

## DAC NETWORK ON GOVERNANCE (GOVNET)

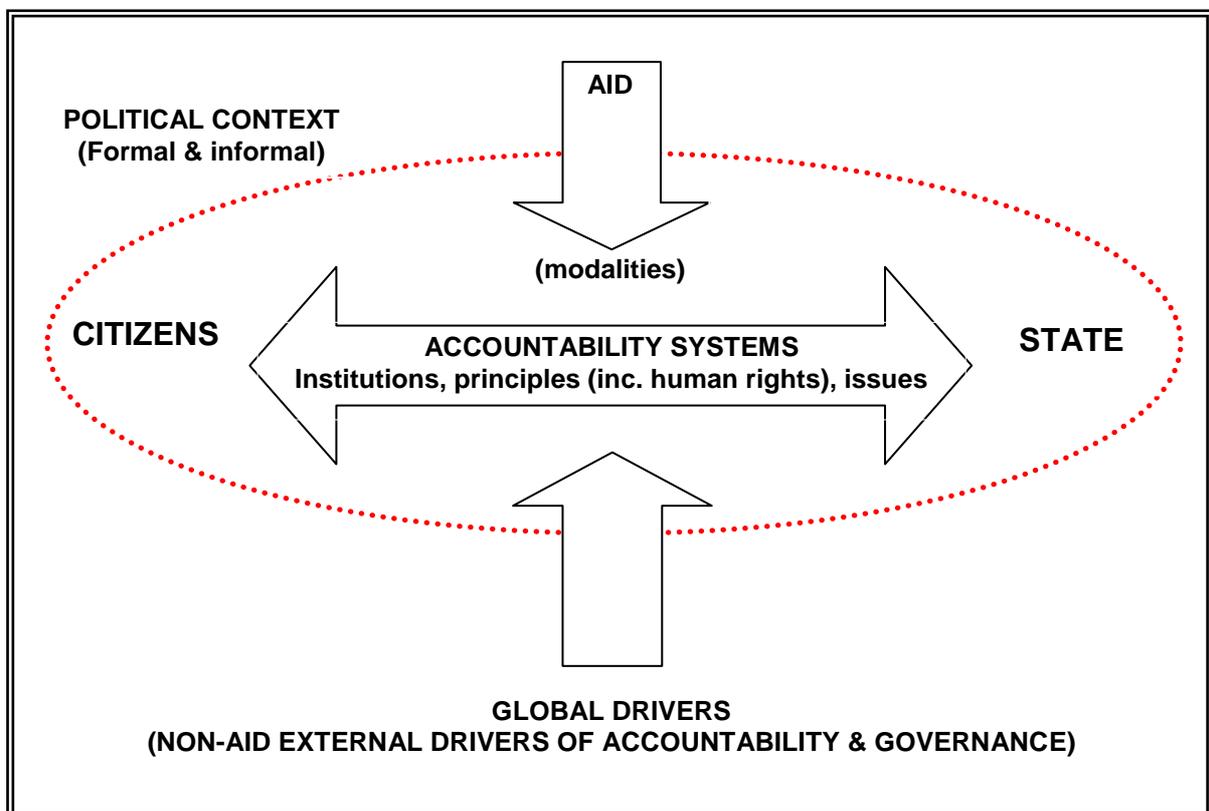
Background Paper for the Launch of the Work-stream on

### Aid and Domestic Accountability

30<sup>th</sup> March 2009

Prepared by Alan Hudson and the GOVNET Secretariat

This is also ROOM DOCUMENT 2 for the 12<sup>th</sup> Meeting of the DAC Network on Governance on 31<sup>st</sup> March 2009, OECD Headquarters, Paris



## Aid and Domestic Accountability

### Summary

Poor governance constrains development. States that are accountable to their citizens are a key element of governance that is good for development. Domestic accountability – in this context the ability of citizens to hold the state answerable for its actions, and ultimately to impose sanctions for poor performance – provides states with an incentive to respond to the needs of their citizens. Ensuring effective domestic accountability is an ongoing challenge for all countries. In many developing countries, states are only weakly accountable to their citizens.

Domestic accountability is driven in large part by domestic politics, but the actions of donors and other “external” actors – in relation to aid and non-aid matters – do contribute to shaping domestic accountability and governance in developing countries. Donors, working in partnership with developing countries, have a responsibility to act, at home and abroad, in ways that strengthen, rather than undermine, domestic accountability.

The Governance Network (GOVNET) of the OECD’s Development Assistance Committee (DAC) is embarking on a two-year programme of work on aid and domestic accountability. The aim of the proposed programme of work is to support improvements in domestic accountability that enhance governance, lead to faster progress on poverty reduction, and make aid more effective. This aim is one that can be supported by all governments that are committed to sustainable poverty reduction and to countries having ownership – democratic ownership – of their own development agendas. The proposed work-stream will achieve this by generating a better understanding and evidence base about the realities of governance and domestic accountability in order to inform the policy and practice of donors and other relevant stakeholders.

The GOVNET work-stream on aid and domestic accountability will make a strategic contribution to the activities of the Working Party on Aid Effectiveness and, ultimately, the fourth High Level Forum on Aid Effectiveness, to be held in 2011. The work-stream is also expected to play an integrative function, providing a common framework that will add value to the activities of a number of other GOVNET Task Teams and foster collaboration with other DAC networks such as those focused on gender equality, conflict and fragility, poverty reduction and evaluation.

GOVNET is committed to ensuring the full and active participation of stakeholders from partner countries throughout the course of the work-stream. Their ownership is crucial. Involving organisations based in developing countries, with first-hand expertise and experience of the realities of governance and domestic accountability in those countries, will help to ensure that GOVNET’s work is realistic and useful and builds on existing initiatives to strengthen domestic accountability. This approach will also help to strengthen capacity in partner countries and is in line with commitments made by donors and partner countries to build a global partnership for development with democratic country ownership at its core.

**Section one** of the paper provides an introduction to the planned work-stream and the paper itself.

**Section two** outlines what domestic accountability is and sets out the ways in which aid can impact on it, through shaping the scope for domestic accountability and by helping to build the capacity of key accountability institutions such as parliaments and civil society organisations. If aid is to contribute to improvements in domestic accountability, donors need to ensure that their support to capacity development is effective and that the ways in which they deliver aid do not limit the scope for domestic accountability.

**Section three** provides a brief discussion of the impact of aid – and different aid modalities – on the scope for domestic accountability, noting that aid can sometimes limit the scope for domestic accountability, but also that the impact of aid on the scope for domestic accountability, and the suitability of different modalities, depends in part on existing patterns of accountability.

**Section four** outlines and assesses donors' efforts to contribute to building the capacity for accountability in developing countries through the provision of support to institutions including civil society organisations, parliaments, political parties and the media. It notes that while there have certainly been some successes, donors have tended to adopt "blueprint" approaches that take insufficient account of context, with support often provided in a manner that focuses on building the capacity of individual institutions rather than systems of accountability.

Building on the analysis of aid and its impacts on the scope and capacity for domestic accountability, **section five** does two things. It makes the argument that donor policy and practice would benefit from greater engagement with the complexities of real-world governance and the politics and incentives that shape the emergence and effectiveness of domestic accountability. It then sets out a conceptual framework and approach that will enable donors and other stakeholders to explore the complexities of governance in particular countries, to consider the impact of aid both in terms of shaping the scope and contributing to strengthening the capacity for domestic accountability, and to analyse the role that politics and incentives play in shaping domestic accountability.

The conceptual framework draws attention to a number of points that must be considered if one is to understand the relationship between aid and domestic accountability. First, domestic accountability is about the relationship between citizens and the state and the extent to which the state is answerable for its actions and inactions. Second, domestic accountability emerges (or doesn't) through the operation of accountability systems that bring together a variety of institutions, putting into practice and drawing on a number of principles – including human rights principles and agreements – through their engagement with particular issues. Third, citizen-state relations are embedded in specific country contexts, with their own political realities, structures of incentives and configurations of formal and informal power. Fourth, the scope and capacity for domestic accountability can be shaped by aid, with aid that is delivered on the basis of a sound understanding of the prevailing governance context more likely to have a positive impact. And fifth, for a number of issues there will be additional "global drivers"; non-aid drivers of accountability and governance, the dynamics of which are generated, to varying degrees, beyond the borders of the country concerned.

Section five also proposes that GOVNET's work-stream take issues as entry-points for exploring the landscapes of governance and domestic accountability. This approach offers a number of advantages. First, it will enable the exploration of the political realities and incentives that shape real-world governance and that donors need to engage with if their support to the strengthening of domestic accountability is to be effective. Second, it will allow for exploration of the ways that aid can shape both the scope and capacity for domestic accountability and of what it might mean for donors to deliver support in ways that are better-aligned – where appropriate – with political realities and incentives. And third, it will enable GOVNET's planned work-stream to play an integrative function, adding value to the work of other GOVNET Task Teams and DAC Networks and fostering collaboration with other organisations working on issues of governance and domestic accountability.

**Section six** examines a number of issues to demonstrate how the proposed conceptual framework – a political economy framework – can be used to address the question of why domestic accountability is often lacking, in order to inform better policy and practice on aid and domestic accountability. The issues used as illustrative examples are budget processes, taxation, corruption, service delivery and electoral processes. All of these issues play, or could play, a crucial role in strengthening and building the legitimacy of citizen-state relations.

Finally, **section seven** considers the next steps for GOVNET's planned work-stream on aid and domestic accountability. It explains in broad terms – subject to decision and discussion with partner country stakeholders in particular – how the proposed framework and GOVNET Task Team on aid and domestic accountability will help to ensure that the results of various groups' explorations can be put together, piece by piece, to produce a map of the landscape of aid and domestic accountability.

By putting into practice the principles of partnership, the work-stream and approach proposed in this paper will contribute to a better understanding of the complexities of governance. This will give donors and others more scope to support effectively the strengthening of domestic accountability. Whether that scope is used is a question of politics and priorities, at both ends of the emerging global partnership for development.

## CONTENTS

<b>1. INTRODUCTION .....</b>	<b>4</b>
The work-stream: Aims, outputs, partnerships .....	4
The background paper: Purpose, process, outline .....	5
<b>2. AID AND DOMESTIC ACCOUNTABILITY .....</b>	<b>6</b>
What is domestic accountability? .....	6
What is the relationship between aid and domestic accountability?.....	6
<b>3. AID, AID MODALITIES AND THE SCOPE FOR DOMESTIC ACCOUNTABILITY.....</b>	<b>8</b>
What is the impact of aid-dependence on the scope for domestic accountability? .....	8
What is the impact of different aid modalities on the scope for domestic accountability? .....	9
Beyond the aid modalities debate .....	10
<b>4. AID AND CAPACITY DEVELOPMENT FOR DOMESTIC ACCOUNTABILITY .....</b>	<b>11</b>
Introduction .....	11
Donor support to civil society (organisations) .....	11
Donor support to parliaments .....	13
Donor support to political parties .....	15
Donor support to the media .....	16
Donor support: Strengthening institutional capacity for domestic accountability?.....	18
<b>5. GOVNET'S WORK-STREAM ON AID AND DOMESTIC ACCOUNTABILITY: A PROPOSAL .....</b>	<b>20</b>
Aid, accountability and the wider governance landscape .....	20
Getting real about governance: Issues as entry-points .....	22
<b>6. EXPLORING AID AND DOMESTIC ACCOUNTABILITY: ILLUSTRATIVE EXAMPLES .....</b>	<b>27</b>
Budget processes .....	27
Taxation.....	28
Corruption and anti-corruption .....	28
Service delivery (health, including HIV/AIDS) .....	29
Electoral processes.....	30
<b>7. NEXT STEPS FOR THE GOVNET WORK-STREAM ON AID &amp; DOMESTIC ACCOUNTABILITY ...</b>	<b>33</b>

# 1. Introduction

## The work-stream: Aims, outputs, partnerships

1. Poor governance constrains development. States that are accountable to their citizens are a key element of governance that is good for development.<sup>1</sup> Domestic accountability – in this context the ability of citizens to hold the state answerable for its actions, and ultimately to impose sanctions for poor performance<sup>2</sup> – provides states with an incentive to respond to the needs of their citizens. In many developing countries, states are only weakly accountable to their citizens.
2. Domestic accountability is driven in large part by domestic politics (de Renzio, 2006). This is the case for both developing countries and for developed countries, facing their own ongoing challenges of ensuring accountability and effective governance. However, global dynamics play a role too as the ongoing global financial crisis and its repercussions for domestic politics across the globe demonstrates. Globalisation, it might be said, blurs the boundaries of the domestic.
3. Domestic politics are key, but the actions of donors and other “external” actors – on aid and non-aid matters – do contribute to shaping domestic accountability and governance in developing countries. Donors, working in partnership with developing countries, have a responsibility to act – at home and abroad – in ways that strengthen, rather than undermine, domestic accountability. In order to inform the policy and practice of donors and other stakeholders, the Governance Network (GOVNET) of the OECD’s Development Assistance Committee (DAC) is embarking on a two-year programme of work on aid and domestic accountability. This report introduces this programme of work.
4. The planned GOVNET work-stream on aid and domestic accountability will share good practice and deliver evidence-based guidance to donors, to partner country governments and other stakeholders about how best they can support improvements in domestic accountability that enhance governance, lead to faster progress towards poverty reduction and – setting off a virtuous cycle of aid and domestic accountability – make aid more effective. These are goals that can be supported by all governments that are committed to sustainable poverty reduction and to countries’ having ownership – democratic ownership – of their own development agendas.
5. The GOVNET work-stream on aid and domestic accountability will make a strategic contribution to the activities of the Working Party on Aid Effectiveness and, ultimately, the fourth High Level Forum on Aid Effectiveness, to be held in 2011. The work-stream is also expected to play an integrative function, providing a common framework that will add value to the activities of a number of other GOVNET Task Teams and foster collaboration with other DAC networks such as those focused on gender equality, conflict and fragility, poverty reduction and evaluation.
6. GOVNET is committed to ensuring the full and active participation of stakeholders from partner countries throughout the course of the work-stream. Their ownership is crucial. Involving organisations based in developing countries, with first-hand expertise and experience of the realities of governance and domestic accountability in those countries, will help to ensure that GOVNET’s work is realistic and useful and builds on existing initiatives to strengthen domestic accountability. This approach will also help to strengthen capacity in partner countries and is in line

---

<sup>1</sup> “Citizens” is used here as a short-hand to refer to all people within the territory of the state and subject to its jurisdiction.

<sup>2</sup> By definition, domestic accountability could refer to both intra-state (horizontal) accountability and citizen-state (vertical) accountability. The focus of this paper and GOVNET’s planned work-stream on aid and domestic accountability is citizen-state accountability.

with commitments made by donors and partner countries to build a global partnership for development with democratic country ownership at its core.

### **The background paper: Purpose, process, outline**

7. The purpose of this paper is to frame the GOVNET work-stream on aid and domestic accountability, by building on an earlier concept note.<sup>3</sup> This paper continues as follows:
- section two outlines what domestic accountability is and sets out the ways in which aid can have an impact on it, through shaping the scope for domestic accountability and by helping to build the capacity of key accountability institutions such as parliaments and civil society organisations<sup>4</sup>;
  - section three provides a brief discussion of the impact of aid – and different aid modalities – on the scope for domestic accountability, noting that the impact of aid on the scope for domestic accountability, and the suitability of different modalities, depends in part on existing patterns of accountability<sup>5</sup>;
  - section four outlines and assesses donors’ efforts to contribute to building the capacity of key accountability institutions in developing countries, noting that donors have tended to take “blueprint” approaches that take insufficient account of context and that support has often been provided in a manner that focuses on building the capacity of individual institutions rather than systems of accountability;
  - section five, building on the analysis of aid and its impacts on the scope and capacity for domestic accountability:
    - makes the argument that donor policy and practice would benefit from greater engagement with the complexities of real-world governance and the politics and incentives that shape the emergence and effectiveness of domestic accountability;
    - sets out a conceptual framework and approach that will enable donors and other stakeholders to explore the complexities of governance in particular countries, to consider the impact of aid both in terms of shaping the scope and contributing to strengthening the capacity for domestic accountability, and to analyse the role that politics and incentives play in shaping domestic accountability;
  - section six demonstrates – using the examples of budget processes, taxation, corruption, service delivery and electoral processes – how this framework might be used to address the question of why domestic accountability is often lacking, in order to inform better policy and practice on aid and domestic accountability; and,
  - section seven considers the next steps for GOVNET’s planned work-stream on aid and domestic accountability.

---

<sup>3</sup> It draws on extensive discussions and feedback from various members of the GOVNET, including an audio conference on 17th February, a meeting with the Chair of the GOVNET and the Chairs of the Human Rights and Taxation and Governance Task Teams on 20th February, as well as feedback from members of the Task Teams on Corruption, Human Rights, and Taxation and Governance. It also benefits from the inputs provided by Professor Onyejekwe of UNECA at a meeting on the 13<sup>th</sup> March.

<sup>4</sup> Organisations that have the task of debating and approving legislation, representing citizens and holding the executive to account go by a variety of names in different political systems. In this report, they are referred to as “parliaments”.

<sup>5</sup> The phrase “patterns of accountability” is borrowed from Lawson and Rakner, 2005.

## 2. Aid and domestic accountability

### What is domestic accountability?

8. Accountability concerns the relationship between the rulers and the ruled (Schedler and Diamond, 1999). As such, it is fundamentally about politics and power (Newell and Wheeler, 2006). Domestic accountability is about the relationship between the state and its citizens, on whose behalf a state – particularly a state with aspirations of legitimacy – is expected to rule. Working to achieve domestic accountability and state legitimacy is an ongoing challenge for all countries.<sup>6</sup>
9. There are three conditions that must be met if the relationship between the state and its citizens is to be characterised by accountability: transparency, answerability and enforceability. Transparency entails citizens having access to information about the commitments that the state has made and whether it has met them. Answerability means that citizens are able to demand that the state provide justifications for its actions. Enforceability means that citizens are able to sanction the state if it fails to meet certain standards.
10. Accountability has a number of dimensions. This can make discussions of accountability confused. To clarify matters it is helpful in any discussion of accountability to address a number of simple questions: who is being held to account; who is holding to account; what are they holding them to account for; where are they holding them to account; and, how are they holding them to account? (Goetz and Jenkins, 2004). GOVNET’s planned work-stream on aid and domestic accountability is focussed on: the state being held to account by its citizens (who); for the policies implemented by the state (what); domestically, within the country concerned (where); through a variety of formal and informal institutions and mechanisms that include but go far beyond the electoral process (how). Clarity about the focus of GOVNET’s planned work-stream on aid and domestic accountability should help to ensure fruitful collaboration between this work-stream and that of other groups working on issues of accountability.

### What is the relationship between aid and domestic accountability?

11. GOVNET’s work-stream on aid and domestic accountability aims to provide guidance to donors, partner country governments and other stakeholders about how best they can support improvements in domestic accountability, in particular through their provision of aid. There are two main ways in which aid provided by donors impacts on domestic accountability.<sup>7</sup>
12. The first is by shaping the scope for domestic accountability. The policy question for donors here – a “do no harm” question – is, how can aid be delivered and managed in a way that ensures accountability for aid but that does not lead to governments in developing countries being more accountable to external donors than to their citizens? The second is by helping to build the capacity of key accountability institutions such as parliaments, political parties, civil society organisations and the media. The policy question for donors here is, how can support for key domestic accountability institutions be provided most effectively?

---

<sup>6</sup> As recent work on state-building demonstrates, different types of legitimacy and combinations of these types are relevant in different country contexts (Bellina et al, 2009; Clements, 2008). This is an issue that GOVNET’s planned work-stream on aid and domestic accountability will need to engage with, learning from the experience of those concerned primarily with governance in fragile states (see figure 2 in section 5 on the importance of informal aspects of governance).

<sup>7</sup> Related arguments are made in an excellent review of the “democratic dimension of aid” (Global Partners & Associates, 2009 - forthcoming) and in recent work by FRIDE (Meyer and Schulz, 2008, p.25).

13. If aid is to lead to improvements in domestic accountability – and then, to better governance and poverty reduction – then donors need to consider both strands of the relationship between aid and domestic accountability. Donors need to ensure that their direct support for domestic accountability – often motivated by the goal of “deepening democracy” – is complemented rather than undermined by their efforts to see that aid is well accounted for. The dual motivations that donors have for improving domestic accountability need not be in tension. As domestic accountability institutions and systems are strengthened, then – as donors make more use of those systems<sup>8</sup> – there will be more scope for governments to be democratically accountable to their citizens.
14. The following sections of this report explore the two strands of the relationship between aid and domestic accountability in turn; that which impacts on the scope for domestic accountability (section 3) and that which impacts on the capacity for domestic accountability (section 4), before section 5 sets out a framework for considering both strands of the relationship in an integrated manner.

---

<sup>8</sup> It would be a mistake to assume that this will automatically happen. The Paris Declaration Monitoring Survey reports that donors’ use of country systems is not correlated with improvements in the quality of those systems (OECD, 2008b).

### 3. Aid, aid modalities and the scope for domestic accountability

#### What is the impact of aid-dependence on the scope for domestic accountability?

15. Determining the impact of aid on domestic accountability is a challenge because the impact of aid depends upon the volume of aid and how it is delivered, managed and spent.<sup>9</sup> It also depends fundamentally on existing patterns of accountability and the capacity of key accountability institutions such as parliament to hold the executive to account. Issues of attribution, direct and indirect impacts, and time-lags between aid and its impacts further heighten the challenge of tracing the links between aid and domestic accountability. Nevertheless, it is possible to identify a number of dimensions of the relationship.
16. There is no doubt that aid has in some instances had a positive impact on domestic accountability. Aid can help to provide resources to finance investment for revenue-constrained governments committed to development, helping to improve the quality of the civil service, strengthen policy and planning capacity, and establish strong central institutions. More specifically, aid can widen the scope for domestic accountability, particularly when it leverages improvements in transparency or coordination between different organisations. However, the evidence suggests that in low income countries with weak governance – particularly those in sub-Saharan Africa (SSA) – sustained aid dependence has had primarily negative impacts on domestic accountability and the quality of governance (Bräutigam and Knack, 2004).
17. There are three inter-related channels through which aid dependence tends to undermine or limit the scope for domestic accountability. First, sustained aid dependence skews accountability outwards towards donors by creating incentives for governments to be accountable to donors rather than to their own citizens (Bräutigam, 2000). If governments respond to these incentives and donors, for their part, exercise a degree of control over policy and spending decisions, then domestic accountability institutions such as parliaments will be marginalised (Eberlei and Henn, 2003; Langdon and Draman, 2005), ownership will be undermined and the scope for domestic accountability and democratic decision-making reduced (Whitfield and Fraser, 2008).
18. Second, as the GOVNET Task Team on taxation and accountability has explored (OECD, 2008c) aid may retard the emergence of a more legitimate and sustainable tax-based social contract between citizens/voters/tax-payers and the state. The historical evidence suggests that tax and domestic revenue generation – and revenue-bargaining between states and organised citizens – plays an essential role in state formation (Bräutigam, Fjeldstad and Moore, 2008, p.1). In a way that echoes the “resource curse” experience of some countries with abundant natural resources, aid may undermine the emergence of effective tax systems in developing countries because governments that are able to rely on aid inflows have less incentive to collect tax.
19. And third, a lack of transparency as regards aid will limit the scope for domestic accountability in the budget process and the public policy process more broadly. Transparency does not necessarily lead to accountability, but parliaments, audit institutions, civil society organisations and others will not be able to hold the executive to account if they are unable to see how much aid is received, how it is spent, and what impact it has. In many developing countries aid flows are often channelled outside of one or more of the stages of the formal budget process, from planning through to execution and audit (CABRI/SPA, 2008). Such off-budget aid by-passes country systems

---

<sup>9</sup> Section 3 of this Background Paper is based on a note prepared by Geoff Handley (ODI) and Paolo de Renzio (University of Oxford and ODI Research Associate).

and – as it is not presented to parliament, subject to domestic procurement procedures, audited through government systems or visible to civil society and media organisations – limits the scope for domestic accountability.

**What is the impact of different aid modalities on the scope for domestic accountability?**

20. The impact of aid on the scope for domestic accountability depends on the extent to which recipient governments are able to control and manage the aid that they receive, incorporate it in their policy cycle, and spend it according to their own developmental priorities. Different aid modalities – including budget support, basket funds and projects – allow for varying degrees of control and might therefore be expected to vary systematically in their impact on the scope for domestic accountability.
21. The proportion of aid channelled to countries participating in both the 2006 and 2008 Paris Declaration monitoring surveys as general budget support has remained constant at 21%, with DAC estimates suggesting that overall budget support has amounted to around 3% of aid in recent years. Nevertheless, discussions about aid modalities have tended to revolve around the benefits and drawbacks of Budget Support.
22. For a number of donors, Budget Support – either General Budget Support or Sector Budget Support – is seen as the preferred aid modality because it is fully-aligned with country systems and policies and is seen to allow room for domestic accountability. This, the argument goes, is in contrast to projects, common funds and global funds and programmes such as the Global Fund for AIDS, Tuberculosis and Malaria that have tended to use separate systems, are driven by donor policies and may detract attention from the development of the effective country systems that are needed for domestic accountability to emerge (Handley, 2008; Kizilbash and Williamson, 2007).
23. However, the relationship between different aid modalities and domestic accountability is not the clear cut “projects bad, new aid modalities good” dichotomy that is often portrayed, for three sets of reasons. First, well-designed projects need not crowd out domestic accountability, with on-budget principles applicable, in theory, to all aid modalities (CABRI/SPA, 2008). While it is often not the case, the majority of projects could easily be made more compatible with domestic accountability, for example by including them in sector plans and budget documents. And, conversely, newer aid modalities such as budget support can have contradictory impacts on domestic accountability by promoting deeper donor involvement in core policy processes (Harrison, 2004; Lawson and Kizilbash, 2008).
24. Second, there is considerable variation amongst donors in the ways that they make use of different modalities, such as budget support. For instance, recent evidence from Ghana and Tanzania (Lawson and Kizilbash, 2008) suggests that while the World Bank and IMF have reduced their reliance on ex-ante disbursement conditions that constrain domestic accountability, some bilateral budget support donors have continued to rely on detailed matrices of policy actions and outcomes that amount to the “micro-management of country policies” (Booth, 2008, p.3).
25. And third, it seems clear that the most effective way of delivering aid to a country – whether the objective is to deliver progress towards the Millennium Development Goals, or to support the emergence of domestic accountability – will vary depending on the country context. Recent debates about whether Budget Support is appropriate for Uganda, or whether it sustains some of the most negative aspects of patron-client politics (see Lister et al 2006 and Barkan 2004), demonstrate that there is as yet little consensus about how donors’ decisions as regards aid should

take account of context, but there is no doubt that context matters.<sup>10</sup> One of the tasks for GOVNET's planned work-stream is to help donors to systematically explore the ways in which context matters as regards their efforts to provide aid in a manner that supports rather than undermines domestic accountability.

### **Beyond the aid modalities debate**

26. Donors will continue to use a range of aid modalities and the impact on domestic accountability of any particular aid modality will be shaped by the context in which it is used. Debates about which aid modality is best are, to the extent that they search for universal answers, unhelpful. This has implications in two areas.
27. First, there is a need for a set of principles around transparency, coordination and the availability of information that donor and recipient governments can make use of and apply to all aid modalities, in all contexts, addressing the highly-fragmented reality that aid recipients face (International Budget Partnership, 2009). And second, if aid is to strengthen rather than undermine domestic accountability, the selection and design of aid instruments must be informed by a sound understanding of existing patterns of domestic accountability, the complexities of governance and the political economy of aid.<sup>11</sup>
28. The alternative – treating aid delivery as a purely technical exercise rather than one with political dimensions – will do little to strengthen democratic ownership and domestic accountability. This paper returns to this issue in section 5 with a proposal for how GOVNET's work-stream might contribute to a better understanding of the political economy of aid. Next however, we consider the second strand of the relationship through which aid impacts on domestic accountability, the provision of aid in direct support of domestic accountability and its institutions.

---

<sup>10</sup> The literature on aid effectiveness in fragile states clearly acknowledges the importance of context and makes some headway in thinking through the implications for decisions about aid (ODI, 2005; OPM/IDL, 2008). For more general discussion of the context-appropriate design of aid instruments see also Foster and Leavy, 2001 and Lister, 2003.

<sup>11</sup> It is important to note here that this will only happen if donors' country offices have the incentives and flexibility to programme their interventions in a manner that responds to local needs, and are not unduly constrained as a result of the demands of risk-averse parliaments and auditors in donor countries (Burall et al, 2009; Cant et al, 2008; Fölscher et al, 2008; Penrose, 2008).

## 4. Aid and capacity development for domestic accountability

### Introduction

29. In supporting governance reforms over the past twenty years, donors have focused on supporting the strengthening of state capacity. However, as donors have increasingly realised, effective democratic governance and domestic accountability requires the active involvement of a wide range of actors and institutions including parliaments, political parties, civil society organisations and the media at national and sub-national levels. The following sections provide a brief review of such support considering – for CSOs, parliaments, political parties and the media – the reasons why donors have provided support, its nature and effectiveness, and the challenges that donors have faced in providing support that is effective.<sup>12</sup>

### Donor support to civil society (organisations)

30. Civil society is the space between the state and the household where people come together around shared interests and values. Civil society organisations (CSOs) are organisations that emerge to enable people to share information and coordinate action in pursuit of their shared interests and values. In many cases CSOs also play an important role in linking citizens to the state. CSOs are diverse. They may work on economic, social, cultural, political or environmental issues and range from the more formal (NGOs, trade unions, faith groups, think-tanks and business associations) to the less formal (community-based organisations, farmers' associations and cultural groups) (DFID, 2007, p.3).
31. There is no shortage of donor experience on working with civil society, with total spending by international aid organisations in support of civil society reaching \$4 billion as far back as 1995 (Rakner, Rocha Menocal and Fritz, 2007, p.39). Support to civil society has been provided by a number of organisations, including: bilateral donors; multilateral organisations; private foundations; political foundations, particularly from the US and Germany; and, northern NGOs (Rakner et al, 2007, pp.39-40).
32. From the late 1990s, as the importance of a strong state was re-acknowledged within donors' development discourse, support to civil society became more focused on strengthening its engagement with the state, through, for instance, civil society participation in the production of Poverty Reduction Strategies (Advisory Board for Irish Aid, 2007, pp.9-10). More recently, the role of CSOs in amplifying citizens' voice and in strengthening the accountability of the state – including state accountability for aid effectiveness – has come to the fore of donor thinking (O'Neil et al, 2007, pp.13-15).
33. In this approach, CSOs are seen as potential drivers of accountability at all stages of the policy cycle: setting standards, investigating and exposing state actions and inactions, demanding answers, and, ultimately, applying sanctions (DFID, 2007, p.5; see also Carothers, 1999, p.212). For a number of donors, including Sweden's Sida, Norway's Norad and Switzerland's SDC, supporting civil society is also valuable for intrinsic reasons; that is, as a lack of voice is one dimension of poverty, effective empowerment and the amplification of voice in itself reduces poverty (O'Neil et al, 2007, pp.16-17).

---

<sup>12</sup> Section 4 of this Background Paper is based on a note prepared by Linnea Jonsson (London School of Economics).

34. Donors' support for CSOs is almost as diverse as the universe of CSOs. As a recent review of seven donors' support to initiatives intended to strengthen citizens' voice and accountability reported, donor support varies along a number of dimensions including: the level at which support is provided (from local to national); the actors supported; the thematic focus (from Public Financial Management to women's empowerment); the types of donors involved; the amount of funds devoted to a particular initiative; the mode of implementation (from targeted to mainstreamed); and, the timeframe over which support is provided (Rocha Menocal and Sharma, 2009).
35. There have been some ambitious attempts to evaluate the impact of donor support to democracy and governance (USAID, 2008) and some progress has also been made in terms of devising indicators relating to various dimensions of voice, accountability and democratic governance. But attempts to evaluate donor support to CSOs working on accountability and governance issues have been limited (Rocha Menocal and Sharma, 2009, p.2; see also OECD, 2008b). Regrettably, this means that – while donors' support to CSOs working on voice and accountability seems to have had limited and isolated effects (Rocha Menocal and Sharma, 2009, p.4) – it is difficult to know in any detail what works and what doesn't and to what extent those successes that have been achieved are context-dependent.
36. Despite the absence of reliable data on the effectiveness of donors' support to CSOs working on issues of governance and accountability, it is possible to identify a number of challenges that donors' work in this area has encountered and in some cases exacerbated. These challenges go beyond the standard ones of donors' having time-horizons that take insufficient account of the pace of political change, and the fragmented nature of donor support (Tembo et al, 2007). Fundamentally, the challenges relate to the complex patterns of accountability that characterise the governance landscapes on which CSOs operate, to the difficulties that donors face in engaging with those complexities and to the sometimes unexpected consequences of donor engagement in contexts that they may not fully understand (Rocha Menocal and Sharma, 2009, pp.2-3). The challenges for donors seeking to strengthen domestic accountability through supporting CSOs include the following:
- first, CSOs are not always pro-poor and can sometimes reproduce and reinforce unequal social relationships and patterns of discrimination and marginalisation, for instance as regards gender. CSOs are not always accountable to those who they claim to represent, with some CSOs and NGOs established to take advantage of funding opportunities rather than solely in response to citizens' demands, and others sometimes established by government;
  - second, donor support for CSOs can – as well as having major implications for sustainability – make them accountable to donors rather than to their members and can exacerbate the tendency of CSOs, and particularly NGOs, to focus on elite and urban concerns. Donor support for NGOs may, as recent experience in Ethiopia demonstrate, lead governments to exclude those NGOs from participating in policy processes;
  - third, donors that support CSOs can find themselves embroiled in a power struggle with the government, a position that donors – keen to see the emergence of effective developmental states as well as strong civil societies, and to work in partnership with governments – may not be comfortable with (Rakner et al, 2007, p.41);
  - fourth, high levels of donor support to CSOs risk undermining other key accountability institutions such as parliaments and the formal political process, leading to the emergence of unbalanced accountability systems. As progress on accountability requires capable

states, as well as powerful voices, this is particularly problematic (Rocha Menocal and Sharma, 2009, p.3); and

- fifth, civil society and CSOs' engagement with the state is shaped by the complex interplay between formal and informal institutions, as well as the underlying power relations and dynamics, with implications that donors have struggled to take on board (Rocha Menocal and Sharma, 2009, p.3).

### **Donor support to parliaments**

37. Parliaments are a pivotal institution in citizen-state relations, linking vertical accountability (MPs' accountability to citizen-voters) with horizontal accountability (the executive's accountability to parliament and its constituent MPs). As the key formal institution linking citizens with the state, parliaments have an important role to play in contributing to governance which is good for development.
38. Parliaments contribute to governance in three main ways: through legislation – passing the laws that constitute a country's legal framework; through oversight – keeping an eye on the activities of the executive and holding the executive to account, including in relation to budget matters; and, through representation – collecting, aggregating and expressing the concerns, opinions and preferences of citizen-voters (Hudson, 2007, p.2). A parliament that plays these roles effectively will contribute to the strengthening of citizen-state relations, and to governance that is good for development.
39. In practice, while there has been progress in some countries (Barkan, 2008), parliaments across the developing world – and in much of the developed world – face major challenges in their efforts to hold the executive to account and are desperately lacking in capacity and resources. In 2005, the African Governance Report reported that: "In terms of enacting laws, debating national issues, checking the activities of the government and in general promoting the welfare of the people, these duties and obligations are rarely performed with efficiency and effectiveness in many African parliaments" (UNECA, 2005).
40. Support to parliamentary strengthening has been provided by a number of bilateral donors (particularly USAID, Canada's CIDA, Sweden's Sida, the UK's DFID as well as the Austrian, Belgian, Danish and Germany development agencies), by multilateral organisations (including the EC, the Inter-American Development Bank, UNDP and the World Bank Institute), and by and through a number of international parliamentary networks and organisations (including Canada's Parliamentary Centre, the Inter-Parliamentary Union, the Commonwealth Parliamentary Association, the Parliamentary Network on the World Bank, the Westminster Foundation for Democracy, AWEPA, the International Institute for Democracy and Electoral Assistance, the National Democratic Institute, the German political party foundations or Stiftungen and a number of regional parliamentary organisations).
41. Few donors have comprehensive records of their spending on support to parliaments making it hard to gauge the scale of support. There has been a recent upsurge of interest in the provision of support to parliaments with some donors giving more emphasis to parliaments and some increasing their budgets (Power, 2008, p.4). Nevertheless, support to parliaments remains a very small component of overall aid. Donors' support to parliamentary strengthening has taken a number of approaches, from working with individual MPs and parliamentary committees to build their capacity, to working with parliament as an institution, for instance to improve its rules of

procedure, to – in a limited number of cases – engaging with the wider political system of which parliament is a part (Hudson, 2007, p.4).

42. There is very little reliable evidence about the effectiveness of donor support to parliamentary strengthening, with obvious implications for those tasked with designing programmes of support to parliamentary strengthening. There have, however, been some encouraging moves. First, the Commonwealth Parliamentary Association, the National Democratic Institute, the Inter-Parliamentary Union and the World Bank Institute have collaborated on the production of guidelines and benchmarks that might be used to assess parliamentary performance. Second, UNDP has been involved in the production of indicators, regional benchmarks and regional peer review processes in relation to parliaments. And third, some donors – particularly USAID – have made considerable efforts to make progress on systematic and rigorous outcome focused evaluations (Power, 2008, pp.7-8).
43. The available evidence suggests that while there have been some successes, for instance in terms of increasing the effectiveness of parliamentary budget committees in a number of countries – one of the areas that donors, keen to see aid better accounted for, have been particularly keen on – donors’ support to parliamentary strengthening has had a limited impact. A review of Sida’s support in this area noted that parliamentary strengthening activities have tended to focus on parliament as a self-contained entity, rather than as part of a wider political and social system. As a result, parliamentary strengthening has tended to focus on the symptoms of a “dysfunctional political process” rather than the underlying social and political causes (Hubli and Schmidt, 2005, p.5). While this review was of Sida’s support, its findings are of wider relevance and very much echo a highly critical assessment of support to legislatures made some years earlier (Carothers, 1999).
44. The challenges that donors face in providing effective support to parliamentary strengthening relate in large part to the complex governance landscapes on which parliaments are situated and donors’ failure to understand or engage effectively with those complexities. First, MPs’ behaviour is driven in part by the expectations of voters who – with many of them living in desperate poverty and unaware of the roles that MPs are expected to play in the formal political system – may re-elect MPs that work to deliver development and services to their constituencies rather than those that prioritise holding the executive to account. Second, in many countries MPs are subject to strict party discipline with members of the ruling party in particular having little incentive to ask searching questions of their leader. Third, in most countries the executive, and in particular the President, dominates parliament, with – for instance – parliament’s budget and agenda controlled by the executive. Fourth, the workings of parliament and MPs’ behaviour are shaped by the constitution and the electoral process. And fifth, as would be the case in all countries, it would be naïve to assume that all MPs are motivated solely by a desire to represent their constituents, draft legislation and hold the executive to account.
45. When donors enter into this complex landscape of governance the effectiveness of their efforts is shaped by dynamics that they may not be aware of, with their behaviour in turn having unintended impacts. For instance, by engaging primarily with the executive donors can risk further marginalising elected representatives, as tended to happen with the exclusion of parliaments from PRSP processes. In a similar manner, the delivery of aid through budget support, along with too narrow a view of ownership, may serve to marginalise and further impoverish parliaments; only a particularly enlightened executive would invest the resources that it controls in strengthening the

capacity of parliament.<sup>13</sup> There are risks the other way too. For instance, if donors engage directly with parliaments this may be regarded by governments as unwelcome political interference. The World Bank's reluctance to engage directly with parliaments and the suspicion that has greeted some donors' engagement with parliaments in developing countries demonstrates that these risks are real and have an impact on donor behaviour.

46. There is an increased appreciation on the part of donors of the fact that effective support for parliamentary strengthening – and parliamentary formation – must be based on a sound understanding of the political terrain or governance landscape on which donors, parliaments, political parties, MPs and voters operate. As a recent piece of comparative research on parliamentary strengthening concluded, there is a need to “focus on the politics of parliamentary strengthening, exploring the incentives and accountabilities that shape the behaviour of parliaments and MPs as part of the wider political system. This should include attention to informal as well as formal politics ... and the ways in which political parties shape the behaviour of MPs, parliaments and democracy” (Hudson and Tsekpo, 2009, para 27). Translating this into particular projects and programmes remains a major challenge (Power, 2008, p.10).

#### **Donor support to political parties**

47. Political parties are expected to play an essential role in effective representative democracies, aggregating citizen interests and translating them into coherent programmes and policies. They also have an important role to play in holding the government to account and in recruiting, selecting and training people for positions in government and the legislature (International IDEA, 2007, p.7). The reality is that in many developing countries political parties are in a state of crisis; the “weakest link” in the democratic chain (Carothers, 2006).
48. Donors have been slow to support the development of political parties, rightly regarding this sort of assistance as politically-sensitive and not knowing quite how to do it (Carothers, 2008, p.7). In recent years a number of donors and other organisations have begun to provide support in this area but the total amount of aid spent on supporting political parties remains miniscule. Donors tend not to disclose their spending in support of political parties (International IDEA, 2007, p.12), but recent estimates are that only 0.64% of aid spending, and between five and seven percent of total democracy assistance, is directed towards political parties (Power, 2008, pp.12 and 14, citing Carothers, 2006).
49. Support to political parties is provided by a range of organisations including foundations that engage in party-to-party support between like-minded parties; international organisations such as International IDEA and UNDP; institutes that pursue multi-party projects such as the Netherlands Institute for Multi-party Democracy; and, bilateral aid agencies. The largest actors include the German *Stiftungen* (about \$40 million in 2004), the US party institutes – the International Republican Institute and the National Democratic Institute for International Affairs (around \$68 million in 2005) – and UNDP (somewhere between \$10 and \$30 million in 2005) (Power, 2008, p.14). Although the bilateral aid agencies themselves are not among the biggest direct players in party assistance, much of the support provided by other organisations comes ultimately from aid agencies and foreign ministries (International IDEA, 2007, p.13).

---

<sup>13</sup> An enlightened view of accountability is one that sees accountability as being about feedback which can be used to improve performance. This however assumes that there is good alignment between the performance objectives held by the executive and the objectives that MPs and those they represent would like it to hold.

50. Support tends to focus either on internal issues, engagement issues or – in a limited number of cases – on the enabling environment for political parties and party systems. In terms of internal issues, support may be provided to improve parties' internal organisational processes and structures, including in relation to membership development and internal communication, or to promote the participation of women in political parties. In terms of engagement issues, support may include guidance and capacity development as regards election campaigns – strategic planning, candidate selection and campaign funding – or capacity development as regards the legislative function of parties. In terms of the wider enabling environment, support may be provided to reform electoral and party laws and to improve inter-party dialogue and collaboration (Power, 2008, p.14). In recent years there has been an increased focus on issues of party financing, an issue which links closely with donor concerns about corruption (Carothers, 2008).
51. There is an almost complete absence of rigorous, systematic and independent monitoring and evaluation in relation to party-assistance, with very little progress made on tracing through from inputs and outputs as far as outcomes and impacts (Power, 2008, p.20; International IDEA, 2007, pp.17 and 23). It has proved difficult to devise clear and politically neutral indicators and attribution is clearly a challenge. In this context tracking change, explaining its causes and assessing the contribution which has been made by political party support is extremely challenging. However, some progress on measurement and assessment is now being made by organisations such as the Netherlands Institute for Multi-party Democracy and International IDEA (Power, 2008, p.21).
52. As is the case with donor support to civil society and to parliaments, effective donor support to political parties demands that donors base their plans on a sound understanding of the complexities of the governance landscape and the ways in which political parties operate, and realistic assumptions about the pace of change. This has rarely been the case, with political party support often taking a “blueprint” approach that is insensitive to the local political context and to endogenous political processes and which tends to see western political parties as the model which should be emulated. Such a “mythic model” fails to acknowledge, first, the problems that political parties face in the developed world and second, that the challenges faced by political parties – and perhaps what constitutes an effective political party – will vary depending on the wider social and political environment (Carothers, 2008; International IDEA, 2007, pp.9-10). A further dilemma for donors is that – as is the case as regards parliaments – achieving the goal of effective political parties necessarily involves working with organisations that are desperately short of capacity and that face a number of challenges around their own internal governance and financing.
53. There have been some promising developments, with organisations such as the Netherlands Institute for Multi-party Democracy prioritising local ownership of reform processes and working to strengthen multi-party systems rather than particular political parties (Carothers, 2008; Power, 2008). This “party system” approach has much to commend it in terms of taking proper account of context. It may also offer donors who fear that working with political parties is too “political” a more comfortable – and effective – means of engagement. But no matter what approach is taken, if the effectiveness of support to political parties is to improve, donors need to ensure that their engagement is based on a sound understanding of the complex formal and informal landscape of governance on which political parties – relating to a number of other key institutions of accountability – operate.

#### **Donor support to the media**

54. Political processes, including relationships between the state and its citizens, are also communication processes (PANOS, 2007). The media is no panacea for governance and

development challenges, and can in some contexts serve to deepen political and ethnic divisions, but there is no doubt that it plays a crucial role in shaping the nature of communication between citizens and the state and thereby the nature of that relationship (DFID, 2008b). Repressive regimes and the journalists who suffer at the hands of those regimes understand this only too well. A free and independent media can contribute to democratic governance by playing three roles: as watchdogs over the powerful; as agenda-setters calling attention to social needs and as gatekeepers – or convenors – enabling public debate (Norris, 2009 forthcoming).

55. In terms of accountability – the watchdog role – timely, reliable and accessible information is essential if citizens are to hold the state to account. Citizens require information to know what the state is accountable for – what commitments it has made – and to know how the state has performed in relation to meeting those commitments. Information and evidence is the “currency of accountability” (Droop, Isenman and Mlalazi, 2008, p.6); in its absence accountability is illusory. Put differently, having access to information, enshrined as a human right under article 19 of the UN Declaration on Human Rights, empowers citizens to participate more effectively in the policy process and to demand accountability from the state (UNDP, 2003).
56. Donors have been slow to appreciate the importance of an effective media to governance that is good for development and have struggled to work out how best to support its emergence. Good data are not readily available, but recent estimates suggest that multilateral and bilateral donor agencies, private foundations, and international civil society organisations have since the late 1980s – when this type of assistance started – spent between \$600 million and \$1 billion on media projects (Kumar, 2006, p.2, cited in Rakner et al, 2007).
57. Amongst the bilateral donors, USAID, CIDA, Sida and DFID are reported to be the most active. Amongst the multilateral organisations, the UN and the EC have engaged in media support, with the World Bank paying increased attention to the issues in recent years particularly through its Communications for Governance and Accountability Programme (commGAP). Bilateral donors often opt to work through intermediary organisations such as Internews and the International Research and Exchanges Board (IREX) which have the expertise required to provide multi-faceted media assistance and which are less likely to raise the suspicions of governments wary of what they may regard as unwelcome donor interference (Kumar, 2006, p.163).
58. The training of journalists remains the most common form of support to the media, but over time the scope of assistance has expanded, in recognition of the fact that having better journalists is only one component of an effective and independent media. Media support now extends to the promotion of legal and regulatory reforms – ensuring that private ownership is legal and not discriminated against, and safeguarding the freedom of press – and efforts to strengthen the wider environment in which the media operates by supporting the emergence of journalist associations, trade associations, advertising agencies, polling firms and educational institutions.
59. There is no doubt that media support has made a difference, but as is the case for other areas of support to democratic governance, information about what works and what doesn't in terms of media support is in short supply. Evaluations have tended to focus on counting outputs – the number of journalists trained – rather than on assessing the contribution of media support to a more impartial and accurate media. The UN's International Programme for the Development of Communication (International Programme for the Development of Communication, 2008) and IREX's Media Sustainability Indicators are taking steps in the right direction as regards indicators, monitoring and evaluation, but as things stand donors still have limited evidence about what strategies work best (Rakner et al, 2007, p.45).

60. The media reflects and to some extent shapes power relationships within a society. In many developing countries, the state retains tight control over the media environment and over the activities of radio stations, newspapers and journalists. This may be done through restrictive regulations that limit press freedom or through politically-linked ownership, with those links often involving family relations. Donor support that fails to take these realities into account will not be effective (Cammack, 2007). The activities of the media are also shaped by market forces and the ability of media outlets to sell advertising, an issue that can lead the media to neglect issues that matter most to poor people and rural communities with little purchasing power.
61. To provide effective support to the media donors need to take account of the governance dynamics and political relationships that influence its workings. While there may be some pre-requisites for an effective media, such as access to information, different approaches will be needed in different contexts. More positively, if they are to maximise the value of their media support donors need to have a better understanding of the positive potential of relationships amongst media, civil society and parliament in holding the executive to account. Finally, with new communications technologies such as mobile phones and the internet changing the relationships between media, citizens and the state, donors and other organisations seeking to support the emergence of free and independent media need to ensure that they are up to speed with the latest technological developments.

**Donor support: Strengthening institutional capacity for domestic accountability?**

62. The importance of strengthening domestic accountability is clear (Rakner et al, 2007, pp.2-3) but – particularly beyond donors’ long-standing support to CSOs and especially NGOs – donor support has been limited, ad hoc and poorly coordinated. There is no doubt that support provided to democratic governance has had some beneficial impact, but there has been insufficient investment in monitoring, evaluation and learning with the result that impacts remain uncertain and the evidence base for designing future programmes of support is limited.
63. Despite the absence of comprehensive evaluations, it is possible to identify two major weaknesses in donors’ support for democratic governance. A first weakness is donors’ failure to move systematically beyond the welcome and near-universal acknowledgment that context matters and that blueprints are inappropriate, towards designing programmes of support that are based on a sound understanding of the on-the-ground complexities of politics and governance (Unsworth, 2008).<sup>14</sup> This applies both to the design of aid instruments (section 3) and to the design of programmes of support that are intended to support the strengthening of domestic accountability (section 4). If programmes of support to domestic accountability are not based on a realistic appraisal of existing patterns of accountability, then they have little or no chance of leading to sustainable improvements. Donors may miss opportunities to build on existing patterns of accountability or – by intervening in situations that are poorly understood – may find that their actions have unintended adverse consequences.
64. A second weakness is that donors’ support to democratic governance has tended to be provided in a manner that focuses on building the capacity of particular institutions such as parliaments or CSOs. There is no doubt that many accountability institutions in developing countries are desperately short of capacity, but by providing support in a manner that focuses on particular institutions – rather than their inter-relationships and systems of accountability – donors are

---

<sup>14</sup> The proliferation of initiatives to assess various aspects of governance demonstrates clearly that donors appreciate that governance matters, is context-dependent and is important for donors to understand (See OECD 2009a and 2009b for GOVNET’s sourcebook of methodologies and principles for governance assessment respectively).

missing an opportunity. Strengthening the demand for democratic governance requires the construction of strong constituencies and coalitions for change that involve CSOs, parliaments, political parties, the media and various other organisations and institutions working together around particular issues. A further problem relating to donors' support for domestic accountability, is that the ways in which donors provide aid may limit the scope for domestic accountability (see section 3). In such a situation, using aid to build the capacity of domestic accountability institutions is of limited value.

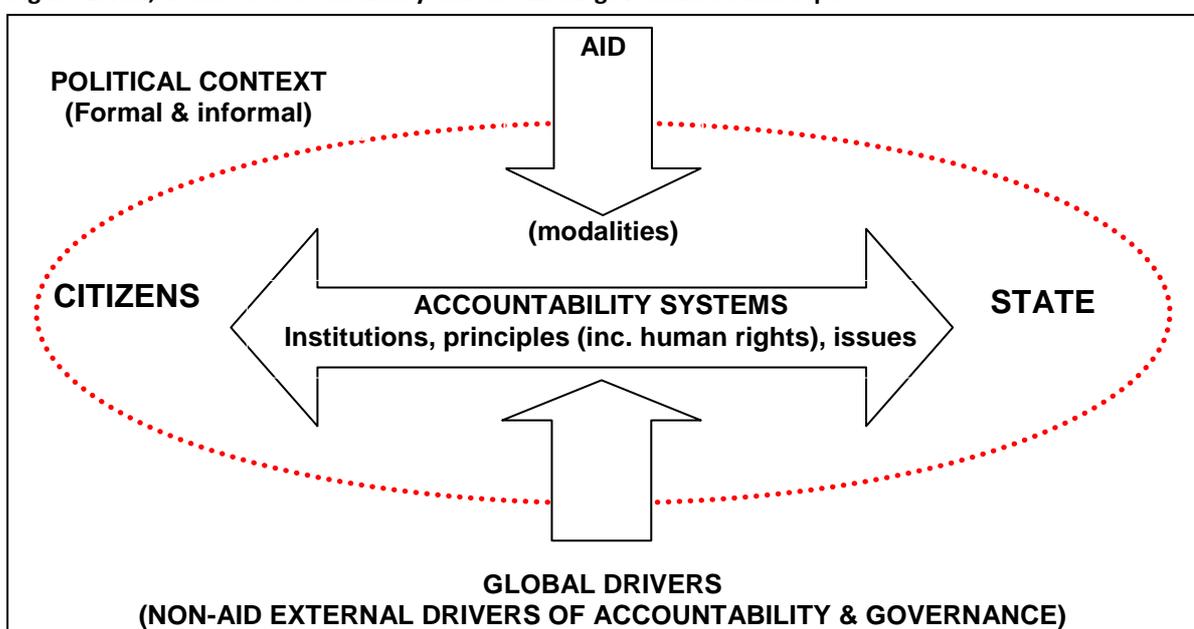
65. Some donors in some countries at some times have provided support for democratic governance in ways that start from a good assessment of the governance context, in ways that deal with governance in an integrated manner, and have made efforts to provide aid in ways that do not harm domestic accountability. But addressing these weaknesses systematically and comprehensively remains an important challenge for many donors. The following section of this report sets out a political-economy approach to exploring issues of aid and domestic accountability that will enable the systematic exploration of the impact of aid on the scope for domestic accountability, the impact of aid on the capacity for domestic accountability, and the ways in which aid might engage with the politics and incentive structures that shape the workings of domestic accountability.

## 5. GOVNET’s work-stream on aid and domestic accountability: A proposal

### Aid, accountability and the wider governance landscape

66. The use of a simple model – which may be revised as the work-stream progresses – will enable the systematic exploration of the real-world complexities of aid, domestic accountability and governance. The model or framework proposed here puts real-world governance at centre-stage, rather than idealised blueprints of what democratic governance “should” look like and recognises that while aid can and does shape the scope and capacity for domestic accountability, politics, power and incentives – operating in and across formal and informal spheres of activity – are fundamental to its workings. Figure 1 presents the model, a schematic map of the landscape to be explored by GOVNET’s planned work-stream. The model draws attention to a number of points that must be considered if one is to understand the relationship between aid and domestic accountability, in order to better inform the efforts of donors and efforts to support the strengthening of domestic accountability.<sup>15</sup>

Figure 1: Aid, domestic accountability and the wider governance landscape



67. First, domestic accountability is about the relationship between citizens and the state and the extent to which the state is answerable for its actions and inactions. Second, domestic accountability emerges (or doesn’t) through the operation of accountability systems that bring together a variety of institutions, putting into practice a number of principles, through their engagement with particular issues:
- the institutions may include parliaments, civil society organisations, political parties, the media, social partners, private sector organisations, courts, national human rights organisations and local authorities. Importantly, the framework emphasises the inter-relationships between institutions – the emergence and operation of accountability

<sup>15</sup> To be clear, this is a conceptual model, to be used to organise an exploration of the complexities of governance. It is not intended to be an accurate representation of reality. It is certainly not intended to be used as a normative framework or blueprint.

systems – rather than looking at individual institutions in isolation.<sup>16</sup> In some cases, these inter-relationships will be structured through instruments ranging from the judicial and quasi-judicial, to the political and the social. In all cases, the role of leadership will be key.

- The principles – all important elements of democratic governance – include transparency, participation, voice, inclusion and empowerment as well as human rights. Human rights can be of particular importance, providing a clear legal basis or benchmark for accountability as well as themselves being strengthened by the practice of accountability.
- The issues include those that involve and have the potential to strengthen engagement between the state and its citizens, such as electoral processes, budget processes, taxation, anti-corruption and service delivery. The ways in which particular principles and institutions (along with associated instruments) are part of the analysis will vary depending on the issue in question and, to some extent, the specific country context.

68. Third, citizen-state relations are embedded in specific country contexts, with their own political realities, structures of incentives and configurations of formal and informal power (see figure 2). Fourth, the scope and capacity for domestic accountability can be shaped by aid flows, with aid that is delivered on the basis of a sound understanding of the prevailing governance context more likely to have a positive impact. And fifth, for a number of issues there will be additional “global drivers”; non-aid external drivers of accountability and governance, the dynamics of which are, to varying degrees, generated beyond the borders of the country concerned. These might include regional agreements reached in fora such as the African Union, the existence of internationally-agreed standards or procedures, or the cross-border activities of firms.

#### **Figure 2: Informal governance systems - The challenge for donors**

Politics in all countries is a mixture of formal processes and institutions and informal social relations based on kinship, regional and ethnic loyalties and patron-client relations.<sup>17</sup> In developing countries, the informal aspects of politics and governance are particularly important; their neglect by donors helps to explain why donors’ efforts to strengthen domestic accountability and governance have often failed (Chabal, 2009).

Donors are still at the early stages of thinking through how best to respond to the fact that real-world governance in the “hybrid political orders” that characterise many developing countries is as much about informal and indigenous systems of governance, and legitimacy that is based on tradition or charismatic leaders, as it is about formal institutions and western ideas and ideals of accountability, democracy and rational-legal legitimacy (Bratton and Logan, 2009; Clements, 2009; Hyden, 2008).

This can be seen in donors’ country-level programming of aid (Advisory Board for Irish Aid, 2008) and also in the Paris Declaration and the Accra Agenda for Action, both of which are focused on formal institutional arrangements with little attention given to politics and practically none to the informal aspects of governance (Booth, 2008). Donors’ default position remains technocratic (Unsworth, 2008).

Open discussion of the fact that informal aspects of governance make a big difference to how things work on the ground would no doubt raise a number of challenges, for both donor and recipient governments. But it might also lead to significant improvements in the management of aid, the quality of governance and,

<sup>16</sup> The concept of “accountability systems” has some similarities with the World Bank’s use of “national governance systems” in the Global Monitoring Report for 2006, and with the “oversight triangle” referred to in FRIDE’s work on aid effectiveness and democratisation (Meyer and Schulz, 2008, p.3).

<sup>17</sup> The Background Paper benefits from exchanges with and inputs from David Booth of ODI, the Programme Director of the DFID-funded Africa Power and Politics research consortium – a research programme that is focused on the interplay between the formal and the informal.

ultimately, to development outcomes (See Jütting et al, 2007 and UNECA, 2007 for detailed analysis of the role of “informal” or “traditional” institutions<sup>18</sup>). Ignoring reality because it is challenging to deal with is no basis for effective aid and development.

### **Getting real about governance: Issues as entry-points**

69. Donors have tended to think about domestic accountability in terms of particular accountability institutions such as CSOs and parliaments. This approach has led to support being provided to build the capacity of particular institutions, a strategy that has had limited success in strengthening domestic accountability. Donors will want to know what works in terms of providing support particular institutions, but the best way for GOVNET to achieve its objective of delivering guidance that enables donors and other stakeholders to ensure that their aid supports rather than undermines the strengthening of domestic accountability, and to engage constructively with the incentive systems that drive patterns of domestic accountability, is to take particular issues as entry-points.
70. Such an approach would entail exploring the emergence and operation of domestic accountability systems that involve multiple stakeholders engaging with each other, to demand or deliver accountability in relation to a particular issue such as budget processes or service delivery.<sup>19</sup> It would also involve consideration of the ways in which a number of global drivers of accountability and governance, such as the activities of multi-national corporations, the existence of international agreements, and the success or failure of governments in the developed world to regulate the overseas operations of businesses based in OECD countries effectively, shape the nature of domestic accountability. This approach will not lead to the neglect of key domestic accountability institutions such as parliaments and political parties, and the important roles that they play in dealing with a number of issues in the round. Rather, by providing greater purchase on the politics and incentives that drive the workings of domestic accountability around particular issues, this approach will ensure that the guidance produced on supporting the strengthening of domestic accountability is based more closely on the realities of governance.
71. Taking issues as entry-points will have a number of significant benefits for the planned GOVNET work-stream, leading to the production of guidance for donors and others that is realistic, useful and that adds value to work that has already been done in this area. First – getting real about governance and considering the workings of accountability systems rather than individual formal institutions – it will enable the exploration of the political realities and incentives that shape real-world governance and that donors need to engage with if their support to the strengthening of domestic accountability is to be effective. Second it will allow for exploration of the ways that aid can both shape the scope and the capacity for domestic accountability, and of what it might mean for donors to deliver support in ways that are better-aligned – where appropriate – with political realities and incentives. Third, it will enable GOVNET’s planned work-stream on aid and domestic accountability to play an integrative function, adding value to the work of other GOVNET Task Teams and fostering collaboration with other DAC networks who may wish to make use of the framework to explore issues that relate to accountability and are of particular importance to their

---

<sup>18</sup> There is some debate as to whether “informal” or “traditional” or perhaps an alternative term such as “indigenous” is the most appropriate term to use (see OECD, 2007 and UNECA, 2007). Each has its advantages and drawbacks. For the moment, we have opted to use the term “informal” when we are referring to aspects of governance that are based on ethnicity, kinship and patron-client relations, although we recognise that these aspects of governance may be highly developed and well structured.

<sup>19</sup> This approach has some similarities with initiatives that focus on governance at a sectoral level. See for instance the excellent ECDPM report published by EuropeAid in 2008.

members (see figure 4).<sup>20</sup> Using issues as entry-points may also make it easier to identify changes in the effectiveness of domestic accountability systems and to learn about what works in terms of the provision of support to the strengthening of domestic accountability.

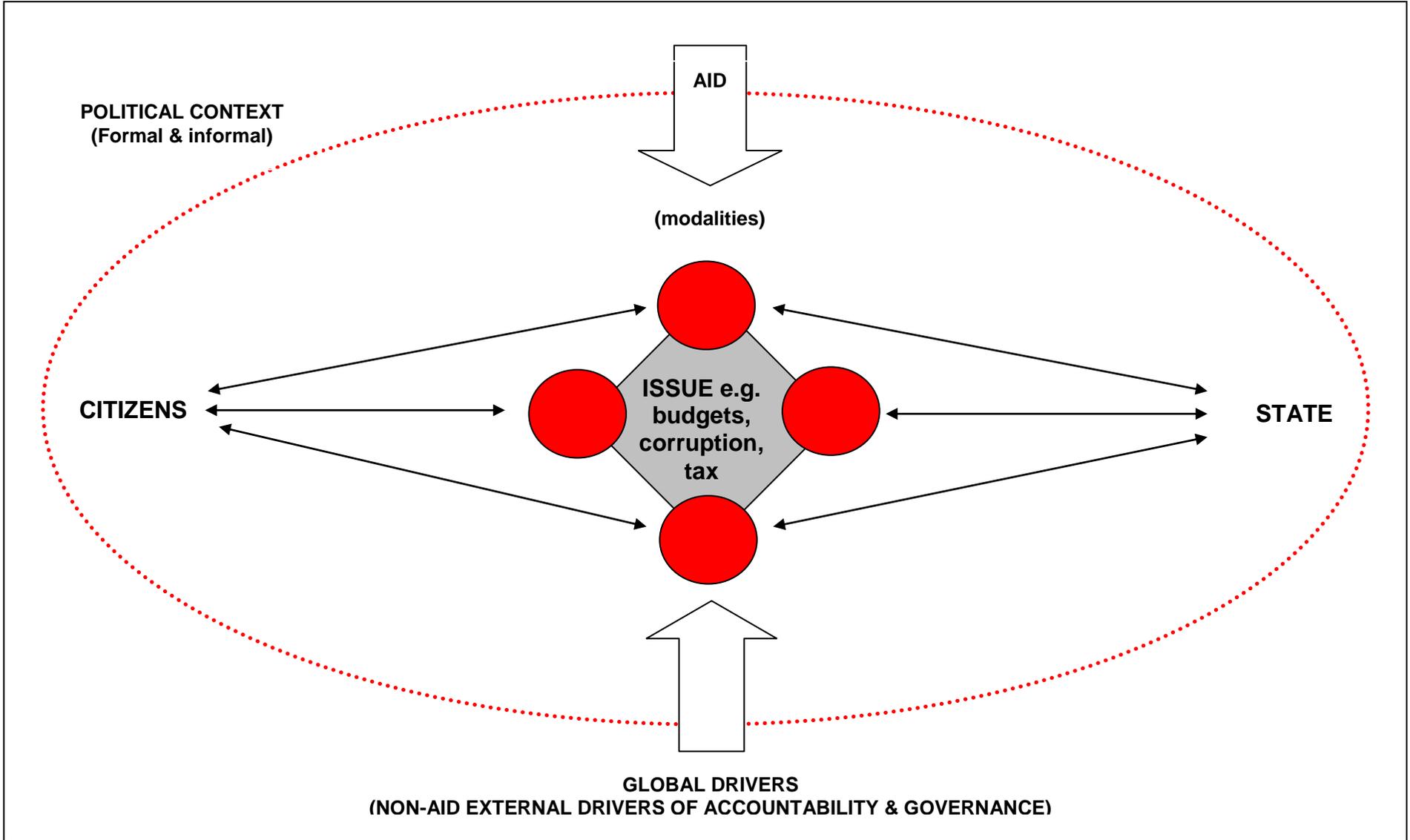
72. In practice, taking issues as entry-points – making use of the framework outlined in figure 1 and expanded in figure 3 to include “accountability systems” around particular issues – would involve applying to a number of country case studies and entry-point issues, a common but flexible conceptual framework that asks a number of key questions about the workings of accountability systems. Detailed development of the methodology is for a later date, but such questions might include the following:

- **The issue:** What is the issue and how does it relate to the strengthening of citizen-state relations?
  
- **The domestic accountability system and governance landscape**
  - Which domestic accountability institutions are the key players in relation to the issue, what roles do they play – on this issue, in relation to the state and its citizens – and how effective are they?
  - To what extent and how do domestic accountability institutions come together as an effective accountability system – delivering better governance and positive developmental outcomes, including for marginalised groups – around the issue in question?
  - How do political realities, informal aspects of governance, and incentives impact on the workings of the accountability system and its constituent institutions in relation to this issue?
  
- **Donor engagement and global drivers of accountability and governance**
  - To what extent and how does aid limit (or expand) the scope for domestic accountability in relation to this issue?
  - To what extent and how have donors provided support to build the capacity of accountability institutions in relation to this issue, and with what effect?
  - Are there other external drivers such as regional or international agreements, or cross-border private sector activities that influence the ways in which the accountability system operates in relation to the issue in question?

---

<sup>20</sup> This table only covers those work-streams, Task Teams and clusters that are part of/hosted by the OECD. A fuller mapping would include overlaps with a number of external organisations.

Figure 3: Accountability systems around particular issues



73. There are a number of issues that would provide useful entry-points for understanding domestic accountability and generating guidance on how best donors and other stakeholders might support the strengthening of domestic accountability. The proposed framework is not intended to be prescriptive, specifying those issues that should be taken as entry-points and those that should not. Rather, it is presented as a framework that will add value to explorations of domestic accountability that take a wide range of issues as entry-points. This will enable different GOVNET Task Teams and DAC Networks and partners from other organisations to make use of the framework in line with their own priorities.

#### **Figure 4: Related OECD work-streams**

The work of a number of other groups at the OECD relates to issues of aid and domestic accountability. To avoid duplication of effort and to take advantage of opportunities for collaboration it will be important to ensure that there is good communication between these groups and GOVNET's planned work-stream on aid and domestic accountability. Other groups and possible issues for collaboration include the following:

##### Other GOVNET work-streams

- Corruption: Corruption, transparency, accountability and citizen-state relations.
- Human Rights: Human rights, accountability and citizen-state relations.
- Taxation: Taxation, accountability and citizen-state revenue-bargaining.

##### Other DAC networks

- Capacity Development Alliance: Capacity development, accountability and citizen-state relations.
- Network on Development Evaluation (EVALUNET): Evaluations, statistics, information systems, evidence and accountability.
- Network on Gender Equality (GENDERNET): Gender, accountability and citizen-state relations.
- International Network on Conflict and Fragility (INCAF): State-building, legitimacy and citizen-state relations in weak governance environments.
- Network on Poverty Reduction (POVNET): Empowerment, pro-poor growth, and the accountability of government and service providers at local and national levels.

##### Working Party on Aid Effectiveness

- Cluster A - Ownership and accountability: Mutual accountability and domestic accountability.
- Cluster B – Strengthening and using country systems: Domestic accountability and country systems.
- Clusters C, D and E – Transparency, monitoring and managing for development results: Transparency, monitoring and domestic accountability, and accountability for development results.
- Task Team on Health as a Trace Sector: Ownership and domestic accountability as regards aid for the health sector.

74. Nevertheless, it seems reasonable to suggest that there are a number of criteria that might guide the selection of entry-point issues. First, that analysis of the issue is expected to lead to the generation of guidance that is useful for donors and governments and other stakeholders in partner countries seeking to strengthen domestic accountability. Second, that the issue is seen by partner country stakeholders as being an appropriate, interesting and important entry-point issue. Third, that the issue is one that plays – or could play – an important role in strengthening and legitimizing citizen-state relations (Tembo et al, 2007, p.8). Fourth, that the issue is one that a number of domestic accountability institutions do – or perhaps could – engage with. And fifth, that analysing the issue from the perspective presented in this paper will build on and add value to work that has already been conducted, whether that is by other GOVNET and DAC work-streams or by other organisations, including those based in developing countries.

## 6. Exploring aid and domestic accountability: Illustrative examples

75. This section of the Background Paper has a different format. It takes a number of issues that meet the criteria set out above, exploring in a preliminary manner the ways in which the conceptual framework proposed for GOVNET's work-stream on aid and domestic accountability might illuminate the workings of domestic accountability and the impact of aid. The purpose here is to demonstrate how the proposed framework might be put into practice. The examples cover a wide agenda. Section 7 of this report explains how the activities of the work-stream might be organised in a way that will ensure that the results of a number of explorations can be put together, piece by piece – taking account of, and not duplicating, the large amount of work that has already been done in some areas – into a map of the landscape of aid and domestic accountability.

### Budget processes

76. **The issue:** Budget processes are central to the policy process and are closely inter-twined with a number of other issues of interest such as anti-corruption, service delivery, taxation, and – in circumstances where elections represent choices between policy alternatives – the electoral process. Budget processes play a crucial role in the emergence of domestic accountability, with citizens' views of the state and its legitimacy shaped in part by the ways in which resources are spent.
77. **The domestic accountability system and governance landscape:** Analysis would involve looking at the roles of parliament (including budget and public accounts committees as well as audit institutions), CSOs, the media and private sector organisations, along with their inter-relationships. In particular, analysis might consider: the scope for parliamentary scrutiny of the budget (Stapenhurst et al, 2008); the capacity of key parliamentary committees to engage with the budget process; the incentives faced by parliament and its constituent MPs to subject the executive to close scrutiny; the nature and potential of CSO participation in, and media coverage of, the budget process (de Renzio, 2007; van Zyl, Ramkumar and de Renzio, 2009); the extent to which women's groups have been able to promote the practice of gender-budgeting; and whether and how a right of access to information has made a difference to domestic accountability around budget processes. Extending beyond the formal politics of the budget process, such analysis could also explore the extent to which the budget process is "theatre", a façade behind which the real politics of the budget process takes place (Killick, 2004; Rakner et al, 2004).
78. **Donor engagement and global drivers of accountability and governance:** Analysis would involve exploring whether and how the forms in which aid is delivered – including the choice of modality, the use of global funds and programmes, the degree of transparency and the practices of non-traditional donors – allow or constrain the scope for domestic accountability, as well as the extent to which donors have provided effective support to accountability institutions engaged around budget processes. Drawing on work on aid modalities undertaken by the Strategic Partnership with Africa, attention might also be given to the ways in which commitments to aid effectiveness are making a difference to the workings of domestic accountability around budget processes, and to the scope that donors have to improve the workings of the budget process, by better linking budget processes with the implementation of poverty reduction strategies and by understanding their politics (DFID, 2007; Wilhelm and Krause, 2008).
79. **Value added:** By exploring the formal and informal politics of the budget process, donors' support to building the capacity of key accountability institutions, and the ways in which the provision of

aid and choice of aid modality shape the scope for domestic accountability, such an analysis should help donors and others to support the strengthening of domestic accountability around budget processes in ways that are better aligned with local political realities and incentives.

### **Taxation**

80. **The issue:** Taxation has the potential to play a major role in the emergence of domestic accountability, as GOVNET's existing work-stream on taxation and governance has explored (Bräutigam et al, 2008; OECD, 2008c; see also French Ministry of Foreign and European Affairs, 2004). The logic is that as tax revenues constitute an increasing proportion of government revenue, the leverage of citizens to demand accountability increases; more taxation means more representation. Taxation links closely with a number of other issues including budget processes, anti-corruption, service-delivery and electoral processes.
81. **The domestic accountability system and governance landscape:** Analysis would involve looking at the roles of parliaments, revenue agencies, the media and taxpayers' associations in helping to ensure accountability for tax policies and practice. In particular, it might examine the challenges faced by semi-independent revenue authorities and their impact on the clarity of domestic accountability. It would also involve exploration of informal social norms around tax, examining for instance whether paying one's taxes is regarded as a duty or something to be avoided, whether taxes are resisted because they are seen as regressive and inequitable, and whether taxes or their equivalent are paid to informal political authorities. On this issue as with others, and bearing in mind the emphasis that many governments have given to decentralisation, it would be important to consider the operation of accountability systems around taxation and revenue collection at the local – as much as at the national – level.
82. **Donor engagement and global drivers of accountability and governance:** Analysis would examine the – in most cases, very limited – extent to which bilateral donors have provided support to the development of effective tax systems and the issue of whether aid-dependence stifles the incentives of governments to collect tax, as well exploring the idea that aid would be more effective if it were more like tax. It might also consider whether the promotion of semi-independent revenue authorities – an approach favoured by some donors including the IMF – is an approach that is likely to bear fruit. In terms of the global drivers of domestic accountability around taxation, analysis might extend to issues around the contribution of multinational corporations to tax revenues, the use of tax havens and transfer-pricing, the apparent anomaly that aid-financed goods and services are tax-exempt, and the workings of regional organisations such as the African Tax Administration Forum.
83. **Value added:** By exploring the formal and informal political economy of taxation, donors' support to the institutional architecture around taxation, the relationship between aid and taxation, and the global dimensions of national taxation, such analysis should help donors and others to support the strengthening of domestic accountability around tax and to help to build effective tax systems in ways that take account of the local context and prevailing incentives.

### **Corruption and anti-corruption**

84. **The issue:** Corruption plays an important role in shaping the emergence of domestic accountability. Corruption by public officials and politicians can erode the trust that is fundamental to legitimacy and accountability. Corruption and anti-corruption activities link closely to other issues of interest, including budget processes, tax and people's willingness to pay tax, service delivery and the ability

of the state to spend resources effectively, and electoral processes, through doubts about the probity of elections.

85. **The domestic accountability system and governance landscape:** Analysis would involve looking at the roles of parliaments, political parties, CSOs, the media, the judiciary and anti-corruption commissions (Anyang' Nyong'o, 2009). In particular, analysis might consider: the extent to which anti-corruption commissions or the judiciary are able to play independent roles in combating corruption; the contribution of parliaments to anti-corruption initiatives (Eberlei and Führmann, 2004); the ability of parliamentary committees to limit high-level corruption and punish its perpetrators; the role of the media in exposing (or hiding) corruption; and, the risks of corruption as regards the financing of political parties who may then be expected to play a part in combating corruption. It would also be important to explore the extent to which behaviour that is seen by donors as corrupt may in some instances be regarded as legitimate within the informal sphere of governance and what this implies for efforts to achieve formal domestic accountability around corruption.
86. **Donor engagement and global drivers of accountability and governance:** Analysis would examine the extent to which donors' choice of aid delivery mechanism shapes the scope for corruption and conversely the scope for effective systems of domestic accountability that limit corruption. It would also explore the nature and effectiveness of donor support to building the capacity of key accountability institutions – such as parliamentary committees, anti-corruption commissions and CSOs working on issues of transparency and corruption – and systems with the task of curbing corruption (Kolstad et al, 2008; Norad et al, 2008). In terms of global drivers, it would be important to consider the impact and domestication of international agreements such as the UN Convention Against Corruption, the OECD Anti-Bribery Convention, the Extractive Industries Transparency Initiative and other initiatives to enhance transparency and limit corruption. Last, but by no means least, it would be important to consider the role of the private sector, the ways in which corruption is tackled – or fails to be tackled – by governments in the developed world, and the extent to which such governments take responsibility for regulating the overseas activities of their companies and helping to repatriate stolen assets.
87. **Value added:** By exploring the emergence and operation of accountability systems around corruption and anti-corruption in a way that takes account of formal and informal aspects of governance, by examining the impact of aid on both the scope and capacity for addressing corruption, and by considering the role of global drivers, such analysis should help donors to provide effective and realistic support to efforts to tackle corruption.

#### **Service delivery (health, including HIV/AIDS)**

88. **The issue:** The delivery of health services, including in relation to HIV/AIDS, is a key issue in terms of domestic accountability and one that has been selected as a Tracer Sector for the Paris Declaration. Service-delivery plays an important role in shaping citizen-state relations as citizens come into contact with the state – especially in its local forms – most obviously through their use of services that the state is expected to provide, such as health and education (Blankenberg, 2007; Eldon and Gunby, 2009). To take the example of health, citizens have a right to expect that the state will spend its resources, in an effective manner to deliver a certain level of health services. If the state provides services that meet the expectations of its citizens, then it may be regarded as more legitimate. Accountability, whether secured through the short or the long route, plays an important role in ensuring that services meet citizens' needs (World Bank, 2004), by, in effect, providing the state with feedback on its performance.

89. **The domestic accountability system and governance landscape:** Analysis would examine the role of parliaments (include health committees), CSOs, the media, and the Ministry of Health in seeking to ensure that there is accountability for the delivery of health services, through their engagement in priority-setting, funding decisions, monitoring and oversight. In particular it might explore: the impact that the establishment of National Aids Commissions and their relationships with Country Coordinating Mechanisms has had on accountability for health service delivery; the impact of the “Three Ones” principles; and, the extent to which national level accountability systems make a difference at the local level where health services are delivered. In terms of informal aspects of governance and social relations, an analysis of domestic accountability around health service delivery might usefully explore whether and how the use of alternative indigenous approaches to tackling disease, or cultural norms that limit women’s access to particular health services, shape the workings of domestic accountability by influencing citizens’ expectations about the provision of healthcare.
90. **Donor engagement and global drivers of accountability and governance:** Analysis would explore whether donors’ decisions about how to deliver aid – for instance, whether and how to use global funds and programmes (GFATM, GAVI, PEPFAR), whether to require limits on social spending, what proportion of aid for health services to channel through NGOs, what degree of transparency to require, and whether to prioritise efforts to arrive at a more rational division of labour amongst donors – limit the scope for domestic accountability. It might also consider the nature and effectiveness of donors’ efforts to build the capacity of key accountability institutions around health or to strengthen mechanisms for social accountability, and explore further the value of applying human rights standards and principles in the health sector (Ferguson/GOVNET Human Rights Task Team, 2008). In terms of global drivers it would be important to consider issues such as the impact of the various health-related MDGs, the emergence of International Health Partnerships, efforts to build the capacity of statistical and informal systems for instance through the Health Metrics Network and the PARIS21 initiative, and the ways in which the power and priorities of pharmaceutical companies, working within the current intellectual property rights regime, make a difference to the workings of domestic accountability around health-service delivery.
91. **Value added:** By exploring the political economy of health service-delivery in a way that takes account of the complexities of real-world governance, by examining the impact that aid has on the scope and capacity for domestic accountability, and by including consideration of global, national and local dimensions of accountability for health, such analysis will help donors to support the strengthening of domestic accountability around service-delivery.

### **Electoral processes**

92. **The issue:** Particularly from donors’ perspectives, electoral processes – at national and local levels – are perhaps the classic way in which citizens might be able to exercise accountability, punishing the state for performing poorly or rewarding it for performing well, by voting out or re-electing Presidents, political parties and elected representatives. The importance of free and fair elections is not universally acknowledged, with those who stand to lose power if such elections take place clearly not in favour, but people do have a right to vote and elections are certainly one potential – albeit contested – source of legitimacy. Indeed, well-functioning electoral processes have the potential to play a pivotal role, providing a mechanism through which citizens/voters can register their annoyance at the failure of other accountability systems to ensure that budget processes

work well, that resources are not squandered through corruption, that services are delivered effectively and that taxation systems operate in an equitable manner.

93. **The domestic accountability system and governance landscape:** Analysis would include exploration of the roles played by a number of key accountability institutions such as parliament, political parties, electoral commissions, CSOs and the media, and their capacity to engage effectively in electoral processes that are regarded as legitimate. In particular, analysis might explore: the financing of political parties; the independence of electoral commissions; the power of the incumbent party or President to control the electoral process, including through channelling resources to supporters and key constituencies, and controlling the media; and, the extent to which gender inequalities are reproduced or challenged in parties' selection of candidates and women's participation in the electoral process. It would also be important to examine the ways that the electoral process is shaped by informal social relations, including ethnicity, tribal politics and allegiances and loyalties that may not be well-aligned with the formal sphere of politics and that may in some cases be manipulated to obstruct the electoral process.
94. **Donor engagement and global drivers of accountability and governance:** Analysis would explore whether and how donors' decisions about aid delivery and their role in the policy process make a difference to the electoral process. This might be by shaping the views of citizens-voters about whether it is possible to choose between alternative policies and agendas at election time – if policy is seen as being made in Washington, a national election may be regarded as an irrelevance – and by shaping the expectations that citizen-voters have of their government. It would also explore the nature and effectiveness of donors' support to key players in the electoral process, looking for instance at whether support tends to take a technical approach focused on the election itself, or whether efforts are made to strengthen institutional arrangements across the electoral cycle, including through support for civic education (International IDEA, 2006; Norad, 2008b; Rakner et al, 2007, p.28; UNDP, 2003b; Wilson and Sharma, 2008). Analysis might also consider whether providing support through multilateral trust funds is an effective approach (Norad, 2008c). In terms of global drivers it would be important to consider the role of international election observers and the existence of international, including regional, standards for the conduct of elections, as well as the role of the global media in covering elections.
95. **Value added:** By exploring the reality of electoral processes and donor support to electoral processes in a way that takes account of both the formal and informal aspects of politics, and, by examining the nature and effectiveness of existing patterns of donor support – often to elections, rather than electoral processes more widely – this analysis will help donors to provide better support to this key mechanism for formal citizen-state accountability.
96. Exploring the emergence and operation of accountability systems around issues such as budget processes, taxation, corruption, service-delivery and electoral processes using the framework proposed in this paper will generate the evidence needed to enable donors to make decisions about the provision of aid, their support to domestic accountability, and their engagement in developing countries that are better because they are based on an improved understanding of the formal and informal complexities of governance and the impacts of aid on the scope, capacity and incentives for domestic accountability. If donors and others make better decisions about aid (and non-aid engagement), this will help to strengthen domestic accountability, including domestic accountability for aid. Stronger accountability relationships around aid in developing countries,<sup>21</sup> that are more in balance with those in donor countries, will contribute to effective mutual

---

<sup>21</sup> FRIDE's analysis of "ownership with adjectives" shows what this would mean in graphical terms; strengthening the accountability relationships in the partner country political system (Meyer and Schulz, 2008, p.5).

accountability and play an important role in building a real global partnership for aid effectiveness and development, with democratic ownership at its core.

## **7. Next steps for the GOVNET work-stream on aid & domestic accountability**

97. The aim of the proposed programme of work on aid and domestic accountability is to support improvements in domestic accountability that enhance governance, lead to faster progress on poverty reduction and make aid more effective. The proposed work-stream will achieve this by generating a better understanding and evidence base about the realities of governance and domestic accountability in order to inform the policy and practice of donors and other relevant stakeholders.
98. This is an agenda that holds considerable promise in terms of development outcomes. It presents donors and others with a challenging opportunity. Taking advantage of the opportunity and addressing the challenge successfully, can only be done if the GOVNET Task Team on aid and domestic accountability works in real partnership mode with others including other GOVNET Task Teams and DAC networks, various clusters that fall under the Working Party on Aid Effectiveness, and – most importantly – organisations based in developing countries, with first-hand expertise and experience of the realities of governance and domestic accountability in those countries. All of these organisations, and others, have much to share.
99. The nature of the relationships that develop between the GOVNET Task Team on aid and domestic accountability and other groups will vary and will need to be determined through discussions about what the Task Team and other groups can bring to the table. With some groups, the relationship may be one of information-sharing. With others it may entail participation in each others' meetings. With others still it may entail joint activities and outputs, or – as seems sensible as regards the work of Cluster A (ownership and accountability) of the Working Party on Aid Effectiveness – having the GOVNET Task Team play a key role.
100. Coordinating the activities that a large number of organisations may pursue in relation to this agenda – no doubt alongside their pursuit of other agendas – presents a considerable challenge. However, the approach proposed in this paper lends itself to the task. The proposed framework – and a GOVNET Task Team on aid and domestic accountability – might be considered the hub in a hub-and-spoke model of collaboration. The intention is not to have the GOVNET Task Team on aid and domestic accountability operate in a directive mode; that would not be possible or desirable. Rather, the idea is that other groups may decide that adopting the lens of domestic accountability and governance would add value to their own efforts as well as contributing a piece of the jig-saw on aid and domestic accountability.
101. The role then of the GOVNET task team on aid and domestic accountability would be to ensure that the various explorations of aid and domestic accountability, undertaken by different organisations, amount to more than the sum of their parts, helping to piece them together into a map of the landscape of governance and domestic accountability. Specifically, the GOVNET Task Team on aid and domestic accountability would play the role of facilitator, helping other groups to think through whether and how they might make use of the framework, providing advice and feedback on its use, and helping to synthesise and disseminate the findings generated.
102. Consultation with potential users, both of the framework and of the guidance that the work-stream is ultimately expected to deliver, is crucial and is a priority issue now. These consultations must extend beyond the group of donors represented on GOVNET to include representatives from organisations based in partner countries. Done well, with discussion of the approach proposed in this background paper a starting point, such consultations should help to maximise the utility and

impact of the outputs produced. Formally establishing a GOVNET Task Team on aid and domestic accountability and finding a suitable Chair – and a Co-Chair from a partner country – is something that the GOVNET should do now. It will also be necessary to establish mechanisms to guide the work and most importantly to ensure strong participation from organisations based in partner countries. Such mechanisms might include a Steering Group, Peer Review Mechanisms, and Working Groups with members from donor and partner countries focused on particular issues.

103. Decisions about outputs, activities and timelines will need to be made by the GOVNET Task Team and – once it is established – a Steering Group involving partner country representatives. At this stage a number of outputs might be envisaged, including:

- effective participation of a wider group of stakeholders in policy debates on aid and domestic accountability, contributing to the fourth High Level Forum in 2011;
- a series of guidance notes for donors and others seeking to support the strengthening of particular institutions or systems of domestic accountability, based on the evidence generated from exploring the operation of accountability systems around particular issues;
- a series of synthesis reports about the workings of domestic accountability systems around key entry-point issues;
- a high-level political statement by the DAC on what is acceptable and desirable in terms of donor engagement with political parties in partner countries;
- analyses of the informal governance landscape in a number of partner countries – perhaps in relation to particular issues; and,
- a library of case studies of good practice, demonstrating how better domestic accountability (and/or donor support to domestic accountability) has led to better governance and development outcomes.

104. Delivering outputs such as these will require that a number of activities are undertaken. An essential starting point will be – through consultation – to get a clear idea of what work has already been conducted or is being conducted by others in this area. In many areas, a lot of work has been done and a number of initiatives are already underway. On that basis, decisions will need to be taken about what activities the GOVNET Task Team and its partners should prioritise. In some areas, it may be sufficient to pull together existing work through reviews of the literature. In others, it will be necessary to commission new pieces of research. These might be country case studies focused on particular issues, conducted with the involvement of organisations from both donor and partner countries. There may well be value in including conflict-affected countries and fragile states amongst the case study countries. To progress the agenda, to fine-tune the framework proposed in this paper, to share expertise, and to discuss and disseminate findings it will be necessary to hold a number of meetings, both in Paris and in partner countries.

105. By putting into practice the principles of partnership, the work-stream and approach proposed in this paper will contribute to a better understanding of the complexities of governance. This will give donors and others more scope to support effectively the strengthening of domestic accountability. Whether that scope is used is a question of politics and priorities, at both ends of the emerging global partnership for development.

## References

- Advisory Board for Irish Aid (2007) *Engagement with civil society for poverty reduction*.
- Advisory Board for Irish Aid (2008) *Good governance, aid modalities and poverty reduction: From better theory to better practice*, ABIA: Dublin.
- Anyang' Nyong'o, P. (2009) "Beyond the Political Economy of Corruption" in Joseph, R. and Gillies, A. (eds.) *Smart Aid for African Development*, Lynne Rienner: Boulder, USA.
- Barkan, J. (2008) "Legislatures on the rise?", *Journal of Democracy*, vol. 19, no.2, pp.124-137.
- Barkan, J., Simba Kayunga, S., Ng'ethe, N. and Titsworth, J. (2004) *The Political Economy of Uganda: The Art of Managing a Donor-Financed Neo-Patrimonial State*.
- Bellina, S., Darbon, D., Sundstøl Eriksen, S., and Sending, O. (2009) *The legitimacy of the state in fragile situations*, Report for the OECD DAC International Network on Conflict and Fragility.
- Blankenberg, F. (2007) *Taking responsibility and demanding rights: Accountability in service delivery*, Dutch Ministry of Foreign Affairs.
- Booth, D. (2008) *Aid effectiveness after Accra: How to reform the 'Paris Agenda'*, ODI Briefing Paper, no. 39, ODI: London.
- Bratton, M. and Logan, C. (2009) "Voters But Not Yet Citizens: Democratization and Development Aid" in Joseph, R. and Gillies, A. (eds.) *Smart Aid for African Development*, Lynne Rienner: Boulder, USA.
- Bräutigam, D. (2000) *Aid Dependence and Governance*, Expert Group on Development Issues (EGDI).
- Bräutigam, D. and Knack, S. (2004) "Foreign aid, institutions and governance in sub-Saharan Africa," *Economic Development and Cultural Change*, vol. 52, no. 2, pp.255-285.
- Bräutigam, D., Fjeldstad, O. H. and Moore, M. (2008) *Taxation and State Building in Developing Countries: Capacity and Consent*, Cambridge University Press: Cambridge.
- Burall, S., White J. and Blick, A. (2009) *Ownership of the Aid Budget in Donor Countries: the Impact of US and UK Legislatures on Aid Delivery*, ODI and German Marshall Fund of the United States, Draft Report.
- CABRI/SPA (2008) *Good Practice Note: Using Country Budget Systems*.
- Cammack, D. (2007) "The Logic of African Neo-patrimonialism: What Role for Donors?", *Development Policy Review*, vol. 25, no. 5, pp. 599-614.
- Cant, J., Carter, R. and Lister, S. (2008) *Stocktake on Donor Approaches to Managing Risk when Using Country Systems*, CIPFA and Mokoro Ltd.
- Carothers, T. (1999) *Aiding Democracy Abroad: The Learning Curve*, Carnegie Endowment for International Peace: Washington, D.C.

- Carothers, T. (2004) *Political Party Aid*, paper prepared for the Swedish International Development Agency.
- Carothers, T. (2006) *Confronting the weakest link: Aiding political parties in new democracies*, Carnegie Endowment for International Peace: Washington D.C.
- Carothers, T. (2008) *International Assistance for Political Party Development*, Christian Michelsen Institute: Bergen, Norway.
- Chabal, P. (2009) *The state of governance in Africa*. SAIIA Governance and APRM Programme, Occasional Paper no. 26.
- Clements, K. (2008) *Traditional, charismatic and grounded legitimacy*, Study for the GTZ Advisory Project on Good Governance and Democracy.
- de Renzio, P. (2006) "Aid, budgets and accountability: a survey article", *Development Policy Review*, vol. 24, no. 6, pp.627-645.
- de Renzio, P. and Krafchik, W. (2007) *Budget monitoring and policy influence: Lessons from civil society budget analysis and advocacy initiatives*, ODI Briefing Paper, no.16, ODI: London.
- DFID (2007) *Understanding the politics of the budget: What drives change in the budget process?* A DFID practice paper.
- DFID (2008) *Accountability briefing note*. A DFID practice paper.
- DFID (2008b) *Media and good governance*. A DFID practice paper.
- Droop, J., Isenman, P. and Mlalazi, B. (2008) *Paris declaration on aid effectiveness: Study of existing mechanisms to promote mutual accountability between donors and partner countries at the international level*, OPM Final Report for the Working Party on Aid Effectiveness.
- Eberlei, W. and Führmann, B. (2004) *Fighting poverty and corruption: Integrating the fight against corruption into the PRS process – analysis and recommendations for development cooperation*, GTZ.
- Eberlei, W. and Henn, H. (2003) *Parliaments in sub-Saharan Africa: Actors in poverty reduction?* GTZ/Canadian Parliamentary Centre.
- Eldon, J. and Gunby, D. (2009) *States in development: State building and service delivery*, Draft Report for DFID.
- EuropeAid (2008) *Analysing and addressing governance in sector operations*. Report by ECDPM.
- Ferguson, C. (2008) *Linking human rights and aid effectiveness for better development results: Practical experience from the health sector*, Report for the Human Rights Task Team of the OECD-DAC Network on Governance.
- Fölscher, A., Bartholomew, A., and Carter, R. (2008) *Use and Monitoring of Budget Support: a Comparative Analysis of Scrutiny of Budget Support by Donor Parliaments*, Mokoro Ltd., Final Report.

- Foresti, M., Sharma, B. with Evans, A. (2007) *Voice for accountability: Citizens, the state and realistic governance*, ODI Briefing Paper, no. 31, ODI: London.
- Foster, M. and Leavy, J. (2001) *The choice of financial aid instruments*, ODI Centre for Aid and Public Expenditure Working Paper no.158.
- French Ministry of Foreign and European Affairs (2004) *Sub-Saharan Africa: Mobilising tax resources for development – summary*.
- Global Forum on Media Development (2006) *Media matters: Perspectives on advancing governance and development from the global forum for media development*.
- Global Partners & Associates (2009 – forthcoming) *The democratic dimension of aid: Prospects for democracy building within the contemporary international architecture of development cooperation*, Literature Review for International IDEA.
- Goetz, A.M. and Jenkins, R. (2004) *Reinventing accountability: Making democracy work for human development*, Palgrave Macmillan: London.
- Harrison, G. (2004) *The World Bank and Africa: The Construction of Governance States*, Routledge: London.
- Handley, G. (2008) *Mutual Accountability at the Country Level: Mozambique Country Case Study*, Report for the OECD Joint Venture on Management for Development Results, ODI.
- Hussman, K. and Tisé, M., with Mathisen, H. (2009) *Integrity in state-building: Anti-corruption with a state-building lens*, Draft report for the OECD GOVNET Anti-Corruption Task Team.
- Hubli, S. and Schmidt, M. (2005) *Approaches to parliamentary strengthening: A review of Sida's support to parliaments*, Sida Evaluation, 05/27.
- Hudson, A. (2007) *Parliaments and development: What shapes parliamentary performance and what can donors do to enhance it?*, ODI Briefing Paper, no. 18, ODI: London.
- Hudson, A. and Tsekpo, A. (2009) *Parliamentary strengthening and the Paris principles: Synthesis Report*. Report from CIDA and DFID-funded project.
- Hussman, K. and Tisé, M. (2009) *Integrity in state-building: Anti-corruption with a state building lens*.
- Hyden, G. (2008) "After the Paris Declaration. Taking on the Issue of Power", *Development Policy Review*, vol. 26, no. 3.
- International Budget Partnership (2009) *The Open Budget Survey 2008*.
- International IDEA (2006) *Effective electoral assistance: Moving from event-based support to process support*, Conference report and conclusions.
- International IDEA (2007) *Effective Party Assistance: Stronger Parties for Better Democracy*, International IDEA: Stockholm, Sweden.

International Programme for the Development of Communication (2008) *Media Development Indicators: A Framework for Assessing Media Development*, IPDC: Paris.

Jütting, J., Dreschler, D., Bartsch, S. and de Soysa, I. (2007) *Informal institutions: How social norms help or hinder development*, OECD Development Centre Studies, OECD: Paris.

Killick, T. (2004) *The democratic deficit and the politics of Ghana's budgetary system*.

Kizilbash Aga, Z. and Williamson, T. (2008) *Common Funds for Sector Support: Building Blocks or Stumbling Blocks?*, Briefing Paper 36, Overseas Development Institute.

Kolstad, I., Fritz, V. and O'Neil, T. (2008) *Corruption, anti-corruption efforts and aid: Do donors have the right approach?* Working Paper no. 3 for Research Project on Good Governance, Aid Modalities and Poverty Reduction, for the Advisory Board of Irish Aid.

Kumar, K. (2006) *Promoting Independent Media: Strategies for Democracy Assistance*, Lynne Rienner Publishers: Boulder and London.

Langdon, S. and Draman, R. (2005) *PRSPs in Africa: Parliaments and economic policy performance*, GTZ/Canadian Parliamentary Centre.

Lawson, A. and Rakner, L. (2005) *Understanding patterns of accountability in Tanzania: Final Synthesis Report*.

Lawson, A and Kizilbash, Z (2008) *What is new in the 'new' thinking on Policy Conditionality and what are the implications for Development Agencies?* Study undertaken by the Overseas Development Institute for the Advisory Board on Irish Aid.

Lindberg, S. (2009) *Accountability: Core concept and its subtypes*, ODI Africa Power and Politics Programme, Working Paper.

Lister, S. (2003) *The Use of Different Aid Instruments in Asia: Vietnam Country Study*.

Lister, S., Baryabanoha, W., Steffensen, J. and Williamson, T. (2006) *Evaluation of General Budget Support: Uganda Country Report*.

Meyer, S. and Schulz, N-S, (2008) *Ownership with adjectives: Donor harmonisation – between effectiveness and democratisation, synthesis report*. FRIDE Working Paper, no.59, FRIDE: Madrid.

Newell, P. and Wheeler, J., (2006) 'Taking Accountability into Account', in *Rights, Resources and the Politics of Accountability*, Zed Books: London.

Norad (2008) *Anti-corruption approaches: A literature review*. Report of study conducted jointly with the Asian Development Bank, Danida, DFID, Sida, and the Swedish Agency for Development Evaluation.

Norad (2008b) *Making elections is like preparing funge, if you don't do it right it goes puiti puiti!: A review of Norwegian support to Development Workshop's programme for civic and electoral education among state and civil society actors*, Report from CMI.

Norad (2008c) *How can the elections help us quell hunger? A mid-term review of Norwegian support to UNDP's trust fund for civic education*.

Norris, P. (2009 forthcoming) *The roles of the news media: Watch-dogs, agenda-setters and gate-keepers*. World Bank: Washington D.C.

ODI (2005) *Harmonisation and alignment in fragile states*, Draft report for the OECD Senior Level Forum on Development Effectiveness in Fragile States.

O'Neil, T., M. Foresti and A. Hudson (2007) *Evaluation of Citizens' Voice and Accountability: Review of the Literature and Donor Approaches*.

OECD (2008a) *Better Aid: 2008 Survey on Monitoring the Paris Declaration*, OECD: Paris.

OECD (2008b) *Measuring human rights and democratic governance: Experiences and lessons from Metagora*, *OECD Journal on Development*, vol. 9, no. 2.

OECD (2008c) *Governance, taxation and accountability: Issues and practice*. OECD: Paris.

OECD (2009a) *Donor approaches to governance assessment: A sourcebook*, DAC Network on Governance.

OECD (2009b) *Donor approaches to governance assessment [Summary of findings and principles]*, DAC Network on Governance.

OPM/IDL (2008) *Evaluation of the Implementation of the Paris Declaration: Thematic Study - The applicability of the Paris Declaration in fragile and conflict-affected situations*, Report for the OECD DAC.

PANOS London (2007) *At the heart of change: The role of communication in sustainable development*.

Penrose, P. (2008) *European Commission Budget Support Programmes: Nature, dialogue and design*.

Power, G. (2008) *Donor support to parliaments and political parties: An analysis prepared for Danida*, Global Partners & Associates: London.

Rakner, L., Mukubvu, L., Ngwira, N., Smiddy, K. and Schneider, A. (2004) *The budget as theatre: The formal and informal institutional making of the budget process in Malawi*. Christian Michelsen Institute.

Rakner, L., Rocha Menocal, A. and Fritz, V. (2007) *Democratisation's Third Wave and the Challenges of Democracy Deepening: Assessing International Democracy Assistance and Lessons Learned*, Research Project (RP-05-GG) of the Advisory Board for Irish Aid, Working Paper 1.

Rakner, L., Rocha Menocal, A. and Fritz, V. (2008) *Assessing international democracy assistance: Key lessons and challenges*, ODI Project Briefing, no. 14.

Rocha Menocal, A. and B. Sharma (2008) *Joint [Belgium, Denmark, Germany, Norway, Sweden, Switzerland, UK] Evaluation of Citizens' Voice and Accountability. Synthesis Report*, ODI: London.

Rocha Menocal, A. and Sharma, B. (2009) *Citizens' voice and accountability: Understanding what works and doesn't in donor approaches*. Briefing Paper for joint donor evaluation of voice and accountability.

- Schedler, A., Diamond, L. et al (eds.) (1999) *The self-restraining state: Power and accountability in new democracies*, Lynne Rienner: London.
- Stapenhurst, R., Pelizzo, R., Olson, D. and von Trapp, L. (eds.) (2008) *Legislative oversight and budgeting: A world perspective*, World Bank Institute: Washington D.C.
- Tembo, F. and Wells, A. with Sharma, B. and Mendizabal, E. (2007) *Multi-Donor Support to Civil Society and Engaging with 'Non-Traditional' Civil Society. A Light-Touch Review of DFID's Portfolio*, Overseas Development Institute: London.
- UNDP (2003) *Access to information: Practice note*, UNDP Oslo Governance Centre: Oslo, Norway.
- UNDP (2003b) *Electoral assistance*, UNDP Essentials, No. 14.
- UNECA (2005) *African Governance Report*, UNECA: Addis Ababa.
- UNECA (2007) *Relevance of African traditional institutions of governance*, UNECA: Addis Ababa, Ethiopia.
- Unsworth, S. (2008) *Is political analysis changing donor behaviour?* Paper presented at the Development Studies Association annual conference.
- USAID (2008) *Deepening our understanding of the effects of US foreign assistance on democracy building*, Report by Finkel, S., Pérez-Liñán, A., Seligson, M. and Tate, N.
- van Zyl, Ramkumar, V. and de Renzio, P. (2009) *Responding to challenges of Supreme Audit Institutions: Can legislatures and civil society help?* CMI Paper for U4 Anti-Corruption Resource Centre.
- Whitfield, L. and Fraser, A. (2008) "Aid and Sovereignty" in Whitfield L. (ed.) *The Politics of Aid: African Strategies for Dealing with Donors*, Oxford University Press: Oxford.
- Wilhelm, V. and Krause, P. (eds.) (2008) *Minding the gaps: Integrating poverty reduction strategies and budgets for domestic accountability*, World Bank: Washington D.C.
- Wilson, R. and Sharma, B. (2008) *Review of UK electoral assistance in the context of lessons emerging from best practice in international experience*, Draft report for DFID.
- World Bank (2004) *Making services work for poor people*, World Development Report, World Bank: Washington D.C.
- World Bank (2006) *Global Monitoring Report: Strengthening mutual accountability – aid, trade and governance*, World Bank: Washington D.C.