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***“Accountable and Transparent Development Cooperation:
Towards a More Inclusive Framework”***

**Lessons Learned and Key Gaps in National Mutual
Accountability Mechanisms**

By Mr Victor Bernardo, Vice Minister
Ministry of Planning and development
Mozambique

Introduction

Mozambique has made excellent progress in recent years in terms of economic growth, macroeconomic stability, reform processes and human development. Poverty reduction is the key focus of government plans, and we are coming to the end of our second PRSP. However, we remain a highly aid-dependent country, with just under half of the state budget financed by aid. As such, aid effectiveness is a very important issue both for the government and our donors.

Mozambique has been at the forefront of developments in aid effectiveness, and has a highly complex and varied aid environment. We were one of the pioneers of General Budget Support and Sector based programs, and we are implementing the *Paris Declaration* and *Accra Agenda for Action* through a variety of national initiatives. To ensure government ownership we have drafted, and are awaiting approval of, a National Coordination Policy, which sets out the government's position on aid and, amongst other things, enshrines the *Paris* principles of Ownership, Alignment, Harmonization, Management for Development Results and Mutual Accountability. We have also made good progress in developing robust national public financial management systems, improving monitoring and evaluation

capacity and systems, and including funds on budget, while our donors have made progress in many areas.

Mutual Accountability is one of the principles of the *Paris Declaration*, and is based on the principle that while recipient Governments are accountable to donors for the efficient and productive use of donor funds, donors also have responsibilities for ensuring that they facilitate aid effectiveness and provide aid in a manner which *enables* its efficient use. As such, donors are accountable to the recipients; hence, there is **mutual** accountability.

We already have a well-developed mutual accountability system with our 19 GBS partners, the G19, and recently signed a new, highly detailed, Memorandum of Understanding with this group. Mozambique participated in the OECD-DAC evaluations of *Paris Declaration* implementation in 2006 and 2008, which showed progress in increasing aid effectiveness. One area for future progress was to extend the MA framework to all donors, which we are currently working on. We have a technical team working with the donor community on developing a Code of Conduct which will state agreed principles on aid, and will have a detailed mutual accountability framework attached and will apply to all donors that sign, including, we hope, vertical funds and the so-called “non-traditional donors”. The code of conduct will have indicators and targets for the government and for donors.

Discussion questions:

1. How is mutual accountability understood, designed and implemented at the country level?

In Mozambique mutual accountability is taken very seriously. It is **understood** to mean that while government has traditionally been accountable to donors for effective spending of donor funds, donors are equally responsible for implementing their programmes in such a way as to enhance and complement government activity, and to best enable government to achieve its poverty reduction and development goals. Mutual accountability is not just about matrices and review

processes. It is fundamentally a **shift of mentality**, which gives recipient governments more voice, but also more responsibility to take control and ownership of the development process and of directing aid. The relationship is no longer seen, at least in the aid effectiveness rhetoric, as donor-recipient, but more as partners who work together, with equal responsibilities, for the development of the country.

This philosophy takes shape in Mozambique via the joint target setting and evaluation of performance by both government and donors, and an open and constructive dialogue around how both sides can improve aid effectiveness and development.

Mutual accountability is **designed** based at a technical level on an annual system of target setting and reviewing performance of both government and the budget support donors. The main framework for mutual accountability is the two “Performance Assessment Frameworks” – one setting indicators and targets for the government on the basis of the poverty reduction plan, and another setting indicators and targets for donors, focussing on aid effectiveness and based on the Paris Declaration and Accra Agenda for Action.

There is also a political element of mutual accountability, which takes shape in the quarterly political meetings between the government and the G19 ambassadors, chaired by the Minister for Planning and Development. These meetings highlight and discuss issues of concern, whether regarding the performance of the government or of donors. Both sides raise issues to be discussed, and this is a key forum in which the government can communicate areas where it feels the donors can improve.

Implementation of the MA framework has two key moments aligned with the government planning and budgeting cycle. In September of every year, government, donors and civil society meet for the PAFs planning meeting to agree targets for the forthcoming year. The main technical work in target setting for government is carried out by 29 sectoral or thematic working groups, chaired by government representatives from the relevant ministry or institution, with participants from donors and civil society. Target setting for donors is

carried out by a specialised aid effectiveness working group, chaired by the Ministry of Planning and Development.

In March of every year the same groups meet to carry out the annual review, evaluating government and donor performance for the preceding year and highlighting areas of concern or in need of special attention. Government performance is evaluated by the working groups, while the aid effectiveness group coordinates the work of a consultant hired to evaluate donor performance.

Programme aid commitments are influenced by these findings, and the commitments ceremony where firm commitments are made for the following year takes place 4 weeks after the completion of the review, in time for government planning and budgeting processes.

It should be noted that at present, this system applies to donors who provide General Budget Support. However, the government and its international donors are committed to extending the principle of Mutual Accountability to the wider donor community. To this end, the government, in collaboration with the Development Partners Group that represents all donors in the country, is currently working on a joint Code of Conduct, an integral part of which is a matrix similar to the PAF but extended to all signatories of the Code of Conduct.

2. What types of national mutual accountability reviews have demonstrated impact and changed behaviour of donors, recipients and other stakeholders and their involvement? [focus on national strategies such as Joint Assistance Strategy, Harmonization Plans, evaluation mechanisms etc.]

The mutual accountability system, as described above, has had a significant impact of donor behaviour, particularly since 2005, when we introduced individual grading of donor performance, as well as grading of the performance of the group as a whole. This naturally leads to peer pressure, competition amongst donors and increased the interest of the headquarters in the exercise. The formal evaluation of donor performance also focuses government on how best to communicate to donors the needs and requirements for improved

aid effectiveness, and to dedicate time and technical staff to the issue.

As a specific example, we have seen an increased pressure amongst donors to cooperate in reducing the number of missions, through increasing joint missions and when possible conducting evaluations without taking up a lot of government time.

The donor evaluation has also gained recognition in Mozambique, with the national press reporting the performance of the donors and civil society commenting on the report, which increases knowledge of mutual accountability outside of the government-donor community to the wider population. This is important for increased voice and participation in the process.

[Note – Mozambique does not have a joint assistance strategy, as we feel that we can communicate government priorities and the “rules of the game” for donor interaction more efficiently through our forthcoming cooperation policy, through the memorandum of understanding with the G19, through the forthcoming code of conduct, and through our regular interactions with donors, including through the review processes described above. The government also carried out a process of evaluation of draft country programmes of 19 donors (GBS and non-GBS donors) through a series of hearings where the donors presented their draft medium-term strategies and the government commented, made recommendations and had the opportunity to influence the final programmes. This process may become a regular feature of cooperation in Mozambique]

3. How can the DCF contribute to the assessment and strengthening of country-level mechanisms (e.g. budgeting and public finance, expenditure analysis, accounting and auditing systems etc.) and their review?

The DCF plays an important role in facilitating discussion and experience exchange among member countries. These meetings are very useful in enabling us to learn from one another and return to our countries with new ideas and enthusiasm.

However, on the ground, there is already a lot of work in this area (OECD-DAC, PEFA, SPA, MEFMI¹ etc) and it will be important, if the DCF wishes to play a more active role, to avoid duplication of initiatives. There is a need for a mapping exercise to evaluate who is doing what. However, we have seen an increase in demand for work at central level on aid effectiveness, with the development of new aid modalities such as budget support, and greater alignment with government priorities and systems. As such, it is necessary to ensure that central ministries have sufficient capacity to have a strategic vision of aid effectiveness over all of government. We are resolving this issue through the creation of a donor coordination section within the ministry of planning, and ongoing staff training and development.

4. What should be the benchmarks and guidelines for such reviews (e.g. compliance with international rules and codes etc.), and what are the criteria for assessing the efficiency of review mechanisms at country level?

First of all, it is important to recognise that every country is different, and so it is necessary to avoid a “one size fits all” approach to review mechanisms. For example, in Mozambique the annual review process takes 2 months of intense debate and analysis, whereas in Rwanda I understand the process takes much less time. In my country the indicators used to evaluation government performance number over 40, whereas I understand that in Mauritius they use around 10.

International rules and codes are useful tools but they must be used in the context of each individual country and its stage of development. *One useful international tool which could be learned from in this context is the African Peer Review Mechanism. The atmosphere of peer review is much less “judicial” than many mutual accountability processes, and lessons can be learned from this. In our experience we did not feel that we were being judged in court, but rather that the process was genuinely useful in helping us to identify and fix potential issues.*

¹ OECD-DAC Development Assistance Committee of OECD; PEFA = Public Expenditure and Financial Accountability; SPA = Strategic Partnership for Africa; MEFMI = Macroeconomic and Financial Management Institute for Eastern and Southern Africa).

The *Paris Declaration* has also been a useful basis for developing the donor side of our mutual accountability framework in Mozambique. We have not, however, simply replicated the *Paris Declaration*, but have instead adapted the indicators and targets to our unique context. This means that some PD targets have already been reached, and therefore we are setting more ambitious ones. Or, we have changed wording or even incorporated new targets, to better reflect the Mozambican situation.

In the same way, international rules and codes (e.g. EITI) or evaluations (PEFA) can be a useful way of setting targets for recipient countries, as long as they are adapted where necessary (whether on content or timing).

With regard to the efficiency of review mechanisms, as these are different in each country, it is not easy to establish a mechanism for establishing their efficiency. Some are far more detailed than others, probably depending on the sensitivity of the issues discussed and the specific context of the country. However, this is not to say that we cannot learn from each other, and through meetings such as this, exchange experience so that reviews can be made more efficient.

5. How different are the outcomes when reviews are financed by governments, by donors or by multilateral agencies?

In Mozambique, as in many countries, there is an imbalance in that the evaluation of government performance and setting government targets is carried out by working groups comprising government, donor and civil society members, while the evaluation of donors is carried out by a consultant, hired and paid for by the donors. Government chairs the team that oversees the work of the consultant, developing the terms of reference, holding regular meetings and guiding the process. However, in the future, we strongly feel that the government itself should finance and carry out evaluations, and we are working towards building the capacity for this to happen. As an intermediate step we would like to see a fund or equivalent created

so that government can be in charge of the hiring and monitoring of the consultant.

6. What are the capacity requirements to strengthen mutual accountability at country level? What role plays donor harmonization in the context of mutual accountability?

There will only be true mutual accountability when the performance of the donors is given the same status as the performance of the government, and when recipient governments have the capacity and strength to monitor donor performance, and to take action when necessary. Mutual accountability should not be seen as an annual or biannual event, it should be a consistent process of monitoring, discussion and adjustment.

Evaluation of donor performance is also not simply about ranking donors and “naming and shaming” those with poor performance. There is a need for capacity to develop adequate indicators that are fair to all types of donors and truly measure the tricky concept of aid effectiveness.

Evaluation of government performance also requires capacity both centrally and in the sectors, again to define appropriate indicators, to understand the subtleties of different sectors, and to maintain or develop information sources that are sufficiently reliable and timely to be used for evaluation.

Donors also need to look at their own capacities at country level, especially in sensitive and highly complex areas such as legal reform or governance. Often there are few highly specialised technical donor staff who are able to truly understand the complicated reform processes, and who are therefore able to discuss fair and meaningful targets.

In many countries, including mine, capacity to really engage in the technical aspects of mutual accountability remains weak, despite improvements, and there is a need for ongoing support in complex areas, and also centrally to ensure the process is fair and truly measures what it is designed to.

7. How can parliamentary oversight and interaction with CSOs and governments be strengthened? Can stakeholders trust and own the reform process unless there are tangible results? Can trust between donor and programme countries be strengthened?

The role of parliaments and civil society is one of increasing importance in discussions of aid effectiveness, and is a key element of the Accra Agenda for Action.

In Mozambique, the key document that is used as the basis for the mutual accountability process for government performance, the evaluation of the economic and social plan is debated in parliament, prior to being used as the basis for the annual review. Therefore, the national assembly debates government performance before this is discussed with donors. However, it is true that donor performance is not debated by parliament.

In terms of civil society, representatives are invited to participate in all mutual accountability processes, at technical level, as they are integral parts of the working groups. During the review process, there is also a “Development Observatory” between government and civil society, in which government performance is discussed, evaluated and commented upon by civil society organisations. This follows provincial-level “Development Observatories” and draws on the results of these. The resulting report is then used as a key input to the annual review. Parliamentary committees are also invited to participate in the “Development Observatory”.

8. What would be considered an appropriate role for local governments, given their inherent contribution to promoting democratic ownership of the national development agenda?

In Africa there are a number of different administrative structures and for us in Mozambique, the level of local government responsibility is a relatively new experience. In 1998 we created the municipalities and

in 2003 local district governments became autonomous. This year we held elections for the first time for provincial assemblies.

Local government and local organizations clearly have a role to play in ensuring mutual accountability; however they have traditionally been more focussed on monitoring government performance rather than donor performance.

While it is of course important that local governments contribute to mutual accountability processes, I feel that there is also a lot of work to be done to include *all* of central government, especially with regard to donor performance. Knowledge of and participation in donor evaluation is still, in many countries including Mozambique, a specialist area, often coordinated by a central ministry with little participation from sectors or other government institutions.

Local government in Mozambique does not yet have direct experience of truly mutual accountability mechanisms. *However, we have had positive experiences in our decentralization of planning and finance, which is creating a basis for truly local ownership of local development. Each district, through a “consultative group” of local citizens, produces a district strategic plan, for 5 years, which should include donor activities as well as government activities. Thus, indirectly, donor activities are evaluated by the consultative groups. It should also be noted that it is important to recognise that local government or organizations often feel unable to criticise projects seen to “belong” to particular donors. Thus an increase in General Budget support which enables government to carry out projects itself, and therefore for these projects to be integrated with local and national planning and review mechanisms is to be encouraged.*

Another point I would like to make related to the local aspect of mutual accountability, is the need for our partners to truly understand the reality of life in the country, outside of the capital. I noticed this particularly when we invited ambassadors to join our “open presidency”, which is a process whereby the president travels to each province and listens to the people. Often it seems that evaluations made of government is based on donor perceptions, rather than hard facts and understanding of the context. It is therefore necessary that

we encourage our partners to get to know better the reality of the country they are evaluating.

I look forward to hearing more on this topic from my colleagues on the panel or other interventions.

Expected Outputs from Afternoon Session:

1. *Set of good practices and standards in national mutual accountability mechanisms*
2. *Suggestions for national mutual accountability indicators and toolkits*
3. *Modalities to develop MA standards and incorporate them into existing aid management mechanisms*