

When Does Transparency Improve Institutional Performance? Evidence from 20,000 Projects in 183 Countries

Dan Honig University College London
Ranjit Lal London School of Economics and Political Science
Bradley C. Parks William and Mary

Abstract: *Access to information (ATI) policies are often praised for strengthening transparency, accountability, and trust in public institutions, yet evidence that they improve institutional performance is mixed. We argue that an important impediment to the effective operation of such policies is the failure of bureaucrats to comply with information requests that could expose poor performance. Analyzing a new data set on the performance of approximately 20,000 aid projects financed by 12 donor agencies in 183 countries, we find that enforcement matters: the adoption of ATI policies by agencies is associated with better project outcomes when these policies include independent appeals processes for denied information requests but with no improvement when they do not. We also recover evidence that project staff adjust their behavior in anticipation of ATI appeals, and that the performance dividends of appeals processes increase when bottom-up collective action is easier and mechanisms of project oversight are weak.*

Verification Materials: The data and materials required to verify the computational reproducibility of the results, procedures, and analyses in this article are available on the *American Journal of Political Science* Dataverse within the Harvard Dataverse Network, at: <https://doi.org/10.7910/DVN/JQGLHX>.

In 2011, a civic activist from the Turkish city of Bartın approached the World Bank's Ankara office seeking information about the Turkish government's response to a natural disaster some years earlier, which had been partially financed via a World Bank emergency recovery project.¹ Unsatisfied with the World Bank's re-

sponse, the activist filed an access to information (ATI) request under the 2010 World Bank Policy on Access to Information. This request was rejected by the World Bank, prompting the activist to make use of two independent appeals mechanisms provided by the policy. Both appeals were also denied: The information requested did

Dan Honig is Associate Professor, Department of Political Science and School of Public Policy, University College London, 31 Tavistock Square, London WC1H 9EZ, United Kingdom (dan.honig@ucl.ac.uk). Ranjit Lal is Assistant Professor, Department of International Relations, London School of Economics and Political Science, Centre Building, Houghton Street, London WC2A 2AE, United Kingdom (r.lal@lse.ac.uk). Bradley C. Parks is Executive Director, AidData, William and Mary, Global Research Institute, P.O. Box 8795, Williamsburg, VA 23187-8795 (bparks@aiddata.wm.edu).

We owe a debt of gratitude to Muhammad Saad Imtiaz for his truly outstanding research assistance. We also thank Daniel Berliner, Jennifer Brass, Alice Evans, Osvaldo Feinstein, Jonathan Fox, Alex Hertel-Fernandez, Christopher Kilby, John Marshall, Luciana Oliveira, Leah Stokes, Chris Wilson, and participants in the Annual Conference on the Political Economy of International Organization, the International Studies Association Annual Convention, the International Development Seminar at Georgetown University's Mortara Center for International Studies, the Political Science Seminar at Nuffield College, the University of Oxford, and the Junior Scholars Forum at the Stanford Center on Philanthropy and Civil Society for helpful comments on earlier drafts. William and Mary, Johns Hopkins SAIS, the London School of Economics, and the William and Flora Hewlett Foundation generously provided the funding that made this article possible.

¹ Author interviews with a member of the World Bank's Turkey Country Management Unit, March 26, 2019, and a former member of the World Bank's Ankara office, April 5, 2019. For more information on this case and the interviews referenced in this article, see SI Appendix K (pp. 29–30).

American Journal of Political Science, Vol. 00, No. 0, xxxx 2022, Pp. 1–21

©2022, Midwest Political Science Association

DOI: 10.1111/ajps.12698

not exist in the World Bank's records. Yet this unsuccessful effort did not pass without notice. As one World Bank staff member involved in handling the request and appeals put it, "[We] were all frightened—if someone requests, we have to address that."² Responding to the claims consumed "a tremendous amount of time and energy" within the Ankara office—staff had to translate and scan a large number of project-related documents to allow their counterparts at the World Bank's Washington, DC, headquarters to adjudicate the claim—and raised the salience of the ATI policy in day-to-day decision making.³ Most notably, the threat and eventual usage of the appeals process contributed to "a culture of caution and carefulness," prompting staff to pay closer attention to internal rules and guidelines to ensure that they properly discharged their responsibilities.⁴

In recent decades, ATI policies have emerged as the most prominent form of institutionalized transparency in governments and international organizations. By guaranteeing the right to request information from public institutions, they create new opportunities for stakeholders to monitor bureaucratic activities and to access public sector knowledge, transforming their relationship with such institutions. Yet while ATI policies are often praised for enhancing transparency, accountability, and trust in the public sector (e.g., Banisar 2006; Florini 2007), empirical evidence that they lead to better institutional performance is mixed. Some studies find that they increase bureaucratic efficiency (Vadlamannati and Cooray 2016a) and reduce levels of corruption (Cordis and Warren 2014; Peisakhin and Pinto 2010). Others report that they may increase corruption (Costa 2013; Escaleras, Lin, and Register 2009; Vadlamannati and Cooray 2016b), reduce bureaucratic quality (Costa 2013), and fail to improve administrative decision making (Worthy 2010). We seek to contribute to this high-stakes debate by investigating the conditions under which ATI policies improve the performance of public institutions.

The administrative features of ATI policies rarely draw close attention—but perhaps they should. We argue that an important impediment to the effective operation of ATI policies is the failure to properly *enforce* their provisions. Bureaucrats, whether in government agencies or international organizations, have incentives to avoid complying with legitimate information requests that could expose poor performance. Noncompliance is both

difficult to detect for actors outside public institutions and unlikely to be sanctioned by actors within them, who also stand to benefit from the option of withholding information. Reliable mechanisms for detecting, exposing, and remedying noncompliance can thus help to ensure that ATI policies curtail "agency slack" and generate information that can be used to improve project outcomes. As a World Bank official involved in the Bartın request put it, appeals processes create "a tremendous incentive to do a good job and comply with [ATI] requests."⁵

We empirically evaluate our argument in the context of international development assistance. We analyze how the adoption of ATI policies by bilateral and multilateral donor agencies—such as the Japan International Cooperation Agency and the World Bank—influences the outcome of projects they finance in low- and middle-income countries. These projects are typically implemented by government entities in recipient countries; project outcomes thus depend on the actions of both domestic bureaucrats and aid agency officials.⁶ Our analysis draws on a new data set on the performance of more than 20,000 projects funded by 12 donor agencies in 183 countries between 1956 and 2016—the largest data set on foreign aid project outcomes compiled to date. The data set contains holistic success ratings produced by donor staff and independent evaluation teams that capture the extent to which projects achieve their objectives and allocate resources efficiently. We employ a staggered difference-in-differences design that exploits temporal variation in the adoption of ATI policies with and without a key enforcement mechanism: the existence of a formal recourse process that allows information seekers to appeal to an independent body when their requests are denied. We posit that this process improves project outcomes primarily through a *shadow of the future* mechanism: Donor agencies, recipient governments, and other actors involved in project delivery take steps to preempt design and implementation problems that could be exposed by ATI policies at a later stage. That is, as the Bartın anecdote suggests, well-enforced ATI policies can provide information about and hence influence the behavior of donor as well as recipient government staff.

This research design has three attractive features. First, it yields empirical findings with high levels of external validity. We believe that a central reason for the mixed state of previous scholarship on the performance

² Author interview, March 26, 2019.

³ Author interviews, March 26 and April 5, 2019.

⁴ Author interview, March 26, 2019.

⁵ Author interview, April 5, 2019.

⁶ In the largest collection of data (of which we are aware) on an aid agency's implementation arrangements, 93% of projects are implemented by recipient government institutions (authors' calculations based on Marchesi and Masi 2021, table 1).

consequences of ATI policies is that it largely consists of single-setting studies (e.g., one country, one sector, one public agency) examining short time periods. Our collection of project data presents a rare opportunity to assess the impact of ATI policies on a large, diverse, and lengthy sample of performance outcomes. Second, the staggered adoption of ATI policies and appeals mechanisms across donors, combined with the wide temporal scope of projects in our data set, provides the basis for plausible identification of their impact on project outcomes through a comparison of pre- and post-adoption trends in performance ratings. Third, and relatedly, the adoption of ATI policies and appeals processes by donor agencies is exogenous to the particular country contexts in which their projects are delivered. This feature is unusual in studies of the effects of transparency policies, where there is often a risk that the adoption of such policies is a function of factors that themselves affect the outcome of theoretical interest.

We find that the adoption of ATI policies by donors is not, in general, associated with improvements in the performance of projects they finance. However, when such policies are accompanied by independent appeals processes, we observe a strong and positive relationship with performance. These results are robust to a variety of estimation methods, model specifications, and samples as well as to the use of instrumental variables. We also recover evidence for several observable implications of our argument. The performance dividends associated with well-enforced ATI policies increase when recipient countries have higher levels of civic engagement and press freedom, conditions under which citizens are more likely to make use of these policies and to pressure authorities to improve project outcomes. In contrast, they decline when recipients have domestic ATI regimes and a greater capacity to control corruption and to maintain the rule of law, conditions under which project problems are less common and alternative mechanisms for exercising project oversight are available. Finally, consistent with our posited shadow of the future mechanism, we show that previous usage of and success with appeals mechanisms in a given recipient—which raise the probability that future projects will be subject to external scrutiny—are followed by better performance outcomes as well as increases in expenditures on and the quality of project design and supervision.

Our analysis contributes to a broader research agenda in political science and other disciplines that seeks to identify the circumstances in which transparency enhances the performance of public institutions. By highlighting the role of stakeholder-activated enforcement mechanisms in determining whether and

when ATI policies enhance performance, our findings support an emerging consensus in this literature that—on their own—information and bottom-up monitoring are “not enough” (Fox 2015, 248). Instead, they point to the importance of the *interaction* between bottom-up monitoring and top-down enforcement for holding public institutions to account. Our contextual results, moreover, add to a growing body of evidence that transparency interventions are more potent in environments characterized by greater civil society robustness, media freedom, and other forms of bottom-up accountability (Grossman and Michelitch, 2018; Kosack and Fung 2014; Lindstedt and Naurin 2010).

In drawing attention to appeals processes as an instrument of enforcement, this study also contributes to research on the political consequences of formal mechanisms for receiving, assessing, and responding to complaints from stakeholders. Previous studies have demonstrated the potential of such mechanisms (and other nonelectoral methods of political participation) to increase government responsiveness to citizens (Bratton 2012; Cleary 2007). Our findings suggest an additional channel through which they can improve governance outcomes, namely, ensuring reliable mechanism enforcement. Finally, the study adds to a burgeoning literature on the effectiveness of foreign aid and donor agencies by examining the role of institutionalized transparency in shaping the impact of international development assistance (Buntaine 2016; Denizer, Kaufmann, and Kraay 2013; Dreher et al. 2013; Honig, 2018, 2019; Lall, 2017, 2021; Winters 2014).

Transparency, Enforcement, and Performance

Access to Information Policies in Donor Agencies

ATI policies establish a formal process through which public or private actors in any country can request information held by donor agencies, including about foreign aid projects they finance. Available information suggests that ATI requests are frequently made both by actors “below” these agencies, such as citizens, civil society organizations (CSOs), media outlets, and academics, and by actors “above” them, such as governments and international organizations.⁷ Domestic governance is a

⁷To our knowledge, the only source of data on the identity of ATI requesters is the World Bank Access to Information Survey, which was conducted from 2011 to 2016 (<https://www.worldbank.org/>)

common topic of requests, underscoring the potential for donor ATI mechanisms to influence the behavior not just of aid agency staff but also of (mostly recipient government) implementers.⁸

For bilateral donor agencies, which are either national aid departments or state-owned development banks, ATI policies assume the form of government-wide freedom of information (FOI) laws (which are not adopted by agencies themselves). Most of these laws are based on the 1966 U.S. Freedom of Information Act and were passed during the 1990s and 2000s as a consequence of civil society campaigns for increased public sector transparency, domestic political competition, and international diffusion pressures (Banisar 2006; Berliner 2014; Florini 2007). Multilateral ATI policies take the form of binding rules approved by donor governing bodies. They are generally modeled on FOI laws and possess similar features, enshrining the principle that the public has a right to know about the activities of intergovernmental institutions. Since the World Bank's pioneering 1994 Policy on Disclosure of Information, they have spread to a number of multilateral development banks and financing institutions, a trend generally attributed to factors analogous to those driving the spread of FOI laws, including transnational advocacy campaigns, norm diffusion pressures, and domestic political institutions (Grigorescu 2007; Nelson 2001).

Although the civic activist from Bartın was unsuccessful in her inquiry, most ATI requests do result in disclosure. The World Bank, for example, reports that of the 726 requests on which it made a decision in fiscal year 2017, 501 led to the release of the solicited information.⁹ Importantly, the fruits of successful requests are made publicly available. All disclosures made by the World Bank, for instance, are posted on its official ATI website.¹⁰

en/access-to-information/reports). Excluding academics, who are disproportionately represented among respondents to the survey, the vast majority of requesters are private individuals and CSOs (48%, averaged over all years), international organizations (16%), governments (11%), media outlets (5%), and legal professionals (2%). With respect to location, requesters are divided fairly evenly between OECD and non-OECD countries.

⁸The top five topics of request in the World Bank Access to Information Survey (averaging across years) are finance and markets (12%), domestic governance (11%), agriculture (10%), energy (8%), and transportation and communications (8%).

⁹World Bank Access to Information Annual Report: Fiscal Year 2017, <http://pubdocs.worldbank.org/en/742661529439484831/WBG-AI-2017-annual-report.pdf>.

¹⁰See <https://www.worldbank.org/en/access-to-information>.

Why the Right to Information Is Not Enough

There are several reasons why ATI policies might be expected to improve the performance of public institutions. Expanded disclosure enhances the ability of citizens, CSOs, the media, and other stakeholders to monitor institutional activities (Anderson et al. 2019; Peisakhin 2012). If new information reveals poor performance, it can be used by political principals—whether legislators and the executive branch in the case of government agencies or member states in the case of international organizations—to sanction them (Berliner and Erlich 2015; Grigorescu 2007). As suggested by the Bartın case, even if no information is actually released, the threat of disclosure can motivate these actors to avoid behavior that could subsequently be punished. When aware that they are being monitored or that their actions may be publicly disclosed, bureaucrats are less likely to shirk or to engage in malfeasant practices (Anderson et al. 2019; Carlson and Seim 2020).

At the same time, there are reasons to doubt that ATI policies *alone* will always be sufficient to alter bureaucratic behavior. Rather than boosting their effort and productivity in response to such policies, bureaucrats may choose the less burdensome option of refusing to comply with legitimate ATI requests that could expose underperformance. Perhaps the least costly way to avoid compliance without technically violating policy provisions is to reject such requests on procedural, technical, resource-related, or availability grounds (Holsen and Pasquier 2012; Prat 2005). Since ATI requesters typically lack the information and expertise to contest such decisions—and disputes can easily be characterized as differences in the interpretation of ATI policy provisions—this form of noncompliance has the added advantage of being difficult to detect. Although illegitimate denials could be discovered by fellow bureaucrats, these actors similarly benefit from the ability to selectively conceal information about their performance and thus have weak incentives to actively monitor policy compliance—let alone to sanction noncompliance.

The implication of this agency problem is that ATI policies require reliable mechanisms of enforcement to successfully curtail bureaucratic slack—mechanisms that counterbalance incentives for noncompliance. As Neuman (2006, 10) emphasizes in the domestic context:

Enforcement of the law is critical; if there is widespread belief that [FOI] legislation will not be enforced, this so-called right to information becomes meaningless. If the enforcement

mechanisms are weak or ineffective, it can lead to arbitrary denials, or it can foment the “ostrich effect,” whereby there is no explicit denial but rather the government agencies put their heads in the sand and pretend that the law does not exist. Thus, some external review mechanism is critical to [an FOI] law’s overall effectiveness.

Independent Appeals Processes

The principal mechanism for enforcing ATI policies is the existence of a formal recourse process that enables information seekers to appeal to an independent body—a body of individuals who do not report to any member of the donor’s staff—when their requests are denied. For multilateral donors, these bodies are usually panels of external ATI experts from civil society, business, or government with the authority to uphold or reverse original disclosure decisions. For bilateral donors, they are judicial institutions responsible for overseeing overall government adherence to FOI legislation and in some cases for imposing or recommending penalties for noncompliance (Holsen and Pasquier 2012). For example, if an ATI request submitted to the United Kingdom’s Department for International Development (DFID) is rejected, the information seeker can appeal to the Information Commissioner’s Office (ICO), a nondepartmental public body that reports to the British parliament and is authorized to enforce compliance with such requests.¹¹ As reported in Table 1, nine of the 12 donors in our data set possessed an ATI policy with an independent appeals mechanism as of 2016.

In addition to enhancing compliance with ATI requests, appeals mechanisms can boost confidence in and usage of the request process and set precedents that clarify the scope of ATI policy provisions (Hazell and Worthy 2010). In 2008, for example, an ICO ruling forced DFID to disclose the winning tender proposal for a consultancy contract along with the scores awarded to all submitted proposals.¹² This ruling set a precedent within DFID for the automatic acceptance of ATI requests for tender-related information. In 2015, for instance, DFID accepted an ATI request for tender documents associated with forensic audits of two banks in Anguilla submitted by Keith Stone Greaves, a local journalist who sought to disseminate information of public interest on his weekly

radio program, *Talk Caribbean*. As he explained to us, “I just wanted to inform the public.... The public had a right to know what was happening with their banks.”¹³

Access to Information Policies and Foreign Aid Effectiveness

The performance benefits of a properly enforced ATI policy are no less applicable to foreign aid projects. Unlike direct budgetary support for governments, these projects are characterized by a lengthy chain of delegation involving politicians and aid agencies in donor countries; government agencies and contractors in recipient countries, which typically implement projects; and intended beneficiaries in project locations. Information asymmetries within each principal–agent relationship frequently short-circuit the feedback loop between the two ends of the delegation chain (Easterly 2007). Regardless of the identity and motivation of those who use it, a well-enforced ATI policy can help to address this problem by generating reliable and timely public information about projects. This increases the likelihood that behavior causing project outcomes to diverge from objectives or resources to be allocated wastefully or unproductively—whether by donors, recipient governments, or other project-involved actors (all of whose activities fall within the scope of donor ATI policies)—will be detected and sanctioned.

Specifically, appeals processes can improve project outcomes through two distinct mechanisms. The first is a *project correction effect* whereby an appeal concerning a given project leads to performance-enhancing modifications to this same project, whether by generating new information about its design or implementation (if the appeal is successful) or by prompting officials to pay greater attention to potential performance threats (if the appeal is unsuccessful). The second is a *shadow of the future effect* whereby officials strengthen project design and implementation in anticipation of future appeals that could reveal performance problems (Buntaine 2016). As the Bartın case suggests, even ATI requests and appeals that concern completed projects (and are ultimately denied) can increase bureaucrats’ awareness that they are being monitored.

Project correction effects may be important; anecdotal evidence indicates that appeals can markedly alter the behavior of officials involved with concerned projects. However, we expect project improvements to occur

¹¹DFID was merged with the British Foreign Office in June 2020; as all our data are prior to the merger, we continue to use its former name.

¹²ICO Decision Notice #FS50088016, November 27, 2008.

¹³Author telephone interview with Keith Stone Greaves, March 11, 2019.

TABLE 1 Access to Information Policies and Appeals Mechanisms Adopted by Donors in the Data Set

	Acronym	Donor Type	Access to Information Policy (Year Adopted)	Independent Appeals Mechanism
Department of Foreign Affairs and Trade, Australia	DFAT	Bilateral	Freedom of Information Act (1982)	Administrative Appeals Tribunal
Asian Development Bank	AsDB	Multilateral	Confidentiality and Disclosure of Information Policy (1994)	None
			Public Communications Policy of the Asian Development Bank (2005)	None
			Public Communications Policy (2011)	Independent Appeals Panel
African Development Bank	AfDB	Multilateral	Disclosure of Information Policy (1997)	None
			African Development Group Policy on Disclosure of Information (2005)	None
			Disclosure and Access to Information: The Policy (2012)	Appeals Panel
Caribbean Development Bank	CDB	Multilateral	Caribbean Development Bank Information Disclosure Policy (2011)	Appeals Panel
Department for International Development, United Kingdom	DFID	Bilateral	Freedom of Information Act (2000)	Information Commissioner's Office
Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, Germany	GiZ	Bilateral	Federal Act Governing Access to Information Held by the Federal Government (Freedom of Information Act) (2005)	Federal Commissioner for Freedom of Information
Global Environment Facility	GEF	Multilateral	GEF Practices on Disclosure of Information (2011)	None
Global Fund to Fight AIDS, Tuberculosis, and Malaria	GFATM	Multilateral	Documents Policy (2007)	None
International Fund for Agricultural Development	IFAD	Multilateral	IFAD Policy on the Disclosure of Documents (1998)	None
			IFAD Policy on the Disclosure of Documents (revised) (2006)	None
			IFAD Policy on the Disclosure of Documents (revised) (2010)	None

(Continued)

TABLE 1 (Continued)

	Acronym	Donor Type	Access to Information Policy (Year Adopted)	Independent Appeals Mechanism
Japan International Cooperation Agency	JICA	Bilateral	Act on Access to Information Held by Administrative Organs (1999)	Information Disclosure and Personal Information Protection Review Board
Kreditanstalt fuer Wiederaufbau, Germany	KfW	Bilateral	Federal Act Governing Access to Information Held by the Federal Government (Freedom of Information Act) (2005)	Federal Commissioner for Freedom of Information
World Bank	WB	Multilateral	World Bank Policy on Disclosure of Information (1994)	None
			World Bank Policy on Disclosure of Information (revised) (2002)	None
			World Bank Policy on Access to Information (2010)	Access to Information Committee (First Stage); Access to Information Appeals Board (Second Stage)

primarily through shadow of the future effects. As a proportion of total projects, the number of appeals cases tends to be small.¹⁴ Additionally, most appeals are submitted after the concerned project has concluded—that is, when new information cannot be used to remedy project problems.¹⁵ Although empirically distinguishing between these two types of effects is challenging, we later provide evidence of shadow of the future effects and the channels through which they operate.

The preceding discussion can be summarized in the following hypotheses:

H1: The adoption of ATI policies by donors will not, by itself, be associated with an improvement in the performance of projects that they finance; however,

H2: The adoption of ATI policies that include independent appeals mechanisms will be associated with an improvement in project performance.

¹⁴For instance, the World Bank, which possesses one of the most high-profile appeals mechanisms, adjudicated 71 appeals cases between 2010 and mid-2019, a period in which it conducted hundreds of projects.

¹⁵Only 10 of the World Bank's 71 appeals cases received a final decision before the completion of the project in question.

The logic of our argument also implies that these relationships are likely to be conditioned in several ways by the broader societal and institutional context in which projects are delivered. First, ATI policies with appeals mechanisms should lead to greater improvement in project performance when recipient countries are characterized by higher levels of bottom-up accountability, particularly in the form of civic engagement and press freedom. In many countries, citizens have limited opportunities to engage in sustained collective action or to access reliable information about public agencies via the media, making them less likely to learn about and utilize ATI policies; to activate appeals mechanisms when ATI requests are denied; and to leverage information from successful requests or appeals to pressure donors and recipient governments to address project problems (Buntaine 2016). Second, the performance payoff of well-enforced ATI policies should be larger when recipient countries lack characteristics of good governance, such as the rule of law and limited corruption, which reduce the likelihood of project problems and create alternative channels through which stakeholders can obtain information about and demand action to address such issues. Third, this payoff should be smaller when recipients possess (strong) domestic ATI regimes, which

provide an alternative pathway for local stakeholders to acquire project information. If these regimes are functioning effectively, donor ATI policies should generate less additional information (and this information should mostly concern donor staff rather than other actors involved in the project delivery process). Fourth, given the central thrust of the argument, the previous three implications should not apply to ATI policies in general (only to those with appeals mechanisms).

H3: The adoption of ATI policies that include independent appeals mechanisms—but not ATI policies in general—will have a stronger positive association with project performance in recipient countries with higher levels of bottom-up accountability, lower levels of governance quality, and a weak or no domestic ATI regime.

Data

Outcome Variable

In line with a growing literature on foreign aid effectiveness, we measure project performance using holistic, ex post success ratings assigned by donor staff and independent evaluation experts (Buntaine 2016; Denizer, Kaufmann, and Kraay 2013; Dreher et al. 2013; Honig 2018, 2019). These ratings, which are based on a series of widely accepted OECD evaluation standards, capture two principal dimensions of performance: (1) the achievement of project objectives (as stated in official project agreements between donors and recipients) and (2) efficiency, or the economy with which project inputs (e.g., material resources, time, expertise) are converted into project outputs.¹⁶ They represent an attractive source of data because they provide a consistent and comparable measure of performance across projects, sectors, countries, and time.¹⁷ In addition, previous research has demonstrated that they are positively correlated with broader indicators of socioeconomic development (Metzger and Guenther 2015; Warner 2010).

Through a large-scale data collection effort that began in 2012 and involved extensive communications and negotiations with donor staff and evaluation teams, we obtained ratings for 20,686 projects financed by 12 donors between 1956 and 2016 (essentially all projects

¹⁶The OECD standards are available at <https://www.oecd.org/dac/evaluation/qualitystandardsfordevelopmentevaluation.htm>.

¹⁷Moreover, the inclusion of donor fixed effects in our analyses absorbs any time-invariant differences in donors' evaluation standards.

rated by the donors during this period).¹⁸ These ratings cover projects undertaken in almost every developing country and sector of government activity. Appendix A in the supporting information (SI; p. 3) provides donor-by-donor descriptive statistics on project location, geographical scope, timing, and length.

The outcome variable in our analysis, *Project Success_{r,d,t}*, is the rating for a project financed by donor d in recipient country r beginning in year t , which is measured on a Likert-type scale ranging from 1 for “highly unsatisfactory” to 6 for “highly satisfactory.”¹⁹ As shown in Figure 1, there are no consistent over-time trends in the variable across donors: Some donors exhibit evidence of modest “grade inflation,” with average ratings rising over time; others have experienced a decline in ratings in recent years; and a third group has seen ratings fluctuate around an approximately constant level.²⁰ Donor-specific summary statistics for *Project Success_{r,d,t}* are also reported in SI Appendix A (p. 3).

Treatment Variables

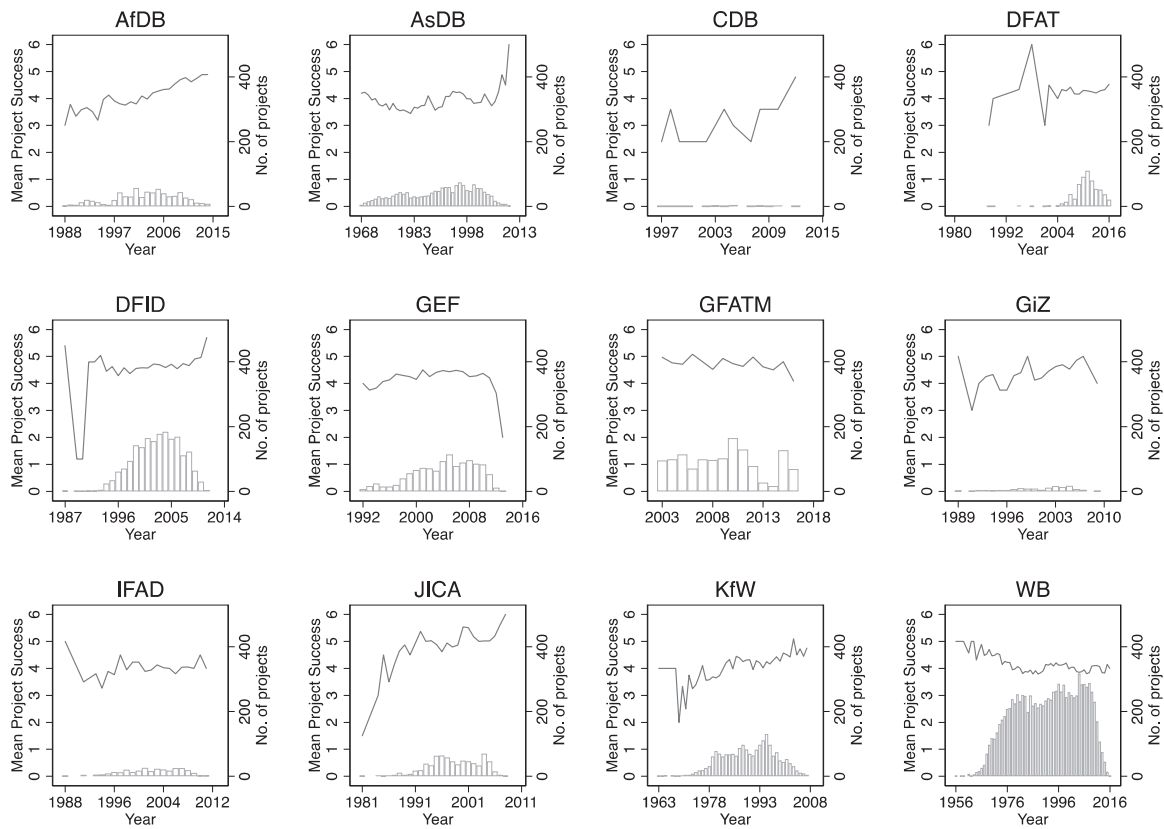
We merge the project ratings with original data on donor ATI policies, which cover the same agencies and time period. Our first treatment variable, *ATI Policy_{d,t-1}* is a dummy for whether donor d possesses an ATI policy in year $t-1$. Our main source of information on FOI laws is the Right to Information Rating database compiled by Access Info Europe and the Centre for Law and Democracy.²¹ We access multilateral ATI policies from donor websites (current and archived). Our second treatment, *Appeals Mechanism_{d,t-1}*, is a dummy for whether donor d possesses an ATI policy with an independent appeals process for denied information requests in year $t-1$. Where possible, our coding decisions follow the Right to Information Rating database and the Aid Transparency Index constructed by Publish What You Fund, the two existing comparative assessments of ATI appeals mechanisms.

¹⁸An earlier version of the database was introduced by Honig (2018). The current version adds several donors and roughly doubles the number of projects.

¹⁹These classifications follow the World Bank's rating system, which is the best known. Some donors employ alternative scales (e.g., from 1 to 4); we transform them to the 6-point scale for ease of analytical interpretation.

²⁰As indicated by Figure 1's frequency bars, the World Bank accounts for a sizable share (around half) of the projects in the data set. We later show that our findings are not contingent upon its inclusion in the sample.

²¹See <https://www.rti-rating.org>.

FIGURE 1 Trends in Project Success Ratings for Individual Donors

Note: The figure plots average annual project performance ratings for individual donor agencies over time. Donor acronyms are used; see Table 1 for full names.

Control Variables

We control for three recipient country-level variables that commonly feature in analyses of project performance: the annual growth rate of a recipient's GDP (*Recipient GDP Growth* $_{r,t-1}$), the log of a recipient's GDP per capita (*Recipient Log GDP per Capita* $_{r,t-1}$), and the net official development assistance provided to a recipient as a percentage of its gross national income (*Recipient Aid/GNI* $_{r,t-1}$). These variables are measured as of year $t-1$ in current U.S. dollars using World Bank national accounts data.²² As they do not plausibly affect the treatment variables, their inclusion serves to reduce residual variance and thus increase the precision of the estimated treatment effects.

Table 2 provides summary statistics for all variables in the data set. Detailed descriptions of each variable are provided in SI Appendix A (pp. 2–3).

²²See <https://data.worldbank.org/indicator>.

Empirical Analysis

We employ a difference-in-differences design that compares the change in the outcome following the adoption of each treatment in treated versus untreated observations. The unit of analysis is a donor-recipient-project-year (there are 12 donors, 183 recipient countries, and 60 years). To assess Hypothesis 1, we estimate the following three-way fixed effects model with ordinary least squares (OLS):

$$\begin{aligned} Project\ Success_{r,d,t} = & \alpha + \phi_d + \gamma_r + \psi_t + \beta_1 ATI\ Policy_{d,t-1} \\ & + \beta_2 Controls_{r,d,t-1} + \varepsilon_{r,d,t}, \end{aligned} \quad (1)$$

where ϕ_d , γ_r , and ψ_t are dummies for donors, recipient countries, and years, respectively. With the inclusion of these fixed effects, the estimator exploits variation in project ratings *within* groups of donor-recipient observations over time, addressing many possible sources of endogeneity while avoiding direct inter-donor comparisons, which could be problematic due to the partly subjective nature of performance evaluation (Honig

TABLE 2 Summary Statistics for Variables in Baseline Analysis

Variable	Observations	Mean	Std. Dev.	Min	Max
Project Success $_{r,d,t}$	20,686	4.20	1.17	1	6
ATI Policy $_{d,t-1}$	21,301	0.48	0.50	0	1
Appeals Mechanism $_{d,t-1}$	21,301	0.15	0.36	0	1
Recipient GDP Growth $_{r,t-1}$	19,414	3.04	5.81	-47.92	92.12
Recipient Log GDP per Capita $_{r,t-1}$	19,442	7.26	1.02	4.91	11.49
Recipient Aid/GNI $_{r,t-1}$	18,506	7.20	10.62	-2.63	181.10

2019). All covariates are lagged by one year in part to avoid simultaneity issues and in part because they are unlikely to instantly impact project performance. To address the possibility of serial correlation in the outcome, we cluster robust standard errors by both recipient country and donor.

We assess Hypothesis 2 in two ways. First, we substitute *Appeals Mechanism* $_{d,t-1}$ for *ATI Policy* $_{d,t-1}$ in Equation (1):

$$\begin{aligned} \text{Project Success}_{r,d,t} = & \alpha + \phi_d + \gamma_r + \psi_t + \beta_1 \text{Appeals Mechanism}_{d,t-1} \\ & + \beta_2 \text{Controls}_{r/d,t-1} + \varepsilon_{r,d,t}. \end{aligned} \quad (2)$$

Second, we add *ATI Policy* $_{d,t-1}$ to Equation (2):

$$\begin{aligned} \text{Project Success}_{r,d,t} = & \alpha + \phi_d + \gamma_r + \psi_t \\ & + \beta_1 \text{ATI Policy}_{d,t-1} \\ & + \beta_2 \text{Appeals Mechanism}_{d,t-1} \\ & + \beta_3 \text{Controls}_{r/d,t-1} + \varepsilon_{r,d,t}. \end{aligned} \quad (3)$$

In Equation (2), the coefficient on *Appeals Mechanism* $_{d,t-1}$ captures the difference between the change in the success of projects that are treated with an ATI policy with an appeals mechanism and the same change for projects that are subject either to no ATI policy or to an ATI policy without an appeals mechanism. In Equation (3), the control group shrinks to projects that are subject to an ATI policy without an appeals mechanism, allowing us to isolate the “added value” of enforcement.

Results

The results of Equations (1)–(3), reported in Table 3, are consistent with Hypotheses 1 and 2. In Equation (1), the estimated coefficient on *ATI Policy* $_{d,t-1}$ is positive but small and not statistically distinguishable from zero (Model 1). In substantive terms, the presence of an ATI policy (with or without an appeals mechanism) is associated with an average increase in *Project Success* $_{r,d,t}$

of 0.02 (on a 1–6 scale). In percentile terms, this increase does not alter the rank of a project at the median level of *Project Success* $_{r,d,t}$ by a single percentage point.

In Equation (2), by contrast, the coefficient on *Appeals Mechanism* $_{d,t-1}$ is positive, substantially larger, and statistically significant at the 1% level (Model 2). On average, *Project Success* $_{r,d,t}$ is 0.29 higher in the presence of an ATI policy with an appeals mechanism—several times the increase associated with the presence of an ATI policy in general. Substantively, this effect size is equivalent to moving from the 50th percentile of *Project Success* $_{r,d,t}$ to almost the 60th percentile.

Including both treatments as regressors in Equation (3) does not materially alter the size or significance level of the *Appeals Mechanism* $_{d,t-1}$ coefficient (Model 3). When ATI policies are accompanied by an appeals mechanism, *Project Success* $_{r,d,t}$ is 0.32 higher than when they lack such a mechanism. Perhaps surprisingly, the coefficient on *ATI Policy* $_{d,t-1}$ turns negative, indicating that the presence of an ATI policy without an appeals mechanism is associated with lower levels of project performance than the absence of an ATI policy altogether. As in Model 1, however, the coefficient is nonsignificant and substantively small: *Project Success* $_{r,d,t}$ declines by an average of just 0.07 as *ATI Policy* $_{d,t-1}$ moves from 0 to 1.

Robustness

Parallel Trends Assumption

The key identifying assumption of difference-in-differences estimators is that trends in the outcome variable would have been the same in treated and control groups in the absence of the treatment, conditional on covariates. We probe this assumption using two common strategies. First, we include 1–8 year leads and lags as well as a contemporaneous version of *Appeals Mechanism* $_d$ in Equation (2), with the expectation that the coefficients on the leads will be statistically zero. While year-by-year effects are relatively noisy, none of the lead coefficients

TABLE 3 Relationship between Access to Information Policies, Appeals Mechanisms, and Project Success

	(1)	(2)	(3)
ATI Policy _{<i>t</i>-1}	0.020 (0.097)		-0.067 (0.066)
Appeals Mechanism _{<i>t</i>-1}		0.290** (0.081)	0.320** (0.084)
Recipient GDP Growth _{<i>t</i>-1}	0.006** (0.001)	0.006** (0.001)	0.006** (0.001)
Recipient Log GDP per Capita _{<i>t</i>-1}	-0.187* (0.072)	-0.184* (0.071)	-0.184* (0.072)
Recipient Aid/GNI _{<i>t</i>-1}	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Observations	17,929	17,929	17,929
R ²	0.131	0.133	0.133
Recipient country fixed effects	Yes	Yes	Yes
Donor fixed effects	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes

Note: OLS estimates are shown with robust standard errors, clustered by donor and recipient country, in parentheses.

†*p* < .1; **p* < .05; ***p* < .01

are significant. Second, we show that the results are robust to the inclusion of recipient-specific time trends in the model (i.e., interactions between a dummy for each recipient and a linear time trend), which help to control for differences in the pretreatment trajectory of the outcome between the treated and control groups.²³ SI Appendix B reports both sets of estimates (p. 4).

Validating Outcome Measure

Although project outcomes are evaluated according to a common set of criteria and standards, it is possible that staff are able to “game” ratings to improve perceptions of their performance (Denizer, Kaufmann, and Kraay 2013). If such behavior begins concurrently with the adoption of well-enforced ATI policies—for instance, due to increased pressure for effective performance from political principals—it could pose a threat to valid inference. We seek to address this concern in two ways. First, we reestimate the baseline models using an

²³We cannot control for donor-specific time trends because the set of interactions between donor dummies and a linear time trend would fully absorb the treatment. Figure 1, however, provides visual evidence that these trends do not systematically differ between treated and control groups in the pretreatment period.

independent measure of World Bank project success constructed by Malik and Stone (2018), which is derived from more granular (qualitative and quantitative) information about projects contained in Implementation Completion and Results reports.²⁴ Second, we reestimate the baseline models restricting the sample to projects that were rated when donors possessed an independent unit (e.g., division, department, office) whose primary task was to evaluate their performance. As shown in SI Appendix C, both sets of results are consistent with the baseline findings (pp. 5–6).

Assessing Inferential Leverage

Given the size and heterogeneity of our data set, it is important to understand where inferential leverage is coming from in our analysis. We investigate this issue using two recently developed strategies. First, we calculate the “effective sample” in Equations (1) and (2)—the sample actually used to generate the estimates—using the multiple regression weights approach proposed by

²⁴The correlation between *Project Success*_{*r, d, t*} and Malik and Stone’s measure is positive but far from perfect (*r* = 0.43).

Aronow and Samii (2016).²⁵ Summary statistics for this sample indicate that it is broadly representative of the data set as a whole (and thus that the findings have strong internal validity). Second, we perform a Bacon decomposition (Goodman-Bacon 2018) on the *Appeals Mechanism*_{*d,t-1*} coefficient in Equation (2), which disaggregates it into four separate two-period difference-in-differences estimates that compare (1) projects treated in different years, (2) projects treated in a given year with always-treated projects, (3) projects treated in a given year with never-treated projects, and (4) always-treated projects with never-treated projects. All four estimates are large and positive. SI Appendix D reports the two tests' results (pp. 6–7).

Alternative Samples

We also examine the sensitivity of the baseline results to six alternative sample restrictions: (1) including only projects that began during a 5-year window around the date of treatment adoption, j (i.e., the period from $j-2$ to $j+2$), which helps to control for potential confounders that vary between the pre and posttreatment periods; (2) including only projects that began either before or immediately after year j , which mitigates the possibility that donors select “easier” projects after treatment adoption; (3) excluding projects conducted after (a) 1990, (b) 1995, and (c) 2000 on the grounds that older projects might have been rated according to different standards; (4) excluding projects financed by the World Bank, the donor with the largest number of projects; (5) excluding projects undertaken in the five recipients with the largest number of projects (collectively around one-fifth of the total); and (6) excluding projects financed by donors who never adopt an ATI policy with an appeals mechanism. All results are similar to the baseline estimates (see SI Appendix E, pp. 8–10).

Instrumental Variables Analysis

Though the adoption of ATI policies can reasonably be viewed as exogenous to recipient-specific factors, it could nevertheless be affected by omitted variables related to project success—or by project success itself (e.g., if donors with better-performing projects are more

willing to disclose information about themselves).²⁶ To address this possibility, we employ an instrumental variables approach that leverages sources of plausibly exogenous variation in policy adoption. Building on evidence of the diffusion of FOI laws across countries (Berliner 2014) and a common spatial instrumenting strategy in the political economy literature, we construct two instruments for bilateral donors: the lagged proportion of a donor’s (a) geographical neighbors and (b) five largest trading partners that possess an FOI law with an appeals mechanism (for *Appeals Mechanism*_{*d,t-1*}) or without an appeals mechanism (for *ATI Policy*_{*d,t-1*}). Our instrument for multilateral donors is the lagged proportion of a donor’s five largest shareholder countries that possess an ATI policy with an appeals mechanism (for *Appeals Mechanism*_{*d,t-1*}) or without an appeals mechanism (for *ATI Policy*_{*d,t-1*}). The logic behind these instruments is that the adoption of an ATI policy by a donor’s neighbors, major trading partners, and principal shareholders—or variables that predict this occurrence—are likely to influence its own likelihood of adoption but do not directly affect the outcome of foreign aid projects it finances (rendering the exclusion restriction credible).

We implement the instrumental variables analysis using a two-stage least squares estimator. In the first stage, we generate predicted values for each treatment by regressing it on one of the two combined instruments and all controls and fixed effects in the baseline models:

$$\begin{aligned} \text{Treatment}_{d,t-1} = & \alpha + \gamma_r + \phi_d + \psi_r \\ & + \beta_1 \text{Combined Instrument}_{d,t-1} \\ & + \beta_2 \text{Controls}_{r,t-1} + \varepsilon_{r,d,t}. \end{aligned} \quad (4)$$

In the second stage, *Project Success*_{*r,d,t*} is regressed on the predicted values of the treatment from the first stage as well as all controls and fixed effects:

$$\begin{aligned} \text{Project Success}_{r,d,t} = & \alpha + \gamma_r + \phi_d + \psi_r + \beta_1 \widehat{\text{Treatment}}_{d,t-1} \\ & + \beta_2 \text{Controls}_{r,t-1} + \varepsilon_{r,d,t}. \end{aligned} \quad (5)$$

Table 4 presents the second-stage results for the three baseline models. In the first stage, as reported in the bottom row, the instrument has a high F-statistic in every model, ruling out possible bias from a “weak” instrument. All coefficients on the instrumented measures of *Appeals Mechanism*_{*d,t-1*} are positive, sizable, and significant. Interestingly, they are much larger than the corresponding baseline estimates: on average, the presence

²⁵Multiple regression weights can only be calculated with one treatment at a time, hence the exclusion of Equation (3) (the overall coefficient estimate does not substantively change).

²⁶The latter scenario is less likely in the case of bilateral donors, which, as discussed earlier, have typically adopted ATI policy laws due to factors with little connection to foreign aid outcomes.

TABLE 4 Instrumental Variables Estimates of Effect of Access to Information Policies and Appeals Mechanisms on Project Success

	(1)	(2)	(3)	(4)	(5)	(6)
ATI Policy _{t-1}	0.013 (0.148)		-0.265* (0.092)	0.229 (0.194)		-0.256 (0.229)
Appeals Mechanism _{t-1}		0.678* (0.235)	0.937** (0.238)		0.590** (0.182)	0.746** (0.188)
Observations	16,943	16,943	16,943	16,943	16,943	16,943
Recipient country, donor, and year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Instrument reference group	Neighbors	Neighbors	Neighbors	Trading partners	Trading partners	Trading partners
Cragg-Donald <i>F</i> -statistic (first stage)	7912	4740	2313	3821	6538	2468

Note: Second-stage two-stage least squares estimates are shown with robust standard errors, clustered by donor and recipient country, in parentheses. Controls are *Recipient GDP per Capita Growth*_{t-1}, *Recipient Log GDP per Capita*_{t-1}, and *Recipient Aid/GNI*_{t-1}.

†p < .1; *p < .05; **p < .01

of an ATI policy with an appeals mechanism is associated with an increase in *Project Success*_{r,d,t} of 0.74—equivalent to moving from the 50th percentile of this variable to the 90th percentile. The coefficients on the instrumented measures of *ATI Policy*_{d,t-1} are positive in the Equation (1) models, negative in the Equation (3) models, and mostly nonsignificant (the only significant estimate is negative). The results thus provide additional support for Hypotheses 1 and 2 while suggesting that any potential endogeneity in treatment assignment in the baseline analysis worked *against* rather than for our argument.

Placebo Test

Another possible concern is that *Appeals Mechanism*_{d,t-1} is merely serving as a proxy for the overall stringency or quality of a donor's disclosure regime. We thus conduct a placebo test in which the treatment is a dummy for whether an ATI policy codifies a “presumption of disclosure” principle, that is, a provision that establishes disclosure as the general rule and hence requires a compelling reason for nondisclosure. Often regarded as a hallmark of a robust disclosure regime (Mendel 1999), this principle is one of the chief indicators of ATI policy strength in both the Right to Information Rating database and the Aid Transparency Index. The

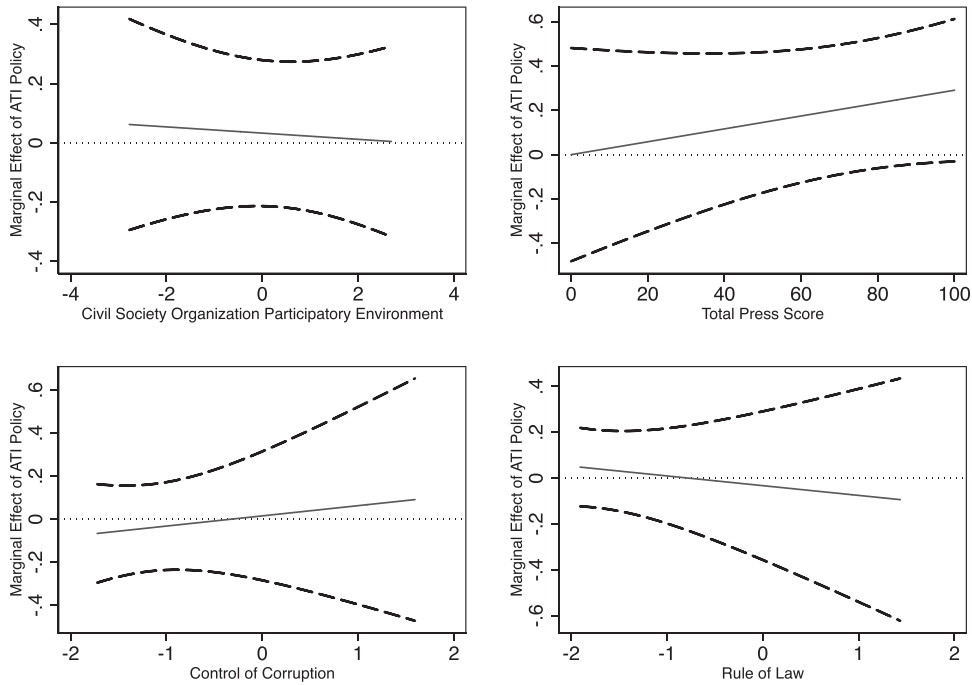
coefficient on the placebo treatment is small, negative, and nonsignificant (see SI Appendix F, p. 11).

Additional Robustness Checks

The baseline results are robust to a number of additional checks, further information on which is provided in SI Appendix G (pp. 12–20). First, we include several additional controls, some of which feature in previous analyses of project performance: project size, measured in terms of loan amount, loan commitment, or project expenditures; project sector dummies; and a dummy for recipient membership of the United Nations Security Council, which has been shown to influence project ratings (Kilby and Michaelowa, forthcoming). Second, we omit all controls. Third, we examine whether our findings systematically vary between bilateral and multilateral donors and between project regions by disaggregating the sample by these categories.²⁷ Fourth, to examine whether *Appeals Mechanism*_{d,t-1} leads to changes in the types of projects being financed (e.g.,

²⁷Although the coefficient on *Appeals Mechanism*_{d,t-1} exhibits some variation across donors, there is no consistent difference in its size and strength between the two groups. It is similar across regions but marginally weaker for projects in the Middle East and Africa.

FIGURE 2 Marginal Effects of Access to Information Policy on Project Success at Varying Levels of Bottom-Up Accountability and Governance Quality



Note: Dashed lines represent 95% confidence intervals. See SI Appendix H (p. 21) for underlying regression estimates.

toward “easier” recipients or sectors), we examine its relationship with (1) recipient country income, (2) the number of projects by donor-sector-year, and (3) the number of projects by donor-recipient-sector-year.²⁸ Fifth, following an approach taken by some studies, we collapse $Project\ Success_{r,d,t}$ into a binary variable based on its sample (1) mean, (2) median, and (3) maximum. Sixth, we employ longer lags for the treatments. Seventh, rather than converting them to a common scale, we leave ratings in their raw form. Eighth, we experiment with an alternative coding of $Appeals\ Mechanism_{d,t-1}$. Ninth, we control for donor–recipient dyad fixed effects. Finally, we estimate standard errors using three alternative techniques: (1) nonparametric bootstrapping, (2) clustering by donor only, and (3) clustering by donor \times recipient country.

Recipient Country Context

To evaluate Hypothesis 3, we include in Equations (1) and (2) interactions between the treatment and five recipient-level variables: (1) a measure of popular in-

volvement in CSOs from the Varieties of Democracy data set (Coppedge et al. 2018), (2) a composite index of media freedom from the Freedom of the Press data set (Freedom House 2017), (3) indices of the rule of law and control of corruption from the Worldwide Governance Indicators database,²⁹ and (4) dummies for the presence of (a) a domestic FOI law and (b) a domestic FOI law with an appeals mechanism.

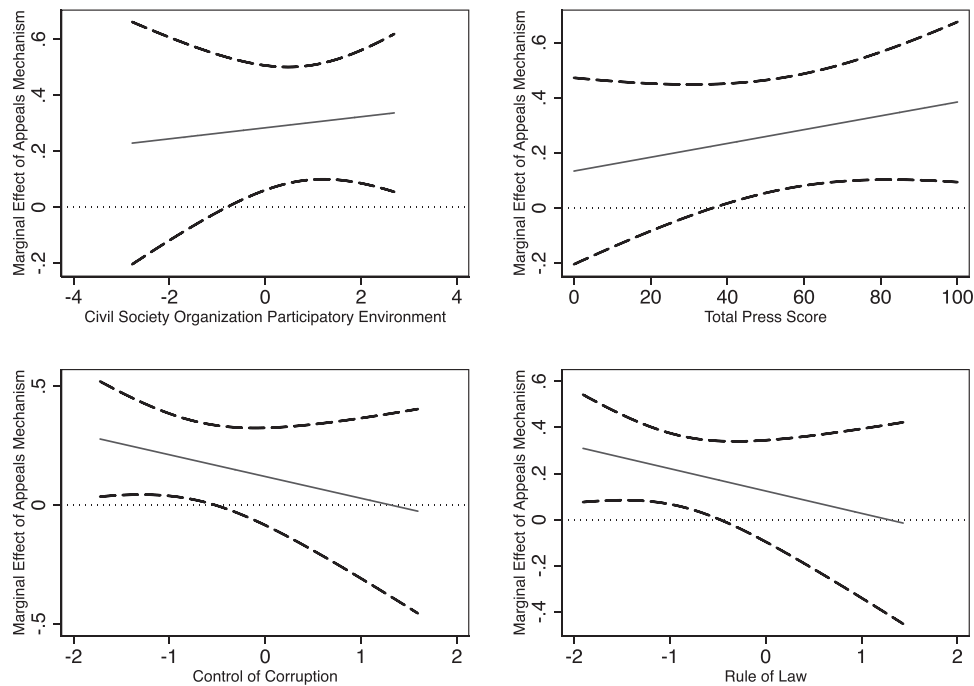
The results are consistent with each part of the hypothesis. As shown in Figure 2, the estimated marginal effect of $ATI\ Policy_{d,t-1}$ on $Project\ Success_{r,d,t}$ remains small and statistically indistinguishable from zero across all levels of the first four moderators.³⁰ In contrast, the marginal effect of $Appeals\ Mechanism_{d,t-1}$, plotted in Figure 3, increases with the two measures of bottom-up accountability, attaining significance only at high values of these variables, and decreases with the two measures of governance quality, attaining significance only at low values of these variables (bottom row). On average, $Appeals\ Mechanism_{d,t-1}$ is associated with a rise

²⁹See <https://info.worldbank.org/governance/wgi>.

³⁰Underlying regression results are reported in SI Appendix H (pp. 21–23).

²⁸We find no association in any of these models.

FIGURE 3 Marginal Effects of Appeals Mechanism on Project Success at Varying Levels of Bottom-Up Accountability and Governance Quality



Note: Dashed lines represent 95% confidence intervals. See SI Appendix H (p. 22) for underlying regression estimates.

in $Project\ Success_{r,d,t}$ of 0.18 at the minimum values of the bottom-up accountability measures and of 0.39 at the maximum values; and a rise of 0.33 at the minimum values of the governance quality measures and of almost exactly 0 at the maximum values. Finally, as shown in Figure 4, the marginal effect of $Appeals\ Mechanism_{d,t-1}$ becomes slightly smaller yet remains positive and significant when the two FOI law dummies turn from 0 to 1. This shift is very similar for each dummy, reflecting the fact that most recipients in our sample possess FOI laws with appeals mechanisms. The marginal effect of $ATI\ Policy_{d,t-1}$ remains close to zero and nonsignificant at both levels of the dummies.

Exploring Additional Implications

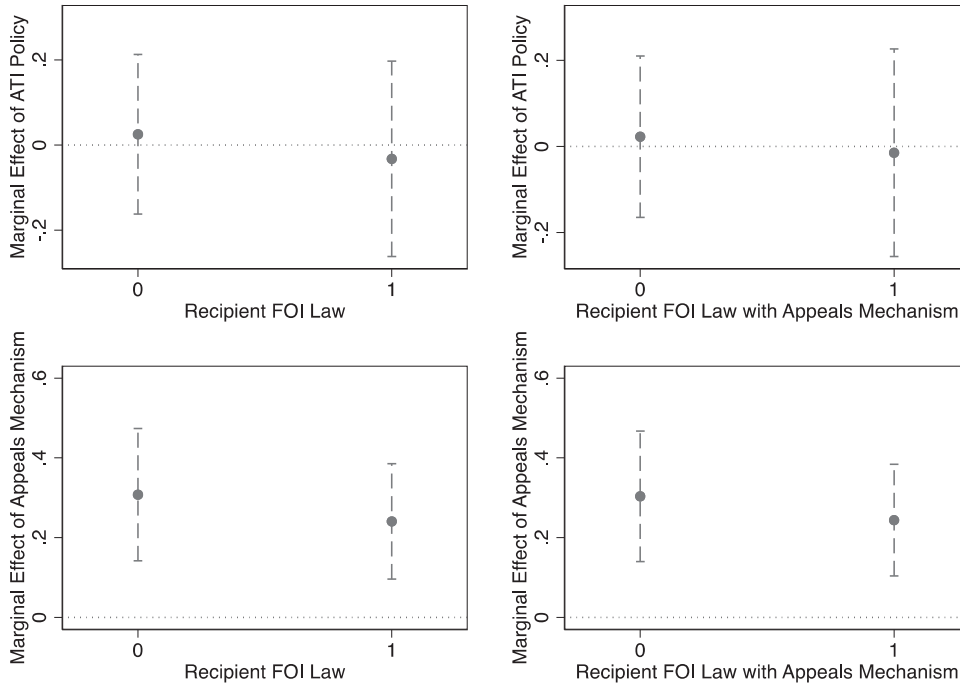
Local Appeals Shocks, Design, and Supervision

In this section, we explore several additional implications of our argument. If our theoretical logic is correct, the

likelihood that ATI policies with appeals mechanisms will lead to increased project scrutiny should be higher when stakeholders in recipient countries have previously used these mechanisms—and even higher when they have used them to *successfully* challenge an ATI denial (see Figure 5). Hence, the submission of appeals in a given recipient country should be associated with improved project outcomes in this country, and the submission of successful appeals should be associated with an even greater improvement. Furthermore, we should expect these localized appeals “shocks” to not only enhance project performance but also to trigger intermediate behavioral changes by officials responsible for delivering projects, in particular the allocation of greater effort and resources to project preparation and supervision (signaling a reduction in agency slack).

We assess these implications by analyzing a large collection of World Bank projects from the past three decades. We focus on these projects for three reasons. First, unlike other donors in our data set, the World Bank publishes a comprehensive online list of its ATI

FIGURE 4 Marginal Effects of Treatment Variables on Project Success across Varying Recipient Country Freedom of Information (FOI) Regimes

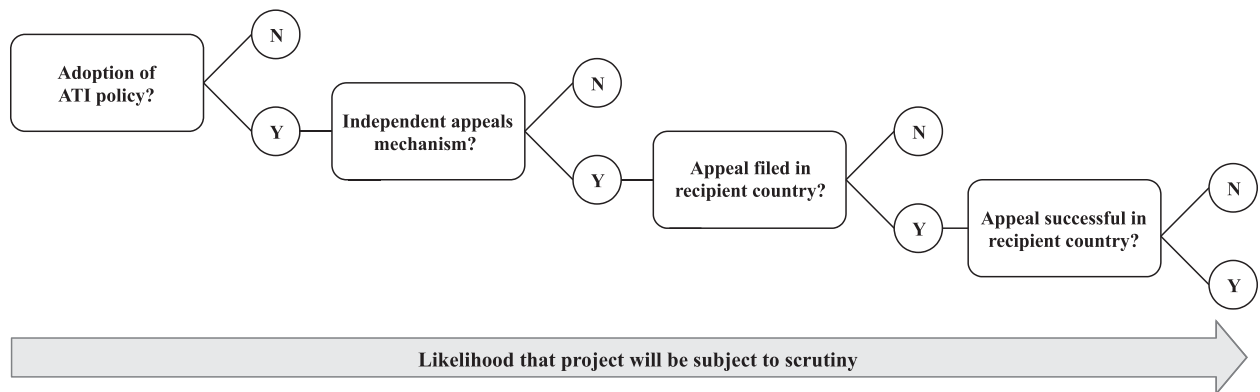


Note: Dashed lines represent 95% confidence intervals. See SI Appendix H (pp. 22–23) for underlying regression estimates.

appeals cases that includes information on concerned projects. Second, via an ATI request, we were able to obtain microlevel data on budgetary allocations made by local World Bank staff for project design and super-

vision activities. We use these data to construct parallel measures of design and supervision effort: *Preparation Cost Ratio*_{r,i}; expenditures on project preparation activities as a percentage of the total project budget;

FIGURE 5 Additional Implications: Factors Affecting Likelihood of Project Scrutiny



Note: The diagram, which should be read from left to right, depicts how the likelihood of project scrutiny changes over key stages of the ATI request and appeals processes.

and *Supervision Cost Ratio* $_{r,t}$, expenditures on project supervision activities as a percentage of this budget. Third, the World Bank's Independent Evaluation Group (IEG) has evaluated more than 9,000 projects on the quality of their design (*Quality at Entry* $_{r,t}$) and their supervision (*Quality of Supervision* $_{r,t}$) since 1991.³¹ Both indicators have the same 1–6 ordinal scale as the World Bank's project ratings.

To test the implications described above, we make two sets of changes to Equation (2). First, we specify our measures of project design and supervision effort and quality—*Preparation Cost Ratio* $_{r,t}$, *Supervision Cost Ratio* $_{r,t}$, *Quality at Entry* $_{r,t}$, and *Quality of Supervision* $_{r,t}$ —as separate outcome variables alongside *Project Success* $_{r,d,t}$. Second, we replace *Appeals Mechanism* $_{t-1}$ with three alternative treatments: (1) *Appeals Shocks* $_{r,t-1}$, the number of projects in recipient country r that have previously been the subject of an ATI appeal as of year $t - 1$; (2) *Successful Appeals Shocks* $_{r,t-1}$, the number of such projects that have been the subject of a successful appeal; and (3) *Unsuccessful Appeals Shocks* $_{r,t-1}$, the number of such projects that have been the subject of an unsuccessful appeal. There are thus five outcome variables and three treatments, which combine to produce 15 different models:

$$\beta_1 \begin{cases} \text{Project Success}_{r,t} \\ \text{Preparation Cost Ratio}_{r,t} \\ \text{Supervision Cost Ratio}_{r,t} = \alpha + \gamma_r + \psi_t + \\ \text{Quality at Entry}_{r,t} \\ \text{Quality of Supervision}_{r,t} \end{cases} \begin{cases} \text{Appeals Shocks}_{r,t} \\ \text{Successful Appeals Shocks}_{r,t} + \beta_2 \text{Controls}_{r,t} \\ \text{Unsuccessful Appeals Shocks}_{r,t} \end{cases} + \varepsilon_{r,d,t} \quad (6)$$

As reported in Table 5, the results are consistent with each implication. The coefficient on the treatment is positive and significant or close to significant in all 15 models. All coefficients on *Successful Appeals Shocks* $_{r,t-1}$ are significant and larger than those on *Appeals Shocks* $_{r,t-1}$. The estimated treatment effects hence accrue disproportionately to projects that are likely to be subject to more intense external scrutiny, suggesting that shadow of the

future effects are a key channel through which properly enforced ATI policies enhance project outcomes.

Corruption Risks

Another implication of our argument is that the increased scrutiny of projects that comes with the adoption of ATI policies with appeals mechanisms should reduce the risk of corrupt project procurement practices, such as setting tendering terms that only one firm can satisfy and awarding contracts to the same few well-connected firms. To probe this implication, we replace *Project Success* $_{r,d,t}$ in Equation (2) with eight indicators of project corruption risk from a data set recently compiled by Dávid-Barrett and Fazekas (2020), which covers tender processes conducted for several thousand World Bank, Inter-American Development Bank, and European Commission projects since 1991. As reported in SI Appendix I (p. 24), *Appeals Mechanism* $_{d,t-1}$ is associated with a decline in this risk on the majority of indicators.

Volume of Requests and Denials

A third set of implications concerns the volume and success of ATI requests submitted to donors. If we are correct in arguing that appeals mechanisms reduce the likelihood of legitimate ATI requests being arbitrarily rejected, we should expect their adoption to (1) encourage the use of ATI policies and (2) reduce the proportion of denied requests. The only donor in our sample that discloses data on the number of ATI requests it has received both before and after adopting an appeals mechanism is the Asian Development Bank (AsDB). As illustrated in SI Appendix J (pp. 25–28), these data show that the average number of requests per year soared almost fortyfold after adoption, and the average proportion of denied requests fell by more than 90 percentage points.³² Two additional donors in our data set—the World Bank and the African Development Bank—began releasing information on request numbers only after they introduced an appeals mechanism.³³ This information similarly reveals a clear upward trend over time: On average, the number of requests submitted to the two donors increased by 66.2% annually.

³²See <https://www.adb.org/site/disclosure/information-requests>.

³³See <https://www.worldbank.org/en/access-to-information/reports>; <https://www.afdb.org/en/disclosure-and-access-to-information>.

³¹World Bank Project Performance Ratings Dataset, available at <https://datacatalog.worldbank.org/dataset/ieg-world-bank-project-performance-ratings>.

TABLE 5 Analysis of World Bank Project Design, Supervision, and Success

	Project Success (1)	Preparation Cost Ratio (2)	Supervision Cost Ratio (3)	Quality at Entry (4)	Quality of Supervision (5)
<i>Appeals Shocks</i> _{<i>r,t-1</i>}	0.318** (0.063)	0.003 [†] (0.001)	0.006** (0.002)	0.156** (0.054)	0.135 [†] (0.076)
Observations	8,816	2,735	2,641	6,271	6,830
	(6)	(7)	(8)	(9)	(10)
<i>Successful Appeals Shocks</i> _{<i>r,t-1</i>}	1.170** (0.188)	0.010* (0.004)	0.022** (0.007)	0.891** (0.314)	0.841** (0.114)
Observations	8,816	2,735	2,641	6,271	6,830
	(11)	(12)	(13)	(14)	(15)
<i>Unsuccessful Appeals Shocks</i> _{<i>r,t-1</i>}	0.341** (0.077)	0.003 (0.002)	0.007* (0.003)	0.144* (0.065)	0.119 (0.105)
Observations	8,816	2,735	2,641	6,271	6,830
Recipient country fixed effects	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes

Note: OLS estimates are shown with robust standard errors, clustered by recipient country, in parentheses. Controls are *Recipient GDP Growth*_{*t-1*}, *Recipient Log GDP per Capita*_{*t-1*}, and *Recipient Aid/GNI*_{*t-1*}.

[†]p < .1; *p < .05; **p < .01

Discussion and Conclusion

Our empirical analysis offers a window into understanding whether and under what conditions ATI policies improve the performance of public institutions. Foreign aid is an attractive context in which to explore this issue from an inferential perspective—most notably since the adoption of ATI policies by donor agencies is plausibly exogenous to the country contexts in which projects take place—but also a challenging one. Intended beneficiaries are not taxed for the goods and services they receive; nor do they typically have voice, vote, or exit options when they are adversely affected. Indeed, few mechanisms are available for holding donors to account if aid projects harm local communities and ecosystems, fail to achieve development assistance goals, or violate host government regulations. These unfavorable conditions cause many projects to falter during their design or implementation phase (Easterly 2007; Winters 2014).

Yet our findings suggest that even in these circumstances, ATI policies can help to repair the broken feedback loop between public institutions and beneficiaries

by reducing information asymmetries within the multiple principal-agent chains connecting them. Critically, however, this fix requires more than the mere right to request information from these institutions; we find no evidence that the adoption of ATI policies alone leads to better average project outcomes. However, we do observe such an improvement when ATI policies are accompanied by recourse mechanisms that allow information seekers to appeal rejected requests via an independently managed process—a process that, in effect, prevents bureaucrats from avoiding compliance with valid inquiries.

In addition, we find that ATI policies with appeals mechanisms have a stronger association with project success when recipient countries have higher levels of civic engagement and press freedom, forms of bottom-up accountability that make it easier for citizens to take advantage of ATI policies and appeals processes and to pressure donors and recipient governments to respond to evidence of poor performance. The association also strengthens when recipient countries have less capacity to control corruption and maintain the rule of law and lack a domestic ATI regime—that

is, when existing avenues for obtaining project information and for exercising political influence are few and far between. Thus, there is evidence that strong donor ATI policies are *substitutes* for—not complements to—domestic ATI regimes. Adding such policies to a well-functioning accountability system may make little marginal difference to performance outcomes; there appears to be an upper bound to what ATI policies can accomplish.

Microlevel evidence of the consequences of ATI appeals at the recipient country level is consistent with a shadow of the future effect: The filing of local appeals is associated with increased project success as well as design and supervision expenditures and quality, and successful appeals cases are associated with even greater such rises. This suggests that as the level of expected scrutiny received by projects increases, so too does the effort and resources that donor and recipient government staff devote to planning and implementing them. These costs, together with those of administering ATI policies, are not trivial; yet the gains in project performance that accompany them may still make them a worthwhile investment.

A clear implication of our findings, therefore, is that the design of ATI policies—and the context in which they are implemented—matters. One contextual feature on which our analysis sheds less light is organizational setting. The donors in our sample do not constitute the universe of aid agencies, and these agencies may be atypical of public institutions more generally (as suggested above). Since aid beneficiaries are not citizens of the wealthy nations that supply aid bilaterally and exercise the greatest influence over multilateral aid allocation, donor ATI policies fill an oversight gap that may be more severe for donor-financed than recipient-financed projects. That said, the finding that these policies—when reliably enforced—can serve as a substitute for domestic oversight mechanisms suggests that they yield important performance and accountability dividends beyond aid agencies.

Nor should the findings be taken to imply that appeals processes are always needed for ATI policies to improve institutional performance.³⁴ Some public organizations—aid agencies or otherwise—may possess alternative mechanisms for enforcing ATI policies or a deep-rooted culture of transparency that renders such provisions superfluous. In some circumstances, appeals

³⁴Indeed, our finding that the association between donor ATI policies with appeals mechanisms and project success becomes slightly weaker when recipients possess FOI laws *without* appeals mechanisms is consistent with the possibility that such laws may—at least in some cases—be effective on their own.

processes may even backfire by encouraging bureaucrats to focus on administrative procedures rather than substantive performance-enhancing activities.

Nevertheless, the findings suggest that procedures for collecting, evaluating, and addressing complaints from stakeholders *can* be a potent instrument for deterring noncompliance—an instrument that harnesses the benefits of both bottom-up monitoring and top-down enforcement. The moderating effects of country characteristics, moreover, provide evidence that carefully designed transparency interventions go hand in hand with broader processes of social and political liberalization in these countries. At the same time, improvements in the quality of domestic governance may render such interventions less effective by establishing alternative channels through which citizens can learn about, scrutinize, and influence government activities. From a policy perspective, then, the results underscore the need to pay close attention both to the institutional design features of transparency interventions and to the political, socioeconomic, and organizational environment into which transparency interventions are introduced.

References

- Anderson, Sarah, Mark Buntaine, Mengdi Liu, and Bing Zhang. 2019. “Non-Governmental Monitoring of Local Governments Increases Compliance with Central Mandates: A National-Scale Field Experiment in China.” *American Journal of Political Science* 63(3): 626–43.
- Aronow, Peter M., and Cyrus Samii. 2016. “Does Regression Produce Representative Estimates of Causal Effects?” *American Journal of Political Science* 60(1): 250–67.
- Banisar, David. 2006. “Freedom of Information around the World 2006: A Global Survey of Access to Government Information Laws.” *Privacy International*. http://www.freedominfo.org/documents/global_survey2006.pdf.
- Berliner, Daniel. 2014. “The Political Origins of Transparency.” *Journal of Politics* 76(2): 479–91.
- Berliner, Daniel, and Aaron Erlich. 2015. “Competing for Transparency: Political Competition and Institutional Reform in Mexican States.” *American Political Science Review* 109(1): 110–28.
- Bratton, Michael. 2012. “Citizen Perceptions of Local Government Responsiveness in Sub-Saharan Africa.” *World Development* 40(3): 516–27.
- Buntaine, Mark. 2016. *Giving Aid Effectively: The Politics of Environmental Performance and Selectivity at Multilateral Development Banks*. Oxford: Oxford University Press.
- Carlson, Elizabeth, and Brigitte Seim. 2020. “Honor among Chiefs: An Experiment on Monitoring and Diversion among Traditional Leaders in Malawi.” *Journal of Development Studies* 56(8): 1541–57.

- Cleary, Matthew R. 2007. "Electoral Competition, Participation, and Government Responsiveness in Mexico." *American Journal of Political Science* 51(2): 283–99.
- Coppedge, Michael, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Svend-Erik Skaaning, Jan Teorell, David Altman, Michael Bernhard, Agnes Cornell, M. Steven Fish, Haakon Gjerløw, Adam Glynn, Allen Hicken, Joshua Krusell, Anna Lührmann, Kyle L. Marquardt, Kelly M. McMann, Valeriya Mechkova, Moa Olin, Pamela Paxton, Daniel Pemstein, Brigitte Seim, Rachel Sigman, Jeffrey K. Staton, Aksel Sundström, Eitan Tzelgov, Luca Jacopo Uberti, Yi-ting Wang, Tore Wig, and Daniel Ziblatt. 2018. *V-Dem [Country-Year/Country-Date] Dataset v8*. Varieties of Democracy (V-Dem) Project. <https://doi.org/10.23696/vdemcy18>.
- Cordis, Adriana S., and Patrick L. Warren. 2014. "Sunshine as Disinfectant: The Effect of State Freedom of Information Act Laws on Public Corruption." *Journal of Public Economics* 115: 18–36.
- Costa, Samia. 2013. "Do Freedom of Information Laws Decrease Corruption?" *Journal of Law, Economics, and Organization* 29(6): 1317–43.
- Dávid-Barrett, Elizabeth, and Mihály Fazekas. 2020. "Anti-Corruption in Aid-Funded Procurement: Is Corruption Reduced or Merely Displaced?" *World Development* 132: 105000.
- Denizer, Cevdet, Daniel Kaufmann, and Aart Kraay. 2013. "Good Countries or Good Projects? Macro and Micro Correlates of World Bank Project Performance." *Journal of Development Economics* 105: 288–302.
- Dreher, Axel, Stephan Klasen, James Raymond Vreeland, and Eric Werker. 2013. "The Costs of Favoritism: Is Politically Driven Aid Less Effective?" *Economic Development and Cultural Change* 62(1): 157–91.
- Easterly, William. 2007. "Was Development Assistance a Mistake?" *American Economic Review* 97(2): 328–32.
- Escaleras, Monica, Shu Lin, and Charles Register. 2009. "Freedom of Information Acts and Public Sector Corruption." *Public Choice* 145(3–4): 435–60.
- Florini, Ann. 2007. *The Right to Know: Transparency for an Open World*. New York: Columbia University Press.
- Fox, Jonathan A. 2015. "Social Accountability: What Does the Evidence Really Say?" *World Development* 72: 346–61.
- Freedom House. 2017. *Freedom of the Press 2017*. https://freedomhouse.org/sites/default/files/FOTP_2017_booklet_FINAL_April28.pdf.
- Goodman-Bacon, Andrew. 2018. *Difference-in-Differences with Variation in Treatment Timing*. NBER Working Paper No. 25018. <https://www.nber.org/papers/w25018>.
- Grigorescu, Alexandru. 2007. "Transparency of Intergovernmental Organizations: The Roles of Member States, International Bureaucracies and Nongovernmental Organizations." *International Studies Quarterly* 51(3): 625–48.
- Grossman, Guy, and Kristin Michelitch. 2018. "Information Dissemination, Competitive Pressure, and Politician Performance between Elections: A Field Experiment in Uganda." *American Political Science Review* 112(2): 280–301.
- Hazell, Robert, and Ben Worthy. 2010. "Assessing the Performance of FOI in Different Countries." *Government Information Quarterly* 27(4): 352–59.
- Holsen, Sarah, and Martial Pasquier. 2012. "Insight on Oversight: The Role of Information Commissioners in the Implementation of Access to Information Policies." *Journal of Information Policy* 2: 214–41.
- Honig, Dan. 2018. *Navigation by Judgment*. New York: Oxford University Press.
- Honig, Dan. 2019. "When Reporting Undermines Performance: The Costs of Politically Constrained Organizational Autonomy in Foreign Aid Implementation." *International Organization* 73(1): 171–201.
- Kilby, Christopher, and Katharina Michaelowa. Forthcoming. "What Influences World Bank Project Evaluations?" In *Lessons on Foreign Aid and Economic Development: Micro and Macro Perspectives*, eds. Nabamita Duua and Claudia Williamson. Basingstoke: Palgrave MacMillan.
- Kosack, Stephen, and Archon Fung. 2014. "Does Transparency Improve Governance?" *Annual Review of Political Science* 17: 65–87.
- Lall, Ranjit. 2017. "Beyond Institutional Design: Explaining the Performance of International Organizations." *International Organization* 71(2): 245–80.
- Lall, Ranjit. 2021. "The Financial Consequences of Rating International Institutions: Competition, Collaboration, and the Politics of Assessment." *International Studies Quarterly* 65(2): 343–59.
- Lindstedt, Catharina, and Daniel Naurin. 2010. "Transparency Is Not Enough: Making Transparency Effective in Reducing Corruption." *International Political Science Review* 31(3): 301–22.
- Malik, Rabia, and Randall W. Stone. 2018. "Corporate Influence in World Bank Lending." *Journal of Politics* 80(1): 103–18.
- Marchesi, Silvia, and Tania Masi. 2021. "Delegation of Implementation in Project Aid." *Review of International Organizations* 16: 655–87.
- Mendel, Toby. 1999. *The Public's Right to Know: Principles on Freedom of Information Legislation*. London: Article 19. <https://www.article19.org/data/files/pdfs/standards/righttoknow.pdf>.
- Metzger, Laura, and Isabel Guenther. 2015. "How to Assess the Effectiveness of Development Aid Projects: Evaluation Ratings versus Project Indicators." *Journal of International Development* 27(8): 1496–1520.
- Nelson, Paul J. 2001. "Transparency Mechanisms at the Multilateral Development Banks." *World Development* 29(11): 1835–47.
- Neuman, Laura. 2006. "Access to Information Laws: Pieces of the Puzzle—An Analysis of the International Norms." White Paper, The Carter Center. https://www.cartercenter.org/resources/pdfs/peace/americas/ati_pieces_of_puzzle.pdf.
- Peisakhin, Leonid. 2012. "Transparency and Corruption: Evidence from India." *Journal of Law and Economics* 55(1): 129–49.
- Peisakhin, Leonid, and Paul Pinto. 2010. "Is Transparency an Effective Anti-Corruption Strategy? Evidence from a Field Experiment in India." *Regulation & Governance* 4(3): 261–80.

- Prat, Andrea. 2005. "The Wrong Kind of Transparency." *American Economic Review* 95(3): 862–77.
- Vadlamannati, Krishna Chaitanya, and Arusha Cooray. 2016a. "Do Freedom of Information Laws Improve Bureaucratic Efficiency? An Empirical Investigation." *Oxford Economic Papers* 64(4): 968–93.
- Vadlamannati, Krishna Chaitanya, and Arusha Cooray. 2016b. "Transparency Pays: Evaluating the Effects of Freedom of Information Laws on Government Corruption." *Journal of Development Studies* 53(1): 116–37.
- Warner, Andrew. 2010. *Cost-Benefit Analysis in World Bank Projects*. Washington, DC: World Bank.
- Winters, Matthew. 2014. "Targeting, Accountability and Capture in Development Projects." *International Studies Quarterly* 58(2): 393–404.
- Worthy, Ben. 2010. "More Open but Not More Trusted? The Effect of the Freedom of Information Act 2000 on the United Kingdom Central Government." *Governance* 23(4): 561–82.

Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

Appendix A: Additional Information on Dataset

Appendix B: Testing Parallel Trends Assumption

Appendix C: Validating Outcome Measure

Appendix D: Assessing Inferential Leverage

Appendix E: Alternative Sample Restrictions

Appendix F: Placebo Test

Appendix G: Additional Robustness Checks

Appendix H: Analysis of Recipient Country Context

Appendix I: Analysis of Corruption Risks

Appendix J: Additional Information on Volume of Requests and Denials

Appendix K: Interview Methods