

Why Consultants lie – and why the Third World Starves

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Billions of pounds of aid are given to the Third World every year, yet the amount of food per head continues to fall, famines are frequent, and many economies are now totally dependent on aid.

The position in Eastern Europe is no better. The collapse of the iron curtain was followed by floods of Western aid in the form of consultants giving technical advice on how to create a market economy. This was immediately followed by food shortages or even famines in Albania, Romania and Russia. Then came the catastrophic collapse of their economies. These countries are now voting in neo-communist governments because even a ludicrously inefficient state production system produced more than the system they were told to adopt.

It is openly admitted by the EU that the first few years of aid to Eastern Europe was totally wasted. However, the EU Court of Auditors goes further than this: they say that EU aid through the TACIS programme was actually harming Eastern Europe, a view which few outside observers will disagree with.

This is not because the people who give the advice are totally ignorant: God knows we have enough experience to know what causes famines and what policy measures are ineffective, and even to have a pretty good idea of how to tackle poverty. No, the reason is that consultants lie. They give advice that will please the officials in the third world countries, in the donor countries and in the aid organizations, rather than telling the truth.

Nearly all aid is delivered by consultants, who may be engineers, agriculturalists, economists, nuclear physicists etc. They may be employed directly by a donor country like Britain, or by a multilateral like the United Nations Development Programme or the World Bank, which is financed by many countries. Often they are employed by the recipient country, but they are paid in hard currency by one of the donor organizations, which should not, but does, have any say in the reports produced.

Consultants cannot afford to offend any of these client groups, donor countries, multilaterals or recipients, or individuals in the organizations. There are only half a dozen multilateral organizations, so losing one of them loses a large chunk of the possible market. Again, there are a limited number of client countries interested in any one person's skills. The consultants mainly work for small companies or freelance, and so have no job security. They are highly skilled, but the skills do not always transfer easily: the world experts in growing cocoa would have to accept a change in career and a drop in salary if they returned to Britain. This means that the consultants face far higher risks than consultants in Britain, who deal with one client at a time rather than several at once, and who have thousands of other possible customers.

The effect of these threats is serious. A dozen years ago Tanzania expelled three foreign economists and four accountants, breaking their contracts. One had exposed one of the nastiest scandals ever about famines. Another had shown that nine tenths of the

subsistence farmers' cash income was vanishing because of corruption and incompetence in the state owned marketing chain. Others had shown that important people were stealing on a grand scale. The consultants lost a large sum of money as a result. The donor organizations and donor countries watched and did nothing to stop it, though they had previously negotiated agreements that this would not happen.

Since then, expatriates working in Tanzania have been warned what will happen if they tell the truth, and the country is famous in the aid business for the blandness of the consultancy reports.

The result has been an economy that continues to decline even when neighbouring countries like Kenya and Uganda do relatively well. Corruption, incompetence and political suppression continue while the infrastructure crumbles away. One third to one half of the subsistence farmers' children die before they reach the age of five.

HOW DO THEY DO THIS?

Third world consultants are usually in the business because of deeply held convictions and few would deliberately present faked evidence just to keep the client happy (though the same is not true of Western European and American consultants working in Eastern Europe). However, no consultant can afford to tell the truth, the whole truth and nothing but the truth. It must be dressed up in a way that makes it acceptable to the client.

It is all too easy to deceive yourself, and slip from careful presentation of the truth to the outright lie. If I am analysing the efficiency of a state marketing organization, I have to suppress the fact that the Minister is taking a 20% commission on all exports if I want to get any action at all. I probably also have to leave out any criticism of senior

managers. The result is a bland report which I think will have more effect than a blander or more hard hitting report which will be rejected out of hand. However, when you are working in a strange country and a strange organization, you do not know who is powerful and who you can criticize safely. The chilling effect of this is that most consultants are far blander than they need be.

Again it is easy to accept justifications like these (or to persuade yourself that you accept them):

- ‘Corruption is part of their culture and it would be patronizing for outsiders to try and impose their values on another country.’
- ‘I know that the money will not be spent on the things specified in the project document, but the important thing is to get the money into the country. No doubt the benefits will trickle down from the corrupt politicians to the subsistence farmers in time.’
- ‘The country is my client, not the donor, so I must present the case they want me to present as forcefully as possible.’
- ‘The important thing politically is to get the local government to like the donor country. You do not do this by giving money with strings attached, or by checking up how the money is spent.’
- ‘I have to turn a blind eye to incompetence and corruption, or I will be fired and I will not be able to get on with the valuable work I am doing.’

One of the methods of appearing to be highly critical without offending anyone is to write a report which is sharply critical of minor misdemeanours like misuse of telephones and stamps, while ignoring major corruption. This is the opposite of the normal consultant's

strategy of only mentioning major problems, so the client cannot avoid action by tackling minor problems first.

Other safety strategies include writing the report incomprehensibly, so that you can say ‘I told you so,’ when disaster strikes, putting in lots of irrelevant analysis and statistics, sticking closely to the wording of the Terms of Reference so you do not have to mention anything else, or renegotiating the Terms of Reference to exclude the main problems.

The problem is more difficult if you are employed to monitor and evaluate a long-term project lasting five years or more. It is immediately obvious that most aid projects are disasters, misconceived, badly planned and badly executed. If you say this, the person responsible in the donor organization, who is also your boss, will fire you immediately. Instead, the safety strategy is to insist on a baseline study to document the ‘before’ picture, so that you will afterwards be able to compare it with the ‘after’ picture. This will last the full two years of your contract. Your replacement is threatened with having to report that the project has had no effect whatsoever. The normal strategy is to say that the first baseline study was statistically and methodologically flawed and will have to be repeated. This is not embarrassing as there are no resources to do the job properly using either method. This takes another two years, but just as the pressure is on to produce results, the contract is up. The third monitoring and evaluation consultant has to adopt a different strategy and produces a mass of undigested figures, with no analysis or conclusions. If someone is tactless enough to point out that production has fallen as a result of the project, the figures can be discounted on the grounds of changed statistical methods, sample error, climate changes, macro-economic policy, the price of outputs or changes in the exchange rate. If the worst comes to the worst there is one failsafe: the officer in the donor or-

ganization who was responsible for the project from its inception eight years previously has now been promoted, and he or she receives the critical report and suppresses it.

WHO ARE THE CLIENTS?

Consultants have many clients for a single job. In the recipient country there is the department they are working with, the Ministry, the Government, state and private businesses and the individuals they are working with. A single one of these clients or a group working together may be able to get the contract cancelled. The consultant has to keep them all happy.

The reality is that this is impossible if you are honest. Underdevelopment is due to fundamental problems throughout the economy and the political structure, and experience has shown that just tinkering has no effect. Any major changes must harm individuals and organizations who are powerful precisely because they are doing well out of the status quo. They must also upset the present power structure and political balance. Those individual officials who are not directly threatened have to consider the risks of the disruption, including political terror. They will not stick their necks out to support a consultant who will be gone next week.

The reality too is that the consultants cannot rely on the goodwill of the people they meet. They are resented because they are paid salaries that are fantastic to a senior civil servant who gets less than £1000 per year. They are resented because they have no better academic qualifications than the people they are advising. They are resented because many of them give the impression that they are saying 'I come from a rich country: you

come from a poor country. Therefore I know more about everything than you.' They are resented because they are giving money. They are resented because of the behaviour of Western Governments to poorer countries. It is not surprising that middle level civil servants enjoy making consultants squirm, and adjust their reports to order.

THE DONORS

The donor organizations, like the EEC, the World Bank, UNDP, FAO and national governments pay the consultants, even if the recipient country is nominally the client. The desk officers who manage the projects are mainly employed on three-year contracts. They get promoted or re-employed on three criteria - do they disburse all the money in their budget on time? do they support the organization's political stance? and do they get on with the local people? They are not judged on the success of the aid programme.

If the consultant who evaluates a proposed aid programme and says that it will not work or is uneconomic, the desk officer may be left with £20 million extra money to disburse, and nothing credible to spend it on before the end of the financial year. This is failure. It also means, in some organizations, that the desk officer loses the bribes that go with the contract. Very strong pressure is brought on consultants not to reject proposals, and consultants who do are likely to be blacklisted by that desk officer and his colleagues.

In at least one case an international Development Bank which has some British Government finance stated in its contract with the consultants that they would not get paid if they did not produce a bankable project, with the result that they faked the economic assessment to make it appear viable.

Similarly a consultant who shows that all the aid money is being stolen destroys the rapport with the local government and brands the desk officer as someone who cannot get on with locals. Neither the desk officer nor the resident representative of the organization will lift a finger to help.

The multilaterals are frequently committed to a more extreme political view than any of their member states, extreme Reaganite for instance. The truth may be 'Yes, it would be nice to privatize food marketing. However, experience in many countries in Africa, in Albania, Romania, Russia, etc. is that if you privatize overnight, without planning, preparation and failsafe precautions, you will certainly get a famine.' If the consultant says this, the desk officer is seen as not toeing the party line. It is better to go ahead, and blame the famine on the climate, the inexperience of the new regime, etc.

Consultants I have spoken to have had such experiences with virtually all the donors - the EEC particularly, but also the British ODA, FAO, the World Bank, ADB, etc.

The multilateral organizations themselves have both donor countries and recipients on their boards, with more recipients. They have to adopt the policies of the big donors like the USA, but they also have to avoid putting in monitoring and evaluation systems that will alienate the recipients.

Donor countries dealing direct with the recipients have their own agenda, as the Pergamum Dam scandal has shown.