Evaluating aid transparency

Executive Summary

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Summary

This evaluation found that, while some aid information is significantly more transparent than it was a decade ago and aid transparency remains high on the agenda of the aid community, it is hard to demonstrate the real-life impacts of efforts to make aid transparent. Additionally, substantial blockages in some other aspects of transparency remain. It is time to think deeply about what major changes are required to keep aid transparency work relevant, as well as to find and test avenues for effectiveness and impact.

AVAILABILITY OF AID DATA

Aid allocation data is much more transparent. Aid transparency's greatest advances have been with these data. Information on what donors are spending and where is now much more available, with most donor agencies publishing to the International Aid Transparency Initiative (IATI) standard. This is an important piece in the aid transparency puzzle and has been the overwhelming focus of aid transparency efforts over the last 10 years.

The scope of transparent data is gradually increasing. The humanitarian sector has been slower than 'development' aid in moving on transparency, but this has begun to change. Development finance institutions (DFIs), which specialise in blending private finance with public finance, have tended to perform worse on transparency than other agencies, but are also now beginning to engage more fully. Despite high hopes, there has been little significant movement on transparency by non-Organisation for Economic Cooperation and Development (OECD) bilaterals since the aid transparency movement began, or on private aid flows.

Timeliness is better but still not good enough. The evaluation found differences of opinion regarding the timeliness of IATI data. Some interviewees were positive, for example praising the fact that information on COVID-19 allocations was quickly available on IATI, while others highlighted delays in data availability that diminished its relevance.

Data quality is not bad, but not good enough. This challenge is much discussed by aid recipients and is recognised by the IATI Secretariat as causing distrust in the database overall. The good news is that when data accuracy problems are raised with donors, they rarely recur.

Predictability is not improving. Forward expenditure plans are a critical part of aid transparency but progress on annual predictability has been marginal over the last decade.

There is poor information on results. Hardly any useful information is being published linking investments to their impacts. According to one interviewee, the allocation information is 'not that helpful without information about its performance'.

Traceability and tracking are non-existent. One hope at the beginning of the aid transparency movement was that aid would become traceable as it moved from agencies to implementers to subgrantees or subcontractors. This was considered a likely outcome of publishing more aid data, but it remains a critical gap, in part because major donors are not cooperating well on this.

USE AND IMPACT OF TRANSPARENT AID DATA

The aid transparency movement has made a powerful political impact. Aid transparency has received much attention and is reflected in indexes, rankings, analyses, individual donors' policy frameworks, and the collective doctrine on development effectiveness. IATI has forced up standards of transparency.

Transparent aid data is somewhat useful to donors. Donors are finding in-house value in the standardisation of aid data. On the other hand, donor representatives lack awareness of the information demands in recipient countries and seem to regard the 'public back home' as the primary group interested in receiving information on aid spending, making donors the main clients of their own work.

Stakeholders in recipient countries hardly use these newly transparent aid data. Overall, few stakeholders use international aid data and even fewer use IATI data—though this was theorised to be one of the key uses of transparent aid to improve aid effectiveness. IATI is known only to a select group, mostly in Ministries of Finance (MOFs) and a few civil society organisations (CSOs). Having said this, there are many ways data use for decision making has increased, and the greater availability of aid data (often through sources that are IATI-compliant but not from IATI specifically) has helped this. Aid data seem to be used more often to check other sources of data than to push for behaviour change.

Donors tend not to inform stakeholders in recipient countries. Even among the agencies scoring in the top 10 in the Aid Transparency Index (ATI), there is a lack of a consistent, systematic, institutionalised focus on informing and facilitating stakeholder engagement around aid data with country stakeholders. Even when the information in some form is disclosed, the search process requires substantial effort and significant technical knowledge to investigate.

An unfair question? There are some who think it is unfair to focus on 'results' from aid transparency, which is an insufficient but necessary condition for improved aid effectiveness and will only be realised in the long term. A number of interviewees emphasised reasons of principle, good stewardship, and long-term objectives that defy attempts to detect impact in the short and medium term.

Unintended/negative impacts. Increased scrutiny (resulting from transparency) may be one of a number of factors pushing budget holders to plump for fewer risky investments, less piloting, and more large-scale projects as part of a wider focus on results. At recipient country level, there is some evidence that transparency policies in partner countries can worsen the relationship between CSOs and government.

A CHANGING CONTEXT

Donors are confused about transparency, but have not de-prioritised it. The context in traditional donor countries is significantly different to 10–15 years ago. There is a different set of global leaders in the north, where recession or slow growth since 2008 (just when the aid transparency movement was getting going) is one of the reasons the 'results agenda' has gained ground. Economic pressures in the north mean the idea of budget support, which was big 10–15 years ago, is now harder to defend. Decision makers in the aid sector are no longer focusing on aid effectiveness or aid transparency per se. Some think it has not demonstrated its usefulness in terms of achieving impact. Others say that transparency has been successfully integrated and requires less emphasis. The arrival of China on the development scene has affected things, with OECD donors levelling down on some aid effectiveness principles, including transparency. All this means that aid agencies are doing enough to 'tick the box' on aid transparency, without always putting in the effort necessary to see that the data are used by recipient countries to improve aid effectiveness.

Recipients are less dependent on aid. Important changes have also taken place in many aid-recipient countries. Aid dependency has reduced significantly in most countries, as statistics from Ghana and Tanzania demonstrate. Overseas development assistance (ODA) as a percentage of gross national income (GNI) has plummeted from 10%–15% at the turn of century to 2%–5% now. Another development in many recipient countries is an evolving relationship between civil society and governments, namely the threat to civic space and scrutiny.

COVID-19. The pressure on development spending is mounting as the impact of COVID-19 and the associated economic crisis takes hold, potentially reducing the availability of resources and increasing the demand for results. Transparency on public expenditure is an important part of the response needed to engage and maintain public support for aid.

RETHINKING THE THEORY OF CHANGE

The implicit Theory of Change on aid transparency serves the interests of donors more than beneficiaries, as the latter are less able to utilise the information that is being shared. The basic assumption that publishing information on an online platform will trigger its use, and thereby ensure optimal use and accounting for international aid, is not borne out. The hope that citizens, the media, and civil society will monitor aid to ensure it is put to better use has not been met. Without any conscious effort to build capacity and awareness with CSOs and beneficiaries of aid, the impact of aid transparency on aid effectiveness will continue to be less than expected. If you do not know about it, cannot access it, and do not understand it, or if the detail in the data is not what you were looking for, then how helpful is 'transparency'?

Governments need detailed project-level (not country-level or programme-level) data; data on projected spend (not just committed); more timely creditor reporting system (CRS) data; subnational data; and results data in a linked and digestible format to make decisions about what to prioritise. In order to improve outcomes for the most vulnerable, data transparency needs to meet the needs of civil society. This is a combination of two strands of work—the data have to be available and civil society actors have to be engaged and empowered to know how to get them and use them. For the Theory of Change to work, the right kinds of information need to get into the right hands.

These issues have been raised repeatedly in analyses and evaluations over the past 10 years. Ten years on, progress remains stagnant at the users' end of the Theory of Change. This realisation must impact decisions about future investment: i.e. how likely is it that things that have failed to shift for 10 years will shift now?

Can we piece together a coherent Theory of Change, linking specific activities to outcomes and impacts? This will not be easy, which is one of the reasons why there has been less progress than anticipated. Many organisations and individuals involved in the aid transparency ecosystem have emphasised different objectives and strategies, and these have evolved over the years. The table below presents the main reasons given for prioritising aid transparency (and to some extent

Objectives of aid transparency

Effectiveness: It is argued that the effectiveness of aid (the value for money; the quality of results) will improve because newly available data will be used by various parties—most importantly, recipient governments and citizens themselves—to improve decision making. Empowerment: Strongly related to the first reason, this argument makes the case that newly available data will be used by civil society to scrutinise decisions and hold decision makers and budget holders accountable.

Efficiency: If effectiveness is about better impacts, efficiency is about reducing costs. It has been argued that, following an initial outlay (mainly by donor governments), an established aid transparency infrastructure could save money throughout the aid ecosystem. Principle: While aid often has to be justified in terms of the impact it has had on intended beneficiaries, some have argued it is unfair to judge the aid transparency movement simply on results. They argue it is unconscionable that the general public should not know about such important expenditures, in donor as well as in recipient countries.

Building trust: While not a concrete impact for recipients, building (or maintaining) trusting relationships throughout the aid ecosystem is seen as critical. Recipient governments need to demonstrate openness and accountability if they are to keep aid flowing, while donor governments need to be open to maintaining public support for aid. Non-governmental organisations also need to be transparent about their activities.

Building the state: Development is not just about delivering immediate results—it is also a slow process of strengthening the state and other social institutions to be more accountable and effective. This is an outcome in itself, not just a means to an end, and improving budget processes is seen as a crucial part of this.

The first three reasons (effectiveness, empowerment, efficiency) are the most commonly used justifications for aid transparency; 'principle' is also important. Less mentioned in the early days, but increasingly recognised over the years, are 'building trust' and 'building the state'. These arguments for aid transparency are related but have different time horizons and routes to their achievement. One of the problems we have seen in aid transparency work is lack of clarity linking specific activities to anticipated impacts via concrete inputs and outputs.

POSSIBLE FUTURES

1. An IATI with impact

IATI has played a crucial role in aid transparency so far. It now has to balance three objectives: to consolidate, expand, and engage.

Consolidate. Focus on strengthening data quality and timeliness and improving accessibility for potential users of the data, especially as more data streams come into play. A further area of consolidation relates to data on performance and results, although there are mixed views on whether IATI is the appropriate platform for this.

Expand. While consolidation looks to be necessary, it is unclear whether IATI should continue to expand in scope. It is true that other flows should be more transparent, but if IATI is struggling to deliver against its current scope, might it be better to focus on core functions as they stand?

Engage. Engagement is considered the missing link in the IATI Theory of Change. It would mean working with recipient country partners to ensure effective use of the data, which may include capacity building, systems support, etc. It may also mean working with government on fiscal planning. At present, this is carried out to greater or lesser extent in receiving countries through ad hoc and piecemeal efforts, and is generally Ministry of Finance led.

2. Alternative approaches to aid transparency

The IATI focus has narrowed the utility of transparency to the technical sharing of data, primarily data on aid allocation. The vision of transparency as a condition for increasing accountability has been lost. By itself, transparency does not deliver improved accountability and improved aid spending. Other factors are also needed, including broader governance reforms and strengthening the demand side.

Beyond the technical: data as dialogue. The point of publishing data is not the data themselves but the dialogue they prompt: i.e. it is the interaction that matters. Donor offices in-country have to be willing to review and approve funding levels in a system that is designed to do that, as well as to prioritise and incentivise regular meetings with government and civil society on decision making around priorities, including a willingness to let governments take the driver's seat.

Revisiting the data journey. The process of collecting and managing data is as important as the end product. At the moment, aid data are published internationally and recipient countries are then trained to access them. This approach has some positive aspects, including potential technological avenues to automatically integrate in-country Aid Information Management Systems (AIMS), and a putative summation of all or the great majority of donor flows to the country. However, it forces the dialogue and learning to take place between donor/IATI and, separately, recipient/IATI, rather than directly between donor/recipient. At a time when mutual accountability requires more prioritisation, this is problematic. Could a different data journey be envisaged—one that prioritises recipient country ownership of the process and end result?

3. Transparency beyond aid

Another aspect is to expand beyond a focus on aid transparency towards a larger transparency, accountability, and openness agenda. This reflects the changing global context in which aid is becoming gradually less important, but transparency certainly is not. In this approach, aid transparency is situated in a broader push for open government and accountable decision making—valuable not so much for its own sake, but as part of government and public accountability, for donor countries and for those receiving donor funding.

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