

Mutual Accountability

Introduction and Summary of Recommendations:

Mutual Accountability (MA) refers to the frameworks through which partners hold each other accountable for their performance against the covenants of their partnership. In the context of the Paris Declaration on Aid Effectiveness (PD) and the Accra Agenda for Action (AAA), MA refers to the partners' understanding, commitments, and obligations reflected in the 2002 Monterrey Consensus on Financing for Development. Having noted that achieving the internationally agreed development goals, including the Millennium Development Goals (MDGs) demands a new partnership between developed and developing countries, the respective Heads of States committed themselves to sound policies, good governance, and the rule of law at all levels.¹ It is within this context that the PD and AAA set out the commitments of donors and developing countries as regards the provision and management of development financing, in order to make aid more effective.

Accountability plays a key role in shaping the quality of governance at national, local, and international levels. Accountability for the use of development resources, coupled with transparency, is a powerful driver of progress towards the objective of eliminating poverty. Donors and developing countries are committed to making themselves more accountable to each other for development results through mutual accountability mechanisms and, domestically, to their citizens (Accra Agenda for Action, paragraph 24).

The purpose of this paper is to take stock of key accountability messages for improved aid effectiveness and development results. It is based on research on accountability by OECD DAC GOVNET; analysis by AWEPA on Parliamentarians' role in implementing the AAA; the Commonwealth Secretariat case study work on the linkages between mutual and domestic accountability; UN-DCF surveys and analysis of mutual accountability; and the work of the European Centre for Development Policy Management (ECDPM) on domestic accountability. It also builds on earlier research designed to identify best practice for mutual accountability and recent African sub-regional partner country meetings: one hosted by the Ministry of Finance in Tanzania in Dar es Salaam, Tanzania for East and Southern Africa, and in Accra Ghana for West and Central African countries.

Key messages on Mutual Accountability

1. Get on with it. Strengthen mutual and domestic accountability mechanisms, with the objective of building an understanding of the impact of aid and 'do no harm'. Deepen a culture of accountability for both partner countries and donors which builds mutual trust between all partners.
2. Recognise the political nature of accountability and use joint political economy analysis for better understanding, addressing the power imbalance inherent in the aid architecture, and for finding pragmatic country-level solutions. Support institutions crucial to strengthening accountability to citizens: civil society, the media, parliaments, political parties, and audit institutions. Ensure international level mechanisms hold donors accountable for their commitments.
3. Assure that donor support for accountability and related capacity development itself follows Paris-Accra principles, including harmonisation and alignment.

¹ They also committed to mobilizing domestic and international resources, promoting international trade as an engine for development, increasing international financial and technical cooperation for development, sustainable debt financing and external debt relief, and enhancing the coherence and consistency of the international monetary, financial and trading systems in order to provide the necessary national and international economic conditions needed to eliminate poverty, improve social conditions, raise living standards, protect the environment, and ensuring that the twenty-first century becomes the century of development for all. Paragraph 4; Monterrey Consensus of the International Conference on Financing for Development; 2002.

Particularly, donors should respect the spirit of ownership, to allow more space for partner country leadership of the development process.

4. Encourage country-level accountability through agreeing specific aid effectiveness targets for all donors and the partner country. Assure that joint progress is monitored, transforming existing coordination mechanisms as necessary. This could be a specific commitment in the Busan outcome document.

5. Be pro-active in assuring that mutual accountability actively supports domestic accountability. Support mutual and domestic accountability in all aspects of aid relations, from overall aid coordination mechanisms to the mix of aid modalities and to the sector and project levels.

6. Feedback lessons from the regional and country level and support South/South exchange, as well as mechanisms – such as independent international monitoring – that generate incentives for complying with global development commitments and goals.

7. Assure that accountability systems focus on results, particularly the MDGs, as well as on the broader systems and capacity necessary to achieve them.

8. Support transparency of information to all stakeholders on aid, and on domestic resources for development. This can include initiatives at the international level, such as independent monitoring (as in the Commitment to Development Index)², the International Aid Transparency Initiative (IATI), and aid management platforms at country level.

9. Effective MA requires capacity for all development stakeholders to effectively and efficiently fulfil their roles. Parties should address their capacity gaps in line with their obligations under the in-country and international MA frameworks.

Background to the recommendations

In the Paris Declaration on Aid Effectiveness donors and partner countries agreed to be accountable to each other for commitments made to make aid more effective in delivering development results. To do so, they agreed to jointly assess progress in implementing commitments through country level mutual assessment reviews which should be in place by 2010.

The Accra Agenda for Action broadened the understanding of accountability in the context of aid effectiveness. Accra put stronger emphasis on transparency and accountability towards citizens, both in donor and partner countries and on the role of parliaments and civil society. Furthermore, Accra specifically calls for accountability for development results.

The work referred to above has deepened and broadened the understanding of accountability in the architecture for development financing by donors and the design and implementation of development programmes by partner countries. It has also highlighted tensions and potential complementarities.

- Donors and partner countries are primarily accountable to their own taxpayers and citizens through different governance channels like parliaments, independent oversight bodies, and the media.
- Donors and partner countries are also accountable for their international undertakings - to each other, to their peers, and to civil society. But mutual, unlike domestic, accountability, suffers from skewed power balance and lacks hard

² Developed and published independently by the Washington-based Centre for Global Development. The index considers the development implication of the developed countries' policies in areas like aid, trade, investment, and climate change,

enforcement mechanisms. MA therefore relies on soft measures such as reputational risks and peer pressure to draw compliance by donors. Recipient governments have, however, hard accountability to donors for the use of aid funds. For example, donors can sanction poor performance by withholding funds.

The World Development Report 2011 highlights this as the “dual accountability dilemma - international actors, whether bilateral or multilateral, are accountable first to their domestic constituencies and shareholders, and only second to their counterparts or to the citizens of recipient states”³.

The UN-DCF analysis of how far the international community has made progress on Paris commitment to accountability between aid recipients and aid providers *“shows that, in spite of recent considerable progress, very few countries have strong mutual accountability mechanisms which are making a major impact on the effectiveness of aid in achieving development results.”*

Yet, the Paris Declaration noted (para 47) that “A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources”. Country case studies show that the Paris-Accra process has helped empower some developing country governments, at the sectoral more than national level, to negotiate with donors about issues of alignment and harmonisation and to use voluntary and “soft” means to hold donors increasingly accountable for meeting their commitments.

But let’s be clear: the underlying concept is to strengthen mutual accountability in all aspects of the aid relationship, from overall financing and co-ordination arrangements at the country-wide and sectoral levels to specific donor-financed projects and programmes. Both donors and partner countries need to face squarely the fact that progress on mutual accountability has been extremely inadequate and remains amongst the weakest areas in implementation of the Paris Declaration and the AAA.

Transparency is a vital ingredient for accountability and progress has been made since Accra. A number of initiatives are working to make aid providers - and those who receive aid resources - more transparent in comparable and comprehensive ways. But for transparency to lead to accountability and results, citizens and their representatives – particularly those in developing countries - need to access and use information and be able to mobilise for to hold decision makers and implementers to account – be it governments, donors, NGOs or the private sector. Donor accountability also requires independent but effective monitoring at the international level, with more transparency and with the possibility of generating peer pressure on non-complying players.

Accountability is not just about processes to identify “what has gone wrong”, usually after the fact. Accountability systems must be up-front processes – mutual or domestic - that involve a range of stakeholders, including local government and in particular excluded communities, in development decisions that affect their lives.

The messages below, like the Paris Declaration and the AAA, focus on processes donors and partner countries can use to improve the impact of aid and of the development programmes they support. They draw on country-level case studies, multi-stakeholder dialogue and academic research and interviews. These messages suggest how in practice aid relationships can lead to more effective mutual and domestic accountability, faster poverty reduction and better development results.

³ WDR 2011 6.56

Emerging Messages

1. **Get on with it:** As recent meetings of partner countries in Africa⁴ stressed no new principles of mutual accountability are required. What is needed is implementation. That implementation depends in part on a strong focus on a *culture of accountability* in which relationships, built on trust, complement mechanisms of accountability, and lead to implementation, change and results. The EU's recent Council Conclusions on transparency and accountability⁵ will provide an incentive for the European Commission and the Member States to prioritise action on mutual accountability.
2. **Make strengthening mutual and domestic accountability a default.** This applies to all aspects of aid relationships, from strategy to choice of aid instruments and to their implementation. While respecting the “do no harm” principle, efforts should have a positive impact on mutual accountability. There is a need to ‘walk the talk’ on AAA commitments on strengthening the role of parliaments and civil society.
 - a) **Recognise that accountability is a political as well as a technocratic process.** Studies like those by the Commonwealth Secretariat, ECDPM and DAC GOVNET highlight **the importance of political economy analysis** - in recipient and donor countries – to understand how accountability relationships play out in practice and to find pragmatic country-level solutions to address these.
 - b) Work by AWEPA and IPU reemphasises the **importance of involving parliamentarians and building their capacity for oversight of aid and domestically raised resources.** Specific ideas from studies include: encouraging better legislative tools for the oversight of the executive branch and public finance; being able to call upon independent audit facilities; and peer North/South parliamentary exchanges to strengthen both parliamentary capacities in the South and provide political support for aid in the North. Capacity support should take account of issues of accountability of parliamentarians themselves.
 - c) **Do more to strengthen civil society’s role** in domestic and mutual accountability, including by supporting their capacity to produce independent analysis. This role includes NGOs and the media, as well as social partners (trade unions and the private sector), relevant professional organisations and community groups. These actors also need to be more accountable for their own activities. This includes the role of international NGOs, who are often de facto donors, in many countries.
 - d) While the Paris/AAA are aligned to partner countries’ preference in encouraging programme aid (budget support) modalities, many donors find project aid as the most popular aid instrument. Like Technical Assistance, project aid can be particularly problematic as a high proportion of this aid in many countries is off-budget and sometimes off-plan, with a substantial risk of undermining accountability for these resources. There is a need to increase the impetus towards programme aid and, where this is not feasible, increase

⁴ On in Dar es Salaam, Tanzania was attended by East and Southern Africa countries, and another in Accra Ghana for the West African countries.

⁵ Mutual Accountability and Transparency; A Fourth Chapter for the EU Operational Framework on Aid Effectiveness; Council of the European Union, 7 December, 2010.

the use of country systems for project aid in order to ensure that citizens and their representatives are better able to hold decision makers to account for all aid.

- e) These same problems arise with donor support for accountability itself, much of which is technical assistance. GOVNET work has shown that in some cases this support has led to an uncoordinated proliferation of donor supported initiatives focusing on specific issues and on specific actors rather than wider systems of accountability. There is need to harmonise and align donor support for mutual and domestic accountability. One useful step in this direction is establishing joint donor trust funds which seek to support accountability and transparency.
- f) The skewed power balance in the current aid architecture tends to lead to a focus on accountability by partner country governments, ignoring the adverse implication of non-compliance by other stakeholders on development results. Developing countries emphasise the need to develop mechanisms for resolving differences without resorting to unilateral action akin to abuse of the imbalance. The next sentence sounds fine, but references to international monitoring need to be consolidated. In addition, instituting an independent and effective international level mechanism (such as the Quality of ODA6 and the Commitment to Development indexes) for monitoring and reporting on donor compliance could mitigate this risk.

3. Encourage country-level accountability through agreeing specific aid effectiveness targets for all donors and the partner country. Assure that joint progress is monitored, transforming existing coordination mechanisms as necessary.

Based on DCF analytical work three mechanisms have been shown to be crucial in encouraging national-level mutual accountability:

- a) Donors (including south-south providers and vertical funds) should encourage and support partner countries to develop national aid policies, support them in allowing these policies to contain targets which may be more ambitious or clearer than those in the Paris Declaration, and **commit to agreeing donor-specific annual targets (as in 'PAFs) and mechanisms to monitor them annually.**
- b) **Partner countries should organise an annual national high-level forum** in each partner country to assess progress by individual providers and of the partner country, and agree plans to address barriers and accelerate progress. This can be done as an integral part of overall high-level aid co-ordination or government performance monitoring mechanisms, under clear partner government leadership **Donors should jointly commit in Busan to participate in these forums at high level.**

⁶ QuODA is an assessment of the Quality of Official Development Assistance (ODA) provided by 23 donor countries and more than 150 aid agencies. Aid quality is assessed using 30 indicators grouped in four dimensions that reflect the international consensus of what constitutes high-quality aid: *Maximizing Efficiency, Fostering Institutions, Reducing Burden, Transparency and Learning*

- c) **Partner countries should commit to strengthen their capacity on mutual accountability as an integral part of their aid management efforts.** Too often, (usually external) consultants have led efforts at mutual accountability without strengthening government and parliament capacity
4. **Be pro-active in assuring that mutual accountability actively supports domestic accountability.**
- a) The potential tensions between the mutual and domestic accountability, due to the inequality in power that comes from donor control of financing, needs to be recognised and result in efforts to **strengthen complementarity. This can best be achieved by i) ensuring that domestic stakeholders maximise their participation and voice in mutual accountability processes; and ii) making all processes focus on development results.**
 - b) Evidence from the Commonwealth Secretariat suggests that focus on **sector and project level mutual accountability is an important complement to overall mutual accountability and may often yield better development results.** Mutual accountability at 'lower' levels often is more achievable, albeit at much higher transaction costs, because of greater alignment of their interests and expectations and more personal mutual trust.
5. **Feed back country level lessons and support South/South learning.**
- a) **Feed lessons from national-level progress on enhancing development results into international accountability mechanisms -** including DCF and OECD high-level meetings, as well as the WP-EFF -- to encourage needed change in donor policies and internal incentives.
 - b) **Support South/South and North/North peer learning and monitoring processes,** including accountability modelled by the African Peer Review Mechanism, processes for greater involvement of non-DAC aid providers, and by independent international monitoring.
6. **Focus on sustainable results.** Accountability, mutual and domestic, can have a powerful incentive role in achieving the MDGs. To that end, mutual accountability should not just focus on use of aid but also include all contributors to sustainable development outcomes. In so doing, it should not fall into the trap of looking only at short-term results at the expense of longer-term strengthening of systems and institutions in such areas as trade, investment, climate change, procurement, public financial management, gender equality, decent work, and human rights.
7. **Support transparency and availability of information on aid and on domestic resources, including to citizens.** If partner countries are to be able to hold donors accountable, and if citizens are to be able to hold both their governments accountable, they need transparent access to information, and with capacity to make that information user-friendly down to the community level.
- a) **Implementation of global transparency initiatives, such as the International Aid Transparency Initiative (IATI), the Commitment to Development Index (CDI), and country level transparency initiatives**

(such as aid management platforms) are essential to dramatically improve accessibility of timely information on development cooperation (strategies, resources, implementation of initiatives) for central government departments, parliaments, local government, CSOs and citizens in both donor and partner countries.

- b) The provision of information to meet the needs of citizens and their representatives in partner countries needs to be accompanied by actions to strengthen the capacity of local stakeholders to access and use the information. GOVNET country case studies reveal partner country interest to improve their own ability to track advances in accountability systems (budget processes/service delivery/elections) and institutions through which citizens demand accountability.