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Too much information?

Practicing Transparency In Developing Countries

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Typical governance problems plaguing developing country electricity sectors

- Flawed PPAs (Power Purchase Agreements)
(non-competitive; skewed risk allocation; take or pay rather than least cost)
- Inefficient utilities
(administratively, operationally, and technically)
- KKN: corruption, cronyism and nepotism
- Colluding consumers: non-technical losses

Adding installed capacity or rehabilitating old plants does not address sectoral problems at their root



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What the public wants

- Information
 - Participation
 - Accountability
- . These governance principles have been most clearly articulated in Principle 10 of the Rio Declaration (1992), in terms of access to information, decision-making, and justice. Since the Earth Summit in Rio, civil society organizations working to implement Principle 10 have expanded their work beyond environmental issues to include international financial flows, infrastructure, and development more generally.



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USAID Support

Electricity Governance Toolkit :

www.electricitygovernance.wri.org

45+ indicators to assess access to information,
participation and accountability in the electricity
sector

Partners: World Resources Institute, National Institute
for Public Finance and Policy, Prayas-Pune



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Indicator example (1)

Disclosure of docs in possession of the reg. body

- All docs legally confidential (1)
- All docs expected to be confidential, but reg. body has authority to make docs public (2)
- All docs expected to be public unless classified confidential, but lack of well defined procedure/rules for deciding confidentiality (3)
- All docs expected to be public unless classified confidential, and there is well defined procedure/rules for deciding confidentiality (4)

Adapted from: Electricity Governance Toolkit

www.electricitygovernance.wri.org



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Indicator example (2): Performance Reports by Licensees and Utilities

Utilities required to file periodic reports and consequences of non-filing are defined

- **Comprehensive:** all basic data essential for assessing the performance of the utility, including cost components (manpower, interest, power purchase, fuel cost etc.), performance of generation plants, details of T&D system, T&D losses, revenue by consumer category, connected load, demand patterns, etc.
- **Reliability:** parameters/data presentation is consistent over time
- **Public Availability:** easily, timely, in local language, intelligibly presented to general public



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What the public wants: focus on information

- Transparent bidding processes (esp. new generation)
- Capital expenditure
- Other cost components
- Connected load
- Revenues from different consumer classes



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Why firms won't give it

- Weak accounting systems
- Need to cloak inefficiency and corruption
- Interpretation of commercial confidentiality
- Weak tradition of public information



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Why regulators are reluctant to insist upon it

- Most regulators set up to promote investor confidence
- Weak legal context: unclear administrative rules
- Weak traditions of democracy: absence of FOIA
- Lack of capacity to elicit, organize and disseminate data
- Lack of confidence and experience in balancing different interests
- Lack of capacity to deal with the public
- Perception that the public will not be able to make sense of it



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In sum: Too much information?

- Utilities are afraid to give out too much
- Regulators lack the capacity to handle volumes of data
- Civil society lacks the capacity to make sense of it



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How U.S. regulators can help

- Share rules, mechanisms, and processes for transparency and participation
- Stress the importance of both for building regulatory legitimacy and reducing asymmetric information
- Share case-studies illustrating why e.g. evaluation of capital expenditures is important – exposure to examples builds confidence



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Particular needs in developing countries (1)

- Building public capacity to participate

Civil society needs strengthened skills to obtain, analyse, and use data effectively

- Legitimizing capacity building as integral to effective regulation

Mechanisms: Office of Public Advocate; direct funding of civil society organizations

Funding sources: building these into the budget



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Particular needs in developing countries (2)

- Capacity building for utilities
- Promote non-adversarial/quasi-judicial forms of participation and partnership with civil society
 - Helping the regulatory commission understand areas for improvement in utility functioning
 - Provide feedback on quality of service
 - Provide input into performance standards/targets incorporated into licenses.
 - Communicate with consumers
 - Help utility create awareness about theft reduction and metering
 - Help utilities hold field staff accountable
 - Facilitating a fair and just regulatory process



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Thank you!