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Mutual Accountability in Aid Relationships

Making Aid Work for the Poor

CARE International is committed to placing human rights at the heart of development. For this reason, we believe that mutual accountability can play an important role in aid delivery at both international and country levels.

All too often, poverty and vulnerability are rooted in social and political factors. For example, access to water or land is often a question not only of their availability, but also of the institutions and processes that determine the allocation of, and access to, such resources. To understand the underlying causes of poverty, we also need to reflect on how the aid system is organised. Mutual accountability offers a lens for understanding aid policy and practice in terms of the rights and responsibilities of different stakeholders, including donors, partner governments, civil society and – most importantly – the ultimate beneficiaries of assistance: those living in poverty and marginalisation.

Mutual accountability puts forward a means to ensure that development actors hold one another accountable. This means that actions are answered for, that performance is evaluated and that changes and sanctions are enforced if necessary. The concept of mutual accountability attempts to address the imbalance in power and accountability among donors, recipient governments, civil society organisations (CSOs) and citizens. This paper underlines why and how mutual accountability needs to be part of a broader effort to promote accountability to poor and marginalised people. For mutual accountability to be effective, it must be grounded firmly in policies, institutions and processes that support the demand side of accountability and that involve ordinary people in the decisions which affect their lives. This is critical to realising a wider rights-based approach to development.

Key Recommendations

- ***Donors and governments should promote genuine local and democratic ownership of development processes so that the ultimate beneficiaries of aid, the poor and marginalised, are empowered. A rights-based approach to mutual accountability requires a change in the implementation of the new aid modalities, such as general budget support (GBS), to support the greater involvement of parliaments, local governments and civil society.***
- ***Donors and governments should ensure an enabling environment that strengthens civil society's role in supporting the poorest and most marginalised groups, especially women, to have a voice in policy and to hold those in power to account. One way of doing this is through the creation of local funds. It is essential that the processes that govern the functioning of local funds ensure outreach, and that they be defined in consultation with civil society, so as to respect and nurture CSOs' diverse approaches to bringing about change.***
- ***In post-conflict situations, donors and partner governments should negotiate binding 'compacts' that establish their respective financial and political obligations to address the root causes of violence, promote recovery and consolidate peace. Such compacts should include clear benchmarks and timelines, and should be reviewed through regular and transparent processes at country and international levels. Towards this end, donors and United Nations (UN) agencies should give direct support to the empowerment of civil society to participate in the design and monitoring of such compacts and to hold duty-bearers to account.***

1. Mutual Accountability and Ownership: Implications for aid instruments

Mutual accountability can appear to be an abstract concept, one concerned merely with how we understand power relations at the global level between donors and aid-recipient governments. However, the practice of mutual accountability – or its absence – is also manifest in the way decisions are made, responsibilities are reported on and money is channelled, spent and accounted for throughout the aid system down to the community level. The new aid modalities, for example GBS or multi-donor trust funds, can be designed and implemented to reflect an agenda that promotes mutual accountability, or not.

The Paris Declaration on Aid Effectiveness (PD), agreed in March 2005, established global commitments between donor and recipient countries to support more effective aid in a context of a significant scaling-up of development assistance, seen as imperative to achieving the Millennium Development Goals (MDGs). It potentially represents a unique opportunity to transform the nature of the partnership between donors and developing countries, correct discredited past practices, and shift the balance of power within the aid relationship in favour of partner countries. The idea embedded in the PD is that donors relinquish control over the policy agenda and the management of aid funds, in order to achieve greater country ownership and ultimately higher impact. CARE International welcomes the intentions and commitments implied by the PD. However, the PD is a voluntary agreement and it fails to tackle some of the underlying obstacles preventing aid from having a positive impact in the lives of the poor and marginalised. As it currently stands, the PD deals mainly with administrative efficiency and does not recognise the social and political aspects of achieving the ultimate goal of aid – the reduction of poverty and inequality. In addition the PD does not recognise the role and contribution of CSOs as development actors in their own right.

Mutual accountability is one of the five principles of the PD, which states that *'donors and partners are accountable for development results'*. In theory, on the side of recipient countries, this should entail the strengthening of parliaments and their oversight role and the reinforcing of participatory approaches, by including a broad range of actors in policymaking, monitoring and implementation. For donors, it implies transparency and comprehensiveness of information on aid flows. Three years after the signing of the PD, progress on the implementation of mutual accountability has been particularly slow. There are no official mechanisms at the international level and a restricted number of experiences at national level. Even where processes have been set up, results have been mixed. Part of the problem is that establishing mutual accountability in the context of unequal power relations is proving extremely challenging.

We understand accountability to be the obligation of power-holders to take responsibility for their commitments and to account for the impacts of their actions. Mutual accountability is essential to establishing more equal power relationships between unequal players (donors–recipient countries, governments–citizens, Northern–Southern CSOs). Strengthening accountability throughout the aid system means recognising the diverse realities and political relationships in which international aid is embedded. This interpretation clearly goes beyond the narrow definition of mutual accountability in the PD and is framed within a human rights perspective.

Box 1: Transparency and the International Financial Institutions

Mutual accountability between stakeholders is inconceivable without information and transparency. Transparency of aid flows is a prerequisite for the participatory, accountable and effective allocation of resources. It is often the case either that information is not available or that it is presented in an inadequate format (for instance, data might not be disaggregated or translated into local languages). Decisions may be taken behind closed doors. Lack of information and transparency promotes a culture of impunity, which has a serious impact on the effectiveness of aid and public resources. Lack of information on donors' decision making on the allocation of resources and development strategies makes aid unpredictable. As a result, it hinders both governments' capacity to plan ahead and civil society's ability to engage in policy.

In recent years, the World Bank and several of the regional development banks have made significant strides in transparency, for example through extensive websites that present many different types of information and analysis on their own actions and on their areas of work. Nevertheless, it is still the case that much fundamental information is hidden or difficult to obtain.

- Many countries do not conduct parliamentary review of international financial institution (IFI) loans; negotiations are held out of the public eye between IFI officials and a small group of elite officials, predominately from finance ministries.
- The full costs of IFI loans are not published, leaving civil society and parliaments to try to work them out from information on loan amounts, interest rates and repayment schedules, etc. It is typical for such information not to be published until negotiations are well advanced. Some parts of the cost – for example 'commitment fees' charged on some loans even when funds have not been disbursed – can be particularly difficult to uncover.
- Evaluations of IFI-funded projects are difficult to obtain. For example, an external evaluation has been conducted of the Health Reform Programme in Peru, which was funded using loans from the World Bank and the Inter-American Development Bank and which concluded in June 2006. Two years later, this evaluation is yet to be made public, even though a second phase of the programme has recently been agreed.
- Information on trust funds set up by other donors (such as the UK Department for International Development – DFID – and other bilateral aid agencies) but administered by the IFIs is often very limited. This is particularly disturbing since increasing amounts of aid are being channelled in this way.
- The private sector lending arm of the World Bank Group, the International Finance Corporation (IFC), is particularly secretive about its operations. Many of its loans are not made public on the grounds that this could violate business confidentiality.

One of the major changes in the modalities of aid in recent years has been the shift towards the increasing use of GBS. CARE International, based on its research and experience on the ground, appreciates the benefits of GBS but also recognises the challenges. In shifting from project- towards programme-based aid channelled through governments, GBS is seen as less burdensome for aid-recipient countries and, in principle, more consistent with country ownership. A UK National Audit Office (NAO) report¹ assessed DFID GBS support to countries and found that this modality helped to increase the capacity of governments to provide services (particularly in health and education) and strengthened financial management systems. However, in practice, there are increasing concerns regarding the way in which GBS is implemented. These challenges relate to how the principle of ownership is understood and implemented through GBS decision making, monitoring and reporting at the country level.

¹ NAO (2008) 'Department for International Development: Providing budget support to developing countries', February.

Currently, the weakest accountability chain is that between donors and partner country citizens, whose wellbeing represents the ultimate objective of aid. There appears to have been little or no analysis of the extent to which either parliaments or civil society actors are effectively holding governments to account over public expenditure, and no overall assessment of what has happened to democratic accountability under GBS. Moreover, national parliaments and CSOs often lack the capacity and/or authority to fulfil their mandated role in monitoring and scrutinising policies and expenditure.

There is evidence that budget support is putting donors at the heart of decision-making processes in aid-recipient countries, with even greater influence over policy. Findings of a two-year research project on governance, aid modalities and poverty reduction² show that bilaterals and the European Commission (EC) are attaching even more conditionalities than previously, as they get involved in micro-managing country policies and use aid allocation and disbursement as a way to influence decisions. This is reinforced by increased donor coordination (leading to what some are calling 'donor cartels'), which can mean that recipients have even less negotiating power. Additionally, GBS is co-existing with other aid modalities that are not coherent with local and democratic ownership (see box 2).

Box 2: Applying rights based approaches to tackling chronic vulnerability

As the recent global food crisis has demonstrated, the aid system is ill-equipped to tackle the scourge of hunger. There has been a bias towards funding *ad hoc* humanitarian responses, often in the form of tied aid, rather than predictable, sustainable and flexible funding to protect vulnerable livelihoods as well as saving lives. Mutual accountability could helpfully inform donor and national government efforts to tackle chronic vulnerability and food insecurity, such as social protection programmes. A greater focus on issues of governance and harmonisation around national development strategies, offers significant potential to shift beyond the short-term and reactive response to hunger.

In many contexts, government capacity and commitment to provide sustained and effective assistance to the most vulnerable communities remains a critical challenge in implementing social protection. While some Poverty Reduction Strategy Papers (PRSPs) feature social protection as a central pillar, implementation continues to face obstacles. This is partly due to a lack of donor coordination and harmonisation which results in governments being pulled in different directions by varying donor requirements and priorities.

A holistic concept of mutual accountability can inform enhanced coordination and partnership in the response to hunger. For example, in Niger, CARE International has been involved in support to the 'National Mechanism for Prevention and Management of Food crises'. This initiative sought to embed a longer-term response to food insecurity within the broader governance decentralisation process. Particular emphasis was placed on strengthening the involvement of all stakeholders in vulnerability monitoring right down to the community level. The project involved -partnerships with rural communities, research centres, government departments responsible for early warning and food issues, as well as NGOs involved in food security programming.

Mutual accountability also provides a framework to address the political and social factors that can shape peoples' vulnerability to hunger. For example, the political and social marginalisation of pastoralist communities in Sub-Saharan Africa remains a key obstacle to their food security. A rights-based concept of mutual accountability, as proposed in this paper, provides one means to address that marginalisation.

Adapted from CARE International UK (forthcoming) 'Living on the Edge of Emergency : Paying the price for inaction, see www.careinternational.org.uk/livingontheedge

² Booth, D. and V. Fritz (2008) 'Good governance, aid modalities and poverty reduction: from better theory to better practice', CDD/ODI/ESRF/CMI. The document is the final synthesis report of an Irish Aid research project.

The ownership principle of the PD is based on the assumption that, if poverty reduction is to be sustained in the long term, developing countries must be in control of their own development strategies and aid must support the development of effective institutions and governance. CARE International believes that ownership entails the involvement of actors beyond central government agencies – such as parliaments, local governments, communities and CSOs – in decision making. In this understanding, citizens' participation and voice are critical to effective mutual accountability. For these reasons ownership should not be limited to the existence of government development strategies, and requires a political process in which the views and needs of relevant national actors are incorporated. Thus, the focus should be shifted to establishing local and democratic ownership in which domestic political processes and institutions are legitimate, representative and inclusive.

However, negotiations on budget support and decisions over budget allocations are often carried out by a small group of donors and finance ministry staff, without broader consultation and debate. For instance, performance assessment frameworks (PAFs) are mechanisms designed specifically for government and donors to evaluate their GBS partnership. CSOs are usually excluded from discussions; agreements between government and donors within the PAF are not necessarily linked to, or reflected in, the various monitoring and review processes for national poverty reduction strategies. The creation of multi-stakeholder forums to decide the priorities for budget support funding (and to monitor expenditure afterwards) would seem to be an important step forward in making monitoring processes more inclusive, thus embedding government accountability in a broader notion of downward accountability. In Uganda, nongovernmental organisation (NGO) representatives assert that Consultative Group meetings provided a constructive forum for tripartite dialogue among donors, government and CSOs until they were disbanded.³

Box 3: General Budget Support in Mali

Mali has been receiving aid through GBS since March 2006. A study on the efficiency of GBS in Mali shows that such a modality will lead to better development results if all actors participate in decision-making, implementation and monitoring processes. In particular, it mentions that local and democratic ownership is particularly important in negotiation on conditionalities. However, the reality is that most stakeholders are excluded from such processes. The information remains within a circle of 'initiated people' in the Ministry of Economics and Finance and resources are spent mostly at the central level and in main urban areas.

The study shows that the Ministry of Health and the Ministry of Education, and their decentralised agencies and services, are like 'experimentation fields', owing to changes imposed on management procedures as a result of GBS. This has created tension and resistance, as they have to 'share their funding with other sub-financed sectors'. GBS has also led to delays in budget disbursements.

Adapted from Fongem (2007) 'Efficacite de l'aide budgetaire et implication sur les acteurs dans le cadre de la decentralisation et du developpement local au Mali'.

Another example of current trends is the US Millennium Challenge Account (MCA), which was established to provide funding to poor countries that are assessed as being 'well governed'. After qualifying, countries are responsible for identifying key priorities and designing their programme. Even though the MCA guidelines mention that local perspectives should be taken into account and that civil society must be consulted, they do not define how this should happen. As a result, recipient country governments

³ Collinson, H. (2007) 'Where to now? Implications of changing relations between DFID, recipient governments and NGOs in Malawi, Tanzania and Uganda', CARE/ActionAid International, see www.careinternational.org.uk/11521/aid-policy/aid-policy.html

incorporate local inputs at varying degrees. As a result, in theory the MCA is coherent with promoting local and democratic ownership, but in practice more needs to be done to ensure that this happens. The Centre for Global Development (CGD), as part of their MCA Monitor Program, analysed the lessons of MCA implementation in seven countries and highlighted that ‘meaningful participation takes time, expertise and resources’⁴. Such a funding scheme must therefore proactively strengthen civil society capacity to participate in programme planning and implementation. The CGD paper also stresses that donors should develop responses to deal with governments’ capacity so that they can truly take ownership of aid negotiations and programme implementation.

Solutions to these problems must be country specific but may be based on initiatives that so far have had positive results. For instance, the Global Fund to Fight AIDS, Tuberculosis and Malaria in Latin America and the Caribbean is an innovative model of public–private partnership around the management of aid and services, one which promotes strong levels of ownership. Our research⁵ shows that ownership goes beyond governments and ministries of finance, as proposals are presented and managed by a Country Coordination Mechanism that includes participation of civil society (including NGOs and representatives of people living with HIV/AIDS). It also highlights as a promising innovation the ‘community delegates’ in Peru who accompany and provide oversight of the implementation of the project components.

Recommendation

- ***Donors and governments should promote genuine local and democratic ownership of development processes so that the ultimate beneficiaries of aid, the poor and marginalised, are empowered. A rights-based approach to mutual accountability requires a change in the implementation of the new aid modalities, such as GBS, to support the greater involvement of parliaments, local governments and civil society in the definition, implementation and monitoring of policies and budget allocations.***

2. Mutual Accountability and Participation: Implications for aid processes

The previous section explained how mutual accountability can only be genuinely embedded in the aid system if local and democratic ownership is realised. To the extent to which implementation of new aid modalities, such as GBS, are contrary to ownership, then mutual accountability remains more rhetorical than real. An underlying assumption of donors’ preference for GBS is that, by focusing on governments’ own priorities and systems, transparency and accountability to country parliaments and citizens will be improved. However, democratic accountability is not an automatic consequence of GBS; it is likely to be enhanced only if domestic organisations actively demand greater accountability and if governments are responsive to their interests.

Donors and governments need to acknowledge that a strong parliament and the diversity of civil society interests (owing to the different constituencies represented) contribute to genuine democracy. Democratic ownership means that citizens’ voices and concerns must be central to national development plans and processes. Citizens, or the organisations that represent them, must have access to resources and information and be active in implementation, monitoring and evaluation. Mechanisms for governance in

⁴ Lucas, S. (2007) ‘Lessons from seven countries: reflections of the Millennium Challenge Account’, CDG.

⁵ ‘La participación de las ONGs y sociedad civil de Bolivia, Ecuador, Haití, Honduras y Perú en los programas del Fondo Global contra VIH-Sida, Tuberculosis y Malaria, forthcoming in 2008.

decision making and accountability must be in place. CARE's Health Rights Programme in Peru is a good example of broadening ownership of health policies and development programmes, which strengthens downward accountability (see case study in Annex).

Citizens should be empowered to address poverty and inequality. Social mobilisation can be carried by different actors – opposition parties, CSOs or social movements. CSO networks and groups, often organised around thematic or sectoral issues, are increasingly facilitating civil society voice in policy processes (see Box 4). It is imperative that conditions be put in place to promote such networks, groups and organisations to engage in policy and hold governments and donors to account. These conditions include, among other things, a legal framework that supports: a diverse civil society; timely and accessible information; institutionalised participatory spaces for dialogue that are inclusive, allowing for representation of poor and marginalised groups; and technical and financial resources to build capacity and promote sustainability and autonomy, especially of disadvantaged groups.

Box 4: Forest Watch Ghana

Sustainable change requires a shift in policy and legal frameworks that enables the poor to lift themselves out of poverty. Communities face many obstacles when attempting to engage in policymaking, including the absence of institutional arrangements and a lack of information and awareness on the rights and responsibilities of different stakeholders.

Forest Watch Ghana (FWG) is an attempt to develop a legitimate civil society voice with regard to the forest sector. The aim was to create spaces in which key actors could meet regularly to analyse gaps in policy, laws and implementation. Organisations from all over the country and linked to local realities participate, allowing for a plurality of views. The coalition's activities include:

- Raising awareness on the policy and legal framework and systems and on how decisions are made and implemented.
- Lobbying of prospective members of parliament and the executive during election periods so that their commitments include adherence to the law.
- Building capacity of constituencies to advocate for their rights, monitor the status of legislation and meet with key stakeholders.
- Mobilising constituencies to hold the government to account.

The diversity of the coalition has meant that rich sources of knowledge, experience and expertise have been brought together, which has strengthened FWG's analytical capacity. Communication, transparency and accountability are considered key to managing the risks of rivalry and conflict. Members with diverging views are encouraged to bring up their concerns in Management Committee meetings.

Initially, engagement with the government's Forest Commission was confrontational. Eventually, though, through the work of FWG, claims started to be perceived as legitimate, opening space for constructive dialogue. Nowadays, the European Union (EU) looks to FWG to ensure that natural resource negotiating processes are participatory, consultative and based on sound legal regimes.

Adapted from Vigoda, M. and A. Katoko (2007) 'The Case of Forrest Watch Ghana', CARE Ghana, see www.careinternational.org.uk/aid_policy/mutual_accountability

Women are the world's largest single group of people who, from the moment of birth, are systematically discriminated against in ways that endanger their lives and deny them full and equal citizenship rights and human dignity. As a result, donor and developing country governments must ensure direct funding and establish clear mechanisms for the participation of gender equality and women's rights movements in all national development planning processes and in programming, management and monitoring and

evaluation. For this to happen, there should be a significant increase in investment in women's rights organisations and movements.

However, ensuring funding is not enough. CSOs in Bolivia, Brazil, Nicaragua and Peru are uneasy about the tendency of aid agencies to determine the identity of Latin American CSOs and their construction of knowledge, through the type of funding provided, the activities the agencies are prepared to fund, the management models on which funding is conditioned or the promotion/imposition of exogenous and often formulaic models of civil society participation. In some cases, these tendencies are stifling the very diversity and dynamism that give Latin America's CSOs and social movements their strength. They are also perceived to be limiting the scope for CSOs to create *alternative* visions of development to the mainstream ones and therefore reducing the possibilities for innovation.⁶

Box 5: Guatemala: Organisational Strengthening or Weakening a Movement?

In Guatemala, a three-year project to promote literacy and rights awareness through the formation and strengthening of the indigenous Mayan women's Integrated Development Association of the Women of Huehuetenango (ADIMH) achieved astounding results. ADIMH grew its membership, fortified its organisational capacity, gained a foothold in municipal policymaking dialogues and established its credibility as a partner for development. Its most spectacular achievements were in the outreach that the group of 110 women obtained: 8,000 women were reached in cascading groups with training and discussion of their human rights and 1,350 women achieved reading and writing literacy in the Spanish language. ADIMH's succeeded in developing a literacy training methodology that reflected Mayan culture and heritage and yet broke patriarchal and racist paradigms in ways that enticed women to learn not only to read but also to examine their lives.

Important steps have been taken, but there is still a long way to go to overcome exclusion based on gender and ethnicity. Shortcomings of this project were directly linked to the priorities and practices of the aid system. An earlier civil society strengthening initiative created the *Foro*, a Mayan women's rights network connected to wider social movements, formed in post-war Guatemala to foster women's and indigenous people's rights and to strengthen the country's feeble democratic culture. This experience could not be carried over to the next project, as donors prioritised more classically 'developmental' organisations rather than social movements. The movement had to splinter off a legally constituted local NGO (ADIMH) to continue its work.

Despite the impressive results listed above, the project missed a crucial opportunity to build on past lessons and experiences, to connect ADIMH more strongly to the national women's movement, which could nurture it, and to strengthen ADIMH's voice to advocate for a coherent platform of women's rights. The constraints of results-based management left little room to strengthen ADIMH's weak leadership skills and led to conflict. ADIMH today is seen as a useful *development* actor – winning a few contracts and earning some convening power as a result – but was not financially sustainable as an NGO by the project's end and is in competition, rather than coalition, with wider women's and Mayan political movements.

Adapted from Martínez, E. (2006) 'The courage to change: confronting the limits and unleashing the potential of CARE's programming for women', CARE USA, www.careinternational.org.uk/aid_policy/mutual_accountability

CARE International believes that mutual accountability is dependent on the emergence of diverse views and alternative development models, as well as on strengthening downward accountability. If development actors are serious in their commitments to addressing the power inequalities within the aid system itself, then they must strengthen accountability systems at the country level. The two are interdependent. Mutual accountability for the reduction of poverty and inequality will only be achieved if the poorest and most

⁶ See Collinson *et al.* (2007) 'Shifting ground: implications of international cooperation for CSOs in Latin America', CARE International UK, see www.careinternational.org.uk/LAC_Shifting_Ground

marginalised groups have a voice in policy processes and can hold those in power to account. The right conditions need to be in place to enable such engagement. The following sections highlight two means to strengthen downward accountability that also result in enhanced mutual accountability: support for local funds and decentralisation.

2.1 Local Funds: Pooling aid resources to strengthen civil society's engagement in rights and governance work

Local funds (or pooled civil society funds) have gained popularity with donors. They are seen as a mechanism compatible with GBS and one able to channel smaller resources to the local level for civil society initiatives and to push the demand-side governance agenda. They usually entail a number of donors (although it can be only one) setting up a fund that is managed by an intermediary organisation. By setting up local funds, donors are able to continue supporting small project-oriented activities while passing the transaction costs to a separate entity. CARE has gained experience in managing local funds in different countries (Zambia, Tanzania, Bangladesh, Ghana and Sierra Leone).

Local funds provide technical and financial support to CSOs, and their objectives range from mediating dialogue and partnerships between citizens and the state; grassroots mobilisation to foster local to national level accountability through advocacy; scaling up voice and accountability; strengthening organisational capacity and autonomy. For instance, the Foundation for Civil Society in Tanzania, created in 2002, established a support mechanism for CSOs to enable effective engagement in poverty reduction efforts, as set out in government policies such as the Tanzania Assistance Strategy and the poverty reduction strategy paper, MKUKUTA. Initially, CARE was contracted to manage the fund, but the foundation is now a non-profit Tanzanian company.

Box 6: The Manusher Jonno Foundation

The Manusher Jonno Foundation (MJF) in Bangladesh was established to strengthen civil society's engagement in rights and governance work. MJF aims to enhance the capacity of poor women, men and children to demand improved governance and realisation of their rights by supporting local and national initiatives that help build the voice of the poor and their capacity to be heard. It is primarily supported by DFID and was jointly managed by a consortium of organisations, including CARE, prior to its incorporation as a national grant-making foundation.

MJF has strategic objectives for rights and governance work, laid out at its inception by DFID. This has made it difficult for MJF to employ a purely demand-driven grant-making approach. Our research on local funds shows that it is hard to be strategic and to achieve cumulative impact, as innovation is often more limited than anticipated, with CSOs tending to be oriented more towards traditional service delivery projects. This has meant that MJF provides both grants to CSOs and a package of capacity development activities to allow these CSOs to engage in governance and rights work. MJF is a strong example of how local funds can merge the rights and governance agenda with that of disbursing grants, navigating the tensions by developing relationships with other actors based on respect and trust, the founding principles of mutual accountability.

There are significant challenges to mutual accountability in local funds, owing to power asymmetries between the intermediary and recipient CSOs, which can inhibit the learning and social change that many of these funds are created to achieve. MJF has invested in its relationships seeking to capacitate civil society by emphasising equitable partnerships and local ownership of knowledge and development processes. Although there are still no mechanisms in place to facilitate the enforcement of MJF's accountability to the recipient NGOs, it provides important insights into the value and impact that a relationship approach to development can yield and the importance of incorporating this approach throughout the aid and development system.

Adapted from Hinton, R. (forthcoming) 'The Manusher Jonno Foundation: an exploration of mutual accountability in new aid modalities', CARE International UK.

Civil society generally supports the creation of such funds. However, it is important to take into account lessons learned from previous experience to ensure local funds fulfil their objectives. For instance:

- Funds' processes and procedures (including the choice of intermediary organisation) should be based on consultation with national/local civil society in order to achieve credibility and sustainability.
- Funds need to consider targeting strategies in order to ensure the poorest and most vulnerable are reached, in particular women's organisations. There needs to be adequate analysis of power relations in order to be able to understand who is able to access funds, who is not and whom the CSOs accessing support represent or reach.
- Funds need to find a balance between being demand driven and encouraging innovation and considering capacity-building needs in order to empower local actors and ensure financial sustainability.
- Funds should find strategies to tackle possible competition among CSOs that contradicts the intention to empower diverse perspectives and build spaces for coordination and dialogue.

In Ghana, two local funds – G-RAP (Ghana Research and Advocacy Programme) and RAVI (Rights and Voice Initiative) – are being used as mechanisms to respect and nurture CSOs' diverse approaches to bringing about change and responding to the most vulnerable groups in society. G-RAP provides core funding to research and advocacy organisations to build up their strengths and to allow CSOs the flexibility to set their own agendas. The fund design process involved relevant stakeholders; it is therefore appreciated and has legitimacy within civil society. Following a mid-term review of the initiative, a new grant scheme will be established to finance activities of coalitions and networks, so as to minimise competition among CSOs. The existence of a second fund, RAVI, which has a greater focus on building the capacity of grassroots organisations, allows for complementarity and outreach. RAVI has successfully supported CSOs to lobby the government over issues such as mining and domestic violence.

2.2 Decentralisation: Strengthening mutual accountability by broadening and deepening ownership

Decentralised governance structures have a key role to play in creating an enabling environment for broad-based participation and localised responses to poverty and development challenges. By devolving power and resources to local and/or sub-regional governments, decentralisation can expand ownership of development processes beyond the national level. Decentralisation can potentially facilitate aid reaching the most poor and marginalised groups, and increase the capacity of these groups to monitor government spending. Decentralisation processes must be backed up by increased capacity of local governments; inexperience of local administrations and opposition from certain government bodies to handing over powers and resources can represent major obstacles. Decentralisation proponents stress that local governments are closer to citizens and, when strategies open up new participatory spaces, they tend to be more responsive and accountable. Participatory processes require governments and their officials to become accustomed to sharing information and listening to citizens, as well as compromising and mediating conflict. On the other hand, accountability means that government action must be monitored and evaluated on the basis of concrete results.

Box 7: Participatory Integrated Development Planning in Angola

The approval of legislation related to decentralisation and the increase in oil revenues has accelerated the pace of devolution of responsibilities and resources for local development from provincial to municipal governments. However, this was done without putting in place a coherent plan to transfer capabilities to understand the political, bureaucratic and technical procedures of making and implementing plans and managing budgets. For poverty reduction and development to be effective, clear mechanisms of participatory governance, based on participatory planning and budgeting with downward accountability, need to be established.

CARE Angola developed an approach to inclusive, equitable and sustainable development planning: Participatory Integrated Development Planning for municipal administrations (PIDP). The PIDP entails the creation of municipal forums and is a process by means of which municipal authorities prepare, in consultation with communities, CSOs and stakeholders, a long-term development vision, goals and objectives, medium-term sectoral programmes and annual operational plans. These plans are submitted to the provincial government for endorsement and subsequently to the Ministry of Finance for incorporation in the national investment programme and municipal development fund. The key principles underlying the PIDP are: (1) multi-stakeholder consensus; (2) inclusiveness and equity; and (3) cost-effectiveness in fulfilling the most important needs of local communities. The central government has decided to replicate this experience in 68 municipalities.

Through municipal forums, local government, civil society and private sector jointly craft and vote for a shared vision and shared objectives for development of their area. Through the forum's regular public review of the PIDP, stakeholders are held accountable for the implementation of the agreed development plan.

Adapted from CARE Angola (2008) 'Participatory Integrated Development Planning for shared growth and equity in Angola', see www.careinternational.org.uk/aid_policy/mutual_accountability

Decentralisation processes need to acknowledge that it is often at the local level that social inequalities are most firmly embedded. Therefore, strategies should ensure that unequal structures are not reproduced in democratic spaces. For instance, the social systems and structures that create gender inequality require a long-term commitment to understanding and working holistically to address the underlying incentives and interests that sustain such inequality.

Recommendations

- ***Donors and governments should ensure an enabling environment that strengthens civil society's role in supporting the poorest and most marginalised groups, especially women, to have voice in policy and to hold those in power to account. One way of doing this is through the creation of local funds. It is essential that the processes that govern the functioning of local funds ensure outreach, and that they be defined in consultation with civil society, so as to respect and nurture CSOs' diverse approaches to bringing about change.***
- ***Donors should explore the role aid can play in supporting decentralisation processes, based on the specific context and in consultation with relevant stakeholders. Governments should increasingly transfer resources to the local level, ensuring they reach the poorest and most marginalised groups. The necessary capacity within government should be built and multi-stakeholder forums for dialogue over government's priorities and monitoring of aid and public resources should be established.***

3. Mutual Accountability and Civil Society: Implications for partnerships and downward accountability

Civil society plays a vital role in fighting poverty and social injustice. CSOs have different characteristics and play diverse roles. To achieve more equal power relationships between actors within the aid system, it is paramount that mutual accountability principles are applied to civil society. CSOs also need to ensure conditions for their partner organisations and beneficiaries to hold them to account, improving the quality and impact of programmes. CSO activities should be embedded in a philosophy of local empowerment, partnership and participation. This task is even more important for international NGOs, so that they can redress imbalances of power through mechanisms such as information sharing and transparency; meaningful participation in decision making; and openness and responsiveness to feedback and complaint. CSO and NGO accountability also needs to be rooted in their primary constituencies at grassroots/community level.

Box 8: Establishing More Equal Partnerships

CARE Nepal has developed a partnership strategy to guide its engagement with partner organisations. It states that 'Partnership is a dynamic and evolving relationship that results from putting into practice a set of principles. It is based on shared vision, goal, resources, mutual trust and accountability to address the underlying causes of poverty and social injustice.' The key idea is to strengthen CSOs to take charge of the development agenda and complement government efforts. It also enables the CSOs and beneficiaries to deepen their understanding on the underlying causes of poverty and social injustice and to come up with effective strategies and interventions to address these.

The process entails joint development of a contractual agreement, where rights and obligations of both parties are clearly mentioned; mutual planning and joint implementation and assessment of programmes; and periodic monitoring and evaluation of the partnership and its related programmes. In such partnerships, transparency and impartiality are the cornerstone of the partner selection process. A selection team is set up, comprising individuals with no connection to prospective partners, and seeks input from various stakeholders, including partners' target communities. In this way, a democratic selection process is ensured, one that goes beyond technical and management considerations to give voice to all stakeholders, reinforcing downward accountability of partners.

CARE Nepal's Partnership Framework has the following principles: shared vision and goals; mutual trust; mutual accountability; commitment to equity and diversity; interdependence; sharing of resources; respect for differences; and learning and sharing.

Adapted from CARE Nepal (2008) 'CARE Nepal and its Partnership Strategy', see www.careinternational.org.uk/aid_policy/mutual_accountability

For instance, NGOs play a major role in delivering essential services in humanitarian crises. Staff work under intense pressure to act quickly and to meet the accountability demands of their donors and host governments. This situation places NGO staff in a position where they can potentially exercise significant power over the most important stakeholder group – the people affected by the disaster (see Box 9).

CARE International believes that the accountability of CSOs, including international NGOs such as CARE, needs to be promoted in a bottom-up and context-appropriate fashion. Top-down and imposed mechanisms for accountability are unnecessary, and likely to be unsuccessful. To be effective, CSO accountability mechanisms and processes need to be based on their actual experience on the ground and on relationships with their primary constituencies. Just as efforts to promote accountability of donor institutions and partner governments are based on strengthening and reforming existing structures and

processes, so too CSO and NGO accountability should be based on accountability initiatives within the third sector. Key examples within the humanitarian sector would include the Humanitarian Accountability Partnership (HAP) and the Sphere Project – Humanitarian Charter and Minimum Standards in Disaster Response.

Box 9: Making CSOs More Accountable

CARE Peru has put accountability into practice within their earthquake response in 2008. An accountability framework was developed, summarising CARE's commitments to accountability, the purpose of implementing the accountability system and desired outcomes. It also identified four key linked components that required strengthening by CARE:

Public information to the affected populations, including being clear, consistent and open in daily communications.

Mechanisms for the participation of affected people in CARE's decision making.

Mechanisms for systematic feedback and complaint from affected communities and to adapt CARE's response according to the feedback received.

Application of Sphere standards in the response.

All these aspects sought to ensure that CARE's response was based on genuine needs, as expressed by the affected population. The framework was used to discuss and communicate accountability (what it means to CARE Peru), as well as to help the team build up accountability mechanisms within their daily work, using simple tools that could be improved over time. In the midst of the ongoing emergency response, the framework was kept relatively simple.

Adapted from Smith, C. (2008) 'Making accountability to disaster affected people a reality: Learning about accountability in CARE Peru's emergency response', see www.careinternational.org.uk/aid_policy/mutual_accountability

CSOs engaged in debates in the run-up to the High Level Forum on Aid Effectiveness, to take place in September 2008 in Accra, have acknowledged their obligation to take forward a process to improve their own effectiveness as development actors. As a result, a global two-year Open Forum will be launched, from January 2009 to December 2010, led by civil society to reach consensus on key principles affecting CSO development effectiveness.

Recommendation

- ***CSOs should facilitate the engagement of the poorest and most marginalised groups in policy processes. Their activities should be embedded in a philosophy of local empowerment, partnership and participation. As part of this approach, CSOs should provide information and be transparent about the standards they claim to uphold and their own policies, practices and priorities, enabling their beneficiaries and partners to hold them to account.***

4. Conflict and Fragile States: Implications for Mutual Accountability

Mutual accountability is especially important, and yet even more challenging, for donors and aid-recipient governments in situations of fragility and conflict. In countries emerging from conflict, funding and political attention from donors often evaporates at just the most critical moment in consolidating peace. Furthermore, conflict-affected and fragile states also present obvious challenges in terms of their own capacity and, in some instances, willingness to act in an accountable fashion to either the local

population or donors. Peace settlements are typically negotiated at an elite level, and yet a sustainable peace requires broader ownership of post-conflict recovery and peace building.

In recent years, donors and partner governments have developed the following tools for promoting accountability – and potentially mutual accountability – in situations of conflict and state fragility.

4.1 Developing compacts between the international community and post-conflict governments

Recent years have witnessed the international community and new post-conflict governments negotiating peace-building strategic agreements, or compacts, that outline commitments on both sides. One example of this would be the compact developed with the government of Afghanistan. Other examples would be the strategic agreements negotiated between the UN Peacebuilding Commission and the governments of Burundi and Sierra Leone. Such frameworks have been useful in articulating political and funding priorities for peace consolidation and providing a framework of benchmarks against which both donors and government can be held to account. Unsurprisingly, the main challenge has been in ensuring effective follow-up in terms of monitoring and accountability. Critical to the legitimacy of such compacts is their ownership by diverse national and international stakeholders, which entails meaningful consultation, including outside the national capital. Concrete, measurable and time-bound indicators are also critical for sequencing priorities and assessing progress and setbacks towards agreed commitments.

Experience with the Peacebuilding Commission strategic frameworks suggests that the UN and donors need to provide additional and direct support to empower civil society to advocate for a genuinely inclusive and participatory process. Women often play a critical role in recovery and peace-building efforts at the grassroots level, which can be harnessed when developing post-conflict mutual accountability frameworks. For example, one bilateral donor was able to provide financing in Burundi for an international peace-building NGO to support Dushirehamwe, a network of women's peace-building organisations. This network successfully advocated with other local and international NGOs for a more transparent and inclusive process to develop the Strategic Framework for Peacebuilding in Burundi.

Ways forward should include strengthened capacity to analyse progress and coordinate follow-up action, such as through the UN Peacebuilding Commission and Peacebuilding Support Office; the establishment of regular and public reporting procedures at country and international levels; and support for the involvement of civil society as a watchdog to hold duty-bearers to account.

4.2 Implementing the fragile states principles and the Good Humanitarian Donorship initiative

The Principles for Good International Engagement in Fragile States were developed to address the distinct challenges of aid effectiveness in fragile states. The principles advocate a holistic approach to aid and political engagement in conflict-affected or fragile states. They underline the importance of political analysis to understand the context and an intelligent mix of aid targeting and modalities in order to contribute to stability and peace where possible. The principles also recognise the importance of both building effective state institutions and empowering civil society to promote government transparency and accountability. Implementation of the principles has been uneven, however, with aid policy in fragile states increasingly driven by the 'War on Terror'. As a consequence, donor security objectives have shaped the effort to promote a 'comprehensive approach' covering development, defence and diplomacy.

The processes and outcomes of the High Level Forum on Aid effectiveness and beyond should herald a renewed commitment to implementing the fragile states principles. Donors should develop an

implementation plan by incorporating the principles into bilateral and multilateral needs assessments, coordination efforts and funding modalities. The principles should also feature in bilateral and multilateral country-level evaluations of donor performance and peer reviews. Civil society should be given a key role in such efforts at both country and international levels. Donors and the multilateral institutions involved should ensure that such efforts are participatory and inclusive across political, economic, social and conflict divides. Such processes could make a practical contribution to promoting mutual accountability among donors and between donors and partner governments.

For situations of ongoing crisis, donors developed the Good Humanitarian Donorship initiative (GHD) to promote a more effective and principled approach to humanitarian assistance. In emergency situations where the government is absent or contested, the issue of direct accountability to the beneficiary population itself comes to the fore. Although the UN humanitarian system has undergone significant institutional reform, the impact of this in terms of improved humanitarian outcomes for beneficiaries remains unclear. To address this and to become more accountable, the UN and donors should invest more in mechanisms and processes that promote accountability to beneficiaries. Examples would include ensuring that beneficiary accountability features as a key element of interagency real-time evaluations, so that the effectiveness of a response is constantly re-evaluated and programmes are adapted if necessary. Bilateral donors have also been inconsistent in translating the GHD principles into their bilateral policy and funding. Donors should learn from and build on initiatives such as the EU Humanitarian Consensus, which has provided a framework for translating GHD into bilateral policy and funding. Parliaments should also use GHD as a framework against which to hold their national donor agencies to account.

In situations of ongoing conflict and violence, there exists an intrinsic tension between good humanitarian donorship and the fragile states principles' emphasis on integration of development, defence and diplomacy. In such contexts, CARE International underlines the importance of giving primacy to humanitarian principles of neutrality, impartiality and independence to ensure the safe and effective delivery of humanitarian assistance and protection.

Recommendations

- ***In post-conflict situations, donors and partner governments should negotiate binding compacts that establish their respective financial and political obligations to address the root causes of violence, promote recovery and consolidate peace. Such compacts should include clear benchmarks and timelines, and should be reviewed through regular and transparent processes at country and international levels. Towards this end, donors and the UN should give direct support to the empowerment of civil society to participate in the design and monitoring of such compacts and to hold duty-bearers to account.***
- ***Donors should incorporate the fragile states principles into bilateral and multilateral needs assessments, coordination efforts, funding modalities, interagency country-level evaluations and donor peer reviews.***
- ***Donors and the UN should invest in mechanisms and processes that promote accountability to beneficiaries in the context of humanitarian reform. Bilateral donors should also translate the Good Humanitarian Donorship principles into their national aid policy and funding.***

Annex: Promoting Mutual Accountability within the Peruvian Health Sector⁷

Improving the health of the poor and marginalised in countries of high inequality like Peru, where one in every two people lives below the poverty line, will not be achieved through technical interventions, or even through more funding. Significant, sustainable change can only happen if the poor have much greater involvement in shaping health policies, practices and programmes, and in ensuring that what is agreed actually happens. Civil society faces a number of challenges in its attempt to promote mutual accountability and better governance within the health sector:

- Social determinants of health: As key factors that cause poor health are social conditions, where should state accountability for health rights realisation and health improvement lie?
- Most governments in Latin American have a high turnover of public officers and policymakers. As a result, previously agreed policies end up not getting enough financial resources or political buy-in to see them through, with serious implications for the accountability of results.
- Citizens, health workers and policymakers have a limited understanding of health rights, and legal enforceability mechanisms for holding public authorities accountable on their obligations to social rights.
- Historical inequality in power relations, a poor understanding of 'corporativism' among health workers (and especially among medical doctors) and limited legal frameworks/resources to ensure good quality of public services pose specific challenges to accountability mechanisms, and could favour discrimination.

To overcome some of these challenges, CARE implemented the Health Rights Programme (2003-2008). Its second phase named Participative Voices, started in April 2008 and continues the previous activities. The overall purpose of the Programme is to strengthen Peruvian state and civil society relations in the health sector, promoting poor people's health rights. In order to promote public accountability for health policy, the Programme has been implementing a multi-level accountability approach, working closely with a wide range of partners.

Promoting social reporting mechanisms. At the international level, the Programme provided technical and financial support in 2006 for the participatory production of a civil society shadow report to the UN Special Rapporteur on the Right to Health, drawing on his recommendations to the Peruvian government in 2004 and analysing how far the Peruvian government has met these. At the national level, a report on the Actionability of Sexual and Reproductive Rights and Access to HIV/Aids Treatment and a study on maternal mortality and avoidable deaths were published. These reports have raised public awareness on the right to health and have provided important tools for advocacy.

Partnering with ForoSalud. The Health Rights Programme is a partner of ForoSalud, a major Peruvian civil society network that gathers more than 100 national, regional and local organisations and movements and a wide and diverse range of citizens committed to health rights realisation. ForoSalud is seen as an important space for policymaking, to help build consensus among the widely differing interests within Peruvian civil society in health, with a clear commitment towards health rights' realisation for the poorest and most excluded. Partnering with ForoSalud is seen as a way of providing support to an independent

⁷ Adapted from Frisancho, A. (2008) 'Improving Governance and Realising Health Rights', CARE Peru, see www.careinternational.org.uk/aid_policy/mutual_accountability

civil society network to develop principles of good practice and to promote increased legitimacy and sustainability. Such a partnership facilitates civil society engagement and advocacy in the formulation of national legislation to strengthen the basis for holding the government to account for service delivery, for instance, through proposing a Law on Rights and Responsibilities of Health Services Users.

Engaging with ombudsperson officers. The strategy of implementing citizen oversight of health services has demonstrated that it is possible to develop local mechanisms of surveillance, while at the same time establishing partnerships with key actors to strengthen voice and improve effectiveness. It also showed the importance of constructing common knowledge and language based on communities' own views and experience. The Programme supports Quechua and Aymara women community leaders to engage with regional offices of the Human Rights Ombudsperson to monitor women's health rights, particularly their right to good quality and appropriate maternal health services. This partnership is mutually enriching: women leaders feel better positioned and entitled to demand information and changes in health services; and regional ombudsperson officers can extend the scope of their work through the citizens' voluntary organisation.

Strengthening the co-management of health services. The Local Committees for Health Administration (CLAS, in Spanish) are bodies comprised of seven members, six elected from the community. The CLAS can formulate and negotiate budget for local priorities with the Ministry of Health. Despite marked resistance from health workers (especially medical doctors), this mechanism has improved the quality and financial efficiency of health services. By the beginning of 2000, the CLAS were running more than one-third of all primary care-level health facilities. The Ministry of Health led a participatory process, of which CARE was supportive, to design legislation on Co-management and Participation in Health policy. The objective was to improve and expand the Ministry's Shared Administration Programme, adapting the CLAS to the current decentralised health context and extending the scheme to additional health services. In 2006–2007, civil society's advocacy efforts, of which ForoSalud and CARE were crucial players, succeeded in pushing for the sanctioning of such law. As a result, the Ministry of Health Shared Administration Programme was significantly strengthened.

Building capacity for policy influence. Training on health rights and developing capacities for collective action and advocacy has been raising the 'voice of the poor' to regional and national policy dialogues, through a bottom-up policy design process in 12 out of 24 regions. As a result of these processes, health policy proposals coming from different regions have been discussed openly at national and regional levels; ForoSalud representatives have been elected as people's representatives to the National Health Council and to 10 Regional Health Councils, getting part of ForoSalud policy proposals institutionalised.



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