

Chapter 1

The role of accountability in promoting good governance

This chapter introduces the objectives of the study. It reflects on how donors can improve their support to accountability in developing countries and on what needs to be done to change practice. It provides more clarity on the links and relationships among development co-operation and domestic accountability, presenting in a comprehensive way where donors stand in this area of development co-operation.

Introduction

Strengthening domestic accountability has been a growing component of development assistance in recent decades. This is in line with the rising interest in improving governance – increasingly seen as the touchstone of successful development. The role of domestic accountability has been acknowledged in development co-operation effectiveness work and embedded in relevant commitments agreed at meetings in Paris, Accra and Busan.¹ These trends underscore the widely-held view that efforts to address poverty and promote development are most effective when they are informed by a good understanding of the social, political and governance context in which they are implemented and where they support productive citizen-state relations. They build on calls from citizens, local organisations and accountability institutions in developing countries for greater voice and representation in development decision making and debates. They also build on longstanding efforts by the international community to support democracy.

However, domestic accountability support has not been as successful as hoped: while the capacity of accountability actors has been strengthened, important weaknesses and gaps have not been addressed. All too often this is due to inaccurate assumptions by donors about the nature of local democratic and institutional contexts and transitions. Inevitably, donors have tended to design programmes and projects that replicate institutions and processes characteristic of more developed countries, rather than provide support which builds on local realities to substantially improve accountability.² This has resulted in too many examples of countries with all the trappings of accountability – but without most of its functionalities.³ As a consequence, accountability and governance support are now being challenged to “work with the grain” of societies and to develop country-specific strategies which represent the “best fit” rather than “best practice” (CFS, 2010).

While there is growing recognition of the need for new approaches, there is not yet broad agreement on what changed practice actually looks like. This orientations note therefore aims to provide more clarity, by focusing on three key themes:

1. **The need for much more politically-informed, smarter development co-operation.** The principles underpinning “best fit” rather than “best practice” approaches, and working with institutions as they are rather than as they should be, are broadly accepted. But actually putting this into policy and practice remains a challenge. This note looks at strategies for achieving more politically feasible

and realistic approaches, including the implications for risk analysis and management.

2. **A focus on the substantive functions or issues to address, not just the form, of domestic accountability.** If support aims at strengthening accountability for budget processes, for example, it should start with the core accountability problem or function to be addressed and then develop creative approaches to work with – rather than simply supporting formal institutions which may lack substantive influence. This means carefully analysing, and potentially re-considering, the use of different aid modalities overall and their interaction with domestic accountability.
3. **An “accountability systems” approach,** rooted in these core accountability functions. This emphasises the need to move beyond a narrow focus on supply-side *versus* demand-side accountability support, or a focus only on formal institutions, and instead to look more closely at the linkages among actors and how these can be strengthened over time. This programme has taken an important line of inquiry to unpack the hypothesis that donors tend to take a siloed approach and supply support to individual institutions of accountability – parliaments, the media and the like - without developing a greater understanding of how citizens interact in systems or processes of accountability, as noted below.

Changes in practice will require some changes in donor approaches, including different roles, new forms of assistance, adjustments to funding modalities and new approaches to risk and results management. It will involve wholesale shifts in behaviour by parts of the development assistance community, moving outside conventional comfort zones and reflexes towards new approaches to risk taking and political engagement. While this poses challenges which need to be understood, managed and implemented cautiously, the risks of not changing may be greater. Some agencies and organisations are already beginning to move in this direction, as suggested through case studies and research.

This note distils the findings of “work in progress” by the development co-operation and research communities to assess donor policy and practice in promoting domestic accountability. It is aimed at a range of practitioners, from those designing and implementing accountability programmes to those for whom accountability issues form a small part of their overall development assistance programming. It is also targeted at a wider interested audience, including civil society actors and citizens around the world who interact with donors working on accountability support. It represents a collective effort by the OECD-DAC Governance Network

(GOVNET) in collaboration with partners in developing country accountability institutions – such as parliaments, civil society organisations, political parties, and the media – to explore citizen-state relations and to better understand the impact of development co-operation on domestic accountability.

The note has a particular focus on accountability for budget processes and service delivery. It is based on country case studies in Mali, Mozambique, Peru and Uganda (Annex A), a survey of leading analytical thinking and donor innovations in this field since mid-2009, and the findings of a series of special high-level international dialogues on how to best support domestic accountability institutions and processes. These led to the identification of key principles for supporting specific institutions that play critical roles in democratic governance, including elections, parliaments, the media, and political parties (Part II).⁴

At the same time, this note implicitly acknowledges that there is still much to learn about “good practice” in supporting domestic accountability. There is not much hard evidence about “what works and what doesn’t work” on which to base definitive conclusions. Accordingly, this text does not provide the complete recipe for success – it is not a guidance note or a “how to” instruction manual – but rather reflects existing research and collective experience to offer some preliminary, yet promising, findings. It seeks to acquaint the reader with what a changed approach to domestic accountability support might look like, introducing some of the conceptual underpinnings, and making suggestions for specific implications for programming and implementation.

Part I begins with a brief overview of domestic accountability and related development assistance support, including a definition of the concept, historical trends and functional links between development co-operation, domestic accountability and the wider governance landscape. Chapter 2 then describes the important role that politics, incentives and informal institutions play in delivering functional accountability – and the concomitant need to integrate these factors into relevant development assistance efforts. Chapter 3 sets out the scope and method for moving towards a systems-wide approach to domestic accountability. The need for such an approach was a particularly promising finding from the GOVNET case studies, and is reinforced by emerging international research. The note then explores the “big picture” implications of development co-operation for domestic accountability processes and institutions (Chapter 4), and concludes with some core recommendations for the future (Chapter 5). Part II outlines specific principles for targeted, institution-specific support to key components of domestic accountability systems – electoral systems, parliamentary support, political party development and media assistance.

Annex A provides short summaries of the findings of case studies in Mali, Mozambique, Peru and Uganda. The full case studies are available on the OECD website (www.oecd.org/dac/governance).

What is the role of development co-operation in domestic accountability?

At its core, accountability concerns the relationship between the rulers and the ruled (Schedler *et al.*, 1999). As such, it is fundamentally about politics and power (Newell and Wheeler, 2006; Box 1.1).

Box 1.1. Some key definitions

Accountability – also referred to as “domestic” accountability for the purpose of this programme - involves three key concepts:

- **Transparency:** citizens have access to information about commitments that the state has made and whether it has met them.
- **Answerability:** citizens are able to demand that the state justifies its actions.
- **Enforceability:** citizens are able to sanction the state if it fails to meet certain standards.

Domestic accountability involves both a horizontal and a vertical dimension. The horizontal dimension is the system of checks and balances among the executive, the legislative and the judicial branches. Vertical accountability entails the relationships between citizens and decision makers, including the ability of citizens to influence political decision-making processes.

Domestic accountability therefore relates to the relationship between the state and its citizens, on whose behalf a state – particularly a state with aspirations of legitimacy – is expected to rule. This does not imply that these relationships are ever perfect – working to achieve domestic accountability and state legitimacy is a challenge for all countries. But how citizens relate to and perceive the state remains a crucial building block of state formation and development.

Source: Hudson and GOVNET (2009).

There is a growing body of knowledge on accountability and citizen-state relations in developing countries. In part, this stems from longstanding debate and interest in processes of democratisation and commitments to supporting governments to be more responsive to their citizens. In recent years, there has been growing recognition of the role that

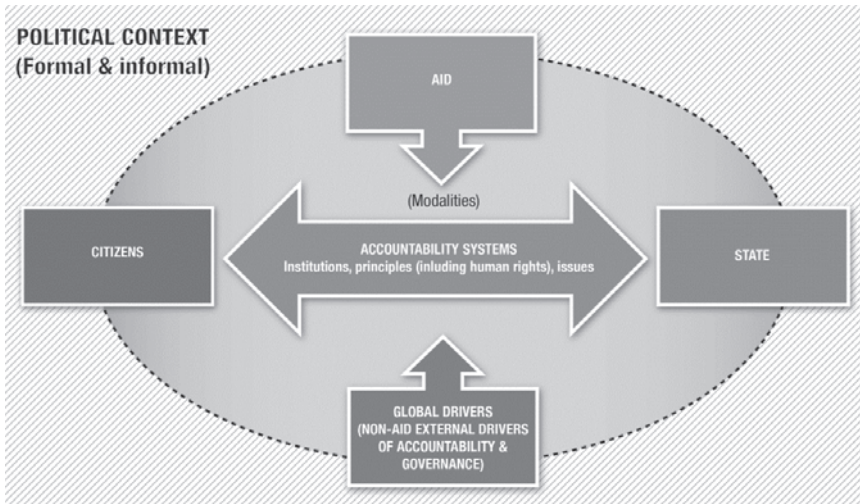
governance and accountability plays in development. Analytical inquiry and international discourse have focused on three core areas:

1. How to ensure transparency: long recognised as important both for efficient policy making and implementation (for example, ensuring accurate and verifiable budgeting) and for wider probity and legitimacy benefits;
2. How to encourage broad-based participation: strengthening the political involvement of citizens in decision-making processes and in mechanisms for legitimacy and control; and
3. How to improve the access and quality of public services to all citizens (World Bank, 2004).

These trends have contributed to a broad category of development co-operation aimed at strengthening accountability processes in developing countries. Such development co-operation generally involves support: 1) for the “supply side” of accountability (the state institutions such as audit institutions and parliaments – as well as broader governance reforms, for example to public procurement or financial management); or 2) for the “demand side” (*i.e.* to build citizen demand for more transparent, accountable government, often through strengthening civil society organisations or the media).

However, understanding of how development assistance can best be used to support domestic accountability institutions and processes remains limited. To shed light on these limitations, this note draws on four country case studies – Mali, Mozambique, Peru and Uganda (see Box 1.2 and Annex A). The case studies applied a schematic model of the key factors to be considered in understanding the complex relationship between development co-operation and domestic accountability (Figure 1.1; and see Hudson and GOVNET, 2009).

Figure 1.1. **Development co-operation, domestic accountability and the wider governance landscape**



The model suggests that while development co-operation can and does shape the scope and capacity for domestic accountability, it is only one part of an accountability picture which is fundamentally shaped by politics, power and incentives – and that these operate across formal and informal spheres of activity.

The links and relationships among development co-operation and domestic accountability can be summarised as follows:

- Domestic accountability is about the relationship between the state and its citizens (people) and the extent to which the state is answerable for its actions.
- Domestic accountability is not led by any one actor, but rather brings together a variety of actors and institutions. For example, accountability for the oversight of public resources involves parliamentarians, national audit institutions, ministry of finance officials, and often monitoring by civil society groups and the media – it is not the responsibility of any one institution acting alone.
- Citizen-state relations are embedded in specific contexts, with their own political realities, incentive structures and configurations of formal and informal power.
- While there are many examples of development co-operation strengthening domestic accountability in positive ways, it can also

undermine the development of more legitimate and sustainable tax-based social and fiscal contracts between citizens and the state (particularly where aid makes up an important share of government revenues).

- For a number of issues, there are several external global drivers of accountability and governance that affect accountability systems and which need to be taken into account when supporting accountability. These include regional or international agreements, standards and procedures (such as human rights frameworks or corruption instruments); and the activities of multinational firms whose actions are initiated and controlled, to varying degrees, beyond the borders of the country concerned.

Rather than seeing particular accountability actors (for instance, civil society, parliaments, or the media) as the entry point for the case studies, the model above prompted a focus on specific **issues**. This meant exploring the scope and dynamics of domestic accountability systems involving multiple stakeholders, and assessing how these systems worked to demand or deliver accountability in particular areas, such as in budget processes or service delivery. This approach helped to situate the analysis in a practical and concrete context (see Box 1.2).

Box 1.2. The GOVNET country case studies

GOVNET commissioned research into the realities of aid/development co-operation and domestic accountability through in-depth country case studies in Mali, Mozambique, Peru and Uganda, along with a series of multi-stakeholder dialogues. The countries' budget processes and service delivery (health and education) were selected as the two entry points for understanding domestic accountability systems in the case studies. Each study mapped existing accountability; held in-depth interviews with key actors from civil society, government and donor agencies; and conducted substantive background analysis of the impact of specific strategies and programmes. In parallel, GOVNET held a series of meetings and gathered expert advice in a multi-pronged effort to identify international good practice in supporting key domestic accountability institutions such as political parties, parliaments, civil society and the media. The case studies were led by individual GOVNET members, but designed to be as participatory as possible – a range of local stakeholders was involved in selecting the entry point issues and findings were validated through consultations and dialogue.

This series of case studies forms the evidence base for the broader reflection on how donors could better support accountability actors and institutions to improve citizen-states relations in partner countries. Each case study also represents a

possible entry point for further work on implementing these orientations in-country and building up strong partnerships to move forward into the accountability and effective institutions agendas. The methodology may also be useful for analysing service delivery in sectors or budget processes in other countries.

Findings suggest that accountability does work as a system around several sectoral and organisational processes (budget processes, decentralisation, provision of health and education services, etc.) and donor support may be more strategic if it is designed for systemic approaches. The studies illustrate that donors supporting accountability in each of these contexts have tended to work in isolation and to target a single actor, risking unbalancing the system as a whole. Evidence thus shows that there is a need to go beyond traditional approaches to accountability assistance by building links between actors and constructing strong constituencies or coalitions of change that involve civil society, the media, parliaments, political parties and a range of other institutions. Hence the need for an “accountability systems approach” to allow for greater attention to these dynamics.

Common themes

While generalisations across the case studies are challenging, a number of common themes and actors emerged (see also Table 2.1) **Budget processes** can play an important role in strengthening domestic accountability, since citizens’ views of the state and its legitimacy are shaped by the ways in which resources are spent, verified and evaluated. Most countries have a formal budget process through which the government creates and approves a budget. In practice it encompasses a cycle which can be broken down into four stages: formulation (usually led by the executive); approval (often via parliamentary debate and approval of budget); execution (implementation of policies within the budget, which can involve local government and non-state actors); and oversight (often by national audit institutions and parliaments).

Looking across the case studies, domestic accountability systems for budget processes involved a range of actors playing a variety of roles at different points in the cycle. They included: the government (political leaders, key ministries such as finance); parliament (often parliamentary committees such as the Public Accounts Committee and the Budget Committee); national audit institutions; civil society organisations (for example conducting budget monitoring); media; and local government. Most of the countries (*e.g.* Mali, Peru and Uganda) share a common focus on participatory budgeting processes. Moreover, strong emphasis was placed by donors and governments on improving budget transparency, as shown in an emphasis on comparative ratings surveys such as the Open Budget Index. The budget process has been a key area of focus for donor support to country systems and for reforms to the public sector. For instance, the Public Expenditure and Financial Accountability (PEFA) programme – widely supported by the donor community – has substantially progressed knowledge and understanding about how to strengthen country public financial management (PFM) systems.

Service delivery also plays an important role in shaping citizen-state relations, as citizens come into contact with the state – especially in its local forms – most

directly through their use of state-provided services (such as health and education) (Hudson and GOVNET 2009; Eldon and Gunby, 2009). In practice, service delivery chains can involve a range of providers and actors both inside and outside of government. The domestic accountability system for service delivery often includes: the government (political leadership, key ministries such as ministries of finance, as well as relevant line ministries in health, education and so on); parliament (including relevant committees); service providers (state providers, non-state providers, for-profit providers); CSOs (engaged in service delivery or monitoring), national audit institutions; and user groups or professional associations (e.g. doctors, teachers). Donor support in this area commonly focuses on strengthening either the supply side (i.e. state responsiveness to citizen public service needs and state capacity to plan and deliver key services) or the demand side (i.e. strengthening citizen demands on the state to improve service delivery).

The GOVNET case study assessments suggest that while there may have been some identifiable progress in terms of strengthened capacity and capabilities of some accountability actors around these issues – such as improvements to national audit institutions or to government transparency – there remain a number of weaknesses, gaps and deficits that are not being addressed. A more informed, fuller understanding of the accountability system is essential in order to provide balanced, targeted support to improve institutional capacity and processes while still respecting the inherent dynamics of the system. At the same time, greater clarity is needed about the political economy drivers which shape the relationships among actors within those systems. These two issues are explored in greater depth in the following sections.

Notes

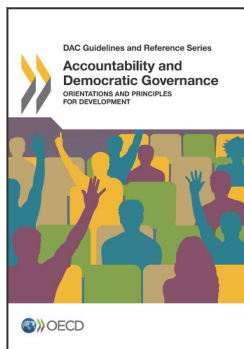
1. The *Paris Declaration on Aid Effectiveness* (OECD, 2005/2008) calls for “enhancing donors’ and partner countries’ respective accountability to their citizens and parliaments for their development policies, strategies and performance”. The *Accra Agenda for Action* (OECD, 2005/2008) goes further, making specific reference to the role of parliaments, local authorities and civil society organisations in developing and monitoring development plans and objectives in developing countries. And most recently in the *Busan Partnership for Effective Development Co-operation* (Fourth High Level Forum on Aid Effectiveness, 2011), the international community agreed to accelerate and deepen implementation of their commitments to strengthen the capacity and accountability roles of parliaments and local governments.
2. This borrows from thinking in Pritchett *et al.* (2010), which examines administrative capabilities of the state.

3. See for example CFS (2010); Booth (2011); Rocha Menocal and Sharme (2008); Pritchett *et al.* (2010).
4. GOVNET good practice notes for supporting civil society institutions and judicial systems are forthcoming.

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