

Commonwealth  
Finance Ministers Meeting  
Limassol, Cyprus, 30 September – 2 October 2009

---

FMM(09)(INF)5

**DOCUMENT FOR INFORMATION OF DELEGATIONS**

**Domestic and Mutual Accountability for Aid: Building stronger synergies**

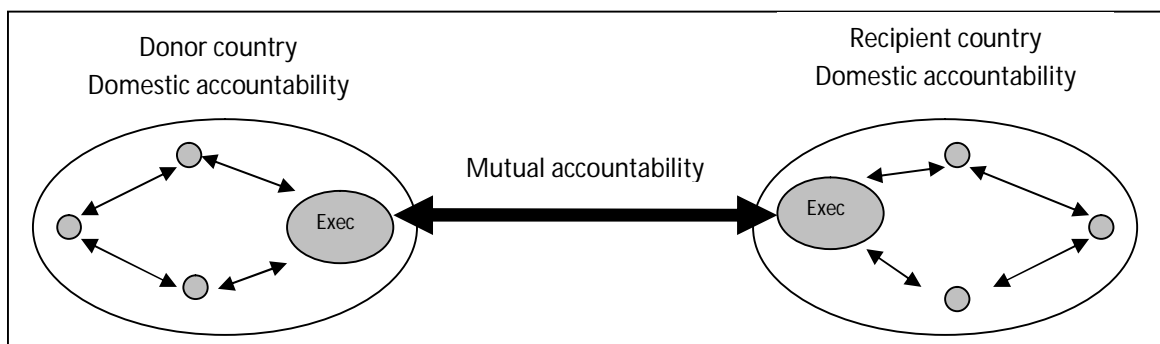
*“Transparency and accountability are essential elements for development results and lie at the heart of the Paris Declaration, in which we agreed that countries and donors would become more accountable to each other and to their citizens for the use of all development resources and the results achieved.” (Accra Agenda for Action, Paragraph 24).*

1. The Commonwealth Secretariat as part of its work programme in raising awareness and promoting exchange on the implementation of the Paris Declaration will undertake a number of case studies on ***Building Stronger Synergies between Domestic and Mutual Accountability for Aid***. It is envisaged that these case studies would be undertaken between November 2009 and April 2010. This note outlines the background to this work and sets out briefly the planned methodology and approach. **The Commonwealth Secretariat is seeking volunteer member countries** who are interested in participating in this practical piece of work.

**Background and rationale: Accountabilities and aid effectiveness**

2. Accountability should be a powerful driver of progress on aid effectiveness and poverty reduction (Accra Agenda for Action, para 22). Accountability matters in various domains: in developing countries, where domestic accountability, governance and politics are the prime movers of progress towards sustainable reductions in poverty; in developed countries, where domestic accountability generates the incentives that shape the policy and practice of donors; and, between developed and developing country partners, where mutual accountability can play a role in shaping the behaviour of aid donors and recipients.

**Figure 1: Domestic and mutual accountability**



3. To make progress on aid and development effectiveness, it is crucial that the workings of accountability across its various domains are in tune, working in harmony rather than at cross-purposes. Achieving synergies across the domains of accountability requires that good information is available about aid flows and the results that they contribute to. Information and evidence are the currency of accountability<sup>1</sup>; building synergies between mutual and domestic accountabilities requires the creation of a “common currency”. This note sets out a conceptual framework and proposes a series of case studies to stimulate dialogue and share experience about how the synergies between domestic and mutual accountability for aid can be strengthened in order to enhance aid effectiveness and drive progress on poverty reduction.<sup>2</sup>

#### **The nature of domestic accountability and mutual accountability**

4. Domestic accountability concerns the relationship between the governed (citizens) and those who govern (government). Domestic accountability for aid concerns the relationship between governments who manage and make use of aid, and the domestic constituencies on whose behalf aid is managed. Domestic accountability can involve a wide range of domestic actors, including the executive, parliament, audit institutions, civil society organisations, political parties and the media. These actors play a number of roles in relation to aid, providing input to national development plans, facilitating debate about development priorities, engaging in the budget process, monitoring progress against targets for aid and development effectiveness, and ultimately sanctioning governments for poor performance.

5. Domestic accountability tends to be weak in many developing countries. A lack of transparency and access to information – about aid volumes, development plans or the results achieved by aid – limits the scope for domestic accountability for aid. These obstacles to effective accountability are compounded where power is concentrated in the hands of the executive, where domestic accountability institutions such as parliaments lack capacity, and in aid-dependent countries where the power of donors and their demands for accountability may skew accountability and marginalise domestic actors, excluding them from the policy process.

<sup>1</sup> Droop, J., Isenman, P. and Mlalazi, B. (2008) *Mutual accountability in aid effectiveness: International-level mechanisms*. OPM Briefing Notes.

<sup>2</sup> Domestic accountability in donor countries is important, but here the focus is on the relationship between mutual accountability and domestic accountability in developing countries.

6. Mutual accountability concerns the two-way relationship between development partners – governments in developed and developing countries. Mutual accountability for aid concerns the two-way relationship between aid donors and aid recipients. While no country has yet developed a fully-fledged mutual accountability system, a range of formal and informal mechanisms have been developed to build accountability for aid between recipient governments and donors. Some mechanisms – such as the Joint Assistance Strategies established in countries including Ghana, Kenya, Tanzania and Uganda – establish shared goals and reciprocal commitments, which in theory should be owned by recipient governments with inputs from donors. Some mechanisms – for instance, the common Performance Assessment Framework in Rwanda and the Partnership Group on Aid Effectiveness in Vietnam – focus on monitoring and oversight, evaluating the performance of both government and donors in implementing development programmes. And some mechanisms – such as Consultative Groups in various countries, and the Cambodia Development Forum – are more focused on dialogue and debate, providing fora where recipient government and donors can discuss issues of joint concern.

7. Mutual accountability mechanisms, where they exist, also tend to be weak. A lack of access to information on aid and aid performance limits the ability of either party to be held accountable. And, with few if any mechanisms available for developing countries to sanction donors for poor performance, mutual accountability mechanisms have tended to reflect rather than transform existing unbalanced power relations.

### **The relationship between domestic and mutual accountability**

8. There is considerable overlap between domestic and mutual accountability. There should therefore be considerable scope for building synergies between the two.<sup>3</sup> The fundamental overlap is that – echoing the fact that accountability entails about transparency, answerability and enforcement – both domestic and mutual accountability for aid require and involve the generation and exchange of information about aid and the contribution that aid makes to achieving development results. Beyond this, there are overlaps between domestic and mutual accountability in terms of:

- **the focus of accountability** (what are the actors being held to account for?): both are concerned with the effective use of aid and other development resources to deliver development results;
- **the arena for accountability** (where are the actors being held to account?): both include in-country aspects, although mutual accountability has in-country and international aspects;
- **the actors involved** (who is holding whom to account?): both involve developing country governments, although domestic accountability looks inward and involves non-state actors such as parliaments and civil society organisations while mutual accountability looks outward and primarily involves only state actors;

---

<sup>3</sup> An alternative way of putting this is to say that domestic and mutual describe two different but related dimensions of accountability. Domestic accountability is defined in terms of the location or arena for accountability. Mutual accountability is defined in terms of the actors involved. The fact that they are defined in different dimensions allows the possibility of overlap.

9. In theory, domestic and mutual accountability ought to be complementary, working in synergy to drive progress on aid effectiveness and development results. In this scenario, strong mutual accountability enables stronger domestic accountability, which in turn further strengthens mutual accountability; the combination of mutual and domestic accountability driving faster progress in terms of development results. The Paris Declaration provides an example: donors provide timely, transparent and comprehensive information on aid flows, enabling executives in developing countries to report fully on budgets to their parliaments and citizens, which allows for enhanced domestic accountability. Conversely, another example would be where domestic accountability actors generate information about development results, and the contribution that aid has made, enabling them to hold their own government to account and strengthening the evidence base for mutual accountability.

10. In practice, weak and imbalanced mutual accountability has little purchase on donors' behaviour, with the result that they are more responsive to the incentives generated by accountabilities in their own countries. This might, for instance, encourage donors: to tie aid; to provide technical assistance in ways that benefit consultants from their own countries rather than responding to local needs; to deliver aid in an unpredictable manner; to make less use of developing countries' systems for Public Financial Management than their quality warrants. Another example would be the frequent failure of donors to provide transparent and timely information about aid, limiting the ability of parliaments and other domestic actors in developing countries to hold the executive to account for the use of that aid. Such practices can undermine domestic accountability in developing countries, leading to tensions rather than synergies between mutual and domestic accountability.

11. Transforming the dynamics of domestic and mutual accountability so that they work in harmony rather than at cross purposes entails strengthening domestic accountability with an eye to how it will feed into improved and more balanced mutual accountability, and strengthening and balancing mutual accountability with an eye to how it will feed into strengthened domestic accountability. Fundamentally, it entails ensuring that the information generated and exchanged in – and the behaviours shaped by – one set of accountability relationships enables the effective functioning of the other set of accountability relationships. The evidence base about the relationship between domestic and mutual accountability is practically non-existent, with in-depth research on mechanisms for mutual accountability, in particular, in its infancy. However, as the evaluation of the implementation of the Paris Declaration notes, while mutual accountability is a complex puzzle, “more pieces of the puzzle are actually at hand than is generally assumed. In fact, they are already being used to varying degrees”.<sup>4</sup>

12. Logically, there are three sets of questions that might usefully be explored to see how best to build the synergies between mutual and domestic accountability:

- First, whether the workings of mutual accountability might generate information, stimulate dialogue and shape behaviours in ways that feed into strengthened domestic accountability. An example of this dynamic can be seen for instance in Mali, where since 2006 the EC and a pool of donors have provided an annual report with detailed information about aid disbursements by sector, by instrument and by region. This

---

<sup>4</sup> Wood et al (2008) *Evaluation of the implementation of the Paris Declaration: Synthesis Report*.

allows domestic accountability actors to know what resources the executive has to spend, something that is essential for domestic accountability for the use of aid.

- Second, whether the workings of domestic accountability might generate information, stimulate dialogue and shape behaviours in ways that feed into strengthened and more balanced mutual accountability. An example of this dynamic can be seen for instance in the Philippines, where a civil society initiative monitors government infrastructure projects, enabling donors to hold developing governments to account for the use made of aid. Similar dynamics can be seen in Malawi, where civil society organisations have been active in tracking budget allocations, in Uganda, where the Ugandan Debt Network monitors how the government spends the additional resources made available through debt cancellation; and in Nicaragua, where a local CSO has previously conducted a detailed field-level audit of the use made of emergency aid.
- Third, whether the workings of domestic and/or mutual accountability can themselves be transformed, building the synergies between the two sets of accountability relationships. This might involve extending the range of actors involved in mutual accountability – including parliaments and civil society organisations in efforts to monitor donor performance – in effect, breaking down the boundaries between domestic and mutual accountability so that both sets of accountabilities work in harmony. Conversely, as occurred to some extent in the preparations for the Accra High Level Forum, it might involve including domestic accountability actors such as parliaments in discussions about aid effectiveness that take place beyond their domestic arenas.

### **Case study methodology**

13. The primary purpose of the case studies will be to stimulate dialogue and share experience (in-country and through forums including the OECD-DAC and the Working Party on Aid Effectiveness) about how to realise the potential synergies between domestic and mutual accountability for aid, in order to enhance aid and development effectiveness. This will be done by exploring the role that information – about aid and its contribution to development results – plays in the workings of both mutual and domestic accountability, and how information can be generated and used in one set of accountability relationships in such a way that it strengthens and builds synergies with the other set of accountability relationship. The case studies are envisaged not solely as elements in a research project, but as in-country processes to explore how the synergies between domestic and mutual accountability might be strengthened, and to share country experience.

14. With developing countries – and governments in developing countries in particular – key players in domestic and mutual accountability, it will be crucial to secure country engagement and build ownership for this research. It will also be important to secure the engagement of donors and key domestic accountability actors including parliaments and civil society organisations. To do this, a project steering committee will be established, with representatives from participating recipient countries, as well as donor champions known to be supportive of this work.

15. Given the importance of securing buy-in, selecting case studies at this stage would be premature. The Commonwealth Secretariat will need to work with its members to identify

volunteers for case studies, with the selection of case study countries then guided by a number of criteria to ensure that they cover a range of experiences and contexts, including countries where aid is largely on-budget and countries where aid is largely off-budget. An initial mapping of country experience and activity as regards mutual accountability will play an important role in helping to guide the selection of country case studies; so that phase two of the research doesn't amount to looking for things that are not there, it will be essential that there are some signs of activity in terms of mutual accountability for aid and development effectiveness in all of the case study countries.

16. In line with the purpose above, the case studies will focus on the overlaps and linkages between mutual and domestic accountability, looking in particular at whether and how they come together – and at the generation and exchange of information – at key “entry points” in the aid management cycle. Where relevant, this will mean looking at elements of the aid cycle within a particular sector, or at cross-cutting issues such as budget processes. The key “entry points” identified are “planning”, “implementation” and “monitoring” stages. For example for planning, a case study might focus on the development of national development strategies and the input and interaction between domestic and mutual accountability actors and mechanisms. For monitoring, it might examine civil society monitoring of donor and executive aid commitments or joint evaluations of donor and recipient government's development programmes. In terms of actors, the case studies will focus on the key actors for domestic and mutual accountability, namely recipient government executives, donors, parliaments and civil society organisations.

17. Case studies will be conducted by research teams which include both international and national researchers. Research methods will include:

- Literature/policy review and mapping of aid cycles and accountability systems for aid in each country;
- Identification of key mechanisms/entry points (e.g. within planning, implementation, monitoring) through mapping and in-country consultation;
- Interviews to examine the workings of domestic and mutual accountability, and their linkages, with a particular focus on the generation and exchange of information;
- Draft report and feedback;
- Final report and dissemination.

**Please contact Samantha Attridge , Economic Adviser, Economic Affairs Division, Commonwealth Secretariat, London on +44 (0)20 7747 6325 or [s.attridge@commonwealth.int](mailto:s.attridge@commonwealth.int) to indicate your interest or obtain further information.**

Commonwealth Secretariat  
Marlborough House  
London SW1Y 5HX

September 2009