

## SMART DEVELOPMENT IN PRACTICE

# Transparency is happening right now: USAID & Indonesia's national budget

Tom, 55, hangs panels on his new shelter in Aceh Province, Sumatra, Indonesia. USAID is working with local governments in Aceh and elsewhere to give citizens like Tom crucial information about how the Indonesian national budget will affect their communities. The US government can expand on the program's success by making information about US development assistance in Indonesia transparent and accessible as well.

*Jim Holmes / Oxfam*



Oxfam believes the key to country ownership is transferring information, capacity, and control to people and their governments so they can lead their own development.

But what does this look like on the ground? Here's one story from Indonesia, where USAID is working with local governments and citizens to provide transparent information about Indonesia's national budget and what services

people can expect in their districts (including schools, roads, and hospitals).<sup>1</sup>

Working with local partners, USAID helped local governments seek community input in the budget process. At the same time, USAID trained civil society organizations to engage in that process. Then USAID encouraged local governments to make the final budget available to the public.

Local governments across the country stepped up to the plate:

- **In the media:** For the first time, local councils in three districts in Aceh ran the schedule for upcoming budget planning in local newspapers.
- **Posters:** In the city of Banda Aceh and in the smaller city of Padang Panjang in West Sumatra, government officials published the annual budget in the local press. They also distributed 1,000 posters of the budget to be displayed throughout the districts.
- **Beyond:** In Boyolali, the town council liked this spirit of transparency so much they passed a law requiring the local government to publicize all development activities funded by the local budget. Says local council representative Jamal Yazid, "The public has the right to question these plans, and public agencies must respond to all complaints within 15 days."

As a result of USAID's support of transparency in Indonesia, local residents now know more about what services their councils have promised to provide, and they can hold them to it.

### How policy makers can apply lessons from Indonesia to our foreign aid

Projects like this are just a beginning. USAID and other US government agencies should follow Indonesia's lead and be transparent in their own funding. Greater transparency from donors like the US helps parliaments, auditors, and civil society hold their government accountable for how it uses aid.<sup>ii</sup> It also helps the government know which development priorities the US plans to support, so they can target their own resources most effectively.

There are three concrete steps US policy makers can take now:

- #1. Publish full and timely information about US foreign aid so that recipient country citizens and their governments (not to mention US taxpayers) can access it.
- #2. Sign on to the International Aid Transparency Initiative (IATI), and work with other donors to share crucial information with host country citizens and governments.
- #3. Make US foreign aid more predictable, providing countries with regular information about our three-to-five year aid plans.

To learn more about why information is critical for country ownership, check out pages 9-17 of Oxfam's ["Ownership in Practice" report](#).

---

<sup>i</sup> Story is taken from USAID Indonesia, "Budget transparency: Local governments hold public consultations," January 2, 2008, available at <http://indonesia.usaid.gov/en/Article.291.aspx>

<sup>ii</sup> See Michael Bratton and Carolyn Logan (2009), "Voters but not yet citizens: Democratization and development aid," in Richard Joseph and Alexandra Gillies (2009), *Smart Aid for African Development*, Lynne Rienner Publishers.