in the DAC/CRS, with family planning and population management; this is not common in sample countries.</li> </ul>

The health sector might be expected to have a consistent structure, similar to education, as it generally delivers a range of services that tend to be government dominated but heavily funded by aid. However, it appears that some countries are organised by preventative and curative functions, with higher-level strategic authorities given budget powers. In other countries, budget powers lie with the institutions – the Ministry for Planning and Policy and the lower levels (mainly hospitals and primary health care, sometimes delivered through local governments) – for service delivery. This leads to a fairly divided range across countries in the strategic and budget organisation of the sector.

In COFOG, health is organised by: central inputs and policy; outpatient health, roughly analogous to primary health care in developing countries and often delivered by local governments; and hospital services, delivered by hospitals. Although a number of modifications could be made to build a closer match, by granulating the sectors more comprehensively, COFOG is only somewhat useful, as it aligns with most countries that are organised by primary health care, hospital services and central services and planning but is not helpful for a curative and preventative planning structure.

In the DAC/CRS, it appears that donors have departed somewhat from delivery through government systems and added on programmes around some specific diseases. This is likely to have been influenced by large, disease-specific funds, particularly for malaria and HIV/AIDS. The latter is often a highly political area: in the DAC/CRS structure, it has been separated from health and included in a separate group covering population policies and reproductive health. And yet very few countries have a unique administrative department for family planning; instead, this area of maternal health is often integrated into more general planning and strategic functions and implemented by lower-level outpatient or clinic bodies. Many countries do have a dedicated unit for coordinating cross-sector approaches to HIV/AIDS but, again, the bulk of this is likely to be centred around policy, research and

<sup>19</sup> In the DAC/CRS, climate change is recorded via two policy markers – one for adaptation and one for mitigation – as it is a crosscutting issue.

cross-sectoral coordination rather than implementation, which is more likely to be integral to the various basic, clinic and hospital service delivery units.

The separated approach to specific high-profile health issues such as family planning, malaria, HIV/AIDS and others in the DAC/CRS describes well the reality in many recipient countries, where a large proportion of health expenditure is off-budget and aid activities have moved significantly into the area of delivery – not through government systems but in parallel or disease-specific roles.

The DAC/CRS sector classifications are only marginally useful for us. Importantly, administration is split away from other medical services. Apart from HIV/AIDS, there are separate categories for two other key diseases, malaria and tuberculosis, although these are nested within health, unlike HIV/AIDS. However, many other important specialised services are categorised under the broad heading of basic health, given a UN focus on basic services. These include mental health and children's health; maternal health is classified under reproductive health.

## 4.6 Recreation, culture and religion

### Summary of recreation, culture and religion

- The functions are common in the sample budgets, but are configured in a variety of different ways and grouped under different line ministries.
- Sport can be linked to education or youth development in some countries; broadcasting and publishing can be grouped with communications.
- Culture can often be linked with tourism, while expenditure on religion is rare in the sample.
- The DAC/CRS has only two relevant purpose codes for this sector: culture and recreation and radio/television/print media.
- Sport often occurs in the sample budgets but is not explicitly identifiable in the DAC/CRS.
- Religion does not occur in many countries, and the DAC/CRS does not identify it.

This sector as defined by COFOG consists of functions for: recreation and sports; cultural services; broadcasting and publishing; and religious services. This is far broader than the DAC/CRS, which has only one classification (culture and recreation) to encompass these activities.

### 4.6.1 Recreation and sport

The inclusion of recreation and sport in this sector can vary by country. Some countries within the sample locate sporting services in other sectors: for example education (Uganda), health (Mongolia), youth development (Iraq and Ghana) or individually (South Africa). Given this variety, it is recommended that sport be classified uniquely to allow it to cross categories. Additionally, youth development could be placed under this sector but can be classified uniquely.

### 4.6.2 Religion

Few countries in the sample spend directly on religion, although a select few (Sindh province, Pakistan, and Iraq) direct public funds to religious organisations. COFOG has a separate function in this sector for religion and other cultural services, which is appropriate, especially given non-traditional donors that may directly fund religious activities. This also encompasses support for youth and social organisations, labour unions and political parties. This gives the classification a very broad scope and, as such, there may be an argument for disaggregating this function for greater clarity in interfacing with budget classifications.

The DAC/CRS does not identify an area for funding of religious activities, but it does refer to support to labour unions under employment policy and administrative management, suggesting that it may make sense to disaggregate this element. The only reference to youth development activity is under education. Evidence from the sample countries suggests that youth development may be best located in a separate classification under this sector, as suggested above.

### 4.6.3 Broadcasting and publishing

Support and operation of radio and broadcasting in most of the sample countries is linked to the broader communications function, usually under a ministry such as the Ministry of Information and Communication. As a result, this sub-sector is discussed under communications in Section 4.3.

### 4.6.4 Culture and the linkage with tourism and environment

As mentioned above in tourism (Section 4.3.8), the linkage between culture, tourism and some aspects of the environment is strong. Sample countries usually have a culture function specified within their budget structure, but it is often associated with other elements, e.g. sport, tourism or information.

It is important that there is a function relating to museums, libraries and cultural activities, and in this paper this is located under recreation, culture and religion. Many countries group some or all of these functions, for example placing tourism in a sector with environment but keeping arts and culture separate (South Africa). It is important that these functions be separately identifiable and movable within the classification to allow recipient countries to clearly identify the intended function.

## 4.7 Education

### Summary of education

- There is generally a close fit between government structures and COFOG/the DAC/CRS.
- COFOG structures education by the ISCED-97 standard (International Standard Classification of Education), breaking it into upper and lower primary, secondary and tertiary. Most countries use a variation of this structure and it is generally fairly simple to match.
- COFOG does not separately identify vocational training which is common, either individually or as a component of secondary and/or tertiary education in the sample countries.
- Several sample countries do have a separate department for adult education, physical or health education, administration and teacher training, which COFOG generally groups as 'education not definable by level'.
- The DAC/CRS separates primary, secondary, tertiary, vocational training, teacher training and administration in much the same way that most sample countries do.
- The DAC/CRS does not explicitly define an adult literacy function, although this will likely be applicable to basic life skills for youth and adults.

The education sector in most countries (delivery, policy and planning) is regulated and funded largely by the government. Donors generally work more to supplement or support this role rather than building parallel service delivery units. This may explain the close fit between the recipient country education structures and the structure described by the DAC/CRS.<sup>20</sup>

Education is moderately well described by both COFOG and the DAC/CRS, but several specific points arise. Government structures tend generally to have a central planning and administration department and primary, secondary, vocational training and tertiary education departments. Countries with more devolved local governments have all primary education and a significant proportion of secondary education delivered by local-level authorities. Some countries separate some of the central roles further, for example giving the education service commission, the school inspectorate and the examination board significant autonomy.

The DAC/CRS has a well-defined range of sub-sectors for education that conforms to the norm in most government structures, with policy/administration, primary, secondary, tertiary, vocational training and teacher training as separate activities. It is interesting to note that these definitions are very clear on the specific roles that are unique to government – particularly planning, policy and administration. The UN industrial classification schema, ISIC, around which the DAC/CRS was originally formulated,

<sup>20</sup> In practice, government and donors at country level may approach the sector in a matrix structure, with primary, secondary and tertiary sub-sectors and common components such as administration, teacher training, vocational training and service delivery, as well as inputs such as textbooks and facilities or strategic programmes. For the purposes of this paper, we examine the sector in the same way as we do all sectors – with a nested sector and sub-sector approach.

describes only the service delivery elements of education, whereas the DAC/CRS has evolved to much more closely mirror the activities of government in the sector. This is probably for two reasons, one being the government's dominance in the sector and the second the role that donors often play in supporting the strategic planning of the government-led sector.

The COFOG schema adequately covers the range of activities within the education sector, but the definitions are not as well constructed and granulated as in the DAC/CRS. This is primarily because COFOG does not explicitly describe a central policy and planning department. The UN advises that these activities be placed under the primary, secondary or tertiary sub-sectors when they are specific to level and under 'not elsewhere classified' when they are general. The central, cross-level education planning function of government is of critical importance, and also is an area closely supported by donor technical assistance and funding, so it is unfortunate that it is mixed with other activities not classified by education level. Vocational training can appear individually or be associated with secondary or post-secondary education levels.

All in all, the structure COFOG uses for education looks remarkably similar to the ISIC definitions of the sector. One significant area where the COFOG standard makes a valuable contribution is in the granulation of each level of education into upper and lower. This is particularly useful in the primary/pre-primary area, as several governments separate these two activities into two departments.

## 4.8 Social protection, land, housing and community amenities

### Summary of social protection, land, housing and community amenities

- COFOG has clear functions for the areas of social protection and pensions, although these may be funded directly from the Ministry of Finance or Ministry of Public Service in sample countries. The DAC/CRS aggregates all social security and services into social welfare services.
- Housing and community development is defined in COFOG but a split between urban development and rural development is not clear and is common in the sample countries. The DAC/CRS classifies rural and urban development and housing policy clearly, as is seen in several sample countries.
- Land policy, administration and management are not separately addressed in COFOG, although most countries will have a department or ministry to undertake this function. Land policy and management is linked with environment in the DAC/CRS, as in some, but not all, of the sample countries.
- Disaster prevention and emergency relief does not appear clearly in COFOG. The DAC/CRS has a detailed set of functions to describe this, grouped with other functions under humanitarian relief.

This sector covers the provision of social security and pensions, social services and youth development, support to women and children, the construction of low-cost housing and funding directed towards both urban and rural development.

### 4.8.1 Social security and social services

Pensions, although found explicitly only in Iraq and Uganda, is identifiable in both COFOG (old age) and the DAC/CRS (social welfare/social services). In both Iraq and Uganda, the pensions function is not located within social protection: in Iraq, it is a function within the Ministry of Finance and in Uganda it is in the Ministry of Public Service. It may be useful to distinguish between pension policy and administration and pension payments in the classification.

The DAC/CRS category of women's equality organisations and institutions is more representative of the increasing attention given to gender by the international community, and many of the countries in the sample have a specific budget classification for this function. The importance of gender, however, is aggregated in COFOG under the family and children classification.

Furthermore, the DAC/CRS employment policy and administrative management classification is a better match than COFOG's unemployment category. Most countries in the sample direct spending towards job creation, but very few (if any) have reached the level of development that can also provide

unemployment benefits. Therefore, the DAC/CRS classification is a more accurate representation for the purposes of matching with recipient country budgets.

The majority of countries in the sample have a department or even ministry responsible for youth development. The DAC/CRS does not have a classification for the provision of youth services, and this might be most appropriately classed under social/welfare services. Within COFOG, it would most likely fall under the family and children classification. For the purposes of this paper, the youth affairs category is distinct from vocational training or non-formal youth training as classified under education.

#### 4.8.2 Housing and community development

The DAC/CRS conforms quite well to the budget classifications relating to housing and community (rural and urban) development in the sample countries. Many of the countries disburse funds for urban and rural development, and the DAC/CRS has classifications for urban development and management and rural development. COFOG has only a category for community development (which aggregates administration of community development affairs and services, planning of new communities or of rehabilitated communities and provision of information on community development affairs and services) and makes no mention of the urban/rural split. Also, no countries in the sample have budget classifications for the following COFOG categories: sickness, disability, survivors, street lighting.

Both COFOG and the DAC/CRS have categories for housing that conform to country classifications. In the DAC/CRS, there is a clear distinction between housing policy/planning and construction of housing, which is a useful disaggregation for the purposes of matching with budget structures.

#### 4.8.3 Land policy

Neither COFOG nor DAC/CRS adequately describes the function of land policy, administration and management: COFOG does not have a clear classification for this anywhere, whereas DAC/CRS classifies this function under environmental policy and administrative management and both urban development and rural development. Most of the countries have a department or agency to undertake this role and, as such, this classification would allow a clear matching with recipient budgets.

#### 4.8.4 Disaster prevention and emergency relief

Finally, although disaster prevention and emergency relief and humanitarian assistance are not explicitly listed as a COFOG sub-sector, there is a legitimate reason to suggest that they be placed here (some of these activities are currently listed under the ‘social protection not elsewhere classified’ category). The DAC/CRS has explicit classifications for many of these functions, but they are placed under humanitarian aid and, as such, are not associated with the relevant government functions. For example, reconstruction of infrastructure can also be undertaken by government but would be undertaken by ministries or agencies in the transport, water or energy sectors, for example.

It is important for this humanitarian aid to be classified under the correct sector and function rather than outside of the budget structure. Despite this, a number of disaster and emergency functions classified in the DAC/CRS are extremely useful in describing aid in a way that can be matched with government budget structures. These include: disaster prevention and preparedness; relief coordination, protection and support services; basic material relief assistance; emergency food aid; and support to refugees or internally displaced persons.

### 4.9 Aid that is not supplementary to a government role

<b>Summary of aid that is not supplementary to a government role</b>
<ul style="list-style-type: none"> <li>Neither sample budgets nor COFOG has functions to describe the administrative costs incurred in a recipient country by donors. Neither is designed to do so.</li> <li>The DAC/CRS has a classification for ‘administrative costs’ of donors. While the sample countries will not have this, it is an important function to have defined for aid expenditures within a country.</li> </ul>

At the country level, there will be some types of aid that are specifically targeted at a purpose that is external to a government remit. The primary example of an area explicitly outside government remit is general administration of donor or international non-governmental organisation (INGO) country offices. Technical assistance, by its nature, is attached to a specific function of government or department. Budget support, sector/earmarked budget support and debt relief are, by default, reclassified to government classifications, as the money is appropriated by government and allocated through government accounts. Humanitarian expenditure must be supplementary to the government role, and can be matchable either with a government department for disaster preparedness and mitigation or with a specific sector where the aid is being targeted, such as water or transport.

#### **4.10 Summary of commonalities between sample budgets and international classifications**

COFOG is designed specifically to describe the activities government undertakes. As a result, it is an appropriate starting point to examine alignment between recipient budget classifications and existing international aid classifications. COFOG represents country sector and administrative classifications fairly well at aggregated levels, but at the lower levels tends not to disaggregate the functions of government in the same ways or to the same degree that many governments do.

The DAC/CRS purpose codes provide sectoral analysis of aid flows but are not designed to link to sectors in national budgets, and the research shows limited comparison between them and existing national budget structures. The DAC/CRS has naturally evolved to become more granular in areas where donors are more active. In some sectors, this has tended to align with government, such as education; in others, it has tended to develop in parallel with government, such as health and JLOS. The DAC/CRS codes can be a useful resource in improving alignment with recipient budgets in sectors such as education, but in other sectors they may not be useful because they have developed largely to describe funding external to recipient government budgets.

There are significant commonalities between budget structures at the lowest level of the classifications in most of the sample countries, but the composition of these functions in terms of the ministry and sector in which they are located varies widely from country to country. Neither of the international classification systems comprehensively captures the commonalities between the lower-level functional components, although the DAC/CRS is fairly accurate in some areas. This is particularly apparent in JLOS, where the makeup of the sector varies widely but the presence of many lower-level departments or institutions is common: there are several areas where greater granulation would be required to allow this kind of interchangeableness.

The availability of national CoAs was more limited than expected, in itself an important finding and a challenge to budget integration. Budget organisational structures were more easily available in countries with comprehensive websites and greater domestic transparency,<sup>21</sup> leading to an unintended bias in the comparison of countries with the international standards. This exposes the fact that the ease of mapping aid onto budgets may have an inverse relationship with institutional capacity levels, and lower capacity countries are likely to start at a disadvantage in the attempt to use aid information and build functioning integral AIMS. Recent research by the Overseas Development Institute (ODI) (de Renzio, 2009) adds to this question by finding that aid dependency has a weak association with stronger and more transparent PFM but a negative association with good donor practices (such as the predictability of disbursements and the percentage of aid that uses national procedures).<sup>22</sup>

<sup>21</sup> Only in Uganda and South Africa were the budget structures available on the national website. Of the countries in the sample that had been assessed in the Open Budget Survey (2008), these two countries ranked highest in terms of budget transparency.

<sup>22</sup> de Renzio examines 57 developing country PFM systems in relation to aid dependency and other parameters using PEFA assessment scores and total ODA as a percentage of gross national income (GNI). The PEFA assessment is a widely used methodology established in 2005 for diagnosis and analysis of PFM systems and institutions.

## 5. Conclusions and recommendations

A large amount of donor aid in developing countries is spent without the government having full or, in some cases, any information about the relevant activities. If a country lacks information on the resources and activities for implementing its development strategy, the efficiency of national budget planning and implementation is weakened, in turn reducing the impact of already scarce resources. Transparent information about aid activities is also vital for reinforcing the accountability structures between government, citizens and donors, allowing civil society to examine donor activity and to hold both donors and government to account for the use of public funds. Improving the link between aid and budgets must be tackled at both country and donor headquarters level. A solution at the country level is imperative to effectively align aid with government planning and implementing cycles and to address country-specific concerns. A solution at the donor headquarters level will improve the quality of the information flow, a critical aspect for the poorest countries with weaker capacity.

This paper has examined a number of budgets from aid-recipient countries as well as international classifications for aid in order to analyse the commonality between national budget structures and contribute some ideas on the role clearer information about aid can play in improving budget transparency, the quality of budgetary decisions and accountability systems in developing countries. The analysis was undertaken by comparing recipient budgets with international classifications in a sector-wise approach. This drove the construction of a generic functional classification (found in Appendix 2) derived from the sample of aid-recipient country budgets and using lessons from the comparison exercise. This section first draws some conclusions from the overall analysis in an effort to construct a generic functional classification. It then puts forward some recommendations for bringing more aid into budget planning systems.

### 5.1 Constructing a generic functional classification derived from the sample budgets

Broadly, the study finds that COFOG better reflects country needs, whereas the DAC/CRS sector definitions are useful at the disaggregated level for some sectors but not for others. Because over time the DAC/CRS has been adjusted to reflect changes to the types of activities donors fund, the classification has naturally given more granularity to activities that are frequently funded by aid and less to those attracting little aid funding. As a result, the DAC/CRS is better at describing functions of government where aid volumes are high and alignment with government strategy and implementation is greater, such as education. The COFOG classification is a better starting point for describing government structure, both in theory and from the evidence, neither system is sufficient in itself to provide detailed information on aid in a way that is optimal for aligning aid with recipient government budgets.<sup>23</sup>

Drawing on the findings, this study proposes a functional classification built on the commonalities between the sample budgets. This draws on the international classification systems and is mapped to the DAC/CRS and tested against several countries. The generic classification is in Appendix 2.

The generic functional classification was designed both to demonstrate the findings in Section 4 and to be used as a base to compare with additional aid-recipient budget structures. It was constructed to prioritise the lower-level functions and to allow them to be discrete and movable, enabling them to be matched to varying compositions of functions in different countries' organisational structure. The low-level functions are grouped into sectors that conform to a large extent with the COFOG sectors. The two significant deviations from COFOG sectors are the extraction of water supply (to merge with environment) and the merger of social protection with housing and community amenities.

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<sup>23</sup> COFOG is designed for countries to report the purpose (functions) of public expenditure against an international standard whereas the DAC/CRS was independently designed for donors to report the purpose of aid expenditures.

Development of a generic classification for the health sector was not possible, as a number of distinct and incompatible systems for structuring the organisation of the sector arose in the sample budgets. This suggests that a deeper examination of the sector, with the contribution of health sector experts, will be necessary before a suitable proposal for a generic structure can be developed. Local government administrative classifications also were not addressed individually, as the degree to which devolution exists in the sample countries demands comprehensive examination, which is beyond the immediate scope of this paper.

Testing of the classification was undertaken during development with the sample countries and afterwards with Haiti, Sierra Leone and WAEMU. In Uganda, a country which has undergone a number of rigorous reforms of the CoA, treasury and budgeting system and which has a detailed set of functions available for analysis, the generic functional classification was able to predict 136 out of 158 ministries and departments. In Sierra Leone, the classification structure was able to predict 174 out of 190 ministries and departments.

The research was not able to find any evidence to contest the findings of Lienert (2003) that the administrative classification of expenditure is generally similar between Anglophone and Francophone countries. The past decades have seen both groups of countries undertaking many similar budget reforms, which may have resolved to some extent the differences between the two groups, particularly as Francophone West Africa has undertaken common reforms to harmonise public expenditure structures.

The findings suggest that divergences between groups of countries may be more prominent in terms of systemic differences in the approach to health sector structures and health service delivery; in the general public service sector, particularly the structure and hierarchy of budgeting, planning and treasury institutions; and, in a different and more extensive way, in the extent of decentralisation and devolution.

Simultaneously mapping the classification against the DAC/CRS and COFOG enabled an examination of the overlap and differences between the two international standards in this context, exposing the gap between the two in terms of linking aid, as described by the DAC/CRS, and government functional classifications, as described by COFOG.<sup>24</sup>

The classification also introduced a separate sector of expenditure that does not occur in national budgets. This is a sector to describe and classify aid expenditures on donor administration. While it will not map with recipient country budgets, and as such cannot be tested against them, this function of aid expenditure is important for both governments and civil society in planning, monitoring and evaluating development activities. This sector of the classification will need to be tested against the organisational structure of donor country offices.

## 5.2 Bringing more aid into the budget planning process

As we have seen, the research shows a significant degree of commonality between recipient country budget administrative classifications. The international classifications are able to match the countries examined in the study to some degree in some sectors, but neither is designed to describe information about aid in the context of the budget processes of aid-receiving countries.

General budget support cannot be associated with a single sector and therefore application of a sectoral classification is inappropriate. With regard to SWAs and sector budget support, which fund a

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<sup>24</sup> A full comparison of these classifications is not included in this Working Paper but can be requested from the Centre for Aid and Public Expenditure (CAPE), ODI.

broad set of activities across a sector, sectoral classifications can be used, but a more granular classification of the functional components is not appropriate. Nevertheless, integrating budget support modalities better into the budget calendar and providing more transparent information about the expenditure is important for both government and civil society.

Project aid, technical assistance and any aid that is specific to a department of government – or function if off budget – must be clearly identified against that function. It is important to identify these funds at a granulated level, not broadly with a sector, to allow planning and monitoring activities to fully take an activity into account during the budget cycle. In terms of using a generic functional classification, or even the existing international classifications, it is also important to define the activity at the lowest level. This is because definitions of sectors vary significantly from country to country whereas, as this research has shown, at the lower level there is a considerable degree of commonality in functions.

The ‘not elsewhere classified’ coding option within the COFOG schema is designed to get around this problem to some extent, in that it serves as a lowest-level default/placeholder classification for unclassifiable activities in the sector or sub-sector. While this is a different approach to that of the DAC/CRS, it still allows a default classification that in planning terms is meaningless. Greater effort to achieve a more comprehensive set of lowest-level classifications by identifying and extracting standard roles that are currently described under ‘not elsewhere classified’ would enable greater accuracy in describing aid activities and better information for planning and monitoring.

Interfacing aid information with budgets needs to be tackled at the country level to make information relevant for a specific recipient country, and at donor headquarters level to facilitate the interface at country level. Country aid management systems need to be enhanced to deliver such functionality. There is no substitute for working at the country level, although initiatives such as IATI can make a critical difference at the donor headquarters level by standardising donor system information to interface with country budget systems, making the remaining amount of work to be done by the country office and the recipient government in making this information country specific much less daunting.

A significant amount of further work needs to be undertaken to gain a fuller understanding of the country-level and donor headquarters-level constraints. A thorough technical assessment of what donor country aid systems are currently capable of supplying would be an important step towards understanding the gap. To further examine the practicality of matching donor system information with recipient government budgets, a useful exercise would lie in testing a much larger sample of countries in the functional structure and with regard to all other relevant parameters of budget information, including budget calendars, currency conversion, programmatic classifications and broad economic areas of expenditure.

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## Appendix 1: The nature of the budget and aid classification systems and AIMS

### An introduction to recipient budget classification systems in practice

Technically, reclassifying aid to a recipient country budget means recoding some or all of the parameters in the governments accounting ‘language’ – termed the Chart of Accounts (CoA).<sup>25</sup> A government CoA contains several coded segments defining distinct parameters – together creating the full accounting schema for government expenditure.

Most countries have, or are working towards, a unified CoA where all government financing is classified under a single CoA. In countries that do not have a unified CoA, different funds use different classification schema. A common example of this is in countries where a recurrent budget is separate from the development budget.<sup>26</sup>

The typical segments of the full code are as follows:

000	-	00.00.000	-	00.00.00	-	00.00.00	-	00.00.00	-	00.00.00.00	-	[0000]
Fund		Organisation		Location		Function		Programme		Object/ Economic Item		[Output]

**Fund:** Source of the finance – on-budget donors are usually given a unique classification to identify them as the source of the finance in this segment.

**Organisation:** Implementing body – usually granulated to two or more levels.

**Location:** For geographically defined local governments.

**Function:** The sector and sub-sector definitions.

**Programme:** Can vary in use but generally is used to group activities under a number of themes aligned with government national policy. For developing countries, this generally is a strategic objective derived from the poverty reduction strategy paper (PRSP) or development plan. Alternatively, it may be aligned with a functional classification (which in turn may be similar or aligned with COFOG). May be linked to development budget projects.

**Object/economic item:** The object code defines standard accounting classifications (assets, liabilities, revenues and expenditures). This is the segment linked to the core GFS classifications.

**Output:** An additional code exists for outputs if the government is implementing an output budget. In countries that have integrated output forecasting and performance into their budget planning, an output code is assigned.

Budget support, debt relief or projects implemented through recipient budgets will be fully reclassified to all the CoA segments. The minimum requirements/segments of the CoA for making meaningful assumptions about off-budget aid in the planning process are **fund**, higher-level **organisation** and/or **function**, higher-level **object/economic item**. **Programme** is desirable, but the role of this segment may vary from country to country.

The object code identifies accounting standards used for broad macroeconomic distinctions at the top level and detailed planning and procurement at the most granulated level. Expenditure classifications are an important element of this and these are key for economic planning, the top level of this allowing

<sup>25</sup> Note: several developing countries have not comprehensively written this down. Many thanks to FreeBalance for providing advice on the specifications of the schema.

<sup>26</sup> The recurrent budget largely includes consumption expenditure whereas the development budget usually contains investment expenditures. This latter is usually where on-budget development aid projects are found, although in some countries with very fragmented budgets the on-budget project aid is classified in yet another fund or funds, often called a public investment programme (PIP).

an important distinction between consumption and investment expenditures. A vast majority of countries will adhere to, or be moving towards the IMF GFS classification for this segment.

Closer scrutiny of the lower levels of the economic classification would be useful for understanding procurement in more detail. IATI may address this in a later phase, but for now it is unlikely that there will be a justifiable reason for including the lower levels of this segment.

### **DAC/CRS purpose code classification**

The DAC/CRS purpose code is the OECD standard description of aid sectors, derived partially from the ISIC classification and developed by OECD/DAC. In the DAC/CRS, data on the sector of destination are recorded using five-digit purpose codes. The first three digits of the code refer to the corresponding 'DAC5' sector or category for more aggregated reporting.

ISIC is the UN standard classification of sectors of the economy as a whole. Public administration features in this classification but itemises only government services that traditionally are fully in the domain of government, i.e. foreign affairs, internal affairs, defence, etc.

### **COFOG classification**

COFOG is a UN standard associated with the GFS standards, a family of classifications developed and used by the IMF as guidelines for PFM. The standard draws from existing government CoAs for updates and contributes to the design of many CoA reforms. First-level COFOG splits expenditure data into 10 'functional' groups or sectors of expenditures (such as defence, education or social protection), and second-level COFOG further splits each first-level group into up to nine sub-groups.

### **AIMS at the country level**

Broadly, an AIMS is a tool designed to gather information on aid activities, including financial flows, identification data and, to some extent, intended purpose. The AIMS reclassifies the various formats by which donors describe aid activities into a common format to enable comparison. To be useful within the government's planning cycle, the AIMS must be integrated into the government's financial planning and management system and the aid information must be reclassified to the government's formats, including financial year, currency and intended area of expenditure, sector and sub-sectors.

In this paper, this type of AIMS is referred to as an 'integral AIMS'. If it is not integrated with government systems in this way, it is termed a 'partial AIMS'. The concept of a 'budget integral AIMS' necessarily requires a government-led reform to build a software module attached to the budget system that reclassifies aid information into budget schema. Currently, this **reclassification is already being done by budget departments** for budget support and aid-funded projects or technical assistance implemented through budgets, although this is rarely an openly published activity. A budget integral AIMS that is designed also to capture off-budget aid expands this function to reclassify a broader selection of aid activities not implemented through budget. As previously stated, this is a daunting task for even the most capable developing countries and, to date, no AIMS has successfully and reliably brought aid information together in a way that interfaces with the national budget.

A partial AIMS collects and formats aid information, both on budget and off budget, and presents the information in a variety of ways. The critical distinction between this and a budget integral AIMS is that they are not reclassifying to a sufficient number, or even any of the segments, of the government CoA. They may also source information on budget support and projects implemented through the budget from the donor system rather than the recipient government system, leading to a different set of figures from government in many cases. Below are some partial AIMS examples.

The two main AIMS systems are the Development Gateway's Aid Management Platform (AMP) and the Development Assistance Database (DAD) produced by Synergy International Systems. Several

countries, such as Cambodia, Colombia and Uganda,<sup>27</sup> have developed ‘home-grown’ versions of an AIMS. In some countries, these have stopped being updated or have been taken over by an AMP or DAD. Both of these products feature tools including: listing, report building and *ad hoc* reports; a charting and geographic information system (GIS) mapping component; as well as an executive dashboard that allows several different reports to be displayed at once.

An AMP is a web-based application designed to track historical, current and planned aid expenditures that are run through the government. An AMP is designed to streamline planning, monitoring, coordinating, tracking and reporting on aid flows. Designed to be flexible, each AMP is customised from a base product to meet the needs of individual recipients and their existing financial tracking systems. There are 14 AMPs currently operational, with more scheduled for implementation over the next five years. Some AMPs are accessible to the public, but they are the property of the recipient country government, many of which have decided that at present they can be viewed only by the government and donors. The AMP has good potential to contribute to the transparency of aid information but, critically, has not yet integrated the software into recipient governments’ own systems.

DAD is an AIMS developed for use in national reconstruction and long-term development environments. Also web-based, some DADs offer offline capabilities as well in areas of low connectivity. Like the AMP, DAD assists country governments with the collection, tracking, analysis and planning of aid flows. Features offered by DAD include: listing, report building and *ad hoc* reports; a charting and GIS mapping component; as well as an executive dashboard that allows several different reports to be displayed at once. DADs are also customised to fit each country but have an identical base and graphical user interface.

Some recipient countries have designed their own AIMS. Cambodia, for example, has its own system built and managed by agencies under the Ministry of Economy and Finance. A home-grown AIMS benefits from clear government ownership and a system built based entirely on the needs of the country. However, technical capabilities may be more limited than either the AMP or DAD to analyse, present and use the data. Without continuing support and demand for the activity from the recipient government, these systems will quickly fall into disuse.

### **A quick note on the political economy of AIMS**

Usage of the information by other parties, particularly country-level civil society and donor country civil society, will generally be optimised by the volume and timeliness of information. Enhancing the budget compatibility of the information will allow civil society to hold both donors and recipient governments to account within the same format.

This paper does not directly address the politics of budget transparency within the recipient country. However, it must be acknowledged that a transparent budget integral AIMS necessarily requires a more comprehensive commitment to transparency across the budget as a whole, to which developing countries committed in the Accra Agenda for Action. A timely, accurate and complete set of aid information being supplied, even if the demand from the recipient government is non-existent, will enable a partial AIMS to prepare a reclassification of information in line with the budget, which may help build experience and capacity for a time when the recipient government is prepared to undertake budget transparency reforms. Additionally, the information will allow a broad, standardised set of aid activity information for civil society to analyse and respond to.

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<sup>27</sup> The Budget Department of the Ugandan Ministry of Finance, Planning and Economic Development designed an internal AIMS in the mid-2000s, but this quickly fell into disuse owing to low demand and other priorities. It is currently exploring the introduction of an AMP.

## Appendix 2: A generic functional structure for the interface of aid and budgets

Function	Sector	Category of government	
Executive	Executive	General public service	
Legislative	Legislative		
Finance agency administration	Accountability		
Macroeconomic policy			
Budgeting			
Planning			
Debt and aid management			
Tax policy			
Tax collection			
Local government finance			
Other central transfers to institutions			
National accounting			
National audit			
National monitoring and evaluation			
Monetary institutions			
Financial sector policy and regulation			
Foreign affairs	External affairs		
Diplomatic missions			
Official development assistance			
General personnel services	General personnel services		
Statistics	Statistics		
Support to civil society	Other general services		
Central procurement			
Other general services			
Elections	Elections		
Policy, planning and administration	Justice, law and order	Justice, law, order and security	
Police			
Drugs control			
Fire			
Judicial affairs			
Human rights affairs			
Immigration			
Anti-corruption			
Prisons			
Peace building			
Demobilisation			
Policy, planning and administration			Defence
Military			
Civil defence			
Foreign military aid			
Policy, planning and administration	General economic, commercial and labour affairs	Economic affairs	
General			
Investment promotion			
Privatisation			
Trade			
Labour			
National standards development			
Policy, planning and administration	Public works		
Construction regulation			
Mechanical services			
Policy, planning and administration	Agriculture		
Irrigation			

Function	Sector	Category of government	
Inputs			
Food crop			
Industrial crop			
Livestock			
Agricultural training and extension			
Research			
Other services			
Policy, planning and administration			Forestry
Development and services			
Education/training			
Research	Fishing and hunting		
Policy, planning and administration			
Development and services			
Education and training			
Research	Energy		
Policy, planning and administration			
Education and training			
Energy regulation			
Electricity transmission			
Power generation			
Gas			
Policy, planning and administration	Mining and mineral development		
Prospection and exploration			
Coal and other solid mineral fuels			
Petroleum and gas			
Nuclear			
Other fuel			
Non-fuel minerals			
Policy, planning and administration	Transport		
Transport regulation			
Feeder road construction			
Feeder road maintenance			
National road construction			
National road maintenance			
Rail			
Water			
Air			
Pipeline			
Storage and distribution			
Public transport services			
Meteorological services			
Education and training			
Policy, planning and administration		Industry	
Development and services			
Industrial research (Investment in industry)			
Policy, planning and administration	Communication		
ICT			
Telecoms			
Information services			
Policy, planning and administration	Tourism		
Services			
Microfinance and financial services	Microfinance and financial services		
Policy, planning and administration	Water supply and sanitation	Water, natural resource	
Education/training			

Function	Sector	Category of government	
Rural water supply	Environment	management and environment	
Urban water supply			
Rural sanitation			
Urban sanitation			
Sewage and waste management			
Policy, planning and administration			
Research/education and training			
Natural resource management			
Water resources management			
Wildlife protection, parks and site preservation			
-	Health	Social affairs	
Recreation and sport	Recreation, culture and religion		
Culture			
Broadcasting and publishing			
Religion			
Administration, policy and planning	Education		
Research			
Pre-primary			
Primary			
Lower secondary			
Upper secondary			
Post-secondary non-tertiary			
Tertiary			
Vocational training			
Advanced technical and managerial training			
Basic adult education			
Teacher training			
Physical education			
Health education			
Subsidiary services			
Policy, planning and administration	Social protection, land housing and community amenities		
Social security (excl pensions)			
General pensions			
Civil service and military pensions			
Social services (including youth development)			
Land policy and management			
Rural development			
Urban development			
Housing and community amenities			
Emergency relief			
Disaster prevention and preparedness			
Support to refugees and internally displaced persons			
Policy, planning and administration		Development partner affairs	Development partner affairs
Technical staff services			

## Appendix 3: Proposal for values in the field of economic expenditure Items

Some additional analysis of the economic classification of public finance was undertaken as a related but separate issue to the sector codes. The economic classification of expenditure is as important as the functional classification and also plays a critical role in aligning aid information with budgets. The GFS economic classifications are often used in a modified version by countries and are familiar to the vast majority of recipient countries, and would be extremely useful to the recipient government to identify donor expenditure. The main distinction is between expenditure on consumption or investment in capital, with several clear subcategories in each.

Within any government CoA is a detailed segment of code describing the specific economic nature of the expenditure (e.g. personnel costs, goods and services, buildings and structures, machinery and equipment). This segment of code is core to the IMF GFS categorisation as economic classification of expense. Most countries use an adaptation of this coding for domestic accounting and a majority report to the IMF annually on GFS economic classifications (Table A3.1).

At the lowest level, the economic classification enables the allocation of funds to specific inputs for government activities; at the higher (broad) level, the economic classification serves as a useful tool for government to plan, deliver, control and monitor the mix of inputs (such as wages or capital investment) across the entire economy. This is of critical importance to macroeconomic management and stability and short- and longer-term growth policy, and directly contributes to government efficiency in planning public expenditure as well as many other roles of government.

It would not be relevant for aid that is not delivered through government systems to be reclassified to the full extent of the economic classifications of government. However, it is important and, given wide familiarity with the GFS economic classifications, relatively simple to assign appropriate broad GFS economic classifications to aid expenditures.

To summarise, a primary distinction in GFS economic classifications is between expenditure on consumption and investment in capital, with several clear sub-categories in each. Chosen as the key values for broad economic classification of consumption expenditures, there are eight values (GFS Class 2). Within some of these, it is useful for the purposes of describing aid to identify some expenditure items at a lower level. These include salaries, consultancy costs, goods and services, consumption of capital, grants, rent and others.

There are three particularly relevant GFS (Class 3) values for broad economic classification of investment expenditures, and several subcategories. These cover fixed assets such as buildings, machinery and equipment; inventories or stocks; and non-produced assets such as land. A proposed list of broad economic classifications of consumption and investment economic items is found in Tables A3.2 and A3.3.

**Table A3.1: Standard used by countries in reporting to the IMF Statistics Department**

Country	GFS Manual	Country	GFS Manual
Afghanistan, IS of	01	Lesotho	01
Albania	01	Liberia	-
Algeria	01	Lithuania	01
Argentina	01	Luxembourg	01/ESA95
Armenia	01	Macedonia, FYR	01
Australia	01	Madagascar	01
Austria	01/ESA95	Maldives	01
Azerbaijan	01	Malaysia	-
Bahamas, The	01	Malawi	-
Bahrain	01	Mali	01
Bangladesh	01	Malta	01/ESA95

Country	GFS Manual	Country	GFS Manual
Barbados	01	Mauritania	-
Belarus	01	Mauritius	01
Belgium	01/ESA95	Mexico	-
Belize	-	Moldova	01
Benin	01	Mongolia	01
Bhutan	01	Morocco	01
Bolivia	01	Mozambique	-
Bosnia & Herzegovina	01	Myanmar	86
Botswana	-	Namibia	86
Brazil	01	Nepal	01
Brunei Darussalam	-	Netherlands	01/ESA95
Bulgaria	01/ESA95	New Zealand	01
Burkina Faso	01	Nicaragua	01
Burundi	-	Niger	01
Cambodia	01	Nigeria	-
Cameroon	-	Norway	01/ESA95
Canada	01	Oman	-
Cape Verde	01	Pakistan	01
Central African Republic	01	Panama	-
Chad	-	Papua New Guinea	-
Chile	01	Paraguay	01
China, PR, Mainland	01	Peru	01
China, PR, Hong Kong SAR	01	Philippines	01
China, PR, Macau SAR	01	Poland	01/ESA95
Colombia	01	Portugal	01/ESA95
Congo, DR	-	Qatar	01
Congo, Rep. of	01	Romania	01/ESA95
Costa Rica	01	Russian Federation	01
Côte d'Ivoire	01	Rwanda	-
Croatia	01	San Merino	01
Cyprus	01/ESA95	São Tomé and Príncipe	-
Czech Republic	01/ESA95	Saudi Arabia	-
Denmark	01/ESA95	Senegal	-
Dominican Republic	01	Seychelles	01
Ecuador	-	Serbia	01
Egypt	01	Sierra Leone	86
El Salvador	01	Singapore	01
Estonia	01/ESA95	Slovak Republic	01/ESA95
Ethiopia	86	Slovenia	01/ESA95
Fiji	01	South Africa	01
Finland	01/ESA95	Spain	01/ESA95
France	01/ESA95	Sri Lanka	01
Gabon	-	St Kitts and Nevis	01
Gambia, The	-	St Lucia	-
Georgia	01	St Vincent & Grenadines	01
Germany	01/ESA95	Sudan	-
Ghana	01	Suriname	-
Greece	01/ESA95	Swaziland	01
Grenada	-	Sweden	01/ESA95
Guatemala	01	Switzerland	01
Guinea	-	Syrian Arab Republic	-
Haiti	-	Tajikistan	01
Honduras	01	Tanzania	-
Hungary	01/ESA95	Thailand	01
Iceland	01	Togo	01
India	01	Tonga	-
Indonesia	01	Trinidad & Tobago	01
Iran	01	Tunisia	01
Ireland	01/ESA95	Turkey	01
Israel	01	Uganda	01

Country	GFS Manual	Country	GFS Manual
Italy	01/ESA95	Ukraine	01
Jamaica	01	United Arab Emirates	-
Japan	01	United Kingdom	01/ESA95
Jordan	01	United States	01
Kazakhstan	01	Uruguay	01
Kenya	01	Vanuatu	-
Korea, Rep. of	01	Venezuela, Rep. of	01
Kuwait	01	Vietnam	-
Kyrgyz Republic	01	West Bank and Gaza	01
Lao PDR	01	Yemen, Rep. of	-
Latvia	01/ESA95	Zambia	01
Lebanon	01	Zimbabwe	-

#### Summary: total number of countries

	Countries
GFSM 2001 (including ESA95)	124
GFSM 1986	4
Total included in GFS Yearbook	128
<b>Not included in GFS Yearbook</b>	<b>32</b>

*Notes:* 86 = Government Finance Statistics Manual (IMF, 1986) classifications; 01 = Government Finance Statistics Manual (IMF, 2001b) classifications; ESA95 = European System of Accounts, concepts and terms and terms closely related to GFSM 2001. *Source:* IMF (2010).

#### Table A3.2: Consumption expenditures

<b>21</b>	Compensation of personnel costs
<b>22</b>	Use of goods and services
<i>22a</i>	o/w consultancy
<i>22b</i>	o/w other
<b>23</b>	Consumption of fixed capital
<b>24</b>	Interest
<b>25</b>	Subsidies
<b>26</b>	Grants
<b>27</b>	Social benefits
<b>28</b>	Other
<b>281</b>	o/w property rent
<b>282</b>	o/w other

*Source:* IMF (2001b).

#### Table A3.3: Investment in capital

<b>311</b>	Fixed assets
<b>3111</b>	Buildings and structures
<b>31111</b>	o/w dwellings
<b>31112</b>	o/w non-residential buildings
<b>31113</b>	o/w other structures
<b>3112</b>	Machinery and equipment
<b>31121</b>	o/w transport equipment
<b>31122</b>	o/w other machinery and equipment
<b>3113</b>	Other fixed assets
<b>312</b>	Inventories
<b>3121</b>	o/w strategic stocks
<b>314</b>	Non-produced assets
<b>3141</b>	o/w land

*Note:* Fixed assets are classified identically under GFS Classification Classes 3 (transactions), 4 (holding gains), 5 (changes in volume) and 6 (stocks). For the purpose of this table only the Class 3 values are identified.

*Source:* IMF (2001b).

## Appendix 4: IATI information

The IATI information matrix emerging from the Technical Advisory Group meetings in the second half of 2009 provides the draft scope of the IATI Standard information definitions and, in some cases, proposals for values and parameters of these information types. The IATI Standard has been divided into six categories of information about aid, as described below.<sup>28</sup>

- 01 – Donor aggregate or country-level information
- 02 – Aid flow-specific documents
- 03 – Identification data
- 04 – Financial data
- 05 – Results data
- 06 – Other data

Tables A4.1 and A4.2 below list the information proposed for donors to publish under IATI and provides metadata on the type, timetable, source, exceptions, phase, thresholds and systems where this information is currently available. The tables provide an initial indication for these values, on which views will be sought in the IATI Steering Committee and a subsequent round of consultation. The columns show:

- The possible timetable for publication:
  - +1mth = one month after a document is issued;
  - M/Q = monthly or quarterly after the project information becomes available/financial transaction takes place.
- Ownership of the information (both documents and data) may be held by the donor, the partner country or both (by the donor and institution – multilateral or NGO – in the case of forward budgets for institutions).
- Items for which exceptions to publication will be possible are identified. The rules for exceptions are still to be worked out.
- Introduction of the IATI Standard on publication of information will be phased, timing to be decided:
  - Phase 1 is all current DAC/CRS information and existing documentation;
  - Phase 2 is a later update, where information exists, but is generally not yet published;
  - Phase 3 is for the remaining information that will require more substantial amendments to systems/practices.
- Thresholds for some aid flows where there is a cut-off for the level of detail of documentation and/or recording of detailed financial data that must be published. Donors will be able to publish below the threshold if they wish. The details are still to be discussed and worked out.
- The remaining columns show where the information is currently available:
  - Donor websites – could be at headquarters or in country offices, main or multiple agencies;
  - DAC/CRS;
  - AIMS;
  - Financial Tracking System, UN Office for the Coordination of Humanitarian Affairs (OCHA);
  - By the partner government, providing it is reported to them;
  - Debt Management and Financial Analysis System (DMFAS), UN Conference on Trade and Development (UNCTAD);
  - AidData – newly merged database from Development Gateway (AiDA – Accessible Information on Development Activities) and PLAID (Project-Level Aid Data).

<sup>28</sup> See Table A4.1 for the full scope of the proposed IATI Standard in January 2010. Since this time, the IATI Standard has been somewhat changed and significantly reduced; of note is the exclusion of documents relating to aid information in the Standard. The current framework can be found at <http://aidtransparency.net/wp-content/uploads/2009/06/Consultation-Paper-for-Data-Definitions-and-Format.doc>.

### **How does the proposed IATI Standard link with government CoA requirements?**

IATI Information Types 01 and 02 refer to documentation that is donor or country specific and project specific, respectively. IATI Information Types 03-06 are data that are contained either in documents described in IATI Information Type 01 and 02 and/or the donor project management and financial management systems. This paper is largely concerned with identification data (Type 03), as these will frame the data presented in the other data information types.

Specifically, IATI data types match to the segments of a generic government classification system in the following way:

- IATI Information Type 0309, aid activity ID, is simply a unique identifier in donor reporting systems, similar to the full code, but likely only detailed to upper-level values in several segments. IATI Information Type 0310 is the written description of the activity and IATI Information Types 0314-0315 provide additional metadata against this value.
- Attaching dates and currency to IATI Type 04 (financial data) is used to align the financial years and currency between donor and recipient.
- IATI Information Types 0301-0303, 0306, 0308, 0317 relate to various aspects of the fund segment (there can be multiple channels before it reaches the recipient, whether this is government or another actor).
- IATI Information Type 0316 relates to the location segment code.
- IATI Information Types 0304-0305 are related to the organisation segment code, but unaligned if the aid flow is not implemented through the recipient budget.
- IATI Information Types 0311 and 0312 are the specific concern of this paper and relate to identification in the recipient budget and the sector and sub-sector to which the aid flow is funding. At the country level, this information should facilitate the interface between aid information and the government organisation and in some cases programmatic classification, but will also be able to describe activities outside the role of government such as donor administrative costs, advocacy NGOs and so on.
- IATI Information Type 0318 may be used to describe the programme segment at the country level, although there is unlikely to be a generic standard for this type of parameter because it is subjective and can be politicised and specific to the strategies of individual countries.
- IATI Information Type 0307 should relate to the economic classification segment of the CoA. This information type would need significant work to achieve an alignment with the GFS standard.
- IATI information that relates to outputs is found in IATI Information Type 0501.

As mentioned above, aid delivered through government systems is already reclassified to budget fully by the government. Both IATI and, in particular, AIMS should study the mechanism by which this is done at the country level and build on the considerable experience that the recipient governments have had in this process.

**Table A4.1: IATI information – high-level information and documentation**

IATI info type code	IATI info code	Info name	Data type	Timetable for publication	Ownership of info	Exceptions to publication	Expected phase	Threshold	Donor web page	DAC/CRS	AIMS	OCHA (HA only)	Govt if on budget
<b>01 Country or donor headquarters-level documentation and budget</b>													
01	01	Aid policies and procedures	Document	+1mth	Donor		1		✓				
01	02	Procurement procedures	Document	+1mth	Donor		1		✓				
01	03	Assessments of aid and aid effectiveness	Document	+1mth	Donor/both	?	3						✓
01	04	Regional, country, sectoral, institutional strategies	Document	+1mth	Donor		1		✓			✓	
01	05	Information on opportunities for public participation in decision making and evaluation	Document	+1mth	Donor/both		2						
01	06	Future funding opportunities	Document	+1mth	Donor		2					✓	
01	07	Donor agency annual budget as submitted to Parliament or Board	Document	+1mth	Donor		1		✓				
01	08	Annual forward planning budget data for agency	Data	+1mth	Donor		3						
01	09	Annual forward planning budget document of funded institutions	Document	+1mth	Donor/institution		2						
01	10	Annual forward planning budget data of funded institutions	Data	+1mth	Donor/institution		3						
01	11	Annual forward planning budget document of country offices	Document	+1mth	Donor		2						
01	12	Annual forward planning budget data of country offices	Data	+1mth	Donor		3						
01	13	Country government strategic plan	Document	+1mth	Country		1						✓
01	14	Country government publication on results	Document	+1mth	Country		1						✓
<b>02 Unit of aid-level documentation</b>													
02	01	Concept notes	Document	+1mth	Donor/both	X	1	Y	✓				
02	02	Pre-project impact appraisals	Document	+1mth	Donor/both	X	3	Y					
02	03	Project design docs/logframes	Document	+1mth	Donor/both	X	3	Y					
02	04	MoU	Document	+1mth	Donor/both	X	3	Y					✓
02	05	Tenders	Document	+1mth	Donor/both	X	1	Y	✓				✓
02	06	Contracts awarded for project	Document	+1mth	Donor/both	X	2	Y					✓
02	07	Loan repayment terms and documentation	Document	+1mth	Donor/both	X	1						✓
02	08	Tranche release documentation	Document	+1mth	Donor		2	Y					
02	09	Mid-term monitoring report	Document	+1mth	Donor/both	X	3	Y				✓	
02	10	Project completion report	Document	+1mth	Donor/both		3	Y					
02	11	Post-project evaluations	Document	+1mth	Donor/both		2	Y					
02	12	Project website	Website	+1mth	Donor		3	Y					

**Table A4.2: IATI information – unit of aid-level data**

IATI info type code	IATI info code	Info name	Data type	Timetable for publication	Ownership of info	Exceptions to publication	Expected phase	Threshold	Donor web page	DAC/ CRS	AIMS	OCHA (HA only)	Govt if on budget	DMFAS (debt only)	AidData (PLAID/ AiDA)
<b>03 Identification Data</b>															
03	01	Funding country	ISO/code	M/Q	Donor		1			✓	✓	✓		✓	✓
03	02	Funding agency/organisation & type	DAC code +	M/Q	Donor		1			✓	✓	✓		✓	✓
03	03	Additional channels of delivery/implementing agencies	DAC code +	M/Q	Donor		2			(✓)		✓		✓	
03	04	Beneficiary agency/organisation	DAC code +	M/Q	Donor		2			✓	✓	✓		✓	✓
03	05	Recipient country	ISO/code	M/Q	Donor		1			✓	✓	✓		✓	✓
03	06	Bilateral or multilateral type	Coded	M/Q	Donor		1			✓		✓		✓	✓-
03	07	Flow type	Coded	M/Q	Donor		1			✓					✓+
03	08	Finance type	Coded	M/Q	Donor		1			✓	✓	✓			✓
03	09	Aid activity ID	Donor & CRS ID	M/Q	Donor/both		1			✓	✓	✓			✓
03	10	Project title & purpose/description	Free text	M/Q	Donor		1			✓	✓	✓	✓	✓	✓+
03	11	Recipient budget identifier	Budget code	M/Q	Country		2						✓	✓	
03	12	General/detailed sector	DAC & budget code	M/Q	Donor		1			✓	✓	✓	✓	✓	✓+
03	13	Project dates	dd/mm/yyyy	M/Q	Donor/both		1			✓	✓	✓	✓	✓	✓+
03	14	Project status/stage	Coded	M/Q	Donor/both		2				✓	✓	✓		✓-
03	15	Project contacts	Free text	M/Q	Donor	X	2				✓	✓		✓	✓+
03	16	Detailed geographic info	Various	M/Q	Donor/both	X	3			(✓)	✓	✓	✓	✓	✓
03	17	Tied aid status	3-way code	M/Q	Donor	X	1			✓					✓+
03	18	Other policy markers	Coded	M/Q	Donor/both		1			✓			✓		✓
<b>04 Financial data</b>															
04	01	Total project cost (including all donors and any government funds)	Currency	M/Q	Donor/both		2	X			✓	✓	✓	✓*	✓
04	02	Annual project budgets	Currency	M/Q	Donor		2				✓	✓	✓		
04	03	Total amount committed by individual donor	Currency	M/Q	Donor		1	X			✓	✓		✓	✓
04	04	Annual commitments by individual donor	Currency	M/Q	Donor		1			✓	✓	✓			
04	05	Planned disbursements or payments	Currency	M/Q	Donor		2				✓		✓	✓*	✓
04	06	Actual disbursements or payments	Currency	M/Q	Donor		1			✓	✓	✓	✓	✓*	
04	07	Loan repayments	Currency	M/Q	Donor/both	X	1			✓			✓	✓	✓+
04	08	Interest repayments	Currency	M/Q	Donor/both	X	1			✓			✓	✓	✓+
<b>05 Results data</b>															
05	01	Outputs and outcomes indicators	Free text	+1mth	Donor/both		3	X			✓	✓	✓		
05	02	Results indicators	Free text	+1mth	Donor/both		3	X			✓		✓		
<b>06 Other data</b>															
06	01	Project specific Paris Declaration indicators	Values	M/Q	Donor/both		3	X			✓		✓		
06	02	Conditions	Free text	+1mth	Donor	X	2					✓			
06	03	Publication date of IATI information	dd/mm/yyyy	M/Q	Donor/both		1					✓			✓

**Notes:**

\* indicates partial information only related to debt instruments and/or grants agreements.

✓+/✓ indicate additional or partial capture of IATI information.



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