Transparency and Accountability of International Cooperation in Colombia, Liberia and Sri Lanka

Practices of Brazil, China, Germany, India and the United States

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<th>ACRONYMS</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>AAA</td>
<td>Accra Agenda for Action</td>
</tr>
<tr>
<td>ABC</td>
<td>Brazilian Agency of Cooperation</td>
</tr>
<tr>
<td>APC</td>
<td>Agency for International Cooperation (Colombia)</td>
</tr>
<tr>
<td>BMZ</td>
<td>Federal Ministry for Economic Cooperation and Development (Germany)</td>
</tr>
<tr>
<td>CEPEI</td>
<td>Centro de Pensamiento Estratégico Internacional (Colombia)</td>
</tr>
<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
</tr>
<tr>
<td>ERD</td>
<td>External Resources Department (Sri Lanka)</td>
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<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FSPs</td>
<td>Fragile State Principles</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GEMAP</td>
<td>Governance and Economic Management Assistance Program (Liberia)</td>
</tr>
<tr>
<td>GIZ</td>
<td>Gesellschaft für Internationale Zusammenarbeit (Germany)</td>
</tr>
<tr>
<td>GTZ</td>
<td>Federal Ministry for Economic Development and Cooperation (Germany)</td>
</tr>
<tr>
<td>IATI</td>
<td>International Aid and Transparency Initiative</td>
</tr>
<tr>
<td>ITEC</td>
<td>Indian Technical and Economic Cooperation</td>
</tr>
<tr>
<td>KfW</td>
<td>Bank for Reconstruction (Germany)</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<tr>
<td>PRS</td>
<td>Poverty Reduction Strategy (Liberia)</td>
</tr>
<tr>
<td>PWYF</td>
<td>Publish What You Fund</td>
</tr>
<tr>
<td>TBD</td>
<td>To be determined</td>
</tr>
<tr>
<td>TI</td>
<td>Transparency International</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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</table>
ACKNOWLEDGEMENTS

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1. EXECUTIVE SUMMARY

At present, there are close to 4,000 aid relationships between traditional donors\(^1\) and partner countries. There are an additional 200 multilateral organizations and non-traditional donors engaged in similar aid relationships. As levels of Overseas Development Assistance (ODA) from traditional donor countries continue to rise, and as non-traditional donors increase their levels of aid and investment in other developing countries, concerns about the effectiveness of aid continue to mount. Transparency and accountability have been flagged as central to enhancing the impact of aid on beneficiary populations as well as in further enabling the participation of these populations in the long-term development of their respective countries\(^2\).

The objective of this study is twofold. The first objective is to develop a common assessment framework for aid transparency and accountability, based on internationally accepted standards as outlined in the Paris Declaration, the Accra Agenda for Action and most recently, the Busan Partnership for Effective Development. Drawing on this framework, the second objective is to undertake a comparative analysis of aid transparency and accountability practices among two traditional and three emerging donors in three conflict-affected countries. The two traditional donors are Germany and the United States. The three emerging donors are Brazil, China, India. And the three conflict-affected countries where field research is conducted are Colombia, Liberia and Sri Lanka.

Under the organizational leadership of Transparency International (TI), this study is undertaken in collaboration with a team from the Hertie School of Governance, working on a complementary study in Nepal. All research and conclusions will be guided by the following question: What are the accountability and transparency practices among selected traditional and emerging donor countries within the selected case study countries, and how do these practices compare to existing internationally recognized frameworks?

Over the course of this research, additional analysis and conclusions focused on the constraints associated drawing appropriate comparisons of emerging and traditional donors using these frameworks alone.

Mainly building on the groundwork laid by the Publish What You Fund Index (PWYF), research includes extensive desk research and primary interviews held during site visits to each country of study. Dozens of interviews were held in Colombia, Liberia and Sri Lanka with representatives from each respective Government, representatives from Embassies and donor institutions, media, local and international non-governmental organizations as well as academia among other areas.

In line with PWYF methodology, analysis of transparency-related questions focuses on publicly available documentation. Similarly, analysis of accountability-related questions focuses on ownership, predictability and mutual accountability of aid and international cooperation programs. Drawing on the entire aid supply-chain, donors' activities are analyzed from the early stages of program and project design and procurement through the later stages of project implementation and evaluation where relevant.

In conclusion, general findings and recommendations focused on donor-specific reforms, the comparative nature of transparency and accountability practices between emerging and traditional-donor aid cooperation as well as suggested areas for further research are outlined with the intention of informing both research and practice related to this increasingly important topic.

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\(^1\) Defined as members of the Development Assistance Committee and 23 multilateral agencies.
\(^2\) Busan Concept Note on “Aid Fragmentation.”
2. METHODOLOGY

This section presents the methodology guiding this study, focusing on the concepts of accountability and transparency as they pertain to bilateral aid relationships and development-cooperation practices. We first provide the definitions of key research terms (namely, accountability, transparency, traditional donors and emerging donors), then overview the steps and procedures behind our analysis: the selection of countries of focus, the core set of research questions utilized during field visits, data collection in the field, and several challenges met by the research team while conducting the study.

2.1 Development Cooperation

In the context of this study, international cooperation encompasses a broad range of activities involving a bilateral exchange or allocation of resources between states. The first major step of this research was to define what constitutes “development cooperation” to guide further analysis of the practices associated with its implementation. Subsequently, we explore a variety of distinct models and platforms that exist in today’s aid landscape and, to the extent possible, engage in the analysis of donor transparency and accountability practices within the context of each.

This study distinguishes between two different categories of donors: traditional and emerging. Traditional donors comprise the 23 members of the Development Assistance Community (DAC) of the Organization for Economic Cooperation and Development (OECD). While traditional donors offer diverse individual definitions of what constitutes development cooperation, the DAC provides a standardized definition of ODA as “official financing administered with the promotion of economic development and welfare of developing countries as the main objective.”

ODA is concessional in character and excludes other elements of international cooperation such as military assistance, cultural exchange, and commercially focused activities.

Non-DAC donors, often termed emerging donors, share a much broader set of organizing principles defining international cooperation, known as South-South cooperation. This may encompass cooperation in the areas of trade, investment and technology transfers where the relationship is characterized by, inter alia, non-interference and equality among exclusively government partners. Non-DAC donors are a heterogeneous group with a range of reporting structures and overarching aid policies. As a result, financial estimations of the size of their development cooperation range from $11 to $41.7 billion. This report will refer to Brazil, China and India under the broad category of “emerging donors,” whereas the United States and Germany will be referred to as “traditional donors.”

4 Described by OECD as “countries that have relatively new, or recently revived, aid programmes.” OECD-DAC, “Beyond the DAC. The Welcome Role of Other Providers of Development Co-operation,” Issue Brief, May 2010.
5 The OECD lists South-South cooperation providers as Brazil, China, Taiwan, Colombia, Egypt, South Africa and Thailand (Ibid, OECD 2010).
2.2 Accountability and Transparency

For the definition of accountability, in the context of development cooperation, this report draws on the definition adopted by the Paris Declaration. In this respect, the concept of accountability rests on the understanding that public organizations are responsible for properly carrying out their functions. As outlined in the Paris Declaration and the Accra Agenda for Action (AAA), it is multidimensional and includes several interrelated elements: (1) mutual accountability, (2) domestic accountability institutions, (3) broad based democratic ownership, and (4) country leadership and capacity development. This study focuses on mutual accountability and its constituent parts of reaching agreement on shared agendas, monitoring progress, and holding dialogue.

Transparency can be evaluated at all levels of aid-related policy, information and data, to the extent that each is made publicly available in a comprehensible, accessible, and timely manner. This implies government disclosure of information, rules, plans, processes and actions. According to the OECD, mutual accountability comprises a process characterized by a shared agenda, a monitoring framework, and dialogue and negotiation. Providers of South-South cooperation have recognized in several forums “the need to enhance development effectiveness of South-South cooperation through mutual accountability.”

Both transparency and accountability have come to the forefront of the aid reform agenda as prerequisites for aid effectiveness over the past decade. Recognized through multilateral commitments in the Paris Declaration (2002), AAA (2008) and the Busan Fourth High Level Forum on Aid Effectiveness (2011), a growing international consensus acknowledges that these principles can improve aid’s impact. The Accra Agenda for Action sets out commitments on transparency, predictability, conditionality and complementarity with the objective of enabling recipients to make more “effective, efficient and accountable use of aid.” Outcrops from these agreements, such as the Publish What You Fund (PWYF) index and the International Aid Transparency Initiative (IATI), aim to further these principles through monitoring and measuring the degree to which they have been upheld.

However, assessing donor practices at the country and project levels requires vast investment in time and resources, and consequently donor-oriented reporting mechanisms are more frequently solicited to provide relevant information. Despite recent improvements in public access to aid data for both traditional and emerging donors, comparable and comprehensive information on foreign aid remains scarce relative to its size.

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10 “Ownership and Accountability: Focal points,” OECD, 2012: http://www.oecd.org/document/36/0,3746,en_2649_3236398_43387492_1_1_1_1,00.html
16 OECD, “Transparent and Responsible Aid,” http://www.oecd.org/document/43/0,3746,en_2649_3236398_43385067_1_1_1_1,00.html.
17 Pilot Aid Transparency Index, Publish What You Fund (PWYF), 2011; Aid Transparency Assessment, PWYF, 2010.
2.3 Country Selection Methodology

This study’s selection of donors and recipient countries whose practices stand at the center of this analysis result from the criteria proposed by Transparency International. Three selected recipient countries – Colombia, Liberia and Sri Lanka – are all categorized as conflict-affected states, but each falls in a different place along the spectrum of conflict sensitivities and considerations. The extent to which each is affected by conflict differs, ranging from an internal armed conflict (Colombia) to a full-blown civil war (Liberia); while some conflicts have been placed firmly in the past, others are still active. There are vast differences among recipient countries in state and institutional capacities related to governance and civic engagement. Colombia, Liberia and Sri Lanka occupy somewhat incomparable positions in both regional and global economies, and are located on three separate continents. The utility of examining donor practices across such varied contexts is assumed to provide a greater degree of certainty when practices are found to be consistent across otherwise divergent contexts.

This study focuses on two traditional donors, United States and Germany, and three emerging donors, Brazil, China and India. Donors were selected based on the volume of aid flows to recipient countries in addition to two basic objectives: (1) identifying actors with a significant presence in recipient country, and (2) in most cases, selecting those that allowed a cross-country comparison. Of the emerging donors, only Chinese cooperation is examined in all three recipient countries. India is examined in Sri Lanka and Liberia. Brazil is examined only in the context of Colombia. Both traditional donors are examined in all three recipient countries.

Summary of Donor Selection

<table>
<thead>
<tr>
<th>Traditional donors</th>
<th>Emerging donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>China</td>
</tr>
<tr>
<td>United States</td>
<td>India (not considered in Colombia)</td>
</tr>
<tr>
<td></td>
<td>Brazil (only considered in Colombia)</td>
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</tbody>
</table>

2.4 Research Framework

This study utilizes data gathered through field research to assess the transparency and accountability practices among five donors (in the context of development cooperation), with research conducted at the national level of recipient countries. Investigation of bilateral cooperation largely corresponds with ODA frameworks to increase the level of comparability among otherwise disparate donor practices and guiding

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18 A broad definition of state capacity is “the professionalization of the state bureaucracy, its ability to protect property rights and make credible commitments to private investors, as well as its ability to raise revenue from the society” (Mauricio Cardenas, “State Capacity in Latin America,” Brookings Institute, April 2010). Many proxies can be used to assess state capacity. The World Bank and International Finance Corporation provide an aggregate indicator ranking the conduciveness of a country’s regulatory environment for business (with 183th being the worst) where Colombia ranks 42, Sri Lanka 89 and Liberia 151 (“Doing Business,” June 2011, http://www.doingbusiness.org/rankings). TI provides its 0-10 corruption index ranking (with 10 being the “cleanest) where Colombia scores 3.4, Sri Lanka 3.3, and Liberia 3.2 (“Corruption Perceptions Index 2011, http://cpi.transparency.org/cpi2011/results/).

19 This selection was based on available 2005-2010 OECD statistical data for traditional donors and desk research for non-traditional donors. This was however difficult to ascertain in advance for emerging countries such as India who we found, upon beginning field research, had a low volume of development cooperation in Liberia.

20 This comparability aspect includes having countries in common across all three countries of study, and in addition, in common with our partner student team at Hertie School of Governance in Berlin looking at Nepal.
principles of cooperation. However, in cases where such frameworks are non-representative of aid relationships – in particular, where they exclude vast segments of emerging-donor practice\(^21\) – we draw on terms of development cooperation as they are defined by the recipient governments, while attempting to outline where ODA definitions are insufficient. This enables a platform for analysis that accounts for diversity in mechanisms of cooperation, while maintaining a comparable understanding of development assistance across donors and recipients.

Research questions and subsequent indicators are based on international principles cultivated by the Paris Declaration and the Accra Agenda for Action. Specific questions draw on a combination of forward-looking agreements outlined in these agendas as well as the Publish What You Fund (PWYF) index.\(^22\) A set of selected core indicators address donor alignment with transparency and accountability practices in five thematic clusters: strategy development, project design, project execution, and monitoring and evaluation (M&E). Two additional questions address aid modalities as well as the volume and availability of aid flows.

Fifteen questions below served as the baseline for comparative research in each recipient country of focus. These questions were qualified by several sub-questions with the intention of mitigating the loss of information or context against the backdrop of highly diverse cultural, political and social environments.\(^23\) This was done to ensure that responses could be accurately and confidently discussed in comparison to one another.

**Overview of Core Research Questions**

<table>
<thead>
<tr>
<th>Background questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How much total ODA was effectively disbursed in calendar year 2010?</td>
</tr>
<tr>
<td>2. What are the main modalities used in [donor]’s operations in [recipient]?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy development</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Does [donor] publish the country strategy paper for [recipient]?</td>
</tr>
<tr>
<td>4. Does [donor] publish forward planning budget or documents for the institutions they fund in [recipient] for the next three years?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy design</th>
</tr>
</thead>
<tbody>
<tr>
<td>5a. Does [donor] use participatory mechanism to involve local/national stakeholders?</td>
</tr>
<tr>
<td>5b. Does [recipient] government use participatory mechanism to involve local/national stakeholders?</td>
</tr>
<tr>
<td>6. Does [donor] publish aid allocation policies and procedures?</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Project execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Is there an online publicly available project database for [recipient]?</td>
</tr>
<tr>
<td>8a. Does [donor] have a policy/protocol on mutual accountability?</td>
</tr>
<tr>
<td>8b. How are mutual accountability protocols determined and upheld within [recipient]?</td>
</tr>
</tbody>
</table>

\(^{21}\) The overwhelming share (up to 99 percent) of Chinese assistance to Sri Lanka is in the form of loans, which, unlike grants, are alternatively described as foundations for purely commercial activities (Chinese officials) or as development cooperation (official sources of the government of Sri Lanka and external analysis of Chinese-Sri Lankan relations). In particular, the External Resources Department of the government of Sri Lanka consistently classifies loan-funded projects as falling within the domain of international development cooperation. The interest rate of such loans could not be identified.


\(^{23}\) Sub-questions included more specific indications for each country research team on what elements to investigate for each indicator.
### Monitoring and evaluation

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>9a. Does [donor] monitor and evaluate the implementation of operations at the project level?</td>
<td></td>
</tr>
<tr>
<td>9b. Does [donor] monitor and evaluate the implementation of operations at the national level?</td>
<td></td>
</tr>
<tr>
<td>10. Does [donor] publish the evaluations of its aid programs in [recipient] country?</td>
<td></td>
</tr>
<tr>
<td>11. Is there a public forum where the results of monitoring and evaluation are discussed with the civil society?</td>
<td></td>
</tr>
<tr>
<td><strong>Concluding question</strong></td>
<td></td>
</tr>
<tr>
<td>12. How are disagreements dealt with between [donor] and [recipient]?</td>
<td></td>
</tr>
</tbody>
</table>

### 2.5 Data Gathering

The initial phase of desk research included the development of common research indicators listed above and the analysis of publicly available information and data on donor practice related to each, undertaken through internet research and literature reviews. Additionally, research on overall aid architecture and on conflict sensitivities in each recipient country was incorporated into comparative country research frameworks.

During the field research phase, a questionnaire derived from common research indicators and clarifying sub-questions served as a framework for semi-structured interviews with a variety of stakeholders related to international cooperation. A total of 35 interviews were held in Colombia between January and March 2012. Additionally, in March 2012, a total of 16 interviews were held in Sri Lanka and 31 in Liberia. Interviewees included public officials from recipient countries, embassy officials from donor countries, aid operators contracted by donor governments, representatives from both local and international NGO communities, the local media, as well as researchers and academics. Diversity in interviews is an important feature of this research to allow for triangulation and subsequent validation of information reported through official government channels.

Research was compiled and organized into standardized research notebooks, disaggregated by donor and recipient country (12 notebooks in total). A general scoring system allowed to classify compliance with relevant indicators as full, partial or lacking. Finally, research notebooks for each donor were consolidated into donor-specific notebooks, outlining overall findings and analysis of each respective donor across recipient countries.

### 2.6 Methodological Limitations

Research limitations can be clearly outlined in three general areas. First, the cross-country scope of this study has been continuous challenged by an overall lack of comparability between aid modalities of diverse donors, their documentation practices and operational contexts as well as the highly limited information on the practices of some emerging donors. These challenges subsequently inhibit the capacity to present conclusive and widely generalizable findings. Research on the specific conflict histories and contemporary sensitivities as each relates to development cooperation in recipient countries was limited to general terms and overarching themes.

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24 Please refer to Annex 2 for a full list of interviews.
25 However, open-ended questions, such as donor aid modalities, did not allow for this scoring scale.
26 Refer to Annex 1 for consolidated research notebooks focusing on each of the donor countries analyzed.
Second, while transparency and accountability are framed as positive normative principles, their operationalization may incur significant yet largely unconsidered costs. For example, promoting the initiation of more rigorous monitoring and evaluation programs by recipient countries assumes that the costs borne by such reforms are outweighed by the benefits, which may not be true in low-income economies emerging from conflict. This simultaneously affects the degree to which donor compliance to recipient government strategies is a realistic prospect.

Most significantly, it must be stated that this study’s framework of analysis demonstrates a “normative bias” towards countries that have themselves championed both the momentum and subsequent design of principles defined in the Paris Declaration and the AAA. Thus, an apparent lack of compliance of emerging donor practice with certain principles does not necessarily translate to a lack of commitment to these principles. For example, the centuries-old partnership between India and Sri Lanka builds on informal cooperation mechanisms despite the lack of publicly available protocols. To offset such biases, this study strives to consider conceptual alignment of emerging donors towards the spirit of principles of transparency and accountability outlined most recently in Busan.

Overall, due to the variation in donor practice across countries, this study recognizes that its findings lack a significant degree of external validity and thus suggest areas for further research as part of general conclusions.
3. ANALYSIS OF OVERALL FINDINGS

This section presents the principal findings of this study. There are two general themes discussed: elements surrounding the nature of ODA and, more specifically, the principles surrounding transparency and accountability as practiced by the five donors at the core of this study: Germany, the US, China, India and Brazil. This section examines practices relative to one another as well as how each does or does not align with internationally recognized principles as defined in this study’s framework.

3.1 Nature of ODA

Challenges in Applying the ODA Definition to Practices of Emerging Donor

A well-documented aspect of international cooperation as practiced by emerging donors is its inconsistency with the ODA definition of the OECD. In the emerging donor countries analyzed, the practices of Brazil, China and India supported this observation. The most significant example in the countries studied was China’s cooperation in Sri Lanka, in which only a small fraction of its development-related assistance could be classified as ODA. In general, neither the China nor the OECD (of which China is not a member) defines Chinese international cooperation and investment in ODA-related terms. Brazil’s technical cooperation with Colombia equally illustrates the “gray area” between, for example, capacity-building initiatives and commercially focused projects. Brazil developed a slightly different definition which takes into account only grants, and does not recognize concessional loans as a form of ODA, therefore computing only total non-reimbursable funds provided.

Discrepancies in Aid Pledged and Aid Disbursed

While publishing data on aid commitments and disbursement amounts is evidence of a commitment to transparency in foreign aid and international cooperation transactions, the reported flaws with this system are found in discrepancies between aid amounts pledged and received. While this scenario was not reported as a permanent characteristic of published data, several instances were referenced regarding both the United States and Germany. This issue was rarely reported for emerging donors, as publicly available data on aid and cooperation transactions is scarce, if present at all.

Because aid commitments and ODA are numbers published prior to the fiscal year of disbursement, actual levels of disbursement are available only by crosschecking with various government agencies that act as fund recipients. This was best documented in Colombia where an official congressional inquiry into the topic had been launched.27 Explanations include the lack of transparency around salaries and benefits of international aid implementers, but the most likely explanation of this discrepancy derives from the transaction costs incurred during the transfer of development assistance from the donor to the beneficiary. Throughout the aid supply chain, stages are successively outsourced with international organizations or contracts. This is the case with the U.S. and, to a lesser extent, German development agencies that allocate funds to international contractors from their respective countries. Incurred administrative costs and the subsequent use of local organizations to implement the project cause further inefficiencies.

The aid allocation process, from the perspective of Germany and the United States, is structured in a way that privileges organizations and companies as intermediaries of administering and implementing aid

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27 This followed a study conducted by the Bogota-based think tank CEPEI in which it alleged that, based on figures reported by the OECD and the Colombian government, an estimated $400 million of pledged foreign assistance had gone unaccounted. Interview: Philipp Schönrock, Director, CEPEI, Colombia, March 2012
programs as all German technical cooperation is channeled through GIZ, while the United States’ work is almost exclusively executed through international organizations or U.S. contractors.\(^{28}\) There are concrete efforts in the field and at headquarters to reform this practice on the part of USAID,\(^ {29}\) including a recent commitment to source up to 30 percent more goods locally,\(^ {30}\) yet a wholesale shift in these institutionalized practices appears to be a bureaucratically intensive process that will likely take time. In addition, the extent to which the use of contractors can be reduced is contingent on the capacity of local government institutions, NGOs, and notably the field offices of donor development agencies to manage these changes. These intermediaries, while accountable to domestic populations in recipient countries and recipient governments as per the terms of agreements, are most accountable to the donor.

The fragmentation of aid through different channels constitutes another explanation for the observed discrepancy. Bilateral cooperation represents just one component of the multitude of actors in the development-cooperation landscape. In some cases, donors directly support local NGOs without informing the recipient government. Apparently, this lack of transparency is justified by the context of post-conflict volatility and the possibility of political persecution vis-à-vis the NGOs.

Another explanation is that aid figures include amounts committed for multi-year projects whose budget allocations are reduced over the project lifetimes.\(^ {31}\)

### 3.2 The Context of Development Cooperation

#### Geopolitical Complexity

Over the course of this study, many bilateral relationships were found to be driven by an array of considerations, some related and others unrelated, to the recipient development objectives. Research and field interviews indicate that factors such as diplomacy and geopolitics are strong drivers in determining the nature of foreign assistance and international cooperation partnerships. Despite apparent commitment to international principles, bilateral relationships are oriented by pragmatism that responds to donor national interests. In every model observed, the decision to support a specific sector is based on the convergence of donors’ interests and recipients’ needs. In particular, these patterns bring notable repercussions for principles of mutual accountability, power asymmetries in project design, and overall dispute resolution. In such cases, the frameworks through which transparency and accountability are examined may likewise become distorted.

Nonetheless, despite this similar behavior, traditional and emerging donors seem to diverge in relation to their priorities. While traditional donors clearly focus on conflict-related projects, emerging donors tend to avoid engaging in projects of this nature. This difference should not be interpreted as the absence of a political agenda for any donor in particular. In any case, donors’ position is associated with key determinants of their foreign policies.

In Sri Lanka and Colombia in particular, the international cooperation landscape was strongly politicized, shaping the nature of individual bilateral relations and ultimately affecting partners’ compliance with

\(^{28}\) Interview: Peter Hauschnik, GIZ, Colombia, March 2012.

\(^{29}\) For example, USAID in Colombia aims to raise its direct funding of NGOs and government institutions to 35 percent by 2014; Interview: USAID, Colombia, March 2012.


\(^{31}\) A related example is KfW’s financial cooperation programs in Colombia, which apparently has been stalled by legal issues and therefore unable to be disbursed as pledged.
Paris Declaration accords. Sri Lanka currently benefits from an influx of development assistance provided in the form of loans by China, a dominant regional actor that played an integral role in supporting the Government at the close of the civil war, emerging as the preferred cooperation partner.\(^{32}\) India has in turn expanded its development budget, swayed by ethnic ties with communities in conflict-affected areas\(^{33}\) as well as concerns over China’s newly dominant position.\(^{34}\) These recent developments have expanded the scope of Indian development modalities employed in Sri Lanka. Such external variables are able to redefine the dominant arrangements of mutual accountability and stakeholder engagement.

**Conflict Dimension and its Impact on Donors and Recipients**

The fact that recipient countries are all affected by recent conflict (through to a different extent) shapes the nature of development cooperation. In each recipient country, traditional donors explicitly focused development assistance on conflict alleviation, reconciliation and human-rights-related projects.\(^{35}\) In contrast, emerging donors have no programming that explicitly addresses the conflict-reconciliation dimension.\(^{36}\) For instance, while active in other security-related settings such as Haiti, Brazil does not support any peace building or conflict-sensitive initiatives in Colombia, rather framing its cooperation as implicitly creating conditions for peace.\(^{37}\) In Liberia, China is most recognized for its political courtship through non-reimbursable infrastructure development. And in Sri Lanka, at the behest of the government, China plays an active role in loan-funded infrastructure development in several regions of the country.

Furthermore, post-conflict environments are charged with lingering internal and external tension. In these environments, the willingness and capability of governments to articulate national priorities most conducive to reconciliation and reconstruction is key for aligning donor strategies as well as for enabling recipient-country ownership of programs and projects. Depending on the role of the government within the conflict itself, this alignment may have mixed results.

This is illustrated in Sri Lanka, where in addition to the domestic pressure to ensure rapid reconstruction and economic rebounding, the current government is facing pressure from the international community to address violations of international law committed in the last stages of the civil war, in which the government stands as the accused party.\(^{38}\) This factor casts a shadow over all angles of Sri Lanka’s bilateral relations with the United States as well as with several other traditional donors, heavily impacting the structure and tone of the development partnership. USAID in particular is seen as the donor

\(^{32}\) China provided arms on credit to Sri Lanka in response to a request by the Sri Lankan government. For China, the stake is in acquiring greater contracts, and if that related to conflict-dynamics (or further affects them), China’s pursuit of those contracts appears to be a response to partner governments. “Sri Lanka Case Study” in Ivan Campbell et al., *China and Conflict-Affected States* (London: Safeworld, January 2012).

\(^{33}\) Interview: Analyst and former senior official of the Ministry of Finance, Sri Lanka, March 2012.

\(^{34}\) Interview: Officials of the High Commission of India in Colombo, Sri Lanka, March 2012.

\(^{35}\) The U.S. and Germany supported peacebuilding and security-related programs, particularly Colombia.

\(^{36}\) A possible exception is India’s assistance to the northern and eastern regions of Sri Lanka, though these initiatives are largely shaped by the deep ethnic ties between these regions and India. (Thus the regions’ post-conflict environment is not the only determining factor of India’s assistance.)

\(^{37}\) Interview: João Cristofolo, Councillor, Embassy of Brazil to Colombia, March 2012

\(^{38}\) In March 2011, a United Nations (UN) appointed panel of experts reported that it had found “credible allegations, which if proven, indicate that a wide range of serious violations of international humanitarian law and international human rights law was committed both by the [the government of Sri Lanka] and the [Tamil Tigers], some of which would amount to war crimes and crimes against humanity.” According to the report, this included indiscriminate Government shelling of areas where large amounts of civilians were trapped and the systematic shelling of No Fire Zones, hospitals and humanitarian operations despite detailed knowledge of their location. The report also notes that some suspected LTTE members were summarily executed, while others disappeared. “Report of the Secretary-General’s Panel of Experts on Accountability in Sri Lanka – March 2011,” UN Secretary-General, UN, 2011, ii.
with an “agenda” and an “ideology” that falls outside of the narrow scope of economic and infrastructural rebuilding set forth as Sri Lanka’s primary development agenda. This tension leads to a substantially less collaborative relationship with the government counterpart, the External Resources Department (ERD). In sharp contrast to the United States, the pillars of Chinese development cooperation – “non-interference” and “non-conditionality” – make it the preferred development partner there. These factors encumber the development partnership between the U.S. and Sri Lankan government, while giving rise to a growing number of large-scale rapidly progressing infrastructure-development initiatives financed by China.

Similarly in Colombia, projects developed by Brazil and China do not explicitly address themes of violence or conflict. The Colombian government in fact only recognized recently that it was facing an “armed conflict” rather than a terrorist threat posed by armed groups. Indeed, in contrast to the Sri Lankan case, the government shifted its position vis-à-vis its internal instability in line with what traditional donors had deemed an internal context of violence. In other words, Colombia illustrates how donor aid policy can impact and shape debate at the national level.

**Donor Domestic Politics**

Domestic politics in donor countries play a large role in the ability to carry out a consistent policy over time and ensure a base level of budgetary predictability for recipient governments. In general, despite long-term aid commitments, annual disbursements are often subject to congressional or parliamentary approval in donor countries.

For traditional development players, realignment of domestic political balance, such as shifts between Democratic versus Republican-dominated Congress in the United States, have been referenced as reshaping priorities of development aid, most notably in Colombia. Colombia’s ability to confirm a three-year forward planning budget for its key development partner, the United States, is constrained by a changing Congress. Similarly in Sri Lanka, a common sentiment expressed by development experts in answering the question of whether the United States is accountable is both “yes and no,” because its accountability is heavily focused towards its domestic constituents rather than the populations of the countries it assists – in this case, Sri Lanka.

For nontraditional donors such as Brazil and China, their status as emerging economies fundamentally shapes both the substance and scope of their aid programs, often framed in significantly different terms from aid cooperation as understood by the DAC.

**South-South Perspectives on Paris Declaration Principles**

A common sentiment expressed with regard to bilateral relationships involving emerging donors is whether and how the Paris Declaration principles and their subsequent protocols should be incorporated

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42 Interview: Philipp Schönrock, Director, CEPEI, Colombia, March 2012.
into the established South-South relationships. A case in point is India’s relationship with Sri Lanka, where today’s development cooperation builds on a lengthy history of bilateral relations and ethnic ties. A Sri Lankan government official, for example, wondered about the expediency of formalizing mechanisms of information sharing between the two countries, stating that “the arrangements are already there” and serve their function well.\(^{45}\) Similarly, while China incorporates some of the elements of the Paris Declaration in the objectives it highlights in its official statements, it never refers to them explicitly and chooses instead to describe its activities as an “effective and beneficial supplement to South-North cooperation.”\(^{46}\) Officially, Brazil is more committed to following the principles identified in the Paris Declaration and its subsequent protocols but still has not ratified or signed them.

### 3.3 Overview: Results of Assessment Frameworks

Below is a compilation of the results analyzing the degree of compliance of each donor with different components of transparency and accountability protocols. The color codes are assigned as follows:

- **Green**: mechanisms are fully established, and compliance with the principles identified by associated indicators is strong.
- **Yellow**: donors have mechanisms in the process of being developed or exhibit partial compliance with principles identified by the associated indicators.
- **Red**: donors have no mechanisms in place or do not comply with principles identified by the associated indicators.

#### Summary of Compliance with Accountability and Transparency Indicators

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<th>TRADITIONAL DONORS</th>
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<td>M&amp;E - public forum</td>
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Earlier findings elaborate on the limitations associated with this framework: namely, that structural approaches to international cooperation undertaken by emerging donors are less conducive to the same measurements of transparency and accountability indicators that can be applied to traditional donors. The resulting framework therefore conflates the lack of access to publicly available information with the lack of compliance by emerging donors for many of the indicators.

The following sections on *Transparency* and *Accountability* offer more detailed insight on the specific nature, practices and degrees of associated compliance across the indicators listed above.

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\(^{45}\) Interview: Velayuthan Sivagnanasothy, former director general, Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation of Sri Lanka; currently Secretary, Ministry of Traditional Industries and Small Enterprise Development; March 2012.

3.4 Transparency

According to the Paris Declaration and the Accra Agreement, transparency constitutes a key component to properly assess international cooperation and aid provision. However, despite its reiterated relevance, this concept has been broadly defined by the international community. Instead of prescribing a clear set of practices, transparency is defined as the environment in which information regarding international aid is provided to the public in a comprehensive, accessible and timely manner. In addition, the Paris Declaration makes direct association between transparency and public financial management, which implies an emphasis “on the public disclosure of revenues, budgets, expenditures, procurement and audits.” Based on this premise, transparency is evaluated based on the degree to which information and data, as well as aid-related policies, are made publicly available. This entails government disclosure of information, rules, plans, processes and actions. Nonetheless, due to the lack of clarity in relation to which practices fulfill this goal, assessing countries’ procedures constitutes a challenge. In light of this difficulty, the research focused exclusively on the availability of information referring to fund allocation and the publication of aid policies, procedures and project-related documents.

Since the public availability of documentation is perceived as a core component of transparency, desk research and field interviews point to the conclusion that the traditional donors are generally more transparent than the emerging donors in publishing their total aid commitments. Information on the amount of aid disbursed to Colombia, Liberia and Sri Lanka by the traditional donors can be found in the OECD/DAC Creditor Reporting System database. In contrast, details of total development assistance disbursed by emerging donors are not easily available since India, China and Brazil do not report their aid flows to the OECD/DAC. Furthermore, information on aid-related policies and procedures as well as project implementations of the selected emerging donors remains scarce.

Even though emerging donors apparently lag behind in making documentation publicly available, this group of countries has developed an alternative set of procedures that partially fulfill this principle, for instance, periodic bilateral consultations and ministerial meetings. In this sense, the lack of information uploaded online does not imply that recipient countries are not periodically informed about the allocation of resources and the status of the implementation of the projects.

Indicators of Transparency across Donors

Reported Funds

Although traditional donors have apparently consolidated a publicly available reporting system, different sources have reiterated the existence of inconsistencies, in particular regarding discrepancies between the total amount of aid reported through OECD/DAC and the amount effectively transferred to the receipt country. The United States, which remains the largest donor in Colombia and Liberia, reported different ODA figures in all three countries from those reported by the recipient governments. In both Colombia and Liberia, government officials stated that the funds actually received amount to almost 30 percent less than the ODA numbers. For Germany, the discrepancies in the amount reported appear to stem from

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48 Paris Declaration, paragraph 24, p. 20.
51 Interviews: John B. S. Davis, former Comptroller General, Ministry of Finance, currently CEO of Liberian Bank for Development and Investment; Thomas Nah, Country Director, Center for Transparency and Accountability in Liberia, Match 2012.
incomplete aid-disbursement reporting to the government, particularly in the case of Liberia. While Germany reports the volume of its aid commitments to Colombia and Sri Lanka (defined as funds for development cooperation\textsuperscript{52}) on the BMZ website, details on the volume of disbursements are not available.

With respect to emerging donors, all three countries of focus (Brazil, China and India) lack a publicly available reporting system. China, whose foreign aid provision emerged as a model with its own characteristics, does not make publicly available figures on its consolidated development assistance in the three countries analyzed. Chinese development assistance itself is not clearly defined by the official governmental sources, nor does it fall under the OECD definition of ODA and thus cannot be tracked in that fashion.\textsuperscript{53} Further, Chinese aid statistics are complicated by investment cooperation data that appear at a regional level only, as is the case in Colombia.\textsuperscript{54}

This is also the case for India, which does not make publicly available a consolidated amount of its foreign development assistance. The closest proxy of India’s estimated development assistance is the amount extended under the technical cooperation framework, reported by the Ministry of External Affairs. Loan assistance provided through India’s Export-Import Bank under credit lines, a tool growing in importance, is not reported under the Ministry’s annual budget. As such, the figures of aid flow reported by India and the recipient country do not correspond with each other. Brazil, which is only present in Colombia, also does not make publicly available the total amount of its aid disbursement.

**Disclosure of Aid Policies, Procedures and Other Aid-related Documents**

Information on U.S. foreign aid is publicly available on many aspects of its development assistance. U.S. foreign aid is predominantly channeled through the U.S. and international contractors, as well as international organizations and local NGOs. Only in Colombia, which displays a high level of state capacity, the U.S. foreign aid is partially disbursed through the national government, which implies a higher degree of transparency between governments. With regard to USAID’s work, information on aid-related policies and procedures can be found online which include: list of projects under implementation, their objectives and results,\textsuperscript{55} selected M&E reports,\textsuperscript{56} and general financial and strategic parameters of engagement with each country.\textsuperscript{57} Top-level documents guiding USAID operations in each country are shared internally but not made publicly available.

For Germany, aid allocation principles and strategies are formulated by the BMZ in terms of geographic and technical priorities (what sectors and what countries will be supported, and for what rationale).\textsuperscript{58}

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\textsuperscript{52} Volume of German development cooperation per annum is defined as “funds for development cooperation per year (Technical and Financial Cooperation) committed by the Federal Republic of Germany under intergovernmental agreements.” “Sri Lanka, Country Information,” BMZ, \url{http://www.bmz.de/en/what_we_do/countries_regions/asien/sri_lanka/profile.html}

\textsuperscript{53} “White Paper on China’s Foreign Aid,” Information Office of the State Council, People’s Republic of China, April 2011

\textsuperscript{54} Ibid.

\textsuperscript{55} These details are made publicly available on the websites of respective USAD missions in the three countries.

\textsuperscript{56} The Development Experience Clearinghouse (DEC) database serves as a source of details on some of the projects, by making publicly available project reports, but it is not a comprehensive collection of every project and every report recently published. “Development Experience Clearinghouse,” USAID, \url{http://dec.usaid.gov}

\textsuperscript{57} These details are disclosed in the Congressional Budget Justification reports published by USAID every year.

\textsuperscript{58} BMZ “lays down the long-term strategies for cooperation with the various actors involved and defines the rules by which these are translated into practice.” “Evaluation of the Implementation of the Paris Declaration: Case Study of Germany,” BMZ, April 2008.
However, no country-specific policies for Colombia, Liberia and Sri Lanka are publicly available. There are also no conditions explicitly written into Germany’s activities in the three countries studied.

Similarly, Brazil does not make the cooperation sectors that it prioritizes publicly available. This may be explained by reasonably limited experience and insufficient means. However, information on aid allocation policies is available upon formal request.

China considers its foreign aid to fall into the category of South-South cooperation and as such has resisted being considered according to the traditional aid hierarchy. Among the three countries studied, it appears that China’s policies and mechanisms for cooperation vary. However, they are never published or made publicly accessible online or in print.

India, which only has significant presence in Sri Lanka, does not have a specific country strategy document for development assistance. There is also no publicly available document for aid allocation policies focused specifically on Sri Lanka. It appears that the specificities of aid allocation are articulated at top-level negotiations (i.e. joint declaration). Nevertheless, an overview of the aims and focus areas of its “development partnership” is available online.

The Role of the Recipient Government (State Capacity)

The recipient government plays a key role in enabling donor countries to establish and enforce transparency practices. As a result, the strength of state capacity has a significant impact on ensuring donor compliance with government-oriented reporting mechanism. State capacity influences levels of donors’ transparency in disclosure of information, policies, processes and implementations in a comprehensible, accessible and timely manner.

It appears that the state capacity influences the two groups of donors in the levels of transparency. While traditional donors fulfill transparency in the broad sense through disclosure of information and data on the amount of development assistance, there is a lack of transparency in regard to the actual figures the recipient government receives. This also pertains to the disclosure of the amount of aid allocated for overhead costs and aid-related policies. Emerging donors in particular fall short in providing the amount of aid disbursed and aid-related policies, which is largely explained by the interpretation of development cooperation and may encompass cooperation in the areas of trade and investment.

In theory, institutional capacity of national actors determines the relation between donor and recipient country. Yet this assumption has certain limitations, heavily depending on the collaboration of cooperation agencies. For instance, Liberia, which has the weakest capacity among the three countries, has put in place several policies, such as the Public Financial Management Law and the National Policy

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59 ABC is cited as being understaffed despite the growing number of technical cooperation projects, which leaves a large proportion of contracts to be managed by Ministry of Foreign Affairs and Embassy staff. See “Brazilian technical cooperation for development: Drivers, mechanics and future prospects,” Overseas Development Institute, 6 September 2010, p. 9: http://www.odi.org.uk/resources/docs/6137.pdf

60 These variations are strongly influenced by the context of the bilateral relationship that may not be directly related to development. In Sri Lanka, for example, the structure of the relationship is shaped by factors such as China’s role in the final stages of the civil war (arms sales) and Sri Lanka’s strategic significance for China.

61 Interview: officials of the High Commission of India in Colombo, March 201.2

62 The Public Financial Management Law, which was enacted in 2009, is one of several tools generated by the Government of Liberia to strengthen its financial management system, aimed at enhancing transparency and accountability, and fighting corruption.
on NGOs.\textsuperscript{63} These policies require spending agencies benefiting from donor funding to report aid flow not channeled through the national budget to the Ministry of Planning and Economic Affairs. However, some donors, especially the traditional ones, remain reluctant to sanction the submission of such information by their implementing partners, or else fail to fully disclose all information related to their funding, while it also appears that the data is not always reliable.\textsuperscript{64} In Liberia, for example, figures reported by the government and donor countries do not match. Despite constant visitation by officials of the Aid Management Unit of the Ministry of Finance, some donors thus far have yet to provide actual disbursement reports and a country strategy paper, notably China.\textsuperscript{65} China usually reports its aid flow outside of the data collection template of the Ministry of Finance.\textsuperscript{66} As such, China’s aid information is largely limited to the basic characteristics of their projects and does not include their cost.\textsuperscript{67} As a whole, the issue that pertains to Liberia is not the inexistence of relevant documentation, but rather the weak implementation and enforcement of these policies.\textsuperscript{68}

The Impacts of State Capacity by Country

In Sri Lanka, which has recently reached the middle-income status despite suffering a protracted civil war, government institutions engaged in development cooperation are in flux as result of ongoing reforms. The overall trend, however, is toward greater country ownership and strong emphasis on a new development strategy articulated by the current administration. State capacity, in terms of both human and institutional resources, is relatively well developed, although the ongoing reforms – that intend to put each development-cooperation project through a complex inter-agency network of design negotiations, approvals, and subsequent reporting mechanisms – may undercut their intended impact by creating bottlenecks.\textsuperscript{69} Where recipient-country practices hinder compliance with accountability and transparency principles in Sri Lanka, it is the reluctance of the key counterpart, the External Resources Department, to articulate and enforce official and universally applicable procedures for donor engagement. Instead, the country strategy with Germany has not been negotiated since 2006 (assistance is provided on a project-by-project basis),\textsuperscript{70} and USAID is subject to heightened scrutiny,\textsuperscript{71} while Chinese funded projects enjoy rapid approval and proceed with unclear monitoring and reporting obligations.\textsuperscript{72} Colombia, which has the highest state capacity of the three countries analyzed,\textsuperscript{73} is the only country among the three where the U.S. provides direct budget support to the government, either through funds

\textsuperscript{63} Interviews: John B. S. Davis, former Comptroller General, Ministry of Finance, Liberia; Lee Mason, Acting Assistant Minister for Regional Planning, Ministry of Planning and Economic Affairs, Liberia, March 2012.
\textsuperscript{64} Interview: James Kormon, former Assistant Minister for Economic Cooperation and Integration, Ministry of Planning and Economic Affairs, Liberia, March 2012.
\textsuperscript{66} “Aid Management Unit’s Presentation at the International Aid and Transparency Initiative (IATI) meeting in Paris,” Ministry of Finance of Liberia 4 October 2011.
\textsuperscript{67} Ibid.
\textsuperscript{68} Ibid.
\textsuperscript{69} Interview: former senior official, External Resources Department, Colombo, Sri Lanka, March 2012.
\textsuperscript{70} Interview: GIZ official, Colombo, Sri Lanka, March 2012.
\textsuperscript{71} Interview: USAID officials, Sri Lanka, March 2012.
\textsuperscript{72} Interviews: Analyst and former senior official of the Ministry of Finance of Sri Lanka; Harsha de Silva, Member of Parliament of Sri Lanka, March 2012.
\textsuperscript{73} While many proxies could be used to assess state capacity. Firstly, TI provides its 0-10 corruption index ranking (with 10 being the “cleanest”) where Colombia scores 3.4, Sri Lanka 3.3, and Liberia 3.2 (“Corruption Perceptions Index 2011: http://cpi.transparency.org/cpi2011/results/). Second, the World Bank and International Finance Corporation provide an aggregate indicator ranking of how conducive a country’s regulatory environment is for
allocated by USAID or the U.S. Congress for military aid. Currently, USAID is undergoing a process of “Colombianization,” which essentially implies that more local Colombian organizations would qualify to receive and manage grants.

China’s role in negotiations is somewhat more influential when the state capacity of the recipient country is weaker. In Liberia, the recipient government is able to give China its list of priorities, and China decides which projects it wants to fund. On the other hand, of the three countries analyzed, China has the least bargaining power in Colombia. However, Colombia is also a recent cooperation partner. It is also the only country where Germany publishes a forward planning budget and financial plan. Brazil’s approach to development assistance in Colombia greatly relies on their counterpart’s capacity to effectively assess the needs of its population. As such, Colombia, which benefits from a relatively strong and accountable government, plays a key role in determining the types of projects that will be implemented.

**Conflict Dimension**

Traditional and emerging donors significantly diverge on how the context of violence is addressed or not through international cooperation and aid provision. Even though both groups of countries may engage in the provision of humanitarian assistance, emerging donors tend to resist to developing conflict-related programs or projects. Conflict sensitivities significantly impact donor practices with regards to disclosure of their aid-related policies. In all three recipient countries, the level of comprehensive information on foreign aid, particularly by traditional donors, remains limited. Emerging donors in particular remain reluctant in their involvement in aid activities that are “non-development.”

While military aid is very significant for a country like Colombia, it does not fall under the OECD definition of ODA. Such statistics are thus not reflected in the official U.S. budget support. Further, the U.S. does not make publicly available its aid policies and procedures for military aid. USAID, which largely represents the U.S. government as the main channel of foreign assistance, is forbidden to work with any form of security operations executed directly by the military – an area for which the U.S. Congress directly allocates budget support. Nonetheless, this agency is directly associated with several post-conflict projects, for example the reintegration of former combatants and attention to victims of the armed conflict.

Liberia, which is still largely considered to be a fragile state, does not receive on-budget support from the United States and only minimally from Germany. It appears that both donors remain wary of Liberia’s financial management system due to rampant corruption. It is thus difficult to assess the actual figures received as disbursements, since they are mainly channeled outside the government’s system and complete aid-disbursement reporting to the government remains scarce. Germany in particular allocates funding to Liberia through the Fragile States in West Africa regional program (done jointly with Cote

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74 Interview: Diego Garcia, USAID, Colombia, January 2012.
75 Interview: Jene Thomas, USAID, Colombia, March 2012.
76 Interview: James Afif Jaber, Ministry of Planning and Economic Affairs, Liberia, March 2012.
77 Interview: APC, Colombia, January 2012.
78 “German Federal Budget 2012,” German Federal Ministry of Finance, p. 2387ff.
80 Interview: Diego Garcia, USAID, January 2012.
81 Ibid.
82 Interview: Peter Kluczny and Juliane Weyman (GIZ), Liberia, March 2012.
d’Ivoire, Guinea and Sierra Leone). Despite the setting up of the Governance and Economic Management Assistance Program (GEMAP), there has been no significant improvement in the disclosure of comprehensive information on aid-related activities by the two groups of donors.

In Sri Lanka in particular, and in some parts of Colombia, publicizing details on budgets and targets raises the risk of triggering sensitivities related to socio-ethnic tensions. In certain cases, such as when assistance takes the form of urgent humanitarian aid, there are additional concerns for the safety of project implementers and counterparts.

Trends

In the context of the study, we find that depending on the capacity of the recipient government there have been some improvements in public access to aid data for both groups of donors. In countries with higher capacity, traditional donors in particular have progressively operated through the government system, which implies higher degree of transparency in their aid activities. However, comprehensive information on foreign aid remains largely limited due to considerations of conflict sensitivity. Emerging donors predominantly work with the recipient government in determining their aid activities, but the disclosure of complete information on aid-related activities remains limited due to donors’ domestic policies and the definition of what is considered components of development cooperation.

Traditional Donors

Of the three countries, in Colombia, which has significantly higher state capacity, the U.S. is gradually channeling its funding through local Colombian organizations who receive and manage grants, but this does not seem to be on the agenda for Liberia and Sri Lanka. In Liberia, the rampant corruption appears to have made the U.S. reluctant to providing on-budget support to the government while Germany disburses hardly any on-budget support. In Sri Lanka, the position of the United States is not that of a leading donor, and the focus of USAID’s projects (“soft” issues such as reconciliation, governance, and small-scale enterprise) frequently loses out in priority when compared to large-scale infrastructural development objectives.

Emerging Donor Practices

In all three countries, the development cooperation involving emerging donors is largely “demand-driven” by the recipient governments and attaches no conditionality in principle. However, in practice

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83 The GEMAP is a partnership between the Government of Liberia and the international community (USAID, IMF, the World Bank, and European Commission) that was initiated in September 2005 to promote transparency and accountability in fiscal and financial management that hadn’t existed in the bureaucracy due to the 23 years of conflict.
84 Interview: USAID Sri Lanka officials, March 2012.
85 Interview: Jene Thomas, USAID Colombia, March 2012.
86 Interview: Peter Kluczny and Juliane Weymann, GIZ, Monrovia, Liberia, March 2012.
88 Interviews: Velayuthan Sivagnanasothy, former director general, Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation, currently Secretary of the Ministry of Traditional Industries and Small Enterprise Development, Sri Lanka, March 2012; Philipp Schönrock, CEPEI Director, Colombia, March 2012; Wei Lin, Second Secretary, Chinese Embassy in Colombia, March 2012; Wei Lin, Second Secretary, Chinese Embassy in Colombia, March 2012; Sylvester Grigsby, Deputy Minister for International Cooperation and Economic Integration, Ministry of Foreign Affairs; Thomas Nah, Country Director, CENTAL/TI Liberia; Lee Mason, Acting Assistant Minister for Regional Planning, Ministry of Planning and Economic Affairs; Samuel Z. Joe, Unit Director, Aid Management Unit, Ministry of Finance, March 2012.
several Chinese development projects often contain contractual conditionalities that project execution be undertaken by Chinese firms or labor, even if such conditionality is implicit and not acknowledged by Chinese officials. Further, this may be explained by China’s White Paper on Foreign Aid that simply asserts that it does not impose any political conditions, without any mention of the application of other sorts of conditionality.

Such is also the case for India with the emergence of a new type of modalities, “supply of material,” for the implementation of Indian development cooperation. A recent analysis notes that this mechanism may give rise to “clear examples of tied aid where material utilized in implementation of projects financed by the line of credit must be sourced from India.” However, such conditionality is not acknowledged in the official documents made publicly available by the Indian government.

### 3.5 Accountability

Accountability protocols and practices were analyzed along different lines than transparency, which focused more uniformly on the degree to which processes and documents were published and made publicly available. In practice, donor accountability is cross-cutting along various dimensions including ownership by and predictability of recipient governments. Accountability further covers broader questions regarding ongoing political dialogue, mutual accountability protocols, participatory mechanisms with government and non-governmental counterparts.

Overall, we identified several different types and layers of stakeholder relationships warranting accountability mechanisms. Through the duration of this report, while we touch each one in different ways, the focal points of our research are focused on those relationships listed in bold below:

1) **Donor to recipient governments**
2) Recipient governments to donors
3) **Donor to non-government constituencies in recipient country**
   4) Donor to domestic non-government constituencies (citizens of donor country)
   5) Recipient government to non-government constituencies in recipient country
   6) Donors to the donor community

Mutual accountability protocols, considered strongly in this research, focus specifically on government-to-government indicators that examine the nature and frequency of political dialogue and negotiations surrounding aid and cooperation strategies, shared monitoring systems and equity in ownership over implementation of operations.

Between traditional and emerging donors, protocols regarding mutual accountability as well as ownership of recipient-government fell short in both cases, albeit in distinct ways. Among traditional donors, while

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89 Interview: analyst and former senior official of the Ministry of Finance of Sri Lanka, March 2012.
90 Deshal de Mel and Annaka de Silva, “Policy Priorities for Foreign Aid Reform in Sri Lanka,” in Saman Kelegama ed., *Foreign Aid in South Asia*, to be published in April/May 2012. (Hard-copy of manuscript given to students during interview with Dr. Kelegama in Sri Lanka on March 13, 2012. Dr. Kelegama is the Executive Director of the Institute of Policy Studies in Colombo.)
91 In India’s Ministry of External Affairs Outcome Budget, there is no mention of such conditionality on India’s development cooperation.
92 This conceptualization follows a three-tiered process as outlined by the OECD.
broad level mutual accountability mechanisms are in place through several stages of political dialogue that characterize aid relationships at the national level, alignment with these principles falls short at the point of well-established participatory mechanisms involving non-governmental populations. As emerging donors ascribe only to dialogue at the highest political levels, it is unsurprising that participatory mechanisms for non-governmental populations are sorely lacking.

Recipient countries’ understanding of accountability vis-à-vis South-South cooperation differs from that expressed regarding accountability vis-à-vis traditional donors. South-South cooperation implies more egalitarian terms of partnership, while traditional donor-recipient relationships imply that accountability protocols are a set of guidelines structured by donors, warranting compliance of both donor and recipient countries. Among traditional donors, accountability takes a more linear form with standardized stages of project design, implementation and evaluation that require approval and participation of various stakeholders at each juncture of development.

**Mutual Accountability**

Our findings point to an underlying tension between accountability and ownership. While accountability protocols are presented in terms of shared ownership, accountability practices ultimately flow back in the direction of the donor. In countries with particularly weak state capacity, and severe resource shortages, this case stands even more strongly. For example, in Liberia, an inter-governmental forum called the Liberia Reconstruction and Development Committee coordinates the national reconstruction and development agenda. Chaired by the President of Liberia with government ministers, it also includes partners of the United Nations, United States, China, the World Bank Group, the European Commission, the IMF, the African Union and ECOWAS. To the extent that donors are deeply embedded in the process of national development and reconstruction planning, the question of recipient government ownership must be examined more closely.

Traditional donors have mechanisms in place for upholding principles of strategy alignment and subsequent evaluation. Traditional donors scored well for having M&E mechanisms in place at the project level in all three recipient countries despite a lack of rigorous and publicly available M&E reports at the national level. There was no way to confirm whether these M&E mechanisms are well executed, as our research was not focused on the project-level. Emerging donors can be considered nominally accountable in terms of predictability as original agreements and subsequent outcomes are limited to dialogue and follow-up with well-defined national counterparts in recipient countries. However, this is almost always at the full exclusion of non-government stakeholders. With respect to M&E mechanisms, emerging donors scored poorly across the board with regard to having M&E mechanisms at both the project and national levels.

Regarding ownership, emerging donors – in several recipient countries – put greater emphasis on this principle by responding to recipient government requests. However, where recipient governments fail to exercise adequate participatory mechanisms with their own populations, this can be problematic, as is the case in Sri Lanka. In general, at the level of global accountability, through the principles enshrined in the Paris Declaration, AAA and most recently at Busan, assessing China and India along these lines of

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93 Interview: James Afif Jaber, Ministry of Planning, Liberia, March 2012.
94 This is not necessarily the case, for example, in Colombia where Chinese foreign aid is largely supply-driven by what it can offer in-kind on a yearly basis. In addition, having a demand-driven model assumes that recipient governments are acting in the best interest of its population.
95 Sri Lanka’s Government is the subject of various investigations regarding conflict perpetuation and human rights violations. Ethnic tensions run high with the Tamil ethnic minority, raising serious questions about the validity of Government-level partnership only.
accountability was somewhat inappropriate given their official recognition of these protocols only began in Busan in November 2011. Traditional donors Germany and the United States have been both participating in as well as shaping the nature of these protocols since the original Paris Declaration in 2005. Along similar lines, the OECD-DAC framework in general as a backdrop against which transparency and accountability can be assessed for India and China is simultaneously incongruent as they are not members, nor do they traditionally report, in OECD terms.

Regarding mutual accountability, traditional donors have mechanisms in place in the form of government-to-government political dialogue, namely regular formal bilateral negotiations and meetings. The U.S. exhibits greatest compliance in terms of having clearly defined protocols in each recipient country. Emerging donors performed poorly on mutual accountability protocols with the exception of Brazil in Colombia, where bilateral meetings are held regularly on broad areas of development cooperation. However, emerging donors often respond directly to the requests of partner governments, and while this demand-driven relationship may fall outside the scope of a country’s development strategy, it can also be considered as upholding the principles of ownership and predictability.

**Accountability to Non-State Actors**

Donor accountability between donor and civil society – or non-state stakeholders – in recipient countries was measured through indicators gauging the presence and exercise of participatory mechanisms with those populations. Traditional donors make explicit attempts to hold themselves accountable to non-state actors with varying degrees of success. Emerging donors, on the other hand, remain almost exclusively accountable to governments as reflected in South-South principles of respect for sovereignty and non-interference.

In some cases government-to-government mutual accountability may in fact negatively impact donor accountability to non-state actors. This was particularly evident in countries with ongoing conflict status. For example, Sri Lanka’s autocratic state model and post-conflict sensitivity to the term “accountability” in and of itself, limits donor capacity to be simultaneously accountable to both the partner government and non-state actors who are target populations. In Liberia, it was reported that forums for participatory national development strategy planning are often compressed into just two or three days annually. While this satisfies the condition set by many donors to include various stakeholders in planning, it simultaneously minimizing the prospect for ongoing or sustained participation among these same stakeholders.

Further, where there is weak state capacity, donors have opted to work directly with non-state actors in order to accelerate implementation of programs and minimize the potential for impact getting lost in shaky bureaucratic operations. This raises concern as it could be considered weak accountability practices to recipient governments yet strong accountability practices to civil society.

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96 Using country strategy alignment as a proxy for mutual accountability has limits when taking into consideration the large scope of such strategies and consequently the ease at which proposed programs could be considered in “alignment.” This applies to both traditional and emerging donors. Interview: Philipp Schönrock, CEPEI Director, March 2012.

97 The reason for this is that investigations for war crimes have recently redefined Sri Lanka’s engagement with the international community, and the term ‘accountability’ bears the stamp of criminal investigations related to war crimes.

98 From Liberia RN on question re: government participatory mechanism.

99 In several interviews both in Liberia and Colombia, this logic was expressed regarding German funding that bypassed official government channels, especially in conflict-sensitive areas.
Donor Domestic Pressures

While not a focus of this study’s research, donor accountability practices appear to be visibly shaped, albeit to varying degrees, by domestic political pressures and short-term accountability concerns to domestic constituencies. This was stated as true for India, the United States and Germany. Although China and Brazil face less domestic pressure regarding development cooperation, representatives voiced the high political sensitivity of being developing countries assisting other developing countries.

Chinese accountability to recipient countries nonetheless remains at the highest levels of government. In Sri Lanka and Colombia, the U.S. as a donor is reportedly more accountable to pressures at home than to Sri Lankans. Accountability to these two distinct constituencies need not be at odds, but sometimes is.

Overall, there is an extremely high level of fiscal accountability between traditional donors Germany and the United States and their respective domestic electorates. However, the most accessible metric for this type of accountability is transparency in funding allocations and commitments. Interestingly, domestic fiscal accountability in Germany led to shortfalls in predictability of aid disbursements in Colombia.

Predictability

The predictability of aid flows in each country is influenced, in large part, by the magnitude of flows from individual donors and overall effect of donor fragmentation. Further, there appears to be a strong link between aid predictability and expressions of ownership from a recipient government perspective. Traditional donors are predictable in the regularity with which aid funds are committed and disbursed.

Predictability for emerging donors is difficult to gauge given the geopolitical diversity of recipient countries. However, this group was often cited as predictable once negotiations had been carried out to act according to outlined cooperative agreements. Brazilian cooperation in Colombia, while ad hoc in nature, was reported as predictable following initial negotiations on areas of development cooperation.

Predictability of areas for partnership is somewhat similar among both traditional and emerging donors for entirely different reasons. Traditional donors presented priority sectors to recipient countries after domestic negotiations within each the donor country. Germany tends to focus on environmental sustainability and peacebuilding initiatives, while the U.S. focuses on economic development, conflict mitigation, military support and human rights issues.

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100 Interview: Official, Transparencia Por Colombia, January 2012.
101 This was echoed notably in Colombia where both Brazilian and Chinese officials highlighted this point.
102 Interviews: Saman Kelegama, Executive Director, Institute of Policy Studies, Sri Lanka, March 2012; Official, APC, Colombia, January 2012.
103 Interview: GIZ official, Colombia, January 2012.
4. DISCUSSION OF FINDINGS PER DONOR

4.1 United States: Overall Findings

The United States is consistent in keeping transparency and accountability mechanisms in place, with exception only to military aid and cooperation programs. The degree to which these mechanisms are realized with participation of both government and non-government populations varies widely. Further, the degree to which information generated through these mechanisms can be considered comprehensive is not entirely clear. Overall, access to interviews and data gathering related to United States practices was fairly straightforward and easy, with exception to military-related cooperation.

USAID vs. Other Channels of Assistance

Field interviews in three countries confirmed the statement made by the recent evaluation of the U.S. Paris Declaration compliance. The report noted that the U.S. foreign assistance “has lacked an overall conceptual and organizational architecture,” making it “difficult to develop generalizations about the degree of Paris Declaration/Accra compliance.”

For both desk research and interviews, the lack of readily available data on activities not directly tied to development was a challenge. Inasmuch as our research allowed to draw common conclusions across Colombia, Liberia and Sri Lanka, these findings were primarily focused on U.S. Agency for International Development (USAID). We draw the conclusions below about USAID operations while noting that the agency is markedly different from other channels of U.S. foreign assistance in a number of characteristics: its relatively decentralized structure of operations and its project implementation and contracting mechanisms in addition to specific practices of country alignment and ownership.

Aid Modalities

The total ODA disbursed by the United States to aid recipients varies drastically from country to country, ranging from roughly $55 million (Sri Lanka) to roughly $659 million (Colombia). These statistics do not reflect the official budget support for military aid, which is very significant for a country like Colombia. Further, the official disbursements reported as ODA are not the same figures reported by some recipient governments (in particular Colombia), which state that up to 25 percent less is actually received than the OECD numbers. It is difficult to confirm actual figures received by Colombia, Sri Lanka and Liberia as not all the disbursements are channeled directly through the government.

The United States constitutes one of the biggest, if not the biggest, provider of ODA to both Colombia and Liberia. This is in sharp contrast to Sri Lanka, where the U.S. share has gradually declined to a level that makes it one of the less significant donors.

105 $55 million is the amount reported by OECD/DAC as ODA disbursements of the United States to Sri Lanka in 2010. The second number, $659 million, is the corresponding figure for Colombia for 2009. See Research Notebooks below for total figures and sources of figures.
106 This statistic was cited in several interviews during January 2012 field travel including Transparencia por Colombia and APC.
107 “Aid Statistics, Recipient Aid Charts,” OECD Development Cooperation Directorate (DCD-DAC), OECD, figures for Colombia and Liberia.
Most common modalities of USAID development assistance are contracts, cooperative agreements and grants. Contracts account for the dominant share of major development projects funded by USAID, and are competitively awarded to international organizations or U.S. development contractors. Implementing organizations then enter into a binding implementation agreement, subsequently bound to comply with requirements for budgetary reporting and M&E requirements. Additional modalities include board participation in donor-managed trust or investment funds, debt relief, and technical cooperation focused on government-level fiscal reforms, anti-corruption and good governance measures, budget and financial management.

While USAID’s programs and projects are aligned with recipient-country development strategies, the relationships remain characterized by vertical decision-making. Two explanations may account for this. First, the U.S. provision of aid has traditionally been implemented without significant inclusion of the recipients in the program and project designs, even though it appears that the U.S. is making efforts to improve its practices on that front, systematically consulting with counterparts and inscribing its projects in their national development frameworks. Second, recipient-country governments often lack the capacity to be reliable partners and be involved in the design, implementation and review of all of U.S. projects. Even in Colombia, the most advanced of the three recipient countries analyzed, the number of projects implemented simultaneously simply exceeds the capacity of the international cooperation agency (APC).

Funds are not channeled through the local government but rather through implementing organizations: international or domestic companies. Instead, the project implementer or grantee receives, and becomes accountable for, the disbursed sum. In the course of the ongoing USAID Forward reforms, individual missions are evaluating the feasibility of engaging the recipient-country financial mechanisms. However, no such steps have been taken yet in Colombia, Liberia and Sri Lanka.

**Variation in Strategic Importance**

The three countries examined present a compelling case study in how the relative position of the United States to other donors impacts its relationship with the recipient government. In Liberia and Colombia, the United States – and USAID in particular – not only plays a dominant role in economic development and reconstruction but also enjoys a position of influence in mapping out development strategy and objectives. In Colombia, it is a leading development partner across many national-development priorities.

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108 Interview: USAID Sri Lanka officials, Colombo, Sri Lanka, March 2012. A contract (acquisition/procurement) is concluded when the “principal purpose of the relationship is to acquire by purchase... property or services for the direct benefit of the Federal Government.” Grants and cooperative agreements are used when the principal goals are “to transfer a thing of value” and “to carry out a public purpose of support or simulation,” with the difference that a cooperative agreement involves a substantial degree of involvement by the donor and a grant does not. Georgia Hubert (Federal Assistance Director, U.S. Department of State), “Acquisition vs. Assistance: How Contracts Differ from Grants,” Presentation, 23 October 2002, http://fa.statebuy.state.gov/content/documents/AcquisitionvsAssistance.ppt.


110 Interview: Official from social investment Fund underwritten by several Donors including the United States.

111 “Modernizing Foreign Assistance – Insight from the Field: Liberia,” Save the Children, October 2009, 7.


In Liberia, it sits on several committees\textsuperscript{114} that outline the development priorities of the government. Its position of dominance enables a deep and increasingly multifaceted relationship with the government counterpart, which in turn fosters the dialogue on improving accountability and transparency mechanisms.

In contrast, USAID’s budget in Sri Lanka is rather limited and is likely to further decline in the upcoming years, a trend that is common to several traditional donors and is paralleled by a rapid increase in the shares of nontraditional donors (particularly China). USAID’s position in Sri Lanka is not that of a leading donor, and there is very little aid dependency with regards to its small budget.

Moreover, the degree to which the focus of U.S. activities (and USAID activities in particular) reflects the true core of the recipient-country development priorities varies. In Sri Lanka, where the government’s attention is focused on rapid infrastructure development, the U.S. finds itself at the periphery of the national development agenda.\textsuperscript{115}

\textbf{Transparency and Accountability}

\textbf{Transparency to Partner Government and Civil Society}

The United States does not receive a perfect score for compliance with the principle of accountability (inasmuch as full compliance calls for full disclosure of procedural and financial information), but it comes close and is making strides toward further improvement. Information is publicly available on many details pertaining to its development assistance. With regard to USAID’s work this information can be found online, and include the following: list of projects under implementation, their objectives and results,\textsuperscript{116} some (though not all) M&E reports,\textsuperscript{117} and the general (though not detailed) financial and strategic parameters of engagement with each country.\textsuperscript{118} Top-level documents guiding USAID operations in each country – bilateral agreements and forward-looking budget breakdowns – are negotiated and shared internally but not made publicly available.

In some instances, the lack of further transparency appears to be due to a simple shortage of human capacity. In Sri Lanka, for example, USAID officials interviewed stated that the public version of the country strategy has been under development for a while, but has not yet been finalized and thus absent from the mission’s website.\textsuperscript{119} However, another commonly expressed sentiment was that some improvements in transparency would not be appropriate in respective post-conflict environments. Officials pointed to factors such as the sensitive nature of project activities, security concerns, and the

\textsuperscript{114}The U.S. sits on the LRDC Steering Committee, which is the main government-partner forum that coordinates Liberia’s national reconstruction and development agenda. Furthermore, the U.S. also sits on the boards and steering committees of several multi-donor trust funds.

\textsuperscript{115}Sri Lanka’s current national development strategy, \textit{Mahinda Chintana}, has a stated purpose of achieving the “next massive leap forward” that would transform Sri Lanka into a “strategically important economic centre of the world.” To reach this goal, national development objectives given center stage in the strategy include electricity, transportation, water and irrigation, telecommunication and industry (in addition to objectives related to agriculture, health and education). \textit{“Mahinda Chintana Vision for the Future: the Development Policy Framework, Government of Sri Lanka,”} Department of National Planning, Ministry of Finance and Planning, 2010.

\textsuperscript{116}These details are made publicly available on the websites of respective USAID missions in the three countries.

\textsuperscript{117}The Development Experience Clearinghouse (DEC) database serves as a source of details on some of the projects, by making publicly available project reports, but it is not a comprehensive collection of every project and every report recently published. \textit{“Development Experience Clearinghouse,”} USAID, \texttt{http://dec.usaid.gov}.

\textsuperscript{118}These details are disclosed in the Congressional Budget Justification reports published by USAID every year.

\textsuperscript{119}A brief summary of the country strategy, but not the full document, appears on the website of the USAID Mission in Sri Lanka. The strategy covers the period from 2010 to 2013.
lingering post-conflict socioeconomic tensions as reasons why full disclosure of project details may hamper efficiency of their implementation or endanger their implementers.  

**Accountability to Partner Government**

In all three countries, the development-cooperation relationships are formalized by means of legally binding documents negotiated and countersigned with government counterparts on a regular basis. Although the U.S. ascribes to the consensus formed at Busan, Accra and the Paris Declaration, upholding that mutual accountability should characterize cooperation, field research showed that the subsequent exercise of these principles varied by country. A range of variables influenced the final shape of mutual-accountability mechanisms, including the size and overall importance of its assistance, capacity of recipient-government institutions, degree of progress achieved in implementing USAID Forward reforms, and the overall state of diplomatic relationship between the two countries.

In Liberia and Colombia, where the scope and size of development cooperation is substantial, the exact nature of mutual accountability protocols is shaped by USAID: moving in the direction of greater government ownership in Colombia, and remaining somewhat skewed in Liberia, where USAID was described as having disproportionate leverage on government counterparts in adhering to terms of cooperation. In Sri Lanka, relative insignificance of USAID’s portfolio may explain a very different dynamic, with USAID interviewees describing very little such leverage and a disadvantageous power imbalance.

**Accountability to Civil Society**

USAID engages the relevant local implementing partners in soliciting input on existing projects, including a range of non-state stakeholders: NGOs, community-based organizations, the private sector, and the media. Mostly, however, this engagement is limited to the projects’ existing civil-society counterparts. In none of the three countries analyzed there was a formal forum where any applicable civil society actor can participate in discussion on any ongoing project. USAID is generally perceived by civil society representatives as open to their input and discussion, but formalized channels for such engagement were lacking.

**Role of the Government Counterpart in Enabling Compliance**

Findings across the three countries point to the key uniform conclusion: the ability of USAID to ensure compliance with internally recognized principles of accountability and transparency strongly depends on the willingness and the capacity of the recipient government to ensure its own compliance and structure the relationship in accordance with these principles.

- In Colombia, the centralized capacity of the recipient government to coordinate aid is key. The government is committed to increasing the degree of compliance, but is still severely limited by

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122 Interview: Lee Mason, Acting Assistant Minister for Regional Planning, Ministry of Planning and Economic Affairs, Liberia, March 2012.
125 Ibid.
insufficient human and institutional capacity. This finding is significant given that the state capacity in Colombia exceeds that of both Liberia and Sri Lanka yet still falls short.

- In Sri Lanka, willingness, not capacity, of the partner governmental institutions is the most pressing challenge. Where recipient-country practices hinder compliance with accountability and transparency principles in Sri Lanka is in the reluctance of the key counterpart, the External Resources Department, to articulate and enforce official and universally applicable procedures for donor engagement.

- In Liberia, despite the stated willingness of the government to coordinate aid flow and track results, several donors, especially the traditional ones, appear to show high level of resistance in complying with the government’s requests. Despite broad level alignment to the national development agenda, it is stated by a government official that the U.S. usually plays a more dominant role in determining the sets of activities/projects that contribute to the overall objective. The government’s involvement in deciding the strategy at activities level is at a minimum if not none.

4.2 Germany: Overall Findings

Germany’s transparency and accountability practices vary across the three countries, a difference that can be partially attributed to state capacity and the relationships with recipient governments. While Colombia follows a traditional bilateral relationship with Germany via GIZ protocols, cooperation with Sri Lanka and Liberia is largely at the project level; therefore, transparency and accountability within the projects can be assessed more easily. Discrepancies in ODA figures exist across all three countries, which can be explained by both the lack of comparability in data and, importantly, varying definitions of what constitutes development assistance for the concerned institutions.

Modalities

Though all of GIZ’s strategies are not publicly available to recipient countries, Germany is more structured in sticking to its prioritized sectors and keeping records for German constituents, to whom it is accountable by law. Germany provides mostly off-budget aid, though it is moving toward more budgetary incorporation (unlike the emerging donors in these countries). Funds are channeled directly from to German NGOs in the recipient countries, bypassing GIZ and recipient governments.

While Germany operates slightly differently across the board, there are two common modalities of BMZ development assistance: (1) financial cooperation run by KfW, and (2) technical cooperation managed by diverse actors, including GIZ. Projects are carried out by German NGOs contracted to the implementing

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126 Interview: Lee Mason, Acting Assistant Minister for Regional Planning, Ministry of Planning and Economic Affairs, Liberia, March 2012
127 Ibid.
128 Ibid.
129 In Sri Lanka, there were three distinct figures for development cooperation in 2009: $8.2 million (Sri Lanka’s External Resources Department), $28.5 million (OECD), and $21.6 (BMZ).
130 This could also be the result of a number of issues, *inter alia*, transaction costs, legal problems preventing the disbursement of financial cooperation money from KfW, political and budget constraints in Germany, and money given to regional or multilateral organizations that is not broken down at the country level for Colombia.
131 Interview: Peter Kluczny and Juliane Weymann, GIZ, Monrovia, Liberia, March 2012.
partner, GIZ, which serves as the technical arm of German cooperation agency (BMZ). Germany often cooperates with multilateral organizations such as the UNDP and the World Bank.

In Colombia, cooperation strategy is aligned with Germany’s country-specific priority areas and is based on GIZ’s traditional form of cooperation with “partner countries”: the 3x3x3 model (three project phases of three years each). In Sri Lanka and Liberia GIZ only employs a project-by-project approach. In contrast, because Liberia is not considered a “partner country” and is instead grouped with other fragile states in West Africa, it does not have bilateral developmental cooperation.

Transparency and Accountability

Transparency to Partner Governments and Civil Society

Germany does not publish an official country strategy in any recipient country. Priority areas are known through unofficial reports in Colombia, and summary documents of country- or region-specific activities. There is also no real commonality with regard to forward-planning budgets. Simple projections are available in some form for one to four years in all countries. Colombia is the only country for which a forward-planning budget and financial plan is published. GIZ does not maintain comprehensive, up-to-date project databases though some, but not all, information is publicly available on its website in English and German.

In Liberia, annual reports are published on project level activities for GIZ at the regional level and given to the relevant Ministry on progress. Parts of the evaluations are available in English within the programs themselves, but there is no in-depth presentation of the evaluations.

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133 Interviews: Peter Hauschnik, GIZ, Bogotá, Colombia, January and March 2012; Manuel de Acceso a la Cooperación Internacional,” Accion Social, March 2007, p. 22-23.
135 Interview: Peter Hauschnik, GIZ, Bogotá, Colombia, Bogota, Colombia, January 2012; Interview: Claudia Hermes, GIZ, Monrovia, Liberia, March 2012.
137 Interview: Claudia Hermes, GIZ, Monrovia, Liberia, March 2012.
138 “Colombia,” BMZ, http://www.bmz.de/en/what_we_do/countries_regions/lateinamerika/kolumbien/zusammenarbeit.html; Information was also provided on request by BMZ through the German Embassy in Colombia (22 March 2012).
139 For Sri Lanka, such document also covers the Maldives: “Cohesive Integration, Partnership for Social Cohesion and Sustainable Development in Sri Lanka and the Maldives,” GIZ. For Liberia, it is the regional strategy done for West Africa. Interview: Peter Kluczny and Juliane Weyman, GIZ, Monrovia, Liberia, March 2012.
141 “German Federal Budget 2012,” German Federal Ministry of Finance (in German), 2387ff.
144 Interview: Claudia Hermes, GIZ, Monrovia, Liberia, March 2012.
Accountability to Partner Governments

German cooperation is negotiated in a formalized process every two years preceded by inter-governmental consultations and funds mostly Ministry of Foreign Affairs projects.\(^{145}\) BMZ, a German embassy representative, GIZ, and KfW work with different country counterparts: APC and Ministry of Foreign Affairs (Colombia),\(^{146}\) a line ministry or agency most relevant to the individual project (Sri Lanka),\(^{147}\) and government representatives of West African Fragile States (Liberia).\(^{148}\)

Any disagreement with recipient-country governments is discussed in regular bilateral consultations and negotiations, consensus-building processes,\(^{149}\) and multi-stakeholder dialogues. Common issues include slower than expected implementation\(^{150}\) or lack of funds available at the time.\(^{151}\)

Though GIZ normally undertakes M&E at the national level, in the three countries analyzed this only applies for Colombia by priority sectoral areas; these evaluations are commissioned by BMZ to GIZ.\(^{152}\) In Sri Lanka and Liberia, no centralized country-level evaluations are conducted.\(^{153}\) For large projects, external evaluations are undertaken by independent consultants and are carried out as public audit in accordance with German law.\(^{154}\) Records are made publicly available for the German public through the Parliament in Germany, but not in recipient countries.\(^{155}\) Finally, M&E is aligned with partners.\(^{156}\)

Accountability to Civil Society

Germany directly or indirectly engages local and national stakeholders in the implementation of projects: civil society and community-based organizations and partners.\(^{157}\) In Sri Lanka and Liberia, this is done via country development goals with input from beneficiaries or through the regional development priorities influenced by each country in a region (for non-partner countries like Liberia).\(^{158}\) In Liberia, evaluation results are regularly shared and discussed within the project based on interviews, documents, and discussions with non-state actors to share the lessons learned and solicit feedback. In Liberia and Sri Lanka, these discussions usually take place during the midterm review stage\(^{159}\) and involve implementers (including GIZ staff), the external evaluators, and beneficiaries of the project.

\(^{145}\) Interviews: Peter Hauschnik, GIZ, Bogotá, Colombia, March 2012; Samuel Z. Joe, Aid Management Unit in the Ministry of Finance, Monrovia, Liberia, March 2012.

\(^{146}\) Interview: Pilar Otero, Presidential Agency for International Cooperation (APC), Bogotá, Colombia, March 2012.

\(^{147}\) Interview: GIZ official, Colombo, Sri Lanka, March 2012.

\(^{148}\) Interview: Peter Kluczny and Juliane Weymann, GIZ, Monrovia, Liberia, March 2012.

\(^{149}\) Interview: Pilar Otero, Presidential Agency for International Cooperation (APC), Bogotá, Colombia, March 2012.

\(^{150}\) Interview: GIZ official, Colombo, Sri Lanka, March 2012.

\(^{151}\) Interview: Claudia Hermes, GIZ, Monrovia, Liberia, March 2012.

\(^{152}\) Interview: Peter Hauschnik, GIZ, Bogotá, Colombia, March 2012.

\(^{153}\) Interview: Jasper Cummeh, Agenda for Development Action, Monrovia, Liberia, March 2012; Claudia Hermes, GIZ, Monrovia, Liberia, March 2012; Interview:


\(^{155}\) Ibid.

\(^{156}\) Interviews: Pilar Otero, Presidential Agency for International Cooperation (APC), Colombia, March 2012; Claudia Hermes, GIZ, Monrovia, Liberia, March 2012.

\(^{157}\) Interviews: Claudia Hermes, GIZ, Monrovia, Liberia, March 2012; Peter Kluczny and Juliane Weymann, GIZ, Monrovia, Liberia, March 2012.

\(^{158}\) Interview: James Afif Jaber, Ministry of Planning, Monrovia, Liberia, March 2012.

\(^{159}\) Interview: Claudia Hermes, GIZ, Monrovia, Liberia, March 2012.

\(^{160}\) Interview: GIZ official, Colombo, Sri Lanka, March 2012.
Colombia does not have public forums with civil society due to the lack of comprehensive documentation on the scope and status of projects.\textsuperscript{161} (An exception is the CERCAPAZ project, framed in terms of state-society cooperation, whose progress and results are nominally discussed within a public forum.)\textsuperscript{162}

**Conditionalities**

Germany is accountable to the German citizens and BMZ; therefore, the only conditionalities are that German funds are used in the sectors that Germany has prioritized its contributions for. Additionally, German funds and aid are only allowed to be allocated through German NGOs and GIZ. Projects are also required to undergo M&E on a routine basis.

### 4.3 China: Overall Findings

In Colombia, Liberia and Sri Lanka, the scope and operational modalities of Chinese cooperation vary. The differences are somewhat reflected by the relative geostrategic importance of each partner country to China’s political and economic interests, the strength of historic ties, and the proximity of each to China.

The task of drawing common conclusions with regard to China’s transparency and accountability practices is hampered by the tremendous variation in the nature of the three bilateral relationships and, in addition to significant difficulties of acquiring information in Liberia. It should also be noted that in the case of Sri Lanka, the bilateral relationship with China has existed for decades, albeit in very different forms. It has been less than a decade since official Chinese cooperation began with Liberia or Colombia.

In terms of economic cooperation, two focal points arise as central to Chinese cooperation endeavors: natural-resource-related industry and extraction as well as large-scale, government solicited infrastructure development.\textsuperscript{163} China appears to pursue strengthened political relations with countries that have economic markets of interest or unexplored trade relations. A number of interviews with officials and experts on Chinese cooperation indicated that one of the country’s primary objectives was to open markets for its products,\textsuperscript{164} achieved through a mix of political courtship and economic cooperation.\textsuperscript{165}

**Modalities**

While the exact amount remains undefined, only a small proportion of Chinese foreign aid in Colombia, Sri Lanka and Liberia could falls under the definitions provided in ODA and ODA-related frameworks.\textsuperscript{166}

\textsuperscript{161} Information provided upon request by BMZ through the German Embassy in Colombia (22 March 2012)

\textsuperscript{162} Interview: Peter Hauschnik, GIZ, Bogotá, Colombia, Bogota, Colombia, March 2012.


\textsuperscript{164} Interviews: Manager of Investment Fund chaired by donors including USAID, Colombia, January 2012; Philipp Schönrock, Director, CEPEI, Colombia, March 2012; Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), Colombia, March 2012; analyst and former senior official of the Ministry of Finance of Sri Lanka, March 2012; John B.S. Davis, former Comptroller General, Ministry of Finance, currently CEO, Liberian Bank for Development and Investment, Liberia, March 2012.

\textsuperscript{165} One cited example was a Chinese donation of 17 cars and 2 buses, including 3 cars to the Colombian government agency, despite the fact that the agency had one driver at the time and no others entitled to drive. Interview with a Colombian government official, January 2012.

Of the modalities outlined in China’s 2011 white paper on foreign aid, preferential or concessional loans that invest in or operate with respect to public projects as identified by the recipient government are the most widely used modalities.

Figures surrounding China’s economic cooperation in recipient countries are not publicly available. The size and scope differs based on Chinese geopolitical considerations, placing Sri Lanka very high on the list as a site for lending and investment and Colombia very low, as a recent site for international cooperation and investment. Neither the Chinese, nor the OECD (of which China is not a member) defines Chinese international cooperation and investment in ODA-related terms. It is therefore unsurprising that it is not tracked in that form. Thus, there is no OECD data on Chinese international cooperation and public investment to Colombia, Liberia or Sri Lanka. Overall, the perception of Chinese aid, even among government officials in recipient countries, is that their cooperation practices are in a “gray area” between investment and foreign aid.

Chinese aid figures are further complicated by investment cooperation statistics that may appear at a regional level only, as is the case in Colombia, rather than making bilateral data available.

In Sri Lanka, China is the dominant player on the development-cooperation landscape, the size of development cooperation estimated between $600 million and over $1 billion for recent years (estimated size of loans equal to $1.2 billion in 2009 and $821 million in 2010 according to a recent comprehensive research study; total disbursements of $629.2 million according to government of Sri Lanka.) Research from Liberia indicates that Chinese aid to that country accounted for around $62 to $88 million between 2006 and 2008. In Colombia, the Presidential Agency for International Cooperation (APC) estimates that China provided $24 million in foreign aid between 2004 and 2012.

Among the three partner governments analyzed, it appears that China’s policies and mechanisms for cooperation and mutual accountability vary. However, they are never published or made publicly accessible online or in print.

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168 A recent study on China’s economic engagement with Sri Lanka notes, “tracking figures for the inflow of money from China is particularly difficult due to transparency obstacles and definitional differences in terms such as ‘foreign direct investment’ (FDI), ‘overseas development assistance,’ and ‘aid,’ as well as differences between announced investment deals or commitments and capitalized investments or actual disbursements.” Nilathi Samaranayake, “Are Sri Lanka’s Relations with China Deepening? An Analysis of Economic, Military, and Diplomatic Data,” Asian Security 7, no. 2, June 2011.
169 Interviews: Carolina Tenorio, Advisor on Alignment of Private Sector and International Cooperation on Social Policy, Presidential Office, Colombia, January 2012; Philipp Schönrock, Director, CEPEI, Colombia, March 2012.
171 “Sri Lanka Case Study” in China and Conflict-Affected States, 36; Samaranayake, “Are Sri Lanka’s Relations with China Deepening?”
174 Interview: Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), Colombia, March 2012.
175 These variations are strongly influenced by the context of the bilateral relationship that may not be directly related to development. In Sri Lanka, for example, the structure of the relationship is shaped by factors such as China’s role in the final stages of the civil war (arms sales) and Sri Lanka’s strategic significance for China.
In Sri Lanka, a middle-income economy aiming to rebuild areas affected by conflict, China’s ability to provide loans for large-scale infrastructure projects and to manage them from inception to rapid completion makes it a valuable partner. In this country Chinese Embassy officials interviewed emphasized that all loan-funded projects are undertaken on a strictly commercial basis, and that China’s grants and gifts are undertaken to foster stronger political relations.

Negotiations related to project design and terms of agreement, where development cooperation constitutes anything apart from a gift or a grant, take place at the ministerial level. A common assessment among officials interviewed is that China approaches project selection impartially, delivering assistance (in the form of loans) based on the articulated needs of the recipient country, in essence providing the government with the exact services it requests. This demand-driven approach stands in strong contrast to that of some traditional (Western) donors, most prominently the United States, whose policies were commonly recognized as being swayed by “ideology” such as concerns for human rights and equitable reconciliation. However, there are no publicly available formal mechanisms for supporting or opposing project implementation dynamics, effects or outcomes.

Chinese modalities by which cooperation can be characterized across Colombia, Liberia and Sri Lanka are listed below.

1) Preferential loans and credit: In Sri Lanka and Colombia, China offers soft loans with interest rates to be repaid by the recipient government. Loans are supplied by China’s Exim Bank and the China Development Bank Corporation. Loan rates are not always fixed and may increase substantially over time. China offers export credit to Sri Lankan government.

2) Gifts, grants and in-kind donations: In Sri Lanka, Liberia and Colombia, “goods and materials” are offered to recipient governments. In-kind donations are normally material goods such as vehicles, instruments or capital equipment. Grants are offered in the form of direct cash or

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176 Interview: Maria Angelica, Fundraising Coordinator, Transparencia por Colombia, January 2012.
179 This sentiment was expressed particularly often in Sri Lanka, where the recently concluded civil war has left behind persistent tension between the government, which is under scrutiny for alleged war crimes, and the international community, most prominently the United States.
183 “Sri Lanka Case Study” in Ivan Campbell et al., China and Conflict-Affected States (London: Safeworld, January 2012), 19.
185 Interview: John B.S. Davis, former Comptroller General, Ministry of Finance, currently CEO, Liberian Bank for Development and Investment, March 2012.
188 Interview: Chinese Embassy in Sri Lanka, Colombo, March 2012. According to the 2011 China’s Foreign Aid white paper, this would qualify as “goods and materials.”
capital transfers to some partners. Grants are typically a marginal percentage of overall investment or loan-based cooperation.  

3) Cultural exchange, educational and business tours: In Liberia and Colombia, China sponsors various programs for cultural, business, government and educational exchange for citizens in partner countries to study in China, to showcase emerging enterprise sectors and cultivate government cooperation on industry, investment and collaboration opportunities. Nonetheless, it is important to stress that, according to OECD definition; cultural exchanges are not formally included as a modality of ODA.

**Transparency and Accountability**

**Transparency to Partner Government and Civil Society**

China is predictable and relatively transparent to its highest-level government partners, but does not publish contracts, costs or commitments in international cooperation unless otherwise publicly announced via press releases. Terms of agreement are commonly unclear to lower-level government actors. In Colombia, Liberia and Sri Lanka, neither general nor specific policies and protocols on international cooperation are made publicly accessible by China for civil society and the general public. Chinese officials state that publishing these would ostensibly be in breach of its principle of non-intervention.

**Accountability to Partner Government**

Participatory mechanisms are limited to forward-planning negotiations with recipient governments with top-level government officials and ministers. After the initial process of negotiation, once the terms of agreement are set, accountability protocols are largely undefined as active project-level M&E does not explicitly feature in Chinese cooperation. Participation from implementing actors is not considered unless stated in the binding contractual agreement. In Liberia and Sri Lanka, implementing partners are generally Chinese (such as an engineering and construction company contracted to construct a harbor), expressed as an implicit condition of the terms of investment and preferred loans to the government. In Colombia, partner governments are given complete discretion to allocate donated goods.

A positive implication of the modalities of the Chinese cooperation is that disagreements with the recipient-country governments are rare, either because cooperation has an explicitly commercial nature and is governed by a negotiated agreements (as is the case for loans) or takes the form of political courtship, through grants and in-kind gifts, where disagreements are unlikely to arise. As a consequence, severe disagreements appear to be infrequent overall and are not in the interest of the recipient-country

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190 Interview: John B.S. Davis, former Comptroller General, Ministry of Finance, currently CEO, Bank for Development and Investment, Liberia, March 2012.
191 Interview: Transparencia por Colombia, January 2012.
192 Interview: Wei Lin, Second Secretary, Chinese Embassy in Colombia, March 2012.
194 Interviews: Wei Lin, Second Secretary, Chinese Embassy in Colombia, March 2012; Ren Faqiang, Political Counselor and Deputy Head of Mission, and Gong Hui, Third Secretary (Political), Chinese Embassy in Sri Lanka, March 2012.
government to foster. When disagreements do arise, such as when an individual project underperforms, details are generally brought to the surface by the media and civil society rather than publicized by the government.

**Accountability to Civil Society**

There are no mechanisms at all, let alone participatory mechanisms, to involve non-state actors or civil society in preliminary negotiations, implementation or oversight of cooperation activities, whether grants or investment projects. Contested by civil society actors in recipient countries, China’s official position on why this is the case is based on the principle of non-intervention. However, the involvement of intra-governmental participatory mechanisms differs depending on recipient-government procedures.

**Conditionalities**

China’s international cooperation is predicated on policies of respect for sovereign authority of partner governments. Chinese officials state that no conditionalities are attached to foreign aid. That said, while China explicitly avoids political conditionalities, development projects often contain contractual conditionalities that execution be undertaken by Chinese firms and/or labor.

**State Capacity**

Of the three countries analyzed, Colombia is the country with the strongest state capacity, and also the one in which China has the least overt bargaining power. However, Colombia is also a recent cooperation partner. While specific conclusions regarding the effects on aid processes and outcomes cannot be drawn from identifying the length and scope of China’s historical relationships, they do appear to play a significant role in shaping aid relations.

### 4.4 India: Overall Findings

**Introduction and Background**

The scope of this study is largely limited to India’s development assistance in Sri Lanka and to a far lesser extent Liberia. To this day, while India has a growing presence in Liberia, it is not so much an emerging donor as a trade partner. This statement is confirmed by the overall budget of the Indian Ministry of External Affairs for 2011-12, which lumps all 54 African countries into a single grouping with a proposed

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195 Interviews: analyst and former senior official of the Ministry of Finance, Sri Lanka; Harsha de Silva, Member of Parliament, Sri Lanka; former top official of the External Resource Department, Sri Lanka, March 2012.
196 This was the case, for example, with the construction of the Hambatota Harbor in the south of Sri Lanka. Interviews: Imran Furkan, CEO, Sri Lanka Press Institute, March 2012; Paikiasothy Saravanamuttu, Executive Director, Center for Policy Alternatives, Sri Lanka, March 2012.
197 Interviews: analyst and former senior official of the Ministry of Finance of Sri Lanka; Harsha de Silva, Member of Parliament of Sri Lanka; Paikiasothy Saravanamuttu, Executive Director, Center for Policy Alternatives, Sri Lanka, March 2012.
198 Interview: Wei Lin, Second Secretary, Chinese Embassy, Colombia, March 2012.
199 For example, Colombia’s responsible agency will receive and communicate specific requests from sub-national government institutions to China regarding needed materials and goods.
200 Interview: Wei Lin, Second Secretary, Chinese Embassy, Colombia, March 2012.
201 Interview: APC, Colombia, January 2012.
budget that is immaterial compared to India’s aid and loan to countries situated in its immediate neighborhood, such as Sri Lanka, Bhutan and Nepal.\textsuperscript{203}

As an emerging donor, India provides development assistance based on the combination of realistic assessment of its strengths (i.e. technical cooperation) and geographical proximity.\textsuperscript{204} To a certain extent, India’s development cooperation may also be fueled by geostrategic competition with China (although not explicitly stated), with a central theme of ensuring a peaceful, stable and enabling international environment that “provides a sustained and predictable basis for India’s engagement with the international community for trade, natural resources, capital, and energy flows and technology.”\textsuperscript{205}

**Modalities**

In Sri Lanka, aid flows predominantly takes the form of technical cooperation, loans and development projects. Loan assistance is provided through the Export-Import Bank of India under Credit Lines, with generally low interest long-term credits.\textsuperscript{206} The Ministry of External Affairs of India is mainly in charge of the aid allocation policies, however with the emergence of new modalities (i.e. Credit Lines) some of the role has shifted to the Ministry of Commerce of India (through an interest rate equalization subsidy).

India’s technical assistance is provided under the framework of Indian Technical and Economic Cooperation (ITEC) program. Most of grants and loans under this program are allocated to countries in its immediate periphery through social development and infrastructure building projects, while other countries mostly receive assistance through training initiatives. In Sri Lanka, India appears to be highly engaged in tangible development projects such as livelihood restoration, capacity building, human resource development and infrastructure development.\textsuperscript{207} This is a sharp contrast to Liberia, which is not situated in India’s immediate and extended neighborhood, where development assistances are mostly in the form of scholarships and trainings to government officials and intellectuals. India is known for putting money toward scholarship programs that allow Liberians to study in India\textsuperscript{208} under three Indian Government's Scholarship Schemes: ITEC, which awards the majority, the Indian Government’s Special Agricultural Scholarship Program, and the Indian Africa-Forum Summit Scholarship Grant.

**Transparency**

India does not make publicly available a consolidated amount of its foreign development assistance in Sri Lanka. Details of its total development assistance to Sri Lanka are not easily available since India does not report its aid flows to the OECD/DAC. The annual budgetary allocation for aid and loans to foreign countries given under the technical cooperation framework as reported by the Ministry of External Affairs can be a helpful proxy of India’s development assistance estimate. However, a serious consequence of this is that the figures reported by India and the recipient country does not necessarily correspond with each other. For Sri Lanka, the amount of development assistance reported by the External Resource Department (ERD) is different from the amount of aid reported in the annual budget of the Ministry of External Affairs of India. The ERD reports the total amount of loans provided by the Indian Exim Bank

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\textsuperscript{203} “Chapter 1,” Outcome Budget FY 2011-12, Indian Ministry of External Affairs, \url{http://meaindia.nic.in/meaxpsite/budget/Budget_11-12_Eng.pdf}

\textsuperscript{204} “Outcome Budget FY 2011-12,” Executive Summary,” Indian Ministry of External Affairs

\textsuperscript{205} “Outcome Budget FY 2011-12,” Chapter 1, Indian Ministry of External Affairs

\textsuperscript{206} “Global Partnership in Development,” Sri Lanka External Resources Department (ERD), 2011.

\textsuperscript{207} “India-Sri Lanka Development Partnership,” High Commission of India in Sri Lanka, \url{http://www.hcilcolombo.org/index.php?option=com_pages&id=73}

\textsuperscript{208} Interview: Thomas Nah, Country Director, Center for Transparency and Accountability (CENTAL) in Liberia, March 2012.
from 2005 to 2010 was $684 million, but the budget report of the Indian Ministry of External Affairs reports the amount of funds for technical assistance to India described as “Aid and Loan” for 2010-2011 as about $17.3 million.

India does not have a detailed country strategy document for development assistance focused specifically for Sri Lanka. However, an overview of the aims and focus areas of its “development partnership” with Sri Lanka is defined as being built on the “foundations of political understanding, a historic past, geographic realities and socio-cultural empathy” as well as “being part of the developing world and inspired by experience of South-South Cooperation.” There is also no publically available document for aid allocation policies focused specifically on Sri Lanka. It appears that the specificities of aid allocation are articulated at top-level negotiations (i.e. joint declaration). In Liberia, both country strategy document and aid allocation policies do not exist since India’s development assistance is indeterminate.

Accountability

India is not a signatory to the Paris Declaration on Aid Effectiveness. However, India appears to adhere to the internationally agreed principles based on its conduct in Sri Lanka where the planning of its development projects is heavily “demand-driven” and “agreement-based.” India gives emphasis to collaborative partnership and does not believe nor ever engages in a dictatorial approach. India engages with Sri Lanka in preparatory discussion to ascertain the true need. The official report published by the ERD also confirms this statement, providing examples of the process wherein projects are agreed upon by India based on the request of the Government of Sri Lanka.

Monitoring & Evaluation

In Sri Lanka, M&E of the implementation of India’s operations at project and national level is not formalized. The Indian High Commission official interviewed in Colombo stated that he carries out the

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212 Interview: officials of the High Commission of India in Colombo, March 2012.
214 Interview: Samuel Z. Joe, Unit Director, Aid Management Unit, Ministry of Finance, Liberia, March 2012.
215 Interview: Velayuthan Sivagnanasothy, former Director General, Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation of Sri Lanka; currently Secretary, Ministry of Traditional Industries and Small Enterprise Development, March 2012.
216 Ibid.
217 For instance, “Based on the request of the Government, India has agreed to provide a Line of Credit for USD 800 million for railway projects in Sri Lanka”; “Based on the request of the Government, Indian authorities have expressed their willingness to provide a separate Line of Credit to construct a double line from Polgahawela to Maho”; “ The Government of Sri Lanka has requested Indian financing for implementation of the Greater Dambulla Water Supply Project Phase I. India has agreed to provide USD 60.1 million to finance the project.” “Global Partnership in Development,” Sri Lanka External Resources Department (ERD), 2011, http://www.erd.gov.lk/files/EEnglish%20Section%20Edited.pdf
218 Interview: officials of the High Commission of India in Colombo, March 2012
monitoring of indicators and results himself for every project on a weekly basis. However, no evaluation result of India’s aid programs in Sri Lanka is made publicly available. In Liberia, India does not do M&E because it does not directly implement projects.

Resolving Disagreements

It appears that there is no systematic dispute-resolution mechanism between India and Sri Lanka. Sri Lankan government officials allude that it is common to resolve disagreement is to pass the issues to higher-level officials. A large factor behind the relative lack of major disagreements is the deep history of collaboration between the two countries. In Liberia, because India has not fully become a large enough contributor to Liberia as far as development assistance, it is not yet considered an emerging donor. Therefore, aside from the few meetings held between Ambassadors, there was no mention of disagreements between Indian and Liberian relations.

4.5 Brazil: Overall Findings

Introduction

Given that the scope of this study only includes Brazilian cooperation in Colombia, evaluating how its practices in other countries are consistent with our findings would require additional research. Brazil-Colombia cooperation is likely quite different from both the cooperation between Brazil and less developed countries and that between Colombia and traditional donors. Brazil and Colombia have numerous economic ties and have similar levels of institutional capacity. In addition, despite Brazil’s recent explosive growth, both countries experience similar socioeconomic challenges, which bears influence on the type of cooperation these two nations pursue.

Modalities

In contrast to traditional models of international cooperation, the Brazilian approach is grounded in the principles of South-South cooperation. Based on this assumption, the Brazilian model of cooperation is characterized by a concerted dialogue between national counterparts, characterized in terms of “horizontal cooperation.” This approach is mainly focused on the provision of technical cooperation instead of financial aid. The rationale behind this approach is to develop national ownership and avoid creating dependency on international aid. An additional impetus is the difficulty of justifying the provision of financial aid to another country to Brazilian citizens, in the face of domestic needs.

Within the Ministry of Foreign Relation of Brazil, the Brazilian Agency of Cooperation (ABC) is responsible for the negotiation, coordination, implementation and monitoring of technical cooperation projects. Given these functions, the Ministry, in theory, centralizes the process of aid through its Embassy in Colombia. Nonetheless, regardless of these official competencies, the Brazilian model of cooperation

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219 Ibid
220 Interview: Joao Ernesto Cristofolo, Brazilian Embassy in Bogota, Colombia, March 2012.
222 In general, technical cooperation implies challenges in computing the exact amount of resources involved in bilateral cooperation. This approach further compromises the transparency of international cooperation.
223 Interview: Joao Ernesto Cristofolo, Brazilian Embassy in Bogota, 13 March 2012.
224 Ibid.
is relatively decentralized.\textsuperscript{225} At the national, state and municipal levels, different government institutions are able to develop technical cooperation with other countries.

Given its decentralized cooperation model, the Brazilian government experiences challenges in tracking and computing different types of technical and financial cooperation and therefore fails to provide any detailed information on the amount of aid it delivers.\textsuperscript{226} In contrast, drawing from information provided by ABC, AidData database reports the total amount of technical and financial cooperation provided in 2011 as $542,866.\textsuperscript{227} This dataset, however, lacks details on total amounts transferred in previous years.

\section*{Transparency and Accountability}

From a strict transparency point of view, Brazilian practices are far from meeting the level required by protocols such as the Paris Declaration and the Accra Agenda for Action. Brazil does not have a publicly available country strategy paper for Colombia and does not publish either forward planning budget or documents. Results of the few evaluations it runs on its aid programs are also withheld from the general public. Although the Brazilian Agency of Cooperation maintains a public database of its projects, it only contains basic information on the projects and lacks information on the amount of resources involved in each project among other important details.\textsuperscript{228}

On the other hand, the Brazilian approach implies attending to the priorities identified by the recipient country (“demand-driven”) as well as being “free” of conditionalities.\textsuperscript{229} Brazilian official aid is mainly coordinated through Colombian state institutions.\textsuperscript{230} Indirectly, by supporting national ownership of the cooperation projects and reducing dependency to international aid this strategy legitimizes the democratic process held in Colombia\textsuperscript{231} and partly explains why the Brazilian model of cooperation is positively perceived by the Colombian Agency of Cooperation.\textsuperscript{232} On the other hand, given that the sectors prioritized by the Colombian government are broadly defined, any intervention carried out by Brazil will technically fit within an area of interest for the Colombian government.\textsuperscript{233} In this sense, some researchers who see this approach more as part of a discourse and less as a real practice criticize the Brazilian model, pointing in particular to the commercial nature of most projects undertaken in Colombia.\textsuperscript{234}

Overall, the scope and scale of Brazil’s programs and projects have remained fairly limited relative to other donors such as the United States. Even though the Basic Agreement on Technical Cooperation (a document specifically setting the ground for technical exchange), was signed in 1972,\textsuperscript{235} representatives of both countries acknowledge that substantial work remains in order to improve various aspects of their cooperation. One clear example of this are M&E practices that do not go beyond the project level, lack

\begin{footnotesize}
\begin{enumerate}
\item Ibid.; “Cooperacao Brasileira para o Desenvolvimento Internacional: 2005-2009.”
\item On 19 March 2012, a formal request of information was sent to the Headquarter of the Brazilian Agency of Cooperation. As of May 2012, no information has been provided.
\item AidData database, Brazil’s South-South Cooperation, 2005-2011, \url{http://www.aiddata.org/content/index/AidData-Raw/other-donor-datasets}.
\item “Projetos: America do Sul,” ABC, \url{http://www.abc.gov.br/projetos/cooperacaoPrestadaAmericasAS.asp}.
\item Brazilian Ministry of Foreign Affairs website, \url{http://www.abc.gov.br/projetos/cooperacaoPrestadaAmericasAS.asp}.
\item Ibid.
\item Interview: Joao Ernesto Cristofolo, Brazilian Embassy in Bogota, Colombia, March 2012.
\item Interview: Carolina Hernandez (APC), Colombia, March 2012.
\item Interview: Philipp Schönrock, CEPEI Director, Colombia, March 2012.
\item Ibid.
\item Brazilian Ministry of Foreign Affairs, \url{http://dai-mre.serpro.gov.br/atos-internacionais/bilaterais/1972/b_120}
\end{enumerate}
\end{footnotesize}
methodological rigor and include little to no impact assessment.\textsuperscript{236} The lack of a rigorous M&E component can be explained in part by the small cost and scale of the projects being implemented, as compared with the cost of maintaining centralized M&E systems.\textsuperscript{237}

**The Role of the Government Counterpart in Enabling Compliance**

Potentially the main drawback to the Brazilian approach to development is that it relies heavily on the counterparts’ capacity to effectively assess the needs of their population. In a country such as Colombia – a country that enjoys a relatively strong and accountable government – this approach appears to be appropriate. However, this also means that Brazilian cooperation would be strictly channeled through the Colombian central government, ignoring the participation of other national stakeholders such as the civil society. To some extent, the attention given to state institutions in place of non-state actors implies, among other things, a downplay of the complexity of Colombia’s status as a conflict-affected state.\textsuperscript{238}

Overall, Brazilian cooperation is characterized by a high level of mutual understanding and accountability (at least between governments). Nonetheless, the relative lack of experience and limited means\textsuperscript{239} translate among other things into a deficit in the level of transparency vis-à-vis the general public.

\textsuperscript{236} Interviews: Joao Ernesto Cristofolo, Brazilian Embassy in Bogota, Colombia, March 2012; Colombian Ministry of Foreign Affairs official, January 2012.

\textsuperscript{237} Ibid.

\textsuperscript{238} Interview: Joao Ernesto Cristofolo, Brazilian Embassy in Bogota, Colombia, March 2012.

\textsuperscript{239} ABC is cited as being understaffed despite the growing number of technical cooperation projects, which leaves a large proportion of contracts to be managed by Ministry of Foreign Affairs and Embassy staff. “Brazilian technical cooperation for development: Drivers, mechanics and future prospects,” *Overseas Development Institute*, 6 September 2010, p. 9, [http://www.odi.org.uk/resources/docs/6137.pdf](http://www.odi.org.uk/resources/docs/6137.pdf).
5. CONCLUSIONS AND RECOMMENDATIONS

As evidenced through desk and field research, current models of international cooperation by Brazil, China, India, Germany and the United States vary significantly with regard to how activities are negotiated, designed, implemented and evaluated. These donors not only have different definitions of what aid and cooperation entail, but also diverge in the underlying principles that guide them. For instance, while traditional donors stress the importance of transparency and accountability, emerging donors focus on principles of non-interference and respect for sovereignty. Therefore, using OECD-DAC as a backdrop against which transparency and accountability can be assessed fails to encompass the complexity of aid relationships, a point duly noted in the 2011 Busan Fourth High Level Forum on Aid Effectiveness in its recognition of the need for “broader and deeper partnership at all levels of development, including developing and developed countries, and private and non-governmental organizations.”

Nonetheless, current models of cooperation have been characterized by two opposing patterns. On one hand, traditional donors have tended to fill a more dominant role, implementing cooperation projects with marginal consent and cooperation from national actors. This strategy is often justified by the lack of institutional capacity within the recipient country. On the other hand, emerging donors have highlighted the role of national actors as cooperation partners, but often ignore the need for rigorous M&E procedures of activities that follow, while participation of non-government actors is absent altogether.

One important caveat must be mentioned before elaborating on specific recommendations. Measuring transparency and accountability in conflict-affected environments with the same standards applied elsewhere may lead to a skewed analysis of donor practices. Conflict considerations play an extremely complicated role in influencing decisions on accountability and transparency made by both donor and recipient countries alike.

5.1 Supporting Progress at the National Level

Pending the fragility of conflict-affected states, donors should focus on enabling the national counterpart in the recipient country to fully participate in all stages of aid provision including the design, implementation and evaluation of the programs. State capabilities to track aid and, consequently, accurately identify discrepancies between pledged aid and resources actually disbursed are critical components of broader measures of ownership and mutual accountability. In the long-term, all these aspects contribute to a more transparent and accountable relationship between donors and recipient countries.

The engagement of national actors constitutes another significant difference among donors and, therefore, deserves special attention. While traditional donors make extensive use of different channels for aid provision, including state and non-state actors, emerging countries have a clear tendency to solely prioritize state institutions. In this sense, traditional donors are able to engage a wide set of national actors who are directly or indirectly affected by their intervention. Even though traditional-donor relationships are characterized by vertical modes of cooperation, Germany and the United States have incorporated participatory approaches throughout all phases of project development, even if their track record in exercising them is grounds for criticism.

240 “The High Level Fora on Aid Effectiveness: A history,” OECD/DAC,
http://www.oecd.org/document/43/0,3746,en_2649_3236398_46310975_1_1_1_1,00.html
In contrast, emerging donors still have to adopt a coherent methodology allowing for the participation of non-government stakeholders. While emerging donors are characterized by horizontal modes of cooperation, this consultation is mostly restricted to state institutions. In order to support multiple dimensions of progress at the national level, emerging donors should increase involvement of non-state actors in both the consultation and the evaluation phases.

5.2 Monitoring and Evaluation

The capacity and motivation to implement rigorous monitoring and evaluation represents one of the most significant differences between traditional and emerging donors. In general, traditional donors present clear methodology and resources assigned for this purpose. Nonetheless, these countries often recognize the limitations of carrying out these activities in conflict-affected countries in cooperation with local actors. To some extent, the emphasis on M&E has further marginalized national counterparts in recipient countries with limited state capacity or failure to make all assessments accessible in the local language, affecting the development of projects and the overall local buy-in.

Due partially to the lack of resources and partially to ideology, emerging donors have lagged behind in implementing a similar approach. Among emerging donors, monitoring of projects is characterized by a political process, thus requiring shared technical expertise. In order to identify improvements and promote sustainable development, all donors should measure the scope and impact of their projects. Emerging donors in particular (Brazil, China and India) should make significant advances in developing shared M&E systems with national counterparts in recipient countries.

5.3 Systematizing Information on Aid

Donors in general should pursue significant improvements on how aid-related information is systematized and made publicly available. This recommendation applies to both traditional and emerging donors. Although traditional donors present constantly updated data on aid through the OECD Credit Reporting System, these countries should publish more detailed information on how these resources are allocated and, in particular, the transaction costs involved in the operation. The objective of this recommendation is to eliminate discrepancies between the amount pledged by donors and the resources that are effectively disbursed.

At the same time, emerging donors should substantially improve how information is currently systematized and made publicly available. Until now, even though data on cooperation can be found on alternative sources such as aiddata.org or aidflows.org, emerging donors still lack official governmental sources which compile, systematize and make information publicly available. Advancing on this matter is extremely important to this group of donors due especially to fact that the volume of technical cooperation, relatively difficult to compute, represents a considerable part of their portfolio.

5.4 General Conclusions

Political will and state capacity of recipient governments are critical factors that both determine, albeit in different ways, the compliance capabilities of donors with transparency and accountability protocols. In addition, this relation is clearly influenced by the recipient country’s level of dependency on international aid. In countries where international aid corresponds to a minimal percentage of the country’s overall budget, the recipient country may have more flexibility in negotiating the terms of cooperation. This case is exemplified by the relation between the Colombian government and donors. Nonetheless, in cases where recipient countries strongly depend on aid, bilateral relationships demonstrate clear power
asymmetries in negotiations, giving donors the capacity to gently direct when, where and how to develop their projects.

A second important point is that transparency and accountability principles, while often interconnected in practice, do not necessarily reflect a positive correlation, where the wholesale pursuit of one may even diminish gains achieved in the other. Furthermore, as donors adopt new procedures towards meeting principles of transparency and accountability, they may incorporate bureaucratic dynamics that slow down the provision of aid and the development of projects. In other words, the fulfillment of these principles clashes with current capacity of donors in terms of personnel, logistics and financial resources. These impediments are even more relevant in conflict-affected countries where the adoption of new practices is limited by security conditions on the ground, political disputes and social context. For instance, implementing a participatory approach, which in theory advances mutual accountability, may not be feasible given the polarization of actors.

5.5 General Recommendations

While framed at present by diverging principles, both emerging and traditional donors should continue working towards harmonization of shared frameworks for defining best practices in international cooperation. In other words, guiding principles should reflect the perceptions and modalities developed by both traditional and emerging donors, incorporating the specificities of each of their practices. As a first step, emerging donors should consolidate a unified definition of South-South cooperation in order to have a common basis for assessing the extent to which this cooperation is aligned with Busan principles. Although principles embedded in South-South cooperation are relatively clear, the practices involved are less easily defined.

Ultimately, by achieving these principles, the recipient-country capacity to intervene in different phases of the project should be reinforced, a good starting point for which is data-synchronization. By increasing the sharing and systemization of project-level data through better government-to-government coordination, donors can mutually support streamlined monitoring and evaluation mechanisms as well as promoting ownership among national counterparts. Lastly, this fosters a space in which recipient governments can increase access to up-to-date information on donor operations and projects through open source online systems.

Finally, all research conducted on this topic should include validation of protocols and processes at both the national governmental level and the project level. Although extremely time-consuming, project-level research offers significant insight into the realities of practices as they are executed. On the other hand, more institutionalized experiences may offer assessments that are still valid, though more disconnected from final project implementation and outcomes.

5.6 Recommendations: Transparency

Overall, regardless of guiding principles, all five donors have significant room to improve transparency protocols along different lines.

United States:

1. Publish the break-down of overhead costs in aid commitments and allocations given that the amount received by recipient appears to differ significantly from the amount committed by a given donor.
2. Publish aggregate data on aid commitments made in advance against the actual amount disbursed on an annual basis during relevant timeframes associated with initial commitments.

3. Publish the percentage of military to non-military aid being disbursed in partner countries receiving both types of aid.

4. Invest in centralized and comprehensive project databases.

5. Publish M&E reports in the language of the recipient country.

**Germany**

1. Publish the break-down of overhead costs in aid commitments and allocations given that amount received by recipient appears to differ significantly from the amount committed by donor.

2. Publish aggregate data on aid commitments made in advance against the actual amount disbursed on an annual basis during relevant timeframes associated with initial commitments.

3. Publish the amount of aid that is channeled through German NGOs, outside official coordination mechanisms offered by partner governments.

4. Publish information regarding aid provided by the German embassies.

5. Publish M&E reports in the language of the recipient country.

6. Invest in centralized and comprehensive project databases.

7. Inform recipient countries of the exact amount of aid provided to non-state actors.

**China:**

1. Publish a clear country strategy paper that informs both the recipient country and the international community of the areas prioritized by the Chinese government and the type of aid provided.

2. Publish periodic information regarding the amount of aid provided and the terms of cooperation.

3. Disclose total project costs.

4. Publish procurement protocols for commercial and non-commercial activities associated with international cooperation.

**India:**

1. Publish clear country strategy paper(s).

2. Publish consolidated amounts of foreign development assistance for recipient countries.

3. Replicate transparency of project information published online, as in Sri Lanka, to other recipient countries.

**Brazil:**

1. Publish clear country strategy paper(s).

2. Publish the results of negotiations held during Bilateral Commissions.

3. Confer the Brazilian Cooperation Agency more capacity to systematize and disseminate information regarding financial cooperation aid.
4. Improve budget planning and allocation of resource, guaranteeing predictability and transparency to the recipient country.

### 5.7 Recommendations: Accountability

**United States:**

1. Move away from contracting mostly U.S. companies or international organizations to implement projects; increase the rate at which project implementation is awarded to local organizations.
2. Articulate the distinctions between military and non-military aid, reflecting boundaries in published reports, aid commitments and project design in partner countries.
3. Reduce the role of international contractors and expand local-actor participation in the overall process of aid allocation, implementation and evaluation.

**Germany:**

1. Empower local institutions, state and non-state actors, to design, implement and evaluate projects.
2. Develop capacity within state institutions, creating expertise for monitoring and evaluation.

**China:**

1. Incorporate a participatory approach throughout all phases of the aid provision, guaranteeing the involvement of non-state actors.
2. Undertake rigorous monitoring and evaluation of projects.
3. Widen consultation with state and non-state actors in identifying country needs.
4. Formalize periodic meeting at ministerial or sub-national level to promote dialogue between Chinese representatives and national authorities.
5. Make use of the national capacity for project development, in particular in the area of infrastructure.

**India:**

1. Develop and publish country strategy paper(s).
2. Ratify the Paris Declaration.
3. Incorporate a rigorous monitoring and evaluation methodology into project implementation and make the result publicly available.
4. Establish a participatory approach with a wide range of recipient-country stakeholders, in particular non-state actors.

**Brazil:**

1. Incorporate a rigorous monitoring and evaluation component to the development of projects by adding technical expertise to the diplomatic service.
2. Adopt a participatory approach which a wide set of national stakeholders in addition to state institutions.
3. Make information on project results publicly available to different groups and take their perceptions into account

4. Undertake a process of consultation with state and non-state institutions at different levels to identify country needs.

### 5.8 Recommendations: Further Research

In addition to actionable recommendations focused on donor-specific modalities and practices, there are several recommended areas where further research can enhance the utility and relevance of these recommendations. Areas for further investigation include:

1. Identify where the monetary or social costs of compliance with transparency and accountability protocols has sidelined or hindered participation of local non-governmental organizations, and even partner governments, in the decision-making process around aid and cooperation activities.

2. Analyze how research and subsequent measures of donor accountability protocols can be disaggregated by the degree to which donors are accountable to recipient governments, non-government constituencies in recipient countries, domestic constituencies in the donor country as well as within the donor community at large. Assessing accountability through a common denominator of measurement oversimplifies complex, and often pronounced differences, in which relationships are privileged in the process of upholding accountability protocols.

3. Formulate metrics for analysis that compress various types of political and commercial conditionalities into a single framework.

4. Research how greater focus on assessing traditional and emerging donors against the frameworks crafted largely by traditional donors serves to increase, or subsequently distance, alignment with associated principles.

5. Conduct longitudinal study on how domestic pressures and rotating public administrations in donor countries impacts donors’ abilities to uphold transparency and accountability commitments to recipient countries or over time.

6. Develop frameworks for transparency and accountability that account for conflict sensitivities in recipient countries where threats of vulnerability or conflict exacerbation may be associated with such protocols.