



Third International Roundtable  
**Managing for Development Results**

---

*Hanoi, Vietnam – February 5 - 8, 2007*

# **Mutual Accountability: The Key Driver for Better Results**

## **A Background Paper**

**Third International Roundtable on  
Managing for Development Results**

**Hanoi, Vietnam**

**5-8 February 2007**



## **Mutual Accountability: The Key Driver for Better Results**

“The principle of mutual accountability - of donors, the international financial institutions, and recipient governments for the quality of external support and for improved performance - is central to accelerating performance.”

Global Monitoring Report 2006 *“Millennium Development Goals: Strengthening Mutual Accountability, Aid, Trade, and Governance*

### **Introduction**

If poverty reduction and Millennium Development Goal (MDG) objectives are to be met, both the quality and the quantity of development assistance must improve. The 2006 World Bank Global Monitoring Report put mutual accountability as the key driver in linking improvements in aid and development practice to the achievement of the MDGs.

To date much international debate has focused on the need for developing countries to improve their own accountability and governance regimes to enhance the effectiveness with which they use aid, and their own resources, to produce development results. However, it is equally important that bilateral and multilateral donors be held to account for the commitments on aid quantity and quality that they have made.

In 2005, donors agreed to double aid for Africa by 2010. According to the OECD, aid for all developing countries should increase by around \$50 billion per year by 2010, of which at least \$25 billion extra per year would be for Africa. But now more than ever, stakeholders—in both developing and developed countries—want to know that aid, and development resources more generally, is used as effectively as possible. Thus, in the 2006 Paris Declaration on Aid Effectiveness, donors and partner countries agreed to achieve, and to monitor progress toward, over 50 individual commitments in the areas of ownership, alignment, harmonisation, managing for results, and mutual accountability. The last paragraph of the Declaration (50) asks partner countries and donors to assess their mutual progress jointly at the country level; and it is noteworthy that the Declaration holds donors and partner countries jointly accountable not just for meeting specific commitments, but for development results.

## MUTUAL ACCOUNTABILITY

### Donors and partners are accountable for development results

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.

48. **Partner countries** commit to:

- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
- Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.

49. **Donors** commit to:

- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

50. **Partner countries** and **donors** commit to:

- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments.

*Paris Declaration 2005*

## The Meaning of Accountability

Accountability relationships normally revolve around two key components:

- Answerability—an organisation's obligation to justify its decisions and actions. Answerability, in turn, has two aspects:
  - Availability of information: performance information must be made available so that others can form a judgement on performance.
  - Mechanisms for using information effectively: mere availability of information is insufficient. There also has to be capacity to analyse that information and make effective use of it in performance assessment and policy dialogue. This requires analytic and advocacy skills on the part of those seeking to hold organisations to account.
- Enforceability—the ability to ensure that an organisation takes an agreed action, and effective mechanisms for redress if it does not. Enforceability requires that others are able to apply sanctions—political, legal, or financial sanctions—for poor performance and failure to meet agreed commitments.

*Mutual* accountability is commonly understood as an agreement between two (or more) parties under which each can hold the other responsible for delivering on its commitments. The Paris Declaration is of this nature. However, the problem with mutual accountability as applied to aid is that it is asymmetric: the recipient tends to be highly accountable to donors, who can potentially enforce accountability through their control of funding; but donors are less accountable to recipients, who generally lack the means to secure agreed commitments from donors, let alone enforce them. Most current aid instruments and conditionality regimes, such as poverty reduction support credits and budget or sector support, are not about mutual accountability, but about the accountability of the recipient to the donor.

Enforceability poses particular challenges for mutual accountability. Donors' incentives to improve the quality of aid are relatively weak—feedback from other donors and peer pressure (e.g., the OECD/DAC peer review process), and now the monitoring process built into the Paris Declaration. But there is no effective mechanism for penalising poor-quality performance by donors as donors can penalise poor-quality performance by countries. Moreover, there is no market in aid, so there is no automatic incentive system that might lead to “good aid” driving out “bad aid.” In reality the only limited sanction recipients have is to say “no” to aid that does not meet their development objectives—something that, for a number of understandable reasons, they may find it difficult to do.

The Paris Declaration thus uses a definition of mutual accountability that focuses on answerability and is largely silent about enforceability. Periodic surveys tracking the key indicators will provide information on the extent to which partner countries and donors are meeting some of their commitments. Both parties, and other organisations, can use this information to bring pressure to bear on governments and donors. By exposing the results of aid to wide public scrutiny, this approach promotes mutual accountability,. But ways still need to be found to strengthen mutual accountability by encouraging donors to improve their aid practices, and promoting more leadership and ownership by partner countries.

## **Key Challenges: Mutual Accountability and Results**

Aid relationships present specific asymmetries in terms of accountability:

- ***Performance Assessment.*** Donors determine the quantity and quality of their development assistance, monitoring the performance of recipient governments. At the country level, in both projects and programmes, performance targets focus closely on the results countries are expected to achieve and the means by which they are to be achieved. By contrast, donor actions and commitments necessary to achieve the desired results are not normally spelt out. Countries have little influence over donor policies, and few mechanisms for monitoring donor performance.

- **Accountability Frameworks.** Donor agencies are accountable to their domestic constituencies or their Boards, but the consequences of their actions are felt by recipient governments and their populations. There is currently no direct “feedback loop” that allows aid recipients to influence policymaking in donor countries. Moreover, in aid-dependent countries, aid can distort domestic accountability frameworks.
- **Responsibility for Risk.** Mutual accountability and reciprocal commitments imply shared responsibility for the outcomes and impact of development interventions. In private sector contracts risk is usually shared in an effort to link incentives with performance. In the aid relationship, recipient governments and their populations effectively bear the cost when projects or programmes fail, and also have the responsibility for repaying any loans taken out. By contrast, the donor government and population bear little risk and no direct cost other than that of financing on less than commercial terms.

For strong mutual accountability, *partner countries* must have the technical capacity and political determination to produce policies and procedures for the active management of aid, and their governments must provide a coherent approach, strong central leadership, and a clear and credible framework for dialogue. *Donors and countries* must have shared goals, plans, and results frameworks, supported by reciprocal commitments and monitoring arrangements; and mutual trust and confidence. Finally, *donors* must have clear policies and procedures to fulfil their mutual accountability commitments, including providing better information on aid flows to governments and stakeholders, and undertaking more rigorous assessment of their own performance.

In developing mutual accountability arrangements, the parties need to focus the relationship on development results. This leaves the country free to decide how best to achieve the results, boosting country ownership and freeing both donor and recipient from being tied to the fulfilment of detailed blueprints for inputs and outputs, which are onerous to comply with and to monitor, and, if used as conditions for the release of aid, controversial. An appropriate focus on results, supported by appropriate information and monitoring arrangements, allows a more productive dialogue on strategies for achieving results, pinpointing necessary actions by both partner country and donor.

For example, an appropriate results focus for an education programme would be a specified increase in school enrolment. This would entail building schools, training and recruiting teachers, and ensuring the supply of equipment and textbooks; but it would be the country’s responsibility to decide on the best mix of inputs and outputs to achieve the desired result. The country and the donor would need use the feedback from monitoring to evaluate progress—but the only reason would be to assess progress towards the result, rather than to hold the

country specifically accountable for building so many schools and training so many teachers.

## Meeting the Challenges

### A. Country Level

A number of developing countries have adopted mechanisms to strengthen mutual accountability. For example, the governments of Afghanistan, Cambodia, Ghana, Mozambique, Tanzania, Vietnam, and Zambia have adopted various mechanisms to improve aid effectiveness, establish fora where problems in the aid relationship can be discussed, and help meet agreed commitments. The precise arrangements are country-specific, building on each country's unique history of aid relationships and its domestic context (see Box).

#### Examples of Mutual Accountability Arrangements

Tanzania has established a Joint Assistance Strategy and an Independent Monitoring Group that periodically reviews the relationship between Tanzania and its donors. Mozambique's Partners' Performance Assessment Framework generates pressure for improvements in donor alignment, predictability, and conditionality. Ghana has produced an Aid Harmonisation and Effectiveness Matrix and Zambia an MOU on Coordination and Harmonisation of Government/Donor Practices for Aid Effectiveness.

In some cases these national mechanisms have been precipitated or reinforced by international agreements. Thus Cambodia and Vietnam have both produced local partnership agreements in response to the Rome and Paris Declarations on Aid Effectiveness, as well as actively engaging in international discussions on aid effectiveness. In 2006, Rwanda published an aid policy paper that responded to the Paris Declaration and set out new arrangements to improve the effectiveness of aid management and coordination arrangements. This policy paper envisages the development of a plan of actions by both government and donors, and the establishment of an independent mechanism to regularly monitor of their performance against accepted criteria. Also in 2006, Malawi began to produce an Annual Debt and Aid Report that analyses aid portfolios in terms of progress toward the Paris Declaration objectives on harmonisation and alignment with national development processes and procedures.

Mutual accountability mechanisms in some countries have already resulted in better and more structured relationships, more pressure on donors to respond to local priorities and government wishes, and greater government coherence and ownership of the policy agenda. On the other hand, donors still often fail to

provide information transparently, and local donor representatives are often reluctant to delegate authority.

The baseline exercise for monitoring the Paris Declaration has already indicated that very few countries have arrangements for mutual accountability in place, although the agreed target for all partner countries to have such arrangements is 2010. Without such arrangements, it will be difficult to monitor at the country level the implementation of the Paris commitments, as well as others that may be agreed at country level. In terms of managing for results, the survey also indicates that few countries yet have satisfactory results-oriented frameworks. These problems reinforce the need for country-level initiatives to be supported by central agency policy changes and international-level action.

## **B. International Mechanisms**

International mutual accountability mechanisms can support country-level mechanisms. The Paris Declaration has provided a useful impetus for strengthening country-level mechanisms to promote mutual accountability, including by providing a basis for recipient governments to hold donors to account for internationally agreed commitments. The Joint Ventures of the OECD Working Party on Aid Effectiveness, including those on Monitoring the Paris Declaration (JV MPD) and Managing for Results (JV MfDR), provide scope, albeit limited, for partner countries to influence international action.

Some mechanisms at the international level incorporate a dimension of mutual accountability. In Africa, for example, the Africa Partnership Forum (APF) was created in 2003 to provide a venue for a more inclusive partnership between Africa and the G8, and to serve as the political mechanism for monitoring progress on mutual accountability. In addition, the UN Economic Commission for Africa (ECA) and the DAC undertook a Mutual Review of Development Effectiveness (MRDE) in 2005, aimed at tracking the implementation of reciprocal commitments by African governments and their OECD partners. In 2006 the Nigerian government initiated a meeting on Finance for Development that, among other things, seeks to strengthen monitoring of donors and governments. Some civil society organisations such as CIVICUS, Debt Relief International, and African Monitor are active in monitoring the commitments of both governments and donors in achieving development results.

It appears that there are fewer regional mechanisms in other parts of the world. Developing networks amongst developing countries, to mirror the strong formal and informal networks amongst donors, could be useful in strengthening exchanges of experience and lessons learned on mechanisms for mutual accountability and managing for results. The Mutual Learning Initiative developed by the JV MfDR, the Asian Community of Practice on MfDR, and the proposed African Community of Practice on MfDR could be developed as fora for this purpose.

## Key Issues

Key issues requiring discussion include the following.

### *Country Level*

- What are good country-level practices to promote mutual accountability for development results, drawing on current experiences?
- How can countries strengthen their own and independent monitoring of donor practices?
- What do donors need to do differently to enhance mutual accountability at the country level? For example, should they invest in capacity building for aid management, or decentralise their operations?
- What should be the next steps towards achieving the Paris Declaration targets for mutual accountability and managing for results—that is, “transparent and monitorable performance assessment frameworks that are also mutually assessed”—by 2010?

### *International Level*

- What further measures are necessary at the international level to support mutual accountability for more effective aid and development results?
- Is there a need for stronger international mechanisms than currently exist (e.g., in the OECD or World Bank) for monitoring donor activity, assessing performance, and holding donors to account?
- How can experience be better shared amongst partner countries and their collective action strengthened?
- Should civil society organisations play a bigger role in monitoring donor performance? If so, how?

## Further Reading

ADB (2006) *Asian Regional Forum on Aid Effectiveness*  
Background Papers, Asian Development Bank, Manila.  
[www.adb.org/Documents/Events/2006/Aid-Effectiveness/default.asp](http://www.adb.org/Documents/Events/2006/Aid-Effectiveness/default.asp)

Agulhas (2006) *What new structures are emerging at the country level to support a more effective and accountable development partnership?* Thematic study no. 5, Agulhas, London.  
[www.adb.org/Documents/Events/2006/Aid-Effectiveness/thematic-papers/ts5.pdf](http://www.adb.org/Documents/Events/2006/Aid-Effectiveness/thematic-papers/ts5.pdf)

- ODI (2006) *Promoting Mutual Accountability in Aid Relationships*  
Briefing Paper, Overseas Development Institute, London.  
[www.odi.org.uk/publications/briefing/bp\\_april06\\_mutual\\_accountability.pdf](http://www.odi.org.uk/publications/briefing/bp_april06_mutual_accountability.pdf)
- ODI (2006) *Promoting Mutual Accountability in Aid Relationships: Synthesis Note*. Overseas Development Institute, London.  
[www.dfid.gov.uk/mdg/aid-effectiveness/newsletters/mutual-accountability-synthesis.pdf](http://www.dfid.gov.uk/mdg/aid-effectiveness/newsletters/mutual-accountability-synthesis.pdf)
- World Bank (2006) *Strengthening Mutual Accountability - Aid, Trade and Governance*. Global Monitoring Report, World Bank, Washington.  
<http://siteresources.worldbank.org/INTGLOBALMONITORING2006/Resources/2186625-1145565069381/GMR06Complete.pdf>