

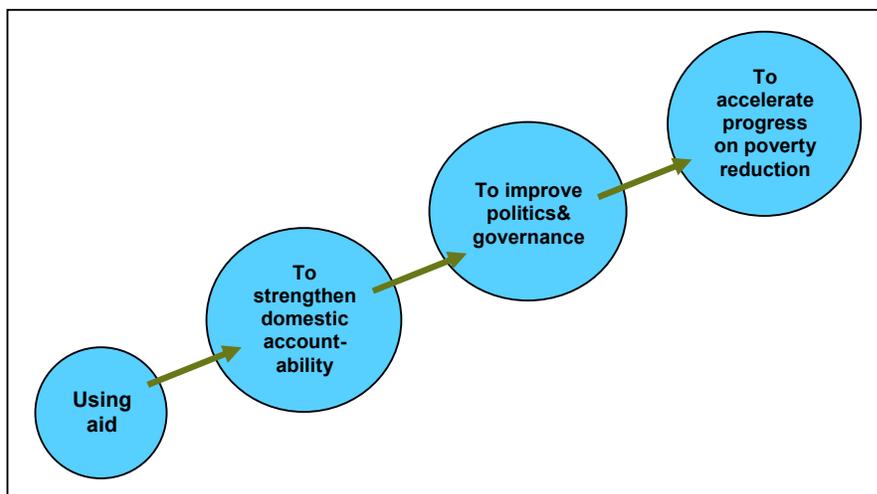


Roundtable on Domestic Accountability and Aid Effectiveness

European Development Days (EDD), 6 December 2010

Politics and governance play a central role in shaping the prospects of developing countries and their citizens. However, they have until recently received little explicit attention in the aid effectiveness agenda. Too little progress has been made on poverty reduction, as the UN General Assembly regretted during the Millennium Development Goals Summit in September. A number of stakeholders including donors have turned their attention to the question of how aid can be used in ways that will improve the landscape of politics and governance. The argument goes that by strengthening the workings of domestic accountability in developing countries progress in reducing poverty may be accelerated.

Figure 1: Using aid to improve the landscape of politics and governance



This Roundtable¹ aims to promote dialogue amongst a range of stakeholders about the nature of domestic accountability, about the challenges that donors face in supporting the strengthening of domestic accountability, and about how those challenges might be addressed. The outcomes from the roundtable discussion will provide inputs to the ongoing efforts by the EC and the EU Member States to strengthen their approach to domestic accountability. This takes place at a time that the EU enhances its Operational Framework on Aid Effectiveness and prepares for the fourth High Level Forum on Aid Effectiveness in late 2011. This Background Note provides participants with an introduction to the issues to be addressed, in order to inform discussion and to suggest some key areas for debate.

This bringing together of aid effectiveness and domestic accountability may seem rather odd. Domestic accountability in developing countries is driven primarily by domestic politics in those countries, with donors a secondary part of the picture. Nevertheless, donors and aid do make a difference to the workings of domestic accountability, and domestic accountability does have an impact on the effectiveness of aid. As such, donors have a responsibility and an interest in ensuring that their activities strengthen rather than undermine domestic accountability².

What is domestic accountability and why does it matter?

Governance and domestic accountability

The governance landscape and political dynamics play perhaps the key roles in shaping the development prospects of a country and its people. 'Governance' can be understood as a two-way relationship between the state (those who govern, or set the rules) and society (those who are governed). In a well-governed society, there is a good balance between the governors and the governed; the people give their governors the authority to govern on their behalf, but retain the power to challenge and change those who govern (see Figure 2).

Figure 2: Governance, state and society



Domestic accountability is the ability of the governed to demand answers and to enforce sanctions on the governors. It is central to achieving this balance between citizens/society and the state. The arrangement of institutions and organisations that enable citizens to hold the state to account – the inner workings of domestic accountability – can generate the incentives needed to ensure that the state implements policies and allocates resources in ways that respond to the needs of its citizens. So, for example, if Parliament

¹ The Roundtable has been organised as part of the European Development Days by the Belgian EU Presidency, with the assistance of the European Centre for Development Policy Management and the OECD DAC's Network on Governance (GOVNET).

² Taking a broader policy coherence perspective, donor governments that regard sustainable poverty reduction as a priority should ensure that all activities – including but going beyond aid – over which they have regulatory authority support rather than undermine the workings of domestic accountability.

does a good job of representing the concerns and interests of a country's citizens, and of scrutinising the policies and spending decisions of the government, then this can stimulate (or oblige) that government to be more responsive to the needs of its citizens. More broadly, by strengthening the legitimacy of the rulers and the rules of the game in the eyes of the governed, domestic accountability can enhance the sense of inclusive citizenship and real participation in political processes.

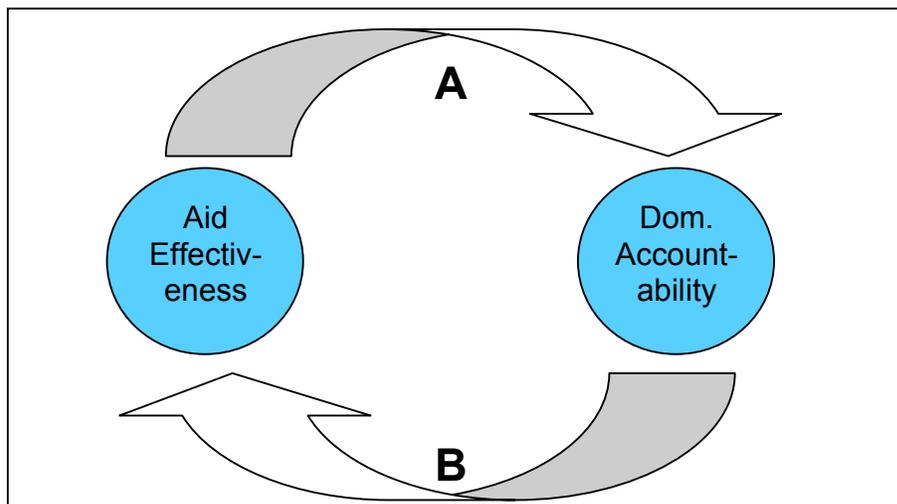
Accountability, development effectiveness and aid

Accountability matters throughout the system of development cooperation, in developing countries, in developed countries and in the relationships between developing and developed countries. In recent years, the development cooperation agenda has given increased attention to the importance of domestic accountability in developing countries; to the role that this can play in delivering sustainable progress on poverty reduction; and, to the role that external actors, including donors, might play in strengthening – or inadvertently undermining – domestic accountability in developing countries. Domestic accountability can also, it should be noted, play an important role in helping to build effective mutual accountability between aid donors and recipients. Donors and partner governments, in beefing up their mutual accountability obligations, can also contribute to improving conditions for enhanced domestic accountability.

Domestic accountability and aid effectiveness

Then Accra Agenda for Action boldly states that accountability for development results must be “at the heart of all we do” and implies that there is a two-way relationship between aid effectiveness and domestic accountability (Hudson and GOVNET, 2009). With such a relationship, either a vicious or a virtuous cycle can be set in train (see Figure 3). The vicious version would see weak domestic accountability lead to the ineffective use of aid, further weakening domestic accountability. The virtuous variant would see strong domestic accountability leading recipient governments to use aid more effectively in ways that are more responsive to the needs of their citizens, that accelerate progress on poverty reduction and that further strengthen domestic accountability.

Figure 3: Aid and Domestic Accountability: Vicious or virtuous circles?



In terms of the impact of aid on domestic accountability (segment A of the cycle in Figure 3), there are two main avenues of influence. First, aid that is not provided to support the strengthening of domestic accountability – that is, the vast majority of aid – can shape the scope for domestic accountability. In some situations, aid can undermine or limit the scope for domestic accountability. Donors may draw so much attention to their own accountability needs, that it drains scarce capacities, attention and resources away from domestic actors. In doing so, donors may also undermine incentives from a partner country

government, parliament, and checks and balance institutions to be more responsive to needs and demands from citizens or civil society. Moreover, if aid is given in a less than transparent manner, it makes it more difficult for citizens to scrutinise their governments' spending decisions. So the way in which aid is managed matters for domestic accountability.

Second, aid can be provided with the explicit purpose of building the capacity of key accountability institutions such as parliaments, civil society organisations, the media and supreme audit institutions. Aid can directly seek to strengthen domestic accountability institutions or actors (see Box 1). In fact, some donors and the DAC Network on Governance have started to reflect and act on both direct and indirect ways that donors can impact on domestic accountability. The following section of this note outlines the challenges that donors face in seeking to use aid to support the strengthening of domestic accountability.

Box 1: Donors' support for the strengthening of domestic accountability

Many donors have sought to support the strengthening of domestic accountability in developing countries. Within the EU, development cooperation agencies from Denmark, France, Germany, the Netherlands, Sweden and the UK have been particularly active – with Canada, Switzerland, Belgium and the US active too.

One strand of support has included support for key domestic accountability institutions; the “demand side” of the accountability relationship. Traditionally, the focus of such support has been on civil society organisations, but in recent years increased attention has been given to a wider range of organisations including parliaments, supreme audit institutions, the media, and – in some cases – political parties.

Despite donors' efforts to enhance the quality of their support to domestic accountability, results have been mixed. Donors' support for the strengthening of domestic accountability remains fragmented and results mixed. An ongoing OECD DAC GOVNET work-stream on improving support to domestic accountability brings together a number of key donors with developing country governance experts to share experience and to learn about what works in terms of support to domestic accountability through country case studies. GOVNET also increasingly provides a platform for exchange and learning among donors about improving support in this complex field, e.g. on electoral assistance, parties, the media, etc.

A second strand of donor support to the strengthening of domestic accountability focuses more on the “supply side” of the accountability relationship. Donors' work on public financial management and improving country systems – for instance around budget processes – has been the primary element of this strand of work. The key questions here are about getting the balance right between delivering aid so that its immediate impact on poverty reduction is maximised, and delivering aid so that it helps to build effective country systems upon which sustainable poverty reduction is based.

What is the challenge of domestic accountability?

If domestic accountability is so important for sustainable progress on poverty reduction (as well as for enhanced aid effectiveness) why have donors' efforts to support its strengthening been so mixed? At base, the reason for this is that donors have failed to fully acknowledge and address the fact that domestic accountability is primarily about domestic politics.

As a result donors have given insufficient priority to understanding the landscapes of politics and governance in the countries in which they work and insufficient thought to the question of whether and how donors can effectively engage in such landscapes. As DAC research pointed out, donors often come with conceptual maps that may be more appropriate to their own countries, than to the partner countries they work with³. Using the same sorts of maps for vastly different countries makes it difficult for donors to get a handle on the complex and context-specific workings of domestic accountability. Donors have failed to move systematically beyond the mantra that context matters and that blueprints are inappropriate, towards designing programmes of support that are based on a sound understanding of the on-the-ground complexities of politics and governance (Unsworth, 2008).

This is not an easy task. Politics in all countries is partly a matter of formal processes and institutions. But it also contains a mixture of less visible, less formalised social relations based on kinship, regional and ethnic loyalties and patron-client relations. In developing countries, the informal aspects of politics and governance are particularly important. These more informal aspects about politics and institutions are less easy to grasp by external actors, and require a close 'ear to the ground' and an open attitude to domestic sources of inside knowledge, analysis and information.

In the absence of this type of knowledge, donors base their support strategies and programmes on a shaky understanding of domestic politics and on unrealistic – or, sometimes unactionable – appraisals of existing patterns of accountability. Such support has little or no chance of leading to sustainable improvements. The DAC study on domestic accountability noted that “donors may miss opportunities to build on existing patterns of accountability or – by intervening in situations that are poorly understood – may find that their actions have unintended adverse consequences” (Hudson and GOVNET, 2009, p.18).

The challenge of domestic accountability is perhaps most marked in those developing countries where the space for domestic accountability and political freedoms are curtailed. In such countries, the government may be resistant or openly hostile to donors' efforts to support the strengthening of domestic accountability, questioning the legitimacy of external engagement in domestic politics. More practically, the scope for domestic accountability actors to make effective use of the support provided by donors may be limited. This highlights the need for donors to give more serious consideration to the following questions: what are the limits of thinking and acting politically, particularly in countries where donor engagement is unwelcome; and, how does the call to think and act politically fit with the principle of country ownership?

An additional set of challenges relates to donors' own domestic accountabilities. With increased pressure on public finances in many donor countries, the pressure to deliver results and to demonstrate value for money is heightened. This presents a serious challenge given the complexity of governance and the length of time that can pass between donor engagement in and changes to the landscape of politics and governance. There is a danger that the push for evidence about results – welcome and understandable as this is in terms of satisfying demands for accountability in donor countries – might lead donors to focus on areas of work where results can be more easily demonstrated, rather than the messy and unpredictable realities of politics in developing countries.

³ Donor Approaches to Governance Assessments, Sourcebook, 2009, OECD.

Addressing the challenges of domestic accountability – from Paris to politics

So the challenges that donors face in their efforts to support the strengthening of domestic accountability are considerable. Reiterating the importance of domestic accountability while pretending that the challenges do not exist or can be easily addressed will not enhance the effectiveness of donors' support in this area. To stand a chance of meeting them, donors need to face up to the challenges and to devise creative ways of addressing them.

There is, in the run up to the fourth High Level Forum on aid effectiveness (2011) an opportunity to give a central place to the politics or political dimensions of development and aid effectiveness. Indeed, there are some signs that this may happen. There are, for example, the sessions planned for the High Level Forum to explore the linkages between aid and accountability, but also linkages between ownership, domestic resource mobilisation and taxation and domestic accountability (one session may tackle the question of "Does aid steal accountability? How can aid manage the tension between domestic accountability based on broad-based country ownership and accountability to donor taxpayers?"). Beyond this, there may be scope for unpacking the politics of country ownership and for exploring the political – and accountability – dimensions of support to country systems, instead of treating development efforts aligned with country systems as purely technical.

A number of initiatives are underway, which seek – in various ways – to inform and improve the ability of donors' to engage effectively in support of domestic accountability. Paradoxically, these efforts have, thus far, not fully involved stakeholders from developing countries. In order to make progress, there is a pressing need to more purposefully involve those stakeholders who have a much better understanding than do donors of the realities of governance, politics and domestic accountability.

The European Development Days offer a platform to address an emerging agenda in support of domestic accountability. Basically three clusters of questions will be discussed on how to address the challenges:

Cluster 1: Domestic accountability and the way in which donors deliver aid

The way in which donors provide support matters. But often, donor agencies face constraints that are imposed on them by their own accountability system (involving political decision makers, supreme audit institutions, parliament, and public opinion). Still, a number of initiatives have - and are being – developed, in support of improving domestic accountability

The following questions may serve as an opening to explore the issues around aid delivery and domestic accountability.

- What are key ongoing processes or efforts to ensure that aid is delivered in ways that support rather than undermine domestic accountability in developing countries?
- Are there useful lessons from efforts to harmonise aid and make it more transparent?
- To what extent is there a problem of conflicting accountability demands between partner and in donor countries? How might such tensions be managed or reduced?

Cluster 2: Direct support to domestic accountability actors/institutions and systems

While an explicit attention from donors to domestic accountability is rather new, there are relevant experiences of working with key accountability actors, stakeholders, or institutions. Again, the following questions may provide useful entry points:

- From a partner perspective, what are the most effective contributions that donors can make? What should donors do? Who should they work with?

- Which areas or sectors are most conducive to support domestic accountability?
- What can be done to ensure that this focus on domestic accountability does not become yet another fad?

Cluster 3: Strengthening the knowledge base – it's all about the politics

A key condition for donors to engage more strategically and effectively with key stakeholders in ways that strengthen rather than undermine domestic accountability is a better understanding of governance relations and politics. In this area too, a number of developments are taking place that are of relevance. The following questions act as potential entry-points to discuss the various issues:

- How can domestic accountability processes and the political environment in which these play out be more properly analysed?
- What are the emerging findings and experiences from the new generation of governance analyses such as political economy approaches, governance analyses in sector operations, etc.?
- How can learning from case work and multi-stakeholder dialogues on domestic accountability in GOVNET support improvements through operational and policy guidance?
- To what extent do such analyses strike an appropriate balance between allowing for detailed country level analysis, and enabling cross-country learning through the use of a systematic framework?
- How can analysis of the landscape of politics and governance make better use of domestic sources of knowledge? How can donors engage in ways that inform and develop ownership for the domestic accountability agenda?
- What is the evidence of how improving support to domestic accountability can help promote broader country ownership of development?
- How can the synergies between domestic accountability (between governments and citizens) and mutual accountability (between aid donors and recipients) be maximised?

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ECDPM Briefing Notes

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