External accountability and PFM
Reflections from recent studies in Malawi, Uganda and Tanzania

Presentation
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Defining accountability

- Political power-holders carry out their mandate and exercise their powers in a way that is transparent, in the sense that it enables other institutions – and the public – to see what is actually done.

- Power-holders are answerable in the sense of being obliged to provide reasons for their decisions in public.

- Institutional checks or control mechanisms are in place to prevent abuse of power and ensure that corrective measures are taken in cases where the mandate is contravened or rules are violated.
External agents and domestic accountability structures

Who are they?

- Intergovernmental organisations
- International NGOs
- Donors
- Corporations - investors

They have an accountability function

- International legal obligations (including international common law – human rights)
- Democratic principles
- Use of donor funding
How?

■ Direct accountability
  □ Accounting, reporting, justification
  □ Election monitoring
  □ Legal sanctions, boycotts,
  □ Conditionalities – withdrawal of funding, investments
  □ Shaming

■ Indirect
  □ Support (financial, technical, political) for domestic accountability agencies – vertical and horizontal
Accountability: vertical, horizontal, external

External actors

President/Cabinet
State bureaucracy

Legislature
Courts

electoral process
media

"THE PEOPLE"

checking the state
The studies

- Budget as Theatre: The formal and informal institutional makings of the budget in Malawi (DFID 2004)
- The Accountability Functions of Supreme Audit Institutions: Malawi, Uganda and Tanzania (Norad 2005)
- Patterns of Accountability in Tanzania (DFID 2005)
The findings: Malawi

- The formal budget is a theatre that masks the real distribution of public funds
- PFM reforms are not implemented due to pronounced resistance to ‘donor imposed’ systems of accountability
- Donor conditionality and withdrawal of budget support has become part of the negative cycle: Donors and not trusted, budget support is erratic and unpredictable
Uganda

- The National Resistance Movement regime has emphasised poverty reduction, corruption and oversight.
- Donor harmonisation and an increasing amount of donor funds channelled through the budgetary process have eased the capacity problems of domestic oversight.
- But: Uganda’s oversight institutions were established within the movement system. Moving to a competitive and conflictual political situation, government commitment to oversight institutions is challenged.
Tanzania

- The Executive, operating through the President and a small group of Ministers dominates in the national policy-making process and domestic accountability mechanisms (legislature, oversight) appear formalistic.
- At the executive level, a sense of real partnership with donors and donor institutions appear to have developed.
- In practice domestic political factors exerts a dominant influence over policy.
The questions:

- Government by proxy?
  - Does external accountability undermine domestic accountability?
  - Do donor demands and priorities ‘crowd out’ domestic accountability institutions?

- Does it work?
  - When, where and how can external pressure improve PFM in a recipient country?

- How to guard the external guardians?
  - who should hold international agents accountable, how and for what?