



Barriers to transparency: What are we afraid of?

Good afternoon and thank you for inviting me to speak at this conference. I am new to the sector having only been CEO of New Philanthropy Capital for a short while. But I have many years' experience of issues of transparency and evaluation in the public sector, both in central government and in local.

Although I am speaking to a conference of UK-based development NGOs, NPC mainly—but by no means exclusively—deals with domestically-focused NGOs and so I will focus on that area. And our specialism is impact assessment and evaluation, so I will focus on that.

Why is transparency important?

Transparency is crucial for accountability: it is how we know what we are achieving, it is how we show others the same. And it matters all over the place: in every sector and in every country, whether the sums involved are small or large, so it really ought to be something charities want to do.

It has swept, at least rhetorically, through the public sector in many developed countries. We have also seen some, if limited, improvements even in the private sector in the UK, with changes to company law as well as to what is culturally acceptable. The third sector cannot be the sector that resists this. It needs to move too.

But there are other good reasons for moving that go beyond just following the trend. Being open and putting yourself up to scrutiny is a key underpinning of helping your organisation improve. If you are open you can't hide inconvenient facts. You have to confront them and sort them out. Transparency also helps you become an open-facing organisation, clear on what you do, and where it works. If you can't answer difficult questions then you won't be a successful organisation, maximising the use of whatever resources you have in favour of those you claim to help.

The hard bit, of course, is when transparency reveals that you are not quite doing what you say or wish you were doing, and that you are not achieving what you hoped to.

What are the risks and barriers of being more transparent?

This agenda sounds very good in theory. But in fact it is very worrying for many charities, and also for funders and philanthropists. You are being asked to show off your dirty washing, as well as your nice ironed shirts and skirts—and who wants to do that?

Often it is not just the senior staff in a charity who are nervous of the transparency agenda. In some ways they are often less worried by it as they are close to the action and 'the truth' is

something they are used to. Frequently it is trustees who are as nervous as staff: it means an end to a quiet time; it means potential damage to your reputation. And it implies that action to put things right may need to be taken which trustees will need to guide and put time into.

Some fears are not totally rational or justifiable, like having to own up to the truth. But there are genuine worries that are understandable. Chief amongst them is that if you open up to show everyone that things are not going brilliantly then funds will dry up. Will potential funders—be they commissioners, grant-making bodies or foundations—say *'well done for opening up, and great for revealing these big problems that you now need to address'*. Or will they just avoid you in the future? And will the public be wise enough to see that not every intervention can work and that admitting that is the best way forward?

There is also a horrible danger of pushing charities to bias their activities towards safe approaches that they know will work, and steering violently away from innovation which, by definition, is unproven and may not work at least the first time

How can we moderate these risks?

Avoiding these dangers—the dangers that make charities wary of transparency, especially around their impact and evaluations of their results—is hard.

We certainly need to hope that funders (be they government, grant-making trusts, philanthropists, or even the public) are intelligent when it comes to transparency. We already have too many that judge the effectiveness of a charity purely on things like its percentage spend on administration and we need them to consider much better metrics—which is what we work on with them at NPC. We also need funders that realise that not everything works—hard to do when money is tight, but essential if we are to tackle the most difficult social and economic problems of our era.

But as a charity you surely need to commit to openness even if at times it causes you some problems. Because it is of course the beneficiaries that really matter and if your data and evaluations show that things are going wrong you should not hide it, and nor should anyone ever suspect that that is what you would do.

Perhaps even more difficult in terms of transparency than showing how effective you are, is the tricky area where the beneficiaries are what we might call an 'unpopular' cause. If your cause is helping asylum seekers then you should clearly be loud and proud about it. And surely charities that have more general objectives but use some of their funds to help such causes should not airbrush that out of the picture – even if it may not always be number one in their fundraising efforts.

So where are we with the transparency agenda?

So where are we on this agenda? I would say we are far from not in a great place as yet. It does feel with the transparency agenda as if the whole world is opening up, but not the third sector.

We have in the UK open data initiatives; we have Freedom of Information legislation all over the public sector and for many who deal with the public sector; we have transparency moves with local government having to publish details of every bill over £500.

But in the charitable sector my impression is that funders don't demand all this—yet. Indeed, while the leading-edge foundations are changing fast, many funders in the charitable sector

really do not demand even basic evidence that what their grantees are doing is working, let alone full and transparent data on impact.

Where do we go next?

At NPC we do lots of work trying to get charities and funders to evaluate what they are doing, looking at how they are making a difference, understanding their theory of change. We work with lots of charities, with philanthropists, charitable foundations and government. Some of what we are doing is with individual organisations but some is to try and help us reach collective agreement on what is reasonable, proportionate and fair to expect in these areas.

The step beyond this is that all this impact work should be public information. For the reasons outlined above we have some way to go on that. But it should surely be our goal.

These are not easy times for many charities and things like impact measurement and transparency can seem second order compared to the day-to-day business of keeping the show on the road, and helping out people whose needs are unmet and whose plight is worsening. But to ignore this agenda would be a mistake: short termism at its worst. And this sector has always prided itself on looking beyond the here and now.

Dan Corry was speaking at the Bond Annual Conference 2011 as part of a facilitated discussion bringing together evaluation, fundraising and communications specialists from UK NGOs to discuss the internal barriers to transparency, specifically around effectiveness, that can exist within organisations, and explore solutions to ensure a common approach to disclosure across all departments.

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