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## P R O C E E D I N G S

MR. UNGER: Thank you, everyone. Just a reminder, to avoid disruption and embarrassment please silence your cell phones.

So, thanks and thank you for joining us. Welcome to Brookings. I am Noam Unger. I'm a fellow with the Development Assistance and Governance Initiative here, and together with Publish What You Fund we are very pleased to host today's discussion on U.S. aid and transparency for global development.

A little over a year ago we held a related event. At the time, Publish What You Fund was launching their first aid transparency assessment across donors, which was an important step. But what each of you should have grabbed on your way in today is a more recent and methodologically robust pilot report, the 2011 Aid Transparency Index. And at that time, about a year ago, the Obama Administration was just unveiling its foreign assistance dashboard website, [www.foreignassistance.gov](http://www.foreignassistance.gov), with an inspiring vision of what it would become over time. And USAID was also finalizing its evaluation policy, with an emphasis on transparency of performance. And through the Quadrennial Diplomacy and Development Review, the Administration was promoting aid transparency as a key principle of high-impact development.

Over the past year, the U.S. government has made additional commitments to improve the transparency of foreign aid. As a leader within the multilateral open government partnership, the U.S. has put forward an action plan that includes steps to publicly provide much better information on foreign aid from across the U.S. government.

And at the high level forum on aid effectiveness that took place in Bussan, South Korea just a couple months ago, Secretary of State Hilary Clinton announced that the U.S. was signing on to the International Aid Transparency Initiative, a multi-stakeholder

effort to agree upon and employ standards for publishing information on aid spending. Today's discussion is intended to explore the significance of these commitments for more effective development, and also -- and this is very important -- how those commitments can be fulfilled in practice.

To open, we are especially pleased to have USAID administrator Rajiv Shah here with us to provide keynote remarks. We will then have time for a few questions for Administrator Shah before he has to depart, and I will introduce our panel of speakers to take the discussion further.

In the interest of time, I will forgo a recitation of Administrator Shah's impressive biography. I believe you all have it in front of you. But I will note that he has been a driving force behind these transparency-related efforts, and a whole suite of reforms to remodel USAID to turn it into a truly 21st century development agency.

Now, Raj favors the word "relentless", I've noticed, and I find that this is actually a very good description of his own attitude. So, without any further ado, please welcome Administrator Shah. Thank you for being here. (Applause)

MR. SHAH: Good morning, and thank you, Noam, for that kind introduction and for your important work here. I'm pleased to be able to join you today and want to thank Brookings for all the great work that you've been doing in this space.

I also want to congratulate Brookings. I think recently you just won the award again as being amongst the best or the best think-tank in the world, and I certainly feel that way about many of the publications and ideas and initiatives that are housed here that have such important impact on the way policymakers and others think about what's achievable and what the standards of excellence should be that we try to achieve.

I'm also particularly grateful for Brookings because Anne Doyle, our wonderful new public affairs and policy leader, is from here and now with us, and we're

so pleased to have Ann on board. So, we thank Brookings in a regular and consistent way for that. (Laughter)

You know, you have a great panel here so I'm going to hopefully keep this short. But, I do want to start by emphasizing this administration's commitment to transparency in aid and in foreign assistance, but also in asking for your help. And, I'll conclude with a few specific areas where I hope you as a community will continue to push and continue to help push the thinking forward on what the standards ought to be that we all try to achieve.

You know, on his first day in office President Obama issued a directive to make federal government more efficient and more accessible. He ordered every federal agency to develop an open government strategy outlining the steps we would take and the new technologies we would use to fulfill a commitment to transparency that we have made to the American taxpayer. This is a universal policy that affects USAID, the State Department, but also all of the other federal agencies that engage in foreign engagement, foreign assistance, and foreign development, which as you know is a broad pool of partners.

Now, because this information is held in hundreds of different databases, we sought to implement part of that pledge by creating [foreignassistance.gov](http://foreignassistance.gov), a one-stop dashboard that should over time allow anyone to go and see how the entire U.S. government is approaching transparency in assistance. It's not an overnight fix, and I'll talk through some of the challenges in a moment, but it is my aspiration and it is our absolute commitment to keep improving, keep filling the holes, and keep expanding the set of partners that are included in the [foreignassistance.gov](http://foreignassistance.gov) platform.

The President also launched the Open Government Partnership, a multilateral initiative to ensure that countries sat together discussing their approaches to

open government and making similar commitments to both promote transparency and fight the corruption that in so many places undermines the ability of governments to function and build trust with their people.

And this year, at that meeting at the UN General Assembly, President Obama announced that the United States would join the Extractive Industry's Transparency Initiative, requiring oil, gas, and mining companies to disclose the payments that foreign governments demand of them. Fighting the resource curse starts with fighting rent-seeking, bribery, and graft in potentially lucrative contracts and markets. By joining EITI and strengthening our own domestic resource reporting requirements, we're fighting the corruption that has devastated so many potentially prosperous and equitable societies.

And just two months ago at Bussan, Secretary Clinton announced we would go above and beyond our open government partnership commitments by joining on as a full member to the International Aid Transparency Initiative. Not just one agency, not just one department, but the entire United States government is committed to full membership in the IATI. This will be a challenging task. We're confident we can achieve it, and we have the support of necessary internal partners, but this is going to stretch what the U.S. government has done in the past in terms of making in particular multi-year budget planning publicly accessible. But, we will achieve full membership.

We also seek to push ourselves beyond the traditional international standards of achieving aid transparency. The reality is we live in a world where there's a lot of documentation that's publicly available. Most of our grants are online. I dare you to find them, but most of them are online. (Laughter) And, most other partner agencies can say virtually the same thing around the world.

The truth is, as we've all learned from our own interface and use of

technology over the past several decades, simply having the information online is not enough. Having it accessible, having it designed such that it can be utilized by the broadest possible community to empower them to coordinate better, to come up with new ideas, to conduct data analysis and research, to share new insights with the rest of the world should be our aspiration.

And that's why we're currently in the process of piloting an effort to geotag all of our projects and programs in selected countries. And if that is successful, we would like to make that platform openly accessible, because I want anyone with an Internet connection and the ability to download Google Maps to be able to get online and scroll through the globe, identify projects and programs, drill down into them, and understand not just what we're doing and what our partners might be doing, but also to get a sense of other data that can be spatially overlaid on that context. Weather data, soil quality data, information about climate and market trends.

In Paris and Accra, I think the United States was widely seen as, if we're being honest, dragging our feet on transparency. Our goal going in to Bussan was to lead, and of course when you get to a certain place after decades of continual process, you can't flip the switch right away. But the commitments the President, the secretary, myself and others in the development landscape in our government have made is unwavering, and we will not only meet these international standards but we will, over time, put forth some of these new tools like the geospatial mapping that will really empower people in a fundamentally different way to play with data, connect with development challenges, meet and be introduced to institutions that are conducting projects and programs on the ground, and see the impact of that work.

Now, I hope you've heard of USAID Forward, because as you know I don't go anywhere without talking about it. But USAID Forward is our effort to put forth a

package of operational reforms to help USAID institutionally become the best modern development enterprise we can possibly be. We've focused our assistance where it matters most; doubling our aid to Africa, closing a 40 percent staffing gap on the continent, pushing our assistance into results-oriented initiatives, and meeting our Gleneagles pledges. We've increased assistance in Africa, for example, from \$980 million in 2001 to nearly \$10 billion today.

And, we've tried to approach that work in a manner that is accountable for concrete results. Instead of paying contractors to evaluate their own projects, we've defined a new evaluation policy and strategy that we hope is quickly becoming a gold standard. We've sought resources from Brookings and other institutions in town and around the world to help us implement that policy, so that programs from the beginning have baseline data that's collected. There are counterfactuals built in to program design. Data reporting is required on an outcomes basis, not a process basis, and we are committed to making sure that every program within three months of its completion has an evaluation that's publicly available.

By the end of this year, we think we'll be able to publish more than 200 such evaluations just by looking at the backlog of evaluation data that has existed that hasn't been made publicly accessible in an easy-to-use manner, and our commitment goes beyond that. We're committed to not rewriting the evaluations, or even evaluating the evaluations before we make them public. We want an automated system that allows independent evaluators to put data and information online so that we, all of you, and so many others around the world and in this community can learn together and get better at carrying out our incredibly meaningful human mission.

And finally, we're committed to a dramatic set of procurement reforms. Now, I don't know if you think of procurement reform as absolutely required in order to

achieve aid transparency, but I want to argue that it is and I'd like to argue that the United States over the last several decades and our European counterparts in the same timeframe -- although we've gone in different directions in terms of how we provide assistance, we've both veered off course in terms of using our resources to build the kind of local institutions and local capacity that create the genuine conditions for exit over time.

The goal of our work, as President Obama said in the policy directive on development, shouldn't be to continue to support contractors and implementing partners to serve those who are least fortunate. The goal of the work should be to build the institutions, the private sector, and civil society required to allow aid to come to an end.

And in that context just weeks ago we eliminated a series of what I consider painful regulations that required our staff to seek waivers every time they wanted to buy goods in country. That means if you're in a country that drives on the left side of the road, you now don't need to wait months for a waiver just to buy the right type of vehicle and use that in a program or project.

Most critically -- and I would add that that's part of an effort to untie as much of our assistance as possible. Between 2005 and 2009 the level of untied aid has gone from 32 percent to 68 percent with the U.S. government. Now, I believe the international average is somewhere in the 70 percents and as people keep moving forward I'm convinced the United States will essentially catch up to the international norm. But, I'd also argue that the traditional definition of untied aid, of not necessarily specifying the types of institutions or where they come from that ought to be part of the implementation process for programs and policies, may not be the optimal definition of excellence and development. If we're really focused on building local institutions we should actually think about how you create mechanisms that allow governments, donors,



multilateral partners to invest directly in those local institutions and to do that in a manner that helps them build capacity over time. Not by flying consultants in to teach capacity building. I don't know that the track record of that approach has necessarily been strong.

But rather, by doing what every other institution in the private sector around the world does. Building capacity by investing capital and trying to get things done, and in that context our procurement reform is designed fundamentally to build the type of local capacity that creates the conditions for the end of aid.

Rather than subcontract with the same Ethiopian NGO for 12 years because our regulations were too burdensome, we changed our regulations and now work with them and invest in them directly. Rather than renew billion-dollar-plus contracts that are difficult to manage and difficult to have visibility on, we've created a review board that essentially breaks them down into smaller, more manageable pieces, pieces that can be more transparent and more efficient.

Rather than pay beltway firms to provide vaccines in Liberia, we're shifting global health spending directly to the health ministry there, saving us \$1 million while in a transparent way building institutions of state that will allow the Liberian government to take on its own responsibilities to provide public health services to its children.

By 2015, 30 percent of our overall assistance will be shifted directly and accountably to its local institutions. Those local institutions, whether they are African agricultural capital in East Africa working with JP Morgan and USAID's DCA program, or the Afghan Ministry of Health will continue to need services and support and consultation with the traditional partners that implement programs. But giving them the authority to seek and purchase the services that they believe they need and holding them accountable for achieving results and managing and insisting upon clean and transparent

financial management systems -- not just in our traditional implementing partners but in those local institutions -- that's what aid transparency should be about, that's what building local capacity should be about, and that's what creating institutions that genuinely put us out of business over time should be all about.

Now, this is controversial. Some people don't think of this as untied aid, some worry that the resources are put at risk. I can assure you that our team, through its decades of history with host country contracting and deep, local engagement has developed very sophisticated tools that allow us to measure, track, and monitor resources no matter who our ultimate recipients are. I can also assure you that we have more transparency and more oversight in these direct assistance relationships than we do when we funnel the money through subcontracted systems and we lose insight on reporting and transparency at different levels of subcontracting.

Now, this may all sound too technical for a high-minded conversation about IATI and websites and dashboards, but I'm telling you if we as a community are going to survive another 50 years and if we're going to achieve the goals we want to achieve, and if we're going to build the kind of capacity that we can be proud of as leaving institutional legacy because of the partnership of the American people, we have to pursue these reforms aggressively. We are pleased that we've gotten support for this reform agenda from both sides of the aisle, and we will be vigilant about protecting American taxpayer dollars and absolutely insisting on results inclusive of the results of building local institutions that stand the test of time.

So, I would ask for your help, in conclusion, in a few specific areas. First, you should continue to push as loudly and aggressively as you can on aid transparency. I know that there are holes in the [foreignassistance.gov](http://foreignassistance.gov) website. I know that when you look at the aid report, you know, some of that's a little bit dated because it

gives us an "X" for ITI or an "X" for some of the things that we've done, and you should track and make sure that we live up to these commitments.

I also know that now that I'm exposed to the depths of federal budgeting systems and data management systems, that these changes -- and you should not expect these changes to take place over time. But if you as a community stay focused on the right goals and if you stay committed to ensuring people live up to them, and if you hold other international partners to similarly high standards about can people report on results? Are we building local institutions? Are we creating space for the private sector? And, are we genuinely investing directly and respectfully with those we're trying to help?

I'm convinced our field of development can reform itself, and in reforming itself we can achieve some tremendous goals. We're on the verge of being able to eliminate or create a generation without AIDS. We're on the verge of being able to see the endpoint in preventable child death. We now have the tools to end non-conflict-related famine and hunger in our lifetimes. We have the capacity to ensure that every child on the planet has a curriculum in their hand and the ability to read, and testing systems and educational systems that at very low cost generate incredible outcomes.

As I look around this room, I see many of you that have pioneered efforts in all of these areas. So, keep doing that. But in order to really achieve success, those of you that focus on transparency, focus on local capacity building are going to develop the next construct for what untied aid should really mean.

I hope you will be energized to continue your work, to do it with visibility, to insist on outcomes, and to hold everyone -- including the United States -- to a high standard of accountability.

Thank you. (Applause)

MR. UNGER: Thank you, Raj, for those very compelling remarks. You

have consistently the ability to take different parts of the development reform agenda and place it into this broader context, always reminding us of the end goal of more effective support for real development outcomes. So, thank you for that, for those remarks.

We're going to take some questions from the audience, and I realize that your time is short. I want to start off with one question of my own, and then I'll turn to the audience for a few and we'll take them together and allow you to respond.

MR. SHAH: Okay.

MR. UNGER: My question is, as -- you've pulled together now as the Administration these different elements of the open government partnership and now signing on to the International Aid Transparency Initiative and the Extractive Industries Transparency Initiative, and even your own efforts preceding those announcements with the dashboard and the website. So, it all comes together as a package, and I understand that even as a part of the commitments that are underway the Administration is going to put out a requirement to all of the different agencies that are involved in foreign assistance to actually report on this in a better fashion, and that's very laudable. I understand that the bulletin will ultimately come out of the White House or OMB or wherever it comes from, but that the policy committee across the government has been centrally involved in taking up these issues of transparency, and you've been at the center of it all.

So given that, how do you envision -- what do you want that requirement to actually do in order to actually overcome some of the challenges that exist in the bureaucracy when you're pushing to release data that has never been in the public domain before, or multi-year data, or all of these different efforts? How do you actually plan to overcome some of those challenges with agencies that are really important to foreign assistance but they're not centrally thinking about it at all times?

MR. SHAH: Well you know, that's a great question. I think there are really two things. One is just the process of having the President, the secretary make these commitments after a rigorous internal inter-agency review and process means that we've already secured the political will to achieve success.

In many cases, I think people would be surprised by how much of this data is already public. You know, a large part of how we got everyone to agree is to point out that in most cases, the data is public. You or I just can't find it, but it's public, and so building tools and having systematic reporting that standardizes the way we put data forward with the international community and makes it more accessible is really going to be the difference between how we consider success or failure.

And that's why I think it's so important to think about these new technologies and new tools that might exist, because meeting standards that were established five or six years ago -- I mean, just think about how much you've changed your own use of information technology in five or six years. So, we have the opportunity here to leapfrog the basic standards and to create some new systems that, if they prove useful to people, will be the type of system that people aggregate to and becomes more of a network platform.

That's why I'm working so hard on the geospatial system. I think that's a system that could achieve that kind of aggregation, not because of top-down policy pronouncements but because the usefulness of such a tool, if we can build it, would be so great that people would have a natural interest in interfacing with it and putting data on the system and making it something that they use to change the way we "coordinate" in global development.

MR. UNGER: Great. Well, thank you. Let's turn it over to questions. I'll remind you to please identify yourself and wait for the microphone, and we'll take a few. I

see one here on this side of the aisle and another just across the aisle. We'll take those as two together.

MS. HUTIS: Karen Hutis. I was in the legal department of the World Bank --

MR. UNGER: I'm sorry; we can't hear you very well.

MS. HUTIS: I was in the legal department of the World Bank for 20 years. Thank you very much for your aspiration.

My question is: are we really walking the talk? And as an example of how this is not the case, in April 2010 the board of governors of the World Bank and IMF rescinded the gentleman's agreement for appointment of the World Bank president. This is on the Web, this is not widely known in the American public, and the reason this happened is because the U.S. did not walk the talk.

MR. UNGER: Thank you, and right across there there's another question.

MR. WORTHINGTON: Sam Worthington from InterAction. First, to thank you, Raj, for your leadership in this. It was very nice to see the U.S. leadership in Bussan on this broad area.

I have a two-part question. The first is, as the U.S. government undergoes this effort of transparency we have similar institutions doing the same thing. We just talked about the World Bank. They have the whole policy of data access we're seeing in the EU. In the NGO community, we're wrestling with how do we geomap the private resource flows out there.

Has there been some thinking how these systems link with each other? And is it one common system, and where is the space for that dialogue? So that's the first part of the question.

And then the second question is something at least -- I know we in our forum had a big discussion on transparency, and the question that kept on coming up is, you know, everyone believes in this, you want to do it. Well, who is paying for this? Where -- is this an investment that is a fundamental investment in the cost of activities, and has the U.S. government sort of made that shift? Because I know other -- for example, our community is still wrestling with that.

MR. UNGER: We'll have time for one more question to wrap into this before Raj is to respond. Yes, just back there to my left. There.

MR. LIEF: I'm Eric Lief with the Stimson Center. Really, to make a long story short, I propose the obvious that transparency works best when you have a broad national consensus in support of development aid. Transparency may have some downsides when that consensus does not exist, and so just a -- trying to evoke a comment on what a second Obama Administration, if there is one, may look forward to in undertaking foreign aid reform -- in broad foreign aid reform and rebuilding that political consensus.

MR. UNGER: Great, thank you.

Great, so a few different questions. One on World Bank/IMF, and I think also transparency not just of aid information but of governance. Sam's question on the linkages, and also who is paying, to actually invest in these efforts. And the last one on, have you thought about the ways some of this might come back to haunt you?

(Laughter)

MR. SHAH: Well, on the Bank and the governance issue I really can't speak to the specifics on that but I can say that I certainly have a great deal of respect for what the Bank has tried to do on transparency overall.

I don't think when we talk about transparency in this context that

necessarily means that, you know, every bit of governance decision is open or could be expected to be open. I'm not aware of the facts of what you're describing, so I can't speak to that, but I would just think that we want to keep this conversation focused on those areas like data and aid transparency where we believe we can make a lot of very concrete progress in a way that empowers a lot of people to be actors in the solution set.

On Sam's point -- Sam, I appreciate the points. I think -- you know, I think we're prepared institutionally across the government -- not just us; MCC, everybody else -- to make the additional investments required to build a more transparent system.

I would just point out that's the kind of thing that does happen, right away, right? That you build -- in our case, we're building a mission reporting tool that will replace our internal IT systems. That will take some time, but will allow us to then have a platform that puts all the data on a geospatial map that can be aggregated efficiently and put on Google Maps or something else.

But, you're right that it all comes down to whether, you know, leaders are willing to make investments to do that, and we've certainly budgeted for implementation of these activities. Often that's about how you use our people and how they use their time, as opposed to new dollar commitments, but that's very, very important. And USAID in particular has been very much rebuilding over the last few years, and that gives us more capacity to do that.

On the very important -- oh, and one other thing. I'm so glad that you've been leading the efforts to try to map the voluntary and NGO community activities in different places. The work you did in Haiti after the earthquake, I think, was a good model of what's possible, and increasingly important to be part of that.

On the last point. It's a great point, thank you for mentioning the next Obama Administration. (Laughter) Look, I think the reality is when people believe that



our resources are being used to drive and achieve concrete results in areas that we talk about; food, health, water, sanitation, human welfare, basic dignity, protection of women, efforts to stop child trafficking. And when we can make that transparent, I would push back hard on the idea that transparency in those efforts creates downside risk.

Now, there's always downside risk to everything you do, but in general, you know, the strong bipartisan consensus that has allowed this work to continue even in very, very difficult budget climates, and the strong bipartisan track record of seeking to make the world a better place, especially for its most vulnerable people -- you know, I hope we'll carry the day and I hope a more transparent, more honest, and more clear system that helps American taxpayers see how resources are used will build more support.

And one data point to substantiate that is, as you know, most Americans think we spend way too much on foreign aid. And then when you ask them how much they say, well 20 percent of the federal budget. And then when you say, well actually it's 1 percent of the federal budget, then they say oh, it should be somewhere around 10 percent. (Laughter) And you know, we've all suggested we'd be happy with 2 percent. But the reality is, there's a common misperception about the volume and framing of this type of assistance. So, when we're able to be transparent about it in all of its forms, I think we will get to a place where you'll see a much broader and more powerful political consensus emerge to support our efforts.

MR. UNGER: Great. Well, please join me in thanking Raj. Thank you for carrying us halfway through our discussion so ably. (Applause)

And I'd now like to invite our panelists to join me onstage to continue this discussion. Those were very good questions, and we'll have an opportunity for more questions after their interventions now.

I'm going to have up here with me Karin Christiansen, who is the director of -- here she is -- who is the director of Publish What You Fund. Karin is widely-recognized on two sides of the Atlantic, at least, as a dynamo who for years has been living and breathing aid transparency. So, she's exactly the right person for this discussion. She brings a very strong background in development advocacy and analysis and we're very happy to have you with us. She will be discussing Publish What You Fund's index and how the U.S. is doing across its various agencies involved in development assistance.

After Karin, I will turn it over to George Ingram, who is the co-chair of the Modernizing Foreign Assistance Network, an organization that I'm very proud to be a part of, and he's chair emeritus and senior advisor at the U.S. Global Leadership Coalition. He's held leadership positions in multiple NGOs, worked as a principle deputy assistant administrator within USAID, and has deep experience on Capitol Hill working with Congress.

And we also have with us my colleague, Daniel Kaufmann, who is a senior fellow with our development assistance and governance initiative here at Brookings. He's internationally-recognized as a leading thinker and analyst in the areas of governance, anti-corruption, and development.

So, with that let me turn it over to Karin for your remarks and any follow-on you have to Raj's remarks. Thank you.

MS. CHRISTIANSEN: Thank you very much, Noam. And it's an enormous honor and pleasure to be here again and thank you everybody for coming. I think we're aware that the high level of attendance is probably due to Raj rather than us, but nonetheless, thank you.

I'm just going to very quickly run through a little bit on what we did with

this report -- which I hope everybody's got a copy of -- and a little bit about the general findings, and then to talk a bit more about what the U.S. findings are and what they mean. But I think, you know, there is a very good reason why the word "pilot" is in the same size as everything else. This is the first time, it's a new methodology, and feedback on how we take this forward is very much part of what this type of meeting is about. So, we very much welcome those, and myself and Catalina, please get in touch on that basis and on any other basis, for that matter, too.

So, a little bit about what we did in this. I love talking about methodology, so I will curtail myself very dramatically. It's my inner researcher. But, the main reason this -- as Noam mentioned -- was that the last assessment we did, really the main finding was that it was a lack of primary data about actually what levels of information are available, especially systematic primary data. So, this is an attempt to start getting at that primary data and it's a survey of 37 indicators. It covers 58 agencies, which is actually about 45 institutions. So for example, you'll find six U.S. agencies, two World Bank agencies, et cetera, et cetera. A couple of Korean ones, a couple of German ones, that kind of thing.

The process by which this was generally done was that a local NGO would attempt to fill in the survey that would then be sent to the donor for checking. We weren't trying to catch people out, and as Raj said the data was often there. It was about finding it, and then there was a process of squabbling about whether we were going to count it, whether it was going to be included, and whether or not it sort of matched the bar, and then we did a standardization process across all of them because, of course, that was slightly differently interpreted, and then we waited and indexed it and that's where this ranking of 58 comes from.

And if you have a look at Page 1, 2, and 3 that gives you the overall

ranking, but I think the key thing is if you go to the website you can re-weight and re-rank it yourself. That's our particular choice and we consulted with many people, like Danny and our peer reviewers on the weighting and the ranking. But the point is, you can access the data and re-do that yourself and see if you can get some of them further up if you re-weight them.

So, to talk a little bit about the conclusions of that -- and this is really -- if people have got it in front of them, it's Page 2 and 3, might be useful just to have a quick look at. Or, Pages 26 to -7, depending. The big finding is that most information is still not systematically published.

As Raj mentioned, there's bits of information out there about most things. Some bit of this type of information is really somewhere, usually, but it's not systematic. So, that's the reason why nobody did good -- that was the over 80 percent category. So, while the World Bank came top they were just underneath that. It's still -- there's not enough information being systematically published. And there's a couple of things. Like, for a handful of indicators, there's only -- for only a handful, over 50 percent of the information types are published.

So, the second main headline finding. The information is being produced and collected but not actually being published or made available and accessible, and that is one of my favorite diagrams in the entire thing, which is the dot diagram at the back. This is the raw data.

So, the green is the systematically published, and the little red and yellow dots we didn't rank on this basis. Let's be very clear -- are sometimes published or seem to be collected but not published. So, there's a lot more information out there or is collected than is currently made available. And those are sometimes, you know, clarification and correction on that from people in the know is always really useful.

It's really interesting that even for some agencies the very basic information isn't made available, like dates -- what the dates of a project are. So, they might put the project documents out there but we'll know when it actually happened. But also, more interest -- and then this is also some interesting types, and I think what Raj was mentioning about evaluation data. It's actually quite systematically not published evaluation data. This is not, generally speaking, or there's a bit of an absence of it. The announcements made today, I think, are really important and exciting in that regard. We'll, I'm sure, encourage others to do the same.

And the other one is that there are some really terrible websites out there. You know, places that you have to go to 17 different sites to actually find all the bits and pieces of information.

And then the last finding we had was that it's possible and it's actually possible quite different organizations. So if you look at the top and also the bottom of the ranking, there are large donors appearing at both ends. There are multilateral and bilateral donors appearing at both ends of it.

How long an agency has existed also doesn't seem to -- so, some very long-established agencies are very high up and some very new ones are high up. Estonia is one of my favorite. Very small, new member states actually doing exceptionally well. And you know, so there's nothing clearly predicting that from the information we collected so far actually how people perform.

And I think the other thing to note -- and I think this is already out of date, right? As Raj pointed out, things can happen really quickly. So the Netherlands government, for example, went from being very, very low in a very original version of the data collection to where they come, which I think is fourth, by actually improving their IT systems. And this is basically an IT system issue.

And the variation is quite dramatic, and I think we've got a U.S. slide up somewhere which shows, for example -- I mean, the U.S. is just an example of this -- how different the variation can be inside particular governments. You know, the IFC, the World Bank, IBDR, and IDA comes top and IFC comes relatively low down. But, we thought that just helped people see this.

So, to talk briefly and a bit more specifically about the U.S. As I say, the U.S. comes in very different places. The MCC comes top in the "fair" category -- as I said, nobody came in the "good" category -- and they're seventh overall. There's a group, the poor group, which is the next one down. PEPFA, AID, and state appear in that, and DoD and Treasury are in the bottom group and I'm happy to talk more about all of those. But as I say, this is already out of date. But on the website we're trying to keep it a little more up-to-date.

So, taking all that and looking at our -- so I looked at our recommendations yesterday and thought what I'd do is see how they applied to the U.S., given how much change has already happened. So we had three recommendations in the report. One is, increase political will and action. Two, publish what you have, build systems to collect what you don't, and make it accessible. Number three was rally around the international aid transparency standard and extend the coverage of that standard to different flows and different types of actors.

Okay, so here's my little sort of assessment of where things have got to. Now, I think on the political will and on the rallying around IATI, clearly the U.S. is doing really rather well. And I know that's due to a lot of people in this room, and I'm not going to name names, but thank you all so much for your hard work keeping this moving at political, policy, and at technical level because we know that's what it takes to do.

So, political will. We've got open government partnership with

implementation plans due in September this year. We've got the high level forum commitment on aid transparency that the U.S. signed up to, which includes full implementation by 2015. We've got the IATI sign up, which I threatened the team I might cry at but I didn't actually when it happened in Bussan.

MR. UNGER: Out of joy.

MS. CHRISTIANSEN: Completely.

MR. UNGER: Just want to clarify.

MS. CHRISTIANSEN: Relief. (Laughter) No -- and yes, important clarification, that.

So, you know, the political will is clearly there. We've had it reiterated; we've had it said possibly even more strongly than has been heard to date. But we also know political will requires a lot of people lower down in the system to do the actions and deliver on that.

So, how are we doing on actions? So I think clearly this is -- momentum is moving now on publishing what the U.S. agencies have got. The dashboard, the MCC in the last few months has put more information on that. I believe USAID and Treasury information is to follow shortly.

The sign up to IATI -- and this partly is the answer to your question also, Sam -- is the accessibility issue has a lot to do with IATI because that means that GIS coding systems in the way that's happening here is as it happens, the IATI standard version, and therefore the way the World Bank is doing it, the way the European Commission are doing means that all of that GIS approach is the same, and therefore you can just match those easily. So, that's happening and the relationship between IATI and the dashboard, I think, is clear and needs to be -- and that linkage is fundamental on the accessibility front. The bulletin is also clearly important in locking this down and

triggering action and keeping action moving forward in the implementations coming out.

So, what is the couple of things outstanding, then? Collecting new information. I think that's more challenging and that's new data fields, and as people update their IT systems it's about adding new collection. But a lot of that, for example, in evaluation appears to be coming. So, that's maybe more of a question mark.

And I think perhaps the final one is this issue around extending coverage of this commitment. Now, the U.S. government's sign up to IATI being quite as clearly across government is really important and very powerful, and I think it's going to be really interesting to see how that is interpreted in terms of climate change. That's not climate change finance. That, for example, is not a U.S.-specific issue, but how far is that going to go in things like equipment, train-and-equip type spending. Those sorts of things.

And then also, how does it go down the contracting chain? How does it affect the beltway and the organizations that are the sub-contractors to a lot of this kind of flow? So, I think those are going to be perhaps some of the challenges going forward, which given the commitment of everybody in this room at the various levels I know can be addressed. And thank you again for, as I say, so many people in this room have moved this agenda from I couldn't have believed we would be here at this time last year when we had this last meeting.

MR. UNGER: Well, thank you very much. George, let me now turn to you to take the discussion a bit broader, perhaps. And with your sort of leadership and involvement on U.S. development policy, what do you make of all this from -- in terms of Raj's interventions and Karin's points? What does transparency mean in this context?

MR. INGRAM: Thanks very much. First of all, I have to comment Karin and her colleagues at Publish What You Fund for providing -- for helping this Administration find the political will and the path forward on how to implement their



commitment to transparency. You've done us all a great favor, and we thank you.

Raj and Karin focused on making available information that already exists, the post-decisional information. I want to talk about the pre-decisional process. I want to talk about the policymaking process and the importance of transparency there, and I'm going to talk about the dynamics of it, and then give a few examples.

And transparency sounds simple. It sounds like making some information available and inviting some people to meeting. But in fact, it's a very complex system that requires specific policies and procedures and a culture that believes in open government.

And there are a number of key elements to good government that transparency is the foundation for. One is accountability. Transparency provides the information, its citizens, Parliaments, the media, beneficiaries, that all these different interests and communities need in order to hold government accountable. The very foundation of democracy.

Two, ownership. Transparency allows for the participation of key stakeholders that supports the building of consensus and provides for ownership, and thereby buy-in to respect and to implementation of policies.

Three, good policies. Transparency expands, the information and opinion available to inform good decision making. And fourth, it's an antidote. Transparency is the best protection against corruption, and can help keep an organization true to its mission.

But these are not easy. There are a number of hurdles. One is the culture of control; fear that letting others have too much information, and a role in the decision making process will weaken the role of the decision makers. Two, time. The time and human resources required for transparent decision making conflict. Sometimes

in reality, sometimes only in appearance with the need for prompt decision making.

Three, public disclosure. The fear of public disclosure of the warts, mistakes, poor processes, wrong decisions. And finally, indecision. The concern that broad engagement leads to interminable discussion and uncertain outcomes.

Now, to give a couple of examples of transparency. The first one is the MCC, and I think there's a huge lesson to be learned from the MCC. There's a package of elements of transparency here. One is, the eligibility criteria, which country eligibility is based on independent and publicly-available data that are available to anyone to scrutinize. The board, four non-government members that provide for public input and scrutiny. Its policymaking process, such as the gender policy, have been developed in consultation with non-government experts and made publicly available. Analysis. Economic rate of return, the beneficiary analysis, the methodologies for these were subject to outside review and input, and the results of these methodologies, these analyses for each project is made public.

And finally, the culture. The MCC started with a mandate of transparency that was built into its DNA. What is the result? For me, the important result is that transparency has been an antidote for the MCC. Making all of this information publicly available serves as a prophylactic to bureaucratic and political pressures such as ambassadors wanting special treatment for their client country. It's not perfect, but it served to keep the MCC true to its mission.

Now, this year may be the year in which the MCC shows us just how far transparency can be taken when we see the reaction to the project evaluations. How will its stakeholders and the public -- the Hill, other elements in the Administration, NGOs, policy experts, the media -- how will they respond when it fails to meet all of its project goals? Will the glass be seen as mostly full, or partly empty? Will the MCC be viewed as

an important learning experience or a failure of a system? It's those of us here in this room that will contribute to determining this outcome.

A couple of examples from AID. In 1997, the Eurasia bureau at AID decided to write a strategy for small and medium-sized enterprise in the former Soviet Union in Eastern Europe. It held a meeting with about 35 implementers, listened to what they said the key issues were. Based on that input, held a three-month online conversation, every two weeks putting up a new problem statement. That information was used to draft the strategy, and the draft strategy was then put back up online for comment by those 250 participants.

When the final strategy was issued, it reflected real experience from the field. There was broad acceptance, and even ownership of the strategy, and the follow-on conference was not about unveiling or trying to sell a new strategy. It was a discussion about how to implement.

More recently, following President Obama's speech at Cairo AID was tasked with drafting a strategy on youth of the Middle East. The EGAT bureau took a six-page inter-agency draft strategy and made it the subject of a half-a-day review by a group of about 50 implementers and youth experts. They broke down into smaller groups, they made recommendations, those recommendations were taken back. AID actually revisited the strategy, made several significant changes, and then even published the proceedings of those discussions.

I would go into some examples from the Hill if I had more time --

MR. UNGER: We might be able to get to those.

MR. INGRAM: Because I think my passion comes from what I saw as transparent policies on the Hill two decades ago. I think we may have a different institution today.

The Hill veers between being very open and very closed. In the last couple of years, we've seen Howard Berman's effort to rewrite the Foreign Assistance Act, which has been very open. We've seen the appropriations process for the Foreign Ops Bill, which has been very closed -- which unfortunately a lot of people in our community thought was the best way to move it, and unfortunately they were probably right. (Laughter)

The Hill is very supportive of transparency, particularly when it's transparency for the executive branch but not so much for the Hill.

MR. UNGER: Right. Well, thank you, George. I think it's an interesting delineation between pre-decisional and post-decisional between the sort of policy processes and some of the aid numbers, but I suspect that your point about culture means that those institutions that are good at one may tend to be good at another. You shined a light on MCC, but at least in the U.S. rankings MCC does best on all of the aid numbers as well in terms of transparency, too.

Let me now turn to Daniel Kaufmann. Danny, let's take it maybe even broader and talk about other elements and things that the U.S. government can do to push for transparency that supports development and the open government partnership and how that relates to some of these issues.

MR. KAUFMANN: Thanks, Noam. And first, just for full disclosure since this is the topic, this is a bit of an outsider view because I'm not even an American, although I pay taxes here. So, I feel that I can speak frankly. (Laughter) Also, how the dollars are used.

I'm from Chile, and I have been working in the development field for a long time, but from a broader governance perspective I'd be happy to suggest, at least, rather than pretending that I'm telling the U.S. Administration what they ought to do. But,

it's suggestion for further debate from a broader perspective. I mean, that context I would make very quickly.

Four main points. And these are all in line -- and those that know me, I speak frankly, I don't mince words. But Raj Shah, himself, did ask us to frankly push on transparency. So, I'm going to do that with these four points.

First -- and they are going to be in descending order of obviousness. The first is that aid transparency matters, and I don't need to belabor that, and particularly in this room. Thanks to increasing data on aid, more scrutiny as the way it ends up from the beneficiary standpoint. Speaking from a developing country standpoint, it's just so important for the civil society monitoring and for the beneficiary monitoring on the ground to have the detail project financial information, which is very often -- most often -- not available yet. And that cannot always be fully captured in these indices, so that's a major issue.

But also, and much more selfishly, from an analyst/researcher standpoint it matters enormously as well. Thanks to increasing availability of enormous information at the more aggregate level on aid for the past 15 years, we are doing research which is suggesting that basically, those countries where there's more transparency -- according to your own index in terms of the donors -- the monies get better allocated to places where there is an effort to improve on governance and on anti-corruption. So, we're exploring the links between the extent of transparency of the donors and to what extent there's better selectivity and destination to places that are doing the effort, as opposed to continuing with poor governance and very high corruption. So, it's helping us in that context, too, and we'll do more on that context.

So, that leads very quickly to the second point, which is the index matters. And I just suggested one of the reasons why, and I commend really your effort,

Karin, and echo what George said. We worked together in a session like this over a year ago and it was very initial there -- you have done an enormous effort for taking this index to a completely new level. So, I do urge and suggest to everybody to take it very seriously. You were humble about some caveats, and you still call it pilot, but it has to be taken seriously.

And frankly, it's a very sobering picture that comes about for all donors with very few exceptions. In general there's a lot of room to travel, but for the U.S. donor agencies in particular -- with the possible exception, although there's room to improve, of the MCC. The enormous variation within the U.S., which you just showed -- on the one hand, on the positive it shows, yes, it can be done. Even within the U.S. there's nothing systemic or intrinsic about the U.S. government that is against transparency. One agency is doing relatively well, while in the top third, and then the rest are not including, frankly -- and it may not be totally up-to-date data -- USAID and Treasury and the others. PEPFAR is kind of the mediocre one in the middle, but the rest -- I don't know, it's not anymore. But I urge you to look very carefully.

You went through that very quickly, also for politeness, probably, but I think everybody should look very carefully where each one is, including the Department of Defense. Of course as I mentioned, the silver lining is that it's not systemic across the U.S., and there are reasons why the MCC rates so much better and also were mentioned here.

This is a moving target, obviously. This rating reflects probably less here, and it's very important to note that there are winds of change and we heard them earlier by Raj Shah, and we know what he's trying to do and the other leaders. So, that does offer hope and opportunity.

There is an increasing commitment to transparency in the U.S., it's no

question, and that's good news. We know about the efforts of Secretary Clinton, Bussan, the IATI that you mentioned. But let's keep in mind, eventually the Devil is going to be in the politics and bureaucracy of implementation, and that's still -- the jury is out on that.

So, let me go now to the third point, which is a broader picture that you mentioned, Noam. And from the perspective of a bit of abroad.

From the U.S., we see the U.S. from abroad as such an important country, even with all the talk and the discussion of the decline of the U.S. compared with other emerging powers. In terms of leadership, it's absolutely a crucial superpower. So the question of leadership and credibility abroad is crucial, particularly on the issues of foreign aid and we think that the issue of transparency, obviously, is clear.

So, it's important to also discuss initiatives which may not be directly in the section of foreign aid in the explicit sense. So, it's not one of the key trees, but it's part of the enabling environment of that forest, which is very much related to this leadership and credibility.

And let me mention just as bullet points for such initiatives, which are crucial to note in this broader context of a forest. EITI, the Extractive Industries Transparency Initiative, which the U.S. has already made a pledge and adopted, but of course they're going to be the implementing regulations and a lot of homework to be done to fully disclose -- for companies engaged, oil, gas, mineral resources to fully disclose their payments to U.S. government and payments also to governments abroad. That's in the open government partnership, which I'll mention in a second.

We cannot -- we analysts, the U.S. cannot preach endlessly to Nigeria and Azerbaijan on the wonders of good governance and transparency and the Extractive Industries Transparency Initiative without for so long having even joined, let alone implemented. So now, there's good news that they use that adoption. So, that's a type

of example in terms of leadership and credibility abroad.

Second -- and it was quickly mentioned, so I'll be quick on that but it's just so important -- is basically on the U.S. oil and gas multinational private sector, is mandated to disclose their payments to foreign governments according to the Dodd-Frank Section 1504, was adopted by Dodd-Frank over 15, 18 months ago. There's still many delays in implementation and it's at the SEC. It's somewhat embattled because there are some sections of the corporate side in the U.S. who do not want that transparency and won't be very frank about it. While others, including some on the mining sector, would welcome that transparency. So, the one should not suggest that there's a uniform picture. Even within the private sector there are two sides; those that believe that they will benefit and the world at large will benefit by transparency, and the others.

But, that cannot -- this whole picture cannot be disassociated from the pure foreign aid and governmental picture. We're talking about billions of billions of dollars which, in many cases, dwarfs the foreign aid budget itself. So it does need to be put in that context together with trade income.

Third, procurement reforms. They were mentioned, I was very pleased, by Raj Shah. Let me frankly suggest that on the one hand we welcome that, and I think it's extremely important in terms of that ongoing. The U.S. is so far from the world frontier in terms of transparency and full transparency in terms of procurement. Countries which are on the frontier which suggested this could be another case like we have seen a number in the past few years of south to north technical assistance -- and it's not just to the U.S., but also to some European countries. South in terms of the Mexicos, the Chiles -- well, not so south, but the Koreas, the Bulgarias. Those countries have been on the frontier, and they are just some examples in terms of complete transparent procurement



for many years now. So, it's a long road for the U.S. to travel there. I'm very pleased there are some leaders that are committed to that, but it's a difficult road. There are many vested interests in that.

And last, on these initiatives and then I'll conclude with one overarching point, is the OGP, the open government partnership. It was mentioned and they started in September. It covers already 51 countries. It's a really important multi-governmental initiative spearheaded and led by the U.S. and Brazil at first, then came other six countries, founding members. It's already ongoing, countries are submitting their action programs. I suggest it's very interesting reading for everybody to read the U.S. action program, which is already fully available for a few months. A lot there is on paper and needs to be implemented, but it's a good framework that could anchor a lot of the measures that are mentioned in here.

There's a section on foreign aid, and there's also other sections on the EITI, Extractive Industry Transparency Initiative, which is not part of foreign aid, which are germane to that that can be linked to that. So there has to be, I think, a better linkage between these type of initiatives like the OGP, ITI, and all what the foreign aid assistance experts are working on.

And then, on that basis and on what also George -- picking up on what George says, let me conclude, because it was a very important point on how strategies and policies are designed and the need for transparency within them. The concluding point comes from the experience of the open government partnership, from one lesson that I'd like to suggest also for discussion and debate. That is, that greater effectiveness and transparency will be attained through a more transparent participatory process in coming up with how policies, strategies, and initiatives are designed. And by participatory process I mean also multi-stakeholder.

The open government partnership, like many of these initiatives starts, I think, extremely top-down governmental. In fact, until the 11th hour, these documents you just showed were full of big sections on how to improve record management and how to improve websites. It's only at the 11th hour because civil societies and very important NGOs and the likes of you and others are pushing really hard. They were accepting the table in the design process, and the international aid transparency initiative comes into the fore, and many of the other much more difficult type of measures. So, it's not just an issue of having the all-side consultation that when it's already ready to be a final draft, a few well-known leaders in Washington of NGOs -- the same group is invited again and again, 12 people discuss on the table, and the governmental people say, thank you. That's very useful, thank you, enough.

There is a new world approaching. In fact, let me suggest by concluding that again, in OGP -- and this doesn't just come from me, but from Americans who are in very high-level positions, including in the government -- are saying they gold standard was so far from the U.S. in terms of the participatory multi-stakeholder process in coming up with their national action programs was in Indonesia. Indonesia did it from the very initial one as a multi-stakeholder group preparing the action program. Philippines did very well, too. So, nowadays there's a lot to be learned also from other places.

MS. CHRISTIANSEN: Much better than the UK, mind.

MR. UNGER: Well, great. So this is a range of issues. We only have a few minutes because we're running late, but what I'd like to do now is just open it up for questions. If you have a question, please raise your hand and remember to identify yourself, and please in the interest of getting a few more in here, keep your questions actually questions and brief.

I see one right over here behind this video camera. Could you raise your

hand again? Yes, there you are. I think you'll have to speak loudly because we're having trouble hearing from the microphone.

MR. SMITH: Okay. Hi, my name is Nicholas Smith. I'm a doctoral student at American University and a microfinance practitioner in the Eastern Congo in Uganda.

And so my question is, in countries like the DRC, whether we call them fragile states or part of something -- you know, Paul Collier calls the bottom billing. How do we help bring transparency to these countries? Especially when we're bringing aid in there.

And also in terms of building capacity, doesn't that take a long time? Doesn't that -- this is a generational or a decade-long thing. So I'm wondering if it's a different discussion for fragile states in terms of aid transparency.

MR. UNGER: Great, thank you. And there's a gentleman in the back by the window there.

MR. ROUTMAN: Hi, my name is Brandon Routman and I'm with the Africa Growth Initiative at Brookings.

To some extent I've heard a criticism of USAID in that it is too risk-averse in the sense that it will not take projects which have a low likelihood of succeeding, but if they do succeed, that they will succeed a great deal. And my question is whether transparency might have a negative unintended consequence of making USAID and other agencies like it more risk-averse in the sense that transparency by definition means transparency for projects that both work and don't work? Thanks.

MR. UNGER: Great, thank you. We'll take one more. Right here, right up front. Please wait for the microphone.

MR. CHERNEY: Yes, my name is Michael Cherney, senior fellow here.

Non-resident senior fellow.

A question to Danny and to Karin. What do you advise about how to monitor the transparencies of major organizations like the World Bank, which makes a point of emphasizing transparency on its flag? Yet very systematically on certain delicate issues, avoids accounting on what Raj says is essential, accounting on outcomes of projects as opposed to simply describing the process of the project.

MR. UNGER: Great, well let's take those and what we'll do -- we don't have a lot of time, so what I'd like to do is assign each of you an initial cut to each of these questions. And if the others have something, you can add to it.

So for Karin, I'd like you to initially talk about the example of the first question, DRC and fragile states and this question of timing and isn't this a generational capacity-building issue? And then you can also address the last question about accountability for outcomes.

George, USAID. Too risk-averse? And, will transparency actually help with risk aversion? Or, will it actually make the agency -- and I'd broaden the question, not even just to USAID but to the various parts of the U.S. government that provide assistance. Will it make them more risk-averse?

And Danny, also to primarily take on this question about accountability for outcomes versus just tracking, I guess, some of the top line numbers.

We'll start with Karin.

MS. CHRISTIANSEN: Thank you, Noam. I think the fragile state one is a really important lens to put on this because they are some of the most aid-dependent countries. Therefore, aid transparency in those contexts is often some of the most significant and acute -- their flows from other sources, particularly other public sources, are often lower proportionally. So how donors behave in those contexts and how donors

-- how transparent donors are protecting coherent and systematic ways is enormously influential.

So, I think we have to remember that aid transparency is fundamentally something that donors have to build into their systems. It's how the information is delivered, it's how the information comes out of donors. But what you're quite rightly highlighting is for that to become useful in DRC, somebody needs to pull USAID, MCC -- actually, there's no compact there. Bad example. Lots and lots of different donors to DRC together in one place.

Now, the point of IATI is that becomes a quick and easy job, rather than it taking you six months. And I've done it in Uganda and it took six months and it was extremely painful. Now, it's not going to be the final data set, that's going to have to take work to figure out what to do next, but the ability to do that now is heavily automated or will become it once IATI is really flowing. Rather than it basically being nigh impossible to a way that's anything near timely and therefore can have an impact on anybody's decision making.

But, I think the key issue about having impact with aid transparency is that it needs to then become linked to budget transparency. And that's where we get interesting, useful, will help USAID program better, will help the German agencies --

MR. UNGER: Just to clarify. You're talking about budget transparency in the context of the developing country?

MS. CHRISTIANSEN: Exactly, yeah.

MR. UNGER: Their Ministry of Finance and their processes?

MS. CHRISTIANSEN: Exactly. So, the first part of donor release doesn't require capacity building for recipients, particularly. Now, there's going to be some actual interpreting, et cetera, but they are desperately trying to do that in their

budget processes half the time, and now the IMF is making up numbers instead, which is what happens currently.

So, the key issue, then -- and I think this does take capacity building -- is how they manage and use that data and how, particularly, they get it onto their budgets. And this is a big challenge for the Aid Transparency Initiative. There's a really powerful, important little cell that's currently empty called the budget identifier, which is a mechanism for linking aid information to government budget structures, and that should -- a draft of that should be done in the next few months, and then we're going to need people to start testing it to see whether it actually works in DRC, for USAID, for all the different donors for different contexts. Because that's when aid transparency becomes a really -- that's when it really becomes extraordinarily powerful in the development context, rather than for those of us who are interested and want to do the analytics on it.

MR. UNGER: Great. Well, thank you, and we'll come back to you for one brief last word.

George, on the question of risk tolerance, risk aversion, and transparency?

MR. INGRAM: Yeah. The basic answer is, yes. AID is a risk-averse agency, as many government agencies are. Transparency can have the negative effect of making it even more risk-averse. You've got to manage it, and you have to manage the expectation of your stakeholders, and that's my reference to the MCC. We'll see what happens this year.

I think there's a bitter danger from a lack of transparency. If you have a lack of transparency there's a whole history of organizations that aren't transparent becoming lazy, making quick, stupid, dangerous decisions. Transparency is a cleansing process. It subjects an organization to scrutiny, it makes it think harder about its

decision, it forces in many cases to make smarter decisions, and I think this Administration -- I think Raj himself -- has tried to push AID in the direction of being a little bit less risk-averse, and it's going to take time to do that and your stakeholders -- particularly in the Congress -- have got to be brought along as to what their expectations are.

MR. UNGER: I think if I could just editorialize it, there's a difference between actually risk levels and risk aversion. You know, I think AID increasingly is recognizing that risk is there, the question is how much you acknowledge it. And you know, Raj's discussion of georeferencing, for example. I was involved several years back in an effort that was trying to do a lot of georeferencing of aid data in humanitarian contexts, and part of the problem was from the field, from the USAID mission in the field, they didn't want to shed light and disclose on, for example, how many schools and clinics were built and what their level of progress was, so that it can easily be read on a map because the story was a little embarrassing.

Well, what it takes to turn a situation like that into something productive is a real culture shift, and I think that Raj talked about that and George definitely put a light on that issue.

MR. INGRAM: And I think you also have to be very careful with your transparency. There's certain areas, like in democracy, where you want transparency of some things but you don't want to get the people you're working with in trouble. So, you've got to manage that transparency very carefully.

MR. UNGER: And Danny, let me turn to you with this question of accountability for -- this good question of accountability for outcomes. And it was broadened to aid institutions generally.

MR. KAUFMANN: Okay. Just 15 seconds before that -- because it was

a very good question about fragile state and capacity building. Just to say capacity building, there's enormous time in the whole issue of institutional change, governance reforms. It's a medium- to longer-term agenda. But, let's not use this as an excuse.

Transparency reforms do not have to take enormous time. They are not incredibly institutional resource-intensive. It requires some resources, and in fact on balance they can be institutionally relieving reforms because you create millions of auditors rather than -- which is a population -- rather than having to rely on that unit which is not functioning inside of the government.

MR. UNGER: And I'm sure that wouldn't scare the government at all. Millions of auditors, if you phrase it that way. (Laughter)

MR. KAUFMANN: Exactly. So, that gets to the real problem. It's not capacity constraints on transparency, it's a political constraint and whether it's a fragile, less-developed state or the most-developed, like here.

So, then let's turn to an excellent point by Michael Cherney on what to do. I'll just put four quick bullets on the floor, again, for further discussion later.

I think that the next leapfrog -- since Raj used that word -- and I think leapfrog is the right word because that's what's needed in many of these donor countries and agencies -- is to the World Banks, the USAIDs, is to go beyond how many schools were there. Give me a break. It's to provide very detailed financial information with disbursements and so on, so that these projects can be monitored on the ground, and that leads to the second point complimentary to that. It's to allow third-party monitoring on the field by civil society, by the beneficiaries, and that is becoming also disclosed and in the porters as the project goes ahead. So, that gets to the result.

Third, in your excellent index now is still going to the next leapfrog for the next year. It would encourage currency index to penalize much more heavily where there



are a lot of exemptions and discretion, not disclosing. Increasingly, agencies are becoming very good at having very nice disclosure policies. In the fine print, look at the exemptions. And when the government says no and someone in the board says, no, we don't want it, the veto powers. That has to be penalized, rather than just judging from the broad picture, because that's where the Devil is in the details. And also, to penalize much more heavily where the donor does not provide the detailed financial disbursement information project-by-project.

So, one can follow the money. Where did it go? There's a lot of corruption and mis-governance that cannot be assessed or captured -- can be fully masked by the type of disclosure that exists in many agencies. They've made some reforms so far. So, it has to go to the next level.

And the fourth, last but not least. The whole leapfrogging on monitoring an evaluation system to be totally integrated from day one at the design stage of the project, being built into the project in the project side itself, and full disclosure of what's coming out. And that very much relates -- and I'll end with that -- with Noam's very good point about cultural shift. It is okay to disclose failure, and that -- if that's recognize by the leaders, by the Raj's, by the Clintons, by everybody, it's okay if at the end of the day, only 70 percent of the projects are successful but it's all fully disclosed. That's, in fact, so much better than suggesting that almost everything is successful.

If almost everything is successful, I'm very worried. Not only because it cannot be true but secondly, if it is true, one is not taking risks. Which, in development, is absolutely crucial. If one is just succeeding in everything, one is just cherry picking. So, it's okay to disclose things that don't go well as long as it's fully transparent and one learns their lessons from that, and that's a cultural shift.

MR. UNGER: Well, thank you for that excellent point. I'll now turn to

Karin, who will craft one probably exploitatively-designed sentence that might have multiple clauses to finish our discussion, because we are over time. But Karin, let me end with you.

MS. CHRISTIANSEN: I want to end with the risk aversion point, because I think this is really important. We need to be clear that the World Bank actually does publish by far the most performance data of everybody. And I actually think the reason why that's an important thing to note is I think it's part of how the MCC protects itself when that data comes out. It needs to nest it in the existing levels of data disclosure. And the failure rates in that World Bank data set -- very few people use it, apart from researchers who it is the most systematic set of data -- can actually reference it out. And that, I think, is part of the issue with the risk aversion. That context really matters, whether it's pointing out that the U.S. aid budget is only 1 percent and contextualizing all of this stuff within that. Or, contextualizing it within the levels of performance by other people, and that's why this comparability is so extremely important.

And I think we've got a fundamental challenge in the development sector around risk, is that we've to some extent oversold impact. That we can buy saved babies' lives, and we are not spending anywhere near enough money -- this is fundamentally an institutional reform and states building -- I know it's not a, you know, popular term anymore -- but it's basically a state building exercise. What we want is functional states that care about their populations or are able to interact with them.

And I think there's a real disjunct between the risks that that involves taking and actually the popular narrative around how we've sold it, versus actually what people are worrying about. If you look at all the polling data on what people are actually worried about with aid and aid spending and foreign assistance, it's that it's disappearing into dysfunctional, you know, into black holes -- and I use that with every horrible

connotation. That's what they're worrying about. And actually, we've already got the answer to that, which is we're trying to build functional institutions where that doesn't happen, where the point is we're not going to be there forever.

And that's, for example, MCCs, and that's what 90 percent of what AID is doing, as well. That's actually what most of us who have spent our careers in this sector are trying to do. But, we're trying to answer a different question a lot of the time, which is exactly where did all of this go? Which is not really what the general public are worrying about. They're worrying that it didn't disappear and, you know, was all disappeared in corruption.

So, we're trying to answer a different question, and I think that's resulting in the risk aversion when actually if we started being a bit more honest and transparency forces you to be that, we can actually convince the public. The Hill may be a slightly different issue, but I leave that to you folks to see.

MR. UNGER: Well, we'll leave the Hill to another discussion. Please join me in thanking our panel. Thank you very much. (Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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