



부산 세계개발원조총회
4th High Level Forum
on Aid Effectiveness
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CONCEPT NOTE

Transparency Building Block¹

Pushing the Boundaries on Transparency for Better Predictability, Engagement and Accountability

Why transparency?

Transparency has emerged over the past decade as key areas for improving development outcomes and addressing development challenges. Unpredictable aid flows undermine development impact as they make it difficult for aid recipients to plan and implement development priorities. More and higher-quality information on financial flows and results expected to be achieved lead to better governance, more effective policy planning, programme implementation and accountability, both at the global and at the country level.

Key elements of transparency:

The building block on transparency represents a unique opportunity to commit to further action on aid transparency and fiscal transparency for better predictability, engagement, and accountability. **Aid transparency** and **fiscal transparency** are intrinsically linked. Budgets in partner countries cannot be made fully transparent without aid transparency. In addition, transparency of aid flows and transparency of partner countries' own resources are prerequisites for better accountability, which leads to sustainable and locally owned development results. The possibility for citizens to scrutinise the use of resources and government actions creates incentives for results throughout the aid chain. Governments need to support an enabling environment for parliaments, audit institutions, civil society and media to access information and engage in processes of development in their own countries.

The fulfilment of these objectives requires joint action from partner countries and development partners, both at the global and the country level, including:

- making publicly available all information on aid and other development resources from development partners that fund the provision of public goods and services, in a standardised, comparable, and timely manner and with an appropriate level of detail on sectors, programmes and projects, so that partner countries can adequately reflect them in their budget documents and processes, and optimally allocate their own domestic resources
- providing comparable and easy to access information on all development resources – including aid – and results, to the extent possible, to stakeholders in respective countries (including parliaments, audit institutions and civil society) in order to: *i*) strengthen oversight and accountability; *ii*) promote greater access and use of information by citizens; and *iii*) ensure better and locally owned development outcomes.

Recent global initiatives:

Delivering on transparency commitments can become a reality in Busan, due to recent initiatives that already demonstrate progress in implementation, and have the potential to be “game changers” as more development partners and partner countries implement them. This Building Block builds on the following key initiatives, important for accelerating progress in the area of transparency and accountability after Busan: *i*) the [International Aid Transparency Initiative](#) (IATI), *ii*) the [Open Government Partnership](#) (OGP) and *iii*) the Global Initiative for Fiscal Transparency (GIFT).²



Actionable initiatives:

The following actionable initiatives will be pursued by groups drawn on a voluntary basis from the supporters of this Building Block:

Ensure Meaningful Aid Transparency

- Implement aid transparency by publishing: *i)* implementation schedules for implementing transparency commitments by December 2012; *ii)* comprehensive, timely, actual and forward-looking data on all aid flows that fund the provision of public goods and services, consistent with their implementation schedules, no later than December 2015 in a common and accessible format that is compatible with the standard agreed under IATI.
- Pilot IATI standards for all aid and development flows, including those from new partners and other aid flows not reported to the OECD Development Assistance Committee (DAC).
- Actively promote transparency among all stakeholders, e.g., supporting the implementation of CSOs' self regulatory initiatives and commitments to enhance their transparency and accountability.
- Further work on the IATI "country budget identifier" to facilitate the inclusion of aid information into partner country budget documents and processes.

Establish Common Fiscal Transparency Standards

- Establish transparent public financial management (PFM) systems that capture all forms of development resources
- Provide time-bound actions to improve fiscal transparency policies and practices (including public disclosure of revenues, budgets, expenditures, procurement and audits) as part of public financial management reform strategies.
- Strengthen capacities among stakeholders, including the executive, parliaments, audit institutions and civil society, to make better use of information for decision-making and to promote accountability.

Link Aid and Fiscal Transparency Frameworks

- Make transparent and accessible information about results so that parliaments and citizens – in both donor countries and in developing countries – can hold the government to account.
- Invite the private sector and civil society organisations to elaborate transparency and accountability mechanisms, and learn from their experiences and existing initiatives.
- Implement transparency commitments under the OGP initiative.
- Support the GIFT, which aims to promote standards on the quality of fiscal information that should be provided to the stakeholders, building on the International Monetary Fund (IMF) Code of Fiscal Transparency.

Sponsors:

Colombia, the Collaborative Africa Budget Reform Initiative (CABRI), the World Bank, Sweden, the European Commission, United Kingdom, United States, Denmark, Publish What You Fund, Transparency International, International Budget Partnership and about 40 countries (development partners and partner countries) and CSOs that are signatories and endorsers of the International Aid Transparency Initiative. This Building Block could result in the establishment of a Global Transparency Compact to serve as an umbrella platform that can provide for exchanging knowledge and leveraging information and action on the various interrelated initiatives.

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¹ All information presented in this concept note dates from 23 November 2011. Further revisions are possible. Final versions will be distributed during the corresponding sessions during the Fourth High Level Forum on Aid Effectiveness in Busan, Korea.

² The Global Initiative for Fiscal Transparency (GIFT) was launched by the International Budget Partnership (IBP) in July 2011. It aims to define standards on the quality of fiscal information that should be provided to stakeholders for improved engagement and accountability. It is supposed to be formally launched in Brazil in March 2012.

