



Getting practical about mutual accountability

ODE BRIEFS

NOVEMBER 2011

The mutual accountability principle recognises that aid effectiveness is a function of the quality of the partnership between donors and recipients. Progress towards it has lagged, reflecting the complex political challenges it presents to partner countries and donors alike. This ODE Brief examines why mutual accountability is important and what it looks like in practice. It also outlines an example of mutual accountability in action from Australia's aid program.

Why mutual accountability matters

November's fourth High Level Forum on Aid Effectiveness (HLF-4), in Busan, Korea, will assess progress in implementing the Paris Declaration (PD) and the Accra Agenda for Action (AAA). The discussion will be mainly informed by the results of two global review processes coordinated by the OECD Development Assistance Committee (OECD-DAC)¹.

The evidence is that, while a number of the PD reforms were already underway in a range of countries prior to 2005, the Declaration has made a real difference. Specifically, progress on three PD principles—country ownership, alignment, and harmonisation—has brought with it a consequential positive change in the quality of the partnership between donors and recipient countries. This

global progress is important, signalling a move beyond the technical or financial aspects of managing aid, towards policy-driven engagement. The progress is, however, at risk of faltering, due to the slow progress on the two “lagging” principles – mutual accountability² and its “companion” principle, managing for results. The mutual accountability principle is arguably the most critical to aid effectiveness: it seeks to establish mechanisms which create the space for robust, transparent and sustained dialogue on aid effectiveness between partners. It is directly linked to improving country ownership of the development process. Slow progress isn't helped by the fact that there is no agreed, practical definition of mutual accountability.

In order to inform thinking in the lead up to HLF-4, the Office of Development Effectiveness (ODE) commissioned Oxford Policy Management (OPM) to help answer two questions: what, practically, does mutual accountability look like in 2011? And what might that mean for donors, as we head towards Busan? The subsequent report by Stephen Jones and Clara Picanyol, *Mutual Accountability – Progress since Accra and Issues for Busan* (hereafter referred to as “the OPM report”) is linked at the end of this brief.

This ODE Brief highlights key points from the OPM report, updated with findings from OECD-DAC publications since June 2011.

KEY POINTS

- The Paris Declaration on Aid Effectiveness (2005) established a global framework of five aid effectiveness principles, and committed developing countries and donors to systematically measure progress against each principle at country level.
- The Accra Agenda for Action (AAA), agreed at the third High Level Forum in 2008, built on the Paris Declaration (PD) by adding specific principles: predictability; use of country systems; untying of aid; and reduced conditionality. It also clarified the importance of aid transparency to achieving the PD principles. As well, the AAA aims for more inclusive aid, in response to the PD's emphasis on government-to-government relationships.
- The mutual accountability principle asks partner countries and donors to establish independent mechanisms to assess progress in implementing agreed aid effectiveness commitments.
- Of the five Paris Declaration principles, least progress has been made in implementing mutual accountability.
- However, in some countries, practical frameworks for mutual accountability are emerging and important preconditions for progress—most notably strong partner country leadership—have been identified.
- It is expected that progressing mutual accountability will be high on the agenda at the fourth High Level Forum on Aid Effectiveness in Busan.

¹ OECD 2011 and Wood et al 2011 (see reference list). These are referred to in this brief as “the 2011 Monitoring Survey report” and “the 2011 PD Evaluation” respectively.

² The PD defined mutual accountability narrowly: partner countries and donors to jointly assess, through existing and increasingly objective country-level mechanisms, mutual progress in implementing agreed commitments on aid effectiveness.

The challenge

Since the third High Level Forum on Aid Effectiveness in Accra in 2008, the international discourse on mutual accountability has become better informed, but there is still “much confusion over what mutual accountability on aid means, how to measure it and how much progress has been made” (Wood et al 2011, p. 38).

The reasons for the slow progress on mutual accountability since 2005 are complex. Mutual accountability means each partner is accountable for aid outcomes both to its domestic constituency and to its respective partner. The OPM report contends that these competing demands for accountability are the central problem for achieving mutual accountability. For instance, in many partner countries systems for domestic accountability of government spending are not well developed, very new, or weak. In donor countries, the past few years have seen growing pressure to account for aid spending quickly and completely. Broadly, partner country capacity, whilst improving, is still not sufficient for donors to completely rely on it in order to meet their domestic accountability demands, and partner countries have variable capacity in improving financial transparency. Overlaying these complexities are asymmetrical power relations between donors and partner countries and the fact that “donors generally retain the ability to withhold aid, while aid recipients have few means of exerting influence over donors” (OPM 2011, p. 6).

The OPM report draws a graphic picture of mutual accountability as a “hinge”³ linking the two largely independent accountability systems of donors and partner countries, tying together an “overwhelming” array of often competing interests, institutions and demands in both government and donor agencies which hang off this hinge.

Adding to the complexity of the challenge, the AAA, recognising

an important reality not tackled in the PD, put a stronger emphasis on transparency and accountability towards citizens, both in donor and partner countries. The AAA also sought to strengthen the role of parliaments and civil society in planning and delivering aid.

Transparency: an “Indispensable foundation for effectiveness and mutual accountability”⁴

Although transparency was not one of the original Paris principles, improved transparency is seen as a fundamental contingency for progress on virtually all the other principles. A key outcome of the AAA was the emphasis on the importance of transparency for aid effectiveness.

The important link between furthering transparency and building mutual accountability is clear. A common theme in proposals for strengthening mutual accountability is the “importance of strengthening and building on initiatives on aid transparency, which is one of the few areas where significant progress has been made” (OPM 2011, p. iii) Evans goes further in stating that “transparency is a vital, necessary but not sufficient component of mutual accountability” (2010, p. 9).

The 2011 Monitoring Survey report finds that there is no single, authoritative source of evidence to assess progress in fulfilling the Accra commitments relating to transparency, but determines that progress has been “uneven” and that “transparency remains a challenge”.

For a more detailed look at the importance of transparency to aid effectiveness, read *ODE Briefs: Spotlight on Transparency* (<http://www.ode.usaid.gov.au/publications/Documents/briefs-transparency-feb11.pdf>, February 2011).

Progress...where and why?

In an attempt to inject greater rigour into measurement against the relevant PD indicator for mutual accountability, a 2010 United Nations Economic and Social Council (ECOSOC) survey measured progress towards three core—and interconnected—elements comprising mutual accountability: a) aid policy/strategy on which donors are consulted; b) country level targets for aid effectiveness applying to both government and donors; and c) mutual assessments of progress which comprise broad based dialogue across government, and preferably civil society organizations and parliamentarians. This more systematic approach was used to inform the measurement of progress on mutual accountability in the 2011 Monitoring Survey report.

The 2011 Monitoring Survey report suggests some countries (including Afghanistan, Cambodia, Lao People’s Democratic Republic, Mozambique, Rwanda and Vietnam) have made good progress towards the PD target of a functioning process of mutual assessment of progress on aid effectiveness commitments. However of the 78 countries participating in the survey, only 38 per cent reported having reviews of mutual accountability in place in 2010. Furthermore, in some countries progress was reversed between 2005 and 2010, reflecting the capacity challenges for recipient countries trying to build meaningful mechanisms for mutual accountability (OECD 2011, p. 91).

While progress can be hard to sustain, all the evidence drawn on for this Brief shows an important link: countries with more advanced frameworks and systems for mutual accountability reported positive behaviour change by donors, particularly in relation to putting aid on budget, using government systems, and aid predictability.

3 The concept of mutual accountability as a “hinge” was first developed by Whitty (2011) and Domingo (2009), cited in OPM 2011.

4 PDE Evaluation, p. xvi

The preconditions shaping such change are outlined by the OPM report and summarised succinctly in the 2011 PD Evaluation. Both emphasise the critical importance of country leadership in establishing meaningful and realistic systems for mutual accountability. As the 2011 PD Evaluation notes: “Where countries have translated their priorities fairly systematically into prioritised programmes, linked to medium-term expenditure frameworks and annual budgets, their leadership has mostly been strong enough to secure donor support and adjustments, at least overtime. Where country leadership at the operational level has not been as strong, donors have been left a wide margin to interpret national priorities” (2011, p. 23).

Beyond country leadership, the common elements emerging from recent studies which contribute to strengthening mutual accountability are summarised by the OPM report: strengthening and building on aid transparency initiatives; building an explicit focus on performance targets for aid providers (and including non-DAC donors); recognising the important collective and regional action can play; better aid coordination mechanisms, and pragmatic country-level solutions to addressing the politics holding back progress; and ensuring that donor support for country efforts to build mutual accountability gives space for country ownership and leadership.

Mutual accountability is closely related to the managing for results principle. Its joint annual reviews of progress were always envisaged to be evidence based. Although starting from a very low base, progress has been encouraging since 2005 (OECD 2011, p. 87). Perhaps most encouraging is progress at sectoral level, particularly in health and education, with around 80 percent and 75 percent of countries participating in the Monitoring Survey

reporting “transparent performance assessment frameworks” in place (OECD 2011, p. 89). The value of these frameworks is contingent upon the quality of the evidence they generate for judging progress. The 2011 Monitoring Survey points to continuing weaknesses reported by countries in national statistical systems limiting their value (e.g. inadequate resourcing, weak linkages to national policy and budgeting systems and to monitoring and evaluation of government programs) (OECD 2011, p. 88). Capacity building support—and recipient government leadership—to addressing these weaknesses should have priority. As well, donors’ results frameworks could help more to support country efforts: these systems, which are growing in prominence, are often not consistent with country results frameworks. Addressing increasing domestic pressure in donor countries for short term reporting, the 2011 Monitoring Survey report also calls for further thinking about what short-term information is required in order for partner countries and donors to feel reassured that longer term results are on track (OECD 2011 p. 94).

Fragile states

Chandy (2011, p. 3) observes that “when the Paris Declaration was agreed six years ago, fragile states were little more than an afterthought, occupying three paragraphs under the section on harmonisation.” To respond to this oversight, in 2007 donors from OECD countries committed to 10 Principles for Good International Engagement in Fragile States and Situations. Subsequently, the AAA committed to monitoring progress towards these principles, and this effort was rolled into the 2011 Monitoring Survey report.

The relevance of the PD principles to fragile states has been debated in recent years. But the clear finding of the 2010 PD Evaluation is that

“country context is all important” in determining aid effectiveness. In response to this core finding (and the damaging tendency towards rigid and bureaucratic application of the Paris principles), the PD Evaluation claims that flexibility in applying the principles is critical. Thus, the Paris principles are as relevant to fragile states as to any: “in fragile settings the adaptations from ‘normal’ Declaration disciplines should be more a matter of degree than of kind” (Wood et al 2011, p. 14).

The OPM report proposes that the best approach for developing mutual accountability mechanisms in fragile states is joint agreements on specific actions (rather than a comprehensive approach, which risks spreading already thin country capacities even further). The findings of the survey on monitoring the Fragile States Principles in 13 states are in support of this approach (OECD 2011, p. 23).

According to latest World Bank figures, around 1.5 billion people are estimated to be living in fragile situations, and global trends suggest these numbers will continue to grow⁵. Chandy argues that in Busan, “the question of how best to deliver aid in fragile settings will have to feature much more prominently if the aid effectiveness agenda is to remain relevant” (2011, p. 3).

To this end, the g7+ group (working with the International Network on Conflict and Fragility), will propose in Busan a “New Deal” for aid effectiveness, informed by the above fragile states principles. Although still being finalised, the current draft⁶ gives centrality to mutually agreed country compacts and results-focused frameworks to guide joint priority setting, resources allocation and annual monitoring of compact commitments.

5 World Bank 2011, *World Development Report 2011: Conflict, Security and Development (Overview)*, accessed 3 November 2011, <http://wdr2011.worldbank.org/sites/default/files/WDR2011_Overview.pdf>

6 Timor Leste Ministry of Finance, *A New Deal for International Engagement in Fragile Situations*, accessed 27 October 2011 <<http://www.mof.gov.tl/a-new-deal-for-international-engagement-in-fragile-states/?lang=en>>

Australia and mutual accountability

The determined reform effort of the Australian aid program in recent years is consistent with the positive shift in global aid practice. Reforms of most relevance here include a renewed emphasis on understanding country context, greater alignment of Australian aid with partner country priorities and attention to improving dialogue with our partners. The Australian Government's Aid Policy gives new emphasis to this effort, recommending wholesale reforms centred on improved country ownership.

In the Pacific, the 2008 Port Moresby Declaration and the subsequent 2009 Cairns Compact on Strengthening Development Coordination (Cairns Compact) demonstrate the renewed commitment of Pacific countries to improve aid effectiveness. The Declaration calls for relationships based on partnership, mutual respect and mutual responsibility. Following the declaration, 11 Pacific Partnerships for Development (PPDs) have been formalised providing frameworks for improved aid effectiveness.

While it is still early days for the PPDs, they are an important innovation designed to strengthen mutual accountability between Australia and its partners. Each PPD acknowledges the accountability each government has to its parliament and people and the mutual responsibility both parties share for mutually agreed outcomes. It focuses attention on development results which are monitored in partnership through regular, joint and evidence based reviews of progress towards these mutually agreed outcomes.

Several Partnerships are piloting the use of independent advisers to assist partner governments to identify priorities for discussion before, and to finalise joint action plans following, annually held review meetings. The engagement of senior independent

experts, who mentor officials from both the partner country and Australia, has been important for improving the quality of the dialogue upon which the partnerships are built and for sustaining the momentum.

The task for Busan

While the evidence shows that, globally, progress on mutual accountability has been stagnating, it also confirms that practical action, which is realistic, appropriate to context, transparent and rigorous can produce real improvements in the quality of dialogue between aid partners: a prerequisite to better aid results. Participants in Busan will need to recognise the considerable country experience, and some success stories, if they are to translate renewed interest in mutual accountability (for instance in the g7+ New Deal) into commitments which can deliver better aid.

More broadly, the rapidly changing global economic landscape, in particular, the rapid growth in non-DAC financing for development, and the simultaneous decline in growth of OECD-DAC resources for development is well documented⁷. This structural shift in resourcing for development may well bring with it a decline in interest in the pursuit principles for better aid effectiveness. The “newly emerging donors”, for instance, emphasise shared and sustained growth first, and mutual benefit, rather than mutual accountability for their investments in developing countries (OPM 2011, p. 18).

It will be important that the global and well documented experience gleaned in aid effectiveness in recent years is built on rather than lost. Although progress has fallen short of expectations in important areas, the 2011 PD Evaluation argues that the PD and the AAA “represent major advances in donor transparency, aid effectiveness and mutual accountability” (Wood et al 2011, p. 12). Harnessing the experience, “to provide

the basis for future standards and international aid architecture,” is the task for Busan.

Reference list

- » Chandy, L 2011, *Aiding Stability: Improving Foreign Assistance in Fragile States*, The Brookings Institution, accessed 1 November 2011, <http://www.brookings.edu/~media/Files/rc/reports/2011/09_fragile_states_chandy/Aid%20Global%20Views.pdf>
- » Egan, A 2008, *Mutual Accountability: 'orphan' principle of the Paris Declaration*, Office of Development Effectiveness, accessed 3 November 2011, <<http://www.ode.ausaid.gov.au/publications/documents/mutual-accountability-issues-note.pdf>>
- » Evans, A 2010, *Aid effectiveness post-2010 – a think-piece on ways forward*, Overseas Development Institute, accessed 1 November 2011, <<http://www.odi.org.uk/resources/download/5923.pdf>>
- » OECD 2011, *Aid Effectiveness 2005-10: Progress in Implementing the Paris Declaration*, OECD Publishing
- » Oxford Policy Management 2011, *Mutual Accountability – Progress since Accra and Issues for Busan*, <<http://www.ode.ausaid.gov.au/publications/documents/mutual-accountability-study.pdf>>
- » United Nations 2010, *Key Findings of the 2010 Mutual Accountability Survey*, ECOSOC Development Cooperation Forum, cited in OECD 2011.
- » Wood, B; Betts, J; Etta, F; Gayfer, J; Kabell, D; Ngwira, N; Sagasti, F; Samaranayake, M. 2011, *The Evaluation of the Paris Declaration: Final Report*, Copenhagen

OFFICE OF DEVELOPMENT EFFECTIVENESS

The Office of Development Effectiveness (ODE) monitors the performance of the Australian aid program, evaluates its impact and contributes to international evidence and debate about aid and development effectiveness.

ODE Briefs are short, focused pieces of research and analysis on key findings and emerging themes on aid effectiveness.

ode@ausaid.gov.au
www.ode.ausaid.gov.au

⁷ See the Lowy Institute's *The Future State of the World: What it means for Australia's foreign aid program* (<http://www.lowyinstitute.org/Publication.asp?pid=1640>) and the Asia Foundation's *Bridging the Divide at Busan HLF4* (<http://asiafoundation.org/in-asia/2011/09/14/bridging-the-divide-at-busan-hlf4/>).