

Aid Transparency in the Visegrád Countries

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1. INTRODUCTION

The lack of information about aid is hindering the ability of aid to deliver on its potential. Without timely, comprehensive, comparable and accessible information, donors cannot coordinate their activities to use their scarce resources most effectively; partner countries cannot plan for or manage large resource flows; and civil society in both donor and recipient countries cannot adequately monitor aid flows and hold actors accountable.

Donors committed to providing more information about the aid they give in the 2005 Paris Declaration and the 2008 Accra Agenda for Action – to providing “full and timely information on annual commitments and actual disbursements”. At the end of this year, donors will meet to examine progress on these and other aid effectiveness commitments at the Fourth High Level Forum on Aid Effectiveness (HLF-4).

The International Aid Transparency Initiative (IATI) is the most promising vehicle for donors to deliver on their aid transparency commitments, as the emerging global common standard for publishing aid information.

To date, 20 donors have signed up to IATI, representing over 50% of the Official Development Assistance (ODA) as reported to the OECD-DAC. IATI signatories have committed to publishing over one third of all reported ODA to the agreed common standard before HLF-4.

The 2011 European AidWatch report showed that there is wide variation with regards to what information donors make available, including big and small, old and new donors, suggesting that the size or characteristics of the donor does not affect its ability to meeting aid transparency commitments. In the Visegrád countries there is also some variation, with two – the Czech Republic and Slovakia – performing better than the European average and two – Poland and Hungary – performing less well.

However, all four countries have the ability to lead on aid transparency as they begin to scale up their aid activities. Building in IATI compatibility to database systems early on is the cheapest and most efficient approach and will help these countries to provide more effective aid, thereby achieving greater value for money and helping scarce resources go further.

This paper discusses the current levels of aid transparency in the Visegrád countries: the Czech Republic, Hungary, Poland and Slovakia. It considers the current levels of aid transparency, comparing the four countries in the region, and provides recommendations for improvement. It argues that the best way of delivering on donors’ aid transparency commitments is through the implementation of the International Aid Transparency Initiative.

2. AID TRANSPARENCY

Aid transparency – more and better information about the activities donors fund – is essential to improve the effectiveness of aid. At the moment, there is too little readily available information about aid. This causes significant problems for all aid actors – donors, recipients, and civil society in both North and South.

Donor aid agencies cannot make the most efficient use of their scarce resources without knowing what other donors are doing. They need more information on other donors' spending and planned spending in order to know where best to invest to achieve the biggest impact. This results in substantial coordination problems, creating "orphans" and "darlings" whereby some areas receive too little funding and others have too many donors involved. The first large-scale evaluation of aid to the Palestinian territories, conducted by the UNDP in 2000, found that "...most aid projects were urban. Rural areas and refugee camps, where the aid was most needed, were neglected".¹ Aid transparency is also particularly important in order for donor governments to demonstrate the impact their aid is having at a time of pressure on aid budgets.

- o **Recipient governments** struggle to manage large volumes of resources flowing into the country from aid donors. They struggle to know how much aid is invested in their country, let alone how and where it is spent. Without more information, recipient governments cannot make the most effective use of their own resources alongside that of donors. In Uganda, a donor-mapping exercise discovered that double the project aid previously accounted for was actually being spent in the country.² In Afghanistan, less than 20% of the USD 32 billion pledged by the US for 2001–2008 is recorded in the government's aid database. Afghans have no way of knowing what's happening with the other USD 26 billion the US pledged to spend in the country.
- o **Civil society in donor countries** – including NGOs, legislators and citizens – has the right to know what aid is achieving and that their money is being spent well. Greater transparency will increase the incentive to improve the effectiveness of aid and help show that aid is going to where it is most needed.
- o **Civil society in recipient countries** has the right to know what aid is coming into the country and what it's being spent on. Because aid information isn't freely available, it is hard for citizens in recipient countries to hold their governments to account. This increases the potential for waste and corruption. In Uganda, the publication of the monthly grants to schools in newspapers and on the radio led to a dramatic increase in the amount of aid reaching schools – from 20% of the allocated funds to 90%.³ Transparency can help to significantly improve accountability and thereby the effectiveness and efficiency of public resources.

More and better information

Aid transparency will not solve these problems overnight – but it's impossible to see how any of them could be solved without it. We need more and better information for aid to deliver on its potential. Without the ability to compare the flows and activities of different actors it is not possible to start making judgments on the best use of resources. This information needs to be provided in a way that is useful to the different actors who need it: it needs to be **timely, accessible, comparable** and **comprehensive**.

Information needs to be regularly published and freely available if it is going to help accountability. In order to promote more effective aid, all donors need to provide the information in a **common format** that meets the needs of not only recipient governments and civil society, but also other donors. This common format would thereby help donors to better coordinate aid; comparability

1 Network for Integrity in Reconstruction, Integrity After War: Why Reconstruction Assistance Fails to Deliver to Expectations, and How Community Driven Accountability Can Help", <http://www.gsdr.org/docs/open/innovations-in-accountability/IA7.pdf>, p.8.

2 Overseas Development Institute, Interim Report of the Uganda Donor Division of Labour Exercise, March 2007.

3 Reinikka, R. and Svensson, J., The Power of Information: Evidence from a Newspaper Campaign to Reduce Capture of Public Funds, European Development Research Network (EUDN) First Academic EUDN Conference: Economic Growth, Poverty Reduction, and Institutions, November 14-15, 2003, Paris, http://www.eudnet.net/workshops/afd_2003/svensson.pdf.

is what transforms more aid information into better aid information. It would also help recipient governments to see the combined flows of all aid into their country and link it to their budgets.

Under the 2008 Accra Agenda for Action (AAA), donors – including the four in question⁴ – committed to increasing transparency about the aid they give:

Beginning now, donors will provide full and timely information on annual commitments and actual disbursements so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems.

Accra Agenda for Action, §26b⁵

The Evaluation of the Paris Declaration in May 2011 noted that “Transparency has emerged repeatedly throughout the Evaluation as the indispensable foundation for effectiveness and mutual accountability.”⁶ The Evaluation suggests that the International Aid Transparency Initiative (IATI) provides an opportunity to meet these AAA commitments.⁷

3. THE CREDITOR REPORTING SYSTEM AND THE INTERNATIONAL AID TRANSPARENCY INITIATIVE⁸

Background

The **OECD Development Assistance Committee (DAC)** maintains two distinct databases that provide authoritative statistical information about international aid flows:

1. The **DAC aggregates** contains aggregate aid information from 24 members of the OECD-DAC and 20 non-DAC members (including all four of the Visegrád countries), since 1960.
2. The **Creditor Reporting System (CRS)** contains information about donors’ individual aid activities, from only the 24 members of the OECD-DAC. None of the Visegrád countries currently report to this database.

The **International Aid Transparency Initiative** is not a database; it is an open information standard. Launched in Accra in 2008, the IATI Standard was agreed in February 2011 by 18 donors. Two more have subsequently joined, meaning that over 50% of all reported ODA is now covered by IATI Signatories. 12 donors have committed to publishing before HLF-4,⁹ representing over one third of all reported ODA. Additionally, 22 partner countries have voiced their demand for this common standard by endorsing IATI.

Complements, not competitors

The CRS and IATI should be seen as complements, because **they are designed to serve different aims**. But crucially, **IATI is also a way of reporting to the CRS**.

The CRS is explicitly designed as a reporting mechanism. It provides a way for donors to report on their aid activities to an official statistical body at the end of each year, which in turn provides verified statistical data.

4 Organisation for Economic Co-operation and Development (OECD) – “Countries, Territories and Organisations Adhering to the Paris Declaration and AAA”, Accessed 2011-09-12: http://www.oecd.org/document/22/0,3746,en_2649_3236398_36074966_1_1_1,00.html

5 OECD – “The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action”

6 OECD – The Evaluation of the Paris Declaration, Final Report, May 2011, p. 64.

7 Ibid, p38

8 This section draws heavily on the IATI Secretariat’s “Complementary roles for the OECD-DAC Creditor Reporting System and the International Aid Transparency Initiative”, which contains details of the precise fields which are covered by IATI and the CRS: <http://www.aidtransparency.net/wp-content/uploads/2009/06/The-relationship-between-IATI-and-CRS-plus.doc>

9 International Aid Transparency Initiative – Implementation Schedules: <http://www.aidtransparency.net/implementation>

However, the CRS is always at least 11 (and up to 23) months out of date – the latest CRS data available is from 2009. The data is not sufficiently comprehensive to give a clear understanding of the nature of aid activities. Furthermore, the quality is extremely variable. This is partly due to DAC members' submissions – many do not publish meaningful short or long descriptions for specific activities, and a couple still do not provide long descriptions for activities.¹⁰ The data quality is also affected by the structure of the CRS: only one sector code and recipient country or region can be given per activity, even if there are several sectors, countries or regions that the activity contributes to.

The DAC discourages its members from providing more disaggregated data; a note on DAC Members' DAC and CRS statistical reporting in 2010 pointed out that "...members have agreed to avoid artificial breakdowns of regional projects based on notional allocations to each recipient country in the region"; the CRS reporting directives also discourage "...an artificial or systematic disaggregation of individual activities into components bearing different purpose codes".¹¹ When combined with the number of members that report large proportions of their bilateral ODA as "bilateral, unspecified" – which in some cases¹² is more than half – the value of the CRS to understanding very much about individual activities reduces substantially.

The CRS is therefore useful as an authoritative historical record of aggregate international aid flows, but it does not provide the granularity of information in a timely way – which is essential to understanding the detail about activities and leading to significant aid effectiveness gains.

It is important to note that none of the EU12 Member States are currently full members of the OECD-DAC and therefore not under any obligation to report their ODA to the DAC. These countries report their ODA to the EC as part of the EC's annual Monterrey survey. The EU Council Conclusions on mutual accountability and transparency¹³ from December 2010 provided EU Member States that are not yet members of the OECD-DAC with a more flexible and differentiated approach, which has been criticised by CSO representatives from these countries.

IATI is explicitly designed as a transparency mechanism

IATI provides a way for donors to report on their aid activities in a way that meets the needs of all users of the data – government, civil society, and citizens in North and South. It also provides the information that is needed if donors are to begin to deliver on their AAA commitments.

IATI does not provide statistical data – as the data is unverified – but the CRS conversion tool currently being developed by the IATI Secretariat will also allow IATI publishers to provide their data to the CRS.

The data can be provided in real-time and provides detailed information about aid activities. Donors can structure the data according to their own business models and provide highly disaggregated information about programmes, projects, individual activities and each transaction. The data is also **comparable** between donors and therefore allows a donor's activities to be seen in the context of other donors' activities.

IATI data can be exported as a feed directly from donors' project databases, reducing labour-intensive publication requirements. In the near future, Aid Management Platforms and the European Commission's TR-AID will be able to import IATI data, and **the IATI Secretariat is working on an IATI to CRS conversion tool**. Indeed, IATI has been designed based on the CRS, which is why many of the data fields are so similar. These initiatives should significantly reduce donors' reporting and publication requirements: donors will be able to "publish once, use often"¹⁴.

10 OECD-DAC, DAC Members' DAC and CRS Statistical Reporting in 2010 on 2009 Flows, July 2010: <http://www.oecd.org/dataoecd/47/5/48445471.pdf>

11 Ibid.

12 For example, the Netherlands (55.6% of commitments and 55.9% of disbursements) and Norway (50.9% of commitments and 46.0% of disbursements). 5 members report more than 1/3 of their bilateral ODA not allocated by region.

13 Mutual Accountability and Transparency: A Fourth Chapter for the EU Operational Framework on Aid Effectiveness – Council Conclusions: <http://register.consilium.europa.eu/pdf/en/10/st17/st17769.en10.pdf>

14 Development Initiatives (2010), Implementing IATI: Practical Proposals, July 2010, p13: <http://www.aidtransparency.net/wp-content/uploads/2009/06/Implementing-IATI-Jan-2010-v2.pdf>

Finally, there is an emerging developer community around using and visualising IATI data, highlighted by numerous events held this year such as the Open For Change (Amsterdam, May), the Open Knowledge Conference (Berlin, June) and the Berlin and Prague Open Aid Data conferences (September and October). This community has developed in recognition of the quality and value that this data holds. By HLF-4, there will be several visualisations and applications based on this data, many of which are already looking promising.¹⁵

IATI and the CRS both have benefits and should be seen as **complements**. But importantly, IATI both helps donors to deliver on their AAA commitments by providing timely, comprehensive, comparable and accessible data; and verified statistical data by – in the near future – being able to convert to the CRS.

4. WHERE VISEGRÁD DONORS CURRENTLY STAND: EUROPEAN AIDWATCH REPORT¹⁶

The 2011 European AidWatch report used a new methodology for monitoring aid transparency. In 2010, a number of assessments of the transparency of aid agencies were published, including the *Quality of ODA report*,¹⁷ Brookings' Ranking Donor Transparency in Foreign Aid,¹⁸ AidWatch's 2010 Annual Report¹⁹ and Publish What You Fund's *2010 Aid Transparency Assessment*.²⁰ A common challenge faced by all of these assessments was a lack of comparable and primary data on levels of aid information which constrained an accurate and specific assessment of aid information levels.

Methodology²¹

Working with AidWatch, Publish What You Fund developed a new methodology for monitoring donors' aid transparency. The criteria used to assess donors were: (I) commitment to transparency, and (II) through a survey on the availability of a 35 specific types of information, **based on IATI information types**.

Information availability was judged by whether a specific piece of information was:

Always published *for organisation and country level questions:* consistently or regularly;
for the activity level questions: for **all** projects in the recipient country.

Sometimes published *for organisation and country level questions:* inconsistently or irregularly;
for activity level questions: for **some** projects in the recipient country.

Not published, but collected

Partner NGOs looked on the donors' websites and looked for these pieces of information; the results were then sent to donors to ask them to verify the answers.

The ranking is derived from how many types of information donors **always** publish, added to the score for **commitment** to transparency (FOIA and IATI).

15 See Aid Info Labs for examples and updates: <http://aidinfo.org/>

16 CONCORD AidWatch(2011), Challenging Self-Interest: <http://aidwatch.concordeurope.org/>

17 Kharas and Birdsall (2010), Quality of Official Development Assistance Assessment, Center for Global Development: http://www.cgdev.org/section/topics/aid_effectiveness/quoda

18 Ghosh and Kharas (2011), The Money Trail: Ranking Donor Transparency in Foreign Aid, Brookings: <http://pedl.byu.edu/Documents/The%20Money%20Trail.pdf>

19 CONCORD AidWatch (2010), Penalty Against Poverty: <http://www.concordeurope.org/Public/Page.php?ID=25122&language=eng>

20 Publish What You Fund (2010), Aid Transparency Assessment: <http://www.publishwhatyoufund.org/resources/assessment/>

21 The full methodology is available here:

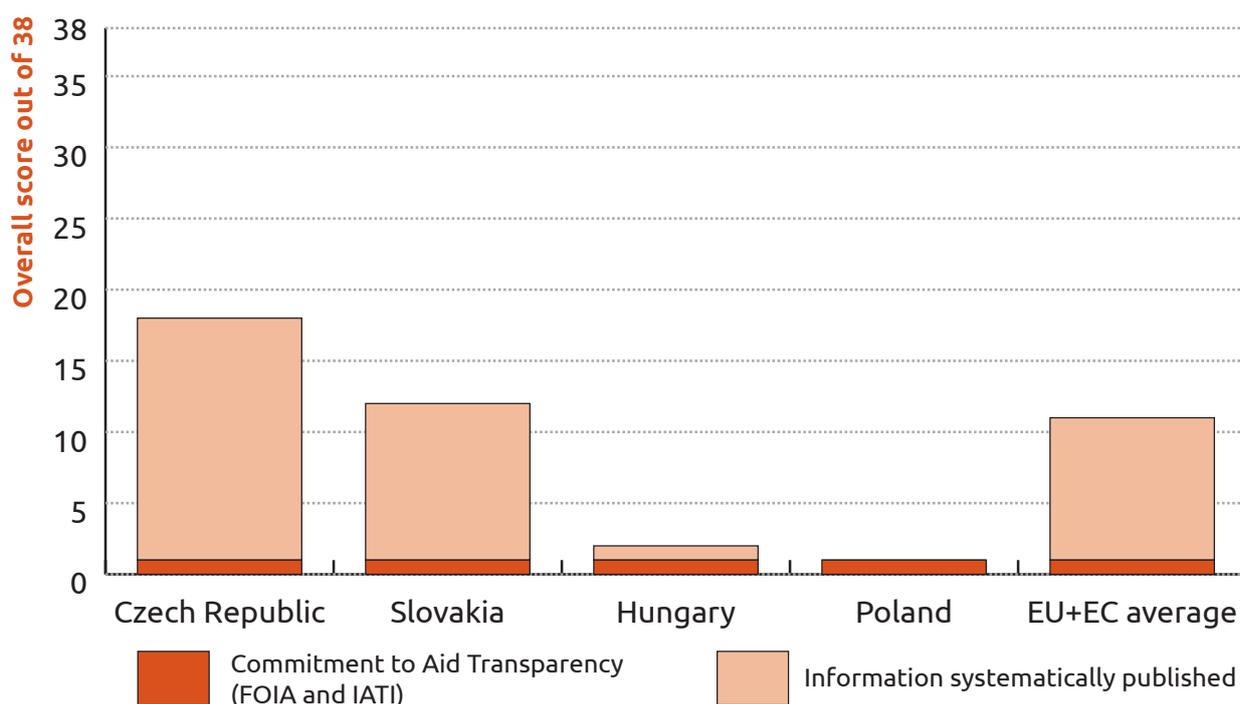
http://aidwatch.concordeurope.org/static/files/assets/ec260f93/aid_transparency_methodology_full.pdf

Results

The report found wide variation in the results, noting that there were “good performers among emerging and traditional donors, and among large and small EU member states”, therefore suggesting that all donors should be able to deliver on their aid transparency commitments. For example, Estonia – one of the smallest and newest aid donors – is the fourth best performer, slightly behind Sweden, Denmark and the United Kingdom. It publishes information for all of its activities on an online, public, project-level database.

Among the Visegrád countries, there is also wide variation. While the Czech Republic and Slovakia both perform better than the average, Poland lags behind, publishing virtually no information about its aid activities. The results can be seen below:

Aid Transparency of the Visegrad Countries



Czech Republic and Slovakia

The Czech Republic (CzDA) and Slovakia (SAIDC) publish information about all of their current activities on their websites. They are therefore well placed to publish this information to IATI.

For each activity:

- o The **Czech Republic** publishes the title, sectors it contributes to, implementing organisation, project number, start and end dates, the overall financial cost for each year, and a detailed description about the activity.²²
- o **Slovakia** publishes the title, implementing organisation, start and end dates, total financial cost.²³

This is most of the information that is necessary to give a full understanding of the nature of an activity. However, this information is not provided in a structured format, which means that the information is very difficult to re-use, and cannot be seen in the context of other donors’ activities. This can be demonstrated very simply by showing the contrast between the UK Department for International Development’s web-based project database and their IATI data file:

22 <http://www.czda.cz/czda/where-we-work.htm?lang=en> and http://www.czda.cz/czda/en_126/en_132/en_142.htm

23 http://www.slovakaid.sk/wp-content/uploads/2011/02/Ke%C5%88a_projekty.pdf

On DFID's website:

SARVA SHIKSHA ABHIYAN II (UNIVERSAL ELEMENTARY EDUCATION)

Improve the quality of elementary education for all children.

In DFID's IATI data file, the same information, but more useful:

```
<title>SARVA SHIKSHA ABHIYAN II (UNIVERSAL ELEMENTARY EDUCATION)</title>  
<description>Improve the quality of elementary education for all children.</description>
```

Providing the information in a structured, machine-readable format means that it can be easily processed and re-used. Providing it in the IATI format means that it can also be easily combined with other donors' data.

Poland and Hungary

For Poland (Polish Aid) and Hungary (Ministry of Foreign Affairs), no current activity-level information could be found on the donor websites. However, this data may be inaccurate because Poland did not have the opportunity to reply as the survey results were collected too late, and no response was received from Hungary after four weeks.

Given that the Czech Republic and Slovakia are both well-positioned to publish to IATI, it is reasonable to assume that Poland and Hungary may also be able to publish. In the case of Poland, there is an online project-level database of all activities but that it is currently not open to the public. Publishing to IATI should not be difficult as it should be a question of building a layer to export the data in a specific format.

5. PUBLISHING TO IATI

The AidWatch report found that all donors – big and small – could publish to IATI. This additional analysis of the Visegrád countries' existing aid transparency, based on the AidWatch report, suggests that they are also well placed to publish their aid information to the agreed common standard.

Countries can indicate their intention to publish to IATI by becoming a signatory and publishing an implementation schedule. The IATI Secretariat can then provide support to donors with publishing to IATI; but it is important to note that IATI does not demand perfect data right from the start. Rather, the Secretariat encourages donors to first publish the data they have, learn lessons from the publication process and improve internal systems and their compatibility with IATI over time to collect more and better data. Eventually, donors will be able to publish better data and conform more precisely to the IATI Standard.

6. CONCLUSIONS AND RECOMMENDATIONS

The AidWatch report suggests that all European donors collect and publish varying amounts of aid information and that all can deliver on meeting their aid transparency commitments; regardless of their size or characteristics. IATI provides the best way of delivering on these commitments in a way that is user-centred and will provide the best return on donors' investment.

Donors have the opportunity to reaffirm and deepen their commitments on aid transparency at the Fourth High Level Forum on Aid Effectiveness. In the lead up to HLF-4, aid transparency is an area where donors can demonstrate real progress, with implementation of the International Aid Transparency Initiative being crucial to that success.

At European level, Member States are in the process of discussing their common position for HLF-4, which will be agreed in the November Foreign Affairs Council. The EC's recent Communication on aid effectiveness for HLF-4 calls for donors to: i) develop internal systems which allow for multi-year budgeting of aid; ii) adopt a global reporting standard based on IATI and CRS; iii) develop and implement mechanisms to align published information with partner country budgets and systems; and iv) disclose all country-specific information of the DAC forward spending exercise.

The Visegrád countries have the opportunity and the ability to lead on aid transparency. In order to do so, they must:

- Become signatories to the International Aid Transparency Initiative;
- Take steps to publish aid information in line with the International Aid Transparency Initiative;
- Build IATI into systems early on to avoid the higher costs of retro-fitting systems later;
- Support an EU common position that stresses the role of aid transparency in achieving greater aid and development effectiveness, in which EU Member States commit to implementing an ambitious aid transparency standard based on the IATI standard.

Acronyms and Abbreviations

AAA	Accra Agenda for Action
CRS	Creditor Reporting System of the OECD-DAC
DAC	Development Assistance Committee of the OECD-DAC
HLF-4	Fourth High Level Forum on Aid Effectiveness
IATI	International Aid Transparency Initiative
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
Visegrád countries	Czech Republic, Hungary, Poland, Slovak Republic