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GUIDANCE NOTE

**Making Development Finance Management Information Systems Work
for the Evolving Development Cooperation Landscape**

February 2018

United Nations Development Programme



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Acronyms and Abbreviations

AAAA	Addis Ababa Action Agenda
AFMIS	Afghanistan Finance Management Information System
AIMS	Aid Information Management System
AMP	Aid Management Platform
AP-DEF	Asia-Pacific Development Effectiveness Facility
ASBPS	Afghanistan State Budget Planning System
BPPS	Bureau for Policy and Programme Support (UNDP)
CRS	Creditor Reporting System (OECD)
DAC	Development Assistance Committee
DFA	Development Finance Assessment
DFI	Development Financial Institution
DMS	Debt Management System
DPAF	Donor Performance Assessment Framework
FDI	Foreign Direct Investment
FMIS	Finance Management Information System
Global Partnership	Global Partnership for Effective Development Cooperation
GPI	Global Partnership Initiative
IATI	International Aid Transparency Initiative
ICT	Information and Communications Technology
IDMS	Iraq Development Management System
IFMIS	Integrated Financial Management Information System
INFF	Integrated National Finance Framework
INGO	International Non-Governmental Organisation
KDMS	Kurdistan Development Management System
MAPS	Mainstreaming, Acceleration and Policy Support
MCC-PEPFAR	Millennium Challenge Corporation-United States President's Emergency Plan for AIDS relief
MDG	Millennium Development Goal
MIS	Management Information System
MOFP	Ministry of Finance and Planning
MTEF	Medium Term Expenditure Framework
NBAMS	National Budget and Aid Management System
NDS	National Development Strategy
NGO	Non-Governmental Organisation
NSA	Non-State Actor
NTSDMS	National Transport Sector Data Management System
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OOF	Other Official Flows
PFM	Public Finance Management
PFMIS	Public Finance Management Information System
PPP	Public-Private Partnership
SDGs	Sustainable Development Goals

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Executive summary

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) are an ambitious and universal plan of action, encompassing a wide range of areas including poverty reduction, combatting economic inequality and confronting climate change, among others, and highlighting the increasing importance of partners such as civil society and the private sector. While Official Development Assistance (ODA) will continue to play an important role in aid-recipient countries, it alone is not enough to meet the resource needs for realisation of the SDGs. As such, many country-level development co-operation landscapes have experienced an explosion of innovative financing flows, development partners and modalities of cooperation, necessitating an evolution in the way funds for development are tracked and managed.

At the country level, the increasing diversity of public, private, external and domestic development resources calls for a review of systems for managing development flows, including Aid Information Management Systems (AIMS) or other Management Information Systems (MIS), moving away from a sole focus on ODA, and toward integration of new sources of development financing. In this context, UNDP seeks to harness lessons learned from its work on aid management in nearly 80 countries, including the need for better integration of aid and development cooperation information with national systems for financial, debt and macroeconomic management ¹.

UNDP's role in this work has been to support programme countries in setting up, institutionalising and operating AIMS and M&E solutions to help governments in decision-making processes around transparent and effective management of development resources, financing for development and poverty reduction strategies. It will continue to provide support in these areas, including through the exploration of innovative solutions. Drawing on these lessons, it is clear that there is a need to develop vigorous, beyond-aid systems to ensure a comprehensive overview of all development flows and support optimal resource allocation and decision-making at the country level.

In the current landscape, there are no Management Information Systems able to track all flows and results in a way that allows for monitoring the links between plans, budgets and results, while integrating information from multiple sources into a coherent framework. Systems to track all available information, when they exist, are often scattered, making systematic use of data difficult and posing challenges for evidence-based policy-making and resource allocation. Such a system, tracking all financial flows supporting development priorities, could offer governments and their partners high-quality data for financial performance and value for money analyses, leading to increased efficiency and financial sustainability.

To this end, based on increasing country demand, this Guidance Note offers concrete recommendations for governments looking to establish or strengthen robust systems for tracking comprehensive financial information, in support of enhanced development effectiveness and realisation of their own national priorities. The Guidance Note proposes the establishment of a Development Finance Management Information System (DFMIS) through the following steps:

1. Determine the scope of information to be tracked and consolidated, and assess the availability of information

2. Review the systems currently tracking flows and consolidating data

3. Assess the institutional environment and legal framework for information-sharing

4. Review cost implications

¹ Global Project Document: Managing Development Cooperation Effectively (UNDP, 2014).

Determine the scope of information to be tracked and consolidated, and assess the availability of information. Collection and consolidation of development finance information from various MIS requires considerable effort, and therefore, the scope of information to be tracked, as well as how the information will be processed, consolidated and reported must be carefully managed. As such, this Guidance Note lays out key actions for governments who wish to identify essential information for resource allocation and decision-making, including mapping major (and prioritised) sources of development finance to better understand resources available for development activities; identifying what essential information, and on what flows, is to be tracked through the DFMS; and developing an information flow diagram for consolidated reporting on development resources.

Review the systems currently tracking flows and consolidating data. Secondly, because country context is key when establishing a DFMS, there is no singular blueprint that will work for all countries. This note provides key recommendations for governments who wish to examine existing systems and identify any gaps or information needs, including guidance on how to map all MIS currently used across government entities; assess the performance of existing MIS to identify gaps and duplications across systems; and explore standardisation of data on financing flows to ensure that it can be comprehensively tracked and monitored.

Assess the institutional environment and legal framework for information-sharing, as well as cost implications for information management. In order to create an enabling environment for the comprehensive management of development finance data, a careful assessment of the institutional environment and legal frameworks at play, as well as an appraisal of cost implications for the strengthening or building of DFMS, must be addressed. A DFMS cannot successfully manage data without an enabling legal environment and strong institutional and human resources capacities to support it, underscored by realistic and long-term strategic planning for cost implications. Accordingly, this note provides guidance on how to holistically address institutional, legal and policy considerations, as well as cost implications, to create the necessary conditions for effective and sustainable management of development finance information over time.



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1. Introduction

1.1 The evolving development finance context

The 2030 Agenda for Sustainable Development is a universal call to action in support of people, the planet and increased prosperity. Its 17 Sustainable Development Goals (SDGs) set an ambitious and global agenda for change, touching on a wide range of areas including poverty, economic inequality, health, gender parity, climate change, innovation, sustainable consumption and peace and justice, among others, and supporting a role for emergent non-state development partners such as civil society and the private sector. Given the scale of its aspirations, full implementation of the agenda will require mobilisation of significant and varied financial resources², both public and private, national and international, while maximising their effectiveness. Financing the SDGs will not take place through global agendas alone, but will instead be built from a bottom-up, holistic and country-level approach. To this end, the country level development cooperation landscape is increasingly characterised by an explosion of innovative financing flows, development partners and modalities of cooperation, necessitating an evolution in the way funds are tracked and managed.

Agenda 2030, with its transformational and inclusive nature, presents a significant challenge for governments in terms of their traditional fiscal, planning and budgeting capacities. Given the rising complexity and diversification of financing flows and partners, information on planned and available funds is often scattered across systems and ministries, hindering the holistic use of information to inform both policy decisions and allocation of resources. To address these challenges, countries are increasingly demanding new, more effective and integrated approaches to tracking and managing all resource flows, recognising that consolidated data availability is crucial for the most efficient use of funds. In the evolving development cooperation landscape, streamlining of diverse financing instruments, strongly linked to national priorities and fiscal constraints, can help address the scale and interconnected nature of sustainable development challenges.

Over the past decade, UNDP has supported a number of countries in their efforts to build national capacity for development co-operation management and co-ordination, working with nearly 80 programme countries in establishing, institutionalising and operationalising Aid Information Management Systems (AIMS), software that stores aid data across projects, budgets, activities and indicators. However, while Official Development Assistance (ODA) will continue to play an important role in aid-recipient countries, it alone is not enough to meet the growing resource needs inherent to the SDGs. In tandem, the evolving development co-operation landscape, as described above, increases the complexity of managing development finance and results information. As such, current Management Information Systems (MIS) must evolve into robust and comprehensive systems for tracking the full spectrum of financial flows for development.

Over the past decade, UNDP has supported nearly 80 countries in their efforts to build national capacity for development cooperation management and coordination through establishing, institutionalising and operationalising Aid Information Management Systems (AIMS)³. However, while Official Development Assistance (ODA) will continue to play an important role in aid-recipient countries, it alone is not enough to meet the growing resource needs inherent to the SDGs. In tandem, the evolving development cooperation landscape increases the complexity of managing development finance and results information. As such, current Management Information Systems must evolve into robust and comprehensive systems for tracking the full spectrum of financial flows available for development.

In this context, UNDP seeks to harness lessons learned from supporting countries in the development of AIMS, including the need for better integration of aid and development cooperation information with national systems for financial, debt and

2 The financing resources needed to achieve the SDGs surpass current development finance flows. Substantial financing gaps exist to fully address hunger, health and education needs (annual additional financing requirements are estimated at \$186 billion USD). The cost of a global safety net to eradicate extreme poverty is about \$66 billion annually and annual investment requirements in infrastructure amount to \$5 trillion to 7 trillion globally. Meeting the need for credit for small and medium enterprises – a main provider of employment in many countries – has been estimated to be up to \$2.5 trillion in developing countries and about \$3.5 trillion globally (United Nations, the Report of the Intergovernmental Committee of Experts on Sustainable Development Financing, 2014).

3 An Aid Information Management System is a piece of software that stores aid data across projects, budgets, activities and indicators.

macroeconomic management⁴. Drawing on these lessons, it is clear that there is a need to develop vigorous, beyond-aid systems to ensure that a comprehensive overview of all development flows is available to support optimal resource allocation and decision-making at the country level, and to ensure that this information is simultaneously integrated in national planning and monitoring processes. As such, this Guidance Note was developed in response to the growing demand from developing country governments for increased access to quality and timely information on diverse resources for development, including through the strengthening or construction of Development Finance Management Information Systems.

1.2 About the Guidance Note

Purpose of the Guidance Note

This purpose of this Guidance Note is to provide information on the key issues to be considered when assessing, strengthening or building a Development Finance Information System (DFMIS) to respond to the evolving financing landscape at the country level. A DFMIS can broadly be defined as a computerised system to record and process information about development activities and results across flows, as well as related financial information.

Specifically, the Guidance Note aims to answer the following questions:

1. Given the evolving development cooperation landscape, what development finance data (e.g. information on which resource flows) should be collected?
2. What types of systems are currently used to collect information on diverse financial data, including on how data is connected to development results?
3. What are some of the challenges related to the policy and institutional frameworks surrounding DFMIS?
4. What are the some of the cost considerations related to assessing, strengthening or building new DFMIS?

Formulation of the Guidance Note

This Guidance Note draws on evidence gathered through surveys conducted in 14 countries across Africa, Asia and the Pacific, as well as information from two private vendors of external finance MIS. The evidence is complemented by follow up interviews with government officials, representatives of UNDP country offices and other development partners within the participating countries. The Guidance Note was assessed for applicability to the country-level development cooperation landscape through a case study in Tanzania (see Annex 1).

UNDP support to effective development cooperation at the country level

This Guidance Note also draws on lessons learned from UNDP's past support in the area of effective development cooperation. Over the past decade, UNDP has supported close to 80 countries in their efforts to increase national capacity for development cooperation management and coordination. Support provided in this area includes assisting in establishing development cooperation policies and co-ordination architecture; building capacity to monitor and evaluate progress on implementation of effective development cooperation commitments; and fostering transparency between development stakeholders.

UNDP's work on effective development cooperation is guided by the principle of national ownership over the development process. Effective management and transparency of development resources is key to supporting countries' development planning, budgeting, monitoring and evaluation, and ensuring that countries remain firmly in the driver's seat of their own development planning and management.

⁴ Global Project Document: Managing Development Cooperation Effectively (UNDP, 2014).

At the country level, UNDP country offices work closely with governments through their Country Programme / Project Documents to provide technical assistance and capacity-strengthening support, at the request of national counterparts. This Guidance Note highlights many issues that can be considered by UNDP country offices as they strengthen their support to developing countries in the evolving context of financing for development and effective development cooperation.

Lessons learned

Through its support to nearly 80 countries in their efforts to increase national capacity for development cooperation management and coordination, UNDP engagement has produced the following relevant lessons ⁵:

1. To ensure all development resources are aligned with country priorities and used effectively, a whole-of-government approach is needed.
2. A stronger focus on results-based financing is necessary to ensure the maximum impact of development resources. To this end, country results frameworks could be revisited to incorporate more diverse financing flows, allowing for deeper integration of these types of resources with national planning and budgeting processes. For example, impact investing, venture capital, development impact bonds etc.
3. Policy and institutional reforms that enable cohesive management of development resources and enhance mutual accountability between stakeholders are vital to successful achievement of the SDGs.

Additionally, and most recently, UNDP through its Bangkok Regional Hub, has developed the Development Finance Assessment (DFA), a tool to respond to the growing demand from countries in the Asia-Pacific region to support policy and institutional reforms for managing the increasing complexity of domestic and international sources of financing for development. UNDP is currently rolling out the DFA to interested counties across the Africa, the Arab States and Latin America and the Caribbean regions.

Structure of the Guidance Note

Setting the stage	<ul style="list-style-type: none"> The evolving development context An introduction to MIS Shifting from AIMS to DFMS Understanding types of data and tracking systems
Practitioner’s guide to establishing / strengthening DFMS	<ul style="list-style-type: none"> Determining the scope of information to be tracked and consolidated, and assessing the availability of information Reviewing systems currently tracking financial flows and consolidating data Assessing the institutional environment and legal framework Assessing cost implications
Key recommendations	<ul style="list-style-type: none"> Final recommendations UNDP’s entry points
Annexes	<ul style="list-style-type: none"> Tanzania case study Developing priority flows for integrated monitoring Country survey

⁵ Strengthening Development Cooperation in Support of the 2030 Agenda for Sustainable Development: UNDP Discussion Paper, Nov 2015.

1.3 The challenge of coherence at the country level

At the country level, managing diverse sources of development finance poses significant challenges for governments in terms of their traditional fiscal and development planning. For example, the competing interests of different stakeholders and the need to streamline diverse financing instruments which are strongly linked to national priorities and fiscal constraints can be problematic. Due to the integrated nature of SDG implementation, investment decisions by the private sector, civil society entities as well as development partners and Development Financial Institutions (DFIs) will also have an increasing impact on the government's policy decisions and allocation of public resources.

This complexity requires the collection and organisation of large amounts of data on both the financial and contextual parameters of development interventions. Equally, the process of tracking, monitoring and analysing information on development finance and activities will also need to evolve alongside development planning, budgeting and monitoring. In this context, the Addis Ababa Action Agenda (AAAA), an internationally-agreed framework for financing the SDGs, recognises the importance of 'cohesive nationally owned sustainable development strategies, supported by integrated national financing frameworks'.



Photo: © UN Photo

1.4 From Aid Management Information Systems to Development Finance Management Information Systems

Broadly, a Management Information System (MIS) is a computerised database, generally organised in a way to support decision making⁶. While there exist a variety of information systems to support decision-making, such as enterprise information systems, public financial management information systems or enterprise resource planning systems, in the past, with ODA playing a larger role in development financing, Aid Information Management Systems were commonly used as the sole MIS to track information on external resources for development activities. Generally, AIMS manage data related to ODA, including South-South Cooperation (SSC) and technical assistance; resources from non-governmental organisations (NGOs); and results related to these resources.

The increasing diversity of public, private, external and domestic development resources at the country level necessitates review of the AIMS or other MIS, moving away from a 'traditional' AIMS and toward integration of new sources of development financing, while strengthening linkages with development planning, monitoring and evaluation processes.

As such, this note will focus on building or strengthening a Development Finance Management Information Systems (DFMIS), which can be defined as a computerised system to record and process information about development activities and results across flows, as well as related financial information. The specific data and systems used to collect and manage information vary from context to context, however the following table gives an example of the types of information that may be collected and managed through a DFMIS.

⁶ Management Information Systems: Test and Cases, Fifth Edition, McGraw Hill Education Private Limited, 2013, page 5.

TABLE 1 Types of information collected through a DFMS

Type of information	Flow parameters
Financial information	Commitments, disbursements, projected disbursements, expenditures
Financing instruments	Loans, grants, technical assistance, blended finance
Source and destination of flows	Funding source, executing agency, implementing agency, on / off budget
Dates	Agreement date, start date, end date, extensions
Alignment	Sector, national development plans, international development goals
Geographic destination	National or subnational, region or district, project sites

Source: Country Surveys, July 2016



Photo: © UN Photo/Martine Perret

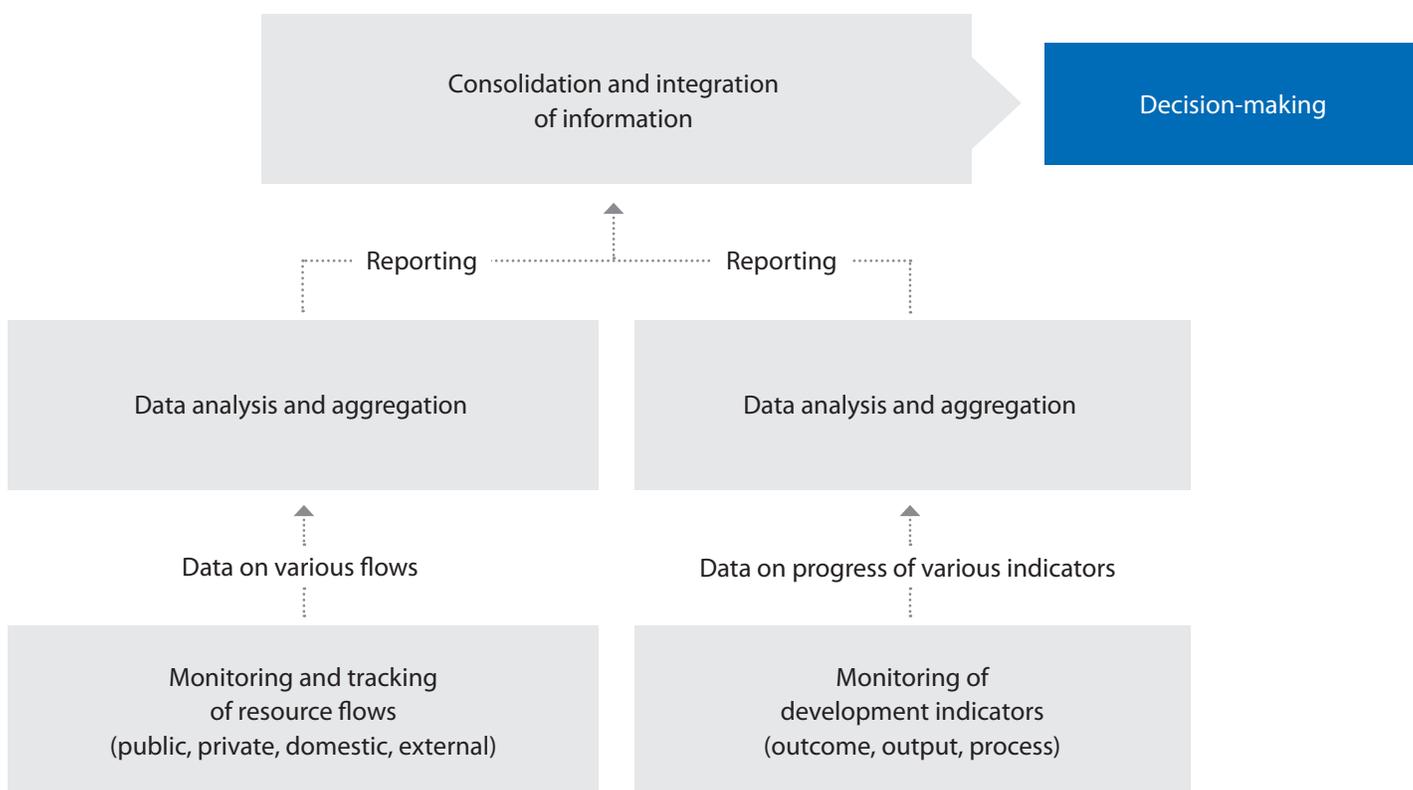
1.5 What is the role of a DFMS in strategic decision-making?

Data-driven decision-making is an approach that values decisions which can be backed up with verifiable evidence. In the development context, this means making policy and resource allocation decisions based on country-generated data, including comprehensive information on financial flows and development results. Of course, the success of this approach is reliant upon the quality of the data gathered and the effectiveness of its analysis and interpretation. DFMS can play a vital role in organising and tracking key metrics and allowing for analysis of information in a way that can support data-driven decision-making. Ideally, this process should be informed by two streams of information captured in the DFMS – on financial inputs and achieved results – as outlined in Figure 1 below.

Collection, aggregation and analysis of data are the main elements of the workflow for monitoring both financial flows and results. Consolidation and integration of information is typically needed at the top of the workflow pyramid to transform the data into usable information for decision-making. There are two main areas in which the DFMS can contribute to improvements in data management and informed decision-making. These are:

1. Consolidation of data on multiple financial flows / integration of information from multiple sources into a coherent framework, with a classification that allows for comparability at the global, regional and national levels; and
2. Monitoring the links between plans, budgets and results to support decision-making and to track progress on development effectiveness.

FIGURE 1 Workflow diagram of the decision-making process on management of development finance



2. Understanding common data systems

The 14 country surveys undertaken in preparation for this Guidance Note demonstrate that there are often two to three databases for monitoring information on development finance at the country level – each tracking a specific flow, as outlined in Table 2 below. Financial Management Information Systems (FMIS) are primarily used for the management of data on domestic revenue, capital, recurrent government expenditure and external flows that are channelled to the public sector. Debt Management Systems (DMS) are mostly used for the management of loans, government guarantees or other financial instruments that create debt obligations for the government. While the DMS can track data on projects funded by those instruments, their primary role is to capture contracts – DMS do not track development results. Conversely, AIMS manage data on external development finance flows, both public and private, and can allow for the tracking of development results.

In the current landscape, there is no MIS able to track all development finance flows and results in a way that allows for monitoring the links between plans, budgets and results while efficiently integrating information from multiple sources into a coherent framework to support decision-making and track progress on development effectiveness. As such, governments have had to use more than one system to capture and analyse data on development finance and its impact on development results. Figure 2 outlines the typical ecosystem of national MIS currently established in many developing countries.

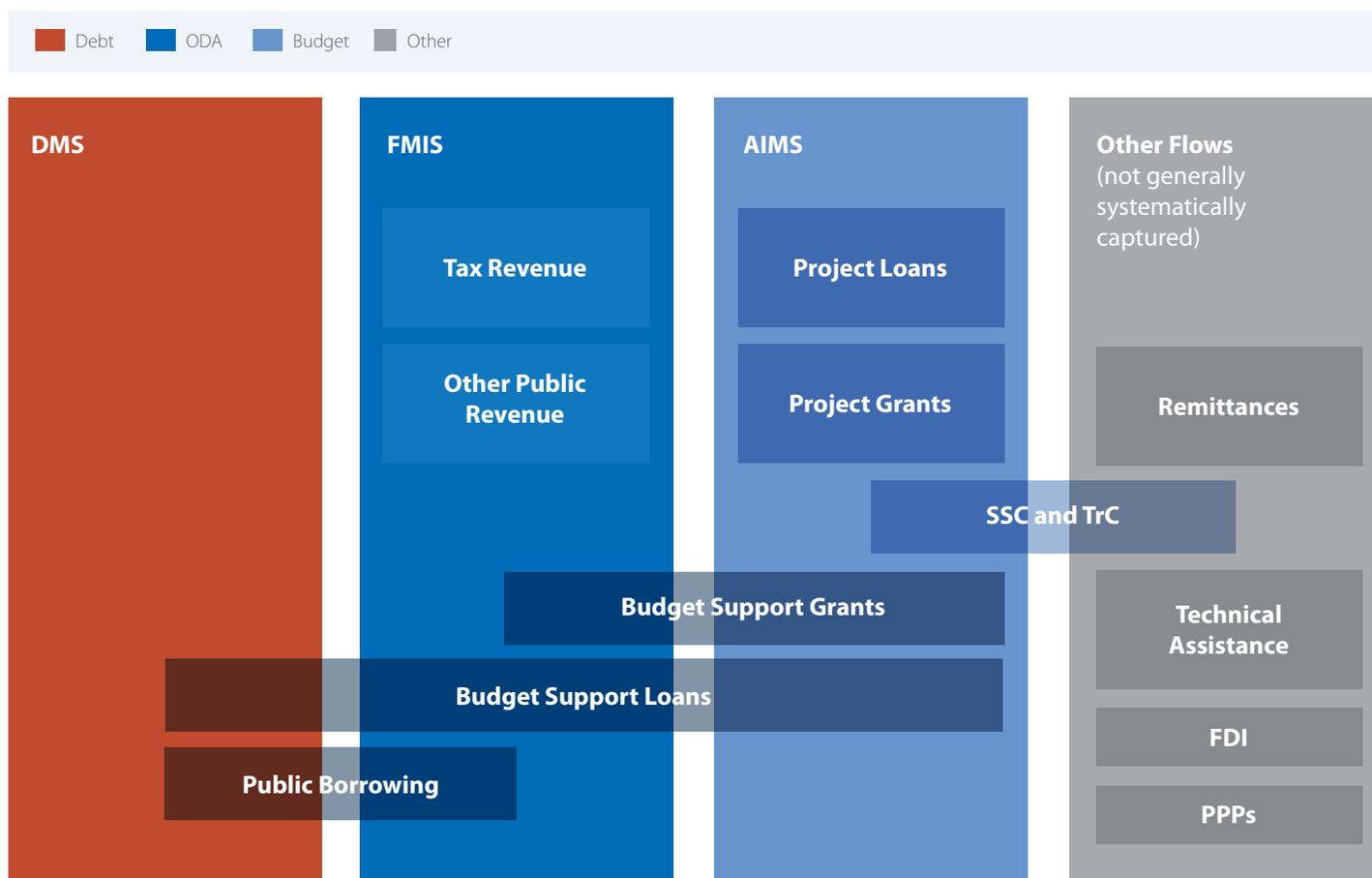
These systems, all with different objectives, are implemented and managed by different government departments and agencies. This inevitably leads to a fragmented view of the country's financial situation, and often a duplication of efforts in collecting data and overlapping datasets (Table 3). In addition, the process of retrieving information from multiple MIS, either manually or using fragmented computerised records, is time-consuming and often results in incomplete information.

TABLE 2 What is tracked by MIS for development finance management?

Financial Management Information Systems (FMIS)	Aid Information Management Systems (AIMS)	Debt Management Systems (DMS)	Other
<ul style="list-style-type: none"> • General accounting • Cash management • Expenditure control • Treasury operations • Capital investments • Public debt • Tax revenue 	<ul style="list-style-type: none"> • External flows, including ODA, other official flows, South-South and Triangular Cooperation and technical assistance • Domestic capital investment project management • Resources from non-governmental organisations • Integration with the International Aid Transparency Initiative (IATI) • Results monitoring • Publicly accessible reporting 	<ul style="list-style-type: none"> • Public debt • Concessional and commercial loans • Grants • Record borrowings from financial markets • Record government guarantees and bonds, including Eurobonds and diaspora bonds • Contract management 	<ul style="list-style-type: none"> • Foreign direct investment (FDI) • Remittances • Public-Private Partnership (PPP) projects • Domestic and international philanthropy • Corporate Social Responsibility (CSR) funds • Equity finance

Source: Country Surveys, July 2016

FIGURE 2 Typical eco-system of national Management Information Systems



Note: this figure displays common flows captured by each type of MIS, but is not an exhaustive list.

TABLE 3 Countries where multiple institutions are custodians of development finance data for the same flow

Countries	ODA	SSC	Technical Cooperation	Climate funds	National budget	Local budget	Fixed Direct Investment	Remittances	INGOs	Philanthropy
Afghanistan		2	3						2	
Bangladesh					2				2	2
Cambodia	2	2		2						
Gambia		2	2							
Lao PDR	3	3	3	3	2	2			2	
Myanmar		2						2		
Mozambique	3							2		
Philippines	2		3	5		4	3	5		
Somalia	2						2		2	2

Note: the number below represents the number of institutions within the same government that are responsible for collecting data on a particular flow.

Source: Country Surveys, July 2016

In addition to the fragmentation caused by use of different systems by diverse government entities, difficulty in populating MIS is a common challenge that results in the system not being used to link plans, budget and results. This is particularly true for information related to external public flows that are provided off-budget, including SSC, funding provided by NGOs and international non-governmental organisations (INGOs) and flows originating from private providers. The overall result is ineffective use of information for resource-allocation and decision-making.

'Data access alone...is not enough to fully realise the potential that data can offer to both achieving, monitoring and reviewing sustainable development goals. We should endeavour to ensure broad access to the tools necessary to turn data into useful, actionable information. We will support efforts to make data standards interoperable, allowing data from different sources to be more easily compared and used.'

- Addis Ababa Action Agenda, July 2015

As called for in the Addis Ababa Action Agenda on Financing for Development, improving access to and processing of essential data on development finance and cooperation beyond ODA is crucial for achievement of the 2030 Agenda. As such, broad access to the tools necessary to turn data into useful information for policy decisions, appropriate allocation of resources and ultimately to support countries' implementation of the SDGs, is crucial. Situating the DFMS alongside development planning, budget, and monitoring processes can enable strengthened analysis of the links between objectives, budgets, resources and results as outlined in Figure 3.

FIGURE 3 DFMS support to the links between objectives, budgets and results

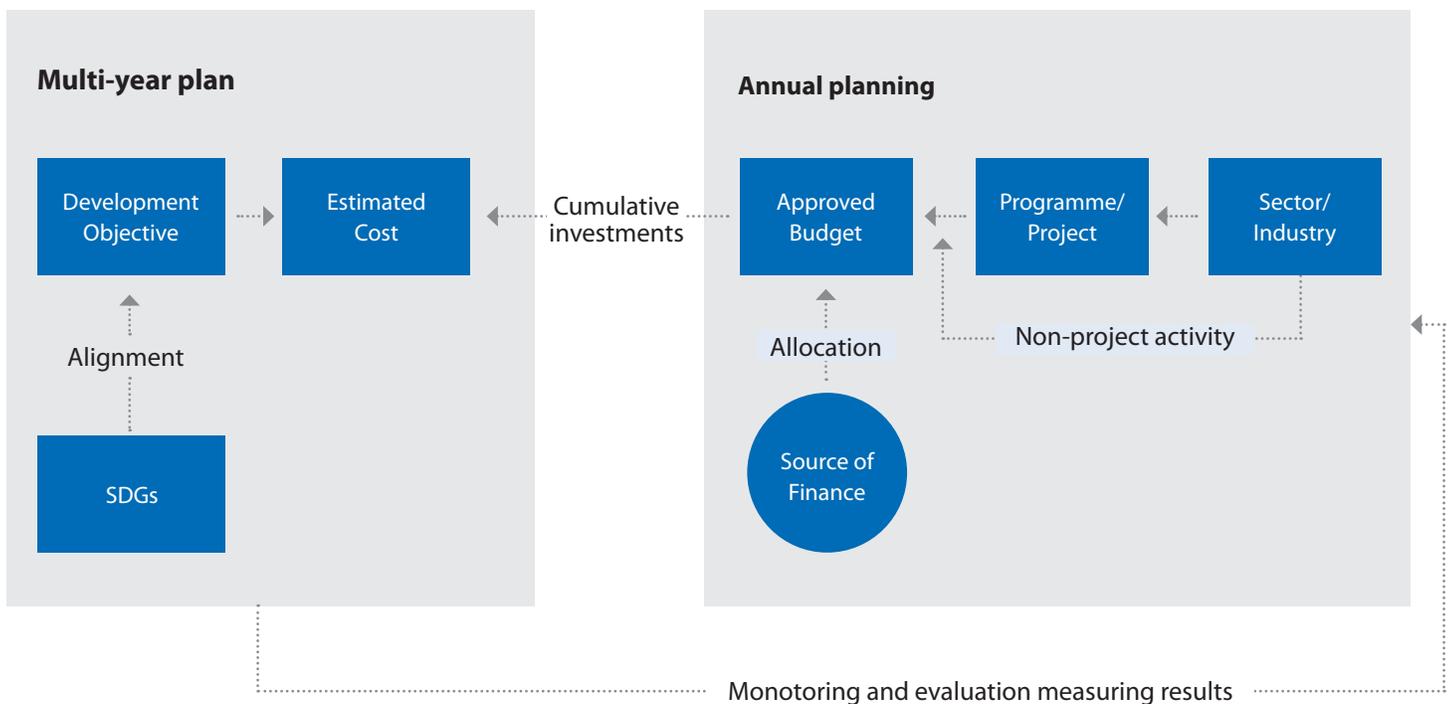




Photo: © UNDP/Andrei Liankevich

3. Establishing and strengthening Development Finance Management Information Systems

The previous section highlighted how changes in the development financing landscape have necessitated capturing increasingly important financing flows in current MIS. As such, in order for this data to inform decision-making and resource allocation, it must be collected and consolidated along with other financial flows. Systems to track all available information, when they exist, are often scattered, making systematic use of data challenging. Based on increasing country demand, this Guidance Note offers recommendations for governments looking to establish more robust systems for tracking financial information in a comprehensive way. Lessons learned in this area point to the need to take a systematic approach and the Guidance Note therefore recommends the use of assessment frameworks as a guide for establishing / strengthening management information on development finance.

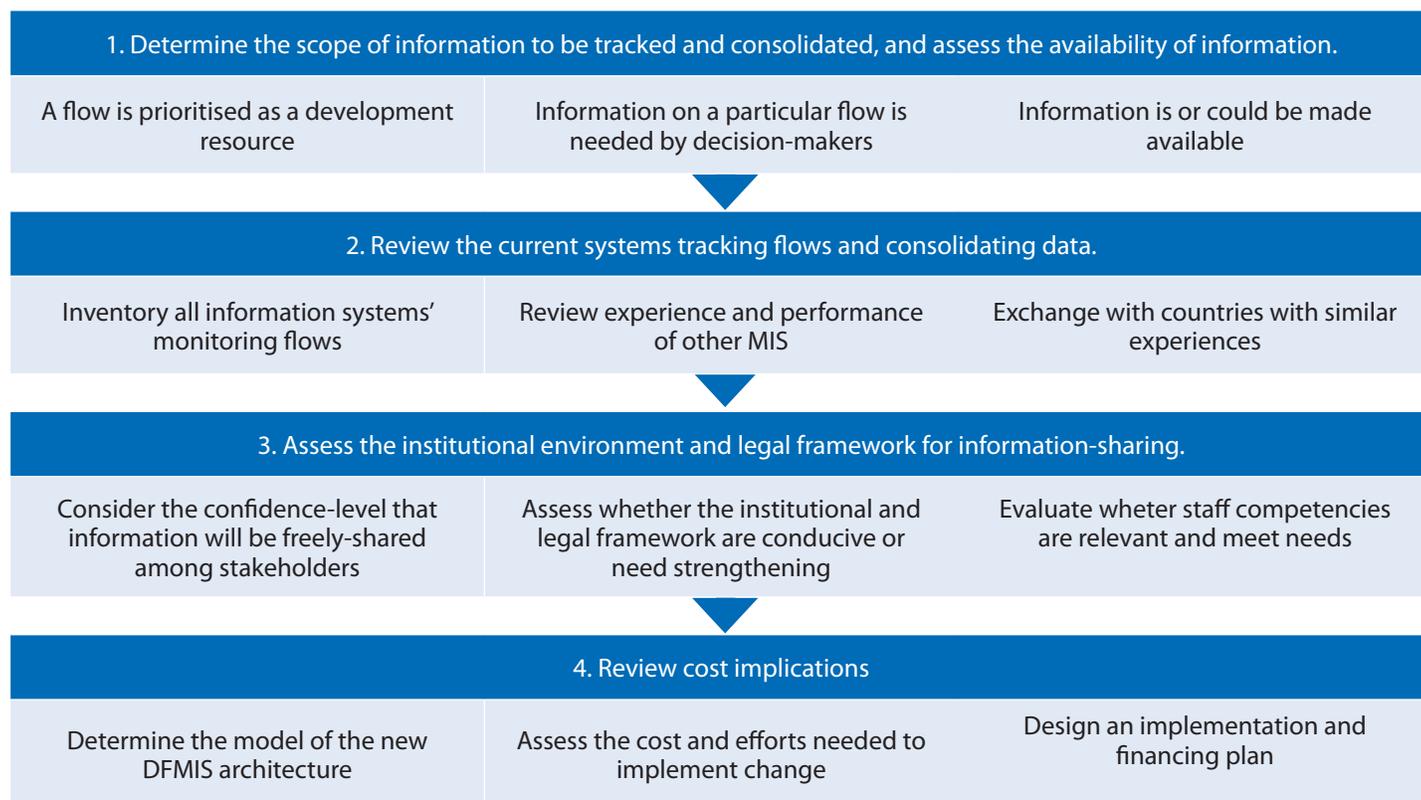
Drawing from country experience, this Note recommends steps (Figure 4) that will help ensure that decisions on adapting and expanding current MIS to consider comprehensive financial flows (e.g. to become a DFMS) are well informed and will lead to improved development finance management.

3.1 Determining what information should be tracked

Collection and consolidation of development finance information from various MIS requires considerable efforts. Therefore, to ensure the most efficient use of resources while ensuring availability of all necessary information, the scope of information to be tracked, as well as how this information will be processed, consolidated and reported, must be determined with great care. The following parameters can guide the determination of the scope of information to be tracked:

- A flow is identified as a development resource.
- Information on a flow is deemed essential for decision-making.
- Information is, or could be, made available with reasonable investment.

FIGURE 4 Assessment framework for strengthening MIS



As such, the following actions are recommended for governments who wish to identify essential information for resource allocation and decision-making, and are further detailed in the section below:

Actions	Considerations	Country Examples and Available Tools
Step 1. Map major (and prioritised) sources of development finance	<ul style="list-style-type: none"> • Comparative finance flows (knowledge and trends) • Availability of information 	<ul style="list-style-type: none"> • Development Finance Assessment (DFA) - Bangladesh example (Box 1) • Mapping of development finance flows – Sudan example (Box 2)
Step 2. Identify essential information to be tracked	<ul style="list-style-type: none"> • Nature and use of information for decision-making • Cost • Speed of access • Geographic or sectoral destination, target populations 	<ul style="list-style-type: none"> • DFA - illustration of analysis from Solomon Island (Box 3) and Kenya, Rwanda and Zambia (Annex 2)
Step 3. Develop an information flow diagram	<ul style="list-style-type: none"> • Linking information to decision-making and planning processes 	



Photo: © UN Photo/Albert Gonzalez Farran

Step 1. Map major (and prioritised) sources of development finance to better understand resources available for development activities.

As noted above, comprehensive, timely and accurate information on development finance flows is essential to sound decision-making. Using a Development Finance Management Information System can help to ensure that information is available quickly. However, the significance of various flows varies widely from country to country based on specific country context, and as such, information tracked through DFMS may be different from country to country. A good first step in establishing or strengthening a DFMS is mapping the current overall development resource envelope of the country, including those shown below in Figure 5.

A helpful tool for governments to shed light on the availability of resource flows is the Development Finance Assessment (DFA) (see Box 1: Example of Bangladesh). Developed by UNDP’s Bangkok Regional Hub, DFAs respond to the growing demand from countries to establish evidence and analysis, and introduce policy and



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FIGURE 5 Main sources of finance to a country

	Public	Private
External	<ul style="list-style-type: none"> • Tax revenue <ul style="list-style-type: none"> • Direct, indirect • Non-tax revenue • Government borrowing <ul style="list-style-type: none"> • Debt, bonds 	<ul style="list-style-type: none"> • Private sector equity • Domestic borrowing • National NGOs, foundations and philanthropists
Domestic	<ul style="list-style-type: none"> • ODA grants • ODA loans • Other official flows • South-South Cooperation 	<ul style="list-style-type: none"> • FDI • Portfolio investment • International borrowing • Remittances • International NGOs

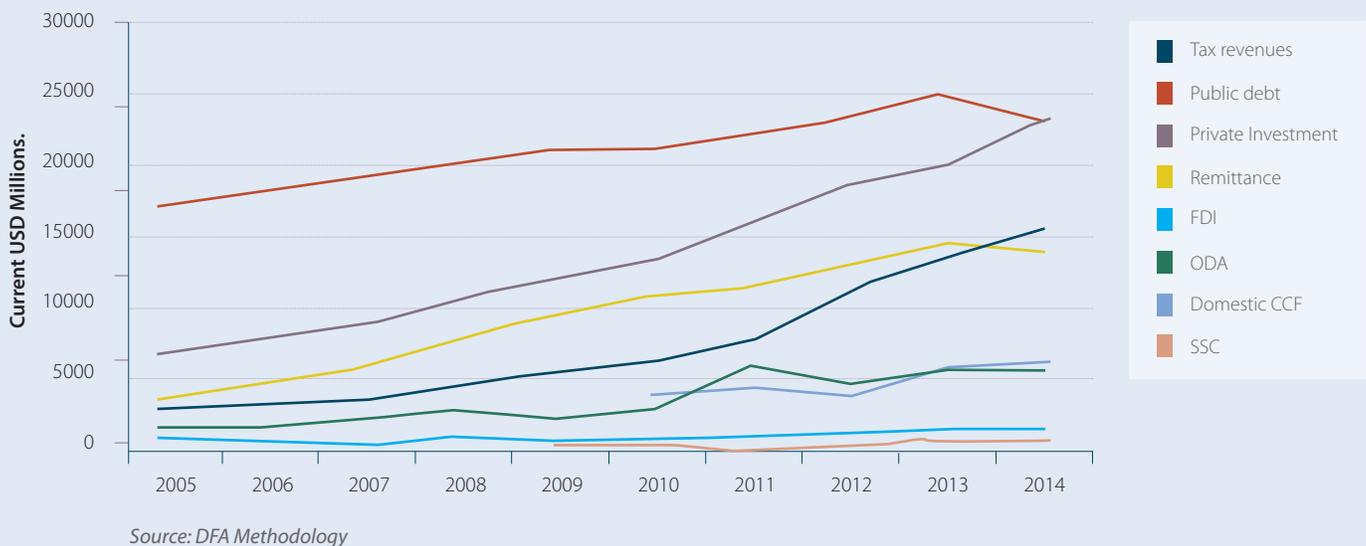
BOX 1 Illustrative example of DFA in Bangladesh

The Development Finance Assessment (DFA) is a tool developed by UNDP's Bangkok Regional Hub, which serves as the Secretariat for the Asia-Pacific Development Effectiveness Facility (AP-DEF). It was developed in response to the growing demand from countries in the region to establish evidence and analysis, and introduce policy and institutional reforms, for managing the increasing complexity of domestic and international sources of financing for development. UNDP is currently scaling-up the DFAs not only in the Asia-Pacific but also in other regions including Africa, the Arab States and Latin America and the Caribbean.

The DFA in Bangladesh mapped the various financial flows to the country. As noted in the graph below, borrowing and revenue are the biggest sources of financing for the Government of Bangladesh. In 2015, borrowing was at 18 percent of GDP, tax revenue as a share of GDP was around 10 percent and official development assistance (ODA) was about 2 percent. Outside of the public sector, the most important development finance flows were: private investment, which was \$23.3 billion in 2014, and remittances standing at \$14 billion in 2014. Bangladesh's DFA has shown the increasing importance of harnessing private finance for achieving development results.

Development Finance Flows in Bangladesh, 2005-2014

FIGURE 2 Example from Bangladesh



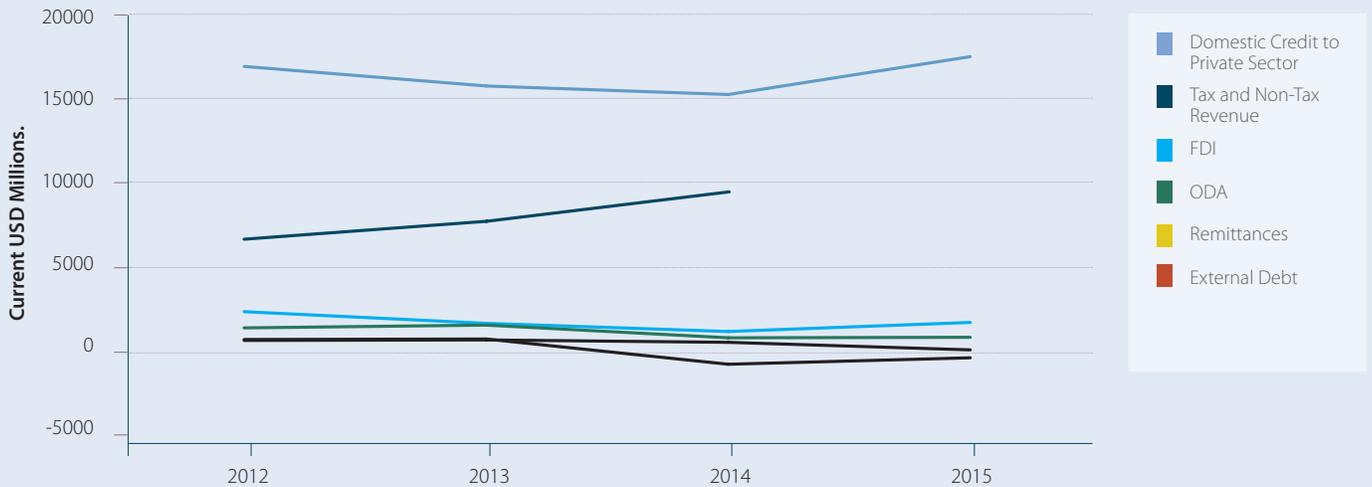
institutional reforms for managing the increasing complexity of domestic and international sources of finance for development. UNDP is already supporting a number of countries to implement the DFA methodology, with the use of a full, detailed methodology guide published separately by UNDP.

Governments can also map development resources through a combination of international, regional and national existing databases / systems, such as the World Bank Development Indicator database, IMF Article IV Assessments, UNCTAD database, OECD-DAC ODA and OOF database, Central Bank, national budgets, IATI data depository etc. (see Box 2: Example of Sudan). This step can also provide insights on current availability and sources of information around various development financing flows at the country level.

BOX 2 Illustrative example of financing flow mapping in Sudan

Development finance flows in Sudan were mapped as part of the joint OECD and UN financing strategy mission. The mapping was based on desk research and combined with interviews with a broad range of development and humanitarian stakeholders in the country.

Development Finance Flows in Sudan, 2012-2015



Sources: OECD, IMF World Revenue Longitudinal Data, World Bank, author calculations. No tax and non-tax revenue data available for 2015.

Step 2. Identify essential information to be tracked for more effective resource allocation and decision-making.

Once a full understanding of the development finance flows in-country is achieved, a determination can be made on what information should be tracked through the DFMIS. The following guiding questions can be considered in analysing the relative importance of information to be tracked in the context of informing strategic decision-making and resource allocation:

- How much of each resource is being raised as a proportion of GDP?
- Who are the major partners (including ODA providers, South-South Cooperation providers, international NGOs, foundations and philanthropists, etc.) and what 'types' of finance or cooperation do they provide?
- To which sectors / thematic areas do these contributions flow? How have they supported national development priorities and results?
- Are there any geographic destinations for various financing flows?
- Are there any patterns in activities / interventions supported by external public and private flows versus domestic sources of finance? What is the overall composition of public debt (external versus domestic) and are there any broad trends in this construction (e.g. changes in public versus private; a shift from external to domestic)?

Step 3. Develop an information flow diagram.

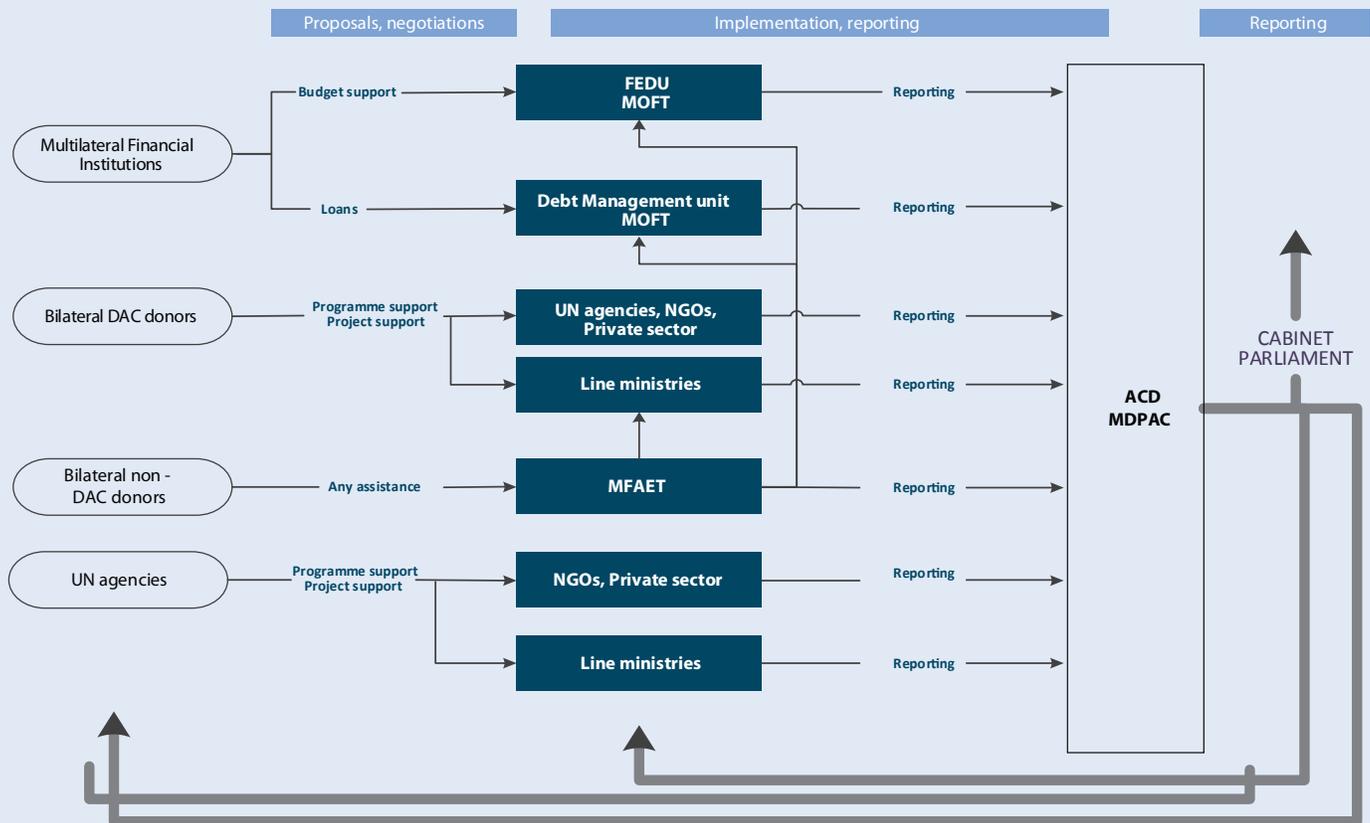
In addition, mapping a workflow for reporting on development resources can be considered alongside the core planning and monitoring and evaluation processes in order to identify essential information. In some cases, development cooperation policy (or a similar policy) outlines essential information for decision-making. Box 3 provides an example of a workflow analysis for reporting on development finance flows in the Solomon Islands.

BOX 3 Example of workflow analysis for reporting on development finance flows in the Solomon Islands

The Solomon Islands Development Cooperation Policy requires that all agencies, both those providing and using development resources, report on their respective projects and programmes to the Aid Coordination Department (ACD).

Ministry of Finance and Treasury	On-budget and loan projects irrespective of the source of funding
Ministry of Development Planning and Aid Coordination	All grants received from bilateral DAC and non-DAC donors
Ministry of Foreign Affairs and External Trade	All requests from foreign sources offering assistance
Line Ministries	All projects funded by external sources
Non-state actors and INGOs	All projects funded by external sources and implemented by NGOs
M&E units of the Solomon Islands government	Progress in implementing projects and results achieved
Development partners, including bilateral, multilateral donors, UN agencies	All projects funded by the partner

Workflow mapping of reporting on development cooperation



Data management planning to ensure reasonable investment and availability of key information

If information on a particular flow is to be tracked and consolidated, it needs to be consistently available from government institutions, nationally-situated development stakeholders or international sources. Once the availability of information on resource flows and relative importance of the information to be tracked are determined, a data management plan should be created to outline how information on each flow will be obtained in a timely and consistent fashion, ensuring an uninterrupted flow of information from producers to decision-makers and the public. It is suggested that this plan should also include an information flow diagram.

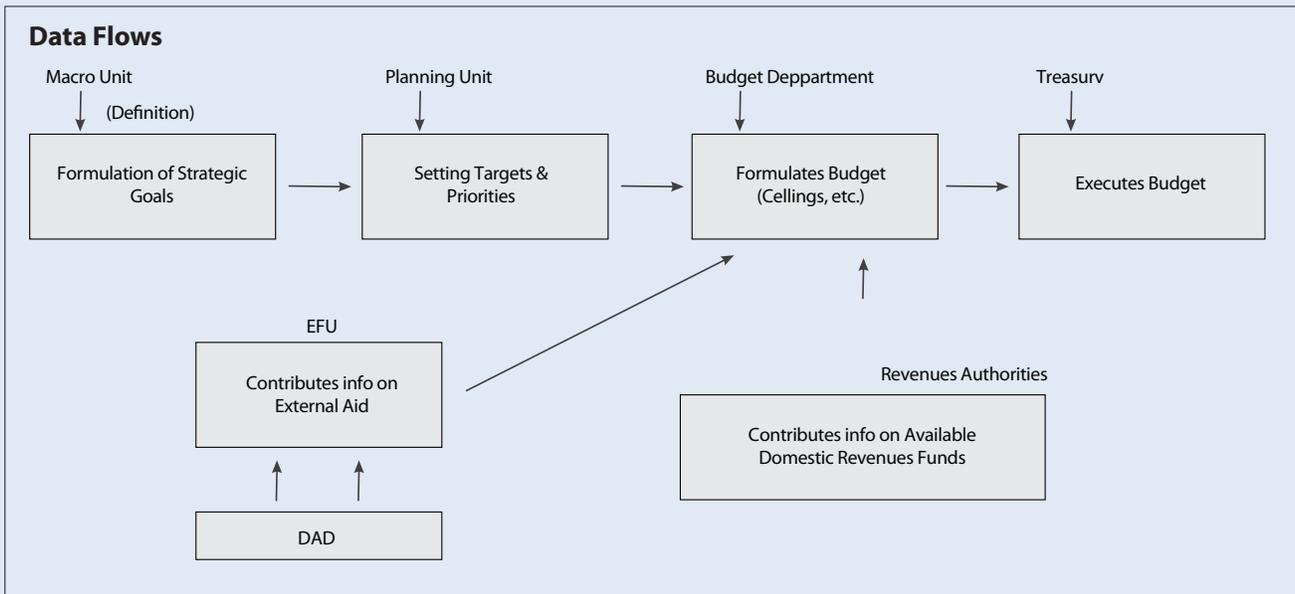


Photo: © iStock, Dushyant Kumar Thakur

BOX 4 Example of information flow diagram in the budget process of Rwanda

To strengthen the integration of aid management with public finance management processes, the Ministry of Finance and Economic Planning of Rwanda undertook a data flow analysis to identify data gaps and explore how they might be filled by expanding the scope of the existing information management systems.

The Budget Process



Source: Ministry of Finance and Economic Planning Rwanda – Needs Assessment for upgrading of Development Assistance Database (DAD)

3.2 Assessing what information is already being collected and finding the gaps

Because country context is key when assessing and deciding on establishing or refining a MIS, there is no blueprint for a singular system or combinations of systems that will work for all countries. As such, this section will provide guidance on how to examine existing systems and identify future information needs.

The following actions are recommended for governments who wish to identify what information is already being collected and identify any gaps. These recommendations are further detailed in the section below:

Actions	Considerations	Examples and Tools
Step 1. Map all MIS currently in use	<ul style="list-style-type: none"> • Must be comprehensive, reaching across all government departments and agencies • Must identify gaps and areas of duplication 	<ul style="list-style-type: none"> • Country survey (Annex 3)
Step 2. Assess the experience and performance of the MIS	<ul style="list-style-type: none"> • Comprehensiveness and comparability of data • Understanding constraints to sound management of information • Ability to exchange or integrate with other systems 	<ul style="list-style-type: none"> • Country exchanges • IATI Standard • Comparability between IATI and country systems
Step 3: Explore standardisation of data on financing flows	<ul style="list-style-type: none"> • Comparability of data with other systems within the country and with international standards 	<ul style="list-style-type: none"> • IATI Standard

Step 1. Map all MIS currently in use.

The first step in assessing the effectiveness of a MIS is to map the current systems being used by all government entities. This means creating a list of all the systems being used and the information that is being tracked through those systems ⁷, and then cross referencing this information to identify where there are gaps and duplications. An in-depth understanding of the diverse types of information available will inform the applicability of MIS and options for consolidation.

In order to assess the scope and depth of the information being tracked or monitored through existing MIS, the following guiding questions can be considered for each type of priority development resource:

- What MIS are currently being used across government and who is the custodian of each system?
- What information is collected by each MIS and at what levels (programme, project, activity, contract, transaction etc.)?
- What are the properties of this information (commitments, disbursements, expenditures, projections, the level of disaggregation and frequency of updates, etc.)?
- How do these different systems 'speak to' or interact with one each other?
- How is information from each of these systems consolidated and checked for duplication?
- How is information from these sources connected to specific results and fed into decision-making?

These are just a small sample of questions that can be asked when assessing the strength of existing MIS and the surrounding architecture. A more complete list can be found in the country survey questionnaire in Annex 3, which was used to provide background for this Guidance Note.

⁷ The types of development finance information that should be considered can be found in section 2.

Difficulties in collecting data and populating MIS have been cited by many governments as a key challenge inhibiting them from using systems for management of development finance to their full potential. This is particularly relevant to information on external public flows that are provided off-budget as well as flows originating from private providers. Country surveys undertaken in 2016 suggest that data availability is an institutional challenge rather than a technical one, noting that the information may be available through one of the in-country MIS, but not shared effectively between institutions. For example, the data on off-budget development flows is available in AIMS in many countries, but lack of intra-governmental communication and co-ordination mechanisms may inhibit access by those who need it (i.e. the Budget Department), which negatively affects the comprehensiveness of budget documentation. Another example of this phenomenon is the availability of data on loans captured in DMS. This data is not always shared with development planning ministries, which affects the comprehensiveness of information in budget and MTEF preparation systems, where they exist.

Integration of MIS monitoring various flows could help consolidate this information to obtain a comprehensive picture of resource flows, help reduce duplicative efforts, ease the burden of reporting and increase the overall consistency of data across branches of government. In recognition of the need for access to consolidated data on various development resources, efforts are underway in many countries to integrate AIMS with national financial management systems. Examples of AIMS-IFMIS integration solutions implemented in different countries are outlined in Box 6.

BOX 5 Illustrative examples of data beyond ODA tracked in AIMS

According to the country survey undertaken in 2016, which covered 14 countries and two private vendors of AIMS, Aid Information Management Systems, which are typically used to track ODA, are now also being used to track a variety of other flows of public, private, domestic and external origins, as summarised in the table below.

Data typically tracked in AIMS across various flows (non-exhaustive list)

Type of flows	Countries where AIMS is tracking this flow
South-South Cooperation	Afghanistan, Bangladesh, Cambodia, Ethiopia, Myanmar, Nepal, Timor-Leste
Non-concessional funding	Afghanistan, Bangladesh, Ethiopia, Lao PDR, Nepal, Timor-Leste
Technical cooperation	Afghanistan, Bangladesh, Cambodia, Myanmar, Nepal, Philippines, Rwanda, Tanzania
Climate finance	Afghanistan, Bangladesh, Cambodia, Ethiopia, Lao PDR, Myanmar, Nepal, Rwanda, Tanzania, Timor-Leste, Philippines
Foreign Direct Investment	Afghanistan, Sri Lanka, Tajikistan
Contributions of INGOs	Afghanistan, Bangladesh, Cambodia, Nepal, Tanzania, Timor-Leste
Contributions of philanthropic organisations	Bangladesh, Tanzania, Timor-Leste

Tracking beyond-ODA flows in AIMS does not always require system adaptation, but when required, AIMS vendors have responded to requests to develop this functionality. For example, a dedicated South-South Cooperation tracking module was recently designed for the AIMS of Honduras.

There are also examples of advanced AIMS that manage information on public investment portfolios – something that would normally be covered by a DMS. Examples of this include the Afghanistan State Budget Planning System (SBPS), the Iraq Development Management System (IDMS) and the Kurdistan Development Management System (KDMS). In addition, Afghanistan, Sri Lanka and Tajikistan tracked FDI through their respective AIMS.

BOX 6 Country examples where an AIMS is integrated into national financial management systems

- Afghanistan's National Budget and Aid Management System (NBAM) comprehensively captures information on budget allocations and supports the budget preparation process of the country, including both capital and recurrent budgets. It is integrated with Afghanistan's FMIS through a semi-automatic data exchange and serves as an interface for report generation and decision-making on a wide range of development cooperation issues. NBAM also tracks non-project flows, including recurrent budget and FDIs.
- In India, the AIMS has been linked to the FMIS. All financial information on projects is imported from the FMIS to the AIMS, the latter capturing data on the physical progress of project implementation.
- The National Transport Sector Data Management System (NATS-DMS) of Zambia – a development results monitoring tool at the sector level – has imports relevant financial data on sector activities from the FMIS.
- Cambodia has also integrated their AIMS and FMIS and is using AIMS data on external flows to inform budget preparation.

A list of integration of AIMS and FMIS (non-exhaustive)

Country	Integrated Systems	Data transferred and direction	Status
Afghanistan	AIMS with FMIS	Project expenditures and allocations FMIS → AIMS	Completed, in use
	AIMS with FMIS	Recurrent expenditures FMIS → AIMS	Completed, in use
Cambodia	AIMS with FMIS	AIMS → FMIS	Completed, in use
India	AIMS with FMIS	Project allocations and expenditures FMIS → AIMS	Completed, in use
Kenya	AIMS with Budget preparation system	Project commitments AIMS → Budget preparation system	Completed, in use
	AIMS with FMIS	Project expenditures FMIS → AIMS	Completed, in use
Malawi	AIMS with FMIS	AIMS with FMIS	AIMS with FMIS
Nepal	AIMS with FMIS	IFMIS → AIMS AIMS → IFMIS	Completed, not in use
Nigeria	M&E System with FMIS	Project expenditures FMIS → M&E System	Completed
Senegal	AIMS with FMIS; import tool developed in AIMS to import FMIS data	Portfolio of government-funded public investment (annual) FMIS → AIMS	Completed, in use
Timor-Leste	AIMS with FMIS	AIMS → IFMIS	Completed, not in use
Tanzania	AIMS with FMIS	AIMS → FMIS	Planned
Zambia	Sector MIS with FMIS	Project expenditures FMIS → Sector MIS	Undergoing user testing

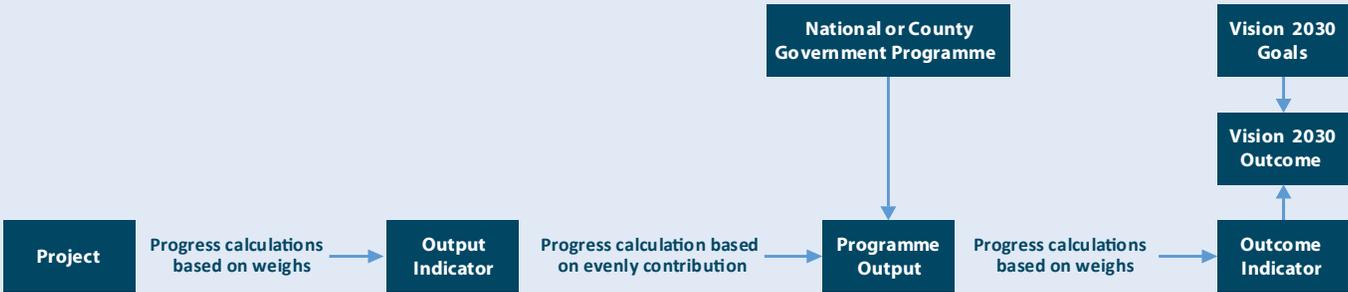
Source: Country and Vendor Surveys, June-July 2016, compiled by Stepan Kanayan and Sarah McDuff

In addition, in order to strengthen evidence-based decision-making, a number of countries are also exploring ways to integrate the system(s) tracking financial information with the system(s) tracking results at various levels (Box 7: Example of Kenya’s E-ProMIS).

BOX 7 Kenya E-ProMIS automated interaction with budget preparation and IFMIS

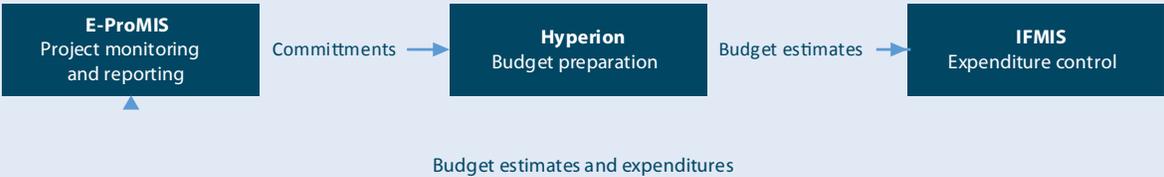
Kenya’s Electronic Project Monitoring Information System (E-ProMIS) is the country’s core system for monitoring on-budget development activities funded from external and domestic sources. E-ProMIS is integrated with Kenya’s budgeting system ‘Hyperion’ and its IFMIS. E-ProMIS monitors project implementation by measuring progress towards development results and by tracking the allocation of financial resources, the former being the primary objective of the system. E-ProMIS is designed to link and calculate progress toward project output indicators, outputs and outcomes as defined in the Kenya Vision 2030 and the monitoring frameworks of central and provincial governments’ development plans.

Linking progress towards project output indicators and monitoring frameworks



The interaction between E-ProMIS (project monitoring and reporting), Hyperion (budget preparation) and IFMIS (expenditure control) is fully automated, with a schedule established by the E-ProMIS administrator. There is currently a plan to import the commitments for off-budget flows into Hyperion and IFMIS using the same technology.

Simplified workflow diagram of E-ProMIS, Hyperion and IFMIS interaction



Step 2. Assess the experience and performance of the MIS.

Once a comprehensive list of all systems has been consolidated, the next step is to explore ways in which to address gaps and duplications by assessing the effectiveness of the existing MIS. While there are multiple possible scenarios depending on country context, it is likely that one or two systems can be expanded to cover all development finance flows and non-performing systems can be discarded. Alternatively, there are some cases where integration of existing MIS should be pursued.

In order to assess the experience and performance of the existing MIS, the following guiding questions can be considered:

- What is the quality of information on captured flows, such as accuracy, timeliness, comprehensiveness etc.) and how does this information link to national planning frameworks and systems (such as national development strategies, budget, medium-term expenditure frameworks and results frameworks)?
- What is the degree of interaction between the different systems containing information on development finance, including level of automation and automation frequency?

The Country Survey template (Annex 3) can be used to support the mapping and assessment of effectiveness. This process can be undertaken internally or by an external consultant, but will require a careful consideration of the existing institutional dynamics to ensure the neutrality of such an exercise.



Photo: © UN Photo/Marco Dormino

Step 3: Explore standardisation of data on financing flows.

Given the diversity of development resources monitored by national MIS in terms of origin, type, instruments of delivery, purpose and other parameters, the data tracked on each resource is often classified differently. However, if data on these flows are to be consolidated and monitored through MIS – either in one system or in an integrated manner – it is critical to introduce terminological coherence and standardisation in the classification of development finance flows and in the data captured and reported on each flow.

While introducing a standard classification scheme across global producers of data will help to resolve ambiguities in interpretation and allow for interoperability between various systems / comparability of the development co-operation management products generated by them, there is not yet a single standard agreed and used at the global level. As such, determining how this standard should be translated into changes at the country level and into MIS implementation is yet to be explored. While a detailed discussion of the development of such a standard classification is beyond the scope of this Guidance Note, some basic requirements can be considered in order to ensure the comparability of information exchanged through an integrated or expanded MIS. Recommendations for governments include:

- The taxonomy of various properties of development resources should follow a standard / uniform classification and terminology for consistency and comparability across various MIS at the country level.
- Systems, particularly AIMS, should be able to produce reports on development resource flows disaggregated by type of flow (public, private, external and domestic) and by source of development finance.
- Changes to the classification schemes of existing MIS should be done with the goal of minimising the re-classification of data already in the system, which could be labour intensive and time consuming.

BOX 8 The International Aid Transparency Initiative's support to data standardisation

Though it is not yet universally accepted among producers of development data, the International Aid Transparency Initiative's Standard (IATI Standard) is a technical publishing framework gaining traction at the country level. IATI is a global initiative that aims to make information on development resources easier to access, use and understand. Its Standard allows data to be compared, and can also be used to inform the standardisation of data on financing flows to meet growing and diverse information needs. Currently, over 500 publishers, including development co-operation agencies, development finance institutions, international and national NGOs and foundations, are publishing their information on development resources to IATI. The growing number of publishers reporting to IATI has triggered the interest of developing country governments to import IATI data into their AIMS, and AIMS vendors have also responded to this by developing tools to enable the integration of AIMS and the IATI registry.

Country examples of AIMS linked to the IATI Registry include:

- Rwanda's AIMS, which has a module that enables automated import of data from the IATI database. The module was developed and operationalised in 2015 as part of the IATI pilots, and the implementation of a similar tool is underway in Ghana's AIMS.
- In 2015, an open source IATI Import Tool that can be integrated into any AIMS was developed, allowing for the semi-automatic import of data from the IATI registry into an AIMS. So far, this tool has been implemented in six countries – the Chad, Cote d'Ivoire, Democratic Republic of the Congo (DRC), Madagascar, Malawi and Senegal, with plans to replicate it in several more countries.
- In Myanmar, the locally-developed AIMS (Mohinga) was configured to be fully compatible with the IATI Standard. As such, Mohinga is able to import data from the IATI database directly into AIMS without mapping the data fields between the two. Development of tools to allow Myanmar's development partners to import transactions is underway.



Photo: © UN Photo/Albert Gonzalez Farran

3.3 Institutional environment and legal framework for information-sharing

Sufficient human resource capacity and an enabling legal and institutional environment are key for a government to implement change and manage for results in this highly complex subject area (as well as in other government functions). Regardless of the type of MIS in use, even the most qualified people, equipped with the right tools, will not be able to affect sustainable change without an empowering legal, regulatory and policy environment.

Long-term institutional planning and consideration of legal frameworks governing the management of development finance information are essential elements for implementing a MIS or integrating systems to consolidate data for better planning, resource allocation and decision-making, as confirmed by country surveys undertaken for preparation of this Guidance Note. The recommendations in this section are based on the premise that these factors need to be investigated and addressed holistically in order to create the necessary conditions for effective and sustainable management of development finance information over time.

This section will focus on the following three parameters, which are required for an enabling environment for a DFMS:

- Conducive institutional and legal frameworks.
- Staff competencies that are relevant and meet needs.
- Confidence that information will be freely shared among stakeholders.

Ensuring conducive institutional frameworks for development finance management

While there may sometimes be negative impacts of fragmentation in development finance information management, in particular situations, the distributed management of development finance information across institutions is necessary. Often more than one Ministry or department has a mandate to manage diverse aspects of development finance. For example, in some countries, programme-based and non-concessional development cooperation is managed by the Ministry of Finance, while concessional and project-based development cooperation is coordinated by the Ministry of Planning. For many countries, the Ministry of Foreign Affairs is mandated to manage South-South Cooperation, while economic cooperation is dealt with by the Ministry of Industry.

However, the resulting challenge in consolidating data can be mitigated by creating inter-ministerial mechanisms for coordination and establishing operational guidelines for information-sharing among all government entities involved. For example, Rwanda's Aid Policy Manual of Procedures (2011) outlines the operational roles and functions of various Ministries, Departments and Agencies in managing information on development aid. Kenya is also developing an operations manual that will detail the procedures for managing external resources, guided by the Kenyan External Resources Policy (2014). Increasing the transparency of national institutions through systematic communication, coordination and information-sharing is key to effective management of development finance, whether through an MIS or not.

Ensuring conducive legal frameworks for development finance management

Systems that primarily deal with the management of public resources originating from domestic sources (government budget) or external resources directed to the public sector (government borrowings), such as FMIS and DMS, are often in a better position to capture and produce good quality data, as they are typically regulated by legal instruments such as PFM acts, public debt laws, etc. In most countries, it is a legal requirement to manage government financial operations (e.g. allocations, expenditures, audit procedures, public debt management) through FMIS and / or DMS in order to combat corruption and the misuse of public funds. This legal requirement significantly raises the level of sustainability of these systems.

However, challenges remain in obtaining data on off-budget flows that are public in purpose, but are not delivered through national budget systems. Typically, development support from international NGOs, foundations and philanthropists fall within this category. AIMS, which track resources and development results, are often not accompanied by laws, regulations and policies that ensure their proper use, despite governments' strong commitment to monitoring development cooperation inflows. Additionally, information on non-public development finance flows (such as private sector investment / engagement leveraged through public funds / development cooperation) is difficult to obtain, as current legislative frameworks do not necessarily mandate relevant institutions to track this information at the country level. Building appropriate legal frameworks, for example, a cabinet Decree

that clarifies the roles and responsibilities of various entities in reporting on flows that are not delivered through national budget systems, can help overcome this constraint.

Additionally, AIMS are typically developed under a finite grant agreement (unlike FMIS) and are rarely embedded in national strategic planning and programming. These unstable financing and institutional arrangements give the perception that AIMS are unsustainable and therefore not worth the investment of resources or time in their operationalisation or proper use. Significant investment at the country level, including proper training, is also needed – the business processes for managing the development resource flows typically tracked by AIMS are usually complex, involving a diversity of flows that originate from public, private, domestic and external sources, with different destinations, delivery mechanisms and monitoring parameters.

BOX 9 The International Aid Transparency Initiative's support to data standardisation

- In Tanzania, strengthening of legal frameworks regulating the management and consolidation of information on the growing scope of development finance is considered highly important and includes, among other things, plans to reinforce the mandate and function of the unit that is currently managing the AIMS.
- In Lesotho, the implementation of the AIMS is incorporated into the overall PFM reform agenda with PFM regulations covering the AIMS.
- In Lao PDR, a Government decree regulates ODA management and reporting by assigning relevant roles to various government Ministries.

Source: Country Survey 2016

Key recommendations for ensuring conducive legal and institutional frameworks for development finance management

To ensure that there is a conducive institutional and legal environment that supports better provision and use of information on development activities and effective management of MIS, the following actions can be considered:

- Amending national development cooperation policies, where necessary, to include a policy statement on the role of MIS (or other government system) as an authoritative database to record development finance flows, with a clear list of flows to be monitored.
- Revising the mandate of national institutions, if necessary, to clearly indicate their roles in the management of development finance information, including establishing coordination mechanisms or incorporating the consolidation of data as a function in an existing department of an appropriate Ministry.
- Considering appointment of a lead Ministry and clarifying intra-governmental flows of information, drawing on information flow diagrams. Providing guidance on the coordination of information between national and international development stakeholders.
- Enforcing, where necessary, information exchange among government institutions according to the data management plan, by exploring a cabinet Decree or a Law, as appropriate. As much as possible, governments should consider expanding the scope of information exchange beyond government to strengthen transparency with the general public and Parliament.
- Reaching an agreement with development cooperation providers in regards to provision of information on respective flows in the format and scheduled established by the government – both as parts of concerted efforts to strengthen integration of development planning and development financing systems.

Investing in institutional and human capacity

Once the necessary legal and policy environment has been created, it is vital to ensure that there is sufficient institutional and human capacity to administer and manage the system. There are broadly four categories of capacity that merit analysis and consideration (Table 5).

Strengthening human capacity

Challenges in managing the complex relationships between various players involved in the delivery of development cooperation can be a critical contributor to low-quality data, and a key human capacity constraint to effective development finance management. This process can also be exacerbated by the lack of adequate skills to manage complex financial instruments, such as blended finance. Insufficient human resource capacity inevitably leads to poor practices in data collection, interpretation, analysis and reporting, and as such, this issue should be addressed regardless of whether development resources are monitored through a MIS, or they are of external or domestic origin.

The Country Surveys and a scanning of DFAs also points to the need for systematic approaches to address human capacity constraints. The following factors were noted to impact the quality and use of information / MIS:

- Siloed production of knowledge and analysis obstructs effective use and integration of information at more general levels.
- Critical data is often confined to specific areas of government, making it difficult to find.
- Technical capacity limitations hinder governments' ability to integrate all available information and produce the type of knowledge that is needed to inform policy decisions.

A systematic approach to capacity strengthening is therefore needed, ensuring that appropriate training measures are targeted to the specific functions of government departments and individuals. An institutional framework that clarifies roles and functions should provide the basis for a functional analysis and needs assessment, which can be used to develop a training plan outlining specific types of training and means of learning. Such a framework may include all relevant entities such as aid coordination and debt management departments, planning units in government line ministries, the external cooperation department of the Ministry of Foreign Affairs, units managing major programmes that are funded by donors (such as Project Implementation Units, National Authorising Officers' offices for the EU programme, national agency for management of the US Millennium Challenge Co-operation programme, etc.).

TABLE 5 Human and Institutional Capacity

	Human Capacity	Institutional Capacity
Technical	<ul style="list-style-type: none"> • Technical understanding of key objectives of MIS • Data collection and analysis • Computing software • Accounting • Financial analysis 	<ul style="list-style-type: none"> • Physical infrastructure • ICT systems
Inter-personal	<ul style="list-style-type: none"> • Communication • Teamwork • Relationship-building • Timeliness 	<ul style="list-style-type: none"> • Strong policies and frameworks to guide work

Strengthening institutional capacity

Accessibility of information and functionality of MIS need to be supported by an adequate ICT environment and infrastructure. Quality and availability of internet capacity, both in terms of speed and stability, as well as the hosting arrangement of MIS, will require specific attention and assessment. Currently, a number of AIMS implemented by governments are hosted and / or managed outside of the country, while IFMIS implemented by governments are directly managed / hosted by the governments in many cases. Through the Country Survey, sustainability of AIMS was noted by various governments as a major concern. In this context, in many governments, continuous service contracts with AIMS vendors are necessary to sustain a functional AIMS. In order for governments to strengthen the sustainability of MIS, adequate institutional capacity in terms of ICT environment requires careful consideration, including assessment of readiness to host and manage MIS in-house.

Key recommendations for strengthening human and institutional capacity for development finance management

To ensure that there is sufficient human and institutional capacity to support better provision and use of information on development activities and effective management of MIS, the following actions can be considered:

- Undertaking a functional analysis of current institutional and coordination mechanisms, in accordance with the data management plan.
- Conducting a joint capacity needs assessment for management of development finance information with development partners, ideally covering all national institutions responsible for this function.
- Reviewing the job descriptions of government staff assigned to development finance information management and coordination functions to ensure that they are in line with recommendations derived through the assessment of institutional and legal frameworks.
- Developing and implementing a long-term capacity-building programme with supporting resources (manuals, intro guides, induction materials) that cover all aspects of development finance information management (e.g. collection, interpretation, analysis, reporting) and use of existing systems, including on accessing and understanding IATI data.
- Strengthening ICT systems and addressing other related institutional capacity challenges.



Photo: © UN Photo/JC McIlwaine

Increased use of information in support of stronger partnerships

Increased availability, comprehensiveness and compatibility of information on development resources is not an end in itself, but is a means to realise national development priorities and the SDGs. It is therefore important that there is full transparency of development plans and resources, heightening the confidence of various stakeholders, in order to increase their contribution and engagement and to strengthen partnerships for development. To maintain the trust of these stakeholders in the overall development process, it is essential that a robust mechanism exists for evidence and information-based dialogue, using information on development finance and results to assess the contribution, effectiveness and impact of development resources.

As such, the institutional frameworks governing the management of MIS will need to be closely synchronised with the monitoring and evaluation framework as well as the coordination, dialogue and accountability mechanisms that support SDG implementation and review. In some cases, governments may find it appropriate to improve the monitoring of the effectiveness of development resources through the use of MIS. Some of the MIS vendors (AIMS vendors) have developed modules for monitoring and reporting on development effectiveness indicators.



Photo: © UN Photo/Kibae Park

BOX 10 Using AIMS to monitor development effectiveness for stronger partnerships

- Rwanda's Donor Performance Assessment Framework (DPAF) mainstreams development effectiveness indicators building on the monitoring framework of the Global Partnership for Effective Development Co-operation. Its Development Assistance Database incorporates a comprehensive set of more than 20 indicators to undertake an annual assessment of donors' performance in the country. The results are used to inform annual policy and development partnership dialogue.
- Cambodia's Development Cooperation Database incorporates monitoring indicators of effective development co-operation. Data collected through this system is used to undertake monitoring of the internationally-agreed development effectiveness principles under the Global Partnership for Effective Development Co-operation biennial monitoring process.

Key recommendations for increasing the use of information for stronger partnerships

To ensure strong partnerships around the sharing and use of information on development activities and effective management of MIS, the following actions can be considered:

- Reflecting on what information can be collected from the MIS for M&E purposes and to support coordination, dialogue and accountability mechanisms for SDG implementation and review.
- If appropriate, adapting the MIS to incorporate data needed to monitor the effectiveness of development cooperation and / or support data collection for the Global Partnership for Effective Development Co-operation monitoring framework.



Photo: © Sayed Omer Sadaat/UNDP Afghanistan/2015

3.4 Assessing cost implications

A crosscutting consideration for the entire MIS assessment process is, of course, the cost implication. While Sections 3.1 to 3.3 discuss how to determine the appropriate MIS architecture, any solutions to strengthen its current form will require financial resources and technical expertise, which may not be available to all governments undertaking this effort. Therefore, assessing the cost implication of any adaptation or enhancement to existing systems, and identifying the source of funds to finance these efforts, is of paramount importance.

If not adequately assessed and planned for, the lack or limitation of these resources may cause frustration for governments, particularly when the implementation and use of the systems are not progressing as intended. In such cases, systems often are perceived by governments as financially unsustainable. As such, an important step for any adaptation or enhancement to existing systems, or deciding to undertake the construction of a new MIS, should be to assess the cost and the effort required to implement the planned changes.

A suggested list of activities to be carried out in completing this assessment is provided in Table 6 below. Depending on the available domestic capacities in a country (whether within or outside government systems), resources needed to carry out an assessment of costs of may vary significantly from country to country. When new systems or enhancements to existing systems are being planned, inputs will typically be required from both governments

and development partners in the form of international and / or local technical assistance (TA). Private suppliers of MIS are often contracted to carry out this work as as part of their needs assessment at the national level.

Private vendors of MIS

UNDP currently manages a Long-Term Agreement of pre-vetted MIS vendors. Based on UNDP's experience contracting these external service providers for open data information management systems, two service areas have been identified:

- Provision of modular open data information management systems; and
- Support with technology services and system sustainability.

The former service area includes a Core Modular Open Data Information Management System solution that meets the demand of the implementing country and operates in synergy with existing or planned government systems, while the latter provides technical support to the administrators and users of the AIMS, such as training tools, technical personnel support and regular 'issue log reports', illustrating the volume and nature of technical or other issues raised by implementing countries.⁸

⁸ For more information on UNDP LTAs for MIS, contact the LTA holder Annelise Parr at annelise.parr@undp.org (DIG / BPPS).

TABLE 6 Areas of cost analysis for adapting or designing MIS architecture

Activity	Method	Inputs and resources
Assess the scope of information to be tracked	Mapping or DFA	International TA or Government
Conduct inventory of existing MIS and their functions	ICT assessment	Local TA or Government
Assess ICT infrastructure and determine the need for offline MIS solutions	ICT assessment	MIS vendor
Identify required institutional frameworks and assess cost to establish them	Cross-government consultations	Government lead, International or Local TA
Analyse gaps in legal frameworks and assess cost to strengthen them	Desk and document review	International TA or Government
Analyse the underlying business processes, reporting lines and scope	Document review and specialised interviews	MIS vendor or International TA
Assess existing capacity and determine cost to develop it	HR assessment	International TA and Government
Undertake a cost estimate of possible MIS solutions and financial sustainability analysis	Desk and document review, web resources	Local TA and Government
Develop plan to adapt existing / setup new MIS	3-5 years functional upgrade	International TA or Government
Assess cost and time for MIS implementation at full operational status	Review of global experience	Local TA and Government
Assess requirements for post-implementation support	Hosting and technical support	MIS vendor
Design implementation and financing plans	Cross-government consultations	International TA or Government

Note: this table has not been prioritised, nor does it depict a recommended order of action.



Photo: © Tran Vinh Nghia, Viet Nam

4. Final recommendations

The complexity and diversity of development resources available at the country level provides both opportunities and challenges. Adapting national MIS architecture to fit the changing landscape of development finance is necessary, and many countries have already implemented adaptation solutions. To support more countries in establishing / strengthening their MIS to better consolidate and increase the use of data on development resources, the following general considerations can be taken in account, within the context of this Guidance Note:

- Start with an analysis of the financial landscape and a careful review of existing systems in the country, and, as much as feasible, in countries in similar contexts. A DFA may be a useful instrument for mapping and analysing relevant financial flows.
- Avoid strengthening or operationalising a MIS in isolation from the institutional and legal environment in which it will operate;
- Implement gradually. An incremental approach should be considered.
- MIS should not necessarily be fully automated, as long as the objective of the consolidation of data is achieved with reasonable efforts and costs.

Improvements and enhancements to national MIS architecture should be considered a 'work in progress', needing continual adaptation to as needs evolve and new solutions are explored. This Guidance Note reviews a range of international experiences, including successes, challenges, and lessons learned in using MIS to track and monitor development finance information. However, to continue providing useful inputs to work in progress, including improvements and enhancements to national MIS architecture, the following additional areas would merit further research and investigation, including:

- Analysis of best practices in measuring and tracking development finance flows that are traditionally difficult to track, such as overseas remittances, FDI, contribution of private foundations, etc., and the development of practical methodologies to track these flows;
- Analysis of the relationship between the quality and quantity of development finance data, including complex blended flows, and presence (or lack thereof) of institutional mechanisms for information exchange;
- As part of strengthening monitoring and evaluation of the SDGs, design horizontal and vertical co-ordination and reporting mechanisms, across levels of government and across national and international development agencies, that can be used to facilitate the exchange of development finance and results data.



5. Role of UNDP

The frequency and scope of requests for UNDP support in aid effectiveness and effective development co-operation have grown substantially since the mid-1990s. Over the past 20 years, UNDP has supported close to 80 programme countries in setting up, institutionalising and operating AIMS and M&E solutions to help governments in decision-making processes around transparent and effective management of development resources, financing for development and poverty reduction strategies, and UNDP remains a trusted partner in this area. This Guidance Note has provided specific issues that may be considered by UNDP country offices as they endeavour to make their support stronger and more relevant to the evolving context of financing for development and effective development cooperation.⁹

Photo: © UN Photo/Kibae Park

With UNDP support, **Bangladesh's** Aid Information Management System, which tracks development cooperation data, was technically upgraded to reduce administrative time spent on reporting requirements. The upgraded module allows automatic, regular transfer of IATI data into the AIMS. In addition, several rounds of software improvements and technical training sessions were executed to enhance accessibility of the development information system to improve management of development cooperation resources.

The United Republic of **Tanzania** has an Aid Management Platform (AMP) and been a member of IATI since 2011. UNDP has finalised a new proposal contained in a third-generation support project for the Ministry of Finance on development effectiveness. This support includes enhancement of the AMP and innovation in terms of reporting, the possibility of adding new components (i.e. gender component) and accelerating data entry for focal points with an offline application.

The Government of **Armenia** is exploring the potential of blockchain to strengthen the integrity of public transactions. In July 2017, UNDP Armenia, in partnership with the Centre for Strategic Initiatives (CSI), started mapping the opportunities for blockchain use within the public sector, including in the management of development finance information.

⁹ The United Nations Development Group (UNDG) has adopted a common approach for co-ordinated and coherent UN support to Member States. The MAPS approach refers to Mainstreaming, Acceleration and Policy Support. 'Mainstreaming' aims to 'land' the agenda at national and local level; 'Acceleration' targets resources at root bottlenecks to sustainable development; and 'Policy Support' makes the thematic expertise housed in different UN entities available in an effective and coherent way. However, MAPS is not comprehensive, exclusive or prescriptive. It builds on what the United Nations system has learned through extensive experience with implementing the Millennium Development Goals, processes arising from related summits and conferences, as well as the mandates and resources of different UN agencies.

To this end, UNDP country offices could potentially support their national counterparts in:

Areas	Entry point(s)
Strengthening the functionality of MIS in the context of an integrated national financing framework	<ul style="list-style-type: none"> • DFA analysis
Mainstreaming the function of MIS into national development plans and SDs implementation	<ul style="list-style-type: none"> • UNDP support to MAPS and SDG institutional architecture • DFA analysis
Supporting MIS integration with IFMIS, DMS and M&E systems	<ul style="list-style-type: none"> • UNDP support to the SDG data ecosystem at the country level • Existing UNDP country project support in development effectiveness and MIS
Support in data standardisation	<ul style="list-style-type: none"> • Advocacy and facilitating progress towards data standardisation at the global (i.e. IATI, TOSSD, SDG Philanthropy Platform, SSC / Triangular Cooperation, etc.), regional and country levels • Support to implementation of standardisation schemes and solutions to meet country needs
Advocating for the use of IATI data, and improving the quantity and quality of data	<ul style="list-style-type: none"> • At the global level, strengthening efforts to improve the quality and usability of data published to the IATI registry • At the country level, supporting governments in interpreting and validating IATI data integrated into national AIMS / MIS and identifying readiness of IATI datasets for automatic imports into national AIMS / MIS
Improving the use of information / data	<ul style="list-style-type: none"> • Support to the SDG institutional architecture, national monitoring and evaluation systems, and in-country co-ordination and accountability mechanisms, including support to National Voluntary Reviews for the HLPF
Increase transparency on global experiences with MIS	<ul style="list-style-type: none"> • Consider making information on MIS implementation worldwide publicly accessible and easily retrievable, including costs involved, implementation timeline and its impacts
Facilitate knowledge-exchange and peer-learning	<ul style="list-style-type: none"> • Involvement with the Global Partnership for Effective Development Co-operation or SSMART

To provide further assistance to governments in strengthening the effectiveness of development financing for implementation of the SDGs, UNDP has also prioritised sustainable financing as output 1.2.2 of its new Strategic Plan (2018-2021)'s Integrated Results and Resources Framework (Annex 1- Draft IRRF), aiming to support the optimisation of development financing architectures and the results they support at the country level.

6. Conclusion

The evermore complex development financing landscape at country level presents both opportunities and challenges for developing countries. The greater diversity of development finance offers the potential to use the comparative advantages of various financing flows to maximise overall impact. The challenge lies in changing the way resources are used and prioritised and building new capacities in planning, budgeting, information management, monitoring and evaluation and stakeholder engagement. The increasing reliance of countries on a diverse mix of development finance puts an even higher premium on coherence of data systems, national institutions and enabling legal and institutional frameworks for managing information.

As the variety and the scale of resources available, as well as the capacity to access them, will invariably differ from country to country, there is no 'one-size-fits-all' approach and strategies to meet this challenge will need to respond to specific country contexts. To this end, based on increasing country demand, this Guidance Note has offered concrete recommendations for governments looking to establish or strengthen robust systems for tracking comprehensive financial information, in support of enhanced development effectiveness and realisation of their own national priorities.



Photo: © UN Photo/Martine Perret

Annex 1. Case Study: Development Finance Information Management in Tanzania

by Stepan Kanayan and Sarah McDuff

Objective

The objective of this case study is to inform the Guidance Note, ‘Making Management Information Systems Fit for an Evolving External Development Finance Landscape’.

This study first reviews how development finance information is currently managed in Tanzania, with a particular focus on current efforts and future plans to consolidate information through linking finance and results, tracking additional finance flows in existing systems and by integrating systems. Second, the key considerations outlined in the Guidance Note – determining the flows to be tracked and consolidated, institutional and legal frameworks and cost implications – are examined in the Tanzanian context.

This study has been informed by a desk review of relevant documentation, the government of Tanzania’s feedback to the Country Survey and a series of in-country meetings with the government, UN and other international stakeholders.

Context

Tanzania’s National Five Year Development Plan (FYDP II) 2016 /17 – 2020 /21 integrates the SDGs and places particular emphasis on the monitoring and evaluation of results. The FYDP II also recognises that the changing landscape of development finance, while creating new opportunities for developing countries to access new external and domestic development resources, creates challenges in managing development finance flows.

The scope of development finance is expanding in Tanzania – ODA is decreasing and beyond-ODA flows are increasing, with this trend expected to continue as Tanzania moves toward MIC status and the government prioritises beyond-ODA flows. The variety of development finance sources that the Government of Tanzania intends to explore and develop is impressive, with a major focus placed on private finance, such as FDI, philanthropy, foreign market bonds, diaspora bonds and so on, as well as regional and South-South Co-operation. Currently, management of information on this expanding set of development finance flows is distributed across four institutions and involves the use of three MIS, detailed in Table A below.

Given the distributed management of information and the need for a comprehensive picture of development finance, the government is interested in consolidating information on development finance flows and results in order to improve decision-

TABLE A Institutions and MIS involved in development finance information management

Institution	Finance Flow(s) Tracked	Management Information System(s) Used
Ministry of Finance and Planning	ODA, technical co-operation, climate finance, contributions from INGOs and philanthropic organisations	AIMS = Aid Management Platform
	National budget, local budget	IFMIS = Strategic Budget Allocation System (SBAS), EPICOR Active Planner, EPICOR 905
	Non-concessional funding	DRMS
Ministry of Foreign Affairs	SSC	None
Bank of Tanzania	FDI, remittances	Internal stand-alone systems
Tanzania Investment Centre	FDI	None

Source: Country Survey, Tanzania

making on the allocation of resources for development, possibly through the use of MIS. The government has also identified that guidance on how best to achieve this may be needed, including support in building the human resource capacity to implement such consolidation.

Responding to the needs of the government, the UNDP country office – in consultation and agreement with the government – has strategically re-focused its support by shifting from traditional support to aid management and co-ordination, to more comprehensive, coherent and integrated support to data collection and analysis systems for the monitoring of the SDGs and development co-operation, including beyond-ODA flows, as defined in the Country Program Document, 2016-2021.

It is at this juncture that this case study has been carried out.

Part I: Development finance information management in Tanzania

Consolidating information on multiple flows

As is the case in many countries, Tanzania's AIMS, the Aid Management Platform, primarily tracks ODA, but is also used to track other finance flows (see Table 1). For example, some data on contributions from philanthropic organisations and INGOs are entered into the AMP, but there is interest to more fully capture this data, along with the contributions of CSOs. There is a new initiative being led by the Foundation for Civil Society to track data on these flows using the AidStream Platform, which allows CSOs to enter project data which is then reported to IATI. SSC is not tracked in any system but could be tracked in AMP, assuming there is willingness to share information on the resources provided by these partners.

FDI records are managed jointly by the Tanzania Investment Centre (TIC) and Bank of Tanzania (BoT). Investment projections are currently tracked in a database, and there is an ongoing effort to obtain data on actual investments through surveys and project visits. Remittance records are maintained by BoT, but there is no dedicated system to manage this information.

Consolidating information through systems integration

Given the need for information exchange between the three primary systems managing development finance information (AMP, IFMIS, DRMS), the government began exploring possible ways to integrate these systems in 2014 through an integration assessment. Possible benefits of integration were identified as:

- Commitments and MTEF projections could be imported from AMP into IFMIS to contribute to comprehensiveness of the budget;
- Standardisation of the exchange rates used among systems to improve consistency in data;
- Reducing opportunities for human error in information exchange.

In conducting this assessment, challenges in carrying out automatic data exchange between many different systems were identified, including their incompatibility, network and information security regulations of IFMIS, and so on. As such, using a single interface to retrieve, exchange and report on data from multiple development finance MIS is not seen as feasible at this point in time. In the short-to-medium term, the government will pursue the goal of formalising a manual or semi-automatic data exchange between systems to ensure that consolidated information on development finance flows is made available to decision-makers. Such integration will be implemented as part of a larger e-government initiative currently underway in Tanzania.

While the government recognises the potential of AMP integration with IATI to improve the quantity and quality of data at the national level, it has not yet upgraded the AMP to include the IATI Import Tool due to some concerns about using IATI data. This is in part because of varying definitions of key properties of development finance flows between the AMP and IATI (e.g. definition of a project, on / off budget and on / off treasury flows), which makes it difficult to map the data of IATI projects with the projects in AMP. The lack of government involvement in the validation of IATI data – which they effectively carry out for the development co-operation data reported to AMP by development partners with in-country presence – is a reason to treat the data reported by development partners directly into AMP as more credible than the data retrieved from the IATI database, and when discrepancies

are observed between the two, the former will be considered more credible. However, the need to better understand how IATI integration could improve data at the national level has been expressed by the government to further inform its decision on whether to pursue AMP-IATI integration.

Monitoring development effectiveness

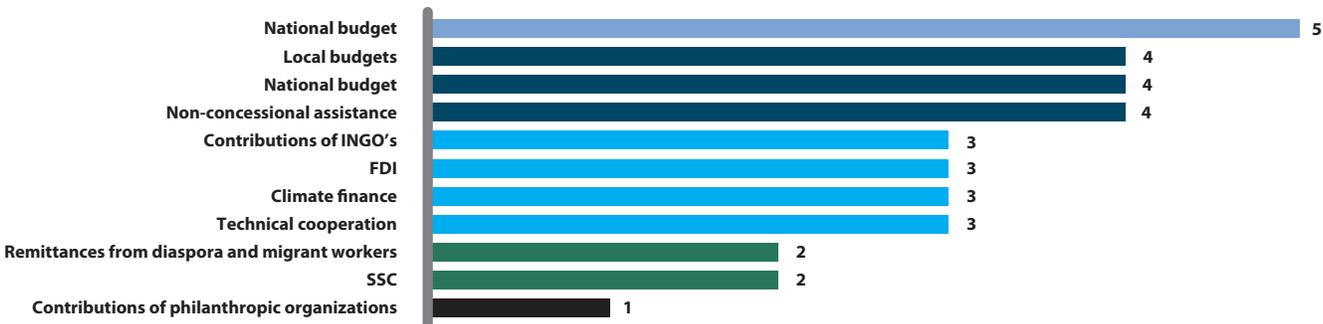
In support of national efforts to monitor development results, the government has implemented the Global Partnership for Effective Development Co-operation’s reporting tool as a module in its AMP, which allows reports to be generated on progress on the GPEDC indicators, provided the raw data at the project level is regularly inputted into the system. While the government still manually collects data for each GPEDC monitoring round, it is interested in better utilisation of this tool, which could help to significantly reduce manual work and produce relevant reports in much less time.

Challenges in development finance information management

Many of the challenges faced by Tanzania in development finance information management are similar to those of other surveyed countries. While the government assesses data quality to be relatively high for ODA and public finance, obtaining good quality information on contributions from philanthropic organisations, SSC and remittances, among others, is a significant challenge. For example, the Bank of Tanzania estimates that actual remittances and FDI flows are much higher than currently captured. According to a study by the German Development Institute, the contributions of private foundations to development in Tanzania may have reached USD \$45 million annually – commensurate with assistance of such official DAC donors as Finland and Denmark, but these resources are not captured in any of the development finance management systems in Tanzania. As private capital is considered a key resource to finance the FYDP II, the government is highly interested in improving the processes and methodologies for better assessment and capturing of these flows. The graph below illustrates the quality of data on various flows, as perceived by the government of Tanzania.

Apart from data access and quality, there are also challenges in the implementation of the MIS used in development finance information management. These challenges mostly relate to processes and institutional arrangements, rather than the systems themselves. In the case of the AMP, timely and consistent reporting by development partners is key to ensuring good data quality in the system. In that regard, development partners suggest that the guidance on data entry should be provided as and when functionality change is implemented, which among other things should also be discussed with them in advance. Insufficient and unclear guidance materials, particularly definitions, may lead to interpretations that are inconsistent among partners and to double counting. Connectivity issues also present a challenge for entering data, as the system is often unavailable or too slow to use effectively. The government acknowledges this issue and is working to resolve it by increasing the bandwidth allocated to the AMP to ensure its availability and speed of access.

FIGURE A Data quality of development finance flows as assessed by the Tanzanian government



Source: Country Survey, July 2016

Part II: Key considerations in adapting MIS architecture

Consolidating information on development finance and results

The Tanzania FYDP II outlines a robust M&E framework, that, among other things, will allow reporting on SDGs as they are integrated into the FYDP II, as well as supply reliable information to decision-makers and communicate progress to the citizenry. In this regard, using existing MIS for establishing and monitoring the links between development plans, finance and results has been of considerable interest to both the government and development partners, including the UNDP country office. Currently, no MIS is set up to monitor development results, but there are ongoing discussions on how and where results should be tracked, and there is potential to adapt one of the existing MIS to carry out this function. According to the Deputy Principal Secretary of the MOFP, linking financing and results within a system will make it easier to assess what results have been achieved from the resources invested, and will make it easier to report to citizens and development stakeholders on this progress.

Determining scope of information to be tracked

While ODA is still a critical source of funding for development, the role of private resources is increasing in importance. Analysis of development finance flow trends in Tanzania also suggests that beyond-ODA flows are increasing in importance (see Graph 2), and discussions with TIC and BoT confirm that both FDI and remittances are prioritised as potential sources of development finance. As shown in graph below, FDI is steadily increasing.. This trend is expected to continue, especially with considerable investments being made in Tanzania's oil and gas sector.

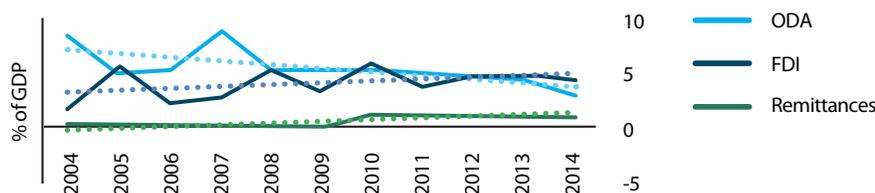
While remittances and FDI are currently tracked by the government, due to the absence of credible methodologies and operational processes, the lack sufficient quantity and quality of data is one of the key obstacles in considering their consolidation with other development finance flows. This is a practical example of the importance of confirming the availability of information or importance of a specific flow before embarking on its management in a MIS – one of the key recommendations of the Guidance Note.

Institutional and legal frameworks

The lead institution managing development finance is the MOFP. However, according to the DPS of MOFP, the current institutional arrangements, particularly legal frameworks regulating information exchange, are insufficient and unclear, and need to be improved in order to ensure that crucial information is reported, made available and exchanged among governments institution and between the government and external partners. Information available in various government departments is being communicated upon request on an ad-hoc basis, but it is not formally regulated and not freely available outside of the government, which is an indication of insufficient transparency and accountability on resources spent for development.

Lack of legal instruments also make it difficult to obtain data from actors outside of the government, including data from development partners (reported into AMP), foundations and CSOs, and from the private sector on PPP projects.

FIGURE B Development finance flow trends in Tanzania, 2004-2014



Sources: WB DataBank, OECD



Photo: © UN Photo

The government recognises the need for improved legal instruments for consolidating data on development finance and results, and in that regard is considering the reinforcement and expansion of the Aid Co-ordination Unit's mandate (including changing the name) to better define and solidify its role in development finance information management in light of the significantly expanded landscape of development resources. According to the BoT, better information on development finance, especially on external flows, could improve Tanzania's Balance of Payments as well.

Cost Factor

Given the importance of ensuring the financial sustainability of MIS used in development finance information management, the Guidance Note provides recommendations on how to conduct a comprehensive cost analysis if the government proposes adapting the existing MIS architecture to better fit the changing development finance landscape.

The government of Tanzania has been considering adapting their MIS architecture since 2014, which now seems to be of higher importance in light of implementation and monitoring of the FYDP II. While systems integration has been explored as one possible step in improving information sharing, a full needs assessment (determining scope of information to be tracked, assessing necessary adjustments to institutional frameworks, developing new or customising existing legal bases) is yet to be completed. Strengthening human resource capacity (particularly in the MOFP's External Finance Department) is seen by the government as key to conducting this assessment.

This Guidance Note's recommendations on a comprehensive cost analysis for MIS integration are considered relevant by the Aid Co-ordination Unit. However, given capacity and resource constraints, the time estimates provided in the draft Guidance Note may not be realistic for many countries.

Reflecting on the financial sustainability of the AMP – it is already hosted by the government, which is considering financing or mobilising resources for functionality upgrades, as the overall strategy for development finance information management – in light of its expanding landscape – is finalised.

Conclusion

As a country targeting MIC status by 2025, the majority of this Guidance Note's recommendations on managing development finance information have proven relevant for the Tanzanian context, particularly in relation to:

- The importance of consolidating information on relevant development finance flows and results;
- The need to determine which finance flows should be monitored and consolidated according to needs and trends, and for transparency and accountability;
- The need for improved institutional and legal frameworks;

- The importance of a comprehensive cost analysis (linked to a previously completed needs assessment) before embarking on changes / adaptation of existing MIS to the evolving landscape of development finance;
- The role of AIMS in managing a large variety of development resource information and acting as an open reporting interface for development stakeholders and the wider public.

This case study also highlights areas where Tanzania may take its own approach in adapting its MIS to meet the needs of consolidated development finance monitoring in light of the SDGs. Further attention may be paid to:

- Integration of MIS for development finance tracking is being considered in a larger context of e-government implementation. This implies that in the short-to-medium term Tanzania will consider manual or semi-automatic exchange of data between the systems;
- Integration with IATI needs a deeper analysis to fully weigh the benefits and challenges in using IATI data, and perhaps more evidence from other countries already implementing this integration;

Documents Consulted

- National Five Year Development Plan, 2016/17-2020/21, Ministry of Finance and Planning, United Republic of Tanzania
- Country Program Document for United Republic of Tanzania, 2016-2021, UNDP
- Tanzania AMP and IFMIS Integration Assessment Report, 2015
- Private Foundations and Development Cooperation - Insights from Tanzania, Erik Lundsgaarde, et., 2012
- Development Co-operation Framework of the United Republic of Tanzania, Ministry of Finance and Planning, 2014

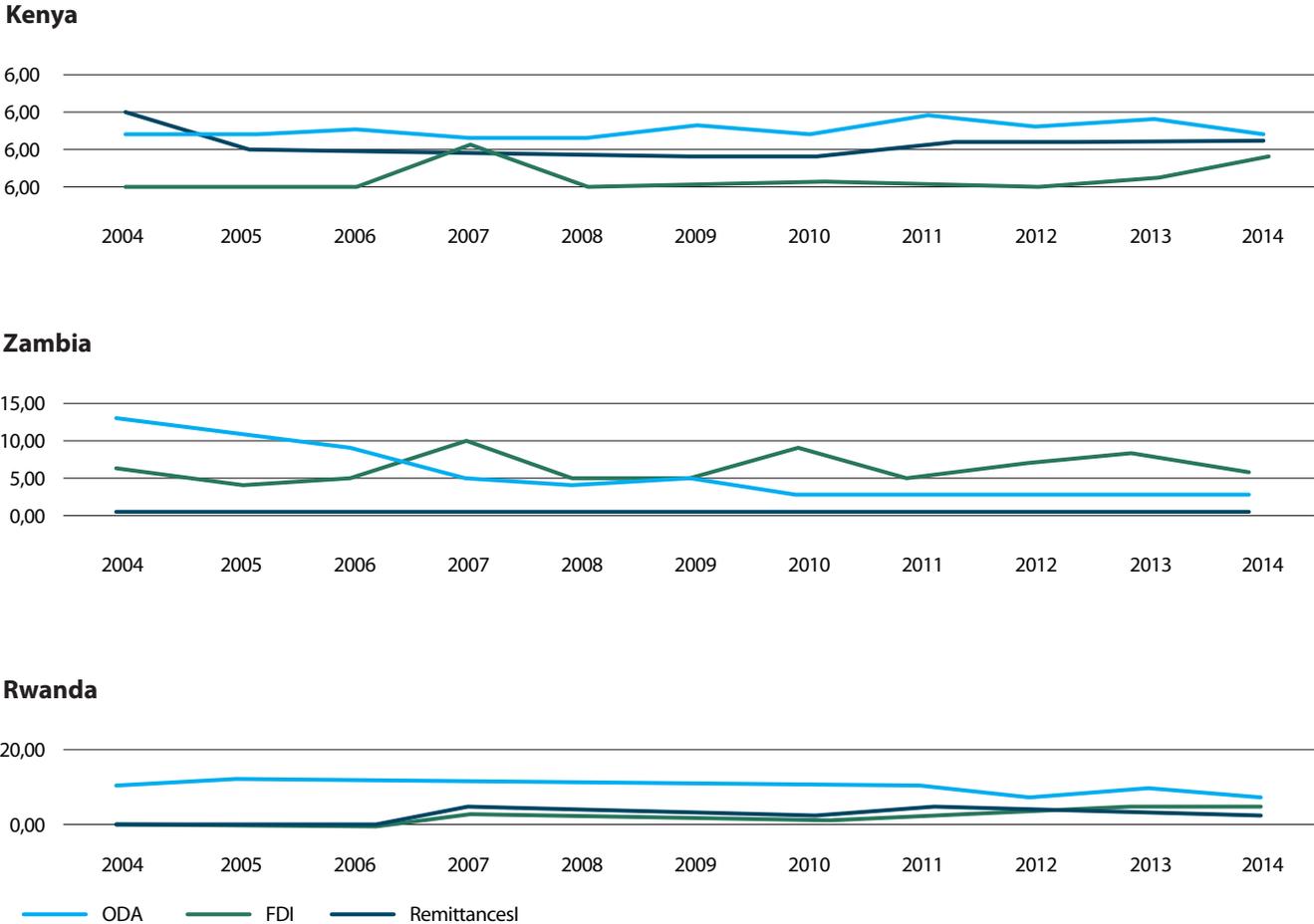
Annex 2. Technical Note on determining priority flows for integrated monitoring

By Stepan Kanayan and Sarah McDuff

Assessing the relative importance of a country’s various development resources is critical to inform decisions on whether it is worth the effort and resources required to integrate the monitoring of a particular flow into a MIS ¹⁰. To illustrate this, we compare below development finance flows in three countries where their relative shares are notably different. The graphs below visualise trends in selected flows in Kenya, Rwanda and Zambia.

We opted to use ODA, FDI and remittances, as comparable recent data on these flows are available from internationally-recognised sources – the OECD Creditor Reporting System (CRS) (Organisation for Economic Co-operation and Development; www.stats.oecd.org) and the World Bank Databank (World Development Indicators; www.databank.worldbank.org). The exercise would have been more illustrative if data from emerging SSC providers, philanthropic and other flows were available, since respective Development Finance Assessments indicate an increasing interest by many countries in prioritising these sources. However, comparison of these

FIGURE C Trends in selected flows as % of GDP



Source: OECD Statistics, World Bank Indicators

¹⁰ It is assumed that information on a majority of development finance flows exists within governments to a different degree of quality, although it may not be shared and thus may not be a common asset across all government institutions.

selected flows – which includes flows of both public and private origin – serves the purpose of this particular task: to demonstrate how knowledge on trends can be used to determine whether the information on a particular flow should be consolidated with others.

As illustrated in the graph, in Kenya, ODA and overseas remittances as a share of GDP are relatively stable, fluctuating between 2-4%, while FDI has increased significantly from 0.3% in 2004 to 1.5% in 2014. ODA is tracked in Kenya by the Electronic Project Monitoring Information System (E-ProMIS), and integrating information on FDI and remittances (they together formed close to 4% of GDP in 2014) into this system could be valuable.

By contrast, in Zambia, ODA as a share of GDP has been steadily declining from 12% in 2004 to 2.5% in 2014. At the same time, FDI oscillated between 5% and 10% of GDP, and in 2014 was twice of the size of ODA. Remittances in Zambia compared to other flows are almost negligible, having held a stable share of GDP, around 0.2%, in the past decade. This could indicate that integrating information on remittance flows as part of the overall development finance envelope of the country may not be beneficial at this point in time.

In Rwanda, ODA has reduced almost twofold, FDI increased nine-fold and remittances threefold in the period under review. However, FDI and remittances are still much smaller than ODA. ODA is being monitored in Rwanda using its AIMS and the government would need to decide whether there would be significant gain from integrating the information on these three flows, considering their experience with tracking ODA, along with the institutional and cost implications.

Annex 3. Country Survey

This survey template was used to carry out a scoping analysis of existing institutional and co-ordination arrangements, the range of information tracked / used and also supported the identification of bottlenecks and challenges in managing information on development finance and co-operation.

Part I. Institutional Arrangements and Mandates

Type of development finance	Custodians of development finance information									Select a system from drop-down list	If "None" is selected, please indicate how respective flows are monitored
	Ministry of Planning	Ministry of Finance	Ministry of Foreign Affairs	Ministry of Trade and Industry	Central Bank	National Statistical Service	Ministry co-ordinating NGOs	Other – please specify	N/A		
	1	2	3	4	5	6	7	8	9	10	11
1. ODA (grants and loans)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
2. Non-concessional funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
3. South-South Co-operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
4. Technical co-operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
5. Climate finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
6. National budget	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
7. Local budgets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
8. Foreign direct investment (FDI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
9. Remittances from diaspora and migrant workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
10. Contributions of INGOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
11. Contributions of philanthropic organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.	
12. Other (please indicate what else is useful to monitor)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

If available, please provide / attach a simplified organigram of how these relevant institutions relate with respect to information exchange.

Part II: Co-Ordination Mechanisms and Structures

Type of development finance	Collection, consolidation and use of development finance information is co-ordinated by:				Legal framework regulating information exchange (e.g. PFM act, Aid Policy, Cabinet decree, other instructions)
	Cross-ministerial committee	Multi-stakeholder forum	Designated ministry	Other (please specify here)	
1	2	3	4	5	6
1. ODA (grants and loans)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Non-concessional funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. South-South Co-operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Technical co-operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Climate finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. National budget	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. Local budgets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. Foreign direct investment (FDI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9. Remittances from diaspora and migrant workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10. Contributions of INGOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. Contributions of philanthropic organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. Other (please indicate what else is useful to monitor)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Note: Please attach any summary paper describing how the mechanism works, and, if existing, the National Development Co-operation Policy paper.

Part III: Scope of Information Captured and Reported through Data Systems

Financial information captured at different levels*

Level of information	List of key properties (e.g. commitments, disbursements, expenditures, projections, etc.)	Disaggregation (e.g. by provider, recipient, sector, location, financing instrument, type of flow, loan / grant, etc.)	Name of system or source of information	Frequency of updates	Type of development finance
1. Sector	<input type="checkbox"/>				
2. Programme	<input type="checkbox"/>				
3. Project	<input type="checkbox"/>				
4. Activity	<input type="checkbox"/>				
5. Contract	<input type="checkbox"/>				
6. Transaction	<input type="checkbox"/>				
7. Other (please specify)	<input type="checkbox"/>				

* Applicable primarily to traditional types of development finance (e.g. ODA).

Monitoring of development results at different levels

Indicators	Quantitative (e.g. target and progress value, etc.)	Alignment to national priorities (e.g. national, sector, MDG / SDG etc.)	Please indicate the system used, if any	Frequency of updates
1. Output	<input type="checkbox"/>			
2. Outcome	<input type="checkbox"/>			
3. Process / KPI	<input type="checkbox"/>			
4. Other (please specify here)	<input type="checkbox"/>			

Part IV: Bottlenecks and Challenges in Managing Information on Development Finance

Issues that are likely to create bottlenecks in managing development finance

	Custodians of development finance information						Custodians of development finance information					
	N A	Very low	Low	Average	High	Very High	N A	NDS	Budget	MTEF	Other	5
		1	2	3	4	5		1	2	3	4	
1. ODA (grants and loans)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Non-concessional funding	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. South-South Co-operation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Technical co-operation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Climate finance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. National budget	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Local budgets	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Foreign direct investment (FDI)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Remittances from diaspora and migrant workers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Contributions of INGOs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contributions of philanthropic organisations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Other (please indicate)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Integration of information on development finance

Interface / interaction between systems containing information on development finance	Level of automation				Please list data fields exchanged and frequency	Has integration been useful, what are main reasons for success or difficulties encountered?	Please indicate future plans for integration
	Automatic	Semi-automatic	Manual	None			
1	2	3	4	5	6	7	8
1. AIMS and IATI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
2. AIMS and PFMIS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
3. AIMS and DRMS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
4. PFMIS and DRMS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
5. Other (please specify here)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

Challenge areas of critical importance

Description of challenge		Please describe any steps taken or planned to address the challenges
1. On-budget development finance flows are not sufficiently complete or accurate (e.g. external financing of capital and recurrent budgets, projections of external financing in medium term perspective, etc.)	<input type="checkbox"/>	
2. Mechanisms for consolidation of information on development finance flows and development results captured by different institutions are weak or do not exist	<input type="checkbox"/>	
3. Reporting on information on development finance flows and development results meets resistance by respective sources	<input type="checkbox"/>	
4. Functional and technical limitations in systems and databases	<input type="checkbox"/>	
5. Lack of legal instruments regulating use of data systems (laws, policies, government decrees)	<input type="checkbox"/>	
6. Not enough demand from decision-makers for information on development finance	<input type="checkbox"/>	
7. Insufficient government institutional and HR capacity to manage implementation of systems	<input type="checkbox"/>	
8. Other	<input type="checkbox"/>	

Part V: Summary of Your Experience and Plans in Managing Information on Development Finance

1 ON QUALITY AND QUANTITY OF INFORMATION ON DEVELOPMENT FINANCE

1.1 Do you think that the information pertaining to external / development finance is currently properly captured via existing information / data management systems? Please indicate best performing systems and those that need technical or organisational improvements.

1.2 Do you think that integration of IATI data could improve overall quality and quantity of information on external development finance?

1.3 Do you think that interfaces / interactions between national systems could improve overall quality and quantity of information on development finance?

1.4 What measures have you taken or would you take to improve the quality and quantity of information on development finance? What worked and what has not?

2 ON ADEQUACY OF INSTITUTIONAL FRAMEWORKS

2.1 Do you think that the architecture of the institutions in charge of the various elements of development finance is coherent and facilitates the consolidation and utilisation of the data collected by each of them?

2.2 What are the groups of best performers in terms of provision and use of information on development finance to national systems?

2.3 What is the status of integrating SDGs into national development strategies and what specific arrangements have been made for their monitoring and information sharing among stakeholders?

2.4 What measures have you taken or would you take to improve the institutional set up and performance in development finance information provision and use? What works and what does not?

3 ON COMMUNICATION OF INFORMATION ON DEVELOPMENT FINANCE

3.1 Who are the users of information on development finance within and outside the government?

3.2 How is the information on development finance communicated to its users both in government and externally? Is this satisfactory?

3.3 What measures have you taken or would you take do to improve it?



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