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Mutual accountability in practice

The case of Mozambique

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Preface

The Swedish government is a strong promoter of the aid effectiveness agenda as expressed in the Paris Declaration. An evaluation of the Paris Declaration undertaken in 2011 showed that of its five principles, the principle of mutual accountability was the least advanced and on which little progress could be seen. Against this background, SADEV initiated a study of the principle of mutual accountability to provide experiences from an implementation perspective. The purpose of the study is to present findings and conclusions by exploring the Paris Declaration's principle of mutual accountability, investigating different perspectives of the principle and considering how these different priorities play out in practice in Mozambique.

The study began in May 2012 and was completed in December the same year. The SADEV team consisted of Peter Sjöberg as team leader, and Kjerstin Andersson, Johanna Lindström, and Annika Magnusson as team members. A reference group consisting of Barbara Befani, Niels Dabelstein and Gunilla Åkesson assisted the SADEV team with comments and quality assurance of the draft version of the report. The overall responsibility for this report, including the conclusions made, are those of the SADEV team.

SADEV is grateful to stakeholders in Mozambique and Sweden, and to others who have generously contributed to this study by sharing information and experiences, as well as commenting on draft versions.

December 2012



Lena Fagerlund
Acting Director General

Executive summary

This report presents the findings and conclusions of a study to explore the Paris Declaration's principle of mutual accountability, to investigate different perspectives on the principle and to consider how these play out in practice in Mozambique. Mozambique is chosen as a case study due to its reputation as a forerunner on aid effectiveness and on mutual accountability in particular. In Mozambique, there is a well-developed mechanism and a certain amount of institutional capacity for the implementation of mutual accountability. Sweden is used to exemplify a donor perspective on mutual accountability. Sweden has a long-standing relationship of development cooperation with Mozambique, which is one of few countries to which Sweden provides budget support. By visualising the political reality of mutual accountability the study aims to provide opportunities for dialogue and learning, and to contribute to a better understanding of the opportunities and challenges in implementing mutual accountability in the shift from aid to development effectiveness post-Busan.

The study was undertaken between May and December 2012 with a team consisting of four evaluators from SADEV. An independent reference group with competence in relevant areas, such as evaluation of the Paris Declaration, methods development and contextual knowledge from Mozambique, assisted the SADEV team. The study was qualitative, with a formative purpose, and consisted of semi-structured interviews with stakeholders in Mozambique and Sweden as well as a literature review.

The study explores the theoretical underpinnings of accountability, with its two dimensions of answerability and enforceability, and three systems of enforceability: representative, collaborative and corporate, which represent either vertical or horizontal forms of accountability. The study considers the relationship between political and economic dimensions of accountability. *In theory, mutual accountability signifies a shift from vertical to horizontal forms of accountability, where collaborative enforceability replaces corporate enforceability, as a way of rebalancing power asymmetries in the aid relationship.* Thus the agreements made at Paris, Accra and Busan are not legally binding and presuppose voluntary compliance. This is what mutual accountability is about, in its purest form. The challenge is to build commitment and ownership, as much as it is to hold one another accountable. It is argued that such models do not presuppose equality between stakeholders and that they can function as effective mechanisms to bind in more powerful players to common rules and behaviour to ensure collaborative action towards achievement of shared results. These models are in contrast to accountability achieved through corporate enforceability where non-compliance is redressed through legal and economic sanctions based on contractual agreements.

Mutual accountability is further supposed to clarify and reinforce domestic accountability relationships based on representative enforceability, between citizens and the state, ensuring that donors and partner countries join together to become accountable to their constituents, i.e. taxpayers in donor countries on the one hand and beneficiaries of Official Development Assistance (ODA) in partner countries on the

other hand. As such, mutual accountability is partly about mending the broken feedback loop in international development cooperation.

However, this picture of ideal mutual accountability envisaged by the Paris Declaration as a check on powerful donors does not play out in practice. As we have seen in the case of Mozambique, such mechanisms only function when there is at least broad agreement among stakeholders on a common agenda. This common agenda has been developed over more than a decade in Mozambique, around the aid modality of general budget support to the Mozambican poverty reduction strategy.

This system has been partly successful:

A good degree of answerability exists in the system for mutual accountability in Mozambique. The Performance Assessment Framework supports joint dialogue between donors (the group of Programme Aid Partners – PAP) and the government of Mozambique. There is political will to support the system and there is a feeling of mutuality; the parties depend on each other to reach the agreed targets. There is increased transparency on both sides, leading to increased predictability, more active civil society and media, and more awareness of corruption. However, answerability is an issue around which it is relatively easy to reach common agreement. For instance, aid transparency is in line with systems within Swedish domestic accountability and this is an area where Sweden has been very active.

When it comes to the degree of enforceability, the limits of the system are revealed. *In practice, mutual accountability as implemented within a system of asymmetric power relations is not able to reconcile two different logics of enforceability.* Donors have in actual fact been continuing their original version of corporate enforceability, with withdrawal or reduction of budget support for poor performance. Mozambique meanwhile is left with the logic of collaborative enforceability, with limited specific sanctions. Additionally, peer pressure between the stakeholders in the system does not seem to be very effective and the effectiveness of the government's attempt to create positive incentives remains unproven. This conclusion rests on a consideration of power in mutual accountability. Enforceability is hampered by the unequal relationship between donors and Mozambique with its origin in the financial transaction of ODA. The Performance Assessment Framework system in Mozambique works at a technical level, but cannot address the underlying political nature of mutual accountability. Horizontal accountability has not been achieved. *The focus on technical mechanisms also means that there is a risk of losing sight of real issues and of the overall objectives of poverty reduction.*

This has implications for domestic accountability, in that the government of Mozambique is more accountable to donors than to its citizens, while donors are more accountable to their own citizens. In Mozambique, this is due to *weak domestic accountability with weak representative enforceability.* Most civil society organisations (CSOs) and national institutions are closely linked to the government and the ruling party. The role of the parliament is weak and there is no real opposition. Donors can reinforce domestic accountability, through a focus on aid transparency and through support to CSOs, parliament, the private sector etc., but this only happens when there are no conflicting accountability demands at home. Representative enforceability in donor countries, on the other hand, tends to be much stronger, as exemplified by Sweden. The electoral process provides citizens with the opportunity to sanction the behaviour

of government, with parliament, representing citizens, with the judiciary, civil society and the media acting as a balance to the power of the executive. As such Swedish taxpayers demand that the Ministry of Foreign Affairs and Sida account for aid money spent to ensure that it has not been wasted and that it results in poverty reduction. This may at times conflict with commitments made in Mozambique, as demonstrated through the hesitation of Sweden to continue budget support. *Due to the logic of international development cooperation, the intended beneficiaries of the aid – the citizens of Mozambique – do not have the same channels of answerability and enforceability as taxpayers in Sweden.* In the end, they are largely left out of the picture. The feedback loop remains broken.

Moreover, the *common agenda around mutual accountability for budget support appears to be fragile*, particularly in relation to the shift from aid to development effectiveness. The system as it currently stands does not reflect the complexity of development cooperation in Mozambique, in terms of capturing all financial resources for development. Within the PAP, three donors are planning to stop General Budget Support and a number of associate members have never given budget support at all. With emerging economies and the private sector being ‘encouraged’ to get involved in mutual accountability mechanisms at the country level, it begs the question what this means for the future of mutual accountability.

The government of Mozambique is working on several fronts to capture this broader set of actors within a more inclusive system. However, challenges with regards to both answerability and enforceability are evident. It is clear that *the incentives of the new actors are more consistent with a logic of corporate enforceability*, based on bilateral business agreements with the government. This means that there are fewer incentives to engage in a collaborative system based on transparency and that this reduces the possibility of peer pressure from existing actors. The risk is that again the balance of power tips in the favour of external actors, as weak domestic accountability coupled with weak economic status means that Mozambique is not in a strong negotiating position. However, in some respects, emerging economies and the private sector engage on more honest terms, as they do not separate their development cooperation from their business relationship with Mozambique. Traditional donors, on the other hand, tend to keep these things separate, often contributing to a lack of transparency.

It is doubtful whether it is possible to live up to the lofty goals of the Paris Declaration and its successors without more binding agreements. Perhaps the aid and development effectiveness agenda can over time become more binding, as has the WTO, for instance. However, there is still a big question around *accountability for what?* In moving from aid to development effectiveness there is an opportunity to promote policy coherence, ensuring that trade and foreign direct investment contributes to pro-poor development. This would mean that domestic accountability becomes central, both within Mozambique and within donor countries. For instance, there are laws within OECD countries on transparency of companies operating internationally that can serve to reinforce domestic accountability in Mozambique. They can also serve to reinforce collaborative international agreements by promoting transparency for a broader set of actors. In the end, this would mean that the next High Level Forum must attract not only ministers of development, but also ministers of foreign affairs and trade from donor countries. *If genuine development effectiveness is the goal, then policy coherence and closer links between international negotiations on trade and development are required.*

Sammanfattning

Den här rapporten presenterar analys och slutsatser av Parisdeklarationens princip om ömsesidigt ansvarsutkrävande. Studien redogör för olika perspektiv på principen samt hur man arbetar med frågan i Moçambique. Moçambique har valts som fallstudie då landet varit en föregångare i arbete med biståndseffektivitet i allmänhet och med ömsesidigt ansvarsutkrävande i synnerhet. Landet har utvecklat ett system för arbetet med principen och en viss institutionell kapacitet kan skönjas. I studien representerar Sverige ett givarlandsperspektiv. Sverige och Moçambique har haft ett långvarigt samarbete och Moçambique är ett av få länder till vilket Sverige fortfarande ger budgetstöd. Genom att synliggöra den politiska dimensionen i ömsesidigt ansvarsutkrävande så är syftet med studien att bidra till dialog och lärande, samt förbättra förståelsen för möjligheter och utmaningar i arbetet med principen i en tid då fokus har förskjutits från biståndseffektivitet till utvecklingseffektivitet som en följd av högnivåmötet i Busan.

Studien genomfördes under perioden maj till december 2012 av en projektgrupp på SADEV. En oberoende referensgrupp med kompetens inom relevanta områden som utvärdering, metodkunnande, och kunskap om Moçambikisk kontext, har stött projektgruppens arbete. Studien var kvalitativ med ett formativt syfte, och omfattade semi-strukturerade intervjuer med intressenter i Moçambique och Sverige, samt en litteraturoversyn.

Studien utgår från teorin bakom ansvarsutkrävande¹ med dess två dimensioner *answerability* (*ansvarsskyldighet*) och *enforceability* (*sanktionsmöjligheter*), samt de tre aspekterna av *enforceability*; *representative* (*representativ demokrati*), *collaborative* (*partnerskap baserat på en gemensam agenda*) och *corporate* (*juridiskt bindande*). De här aspekterna representerar antingen en vertikal eller horisontell form av ansvarsutkrävande. Studien analyserar även ansvarsutkrävande i relation till politiska och ekonomiska aspekter. *Enligt teorin utgör ömsesidigt ansvarsutkrävande en förskjutning från ett vertikalt till ett horisontellt perspektiv, där collaborative enforceability ska ersätta corporate enforceability, i ett försök att hantera asymmetriska maktrelationer i biståndsförhållanden.* Det innebär att överenskommelserna i Paris, Accra och Busan inte är juridiskt bindande utan att de i stället utgår från en efterlevnad på frivillig basis. Det är det som ömsesidigt ansvarsutkrävande ytterst handlar om. Utmaningen är att bygga delaktighet och ägarskap som sammanhållande element lika mycket som att parterna ska kunna utkräva ansvar av varandra. I teorin framhålls det att liknande modeller inte behöver utgå från jämstarka aktörer utan att de kan binda aktörer med mer makt till vedertagna principer som upprätthålls genom en gemensam agenda. De här modellerna har en annan utgångspunkt till ansvarsutkrävande än de som förespråkar *corporate enforceability* där överträdelser hanteras genom kontrakt och upprätthålls genom ett juridiskt ramverk.

¹ Teorin utgår från den allmänt accepterade definitionen av 'accountability' vilket översätts till ansvarsutkrävande. I SADEVs studie används begreppet specifikt i meningen möjlighet att utkräva ansvar.

Ömsesidigt ansvarsutkrävande kan dessutom klargöra och förstärka inhemskt ansvarsutkrävande som utgår från *representative enforceability* mellan medborgare och stat. Det kan bidra till att försäkra att givare och samarbetsländer tillsammans blir ansvarsskyldiga gentemot sina väljare, dvs. skattebetalare i givarländer och målgruppen som ska dra nytta av biståndsmedel i samarbetsländer. Ömsesidigt ansvarsutkrävande handlar delvis om att reparera defekter i återrapporteringen av det internationella utvecklingsarbetet.

Den idealbild av ömsesidigt ansvarsutkrävande som presenteras i Parisdeklarationen som ett försök att kontrollera inflytelserika givare överensstämmer dock inte med verkligheten. Som presenteras i fallet Moçambique så fungerar sådana system endast då det finns en bred samsyn om en gemensam agenda. Den här gemensamma agendan har byggts upp i över ett decennium i Moçambique och utgår från budgetstöd för att stödja genomförandet av Moçambiques fattigdomsstrategi.

Systemet i Moçambique har delvis varit framgångsrikt:

En hög grad av answerability finns i förhållande till ömsesidigt ansvarsutkrävande i Moçambique. Systemet för ömsesidigt ansvarsutkrävande (Performance Assessment Framework) främjar en gemensam dialog mellan givarna (den grupp givare som kallas Programme Aid Partners) och Moçambiques regering. Det finns en politisk vilja att stödja systemet och det finns även en känsla av ömsesidighet; parterna är beroende av varandra för att nå de fastställda målen. Det går att se en ökad transparens från båda sidor, vilket är positivt för ökad förutsägbarhet i tillhandahållandet av biståndsmedel, ett mer aktivt civilsamhälle och media, och större medvetenhet om korruption. *Answerability* är dock en fråga som det är relativt lätt att nå en samsyn kring. Som exempel kan nämnas att transparens i biståndet är ett prioriterat område för Sverige vilket även stöds genom Sveriges system för inhemskt ansvarsutkrävande.

När omfattningen av *enforceability* studeras så tydliggörs systemets begränsningar. *I praktiken genomförs ömsesidigt ansvarsutkrävande i ett sammanhang som omfattar ojämlika maktförhållanden där de två aspekterna av enforceability är svåra att förena.* Givarna har fortsatt att tillämpa *corporate enforceability* genom att avbryta eller reducera budgetstöd i händelse av att samarbetslandet inte uppfyller sina åtaganden. Moçambique är däremot tvingat att förlita sig på *collaborative enforceability* med begränsade sanktionsmöjligheter som följd. Dessutom verkar inte *peer pressure* mellan givarna i systemet vara effektivt och regeringens ansträngningar att skapa positiva incitament är än så länge oklara. Anledningen till det här är att maktförhållanden är en del av ömsesidigt ansvarsutkrävande. *Enforceability* begränsas av ett ojämnt förhållande mellan givarna och Moçambique som har sin utgångspunkt i att finansiellt stöd förmedlas från en part med en annan part som mottagare. Systemet för ömsesidigt ansvarsutkrävande fungerar på en teknisk nivå i Moçambique men förmår inte hantera den underliggande politiska natur som är en del av principen. Den horisontella formen av ansvarsutkrävande har inte uppnåtts. *Att arbetet inriktas mot tekniska aspekter innebär samtidigt att det är en risk att förlora fokus på de större frågorna inklusive det överordnande målet anseende att reducera fattigdom.*

Inhemskt ansvarsutkrävande undergrävs genom att Moçambiques regering blir mer ansvarig i förhållande till givarna än till sina egna medborgare, samtidigt som givarna utkrävs ansvar av sina skattebetalare. I Moçambique uppstår den här situationen då

det *inhemska ansvarsutkrävandet är svagt vilket hänger samman med brister i representative enforceability*. Civila samhället och nationella institutioner är nära knutna till regeringen och regeringspartiet. Parlamentet uppvisar brister och det finns en avsaknad av politisk opposition. Givarna kan bidra till att stärka det inhemska ansvarsutkrävandet genom att främja en transparent hantering av biståndsmedel och genom att stödja civila samhället, parlament, privata sektorn etc. Detta låter sig dock bara göras då det inte finns några intressekonflikter utifrån ett nationellt perspektiv i givarländerna. *Representative enforceability* i givarländerna har däremot ofta kapacitet att fylla sin funktion vilket framgår av exempelvis Sverige. Genom att delta i allmänna val har medborgarna möjlighet att utkräva ansvar av regeringen genom ett system där parlamentet representerar medborgarna och där domstolsväsendet, civila samhället och media utövar kontroll av den verkställande makten. Systemet möjliggör för svenska skattebetalare att kräva att Utrikesdepartementet och Sida redogör för hur biståndsmedel använts. Det möjliggör kontroll av att medel inte har förskingrats och att resultat uppnåtts i form av minskad fattigdom. Ansvarsutkrävande på nationell nivå i givarländerna kan ibland stå i konflikt med åtaganden som gjorts i Moçambique vilket tydliggörs genom exemplet om oklarhet angående framtida budgetstöd. *Den logik som det internationella utvecklingssamarbetet bygger på får till följd att medborgare i Moçambique som ska dra nytta av biståndsmedel samtidigt saknar samma möjligheter till answerability och enforceability som skattebetalarna i Sverige*. I slutändan lämnas de ofta utanför systemet och återrapporteringen är därmed fortsatt bruten.

Den gemensamma agenda som etablerats i förhållande till budgetstöd i Moçambique framstår som sårbar, särskilt i en tid då utvecklingen efter Busan går i riktning mot utvecklings-effektivitet med nya aktörer och biståndsformer. Det nuvarande systemet för ömsesidigt ansvarsutkrävande i Moçambique återspeglar inte komplexiteten i utvecklingssamarbetet då endast en begränsad del av de finansiella stödformerna ingår. Inom givargruppen Programme Aid Partners planerar tre givare att avsluta budgetstödet samtidigt som flera av de associerade medlemmarna aldrig givit budgetstöd. I en tid då nya givare och privata sektorn uppmanas engagera sig i arbetet med ömsesidigt ansvarsutkrävande så är frågan hur det framtida arbetet med principen kommer utformas.

Moçambiques regering har inlett ett arbete för att täcka in den bredare skara aktörer i utvecklingssamarbetet i ett mer omfattande system. Utmaningarna med hänsyn till både *answerability* och *enforceability* är dock uppenbara. Incitamenten för de nya aktörerna bygger mer på *corporate enforceability* som utgår från bilaterala affärsöverenskommelser med regeringen. Det innebär samtidigt att incitamenten för att engagera sig i ett *collaborative system* som baseras på transparens är svaga, vilket minskar möjligheten för traditionella givare att tillämpa påtryckningar s.k. *peer pressure*. Det finns en risk att maktbalansen åter väger över till fördel för de nya aktörerna då brister i inhemskt ansvarsutkrävande i kombination med svag ekonomisk status försvagar Moçambiques förhandlingsposition. Engagemanget från de nya aktörerna inklusive privata sektorn sker i vissa avseenden på mer uppriktiga villkor då de inte skiljer utvecklingssamarbete från sina affärsrelationer med Moçambique. Traditionella givare hanterar ofta dessa delar separat vilket kan leda till brist på transparens.

Det kan ifrågasättas om det är möjligt att uppfylla de högt uppsatta målen i Parisdeklarationen och efterföljande deklarationer utan att införa bindande avtal. Det är möjligt att bistånds- och utvecklingseffektivitetsagenda över tid kan bli mer bindande, i likhet med t ex WTO. Fortfarande råder stor oklarhet i frågan om *ansvarsutkrävande för vad*. I en övergång från biståndseffektivitet till utvecklingseffektivitet öppnas en möjlighet att främja policykoherens genom att tillförsäkra att handel och investeringar bidrar till en positiv utveckling för fattiga. Det skulle innebära att inhemskt ansvarsutkrävande, i både Moçambique och givarländer, får en viktig funktion. Som exempel kan nämnas att det i OECD-länder finns lagar som främjar öppenhet av företag med internationell verksamhet. Liknande lagar kan vara ett exempel på hur inhemskt ansvarsutkrävande kan stärkas i Moçambique. Lagarna kan även stärka *collaborative international agreements* genom att främja öppenhet för en bredare krets av aktörer. I förlängningen kan det innebära att nästa högnivåmöte, förutom biståndsministrar, även omfattar givarländernas utrikesministrar och handelsministrar. *Om det finns ett uppriktigt intresse för att uppnå en bred utveckling så krävs policykoherens och en starkare integrering av handel och bistånd i de internationella förhandlingarna.*

List of abbreviations

AAA	Accra Agenda for Action
AfDB	African Development Bank
AM	Aide Memoire
APRM	African Peer Review Mechanism
BOD	Busan Outcome Document
BRICS	Brazil, Russia, India, China and South Africa
CSO	Civil Society Organisation
CTA	Mozambican Confederation of Economic Associations
DO	Development Observatory
DPG	Development Partners Group
ECOSOC	Economic and Social Council (UN)
EITI	Extractive Industries Transparency Initiative
EU	European Union
G19	Group of 19 donors providing budget support
GBS	General Budget Support
GDP	Gross Domestic Product
GoM	Government of Mozambique
HLF	High Level Forum
IATI	The International Aid Transparency Initiative
IMF	International Monetary Fund
JSC	Joint Steering Committee
MF	Ministry of Finance
MINEC	Ministry of Foreign Affairs and Cooperation
MoU	Memorandum of Understanding
MPD	Ministry of Planning and Development
OECD/DAC	Organisation for Economic Cooperation and Development/Development Assistance Committee

ODA	Official Development Assistance
OE	State Budget
PAF	Performance Assessment Framework
PAP	Programme Aid Partners
PARP	Poverty Reduction Action Plan
PEFA	Public Expenditure and Financial Accountability
PES	Economic and Social Plan
PFM	Public Financial Management
PO	Poverty Observatory
PQG	Five Year Government Programme
PRS	Poverty Reduction Strategy
SADEV	Swedish Agency for Development Evaluation
Sida	Swedish International Development Cooperation Agency
UN	United Nations
UNDP	United Nations Development Programme
WP-EFF	Working Party on Aid Effectiveness

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1 Introduction

1.1 Background

When the Paris Declaration on Aid Effectiveness was endorsed in March 2005, it was the culmination of efforts initiated in the 1990s and several international agreements in the early 2000s.² Although the Paris Declaration itself does not mark the beginning of a new era, it is a milestone agreement under which multilateral agencies, bilateral donor and aid-recipient governments unite under principles of partnership in how to improve the delivery and management of Official Development Assistance (ODA). The ambition was to facilitate international aid effectiveness and contribute to the overall goal of reducing poverty. Mutual accountability is one of five principles of aid effectiveness; with the declaration stating that donors and partner countries³ are together responsible for the progress of development results, and that they are accountable to each other and to their constituencies. The Accra Agenda for Action (AAA) from 2008 broadens the agenda to include civil society organisations (CSOs) as development actors. The High Level Forum (HLF) in Busan in 2011 meanwhile reflects a new landscape for actors on the international arena since non-traditional donors and the private sector now have a more pronounced role for implementation of international development cooperation. All these new elements have influenced the preconditions for donor and partner countries in the implementation of mutual accountability. However, of the five principles in the Paris Declaration, mutual accountability is the one that has received the least attention and for which little progress can be seen; it is referred to as the ‘orphan’ principle of the Declaration.⁴ It is within this context that this study aims to explore the principle and its practice.

The aspiration behind the Paris Declaration’s principle of mutual accountability is based on a notion that the responsibility to achieve sustainable development results is shared equally by donor and recipient governments. Mechanisms and systems have been or are in the process of being set up with the intention of implementing mutual accountability. These mechanisms can be local, regional or international in character and should form the basis for new policies and practices. They can be mutually reinforcing, but can also provide contradictory results. However, the political reality of development cooperation is one of asymmetric power relations involving multitudes of actors set on a complex political stage. Importantly, on a general level ‘mechanisms by themselves will not address the matter of how power operates in aid relations’.⁵ Nor can mutual accountability be delimited from the national political situation and from agendas on both sides of the partnership, or from external factors such as economic fluctuations in the world market.

² The official documents from *Monterrey Consensus* (2002), *High Level Forum on Harmonisation in Rome* (2003) and *Marrakech Roundtable on Managing for Development Results* (2004).

³ In this report we interchangeably refer to partner countries (as is the case in the Paris Declaration), aid-recipient countries (which make the financial relationship visible), and developing countries (which illustrates developmental status), as appropriate. However, we note that within developing countries, donors are often referred to as development partners.

⁴ Egan, A. (2008) *Mutual Accountability: ‘orphan’ principle of the Paris Declaration*, ODE Issues Note.

⁵ Eyben, R. (2008) *Power, Mutual Accountability and Responsibility in the Practice of International Aid: A Relational Approach*, IDS Working Paper 305, Brighton: IDS, p16.

Mozambique is a highly aid-dependent country, struggling to come to grips with devastating poverty. At the same time Mozambique can be seen as a forerunner in developing mechanisms for mutual accountability, as well as overall aid effectiveness and coordination. This may be partly due to the fact that a large number of donors have been active for a long time in the country. Domestic events also brought forth the need to acquire high quality data on inputs and outputs of ODA and to develop a system acceptable to both the Government of Mozambique (GoM) and donors. In 2008, when not even half of the Paris Declaration signatory partner countries had an operating mechanism for mutual accountability, Mozambique was already in the process of reworking its Performance Assessment Framework (PAF) from 2004. Because of this head start, Mozambique was able to be an active voice at the Busan HLF.

Sweden is one of a group of donors that prioritises and performs well on aid effectiveness.⁶ Within this work, Sweden sees mutual accountability as closely linked to the principle of managing for development results, reflecting Sweden's focus on results-based management. This is largely driven by domestic accountability demands. With respect to Mozambique, Sweden has a longstanding bilateral aid relationship with the government and is one of the donor countries providing General Budget Support (GBS). Donor coordination as prescribed by the Paris principle of harmonisation means that bilateral negotiations between Sweden and the GoM are conducted less frequently compared with the past so as to not overburden the counterpart. However, Sweden's approach to mutual accountability and aid effectiveness, both at Head Quarter level and among representatives in Mozambique, more broadly influences practice within Mozambique, within the donor community and in relationships with the government.

1.2 Aim

The aim of this study is to explore the conceptual understanding of mutual accountability and how this plays out in practice within a partner country, represented in this case by Mozambique. Sweden will be used to provide a donor perspective on mutual accountability. The following questions will be explored in the study:

- What are the theoretical underpinnings of mutual accountability and how is it practically understood by different stakeholders in Sweden and Mozambique?
- What priorities guide implementation of mutual accountability for Mozambique and Sweden?
- What is the political reality of implementing mutual accountability in the Mozambican context?

1.3 Delimitation

The intention of the present study is to zero in on the principle of mutual accountability rather than encompass all principles of the Paris Declaration. It is, however, important to be aware of the challenges of singling out one principle as all five are closely interlinked. The same challenges apply in singling out Sweden from

⁶ Sida (2012) *Reporting on Aid Effectiveness 2011 – A summary of the progress*, Organisational Development, Method Development Unit, Stockholm: Sida.

the community of donors active in a partner country, in this case Mozambique. To be consistent with the intention of the Paris Declaration, it could be argued that this study should have been undertaken in a more inclusive way, e.g. as a joint study reflecting Mozambican ownership. For various reasons this was not possible. It should also be remembered that the local context is specific to Mozambique and is not easily transferable to other countries receiving ODA. The same applies to Sweden as a donor country. It is not the ambition to generalise the findings of this study, but rather to draw lessons from the implementation of mutual accountability in one unique context and provide insight into a partner country perspective.

1.4 Method and Data

This study, having a formative aim, applies a qualitative approach, describing the particularities of Mozambique, identifying opportunities for implementing mutual accountability as well as obstacles. A qualitative approach enables the capturing of complex processes. It is the preferred approach in studies of *how*, in this case, the principle is interpreted, what priorities are guiding its implementation and the political reality of implementing it.

Mozambique was chosen as a partner country because of its longstanding bilateral relationship with Sweden and because of its endeavours to develop a degree of institutional capacity to implement mutual accountability mechanisms. An in-depth study of the perspective of one partner country makes it possible to focus on what is being done and how, rather than compare different modes of action. The ambition is to illustrate how one principle, in one international agreement, is managed in a chain of different institutions. These include international communities and gatherings of stakeholders such as national governments in both partner and donor countries, implementers of aid such as multilateral agencies and CSOs, external experts, the private sector and academics.

The study was conducted during eight months, from May to December 2012 and includes a limited literature review of international and national documentation on how the principle is defined and implemented. This is complemented by a field study comprising interviews conducted in Sweden and Mozambique. Interviewees have been selected to present the perspective of different stakeholders on the principle of mutual accountability from a Swedish as well as a Mozambican viewpoint, including public officials, civil society, the private sector, academics and non-traditional donors. A list of interviewees is presented in Annex 1. Combining different data generates a richer understanding of complex processes and enables different voices to be heard and taken into account. The interviews were semi-structured and have been prepared based on the findings of the literature review, first conducted in Sweden and later in Mozambique. The interviews and literature review generate an aggregated understanding of mutual accountability from a donor and a partner country perspective.

For ethical reasons individual interviewees will not be referred to by name in the study. The study hopes to raise relevant questions concerning interpretation and implementation of the principle and may inspire further exploratory studies and in-depth evaluations. The study will be disseminated to representatives of national governments in Sweden and Mozambique, CSOs, academics, the private sector and the general public via a published report.

2 Understanding Mutual Accountability in International Development Cooperation

This study takes the global debates about mutual accountability in international development cooperation as its point of departure. This chapter first explores the theoretical foundations of accountability and the intention behind the principle of mutual accountability. It considers how this intention has been described, interpreted and implemented at a global level. It adopts a historical perspective and considers how the concept has evolved over time, from before the Paris Declaration to the present day, post-Busan. The chapter ends with a problematisation of mutual accountability in practice, as opposed to theory.

2.1 Theorising accountability

This section explores the theoretical foundations of accountability and the specific origins of mutual accountability within international development cooperation.

Accountability defined

Accountability is a concept that has slightly different definitions in the various social sciences, but a useful starting point is Jagadananda and Brown's definition: 'responsibility to answer for particular performance expectations to specific stakeholders'.⁷ Accountability can be divided into two main dimensions: *answerability* and *enforceability*. Answerability can be understood as a primary foundation for accountability, entailing political will to justify decisions and actions. This is in turn dependant on the availability of information upon which judgements can be made and the ability to use this information effectively. Enforceability refers to the ability to ensure that an entity sticks to commitments made, and availability of effective mechanisms for redress for others if it does not, e.g. political, legal or economic sanctions.⁸ Answerability and the three types of enforceability make up accountability as illustrated in Figure 2.1.

Figure 2.1 Accountability with its two dimensions answerability and enforceability



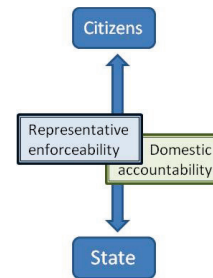
⁷ Jagadananda and Brown (2008) cited in Eyben (2008), p.10-11.

⁸ Third International Roundtable on Managing for Development Results (2007) *Mutual Accountability: The Key Driver for Better Results – A Background Paper*, Third International Round Table on Managing for Development Results, Hanoi Vietnam, 5-8 February 2007; Steer, L., Wathne, C. and Driscoll, R. (2008) *Mutual Accountability at the Country Level – A Concept and Emerging Good Practice Paper*, Centre for Aid and Public Expenditure, London: ODI.

There are various forms of accountability relationships, based in different theoretical traditions. These differ primarily in how enforceability is organised:⁹

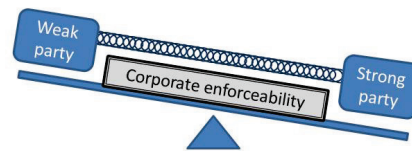
Representative enforceability is present in the relationship between elected representatives and citizens of a state and primarily takes a vertical direction. Here the system of enforceability is the democratic process of elections, freedom of information legislation and legislative oversight of the executive. Redress therefore can be sought through both political and legal sanctions. This is primarily the basis for domestic accountability, i.e. within a nation state.¹⁰

Figure 2.2
Representative
enforceability



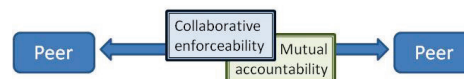
Corporate enforceability exists in accountability relationships based on contracts and legally binding agreements. These clearly state sanctions in a breach of contract and have a heavy emphasis on compliance.¹¹ The relationship can be between both equal peers and unequal parties. Means of redress can in this relationship be both judicial and financial.

Figure 2.3 Corporate enforceability



Collaborative enforceability primarily takes a horizontal direction. It is based on shared interests and commitments without specific political, legal or economic sanctions. The foundation of this type of relationship is the ambition to achieve common goals. It entails a 'logic of participation' rather than a 'logic of compliance'. This type of enforceability is commonly present in international agreements between nation states, such as the Kyoto Protocol, which are based on codes of conduct and voluntary standards. Means of redress are primarily social and reputational, such as peer review and peer pressure. It is presupposed in international agreements that the sovereign power of each nation state is based on domestic accountability.¹²

Figure 2.4 Collaborative enforceability



There are important differences between the vertical and horizontal directions of accountability¹³. They can reflect the balance of power and/or the direction of financial flows. But they can also be seen to represent the direction of enforceability and answerability. In the vertical direction, citizens have the ability to enforce and hold the state accountable, while the state is assigned to answer for and report on its actions. In the horizontal direction the task of answering for and enforcing commitments made are equally shared between the parties. In the case of corporate based

⁹ This is an adaptation of discussions in Steer *et al.* (2008) and in Droop, J., Isenman, P., Mlalazi, B. (2008) *Study of Existing Mechanisms to Promote Mutual Accountability (MA) Between Donors and Partner Countries at the International Level*, Paris: OECD/DAC. They distinguish between representative, collaborative and principal-agent accountability. However, since these vary mostly with regard to how enforceability is dealt with, we distinguish instead between different types of enforceability.

¹⁰ This form of enforceability is rooted in political science and notions of the social contract that governs the relationship between citizens and the state.

¹¹ This form of enforceability is rooted in institutional economics, specifically principal agent theory.

¹² Droop *et al.* (2008); Eyben (2008); Steer *et al.* (2008). Collaborative enforceability belongs to post-liberal international theory whereby states collectively abandon some rights to autonomy and sovereignty.

¹³ We are here ignoring horizontal directions of accountability in relation to the division of power between different branches of the state (i.e. legislative, executive and judicial), as it is not relevant for our study.

accountability, the task of answering for and enforcing commitments made follow the financial flow. What complicates the picture within international development cooperation is that donor and recipient governments are subject to multiple accountability relationships.

*The problem of accountability in international development cooperation*¹⁴

In many respects, international aid agencies are very similar to domestic public redistribution agencies (e.g. social welfare, health and education) in that they face similar problems, with competing objectives; difficulties in measuring output and performance; and weak performance incentives. However, these are often more pronounced in aid. Additionally, there are some unique features in aid relationships that create challenges for both answerability and enforceability.¹⁵

While domestic public agencies redistribute income between donors (taxpayers) and recipients (beneficiaries of public services) living in the same political constituency, international aid agencies target recipients living outside the donor's constituency, usually in developing countries. Within a country where there is domestic accountability, both donors and recipients (who are often one and the same) have voting rights and can influence the provision of public services through the democratic process, within which there is both answerability, e.g. freedom of information, and representative enforceability.

In contrast, in international aid the feedback loop between recipients (beneficiaries of aid programmes) and donors (taxpayers in the donor country) is broken. Only donors have leverage in the democratic process where the aid originates. There is a geographical separation between donors and beneficiaries and there is no obvious mechanism for transmitting information to donors about the performance of aid programmes and the beneficiaries' view of them. The feedback may differ in quality and character, and becomes weaker further down the chain. There is neither answerability nor enforceability. Within this system, aid agencies are delegated by taxpayers to determine the quality and quantity of development assistance for recipients, often without the latter (either directly or indirectly through partner country governments) having a say in the process, resulting in a lack of ownership. Additionally, for the most part the risk of failure of aid programmes is not borne by donors, but by partner countries and their populations.¹⁶ Figure 2.5 illustrates the incompleteness in the feedback loop between beneficiaries in partner countries and taxpayers in donor countries.

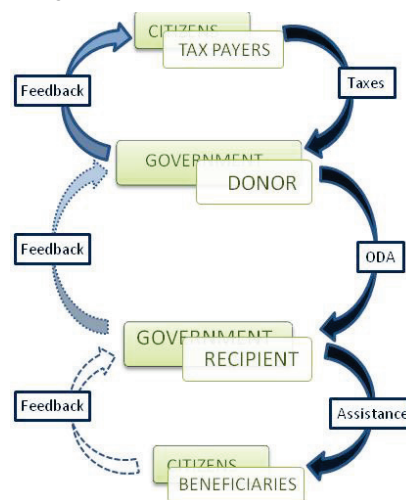
¹⁴ This section is based on a well-documented problem of accountability in international aid, based on principal agent theory, which considers principals that delegate tasks to agents for completion. Asymmetries in information flows and preferences lead to potential for moral hazards (when the agent deviates from the instructions given by the principal and carries out the tasks in a way that advances self-interests, rather than those of the principal) and adverse selection (when the agent has different information from the principal at the time of the delegation and uses that to manipulate the contract). See Martens, B. with Mummert, U., Murrell, P. and Seabright, P. (2001) *The institutional economics of foreign aid*, mimeo

¹⁵ Third International Roundtable on Managing for Development Results 2007; Martens *et al.* 2001; Martens, B. (2005) 'Why Do Aid Agencies Exist?', *Development Policy Review*, 23.6: 643-663; Ostrom, E., Gibson, C., Shivakumar, S. and Andersson, K. (2001) *Aid, Incentives, and Sustainability - An Institutional Analysis of Development Cooperation*, Sida Studies in Evaluation 02/01, Stockholm: Sida; Easterly, W. and Williamson, C. (2011) 'Rhetoric versus Reality: The Best and Worst of Aid Agency Practices', *World Development*, November 2011, 39.11: 1930-49; Barder, O. (2009) *Beyond Planning: Markets and Networks for Better Aid*, Center for Global Development Working Paper 185, Washington: CGD; Svensson, J. (2006) 'The institutional economics of foreign aid', *Swedish Economic Policy Review*, 13.2: 115-37.

¹⁶ Martens (2005); Svensson (2006); Third International Roundtable on Managing for Development Results (2007).

To mend the broken feedback loop and thus deal with the issue of answerability and enforceability, aid agencies have in the past tried to recreate accountability by using corporate models of enforceability, whereby recipients' 'contractual' obligations are monitored and conditions are attached to the delivery of aid. Sanctions have taken the form of withheld disbursements as a consequence of non-compliance.¹⁷ Donors sought to improve policies and spending behaviour by attaching conditionality in this way. This form of accountability can be seen as vertical and is shaped by the power imbalance of aid relations, in the sense that donors are able to demand quite specific conditions in agreements with recipient countries due to their political and economic power in the system. However, this approach to accountability does not address the issues of lack of ownership and risk-sharing present in the aid relationship. Beneficiaries and governments in recipient countries do not have a say in the democratic process where aid finances originate.

Figure 2.5 The broken feedback loop



Mutual accountability as the solution?

This is where the principle of mutual accountability comes in. Mutual accountability within the context of aid effectiveness is about aiming to rebalance the asymmetries of power between donors and recipients. It is seen as a way of ensuring that not only partner countries but also donors keep to their commitments. This means a shift from a corporate to a collaborative form of enforceability, which in turn signifies a shift from vertical to horizontal accountability. Here performance is meant to improve through a shared understanding of what it takes to make aid more effective, with positive incentives and the desire to protect reputations as a way of regulating behaviour.

The principle can also be seen as an attempt to clarify the accountability responsibilities within the system, ensuring that domestic accountability relationships become the focus, i.e. citizens and civil society vis-a-vis their respective national governments. The accountability between countries is seen to be strengthened by, and in turn to strengthen, more inclusive in-country accountabilities. A precondition for this is increased transparency and information flows, e.g. increased answerability. The result would be increased feedback in the system, i.e. mending the broken feedback loop, leading to increased learning and improvement, trust and confidence between stakeholders to innovate, and in the end to increasing the likelihood of improvements in development outcomes.¹⁸

It is from this theoretical perspective that this study explores mutual accountability within the aid effectiveness agenda.

¹⁷ Steer *et al.* (2008).

¹⁸ Stern, E.D., with contributions from Altinger, L., Feinstein, O., Marañón, M., Schultz, N-S. and Steen Nielsen, N. (2008) *Thematic Study on the Paris Declaration, Aid Effectiveness and Development Effectiveness*, Copenhagen: Ministry of Foreign Affairs of Denmark; Eyben (2008).

2.2 The Paris Declaration on Aid Effectiveness

The aid effectiveness agenda emerged out of lengthy discussions on the need to lay down practical and action-oriented ways to improve the delivery and management of aid. The agenda clearly links aid effectiveness to development effectiveness. Because of this link, the debate on aid effectiveness includes a specific focus on results (including increased focus on impacts on poverty) and accountability for these results.

There is a distinct focus on partnership, with developing countries now being referred to as partners, rather than recipients. In this spirit, mutual accountability becomes a way to ensure that accountability demands do not become burdensome on partners and that accountability demands also focus on donors' policies and behaviour. Such discussions can be traced as far back as 1967 with the Commission on International Development set up by the World Bank. Aspects of mutual accountability were also discussed at the High Level Forum (HLF) in Rome (2003) and at the Marrakech Roundtable (2004), but the principle only emerged as a separate pillar in the final stages of discussions leading up to the Paris Declaration (2005),¹⁹ which includes four other principles for effective aid.²⁰ Mutual accountability is seen as a cross-cutting issue and is defined thus:

Donors and partners are accountable for development results. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance. (PD §47).

The declaration explains the various components of mutual accountability in that partner countries are to 'strengthen as appropriate the parliamentary role in national development strategies and/or budgets' and 'reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies' (PD §48). Donors meanwhile are to 'provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens' (PD §49).

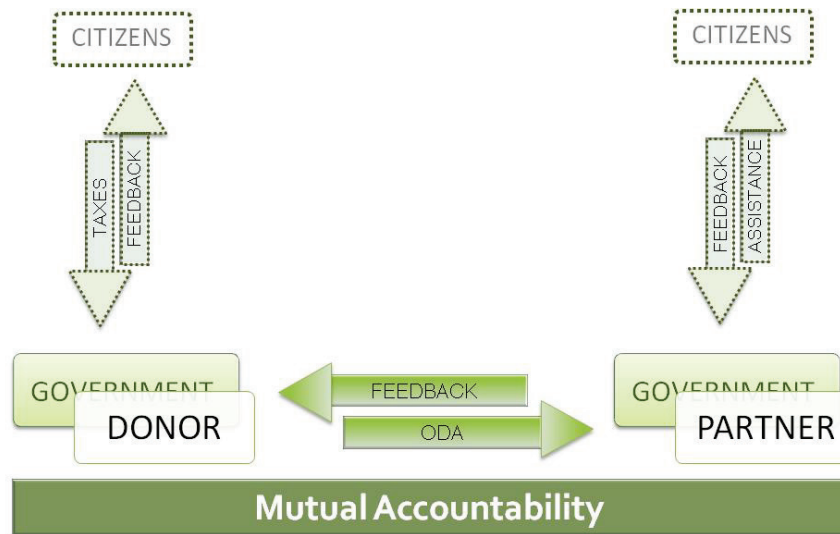
Partner countries and donors commit to 'jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments' (PD §50). This final joint commitment becomes the indicator that is used to assess progress against implementing the principle in the surveys that monitor the commitments on regular basis: 'Number of countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration', with the target being 'All partner countries have mutual review mechanisms in place' (Indicator 12, p.10).²¹ This monitoring survey became the responsibility of the Working Party of Aid Effectiveness (WP-EFF). Mutual accountability between donors and partner countries is illustrated in Figure 2.6, with the link to domestic accountability relationships there, but not emphasised.

¹⁹ Stern *et al.* (2008).

²⁰ Ownership, alignment, harmonisation and managing for results.

²¹ Paris Declaration on Aid Effectiveness (2005).

Figure 2.6 Mutual accountability according to the Paris Declaration



It was primarily as a result of civil society pressure that mutual accountability emerged as a separate principle from the four others, but it was done in a relatively pragmatic way. Deeper discussions around aspirations for partnership, compacts and collaboration ended up taking a more practical expression as a mechanism for operationalising some of the machinery often implicit in the Paris Declaration, such as joint review and problem solving. That meant that left off the table were ideas around independent fora of validating donor performance; formally negotiated contractual frameworks with joint institutions and mechanisms to deal with breaches; independent panel reviews; evaluations to assess country-level performance; index of both donor and country performance; and inclusion of developing countries in DAC peer reviews.²²

2.3 Accra Agenda for Action (AAA)

The Accra Agenda for Action²³ was agreed in 2008 and includes a number of statements to support the strengthening of mutual accountability. The concept was broadened to make more specific reference to other accountability relationships, as the ‘mutuality’ concept had made it seem that there were only two actors involved. Here the focus was on domestic accountability (within both partner and donor countries), transparency and international mechanisms for mutual accountability,²⁴ as well as mechanisms for mutual accountability at the country level.

As such mutual and domestic accountability were directly linked: ‘We will be accountable to each other and to our respective parliaments and governing bodies for these outcomes’ (AAA §10). The specific actions around aid transparency include actions for donors to ‘publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries’ (AAA §24a) and partner countries to ‘facilitate parliamentary oversight by implementing greater

²² Stern *et al.* (2008).

²³ *Accra Agenda for Action* (2008).

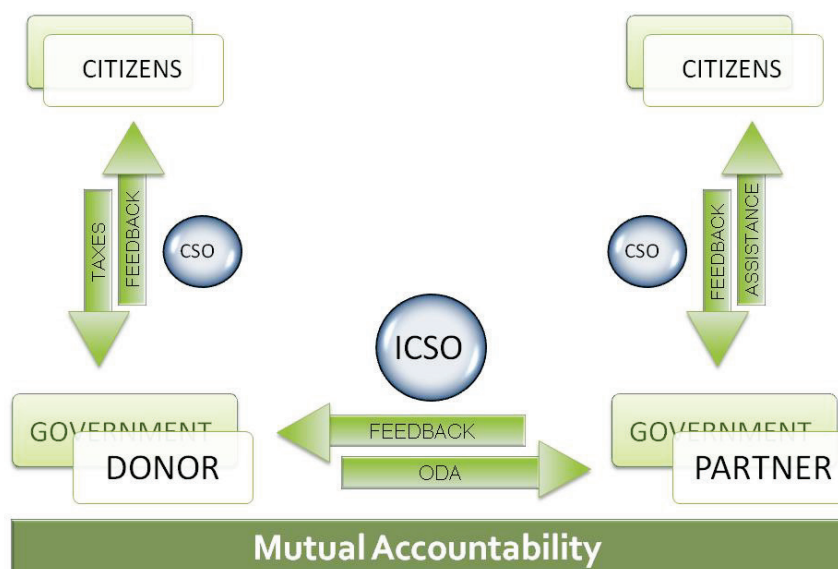
²⁴ AfDB, African Union and NEPAD (2010) *Issue papers – from aid effectiveness to development effectiveness – Second Regional Meeting on Aid Effectiveness* 2010.

transparency in public financial management’ (AAA §24a). Transparency is highlighted as a precondition for mutual accountability.

The AAA reaffirmed the commitment to mutual assessment reviews and complements these by committing to ‘jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries’ (AAA §24c). The issue of corruption was also emphasised, with commitment to fight corruption from donors, ‘by individuals or corporations and to track, freeze, and recover illegally acquired assets’ (AAA §24d), and recipients, ‘improving systems of investigation, legal redress, accountability and transparency in the use of public funds’ (AAA §24d).²⁵

In comparison to the structure emerging at Paris, Accra invited more formal participation of civil society. CSOs were recognised as ‘development actors in their own right’ (AAA §20). The BetterAid Platform, an open platform of over 700 development organisations from civil society working on aid and development effectiveness formed in 2007, broke new ground in 2009 as full participants in the WP-EFF post-Accra. In 2008 came the launch of the Open Forum for CSO Development Effectiveness, a unique CSO-led process at the global level addressing the effectiveness and accountability of CSOs as development actors. The Reality of Aid network, a long-standing network of country-level CSOs working on issues of aid reform was delegated by BetterAid to deepen country outreach and develop national capacity. This civil society grouping has since worked to advocate and implement the Paris Declaration and the Accra Agenda for Action, both internationally and at the country level.²⁶ The relationship between mutual accountability and domestic accountability is clarified, with CSOs as key actors, is illustrated in Figure 2.7.

Figure 2.7 Mutual accountability according to the Accra Agenda for Action



²⁵ Accra Agenda for Action (2008).

²⁶ Tomlinson, B. (2012) *CSOs on the Road from Accra to Busan - CSO Initiatives to Strengthen Development Effectiveness: Documenting the experiences of the CSO BetterAid Platform and the Open Forum on CSO Development Effectiveness*, Philippines: BetterAid with the Open Forum on CSO Development Effectiveness.

At the Accra HLF there was also emphasis on a number of official and unofficial mechanisms that could add to the feedback flows and the peer-pressure within the system at international level. The International Aid Transparency Initiative (IATI) and Publish What You Fund were launched, cementing the international focus on increased transparency on the part of donors. IATI is a voluntary, multi-stakeholder initiative that includes donors, partner countries and CSOs with the purpose of supporting the implementation of the Accra transparency commitments in the most consistent and coherent ways. IATI has developed an agreement on a common, open, international standard for publishing information about aid spending, aimed primarily at donors (the IATI standard).²⁷ Publish What You Fund was launched by a coalition of governance, aid effectiveness and access to information organisations as a campaign for improvement in aid transparency. Publish What You Fund also publishes the Aid Transparency Index that builds on the IATI standard and assesses availability of 42 specific types of information about aid.²⁸ These initiatives add to a burgeoning system on international accountability mechanisms, including the DAC Peer Review Mechanism, the ECOSOC Development Cooperation Forum and the African Peer Review Mechanism (APRM).²⁹

2.4 Progress in implementing mutual accountability after Paris and Accra

Since Paris and Accra, a number of assessments of progress in implementing commitments have been made, including regular review through the Paris Declaration monitoring survey,³⁰ a large joint evaluation of the Paris Declaration from 2011,³¹ and specific reviews of mutual accountability.³²

The Paris Declaration monitoring surveys assess progress against the target for indicator 12 ('All partner countries have mutual review mechanisms in place'). In 2006, the survey showed that the work to establish specific mechanisms for joint monitoring of aid effectiveness commitments at country level were in their infancy (with 56 percent, or 19 out of 32 countries that took part in the survey, without a mechanism).³³ The survey in 2008 found that the number of such mechanisms was not increasing despite the larger number of countries participating in the survey. This suggests that momentum was lost in establishing mutual accountability for partnership commitments

²⁷ www.aidtransparency.net/

²⁸ www.publishwhatyoufund.org/

²⁹ The review by Droop *et al.* (2008) describes and assesses these mechanisms.

³⁰ OECD (2007) *Aid Effectiveness: Overview of the Results, 2006 Survey on Monitoring the Paris Declaration*, Paris: OECD; OECD (2008) *2008 Survey on Monitoring the Paris Declaration: Effective Aid by 2010? What it will take – Key findings and recommendations*, Paris: OECD; OECD (2011) *Aid effectiveness 2005-10: Progress in implementing the Paris Declaration*, Paris: OECD.

³¹ The first phase of the evaluation was conducted in 2008, before the HLF-3, and synthesised both donor and partner country evaluations, including eight extensive country studies and 11 light assessments of donor agencies. The focus was on ways of improving and enhancing implementation, rather than giving any definitive judgement about effectiveness. See Wood, B., Kabell, D., Sagasti, F. and Muwanga, N. (2008) *Synthesis Report on the First Phase of the Evaluation of the Implementation of the Paris Declaration*, Copenhagen; Ministry of Foreign Affairs of Denmark. The second phase was concluded in 2011, before Busan, and was more extensive. It included synthesis of 21 additional extensive country studies and seven HQ studies, as well as updates on seven of the Phase 1 HQ studies and a synthesis of all the country studies in Phase 1. It looked at progress against implementing the commitments as well as the contribution of aid effectiveness to sustainable development results. See Wood, B; Betts, J; Etta, F; Gayfer, J; Kabell, D; Ngwira, N; Sagasti, F; Samaranayake, M. (2011) *Evaluation of the Implementation of the Paris Declaration: Main Report Phase 2*, Copenhagen: Danish Institute for International Studies.

³² Droop *et al.* (2008); Steer *et al.* (2008); DCF (2010) *Review of Progress in International and National Mutual Accountability and Transparency in Development Cooperation*, Background Paper for Development Cooperation Forum High-Level Symposium.

³³ OECD (2007).

at the country level.³⁴ An even larger number of countries participated in the 2011 survey and of the 78, 38 percent reported having reviews of mutual accountability in place in 2010.³⁵ After criticism that the indicator itself was too one dimensional and of limited use,³⁶ the 2011 survey attempted to assess progress more qualitatively. This means that the mutual review mechanism was only deemed to be in place if aligned to a national aid policy or strategy with aid effectiveness targets and developed in an inclusive way, which may in part explain the poorer performance.³⁷

The Paris Declaration evaluation and other reviews of mutual accountability specifically go into more depth and evaluate progress at multiple levels: domestically, internationally and globally. In sum, these conclude that there is limited progress on implementing the commitments related to mutual accountability and that the progress is thinner than for the other four commitments. However, when looking at the complex puzzle of what constitutes mutual accountability, there is more progress than generally assumed. A number of promising mutual accountability mechanisms are in use at the country level. These are leading to improved donor performance on aid effectiveness. However, these good examples have important gaps and are not widely replicated.³⁸ With regards to domestic accountability and transparency, progress among donors is mostly slow, with a few striking exceptions.³⁹ Among partner countries progress is also mostly slow, but some countries are making moderate progress. More partner countries are addressing the need to secure and publish donor information about aid and are providing better information regarding development activities, generally along with greater accountability to and through parliaments, and in this way, potentially to citizens at large.⁴⁰ At a superficial level, lack of progress seems to be connected to a lack of demand for mutual accountability from the part of donors and partners, and often a lack of capacity in partner countries. Where there is progress on more formal mutual accountability mechanisms, it has often been coupled with improved systems for managing results.⁴¹

The global landscape of processes and mechanisms to strengthen mutual accountability is seen to be delivering less than the sum of its parts. There is clearly a system emerging, but many of the mechanisms that exist are not as effective as they could be. Gaps exist particularly in relation to ways in which partner countries are able to express their voice. For instance, partner country voices are not included in DAC Peer Reviews and the ECOSOC Development Cooperation Forum is not leveraged as a mutual accountability mechanism at the global level. There is some progress on transparency, particularly with Publish What You Fund and the IATI, but there is still a long way to go before there is reliable information about donor funding.⁴²

³⁴ OECD (2008).

³⁵ OECD (2011).

³⁶ Wood *et al.* (2008).

³⁷ OECD (2011).

³⁸ The evaluation mentions Bangladesh, Cambodia and Senegal specifically (Wood *et al.* 2011).

³⁹ This includes for instance the UK which has introduced a transparency guarantee, started making public conditions linked to disbursements and increased information on country allocations and disbursements (Wood *et al.* 2011).

⁴⁰ About half of the country evaluations show progress in this area, ten of these specifically in relation to providing better information about aid activities: Bangladesh, Benin, Cambodia, Cook Islands, Malawi, Mozambique, Samoa, Vietnam, Indonesia, Zambia (Wood *et al.* 2011).

⁴¹ Wood *et al.* (2008); Wood *et al.* (2011); DCF (2009); Steer *et al.* (2008); Jones, S. and Picanyol, C. (2011) *Mutual Accountability – Progress since Accra and Issues for Busan*, Oxford Policy Management.

⁴² Droop *et al.* (2008).

2.5 The Busan High Level Forum

In light of this limited progress on mutual accountability, the fourth High Level Forum (HLF) on aid effectiveness was held in Busan, South Korea, in 2011. This HLF reflected a more complex architecture of international development cooperation, with a greater number of state and non-state actors, bringing in new modalities and vehicles of development cooperation.

Pre-Busan statements

Leading up to Busan, different stakeholders prepared statements on their priorities within this new context.

As a representative of the donor community, Sweden argued that some of the principles within the Paris Declaration and Accra Agenda for Action were given little attention and needed more focus in order for development effectiveness to progress. Sweden gave priority to three of these neglected areas:

- Increased focus on results. Earlier systems were mainly focused on reporting resource flows and inputs, whereas development outcomes and long term results were not presented.
- Increased transparency and stronger accountability. Sweden's position was that accountability refers to use of all financial resources, including both resources of the partner country and development resources, and the development results achieved in partner countries.
- Using development assistance in a catalytic way in order to strengthen the role of the private sector and other actors involved in development cooperation.⁴³

According to the Swedish Embassy, Mozambique emphasised ownership as a precondition for the implementation of the Paris Declaration. Donors were not allowing the government enough space to run their own development agenda. This in turn inhibited a deeper dialogue between parliament and civil society. Higher levels of predictability were required with GBS the preferred modality, since it facilitated ownership, coherence and harmonisation. However, all aid modalities, including financing from non-traditional donors, vertical programmes and the private sector needed to be integrated into the aid architecture.⁴⁴ With regards to mutual accountability, it was specifically noted that ways to hold donors accountable were needed as there were no disincentives for non-compliance in the Mozambican mutual accountability framework.⁴⁵

The Mozambique position reflected the broader African consensus and position statement in preparation for Busan. This highlighted that although aid continued to play a role in development financing, there was now more focus on domestic resource mobilisation with Africa taking responsibility for its own development. It noted the unfinished aid effectiveness agenda, meaning that it was important to take forward

⁴³ Swedish Ministry of Foreign Affairs (2011) *The Swedish view on the Paris Declaration and priorities before Busan*, Arbetspapper, 2011-09-23.

⁴⁴ Swedish Embassy Maputo (2011) *Mozambique before Busan*, Telemeddelande (A) Mnr MAPU/20110831-1.

⁴⁵ Statements by Henrique Banze, Deputy Minister of Foreign Affairs and Co-operation, Mozambique, summarised in the *Building Block on Results and Accountability*, Fourth High-Level Forum on Aid Effectiveness, Busan, Republic of Korea, 30 November 2011.

agreements reached at Paris and Accra, including alignment, harmonisation, use of country systems, elimination of conditionality, promotion of transparency, aid predictability and mutual accountability. For the latter, concerted efforts towards adoption of mutual accountability assessment frameworks were needed. These should build on existing governance mechanisms such as the APRM, be based on trust and strengthening of capacities of all stakeholders. Further, it supported the shift beyond aid effectiveness to development effectiveness, which should include a focus on gender equality, human rights and environmental sustainability. Aid plays a catalytic role in development effectiveness by adding value to national efforts. The statement asserted that the commitment to provide 0.7 percent of GDP as ODA must be kept, partners must be responsive to national and regional contexts and needs, and there must be development policy coherence. Corruption was an issue requiring specific attention and in order to combat corruption, systems would be needed to foster transparency and accountability in the management of public resources.⁴⁶

For civil society, the focus was on advocating ‘a bolder, broader approach that will lead to genuine development effectiveness – an approach that is based on protecting and fulfilling the rights of impoverished and marginalised people and on empowering them to claim their rights on an on-going basis’.⁴⁷ This approach shifts country ownership to democratic ownership, including a strong emphasis on domestic accountability, and emphasising development results for people.⁴⁸ With regards to mutual accountability, the focus was on ensuring that systems exist for CSOs to hold both governments and donors accountable through a more equitable post-Busan governance framework.⁴⁹

The Global Partnership for Effective Development Cooperation

The Busan Outcome Document (BOD)⁵⁰ has been described as a compromise of all these positions and lays the ground for a Global Partnership for Effective Development Cooperation. It reaffirms the commitment to mutual accountability, under the heading of shared principles to achieve common goals that should form the foundation for cooperation for effective development. ‘Mutual accountability and accountability to the intended beneficiaries of our co-operation, as well as to our respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability’ (BOD §11d). Transparency was again emphasised, for all development cooperation actors: ‘We will work to improve the availability and public accessibility of information on development co-operation and other development resources’ (BOD §23). There was a target of 2015 for all signatories to comply with the standards developed by the new Global Partnership, building on previous efforts by the OECD and IATI (BOD §23c). Donors committed to specific targets on predictability of aid funding (BOD §24).

The Global Partnership for Effective Development Cooperation signified a shift in the aid effectiveness agenda to a broader agenda on effective development cooperation.

⁴⁶ African Union and NEPAD (2011) *African consensus and position on development effectiveness: Aid reforms for African's Development*, Fourth High Level Forum on Aid Effectiveness, Busan, Republic of Korea.

⁴⁷ Reality of Aid Network (2010) *Aid and Development Effectiveness: Towards Human Rights, Social Justice and Democracy*, mimeo.

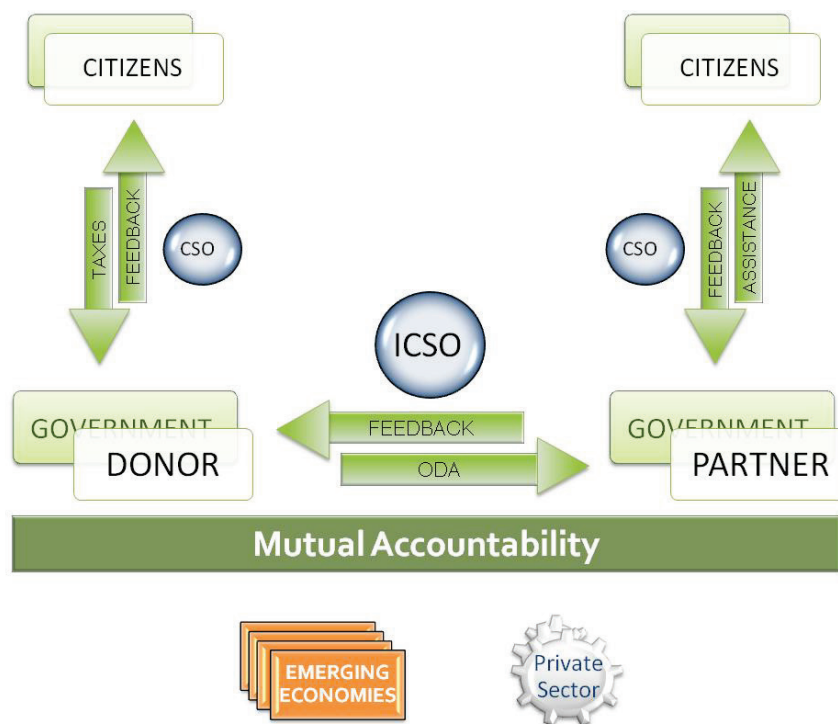
⁴⁸ Tomlinson, B. on behalf of the Reality of Aid Coordinating Committee (2011) *Achieving Progress for Development Effectiveness in Busan: An Overview of CSO Evidence*, mimeo.

⁴⁹ BetterAid (2011) *Making the post-Busan governance more just*, The BetterAid position paper on aid architecture for the HLF4.

⁵⁰ *Busan Outcome Document* (2011) OECD

The outcome document formally included a number of new actors and emphasised new forms of development cooperation. Apart from reaffirming the role of CSOs, it was primarily the role of the private sector and emerging economies, such as Brazil, Russia, India, China, South Africa (BRICS), which was new. The latter are called South-South partners and their commitments are only voluntary. This shift to a broader agenda with new actors is presented in Figure 2.8. In relation to these new actors, the statement highlights their importance to formal mutual accountability mechanisms: ‘As we deepen our efforts to ensure that mutual assessment reviews are in place in all developing countries, we encourage the active participation of all development co-operation actors in these processes’ (BOD §18d).

Figure 2.8 Mutual accountability according to the Busan Outcome Document



Post-Busan activities

Since Busan, the formal structure of the Global Partnership for Effective Development Cooperation is emerging. An initial process to develop a number of indicators to measure the progress of the commitments made at Busan has been undertaken. In relation to mutual accountability, the indicator agreed is: ‘Mutual accountability among development co-operation actors is strengthened through inclusive reviews’, with the specific measure being ‘% of countries that undertake inclusive mutual assessments of progress in implementing agreed commitments’, with the target that all countries should have these in place by 2015 (Indicator 7).⁵¹ Although the system is still under consideration, it is clear that country-level implementation and self-monitoring will be emphasised, although some CSO voices are pushing for continued global surveys.⁵²

⁵¹ Busan Partnership for Effective Development Cooperation (2012) *Proposed indicators, targets and process for global monitoring*, mimeo.

⁵² Martin, M., Watts, R., and Rabinowitz, G. (2012) *Monitoring Implementation of the Busan Partnership Agreement - Why “Global Light” and “Country-Focussed” Must Work Together Effectively*, Study prepared for the UK Aid Network, Actionaid, Concord, Oxfam and Save the Children.

The rest of the indicators reflect the move from aid effectiveness to development effectiveness and the role of civil society and the private sector. The Global Partnership has now taken over the role of the WP-EFF and now has a Secretariat shared by the OECD/DAC and UNDP.

In conjunction with the Global Partnership, eight Building Blocks of a voluntary nature have been launched. The Building Blocks are initiatives enabling development partners and organisations to unite behind pressing development issues and to make concentrated efforts to further progress in these areas. There are two building blocks that relate to the commitments to mutual accountability: Results and Accountability, and Transparency. Under the Results and Accountability Building Block, it is noted that merging the two principles of managing for development results and mutual accountability is a way to promote development results as a public interest, making governments accountable to each other and to their domestic constituents. The Building Blocks advocate the development of Country Results and Accountability Agreements that will be led by partner countries and used to assess the performance of both partner countries and donors. The ambition is to strengthen accountability between partner countries and donors as well as between partner countries and their citizens.⁵³ The Results and Accountability Building Block has so far organised a peer learning event in Zambia in September 2012.⁵⁴ The Transparency Building Block will be organised as a more informal information sharing network and structure to advance the IATI.⁵⁵

2.6 Accounting for power

It is too early to evaluate progress on implementing the Busan agreement and whether this will make a difference to the practice of mutual accountability. However, considering the previous evidence reviewed pointing to limited progress on mutual accountability, a number of barriers to implementation are identified that are likely to continue to present difficult challenges. These relate to some of the key dimensions of mutual accountability, both conceptually and in terms of its practical implementation. Although the evidence suggests that the declarations have opened up an important space for mutual review of what mutual accountability actually entails, at the same time these differences in interpretation are seen to hinder progress.⁵⁶ The different interpretations are related to three questions: how to account; accountable to whom; and accountable for what. We analyse these questions considering perspectives of politics and power.

As the principle of mutual accountability is meant to address power imbalances, this relationship between power and accountability is worth exploring in more detail. The World Bank describes accountability as ‘the obligation of power holders to account for or take responsibility for their actions’.⁵⁷ This definition is founded on accountability having a vertical direction, and as a consequence a notion of power as something corrupting. Accountability is seen as a mechanism for keeping people entrusted with power in check so that they desist from abusing it – and that they carry out their

⁵³ There are eight building blocks in total. The others are: Fragile States, South-South Cooperation, Public Private Cooperation, Climate Finance, Effective Institutions and Policies, Managing Diversity and Reducing Fragmentation.

⁵⁴ *Results and accountability building block – Africa Regional Workshop – Summary of experiences and key lessons* (2012) prepared by RuralNet Associates Limited, Dennis, K., Chisonga, N., Kunda, J., Phiri, C., Federal Ministry for Economic Cooperation and Development, Germany and Ministry of Foreign Affairs, Sweden

⁵⁵ Building Block Status, July 2012, www.BetterAid.org

⁵⁶ Wood *et al.* (2008); (2011).

⁵⁷ World Bank (2004) cited in Eyben (2008), p.10.

duties effectively.⁵⁸ The misuse of power is the problem accountability is trying to solve, and specifically in the case of development cooperation, ‘getting to grips with the problems of power that impede effective aid’.⁵⁹ The problems include corrupt use of aid funding by a receiving country, or the importance of donors to stick to commitments made and disbursing funds on-time and on-budget, in order to increase predictability.

How to account?

Within this perspective, the key mechanism for accountability is available and usable information on monitored performance and adequate incentives for compliance.⁶⁰ This should happen through mutual assessment reviews where the results of development cooperation are discussed. In practice, where mechanisms are in place, they are often guided by performance matrices, which serve to achieve ‘accountability [via] holding organisations responsible for performance against pre-established objectives [...] with focus on delivering outcomes rather than the correct allocation of inputs’.⁶¹ However, information is not neutral and free from power relations. The indicators agreed upon as important may obscure information that might be contradictory, marginal or problematic, making it difficult to ascertain what the right objectives and outcomes are or even what is deemed as results.⁶²

The link between mutual accountability and managing for development results is explicit within the aid effectiveness agenda, and is often the preferred perspective of donor governments. The argument put forth by donors is that focus should be on managing for results in poverty reduction and on fighting corruption, enabling them to display responsible use of taxpayers’ funds to their constituencies. Many commentators, including Eyben (2008)⁶³ argue that managing for results is an effective approach when tackling well-defined and limited problems, such as fixing a broken car. It is easy to reach consensus on the level of resources needed, who will fund and who will make the repairs, monitoring the progress and the result. Few unintended effects are likely to come of it. However, when it comes to aid effectiveness, let alone development effectiveness, and complex issues such as poverty reduction, this approach may lead to unintended outcomes being rendered invisible and more importantly some views being crowded out for the benefit of others. Also, results for which there is easily accessible information may be preferred.

By presenting mutual accountability and the whole aid effectiveness agenda as a technical problem that needs fixing, the focus has been directed towards the mechanisms themselves. Limited progress is explained by lack of effective mechanisms to regulate the behaviour between autonomous parties. But such efforts are constrained by the global political economic structures that sustain the very inequities in aid relations that make mutual accountability so difficult. As Eyben argues: ‘there is a dissonance between the broad statement of the Paris Declaration concerning donors and partners being mutually accountable for development results and the concrete

⁵⁸ This understanding of accountability is derived from rational choice theory. Eyben (2008), p.11.

⁵⁹ Eyben (2008), p.7.

⁶⁰ De Renzio (2006) cited in Eyben (2008), p.11.

⁶¹ Eyben (2008), p.11.

⁶² Eyben (2008), p.29.

⁶³ This argument is linked to theories of complexity in development. See for instance Ramalingan, B., Jones, H. with Reba, T. and Young, J. (2008) *Exploring the science of complexity: Ideas and implications for development and humanitarian efforts*, ODI Working Papers Issue 285, London: ODI; the Big Push Forward Initiative, www.bigpushforward.net/

obligations of both parties⁶⁴. This is because the management and governance processes required to enhance transparency and accountability are the responsibility of the partner country. Can developing countries be held accountable for the results of aid when donors continue to exercise control over how funds are spent?⁶⁵ Ownership becomes an important variable in the link between mutual accountability and managing for development results.

Accountable to whom?

One of the obstacles faced relates to the fact that donors seem to be driven by domestic accountability demands (to their own citizens in terms of accounting for ODA funds), rather than by mutual accountability. Providing full information on aid flows is also limited by national budgetary rigidities.⁶⁶

The issue here is that there can be trade-offs between different accountability mechanisms, highlighting a collective action problem. On the donor side, the strongest channels of donor accountability are domestic oversight, and, through elections, accountability to taxpayers and voters. However, incentives created by domestic accountability will often not be fully consistent with accountability to the governments and citizens of partner countries. Here the short-term pressure may be for more donor control rather than more donor alignment.

On the partner side, there are also tensions between domestic accountabilities and aid effectiveness commitments. In spite of international commitments, partner country incentives to manage aid better and shift donor resources onto budgets may be weak due to a lack of domestic accountability.⁶⁷ The way in which domestic and mutual accountability are meant to reinforce each other does not seem to play out in practice.

Overall, the Paris Declaration evaluation shows that the lack of progress on mutual accountability is partly linked to uneven sanction possibilities within this system of collaborative enforceability. Donors are unwilling to discuss or face sanctions for poor performance, whereas partner countries are faced with sanctions for lack of performance. This reflects the fundamental power imbalance between donors and partner countries that the principle is meant to address.⁶⁸ It shows that the Paris Declaration is a negotiated political settlement, with only limited consensus and the principle on mutual accountability is particularly sensitive from a political perspective.

This begs the question of whether collaborative forms of enforceability in the international area: (a) function at all; and, (b) function when financial transactions are involved. In relation to (a), there is one successful example of collaborative enforceability often cited: the Montreal Protocol on Substances that Deplete the Ozone Layer. This was largely seen as successful due to the relatively technical nature of the problem. Substances that depleted the ozone layer were not difficult to replace and they only involved marginal political and economic interests. Complex problems such as climate change, trade policy or conflict where vested interests are much greater

⁶⁴ Eyben (2008), p.15.

⁶⁵ AfDB, African Union and NEPAD (2010).

⁶⁶ Wood *et al.* (2008).

⁶⁷ Droop *et al.* (2008).

⁶⁸ Stern *et al.* (2008); Wood *et al.* (2008); (2011).

tend to be less successful.⁶⁹ Within international development cooperation, previous studies show that at least a common agenda with similar goals is required.⁷⁰

With regards to (b), we will explore whether collaborative enforceability is supported in situations where financial transactions are involved, through the study of Mozambique. The question becomes particularly relevant in relation to what entities are accountable for.

Accountable for what?

Currently, mutual accountability refers to accountability between partner governments and donor governments for ODA. Other actors are involved in the discussions around aid and development effectiveness, but are as yet rarely formally included in discussions around mutual accountability. This begs the question: how does mutual accountability affect actors in the private sector and emerging economies like the BRICS countries particularly as their engagement in Busan is voluntary? This argument is linked to the debate about what entities are accountable for. There are various interpretations of the scope of mutual accountability. Is it accountability for:

- Implementing the aid effectiveness agenda? In other words, is it about ensuring that both donors and partner countries live up to the commitments made at Paris and Accra in the agreements between governments that are often based on general budget support and programme-based aid?
- The whole system of international development cooperation? That would mean ensuring that not only bilateral and multilateral development cooperation is included, along with non-traditional donors, but also international development cooperation with non-state actors (e.g. CSOs, philanthropy and the private sector) through other forms of cooperation (projects, public-private partnerships, South-South cooperation etc.).
- The development process more broadly? A perspective on accountability where power is seen as central entails a logical move from technical mechanisms for regulating behaviour to more of a political project where voice and justice become the goals.⁷¹ This is more in line with ideas of representative enforceability and echoes CSO perspectives within the global debate on democratic ownership at Busan. This would comprise a much broader mandate involving such things as democracy and human rights, but also non-ODA based resource flows, from trade, foreign direct investment and migrant remittances. Here, domestic accountability in both donor and partner countries becomes more important and this has implications for the policy coherence of donor countries.

⁶⁹ For instance, the Kyoto Protocol, agreements under WTO and various peace agreements between Israel and Palestine.

⁷⁰ Steer *et al.* (2008).

⁷¹ Eyben (2008).

Recent developments in Busan and beyond suggest that there is a broad agreement that mutual accountability should be about more than aid effectiveness, evidenced by the positions of Sweden, Mozambique and the CSOs presented here. However, these actors may emphasise different aspects and differ in whether they go beyond the traditionally limited area of ODA. The move from aid to development effectiveness and the inclusion of emerging economies and the private sector complicates this picture of mutual accountability and power. What are the possibilities of creating common agendas among actors with very different organising principles, driven by different incentives? At first glance, these new actors do not seem to fit into a framework of horizontal accountability with collaborative enforceability, which is built on a common agenda for development effectiveness. The study will consider this, specifically whether there are other ways in which accountability of all actors can be ensured that reflect a more pragmatic and honest approach to mutual accountability.

In the following chapters we explore the views of Swedish and Mozambican stakeholders on these issues. Mozambique is used as a case study to explore mutual accountability in practice.

3 The Swedish Position on Mutual Accountability

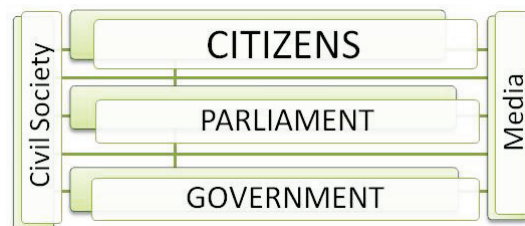
This chapter presents Sweden's system of domestic accountability and the Swedish position on the principle of mutual accountability. Sweden's experiences in implementing its mutual accountability commitments are also presented.

3.1 Domestic accountability in Sweden

In Sweden domestic accountability is built on a system of representative enforceability. To secure accountability between the state and the citizens, the Swedish constitution guarantees separation of powers prescribed in the judiciary, executive and legislative arms of government. At present eight political parties are represented in the Swedish parliament, elected through proportional representation, which limits concentration of power to any single party. Each political party presents a party programme shaped by political ideology. The responsibility of the government is to execute the policies decided by the parliament. Parliament in turn guarantees the checks and balances on the party, or parties, in power. In 2003 the Swedish parliament agreed a Policy for Global Development. This is a policy of coherence and its rationale is that all budget sectors shall contribute to sustainable global development. Sweden's international agenda has broad support in the parliament, which represents citizens.

With regards to answerability, political will is present and supported by freedom of information. According to Swedish law, public institutions and ministries are required to make all official documents available for citizens. The media often makes use of this opportunity, providing further checks on the executive power. The media has a high degree of independence and publishes information on various issues in society that contribute to transparency. Further, a vibrant civil society contributes to transparency and control of power in Sweden. Civil society has an active voice in public debate and pushes citizens' interests when lobbying decision-makers. Transparency is applied to the state budget, revenue collection and in connection to private interests. There is for instance a law on transparency in public procurement. The nature of domestic accountability in Sweden is illustrated in Figure 3.1, with its main elements, checks and balances

Figure 3.1 Domestic accountability in Sweden ⁷²



⁷² Since our focus is on the vertical relationship between citizens and the government, our illustration does not include the role of the judiciary.

The government of Sweden is accountable towards parliament and citizens for the implementation of Sweden's international development cooperation. However, Sweden's interventions are also guided by international declarations jointly signed with other countries for the benefit of citizens within those countries. From an accountability perspective it can sometimes be unclear how the signed declarations at an international level relate to constitutional matters domestically. What are the conflicting elements between domestic and mutual accountability from a Swedish perspective? When different categories of accountability are in opposition to each other it is interesting to explore the reasoning behind decisions made and how contradictions are resolved.

3.2 Strategy for implementing the principle of mutual accountability

Sweden's signature of the Paris Declaration had broad support in parliament. The principle of managing for development results has been strongly emphasised by the Swedish Government for almost a decade. A series of government bills, committee reports and parliamentary communications repeatedly stress the importance of results reporting in Sweden's international development cooperation. The term 'managing for results' is often used, and the Swedish position supports the view that it is a concept that reflects the mutual interest between Sweden and partner countries in achieving development results.

Following the signing of the Paris Declaration, the Swedish International Development Cooperation Agency (Sida), as the implementing organisation of Swedish aid, produced a working paper for increased aid effectiveness.⁷³ The paper included several formulations relevant to the principle of mutual accountability. For example, Sida should always provide timely, transparent and comprehensive information on resource flows, Sida's planning processes should be long-term and transparent, disbursements should be made according to agreed schedules if conditions are met and Sida should support the strengthening of partner countries' capacities for, and use of, results-based management.

The Sida action plan was replaced by Sweden's action plan for efficient development assistance in 2009.⁷⁴ This identified seven targets, of which several are relevant to mutual accountability, e.g. alignment to partner country systems and predictability. The third target is increased predictability and accountability for results. It includes accountability of donors and partner countries towards citizens in those countries and towards the beneficiaries of development cooperation. Aid predictability is underlined as important as an aspect of mutual accountability for development results. In order to meet the seven targets, a baseline with indicators and ratings was established to serve as support to the overall goals. A few of these indicators are useful when looking more closely at aspects of mutual accountability, e.g. predictability of disbursements and coherence between planned and actual disbursements.

Increased responsibility for achieving results towards the target group in the developing country is a two-sided liability in relation to citizens in both Sweden and the partner country. It has become a clear goal in more recent Swedish development policies.⁷⁵

⁷³ Sida, (2006) *Increased Aid Effectiveness, Sida Action Plan 2006-2008*, POM Working Paper 2006:2, Stockholm: Sida.

⁷⁴ Sida (2009) *Action plan on aid effectiveness 2009-2011*, Stockholm: Sida.

⁷⁵ Information from the website of the Ministry for Foreign Affairs, www.regeringen.se

Swedish assistance should strengthen the means of support to enhance mechanisms that may lead to increased accountability in the partner country in areas such as the parliament structures, civil society, independent media and other democratic institutions. Swedish policies also underline mutual accountability in terms of joint responsibility in international agreements on gender equality, human rights and a sustainable environment. Other measures include strengthening openness, transparency and participation of citizens in the partner country, and increasing the share of development assistance that is actually delivered on time, and in a form and volume to improve predictability. Sweden shall systematically inform partner countries about aid flows three to five years in advance.

Since the adoption of the Paris Declaration and the Accra Agenda for Action, transparency has received greater attention from the Swedish government. The Swedish action plan reflects a focus on mutual accountability and results as well as transparency in the use of development resources.

3.3 Progress in implementing mutual accountability

As commissioned by the Swedish government, Sida reports on Sweden's progress in implementing the aid effectiveness agenda. In 2011, it stated that, in an international country comparison, Sweden's performance on aid effectiveness had improved since 2008.⁷⁶ Sweden made progress according to the measures and indicators included in the Paris Declaration. In general a positive trend on aid effectiveness was distinguished for countries with which there is long-term cooperation, as preconditions are generally better for these countries compared to other country categories, e.g. conflict and post-conflict countries. However, analysing progress on the different indicators included in the Paris Declaration reveals variations and contextual differences. Challenges in implementing the aid effectiveness agenda have been identified for the principle of mutual accountability.⁷⁷

The Sida report on aid effectiveness for 2011 concluded that the share of bilateral aid reported in partner country budgets was increasing, as was the share of aid that uses national systems for public financial management. An example is that Sweden's aid predictability, and share of promised funds disbursed, has improved since 2005, but still did not reach the average target set for 2010, which was 82 percent for long-term cooperation countries. These measures indicate that ownership is strengthened and the report concludes that this is positive as a precondition for mutual accountability. Other measures relating to Sweden's performance on aid effectiveness and mutual accountability can be found in Annex 2. Overall, the reporting on Sweden's progress on mutual accountability provides a mixed picture. In some of Sweden's partner countries, e.g. Bangladesh and Cambodia, progress has been achieved from a mutual accountability perspective through active dialogue with development partners and joint development of results and monitoring structures. A SADEV evaluation of Sweden's implementation of the Paris Declaration in 2010⁷⁸ found that the Swedish government's emphasis on the importance of structure, financial control and anti-corruption were arguably important to effective aid. However, the principles of

⁷⁶ Sida (2012).

⁷⁷ Sida (2011b) *Reporting on Aid Effectiveness 2010 – A summary of Process, Conclusions and Recommendations*, mimeo.

⁷⁸ SADEV (2010) *Evaluation of Sweden's Implementation of the Paris Declaration*, SADEV Report 2010:6, Karlstad: SADEV.

ownership and alignment that imply handover of more responsibility to the partner country are often met with reluctance since such loss of control might contradict the primary objectives. With regards to mutual accountability, SADEV concluded that there was little progress on implementation, due to a lack of understanding of its definition and of the practical implications of the principle. The evaluation did not find any established process to achieve accountability and no strategy in place to address situations where commitments were not kept.

3.4 Barriers to implementation

According to Sida and the Ministry for Foreign Affairs, the principle of mutual accountability is in accordance with Sweden's priorities at a principle level. However, when the principle is broken down and concrete action is scrutinised, a more complex picture emerges.

Trade-offs in accountabilities

From a Swedish perspective, the challenges identified in the implementation of the different aspects of mutual accountability have made it difficult to realise the intention behind the concept of mutuality. Examples include information on aid flows from Sweden's side and disbursements according to agreed commitments. It is difficult for partner countries to hold Sweden accountable when it does not honour its commitments. Limited progress with mutual accountability can in part be explained by the lack of a unified definition or interpretation of what the concept entails. Interviews with staff at Sida and the Ministry for Foreign Affairs reveal that this lack of understanding of mutual accountability is related to uncertainty about the prioritisation of its different aspects, and to what mutuality really entails. A related issue is that the intention of mutual accountability can be difficult to synchronise with other Swedish priorities. Confirming the evident trade-offs in accountabilities, interviewees mention that a complicating factor is that partner countries and Sweden are accountable to different constituencies. From a national perspective, the Swedish government must use public resources responsibly and ensure the elimination of corruption. On the other hand, the Swedish government has a responsibility for development effectiveness and towards the beneficiaries in partner countries. Instead of Sweden and partner countries being accountable towards each other under the principle of mutuality, one opinion expressed is that accountability should be strictly addressed according to agreements made between Sweden and partner countries. In order words accountability should be based on a system of corporate enforceability.

Ownership and alignment vs. control and managing for development results

Since the introduction of the Paris Declaration, Swedish development cooperation has become more results-oriented with managing for development results a top priority. In the latest DAC Peer review of Sweden, from 2009,⁷⁹ the tension between increased demand for control and follow-up of Swedish resources for development cooperation on the one hand, and the process towards increased alignment to partner country systems on the other, was clearly revealed. The need to reach obvious results in development cooperation is increasingly emphasised, as well as the use of results-

⁷⁹ OECD/DAC (2009) *Peer Review of Sweden*, Paris: OECD.

based management. The DAC Peer review pointed out that it surely is a balancing act to promote partner ownership and alignment while demanding reports on results to meet headquarters' requirements. This contradiction has implications for implementation of mutual accountability between Sweden and partner countries. However, interviewees note that the focus on results has to a limited extent facilitated development towards a more mutual relationship between Sweden and partner countries. It could be due to the fact that results achievements are dependent on both Sweden and the partner country, in that the latter is responsible for implementation of the resources. A focus on results from the donor side could therefore mean that for results to be achieved, closer collaboration and partnership with the partner country is necessary. A contributing factor is domestic accountability in the partner country, represented by a stronger civil society and more active citizens acting as check on government use of budget resources. The overall picture might then contribute to strengthening a common agenda that reinforces accountability towards each other.

The political dimension of development cooperation is mentioned as a complicating factor. Political decisions affect the preconditions for the partnership idea of mutual accountability. According to this view it is important to have realistic expectations about the partnership between Sweden as donor and partner countries as recipients of aid funding. This political dimension relates to the position on risk-sharing, which is a precondition for use of country systems and for stronger ownership among partner countries. Risk aversion among donors is still considered an obstacle to fully implementing all aspects of mutual accountability. This visualises the challenges with asymmetric power relations making it easier for Sweden to have its political priorities realised. At a general level these challenges are problematic to address given that mutual accountability systems are meant to rely on collaborative enforceability. It becomes very challenging when one of the partners is providing the financial resources while the other is a recipient.

Asymmetric power relations

Sida and the Ministry for Foreign Affairs underline that asymmetric power relations between Sweden and partner countries make it challenging to fully implement the principle of mutual accountability. The unbalanced power relations between Sweden and partner countries affect the possibility for the partners to hold each other accountable on equal terms. Asymmetry in power relations might lead to Sweden withholding disbursements while the partner countries have no corresponding measure to apply. The interviews reveal that power relations are difficult to ignore, that they affect the foundation for mutual accountability and are a main component in Africa's 'unfinished business' from Accra. The problem is that no discussion is undertaken at an international level about how the principle of mutual accountability is applied or what action is needed to redress the asymmetries. The interviewees at Sida, the Ministry for Foreign Affairs and in civil society say that the Swedish government has taken a number of initiatives to enhance transparency in the use of development resources. In an effort to make information on Sweden's international development cooperation available, Sida has launched the Open Aid web page and introduced a transparency guarantee. Open Aid has, according to interviews within the Ministry for Foreign Affairs, the potential to also provide information to citizens

in partner countries. Still, much remains to be done, like making Open Aid more user-friendly in Sweden and more easily accessible in partner countries.

The Ministry for Foreign Affairs note that transparency should be understood as a precondition for mutual accountability. According to this reasoning, transparency is important in presenting information to the public about the use of public resources and results achieved in partner countries. In other words, addressing the answerability dimension of accountability. So far, transparency on the side of the partner countries has not received as much attention as transparency on the Swedish side in the use of public resources. According to the Ministry for Foreign Affairs, Sweden's perspective on transparency includes both use of public resources and partner country systems. Other international organisations, such as the World Bank, view transparency from a narrower perspective.

3.5 Challenges post-Busan

Sida staff confirm that the principles of the Paris Declaration have evolved and are to be viewed from a broader perspective since Busan. The principle of ownership has evolved to include a broader set of stakeholders, including the private sector. The use of private sector solutions in the implementation of development cooperation is a priority for the Swedish government. According to interviewees at Sida, some stakeholders have expressed concern that important issues addressed in the Paris Declaration might have been lost or have diminished in significance since the adoption of the Busan Outcome Document. However, for Sweden the Paris Declaration still is important and prioritised. The challenge is to link the principles of the Paris agenda to contemporary challenges in the international context and the context of the individual partner countries. The principles of the Paris Declaration are described as moving targets.

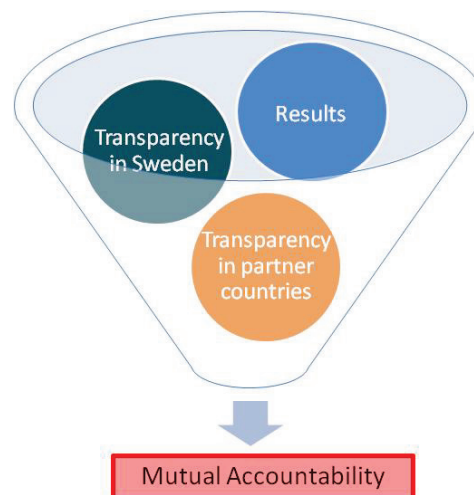
Interviews confirm that Busan reflects a broader landscape of stakeholders, which also affects the perception of mutual accountability. CSOs support the view that the landscape has changed after Busan. Several of the interviewees note that it is difficult to state what mutual accountability entails in this new landscape with new forms of cooperation and actors. The private sector has received more attention in the implementation of development cooperation. For Sida and the Ministry for Foreign Affairs, it is not clear how representative foundations and the private sector are, and how to address accountability in relation to these actors. These concerns also find support among CSOs. An issue raised is that transparency is reduced with the private sector as they do not report to Open Aid due to commercial confidentiality. The basis for accountability therefore changes. Another reflection made by Sida is that it has been difficult to engage the private sector in the post-Busan work despite the fact that they were very active before Busan. This might be due to uncertainty over who is representing the private sector.

Uncertainty persists in how to work with mutual accountability in a structured way since Busan. Interviewees point out that Busan is a non-binding document for South-South cooperation and has no sanction mechanism for states that do not live up to the commitments made. Additional actors on the international arena, including emerging economies such as China and India, have also changed the conditions for implementing mutual accountability. A challenge is the limited knowledge and insight

about the aid flows of emerging donors. One of the CSOs notes that mutual accountability should be considered as a broader concept including coherence of all the components of the international development agenda, including the Swedish policy for global development. It is also underlined that mutual accountability and transparency are not to be viewed as identical elements. Open Aid contributes to transparency, but it has limitations because it does not present information on policy choices or problem analysis as part of decision-making. In other words, transparency is only one aspect of answerability. The ability to hold someone to account is also dependent on content and quality of the information, and on mechanisms for being able to use that information effectively. As such, transparency is a clear priority which facilitates accountability, but it does not automatically enable citizens in either Sweden or partner countries to hold decision-makers to account. To enhance citizens' ability to hold the state accountable, CSOs argue that they could contribute more if given a clear role in future cooperation in accordance with Busan.

To summarise, the Swedish perspective on mutual accountability echoes the international debate and many of the challenges related to accountability: accountable to whom, for what, and the problems around answerability and enforceability. Keeping these complexities in mind, the Swedish position on mutual accountability emphasises the importance of results and transparency, in both Sweden and partner countries, as key ingredients in mutual accountability as illustrated in Figure 3.2. The next chapter explores the foundations for mutual accountability in Mozambique.

Figure 3.2 The key ingredients in mutual accountability from a Swedish perspective



4 The Foundations for Mutual Accountability in Mozambique

This chapter describes the evolution and structure of the system for mutual accountability in Mozambique. It considers the political and economic landscape of the country as well as plans for national development and poverty reduction. It describes the aid architecture and the role of Sweden as a donor. The chapter goes on to explain the Performance Assessment Framework for budget support, which is the main system for mutual accountability in Mozambique, and describes the annual performance reviews of the government of Mozambique (GoM) and Programme Aid Partners (PAP).

4.1 The political and economic landscape

Mozambique gained independence in 1975 and became the People's Republic of Mozambique shortly after. The Liberation movement, Frente de Libertacao de Mozambique (Frelimo), took power and has governed the country ever since. A civil war plagued the country from 1977 as the opposition forces Renamo fought the regime until 1992. In the first general elections held in Mozambique in 1994, Frelimo's candidate Joaquim Chissano was elected President with 53 percent of the vote. In the most recent elections of 2009 Frelimo strengthened their power, in particular in parliament. Frelimo is politically dominant and the elite of the party dominates politics and economics. Renamo is the main opposition party in parliament. The opposition is weak and lacks a genuine political programme other than getting rid of the party in power. Apart from general elections, a number of laws have been adopted to open up citizen's rights, freedom of speech, the rights of association and information, and women's rights.⁸⁰

In administrative terms, Mozambique is a unitary state with a highly centralised structure. The central government is represented at all local state bodies in provinces, districts and administrative posts etc. According to several sources outside the official structures, membership of Frelimo is necessary in order to hold a position in government structures at central, provincial or district level. The 1990 Constitution provided for local elected authorities based in municipalities. Local elected authorities in 43 cities and towns have been established. The municipality has an elected executive (mayor) and a representative body (the municipal assembly) holding office for a five-year term.⁸¹ Mozambique is endowed with rich and extensive natural resources. The country's economy is based largely on agriculture, but industry, mainly food and beverages, chemical manufacturing, coal, aluminium and petroleum production, is growing fast. In recent years a number of international companies have shown interest in the extractive industry. The annual averaging GDP growth in

⁸⁰ AfriMAP and The Open Society Initiative for Southern Africa (2009) Mozambique: Democracy and Political Participation, London: Open Society Initiative for Southern Africa

⁸¹ AfriMAP, Open Society Institute Network, (2009).

Mozambique has been among the world's top ten since 2001, at 7 to 8 percent a year. Yet, Mozambique is still one of the world's poorest countries and an overwhelming majority of Mozambicans live in poverty. However, there has been progress on access to education and expansion of health services with 14 of the 21 Millennium Development Goals likely to be reached. In spite of positive trends in several social-economic indicators, the most recent household survey from 2008/09 shows that poverty based on consumption patterns has not changed since 2002/03, remaining at 54 percent.⁸² There were also indications of relatively large groups of 'ultra' and chronically poor people in certain provinces. Seventy percent of all households are located in rural areas and they are mainly dependant on agriculture. The level of chronic childhood malnutrition remains high with large regional disparities. Access to education and health services has improved but still roughly half the population remains illiterate. Regional differences are still high and the increased poverty relates mainly to provinces of high climate vulnerability where natural disasters frequently occur. Productivity is low, which naturally hampers economic development in the agriculture sector. As a consequence the tax base is very limited, although there has been a small increase in tax collections, mainly in the private sector. All revenues are centrally collected and then redistributed, which does not strengthen local authorities and does not foster a relationship of accountability between citizens and local authorities. This has ramifications for domestic accountability in general.

Table 4.1 Key facts about Mozambique

Population	22.9 million*
Annual population increase	2.4 percent*
GDP	10.2 billion USD (approx. 72 billion SEK, 2 percent of Sweden's GDP)*
GDP per capita	428 USD (rank 197 of 210 countries) (2011)*
GDP increase	7.3 percent (2011)*
Human Development Index	184 out of 187 countries (2011) ⁸³
Poverty rate	54 percent (living on under 2,150 calories/day/person) (2010) ⁸⁴
Workers' remittances and compensation of employees, received	111 million USD (current)**
Foreign direct investment, net inflows	893 million USD (Balance of Payments, current)**
Net official development assistance and official aid received	2,012 million USD (current)**
Net ODA received (% of national budget)	39.5 percent (2011) ⁸⁵
% of ODA that is general budget support	38 percent of support from PAPs (2011) ⁸⁶
Net bilateral aid flows from Sweden	84.54 million USD**

Data from 2010 unless specified.

* *Swedish Embassy in Mozambique, www.swedenabroad.com.*

** *World Bank Indicators*

⁸² However, the accuracy of these studies is being questioned and the World Bank is making recalculations. Some suggest that rather than a steep fall in poverty before the assessment in 2002/03, poverty reduction has in actual fact been more gradual. There are also wide variations within the country.

⁸³ <http://hdrstats.undp.org>

⁸⁴ *Poverty and Wellbeing in Mozambique: Third National Poverty Assessment* (2010) Ministry of Planning and Development and National Directorate of Studies and Policy Analysis.

⁸⁵ Written communication with Ministry of Planning and Development, Mozambique.

⁸⁶ *Programme Aid Partners' Performance Assessment Framework* (2011).

4.2 National development plans and poverty reduction strategies

A number of policies and strategies have been adopted by the GoM to guide the economic, social and political agenda towards poverty reduction. Agenda 2025 is a long-term strategy for national development with the aim of promoting reform in finance, reducing poverty and achieving the Millennium Development Goals. Further, the national development framework in Mozambique includes the Poverty Reduction Action Plan (PARP), the Five Year Government Programme (PQG), the Economic and Social Plan (PES) and the State Budget (OE). The Five Year Government Programme will be implemented from 2010 to 2014 and is a medium-term instrument to implement the government's priorities and express those through budget division. The PARP has been adapted to operationalise the Five Year Government Programme. Every year the government prepares an Economic and Social Plan to guide the implementation of the PARP.

The PARP, which was adopted in 2011 and is valid through 2014, is a continuation of the previous poverty reduction strategy PARPA II. The ambition this time is a reduction in the incidence of food poverty from 54.7 percent in 2009 to 42 percent in 2014. To achieve these goals, inclusive economic growth is seen as a key element and general objectives have been identified towards achieving that end. The three general objectives in the PARP are: increase output and productivity in the agricultural and fisheries sectors; promote employment; and human and social development. Good governance and macroeconomic measures are providing a supportive framework for the fulfilment of the general and overall objectives. The development of the action plan included consultations with civil society in Mozambique and international cooperation partners, including Sweden. To monitor and evaluate progress, a strategic matrix has been elaborated. Monitoring of the PARP will be synchronised with broad-based surveys like the Household Expenditure Survey to ensure coherence with other instruments within the national planning system. Several principles are considered in monitoring and evaluating the PARP including differentiation between output and outcome indicators, a combination of qualitative and quantitative monitoring, and a participatory approach involving government, civil society and international cooperation partners. The Ministry of Planning and Development is responsible for monitoring and evaluation of the PARP.

4.3 The aid architecture in Mozambique

Mozambique is highly dependent on international development assistance and has received substantial support from the international community since independence. Mozambique is placed among the ten most aid-dependent countries in the world, with nearly 40 percent of the state budget financed with resources (e.g. grants and loans) from donors. More than 60 bilateral and multilateral donors, including the United Nations are present in the country. In addition to this, 150 international CSOs also run projects all over the country. Foreign aid is involved in all sectors of society and penetrates the political, economic and social spheres. Every model of aid delivery can be found, from project support to direct budget support. In general terms three types of donor actor can be identified, as described below.

The dominant group of donors is involved in budget support that evolved after the introduction of Poverty Reduction Strategy (PRS) in the late 1990s. This initiated a

process of promoting ownership, alignment and harmonisations of aid, and aimed to establish sophisticated systems of dialogue between the GoM and donors. This group is called Programme Aid Partners (PAP),⁸⁷ now comprising 19 donors: the so-called Group of 19 (G19), which include all donors providing general budget support (Belgium, Canada, Finland, Denmark, Norway, Sweden, Austria, UK, Netherlands, Switzerland, Portugal, Germany, France, Spain, Ireland, Italy, African Development Bank (AfDB), World Bank and the European Commission (EC)). Apart from the G19, the PAP group also includes two associate members, UNDP and the United States, one observer, Japan, and one ex-officio member, the IMF. A performance assessment framework, described below, is used to regulate the system that reviews progress in cooperation between the PAP and the GoM.

The aid architecture in Mozambique also includes the Development Partners Group (DPG), which consists of the heads of mission of bilateral donors, including the G19, non-GBS (e.g. Japan and the US) and emerging economies (e.g. Brazil and Indonesia), the UNDP, and the international financial institutions. This group is co-chaired by the World Bank and UNDP and meets on a monthly basis. The DPG does not have formal terms of reference and is primarily for information-sharing, some suggest partly due to the extensive coordination around the PAPs.⁸⁸ The forum does not interact directly with the government and as all heads of cooperation are invited, it is more inclusive than the PAP.⁸⁹

A third group providing space for CSOs to discuss development policy with the GoM is the Development Observatory (DO). It was set up by the government as part of its effort to assess and monitor implementation of the anti-poverty programmes. It was established in 2003 with funding from UNDP and serves as a consultative forum for representatives of civil society. Since 2005, provincial observatories also exist.⁹⁰ At its inception, this was called the Poverty Observatory but changed to the DO in 2008. It is coordinated by the Ministry of Planning and Development, with meetings chaired by its minister.

Swedish assistance to Mozambique

Sweden has been assisting Mozambique since independence in 1975 through broad programmes of development cooperation. In 2010 Sweden was the third largest bilateral donor to Mozambique with a yearly contribution of around 600 million SEK (approximately 85 million USD).⁹¹ The present Swedish strategy for development cooperation with Mozambique covers the period 2008-12 supporting the implementation of Mozambican strategy for poverty reduction.⁹² The overall objective of the Swedish strategy is to reduce absolute poverty in the country with a special focus on women and children. This will be achieved through promoting democratic governance and broad-based, sustainable economic growth. Sweden is providing a combination of

⁸⁷ IPAM Ltd (2008) *Mozambique: An independent analysis of ownership and accountability in the development aid system*, submitted to EUODAD, Trócaire and CAFOD.

⁸⁸ Handley, G. (2008) *Mutual Accountability at the Country Level: Mozambique Case Study*. London: Overseas Development Institute.

⁸⁹ MPD (2011) *Aid coordination and effectiveness in Mozambique*, Maputo: MPD.

⁹⁰ AfriMAP and Open Society Initiative for Southern Africa (2009).

⁹¹ Other donors with big financial volumes are the World Bank, European Commission, UN, DFID, Netherlands and USAID.

⁹² In the Swedish strategy for development cooperation with Mozambique, reference is made to the previous poverty reduction strategy PARPA II (2006-10). The present poverty reduction strategy PARP approved in 2011 has replaced PARPA II.

budget support and support targeting democratic governance, energy, agriculture and research. GBS is expected to account for half the Swedish assistance and is composed of one fixed and one variable tranche. The variable part is linked to Mozambique's performance on selected indicators in the area of governance. If targets on the selected indicators are not achieved, the variable part of budget support is reduced.⁹³ The scope and direction of Swedish cooperation with Mozambique is guided by principles of non-discrimination, participation, transparency and accountability. These principles are also strategic issues prioritised in the dialogue with Mozambique.

At a programme level support is given to CSOs with the aim of improving transparency, participation and accountability of public goods. Improved access to information regarding public services and increased respect for human rights within public institutions are key goals. Another programme supports the institutional capacity of the national audit functions and the internal audit of the state budget, with the aim of achieving greater transparency. The programme support is complementary to the GBS and strengthens the general objectives of the PARP. The strategy states that Swedish development cooperation in Mozambique emphasises donor coordination, harmonisation and alignment with national systems, processes and institutions in line with the principles of aid effectiveness as stipulated in the Paris Declaration. In relation to the principle of mutual accountability Swedish development cooperation in Mozambique has gradually been adapted to and is supportive of these measures. Since the adoption of the Swedish strategy, the donor community has been more harmonised and aligned with Mozambique systems. It means that the role of Sweden should be considered in the bigger picture of donors; describing Sweden as a single donor thus becomes less relevant.⁹⁴

4.4 The Performance Assessment Framework

Mozambique has been a pioneer in terms of aid effectiveness work and donor coordination, and has been particularly cited as an example of how to implement mutual accountability at the country level.⁹⁵ Hence a system of mutual accountability is what guides the relationship between the government and the PAPs. Specifically, this is done through a Memorandum of Understanding (MoU) for budget support that consists of two performance assessment frameworks (PAF): one for the government and one for the PAPs. These assess the performance of the government and the PAPs on their commitment to the poverty reduction strategy, the PARP.⁹⁶

Since its inception, the PAFs have undergone some development, making them more inclusive and rigorous over time. This evolution can be aligned to developments within the aid and development effectiveness agenda. However, the inception of the PAFs can be traced to a specific crisis of confidence between GBS donors and the government that arose as the result of a national development bank risking bankruptcy. From the donor perspective, the government bail-out of this bank was seen to cause a diversion of aid funds and budget support was halted. The government was not of the same opinion. Discussions led to an agreement to conduct joint reviews of performance,

⁹³ Sida (2011a) *Decision to Disburse General Budget Support to Mozambique 2010 and to Commit General Budget Support for Mozambique's Fiscal Year 2011*, mimeo.

⁹⁴ Sida (2011c) *Strategy report for Mozambique September 2011-September 2012*, mimeo.

⁹⁵ Hanley (2008), citing various sources; MPD (2011).

⁹⁶ MPD (2011).

regulated by a first MoU in 2004, replaced by a new MoU in 2009. This is also guided by the International Cooperation Policy and Implementation Strategy that establishes basic principles for international cooperation, including coordination of development aid.⁹⁷

The MoU describes the principles and processes under which GBS and programmatic aid from the PAP is provided, implemented and assessed. The government PAF is based on the PARP monitoring system (an extract of the indicators in the PARP strategic matrix) and the PAPs' PAF is based on the Paris Declaration indicators, adapted to the Mozambican context, see Table 4.2.

Table 4.2 Performance Assessment Framework for GoM and PAP

GoM PAF (2011) ⁹⁸	PAPs' PAF (2011)
Poverty and vulnerability	Portfolio Composition (25 percent of total points)
Increased production and productivity for the agricultural and fisheries sectors	<ul style="list-style-type: none"> • Budget support • Programme aid
Promotion of employment	Predictability (35 percent of total points)
Human and social development	<ul style="list-style-type: none"> • Budget support commitments • Budget support disbursements • All aid on budget
Governance	Harmonisation and Alignment (35 percent of total points)
Macroeconomics	<ul style="list-style-type: none"> • Reduction of conditionality • Use of government systems • Missions and analytical work
	Capacity Building (5 percent of total points) ⁹⁹
	<ul style="list-style-type: none"> • Project Implementation Unit • Technical assistance

Adapted from GoM PAF and PAPs' PAF

Since 2006, donors have been assessed collectively and individually. This is reportedly not aimed at identifying 'good' or 'bad' donors, but to enable donor peer review and to counteract the impact of a few large donors on the average score. Indicators are weighted, based on government priority, donor performance and disbursement volume.¹⁰⁰ Before 2010, an independent consultant evaluated the PAPs' performance. This role has now been taken over by the government. An incentive system for donor performance has also been introduced. The government awards a certificate to the donor with the highest score and a certificate for the best donor performance on coordination.

This system of mutual accountability is based on a yearly cycle (as illustrated in Figure 4.1) that is aligned to the GoM's planning cycle, ensuring that transaction costs are reduced. There are two key events: the PAF planning meeting (where targets are updated based on PAPs' budget and sector support commitments) and the Annual Review (where performance is assessed for the past year). The results of the Planning Meeting and the Annual Review are published in an 'Aide Memoire' (AM) that

⁹⁷ Government of Mozambique (2010) *Boletim da Republica* no. 34, Maputo: Government of Mozambique.

⁹⁸ The indicators on these broad areas consist of both output indicators and outcome indicators. All are quantitative.

⁹⁹ In the draft indicators for 2012, indicators on capacity have been removed.

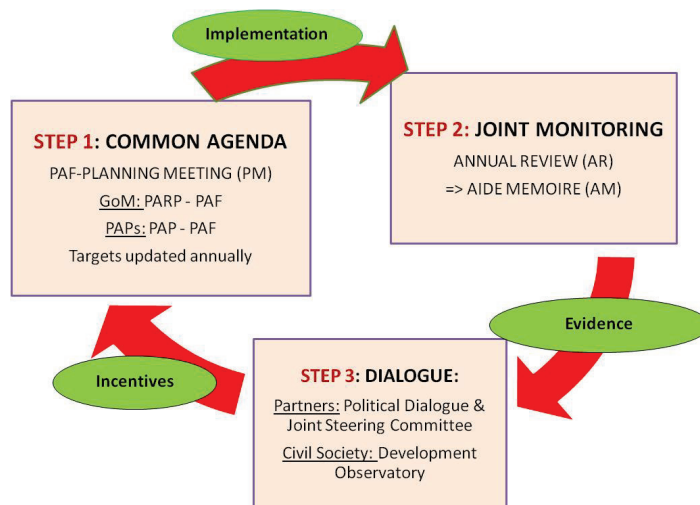
¹⁰⁰ MPD (2012) *International Cooperation Policy & Performance Assessment Frameworks (PAFs): Mozambique*, Presentation at Results and Accountability Building Block - Africa Regional Workshop, 11 – 13 September 2012.

summarises main conclusions and recommendations. Between the Annual Review and the Planning Meeting, there are dialogue meetings at different levels where performance is discussed in preparation for planning next year's budget support, for example:

- *Political Dialogue* takes place at the head of mission/ministerial level.
- *The Joint Steering Committee* (JSC) is comprised of the national directors of the Ministry of Planning and Development (MPD), Ministry of Finance (MF), Ministry of Foreign Affairs and Cooperation (MINEC) and the Central Bank, with the MPD acting as chair. The PAPs are represented through the 'Troika-plus' at head of cooperation level. The Troika-plus is constituted of three elected members of the PAPs (rotating every three years with one new member each year) and two permanent members (the World Bank and the EC).
- Dialogue in *sector and thematic groups*, with GoM represented through ministry representatives and partners through technical specialists (such as the Economists Working Group) and sometimes CSOs.

CSOs are represented more directly through the DO which has a formal mandate to monitor implementation of the PARP.

Figure 4.1 The annual PAF cycle ¹⁰¹



Apart from the PAF, there are also other aspects of mutual accountability in Mozambique.¹⁰² The primary initiatives supporting mutual accountability are:

- The *national planning instruments* described above, e.g. the government's five year programme and the PARP.
- *Common country strategy development*. The group of donors made efforts to develop a joint country strategy through information-sharing and joint identification processes in 2006. However, this process was never completed.

¹⁰¹ Adapted from MPD 2012

¹⁰² Handley (2008).

- *Sector coordination and dialogue.* Twenty-nine working groups were involved in writing up the Aide Memoire in 2010, divided into five thematic pillars, representing the government, PAP and civil society. The work to reduce the number of working groups began in 2011 in accordance with the PARP and the new structure of 12 Thematic Groups is in place in time for the 2012 AM. There are some sectors where there has been specific focus on mutual and joint assessment, particularly in the education sector, PFM reform and the use of Public Expenditure and Financial Accountability (PEFA).
- The *ODAmoz* database¹⁰³, initiated by the EC in 2005, and run since 2008 by the Ministry of Planning and Development, provides information on ODA to Mozambique. Donors are responsible for keeping this information up to date. They are only obliged to provide information on GBS and programmatic aid, although the database does also allow for information on projects. So far, mostly PAPs present information here.

The PAP's assessment of government performance

Looking at the latest three years of assessments in the Annual Reviews, it can be noted that in general the GoM is performing better than the PAP (see Annex 3). The GoM's performance has also been stable over the years, despite some negative effects due to the global economic crisis in 2009 noted in AM 2010¹⁰⁴. In AM 2011, a series of actions through various plans and strategies were devised due to the fact that GoM's performance showed no increased progress. In AM 2012¹⁰⁵, the insufficient quality of some indicators was given as a reason for inferior performance in one of the PARP objectives. The need to establish a special PARP monitoring system was noted. The PAPs experienced some difficulties in making the assessment but came to the conclusion that enough information was available as a basis for continued budget support in 2013.

The government's continued work. In AM 2011¹⁰⁶, it was noted that the Public Finance Management (PFM) continued to improve as did the preparation of the state budget, its execution and the treasury management. However, there were still weaknesses which cast a shadow over the credibility of the budget. In AM 2012, the government was urged to continue strengthening the PFM to ensure transparency and efficient management of public funds. Another challenge identified was the implementation of sector strategies and policies in relation to the introduction of results-based management. Also, GoM was urged to deepen the Extractive Industries Transparency Initiative (EITI) agenda, addressing challenges of increasing transparency on contracts, the use of revenues and environmental issues. The GoM was also urged to accelerate the fight against corruption and reinforce the capacity and transparency of the system of public acquisitions 'procurement', and the installation of monitoring systems.

¹⁰³ www.odamoz.org.mz

¹⁰⁴ *Aide Memoire* (2010)

¹⁰⁵ *Aide Memoire* (2012)

¹⁰⁶ *Aide Memoire* (2011)

The government's assessment of PAPs' performance

The government considered the average PAP's performance in AM 2010 to be 'Medium'. There was a slight drop in score the following year, resulting in a 'Medium Low' ranking. This was partly due to the PAPs' targets being adjusted to the Paris Declaration. In AM 2012 the performance of the PAP was considered to be satisfactory, although a slight drop in score was again registered.

PAPs' continued work. In all three AM, similar areas of improvement were identified: (i) the need to improve the management and transparency of the variable tranche, so that predictability of external funds is not affected; (ii) the need to improve the compliance of disbursement plans; (iii) increase the use of national systems, such as the Single Treasury Account; and (iv) the need to reduce costs related to the number of missions in the country. Besides these improvements, AM 2012 also asked PAPs to improve the quality of information presented at ODAmoz, and to provide support in the drafting of the Code of Conduct for all development partners.

Positive trends

AM 2012 noted a series of positive steps taken by the GoM, such as the submission to parliament of the anti-corruption legislative package, an increase in local level governance and development of key sector strategies. But these improvements are not sufficient in themselves, and there is a need to accelerate the implementation of approved plans. Progress was also noted in the performance and partnership concerning the MoU.

Continued challenges

In 2010, the GoM and the PAPs jointly note a slowing trend in the overall pace of progress. AM 2010 pointed to the need to ensure sustainable economic growth, job creation, improvement of the business environment and improved prioritisation of public investments. Other issues highlighted were the implementation of a salary policy, strengthening of the decentralisation process, strengthening the Procurement Managing Unit and the proper awarding of contracts. AM 2011 underlined the need to jointly ensure operation of the National Forum and the national African Peer Review Mechanism (APRM) secretariat. In AM 2012 challenges in the technical dialogue at sectoral level were recognised, as were the quality and availability of necessary data for assessment of GoM progress. Joint priorities included improving the quality of assessments and monitoring of effectiveness in aid, and active participation in the elaboration of the post-Busan Action Plan.

Post-Busan activities

The PAF system has since its inception undergone constant development. Indicators are reviewed yearly through the dialogue process. The Paris Declaration evaluation noted that mutual accountability was limited to the PAPs. To deal with this issue, the government is considering setting up a more inclusive aid architecture and mutual accountability system. The inclusion of the UN and the US as associate PAPs in 2010 has been part of this process.¹⁰⁷ This is also linked to the Busan outcome statement

¹⁰⁷ MPD (2011).

that marked the shift from aid to development effectiveness and the inclusion of other actors in the Global Partnership for Effective Development Cooperation. As mentioned in the Aide Memoires, the government is working on two fronts. The Ministry of Foreign Affairs is developing a Code of Conduct for all donors, including non-traditional partners, such as the BRICS. The Ministry of Planning and Development is, together with an informal taskforce consisting of the UN, Denmark (as chair of the Troika), and Indonesia (as a non-traditional donor), working on a post-Busan Action Plan, to reflect the Busan outcome statement and the global indicators agreed post-Busan.¹⁰⁸ This includes work to adjust the PAPs PAF, with the framework agreed in October 2012 in part reflecting this.¹⁰⁹

The next chapter will analyse the state of mutual accountability within the system explained above.

¹⁰⁸The draft currently contains 74 activities.

¹⁰⁹Aide Memoire da Reunião de planificação do QAD: Anexo II: QAD dos PAPs para 2012-2013.

5 The State of Mutual Accountability in Mozambique

Initiatives to strengthen the present mutual accountability system in Mozambique are being undertaken continuously. This chapter analyses opportunities and challenges in making the system more efficient and inclusive of new actors in the new context of development effectiveness. The link between domestic accountability, mutual accountability and the post-Busan challenges are explored. The chapter ends with a discussion about whether Mozambique has reached ‘peak’ mutual accountability, also touching on Sweden’s responsibility in this process.

5.1 Strengths of the system

It is clear that Mozambique is a forerunner with respect to mutual accountability and, with some caveats, meets the targets in indicator 12 on mutual accountability of the first Paris Declaration monitoring survey.¹¹⁰ The present system for mutual accountability in Mozambique shows that a process for assessment of both donors and the GoM is in place. Progress to strengthen the system is undertaken continuously, but major challenges remain in relation to making the system more inclusive as discussed in Busan.

The performance assessment framework is defined as *the* mutual accountability system of Mozambique, as stated in the Aide Memoire 2012: through the assessment made by both parties *the principle of mutual accountability is achieved*. The PAF was developed in the aftermath of a banking crisis in the late 1990s, and can therefore be seen as endemic to Mozambique rather than as an outcome of international agreements such as the Paris Declaration. The framework has evolved in line with the Paris Declaration concerning the improvement of the quality of assessments and monitoring of aid effectiveness, and active participation in the post-Busan Action Plan.¹¹¹

Issues concerning the position of civil society have been added to the framework over the years. The Development Observatory is the main forum for civil society to annually discuss the poverty reduction strategy with the government. The Aide Memoire 2012 explicitly stated that recommendations made by CSOs during the Plenary Session of the Development Observatory (DO) should be taken into account. During the last DO meeting, civil society presented constructive criticism of the government’s progress and presented studies documenting the situation in the country. The dialogue between government and parliament is also expanding. Parliament and donors are presented with the same documents as a basis for assessment. This is an important principle that ensures that parallel structures of accountability are not created. At the same time parliament is facing a severe lack of capacity for processing the data. The Ministry of Planning and Development has

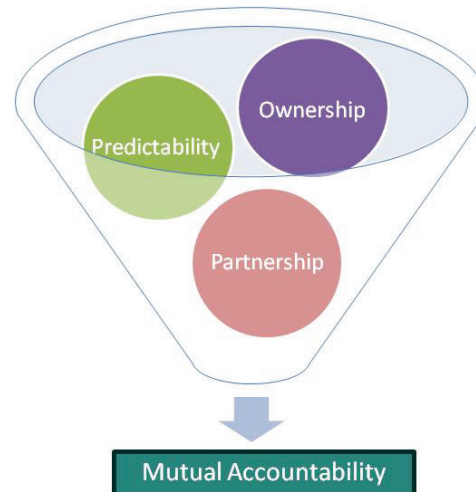
¹¹⁰ OECD (2007).

¹¹¹ Aide Memoire (2012).

consequently developed leaflets and pamphlets with the specific aim of supplying parliament with easily digestible information on the PAF.

The main purpose of the PAF is *predictability* on the side of the GoM and control on the side of the donor group. It can be seen as an illustration of the *partnership* idea of the Paris Declaration, which has been specifically emphasised in official definitions.¹¹² The PAF has resulted in increased transparency of development cooperation in Mozambique, particularly via the ODAmoz website. As a consequence, domestic transparency has evolved to a certain extent; more of the government's dealings are being made public and the general public's right to information is gradually being discussed. Since 2010 the government has been conducting the assessment of PAP's performance. This development is positive as it reflects the government's *ownership* of the process. Moreover, the PAF has resulted in more aid being on budget, and GBS is in general more predictable than programme and project-based funding.

Figure 5.1 The key ingredients in mutual accountability from a Mozambican perspective.



In sum, it can be said that the quality of dialogue has improved, donor behaviour has changed and the Mozambican government has become more demanding in relation to donors. This is in line with an earlier review of mutual accountability in Mozambique which stated that the country had made impressive advances in implementing mutual accountability and aid effectiveness in general, and working towards harmonisation, alignment and predictability in particular.¹¹³

5.2 Weaknesses of the system

The aid architecture in Mozambique is extensive and expanding. Despite the positive development of the mutual accountability system in Mozambique, questions can be asked about its structure.

A constrained and limited patchwork of donors

Mutual accountability, as expressed in the PAF, is specifically addressed by the GBS donors. These are no more than just over a third of all bilateral and multilateral donors active in Mozambique. The PAP is something of a patchwork of donors with different status, which blurs the idea behind the PAF system.

First of all, the composition of the core group of GBS donors, the G19, could be revised due to the fact that three donor countries have announced that they are ending budget support to Mozambique: Belgium, the Netherlands, and Spain. A number of reasons have been given, including domestic economic crisis, stagnation in

¹¹² MPD (2011), p. 17.

¹¹³ Handley (2008) concludes that 75 percent of donors had increased their predictability since 2004.

poverty reduction and lack of visibility within the budget support system in Mozambique. Regarding future cooperation between the G19 and the GoM, stakeholders have expressed concern that new priorities among the donors may translate into reduced budget support. Sweden has become reluctant to back budget support in general. As a result, Sweden delayed a decision on continued budget support for Mozambique until late autumn 2012, which severely hampered Sweden's predictability. This casts doubt on future mutual accountability if it continues to be based on budget and programme support only.

The PAP also comprises non-budget support donors. Donors such as UN and USAID base their support on backing projects and loans, modalities of support not reflected in the current PAF. This can make joint assessment of donors using indicators aimed at budget support irrelevant. Some interviewees voiced the need for a more flexible system comprising different aid modalities and a broader set of donors within the PAF system. The ongoing work with the Code of Conduct is intended to complement the present system.

Finally, the G19 is divided into donors who use non-diversified tranches and those with variable tranches. As a whole, this rather complex system paves the way for a proliferation of dialogues and communication routes instead of a reduction. An elaborate administration has emerged as a result of the increased number of subgroups. Bilateral dialogues between donors and the government still exist. Some interviewees questioned whether the system has not actually increased transaction costs.

Another failing of the system is that it does not include all in-flows of financial resources disbursed within the country with the aim of reducing poverty. This has been recognised in all three of the Paris Declaration monitoring surveys,¹¹⁴ and largely a result of the focus on GBS assessment as the system for mutual accountability. So-called non-traditional donors and emerging economies such as the BRICS are not covered by the system. Philanthropic foundations, faith-based groups and international NGOs are also not included in the mutual accountability system. Nor are these funds recorded in the state budget or included in the ODAmoz database.

The role of the Development Observatory

The DO provides a space for CSOs to discuss development policy and poverty reduction with the government. Development Observatories are in place at provincial level, but it is not clear how well these work. Efforts have been made to create DOs at a district level. Some donors argue that the importance of the DO has grown over time, with CSOs being more prepared and presenting more constructive criticism. Some interviewees feel that the political weight has decreased since the DO replaced the former Poverty Observatory (PO). Despite DO's potential to include citizens in the political discussion, it is limited by its consultative nature without channels to feed conclusions back into decision-making, or to create effective checks and balances on the government.¹¹⁵ As it is headed by the government, some studies have also

¹¹⁴ OECD (2007); (2008); (2011).

¹¹⁵ This is also noted by AfriMAP and The Open Society Initiative for Southern Africa (2009).

questioned whether it is able to tackle underlying power structures.¹¹⁶ Donors insist that the DO meets before the conclusion of the Annual Review to ensure that CSO views are included in the Aide Memoire. It is however questionable how much of the CSOs' input is actually taken into account in the final agreements and wording of the Aide Memoire. Importantly, the DO makes no official assessments of the government's or the PAFs' PAF. CSOs themselves also suggest that donors tend to focus on small technicalities, rather than broader socio-economic issues.

There is a lack of real opposition as the media and CSOs arguably are seen as doing the job of the parliament, for instance reviewing the budget. CSOs have in a sense taken the role of parliament when it comes to mutual accountability. Although the parliament reviews the same documentation on performance as donors, the interest from and competence of parliamentarians is weak and they rarely provide critical feedback. This is also due to underlying political issues related to the dominance of the Frelimo party. Some donors claim that they do not have as much access to parliament as they would wish.

Political will and state capacity

Furthermore, the question arises whether there is capacity within the government to strategically manage the PAF process and fully use the system to its advantage. The government's work is divided between three different ministries, with the Ministry of Planning and Development (MPD) taking the main coordinating role and the Ministry of Finance (MF) and the Ministry of Foreign Affairs and Cooperation (MINEC) providing input. The MPD has strong ownership of the system and drives the process of improvement. The relationship between the three ministries is unclear, as is the influence of the MPD on political decision-making at the highest levels. Some suggest that the MPD as the main donor liaison is used to keep donors at bay in order to protect the government from too much interference. Often donors feel entitled to participate in all aspects of policy-making as they support the state budget. At civil servant level within all three ministries, there is still enthusiasm for driving the process forward, but the question is whether this is matched by political will at ministerial level. There seems to be a trend towards closing down the policy space. This could be explained by a number of different factors, related to missing incentives:

- The government may not be completely convinced of the link between transparency, domestic accountability, mutual accountability and poverty reduction, and primarily reacts to donor pressure.
- A feeling of betrayal and frustration. The political will was high in Paris and there was a great sense of enthusiasm for increasing aid effectiveness. However, this promise has not been realised, as donors continue their micro-management at sector level and the PAF continues to lack a mechanism for the government to penalise donors for non-compliance and bad performance.
- Conflicting domestic political and economic priorities. There is a general feeling that although budget support is still very important to the government, the possibility of gaining domestic revenue from mineral resources is becoming

¹¹⁶ Handely (2008).

increasing prioritised. ‘Aid is not the only game in town’ as one interviewee put it. The process of engaging in the PAF has become a technical exercise not requiring extensive political engagement.

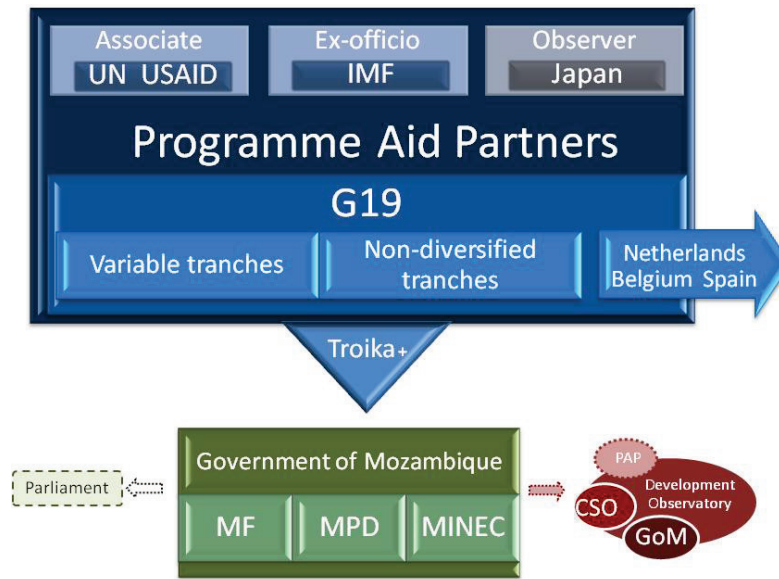
Power imbalance and unequal means of sanctions

Within the current PAF system there is still a certain degree of conditionality. This is manifested, for example, in the use of variable tranches by some donors, including Sweden. The variable tranche amounts in the case of the EU to 25 percent of GBS and is disbursed when a subset of PAF indicators chosen by the donor itself are met. How these indicators are picked is not always clear to the government and often donors focus on difficult-to-measure policy issues, such as governance. Nor are the indicators evenly spread across different sectors, which would be preferred by the GoM. Overall, when the government does not meet targets and indicators specified in the PAF, it faces economic sanctions, as donors may hold back variable tranches or withhold the entire GBS, as the Netherlands and Belgium have now decided to do. It should be kept in mind that conditionality resulting in funding being withheld may not affect the government or the donors, but will in the end affect the citizens of Mozambique who live in poverty. Among CSOs opinions differ on whether donors should threaten to withdraw GBS as a sanction. Some prefer that donors instead leave CSOs to put pressure on governments, whereas others see the sanctions as necessary to change government behaviour. On the other hand, PAP donors face limited sanctions when not achieving agreed-upon performance, i.e. timely disbursement of funds. The government of Mozambique has chosen to work with positive incentives and has established a diploma for the best performing donor, recently awarded to DFID. The other sanction mechanism is peer pressure within the donor community. However, the effect of this is very limited as little criticism is made between donors.

In a sense there is an element of risk involved in budget support as the burden on the other donors increase if one large donor or several donors choose to withhold GBS. In the end the mutual accountability system can never be genuinely mutual due to the power imbalance and the unequal means of sanctions. Moreover, donors cannot really be made to honour commitments if the economic situation in the donor country deteriorates, as in the case of Spain, or if political priorities change. The relationship and communication between donor embassies and headquarters can also vary, as embassy civil servants sometimes carry out assessments that should really be made at a higher political level. It can also be difficult for the donor embassy to convey the situation to headquarters because of the complicated GBS and PAF systems. It can for instance be deceiving to only look at the budget outcome, since one sector can seem to be less prioritised by the Mozambique government when in fact the lack of money arises from a donor deciding to withhold.

In sum, this system, although well-developed and functioning at a technical level, has extensive political limitations. We illustrate this in Figure 5.2, which makes clear the power asymmetries in the system, showing the accountability relationship as vertical rather than horizontal between the GoM and PAPs.

Figure 5.2 The Performance Assessment Framework



5.3 Linking mutual accountability to domestic accountability

Mozambique's constitution states that citizens participate in democratic governance through elections, community participation and consultations at district level. However, the engagement of citizens is limited due to a number of facts, such as low election participation, a prevailing top-down centralist model with considerable government influence and Frelimo's dominance of the legal and executive arms, holding 70 percent of the seats in parliament. The constitutional mechanisms ensuring accountability, transparency and horizontal control are restricted. In effect the president and government are not accountable to parliament, because parliament has more formal than real political power. Parliamentarians also often hold positions within government structures, which creates issues of conflict of interest and loyalty. It can be seen as a democratic deficiency when parliamentarians who are representing citizens have as their first priority to follow party politics. Civil society representatives claim that citizens express dissatisfaction with the government by not voting, resulting in only 40 percent of the electorate taking part in general elections.¹¹⁷ Moreover, there are no real voting incentives at present as deputies in parliament represent their parties, not their constituencies.

Economic governance and management is hampered by parliament's limited ability to hold the executive branch accountable for public financial management.¹¹⁸ The state audit function by the administrative court often finds irregularities in the budget. The administrative court's opinion and reports are often delayed and are only selectively made public. Parliamentary reports become subject to recommendations for improvements the following year, rather than being reported to the attorney general and criminal courts.

¹¹⁷ AfriMAP, Open Society Institute Network, 2009.

¹¹⁸ APRM (2010) Country Review Report for Mozambique No11, Midrand: APRM.

Civil society and the role of media

At the time of independence, Frelimo established a number of ‘democratic mass organisations’ with the aim of spreading their ideology all over the country as well as supervising and controlling the security of the state. In 1990 a democratic space was developed for associations and civil society gradually increased its channels for interaction with citizens. Civil society now includes trade unions, religious institutions, international aid institutions, social organisations and foundations. Today CSOs in Mozambique roughly fall into four categories: (i) a small elite of individual and platform organisations, which interact with state institutions, are based in Maputo and are well funded by donors; (ii) demand or opportunity driven organisations with service delivery following the agenda of donor priorities (HIV/AIDS, gender etc.); (iii) local organisations at provincial and district level, with limited capacity and weak financial resources, often sector-oriented with community anchorage; and (iv) spontaneous movements expressing dissatisfaction with society.¹¹⁹

Civil society organisations in Mozambique therefore do not originate from member-based associations. Those who are vocally putting pressure on the government are mainly funded by donors. Moreover, CSOs are by law required to be linked to a government body relevant to their sector approach. The reason for this is that the government regards CSOs primarily as service delivery organisations that support the implementation of government programmes in different sectors.

The only domestic pressure put on government politics comes from civil society and the media. As CSOs continue to develop, this sector is likely to push for greater democracy and civil rights, but for the time being their foundations are weak. Only a small part of CSOs are funded by memberships while most are funded by international donors or the GoM. This may hamper the organisations’ independence both in relation to donors and the GoM.

There is a mixed picture regarding access to information and a free media. In legal terms, the media is free to publish but actual access to public information is limited, only revealed at a late stage and is often too technical to be properly used. The largest broadcast networks, including television (Televisão de Moçambique – TVM) and radio (Rádio Moçambique), are state-owned. A dozen private radio and TV stations also operate but with weak funding and capacity. Therefore public access to information is limited by language barriers, illiteracy and geographic isolation. Despite these circumstances, the media and CSOs play important roles as watchdogs and advocates for increased transparency and access to information.¹²⁰

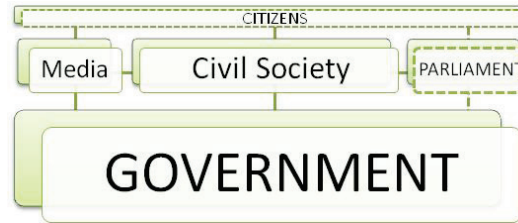
In sum, this provides a picture of Mozambican domestic accountability which overall is weak. The lack of answerability on the part of the government and the absence of representative enforceability are undermining the basis for Mozambique to engage in peer-based mutual accountability with donors. Complicating the picture is the fact that domestic accountability and issues of transparency are pushed in direct dialogue with the government and indirectly via funding to civil society and support to parliament. Due to the donors’ financial resources the government of Mozambique

¹¹⁹ ITAD and COWI (2012) *Joint Evaluation of Support to Civil Society Engagement in Policy Dialogue*, Mozambique Country Report, mimeo.

¹²⁰ DFID (2008) *Evaluation of Citizen’s Voice & Accountability*, EV 668, London: DFID.

finds itself in practice being more accountable to donors than to its citizens. Figure 5.3 illustrates domestic accountability in Mozambique. This can be compared to Figure 3.1 in Chapter 3 that illustrated domestic accountability in Sweden.

Figure 5.3 Domestic accountability in Mozambique ¹²¹



5.4 New challenges for mutual accountability post-Busan

In recent years the picture of international aid has broadened and the categories of actors have expanded. The new post-Busan aid architecture includes emerging economies and the private sector and reflects an ambition to move from aid effectiveness to development effectiveness. The aid agenda is becoming more diverse due to changes in political priorities which pose new challenges for implementing international agreements. Meetings with different stakeholders in Mozambique reveal that the new situation has implications for mutual accountability. The question is how to uphold and enforce a system of mutuality where implementers of international aid are becoming more diverse and where the conditions for transparency and accountability for development results rest on different premises.

Interviewees point to the challenge of assessing and controlling new emerging economies such as BRICS. While traditional donors are supporting policy development and poverty reduction, the BRICS have a more business-oriented agenda. The BRICS countries have not expressed an interest in being part of the PAP group, and are reluctant to be assessed in the quantitative terms of the PAF system. It is also questionable whether they can be seen as a coherent group and they do not display much interest in coordinating among themselves. Additionally, they are not inclined to disclose their engagement in actual financial terms with traditional donors and other actors. As a result, new systems for mutual accountability between the GoM and donors are being developed. It is stressed at ministry level that different categories of donors need to be approached in different but complementary ways. The government does have a continuous dialogue with the BRICS countries aiming to push them on issues such as transparency, predictability and control. The dialogue is however coloured by the unequal power relations and Mozambique's high aid dependency. Presently, the BRICS countries do not provide information about disbursement to ODAmoz which makes them less predictable.

The Code of Conduct and the post-Busan Action Plan will include the emerging economies. The Code of Conduct will address how to work with the different donors active in Mozambique, (e.g. G19, non-budget support donors and emerging economies). One ministry interviewee envisions that the future system will incorporate parallel sub-systems for donors providing different aid modalities. In the new system it

¹²¹ Since our focus is on the vertical relationship between citizens and the government, our illustration does not include the role of the judiciary.

is expected that mutual accountability will be most applicable to GBS and programme support donors while less so for emerging donors like BRICS. The post-Busan Action Plan, led by the Ministry of Planning and Development, is working in parallel with very similar issues. Indonesia has been asked to represent non-traditional donors, which may be problematic since Indonesia has a very limited engagement with Mozambique.

Private sector

With regards to the role of the private sector, a distinction needs to be made between different elements of business and what they represent. The private sector encompasses a wide variety of businesses and associations, national and international. Addressing mutual accountability in the work undertaken with the private sector is therefore not only the responsibility of the GoM but also that of donor countries. It includes large multinational engineering companies, extractive industries, national companies at the local level delivering public services financed by aid money, and national private companies targeting the sector level. According to interviewees in Mozambique, the private sector is embedded within a complex system of power and influential interests which reinforce resistance towards transparency in business dealings like contractual agreements. In addition, an increasing part of the private sector in Mozambique is accounted for by multinational companies making investments in the extractive industry. Commercial contracts between the GoM and multinational companies are kept secret but civil society and donors emphasise the need for greater transparency.

The GoM has promoted a participatory process of formulating economic policies. Platforms exist for consultations, such as the confederation of economic associations in the country. The dialogue which takes place with relevant ministries mainly concerns tax and legal issues. The national association for Mozambican companies, CTA, is pushing the government to put pressure on international companies to subcontract local companies. CTA is representing the private sector in the post-Busan work and in the Development Observatory. CTA is funded through the GoM and donors, an arrangement which, according to interviews with civil society, provides an unclear picture of what the organisation represents. CTA has in a sense a double role in pushing the government to create a more enabling environment for the private sector (national companies mainly) but is also providing tax information on behalf of the government in order to broaden the tax base. According to some sources, the GoM now has tougher conditions for new foreign investment projects.¹²² Even though the lobbying may give results it is a problem when roles are blurred and the so-called non-state actor – i.e. CTA – is involved in government business.

The extractive industry in Mozambique

The need to develop control mechanisms for the private sector is becoming more pressing, as multinational companies¹²³ are expected to assume increasingly important roles as Mozambique makes the preparations to extract natural resources. There has been a particular focus on the lack of transparency and accountability within this industry. For instance, fees for mining rights are not made public. Nor are the full

¹²² *African Economic outlook* (2008) AfDB/OECD.

¹²³ The two largest companies in the world extracting coal, Vale (Brazil) and Rio Tinto (Anglo-Australian) are active in Tete province.

conditions under which the companies are working or how they are taxed, but estimates say they are only restrictively taxed. There is no decentralised control over the mining activities as not enough capacity at local level is believed to exist. At the same time the government lacks a clear plan for resource management, from exploration, to extraction and commercialisation, according to the Southern Africa Resource Watch. If these companies were properly taxed it would provide enough additional revenues for Mozambique to escape its aid dependency?¹²⁴ Despite a few initiatives, civil society is not well enough organised to monitor the extractive businesses and function as whistle-blowers.

The perceived lack of transparency on the side of the GoM in contractual agreements with multinational companies undermines both domestic and mutual accountability. Some stakeholders question whether there are sufficient incentives for the private sector to be part of a developed system of accountability. Several actors in Mozambique emphasised the new membership of the Extractive Industries Transparency Initiative (EITI) as one way of ensuring that the private sector and government are held accountable. This is a voluntary agreement which it can be said faces similar challenges as the current system of mutual accountability, in terms of collaborative enforceability. Civil society voices express doubt whether there exists the political will to deal with issues of transparency in contractual agreements. Donors argue that transparency needs to be guaranteed in the extractive industry.

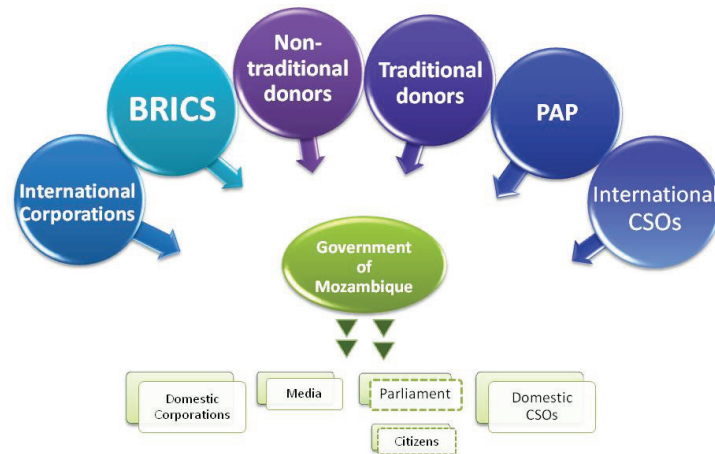
The post-Busan action plan and the private sector

The action plan will encompass a broader set of development actors in Mozambique, including the private sector, and will focus on the implementation of the Busan outcome document. Transparency and accountability are part of the action plan and discussion is ongoing between the domestic private sector and the GoM on how the private sector can be made more inclusive. It is unclear how multinational businesses will be addressed within this picture. Interviewees urge that expectations about implementing mutual accountability including the private sector need to be realistic, given that incentives for business differ from the traditional aid agenda. Instead of having the same standards for transparency, predictability and control as traditional donors, one interviewee notes that it would be more realistic to push business interests to take responsibility for social and environmental development, and work with local companies.

The post-Busan aid architecture is emerging as illustrated in Figure 5.4. It is however unclear how the different actors complement the current mutual accountability system.

¹²⁴ Kabemba, C. and Nhancale, C. (2010) *Coal versus communities: Exposing poor practices by Vale and Rio Tinto in Mozambique*, Open Policy 02, Southern Africa Resource Watch.

Figure 5.4 The post-Busan aid architecture



5.5 Has Mozambique reached peak mutual accountability?

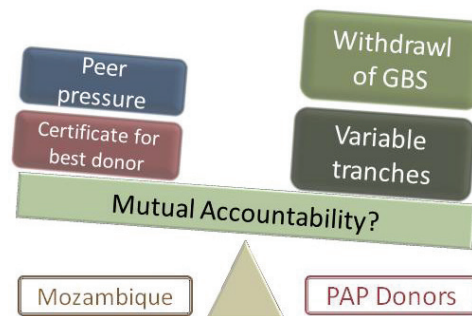
The ideal mutual accountability that the Paris Declaration envisages as a check on powerful donors does not play out in reality. As we have seen in the case of Mozambique and as described in the academic review of mutual accountability, such mechanisms only function when there is at the least broad agreement among stakeholders on a shared agenda.

The PAF system is fully developed and has been in operation for almost ten years. Over the years more donors have been added to the PAP group making it a patchwork of donors with different agendas on how to better and change the current system. It is unclear how synchronised the PAP group is when it comes to working towards a common agenda and shared goal. Additionally, it is unclear how representative the agenda of the Troika-plus is and how the decisions reflect the priorities of the whole group. As long as budget support remains the key modality there is at least a shared agenda of sort, but the fact that some countries are reconsidering budget support puts this in question.

Another factor unsettling the current system is the involvement of emerging economies and the private sector on the development scene. This has to a certain extent diluted the influence of traditional PAP donors on the government when it comes to policy issues, such as good governance. The power balance is being shifted by the fact that Mozambique is attracting interest from multinational companies, thanks to discoveries of new resources with the potential to reduce aid dependency and by the increased activity of the BRICS countries. The GoM plans to continue with the PAF system in light of these developments, but at the same time two other systems are in development that will have implications for mutual accountability with these new actors. The Code of Conduct, which serves to implement the International Cooperation Policy and Implementing Strategy, and the post-Busan Action Plan aim to reorganise the aid architecture in Mozambique. It is unclear how these strategies will complement each other and interact with the PAF system. Moreover, it is doubtful whether the government of Mozambique has the strategic overview and capacity to manage these arrangements.

These are some of the practical challenges currently facing the government and the donor community in Mozambique. However, further challenges become apparent when power is brought into the equation when analysing the existing system. Going back to the theoretical discussion in Chapter 2, it is possible to discern several strands of relationship between Mozambique and the donors within the mutual accountability framework. In the case of answerability and enforceability, Mozambique is bearing the burden of having to answer for how well funds are used and whether poverty reduction is achieved. The donors meanwhile are able to enforce demands with effective financial sanctions, while Mozambique is left to work with positive incentives. This means that the accountability relationship is characterised by a vertical rather than the desired horizontal direction. Another way of putting it is that Mozambique is bound by corporate accountability, while donor countries operate on a collaborative basis. Hence, the accountability framework set up in Mozambique cannot be considered *mutual* in the sense that it functions between peers, given that the focus and aim of the system is to control the financial flows of ODA rather than striving for the common goal of eradicating poverty. This seems to suggest that collaborative enforceability, while being challenging under any circumstances, is particularly difficult when power relations are obscured as a consequence of financial transactions. Figure 5.5 illustrates the skewed logic of enforceability in the system of mutual accountability in Mozambique.

Figure 5.5 The skewed logic of enforceability in the system of mutual accountability in Mozambique



There are ways in which the present system of mutual accountability can be strengthened by addressing ‘unfinished business’. In the Accra declarations, it was stated that existing international mutual accountability mechanisms could be strengthened, for example by donors undertaking peer reviews together with developing countries. This could be an initiative to enhance mutuality and partnership between developing countries and donors at an international level. However, on the donors’ side there seem to be no incentives for being assessed in concert with partner countries as the peer pressure may be much more prominent in such a case. The critique will be more difficult to neglect if put forward in such a forum.

Another fact tipping the balance and further weakening Mozambique’s position is the faltering system for domestic accountability. Currently the job of holding the government accountable, both in demanding answerability and enforcing commitments is being done by civil society and donors, which circumvents the entity that should hold power – the citizens via the parliament. Domestic accountability, based on representative enforceability, is intrinsically tied to mutual accountability, and should be the source of power for both parties in an international agreement. Key ingredients are transparency within the state, policy coherence, ownership originating from the people and ultimately democracy. Donors can reinforce domestic accountability, through a focus on aid transparency and through support to civil society, parliament and the private sector. This can enable actors to put pressure on the government to deliver results and improve transparency, fight corruption,

enhance public information etc. However, this support threatens to become artificial if not done correctly. Domestic accountability must be owned by Mozambique and not forced by donors. As an example we found that the donor requirements for a poverty reduction strategy (the PARP) meant that the process was too rapid, not allowing civil society, parliament or the private sector to participate on equal terms and have an actual say in the outcome.

Keeping the political dimension out of the discussion about mutual accountability has diminished the content and effectiveness of mutuality. It has reduced the system to a technical exercise without Mozambique being able to sanction donors in cases of non-compliance. Our explanation of the key ingredients of mutual accountability, from the perspectives of Sweden and Mozambique, illustrates the problem of mutual accountability in practice. Sweden focuses on results and transparency, whereas Mozambique focuses on ownership, predictability and partnership as foundations for mutual accountability. These agendas might be incompatible in practice. How can Mozambique be held accountable for results from a policy that it does not fully own? Who should be held accountable, the nominal owner of a programme or the entity that designed it?

The need for control on the part of donors, in this case Sweden, is consistent with the logic of domestic accountability, with its representative enforceability that acts as a balance to the power of the executive. This vertical accountability is clearly based on a consideration of power that corrupts and must be kept in check. As such Swedish taxpayers demand that the Ministry of Foreign Affairs and Sida account for aid money spent to ensure that it has not been wasted and that results in poverty reduction are achieved. However, this can lead to trade-offs in accountabilities, where Sweden's responsibilities in terms of aid predictability in Mozambique are sometimes overruled by domestic accountability concerns. It means that international commitments, even if proclaimed as important, have to take second place to issues such as reporting on control, anti-corruption and results to Swedish tax payers. The need to control and report on results can also create perverse incentives. How are the right results agreed upon? What is measured? Who has the power to decide this? In Mozambique, Sweden has focused on governance indicators as key to deciding on GBS, which suggests that less focus is given to indicators more closely related to poverty reduction, such as combating unemployment.

Additionally, it is important to note is that some commentators suggest that in donor countries there exists an unrealistic understanding of the role of ODA in development. A more realistic public understanding of development and its risks and uncertainties would support a lesser focus on unrealistic demands for domestic accountabilities around ODA spending in donor countries, ensuring that different accountabilities do not clash.¹²⁵ This is indeed one of the main reasons behind the move from aid to development effectiveness, creating even more challenges from a mutual accountability perspective. However, in order for donors to do this effectively, they need put their own houses in order. They need to be more honest about their agendas and priorities, including those that expand beyond a focus on ODA, for instance into trade and foreign direct investment. For mutual accountability to be

¹²⁵ Wood *et al.* (2011); Henson, S., Lindstrom, J. with Haddad, L. and Mumli, R. (2010) *Public Perceptions of International Development and Support for Aid in the UK: Results of a Qualitative Enquiry*, IDS Working Paper 353, Brighton: IDS.

explored to its full potential, donors need to be willing to expand their accountability relationship with Mozambique beyond a technical exercise to include political and economic dimensions. Otherwise the language around mutuality only serves to obscure power relations.

Emerging economies are in a way more honest about their engagement with Mozambique, as it is more commercially oriented and not based on a traditional donor-recipient relationship. But this means that the incentives to be more transparent and be held accountable for actions may be more limited. Here corporate enforceability, backed by strong domestic accountability becomes important. The risk is that again the balance of power tips in the favour of external actors, as weak domestic accountability coupled with weak economic status means that Mozambique is not in a strong negotiating position. Peer pressure from traditional donors could support the Mozambican government on this.

Mutual accountability fully embracing a *mutual* political agenda links closely to perspectives on development effectiveness and policy coherence which was advocated by CSOs and African states before Busan. Development is here comprised of a much broader mandate to include such things as democracy and human rights, but also non-ODA based resource flows, from trade, foreign direct investment and migrant remittances. For accountability this entails a greater focus on domestic accountability in both donor and partner countries. This can be exemplified by a US law on transparency for the extractive industries serving to reinforce domestic accountability in Mozambique. The USA requires by law that all registered business companies within the oil, gas and mining industries are open with key financial information for each country and project they are involved in. This means that Mozambican CSOs can find information about companies operating in Mozambique through the New York Stock Exchange website and use this information for their advocacy work in Mozambique. Among the European countries, including Sweden,¹²⁶ there has been resistance to adopt a similar law as a way to be more transparent with activities of the multinational businesses. However, the British Prime Minister David Cameron used a recent article to propose that a similar law be adopted in Europe.¹²⁷

¹²⁶ Ewa Björling, Swedish Minister of Trade, Björling, E. (2012) 'USA-lagen ska inte ses som mirakelmedicin' [The US law should not be seen as a magic bullet], *Svenska Dagbladet*, 26 October 2012.

¹²⁷ David Cameron, British Prime Minister, Cameron, D. (2012) 'Combating Poverty at Its Roots - Economic development requires aid, but also sound institutions. Britain can lead on both fronts.' *Wall Street Journal*, 1 November 2012.

6 Conclusions

A good degree of answerability exists in the system for mutual accountability in Mozambique. Within the PAF system transparency has improved in terms of information on aid predictability, a higher degree of aid funds being presented in the state budget, reformation of the Public Finance Management and better quality statistics. Transparency is supported through ODAmoz providing a mechanism that enables citizens and civil society to access information about budget support and programme support. Answerability could be further strengthened by expanding the information presented through ODAmoz to also include other aid modalities.

Donors and Mozambique rely on different modes of enforceability to uphold accountability. In practice, mutual accountability as implemented within a system of asymmetric power relations is not able to reconcile two different logics of enforceability. Donors enforce demands with financial sanctions such as withdrawal or reduction of budget support for poor performance, which in effect means Mozambique is bound by corporate enforceability. Donors on the other hand, operate on collaborative premises, leaving Mozambique with the logic of collaborative enforceability, with positive incentives and peer pressure. As yet, peer pressure does not seem to be very effective within this system and the effectiveness of the government's attempt to create positive incentives remains unproven.

The system of mutual accountability in Mozambique is reduced to a technical exercise due to asymmetric power relations that follow from financial flows. The PAF system in Mozambique works at a technical level but has not addressed the underlying political dimension of mutual accountability. Keeping the political and economic dimensions out of the discussion has diminished the effectiveness of the system. This is related to the asymmetric relationship between donors and Mozambique with its origin in the financial transaction of ODA. The asymmetric relationship favours donors and is steered by domestic accountability concerns in donor countries.

Currently domestic accountability and mutual accountability in Mozambique are not reinforcing each other. Domestic accountability in Mozambique is weak due to a weak parliament and lack of representative enforceability. Transparency is a precondition for domestic accountability, which in turn should be the source of power for the government in its dialogue with development aid partners. The lack of answerability on the part of the government and the lack of representative enforceability undermine the potential for Mozambique to engage in peer-based mutual accountability with donors. Moreover domestic accountability could help to focus the efforts to boost aid results and subsequently development. Initiatives to reinforce domestic accountability can empower actors to put pressure on the government to deliver results and improve transparency, fight corruption, enhance public information etc. Strengthening domestic accountability could support development of a common agenda and stronger partnership within the mutual accountability system.

Civil society and the media support transparency, providing positive incentives for answerability. Civil society and the media have taken the role of the opposition, circumventing the entity that should hold the power – the citizens of Mozambique via its parliament. As long as citizens in Mozambique do not have a clear voice through democratic structures, civil society will play a crucial role in exercising pressure on the government to deliver results and improve transparency, fight corruption, enhance public information etc. However, as long as domestic accountability and issues of transparency are concerns pushed by donors both in direct dialogue with the government and indirectly via funding to civil society and support to parliament, then the government will find itself in effect being more accountable to donors than to its citizens. Domestic accountability must be owned by Mozambique and not forced by donors.

Stakeholders in Sweden and Mozambique attach different meanings and priorities to the principle of mutual accountability. Sweden focuses on results and transparency in both Sweden and Mozambique, whereas for Mozambique the focus is on ownership, predictability and partnership as foundations for mutual accountability. These agendas might be incompatible in practice, raising challenges when establishing the common agenda needed to achieve mutual accountability.

Sweden promotes transparency of ODA within its own constituency and in Mozambique. Aid transparency is an area where Sweden has been very active, in line with the Swedish national system for domestic accountability. Sweden has initiated several initiatives to promote public awareness about disbursement of ODA in accordance with the Transparency Guarantee. Activities include setting up the Open Aid website in Sweden and contributing to ODAmoz in Mozambique. These initiatives are positive for answerability in both Mozambique and Sweden.

Domestic accountability concerns in Sweden related to donor control contradict mutual accountability with the government of Mozambique. Mutual accountability can be difficult to synchronise with other Swedish priorities, leading to trade-offs in relation to mutual accountability. It can sometimes be confusing how international declarations relate to constitutional matters domestically. Accountability on domestic concerns in Sweden, as well as in other donor countries, such as structure, financial control and anti-corruption are prioritised at the expense of aid predictability, disbursement and delegation of ownership to Mozambique. Donors', including Sweden's, responsibilities in terms of aid predictability in Mozambique are sometimes overruled by domestic accountability concerns.

The present system of mutual accountability can be strengthened by addressing 'unfinished business'. The Accra declaration stated that existing international mutual accountability mechanisms could be strengthened by, for example, donors undertaking peer reviews together with developing countries. This is an initiative to enhance mutuality and partnership between developing countries and donors. On the donor side there is little interest in being assessed by partner countries. If the present system is to be explored to its full potential, donors need to be willing to expand the system from a technical exercise to include the political dimension that is part of the relationship. This is fundamental if mutual accountability ever is going to work in practice.

The mutual accountability system in Mozambique is not yet capturing the broader development agenda post-Busan. The outcomes from Busan and the move from aid effectiveness to development effectiveness are still to be addressed in Mozambique. The government is in the process of developing a post-Busan Action Plan capturing a broader set of actors such as the private sector and emerging economies. Challenges have been revealed related to coordination of new actors, their reduced answerability and GoM's inadequate enforceability. This can in part be explained by the fact that the incentives of the new actors derive from business relationships which have a different agenda to that of traditional donors. It is clear that the incentives of the new actors are more consistent with a logic of corporate enforceability. It is unclear how these separate agendas can be merged within the future system.

Addressing accountability from the perspective of development effectiveness can reinforce policy coherence in Mozambique. Mutual accountability between donors and Mozambique is at present limited to an aid relationship with few incentives for policy coherence. In moving from aid effectiveness to development effectiveness there is an opportunity to promote policy coherence within Mozambique with a focus more on business relationships as a complement to the traditional aid agenda. A broader focus makes it easier for the government to implement a more coherent strategy for development. Areas with the potential to reinforce development are trade, investments and remittances. If genuine development effectiveness is the goal, then policy coherence and closer links between international negotiations on trade and development are required.

Laws on transparency for multinational businesses can serve as an example of how to uphold transparency and answerability. The US law that requires transparency for companies within the oil, gas and mining industries promotes transparency for a broader set of actors' involved in the post-Busan work. A similar law introduced in Sweden could facilitate openness about contracts and the procurement process that Swedish multinational businesses undertake in Mozambique for example. It means that Sweden could support accountability in Mozambique without going through involved processes on an international level.

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Annex 1 - List of interviewees

Mozambique

Organisation

Name

CIP	Adriano Nuvunga
CIP	Edson Cortez
CTA	Hipólito Hamela
CTA	Muzila Nhatsave
EISA Mozambique	Miguel de Brito
Embassy of Denmark	Dato Julio Vilissa
Embassy of Indonesia	Harbangan Napitupulu
Embassy of Indonesia	Safaat Ghofur
Embassy of Sweden	Anita Sandström
Embassy of Sweden	Martin Hessel
European Union	Francesca di Mauro
European Union	Inês Alves Teixeira
Fórum Mulher	Graça Samo
Ibis	Ericino de Salema
KPMG	Caroline Ennis
Ministry of Finance	José Messias
Ministry of Finance	Felix Massangai
Ministry of Finance	Antonio Marinao Gravata
Ministry of Finance	Aristoteles Peho
Ministry of Foreign Affairs and Cooperation	José António Justino Nhalungo
Ministry of Foreign Affairs and Cooperation	Viriato Bila
Ministry of Planning and Development	Els Berghmans
Ministry of Planning and Development	Sergio Hele
Ministry of Planning and Development	Fernando Ngoca
Ministry of Planning and Development	Orlando Penicela
OneUN	Jennifer Topping
OneUN	Martin Christensson
Swiss Cooperation Office	Telma Loforte
Universidade Eduardo Mondlane	Isabel Casimiro

Sweden**Organisation**

Ministry of Foreign Affairs
Ministry of Foreign Affairs
Ministry of Foreign Affairs
Sida
Sida
Sida
Sida
Diakonia
Diakonia
Forum Syd

Name

Anna Holmryd
Per-Ola Mattsson
Johanna Teague
Emma Holmberg
Joel Borgström
Georg Andrén
Christina Hartler
Carl-Henrik Jacobsson
Magnus Walan
Katarina Wahlberg

Annex 2 - Sweden's performance according to reviews and indices

Indices rating Sweden's performance on issues related to aid and development effectiveness, including aspects related to mutual accountability, e.g. transparency.

Accountability mechanism/ review	Criteria	Year 1	Year 2	Comments
Global Monitoring Survey (WP-EFF) ¹²⁸	Aid effectiveness is assessed through ten indicators at the donor level covering alignment and harmonisation. There is no official donor indicator for mutual accountability as this is only reported at the country level, but the indicator 'aid is more predictable' (percentage of aid for the government sector disbursed within the fiscal year for which it was scheduled and recorded in government accounting systems) relates to donor accountability commitments and included here.	2007	2010	There is no ranking of donors. Information based on data reported from the 32 partner countries that participated in both the surveys, although these may not have reported data for both the UK and Sweden.
		Sweden		
		56 %	46 %	
		UK		
Aid Transparency Index (Publish What you Fund) ¹²⁹	43 criteria of aid transparency related to transparency at the level of activities, organisation, and country.	2011	2012	2011 was a pilot year with the methodology still under development. In 2011 there were only data for 58 donors, with data for 72 donors in 2012.
		Sweden		
		6	7	
		UK		
Commitment to Development Index (CGD) ¹³⁰	Each year, the CDI scores wealthy governments on helping poor countries via seven linkages: aid, trade, investment, migration, environment, security, and technology.	2011	2012	Sweden has been either first or second since 2003 when the index began, according to the methodology in 2012. This included 22 countries until 2012 when it included 27 countries.
		Sweden		
		1	3	
		UK		
Quality of Official Development Assistance (CGD and Brookings)	QuODA assess aid by using 31 indicators grouped into four dimensions: maximising efficiency, fostering institutions, reducing burden, and transparency and learning. The transparency and learning dimension correlates to mutual accountability and is included here.	2009 ¹³¹	2010 ¹³²	The rank is out of 31 donors (countries and multilateral agencies).
		8	15	
		UK		
		5	13	
Rhetoric versus reality: Easterly and Williamson ¹³³	Donor aid effectiveness is ranked based on aid transparency, specialisation, selectivity, ineffective aid channels and overhead costs. We include the overall rank across all dimensions and the score for transparency here, which is a measure of the ability to gather information such as employment numbers, budgetary data, and overhead costs from the donor. The higher the percentage, the higher the ranking.	2008		Just one ranking made. The rank is out of 24 bilateral donors. Multilaterals are scored separately.
		Sweden		
		18 (27 %)		
		UK		
		1 (82 %)		

¹²⁸ OECD (2011)

¹²⁹ www.publishwhatyoufund.org

¹³⁰ www.cgdev.org/section/initiatives/_active/cdi/

¹³¹ Birdsall, N., Kharas, H. and Perakis, R. (2009), *The Quality of Official Development Assistance Assessment 2009: Is Aid Quality Improving?*, Washington: Center for Global Development.

¹³² Birdsall, N. and Kharas, H. (2010) *The Quality of Official Development Assistance Assessment*, Washington: Center for Global Development.

¹³³ Easterly and Williamson (2011).

The indices assess different aspects of Sweden's performance within the field of international development, as compared to a like-minded donor, the United Kingdom. Several of the indices are extracted from indicators including transparency as one element to assess quality of aid. Sweden has performed reasonably well as assessed by the most recent years, but differences can be revealed depending on the index relied upon. The Aid Transparency Index has the most extensive number of indicators on different dimensions of transparency as a prerequisite for mutual accountability. On this index, Sweden is ranked among the top ten actors although the number of actors covered by the index has increased since the pilot phase. The CDI scores and QuODA have broader indicator sets, of which the latter shows that Sweden has slightly regressed since 2009. The CDI, which could be seen as a measure of policy coherence, is the only one where Sweden scores above the UK. Care should be taken when interpreting the Swedish ranking as there are difficulties involved in capturing details through these selected indicators. For instance, the poor ranking with Easterly and Williamson, both overall and specifically on transparency, is partly related to different indicators and methods of assessment. This does point to the fact that aid effectiveness, accountability and transparency are contested concepts that may mean different things to different people. The indices still provide an indication of how Sweden performs in relation to other actors.

Annex 3 – Annual reviews of the Government of Mozambique and PAFs

Government of Mozambique PAF

Classification Targets	2009 (for 2008)		2010 (for 2009)		2011 (for 2010)	
	No of indicators	% of indicators	No of indicators	% of indicators	No of indicators	% of indicators
Met	20	50 %	18	45 %	20	47 %
Not met with progress	15	38 %	15	38 %	15	35 %
Not met	4	10 %	5	13 %	8	19 %
No information	1	3 %	2	5 %	0	0 %
Total	40	100 %	40	100 %	43	100 %
General Performance	satisfactory		satisfactory		satisfactory	

Programme Aid Partners' PAF

Classification Targets	2009 (for 2008)		2010 (for 2009)		2011 (for 2010)	
	No of indicators	% of indicators	No of indicators	% of indicators	No of indicators	% of indicators
Met	6	25 %	12	50 %	6	25 %
Not met with progress	7	29 %	3	13 %	4	17 %
Not met	1	4 %	7	29 %	13	54 %
No information	10	42 %	2	8 %	1	4 %
Total	24	100 %	24	100 %	24	100 %
General Performance	satisfactory		satisfactory		satisfactory	

Source: Ministry of Planning and Development 2012. Note: As the methodology has improved, more information has become available. Targets of 2010 were adjusted to Paris Declaration targets. This explains the decrease in performance.

