

Donor Domestic Accountabilities

UK Case Study

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Alan Hudson and Linnea Jonsson

* Disclaimer: The views presented in this paper are those of the authors and do not necessarily represent the views of the Institute for Research and Debate on Governance or the Agence Française de Développement

Overseas Development Institute
111 Westminster Bridge Road
London SE1 7JD
UK

www.odi.org.uk

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List of Acronyms

AFD	Agence Française de Développement
BOND	British Overseas NGOs for Development
DFID	Department for International Development
IACDI	Independent Advisory Committee on Development Impact
IATI	International Aid Transparency Initiative
IDC	International Development Committee (Parliament)
IMF	International Monetary Fund
IRG	Institute for Research and Debate on Governance
MDGs	Millennium Development Goals
NAO	National Audit Office
NGOs	Non Governmental Organisations
ODI	Overseas Development Institute
OECD DAC	Organisation for Economic Cooperation and Development, Development Assistance Committee
PAC	Public Accounts Committee (Parliament)
PSA	Public Service Agreement
Sida	Swedish International Development Cooperation Agency
UKAN	UK Aid Network

Executive Summary

Accountability and transparency are key drivers of development effectiveness, with domestic accountability in donor countries playing an important role in shaping the policy and practice of their development agencies. As AFD evolves and gains a higher public profile, its approach to engaging with its domestic stakeholders and their demands for accountability will need to change too. To inform AFD's thinking about its evolution, this report analyses the UK's system of domestic accountability for development assistance in order to generate insights about how development agencies' engagement with their domestic stakeholders might be harnessed to deliver improvements in the effectiveness of aid and faster progress towards poverty reduction in developing countries.

In the UK, the Department for International Development (DFID) – a department that is separate from the Ministry for Foreign Affairs (the Foreign and Commonwealth Office) – plays the lead role in the UK Government's efforts to contribute to global poverty reduction. Since the election in 1997 of a new Labour Government, UK development assistance has been on a rapid upward trajectory, buoyed by strong public support. But, with a change of Government likely in 2010 and in the context of an economic recession that is putting pressure on the finances of the government and voters, aid is increasingly under the spot-light. Closer scrutiny of aid and more vocal demands for accountability and evidence about the results that aid delivers is no bad thing, but the challenge for the UK Government, is to ensure that the dynamics of domestic accountability in the UK contribute to making aid more effective and in line with the priorities of developing countries. Understanding the system of domestic accountability for UK development assistance is an important first step in meeting this challenge.

DFID has the central place in the UK's domestic accountability system for international development, with the Department accountable for the UK's contribution to delivering progress on the Millennium Development Goals. There are a wide range of constituencies and organisations that seek to engage with DFID and to exercise accountability in various ways. The domestic accountability system is constituted by these multiple organisations, their interactions, and the various roles they play in mediating between the state and its tax-paying, voting, citizens.

Formally, Parliament plays the key role in holding DFID to account on behalf of the public. Within Parliament, the International Development Committee has the task of scrutinising DFID's policy and practice, while the Public Accounts Committee considers its efficiency and effectiveness. The activities of these Committees are supplemented by a number of less formal parliamentary groups, and by parliamentary questions. The Public Accounts Committee is assisted in its work by the activities of the National Audit Office, an organisation with a well-deserved reputation for producing clear, hard-hitting and influential reports. Since 2007, these public bodies have been joined by an Independent Advisory Committee on Development Impact, committee established – outside Parliament – by DFID to help to improve the quality and independence of DFID's evaluation function.

DFID is increasingly accountable, in various ways, to other parts of the Government. Its relationship with the Treasury – the organisation that holds the purse strings for the UK Government – is structured in large part through Public Service Agreements that set out what DFID is expected to do with the funds it is allocated in the Government's Comprehensive Spending Review. Beyond the Treasury, the Cabinet Office plays an important role in ensuring that DFID's activities are in tune with the policy direction and particular initiatives set out by the Prime Minister. The Cabinet Office also plays a role in facilitating coordination and collective decision-making amongst Other Government Departments, although in the case of DFID much of its engagement is through bilateral relations with, for instance, the Foreign and Commonwealth Office.

Perhaps the key constituency for international development in the UK is that of civil society, with NGOs particularly prominent in this regard. NGOs engage with a number of other actors in the accountability

system – Parliament, the National Audit Office, other government departments. Acting as “critical friends” to DFID over the last decade, NGOs seek to ensure that DFID’s policy and practice is based on sound evidence, complaining vocally when development objectives are marginalised, and seeking to ensure that government policy and practice keeps pace with public sentiment. DFID values the contribution made by NGOs, both because of their practical experience and their ability to mobilise public opinion. An umbrella group – BOND – and a Compact that sets out a code of practice on consultation, along with strong informal ties, helps to ensure that the relationship between DFID and NGOs works relatively well. Beyond NGOs, there are a number of think-tanks and research institutes – as well as more traditional academic institutions – that seek to inform DFID’s policy and practice.

DFID’s engagement with its various domestic stakeholders and their demands for accountability has a major impact on its policy and practice. The MDGs provide a common thread for DFID’s various accountabilities, but with no guarantee that the interests of domestic stakeholders are aligned with the interests of developing countries, DFID faces a continuing challenge to ensure: firstly that its domestic accountabilities drive enhanced development effectiveness; and, secondly that the results achieved by UK development assistance are sufficient to maintain the support of the UK public. As the environment for UK development assistance becomes more questioning, meeting these challenges – balancing and aligning sometimes competing accountability demands – becomes increasingly important.

DFID is seeking to meet the challenge of balancing and aligning its various accountabilities, through improved stakeholder engagement and specifically through a focus on results, evaluation and transparency. DFID’s engagement with its domestic stakeholders has improved in recent years, but – with no comprehensive engagement strategy in place – there is still room for improvement. DFID’s Results Action Plan and the wider Making it Happen agenda set out DFID’s approach to delivering and demonstrating better development results. Alongside the renewed focus on results are recent improvements in DFID’s evaluation function, including a new evaluation policy, and progress on enhancing DFID’s own transparency, domestically and internationally. The hope is that improving the quality and quantity of information about the results of UK development assistance will help to mediate, balance and align the various and sometimes competing demands placed on DFID by its domestic and non-domestic stakeholders. Information about results will, in this scenario, act as a “common currency”, operating in and across the various domains of accountability.

The “results agenda” holds considerable promise, but it is not a straightforward solution to the challenge of balancing and aligning multiple accountabilities. This is for two sets of reasons. First, because it can be difficult to establish what the results of UK development assistance are, due to a combination of data gaps and problems of attribution and aggregation. Second, because different constituencies may be interested in different sorts of results. Is money spent the appropriate measure to consider? Or increases in the proportion of aid spent through Programme Based Approaches? Or children in school? Or jobs created? Or emissions reduced? Or human rights secured? In part this is a question of methodology – how far along the results chain should and can one go – but it is also about different priorities. With donors and developing countries committed to the principle of country ownership, the issue of who decides what results matter most cannot be avoided.

A realistic results agenda that addresses rather than assumes away the challenges of tracing the impact of UK development assistance, and that acknowledges that different constituencies may prioritise different sorts of results, could provide the basis for an open, honest and evidence-based conversation – and a political conversation – about the aims, means, complexities and outcomes of development assistance. With domestic demands for accountability and doubts about the value of aid likely to increase in the coming years, there is an urgent need for donors – working with their various constituencies – to continue to explore what a realistic results agenda might be. And, perhaps, to acknowledge and address more directly the politics and political economy of aid and development effectiveness. This might help to ensure that domestic accountability in donor countries drives development effectiveness in the right direction.

1. Introduction

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

1. Agence Française de Développement (AFD) is changing, from being a low-profile organisation to one with more of a public profile. As AFD evolves and seeks to enhance its effectiveness, its approach to engaging with its domestic stakeholders and their demands for accountability will need to change too.
2. To inform AFD’s thinking about its evolution and approach to stakeholder engagement and domestic accountability, AFD commissioned the Institute for Research and Debate on Governance (IRG) to conduct a series of case studies of development agencies in other European countries. IRG in turn commissioned the Overseas Development Institute (ODI) to conduct the UK and Sweden case studies, focused on the UK’s Department for International Development (DFID) and the Swedish International Development Cooperation Agency (Sida) respectively.
3. This report – the output of the UK/DFID case study – aims to inform the thinking of AFD as it evolves. It does this by analysing the UK’s system of domestic accountability for development assistance in order to generate insights about how development agencies’ engagement with their domestic stakeholders might be harnessed to deliver improvements in the effectiveness of aid and faster progress towards poverty reduction in developing countries.
4. Accountability is widely recognised as being essential to aid and development effectiveness, and has a central place in the Paris Declaration on aid effectiveness and in the Accra Agenda for Action. Domestic accountability, governance and politics in developing countries are rightly regarded as the prime movers of developing countries’ progress towards sustainable reductions in poverty. However, domestic accountability in donor countries receives relatively little attention in discussions of aid and development effectiveness. Given the role that domestic accountability in donor countries can play in generating the incentives that shape the policy and practice of development agencies, neglecting the donor side of domestic accountability is a mistake.
5. The process of producing this report involved two main elements. First, an extensive review of documentation about the ways in which DFID works, and in particular its engagement with its various domestic stakeholders. Second, a number of meetings with representatives from DFID, the UK Treasury and Cabinet Office and other key organisations that engage and seek to hold DFID to account for its policy and practice. A total of 14 meetings were held. A full list of organisations consulted as part of the research process is included as Annex A. Sincere thanks are extended to the many individuals who generously gave their time and shared their insights.
6. This report proceeds as follows. Chapter two provides an introduction to the institutional architecture and environment for UK development assistance. Chapter three maps out the landscape of domestic accountability for policy and practice on international development in the UK, and the actors involved. Chapter four outlines the way in which DFID is – through a focus on transparency, evaluation and results – working to ensure that its domestic accountabilities drive rather than hinder improvements in development effectiveness. Chapter five sets out a series of conclusions, making the case for a “realistic results agenda”.

2. UK Development Assistance: Environment and Architecture

DFID and the Institutional Architecture for UK Development Assistance

7. The UK's Department for International Development (DFID) leads the UK Government's efforts to contribute to the fight against global poverty. DFID was established in 1997, with the coming to power of a new Labour Government. Significantly, DFID was established as a separate government department, or ministry, rather than as a subsidiary of the Foreign and Commonwealth Office, and has both policy and implementation functions. This is in contrast to most OECD DAC member countries (see box 1).
8. The incoming Secretary of State for International Development, Clare Short MP, had a seat round the Cabinet Table. Her efforts, working closely with the then Chancellor Gordon Brown, played a major role in ensuring that development moved up the political agenda, and that DFID quickly established itself as a leading development agency with a clear focus on poverty reduction. The International Development Act of 2002 made clear that UK development assistance must be spent in pursuit of poverty reduction and must not be tied to the purchase of goods and services from the UK (for further detail, see the OECD DAC Peer Review, 2006).

Box 1: Development co-operation models in DAC member countries

Model 1: Development co-operation is an integral part of the ministry of foreign affairs which is responsible for policy and implementation

- Denmark and Norway

Model 2: A development co-operation directorate has the lead role within the ministry of foreign affairs and is responsible for policy and implementation

- Finland, Greece, Ireland, Italy, Netherlands, New Zealand, Switzerland

Model 3: A ministry has overall responsibility for policy and a separate executing agency is responsible for implementation

- Austria, Belgium, France, Germany, Japan, Luxembourg, Portugal, Spain, Sweden, United States

Model 4: A ministry or agency which is not the ministry of foreign affairs, is responsible for both policy and implementation

- Australia, Canada, United Kingdom

Source: OECD, 2009, pp.32-4

9. The UK Government has been a strong supporter of the Millennium Development Goals (MDGs) as a framework for guiding and assessing progress on poverty reduction. DFID's approach to eliminating world poverty and its understanding of global interdependence was outlined in its first White Paper in 1997, with subsequent White Papers extending the analysis to include globalisation, governance, and most recently climate change and fragile states. The UK Government has clearly acknowledged not only the interdependence of distant places, but also the close inter-relationships amongst efforts to reduce poverty, to enhance security, to address climate change and to reform the rules for international trade. As a result, increased attention has been given to policy coherence, or "whole of government" approaches to addressing these challenges.

10. The importance attached to effective cross-departmental working is reflected in the most recent version of the Public Service Agreements (PSAs) – a set of documents that outline the Government’s plans and approaches to delivering on its commitments – with a number of the PSAs for 2008-2011 requiring contributions from multiple government departments. There has also been an increase in the proportion of UK development assistance that is spent by departments other than DFID. However, DFID remains the lead department for the Government’s efforts to contribute to the fight against global poverty (see Box 2). DFID is also a key contributor or “delivery partner” for other PSAs on climate change and conflict reduction. The MDGs and PSAs are intended to cascade down within DFID, through Directors’ Delivery Plans, to Departmental Objectives, Team Objectives, and individuals’ Personal Development Plans (OECD, 2009b, p.115).

Box 2: Public Service Agreement 29 – Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals

The UK will promote accelerated progress towards the Millennium Development Goals by both helping poor countries develop secure and effective states able to sustain economic growth and deliver public services; and by building a global partnership on development policies beyond aid, including by encouraging an increased international focus on gender equality and environmental sustainability. The UK will do this by: working through its bilateral development programme; working through its multilateral development programme; and, influencing the international system. To assess progress in relation to PSA 29, progress will be measured in the 22 countries – 14 in Africa, 7 in Asia and 1 in the Middle East – where it is thought that UK development assistance can make the most impact.

11. In terms of its internal organisation, DFID currently has a Country Programmes directorate, an International directorate, a Policy and Research directorate, and a directorate for Corporate Performance. Beyond DFID’s UK Headquarters, UK development assistance is provided through a network of approximately 40 Country Offices as well as through relationships with a number of multilateral agencies, and through the European Commission.

The Environment for UK Development Assistance: From Supportive to Questioning

12. International development has a high public profile in the UK. Since the election of a Labour Government in 1997, successive Prime Ministers – Tony Blair and Gordon Brown – have had a strong personal commitment to global poverty reduction. Through their leadership and the work of a well-organised and influential NGO lobby, considerable public support for the UK’s programme of development assistance has been built and maintained. At an international level, the UK has played an important role in securing commitments from other countries to increase the quantity and quality of development assistance.

13. The volume of UK development assistance has increased significantly from £3.4bn in 1997 to the £9.1bn planned for 2010-11. In 1997, UK development assistance amounted to 0.26% of Gross National Income. Reflecting the major increases in aid spending, the UK Government is on course to meet in 2013 its commitment to achieving the UN target of spending 0.7% of Gross National Income on development assistance. The Conservative Party – the likely winners at the General Election to be held in 2010 – have also committed themselves to meeting this target, demonstrating that there is a remarkable cross-party consensus on the importance of international development. This has allowed DFID to pursue its agenda without fear of being drawn into political battles.

14. However, UK development assistance delivers relatively few votes and as such is vulnerable to changes in the political climate. In a favourable external environment, the current Government's efforts to increase aid have faced little resistance, with demands for accountability and close scrutiny of the UK's aid effort relatively muted (Thornton and Cox, 2008). In fact, large scale public mobilisations, particularly around the Make Poverty History campaign and the Gleneagles G8 Summit of 2005, have pushed the Government towards further and faster increases in development assistance. But in more turbulent times, with the impacts of the global recession being felt in voters' pockets and in Government budgets, and with the prospect of a change of Government, aid is increasingly under pressure (International Development Committee, 2009).
15. Closer scrutiny of aid and more vocal demands for accountability and evidence about the results that aid delivers is no bad thing. Potentially, it might enhance the effectiveness of UK development assistance and the contribution that UK aid makes to reducing global poverty. The challenge for the UK Government is to ensure that the dynamics of domestic accountability in the UK contribute to making aid more effective and in line with the development priorities of developing countries. Understanding the system of domestic accountability and DFID's engagement with its domestic stakeholders – the focus of chapter 3 – is an important first step in meeting this challenge.

3. The Components of DFID's Domestic Accountability System

Introduction

16. A government is accountable when it makes available information about its activities (transparency), when it is able to explain and justify what it does (answerability), and when its activities are, ultimately, subject to the sanction of its stakeholders (enforceability). Demands for accountability can relate to various aspects of government policy and practice including: the ways in which policy is made; the nature of the policies pursued; the ways in which policies are implemented; and, the results that are delivered.

17. DFID leads the UK Government's fight against world poverty. This gives DFID a central place in the UK's domestic accountability system for international development, with DFID accountable for the UK's contribution to delivering progress on the MDGs. There are a wide range of constituencies and organisations that seek to engage with DFID, and to exercise accountability in various ways. The domestic accountability system is constituted by these multiple organisations, their interactions, and the various roles they play in mediating between the state and its citizens.

18. As part of its efforts to build and maintain public support for international development, DFID has in recent years put more resources into communicating more pro-actively with the British public. This is demonstrated by the establishment in 2007 – under a new Secretary of State for International Development – of a new Communications Team within DFID. Nevertheless, much of DFID's engagement with the British public is mediated through other actors in the system of domestic accountability for development assistance. This chapter maps out the key players in the UK's domestic accountability system for international development, outlining the nature of the accountability relationship for each constituency or organisation in turn.¹

Parliament

19. The UK is a parliamentary democracy in which Parliament has the role of holding the executive to account on behalf of the people. As such, Parliament is expected to play a major role in holding DFID to account. In practice, other constituencies may be more active and effective in holding DFID to account, but in principle Parliament – as the place where the British public's political representatives come together – is paramount. This principle is clearly acknowledged by senior staff within DFID, who have as their political master an elected Member of Parliament, the Secretary of State for International Development.²

20. Within Parliament, there are a number of parliamentary committees and groupings that engage with DFID and seek to hold it to account. While there is considerable interest in international development matters in the House of Lords, it is the House of Commons – the elected house of Parliament – that plays the key role in engaging with DFID. Within the House of Commons, two committees have particular importance; the International Development Committee and the Public Accounts Committee. Both Committees are established by Parliament to enable it to perform its role of scrutinising the Government's policy and practice, and have memberships drawn from all the major political parties.

21. The International Development Committee (IDC) focuses on UK development assistance and in particular DFID's policy and practice. The Public Accounts Committee (PAC) considers the efficiency

¹ This chapter focuses on the formal side of UK policy and politics. This is not to suggest that informal aspects of politics and policy in the UK are unimportant, but they are beyond the remit of this piece of work.

² There has been an increase in the proportion of unelected Ministers in recent years in the UK, but DFID's most senior Minister – the Secretary of State – has always been an elected Member of Parliament.

and effectiveness of government across the range of policy areas, and as such devotes only a small proportion of its efforts to scrutinising UK development assistance. Other Parliamentary Committees such as the Treasury Committee, the Environmental Audit Committee and the Business and Enterprise Committee (formerly the Trade and Industry Committee) will also cover issues that have some bearing on international development and may – to a limited extent – engage with DFID as well as their own focal departments.

22. The IDC and the PAC scrutinise Government policy by conducting inquiries and producing reports on matters of their own choosing. The IDC produces around eight reports per year. The PAC produces around two reports per year that relate to international development matters. In recent years, the IDC has produced reports on topics including: UK public support for aid; DFID and China; development and trade; reconstructing Afghanistan; maternal health; DFID and the World Bank; DFID and the African Development Bank; aid effectiveness; the World Food Programme and global food security; Palestine; and, DFID's strategy on HIV/AIDS. Relevant recent reports produced by the PAC have addressed: operating in insecure environments; budget support; tackling rural poverty; and working with non-governmental organisations.
23. As part of the process of producing these reports, the parliamentary committees invite organisations and individuals to submit written evidence, and hold a series of oral evidence sessions at which invited witnesses answer questions posed by the Committee's MPs. The Government will submit written evidence as a matter of course, and will give oral evidence at least once over the course of an inquiry. Civil society organisations and think-tanks engage actively, particularly with the IDC, regarding it as a useful ally in their efforts to influence DFID's policy and practice. The PAC works closely with the National Audit Office (NAO), feeding their evidence-based reports into the more explicitly parliamentary and political process. Both Committees are able to travel, with the IDC conducting two or three overseas visits per year to examine the work of DFID in particular countries or regions. This provides MPs with a useful perspective on DFID's work in developing countries; a perspective that can sometimes differ from the largely positive picture presented by DFID's written and oral evidence.
24. The Government is obliged to provide a considered response to reports produced by parliamentary select committees, and these reports may be debated on the floor of the House of Commons, but DFID is under no obligation to take on board a Committee's recommendations. Nevertheless, DFID takes its responsibilities to engage with the IDC and the PAC seriously and there are certainly examples of DFID's policy and practice being shaped by the work of these parliamentary committees, either directly or by generating political momentum and public debate. The IDC has been largely supportive of DFID's policy and practice and – with some exceptions – has afforded DFID considerable discretion (Burall, White and Blick, 2009). The PAC has pushed DFID harder, demanding answers and pointing out perceived deficiencies in DFID's policy and practice, for instance in relation to the provision of budget support.
25. In addition to the select committees, there are a large number of All Party Parliamentary Groups such as the Aid, Debt and Trade Group, the All Party Group on Overseas Development, the Africa All Party Parliamentary Group and groups covering various countries, geographical regions and thematic areas. These informal groupings provide a forum for MPs with common interests and concerns to exchange information and can play an important role in alerting DFID to the concerns of MPs, but DFID and the Government is under no obligation to respond to their reports. One further mechanism of parliamentary engagement with DFID is through parliamentary questions, a process through which individual members of Parliament, in many cases encouraged by civil society organisations, can ask direct questions for DFID, to which DFID is expected to respond within 5 days. This process – involving some 2000 parliamentary questions to DFID each year – is managed by a special unit at DFID with the goal of making DFID effectively accountable to Parliament and of having DFID well-represented in Parliament.

26. Notable by its absence is any substantive parliamentary discussion of the funds allocated to DFID as part of the budget process. Budget allocations are voted on by Parliament but in practice are passed with little if any substantive discussion. While not as influential as a substantive discussion on budget allocations might be, since the passing in 2006 of the International Development (Reporting and Transparency) Act, DFID is obliged to provide Parliament with an annual report including detailed information about its activities. The Annual Report provides extensive information about DFID's performance in relation to the MDGs and DFID's PSA targets, and sets out spending projections for the coming years.

The National Audit Office

27. The role of the National Audit Office (NAO) is to audit the accounts of all Government departments and agencies, in addition to those of a number of other public bodies. This role extends to UK development assistance and to the funds spent by DFID, both bilaterally and through multilateral channels. The NAO does not comment on matters of policy, but reports solely on the economy, efficiency and effectiveness with which Government departments and public bodies have used public money. The NAO is independent from Government, with its head – the Comptroller and Auditor General – an Officer of the House of Commons, and its budget set by Parliament rather than Government.

28. The NAO's relationship with DFID has three strands. First, the statutory duty of the NAO to perform financial audit of DFID's accounts. Second, the work of the NAO in helping to build the capacity of national audit institutions in a number of developing countries. And third, and of most interest here, through its value for money and performance management studies. The focus of these studies is discussed with DFID and other interested parties, but decisions as to what they should focus on are made by the NAO.

29. The NAO has substantial powers to access information held by DFID and has a well-deserved reputation for producing clear, hard-hitting and influential reports. The Government does not have to respond to NAO reports, but the NAO's reports are the primary input into inquiries held and reports produced by the parliamentary Public Accounts Committee (PAC), reports to which the Government is obliged to respond. Prior to their publication, NAO reports are agreed with DFID through an iterative process that can in some cases last several months. This enables the PAC to treat them as objective and factual reports, and is the basis of the convention – a convention that evidence suggests is strongly up-held – that DFID staff appearing before the PAC must not question the status of the NAO's analysis.

30. Identifying the specific impact of the NAO's work, and separating it out from other factors that shape DFID's policy and practice is difficult, but the NAO would appear to have had some influence in recent years, for instance: in helping DFID to improve its systems for performance management, monitoring and evaluation; in stimulating DFID's thinking about risk management and portfolio analysis; and, in informing debates within and beyond DFID about the conditions under which it makes sense to provide aid through budget support, and about the importance of working in insecure environments.

The Independent Advisory Committee on Development Impact

31. The Independent Advisory Committee on Development Impact (IACDI) was established by the Secretary of State for International Development in 2007. Its purpose is to improve and assure the quality and independence of DFID's evaluation function in order to improve the delivery and impact of UK development assistance. IACDI does this by: shaping and approving the evaluation work programme and priorities for evaluation identified by DFID's Evaluation Department; ensuring that

evaluation is independent and effective; and, monitoring the extent to which evaluation outputs are used and followed up in practice.

32. IACDI's membership consists of various evaluation experts, from the UK development community and beyond. IACDI holds meetings three times per year and engages closely with DFID's Evaluation Department. Its key output is an annual letter to the Secretary of State for International Development, focussing on lessons learned and advice about how evaluation can be further improved. In addition to engaging directly with DFID, IACDI members have given oral evidence to the International Development Committee, with the annual letter to the Secretary of State copied to the parliamentary committee too. A member of the National Audit Office has observer status on IACDI.
33. In its short life, IACDI has contributed to some important improvements in DFID's evaluation function, improving the status of evaluation within DFID, stimulating the production of a new evaluation policy, persuading DFID to alter its reporting lines so that the Head of Evaluation has more independence and is able to speak more freely, and establishing a tracking mechanism to ensure that the evaluations are translated into learning and improved policy and practice. However, there are question marks about how IACDI's role and remit will be affected if the Conservative Party is elected and pursues its plans to establish an Independent Aid Watchdog, and – more widely – about what a move towards greater harmonisation and coordination amongst donors will and should mean for their national evaluation functions.

The Treasury, the Cabinet Office and Other Government Departments

34. DFID is increasingly accountable to the centre of Government. The Treasury, the Cabinet Office and the Prime Minister's Office are all important players in the domestic accountability system for UK development assistance, with an increasing amount of time and resources invested in running the performance management systems that are needed to generate the information that DFID needs to report to these various stakeholders.
35. The **Treasury** is the UK's finance and economics ministry, with responsibility for formulating and implementing the UK Government's financial and economics policy. The Treasury also controls, manages and monitors the spending of other Government departments. DFID engages with both the Public Expenditure Team – in relation to the Comprehensive Spending Review – and with the Prime Minister's Delivery Unit (somewhat confusingly located within the Treasury), in relation to the PSAs. Engagement takes a number of forms, from regular joint working, to periodic spending reviews and tracking progress against targets agreed and set out in Public Service Agreements. For DFID, this means primarily PSA 29 on global poverty reduction. The Treasury is a "delivery partner" on PSA 29. At the DFID end of this relationship, DFID's Permanent Secretary is the Senior Responsible Officer with overall accountability for delivery of the PSA (HM Government, 2007 – PSA 29 – para 3.53).
36. DFID has a close working relationship with the Treasury, strengthened by the fact that Gordon Brown – the current Prime Minister and previous Chancellor of the Exchequer (the head of the Treasury) – had and has a strong personal and political commitment to international development. The Treasury's engagement with DFID is intensive, high-level and strategic. On a number of issues including debt relief and the UK's relationship with the International Monetary Fund (IMF), the Treasury leads on policy for the UK. This makes it the focus for other players in the landscape of domestic accountability, with, for instance, civil society organisations engaging closely with the Treasury on issues such as debt relief, conditionality and other issues where the IMF is the key global player.
37. In addition to the Treasury, the **Prime Minister's Office (No.10)** plays an important role in holding DFID to account for its policy and practice. The Cabinet Office has responsibility, amongst other things, for ensuring clear communication between the Prime Minister and various Government Departments.

With the Prime Minister keen to promote faster progress on global poverty reduction, and keen to take a lead on the global stage, including through promoting various special initiatives, the Prime Minister's Office has an important role to play in mediating relations between the Prime Minister and DFID, the department with lead responsibility for the fight against global poverty. The Prime Minister's initiatives do not marginalise other players in the UK's system of domestic accountability – indeed, his initiatives are often informed by discussions with civil society organisations, sensitive to parliamentary views on international development, and are designed to play to domestic political audiences, as well to contribute to global poverty reduction – but there is no doubt that he plays an important role in shaping the UK's policy and practice on international development, particularly in relation to special initiatives such as the MDG Business Call to Action, and international initiatives on issues such as education and health.

38. The **Cabinet Office** plays a key role in facilitating coordination and collective decision-making amongst **Other Government Departments**, although development is reportedly seldom a topic for Cabinet-level discussion. Rather, DFID is involved in a series of bilateral relationships with Other Government Departments, including those with lead responsibility for issues such as climate change, trade, and security. Of particular note, and worthy of a study in itself, is DFID's relationship with the Foreign and Commonwealth Office – the UK's Ministry for Foreign Affairs. DFID's establishment as a separate ministry in 1997, and rapid increases in DFID's budget, have put a strain on its relationship with the Foreign and Commonwealth Office although there are signs that things have improved in recent years as both ministries appreciate the need for them to work effectively together. The PSA delivery board for PSA 29, chaired by DFID's Director General, includes representatives from other key government departments.
39. The **Cabinet Office** also takes the lead on conducting three-yearly Capability Reviews. These Reviews focus on the ways in which Government Departments operate, comparing performance across Government. Capability Reviews of DFID were conducted in 2006 and 2009, with the reviews assessing DFID's capability in terms of leadership, strategy and delivery. In the most recent Capability Review, DFID was commended in terms of leadership. In terms of strategy, considerable progress was noted, although the need to develop a stronger narrative for development in a downturn and to demonstrate aid effectiveness was stressed. And in terms of delivery, again, improvements were noted, while the challenge of continuing to deliver value for money across an ambitious strategy with a shrinking administrative budget was emphasised (Cabinet Office, 2009).

Civil Society and NGOs

40. Perhaps the key constituency for international development in the UK is that of civil society, with Non Governmental Organisations (NGOs) the most influential element of that. NGOs such as Oxfam, Action Aid, Christian Aid, World Vision, War on Want and the World Development Movement have for many years played an important role in informing UK policy and practice and helping to build public support for international development. In doing this, NGOs engage with a wide range of other players in the domestic accountability system, including the general public, Parliament and various parts of the Government including DFID. NGOs have acted as critical friends to DFID, seeking to ensure that DFID's policy and practice is based on sound evidence, complaining vocally when development objectives are at risk of being neglected in the face of competing objectives, and helping to ensure that government policy on international development is well-aligned with – and, from the NGOs' perspective, has kept pace with – the public mood.
41. NGOs are listened to by DFID and the UK Government for two sets of reasons. One is because of their experience working in poor communities across the world, either directly or through international networks of partner organisations. This provides a strong and credible basis of evidence for NGOs to make constructive contributions to inform policy and practice. A second set of reasons why NGOs are

listened to is because of their ability to engage with the wider public and to mobilise millions of people – many more people than are members of political parties – in support of their causes. The impressive ability of NGOs to mobilise public opinion in the UK, often as part of campaigns with a European or global reach, was demonstrated most clearly through the work of the Make Poverty History campaign, but was also apparent in previous campaigns on Trade Justice, Drop the Debt, and on a number of more specific campaigns on issues ranging from human rights, to arms exports, to HIV/AIDS policy, to maternal health.

42. In addition to the funds that many NGOs receive from DFID for their project work in developing countries, a number of NGOs, as well as think-tanks such as ODI and other organisations such as the Trade Union Congress, receive long-term funding from DFID under Partnership Programme Agreements and Strategic Framework Agreements. The fact that many NGOs receive funds from DFID might be expected to compromise or at least shape the nature of their engagement with DFID. This review has not revealed any direct evidence of NGOs tempering what they say because of their financial relationship with the Government. But some NGOs are more outspoken than others, and a variety of views are held on the desirability of receiving funds from the UK Government. And, it is clear that the more an organisation depends on DFID funds to finance its activities, the more influence DFID has over what it does.

43. The relationship between DFID and civil society organisations is informed by the Compact. Agreed in 1998, the Compact sets ground rules for the relationship between the Government and the voluntary and community sector. The Compact includes a number of elements including a Policy Consultation and Appraisal Code that sets out the principles of consultation, and the commitments made by Government and by voluntary and community sector organisations to put those principles into practice. In 2005, DFID produced a statement on how it would implement the Compact, making clear that it values the contribution of UK NGOs working on international development because of: the role that they play in strengthening civil societies in developing countries; their comparative advantage in delivering services and humanitarian assistance to the poor; and, their role in enhancing British public awareness and understanding of international development (OECD, 2006, pp.56-7). As part of its commitment to working effectively with NGOs and other stakeholders, DFID holds consultations on all of its major initiatives such as White Papers, Country Strategy Papers and Policy Papers, publicising these consultations clearly on its web-site and reporting the results.³

44. DFID takes some pride in its efforts to engage with stakeholder groups including NGOs, faith groups, black/minority/ethnic communities, the education sector, the media, and unions, as well as NGOs. There are a wide range of mechanisms through which NGOs engage with DFID, ranging from formal consultations about White Papers, to less formal discussions about DFID's policies in relation to particular issues or countries, to informal networks of people keeping an eye on similar issues and events. To many observers, the relationship between DFID and NGOs and other civil society groups appears somewhat chaotic with the nature of engagement depending on the issue, the NGO(s) in question, the timetable for decisions about the issue in question, and the individuals involved. The chaos is managed to some extent by the fact that the NGO community is a tight community with a small number of individuals playing pivotal roles, and by the fact that a number of staff in DFID and in other parts of Government, including the Cabinet Office, have come from an NGO background, with others moving the other way. Shared informal networks play an important role in shaping the nature of NGOs' engagement with DFID.

45. A more formal mechanism of structuring relationships between DFID and NGOs is provided by the NGOs' umbrella group BOND – British Overseas NGOs for Development. BOND has around 340 members, ranging from household names such as Oxfam and Save the Children that work across many

³ See <http://www.dfid.gov.uk/Working-with-DFID/Consultations/Open-consultations/>

sectors, to small NGOs with little profile and a more narrow area of expertise. BOND's mission is to strengthen the quality and effectiveness of UK-based development NGOs and to harness their collective power to influence decision makers. BOND engages with DFID directly and helps to facilitate its members' engagement with DFID, something that its smaller members in particular, who do not enjoy direct access to DFID and the Prime Minister, value. The role that BOND plays in structuring relationships between the Government (including DFID) and NGOs is clearly valued by DFID, with DFID providing BOND with funding for its engagement with DFID and other decision-makers.

46. In addition to BOND there are a number of smaller more focussed networks that seek to engage with DFID and other Government departments, demanding accountability and seeking to influence policy and practice. A recent addition to the landscape – emerging from the Make Poverty History Coalition – is the UK Aid Network (UKAN). With a tiny Secretariat, and funds provided by a number of larger NGOs, UKAN takes the lead on issues of aid effectiveness. Working closely with the Better Aid Coordination Group at a global level, UKAN has engaged intensively and effectively with DFID – particularly DFID's Aid Effectiveness team – as well as with the IDC, IACDI, and the NAO. UKAN's activities have helped to maintain the momentum behind the aid effectiveness and transparency agenda, and to encourage the UK to take the lead internationally on aid effectiveness, including at the 3rd High Level Forum on aid effectiveness in 2008.

47. Since 1997 DFID has worked with NGOs and civil society to push international development up the political agenda, to build public support for UK development assistance, and to argue for more and better aid. Indeed, the 2002 International Development Act instructs DFID to contribute to increasing public awareness of international development. NGOs, for their part, have been happy to have in power a Government with real commitment to international development. Nevertheless, NGOs have been forceful and effective in demanding accountability from DFID and the Government more widely and in driving policy on a number of issues. DFID continues to regard NGOs as an ally, as was demonstrated by the fact that in 2008 responsibility for dealing with NGOs moved from the Civil Society Department (where the relationship was primarily about funding), to the Policy and Research Division, with DFID acknowledging that engagement with NGOs should be primarily about policy. NGOs, along with other development organisations in the UK, are currently giving considerable thought to how their relationships with DFID and the Government more widely might evolve if the Conservative Party comes to power in 2010.

Academia, Think Tanks and Business

48. The role of academia and think-tanks in demanding accountability from DFID and seeking to influence policy and practice has not been a particular focus of this study. However, it is clear that such organisations do play an important role as part of the accountability system and most especially as part of the policy process. DFID commissions large volumes of research, making good use of organisations such as ODI and the Institute for Development Studies. This ensures that such organisations are able to have substantial influence on DFID's policy and practice. DFID has funded a number of Development Research Centres at institutions including the London School of Economics and the University of Sussex, and has established a number of Research Programme Consortia such as the Africa Power and Politics programme led by ODI. In recent years DFID has increased substantially its budget for research and is in the process of enhancing its capacity to engage with researchers, in order to ensure that its policies are informed by the best available evidence.

49. Notable by its absence in discussions of DFID's key domestic stakeholders is the business community. DFID does have some engagement with business, particularly in relation to DFID's work on growth and the role that the private sector can play in driving progress in developing countries. The Prime Minister also sought to engage the sector as part of the Business Call for Action in support of the Millennium Development Goals. But as many interviewees commented, business sees little value in engaging with

DFID, taking the view that with aid untied there is relatively little for business to gain by seeking to influence DFID's policy and practice, and opting instead to focus their lobbying efforts on other government departments as well as the European Commission. As with many other aspects of the domestic accountability system, it will be interesting to see whether and how DFID's relations with the business sector – a sector that has historically been closer to the Conservatives than to the Labour Party – evolve if and when there is a change of Government.

Box 3: DFID and its Peers

The focus of this report is on domestic accountability within the UK for international development. However, UK policy and practice on international development, including that of DFID, is also influenced by its engagement with other bilateral donors, the European Commission and multilateral organisations such as the World Bank and United Nations. DFID makes much of the role that it plays in seeking to influence the policy and practice of these organisations, but the influencing process clearly runs in both directions.

There are a number of fora through which DFID engages with its bilateral and multilateral peers. The OECD's Development Assistance Committee – a meeting place for around 30 bilateral donors and multilateral organisations, with developing countries sometimes invited to participate too – has been an important focus in recent years on issues including aid effectiveness, governance, conflict and fragility, gender, the environment and poverty reduction.

Reflecting the concerns felt by its members, in recent months the OECD DAC itself has been conducting a reflection exercise, to think through how it can continue to be effective and relevant as the global landscape for international development changes. Changes will be needed, but the DAC continues to perform an important role in enabling donors to exchange information and share best practice. The Peer Review process is central in this regard. DFID, along with many other donors, takes the Peer Review process very seriously, engaging intensively with the DAC to ensure that the account it gives of UK development assistance is accurate and favourable.

4. From Domestic Demands for Accountability to Enhanced Development Effectiveness?

Balancing and Aligning Accountabilities

50. Demands for accountability made by DFID's various domestic stakeholders have had a major impact on DFID's policy and practice. This can be seen in relation to a range of issues including: tied aid; aid volumes; debt relief; economic growth; the allocation of aid to particular sectors such as water, agriculture, HIV/AIDS, health and education; and, climate change. These examples demonstrate the contribution that domestic accountability makes to informing and shaping DFID's policy and practice.
51. DFID's primary accountability relates to its contribution to delivering progress on the MDGs. However, with no guarantee that the interests of domestic stakeholders are aligned with the interests of developing countries, DFID faces a continuing challenge to ensure: firstly that its domestic accountabilities translate into UK development assistance that is more effective and more in line with the needs of developing countries themselves; and, secondly that the results achieved in developing countries are sufficient to maintain and build public support for UK development assistance. As the environment for UK development assistance becomes more questioning, with politicians and the public increasingly keen to ensure that their aid is spent effectively, the importance of meeting this challenge and of balancing and aligning various demands for accountability – from domestic constituencies and from developing countries – is set to increase.
52. The possible tension between domestic demands for accountability and the need for DFID to act in ways that respond to demands for accountability from other constituencies, particularly from developing countries, can be seen for instance in debates about the pros and cons of providing aid as budget support and in debates about the value or otherwise of earmarking aid for spending in relation to particular sectors. Developing countries and the aid effectiveness agenda at an international level may push DFID towards providing aid in a flexible manner that allows it to be used in support of locally-owned development strategies. On the other hand domestic constituencies in the UK may push DFID towards providing aid in ways that are less flexible but are seen to respond to concerns about the risk of funds being squandered or stolen (Wood et al, 2008, p.xii). Similarly, there may be a tension between the desire of domestic constituencies to see quick and visible wins and the realities of developing countries where supporting and delivering change is often a long-term process involving changes in processes, procedures and relationships that may not be immediately visible.
53. Balancing these sometimes competing pressures and achieving greater alignment between domestic and other demands for accountability is an ongoing challenge for DFID. With its Directorate General for Corporate Performance in the lead, DFID is seeking to meet this challenge through improved stakeholder engagement and specifically through a focus on results evaluation and transparency.

Stakeholder Engagement

54. DFID's 2007 Capability Review highlighted better partnership working as a key area for improvement, a recommendation that DFID has taken on board. In 2008 DFID commissioned a Stakeholder Survey to establish a baseline against which progress can be tracked and to enhance DFID's stakeholder management strategy (PriceWaterhouseCoopers, 2008). The Survey reported broad satisfaction amongst stakeholders from across Government, Parliament, business, civil society and the donor community as regards their relationship with DFID (see Box 4). However, the Survey did note that there is still room for improvement, as regards the need for joined up working with other Government Departments, and the need to listen more carefully and respond more appropriately to address the needs of stakeholders.

55. Echoing these findings, the 2009 Capability Review noted that: “Some stakeholders, including those in the UK, comment that they do not believe that DFID sufficiently nurtures its relationship with them and that DFID needs to develop more of a culture in which partners feel listened to and valued” (Cabinet Office, 2009, p.10). In measured but powerful language the Review noted that: “An engagement strategy would be a good first step” (Cabinet Office, 2009, p.10). DFID’s efforts to improve its engagement with its domestic stakeholders and to ensure that domestic accountabilities drive improvements in development effectiveness, revolve around results, evaluation and transparency.

Box 4: Key findings from the 2008 DFID Stakeholder Survey

- 94% believe that their relationships with DFID work well most of the time and 72% think that DFID responds well to their needs
- 76% of stakeholders are involved with DFID because the department influences the international system on issues that are relevant to their organisation
- Half of all stakeholders think that DFID is flexible, although a quarter think that DFID is not very flexible, so there is room to improve in this area
- DFID is considered to be an open and honest department and one that listens to and understands the needs of its stakeholders, although there is room to take this one step further by acting more effectively upon stakeholder input
- There is a wish amongst stakeholders to see more joined up policy and programme work with other government departments and for DFID to be a better team player
- 85% of stakeholders understand DFID’s role and remit and most are satisfied with how DFID delivers on them, although all non-Whitehall stakeholders agree that DFID is not delivering as well as they would expect on climate change
- Stakeholders have a high opinion of their communication with DFID, and many describe this as a two-way process
- Staff are consistently rated very highly by stakeholders for their professionalism, enthusiasm, commitment and expertise. They are considered to be effective and efficient but they could be more open and transparent. Four out of five stakeholders were satisfied with the staff that they had dealt with most recently.

Results, Evaluation and Transparency

56. Development agencies can be held to account for a variety of things including their policies, the process through which their policies are developed, and the ways in which their policies are implemented, and the impacts that their policies have. Accountability can make a difference at all stages of the policy process. But there is no doubt that ultimately, for all stakeholders, it is **results** that matter most, with progress towards the MDGs the results that matter most. Donors’ focus on the importance of results-based management of aid and public resources in developing countries demonstrates their appreciation of the importance of results and information about results. However, generating good evidence and information about results in developing countries, and associating aid agencies’ inputs with particular outcomes and impacts, presents all development agencies with a huge challenge (see NAO, 2009, p.3).

57. Notwithstanding the considerable challenges, DFID has sought to embrace a results agenda, with a Results Action Plan adopted in response to the 2006 Capability Review.⁴ The Plan seeks to establish DFID as a model of good practice, promoting better use of evidence in decision-making and more

⁴ See <http://www.dfid.gov.uk/Documents/publications/results-action-plan08.pdf>

effective use of performance information to enhance and demonstrate development effectiveness. (DFID, 2008c). The Results Action Plan – which is intended to apply to DFID’s internal operations, its work in partner countries, and its engagement with other donors – clearly recognises that information about results will only improve if there is increased demand for evidence about results, and that this requires a strengthening of the systems which hold governments and donors to account. As the Plan itself puts it: “A culture change on use of evidence will be more likely if governments and donors are held accountable for the delivery of results.” (DFID, 2008c, para 16). It seems likely that DFID has domestic accountability in developing countries primarily in mind, but it is increasingly aware that the workings of the domestic accountability system in the UK – particularly in a changing political climate (Conservative Party, 2009) – also play an important role in focusing attention on results and transparency.

Box 5: What is Managing for Results?

For DFID, Managing for Results means focusing on outcomes (what is being achieved) as well as outputs (what is being produced) and inputs (how much money is being spent). It means being able to make the links between all of these stages (DFID, 2008c, para 9).

In the Paris Declaration on Aid Effectiveness, “managing for development results” is defined as: managing and implementing aid in a way that focuses on the desired results; and, using information to improve decision-making.

58. The Results Action Plan was given added impetus in 2008, becoming a key stream of activity in DFID’s wider “Making it Happen” agenda (see Box 5). The Making it Happen agenda is intended to promote delivery, focus on impact, and improve the efficiency and effectiveness of DFID, enabling DFID to meet its Departmental Strategic Objectives, and in turn its PSA commitments on climate change, on conflict, and most centrally on poverty (NAO, 2009, pp.15 and 21). In an effort to avoid the unnecessary proliferation of initiatives, DFID’s response to the 2009 Capability Review is to be integrated into its Making It Happen programme of work, a programme of work that is aimed at delivering better results and communicating more effectively about the results achieved.

Box 6: DFID’s Making it Happen Agenda

- Results: Using information about the impact that DFID has on poor people’s lives to continually improve the impact of its interventions
- Communications: Building support for development in the UK, and demonstrating to taxpayers the results of our work in reducing poverty
- People: Ensuring that DFID has the right people with the right skills to deliver in a more complex world, and that performance is managed better
- Money: Improving DFID’s management of money to get better value for money for the taxpayer
- Systems: Ensuring that DFID has smarter, more efficient business systems and processes to support staff in their work

59. In line with its increased focus on results, DFID has in recent years devoted more attention to **evaluation** and to ensuring that evaluation functions both to enhance accountability and to promote learning that will lead to more effective policy and practice. As DFID puts it: “Evaluation is part of how any organisation promotes learning about the effectiveness and impact of its operations for continuous improvement in performance and results. In a government department it also helps to ensure accountability for how public funds are used; and supports evidence-based policy making. At a higher level, it contributes to the UK’s overarching objectives for its international development programmes – by improving development effectiveness, making progress towards the Millennium Development Goals, and reducing poverty” (DFID, 2008, p.1). More concisely, evidence and information about performance is – or should be – the “currency of accountability” (Droop, Isenman and Mlalazi, 2008).

60. However, DFID’s evaluation function, and its Evaluation Department specifically, has come in for some criticism in recent years from a number of DFID’s domestic stakeholders including NGOs, Parliament, IACDI and the NAO (NAO, 2009), with an influential cross-country comparative study stating that DFID had little vision about how the evaluation function should relate to DFID’s strategic directions, that evaluation had no impact on DFID’s culture of learning, and that the evaluation unit had little credibility across DFID (Foresti, 2007). In evidence to the International Development Committee, IACDI noted that despite its importance for accountability and learning, DFID’s spending on evaluation amounts to less than 0.1% of its total programme budget, or 2% of its administrative budget (IDC, 2009b, p.23). The IDC, noted that “We are not convinced that DFID’s evaluation processes allow it to make an accurate assessment of what its funding is achieving” (IDC, 2009b, p.3).

61. In response to such criticisms, and after several rounds of consultation with domestic and other stakeholders, DFID established a new Evaluation Policy, published in June 2009. The policy states that: “The aim of evaluation for DFID is to provide reliable and robust evidence from experience to improve the effectiveness and impact of programmes aimed at poverty reduction. Evaluation also provides a vital element in DFID’s framework of accountability for performance and results, both to the taxpayer and to development partners, and to the poor and excluded who should be the ultimate beneficiaries of DFID’s work” (DFID, 2009, p.11). The new policy – alongside an implementation plan – sets out DFID’s commitment to independent evaluation and the important role to be played by IACDI in this regard, outlines how DFID will contribute to building partnerships for evaluation with the needs of developing countries given primary importance, explains how DFID will seek to build a culture of learning and evaluation, makes proposals as to how DFID will drive up the quality of its evaluations, and commits DFID to undertaking – alongside related international initiatives such as the International Initiative for Impact Evaluation (3IE) and the Network of Networks Impact Evaluation Initiative (NONIE) – more and better impact evaluations.

62. **Transparency** is the foundation for accountability. In its absence, there can be no real accountability. The importance of transparency is clearly acknowledged in paragraph 24 of the Accra Agenda for Action which states: “Transparency and accountability are essential elements for development results and lie at the heart of the Paris Declaration, in which we agreed that countries and donors would become more accountable to each other and to their citizens for the use of all development resources and the results achieved.” DFID has promoted the transparency agenda in terms of the activities and spending of governments in developing countries for many years, and – with encouragement from stakeholders such as UKAN, Transparency International, Publish What You Fund, Parliament and IACDI, as well as international discussions around the Paris Declaration on aid effectiveness – now seems to acknowledge that the argument also applies to its own activities and to its relationship with its various stakeholders, in the UK and in developing countries.

63. DFID’s reinvigorated commitment to transparency is demonstrated particularly by two recent initiatives. First, its strong support for the International Aid Transparency Initiative (IATI), an initiative

that – involving donors, partner countries, civil society organisations and other users of aid information – aims to make public information on aid spending and activities more available and accessible, worldwide.⁵ Second, its recent move to make public a searchable on-line database of projects funded by DFID, a move that is in line with discussions around the Paris Agenda on aid effectiveness and commitments made as part of the IATI.⁶ The renewed enthusiasm for transparency – although of a more pro-active public relations sort – is also demonstrated by the establishment of the “UKAid” brand which is intended to communicate more clearly to the British public about how their taxes are spent in the fight against global poverty.

Results: A Common Currency?

64. DFID clearly acknowledges the importance of engaging with its domestic stakeholders and their demands for accountability. DFID also acknowledges that there may be occasions when domestic demands for accountability push DFID in directions that may not be fully aligned with the interests of developing countries, or with DFID’s preferred ways of working in developing countries. Balancing and aligning these sometimes competing demands for accountability, and working to ensure that domestic accountability drives rather than hinders aid and development effectiveness is a key challenge for aid agencies.
65. In seeking to meet this challenge, DFID has in recent years given increased attention to issues around results, evaluation and transparency. The hope is that improving the quality and quantity of information that is available about the results of UK development assistance and the contribution it makes to progress on the MDGs will help to mediate, balance and align the various and sometimes competing demands placed on DFID by its domestic and non-domestic stakeholders. As DFID puts it in making the case for greater aid transparency: “Aid transparency means that everyone can see how much aid is being provided, what it is being spent on, and what it aims to achieve. Making aid open to public scrutiny helps to ensure it is being used in the most effective ways. It also helps citizens in both donor countries and developing countries hold their governments to account for using aid money wisely.”⁷
66. Information about results, will, in this scenario, act as a “common currency”, operating in and across the various domains of accountability. It is too early to say whether this approach is proving effective, but DFID’s experience and that of other agencies that have adopted results-based approaches to managing their operations and accountabilities should hold useful lessons and pointers for others. In the concluding chapter of this report, the argument is made that there are limits to what “the results agenda” can achieve and that there is a need for careful reflection about what a “realistic results agenda” that meets the needs of aid agencies’ various stakeholders – domestically, internationally, and in developing countries – might look like.

⁵ See <http://www.dfid.gov.uk/Global-Issues/Working-to-make-Global-Aid-more-effective/International-Aid-Transparency-Initiative/>

⁶ See <http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Project-information/>

⁷ See footnote 3.

5. Conclusions: Towards a Realistic Results Agenda?

DFID's Domestic Accountabilities

67. Domestic demands for accountability play an important role in informing and shaping the policy and practice of DFID. They also compel DFID to justify the use it makes of taxpayers' money, and give DFID an opportunity to build public awareness and support. The system of domestic accountability for UK development assistance is strong, with a number of actors engaged with DFID, with other parts of the UK Government, and with each other. A strong and largely supportive system of domestic accountability has benefitted DFID, helping it to secure increased aid commitments and to put itself at the forefront of international efforts to improve the effectiveness of aid and development more widely.
68. In thinking about its own evolution, there are a number of aspects of the UK domestic accountability system for aid that AFD might consider. These include the fact that there is a dedicated parliamentary committee with responsibility for international development, the valuable role played by the National Audit Office, the recent establishment of IACDI, and perhaps most importantly the considerable effort that DFID has put into nurturing its relationship with civil society, with an umbrella group – BOND – having a central role. There may also be lessons to learn from DFID's engagement with the Treasury around a clear Public Service Agreement, and from efforts to establish better ways of cross-departmental working on issues that cross departmental boundaries.

Balancing Accountabilities through a focus on Results: Potential and Pitfalls

69. The challenge for DFID, as we have seen, is to ensure that the system of domestic accountability is balanced or aligned with demands for accountability coming from other domains, so that domestic accountability drives improvements in development effectiveness. DFID acknowledges that there is a balance to be struck, noting that "DFID's corporate performance framework is designed to strike an appropriate balance between managing the delivery of international development outcomes and meeting UK accountability requirements" (NAO, 2009, p.51). As AFD evolves, it will increasingly face the same challenge. AFD would do well to reflect on how DFID has sought to achieve an appropriate balance; and DFID might itself explore, including with its developing country partners, how well it has achieved an appropriate balance.
70. As is the case with a number of donors – bilateral and multilateral organisations – DFID's approach to balancing and aligning sometimes competing accountabilities is focussed on transparency and results. As the Results Action Plan puts it: "As the UK scales up its contribution to international development, it is essential that the UK public – which pays for these programmes – is provided with transparent and clear evidence of its effectiveness and impact. Our accountability, however, is not only to the UK public but also to the recipients of the assistance, by increasing the availability of information about provision of basic services and the results achieved" (DFID, 2008c, paragraph 13).
71. A results agenda – with progress against the MDGs the results that matter most – holds considerable promise but is not a straightforward solution to the challenge of balancing and aligning multiple accountabilities. A full exploration of the benefits and limitations of "the results agenda" is beyond the scope of this report, but it is clear that it does not provide a simple solution. There are two sets of reasons why this is the case. First, It can be difficult to measure and establish what the results of UK development assistance are because of data and measurement problems, because of attribution problems and because of aggregation problems. Poor data and weak systems for collecting and generating data are – because of a lack of resources – the norm in developing countries. As the Evaluation of the implementation of the Paris Declaration puts it: "Many donors are reported to be

caught in a difficult situation, facing pressure to report on results under their own systems, but unable to count on sufficiently robust country systems as a basis” (Wood et al, 2008, p. 23).

72. In addition, clear attribution of causal impact is, to be frank, not possible in complex and open social systems (See DFID, 2008c, para 14 and HM Government, 2007, para 2.2), with one implication of this being that it makes little sense to hold agencies accountable for things that they have little control over. And – while an agency such as DFID can do a reasonable job of showing its contribution to the MDGs, or of monitoring results at project level – aggregating project level results to demonstrate results in terms of particular policies or country programmes presents particular challenges (see also Box 1 of Results Action Plan, DFID, 2008c).

73. Second, if different constituencies or audiences prioritise different sorts of results, it is not at all obvious that one set of information about one set of results will meet their various needs. In DFID’s case, for instance, it is clear that the Making it Happen agenda, and the Results Action Plan as part of that, has multiple goals around learning/improving performance, justifying aid spend, and building public support. As should be clear from years of effort to make evaluations deliver for twin objectives of accountability and learning, meeting multiple and sometimes competing goals with one instrument, approach or agenda is not an easy task. Perhaps more importantly it is highly likely that there will be different substantive views about what sorts of results should be prioritised. Is money spent the appropriate measure? Or increases in the proportion of aid that is spent through Programme Based Approaches? Or children in school? Or jobs created? Or emissions reduced? Or human rights secured? In part this is a question of methodology: how far along the results chain from inputs to activities to outputs to outcomes to impacts should one, and can one, go? But it is also about different priorities. With donors and developing countries committed to the principle of country ownership the issue of who decides what results matter most cannot be avoided.

Box 7: Ownership, harmonisation and results

“From a partner country point of view, the ideal would be for all development agencies to support a jointly owned results-based management system tailored to the specific country needs and context. On the other hand, development agencies usually want to aggregate and report results across countries and programs for which the information needs to be comparable rather than country specific.

Furthermore ...the enhanced focus on measuring progress towards global results may lead to disconnect between the accountability and reporting requirements of development agencies’ headquarters and the principles of country ownership, harmonisation, and alignment. Pressures from the development agency’s constituency demands accountability and reporting systems that are focused on the attribution of results to a specific agency’s program. At the same time, agency staff at the country level is encouraged to manage for results and report through the use and strengthening of partner country systems.

The corporate accountability and reporting system must therefore strike a balance between providing a common framework for systematically reporting results and ensuring flexibility in how results are reported in any given context” (Kotoglou, 2007, p.21).

74. DFID is well aware of these challenges, noting in its 2008 report on independent evaluation that: “As country offices have been quick to point out, one of the risks here [with results agenda] is that in seeking to address this, DFID puts in place systems which place greater demands on country office

teams than they can meet, as they scale up programmes within a constrained administrative budget. ... Another issue is that we may end up measuring what matters to UK audiences rather than aligning with the priorities and monitoring systems of developing countries” (DFID, 2008, para 13). It will be interesting to see how these tensions play out in DFID’s efforts to roll-out a series of standard results-focused indicators across its country programmes.

The Politics of Results

75. DFID, AFD and all aid/development agencies face the challenge of aligning multiple accountabilities, so that accountabilities drive development effectiveness. Information about results must play a central role in this regard – as DFID’s Annual Report for 2009, “Better results for poor people”, makes clear – but the “results agenda” does not provide a straightforward answer. As Kotoglou puts it in a report that should be required reading for all development agencies: “results frameworks certainly help the agency to show how and if it is meeting the desired outcome and impact indicators. They are also a valuable way of communicating priorities and clarifying expectations and accountabilities to internal and external stakeholders. ... [But] One of the challenges that remain unresolved is how to ensure that the format and presentation of results is best able to serve the needs of both partner country (government and beneficiary groups) and development agencies constituencies (tax payers, Parliament, Executive Boards)” (Kotoglou, 2007, p.ii).
76. However, beyond the challenge of formatting and presenting results to serve multiple audiences, is the fact that different constituencies prioritise and value different results, even if – and this is not an insignificant “if” – all stakeholders are ultimately concerned with making progress against the MDGs. Technical solutions to aid effectiveness challenges stumble against the realities of politics and interests. Nevertheless, a realistic results agenda that addresses rather than assumes away the challenges of tracing the impact of UK development assistance, and that acknowledges that different constituencies may prioritise different sorts of results, may provide the basis for an open, honest and evidence-based conversation – and perhaps a political conversation – about the aims, means, complexities and outcomes of development assistance. DFID’s publication of its Results Action Plan is to be commended, but with domestic demands for accountability and doubts about the value of aid likely to increase in the coming years, there is an urgent need for donors – working with their various constituencies – to continue to explore what a realistic results agenda might be. And, perhaps, to acknowledge and address more directly the politics and political economy of aid and development effectiveness. This might help to ensure that domestic accountability in donor countries drives development effectiveness in the right direction.

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Annex A: List of organisations consulted

- British Overseas NGOs for Development (BOND)
- Cabinet Office
- Department for International Development (DFID)
 - Communications Team
 - Corporate Performance Directorate General
 - Evaluation Department
 - Parliamentary Liaison and Ministerial Support Unit
- Independent Advisory Committee on Development Impact (IACDI)
- International Development Committee, House of Commons, Parliament (IDC)
- National Audit Office (NAO)
- OECD, Development Assistance Committee
- Transparency International UK
- Treasury
- UK Aid Network (UKAN)
- Publish What You Fund