

# How can donors best support the strengthening of domestic accountability in developing countries?

Summary Note of Roundtable on Domestic Accountability and Aid Effectiveness, European Development Days, 6th December 2010

## Key Messages

- Domestic accountability, legitimate governance and well-balanced state-society relations are crucial for good development outcomes.
- Donors make a difference to the workings of domestic accountability in developing countries, including through the ways in which they provide aid.
- Donors have a responsibility and an interest in ensuring that aid strengthens rather than undermines domestic accountability. To do this, donors should provide aid through country systems and help to build the capacity of key organisations such as parliaments, the media and civil society organisations to exercise effective accountability over the use of aid and domestically-generated resources.
- Domestic accountability is, however, driven primarily by domestic politics. This has implications for what donors can effectively do to support the strengthening of domestic accountability.
- Rather than encouraging the adoption of particular models of governance, donors should seek to nurture the environment of transparency and accountability out of which appropriate solutions to the challenges of development might emerge, led and owned by local stakeholders.

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## A) Introduction

On 6<sup>th</sup> December 2010, the Belgian EU Presidency – in collaboration with ECDPM and the OECD Development Assistance Committee’s Network on Governance (GOVNET) – organised a roundtable on Domestic Accountability and Aid Effectiveness, as part of the European Development Days. The overall goal of the Roundtable was to focus attention on the importance of domestic accountability, legitimate governance and well-balanced state-society relations for good development outcomes, and to put those issues at the centre of the debate about how aid can most effectively contribute to development. The specific aim of the Roundtable was to explore how donors can best support the strengthening of domestic accountability in developing countries.

This question is of huge importance for two sets of reasons: firstly, because of the important role that accountability plays in shaping the political landscape and therefore the dynamics of development; and secondly, because of the impact that donors – through the provision of aid and the pursuit of other policies that have a developmental impact – can have on the workings of accountability in developing countries.

The EC and the EU member states are preparing for the Fourth High Level Forum on Aid Effectiveness in November/December 2011. Increasingly they acknowledge that the effectiveness of aid and development cooperation is fundamentally a question of politics. So the question *how donors can ensure that the aid that they provide strengthens rather than undermines domestic accountability in developing countries* is coming to the fore. The Roundtable was intended to stimulate thinking in this area and in particular to inform the EC/EU’s thinking and practice on domestic accountability and aid effectiveness. The Roundtable facilitated a dialogue amongst a range of different stakeholders drawn from civil society, from the research community, from the donor community, from the parliamentary community (see box 1), and from an audience of more than 100.

### Box 1: Pannelists

- Hussaini Abdu, Country Director of Action Aid Nigeria
- Martin Chungong, Director, Division for the Promotion of Democracy, Inter-Parliamentary Union and Co-Chair of the GOVNET work-stream on improving support to domestic accountability
- Andres Mejia-Acosta, Research Fellow at the Institute for Development Studies, UK
- Samuel Nsikabaka, founding member of Public What You Pay, Congo Brazzaville
- Kwasi Prempeh, Senior Policy Fellow at the Center for Democratic Development, Ghana
- Lisa Williams, Policy Analyst, OECD Development Assistance Committee, GOVNET

This note draws on the discussion and the Briefing Note<sup>1</sup> prepared in advance of the meeting to address three key questions:

- What is domestic accountability and why does it matter?
- What challenges do donors face in supporting the strengthening of domestic accountability?
- What role can donors play in supporting the strengthening of domestic accountability?

## B) What is domestic accountability and why does it matter?

For sustainable country-owned progress on poverty reduction, governments in developing countries must be accountable to their own parliaments and citizens for the use that they make both of aid and of domestically mobilised resources. When citizens are able to ask questions and demand answers of their governments – asking what resources they have, how they intend to use them, how they have used them, and with what results – they can drive improved performance and ensure that their needs are taken fully into account in the policy and spending cycle. As Hussaini Abdu put it: “Domestic accountability is not really about aid; it’s about the relationship between citizens and the state. There needs to be accountability, transparency and feedback to ensure that the state fulfils its responsibilities and to prevent conflict.”

Domestic accountability can play an important role in enhancing service delivery, in ensuring that natural resources are used and governed effectively, and in helping to reduce the risk of conflict (Andres Mejia-Acosta, Sam Nsikabaka). More broadly, domestic accountability helps to build legitimate governance; governance that is regarded as legitimate in the eyes of the people who are governed. Legitimate governance helps to deliver the inclusive, responsive and stable relationships between states and their citizens that are key to development. When there is legitimate governance, a country’s leaders are trusted to respond in a locally-appropriate manner to the specific development challenges faced by the country and its people. Legitimate governance is, in the language of the Paris Declaration, about broad country ownership that goes beyond the executive to include parliament, civil society and other stakeholders. For many, but not all countries and peoples, legitimate governance is democratic governance.

Some progress has been made – with, for instance, civil society campaigns driving progress on transparency and accountability in relation to the extractive industries (Sam Nsikabaka) and some parliaments becoming more active (Martin Chungong). However, serious accountability challenges remain in many developing countries. Even in the those countries that have made the most progress on governance, such as Ghana, the glass is only half-full, with the positives of electoral accountability counter-balanced by a parliament that lacks power and by the disengagement of the middle classes that might be expected to play a key role in driving change (Kwasi Prempeh). Country ownership tends to be equated with government leadership, missing out the essential features of domestic accountability and legitimate governance. In some countries, donors can be complicit, tolerating authoritarianism because of the short term efficiencies that it can deliver (Kwasi Prempeh).

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<sup>1</sup>[http://www.ecdpm.org/Web\\_ECDPM/Web/Content/Download.nsf/0/94650E1A663B2687C12577F100431564/\\$FILE/19-EDD%20Briefing%20Note%20Roundtable%20Domestic%20Accountability\\_final.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/94650E1A663B2687C12577F100431564/$FILE/19-EDD%20Briefing%20Note%20Roundtable%20Domestic%20Accountability_final.pdf)

## C) What challenges do donors face in supporting the strengthening of domestic accountability?

The actions of donors – the aid that they provide, the ways in which they provide aid and the other policies they have in place – play an important role in shaping the workings of domestic accountability in developing countries. As such, donors have a responsibility and an interest in seeking to ensure that their actions strengthen rather than undermine domestic accountability.

An important first step for donors in seeking to support the strengthening of domestic accountability is to recognise their influence and to acknowledge that aid – with political as well as technical dimensions – has at times undermined domestic accountability. As Lisa Williams explained, there is a risk that donors' requirements can skew domestic accountability, leading governments to be more accountable to donors rather than to their own people. Furthermore, as a member of the audience – a staff member from Islamic Relief – put it, “when donors are too strong, the space for other actors to make their voices heard is narrowed”.

In seeking to actively support the strengthening of domestic accountability, donors face a number of challenges, all of which derive from the fundamental point that domestic accountability is about domestic politics. First, donors have relatively little leverage over domestic politics and hence little influence over domestic accountability. Secondly, politics is very much shaped by context and as such blueprints that take insufficient account of context – the sort of advice that donors find easy to give – are of limited value. Third, donors have limited understanding of the social, cultural, political and particularly informal dimensions of the countries in which they work, or of the workings of accountability at a very local level (Lisa Williams). They therefore find it difficult to navigate the complexity or to shape the dynamics. Fourth, donors have questionable legitimacy to interfere in domestic politics, a point that is often made by those who are in power and would rather not see changes to the landscape of accountability.

## D) What role can donors play in supporting the strengthening of domestic accountability?

Donors need to be realistic about what they can do to support the strengthening of domestic accountability. This is not a call for disengagement, but donors need to be honest about the limits of their knowledge and expertise, appreciative of the difference that context makes, realistic about what they can do, and – while sticking to their goal of helping to reduce poverty and not deferring too readily to assertions of sovereignty – respectful of country ownership.

As a first step, donors need to ensure that they don't inadvertently undermine the workings of domestic accountability in the ways that they provide aid. Wherever possible, aid should – as the Paris Declaration requires – be provided through country systems for public financial management. This should include effective scrutiny from parliament and other stakeholders as part of the budget process. By channelling aid in this way and helping to strengthen the institutions that work around the budget process, donors can help to broaden and deepen the notion and practice of country systems in the same way that the Accra Agenda for Action has sought to broaden the notion of country ownership.

As a second step, there is scope for donors to actively support the strengthening of domestic accountability. To do this, donors need to work with a better understanding of local context, something which the increased use of political economy analysis – including at a sectoral level – promises to deliver.

Donors should also consider providing support not solely to particular accountability institutions such as parliaments or civil society organisations, but to wider systems of accountability or coalitions of change that can work together to enhance accountability around a particular issue such as budgets, anti-corruption, natural resources, conflict or service delivery (Lisa Williams). In this way, donors can support the broadening of country ownership, working with civil society, parliaments – the “hubs of accountability” as Andres Mejia-Acosta put it – youth, women’s organisations, professional groups and a range of other stakeholders (Kwasi Prempeh).

However, donors need to think carefully about what they can legitimately and effectively do, rather than continue with an approach to supporting domestic accountability that has had limited success. There are some things that donors can and should do, and some things that they can’t and shouldn’t. Reflecting on where the line might be drawn – and listening to the views of stakeholders from developing countries – would be a useful thing for donors to do. Two analogies were used by panellists to describe where, in their view, the line should be drawn. For Hussaini Abdu, while it is not acceptable for donors to infringe on a country’s policy space, it is acceptable and desirable for donors to promote domestic accountability. Similarly, for Andres Mejia-Acosta, while it is not for donors to decide on who should be taxed, it is acceptable for donors to help to improve systems of tax collection. Donors need to be careful, but not over-cautious.

As Kwasi Prempeh put it, donors should play more of a humble enabling role. This does not mean that donors should stand back and do nothing, or restrict their ambitions to “do no harm”. But, rather than encouraging the adoption of particular models of governance, donors should seek to nurture the environment of transparency and accountability out of which appropriate solutions to the challenges of development – led and owned by local stakeholders – might emerge. Donors should, in this regard, pay attention to the potential of new and not-so-new technologies (ie. mobile phones and social networking but also radios) to transform the landscape for accountability (Hussaini Abdu and Kwasi Prempeh), and consider whether and how they might best support such developments. Attention should also be given to the potential of matching funds; requiring aid recipient countries to match aid provided, with resources generated domestically, and in this way strengthening the fiscal social contract, along with country ownership and legitimate governance, between the state and its citizens.

In pursuing a more humble governance agenda, donors will face their own challenges, including persuading their own domestic constituencies that aid is being well spent. Working differently on governance poses a challenge in this regard, but also an opportunity. Donors will need to be creative and flexible when it comes to tracking the impacts of their support for the strengthening of domestic accountability, being open to unexpected changes at unplanned times, rather than looking always and only for the pre-determined outcomes that they would like to see within specified time-frames. And donors will need to get better at telling complicated stories in engaging ways.

## E) Conclusions and Next Steps

This report from the Roundtable and the background note will provide the basis for a discussion paper on Domestic Accountability and Aid Effectiveness, which it is hoped will feed into two related processes: first, the evolution of the EU’s Operational Framework on Aid Effectiveness, and particularly the sections on transparency and domestic and mutual accountability; and second, the preparation of the EU’s position in the run-up to the Fourth High Level Forum on Aid Effectiveness. Particular attention will, it is hoped, be given to the interface and relationship between mutual and domestic accountability, and the need to ensure follow-through of this key issue once the Forum has taken place.

As the Accra Agenda for Action clearly stated, “accountability for development results must be at the heart of all we do”. As the aid effectiveness agenda moves forward, the explorations of how aid can help to strengthen domestic accountability must continue. If the explorations are successful, aid will – overtime – play an increasingly effective role in helping to build the broad country ownership and legitimate governance that is needed if countries are to tackle the development challenges that they face. To give the explorations a good chance of success, donors need to listen closely to stakeholders from developing countries. And, Hussaini Abdu suggested, as donors seek to balance accountabilities that are not always aligned, they need to ask themselves – just as others will surely ask them – whose needs are really being met by the aid effectiveness agenda?

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