

AID EFFECTIVENESS: THE ROLE OF TRANSPARENCY

Good information is key to ensuring that U.S. foreign assistance has maximum positive impact. If policymakers, taxpayers, and intended beneficiaries do not know how much is being spent, what it is being used for, who is getting the funds, and what the results are, how will they judge if it is money well spent? Moving towards a results-based system, where decisions are made on the basis of facts and evidence, requires that the United States and all other donors open up the books on their aid, and that partner countries publish their government budgets.

The U.S. Government has made a public commitment to increased transparency. The State Department has established an online “Dashboard” (www.foreignassistance.gov) to track foreign assistance spending by all U.S. government agencies. The U.S. also joined the International Aid Transparency Initiative (IATI) (www.aidtransparency.net), a registry of aid data in a standard format that allows a broader picture of aid flows and better coordination among nations. These commitments, however, require full implementation in order to assure that U.S. data is timely, comprehensive, accessible and usable.

AID TRANSPARENCY SERVES U.S. NATIONAL INTERESTS

- ▶ **Improves coordination among U.S. agencies and international donors.** With more than 20 U.S. government agencies carrying out foreign assistance programs alongside hundreds of other international donors – including multilateral institutions, philanthropic foundations, and nongovernmental organizations – it is important to have a complete picture of the aid landscape. Broad access to reliable and comparable aid information helps to identify opportunities for collaboration while avoiding gaps and duplication.
- ▶ **Enables partner governments to plan effectively.** Developing countries often find themselves in the dark about where and how donor resources are being directed. Having a comprehensive picture of the regions, sectors and programs receiving assistance enables them to better allocate their own resources.
- ▶ **Reduces administrative burdens and helps meet reporting requirements.** The State Department and USAID are currently required to compile a variety of reports in different formats, such as for the Congressional Budget Justification, the Greenbook, and www.usaspending.gov, as well as for the OECD’s Development Assistance Committee, the Open Government Partnership, and the G8 Open Data Charter. Creating a single set of automated data, specific to each agency, that can be used for a multitude of purposes will reduce the reporting burden, make information more reliable, timely and comprehensive, and minimize discrepancies and omissions.
- ▶ **Builds stronger, more resilient, and more capable states.** Putting information into the hands of the people in countries receiving aid strengthens democratic processes by providing the basis for informed debate and accountability of public officials. Access to data is a prerequisite for ensuring that budgets and policies reflect the input of citizens, that people have a voice in the decisions that affect their lives, that public expectations are commensurate with resources, and that all have a stake in program success.
- ▶ **Harnesses information that can be used to improve policies, services, and outcomes.** Data on foreign aid can be used by researchers to identify important trends and relationships, by evaluators to improve monitoring and report on outcomes, by policymakers to compare costs and benefits across programs, by local stakeholders to provide feedback that enables mid-course corrections, and by funders to make programs more effective.

NEXT STEPS

Additional steps are necessary to ensure that U.S. reported data is timely, comprehensive, accessible, comparable, and put to good use. While some agencies, such as the Millennium Challenge Corporation, have received “very good” ratings on the 2013 Aid Transparency Index (<http://ati.publishwhatyoufund.org/>), others, such as the Department of State and the Department of Defense, have been rated as “poor”. In addition, only 9 of 22 U.S. agencies carrying out foreign assistance have reported any data to the Dashboard, and data quality, comprehensiveness, and usability remain significant issues. As the single largest bilateral donor, the U.S. should lead by example by publishing timely, quality, usable aid data. Steps to improve performance include:

- ▶ The Department of State and USAID – agencies that account for approximately 75% of U.S. foreign assistance spending – should develop and publicly release plans for how they will meet their commitment to full implementation of the IATI standard by the end of 2015 and what resources will be required to do so.
- ▶ U.S. commitments to maintain and improve the Dashboard and to fully implement IATI should be codified. Congress should pass, and the President should sign, legislation such as the Foreign Aid Transparency and Accountability Act.
- ▶ The State Department should ensure that the data it receives from other agencies is transmitted to the IATI Registry without delay and without compromises to quality.
- ▶ The State Department’s Office of Foreign Assistance Resources should be adequately staffed and funded to carry out its mandate. It does not currently have the budget, the personnel, or the expertise to reconcile conflicting information and financial systems, structure information in line with the IATI standard, and ensure data quality.
- ▶ USAID should use its country missions to promote budget and government transparency, expand public access to local and international sources of aid data, improve the availability and quality of local data, and encourage widespread and responsible use of data from all sources.

To learn more about MFAN, please visit: modernizeaid.net

“Openness will strengthen our democracy and promote efficiency and effectiveness in Government. Transparency promotes accountability and provides information for citizens about what their Government is doing.”

– President Barack Obama, January 2009

“Taxpayers deserve to know where their tax dollars are being spent and how effectively these investments are representing our nation’s international priorities.”

– Senator Marco Rubio, July 2013

“Access to information empowers people, and the more you empower people, the stronger the state will be, and the better your development outcomes will be.”

– Yama Torabi, Director, Integrity Watch Afghanistan

“For aid to be effective, it requires mutual accountability between the donor and the recipient. Aid transparency is the backbone of this relationship and crucial to building effective accountability frameworks in the aid architecture.”

– Semkai Kilonzo, Coordinator, Policy Forum – Tanzania
