



Mutual Accountability: ‘orphan’ principle of the Paris Declaration

Introduction

Australia is committed to the Paris Declaration on Aid Effectiveness. The Declaration contains five core principles of aid effectiveness that seek to transform the way that aid is delivered. The five principles contend that aid would be most effective if developing countries exercise greater leadership over development policies and plans, donors base support on country priorities and systems, donors coordinate their activities and minimize transaction costs, and together partner countries and donors manage for results and are accountable to each other in achieving real results from aid. The full text of the Paris Declaration can be found [here](#).

Globally, the mutual accountability pillar is the least understood of the Paris principles – both conceptually, and in terms of practical implementation. This, too, is the case for Australia, as confirmed in an independent evaluation commissioned by ODE in 2007 as Australia’s contribution to a joint international evaluation on the implementation of the Paris Declaration.¹ The independent evaluation recommended that *‘Specific guidance about “mutual accountability” should be provided to staff working on the Australian aid program, given the specific lack of awareness of this part of the Paris Declaration.’* Accordingly, this note sets out to describe mutual accountability and identify some implications for the Australian aid program.

Defining mutual accountability

According to the Paris Declaration ‘A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.’ This is the Declaration’s mutual accountability pillar.

In more general terms, the idea of mutual accountability is simple: ‘In essence, *mutual* accountability is the process by which two (or more) parties hold one another accountable for the commitments they have voluntarily made to one another.’² Translating this simple idea into international aid practice has not been easy.

First, donors and partners argue about the scope of the principle: accountability to whom and for what? Some demand a focus on mutual accountability between partner countries and donor governments for implementation of their commitments under the Declaration. Others view the principle as having more to do with the accountability of partner country governments to their populations for development results.

Secondly, the global aid effectiveness debate is still dominated by donors. Donors remain uneasy about the idea implicit in mutual accountability: that poor performing donors should face sanctions or penalties for their poor performance. As a result, the principle has received little attention.

Accountability for what? While conceptual confusion at the international level may continue, mutual accountability surely means accountability for results. That is, it extends beyond the aid effectiveness principles of the Paris Declaration, to encompass the use of resources and development results, such as reducing poverty and achieving

¹ The joint international evaluation will inform the High Level Forum on Aid Effectiveness in Accra, Ghana, September 2008.

² OPM Briefing Note 2008 -03 *Mutual accountability in aid effectiveness: international- level mechanisms*, page 1.

the MDGs.³ This broad focus is a core feature of the new Pacific Partnerships for Development.

Accountability to whom? There is less confusion here. The basic idea is that partner countries and donors should be accountable to their domestic constituencies, but also to each other.

Measuring progress

It is generally accepted that progress towards mutual accountability is less advanced than for the other Paris Declaration principles.⁴ Progress is measured using a set of 12 indicators set out in the Paris Declaration. Australia's experience with these indicators has been mixed. The mutual accountability indicator is narrow – and imprecise: 'all partner countries have mutual review mechanisms in place.' True, the indicator reflects the intuition that an environment in which donors and partners jointly engage in reviews of mutual progress is likely to lead to more effective aid. But subjective judgments are required about the existence of review mechanisms. General or sector-specific partnership dialogue arrangements (e.g. sector reviews or Poverty Reduction Strategy reviews) are often cited as examples despite being substantially less than global ambitions for mutual accountability; they do not adequately capture the principle's results dimensions. Given this, and the imprecise formal indicator, international surveys in 2006 and 2008 do not yield much insight into global efforts to implement this commitment.

Pre-conditions for progress

More useful to measuring progress against formal indicators, is a consideration of the pre-conditions for meaningful mutual accountability at the country level.

- Partner countries must strengthen their domestic accountability processes. This requires two main things: (1) strengthening the parliamentary role in setting development strategies and budgets; and (2) reinforcing participatory approaches so that civil society and media can help assess development progress and hold governments to account. Australia's efforts to help build demand for better governance in several partner countries contribute to meeting this challenge.
- Donors need to provide better information on aid flows. This requires timely, transparent and comprehensive information to enable partner countries to report fully on budgets to their legislatures and citizens.
- Both partners and donors need to work together to strengthen results management and performance information systems, particularly in partner countries. Accountability means nothing without accessible results information. Therefore, progress on mutual accountability is contingent on better results-based management.

The latter pre-condition is especially onerous. While greater investment to develop statistical capacity in partner countries is vital, more spending on household surveys and other monitoring systems is unlikely to be enough. Partner country political leadership is required. In the absence of high-level political interest and the right incentives, results-based systems are unlikely to emerge and thrive.⁵ Fostering political drivers of results-based

³ The international community is starting to adopt this broader approach. In a draft overview report on the 2008 Survey on Monitoring the Paris Declaration, the OECD DAC's Joint Venture on Monitoring the Paris Declaration argues that: 'the Paris Declaration promotes a concept of mutual accountability that is results based. ... [T]he concept involves an increasingly intense dialogue between all the partners supporting country development efforts with an increasing focus on the available evidence on development outcomes.' (page 31)

⁴ OPM, *Paris Declaration on Aid Effectiveness: Study of Existing Mechanisms to Promote Mutual Accountability between Donors and Partner Countries at the International Level*, (Final Report, March 2008), page 14.

⁵ Tara Bedi, Aline Coudouel, Marcus Cox, Markus Goldstein and Nigel Thornton, *Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies*, World Bank 2006.

policymaking in partner countries, and reducing their obstacles, is vital. Only if this is done can meaningful mutual accountability take hold.

Country-level mechanisms

To this point, the paper has focused on country-level mutual accountability. This is the most important level to focus efforts. Unfortunately, there are very few practical examples of functional mutual accountability mechanisms at this level. And certainly mechanisms that hold donors to account by allowing partner countries to sanction for poor performance are non-existent. This reflects another key challenge in delivering genuine mutual accountability: the power imbalance in aid relationships. Partner countries have little influence over donor policies and few mechanisms for monitoring donor performance. Greater partner country voice, power and capacity to challenge donors are required to enhance *donor* accountability to partners.⁶ Australia's experiment with Pacific Partnerships for Development may yield promising examples of real mutual accountability.

International-level mechanisms

A number of mechanisms have emerged at the international level in the wake of the Paris Declaration. However, these are not well coordinated or necessarily fit for purpose. The *Global Monitoring Reports* produced by the World Bank and IMF are intended to be used by developing countries and donors to hold each other mutually accountable for their performance. But the GMRs are so aggregated that they have limited value in this regard. Another example involves the *Africa Partnership Forum*, which was created in 2003 'to provide a venue for a more inclusive partnership between Africa and the G8, and as the political mechanism for monitoring progress on mutual accountability.'⁷

One of the most interesting instruments to emerge at this level is the Center for Global Development's Commitment to Development Index. While the CDI shines a spotlight on rich country performance, it does not provide a forum for dialogue between partner countries and donors. The CGD is looking to expand and refine the Aid Quality Index that constitutes one of the components of the CDI. If this comes to fruition, it could play a useful role in global efforts to improve mutual accountability between partner countries and donors.

Implications for Australia

More than any other donor, Australia works in weaker or fragile environments where the pre-conditions for mutual accountability (e.g. functioning domestic accountability mechanisms) are hardest to establish. This complicates efforts to realise our mutual accountability commitments and calls for creative thinking to progress this agenda.

The political nature of the Paris Declaration is most obvious in the context of mutual accountability, which is about the partner-donor relationship itself. Political solutions, rather than technical fixes, are required to build meaningful mutual accountability mechanisms. Accordingly, efforts to engage in high level political dialogue on Paris will help establish some of the pre-conditions for mutual accountability on the ground.

The new Pacific Partnerships represent an opportunity for Australia to contribute to the international accountability agenda. These partnerships have potential as genuinely shared accountability for better results, particularly focused on the MDGs, and are supported by regular and joint evidence-based reviews of progress. Innovative thinking will be required to ensure smaller Pacific countries can negotiate these partnerships effectively. Performance measures should be jointly agreed and emphasise reciprocal accountabilities: for partners to improve governance, invest more in economic infrastructure and create an enabling environment for growth and to improve health and education outcomes; and for Australia to deliver better quality aid and improved policy settings in other areas. As these

⁶ ODI Briefing Paper, *Promoting Mutual Accountability in Aid Relationships* (April 2006), page 2.

⁷ ODI Briefing Paper, page 3.

Partnerships develop it will be important to harness the lessons of practical experience to inform efforts to build mutual accountability mechanisms, both for the rest of the Australian aid program and for the broader international community.

Australia is only one of two bilateral donors producing a comprehensive assessment of its aid program – the Annual Review of Development Effectiveness (ARDE). Because the ARDE is tabled in parliament and widely disseminated, the aid program is well positioned to meet its accountability obligations to the Australian public. More efforts are now required to share this evidence with partner countries in the spirit of mutual accountability. AusAID program areas should increasingly use both Annual Program Performance Reports (APPRs) and the ARDE to engage in strategic level performance discussions with partner country governments and civil society. This is already starting to happen with peer reviews of many APPRs involving partner country and other donor representatives. These reports provide a solid basis for Australia to meet its accountability obligation to its partner countries.

Further thought should also be given to how Australia could provide greater aid flow predictability to its partner countries to help establish a pre-condition to mutual accountability.

Beyond the Pacific Partnerships currently being negotiated, Australia's commitment to strengthen performance information systems on the ground in partner countries could be intensified. Collaborating with the World Bank in this area – particularly in the Pacific – offers real value to efforts to improve the mutual accountability architecture.

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