



Aid Transparency Index US Brief

(2020)

US FOREIGN ASSISTANCE AND TRANSPARENCY

By the time the United States (US) joined the International Aid Transparency Initiative (IATI) in 2011, it had already made important commitments to transparency.¹ In the years following, it has made additional commitments, including passage of the Foreign Aid Transparency and Accountability Act (FATAA) in 2016. This law mandated the publication of "detailed" foreign assistance data structured through a country perspective, including awards, strategies, funding, evaluations, and spending. It also underscored the need for better evaluations and learning across the many US agencies that implement foreign aid. Following that, Congress approved the BUILD Act, requiring the new US Development Finance Corporation (DFC) to adhere to FATAA and to publish project level information.

From the first Pilot Aid Transparency Index in 2011, we have consistently included US aid agencies in Publish What You Fund's Index. The Index, which this year ranks 47 donors, is the only independent measure of aid transparency among the world's major development organizations. It tracks and measures donors' progress towards transparency, using a <u>robust methodology</u> comprised of <u>35 indicators grouped into five different</u> <u>aid transparency components</u>.² Since inclusion in the 2011 Pilot, there has been some notable improvement by some US agencies, but implementation has been uneven across the board and remains incomplete. On the whole, however, the US commitment to aid transparency remains strong and US agencies clearly accept transparency as a policy norm. The challenge now is not only to build upon both the quality and completeness of US data, but to ensure that there is sufficient engagement with data users so that transparency can realize its full potential to do development differently.

The second big challenge is the role of transparency in effectively delivering aid during a global pandemic. The global response to COVID-19 needs to be robust, targeted, and nimble so that it can address the most urgent needs and then focus on prevention. This means increased flexibility in funding, working directly with local governments and civil society, better coordination, and expanded transparency. Commitments to transparency will not only enable needed accountability, but will also lay the foundation for more learning, better measurements of success, and a focus on resilience and better long-term development. See, for example, the Modernizing Foreign Assistance Network's recommendations for <u>Effective Pandemic Response</u>.

THE 2020 INDEX

The 2020 Aid Transparency Index includes the Department of Defense (Defense), the Millennium Challenge Corporation (MCC), the Department of State (State), the United States Agency for International Development (USAID), and the President's Emergency Plan for AIDS Relief (PEPFAR).³



Performance of US Agencies in the 2020 Index

MCC-consistent with its past performance-is the top US performer in the 2020 Index and is now the top performing bilateral donor globally, once again in the "very good" category. USAID significantly improved its score from the 2018 Index, rising to near the top of the "good" category. For the first time, State is also in the "good" category. PEPFAR slightly declined and is now top of the "fair" category and Defense has moved back into the "poor" category. What follows is a brief analysis of each donor. Additional insights are available in the main <u>Index report</u>, as well as on the Publish What You Fund <u>website</u> which contains both the ranking chart and individual donor profiles.

MCC: Score – 92.1 Ranking – 7

MCC not only improved its score from the 2018 Index by five points, but also moved to the top bilateral donor spot in the 2020 Index, demonstrating a consistent commitment to transparency.

MCC's published financial and budgetary data is consistent and of high quality. The same is true for other components of the Index, including project attributes, joining-up development data, and organizational planning. On performance, MCC published to all four indicators, but failed sampling on reviews and evaluations largely due to the fact that the documents that we reviewed in sampling did not contain in-depth evaluations. Sampling of the other performance indicators (results, objectives, and pre-project impact appraisals) found them to be of high quality.

MCC, which became a stand-alone US publisher in 2018, should consider moving to monthly publication, which would give users more timely information. This was the primary reason that it did not receive full scoring on all indicators. It should work to publish project searchable tenders to IATI. Finally, MCC should continue to investigate how it can publish more detailed information on the work of its Millennium Challenge Accounts (MCAs), either through MCC's publication or by encouraging the MCAs to do so on their own.

MCC's new transparency products

As part of its commitment to transparency, accountability, and accessibility, MCC has produced two new products that bring its compacts' findings and evidence together. Working with its independent reviewers, MCC is now publishing four-page <u>Evaluation Briefs</u> that summarize key findings and learnings from its independent evaluations. For closed compacts and threshold programs, MCC is now producing Star Reports that provide a comprehensive report on results, starting from initial country selection through the final project evaluation. These are open to policymakers, think tanks, NGOs, and businesses. See, for example, the <u>Star Report for Malawi</u>.

USAID: Score – 76.7 Ranking – 15

USAID turned in its best performance yet on the 2020 Index, increasing by eight points from its performance on the 2018 Index, and is now near the top of the "good" category. Importantly, it now publishes data on a monthly rather than quarterly basis to the IATI Registry.

As with the 2018 Index, USAID's organizational planning information was of high quality. Its joining-up development data was also strong, although it needs to pay greater attention to publishing project tenders and contracts. It should apply the voluntary Organisation for Economic Co-operation and Development's Development Assistance Committee's sector codes and state the percentage of capital expenditure in its activities to support alignment with partner country budgets. USAID's project information is also good, although it should put more effort into publishing sub-national locations, project budgets, and disaggregated project budget documentation. USAID does well on commitments, and disbursements and expenditures. It lost some points on organizational and disaggregated country budgets, due in large part to not publishing more than two-year forward-looking budgets. Finally, most of USAID's issues were with performance-type information. While it publishes IATI data for all indicators, it needs to increase the number of activities for which it publishes objectives, pre-project impact appraisals, results, and evaluations.

After years of development, USAID has now rolled out its <u>Development Information Solution</u> (DIS) system in ten pilot countries. We anticipate that this will have a significantly positive effect on the quality of USAID's data, while simultaneously reducing administrative burdens. The agency's efforts to roll out DIS should continue with strong feedback loops at the mission-level.

USAID's new data tool

In the course of making USAID's IATI data more useable-and at the request of its missions to be able to better use data to improve donor coordination and to understand partner priorities-USAID built a very useful new portal, the **Development** <u>Cooperation Landscape</u>, on its Foreign Aid Explorer (FAE) database. Using a country lens, the portal provides a one-stop shop of what organizations are publishing to the IATI Registry. It breaks information down into easy visualizations, such as sectors, and provides project level information. The agency's intent is to facilitate data engagement between US missions, other organizations, and partner countries, enabling USAID staff and others to analyze programs and budgets of other development actors in a developing country to more effectively and efficiently use cooperation resources. Following numerous stakeholder consultations, USAID is currently working on an upgrade to the portal.

Duelling dashboards

After <u>considerable advocacy</u> and <u>Congressional</u> <u>interest</u>, work has finally begun to consolidate the two US foreign assistance dashboards–both of which purport to publish much of the same information but often provide very different data. This duplicative effort wastes taxpayer dollars and is confusing for users. Going forward, the consolidation process should be evidence-based, pulling from the best features of each dashboard, with attention to the proven ability of each agency to provide high quality data. Stakeholder consultations should be at the heart of this process in order to fully consider user needs.

State: Score – 63.2 Ranking – 25

With the 2020 Index, State moves into the "good" category for the first time. The primary reason for the increase was due to State increasing the frequency of its publication to the IATI Registry.

As with the 2018 Index, State's organizational documents were very good and, for the first time, State had published updated country strategies for almost every country where it has activities. It also did well on publishing joined-up development data for aid, flow, and grant type but was largely missing procurement documents, such as contracts and tenders. State published most of its finance and budget indicators in the IATI Standard, although we did not find project budgets anywhere. While State published a number of project attributes, basic information such as titles, descriptions, and sub-national locations either failed quality checks or it did not publish them at all. State did not receive any points for the performance indicators, as it either failed sampling quality checks or did not publish documents.

Although State has certainly improved since the last Index, it continues to have problems with publishing basic information-titles and objectives-a problem that we have repeatedly raised. That, combined with the lack of project budgets, sub-national locations, and performance documents, will make it difficult for users to find useful information at the project level, so State should concentrate on those areas going forward.

PEPFAR: Score – 59.8 Ranking – 27

Although it dropped by just over three points from the 2018 Index, PEPFAR slipped into the top of the "fair" category, mainly due to the lack of publication to IATI from the time of the last Index. However, much of the data that it published to IATI was of high quality.

Organizational documents were very good and always published. Project attributes indicators such as objectives, dates, status, sectors, and implementers also did well, although we did not find titles in IATI and it published sub-national locations infrequently. Joining-up development data was also very strong.

Scores for finance and budget data were mixed. PEPFAR published overall budgets, project budgets, commitments, disbursements and expenditures, and budget alignment to IATI but received a range of scores. We found one-year forward-looking disaggregated budgets on its website but did not find project budget documents at all. One other area for improvement is performance information. Although PEPFAR scored well for publishing project objectives, it published very few results in IATI and received no points for either pre-project impact appraisals or reviews and evaluations.

Although not finalized before the start of the 2020 Index process, PEPFAR devoted considerable effort to rebuild its capacity, to improve its data processes, and to help users better understand PEPFAR's IATI data. It streamlined processes across PEPFAR and the State Department to improve the methodology for public release of data. A dedicated team developed core functionality to improve PEPFAR's IATI files. This includes automating processes, which will allow it to publish to IATI more frequently. Finally, it released an IATI Activity File User Guide alongside its IATI Registry file on its dashboard. All of these efforts, with specific focus on areas for improvement referenced in the 2018 Index, should put PEPFAR on good footing to improve both the quality and timeliness of its data going forward.

Defense: Score – 39.8 Ranking – 43

Defense dropped nine points from the 2018 Index, putting it at the top of the "poor" category. It also published data on a less than quarterly basis, so we adjusted points accordingly.

Defense's best scores were in the joining-up development data component with high quality data for flow, aid, and finance type, along with tied aid status and conditions. However, we did not find any published project contracts or tenders. Project attributes were the second highest component award, scoring well on almost all indicators with the exception of sub-national locations.

It received full points for two organizational planning and commitments indicators–procurement policy and audits–and received partial points for organizational strategy and allocation policy. It did not score any points for either strategy documents or annual reports. We awarded some points for IATI information on the finance and budgets component (commitments, disbursements and expenditures, and budget alignment) and found two-year forward-looking total budget information in the manual survey. We did not award any scores for disaggregated budget or project budgets. Defense received no scores for any performance indicators either through the IATI format or through the manual survey.

OVERALL RECOMMENDATIONS

In addition to the specific recommendations offered above, the US should consider:

- Performance documents, especially evaluations, are frequently missing. US policy puts a strong emphasis on monitoring and evaluation both for accountability and for learning. US agencies are doing more evaluations, but they should put more effort towards publishing these documents.
- The US should provide contracts and tenders. These documents, important for accountability and transparency, are often missing from US agencies' IATI files.
- There are three US publishers to the IATI Registry. USAID and MCC are stand-alone publishers, while the rest of the US agencies are lumped together into one large file. This third file is unwieldy and difficult for users to navigate. The US should work with the IATI Secretariat to find an alternative that allows users to clearly delineate which agency's activities it is publishing.
- There appears to be little cooperation between US agencies on their IATI practices. There are opportunities to learn about good practices among the agencies and to solve problems that are common to US foreign assistance reporting.
- All agencies should look to systematize regular publication of data to the IATI Registry in order to provide timely, forward-looking data about their activities. They should ideally do this on a monthly basis or, at a minimum, publish data every quarter.

GOING FORWARD

Engage on the data. US agencies put significant effort into collecting and publishing data. What is less clear, however, are the efforts they make to proactively share the data and engage with other stakeholders - partner country governments, local implementers, and other donors - particularly at the country level. The principles of country ownership and empowering local actors - important to USAID's Journey to Self-Reliance – will be very difficult to realize unless there is robust engagement around development data. USAID's Development Cooperation Landscape tool is a step in the right direction, especially as it was made at the request of USAID missions in order to better utilize IATI data. The tool - available to all - makes the data more accessible to a range of different interests. Efforts around data engagement should be a top priority for all US publishers.

Complete the transparency landscape. In addition to being a norm, US law also mandates transparency around US foreign assistance. The newest actor in this space is the DFC, now subject to FATAA, which requires it to provide detailed information about its work, including project level information. The leadership of the DFC has committed to making the DFC "the gold standard" for transparency. The development community, which has strongly supported this new tool for US foreign assistance, awaits the fulfillment of that promise.

Transparency and COVID. The onset of COVID-19 presents serious challenges to the health and well-being of people across the world. The US needs to be a leader in this response. The urgency and severity of the pandemic requires a different approach to traditional development assistance. Programming needs to be nimble and flexible but cannot be done at the expense of transparency and accountability, which ultimately will allow for better measurement of success and long-term development.

ABOUT PUBLISH WHAT YOU FUND

Publish What You Fund is the global campaign for aid and development transparency. Launched in 2008, we envisage a world where aid and development information is transparent, available, and used for effective decisionmaking, public accountability, and lasting change for all citizens. Publish What You Fund independently researched and wrote the 2020 Aid Transparency Index and US Brief. We produced it with financial support from the William and Flora Hewlett Foundation.

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Find out more at <u>www.friendsofpublishwhatyoufund.org</u>.

- See How Can Data Revolutionize Development? <u>Putting Data at the Center of U.S. Global Development</u> <u>An Assessment of U.S. Foreign Aid Transparency</u>, Report of Friends of Publish What You Fund, 2016.
- 2 The components are organizational planning and commitments, finance and budgets, project attributes, joining-up development data, and performance. See <u>Technical Paper</u> at p.5 for a discussion and definition of the five components.
- 3 Starting in 2011, the Index included Defense, MCC, State, USAID, PEPFAR, and the United States Department of the Treasury (Treasury). In the 2018 Index and in the 2020 Index, we excluded Treasury based on revised criteria.



