

MILLENNIUM CHALLENGE CORPORATION

PRINCIPLES *into* **PRACTICE**

Transparency

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MILLENNIUM
CHALLENGE CORPORATION
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The Millennium Challenge Corporation's mandate is to reduce poverty through economic growth. MCC works with a select number of developing countries that demonstrate a commitment to good governance and sound economic and social policies where the opportunity for economic growth and poverty reduction is greatest. MCC's model reflects a set of principles that the United States—and many other donors and advocates—agree are required for development assistance to work well: country ownership, an evidence-based approach, focus on results, and transparency.

MCC's Principles into Practice series offers a frank look at what it takes to apply these principles in day-to-day operations. MCC hopes that capturing and sharing the experiences will help MCC and others learn and do better. Transparency is the eighth paper in the Principles into Practice series available at <http://www.mcc.gov/pages/results/principlesintopractice>.

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In Principle: Transparency

Through this Principles into Practice paper, MCC aims to show how it has put the principle of transparency into practice and what it has learned from 10 years of experience. While MCC's transparency efforts seek to build accountability both in the United States and in partner countries, this paper focuses primarily on activities at MCC's headquarters in Washington, DC. Through this focus, MCC aims to inform, inspire and learn from other aid donors in order to contribute to emerging work on best practices. In addition, MCC hopes to address some of the concerns we have heard from transparency advocates, who quite reasonably ask why it is so hard and so time consuming for donors to become more transparent.

Over the past several decades, transparency and accountability have come to be seen as essential building blocks of aid effectiveness. International development advocates, donors and aid recipients now share a general consensus that it should be more clear who spends money on aid, where aid is being spent and what impact aid has.

From its founding in 2004, MCC's model has been based on a set of core principles that are essential to effective development assistance: good governance, country ownership, focus on results, and transparency. MCC promotes transparency in order to provide people with access to information that facilitates their understanding of MCC's model, its decision-making processes and the results of its investments. Transparency is a core principle for MCC because it is the basis for accountability, it provides strong checks against corruption, it builds public confidence, and it supports informed participation of citizens. Transparency is critical to:

- ★ Improve accountability, both to U.S. taxpayers and to the intended beneficiaries of MCC investments;
- ★ Increase coordination among donors, private investors and partner country governments;
- ★ Deepen stakeholder involvement in MCC investments to promote increased ownership and reinforce accountability;
- ★ Promote innovation as data and results from MCC investments are openly shared with and utilized by partner governments, civil society groups and private investors who can benefit from additional quality data and information;
- ★ Ensure MCC investments deliver results by being clear about measurable impacts; and
- ★ Advance learning about which approaches to poverty reduction through economic growth yield the greatest impact.

The U.S. Government has taken a number of important steps at the highest level to require increased transparency and openness by federal agencies working on domestic and international programs. President Barack Obama's first memorandum to heads

of executive departments and agencies upon taking office placed open government practices and evidence-driven decision-making at the heart of the administration's operations. The President's Memorandum on Transparency and Open Government and the resulting Open Government Directive emphasize transparency, participation and collaboration in government.

The Obama administration has also applied these priorities more specifically to foreign assistance, through the launch of the Open Government Partnership, issuance of a policy requiring collection and publishing of foreign aid data and the creation of ForeignAssistance.gov. In addition, the United States became a signatory to the International Aid Transparency Initiative (IATI) in 2011. IATI is a multi-stakeholder initiative that includes donors, partner countries and civil society organizations who work together to develop and implement a data standard that makes information about aid spending easier to access, use and understand. Finally, on May 9, 2013, the White House also issued an Executive Order on open data, aiming to make open, machine-readable formats the default for all U.S. Government information.¹ All of these actions have created further impetus for MCC's work in this area, as they establish specific goals and timelines for adoption of transparent business processes.

In Practice: Transparency

Transparency is built into each stage of the MCC development program life cycle: selection, design, implementation, monitoring, and evaluation.

MCC clearly sets criteria and a process for country selection—and for monitoring continued eligibility. MCC selects partner countries based upon their performance on independent, third-party indicators to measure performance in three categories: ruling justly, investing in people and encouraging economic freedom. MCC publishes annual scorecards of country performance, empowering a broad range of stakeholders—including country government officials, civil society organizations and private sector investors—to monitor countries' performance and to advocate for reforms designed to create a more enabling environment for inclusive economic growth. Once selected, countries are held accountable for continued strong policy performance. MCC's policy on suspension and termination allows funds to be frozen or withdrawn in the case of significant, sustained indications that a country has reversed its commitment to rule of law, public investment and economic freedom.

MCC uses an evidence-based, disciplined and consultative process for the selection of investments. Once countries are selected as eligible for investment, MCC works with partner countries in conducting an analysis of the major constraints to economic growth. This analysis is shared with stakeholders through a consultative process that narrows the field of investment options. MCC then works with partner countries to analyze the costs, benefits and expected rates of economic return for each of the potential investments. Beneficiary analysis and social and gender assessments are also

¹ Data that is machine-readable is in a format that can be understood by a computer.

carried out to determine how each potential program is expected to benefit different social and income groups. MCC works closely with partner country governments to ensure the results of these analytical exercises are shared with the public, demonstrating the evidence base for investment decisions and encouraging public participation.

MCC discloses compact agreements and publishes quarterly progress reports. Once projects have been selected, MCC works with partner countries to develop a detailed compact for project implementation, including budgets, activity timelines and expected results. This compact is made available to the public upon signing, and progress toward the goals laid out in the compact is monitored through tracking of indicators designed to measure inputs, outputs and outcomes. MCC posts financial and performance monitoring reports each quarter to its website, providing the public with basic tools required to assess MCC's progress, and to hold both MCC and its partner countries accountable.

MCC practices open, transparent procurements. All procurement opportunities available through MCC-funded investments are made public. MCC works with partner countries to establish accountable entities known as Millennium Challenge Accounts to implement projects selected; these MCAs are required to comply with MCC's Program Procurement Guidelines and Fiscal Accountability Guideline. This allows for an open, competitive bidding process that is meant to ensure cost-effectiveness and minimize opportunities for corruption. It has also opened new business opportunities for the private sector in MCC partner countries and created stronger public trust in the MCAs, both of which contribute to successful results.

MCC publishes the results of independent evaluations—and the data behind them. Pursuant to MCC's monitoring and evaluation policy, every project must undergo an independent evaluation. Once evaluation reports are finalized, they are released on the MCC Evaluation Catalog². In addition to the independent evaluators' reports, these evaluations produce a wealth of survey data that MCC strives to make available for public use. To follow adequate legal and ethical procedures to protect individuals and firms surveyed, MCC has established a Disclosure Review Board to advise on preparing this data for public disclosure.

MCC publishes its programmatic data in machine-readable, IATI format. MCC began publishing its programmatic data in IATI machine-readable format in June 2013 in an effort to make its data accessible to the international aid community and partner countries. Over the past year, MCC has significantly increased the data it is reporting through IATI to include more results, conditions and activity descriptions.

2 Available online at <http://data.mcc.gov/evaluations/index.php/catalog>

Lessons learned

1. Transparency requires leaders and champions.

There is often fear and resistance to transparency, so leadership is required to set the tone and create the incentives for staff to be transparent—with one another, with partner countries and with stakeholders. After all, it is easy to be transparent when everything goes well, but when it does not the political costs and risks of admitting shortfalls can be high. Having the support of high-level officials is essential for maintaining an agency’s commitment to transparency through good and bad news.

MCC leadership has supported and rewarded staff for taking risks related to transparency, in part because of the administration-wide incentives cited earlier. For example, MCC leadership supported staff in preparing data for release to ForeignAssistance.gov and to IATI—even when this meant taking some technical risks, and when it was clear that the data itself would require ongoing refinement. The idea of publishing preliminary data and allowing for public scrutiny and use while simultaneously investing in data improvements is relatively new for government agencies, where most people are used to long clearance processes to ensure that what sees the light of day has been reviewed and checked multiple times. MCC leadership worked with staff to develop expedited data clearance processes that balance the risk of minor errors with the expediency of making MCC’s data available often enough to be useful to stakeholders. Without this kind of leadership, staff have few incentives to take risks and try something new.

Leadership also sets policy, which is an essential component of putting any principle into practice. Under the direction of senior leaders from across the agency, MCC recently adopted a *Policy on Access to Information and Materials* to provide guidance to staff on how to implement a “presumption of disclosure”—the idea that MCC’s default position is to share information and materials with the public whenever there is no clear reason not to. The policy encourages staff to share information and materials, while also clearly defining the types of materials that are exempted from the presumption of disclosure and/or subject to legal restrictions on disclosure.

While the default position is to publicly release data and documents, this policy was needed to make clear the types of information that MCC may not release for legal or national security reasons, and based on existing Freedom of Information Act exemptions. These include release of information that is protected by the Privacy Act, other personally identifiable information, information that is classified or may pose a national security risk, and sensitive information shared with MCC by foreign governments. In addition, procurement-sensitive information, proprietary information

Box 1: Six Lessons to Put Transparency into Practice

1. Transparency requires leaders and champions.
2. Build a cross-cutting team of technical, data and policy staff.
3. Listen to external stakeholders to understand what information is needed and how it is used.
4. Adapt practice along the way.
5. For data to be used, it must be in useable formats—especially for your own staff.
6. Responsible transparency involves continual decision-making, as well as transparency about those decisions.

and information related to investigations, litigation or arbitration may not be released. Finally, information that may jeopardize the safety or security of staff, or which may inhibit MCC's ability to perform operations, are also excluded from the presumption of disclosure.

The policy also outlines procedures staff can follow to gain approval to release information or materials that are requested of MCC but are not routinely released to the public. For example, in the course of compact development, MCC may commission feasibility studies or data collection that can be useful to others planning projects in a partner country, reducing overall costs and increasing impacts. Although some of this information may be sensitive or require redaction to ensure MCC remains within established legal and ethical guidelines, staff now have an approvals matrix that aims to clarify and streamline the request and release process.

MCC has found that having leadership who create incentives for staff to share information, as well as establishing the policies required to institutionalize these transparent practices, have resulted in tangible business efficiencies.

2. Build a cross-cutting team of technical, data and policy staff.

Turning the principle of transparency into practice in the information age means better leveraging current technologies that make it possible to analyze and understand the increasingly large quantities of data available to the public and to policy makers. MCC believes open data is a critical component of open government, as well as transparency and accountability. However, as MCC took steps to open its data, a series of challenges emerged—some of which were unexpected.

The construction of internal data management tools to structure, store and publish complex datasets in consumable formats often requires specialized skills not found among the policy staff charged with deciding on agency publication priorities. At the same time, in order to release data responsibly—in a way that allows the public to utilize the data to correctly understand the reality that the data represents—care has to be taken at each stage of the decision-making process to ensure a balance between data quality, openness and potential risks. By definition, this means that the endeavor of preparing data for public release cannot be adequately addressed by either technical staff or policy staff alone. Accordingly, MCC quickly learned that to be effective, an integrated team of policy staff, data analysts and technical experts was absolutely necessary to overcome the challenges posed by these new forms of data production and public reporting.

When MCC began to invest in producing data in the machine-readable XML standard of the IATI,³ this interdisciplinary approach helped MCC overcome several inherent challenges. By integrating its data analysts and technical staff in the decision-making process, and not just the implementation, MCC found that decisions reflected the best use of existing data and systems, while keeping objectives obtainable and in

³ The International Aid Transparency Initiative (IATI) requires aid donors to publish their data via a defined technical framework that allows data to be compared across publishers. The IATI standard utilizes an adapted form of XML, which itself is an open markup language that standardizes data in a format that can easily be consumed by computers (i.e., is machine-readable).

conformance with industry standards. At the same time, policy staff came to appreciate the engineering required to reach what is largely a technical end result, and therefore had a greater impact on shaping the final data. Achieving an end product that satisfied all stakeholders required both groups to learn a great deal more about the other than either initially imagined. In the process, MCC has also become more involved in ongoing international efforts to move the IATI standard forward, as well as earning high rankings for the quality of its data in the Publish What You Fund Aid Transparency Index.

MCC continues to leverage this interdisciplinary team as it designs and builds data infrastructure capable of meeting MCC's long-term reporting needs. It is looking forward to restructuring its data catalogs over the next year and releasing more meaningful and useful data on a regular basis as a result.

3. Listen to external stakeholders to understand what information is needed and how it is used.

Because transparency and accountability have been incorporated into the MCC model from the outset, MCC has often chosen transparency as a default. However, MCC's end goal has always been to supply quality information to an audience of stakeholders who find it useful for moving the field of practice in economic development forward. For this reason, MCC has actively prioritized disclosure of information that stakeholders actively request. In fact, one of the reasons MCC has put an emphasis on improving the data it provides to IATI is because this data standard was developed through a multi-stakeholder process meant to identify the types and formats for information that would make it most helpful to a broad range of potential end users. In addition, through the Aid Transparency Index process, Publish What You Fund and other advocacy groups have made specific recommendations to MCC in the interest of moving the field of aid transparency forward, particularly regarding how to prioritize improvements to IATI data.

Box 2: MCC's IATI XML - A Case Study in Interdisciplinary Collaboration

Producing an IATI-compliant XML file from MCC's programmatic data involved both technical and policy considerations that required collaboration across several internal divisions. Policy and technical representatives were jointly involved at each of the following phases of development:

- *Identify data MCC was prepared to publish*—In order for MCC to identify the data it was ready to publish, internal stakeholders had to agree on what data should be released. In cases where similar data was collected in more than one MCC system, agreement about which source would be the system of record had to be achieved;
- *Classify the data using IATI terminology*—In order for aid data to be comparable, IATI requires data to be classified according to its standard (<http://iatistandard.org/>). This meant that policy stakeholders and data analysts had to come to an agreement on what specific data fields from the IATI standard would be published, as well as on how MCC's data mapped to each specific element. If there were elements for which data had not yet been identified, a decision about whether or not it could be sourced had to be made;
- *Gather and integrate the data*—Disparate data sources meant an effort to gather data from each individual system and integrate it into one datastore. Additional transformations were required to ensure conformity to a single schema and address data hygiene challenges;
- *Transform the data into structured output*—MCC made the decision to develop a custom mechanism for converting its data into IATI data. This tool generates IATI-compliant XML files from MCC's unified internal datastore;
- *Validate the output*—In order to ensure data integrity, the XML files are ingested and validated against their origin; and
- *Automate the process*—Every effort is made to minimize the burden on humans at every stage of the process. MCC continues to invest resources in building data infrastructure and automating its publication processes.

MCC knows the importance of constantly communicating with stakeholders to ensure it is prioritizing the right things in its practice of transparency. MCC does this through active collaboration with other U.S. Government agencies, participation in meetings and fora focused on transparency and open data, through regular consultation with stakeholders, through blogs requesting public feedback, through web forms, and via social media. MCC regularly compiles external feedback on its transparency practices, and this informs ongoing agency decisions.

For example, in the process of developing MCC's most recent Open Government Plan, stakeholders repeatedly emphasized the important contributions MCC could make in partner countries by encouraging and supporting more transparent practices. As a result, one of MCC's chosen flagship initiatives involves developing and implementing plans to better support MCAs in their efforts at transparency. Because of MCC's emphasis on country ownership, this will develop differently in each MCC partner country based on individual capacity and priorities. However, building the capacity for MCAs to easily report to IATI from their management information systems will be a main component of this initiative.

MCC consults potential data users regarding what types of information would be most valuable to them, and conducts external consultations with thought leaders and stakeholders in making important policy decisions that may involve a significant change in agency operational procedures as standard practice. For example, in both the last major revision to MCC's country selection methodology and in revising the threshold program, MCC consulted actively with internal and external stakeholders as part of the process. MCC's process for developing policies, like MCC's gender policy, and plans, like MCC's Open Government Plan, have also involved active consultation.

Despite these positive examples, challenges remain in this area for MCC. First, it does not hear enough from its stakeholders, and often does not know whether the data it produces is being put to effective use—making it difficult to learn from what has been done and then to improve its efforts. Second, MCC's practice of consultation has tended to tailor each consultation to the needs and goals of the situation, making it difficult to establish a more standardized set of guidelines based on past learning to ensure greater quality and consistency in consultations across MCC.

4. Adapt practice along the way.

Releasing data and information can often end up being much more difficult than one would anticipate at the outset, since it is common for new problems to emerge in the process. Some of these problems are technical, involving management information systems, improvements to the data collection process and technical skills required to produce reports in a variety of formats. Some of the challenges relate to the complex regulations governing U.S. agencies as they release information, such as laws related to privacy, paperwork reduction and equal access to information that can be triggered as well as security protocols that require MCC compliance. But simpler things like adequate staffing and resourcing can also be difficult to estimate at the outset, since it is often not clear then the level of effort that will be required.

Box 3: Making Evaluation Survey Data Public: Challenges and Opportunities

As of September 2014, MCC's evaluation pipeline included 59 independent impact evaluations (covering 40 percent of MCC's portfolio where it was feasible to establish a control group) and 87 independent performance evaluations (covering 60 percent of MCC's portfolio where establishing a control group required for an impact evaluation was not possible or cost-prohibitive). Because many of these independent evaluations involve large-scale survey efforts, the data underlying the evaluations are of public value—not only for replicating results but also for exploring a variety of other questions that are key to advancing aid effectiveness.

For this reason, MCC leadership decided to make these data sets openly available to the public, committing in the 2010 Open Government Plan to release 50 data sets by 2012. This commitment turned out to be much more difficult to honor than was originally anticipated, and by 2012 MCC had not yet released survey data. The agency recommitted with a more realistic, reduced target that committed the agency to release 10 to 20 data sets by June 2014. Through this process, MCC learned a lot about the multiple challenges involved in the public release of survey data.

First, MCC worked with multiple internal and external stakeholders to identify the legal, ethical and practical implications for the public release of survey data. Since survey data typically collects personally identifiable information at the individual, household, community, and/or firm levels, and this information is sometimes linked to sensitive data collected in the survey, such as on income, assets or sensitive health outcomes, MCC needed to assess its legal and ethical obligations to protecting survey respondents' confidentiality and its risk of harm from the disclosure of this data.

Second, based on a review of U.S. and international best practices, as well as consultation with various experts, MCC worked to develop its Data Documentation and Anonymization Guidelines. These provide its employees, contractors and partners with clear and transparent guidelines on data protection practices for data collection, storage and dissemination. Among other activities, this introduced a requirement for all independent evaluators to submit their data collection, storage and dissemination protocols to independent institutional review boards, (IRB) to review the protocol for adhering to human subjects' protection practices. In addition, MCC moved forward with establishing an internal Disclosure Review Board (DRB) in order to adhere to these guidelines for any data publically released. The DRB is comprised of MCC staff from all divisions, including compact operations, policy and evaluation, general counsel, and congressional and public affairs, as well as two external experts with over 24 years of collective experience working in the U.S. Government on public release of data. As MCC staff develop greater expertise in this area, reliance on external experts has been reduced.

Third, MCC collaborated with experts in the field of microdata dissemination* on the development of the MCC Evaluation Catalog, the key mechanism for disseminating the evaluation documentation and microdata. This ensures that users of the data have access to all necessary documentation, such as evaluator reports and questionnaires.

Fourth, MCC identified the substantial staff and financial resources needed to ensure adherence with data protection and dissemination practices. First, a full time Open Data Analyst position became required for managing all internal documentation and tracking of data packages, as well as managing the Evaluation Catalog. Second, contracts for independent evaluators required modifications to provide additional funding for new requirements around IRB and DRB reviews. Third, MCC staff, primarily in monitoring and evaluation, needed to build in requirements for adhering to the newly established Data Documentation and Anonymization Guidelines. All of this requires additional financial commitments by MCC management to achieve these activities.

However, from June 2013 to September 2014, MCC chartered and established the DRB, established the Data Documentation and Anonymization Guidelines and succeeded in the review and release of over 20 data packages on its Evaluation Catalog. With the internal processes and resources established, it expects to continue a steady and timely release of its evaluation data moving forward.

*The team is led by the International Household Survey Network and the World Bank's Development Data Group.

In addition to these challenges, MCC also has found that there is often a gap in the types of data used to report results and the types of questions asked about results by its stakeholders. The information MCC needs for internal management does not always coincide with external demands for information. This requires a constant reexamination of multiple information and reporting needs, and development of systems and business processes that adapt to meet new business needs.

To efficiently release all the information associated with its programs, MCC systems have had to be engineered (or re-engineered) with this goal in mind. While its status as a relatively young agency with particularly well-structured data has made this easier for MCC than for other U.S. Government agencies, the process still has required both agile management and heavy lifting:

- ★ In trying to release new data or information, it has been key for MCC to maintain some flexibility in staffing structures. In the case of producing a data file in XML that met the requirements of the International Aid Transparency standard, MCC relied on the skills of a presidential innovation fellow and contracted additional technical assistance. These were both short-term efforts that allowed MCC to learn how to more effectively structure a data production team. Similarly, MCC originally structured and staffed the Disclosure Review Board as a six-month pilot to learn enough about the process to later develop a more long-term staffing structure.
- ★ When approaching new challenges, it is important to set aspirational goals and to learn quickly about the full level of effort required. Scoping plans and resourcing efforts too soon may create unresolvable shortfalls in staffing or resources, while waiting too long may impede progress toward the goal.
- ★ It is essential to think through and build sufficient resources for standardized, repeatable data production processes from the outset. While a surge in resources can make it possible to compile and prepare new information for release, unless there is a careful documentation of business processes and appropriate longer-term resourcing, these efforts will not be sustainable, consistent and efficient.

5. For data to be used, it must be in useable formats—especially for your own staff.

While the emphasis on standardized, machine-readable data is critical for information sharing with partner countries and other donors, allowing internal staff to explore this data in an approachable format is just as important to ensure high data quality and support.

MCC found that after undertaking significant effort to produce data in machine-readable formats for external reporting, staff still did not have the means to validate it thoroughly or to use it for operational purposes.

In the past, MCC provided staff access to simple, raw data used in basic reporting, but found that few users were able to use the data for analysis but rather just to answer routine reporting queries. As part of its initial effort to better structure and report on MCC's various data, the data team was asked to make IATI data available to internal staff, given the amount of effort put into producing the data set.

MCC has recently released dynamic, interactive visualizations based on its published IATI data to its staff as a pilot. The visualizations provide staff with increased flexibility over what data to explore, and MCC is working with staff to gather feedback on its usefulness. MCC is also in the process of developing a new website that will have components that are data driven, with the goal of allowing the public a similar capability to use and explore MCC's data.

Additionally, returning this data back to staff can alleviate some of the resistance to data collection efforts. MCC found that staff can sometimes resist data collection efforts if they don't see any immediate value from it. Often they are asked to collect or produce data that answers questions to which they themselves already know the answers. By returning integrated data back to these users, staff realize capabilities they had not accounted for and become much more supportive of data collection processes.

6. Responsible transparency involves continual decision-making, as well as transparency about those decisions.

The decision to be transparent is not a single decision, but rather thousands of small decisions made by staff at all levels—most of which are difficult to regulate through formal rules. For this reason, establishing a culture where transparency is valued and practiced provides the basis for how staff make decisions, behave in their relationships with partners and stakeholders and exemplify MCC's foundational principles. The importance of this cannot be overstated.

While it may sound contradictory, MCC has learned that building a culture of transparency requires the agency to find the right balance between a presumption toward openness and disclosure with responsible management of individual privacy, foreign government information, proprietary information, and classified materials. In short, building a transparent culture also requires that MCC be open and accountable regarding those times when decisions are made not to share information.

For example, as an independent agency governed by a Board of Directors, MCC has faced challenges in striking an effective balance with regard to sharing information on board meetings. Though not legally required to do so, MCC has opted to publicize board agendas and summaries of board meeting proceedings, while also hosting a public town hall meeting in the several days following each board meeting. In addition, many of the main analytical materials that form the basis for board decisions—country scorecards, constraints analysis documents and other background materials—are publicly available on MCC's website.

In addition, MCC must also take its own operational effectiveness into account. In fact, sharing the wrong information at the wrong time could have adverse effects on MCC's relationships with a broad range of partners who may be opposed to making certain information public. In addition, too much pressure for transparency when analysis and decision-making are still underway may create a risk-averse culture, potentially limiting honest deliberations or stifling innovation in program design. For all these reasons, MCC must sometimes make clear principle-based decisions to not disclose information.

Box 4: Are there times when it is ok not to be transparent?

Every November, MCC publishes country scorecards for all low-income and lower-middle income countries, providing a public assessment of how each country performs on 20 indicators that aim to measure specific elements of a country's governance in the areas of *ruling justly*, *investing in people* and *encouraging economic freedom*. The methodology and the data MCC uses to create these scorecards are fully public, thereby creating objective and verifiable policy assessments of every country under consideration for MCC assistance.

However, in addition to the scorecards, the board may also consider supplemental information to address gaps, lags, statistical margins of errors, or other weaknesses in the indicators to determine whether a country performed satisfactorily. This supplemental data allows the board to dive deeper on country-specific issues that may not be relevant for all countries (and therefore not captured in the global indicators.) Some of these considerations may include recent conflicts, human rights concerns, election status, investment climate, economic issues, country capacity, or the role other donors are playing in a country. Because of the sensitive, and sometimes classified, nature of this supplemental material, MCC does not share this with the public.

By basing selection decisions primarily on transparent, third-party indicators, MCC is able to allocate aid to well governed countries and also encourage countries to improve on their policy performance. However, basing the decision exclusively on indicators could limit the board's ability to take into account the greater political, social and economic context. By giving the board the discretion to consider supplemental information, MCC's legislation ensures MCC's investments are based on comprehensive assessments that capture more than any one (or 20) indicators could ever capture on their own. Likewise, selection of countries for second compacts also requires full and honest deliberation of information, and MCC manages this with the requisite sensitivity.

This balance allows MCC to offer detailed and comprehensive information to inform board decisions, while also making the criteria for decision-making clear to the public so they can fully participate in the selection process as informed stakeholders.

For a full description of the types of supplemental information collected and shared with the board, see MCC's Guide to Supplemental Information at www.mcc.gov/documents/reports/report-2012001121001-fy13-selection-supplemental-info.pdf and Guide to the Compact Survey at www.mcc.gov/pages/docs/doc/report-guide-to-the-compact-survey-summary-fy14.

Transparency is also a core part of MCC's corporate culture. In 2013, a group of MCC staff set out to articulate, disseminate and institutionalize a set of core values that define how the agency acts on a daily basis, both as individuals and as an institution, in pursuit of the mission of reducing poverty through economic growth. This group purposefully promoted a transparent approach with MCC staff, sharing its presentations to senior management with the entire organization and actively engaging as many MCC staff members as possible in the process of articulating the values. This grassroots approach led to a participation rate of over 80 percent and to the adoption of MCC's CLEAR values (embrace collaboration, always learn, practice excellence, be accountable, and respect individuals and ideas).

An underlying theme of these values (explicitly included in the explanation of the "be accountable" value) is transparency with each other and with counterparts by setting clear and common goals, stating and questioning assumptions, explaining how and why

decisions are made, and admitting shortcomings and failures in order to learn lessons and improve performance.

These values have been embraced by the agency and are part of MCC's institutional practices. From hiring, performance reviews, trainings, and internal messaging, MCC's CLEAR values are incorporated, and serve as a vital reminder and support to staff.

Questions and challenges for the future

How can we better promote and document the multiple uses of the data and information provided?

At the end of the day, if stakeholders do not use information and data provided by donors to actually support the intended end goals for transparency—accountability, improved planning, learning—then it will be difficult to argue that the investment required to prepare and expose data is the best use of scarce funds. Despite the increasing supply of information coming from aid donors, it remains difficult to understand the demand for information: Who needs what information in order for investments to have better outcomes and increased impact?

Now that IATI has advanced to a stage where hundreds of donors are reporting and data quality is improving, donors need to encourage the efforts of a broad range of intermediaries who can take data and transform it into tools for use by governments and citizens. This will, MCC hopes, create increased demand for quality, detailed information and contribute to the evidence base that demonstrates the value of transparency. In addition, MCC continues to explore other means—like its current Open Data Challenge⁴—to promote the use of data it is making transparent.

How can we set aspirational yet achievable goals?

Stakeholders often find it difficult to understand why it can take so long for donors to expose information to the public, leading to active criticism when it appears they are falling short of commitments. At the same time, donors are under pressure to set aspirational goals—despite the fact that this may lead to increased criticism if donors fail to meet their own targets. This dynamic keeps the conversation focused on issues of political will, when in fact the problems and delays are more often caused by technical and implementation challenges. Learning from past efforts should help set more realistic goals while maintaining high aspirations. However, active efforts to shift the transparency conversation are also required to ensure that donors and stakeholders better understand each other's positions and are working together to advance the common goal of improving impacts of transparency efforts.

How can we better define and measure the impacts of efforts aimed at transparency and accountability?

Unfortunately, the evidence base in the field of transparency and accountability initiatives remains underdeveloped, providing limited insights into best practices. For

⁴ <http://www.mcc.gov/pages/activities/activity/mcc-open-data-challenge>

example, the links between transparency and accountability are not well understood, and few studies have been done to show how the practice of transparency can actually improve the impacts of economic development work. This limited evidence base complicates donor efforts to prioritize the investments in transparency that will deliver the highest returns on aid effectiveness.

The field of transparency and accountability will move forward more decisively by developing and testing more concrete theories of change that specify intended impacts and measure all of the elements in the causal chain that are anticipated to be required to reach them. Moving away from the more anecdotal forms of evidence that have characterized this field is admittedly difficult. In fact, for transparency to lead to accountability, a whole ecosystem of data production and use must be created. How can we best measure inputs, outputs and outcomes of this work? How can we learn what works best and what investments matter most?

One initial step donors could take would involve better documentation of the internal value created through transparency efforts. Does this work help to organize and automate systems, creating internal efficiencies? Does it improve program design and implementation? Does it support development of stronger partnerships?

Conclusion

MCC's work in the field of transparency has shown that these efforts are not easy. Releasing high-quality information and data to the public requires the right leadership, the right organization culture, the right staff, and the right business processes. Making the information accessible requires understanding demand and use, as well as developing different platforms and formats for information and data sharing. Yet despite these challenges, MCC has also found that there is value in these efforts. Knowing that its results will be communicated consistently and regularly with the public motivates MCC and partners to uphold higher standards of accountability. Preparing data for public release requires MCC to systematically collect and organize information, leading to improved internal systems. Most importantly, ongoing effort to improve its track record on transparency and to document the results have contributed to rich organizational learning that extends beyond transparency into all other areas of MCC's work.