

Mutual Accountability at country level: Emerging good practice

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Through the Paris and Accra declarations, over one hundred countries have committed to a new model of partnership, in which donors and partner countries hold one another mutually accountable for development results and aid effectiveness. Mutual accountability (MA) is a practical response to recent experiences in building greater transparency and accountability at country level, and to lessons learned about the role of country ownership in delivering development results. But, despite the strong focus in the Paris Declaration (PD) on mutual accountability, it remains little explored in conceptual and practical terms. To fill this void, the German development agency (GTZ) commissioned research to clarify the concepts and highlight emerging good practices on behalf of the task team on mutual accountability of the Development Assistance Committee (DAC) Joint Venture on Managing for Development Results. The study covers experiences in 19 countries, with a special focus on Rwanda, Mozambique and Vietnam. The work on mutual accountability at the country level has also been complemented by an analysis of international level mutual accountability mechanisms, published by Droop et al. (2008).

At first sight, progress on mutual accountability appears discouraging (OECD, 2008). Only a small number of countries report having country level mechanisms for mutual assessment of progress on partnership commitments arising from the Paris Declaration, or a local aid management plan. However, a deeper analysis shows that more pieces of the puzzle are actually in place than generally assumed. It is important that best practice examples are identified and conditions for their application in other countries.

Box 1: Vietnam – Building mutual accountability in increments

Success stories are starting to emerge. In Vietnam, MA mechanisms have been built up gradually since the first Consultative Group (CG) in 1994. Opportunities for dialogue have since grown, in both frequency and number, to the point where today they include a regular Consultative Group, a Partnership Group on Aid Effectiveness, and sector and thematic working group meetings. These fora have led to a better understanding and a more deeply shared agenda around Vietnam's development goals and the delivery of aid. In 2005 a localised version of the Paris Declaration – with indicative targets for both government and donors – was adopted. This provides partners with a clearly defined agenda around the Paris principles. Progress towards these commitments has since been assessed through a comprehensive review process, consisting, in part, of an independent monitoring mechanism. The current (2006-2010) national development strategy, with its accompanying monitoring and evaluation framework, has also provided a common reference point. This is because of the improvements in the document itself, as well as the consultative process through which it was developed. Complementing these donor-government initiatives, steps have been taken to improve the Donor Assistance Database, strengthen the oversight role of the National Assembly and increase citizen participation in decision making. In fact, civil society organisations (CSOs) have recently established their own Aid Management Group as a way to carry out independent monitoring of aid implementation in Vietnam. Similar mechanisms have also emerged in a number of other countries, including, for example, Afghanistan, Cambodia, Ghana, Mozambique, Tanzania and Zambia.

What is mutual accountability?

Accountability is commonly understood as a process through which people entrusted with responsibilities are kept under check when carrying out functions or tasks assigned to them. In the past, aid relations have been characterised by a principal-agent model of accountability, with donors (principals) seeking to improve the policies and spending behaviour of recipient governments (agents) by attaching conditions at either the project, programme or policy levels to the delivery of aid. This form of accountability, reflecting a power imbalance in the aid relationship, involved a fairly unilateral approach to monitoring the ‘contractual obligations’ of recipient countries as a precondition for the delivery of aid. Mutual accountability is a compact that aims to create a more balanced partnership between donors and recipient governments by binding members together through shared values and commitments in a voluntary process. It is a collaborative framework that involves partnerships between peers pursuing shared aid effectiveness and developmental objectives. The commitment of these diverse stakeholders to the process is maintained, largely, through positive incentives and the desire to protect reputation. ‘Hard’ sanctions for non-compliance do not, in general, exist.

The Paris and Accra declarations set out the broad parameters of the mutual accountability relationship in terms of who is accountable, for what and how. The primary focus is on accountability between donors and recipient governments. However, as emphasised in the recent High Level Forum in Accra, recipient governments and donors are, in the first place, account-

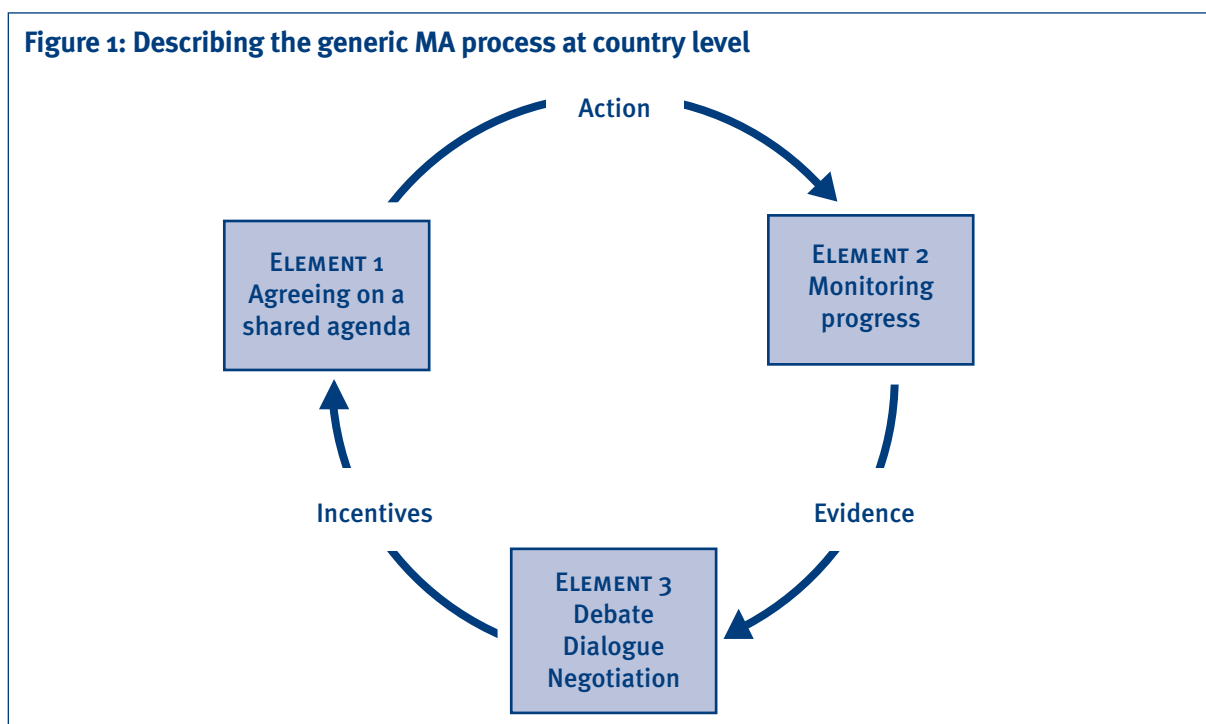
Box 2: The Accra Agenda for Action (AAA)

Under the AAA, recipient governments and donors have committed jointly to put in place country-level mutual assessment reviews by 2010 as a way to ‘hold each other accountable for mutually agreed results’ related to development and aid policies. These reviews are to be ‘based on country results reporting and information systems, complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement’. In addition, the declaration commits partners to make aid more transparent; to strengthen international accountability mechanisms; to work more closely with recipient country parliaments and local authorities in preparing, implementing and monitoring development plans; and to strengthen the capacity of all development actors – including government, parliaments and civil society organisations (CSOs).

able to their domestic constituents. Donor-recipient lines of accountability are connected closely to domestic lines of accountability in recipient as well as donor countries. International and domestic accountabilities can be mutually enhancing, but there is also the potential for conflict and they are prone to creating tension.

Despite the guidance in the Paris and Accra declarations, mutual accountability is still very much an emerging practice, and an agreed, practical definition does not yet exist. There is, however, sufficient experience to identify some critical elements in a mutual accountability process [Figure 1]. These include, first,

Figure 1: Describing the generic MA process at country level



generating a **shared agenda** through clear, specified goals and reciprocal commitments; second, **monitoring and reviewing** these commitments and actions. Both of these elements interrelate with a third – **debate, dialogue and negotiation**. This element involves different spaces and processes that help to define the agenda within which mutual commitments are set, to provide incentives to carry out those commitments and, ultimately, to change behaviour (often by means of reputational and relational risks). Sustained behaviour change within the aid relationship is only likely if all three elements are linked in an iterative process.

Agreeing on a shared agenda

At the country-level, much is still to be decided in terms of what donors and recipient countries are accountable for, separately and reciprocally. Nevertheless, a range of shared agendas have been developed to set out clear goals and commitments for both sides. In examining these, we find agreements at two levels.

First, **agreements around development strategies and development results** i.e. what needs to be done to address development problems. National development and programme/sector strategies, as well as governance approaches, have been developed and are owned by partner governments, with support and endorsement from donor agencies. In many instances, full country ownership is limited to certain parts of government and with little limited involvement of domestic constituents (such as parliament or CSOs). Some countries (e.g. Mozambique) have formulated parallel development plans with different consultation mechanisms for different audiences (domestic and international), creating diverging lines of accountability. However, other countries (Vietnam and Tanzania) have taken steps to consolidate domestic and “international” strategies into a single national development strategy with improved consultation of parliament and Civil Society Organizations in the process.

Second, **agreements around aid effectiveness** practice i.e. how development aid can be delivered. Four types of such agreements are now under implementation: Aid Policies (e.g. Cambodia); Harmonisation and Alignment Action Plans (e.g. Ghana); Joint Assistance Strategies (e.g. Zambia); and donor and sector-specific aid effectiveness plans. There are many examples:

- Aid policies provide an overarching framework for aid effectiveness strategies and priorities. They typically set out commitments by government related to aid management as well as a number of actions to be undertaken by donors. Requested commitments from donors broadly match those

Box 3: Rwanda – Progress in developing a shared agenda

Rwanda’s Economic Development and Poverty Reduction Strategy (EDPRS), adopted in 2007, provides a clear and shared agenda around the country’s major development challenges. The EDPRS grew out of Rwanda’s first Poverty Reduction Strategy (PRSP) adopted in 2002, and agreed with donor partners as part of the Heavily Indebted Poor Countries (HIPC) initiative. The successor EDPRS took 18 months to develop and represents a major advance. The EDPRS is driven more locally and is supported by stronger ownership, as well as greater consultation and engagement from various stakeholders. Sector working groups were engaged heavily during the development of the EDPRS, ensuring a high degree of consensus on main parameters of sector policy. There was also effective consultation in Parliament, demonstrated by specific amendments and improvements. In addition to its PRSP, Rwanda stands out for its efforts to develop a shared agenda around politically sensitive issues such as governance. Its Joint Governance Assessment (JGA) aims to build consensus around Rwanda’s governance programme, develop objective indicators to track progress, and strategies to address challenges. The JGA was carried out by independent consultants under the leadership of a steering committee comprising government and donor partners, co-chaired by the government and the World Bank.

Box 4: Mozambique – Monitoring mechanisms in practice

Government and donor performance is monitored through a variety of instruments in Mozambique. The Performance Assessment Framework (PAF), one of the core instruments, is based on the country’s Monitoring & Evaluation framework for monitoring its country’s poverty reduction plan (PARPA) and acts as the annual agenda-setting and M&E instrument between government and donors. In addition, Mozambique has developed a separate donor assessment framework (PAP PAF), which provides a platform for assessing donor performance. This annual multi-donor mechanism scores donors against their progress towards the Paris Declaration and is used to produce a ranking of donor performance. Monitoring efforts are further enhanced by the ODAMAZ database - which provides vital information on donor financing – and the Development Observatory. Mozambique is one of only a handful of countries – including Armenia, Tanzania and Uganda – that has developed a well functioning institutional framework for participatory poverty monitoring. This is a consultative and participatory forum for monitoring the PARPA.

of the Paris Declaration, with some adaptation to the country context. The extent to which they are presented as negotiable varies; second-best preferences are often listed.

- Harmonisation and Alignment Action Plans were developed in a number of countries following the

Rome Declaration in 2003. These plans typically consist of a matrix of agreed to policy objectives and actions, based on the Paris Declaration principles but tailored to the country context, assigned to government and donors. The extent to which clear targets are set and progress against these targets measured varies.

- Joint Assistance Strategies are the most operational of the aid effectiveness agreements but have been developed in only a few countries. These strategies outline how donors collectively intend to align and harmonise their practices and aid flows with the government’s development strategy.

The process of producing these agreements has been led largely by donors but is characterised by efforts to develop consensus within and between the donor community and different parts of government. These efforts have, in general, worked well, although there is some evidence that broad consultation among large numbers of donors has sometimes made it difficult to reach agreement, and has occasionally resulted in watered down agreements lacking clear indicators. Inputs from parliament and civil society into aid effectiveness agreements have been relatively limited.

Monitoring mechanisms

Progress towards delivering agreed agendas is being monitored and reviewed through an array of mechanisms at country (and sector) level which are being refined and improved continuously. The results focus of the Millennium Development Goals and Poverty Reduction Strategies, in particular, has increased efforts by governments and donors to measure results dramatically. Partner countries are monitoring development results through mechanisms ranging from Annual Progress Reports and improved statistical data collection and surveys to comprehensive results monitoring frameworks such as the Performance Assessment Frameworks (PAFs). These are monitoring instruments that set out clear indicators, often drawn from existing commitments in the national development strategy, and a fully integrated results chain to monitor development and reform progress. In a few countries (e.g. Mozambique, Rwanda and Zambia), the PAF includes indicators to measure donor performance as well. See box 3 for details.

Initiatives to measure progress on aid effectiveness have also become more common. Improved systems for tracking disaggregated and individual donor activities and aid flows are being developed in a number of countries, as are aid databases to collect regular and transparent data on aid flows.

The integration of domestic stakeholders in monitoring efforts is still in its infancy, but progress is being made at two levels. First, findings from monitoring efforts are utilised increasingly by both donors and domestic stakeholders (e.g. briefs of poverty monitoring are submitted to cabinet and parliament). Second, civil society is playing a more active role in monitoring development and aid effectiveness results, either as participants in official review processes or as partners in independent monitoring efforts. In general however, civil society and parliamentary ability to monitor governments and donors remains limited, in part due to capacity constraints.

Dialogue, debate and negotiation

Spaces and mechanisms for dialogue, debate and negotiation are central to the mutual accountability process. They serve not only to define the agenda and review progress, but also to establish trust and provide incentives to carry out commitments. Mechanisms have been developed at the technical and political level. Technical working groups are organised around sectors and themes and provide a platform for a technical discussion, analysis of progress and the build up of trust. Political mechanisms for dialogue such as the Consultative Group (CG) meeting are being reformed to provide joint reviews of progress (e.g. Ghana). In addition, in a few countries, independent monitoring mechanisms are bringing an impartial perspective on complex issues, and allowing for the sharing of views on sensitive issues that might otherwise remain unspoken (e.g. Tanzania and Vietnam).

Box 5: Ghana’s Consultative Group

In Ghana, the Consultative Group (CG) has become, increasingly, a forum for ‘doing business’ between donors and government. The Group is organised into three sessions:

1. The first session consists of a ‘backward look’ at donor progress in providing transparent, predictable aid and government progress in implementing the national development strategy, as well as a ‘forward look’ at how plans for the forthcoming year need to be adjusted in the light of experiences;
2. The second session allows for a more in-depth discussion of progress and constraints in a single area, such a growth or harmonisation, drawing upon findings from joint analytic work; and
3. The third session brings together high-level political decision-makers on both sides, including Ministers, High Commissioners and the Ghanaian President, to reaffirm the partnership..

The CG integrates reporting to donors with the government’s own system of managing for development results.

Regular dialogue and negotiation generate reputational and relational incentives to change behaviour. However, in some situations these ‘soft’ incentives will not be sufficient to keep parties to their commitments. The question is, then, what other types of remedies each side has at its disposal to ensure compliance. This ‘enforceability’ aspect seems to be a missing piece in our understanding of mutual accountability, and more so for recipient governments than for donors. Donors are experimenting with different types of aid modalities, which provide incentives based on achieving results rather than policy or programme conditionalities. The options for recipient governments seem much more limited, as there is no ‘market for aid’ and donors face little or no competition or regulation. However, evidence has shown that it is not impossible for recipient governments to refuse aid on grounds of aid effectiveness and accountability (e.g. Afghanistan and Vietnam).

Incentive effects between donors and recipient governments could be further enhanced by incentives coming from national institutions and constituents (both in the recipient and donor country) as well as international institutions or peer review mechanisms. As noted earlier, involvement of domestic stakeholders in mutual accountability relationships is still fairly weak but there are signs of their growing importance. Spaces for dialogue and debate have opened up opportunities for national stakeholders to participate in the formulation and monitoring of develop-

ment plans. For example, progress review meetings of CG-type or sector working groups have, in some instances, allowed participation of NGOs or other national stakeholders. Interviews suggest, however, that the key challenge for domestic stakeholders is now to take advantage of these opportunities and move from being ‘observers’ to active ‘participants’. The capacity of national stakeholders is often weak and their mandate constrained by government control. On the donor side, incentive effects can potentially be enhanced by donor headquarters or constituents. Some countries (e.g. Denmark and Netherlands) have already introduced good practices to achieve a greater focus on aid effectiveness among field office staff.

Challenges and critical success factors

Our empirical study of different elements of mutual accountability at country level illustrates that significant experimentation is ongoing at the country level. It shows that there is no simple formula, but there are a number of critical elements that increase the likelihood that it will be achieved.

- **Confidence (and reciprocal trust).** Relationships between donors and governments must be built on confidence and reciprocal trust. This can be achieved by high quality dialogue and clear and congruent development and aid effectiveness agendas. Building such shared understanding is often a challenging task, especially in politically sensitive areas. A lack of knowledge and understanding of MA (and other Paris principles) can further undermine this trust. Interviews indicated that governments and donors alike are still unsure about the benefits that mutual accountability can bring. Some recipient governments even perceived it as a threat associated with the cancellation of aid or new and unfamiliar ways of operating. Some donors were found to be unaware of aid effectiveness documents and their status in recipient countries.
- **Coherence (through ownership and leadership).** For mutual accountability mechanisms to work it is crucial that divisions or differences between and within agencies are resolved and that all parties work towards the same agenda to improve development results and the delivery of aid. However, the large number of actors in the aid relationship often creates problems for collective action and coherence. It creates opportunities for individuals on either side to benefit from the efforts of others, while making little effort themselves. Strong government leadership and ownership of the development and aid effectiveness agenda are important in addressing this.

Box 6: Mozambique’s Poverty Observatory

Mozambique is one of the few developing countries with a well functioning framework for participatory poverty monitoring that includes a permanent forum for domestic stakeholders. The Development Observatory brings together donors, government representatives and civil society in a consultative and participatory forum to monitor the implementation of the PRSP. It aims to make recommendations and ensure transparency. In so doing, it helps legitimise the role of NGOs and ensure that different perspectives are taken into account in national policy. Since its inception, the Observatory has undergone a number of transformations, including developing provincial forums to complement national dialogue and shifting to analysis and recommendations more directly focused on government planning and monitoring instruments. However, its lack of legal status and the lack of formal processes for the government to follow-up on its recommendations limit the Observatory’s ability to influence policy. Furthermore, it is one of many forums in Mozambique; while civil society are invited to participate in and/or observe a number of government-donor working groups and sessions, low capacity and competing lines of accountability limits their ability to take full advantage of such opportunities.

Source: Handley (2008).

- **Capacity (and information).** Capacity is needed to generate shared agendas, monitor progress and engage in dialogue and negotiation as equals. In many developing countries, however, capacity is weak across the diverse range of actors involved (including government, NGOs, parliament etc). Strong systems for managing development results and performance information are often missing. While some countries have made significant improvements in access to information, the quality of development information remains weak. The problem is exacerbated by existing donor practices of parallel projects and monitoring systems, which are overburdening scarce capacity. In addition, donors are often unable to provide timely and detailed information on aid flows.
- **Credible incentives.** The success of mutual accountability is dependent on the existence of credible incentives or sanctions for both donors and governments to fulfil obligations. So far, mutual accountability relationships have relied mainly on relational and reputational mechanisms. In difficult and complex political environments, these mechanisms may be too weak to bring about behaviour change. In addition, there is an imbalance in the extent to which parties have access to ‘hard’ sanctions’ Donors control resources that they can use, potentially, to reward (or punish) good (or bad) performance. There is no equivalent measure for recipient governments to hold donors to account. The inability of governments to provide sufficiently strong incentives for donors is further exacerbated by conflicting internal incentives and domestic lines of accountability on the donor side (e.g. lack of decentralisation and pressure to disburse). Despite their apparent advantage in terms of access to ‘hard’ sanctions, donors have yet to find effective ways to encourage partner governments to achieve results, as most donors tend not to withhold funds in the face of underperformance by recipient governments. The nature and role of incentives in mutual accountability relationships is an area in which further evidence needs to be gathered.
- **Complementarity.** Domestic and mutual accountability mechanisms have the potential to complement and reinforce one another. For example, clear and coherent parliamentary oversight of the national development strategy process and results monitoring can enhance the climate for effective partnership between partner countries and donors significantly. However, in many countries, domestic accountability mechanisms are weak and parallel agendas and monitoring systems are often created, leaving two potentially conflicting lines of accountability.

This separation of lines of accountability, with limited capacity within government departments, can further undermine domestic accountability. As such, careful attention is needed to ensure that mutual accountability complements and builds upon domestic accountability structures. International accountability systems (including for example the DAC bilateral peer review process) can also reinforce country level mutual accountability.

Policy implications

Mutual accountability is an iterative process that consists of a complex set of elements and actors. Many parts of the system have emerged in recent years, but no country has, to date, managed to integrate them in one coherent system. A mutual accountability system does not, therefore, exist – and may not even be desirable given the variation of context. It is clear, however, that stronger and more balanced mechanisms are needed at the country level and at the international level; between development partners as well as between those partners and their domestic constituents. To the extent possible these accountability mechanisms should be integrated and build upon each other.

To achieve progress, four strategic actions are recommended:

- **‘Practice’ mutual accountability.** The application and interpretation of mutual accountability varies considerably across countries. And while certain key elements (such as developing shared agendas, monitoring results and dialogue) seem critical, no system blueprint exists. There is no single formula that will work for all. Moving forward it will be important to continue to give priority to experimentation and ‘learning-by-doing’ at partner country level. This process can be supported and guided by donors and by the commitments in the Paris and Accra agendas, as well as the many initiatives of support at regional and global level (e.g. the Working Party on Aid Effectiveness). It is recommended that in developing MA processes at country level, the close linkage between mutual accountability and domestic accountability is recognised. Donors could play a role in supporting local accountability mechanisms such as parliaments, independent oversight institutions and CSOs. However, it is important that this is done in a way that does not undermine the leadership role of recipient countries.
- **Exchange experiences and learning.** There is a need to further expand our understanding of mutual accountability and its relationship with other aid effectiveness principles across

different stakeholders (including donors, recipient governments, parliament and CSOs). A bottom-up process of learning with recipient countries and regions playing a leadership role is likely to be most effective. This can be achieved by strengthening peer learning networks, by increasing understanding of aid effectiveness amongst citizens and by creating sufficient spaces for dialogue at the policy level.

- **Create an evidence base.** In order to maintain interest and provide incentives for donor and recipient governments to act in a mutual accountable way, it is important to gather more evidence on its benefits. In addition evidence could be gathered around the effectiveness of different types of incentives, including conditionalities, peer reviews and internal incentives.
- **Build political and technical capacity.** Capacity and skills are needed to develop shared agendas,

gather evidence and monitor commitments and engage in dialogue and debate. It is recommended that the capacity of all development actors engaged in MA (including parliament, government, CSOs, media and the private sector) is increased. Partner countries should aim to strengthen their public financial management and statistical capacity, while donor countries could focus on their capacity to generate information on aid. There is also a need for donors to decrease the individual reporting burden for recipient governments.

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Useful resources and references

Useful resources:

Accra Agenda for Action: Third High Level Forum on Aid Effectiveness (2008): <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>

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