

Transparency, Accountability and Cooperation: A Case Study of New and Old Development Providers¹

SUMMARY

At present, there are close to 4,000 aid relationships between traditional donors and partner countries.² There are an additional 200 multilateral organizations and non-traditional donors engaged in similar aid relationships. There is also the estimated billions of dollars provided through south-south cooperation among countries in the “South” to other developing countries. Given this dynamic and changing landscape, concerns about the effectiveness of development cooperation continue to mount. Transparency and accountability have been flagged as central to enhancing the impact of development initiatives as well as facilitating the participation of beneficiaries in the long-term development of their respective communities and countries.

The following research study sets out to better understand what is happening both in policy and practice when it comes to making development flows more accountable and transparent.

The first objective of the study is to develop a common assessment framework for aid transparency and accountability, based on internationally-accepted standards as outlined in the Paris Declaration (2005), the Accra Agenda for Action (2008) and most recently, the Busan Partnership for Effective Development (2011).

Drawing on this framework, the second objective is to undertake a comparative analysis of the transparency and accountability practices among traditional and emerging development cooperation providers in four countries: Colombia, Liberia, Nepal and Sri Lanka. All have been selected because they face a common challenge of being conflict afflicted countries. In all four countries, four providers of development cooperation were assessed.

Germany and the United States have been selected as the two traditional providers to be assessed. Both figure among the top five donors globally and at the head of the list of donors for most of the countries assessed.³ Both countries were assessed in all four countries.

Brazil, China and India have been chosen as the emerging providers to be assessed. All three provide development cooperation both regionally and globally at significant levels, shaping the nature of funding flows in beneficiary countries. The three countries also are key political actors in setting the tone for discussions around South-South cooperation and its role in broader development flows. China is assessed in all four recipient countries. India is assessed in three (Liberia, Nepal and Sri Lanka) and Brazil in one (Colombia).

All research and conclusions have been guided by the following question: what information is publicly available to assess the accountability and transparency practices key development cooperation providers.

¹ The study has been developed by Columbia University (New York, USA) and Hertie School of Governance (Berlin, Germany) in collaboration with Transparency International as part of a collaborative research initiative known as ResTap. Both universities produced individual reports which have been consolidated into these findings. The study and the findings are fully attributed to the universities. The research team for Columbia University includes: Emiko Araki, Antoine Cocle, Michael Francis Craft, Homa Hassan, Anna Kordunsky, Anna Levy, Mario Nascimento, and Gracia Caroline Sidabutar. The research team for Hertie School included Claudia Mueller and Sandra Pfluger.

² The summary and methodology was written by the aforementioned research team from Columbia University.

³ This selection was based on available 2005-2010 OECD statistical data for traditional donors and desk research for non-traditional donors. This was however difficult to ascertain in advance for emerging countries such as India who we found, upon beginning field research, had a low volume of development cooperation in Liberia.

The research was undertaken by Columbia University (New York, USA) and Hertie School of Governance (Berlin, Germany) in collaboration with Transparency International (Berlin, Germany) and national chapters (Colombia, Liberia, Nepal and Sri Lanka).⁴ Research was conducted from December 2011 to April 2012. Findings were updated through November 2012.

METHODOLOGY

The study is based on a common definition for development cooperation and the transparency and accountability by traditional and new providers.

Transparency and accountability are understood in the context of the Paris Declaration and the OECD⁵ and as embraced as global principles for development cooperation (Busan, 2011). Transparency and accountability are finally used as part of this global assessment framework since both can be upheld as good practice guidelines for any type of cooperation, regardless of how it is officially classified and for both traditional and new development cooperation providers.

For the purposes of this work, traditional donors are understood as any country that comprises the 23 members of the Development Assistance Community (DAC) of the Organization for Economic Cooperation and Development (OECD). Their development flows are defined as official development assistance (ODA). ODA is classified as flows that are “official financing administered with the promotion of economic development and welfare of developing countries as the main objective.”⁶

Non-DAC development providers, often termed emerging donors,⁷ are conceived in this study as a heterogeneous group with a range of reporting structures and overarching development cooperation policies. Cooperation can include the areas of ODA and can be clustered around trade, investment and technology transfers. As these development providers are not part of the DAC nor are mandated to report to it, financial estimates of the size of their cooperation range from US\$ 11 to US\$ 41.7 billion.⁸

In terms of the other definitions for the study, transparency is conceived as information that is made publicly available in a comprehensible, accessible, and timely manner.⁹ Transparency is evaluated in the study at all levels of related policy, information and data on development cooperation (i.e. rules, plans, processes and actions).¹⁰

For accountability, this study focuses on mutual accountability and the ability to reach agreement on shared agendas, monitor progress, and hold dialogue as part of delivering development cooperation.¹¹ Mutual accountability is seen as a shared concept since both new¹² and traditional¹³ development providers have endorsed the principle.

A total set of 11 common indicators have been used to assess development providers’ levels of transparency and accountability. These draw on good practice examples. Indicators include those

⁴ All findings are the conclusions of the research teams and are not necessarily the opinions of Transparency International or the participating universities.

⁵ Paris Declaration on Aid Effectiveness, 2005, <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

⁶ OECD, “Is It ODA?” Factsheet, November 2008.

⁷ Described by OECD as “countries that have relatively new, or recently revived, aid programmes.” OECD-DAC, “Beyond the DAC. The Welcome Role of Other Providers of Development Co-operation,” Issue Brief, May 2010.

⁸ Julie Walz and Vijaya Ramachandran, “Brave New World: A Literature Review of Emerging Donors and the Changing Nature of Foreign Assistance,” Center for Global Development, Working Paper 273, November 2011, p.1.

⁹ OECD DAC, “DAC Glossary,” 2011.

¹⁰ Transparency International, “Plain Language Guide.”

¹¹ Liesbet Steer and Cecilie Wathne, “Mutual Accountability at country level: Emerging good practice,” ODI, April 2009, http://www.aideffectiveness.org/media/k2/attachments/3277_1.pdf.

¹² “The UN General Assembly adopted on 21 December 2009 the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation,” <http://southsouthconference.org/wp-content/uploads/2010/01/GA-resolution-endorsed-Nairobi-Outcome-21-Dec-09.pdf>.

¹³ “Mutual Accountability,” OECD, Issues Brief 1, 2009.

used by the Publish What You Fund Index (PWYF) and the Organisation for Economic Co-operation and Development (OECD) to monitor development effectiveness (as per the Paris Declaration and the Accra Agenda for Action).¹⁴ The study's 11 core indicators address donor alignment with transparency and accountability practices in four thematic clusters: country strategy, development cooperation policies, budgetary planning, and monitoring and evaluation (M&E).

All indicators were assessed through a two-step process. Online research was conducted to determine which information could be found through publicly available documentation (in English and/or multiple languages). The rationale was that information should be available to the widest public possible and to anyone seeking out such basic details about development cooperation that has been provided – whether the person comes from the provider country, recipient country or elsewhere.

Additionally, as part of the field research phase, dozens of interviews were held in Colombia, Liberia, Nepal and Sri Lanka with representatives from each respective government, representatives from embassies and donor institutions. In many cases, additional interviews were organized with media, local and international non-governmental organizations as well as academia. A total of 35 interviews were held in Colombia between January and March 2012. Additionally, in March 2012, a total of 16 interviews were held in Sri Lanka and 31 in Liberia.¹⁵ Interviews in Nepal were held in January 2012 and consisted of nine government representatives.¹⁶

Diversity in interviews is an important feature of this research to allow for triangulation and subsequent validation of information reported.

The research has been compiled and organized into standardized research notebooks, disaggregated by development cooperation provider (five notebooks in total). Each notebook provides an overview of performance and findings in the recipient countries assessed. In addition, an overview of performance by provider has been compiled across all the indicators and by recipient country. This overview looks at whether information is available, partially available or unavailable based on the findings of the research notebooks.

KEY FINDINGS

Findings for the new and traditional actors included in the study show that all have suboptimal levels of transparency and accountability for their development cooperation activities in Colombia, Liberia, Nepal and Sri Lanka.

Not one of the actors successfully meets all of the good practice indicators. As seen from practice, strong transparency and accountability in development cooperation are essential for both preventing and detecting corruption and ensuring monies are effective in helping the poorest.

Overall, Germany performs the best in meeting most of the indicators used in the study.

For example, Germany provides full information on half the indicators used to look at its activities in Colombia (this figure reaches 90 per cent when partial information is included in the total). In contrast, the US in Colombia only fulfills one of the indicators. However, together with the US,

¹⁴ Pilot Aid Transparency Index, Publish What You Fund, 2011, <http://www.publishwhatyoufund.org>.

¹⁵ In the case of Liberia, interview requests were not responded to by the Indian government.

¹⁶ Interviewees included government officials from Germany, India, Nepal and the United States. Repeated interview requests were not responded to by the Chinese government.

both traditional providers of assistance do relatively better than their “new” counterparts from Brazil, China and India.

Yet the findings also show that shortfalls in transparency and accountability are not standardized across all the countries where new and traditional providers operate.

China, Germany, India and the US all perform better on some of the measurements depending on the countries receiving their cooperation. For example, Germany publishes a forward budget plan for its activities in Colombia – a step which greatly helps with government planning over multiple years and determining needed revenue streams for projects. However, Germany does not do this in the other countries assessed. In the case of India, information is publicly available on its monitoring and evaluation activities in Nepal but not for the other countries in the study.

Moreover, the study underscores that new and traditional actors do better at meeting some of the indicators when compared to their peers that are providing assistance to the same country.

The US does very well at providing full, public information on its activities and strategy for Sri Lanka while China, Germany and India provide no or only partial information. India, for its part in Sri Lanka, does the best among its peers for providing information on the modalities it uses to deliver its cooperation in the country and the total amount of funds provided. In the case of Colombia, Brazil excels at providing information on modalities, mutual accountability agreements, and allocation procedures for its cooperation when contrasted to the levels of information offered by China, Germany and the US.

RECOMMENDATIONS

All development providers in the study – Brazil, China, Germany, India and the US – must do more to improve the transparency and accountability of their cooperation. Proactive measures are essential to fight corruption, improve the effectiveness of development and meet global commitments.

To raise the bar on transparency and accountability in development, some possible steps include:

- Adopt and implement the common standard - known as the International Aid Transparency Initiative (IATI) - to report all development flows.
 - It exists and can be easily used – 98 organisations are already reporting with it.
 - The standard is useful for all actors providing assistance – both “new” and “old”.
- Ensure that information is consistently and proactively made public.
 - Websites for a government can serve as a good aggregator for relevant documents about development cooperation and for standardising what is available.
 - Publication should be done by governments providing and receiving funds.
- Guarantee the public’s engagement and ownership of development activities.
 - This is the best channel for making information useful and used and should apply regardless of who is funding the work.
- Bring new and traditional development actors into the same cooperation structures.
 - While globally this is already underway, this must happen at the country level.
- Leverage international processes to deliver on development commitments.
 - The Group of 20 nations and the Open Government Partnership, both of which embrace related principles, can serve as additional entry point for integrating and delivering on transparency and accountability in cooperation.

While only a partial list of ideas, it can provide a road map for making sure all actors provide development cooperation that is transparent, accountable, corruption-free and effective.