Accountability Briefing Note

> **Key points:**
> 1. Accountability matters to poor people. Poverty persists in large part because poor people are disempowered and unable to hold others to account.
> 2. Accountability is how 'the governed' hold 'the governors' to account. It is a central problem in political economy and one that donors must take very seriously - poorly designed programmes can undermine accountability.
> 3. Problems of capture and bias mean that both formal and informal systems of accountability unfairly exclude vulnerable groups, including women, and reinforce inequality. Focusing on accountability may thus be controversial, because it concerns the nature of the political settlement.
> 4. Accountability relationships between state and society are affected by multiple global factors, including aid donors. Effective aid is aid that strengthens, not undermines, domestic accountability.

1. Introduction

Making public agencies more accountable to the citizens they serve is a key part of building effective states that can deliver poverty reduction. Accountability refers to the processes, norms and structures that require powerful actors (governors) to answer for their actions to another actor (the governed), and/or suffer some sanction if the performance is judged to be below the relevant standard.

The main purpose of this Briefing Note is to provide a conceptual overview of how accountability fits into the governance agenda. It introduces the different elements and relationships that make up accountability processes, and highlights the importance of this issue to development. It discusses different forms of accountability and the problems of 'capture' and 'bias' that underlie accountability failures. Finally, it concludes by highlighting some ways in which donors can support accountability.

2. Why does accountability matter? The political economy of accountability

Accountability can look and function very differently across political systems, but it is always important because it underpins the allocation and use of power. Poverty persists in large part because poor people are disempowered and unable to hold others to account. The information and mechanisms to claim their rights and seek redress are weak.

Regardless of the type of regime, the formal map of accountability systems (*de jure* accountability) sometimes bears little resemblance to actual (*de facto*) accountability relationships. Informal systems may be biased towards the interests of certain groups to the exclusion of others, particularly the poorest. People's rights and obligations are mediated by a whole set of factors, e.g. ethnicity, kinship, gender relations, patronage systems - rather than just the 'formal' state-citizen compact.

Weak accountability can generate impunity….

Accountability emerged as a core element of the governance agenda in the late 1990s due to a growing concern with its absence in many new democracies, as well as some older ones. Forcing elected officials to make good on their campaign promises – even in terms of actions taken, let alone outcomes produced – proved beyond the capacity of many fledgling democracies. Moreover, it was (and remains) common to see courts in poor countries failing to enforce laws against public officials found to have abused power. Judges were intimidated or spurred to corrupt behaviour through the collapse of accountability mechanisms.

Such institutional failures help to entrench vicious circles in which impunity generates more impunity. Corruption leads to the unproductive use of resources and undermines the capacity of the state to fulfil its obligations to citizens. Anti-corruption commissions and other specialised agencies are often hamstrung by the power of officials whose serial abuses should make them the agencies' prime targets, but who mostly escape charges. 'Who will watch the watchdog?' – the ancient question that confronts all systems for checking fraud and mismanagement - remains an everyday concern in many countries where cultures of bureaucratic probity are unreliable.

… and undermine public support for democracy.

From the mid 1970s, and especially after the collapse of the Berlin Wall in 1989, democratic systems have flourished globally, spreading to an unprecedented share of the world's states. This raised peoples' expectations for a better life, generating hope that human rights and the rule of law would be respected. To a great extent, these hopes remain, and people's desire to live in a democracy is undeniable. A Gallup poll conducted in 65 countries in 2005 revealed that four out of five people surveyed thought democracy, despite its flaws, was the best system of government.

However, people's experience of governance in new democracies has often been disappointing. The prevalence of elite-dominated party machines, non-state militias, ethnic mafia, widespread corruption, weak service-provision, and other common features of half-formed democracies have undermined the capability, accountability, and responsiveness, and the legitimacy, of newly democratic states. Equally, the incentives operating within different political systems may militate against accountability.

These failures have, in many settings, generated widespread popular disaffection with democracy *as it is practised* in many places. There is evidence that the global democratic trend is at greater risk of reversal than at any time since the end of the Cold War.[i] Accountability mechanisms (elections, courts, parliamentary oversight) need to be made to function effectively – and *they need to be strengthened with*

modalities suited to an era in which new democracies face more daunting obstacles than their historical predecessors. This includes efforts to address those informal institutions and power relations that have a major impact on people's lives but are unlikely to be reformed through any technical fixes.

Accountability relationships reach beyond governments…

More broadly, structural transformations in the nature of governance – including the privatisation of functions once reserved for the state – have blurred lines of accountability, making it difficult to establish which actors hold ultimate responsibility for certain types of policies or services.

Globalisation has heightened fears about accountability due to the long-term (but recently accelerated) reduction in the barriers to cross-border flows of information, goods, services, people, ideas, and values. Elected governments, particularly those in new democracies, are affected by the forces of globalisation, including economic instability, the need to comply with global regulatory standards and new global security concerns. Inevitably, this affects their ability to respond to the preferences of domestic actors and to set policy independently of global factors.

… and underpin growth and development partnerships with the private sector.

The seeming accountability of governments to external actors – to aid donors, foreign investors, members of a country's global diaspora, the WTO – has contributed to a sense that new ways must be found to ensure that not only governments, but also the wider array of powerful stakeholders be made accountable to ordinary people. In some cases, such as where multinational firms are concerned, the global nature of the challenges mean that accountability mechanisms must themselves become global in form, for example by creating new international norms and standards through mechanisms such as the OECD Guidelines on Multinational Behaviour or the UN Global Compact.

3. A framework for understanding accountability

Accountability within the governance agenda – the 'CAR' framework

Figure 1: The 'CAR' framework
(Source: Governance, Development and Democratic Politics, DFID 2007)
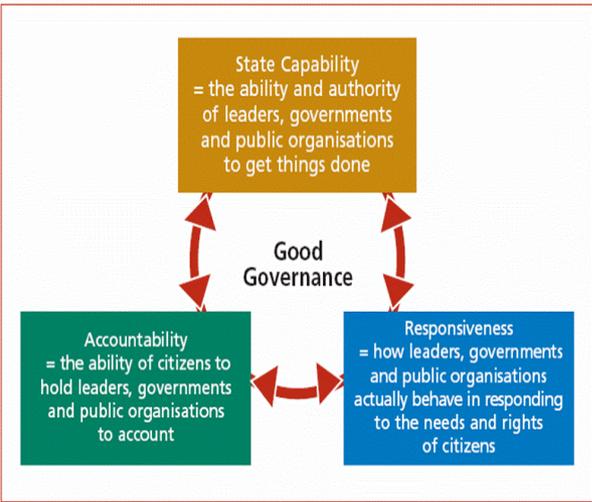
DFID understands governance to refer to **C**apability, **A**ccountability and **R**esponsiveness, three elements that make up the CAR framework (see Fig 1).

DFID's White Paper 2006 describes accountability as "the ability of citizens, civil society and the private sector to scrutinise public institutions and governments and hold them to account.

This includes, ultimately, the opportunity to change leaders by democratic means". (Making Governance Work for the Poor, p 20).

Capability, Accountability and Responsiveness – complementary concepts?

Capability, accountability and responsiveness are overlapping and generally reinforcing concepts. All three elements go together in the sense that each is necessary but none is sufficient for sustained improvements in governance.

In this respect, the elements form a virtuous cycle of good governance. For example, without some state *'capability'* – e.g. the existence of well staffed, informed and funded 'independent' oversight institutions such as Supreme Audit Institutions that are impervious to political interference – there is little chance that those wielding executive power will be held *accountable*. And without accountability of some kind, it is very difficult to create the incentives necessary to consolidate this capability to resist political influence. Similarly, efforts to make officials more directly *accountable* for key state objectives – such as measurable progress toward achieving the MDGs – implicitly assume the existence of a state that *responds to the needs of the poorest citizens.* A good example of such a complementary 'virtuous circle' is described in Box 1.

Box 1: National Rural Employment-Guarantee Scheme in India.

In 2004-05, one of India's most visible and promising anti-corruption activist groups became the leading advocates for new national Right to Information legislation, a successful campaign that showed the Indian state at its most responsive. In the process, the state effectively enhanced its functional capability by drawing on these civic groups to frame safety-net legislation for the most vulnerable groups (a National Rural Employment-Guarantee Scheme). This legislation institutionalized civic participation in formal state accountability processes by mandating procedures for collectively auditing, at very local levels, the accounts of the decentralized NREGS project work units. Thus all three elements of the CAR framework were incorporated in the context of a multi-stakeholder initiative rooted in institutional reforms.

Nevertheless, the relationship between the three elements is not always positive. Sometimes, the existence of one component can undermine progress in cultivating the other two. For instance, governments that exhibit *responsiveness* towards short-term electoral incentives may deploy resources in ways that buy short-term political peace among competing interest groups, but sacrifice progress on longer term goals against which officials are supposed to be held *accountable*.[ii]

In this context, the critical questions that need asking are: accountability and responsiveness *to whom, by whom and for what*? Skewed patterns of responsiveness tend to mean that more privileged or better connected groups are prioritized over poorer households, at the cost of deepening inequality.[iii] And skewed patterns of accountability (for example, when governments focus on accountability to donors over accountability to their own citizens) mean that excluded groups are unable to access mechanisms to redress this imbalance. When considering how best to support the strengthening of domestic accountability, the objective for donors must

surely be to work towards a state that protects equally and is accountable, capable and responsive towards the majority, not the few.

Accountability is about the relationship between 'principals' and 'agents'…

Understanding accountability means analysing relationships between power holders and those affected by their actions. The key actors in accountability relationships are the delegator (the principal) and the delegate (the agent). One set of people (the principal) hold another set (the agent) to account for what they say and what they do. This issue lies at the very heart of the idea of governance. It has been the subject of huge amounts of research and is known as 'principal-agent' theory. Although sounding rather theoretical, it is a very powerful idea and vital to understanding all our work on accountability. The relationship is shown in figure 2.

Figure 2: Governance and accountability: Principal-Agent Relationships
(Source: Milgrom & Roberts (1992) Economics, Organization and Management, New Jersey, Prentice Hall)

**The Principal
is governing the Agent**

**the Agent is
accountable to the Principal**
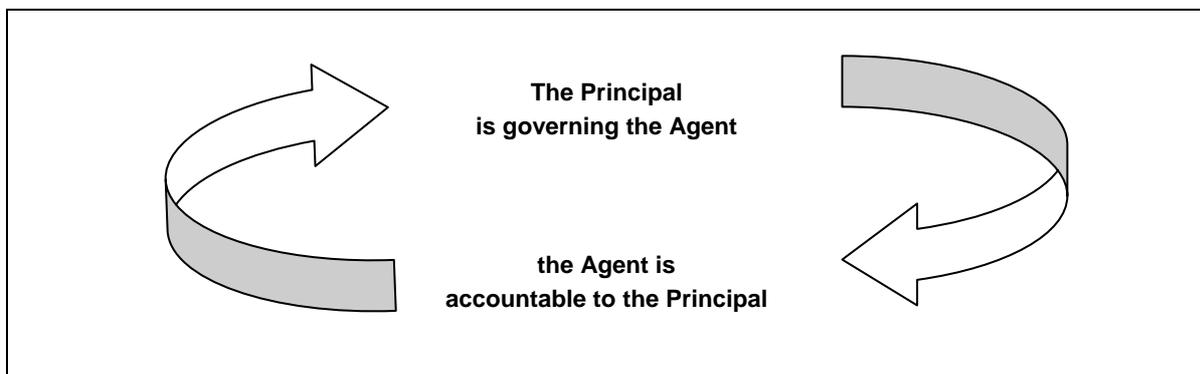
In the context of governance and development, examples of principals and agents include voters and politicians, service users and service providers, activists who file public-interest litigation and government officials whose decisions have been challenged, aid donors and partner governments, and so forth. It is important to realise that in any working hierarchy, people are simultaneously both principals and agents. This means that accountability routes can lead both upwards and downwards. For example, Ministers are principals in their departments, but agents of both their constituents and the president or prime minister.

… and the delegation and use of power.

Accountability centres upon one of the oldest human problems, found in many relationships but particularly acutely in the case of governments and large organisations: the problem of delegation. Government officials and other actors whose power affects large groups of people operate under grant of authority vested in them by the public at large (implicitly or explicitly).[iv]

However, *delegates* often have incentives that put them at odds with their *delegators*, those from whom they derive their mandate. This gives rise to the need for monitoring and surveillance over the power holders. An essential accountability

challenge is how to engineer a system that empowers public authorities to undertake work on a large scale, and provides them with the flexibility to experiment and innovate, while still holding these powerful actors accountable for their performance.

This challenge was set out in the World Bank's, World Development Report 2004 on *Making Services Work for Poor People*, tackling the issues in the domain of public services.v This report described a "long route" of accountability — where clients as citizens influence policymakers, who in turn influence service providers. It set this against a "short route" of accountability where citizens hold service providers to account directly. This model is laid out in Figure 3 below.

Figure 3: The 'Framework of Accountability Relationships
(Source: World Development Report; World Bank 2004)
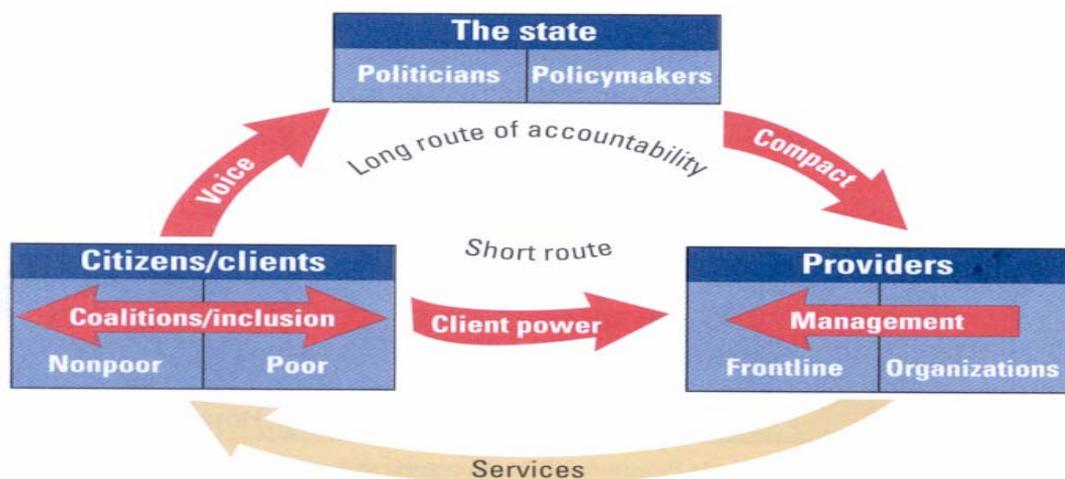
How to ensure accountability: answerability and enforcement.

Accountability requires power-holders to:

   a) answer to constituencies -- explain/justify actions (answerability);
   b) suffer sanctions for poor decisions or criminal acts (enforceability).

These two processes are sometimes seen as 'weak' and 'strong' forms of accountability. Being accountable in the sense of having to explain one's actions is a lot less onerous than being subject to sanction.

***Answerability* means providing an explanation and information...**

▪ Explanation: A less demanding form of answerability requires a holder of delegated power simply to furnish an explanation, or rationale, for his or her actions. For instance, when asked by a group of concerned citizens why a building permit was issued for a structure that encroaches on common lands, planning officers typically supply vague, formulaic answers – for example, that permission was granted because all required steps under the relevant legislation were taken. Such a response provides little of substantive value for people seeking a full justification of how competing considerations were weighed.

- Information: But when the explanatory component to answerability is combined with an information component – for instance, an obligation of full disclosure that requires officials to reveal the evidence basis upon which decisions were taken, such as supporting documentation and testimony from experts consulted – then officials find it harder to get away with explanations based on unsound logic. This 'hardens' accountability, even in the absence of workable enforcement mechanisms. The power of information is well illustrated by the case of Uganda. In 1996 only 13% of public funds budgeted for primary schools in Uganda reached them. Following a major information campaign through the press and radio, and introduction of a requirement for school principals to post funds received on school notice boards, this increased to 80% in 2002.

….whilst *enforcement* involves adjudication and sanctions.

- Adjudication: Adjudication involves a determination as to the persuasiveness of an official's explanation of his or her conduct and outcomes. Adjudication is undertaken on the basis of available information and in the context of prevailing standards, which may change over time.

- Sanctioning: After the assessment of performance has been made, an enforcement actor must decide on the nature of the penalty to be applied. This process involves at least three elements:

    1. assessing the future *deterrent* effect of competing sanctions;

    2. considering whether *justice* will be seen to have been done by the public, and

    3. calculating the *capacity* of the sanctioning authority to carry out the chosen form of enforcement.

Because accountability mechanisms encompass a wide array of distinct but interrelated process, there are often complicated *divisions of labour* in accountability relationships. Those entitled to demand answers from power-holders are not necessarily the same as those put in charge of deciding on and meting out penalties. This issue is discussed further in section 4.

4. Forms of accountability

A diverse landscape of accountability mechanisms includes 'traditional' forms of vertical and horizontal accountability…

A framework for conceptualising the various accountability *institutions* and their respective 'channels' of accountability includes **vertical, horizontal and diagonal accountability.**

In *vertical* accountability institutions, states are held to account by citizens, jointly and severally, whether through elections and other *formal* processes, or through lobbying or mass mobilization, both of which rely on the existence of a set of *informal*

institutions (such as the press, social networks, etc). This is the most direct form of accountability, but faces huge challenges (e.g. clientelism). In democratic systems, the 'long route' of vertical accountability stretches down through elected representatives in a national assembly - in dictatorships, this downward path is blocked at the apex.

Horizontal accountability institutions are those in which state entities demand answers from (and sometimes possess the power to sanction) other state entities. Auditors-general, anti-corruption commissions, bureaucratic oversight boards, Parliaments (e.g. parliamentary committees and commissions) – these and other bodies stand in for citizens who generally lack the time, expertise, and collective-action resources to monitor the detailed work of their public representatives. Unfortunately the lack of balanced gender representation within these institutions can further entrench gender inequalities at a societal level.

… as well as innovative 'diagonal' accountability strategies.

More recently, a third category has emerged thanks to increased efforts by citizens to engage directly in state processes once reserved for state agencies.   This category concerns the direct engagement of ordinary people with service providers and state budgeting, auditing and other oversight processes which have traditionally been the arena of state actors alone.   Combining elements of vertical and horizontal accountability, experiments in direct citizen engagement amount to hybrid forms of accountability, located somewhere in between.[vi] In this sense, they can be thought of as representing a '*diagonal'* channel of accountability.

Such efforts to by-pass cumbersome or compromised formal accountability systems in order to participate in expenditure tracking, public hearings, and so on, are sometimes referred to as '*direct'*, 'social' or 'demand-side' accountability processes, and possess three main characteristics:

- they by-pass the formal institutional intermediaries that slow down or subvert accountability processes;
- they seek answers *ex ante* from policy-makers (e.g. participatory budgeting), as opposed to the conventional *ex post* approach to accountability;
- they focus on the fairness of outcomes, not just procedural correctness.

Box 2: The Extractive Industries Transparency Initiative

An interesting example of a global 'diagonal' accountability initiative is the Extractive Industries Transparency Initiative (EITI). This is a multi-stakeholder partnership which has brought together business, governments, donors and civil society to increase transparency (and reduce corruption) over payments and revenues from extractive industries. Government buy-in permits people to scrutinise the payments received by government from oil, gas and mining companies, whilst companies simultaneously make public the payments that they make to governments. Civil society has an important role to play in verification processes, providing a channel of accessible information back to communities and citizens and promoting community and citizen voices in policy dialogue.

As a result of EITI, the Government of Nigeria reports it has saved about $1 billion from increased transparency in resource flows highlighting discrepancies and inefficiencies. In Guinea, active civil society participation in EITI has generated a culture of greater exchange and discussion.

While not having a formal role to play in political accountability narrowly defined, such initiatives have a huge influence on the public climate in which political and economic debate takes place, and in which the social compact is developed. The potential impact of such initiatives can extend beyond the individual programme by changing expectations, and, ultimately, norms and values - influencing the rules of the game.

Social accountability mechanisms are controversial because they can change the nature of the political settlement.

One of the key features of the contemporary accountability landscape is that there are many more disputed claims as to who constitutes a legitimate accountability-seeker. Excluded groups who claim to be affected by acts of powerful stakeholders increasingly demand to be recognised as legitimate seekers of information and explanations, regardless of their lack of formal legal standing as a direct 'principal'. This is a crucial issue. Formally, bureaucrats are enmeshed in an upward chain of accountability to their superiors, who then connect to the political processes where citizen voice is represented. So, more recent efforts to increase the direct answerability of officials to social groups are highly controversial.

As a result, initiatives to improve accountability by means of innovative governance mechanisms are likely to encounter resistance. Powerful interests stand to lose out substantially if hybrid-style accountability mechanisms are even mildly effective. Many vested interests are to be found within the state itself, among elected politicians and senior officials. Some government representatives criticise donor-supported hybrid accountability measures on the grounds that they divert attention and resources from building state capacity – defined very narrowly as a process operating exclusively through the central government's executive apparatus. However, it is important not to let such criticisms discourage the continued evolution of hybrid accountability institutions. State-building is also about the development of new institutional relationships between state entities and organised groups in society.

Box 3: Examples of social accountability and the 'ARVIN' framework

The World Bank uses the term 'social accountability' to describe approaches that promote civic engagement to hold governments accountable. This is a broad category which includes such activities as 'report cards' on the performance of government agencies (based on surveys of client satisfaction); citizens' juries (which deliberate on issues of public policy); transparency initiatives of various kinds (which report and publicize the conduct of firms and government agencies); and mechanisms for involving ordinary people in budget formulation and the monitoring of public expenditure.

The Bank's Social Development Department has developed a useful analytical framework called 'ARVIN' to examine the determinants of robust civic engagement in accountability processes. ARVIN stands for the ability of citizens and their organizations: to freely **A**ssociate; to obtain **R**esources to support their advocacy efforts; to exercise **V**oice and get

5. What causes accountability failure?

Differentiating between capture and bias

Failures of conventional accountability institutions are very often ascribed to corruption, and sometimes to capacity weaknesses. But a closer look at failing accountability institutions reveals that there are other factors at work. If efforts to improve accountability systems are to be effective, instances of *capture* and *bias* should be identified.

Capture can reduce accountability in two ways. By far the most prevalent variety of capture is corruption – the abuse of public power for private gain. Capture of resources by unproductive self-serving elites undermines economic growth, governance and development. The poor suffer most from diversion of resources from service delivery and the need to pay bribes to gain access to services. The World Bank's estimated direct and indirect economic cost of corruption at $1-1.5 trillion per year, just over 3% of world income in 2002. Corruption costs African economies in excess of $148 billion per year.

A second aspect is represented by forms of undue influence that may not, according to a strict definition, constitute corruption: accountability can be undermined when officials subvert decision-making norms as a result of intimidation (e.g. from politicians and organised criminals), rather than from an interest in direct pecuniary gain.

The category of *bias* refers to practices that are not illegal or motivated by the desire for private gain. Exposing and eliminating bias requires different strategies than those used to tackle capture. Bias-related accountability failures occur when the poor remain disadvantaged because of built-in (institutionalised) obstacles to the reduction of the deprivations they face. Two main varieties of bias have particularly adverse impacts on disadvantaged people. These are a lack of *formal remit* for addressing the injustices experienced by marginal groups, and *barriers to access* for the poor. Some examples of these types of bias are presented in Box 4.

Box 4: Accountability failure caused by bias

- *Inconsistent protection of rights*: Biases in the wording, interpretation and enforcement of laws often allow perpetrators who violate the rights of disadvantaged people to escape punishment. For example, laws and judgments relating to vagrancy, land tenure, debt-collection, etc can have in-built biases against the poor.

- *Biased design of service-delivery*: Aspects of policy or programme design can be biased against underprivileged sections of society. For instance, health services may be oriented to the needs of better-off members of society, with medical research and clinic treatment protocols privileging attention to the illnesses of the urban middle classes.

Both types of accountability failure are commonly found to discriminate against women.

Accountability institutions themselves can be affected by bias and capture

Conventional accountability institutions typically found in liberal democracies (both horizontal and vertical) can be afflicted by problems stemming from both capture and bias. For example:

- *Electoral systems* can fail to create incentives for representatives to promote the interests of the poor, or are infested with fraudulent practices or legally permissible avenues for influence peddling.

- *Legislatures* are often open to capture where MPs (as in many Westminster-style systems) can receive inducements from the executive if they refrain from discharging their duty to demand information and seek explanations. Bias is evident in institutional designs that assign disproportionate power to certain social groups (such as hereditary or tribal authorities).

- *Public expenditure management systems* suffer from capture when they fail to insist on connections between the spending proposals of line ministries and actual spending patterns, or fail to prevent extra-budgetary spending on the military or perks for top politicians.[vii] The *ex ante* resource scarcities thus caused are exacerbated by elite biases in allocative decisions.[viii]

- *Judicial proceedings* can provide little direct or indirect protection for the poor if they restrict access, use foreign languages, rely on investigative machinery of biased executive agencies, or permit widespread bribing of officials.

One of the most entrenched accountability failures is discrimination towards women, often intricately woven with social and cultural norms in both formal and informal rules of the game. This gender bias is reflected in formal legal systems (e.g. outright discriminatory laws such as in Pakistan where a woman's testimony counts for less than a man's), and informally through social norms and values (e.g. such as practiced in many African contexts where widowed women are often disinherited by their husband's family and left homeless and landless with their children).

6. Sequencing and prioritisation

Context is absolutely critical to determining the sequencing and prioritisation of different accountability interventions. In two post-conflict countries, the different underlying causes of conflict and fragility will require different accountability approaches. The priorities for accountability initiatives are related to 'stages of development', so a country's needs at any one point in time are liable to change. There is thus no blueprint for how to prioritize accountability interventions.

Nevertheless, there is evidence that in many post conflict contexts, justice systems that pursue accountability – whether through traditional systems or special courts and tribunals – can be critical in maintaining the peace process itself, and thus constitute a significant priority. Other evidence suggests that better outcomes may occur when elections (a key mechanism of vertical accountability) come later in the process of restoring state authority.

Donors need to think carefully about whether certain accountability means should precede others, and if so why. The decisions will need to be based upon deep understanding not only of the formal institutions of state, but also of informal institutions that may be just as critical in determining successful accountability outcomes. Country Governance Analyses and Drivers of Change tools can help to inform such decisions.

7. What can donors do?

Recent years have seen increased efforts by the donor community to support stronger domestic accountability between states and citizens. At a country or state level, efforts to strengthen accountability require a deep understanding of existing accountability structures and their weaknesses, for example through Drivers of Change and social exclusion analysis. If some of the government's operating principles and practices conflict with internationally accepted standards of governance, especially with respect to corruption, gender equality or human rights, it is possible to pursue targeted efforts to improve accountability.

Doing so, however, requires a clearer understanding of the reasons why conventional accountability institutions fail, the underlying and informal accountability mechanisms that can be reconfigured to create new and potentially effective institutional forms, the kinds of resistance that reform inevitable brings, and how accountability connects – sometimes harmoniously, often discordantly – with other key elements of the governance framework. The challenge is to address both incentives and systems – to tackle accountability failure deal both technically and politically. In Tanzania, a series of Drivers of Change studies on accountability patterns have informed DFID Tanzania's strategy on accountability.[ix]

Given the plethora of state and non-state institutions involved in accountability processes, there are many entry points for donors. A focus on marrying the 'demand-side' of accountability with 'supply-side' initiatives may be where donor comparative advantage lies. For example, supporting linkages between activist groups fighting corruption in a given sector and reformist elements within the civil service can be a promising way to generate the state-civil society synergies identified in the literature on 'co-production'.[x] Access to justice is often linked to external accountability (demand-side reform) and judicial reform with internal accountability (supply-side reform).

Based on a context-specific analysis of these issues, some core areas where donors may be able to contribute to strengthening state accountability are highlighted in short below. This note should be read in conjunction with the more detailed guidance that is available on specific areas and housed in Best Practice Guidance. Prioritising which mechanisms to focus on will depend on each context, but the Country Governance Analysis tool should help provide some useful pointers on this.

Horizontal accountability initiatives

a. Parliaments

Parliaments have a distinctive role and one which makes them pivotal to good governance. They are the point in a governance system where citizen-state relations (vertical accountability) come into contact with executive-legislature relations (horizontal accountability). An effective parliament is one which performs its horizontal accountability functions in a manner which is in tune with the wishes of the citizen-voters on whose behalf it acts. The key functions of parliaments are legislation, budget oversight and representation. By playing these roles effectively, and engaging with citizens, parliaments can contribute to the elements of effective governance: state capability, accountability and responsiveness.

However, parliaments in developing countries tend to be weak and have been relatively neglected by donors, although support is now increasing. Donors' support for parliamentary strengthening must respond to local demand. Projects which are demand-led, take full account of local context, involve harmonisation and coordination between donors, and are sustained, are the most likely to succeed. For more information on what donors can do to enhance parliamentary performance, see **ODI's Briefing Paper 18 on Parliaments and Development**, based on a DFID-funded review of parliamentary strengthening.

b. Justice

The justice sector has a central role to play in the promotion of the rule of law, under which all persons, institutions and entities (public and private, including the state itself) are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards.[1] The rule of law provides fair standards, open and independent processes and effective mechanisms for holding power holders accountable.

The courts, in particular, promote *horizontal accountability* through their adjudication and regulatory functions. As the third branch of government, a strong, independent judiciary is necessary to constrain the arbitrary exercise of state power: even a president or prime minister is subject to the decisions of a country's highest court. They can also offer a channel of *vertical accountability* when citizens use them to claim their rights and seek redress – for example against powerful officials illegally seizing their land. Knowledge of the law, and access to advice and fair dispute resolution mechanisms, can be a powerful source of empowerment for the poor and socially excluded.

DFID has an established policy and a number of programmes that aim to enhance the safety, security and access to justice of the poor (see DFID's **SSAJ 2000 guidance** and **SSAJ Policy**). A new DFID Briefing Note exploring the accountability dimensions of the justice sector is forthcoming.

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[1] This definition is taken from the *Report of the UN Secretary General on the Rule of Law in Conflict and Post Conflict Societies* (2004).

c. Financial Accountability and Anti-Corruption

Experience has shown that strengthening mechanisms to hold the state to account for the way it manages public finances can be an effective way of improving service delivery and reducing poverty.

Many of these mechanisms have been described above – the role of taxation, Parliament and civil society. Donors also have a potential role to play in supporting Supreme Audit Institutions and Anti-Corruption Commissions and the UN Convention Against Corruption.

Supreme Audit Institutions (SAIs) carry out the independent audit of public sector bodies and report on how resources have been used – *financial auditing*. Over time the range of work of many SAIs has expanded to consider the economy, efficiency and effectiveness of service delivery – *value for money audit*. Parliament should then use the SAI's findings as one of its main tools in holding the Executive to account for its performance. For more information on how to support SAIs, please see DFID's **How To Note: Working with Supreme Audit Institutions'**.

Many countries have established Anti-Corruption Commissions to educate their communities as well as investigating and preventing corruption. The results have been mixed. It has been shown that in order to be successful, these institutions require a degree of independence from political leaders, sufficient capacity to fulfil their mandate and strong links with the broader public sector rather than acting in isolation.

It is also increasingly recognised that specific targeted anti-corruption initiatives, often led by civil society, can promote accountability. One such example is the annual Kenyan Bribery Index, managed by Transparency International. This ranks public sector institutions according to perceptions of level of bribery, and serves to throw a spotlight on the issue and to promote public debate.

The UN Convention Against Corruption (UNCAC) is another potentially important accountability mechanism. More than 140 countries have signed up to this comprehensive framework which provides common standards for national policies and practises and requires enhanced international cooperation to address cross border crime. There is an opportunity for national citizens and governments to place pressure on state signatories to fulfil their UNCAC obligations.

d. Decentralisation

In principle, local government can play a key role in strengthening accountability. More direct popular participation in government processes can improve accountability and lead to more efficient public services that better target and are more responsive to the poor. Successful decentralisation that reduces poverty requires strong support from the centre, including practical means to devolve administrative capacity, revenue and authority, and effective accountability mechanisms to prevent corruption by local elites.

In practice, however, governments face major obstacles to effective decentralisation: formal responsibilities are often not accompanied by the decentralisation of financial or staff resources, or real autonomy over decision making and revenue-raising. Only a few examples of successful decentralisation with a significant positive impact on poverty have been documented e.g. in Bolivia, Philippines, and Kerala and W Bengal in India.

Vertical accountability initiatives

e. Elections

Free and fair elections are vital to a flourishing democratic process that builds accountability between elected representatives and citizens. Donors can provide support in various ways. For example, technical assistance might be requested to improve the national electoral commission's capability to manage the election. Funding might be provided for international election monitors, whose task is to determine whether the election is free and fair and whether the outcome reflects the view of the voters. This can be a crucial disincentive to malpractice. Donors can also support civic education and media activities to improve citizens' awareness of their rights as voters, and to enhance open debate and access to information in the run up to polling day. They can support across-the-board political party development, such as policy debates and capacity building, for example using an impartial NGO provider. See **DFID's 2003 guidance on 'Elections and the Electoral Process'** for more detailed information.

f. The media and access to information

A well-managed, independent media can strengthen the demand for accountability. Participatory policy making necessarily requires informed citizens in order for it to be meaningful. It is both an important instrument for 'voice' (especially in contexts where the poor have few or no opportunities to make their voices heard), as well as for information and mobilisation purposes, through awareness raising, generating public debate and informed public opinion, and campaigning for action.

For the media to play this role, and indeed for other watchdogs to function effectively, *access to information* is a fundamental requirement. Access to information can be used to fight corruption, improve government efficiency and effectiveness, and promote sound and rational policies. It can be used to benchmark government and private sector commitments and to hold the relevant bodies to account if they fail to meet those standards. A supportive legislative environment plays a crucial role.

Donors can provide support directly to the media and also indirectly through support to the development and implementation of an appropriate legislative framework for access to information. DFID has published **Guidance on Supporting the Media in Governance** which is available on Insight. Further information on this will be available in a forthcoming DFID Briefing Note on Media and Governance.

Diagonal accountability initiatives

g. Civil and political society

Civil society organisations (CSOs) and networks are important players in national political life, with the potential to improve governance and transform state–society relations. They play a key role in collecting, analysing and using information to bridge information gaps. CSOs are widely recognised as having a very valuable role in holding governments to account through the 'diagonal' accountability mechanisms discussed earlier. They engage in a broad range of strategies such as participatory budget formulation, gender budgeting, public expenditure tracking and performance monitoring. DFID has supported a number of these initiatives, including the International Budget Project.

Civil society is also active in lobbying governments to sign up to, ratify and implement international agreements on human rights such as the Convention on the Rights of the Child (CRC) or the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). The international community can play a role in both working with governments directly and supporting civil society to get such agreements enshrined in domestic legislation.

The extent to which governments protect rights and establish 'invited spaces' where CSOs can engage is a crucial factor in enabling voice and accountability. Experience suggests that key enabling factors are the presence of active, informed civil society groups; strong commitment from within government; the legitimacy of citizen representation in the new spaces created, and their ability to link up with other spaces within and outside of government in an inclusive and deliberative way. For more information about how donors can support CSOs in this role, see **DFID's Briefing Note on Civil Society and Good Governance** (Sept 2007).

h. Service Delivery

Strengthening citizen voice, access to information and participation in service delivery processes is an important aspect of enhancing accountability, either or the state or of other non state service providers. Advocacy can take many forms including: participation in health, education or water planning and management committees, citizen scorecards, service delivery surveys and media campaigns.

In Malawi, DFID is supporting efforts to change incentives for performance and accountability through a programme called 'Performance, Evidence and Accountability' (PEA), working across government and with civil society. It will help government to produce and communicate evidence of performance and to make decisions on allocation of funds based on evidence rather than on political considerations. It will also support greater demand for accountability helping NGOs to monitor data on the delivery of services in the Districts.

For more information on effective ways of strengthening voice and accountability in the education, water and health sectors, including support to governments, see **DFID's 2007 Briefing Note on Voice and Accountability Matters for Better**

[Education and Health Services](#) and the forthcoming **Background paper on Governance for Water Services (2007).**

i. Private Sector

The private sector as a group is far from homogeneous, and accountability may involve a myriad of different actors. The private sector includes two main types of actors. First, firms engaged in the pursuit of monetary gain. These can range from a major corporation to a small, one-person business. Second, any organization that speaks on behalf of businesspersons, e.g. a Chamber of Commerce.

A review of thirteen of DFID's Drivers of Change studies found that nine emphasise the role of the private sector as a potential agent of progressive change. Businesses and the private sector are important stakeholders in the promotion of good governance. While the state remains the primary duty-bearer with regard to its citizens, in fragile and weak governance environments private sector businesses (particularly trans-national corporations) can play an important role in supporting an environment of improved governance and accountability. In contrast, where businesses do not respect international minimum standards and norms, or existing national legislation and regulation (e.g. on corruption or human rights such as child labour), they may contribute to poor accountability and undermine the capability of governments to uphold rights and deliver basic services.

There are many good examples of private stakeholder engagement in initiatives which promote accountability through multi-stakeholder partnerships. Multi-stakeholder initiatives such as MeTA (Medicines Transparency Alliance), EITI (Extractive Industries Transparency Initiative) or CoST (Construction Sector Transparency Initiative) all focus on an issue which several stakeholders have an interest in solving, and promote increased transparency as a mechanism for change.

Aid Effectiveness – balancing external and internal accountability

Aside from providing specific support to strengthening domestic accountability, donors need to recognise that their behaviour exerts a more general and indirect impact on governance. The external accountability of developing country governments to donors due to onerous donor reporting processes has high potential to skew accountability and time away from domestic constituents and Parliaments. The more that donors can use country based reporting and accountability systems to report results, the more that they can encourage the capacity of *national* statistical and monitoring systems that strengthen internal feedback mechanisms to citizens and Parliaments. Good disaggregated monitoring data is also important to ensure accountability and responsiveness to the poorest, excluded groups.

j. Poverty Reduction Strategy Papers

'Poverty Reduction Strategy Papers' were initiated in 1999 to encourage donors to align behind national processes of planning, service delivery and monitoring. The process established the principle of participation and in many countries significantly

broadened the opportunities for citizens to debate policy and expenditure priorities with governments. However, the World Bank's 2005 Review of the PRS approach[xi] emphasised a continuing need to ensure a balance of accountabilities between governments (to their domestic constituents for improved policies, governance, and development results) and donors (to provide more and better aid in ways that support rather than detract from domestic accountability).

It found that in countries where PRSs were reasonably well-articulated and governments assumed a strong leadership role, the PRS approach brought about the intended shift in the relationship between developing countries and their external partners. Elsewhere, it suggested a need to encourage more domestic accountability by integrating PRSs with existing domestic processes, deepening participation and Parliamentary engagement, and discouraging parallel donor approaches.

k. Paris Declaration

In the same year, the Paris Declaration set a standard for how aid should be provided in a way that backs country led development and domestic accountability. The Declaration provides an incentive for great transparency about donor aid flows, so that partner countries can plan effectively and access comprehensive budget information. It created a set of shared targets on aid effectiveness (alignment, harmonisation, predictability, mutual accountability) that are being regularly monitored, including by civil society. To maximize accountability, it will be important to ensure that the data from the Paris monitoring rounds is widely available in an accessible format to governments, NGOs and the public - including in the South.

DFID's policy work on aid instruments has specifically looked at how we can provide aid resources in a way that fosters domestic accountability. The new 2007 **Policy update on Poverty Reduction Budget Support** sets out how to minimise the risks of undermining domestic state-society bargaining processes and citizen voice. It highlights the importance of supporting a mix of aid instruments – budget support plus complementary support – in order to strengthen the capacity of non-state actors and Parliaments to hold the Executive arm of government to account. It discusses how budget support can build accountability and effective states because it is allocated through the country's budget process, disbursed through government's public financial management systems and accounted for through government's own accountability processes; its use becomes subject to domestic bargaining processes, such as parliamentary debates. Evidence shows that internal accountability between finance and sector ministries has been strengthened. Rather than sector ministries negotiating finance from donors via projects, budget support has ensured that the Ministry of Finance plays a stronger role in resource allocation.

l. Taxation

A related concern about aid effectiveness is whether high inflows of aid are undermining state-society accountability processes by discouraging domestic revenue raising. The concern is that aid might operate in a similar way to what is called the 'resource curse': governments that have 'unearned' income – for example, revenues from oil or other natural resources – may lack sufficient incentives to raise tax and bargain with citizens in a way that promotes democracy and accountability.

Historically, the formation of accountable and effective states has been closely bound up with the emergence of taxation systems. In Western Europe and later in North America, bargaining between rulers and taxpayers helped to give governments an incentive to promote broad economic prosperity and improve public policies in ways that meet citizens' demands. In East Asian countries, too, developmental states had broadly based tax systems.

Although the evidence does not strongly suggest that aid is undermining the incentive to taxation in this way, it is important that donors support national revenue raising efforts. This should include an emphasis on promoting progressive and fair taxation policy as a basis for state legitimacy and responsiveness. Bilateral assistance has traditionally focused mainly on improved tax administration, with a heavy reliance on the establishment of semi-autonomous revenue authorities (Rwanda, Uganda, Mozambique, Lesotho). In some cases, important early gains have sometimes proven difficult to sustain given wider political problems.

A forthcoming **DAC policy paper on taxation and governance** (GOVNET) and a DFID Briefing Note **Why Tax matters for International Development** provide more guidance.

> **Further Information and Contacts**
>
> - Politics and the State Team, Policy & Research Division.
> - Insight/ Policy Division/ Politics and the State Team / One Stop Shop on Accountability
> - Best Practice Guidance: Topic Page on Accountability
> - Governance & Social Development Resource Centre

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[i] Larry Diamond, "Advancing Democratic Governance: A Global Perspective on the Status of Democracy and Directions for International Assistance," p. 4, at *www.stanford.edu/~ldiamond/papers/advancing_democ__percent20governance.pdf*
[ii] Harry Blair, 'Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries', *World Development*, vol. 28, no. 1 (2000), p 24.
[iii] Kanchan Chandra, Why *Ethnic Parties Succeed: Patronage and Ethnic Head Counts in India* (Cambridge: Cambridge University Press, 2004), p. 6.
[iv] Much of this section is adapted from, and is an elaboration of, Anne Marie Goetz and Rob Jenkins, *Reinventing Accountability: Making Democracy Work for Human Development* (New York: Macmillan/Palgrave, 2005)
[v] World Bank, *World Development Report 2004: Making Services Work for Poor People* (Washington, DC: World Bank, 2004).
[vi] Anne Marie Goetz and Rob Jenkins, 'Hybrid Forms of Accountability: Citizen Engagement in Institutions of Public-Sector Oversight in India', *Public Management Review*, vol. 3, no. 3 (2001), pp. 363-84.
[vii] Andy Norton and Diane Elson, *What's Behind the Budget? Politics, Rights and Accountability in the Budget Process* (London: Overseas Development Institute, June 2002). The International Budget Project links over 25 civil society initiatives that analyse public spending from the perspective of its

impact on a range of social categories: women, children, the poor and certain ethnic groups. See www.internationalbudget.org.

viii Paulo Mauro, 'Corruption and the Composition of Government Expenditures', *Journal of Public Economics*, vol. 19 (1998), pp. 263-79.

ix Rakner, L. & Lawson, A, (2005) Final Synthesis Report: 'Understanding Patterns of Accountability in Tanzania'. Report for Development Partners. http://www.gsdrc.org/docs/open/DOC98.pdf

x Elinor Ostrom, 'Crossing the Great Divide: Co-production, Synergy, and Development', *World Development*, Vol. 24, No. 6 (1996).

xi http://siteresources.worldbank.org/INTPRS1/Resources/PRSP-Review/Synthesis_2005_PRS_Review.pdf