

Mutual Accountability: An Imperative for Capacity Development?

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Background

A more authentic ownership and more effective partnerships are now almost universally regarded as essential pre-conditions for maximizing the impact of development assistance. The promotion of these twin objectives lies at the heart of the aid effectiveness effort that in 2005 informed the Paris Declaration on Aid Effectiveness as well as the commitment of the G8 leaders to “more and better aid”.

Associated with this consensus is an emerging role for mutual accountability mechanisms. These are intended to restore balance to the development partnership by emphasising that donors and partner countries are accountable not only to their respective constituencies but also to each other. The Paris Declaration recognised that “effective partnership requires that the actions of both sides be subject to scrutiny” and the empirical evidence emerging from the increasing number of country-led initiatives highlights the strong potential of mutual accountability mechanisms.

The Paris Declaration also established an indicator of mutual accountability and this attempt to codify mutual accountability goes some way to establishing a practical working definition and criteria. For the purposes of this paper, mutual accountability is defined in a manner that is consistent with the OECD/DAC and includes mutual arrangements for assessing the development partnership as well as the results that have been achieved.

This paper demonstrates the link between mutual accountability and capacity development. It then considers how the use of a mutual accountability mechanism is particularly suited to addressing some of the capacity development challenges in Cambodia. The paper then describes the application and operationalisation of mutual accountability principles in Cambodia before providing some concluding remarks.

Making the Link Between Mutual Accountability and Capacity Development

"More and better aid" acknowledges that not only will increased funding be required if the MDGs are to be attained but also that there needs to be a change in the way development assistance is provided and managed. Attaining the MDGs will require significantly enhanced levels of country capacity and at least a part of these changes in aid management therefore concerns a re-examination of the impact development assistance has on building, strengthening and sustaining national capacity. This applies not only to capacity to provide essential public services, but also capacity to manage the development partnership, to convene and broker relationships, and to assert greater ownership in the articulation and implementation of the national development vision.

The concept of mutual accountability included in Paris Declaration is restricted to transparency in resource use and the articulation of the roles and responsibilities of donors, partner countries and their Parliaments. A joint commitment to objectively assessing commitments to improved aid effectiveness is also included, and this joint commitment comprises indicator twelve of the monitoring framework.

The central theme of this paper, however, is that there is a far greater potential for mutual accountability that extends beyond information sharing and assessing progress. Mutual accountability provides an objective basis for more open dialogue, increased transparency and an enhanced understanding of the interests of both donors and partner countries. This can therefore make a strong contribution to a more authentic ownership that is underpinned by strong leadership and management capacity that pays more than lip service to notions of 'driving seats' and national management of the development agenda. Not least, a focus on mutual accountability is expected to facilitate a greater focus on modalities and approaches that will support effective capacity development.

Increased mutual accountability is therefore a key component of the challenge to provide "better" aid, in particular where it can create the conditions that are necessary for more effective capacity development. Indeed, it is reasonable to propose that, in the absence of an effective mutual accountability mechanism, the prospect of meaningful capacity development is severely diminished.

What are the issues?

The issues identified in the Paris Declaration as constraining factors on more effective aid have been a concern to partner countries for a considerable period of time. It is worthwhile relating back to an earlier Needs Assessment survey, for example, that was commissioned by the OECD/DAC in 2002 in 14 partner countries.

This survey consulted a large number of partner country counterparts on the burdens they experienced in managing aid and asserting national ownership. When consolidated, the results showed that the following issues, identified in order of priority, were of particular concern:

- a) Donor driven priorities & systems;
- b) Difficulties with donor procedures;
- c) Uncoordinated donor practices;
- d) Excessive demands on time;
- e) Delays in disbursements;
- f) Lack of information; and
- g) Demands beyond national capacity.

All of these capacity-related issues have also been identified in the first round of monitoring the Paris Declaration. The results of this survey are summarised for thirty-one partner countries in Table One, overleaf. They suggest that capacity-related issues – use of national systems, coordinated technical cooperation, PIUs etc – continue to be a concern, with many of the indicators highlighting that capacity development of institutions, systems and individuals will be essential if real improvements in the management and impact of development assistance are to be realised.

Table One: Paris Declaration Indicators: Summary Monitoring Data

OWNERSHIP		SCORE
1	Partners have operational development strategies — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets. (Based on World Bank's Aid Effectiveness Review)	A - 0% B - 19% C - 55% D - 26%
ALIGNMENT		
2	Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these. (Based on World Bank CPIA)	Indicator 2a 3.5-4.5 – 63% < 3.5 – 37%
3	Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners' national budgets.	90% (includes aggregation of over- and under-estimates, ranging from 33% to 139%)
4	Strengthen capacity by coordinated support — Percent of donor capacity development support provided through coordinated programmes consistent with partners' national development strategies.	43%
5	Use of country systems — Percent of donors and of aid flows that use partner country procurement and/or public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	Budget execution systems – 43% Financial reporting systems – 34% Auditing systems – 34% Procurement systems – 37%
6	Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.	Total = 1,637 (High: 111 in Nicaragua and Viet Nam) (Low: 11 in South Africa)
7	Aid is more predictable — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	65%
8	Aid is untied — Percent of bilateral aid that is untied.	64%
HARMONISATION		
9	Use of common arrangements or procedures — Percent of aid provided as programme-based approaches.	42%
10	Encourage shared analysis — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	Joint missions – 33% Joint analysis – 51% (High: Afghanistan = 1,647 missions)
MANAGING FOR RESULTS		
11	Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes. (Based on World Bank's Aid Effectiveness Review)	A – 0% B – 22% C – 45% D – 33%
MUTUAL ACCOUNTABILITY		
12	Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	"a small minority of surveyed countries has in place a mechanism of this type"

source: OECD/DAC Progress Report on the 2006 Survey on Monitoring the Paris Declaration (derived)

Almost all of these issues and concerns can be related in some way to capacity development and a mutual accountability mechanism, which provides for an objective dialogue on issues relating to aid effectiveness, might be expected to address them accordingly. It is therefore of some concern that few countries are assessed as having established effective mutual accountability mechanisms.

These findings underline the link between ownership, capacity and aid effectiveness. Following the Paris Declaration monitoring exercise, a November 2006 OECD/DAC paper discusses common themes emerging from the monitoring exercise. It finds that "stronger government capacity is seen as an essential element for effective country leadership in advancing the [harmonisation and alignment] agenda" and that "strong government leadership supported by donors increases mutual confidence in each other and promotes mutual accountability."¹ Capacity, ownership and aid effectiveness are therefore inextricably linked.

Mutual Accountability Priorities in Cambodia

Cambodia has evolved a number of processes that are designed to promote mutual accountability between government and donors. These mechanisms increasingly engage with civil society and this positive trend is expected to continue and to become stronger in future years.

National aid management is the responsibility of the Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC), and it is this body that has the responsibility for setting aid management policy and for serving as the focal point for both government ministries and donors. A national Strategic Framework for Development Cooperation Management has therefore been developed by CRDB which sets out the national priorities for promoting aid effectiveness, including a focus on the following issues:

- a) Strengthening and using national systems;
- b) Increasing the impact of technical assistance;
- c) Implementing the core public service reforms;
- d) Developing programme-based approaches;
- e) Integrating PIUs / PMUs;
- f) Application of the Paris Declaration and its indicators; and
- g) Mobilisation and increased impact of resources.

All of these concerns are directly related to capacity development. To operationalise the Strategic Framework, Government has therefore developed a Harmonisation, Alignment and Results Action Plan (2006-2010), which includes actions to address each of these priorities. In October 2005, the Government, with its development partners, signed a Declaration on Enhancing Aid Effectiveness, which formally commits both parties to a partnership that is based on mutual accountability as a means of implementing the Action Plan.

¹ See OECD/DAC, 'Regional Workshops on the Paris Declaration: Emerging Common Themes and Key Messages', 10 November 2006.

An Objective Framework for Mutual Accountability in Cambodia

There are two frameworks that have been established in Cambodia to address mutual accountability priorities. These relate, first, to issues that are explicitly associated with aid effectiveness, and, second, to actions that are necessary to support the reform agenda that is associated with the National Strategic Development Plan (NSDP).

The Harmonisation, Alignment & Results Action Plan provides the basic framework for identifying and prioritizing activities related to the promotion of aid effectiveness in Cambodia. As Cambodia has been a long-term participant in the OECD/DAC Working Party on Aid Effectiveness, the insights gained through that forum have complemented national experience to inform the content of the Action Plan.

Although commitment to the Action Plan has been reasserted through the signing of a Declaration with development partners, one remaining relative shortcoming has been the absence of objective indicators that can be monitored and used as a basis to assess mutual progress. It is now a priority, therefore, to address this and we hope to work through existing dialogue structures to apply the experience of the Paris Declaration monitoring exercise to a national monitoring framework.

The second mutual accountability framework is the set of Joint Monitoring Indicators (JMIs). These have been developed jointly by Government and development partners and comprise twelve targets and indicators of progress toward activities that are crucial to the implementation of the NSDP. Examples include reference to legal and judicial reform, decentralization, public financial management, social sectors and the environment. These JMIs are developed in Technical Working Groups and then endorsed, monitored and discussed at higher levels of Government-donor dialogue.

Mutual Accountability Monitoring Mechanisms in Cambodia

A common mechanism has been established for monitoring both the Harmonisation, Alignment & Results Action Plan and the Joint Monitoring Indicators. This mechanism also serves as the primary structure for all levels of dialogue between Government, donors and civil society partners. The dialogue structure comprises of three tiers, all of which include the participation of Government, donors and civil society:

a) Technical Working Groups (TWGs)

Eighteen TWGs facilitate dialogue on sector and thematic issues, chiefly on a technical level and with a focus on resourcing, implementation and monitoring. Each TWG is chaired by a senior Government official and is co-facilitated by a donor representative. Included in each TWG's Terms of Reference is the implementation, monitoring and reporting of progress related to the Harmonisation, Alignment & Results Action Plan and the Joint Monitoring Indicators. TWGs identify their own set of Joint Monitoring Indicators, as well as the resources required to implement them, and dialogue is mainly based around the development of a programmatic approach that will ensure partnership-based implementation of the national programme.

b) Government-Donor Coordination Committee (GDCC)

This Committee meets three times a year and is chaired by the Minister of Economy of Finance. On the donor side it is represented at Ambassadorial level and has responsibility for endorsing the collective set of Joint Monitoring Indicators. The role of the GDCC is to take forward a higher-level of dialogue, often related to cross-sectoral reforms and issues of governance, but it also serves as a forum to discuss any issues that are referred to it by the TWGs for resolution or a higher level of dialogue. TWGs submit reports to the GDCC on both the Harmonisation, Alignment & Results Action Plan and the Joint Monitoring Indicators, and these are used to inform the agenda.

c) Cambodia Development Cooperation Forum (CDCF)

Following a dialogue with development partners, the CDCF will replace the Consultative Group in 2007. Chaired by Government, its role will be to provide an overarching forum for dialogue at the highest level regarding critical areas related to progress in the NSDP. It will also serve as a resource mobilisation mechanism.

The CDCF will also provide an opportunity to discuss the annual Aid Effectiveness Report, which will be produced by CDRB. This report will draw from a range of sources, primary amongst which is the CRDB ODA Database. This system is web-based, meaning that donors (once granted password access) can input their data on-line and, more important, any member of the public or the media can go on-line to produce their own reports. The ODA Database has been customised in 2006 to record information at the project level based on many of the indicators used in the Paris Declaration survey (use of national systems, number of PIUs, disbursement/commitment ratios etc). While this will serve to make future monitoring exercises more routine, its real added value is that it will promote a more evidence-based dialogue at country level and will therefore make a major contribution to bringing objectivity to the notion of mutual accountability.

The Government has recently undertaken a review of both the TWG-GDCC mechanism as well as the Consultative Group process, which will become the Cambodia Development Cooperation Forum from 2007. These reviews have attempted to maintain the evolution toward greater Government ownership while retaining and embellishing the best aspects of partnership. One particular objective has been to provide for a more evidence-based dialogue that will contribute directly to enhanced mutual accountability.

A Role for Independent Monitoring

One of the most innovative and successful approaches to promoting mutual accountability relates to the use of independent monitoring. Although not a formal requirement for meeting the Paris Declaration monitoring criteria, the OECD/DAC notes that "a number of participants have seen value in independent assessments of both country and donor performance" and Cambodia is currently considering different options for undertaking such an exercise.

An independent assessment of the development partnership can establish a concrete framework for facilitating dialogue and assessing progress. An impartial perspective on

complex issues, including governance, public service reform or donor conditionality, can bring balance while also allowing for the sharing of views that might otherwise remain unspoken. In this regard, independent monitoring can provide a useful safety valve and allow for important perspectives to be shared in sensitive environments. An external and impartial perspective on harmonisation issues is also helpful as there is an increasing tendency to become excessively self-congratulatory on progress made at country level.

Finally, a neutral perspective on the development partnership can also provide reassurance to the broader civil service community in both donor and partner countries that the impact of development assistance is being fairly, transparently and impartially assessed. While an independent monitoring exercise can reap significant dividends, however, it should not be thought of as an easy option. The preparation, implementation and follow-up of such an exercise can be challenging and can themselves be a real test of the strength of commitment to the ideals of ownership and partnership.

Summary & Conclusion

Capacity development is central to the efforts of donors and partner countries as they seek to implement the Paris Declaration and meet their objective of "more and better aid". This paper proposes that prospects for more effective capacity development can be greatly enhanced by promoting the notion of mutual accountability. Such an approach has been shown to serve the interests of both donors and partner countries, as well as the broader interests of civil society.

Mutual accountability mechanisms can often be – and indeed should be – incorporated into existing dialogue and coordination structures and the experience of Cambodia demonstrates how mutual accountability tools and indicators can be integrated into both technical and higher-level dialogue arrangements. The inter-dependent nature of aid effectiveness and capacity development can then inform Government-donor dialogue and joint assessments of progress can be facilitated through established national structures.

Mutual accountability tools and mechanisms are still in their infancy. Partner countries and their donor partners should be encouraged to innovate and experiment, as well as to document and share their experience. The role of UNDP or the OECD/DAC might then focus on consolidating and facilitating access to this experience and knowledge, promoting the further development of models, best practices and monitoring arrangements.