

# DEVELOPMENT POLICY CENTRE

## **The 2022 Australian aid transparency audit**

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## Executive summary

This report covers the 2022 Australian Aid Transparency Audit run by the Development Policy Centre. The Centre audits Australian Aid Program transparency every three years – previous audits were run in 2013, 2016 and 2019.

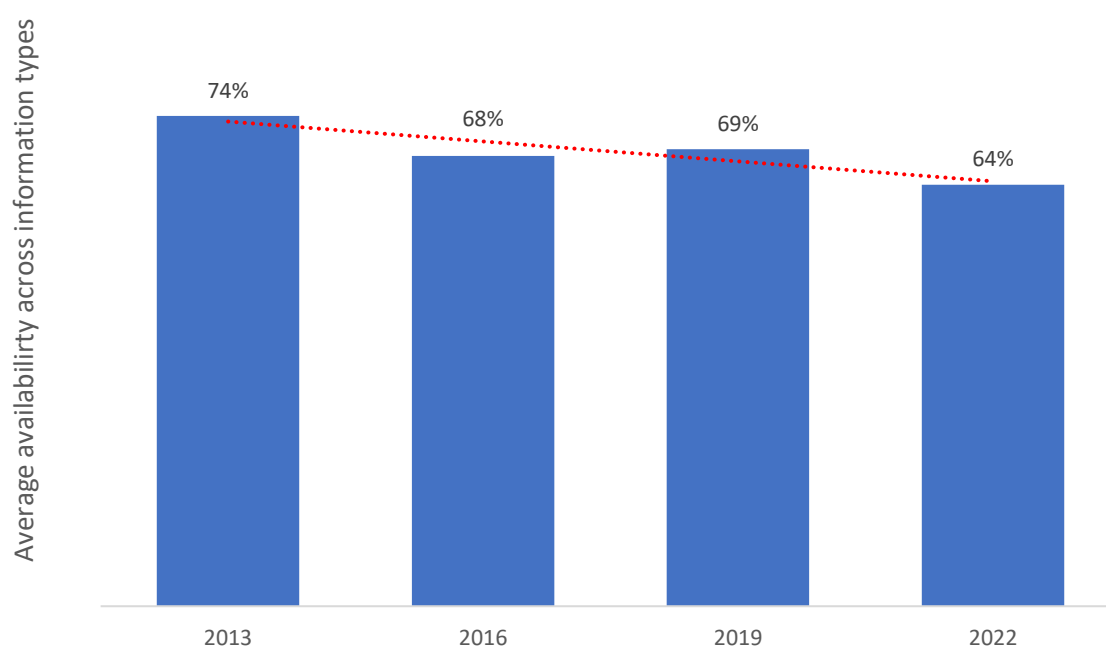
In 2022, we continued the practice used in previous audits and assessed the Aid Program’s transparency about the projects it funds. This included auditing whether the Aid Program lists all of the projects it funds, whether it provides basic information about these projects and whether it makes detailed documentation available covering the full aid project cycle. We also expanded our analysis to assess the availability of high-level aid budget information.

As in previous audits, the projects included in this audit come from the Pacific and Indonesia, as well as a random sample of country or regional programs from elsewhere.

Our assessment of whether the Aid Program details all its projects (over AU\$1 million) on the country program pages of their website revealed that the Aid Program currently only lists about 61 per cent of its significant projects on country pages.

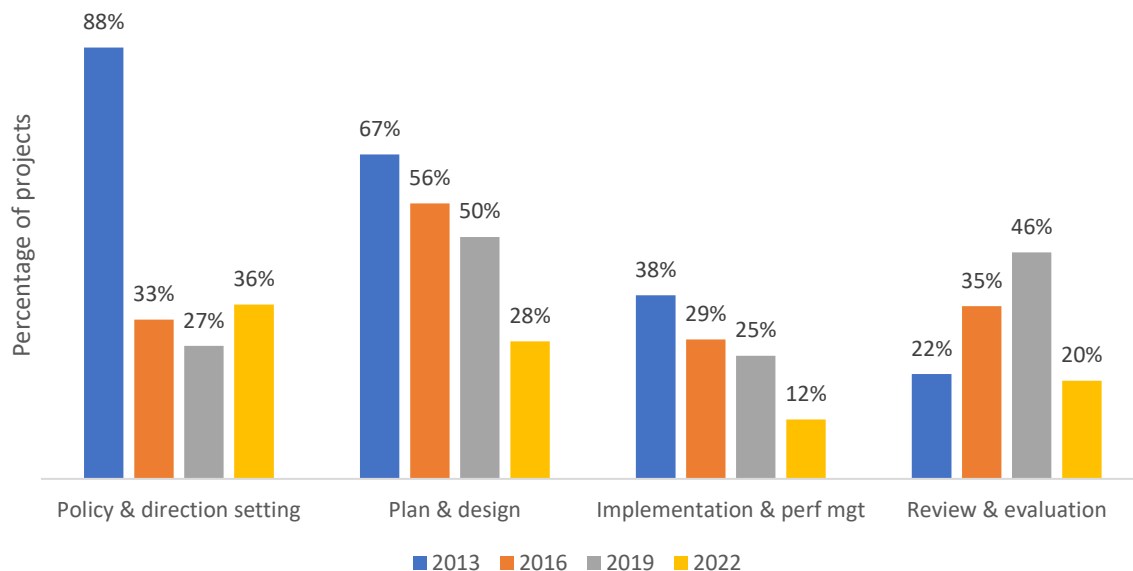
When we assessed the availability of basic information for those aid projects that were listed on the country and regional pages of the Aid Program website, we found that this type of transparency was still quite high in 2022. However, transparency in this area is less than it was in 2013. Concerningly we also found that transparency fell notably between 2019 and 2022. Results can be seen below.

### ***Availability of basic project information***



Our assessment of the availability of detailed documentation covering the project cycle (direction setting, planning and implementation documents, and reviews) also revealed falling transparency over time. Worryingly, three out of four types of document transparency deteriorated between 2019 and 2022. In 2022, few aid projects were well-documented on the Aid Program website.

**Availability of detailed project information throughout the project cycle**



We found that larger projects tended to be better documented. We also found that projects that started the project cycle poorly documented online tended to stay this way.

Alongside areas where clear deterioration has occurred, a number of more positive findings emerged from the audit. Our assessment of the availability of timely, high-level aid budget data found that the Aid Program has done a reasonable job of making at least some budget data available in every year that we covered. (Although in recent years, unfortunately, a full suite of budget data has not been provided and important items have been missing.) The Aid Program also continues to make spreadsheets of historical aid budget data available, and this remains valuable.

The Aid Program has also partially followed one of the recommendations of our 2019 audit and now makes a single list of almost all aid projects between AU\$3 million and AU\$10 million available on its website. This still falls short of our recommendation – which was a list of all projects regardless of size – but it is a start.

Despite these improvements, the overall findings of the 2022 Aid Audit are worrying: transparency in 2022 was clearly worse than in any other year we have audited. This finding is particularly concerning given that, in the wake of the 2019 Audit, the Department of Foreign Affairs and Trade (DFAT) committed to improving aid transparency in a manner aligned with the focus of our Audits (DFAT 2020). One of its current performance indicators is, ‘improved transparency aligned with the ANU Development Policy Centre aid

transparency audit methodology’ (DFAT 2021b, p. 8). In performance reporting, DFAT has reported that it has, ‘worked to improve the availability of data’ (DFAT 2021a, p. 71) . Yet, the availability of project data has actually worsened. The challenges provided by the COVID-19 pandemic may have contributed to this deterioration. Nevertheless, there is a clear challenge confronting the Aid Program at this point in time: to ensure that transparency stops deteriorating and improves significantly in coming years.

Our findings point to serious issues in need of attention.

Moving forward, we believe that the transparency of the Australian Aid Program can improve if a few simple changes are made.

- Most importantly, at a political level **the new government should demonstrate a commitment to aid transparency through a clear statement** of what it expects from the Aid Program – something similar to the previous Labor government’s Aid Transparency Charter.
- A **transparency unit within DFAT should be established** to monitor and promote aid transparency. Its responsibilities should include: advocating for higher transparency internally; educating staff about transparency requirements; investigating impediments to transparency in the current aid management approach; and working on solutions to these impediments.
- In addition, the government should **increase the number of staff working on aid management**, reduce time pressure and provide staff with the increased ability to undertake the necessary tasks – including the small ones such as putting existing documents online – that are needed to ensure transparency.

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### Online data

The underlying data used in this report can be accessed at: <https://devpolicy.org/wp-content/uploads/2022/09/2022-Transparency-Audit-Master-Data-online.xlsx>

## 1. Introduction

Aid transparency matters. It helps highlight when aid is working and when it is not. Transparency increases the ability of donor country citizens, journalists and civil society to hold their governments to account for the aid given in their name. In aid-recipient countries, aid transparency can also help citizens – the people most affected by aid – pressure their governments to manage aid effectively. Transparency sheds light on the changing focus and purpose of aid (for example, Wood et al. 2021). Transparency is crucial if politicians are to be held to the promises that they have made about how aid will change in important areas such as gender equity and climate finance.<sup>1</sup> Transparency also helps answer important questions, such as when aid projects work, and whether aid promotes development (for examples see, Feeny & Vuong 2017; Galiani et al. 2017; Honig 2018). Transparency has enabled the creation of important aid datasets including those produced by the OECD,<sup>2</sup> AidData,<sup>3</sup> and the Lowy Institute.<sup>4</sup>

In principle, the importance of aid transparency is recognised by donors too. Transparency was committed to in the *Paris Declaration on Aid Effectiveness* (OECD 2005). Transparency was also central in the commitments emerging from the *Busan Partnership for Effective Development Cooperation* (OECD 2011). Practical initiatives to promote aspects of aid transparency, such as the International Aid Transparency Initiative (IATI), have risen in prominence.<sup>5</sup>

At points in the past, the importance of aid transparency has been recognised by Australian politicians too. In November 2011, the Labor government adopted a Transparency Charter, designed to boost aid transparency. In 2013, in the wake of the election of a Coalition government, newly appointed Foreign Minister Julie Bishop also emphasised the need to improve aid transparency (Bishop, quoted in Howes & Betteridge 2013).

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<sup>1</sup> For an example of a promise of this nature see: <https://tinyurl.com/2p8arvhs>

<sup>2</sup> <https://stats.oecd.org/Index.aspx?datasetcode=CRS1>

<sup>3</sup> <https://www.aiddata.org/>

<sup>4</sup> <https://pacificaidmap.lowyinstitute.org/>

<sup>5</sup> <https://iatistandard.org/en/>



It is less clear whether, in practice, the Australian Aid Program has been sufficiently transparent, particularly in recent years. Surveys of key Aid Program stakeholders in 2015 and 2018, suggest transparency has fallen since 2013 (Wood et al. 2016; Wood et al. 2019).

In the report that follows, we have continued the Development Policy Centre's practice of auditing the Australian Government Aid Program's transparency. We conduct these audits to gather tangible, objective data on just how transparent the Aid Program is. We first audited aid transparency in 2013, we completed the second audit in 2016, and the third in 2019. In this report we describe the findings of the 2022 audit.

To allow comparisons over time, the 2022 audit's methods are broadly similar to those used in previous years. As in earlier audits, the 2022 audit focuses primarily on transparency in the form of readily available, detailed, online information about individual aid projects. We focus in this way because detailed project-level information is essential if outside observers are to fully understand what aid is being spent on, and whether spending is justified. For the first time in 2022, we have also added a measure of overall Aid Program budget transparency. Just as it is important to provide detailed information on individual projects, it is also important that the Aid Program provides timely high-level data on its budget.

This audit report is structured as follows. First, we describe the methodology and rationale of the audit, making particular reference to noticeable methodological differences with the 2019 audit. Then we present our results, starting with overall aid budget transparency. This is followed by our assessment of the share of total aid projects which are listed on the country and regional pages of the Aid Program's website. We then report on project information and documentation transparency. As we do this, we analyse variation in transparency across country, region, sector and project size. Following this, we discuss the key trends and themes identified in the results. Finally, we propose recommendations to improve transparency within the Australian Government Aid Program.

## 2. Methodology

The Development Policy Centre is not the only organisation that studies aid transparency. The Center for Global Development (CGD) and the non-government organisation Publish

What You Fund produce multi-donor assessments of aid transparency.<sup>6,7</sup> These indices both have strengths, in particular the ability to compare between donors. However, in our experience as an organisation actively engaged in debates about Australian aid effectiveness, the data they use to assess transparency, which stems mostly from OECD and IATI reporting, fail to fully capture the information that analysts need if they are to carefully monitor foreign aid. The approaches taken by CGD and Publish What You Fund are understandable given they work with many donors and messy data.<sup>8</sup> However, our focus is Australia, and detailed – easily accessible – information about what the Australian Aid Program is doing. As a result, our audit of Australian Government Aid Program transparency is structured around key high-level data, and the availability of a comprehensive suite of documentation, directly related to the aid project cycle. Where present, these documents provide accessible, easily-interpretable information, and afford a holistic understanding of the planning, purpose, budget and performance of Australian aid projects.

## 2.1 Aid budget transparency

The most significant change in the methodology of the 2022 Transparency Audit is that we have added a new area in which we assess the transparency of the Australian Aid Program: the timely provision of detailed information on the overall aid budget. To this end, we have scored the Aid Program, over time, based on the information that it makes available on high level aspects of the aid budget on budget night, or shortly thereafter, in Australia.

In particular we have assessed the Aid Program based on the availability of budget data in the following areas:

- total overseas development assistance (ODA) estimates
- ODA/GNI estimates
- total country, regional and global program estimates
- total sectoral estimates
- estimates of total aid given via other government departments.

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<sup>6</sup> [https://www.cgdev.org/cdi#/raw\\_development\\_finance/development\\_finance\\_quality/transparency](https://www.cgdev.org/cdi#/raw_development_finance/development_finance_quality/transparency)

<sup>7</sup> <https://www.publishwhatyoufund.org/>

<sup>8</sup> In more recent years, Publish What You Fund’s transparency surveys have become admirably thorough. However, key points of difference remain between our work and theirs. In particular, our audits focus on information that can be directly assessed, rather than being available primarily in the form of IATI-compliant XML files. (XML files are of little use to people who aren’t software programmers.)

Our assessments cover the period from the 2012-13 financial year to the 2022-23 financial year.<sup>9</sup>

## 2.2 Project transparency – overarching approach and sampling

In our assessment of project transparency in 2022, we largely followed the same methodology used in the 2013, 2016 and 2019 audits, with minor modifications made to accommodate updates in the way the Aid Program publishes material. Where we deviated from the methods used in the two previous audits, we re-calculated data from earlier audits where possible to ensure consistency over time and have noted the changes in the relevant section in our results.

In line with previous audits, we focused on the availability and quality of project information on the Australian Aid Program’s webpages for partner countries or regions.<sup>10</sup> Although the Aid Program now has some pages focused on specific sectors, we focused on country and regional pages for consistency in methodology over time. We also focused on these pages as they are the most likely locations that someone in an aid recipient country (or Australia, for that matter) would go to look for information on a particular project.

The data in this transparency audit were collected in April and May 2022 by Huiyuan Liu working in consultation with Terence Wood, who also participated in the 2019 audit. As for the 2016 and 2019 audits, the 2022 audit covered all aid-recipient countries in the Pacific as well as Indonesia, and a set of country or regional programs that were randomly chosen in 2016 from other parts of the world. In other words, the sample has been kept identical since 2016.<sup>11</sup>

A total of 27 country and regional programs were included in our audit, including 16 from the Pacific region, five from South-East and East Asia, four from South and West Asia, and two from Middle East and North Africa. A complete list of the country and regional programs in our sample is shown in Table 1.

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<sup>9</sup> Most of the information of interest in this category can be found at: <https://www.dfat.gov.au/development/australias-development-budget-and-statistical-information>

<sup>10</sup> These pages can be accessed from the webpage: <https://www.dfat.gov.au/geo/countries-economies-and-regions>

<sup>11</sup> The countries covered in the 2016 and 2013 reports differed somewhat. However, all Pacific countries and Indonesia were included in both reports. In the 2016 report, sensitivity testing was conducted to gauge the impact of the changed sample. The impact on overall transparency scores was very small.

**Table 1: List of country and regional programs in the sample**

Region	Pacific	South-East and East Asia	South and West Asia	Middle East and North Africa
<b>Countries / regional programs</b>	Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Pacific regional program, Papua New Guinea, Republic of Palau, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tokelau, Tuvalu, Vanuatu	ASEAN and East Asia regional program, Laos, Indonesia, Mongolia, Philippines	Maldives, Pakistan, Sri Lanka, South and West Asia regional program	Palestinian Territories, Iraq

In the 2022 audit, six of the sampled countries had no project information of the type we were studying listed on the Aid Program website and were subsequently excluded from the direct analysis of the Aid Program website detailed in Section 2.4.<sup>12</sup> In total, we audited 280 projects – compared to 246 in 2019, 239 in 2016 and 225 in 2013.

One noteworthy change to the DFAT website in the wake of the 2019 Audit – which had potential ramifications for our methodology – stems from a new DFAT project list. In 2021, DFAT listed many ODA investments, valued between AU\$3 and AU\$10 million, in a single table on a standalone webpage.<sup>13</sup> The table provides details including project number and name, managing program and budget. As we note in the discussion section of our report, the availability of this table reflects a worthwhile effort by DFAT to improve transparency. Generally, however, we could not draw on its information in our calculations.

There were four reasons for this: first, the table lacked complete information on where projects were being implemented, making it difficult to match the projects named in the table with the ones on the country or regional program webpages; second, only projects between AU\$3 and AU\$10 million were included in the table; third, it is not clear that the table has been updated (a comparison of project lists retrieved on 6 April 2022 and 4 August

<sup>12</sup> The countries were: Tokelau; Federated States of Micronesia; Niue; Republic of Palau; Republic of the Marshall Islands; and Maldives. In both 2016 and 2019 audits, seven countries were excluded from analysis for the same reason, including the aforementioned countries and Iraq.

<sup>13</sup> Can be accessed at: <https://www.dfat.gov.au/development/australias-development-and-statistical-information/current-oda-investments-between-3m-and-10m>

2022 indicated no updates had occurred between these two dates); and fourth, the table does not link to more detailed project documentation. Given these issues, information from the online table was only used to complement our analysis of project coverage and when compiling the basic project information index. Where we have used information from the table, we have noted it in the relevant section.

### 2.3 The share of total aid projects listed on country and regional pages online

One issue stemming from our analysis of projects listed on the Aid Program's website is that we do not know what share of the total number of projects are actually listed on the webpages of the country and regional programs that we cover in the audit. It may be the case that the Aid Program is particularly transparent and details all projects, or at least all above a certain size, on its country and regional pages. On the other hand, it could be the case that many projects may be effectively hidden from the public and not covered on country and regional pages at all. There is also the possibility that completed projects are not removed from the website, producing the impression of greater ongoing transparency than actually exists.

This issue was first spotted in the 2019 audit. The 2013 and 2016 audits were conducted based on the assumption that all major projects were listed online. In the 2019 audit, our team attempted to calculate the share of the total projects that were covered on country and regional pages on the website for the first time by comparing the number of projects on these pages with estimates of the total number of projects the Aid Program funds. These estimates were made based on data that Australia reports to the OECD's Creditor Reporting System (CRS) database, as it was the most comprehensive list of Australian aid projects that we had access to at the time. In 2019, we counted the number of projects above US\$750,000 (approximately AU\$1 million) in CRS, treated that number as the total number of projects that we expected to be listed on the country and regional pages of the Aid Program's website. We then compared this total with the number of projects actually found on the relevant pages. However, there were three issues with using CRS data. First, CRS has a large time lag in data provision, so we were only able to compare 2016 data in the 2019 audit. Second, some country/regional programs were not comparable and thus excluded

from our analysis.<sup>14</sup> Third, we did not directly match projects from the two sources because some projects were grouped together or split into sub-projects in CRS, making them hard to match. This led to imperfect estimates as one grouped project reported in CRS may have corresponded with two separate projects on the Aid Program website, leading to overestimates of project coverage. Moreover, delays in removing completed projects from the Aid Program website may have also resulted in overestimation of project coverage. As a result, some countries scored over 100 per cent coverage in the 2019 audit.

This time, we used a different approach to improve accuracy and to allow the analysis to be conducted on the most recent data available.

First, we were provided an up-to-date list of all aid projects by DFAT in June 2022. We then worked with the assumption that projects valued over AU\$1 million (the same size threshold as in the 2019 audit), with a start date no later than 2021 and an end date no earlier than 2022, should be posted on the country and regional pages of the Aid Program website. The number of these projects formed the denominator of our project coverage ratio.

Second, we assigned country or regional programs to each project based on its managing program in DFAT's list. Projects under a sector focused program, or similar type of program with no specific country or regional ties, such as the Australian NGO Cooperation Program (ANCP), were excluded from calculations entirely. Third, we counted how many of the projects from our sampled country/regional program in DFAT's list could be found on the relevant country and regional pages of the website and used this number as the numerator in our calculations. The projects from the two sources were primarily matched by names. When a project in DFAT's list belonged to a grouped project on the Aid Program website, or a project in the list contained a split project on the website, we still considered the two projects matched. Working this way avoided most of the limitations of the 2019 exercise, and produced the most accurate estimate of project coverage possible.

Furthermore, we analysed the effect of including projects from the list of projects between AU\$3 million and AU\$10 million that DFAT now places on a separate webpage in our calculations as if these projects were listed on country pages. We first identified those

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<sup>14</sup> The programs were: ASEAN and East Asia regional, South and West Asia regional, and Iraq.

projects from our sampled country/regional programs in DFAT’s list which did not have a match on the country or regional webpages and counted how many of those projects could be matched with projects listed on the standalone project webpage. (This matching was done using project numbers.) From this we calculated project coverage limited only to projects on actual country and regional pages and project coverage if the separate project list webpage was included.

A consequence of using this new approach is that the results from the current audit need to be compared with the 2019 audit’s findings in this area with care. The 2019 approach almost certainly overestimated project coverage, while – if anything – the approach used this year may have led to slight underestimates.<sup>15</sup>

#### 2.4 The transparency of those projects included on the Aid Program website

Having estimated the share of total aid projects that are covered on the country and regional pages of the Aid Program website, we then reproduced the two indices used in the previous audits. In these indices, the transparency of the projects included on relevant country and regional pages of the website are scored based on the extent to which key project information and documentation is available. The two indices were developed in the 2013 audit and altered slightly in 2016 and 2019. In 2022, we made further changes to accommodate the evolution of the Aid Program’s website. We detail these changes below.

The first index is a basic project information index, which rates projects according to the availability of basic information for each individual project on the website. This index is designed to quantify the extent to which simple outline information is provided on projects. Such information does not afford an observer the ability to study projects in depth, but at least allows for a basic assessment of a project’s size and purpose. The components of the index are listed in Table 2.

In the previous audits, the index contained one additional component: project status. This component was scored 1 only if the status of the project was stated explicitly. Although the country and regional program webpages stopped listing the status for most projects since

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<sup>15</sup> In particular, it may have led to underestimates where the names of projects changed, or in instances where projects were grouped in one list but split in the other. Based on our analysis of the data, we are confident that any underestimates, if they exist, will be minor.

2016, it remains possible to easily ascertain most projects' status from the project description, making explicit indication unnecessary. Therefore, this component has been removed in the 2022 audit and the index is now calculated based on the other components shown below.

**Table 2: Basic project information index criteria**

<b>Category</b>	<b>Inclusion criteria</b>
<b>Project Description</b>	For a score of 1, at least one supporting sentence describing what the project does has to be provided.
<b>Project Start and End Dates</b>	Project start year or end year provided.
<b>Project Budget</b>	Project budget in Australian dollar millions.
<b>Previous Financial Year Expenditure</b>	A score of 1 was reported if previous financial year spending information for the project was readily available.

The second index focuses on the availability of substantive project documentation. This index was designed to capture the extent to which in-depth information was provided on projects – information that would allow interested observers a detailed sense of project purpose, structure and performance.

As in previous audits, the availability of project documents was assessed across four document categories, reflecting the four stages of what is sometimes referred to as the 'project cycle' or 'aid management cycle'.<sup>16</sup> For each category, projects received a score of 1 if at least one relevant document was available, and 0 if no documents were available. The categories and inclusion criteria are shown in Table 3.

For the first time in 2022, when measuring project-documentation transparency we focused on the availability of documentation for the project's current phase. While some multiphase projects are on DFAT's website with information relevant to their current phase, other multiphase projects only contain documentation from earlier phases. In previous audits we only distinguished between project phases when phases were explicitly identified in project names. Concerned, however, that many multiphase projects only provided outdated documents stemming from previous phases, in the 2022 audit we distinguished between project phases whenever we were able to find phase information in project description or

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<sup>16</sup> These document categories were originally used by AusAID at the time of the 2013 transparency audit. However, they are broad categories, which sensibly capture different components of aid projects, and – as such – continue to remain relevant to aid transparency.



project documents. Although this approach was still constrained by the availability of project phase information in project documents, it reflected an improved approach to assessing multiphase projects based on whether relevant recent documents were available. In 2022, this adjustment affected the scores of a total of 6 projects.

**Table 3: Availability of project documentation index criteria**

<b>Category</b>	<b>Inclusion criteria</b>
<b>1. Policy and Direction Setting</b>	Documents that outline the Aid Program’s planned approach to aid activities in the recipient country. For a score of 1, at least one document containing higher-level analysis on the recipient country or sector which is clearly, directly relevant to the project had to be present. Acceptable documents included: statements of commitment; memorandums of understanding; subsidiary agreements; and baseline research. Evaluations for previous phases of a project and similar documents (which provide detailed information about the context informing a project) were also counted. Broad strategies such as country development plans were not counted.
<b>2. Plan and Design</b>	Documents that explain how the activity should be undertaken. For a score of 1, at least one document demonstrating the planning and design behind project activities had to be present. Acceptable documents included: work plans; design documents; concept documents/notes; and quality at entry reports.
<b>3. Implementation and Performance Management</b>	Documents that report on the outputs of aid activities and whether these outputs achieved their objectives. For a score of 1, at least one document demonstrating the relationship between intended and actual outcomes had to be available. Acceptable documents included: any reporting documents, such as monitoring reports; progress reports; annual program reports; and analytical reports.
<b>4. Review and Evaluation</b>	Documents evaluating the performance of aid activities (as against reporting progress, which are counted in the third category). For a score of 1, at least one document detailing a mid-term or final evaluation had to be available. Acceptable documents included: mid-term reviews; independent completion reports; and evaluation reports.

For many projects, the Aid Program provides ‘related links’ (hyperlinks to external websites) that provide either additional information or documentation for the project. Documents found through such related links were also counted towards the relevant category.

Furthermore, in the 2022 audit, we included and assessed documents published on DFAT’s Program Evaluation Publications webpage, which provide access to review and evaluation documents of many ongoing and completed projects grouped by country/regional programs.

As in our previous audits, in cases where the most appropriate category in which to classify a project document was unclear, the project was discussed and discretion was used to determine its categorisation. No document was counted in more than one category. Where a document included elements relating to more than one category (for example, policy and

direction setting elements as well as plan and design elements), the document was counted in whichever category was determined to be the greater focus of the document.

In 2013, the Aid Program linked to country strategies from individual projects, and in that year's transparency audit Development Policy Centre staff counted them as policy and direction setting documents. In 2016, country strategies were located elsewhere on the Aid Program website. Reflecting this change and the fact that country strategies are not tied to specific projects, country strategies were not counted as policy and direction setting documents for projects in the 2016 audit, causing substantial fall in score for policy and direction setting documents from 2013 to 2016. To account for the change in audit methods, the 2016 Audit provided two averages: one including policy and direction setting documents and one excluding them. Following this practice, we have continued to exclude country strategies from country and direction setting documents, and provide averages both including and excluding policy and direction setting documents in our 2019 and 2022 audits (see section 3.4 for results).

To report on the overall performance of individual project documentation types we calculated the percentage of projects that possessed documents in each category. Because it was unrealistic to expect that implementation and performance management documents, and review and evaluation documents would be present for recently commenced projects, we did not assess the presence of these two categories of documents for projects that started less than two years prior to the compilation of the report's data and those projects were classified as 'new' projects. In 2022, new projects were those starting after 2020.<sup>17</sup> When analysing new projects, we excluded implementation and performance management, and review and evaluation documents from our calculations.<sup>18</sup> In addition, we treated projects with unspecified start years as new projects.

From individual index components we calculated transparency scores for each project. To do this, we calculated the percentage of each project's document types that were available. For new projects, project transparency scores were based simply on the availability of policy

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<sup>17</sup> When we worked with data from 2016 and 2019, we excluded projects that had started after 2014 and 2017 respectively.

<sup>18</sup> In 2022 we assessed the documentation transparency based on a project's current phase (if applicable); the start year of a project refers to the start year of a project's current phase. In 2016 and 2019, the start year of a project referred to the start year indicated on the Aid Program website.

and direction setting and planning and design documents. For example, if a project had documentation for three of the four categories, it received a score of 75 per cent; if a new project had only policy and direction setting documents, it received a score of 50 per cent. (We also excluded implementation and performance management documents, and review and evaluation documents for new projects when we calculated overall scores for individual document types.)

Following the same averaging method used in the 2019 audit, we then used individual project scores to create country, region and sectoral transparency averages. For example, to calculate the mean transparency score for Samoa, we averaged all the individual project transparency scores for projects in Samoa.

Overall, our approach for this index in 2022 was very similar to the approach used in 2019. Just two methodological changes were made: we identified the current phase of multiphase projects and only assessed the documents relevant to the current phase; and, in addition to documents on the country and regional pages of the Aid Program website, we also counted documents from DFAT's Program Evaluation Publications webpage. It was not possible to recalculate scores on the two indices for 2016 and 2019 using the modified 2022 methods. As a result, some care should be taken when comparing results across time. However, sensitivity testing conducted on the modifications we made in 2022 leaves us confident that the methodological changes have not led to substantially different results.<sup>19</sup>

### 3. Results

In this section we present and discuss our findings, highlighting relevant comparisons with previous audits. First, we detail overall aid budget transparency. Then we provide estimates of the share of all Australian aid projects that are actually listed on the Aid Program's country and regional webpages in the current audit. Next, we present our main findings on project information and document availability for those projects. We then conduct comparative analysis, examining relative transparency by country, region, sector and project size. Finally, we study the correlation of document availability between different phases in the project cycle to explore path dependency in project transparency.

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<sup>19</sup> In 2022 we did correct several minor calculation errors found in 2019 calculations. Corrections to these errors mean results in 2019 are very slightly different from those published in the 2019 report.

### 3.1 Overall aid budget transparency

There has been a shift over the last decade in the status, size and quality of information contained in the aid budget summaries provided every year on budget night or shortly thereafter. During the Howard, Rudd and Gillard governments, aid budget summaries ('Blue Books') were designated as Ministerial Statements and, as such, were published on the Treasury website as part of the package of formal budget documents.

In 2014-15, the Abbott Government abolished this status and published the summary as a shorter Word document posted to DFAT's website (with only a more limited document available on budget night itself). In 2015-16 only limited information was available on budget night although more information was released later that month. In the years that followed, this document was expanded to the so-called 'Orange Book' format. However, in 2020-21 the aid budget summary was reduced again to a four-page pamphlet, a format that was replicated in 2021-22 and 2022-23.

In terms of the key budget information that the various formats have included, Table 4 provides a comparison. The 2020-21 and 2021-22 summaries contained just two out of five key pieces of budget information, failing even to include an estimate for total aid. This latter omission was rectified in 2022-23.

**Table 4: Budget information contained in aid budget summaries, 2012-13 to 2022-23**

	2012 -13	2013 -14	2014 -15	2015 -16	2016 -17	2017 -18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23
Total ODA estimate	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y
ODA/GNI estimate	Y	Y	N	N	N	N	N	N	N	N	N
Country/regional estimates	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Total sectoral estimates	Y	Y	N	Y	Y	Y	Y	Y	N	N	N
Total OGD estimates*	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Source: Relevant documents obtained by the Development Policy Centre on Budget night or shortly after. Those interested in full documentation (at times not available on Budget night) can visit: [Australia's development budget and statistical information](#); OGD= 'Aid through other government departments'.

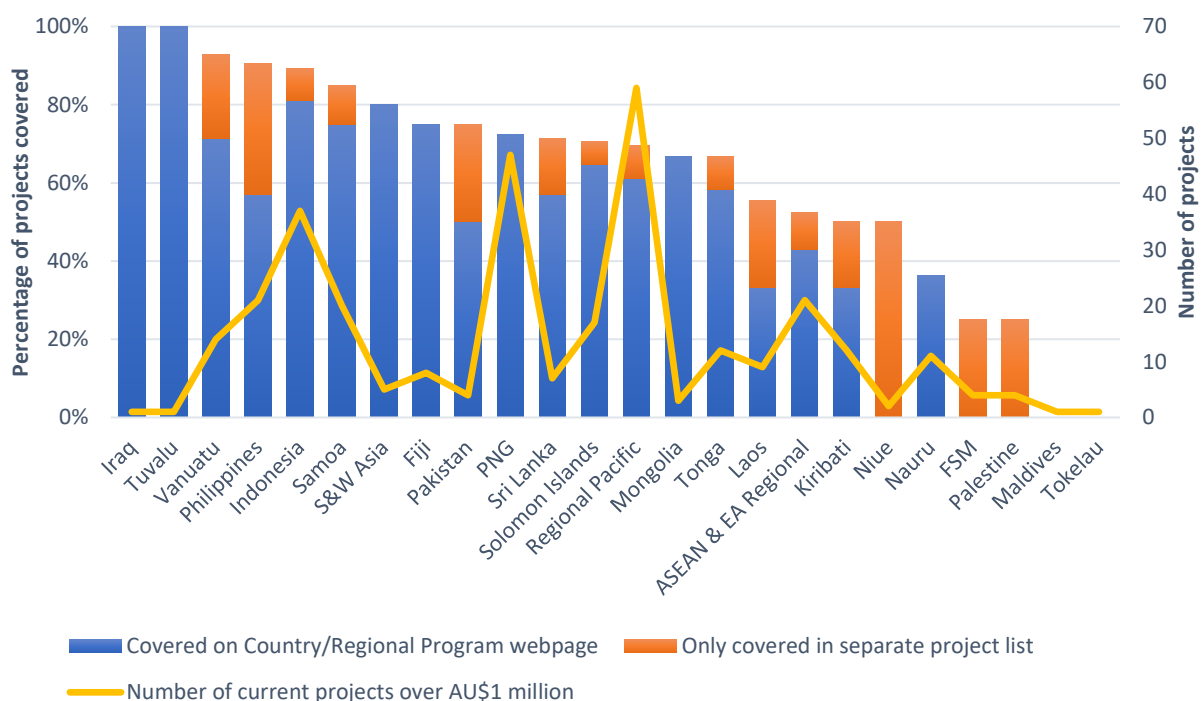
### 3.2 Proportion of total projects listed on country and regional pages of the website

As described in the methods section, we matched the projects listed on the country and regional pages of the Aid Program’s website with a list of current projects sent to us by DFAT to estimate the share of all relevant projects (with budgets more than AU\$1 million) actually listed on relevant country and regional pages.

In our view, to be fully transparent, aid projects should be listed in an easy-to-find place. The most logical place is country and regional pages on the website. However, to give the Aid Program full credit for its new standalone webpage listing projects, we also calculated the share of all projects either found on country or regional pages or on the separate project list page that it established in 2021.

In 2022, 61 per cent of all relevant projects were named on the country and regional program webpages that we sampled; 58 per cent of all projects in the median country/regional program were named on that program’s webpage. Counting additional projects from the separate webpage listing projects increase coverage rates, but only by fairly modest amounts, reaching 71 per cent for overall coverage and 70 per cent for the median country or regional program.

**Figure 1: Percentage of projects covered on Aid Program web pages, 2022**



The median of 70 per cent is lower than 85 per cent coverage reported in the 2019 audit (which used 2016 data). Even though changes in our approach to calculating coverage rule out exact comparisons between the two years, the fall is significant enough that it seems likely to, at least in part, reflect a real-world decline in transparency.

Out of 24 country programs (including regional programs), Tuvalu and Iraq were the only two countries achieving 100 per cent coverage in 2022, although both countries had only one significant project over AU\$1 million each. Focusing on the total coverage rates (including both program webpages and the separate online list), Vanuatu ranked second at 93 per cent and Philippines followed with 90 per cent. Maldives and Tokelau Islands had zero coverage, although once again those country programs were very small with one project (over AU\$1 million) each.

### 3.3 Basic project information index

Table 5 reports on the availability of basic project information for those projects listed on the country and regional pages of the Aid Program website. Key indicators include a brief project description, start or end year, budget, and expenditure in the previous financial year. As discussed in the methodology section, we are no longer assessing information on project status. This affects average scores for 2022. For consistency's sake we have recalculated averages for earlier years so that they exclude project status scores.

**Table 5: Overall basic project information index score**

Year	Project description	Planned dates	Project budget	Previous financial year expenditure	Average score
2013	100.0%	100.0%	47.6%	48.9%	74.1%
2016	99.6%	86.2%	86.6%	0.0%	68.1%
2019	100.0%	88.2%	88.2%	0.0%	69.1%
2022	98.6%	79.3%	77.1%	0.0%	63.8%

Overall, the availability of basic project information has deteriorated over the last decade. The average score fell considerably from 2013 to 2016, recovered slightly in 2019, and has declined again in 2022. Routine reporting on previous financial year expenditure was discontinued in 2016 and has not yet resumed, causing the major fall between 2013 and 2016 and subsequent zero scores. Project budget information improved significantly from

2013 to 2019 but fell between 2019 and 2022. Project description and planned dates also declined in the latest audit.

As noted above, the basic project information index focuses on information provided on the country and regional program webpages. The new standalone table of AU\$3 to AU\$10 million ODA investments introduced in 2021 also contains budget information. Including this new source of information,<sup>20</sup> the availability of project budget in 2022 rose to 87.5 per cent, around the same level as in 2019. The index score in 2022 became 66.3 per cent. This is an increase but still less than the 2019 score. Therefore, our overall conclusion that the availability of basic project information has declined still holds even if information from the new standalone project list is included.

### 3.4 Availability of project documentation index

Table 6 shows results from our second index: the availability of project documentation index. Two overall average scores are calculated: one that includes the policy and direction setting documents category and one that excludes it. As explained in the methods section, country strategies were counted as policy and direction setting documents in 2013 but not in later audits, thus increasing the score in 2013 for that category. As a result, we have calculated averages excluding policy and direction setting documents to allow direct comparisons with 2013 results.

In the remainder of this report, as we focus on audits starting from 2016, and only averages calculated from all four categories are used unless otherwise indicated.

**Table 6: Overall availability of project documentation index score**

Percentages	2013	2016	2019	2022
Policy and direction setting	88%	33%	27%	36%
Plan and design	67%	56%	50%	28%
Implementation and performance management	38%	29%	25%	12%
Review and evaluation	22%	35%	46%	20%
<b>Average</b>	54%	38%	37%	24%
<b>Average (excluding policy and direction)</b>	42%	40%	40%	20%

Notes: 2013 results are taken from 2016 audit, and could not be re-calculated in 2022. 'Average score excluding policy and direction documents' is calculated to allow for comparisons with 2013.

<sup>20</sup> Projects from the standalone project list and projects from the country and regional program webpages were matched by name, the only available match. As a result, the availability of project budgets from the standalone project list may be underestimated.

Regardless of whether policy and direction setting documents are included, overall document transparency in this index is at its lowest point since we began conducting audits in 2013. Notably, overall document transparency has fallen considerably since 2019 and scores dropped in all categories except for policy and direction setting documents.

The review and evaluation documents category experienced the biggest decline, falling by 26 percentage points, completely wiping out the improvement that had taken place in this category between 2013 and 2019. This decline is particularly striking as this was one area where significant improvements had been occurring. Some of the decline will have been the result of COVID-19 which seriously, and understandably, impacted on evaluations in 2020. Even so, given the magnitude of the fall, it seems unlikely that previous trends of improvement in this area would have continued absent the presence of COVID-19. In the 2019 Audit we noted the important role played by the Office of Development Effectiveness (ODE) in promoting the publication of evaluations. Quite possibly the replacement of the ODE with a lower profile central evaluation unit also reduced the impetus to improve evaluation transparency.

The improvement between 2019 and 2022 in availability of policy and direction setting documents was primarily driven by multiphase projects and the presence of evaluation documents from previous phases, which served as a form of direction-setting document in the current phase.<sup>21</sup>

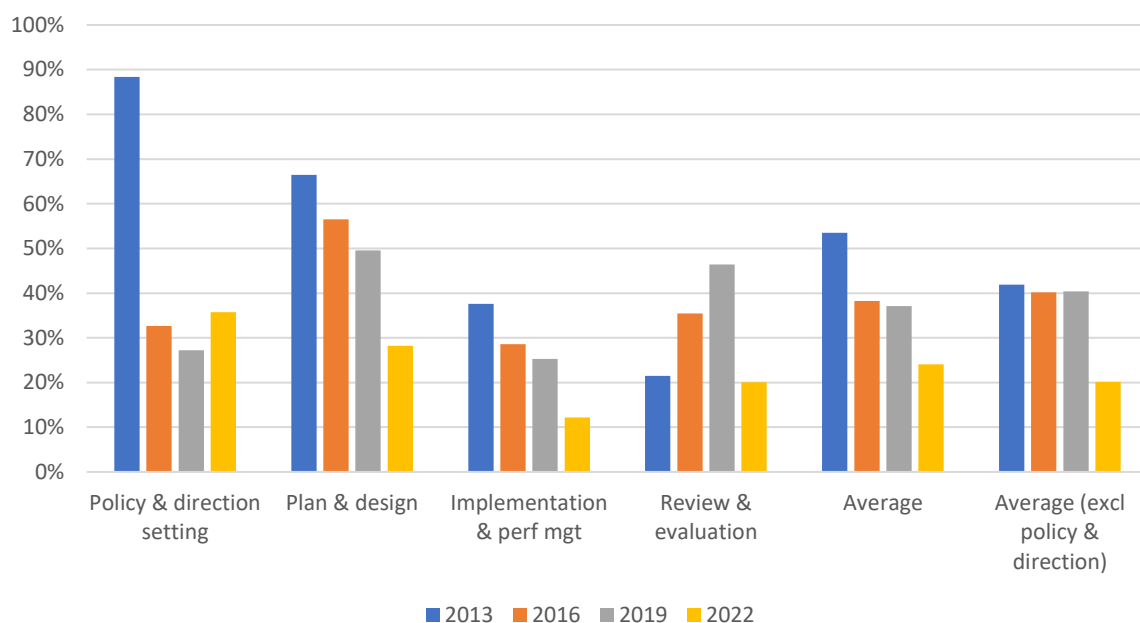
In 2022 we found that documentation tended to become less readily available later in the project cycle, with the partial exception of review and evaluation documents.

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<sup>21</sup> We also checked the impact of changing the approach to focus on the current phase of projects in the 2022 audit. When we used the same scores as in 2019 audits for the 6 multiphase projects subject to our changes, the average availability of all four categories of project documents improved only slightly from 24 per cent to 25 per cent. The impact on each individual category was small and has not affected our conclusions.



**Figure 2: Average availability of project documentation**



### 3.5 Comparative findings

In the following subsections, we compare the availability of project documentation across countries, sectors and different-sized projects. We do this based on the second of our two transparency indices – the index that looks at document availability across the project cycle.

#### 3.5.1 Availability of project documentation by country

Average project documentation availability by country shows the availability of documents across the different document categories, averaged across all projects listed on the Aid Program website. Figure 3 shows the average availability of project documentation for each country group.

In 2022, Iraq and the Palestine were the two countries where transparency was highest. Both country programs were very small, however, and had only one project available on the Aid Program website.

Quite a few countries have widely differing scores between 2019 and 2022. While documentation availability improved in some small country programs, such as Palestine and Tuvalu, it got significantly worse in many other countries, including some which were the top-performers in 2019.

**Figure 3: Average availability of project documentation by country in 2019 and 2022**

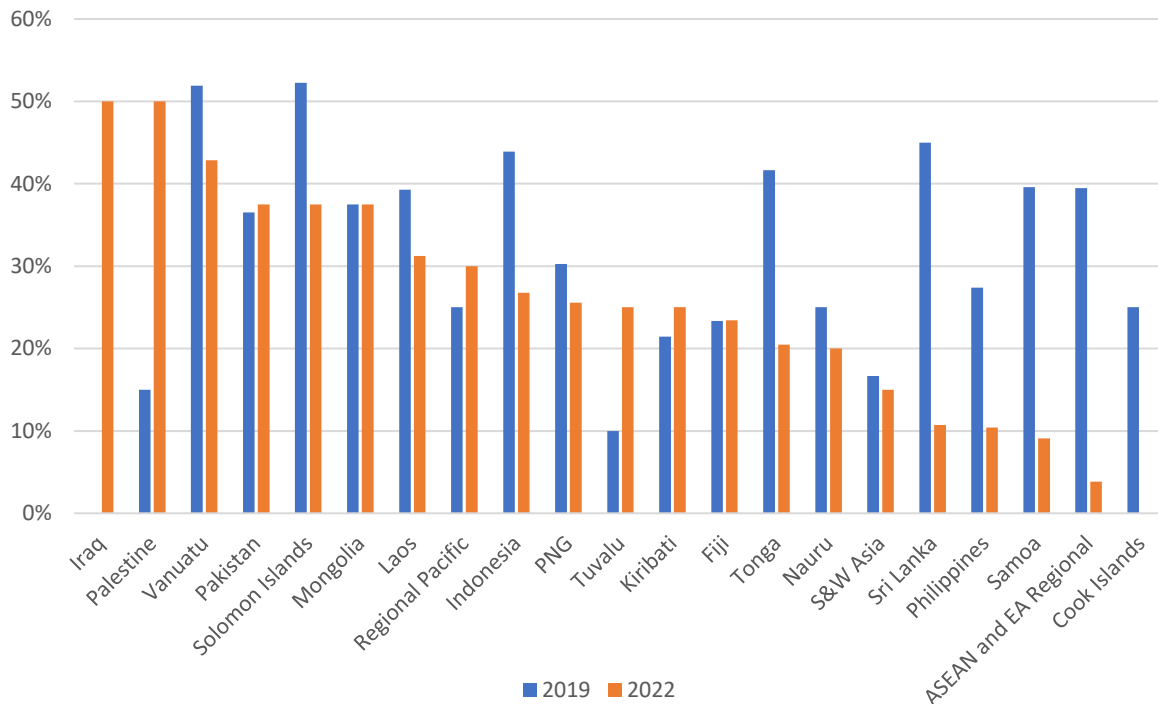


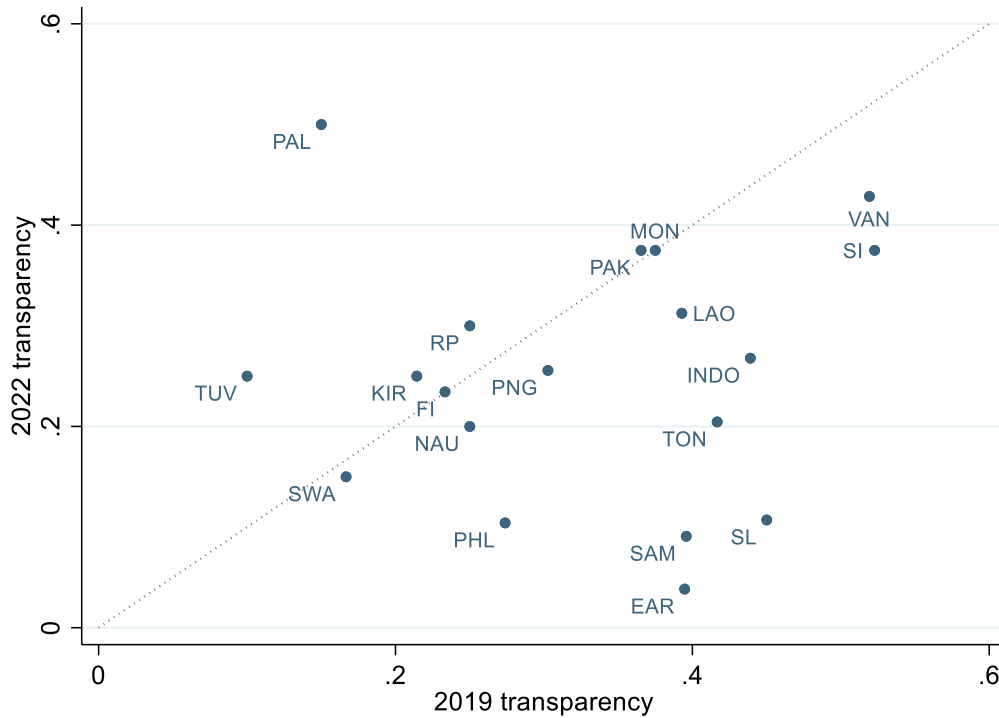
Figure 4 is a scatterplot comparing average availability of project documentation by country between 2019 and 2022 audits. Each point on the plot is a country program. The country program’s position on the x-axis reflects its transparency in 2019 and the position on the y-axis reflects its transparency in 2022. The dotted diagonal line is a one-to-one line. Points on this line are country programs whose transparency scores did not change at all between 2019 and 2022. Points above the line are programs which became more transparent, points below the line are countries where transparency fell. The further a country program is away from the one-to-one line the more its average transparency changed during the period.

More country programs are below the dotted line than above, meaning transparency for most country programs deteriorated from 2019 to 2022. This is in accordance with our previous findings of a declining overall availability of documentation index.

At first glance there appears to be little relationship between country program transparency in 2019 and transparency in 2022. The correlation coefficient for a simple comparison between years is only 0.04. However, when a small group of programs (Samoa, ASEAN, Sri Lanka and Palestine) where transparency changed a lot, are excluded from analysis a much

clearer correlation emerges ( $r=0.63$ ). With a few dramatic exceptions, country programs that were more transparent in 2019 were also more transparent in 2022.

**Figure 4: Correlations of average availability of project documentation between 2019 and 2022**

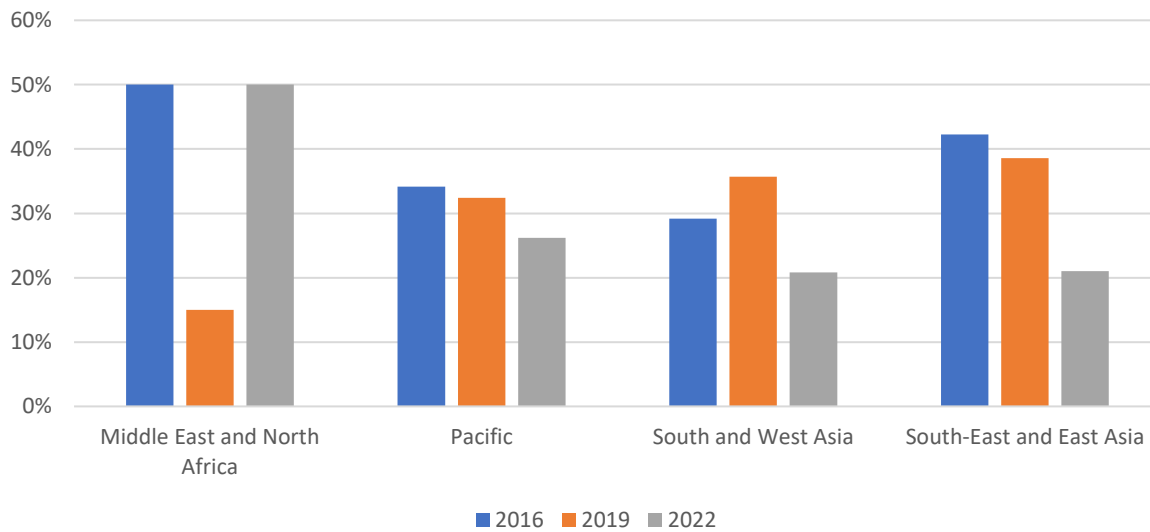


Key: SWA=South and West Asia Regional; SI=Solomon Islands; VAN=Vanuatu; SL=Sri Lanka; INDO=Indonesia; TON=Tonga; SAM=Samoa; EAR=ASEAN and East Asia Regional; LAO=Laos; MON=Mongolia; PAK=Pakistan; PNG=Papua New Guinea; PHL=Philippines; NAU=Nauru; RP=Regional Pacific; FI=Fiji; KIR=Kiribati; PAL=Palestinian Territories; TUV=Tuvalu.

### 3.5.2 Availability of project documentation by region

We looked further into why some country programs were more transparent than others, by analysing document availability data aggregated to the regional level to see if there were clear regional differences. Figure 5 shows the average availability of documentation for 2016, 2019 and 2022 audits in the four regions audited: the Pacific; South and West Asia; South-East and East Asia; and Middle East and North Africa.

**Figure 5: Average availability of project documentation by region**



Overall, all regions except the Middle East and North Africa became less transparent in 2022 compared to 2019. The decline in transparency is the largest in the South-East and East Asia, followed by the South and West Asia and then the Pacific. The Middle East and North Africa, on the other hand, was much more transparent in 2022 and reached the same level as in 2016. This improvement in the Middle East and North Africa is commendable, although it also worth noting that there were only two small country programs in the region in 2022 – Iraq and the Palestinian Territories. These two countries drive the entire regional transparency trend.

### 3.5.3 Availability of project documentation by sector

Each project included in our audit was classified into one of seven sectors: infrastructure and trade; agriculture; governance; education; health; humanitarian and disaster risk reduction (DRR); and gender. An additional ‘Other’ sector was also generated to capture projects that could not easily be classified into other sectors.

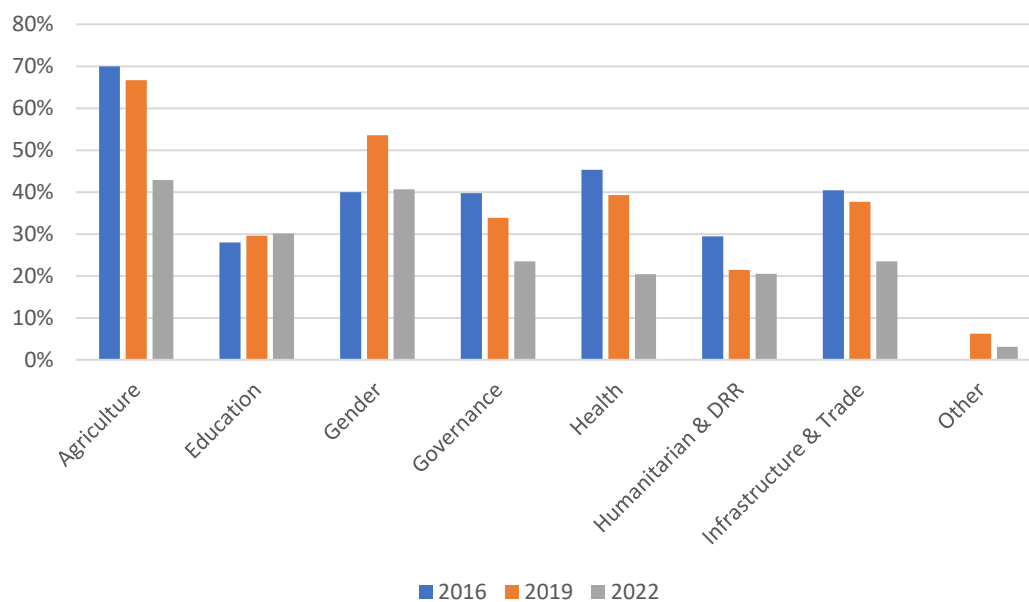
The seven sectors broadly align with the priority sectors identified in the Aid Program’s 2014 guiding aid policy document (DFAT 2014). Although DFAT has replaced priority sectors with Development Assistance Committee (DAC) sectors in its reporting since 2022, we continue to use the seven priority sectors for comparability with previous audits.

As was the case in 2019, the best performing sector in 2022 was Agriculture with a 43 per cent transparency score, while the worst performing sector was ‘Other’ with a score of only

3 per cent. Both Agriculture and ‘Other’ are small sectors with seven and eight projects respectively. The largest sector by number of projects – Infrastructure and Trade – received a score of 24 per cent, ranking 4th among all sectors.

Transparency deteriorated in all sectors except Education between 2019 and 2022. Although Agriculture’s absolute score was the highest of all sectors in 2022, it was also the sector that deteriorated the most from 2019. The second biggest decline in transparency was in Health. One possible explanation for large decline in Health sector transparency is the rapid increase in project numbers (from 28 to 44) in response to the COVID-19 pandemic, which may have overwhelmed organisational transparency capacity. In addition, the rapid and unprecedented nature of the COVID-19 response may also have led to different approaches to reporting and documentation within the Aid Program.

**Figure 6: Average availability of project documentation by sector**



### 3.5.4 Availability of project documentation by project size

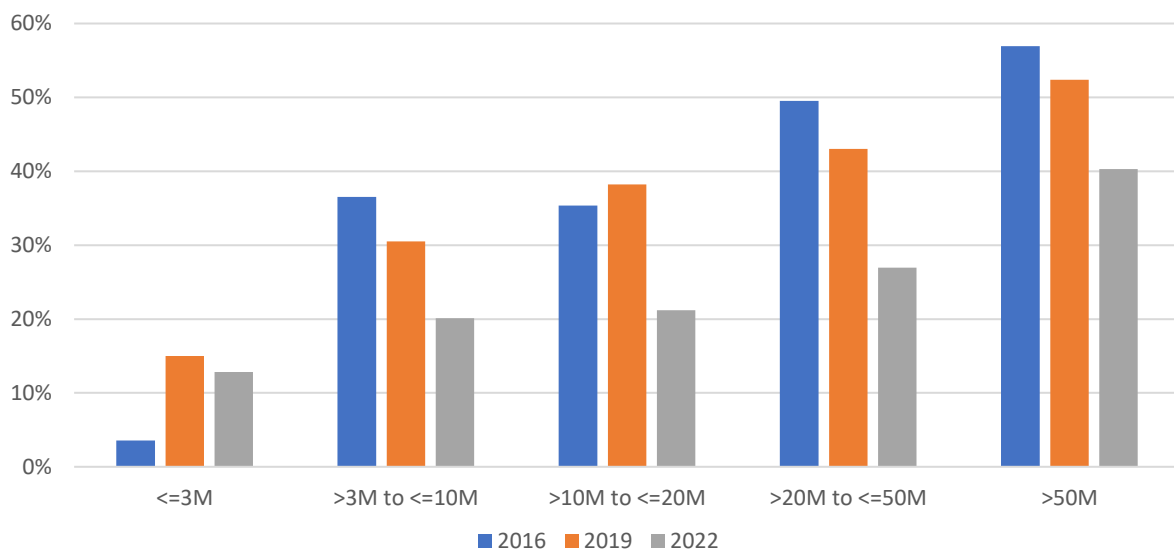
We also sought to ascertain whether there was a relationship between project size and project transparency. In line with the previous audits, we used budget information provided on the country and regional programs of Aid Program website to define the size of a project regardless of its phase. For obvious reasons we could not include projects with no budget information in this analysis. That affected 64 projects out of 280 projects in 2022 (much higher than the 29 affected in 2019 and 32 affected in 2016).

For our analysis in 2022, we grouped projects into five different size groups with size cut-offs. These cut offs were based in part on what appear to be the groups that DFAT uses when making information publication decisions. This resulted in 30 to 65 projects per size group in 2022.

Figure 7 illustrates the distribution of projects broken into size groupings based on project budgets. The average level of transparency for each grouping is shown on the y-axis. As in the 2016 and 2019 audits, a positive relationship between project budget size and transparency can be seen, with smaller projects receiving lower transparency scores while larger projects receive higher scores. Projects over AU\$50 million were the most transparent (40 per cent on average) while projects less or equal to AU\$3 million were the least transparent (13 per cent).

Since 2016, transparency has continued to decline in all size categories and the trend has intensified over the past three years.

**Figure 7: Distribution of projects by project size and transparency scores**



*Note: Project values are measured in Australian dollars.*

To more formally analyse the relationship between project size and transparency, we conducted an ordinary least squares (OLS) regression to test the relationship between transparency score and the natural log of project budget. Results from this can be seen in Table 7. The unit of analysis was the individual project. As illustrated, we find that a statistically significant relationship exists ( $p < 0.01$ ) for all three years. The R-squared value

indicates that project size explains around 17 per cent of variation in transparency for 2016, 13 per cent for 2019, and 10 per cent for 2022. The fact that both the R-squared and the coefficient for the natural log of project budget decreased from 2016 to 2019 and further decreased from 2019 to 2022 suggests that, if anything, the relationship between size and transparency has become weaker over time.

**Table 7: Availability of project documentation and budget (regression results)**

	2016	2019	2022
Project budget (ln)	0.10*** (0.02)	0.08*** (0.01)	0.06*** (0.01)
Constant	0.12** (0.05)	0.16*** (0.04)	0.09** (0.04)
Observations	207	217	216
Adjusted $R^2$	0.17	0.13	0.10

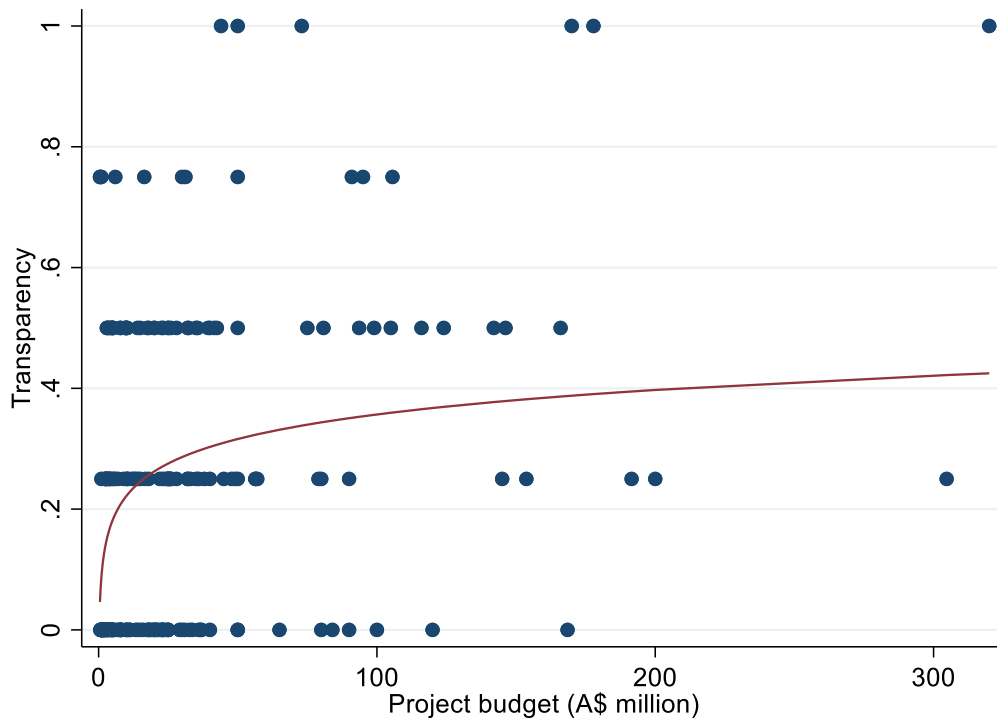
Standard errors in parentheses

\*  $p < .1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Figure 8 uses 2022 data and plots individual projects by transparency score and project budget, with a line of best fit added to the chart. For legibility's sake, the chart excludes the AU\$2 billion Australian Infrastructure Financing Facility for the Pacific with a transparency score of 0.5.

The curve of the line demonstrates the nature of the relationship between size and transparency. As we found in the 2019 audit, transparency increases a lot between budgets of around AU\$0 million to around AU\$50 million, but the rate of change starts to taper off around the AU\$100 million mark. However, the fitted line moved closer to the x-axis in 2022 than was the case in 2019, which fits with the overall finding that transparency deteriorated across projects of all sizes. As can also be seen in the chart, while there is a clear relationship between project size and transparency, there is also considerable variation around the line of best fit: size does not explain all of the overall variation in transparency seen across the projects we surveyed.

*Figure 8: Availability of project documentation and project budget (scatterplot)*



### 3.4.5 Projects and transparency

Our 2019 audit found that transparency also tends to display an element of path dependency at the individual project level: projects which are transparent in their early stages are more likely to remain transparent throughout the project cycle and projects that start with poor transparency are likely to remain this way. While we expect this conclusion to continue to hold, there is some cause for doubt given the significant fall in transparency in 2022.

To test this, we added 280 projects from 2022 to the pool of 485 projects in 2016 and 2019. As before, we ran logistic regressions in which the dependent variable was whether the project had review and evaluation documentation online, and in which the key independent variable was whether the project had plan and design documentation online. The unit of analysis in the test was individual projects. The logic of this test is that plan and design documentation is from early in the project cycle, while review and evaluation documentation come from later in the project cycle. If it is true that projects that start off transparent are more likely to remain this way, we should expect to see a correlation



between the availability of plan and design documents, and review and evaluation documents. Because other common features of projects could, potentially, determine the availability of both plan and design documents and review and evaluation documents, we looked not only at the basic bivariate relationship between availability of the two document types (see ‘Bivariate’), but also at the same relationship controlling for the natural log of project size (see ‘Size control’). In a third set of models, we also added project start year,<sup>22</sup> sector, and country fixed effects (see ‘Fixed effects’). The results are shown in Table 8.

**Table 8: Regression results comparing planning and evaluation document availability**

	Bivariate	Size control	Fixed effects
Evaluation			
Planning documents online	1.10*** (0.19)	0.96*** (0.20)	0.85*** (0.27)
Budget (ln)		0.45*** (0.08)	0.49*** (0.12)
Start year FE	No	No	Yes
Sector FE	No	No	Yes
Country FE	No	No	Yes
Count R-Squared	0.67	0.73	0.79
Number of Cases	583	555	514

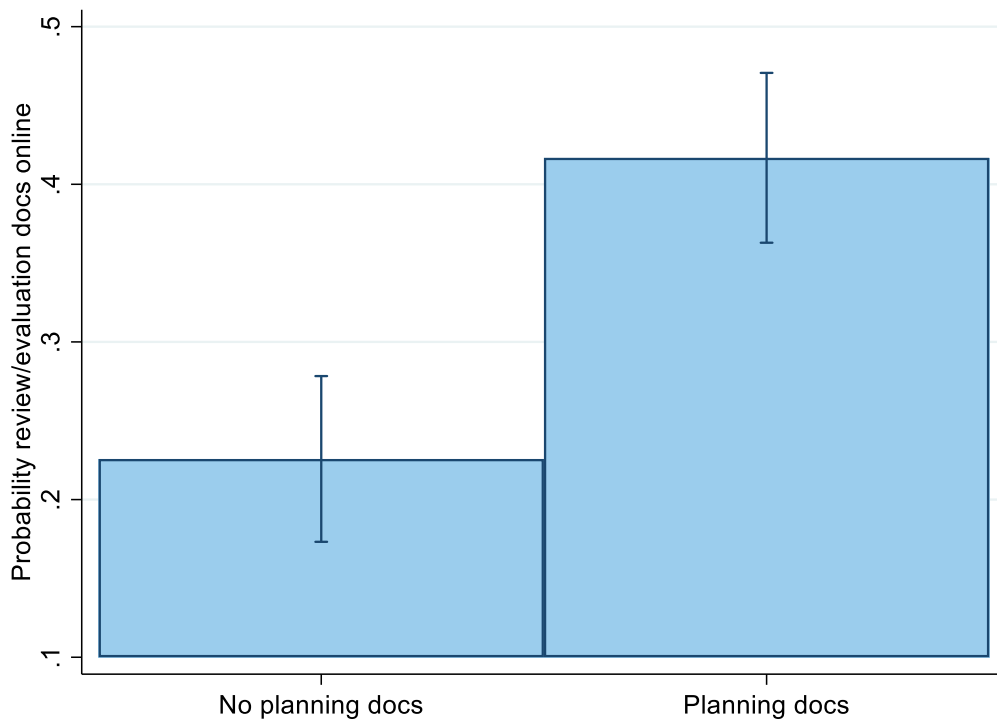
Standard errors in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

As can be seen in the table, the coefficients of planning documents online are positive and statistically significant in all three models, indicating there is a clear and positive correlation in transparency between the availability of project documents from early in the project cycle and documents from later in the project cycle. The average substantive magnitude of the relationship using the ‘Size control’ model can be seen in Figure 9. It shows that for two projects of equal size, the one with planning documents online is about 20 per cent more likely than the one without to also have review and evaluation documents online.

<sup>22</sup> Start year refers to the current phase of the project for projects with multiple phases in 2022.

**Figure 9: Probability of review and evaluation documents being available**



A further means of testing whether transparency in the early stages of the project cycle leads to transparency later in the project cycle, is to study the same projects in two consecutive audits and see whether projects with plan and design documents online in the first audit were more likely than other projects to have review and evaluation documents online in the second audit.

Project turnover, as well as the renaming of projects on the website (often as projects enter different phases) made matching of this sort difficult. In the 2019 audit, we focused on 31 projects that were new in 2016 and remained in 2019. Using the same approach to select new projects from 2019 that were included in 2022 would lead to a sample that was too small. To increase the sample size, this time we removed the constraints on project starting year and included both the projects available in 2016 and 2019, as well as the projects available in 2019 and 2022. That gave a total sample size of 259.

As with the previous tests, we used plan and design documents to test for transparency early in the cycle and the availability of review and evaluation documents to test for transparency later in the cycle. The results of logistic regression analysis looking to see whether a relationship existed can be found in Table 9.

**Table 9: Regression results comparing project transparency in previous audit with transparency in current audit**

	Bivariate	Controls
Evaluation in current audit		
Planning docs in previous audit	1.09*** (0.32)	0.87** (0.39)
Budget (ln)		0.57*** (0.15)
Region FE	No	Yes
Sector FE	No	Yes
Auditing year FE	No	Yes
Observations	205	197
Adjusted $R^2$		

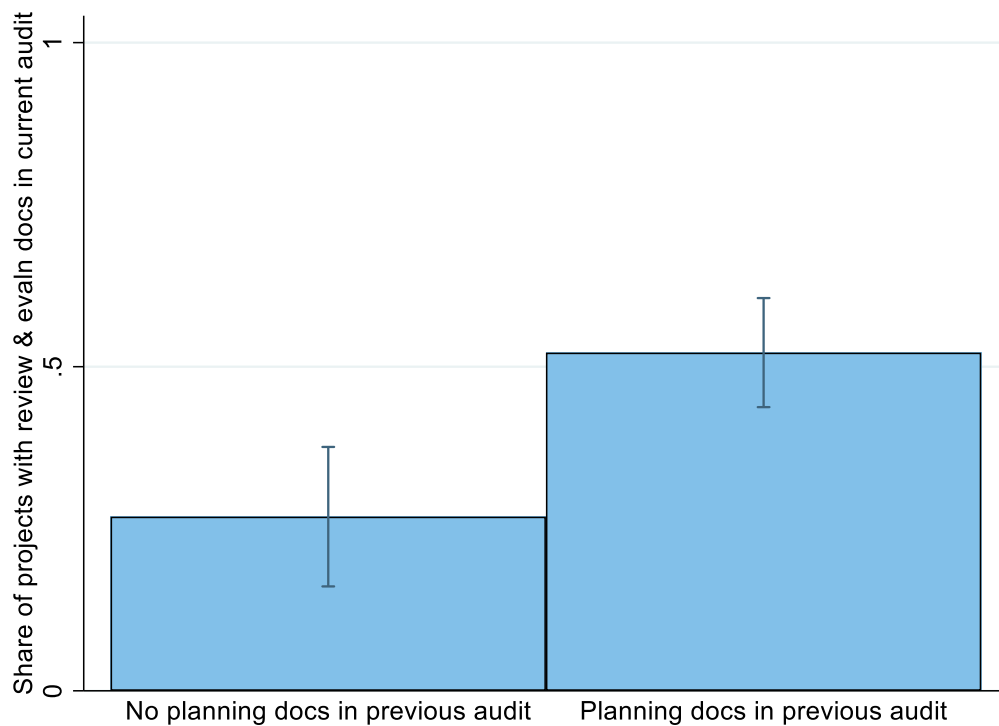
Standard errors in parentheses. The variable 'budget' refers to the budget of a project as indicated on the Aid Program website in the audit prior to the current audit.

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

As the table shows, a positive and statistically significant relationship exists in the bivariate form, and when controlling for project size, and with regional, sectoral and auditing year fixed effects. A sense of the substantive magnitude of the relationship can be seen in Figure 10. The results indicate that a project with plan and design documents online is more likely to have review and evaluation documents online in the next audit if the project remains in operation.

This result fits with the findings of our previous analysis, and strongly suggests that transparency in the early stages of the project cycle leads to transparency later in the project cycle. The relationship between transparency early in the project cycle and transparency later in the cycle has a worrying ramification for future transparency levels. Given declining transparency in plan and design documentation online, absent a concerted effort from the Aid Program, we will likely see future deterioration in review and evaluation documentation.

*Figure 10: Relationship between plan and design documents present in previous audit and review and evaluation documents present in current audit*



#### 4. Discussion

In the wake of our 2019 Aid Transparency Audit, DFAT committed to improving transparency in a manner aligned with our transparency audits (DFAT 2020; DFAT 2021b). In particular, when DFAT published its 2020 performance framework, it established three tiers of indicators: Indo-Pacific development context, Australia’s contribution to development, and operational and organisational effectiveness. One of the five third tier indicators was ‘improved transparency aligned with the ANU Development Policy Centre aid transparency audit methodology’ (DFAT 2021b, p. 8). This was a laudable commitment. However, the picture that emerges from the 2022 Aid Transparency Audit is a sobering one. Even allowing for methodological challenges associated with comparing across time, most aspects of aid transparency using our aid transparency methodology are worse than they were in 2019, and transparency in an absolute sense is very low in 2022.

Our findings are at odds with DFAT’s 2021 assessment that it was ‘on track’ to meet its third-tier performance commitments (DFAT 2021a, p. 70). No evidence was presented in

support of this statement in terms of the application of our methodology, but rather the following comments were made:

Partnerships for Recovery outlines the government's commitment to high standards of transparency and accountability in managing the development program to respond to COVID-19. We worked to improve the availability of data and ensure consistency across country, thematic and sectoral pages on our website.

We continued to manage Australia's international aid program reporting obligations to the OECD Development Assistance Committee and International Aid Transparency Initiative. AusTender continued to provide centralised publication of Australian Government business opportunities, annual procurement plans, multi-use lists and contracts awarded (DFAT 2021a, p. 71).<sup>23</sup>

We are not alone in finding Australian Transparency wanting. In the 2022 iteration of the Publish What You Fund's Aid Transparency Index, Australia was ranked 41st out of 50 donors, only scoring marginally better than Saudi Arabia (Tilley 2022, p. 6).

Although the circumstances associated with the COVID-19 pandemic may explain some of the troubles the Aid Program has had in meeting the transparency goals it has set for itself, the current low levels of transparency must not continue: something needs to be done to improve Australian aid transparency. Before going on to recommendations, we summarise the various issues we have identified.

#### 4.1 Basic information

The Aid Program has continued to publish overall aid budget information online throughout the years of change it has endured since the demise of AusAID. This is a very useful start, particularly since the return of total ODA estimates to budget night reporting in 2022-23. Along with the ongoing availability of spreadsheets of historical aid spending, which the Aid Program releases after some lag,<sup>24</sup> this is a comparative strong point of Australian aid transparency. Even so, important information, which used to be available in budget night

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<sup>23</sup> Note that the statement concerns the application of effort ('we worked to improve') rather than an assurance of progress ('we improved').

<sup>24</sup> Historical data can be found at: <https://www.dfat.gov.au/about-us/publications/aid/statistical-summary-time-series-data/australias-official-development-assistance-standard-time-series>

releases, particularly aid spending by sector, is currently missing. For many years the Aid Program was able to provide sectoral estimates, the fact that it no longer can is an issue. Similarly, there is no reason why the Australian government should not be forthcoming with estimates of ODA as a share of Gross National Income (ODA/GNI) on budget night. ODA/GNI is a well-recognised measure of aid generosity and government openness about Australia's performance on this metric would be easily achievable.

It is also concerning that in the country/regional programs which we sampled, only about 61 per cent of funded projects with budgets of more than AU\$1 million were listed on the relevant program page online (this number increased to 71 per cent if projects covered in the separate project list were included).

It is more encouraging to see that, with the exception of spending from the previous year, most projects that are listed on the website are also accompanied by basic information, although it is worrying to see that the share of projects for which there is basic information is falling.

#### 4.2 Deterioration in documentation transparency of the Aid Program website

Perhaps the most concerning finding of this Transparency Audit is just how few projects are well-documented on the Aid Program website. All told, less than one quarter of the documents we would expect to see online, providing detailed information on Australian aid projects, are actually accessible from country and regional program pages. Such a paucity of information online makes it difficult for anyone – be they in Australia or in an aid-recipient country – find out how projects are performing, or why they are being implemented in the way that they are.

To add to the concern, overall document transparency is clearly trending downwards over time for the Aid Program. In the one area where transparency improved considerably between 2013 and 2019 – the availability of review and evaluation documents – the trend has now reversed. Part of the reason for the reversal will have been COVID-19; however, it is not clear that previous trends of improvement would have continued even absent the pandemic.

### 4.3 Transparency patterns

When it comes to the types of projects that are more transparent, and where projects are more transparent, the analysis in the 2022 Transparency Audit has produced three key findings.

First, although the issue is clouded somewhat by a small number of country programs where transparency changed dramatically, at the country-and-regional-program level there is a reasonable correlation between transparency in 2019 and 2022. As cases like that of Sri Lanka – where transparency plummeted between 2019 and 2022 – show, continuity was not guaranteed. Nevertheless, on average, the country and regional programs that did better at being transparent in 2019 tended to be the same programs that performed well in 2022.

Second, at the project level projects that start the project cycle transparent are more likely to be transparent in the latter phases of the project cycle. This is true even when we account for other traits that might affect transparency.

Third, smaller projects are often less transparent and larger projects are often more transparent, at least up to a point.

Taken together, the first two findings reveal an important fact: transparency tends to be path dependent. Obviously, Australian aid transparency is not perfectly path dependent – it has been deteriorating overall over time – nevertheless, making an effort to get a project off to a transparent start may well yield transparency dividends later in the project cycle. Similarly, if a culture of transparency is actively fostered within a country program, it will likely have lingering benefits for continued transparency.

The relationship between size and transparency also suggests a useful lesson. Larger projects are more transparent, presumably in part because more staff time is devoted to overseeing these projects. More staff time devoted to specific projects likely leads to more time being available to put key documents online.

### 4.4 Other transparency issues

Although it is not formally an aspect of transparency that we have studied in Transparency Audits, the publication of reviews by the OECD's Development Assistance Committee (DAC),

including peer reviews and mid-term reviews, is another important source of transparency for Australia's Aid Program. As a founding member of the DAC, Australia has an important stake in this process. Australia has been the subject of two peer reviews over the last decade (Development Assistance Committee 2014; Development Assistance Committee 2018). Both reviews are published on the DAC website.<sup>25</sup>

In 2021, Australia's Aid Program was the subject of a mid-term review (MTR) by the DAC secretariat that focused on the implementation of the recommendations from the 2018 peer review. The Morrison government 'elected not to publish' the findings of this review.<sup>26</sup>

While previous OECD DAC mid-term reviews of Australia in 2010 and 2014/15 were not published, following a change to the DAC methodology in 2017 it has become commonplace for members to agree to have a summary of MTR findings published in the form of a letter from the DAC. In this context, the Morrison government's decision not to allow the publication of the 2021 MTR letter was unhelpful from a transparency perspective.

## 5. Recommendations

Considering both the trends and the low absolute level of aid transparency that we have found in this audit, it is clear that a concerted effort will be required to address the serious transparency issues confronting the Australian Aid Program. In 2020 DFAT committed to improving Aid Program transparency. This was a good start, and subsequent progress has no doubt been impeded by COVID-19, but now the department needs to find a way of translating commitments into practice.

Reflecting this need, and the findings of the 2022 Aid Transparency Audit, we have the following recommendations for the current government.

### **1. It is time for a transparency reset**

The transparency problems facing the Aid Program will not be resolved on their own. If they are to be addressed, sustained political attention is required. Internal champions of aid transparency do exist in the Aid Program but they need to be empowered and supported at

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<sup>25</sup> Specifically at: <https://doi.org/10.1787/9789264196186-en> and <https://doi.org/10.1787/9789264293366-en>

<sup>26</sup> <https://www.oecd-ilibrary.org/sites/7c99890b-en/index.html?itemId=/content/component/7c99890b-en>



the political level. The government needs to demonstrate that it takes aid transparency seriously.

A signal that transparency is being taken seriously should take the form of a clear statement of the current government's intent to tackle the issue; something akin to the 2011 Transparency Charter would be a good start. The government should engage in clear direction-setting, stating what needs to change. It should also provide an explicit timeline for change.

## **2. A transparency unit**

A clear message from the political domain will most effectively be accompanied by an entity specifically set up to champion change internally within DFAT – a transparency unit.

The effect that internal advocates of transparency can have is visible in the increase in review and evaluation documentation online between 2013 and 2019. This rise was a direct consequence of the (now disestablished) Office for Development Effectiveness, accompanied by the Independent Evaluation Committee, pressuring internally for improvements.

A newly created transparency unit within DFAT would focus on monitoring transparency and promoting it internally. Part of the role of promoting transparency would involve advocacy, but often the unit's role would simply be educating colleagues about the processes required to get information online. The unit could also study existing impediments that are preventing information from going online, and help design better systems to overcome these impediments.

Similarly, the unit could investigate whether DFAT's existing aid management software is configured in a manner that helps users to place project documents online, and whether the software also prompts staff to do this.

Finally, the unit could investigate whether any other recent changes in Australian aid are leading to less transparency. If it does find new issues, the unit could also work on solutions.

Taken together, internal advocacy, education and streamlining of processes are likely to go a long way to improving Australian aid transparency.

### **3. Return budget night aid data releases to the status of Ministerial Statements**

To ensure that a standardised and adequate suite of aid budget information is released on budget night, we recommend that budget night aid releases become Ministerial Statements (so-called 'Blue Books'). These documents had this status under the Howard, Rudd and Gillard governments, so there is a clear precedent. Committing to make high-level aid budget documents Ministerial Statements again would be a clear indication of a government that intended to restore previous standards of aid transparency.

### **4. Standardise online reporting for country and regional programs**

At present, some country programs have much better laid-out pages on the Aid Program website than others do. These pages have structures which look like they are designed to remind staff working on these programs to provide most the information that is necessary. (For example, the current [Economic Recovery in Solomon Islands](#) page does this well.) We recommend that a page structure of this sort be standardised across the Aid Program to promote online transparency. We also recommend that the Aid Program provides the codes that DFAT attaches to all its projects (so-called 'investment numbers') next to project names on the country and regional program webpages to make it easier to track projects when they change names.

### **5. Adequately resource country programs**

In our work more generally, we have seen little evidence of an active desire on DFAT's behalf to hide information about aid from the Australian public. At this point, we are inclined to believe that the central transparency issues confronting the Australian Aid Program stem from procedural issues, the absence of an internal champion such as a transparency unit, and another comparatively mundane challenge: insufficient staff time. DFAT staff working on aid are often under considerable time pressure. This is likely serving as another impediment to adequate aid transparency. For many reasons, aid is delivered more effectively when those managing it at the donor end are not too busy. DFAT needs to ensure it has enough staff whose work is focused on foreign aid. This would bring a range of aid-quality benefits, including improved transparency.

## 6. Keep doing what is being done well

In this report we have identified a wide range of transparency challenges confronting the Aid Program. For our final recommendation, we would like to emphasise some areas where the Australian Aid Program is performing well.

First, although it does need to improve the range of information provided on budget night, the Aid Program should be commended for its practice of releasing timely high-level budget information.

Similarly, the release of historical aid data on the Aid Program's website remains a valuable and useful part of aid transparency.

Also, as we discussed in the methodology section, we were able to better calculate the share of total aid projects covered on the relevant pages of the Aid Program's website in 2022 because the Aid Program was willing to make a list of aid projects available to us. Willingness to work with an external partner in this way is a commendable aspect of aid transparency, and it reflects well on the Aid Program that it was willing to do this.

Furthermore, as discussed in the methodology section, a less comprehensive list of projects (covering projects between AU\$3 and AU\$10 million) is also available on the Aid Program's website. The list is imperfect, but it is an improvement from the time of the 2019 Audit, and is a useful transparency aid.<sup>27</sup>

In all of these areas, we have one simple recommendation: overall there is much room for improvement but the Aid Program does have some transparency strengths. In these areas – the areas where transparency is working well or improving – please keep it up.

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<sup>27</sup> This list can be found at: <https://www.dfat.gov.au/development/australias-development-and-statistical-information/current-oda-investments-between-3m-and-10m>

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