Building a transparent system of global aid

Posted on Monday 31st October 2011

A conference hosted by the University of Birmingham this week brings together key players in the global effort to develop a transparent system of development aid. The Future of Aid Data Workshop (31 October – 1 November) highlights the importance of developing international aid transparency standards which include rising donor nations like China and India.

Dr Mike Hubbard from the University of Birmingham's International Development Department (IDD) who is organising the event comments: *"Having transparent mechanisms for distribution of global aid is hugely important. It allows scrutiny to ensure money is used effectively. The global aid landscape has changed drastically with the rise of southern donors. Transparency for public flows for development through information disclosure should be non-negotiable irrespective of whether or not they are official development assistance."*

Research carried out in IDD demonstrates how little of southern donors' aid data is presently captured. But on a positive note it finds that the differences are only minor between data disclosure categories and standards for southern donors proposed by the UN's Development Cooperation Forum, OECD standards and global standards proposed by the International Aid Transparency Initiative (IATI). This opens up the prospect of achieving a unified global standard for aid data.

But crucial to achieving a unified global standard will be including transparency on export credits, for the purpose of promoting exports; these make up a substantial portion of financial flows to developing countries from all donors, but with little public disclosure. Export credits are also not yet covered by IATI. But there are now moves by some donors make export credits transparent including the **Export Credits Guarantee Department (Regulation and Reporting) bill** going to the UK parliament in November 2011, which contains transparency requirements as well as regulations. It calls for 'the publication of an audit of all sums owed to the department, an annual impact assessment and a real-time disclosure policy on all supported projects'.

Lead researcher Pranay Sinha adds:*"Widening of the transparency regime to include Export Credits would further strengthen IATI and would be an important step towards a system that captures the full scope of development assistance, and could have important implications for international trade. It would help create a level playing field' so that competition among exporters is on the basis of quality and price not subsidies"*

By debating and clarifying the data requirements and options for a transparent system of global aid, the conference will make an important input into the 4th High Level Forum on Aid Effectiveness taking place in South Korea in early December 2011.

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