

Show, don't tell

The Centre for Global Development's Owen Barder explains why aid transparency can strengthen donor confidence and tackle the inefficiencies hindering the flow of funding...

“We expect that the next big thing will be a bigger version of the last big thing. What we don't expect, yet what is most likely, is that the next big thing won't look important to us at all – until it's so important that we can't ignore it.” *Brian Eno, Prospect, 26th November 2010*

When journalists asked for details of British MPs' expenses, few imagined it would lead to the resignation of the Speaker of the House of Commons and the biggest turnover of MPs since World War II.

Many lessons have been learnt from the expenses scandal, among them: moving to transparency is difficult, but nobody seriously doubts its value once attained; the public wants to be shown, not told; and the prospect of transparency is enough to change behaviour and attitudes.

If there are any doubts about the potential of technological changes in the way we communicate and share information to change our society, consider Facebook. At one level, it is just a website. But it has changed our personal, public and political space. Transparency of aid and open data may seem unimportant at first, of interest only to a few geeks; but as Brian Eno says, the next big thing never looks important until it is so important that we can't ignore it.

Why transparency matters in developing countries

In the three years I've worked on aid transparency, I've been struck by the breadth of reasons why it matters to different people.

Citizens of developing countries are entitled to know how aid is spent in their country. In Ethiopia, where I live, the donors and NGOs between them spend more in Ethiopia than the government raises in revenue from its own citizens. Yet while the government's budget is transparent for all to see and debate, details of donors' activities, individually or collectively, are not.

In Britain we fought a civil war over the principle that parliamentary scrutiny of public spending is at the heart of democracy and accountability. Yet in the most aid-dependent countries it is impossible to find out even the most rudimentary information about billions of dollars spent there by foreign powers. We worry about the poor state of accountability in some developing countries, while directly contributing to the problem ourselves.

In the health department in Malawi, a friend of mine was making recommendations about where to place new clinics. With tiny budgets, the health department strives for maximum impact by building new clinics close to under-served populations. They know the location of all the public health facilities, but can't find out where donors and NGOs have put their clinics and where they plan to build new ones. The result: unnecessary duplication in some places, and no clinics at all in others.

Transparency and accountability

Transparency and accountability enable better decisions to be made about the ways scarce resources are used. Crucially, they also improve public services and close down the space for inefficiency and corruption.



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Case study: a story from the aftermath of the tsunami in Banda Aceh

“In February, in Riga (close to Calang) we had a case of measles in a little girl. Immediately, all epidemiologists of Banda Aceh came in because they were afraid of a propagation of measles among displaced people, but the little girl recovered very fast. We then realised that this was not a normal case of measles, and discovered that the girl had received the same vaccine three times, from three different organisations. The measles symptoms were a result of the three vaccines she received.”¹

In Uganda, increasing the public accountability of health clinics had an enormous impact. Citizens gave feedback through report cards and civil society meetings. As a result, waiting time decreased; doctor and nurse absenteeism plummeted; clinics got cleaner; and fewer drugs were stolen. Most importantly, 33% fewer children under the age of five died. Improving accountability proved more effective than more expensive aid, such as paying for buildings, staff and medicines.

A 1996 study of school funding in Uganda indicated how little public money reached frontline services. On average, only 13% of the grant from central government reached schools. 87% was diverted either for private gain or by district officials for intermediate layers of bureaucracy. So the government started to announce monthly transfers of funds in national newspapers and on the radio, and required primary schools to post information on inflows of funds. This made information available to parents and teachers, and also signalled to local governments that the government was taking the problem seriously. The flow of funds improved dramatically, from 13% reaching schools in 1991–95, to 80–90% reaching schools in 1999 and 2000.

It's hard to know exactly how much aid is diverted through corruption or bureaucracy, but we can make conservative estimates. At least \$20bn a year of aid is at risk of this sort of capture, of which up to \$7bn may be being lost.² A cost benefit analysis suggests that greater transparency could increase aid reaching its destination by up to \$5bn a year, and that, even if the amounts being diverted are at the lower end of the possible range, an investment in aid transparency would pay for itself in days.

The benefits in donor countries

Aid transparency is also important for donors and taxpayers in donor nations.

In a survey of UK public attitudes to development, over 90% of respondents said they were at least a little concerned about development.³ But there is growing dissatisfaction among the public with government aid: in the same survey, more than half the respondents agreed that 'corruption in poor countries makes it pointless to donate money'. The public's pessimism is disappointing; after all, recent research finds that aid worth 10% of a country's GDP increases its average long run growth rate per person by 1%, which is a rate of return rivalling any other form of public spending.⁴ But the public is not convinced because they cannot see how aid is being spent; from their perspective, aid simply disappears into a black hole. By 2013, the average UK household will contribute approximately £440 a year to foreign aid through their taxes. The public needs to be shown – not told – how this aid is making a difference.

Making transparency relevant

Releasing data is one thing; making it accessible and meaningful is another.

Even when donors publish information about aid, this doesn't make it easy to use. In a typical low income



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Case study: the story of \$150m going up in smoke

"We heard on the radio that there was going to be a reconstruction programme in our region to help us rebuild our houses after coming back from exile, and we were very pleased," said a young villager from a remote part of Bamiyan province in Afghanistan's central highlands, several hours' drive from the provincial capital – utterly cut off from the world. This was the summer of 2002. UN agencies and NGOs were rushing to provide 'quick impact' projects to help Afghan citizens in the aftermath of war. \$150m could have transformed the lives of the inhabitants of villages like this one. But it was not to be, as the young man explained.

"After many months, very little had happened. We may be illiterate, but we are not stupid. So we went to find out what was going on. And this is what we discovered: the money was received by an agency in Geneva, who took 20% and subcontracted the job to another agency in Washington DC, who also took 20%. Again it was subcontracted and another 20% was taken; and this happened again when the money arrived in Kabul. By this time there was very little money left, but enough for someone to buy wood in western Iran and have it shipped by a shipping cartel owned by a provincial governor at five times the cost of regular transportation. Eventually some wooden beams reached our villages. But the beams were too large and heavy for the mud walls that we can build. So all we could do was chop them up and use them for firewood."⁵

country there will be dozens of bilateral donor agencies, hundreds of international organisations and thousands of NGOs distributing aid. But the people who use this information want to know what is happening in their country, sector or community, taking all these organisations put together. Even if the donors all individually published what they are doing – and increasingly many of them do – it would be impossible for the user to assemble meaningful information in a

comparable form, using the same dates, currencies, and definitions. Nor would there be any way to strip out the double counting as money is moved from one organisation to another.

That's why it is so important that a group of aid donors has now agreed an international standard for reporting aid activities, the International Aid Transparency Initiative (IATI). This will provide data for anyone to access and use, in a machine-readable format that is common across all donors. Over time, all donors, foundations and NGOs should adopt this standard so that everyone can, in practice, make sense of how aid is being used.

The example of aid teaches us that transparency has to be citizen-centred not organisation-centred; transparency has to serve the needs of users. Very few people want to delve into the work of a single organisation. They need information from many sources – to look at the part of that combined information that relates to them. They want to mix that information with other data, translate it, and present it in ways that speak to their particular audience. Individual aid agencies, by definition, cannot meet all these user needs directly, but they can make the information available in a way that enables users to do this for themselves, or for intermediary organisations to do it for them.

This changes everything

Public service reform is always hard, but in development it is especially difficult because the citizens in developing countries who are disadvantaged by the weaknesses of the aid system have no political power that enables them to get the system improved. As with any public service, there are people and organisations with vested interests in the current system but, unlike domestic public services, there are no voices that are powerful enough to overcome resistance and demand change.

This may be why many public service reforms never reach the aid sector. There is no internal market, no split between purchaser and provider, no consumer choice and no independent delivery organisations analogous to foundation hospitals and academy schools. There are no meaningful service delivery targets, no central monitoring, and no league tables. There is no equivalent to the National Institute for Clinical Effectiveness or Ofsted. The aid industry bears a stronger resemblance to 1970s corporatism than it does to 21st Century domestic public services; I don't mean to imply that all these changes have been an unqualified success, merely to note that the aid industry has been insulated from pressure for reform.

Aid transparency will, I believe, bring about significant changes in the dynamics of the industry. When we can see what happens to the money, it will be possible for the first time to understand which parts of the system work well and which do not. Inefficiencies obvious to people working in the industry now but invisible to most taxpayers will become apparent to everyone, leading to irresistible domestic political pressure to improve the system.

Will the aid industry change, as the travel industry did?

Changes in information and communications technologies, coupled with changing public attitudes, may result in even more fundamental changes in the aid business.

The traditional model of aid agencies is that they collect money from the public; gather information and expertise about how that money can best be spent; manage aid programmes; and then tell the public how their money has been used.

This intermediary role has been important in an era in which information and communications have been expensive. It dates back to the time of missionaries, who played exactly this role for the donors they served. But as the costs of information and communications fall, this model may change. Consider what has happened to traditional travel agents. In the past decade, almost everyone has switched to booking their own flights online because they can easily find out for themselves about the options, and they wonder whose interests the travel agents are putting first.

Will the successful aid agency of the future look more like Expedia – a platform on which users can make their own choices – and less like the travel agent of yesterday, experts to whom the public was willing to delegate decisions? If so, this will require aid agencies to invest more in providing comprehensive, reliable, comparable information on a platform that enables the public to make intelligent and informed choices. Aid agencies that miss this change are likely, over time, to find themselves increasingly out of step with the expectations and mood of the public.

Conclusion

At one level, aid transparency may seem like just a lot of information, but then Facebook is just another website. Over time, aid transparency has the potential to transform the development industry. It will enable people in developing countries to hold their authorities to account, to demand and receive better services. It will strengthen public confidence in aid, and improve the effectiveness of aid agencies. And though the future is never certain, opening up information about aid could lead to significant pressures to tackle inefficiencies and perhaps lead to completely new models for the ways the public can contribute.

¹ www.doingbusiness.org/reports

² www.aidinfo.org/report/costs-benefits-analysis

³ www.dfid.gov.uk/Documents/publications1/public-attitudes-april10.pdf

⁴ www.nai.uu.se/forum/entries/2011/02/04/does-aid-work-for-growth-/index.xml

⁵ Claire Lockhart, The Failed State We're In, Prospect Magazine, June 2008: www.prospectmagazine.co.uk/2008/06/thefailedstatewerein



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