

MAG Response to the Summary Document of the Indicator 4 Transparency Consultation

January 2016

The comments below represent the response by the MAG to the Transparency Indicator 4 GPEDC consultation summary document that summarises responses to the consultation undertaken October-December 2015. Consultations were undertaken with OECD-DAC's Working Party on Statistics, IATI's Steering Committee, a number of external parties active in transparency and aid data management and developing country governments via the regional consultations.

The purpose of the consultation was to garner feedback on two methodological concerns in particular - namely: Challenge 1: whether separate reporting institutions (CRS, FSS, and IATI) should be aggregated or progress reported separately. The MAG had previously recommended the latter; and Challenge 2: whether 'accuracy' should now be included as an additional dimension to transparency.

Whilst responses have presented diverse opinion, in aggregate there appears to be a preference for Alternative C for Challenge 1: separate reporting of the three measures; and Alternative C for Challenge 2: to allow for OECD-sourced data to include accuracy within their transparency assessment.

The MAG support these findings, with a limited number of caveats outlined below. However, the MAG also recognises some critical concerns expressed by a number of stakeholders, particularly relating to purpose, value and utility of the indicator, which need to be considered in both the presentation of the findings and in ensuring the indicator supports stakeholders' needs.

Broad concerns on Indicator utility

1. The central challenge continues to be that the transparency indicator attempts to measure implementation of "a common standard." Language used in subsequent assessments, including this latest consultation refers to this goal. The consultation document, for example, refers to OECD and IATI methodologies diverging. In understanding motivation and future opportunities it may be more useful to reflect that the relevant institutions have continued to pursue what they set out to do and have sought to improve methodologies for measuring and implementation. Rather, it has become clear that there is no common standard that can be measured. This must be acknowledged and accepted by all parties if the indicator is to be improved and, more importantly, is to evolve to meet the needs of developing country stakeholders.
2. The MAG is concerned by the very limited feedback received from developing countries themselves as well as other stakeholders that use aid data for a variety of purposes. This is inconsistent with the purpose of the indicator to provide data that meets the needs of partner countries and non-state actors. The consultation incorporated a range of activities, engaging with OECD-DAC's Working Party on Statistics, IATI's Steering Committee, a number of external parties active in transparency and aid data management and regional consultations seeking feedback from aid managers of developing country governments. External institutions were largely northern and input from developing country non-state actors was limited. Feedback from developing country governments presented in the consultation document was limited to two bullet points in a 13 page document. Further, unlike feedback from the other groups, these points did not relate to the specific questions posed by the consultation. Rather, they emphasised that (i) current transparency assessments conducted at the

global level do not reflect experiences and priorities at the country level and (ii) developing countries must be allowed contribute to the transparency assessment of future revisions of the transparency indicator.

3. To an extent, this may be inevitable since the Busan 23c commitment focuses on the supply of information by donors at global level. However, this is of limited value if there is a substantial disconnect between this and user needs at country and organizational levels. The failure of developing countries to engage in questions posed by this consultation and other aid actors is further evidence of this disconnect. The Busan 23c commitment emphasises that standards must "meet the information needs of developing countries and non-state actors, consistent with national requirements." The consultation document notes that this was also a key point emphasised by participants during the consultation, namely "within the context of strengthening development effectiveness, there is a need to ensure that the indicator is looked from the perspective of the relevance and use of data at the country level for development/aid management". Given this particular emphasis placed on the transparency indicator, there are limitations and failings from all aid data mechanisms to address user needs. This should be reflected in a new commitment at the Nairobi HLM that both strengthens the need for further action by donors and also addresses the issue of data use at country level.

Challenge 1: aggregation vs separation of assessments

4. Challenge 1 questioned whether the extent to which the separate assessments (CRS, FSS and IATI) should be aggregated or presented separately. Most consultations concluded that assessments should be presented separately. This is in line with previous recommendations made by the MAG, and the MAG continues to support this conclusion. Differences of opinion expressed by respondents reflect a wider discussion on the utility of the indicator as measured by its objective of meeting developing country needs. This will be discussed as part of the MAG core assessment of indicators and should taken forward with urgency at Nairobi. For the subsequent monitoring round - to which this consultation refers - the MAG supports the option for presenting data separately. However, there are some important issues to consider:
 - a. Disaggregated data is very helpful. But presentation of the indicator and this data must be simple and easily understandable (including simple visuals) if it is to have political traction and stimulate behavioral change. Therefore there must be short, articulate explanations of the different components of the indicator and the different but equally important value to transparency in what they represent, together with a clear narrative of progress across these three measures.
 - b. In its assessment of the Monitoring Report framework, the MAG has suggested soliciting editorial comment and input from external parties to add complementary views. This may be appropriate for the transparency indicator, It may be appropriate for a limited number of independent organisations to provide such input under this indicator. Organisations could be selected to present particular perspectives (e.g. Publish What You Fund), but should, in combination, present a balanced editorial reflecting the different end users of aid data.
 - c. Recognising the need to balance global / northern-centred analysis with in-country focus it would also be appropriate to include country case studies, which includes use

by governments, but also non-state actors, to highlight successes and challenges in using CRS, FSS and IATI data at the country level.

- d. Similarly, as highlighted in the consultation document, there should be a political and institutional assessment of the development of the indicator, recognising the challenges faced and reforms required. This, combined with challenges highlighted through country case-studies, would further drive debate at Nairobi, reflecting the complexity of making available aid data for all end users in a format that meets their needs, as determined by the end user.

Challenge 2: incorporation of accuracy component

5. Challenge 2 referred to differences in the dimensions of transparency the different reporting systems incorporated, but focused exclusively on whether an additional new dimension, namely 'accuracy', should be added to the methodology. Unlike the dimensions currently included, accuracy is not a component of the Busan commitment. It has subsequently been raised, however, as an important dimension. With its verification process the OECD is ready to incorporate this dimension in its measure. IATI has a strategy dedicated to improving quality and is in the process of developing a methodology around this. However, it is yet to be finalised nor implemented. The MAG notes that there is a trade-off between the provision of timely data and accuracy, which is reflected in the strengths and weaknesses of the two systems.
6. Consultation conclusions were mixed, with more support for the option of applying an accuracy/quality dimension where the data currently allows, i.e. to OECD data. Overall the MAG supports this conclusion with caveats that (i) this should not detract from the overarching concern that needs of users need to be prioritised and (ii) methodologies for assessing accuracy, when incorporated into the monitoring framework, should be reviewed by the GPEDC:
 - a. Accuracy is a prerequisite for quality information and should be a core objective of all data providers. The MAG notes, however, that many developing country stakeholders have failed to engage in these discussions during the consultation. The MAG, emphasises again, therefore, that the nature of aid data and ways the quality of such data is monitored, must reflect the needs of developing country stakeholders. Once these are clearly identified and articulated, such data can be subject to the scrutiny of accuracy. Debates over how accuracy is reflected in different mechanisms are essential, but at the same time, should be considered from the optic that the primary objective is meeting users' needs.
 - b. All methodologies proposed for incorporating accuracy in the transparency indicator should be reviewed by the GPEDC before adoption. Limited detail was given on CRS methodology for accessing accuracy - perhaps because this was considered too technical for the consultation - whilst no information has been provided on how IATI is seeking to address data quality issues.
 - c. Whilst methodologies for assessing accuracy are absent, some detail on proposals on how such an accuracy component will be incorporated in the transparency indicator is provided in the annex of the accompanying technical paper. For example, it is proposed that CRS will apply different weightings to the different dimensions (timeliness, completeness and accuracy) with accuracy accounting for 60% (12/20) of

the score. The MAG recognises that accuracy should be a strong component (particularly as strength here limits strength in other dimensions such as timeliness). However, this percentage does seem a high weighting and more detail of the rationale behind this would be welcomed. Similarly, whilst accuracy is also proposed as a component of the FSS assessment (with a weighting of 2/7), more detail would be welcomed on how forward looking data is assessed for accuracy. Little information is offered.

- d. Once other data providers, namely IATI, present a methodology for assessing quality of data and accuracy, this should also be subject to scrutiny for being adopted by the transparency indicator.