

## A way forward for increased aid transparency

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Shareholders hold the private sector to account – success, or perceived future success, drives share prices higher and management benefits. The reverse is also true; lower profits pressure managers into action. Bottom line, the private sector is driven by a profit incentive.

What about aid? The incentive imbalances have been widely acknowledged (see for example, [“An overview of aid effectiveness determinants and strategies”](#) by Stephen Howes) and are pretty intuitive – taxpayers in donor countries have collectively strong political input into the aid process but weak interest in the outcomes while poor beneficiaries have little political influence but stronger interest.

One way to counter these imbalances is through independent evaluations. Moreover, if development outcomes are to the aid constituency what ‘profits’ are to private firms, then one of the roles of evaluations is to act like ‘audits’ for the development world.

How many organisations then make their independent evaluations public? I was planning on presenting a table full of facts and figures but there’s no need; very few of the 33 AusAID accredited NGOs have links to evaluations of their programs on their websites. One refreshing exception is CARE which has a whole [website](#) dedicated to their evaluations.

I worked as an independent evaluation consultant for various Red Cross Societies so I know organisations undertake independent evaluations that are not reported publically. If these reports remain confidential and are used to improve future programs then that’s a positive. However too often, evaluations are a corporate requirement – a necessary evil – rather than an important part of the learning process. Inevitably many reports remain unused or are lost in the electronic ether. This is difficult to change from the outside.

What is not as difficult to change is to increase transparency. To its credit AusAID has taken a step in the right direction by creating a [Transparency Charter](#) and requiring independent evaluations of projects, even though many of these evaluations are yet to see the public glare (see an earlier [blog](#)).

Ultimately we support NGOs directly through donations or indirectly through our taxes. Just as shareholders of private companies have a right to view an independent audit of a company’s accounts to ensure they are ‘true and fair’, the public should have the right to view an independent evaluation, or multiple independent evaluations, on the effectiveness of a development organisation’s programs.

We deserve rigorous analysis on the development “bang for our buck” – and we deserve for that analysis to be made public. Is it hard to do? NGO accreditation from AusAID brings with it important benefits, including tax-deductibility and eligibility for government (i.e. taxpayer) funding. These numbers aren’t small; the [Independent Aid Review](#) puts them at just over a quarter of a billion dollars for the 2010 financial year and they are only going to increase over time. Clearly AusAID holds at least some of the NGO purse strings - and they can make publication of independent evaluations a requirement of accreditation (and therefore funding). This may not guarantee better aid, but it certainly guarantees better transparency.

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