Donor aid

New frontiers in transparency and accountability

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Executive summary

Aid has enjoyed a period of sustained growth in recent years, and has become increasingly focused on development outcomes. Donors are examining their own policies and practices to ensure that aid delivers results, and are also engaging more systematically with questions of governance in the countries where they work. Transparency and accountability have emerged as key themes in both discussions, but this study focuses on the transparency and accountability of donors themselves.

A lack of transparency and accountability in the aid system causes (at least) three inter-related problems. The first is the 'efficiency problem': when aid is opaque and unaccountable, funds are more likely to go astray (through corruption or inefficiency) between donors and the ultimate or intended beneficiaries. The second is the 'effectiveness problem': when aid is opaque and unaccountable, it is harder for donors to coordinate their efforts, for recipients to plan ahead and for those affected by aid to suggest ways to improve outcomes. The third is the 'empowerment problem': opaque and unaccountable aid reinforces relationships between donors and recipients that are disempowering, and prevents aid recipients from taking control of the development process.

Transparency and accountability are ultimately about relationships: one actor is transparent and accountable to another. The implication of this in the aid context is that action is needed on both the 'supply' and 'demand' sides – i.e. donors must take action themselves, but need to be held accountable by effective institutions and stakeholders in the countries where they work.

This work is unique among the strategic reviews being carried out by the Transparency and Accountability Initiative (T/A Initiative) in that it has direct implications for the way that T/A Initiative donors themselves work; a key conclusion is that essential aspects of the vision of transparent and accountable aid can be delivered only by donors themselves. This is particularly true with respect to transparency: no amount of independent analysis or civil society activism will generate transparency unless donors collect and publish information.

Transparency is also an area where there is clear value to international action - coordination between donors is essential for success. The International Aid Transparency Initiative (IATI) is the great hope for aid transparency at the international level. Donors who are already signatories must invest more resources in the process of developing the IATI standards, and in implementing them quickly to demonstrate results. All donors who are concerned with transparency and accountability should implement the IATI standards. But it is also clear that, from the point of view of most stakeholders in recipient countries, many of the distinctions between different sources of finance are not relevant – on the 'demand side' there is a clear value in being able to analyse and compare finance and resource flows from a range of sources alongside one other.

So Work plan 1 proposes developing and promoting a single comparable open data standard that could be applied to all external (international) finance flows to developing countries (e.g. aid, climate finance, non-concessional lending, natural resource rents). Such a data standard would allow recipient country governments and institutions to develop a comprehensive and accurate view of the resources available to them, plan budgets effectively, simplify reporting and hold those providing external finance to account for delivery. It would also allow stakeholders and citizens in developing countries to monitor external financial flows from a range of sources and to hold government and other institutions accountable for their use.

However, transparency and open data standards (whether they apply to aid, or to wider resource flows) will not deliver the full promise of transparent and accountable aid unless the information they provide can be used effectively in recipient countries. At the moment, the 'supply' side of the transparency and accountability debate in aid is moving ahead of the 'demand' side – more progress has been made on transparency and accountability of than transparency and accountability to. Work plan 2 is therefore focused on initiatives at the country level that can deliver on the promise of Work plan 1.

A recurring theme of this analysis has been 'necessary but not sufficient': international initiatives are necessary but not sufficient without complementary country-level initiatives, and vice versa; supply-side initiatives are necessary but not sufficient without demand-side initiatives and vice versa. This creates real challenges for demonstrating results – individual initiatives will not often, by themselves, create change. There is much talk in aid transparency and accountability circles about the need for an 'ecosystem' of different approaches and initiatives, but the current pattern is for many independent initiatives with different timescales, coverage and resources. Work plan 2 therefore proposes concentrated and complementary support for a range of initiatives in a few pilot countries in order to create the required 'ecosystem' of mutually-supportive initiatives, and demonstrate the potential of transparent and accountable aid.

There is a clear unmet need for independent analysis of data and information about aid in recipient countries: donors should support institutions that can deliver effective and independent analysis of aid at country level. Investments could fruitfully be made in technologies that allow analysts and stakeholders in both donor and recipient countries (but particularly in recipient countries) to use the information generated by donor and recipient systems (e.g. innovative online data presentations). There would also be real merit in establishing multi-stakeholder initiatives in recipient countries – forums to bring together different stakeholders (e.g. different parts of government, parliamentarians and CSOs) to discuss aid delivery, programming and effectiveness.

There is also a need for more straightforward capacity building in recipient countries to meet significant capacity gaps across a range of actors and sectors (including civil society and parliaments). As noted above, stakeholders in recipient countries are (quite rightly) focused on wider questions of resource use rather than on aid in particular. This means that efforts to build capacity on the demand side of aid transparency and accountability

must be integrated with wider efforts to increase the demand for transparency and accountability in the use of resources from a range of sources, including through budget processes. Donors need to resist the urge to create over-specific initiatives - instead, they should focus on supporting generalised capacity. The ability to monitor aid and hold donors to account should be seen as a skill that needs to be supported in a range of stakeholders.

At the moment, the political and campaigning energy behind the aid transparency and accountability movement is mostly northern. However, the most effective political voices for change will be those that connect north and south. Too often, the demands of taxpayers and citizens in the north are disconnected from those of recipients and citizens in the south. Work plan 3 therefore proposes support for north–south advocacy partnerships that could have political impacts at both the international and donor levels, and which could bring insights from country-level initiatives like those proposed in Work plan 2 to bear on international initiatives like that proposed in Work plan 1. This is important because many aspects of donor policy and practice are determined at the headquarters or international level, and it is only through north–south partnerships that CSOs or other stakeholders in recipient countries can have a voice in these decisions.

Introduction

Accepting the premise that transparency and accountability are essential to sustainable development and human progress, why look at aid when there are so many other transparency and accountability challenges? When considered next to 'rising issues' such as climate change or financial reform, aid can appear to be yesterday's issue; and compared with other finance flows (including from natural resources), aid might be considered fairly transparent and accountable – after all, donors are generally acting with better intentions than oil or mining companies. But promoting the transparency and accountability of aid and donor finance should be a priority, for at least three reasons.

The first is that transparency and accountability of aid are essential if aid is to be effective – donors who want to deliver results need to take transparency and accountability seriously. The second is that improving transparency and accountability in aid can help to 'unlock' wider transparency and accountability in recipient countries (for example, around budgets) and empower citizens in developing countries. Finally, donors are able to exercise much more direct influence over transparency and accountability in aid/donor finance than in other areas – they have more power to deliver change.

Ultimately, transparency and accountability in aid and donor finance matters because they have the potential to increase the efficiency and effectiveness of aid and to empower poor people, thus helping to deliver sustainable development and poverty reduction. Because aid is (often) intended to help the most vulnerable groups, transparency and accountability in aid will be particularly important in delivering a model of development which empowers those vulnerable groups.

This is not the place to explore in detail what is meant by transparency and accountability (see Annex 2), but it is worth being clear about how I understand the links between the two. For me (and not everyone would agree), accountability is an end in itself – people have a right to a say over decisions that affect them, and to hold decision-makers to account for those decisions – as well as a means to the end of better decisions; transparency is necessary (but not sufficient) for accountability and for better decisions – it is a means to those ends.

This work is unique among the strategic reviews being carried out by the T/A Initiative in that it has direct implications for the way that T/A Initiative donors themselves work. It is not within the scope of this review to assess the progress of T/A Initiative donors in achieving transparency and accountability in their own work, but it is important to say upfront that all donors who seek to engage with this agenda must practise what they preach. The members of the T/A Initiative should ensure that the discussion below is reflected in their own practices as a starting point for delivering wider change across the aid system in partnership between donors and recipients.

1. Aid transparency and accountability in context

The aid context will no doubt be familiar to many, but it's worth re-visiting briefly. The current interest in transparency accountability is happening in a specific historical context which provides both opportunities and challenges.

The first point to note is that aid has enjoyed a period of sustained growth. Official development assistance (ODA) grew substantially in both absolute terms and as a percentage of donors' GDP between 1997 and 2008, although the economic and financial crisis has since seen the growth in ODA budgets slow, and may yet result in declining ODA.

Along with this growth in aid spending has come a proliferation of actors in the aid system. New bilateral donors have emerged as more countries have joined the OECD and the EU, and as countries such as China and India (themselves still aid recipients) have established new aid programmes. Longstanding bilateral donors have created new aid funds and instruments (e.g. the Millennium Challenge Corporation) and existing multilateral institutions have spawned new agencies (e.g. UNAIDS). Outside the ODA sector, major new players have emerged in private/charitable aid funding (e.g. the Gates Foundation) and new public-private partnerships (e.g. the Global Fund) have shown the potential of new aid financing models.

With more and more aid flowing through more and more institutions has come a renewed focus on aid effectiveness. Whereas much official aid in the past had been merely a monetised form of foreign policy or strategic influence, aid in the post-Cold War era has become much more focused on development outcomes. While much official and charitable aid in the past had been concerned with discrete projects (e.g. building specific piece of infrastructure), donors began to take a more complex and nuanced view of how change and development would happen – a view focused on human rights, capabilities and good governance.

The recent period has also seen significant (and positive) changes in many aid recipient countries.[1] While some (particularly in Asia) have seen rapid economic growth that has lifted hundreds of millions of people out of extreme poverty, others (particularly in Sub-Saharan Africa) have continued to suffer high poverty levels (even with high levels of growth, in some cases). But even in Sub-Saharan Africa there are major reasons for optimism. A number of countries have seen significant economic success, and there has been a wave of democratisation across the continent that has changed the face of African government and governance in a short period of time.

Whether these changes in recipient countries have been cause or effect of donors' increased focus on good governance remains an open question, and one which I will not seek to answer here, but it is clear that donors must now aim not only to deliver success in discrete projects but also must try to support (or at least not hinder) more systemic changes in the countries and communities where they work.

Completely outside the realm of aid, transparency and accountability have assumed a much greater prominence in all kinds of policy debates. The information age has, perhaps unsurprisingly, increased both the supply of and demand for information – technological change has made it easier for information to be made public, and has raised public expectations about transparency and accountability. Freedom of information is increasingly seen as a core tenet of effective government, and there is a growing consensus that citizens have a right to access information about the activities of their governments. The burgeoning 'Open Data' movement (led by initiatives such as the Open Knowledge Foundation) goes further and seeks (ultimately) to place almost all government data in the public domain for citizens to access, analyse and use as they see fit.

More recently, the economic and financial crisis of 2008-2009, and the fiscal crisis which it has created in many countries, has put pressure on aid budgets. This has increased calls for donors to demonstrate the effectiveness and impact of aid spending, and has strengthened calls for aid to be made more accountable to taxpayers and funders in donor countries.

The aid context continues to change, and the pace of change is arguably increasing. Future challenges and opportunities are explored further below, but it is worth mentioning two major strategic shifts here.

The first is climate change. As the reality of man-made climate change is ever more widely accepted and its consequences (real and potential) quantified, international attention is increasingly focused on this as the most important challenge of the future. Climate change clearly has major implications for developing countries as they adapt to its effects and seek new economic development models that mitigate their own climate impacts as they grow. This in and of itself changes the context of the aid debate, but there is also increasing recognition that rich countries will need to transfer significant resources to poor countries in order to tackle and respond to climate change. This is in recognition both of their historical responsibility for creating the problem and of the fact that a global solution is needed, and that such a global solution must be funded by those with the means to do so. The sums of aid and donor finance required to discharge climate change obligations have the potential to overwhelm the existing aid system – with significant implications for transparency and accountability.

The second is the rise of new donors and sources of finance for recipient countries. In many contexts, this means the rise of China: many of those I spoke to in the course of this work raised the impact of the 'China factor' on the aid system in general and on transparency and accountability in particular. The rise of China (and others) both challenges the consensus model of aid and development built up over recent decades by other donors and weakens the grip of key international institutions such as the OECD Development Assistance Committee (DAC) which have been at the centre of aid reform efforts.

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[1] The terms 'donor' and 'recipient' have become rather unfashionable in aid circles – there is now much talk of 'development partners' and 'partner countries'. I use the terms 'donor' and 'recipient' partly to reflect relationships that rarely achieve the ambition of 'partnership', but mostly for clarity: it is easy in the contemporary aid discourse to lose track of whether a 'partner' is in fact a donor or a recipient.

2. The problem

A lack of transparency and accountability in the aid system causes (at least) three inter-related problems.

The first is what might be termed 'the efficiency problem' - when aid is opaque and unaccountable, funds are more likely to go astray (through corruption or inefficiency) between donors and the ultimate or intended beneficiaries. Without transparency, it is difficult for anyone (even inside donor institutions) to know how efficient aid flows are, and without accountability there may be little incentive to tackle inefficiency.

The second is 'the effectiveness problem'. A lack of transparency in aid can impede efforts to make it more effective in a number of ways. For example, donors are unable to coordinate their activities in particular countries or communities unless they have access to timely and accurate data about the activities and approaches of other donors (given the proliferation of actors in the aid system discussed above, this can be a major problem), and recipients of aid are unable to plan ahead unless they have information about future aid flows. Some of these problems can be solved by making aid more transparent among donors themselves and between donors and recipient institutions (governments and others) – indeed, the Paris Declaration set out targets for sharing information in precisely these limited ways. However, without wider transparency, accountability in aid will always be limited. This lack of accountability means that there are no mechanisms for those affected by aid (or others) to alert donors to problems or suggest ways to improve outcomes, and reduces incentives for donors to improve effectiveness.

The third is 'the empowerment problem'. A lack of transparency and accountability in aid can limit transparency and accountability within recipient countries, and weaken those who seek to hold governments to account. For example, a lack of transparency about aid flows can make it difficult for civil society groups to hold governments to account via the budget process. Opaque and unaccountable aid also reinforces relationships between donors and recipients (both governments and other recipient institutions, and 'end users' of aid) that are disempowering, and prevents aid recipients from taking control of the development process. Opaque and unaccountable aid is particularly disempowering given the high degree of transparency and accountability required of aid recipients by donors.

These problems can legitimately be addressed separately – transparency that does not deliver empowerment (or indeed accountability) but does improve efficiency and/ or effectiveness would still be worthwhile – although in many cases the same initiatives can promote efficiency, effectiveness and empowerment. But addressing one problem does not necessarily address the others: empowering aid relationships are not necessarily efficient, and may not be effective in the short to medium term; efficient and effective aid relationships are not necessarily empowering; and even efficient aid flows are not necessarily effective.

It's also worth noting here that there is a much wider set of problems caused by poor quality aid, and that it is difficult to see the three problems above being solved by increased transparency and accountability without broader progress on aid effectiveness. The reverse is also true – progress on transparency and accountability will be crucial for the wider aid effectiveness agenda.

3. The vision and promise of transparent and accountable aid

Transparency and accountability relationships

Proponents of the aid transparency and accountability agenda make big claims for the transformative power of transparent and accountable aid. Different stakeholders focus on different objectives and priorities (e.g. some donor-led initiatives prioritise efficiency and effectiveness, while many initiatives led by civil society organisations (CSOs) prioritise empowerment), but there is a reasonable degree of consensus around a vision of transparent and accountable aid in which:

• Donors are transparent to, and are held accountable by, taxpayers, funders, and other stakeholders (e.g. for official donors, parliaments) in the countries where they raise funds;

• Donors are transparent and accountable to each other (e.g. via peer review);

• Donors and recipient governments/institutions (e.g. NGO partners delivering aid) in particular countries are transparent to each other, and hold each other to account for commitments and results (this is often referred to as mutual accountability);

• Recipient governments/institutions are transparent to, and are held to account by, citizens in recipient countries (including via parliaments and other institutions), and in particular by those communities and individuals who are the intended beneficiaries of spending (or who are affected by it).

In some versions of this vision, there is an additional accountability relationship directly between donors and beneficiaries/citizens of recipient countries (i.e. one that is not mediated through recipient governments or other institutions spending aid). Indeed, some do not recognise the legitimacy of less-than-democratic governments to hold donors to account at all, and would wholly replace accountability relationships mediated through governments with direct accountability of donors to beneficiaries and citizens. However, this kind of accountability relationship is not universally accepted as desirable, let alone preferable.[2] How it is seen depends largely on different views of how aid should flow: there is a school of thought that argues that all (or the vast majority of) aid should flow through recipient country governments. In this view donors should not have direct relationships with beneficiaries, and it is not for citizens in recipient countries to hold donors to account, but rather for them to hold their governments to account, and for those governments in turn to hold donors to account.

This is not the place to go into this debate in detail, but in any case it seems likely that direct accountability between donors and recipients (or, more realistically, organisations representing recipients) will be important for some time to come. Significant amounts of current aid flows do not go through recipient governments, in which case it seems important and legitimate for beneficiaries and citizens of recipient countries to hold donors to account through other means. It is also important to note that some proportion of aid will always need to remain outside recipient governments (e.g. that which funds civil society to hold governments to account), and in these cases direct accountability between donors and beneficiaries will always be important. In many cases, it may be that direct accountability between donors and citizens/beneficiaries is complementary to accountability between recipient governments/institutions and citizens/beneficiaries. This said, proponents of direct accountability between donors and citizens/beneficiaries need to be aware of possible unintended consequences: there is a risk that efforts to hold donors to account 'crowd out' efforts to hold governments and other institutions in recipient c ountries accountable.

Aid transparency and accountability in practice

There is less agreement about what transparent and accountable aid would look like in practice and in detail – indeed a number of existing initiatives are seeking to establish a consensus between donors on exactly these questions (see Section 5 below). However, a shared view is emerging that effective transparency of aid requires that donors:

• Collect and proactively publish accurate and comprehensive data and documents on aid flows, policies, plans and impacts;

• Publish information regularly, in a timely way (as close to 'real time' as possible for ex post information, and as far in advance as possible for ex ante information), and in accessible formats which meet the needs of users;

• Collect and publish information according to shared standards that allow for comparisons and collation of data between donors, and that such standards should allow aid to be easily related to recipients' budget and spending processes;

• Give citizens and stakeholders in both donor and recipient countries the right to request specific information; and

• Actively promote access to, and use of, information in both donor and recipient countries.[3]

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[2] I have not spoken to anyone who thinks that *transparency* (as opposed to accountability) from donors to beneficiaries/citizens in recipient countries is undesirable – even if this transparency's primary objective is to allow beneficiaries and citizens to hold governments or other institutions to account for their use of aid, rather than to hold donors themselves to account.

[3] This description of aid transparency draws heavily on the Publish What You Fund principles – available in full at: http://www.publishwhatyoufund.org/aid-transparency/our-principles.

But as set out above, transparency is ultimately about relationships – one actor is transparent to another. The points above relate to the 'supply' of transparency, but effective transparency also requires demand, in the form of effective CSOs, parliaments, researchers etc. making use of the information provided. This 'demand side' moves us from transparency into accountability: ultimately, transparency can only deliver on its full promise if it is accompanied by accountability.

We can usefully think of accountability as having two elements: answerability (the obligation of power-holders to justify their decisions and actions) and enforceability (the existence of mechanisms for punishing poor performance or abuse of power). Relationships between donors and recipients are inevitably asymmetric – donors have many more levers to demand answerability and enforceability from recipients than vice versa. This means that donors must often actively seek to make themselves accountable to recipients – donor accountability will not emerge 'naturally'. Answerability requires that donors' performance can be monitored and judged against clear commitments or standards. For example, answerability to recipients might involve recipients (governments, other institutions or beneficiaries) rating donors according to their effectiveness. Enforceability in aid relationships is harder to envisage: ultimately, recipients have few sanctions against donors other than to refuse their funds. This said, some enforceability is possible through, for example, naming and shaming of poorly performing donors.

Finally, there is sometimes a missing link between supply and demand, or between transparency and accountability. In many cases effective transparency and accountability will also require intermediaries who can analyse data. This question of balance and sequencing between supply, analysis and demand is considered further in Section 7 below.

Impacts on development outcomes

In the most ambitious version of the vision, aid becomes more efficient as transparency and accountability reduce the potential for corruption and inefficiency to go unnoticed, and as actors at all points of the 'aid chain' have new incentives to ensure that aid reaches its intended beneficiaries - the amount of aid available 'on the ground' increases as a consequence. Aid also becomes more effective – donors can coordinate their activities and learn from each other, recipient governments and institutions can plan ahead and use aid more effectively, and problems are fed back so that changes can be made and aid programming improved to maximise benefits for development per aid dollar spent. Increased efficiency and effectiveness combined with transparency and accountability in turn help to make the case for aid to the publics of donor countries as development results are demonstrated.

Most ambitiously of all, in this vision aid is given in such a way as to empower aid recipients: recipient governments and institutions are empowered and supported to take control of the development process in their countries and communities, and citizens and beneficiaries are empowered to participate in the development process and hold both donors and recipient governments/institutions to account for development results, thus improving governance in recipient countries. This ambitious vision is, in important

respects, based on the key premise that aid works (or could work, delivered in a different way) – that aid can deliver, or catalyse the delivery of, sustainable development.

In fact though, even aid sceptics are in favour of aid transparency and accountability. In a more modest version of the vision, aid transparency and accountability are part of a 'first do no harm' approach to aid. In this version, transparency and accountability in aid help to solve the problems that can be caused by aid (e.g. reducing the scope for corrupt uses of aid funds, reducing the burden of aid management on recipients, ensuring that aid does not disempower recipients or wider citizens), regardless of whether aid itself is actually effective for development. In this more modest vision, aid transparency and accountability are necessary but not sufficient to deliver good governance, based on the premise that aid is as often a block as a catalyst to good governance.

Evidence and impact

The vision and promise of transparent and accountable aid set out above is intuitive, and attractive (even in more modest versions). However, there is relatively little evidence about the likely impacts of increased transparency and accountability on development outcomes. There are two good reasons for this. The first is that transparency and accountability of aid are a relatively new focus for donors, researchers and civil society – there are few longstanding initiatives whose impacts can be analysed. The second is that the chains of causality between aid transparency and accountability and development outcomes are fairly long. Even in the most ambitious visions of transparency and accountability, transparent and accountable aid is necessary but not sufficient to deliver results, and must be accompanied by a range of other supporting measures. Put these two factors together, and it becomes clear why there is much more evidence about the problems caused by opaque and unaccountable aid than there is about the positive impacts of transparent and accountable aid. It is very hard to see how this evidence gap can be filled, except by taking action and building in monitoring and evaluation from an early stage.

There is no space here to review these issues fully, but the evidence and impact of transparency and accountability in aid are explored in detail in a paper by Rosemary McGee and John Gaventa '*The Impact and Effectiveness of Transparency and Accountability Initiatives: A review of the evidence to date*' (see Annex 5 on aid transparency in particular), which was commissioned by the T/A Initiative in parallel to this work.

4. Scope of this work

Section 3 above set out a complex web of transparency and accountability relationships around aid. There are two key groups being held to account: donors and recipient governments/institutions.

The scope of this work is the transparency and accountability of donors, which means:

- Transparency and accountability **from donors to citizens or funders in the countries where they raise funds**. This is important if support for development and aid is to be maintained in donor countries in the long run.[4] It is also important if we believe that support and funding from donors of various kinds will continue to play an important role in development (I do). Equally, it is important that donors practice (at home) what they preach (in recipient countries) in order to be credible actors in reform processes in the countries where they work.

- Transparency and accountability **from donors to recipient governments and other institutions receiving aid funds in countries where they work**. This is important for donor efficiency and effectiveness, and for the empowerment of recipient governments and institutions. That empowerment is in turn important to allow those governments and institutions to function effectively and to be transparent and accountable to their own citizens and stakeholders.

- Transparency and accountability **from donors to citizens and stakeholders in countries where they work** - as discussed above, this is not a universally-accepted objective, but I include it for the reasons set out above.

It is also worth making a distinction between the *process* (defined broadly to include policy and practice) and the *content* (programming) of donor activities.[5] Donors can deliver on transparency and accountability both through *how* they work (process) and *what* they fund (content). Both are within the scope of this work, although there are strong arguments to suggest that donors should ensure that they are delivering transparency and accountability in their own ways of working before they can be effective funders of transparency and accountability (see Section 7).

The second of the three relationships set out above is one half of a mutual accountability (and transparency) relationship, but it is generally accepted that transparency and accountability from recipients to donors is much stronger than vice versa, so it seems imperative now to focus on the 'donor half' of the problem. With respect to this accountability from donors to governments and other institutions in the countries where they work, the steps donors need to take to increase their own transparency and accountability should also facilitate improved transparency

and accountability of recipient governments and institutions. In particular, the changes to donor processes that are needed to make them transparent/accountable to recipient governments/institutions might also be expected to remove key barriers to the transparency and accountability of those governments and institutions (e.g. if more aid is brought 'on budget', it is easier for civil society organisations to hold a recipient government to account for how resources are deployed through the budget).

There are clear links (and potential overlaps) between this work on aid and the parallel work being conducted by the T/A Initiative on transparency and accountability in other areas. To the extent that funding from aid, domestic revenue sources/budgets, natural resources, and climate funds all ends up in the same 'pot' at country level, it makes limited sense to draw distinctions. Indeed, from the point of view of a user of information at country level, it may be problematic that this initiative (and others) treat these different financial flows differently (see Annex 1, Work plan 1). In this context, it is clear that this work on aid has particularly close links with the work on budgets, and with the aspects of the work on climate change that deal with climate-related funding from rich to poor countries (many such flows are, in effect, aid).

That said, there are unique challenges and opportunities in each area which make separate analyses valuable, and although the argument for a unified approach is very strong with respect to transparency, the vision for accountability does vary according to the source of funding. It is also important to note that there are strong argument to suggest that without progress on transparency and accountability in aid, scope for progress in other areas will be limited. A lack of transparency and accountability in aid is a key limitation to transparency and accountability in country budgets, and unless good practice in transparency and accountability of 'old-fashioned' aid is established it will be very difficult to re-make the rules for climate-related finance.

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[4] It is important to be clear that transparency is quite different from communications (e.g. making the case for aid to the public). This is a separate challenge for donors of all kinds, and one which has a complicated relationship with transparency (see Section 6).

[5] Thanks to Rosmary McGee at IDS for setting out this distinction so clearly.

5. The contemporary aid, transparency and accountability agenda

Roots of the aid transparency and accountability agenda: from Paris to IATI

The context described in Section 1 above has helped to create pressure on donors to be more transparent/accountable. As aid volumes have grown, and as fiscal constraints and economic conditions now put pressure on aid from many donors and funders, questions of effectiveness and accountability are increasingly prominent in the political and public debate in donor countries. In recipient countries, processes of democratisation increase the capacity and legitimacy of recipient governments to demand transparency and accountability from donors, and increase the number of institutions and civil society groups able to do the same. There is no room here to re-visit the long history of thinking and policy on aid and aid effectiveness, or that on good governance and democratisation, but it makes sense to look back to 2005, when the Paris Declaration on Aid Effectiveness codified emerging thinking.
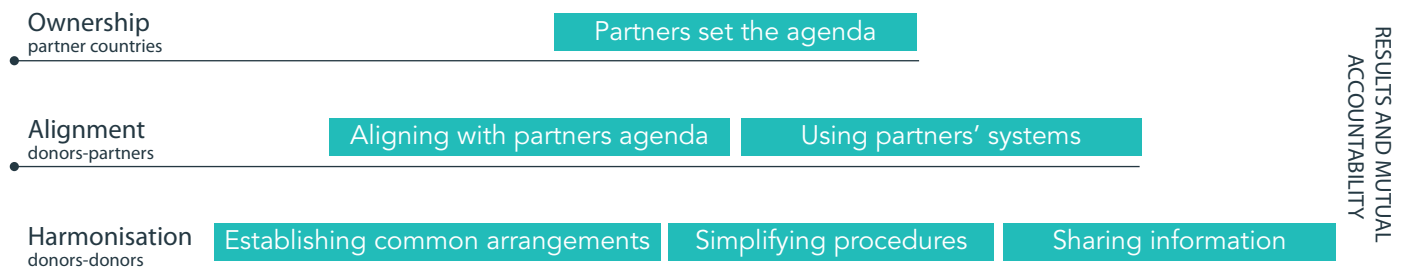
The Paris Declaration put recipient country ownership at the heart of a new vision for effective aid (see Figure 1 below), and established mutual accountability between donors and recipients as a key principle of development cooperation. Importantly, the Paris Declaration included a commitment to a monitoring process, and specific targets to be achieved by 2010. Some key elements of the vision set out in Section 3 above were present in the Paris Declaration – recipient governments more accountable to their citizens (e.g. through more effective budget processes), recipients and donors mutually accountable to each other, and donors held to account for their delivery of specific and measurable targets. Transparency was less clearly expressed in the Paris Declaration than accountability, although the need for some forms of transparency (or at least data sharing) was implicit in many of the commitments made (e.g. transparency between donors is needed for harmonisation and transparency between donors and recipients is needed for alignment).

The Paris model of aid effectiveness was heavily influenced by the emerging thinking of a group of 'like-minded' donors (including bilaterals such as the UK and the Netherlands as well as multilaterals such as the World Bank) who had developed new models of aid delivery in the 1990s and 2000s: increasingly focused on development outcomes and good governance, and delivered via new modalities including general budget support. Successful experiences in a number of countries (such as Tanzania and Mozambique) had led this group to see the potential of a country-led model of aid based on mutual accountability.

At around the same time, donors were facing increasing demands from well-organised NGOs and social movements. The run up to the Gleneagles G8 Summit was characterised by unprecedented international civil society campaigns (loosely coordinated through the Global Call to Action Against Poverty and at its most intense with Make Poverty

FIGURE 1: THE PARIS AID EFFECTIVENESS PYRAMID

Ownership
partner countries

Partners set the agenda

Alignment
donors-partners

Aligning with partners agenda   Using partners' systems

Harmonisation
donors-donors

Establishing common arrangements   Simplifying procedures   Sharing information

RESULTS AND MUTUAL ACCOUNTABILITY

History in the UK). Although much of the emphasis of these campaigns was on demands to increase aid spending, significant activity also emerged around aid effectiveness, and indeed civil society pressure was key to the negotiation of an ambitious declaration in Paris.

But as donors set about implementing the Paris Declaration, it became clear that this agenda was difficult to deliver in practice. Mutual accountability emerged as a particularly challenging aspect of the Paris agenda – the 2008 Paris monitoring survey found that only around a quarter of participating countries had mutual accountability mechanisms in place, and that many of these were of poor quality. It also became clear that a lack of transparency at different levels was acting as a key block to progress on ownership, alignment and harmonisation.

In the run up to the Accra High Level Forum on Aid Effectiveness in 2008, the OECD-DAC opened up the preparatory processes to more participation by both recipient countries and CSOs. As donors, recipients and CSOs negotiated and discussed priority issues for Accra, the accountability agenda taken forward from Paris emerged as a particular challenge, while it became clear that aid transparency was an issue which all parties agreed was important (indeed, transparency was an issue that few could disagree with), albeit with a range of motivations and objectives. All this meant that accountability and transparency had a high profile in the Accra Agenda for Action. However, despite some ambitious commitments on transparency and accountability, donors and recipients left the Accra High Level Forum without concrete plans for implementation

Frustrations with the DAC-led process led a smaller group of donors (a 'coalition of the willing') to establish the International Aid Transparency Initiative (IATI) at the Accra High Level Forum in order to implement the Accra commitments on transparency, and indeed to go further than those commitments.

The years since Accra have seen the creation of a 'new wave' of transparency and accountability initiatives in aid, and extensions to some existing initiatives. There are a number of ways to classify transparency and accountability initiatives, but it's useful to focus on two key distinctions:

- Different levels of action: international/individual donor/individual recipient; and
- Supply and demand: transparency and accountability *of* and *to* (see Section 2 above).

I don't intend to produce a complete taxonomy of existing initiatives here, but it is worth reviewing, in brief, the current landscape of aid transparency and accountability.

Where are we now - initiatives at different levels

There are strong reasons to take action on the transparency and accountability of aid at the *international* level. Part of the promise of aid transparency is that it allows aid recipients and other stakeholders to compare and collate information from different sources. This requires coordination among donors, and between donors and recipients – an aid system in which all donors were transparent, but used different systems, would not deliver the vision set out in Section 3 above. There are increasing returns to transparency when its scope extends to multiple actors in the aid system – indeed, global transparency standards are arguably a 'global public good'. Some aspects of accountability too are best delivered at the international level: there is value in donors being held accountable for their actions collectively, particularly given that many aid commitments are negotiated in donor-led forums such as the G8 and the OECD.

The OECD DAC has been the key forum for international action on aid transparency and accountability, but is limited in scope. Although the DAC has strong buy in from OECD donors (and multilateral donors) it does not include non-OECD or non-governmental donors. This said, the DAC's Creditor Reporting System (CRS) is currently the most comprehensive source of information about aid flows, and requires donors to report using common standards. However, the CRS has serious weaknesses: information is not timely (usually around 2 years out of date), is not always accurate, and is not reported in formats that are useful to recipients or other stakeholders. The weaknesses of the CRS are also reflected in wider initiatives (such as the AidData/Project-Level Aid (PLAID)/ Accessible Information on Development Aid (AiDA) initiative) which make use of the same underlying data.

The DAC has also produced rather weak international accountability of donors: despite (or perhaps because of) well-established processes for negotiation, DAC-led initiatives in this area have made slow progress. The Paris monitoring and evaluation process, for example, is based in large part on self-reporting by donors, which means that it is vulnerable to 'capture' by donors who are not delivering on commitments.

The weaknesses of the DAC mean that, for aid transparency, IATI is the most promising contemporary initiative in terms of delivering the action that is needed at the international level. Indeed, a number of those interviewed for this project described IATI as 'the opportunity of a generation', and there seems to be general consensus among aid transparency experts that IATI must be made to work if international standards for aid transparency are to be achieved. IATI is an ambitious initiative that explicitly recognises the value of international action: at its core is the idea that donors need to work to common international standards, reporting formats and systems if the full benefits of transparency are to be achieved and accountability made a reality.

Although IATI includes both bilateral and multilateral donor agencies, and is open to private foundations and charitable/NGO donors (e.g. the Hewlett Foundation is already a signatory) it remains limited to a relatively small group of donors (currently 18, although they account for around half of global ODA). This has allowed it to be more ambitious than more comprehensive initiatives, but it does limit its coverage. Despite this, some observers are concerned that the number of donors engaged in the initiative is already acting as a limit on its ambition, and it is certainly true that progress has so far been fairly slow. This trade-off between ambition and coverage will be an ongoing balancing act for IATI – more comprehensive agreements seem likely to be less ambitious, at least in the short to medium term. Overwhelmingly, those who want to see transparent and accountable aid want to see IATI succeed, but there are concerns that donors are not yet investing sufficient resources in the initiative to allow it to reach its potential.

The fact that IATI is a donor-dominated initiative is symptomatic of the aid architecture at large. There are few initiatives that provide recipient country governments and institutions with an opportunity for international or collective action to hold donors to account: recipients lack an equivalent of the DAC. The UN's Development Cooperation Forum (DCF), which includes both recipients and donors (and, through multi-stakeholder dialogues, also engages with civil society), is emerging as the most promising forum for discussions between donors and recipients at the international level. The DCF is taking an increasingly proactive role in monitoring progress on aid delivery, effectiveness, transparency and accountability, but there appears to be limited buy-in from donors to the process, and DCF recommendations and outputs consequently have less 'bite' than those from the OECD DAC.

It is also striking that there are relatively few initiatives that make systematic use of information from recipient governments and institutions to hold donors to account – as noted above, the Paris monitoring process relies in large part on self-reporting by donors. This is despite the fact that a number of recipient countries (e.g. Mozambique, Rwanda) monitor aid quite effectively, produce useful information on aid, and in some cases use it to good effect in discussions with donors at country level. The Highly Indebted Poor Countries (HIPC) Capacity Building Programme (led by Debt Relief International) has produced donor evaluations and a 'Guide to Donors' based in part on evidence and information from recipient governments to give another perspective on the reality of donor performance, but in general there are few forums for recipient experiences to be fed back to donors.

Various civil society initiatives operate at the international level to hold donors to account collectively. The Reality of Aid initiative is led by southern NGOs, and produces regular reports on the effectiveness and impact of aid. At the regional level, initiatives such as CONCORD's European Aid Watch hold particular groups of donors to account (primarily to their own taxpayers), while initiatives such as

African Monitor's Development Support Monitor look at aid flows and impacts in particular regions. Some initiatives also focus on individual donors (e.g. OSI work on a proposed 'Millennium Challenge Corporation Watch' initiative). There are also a range of more expert/analytical initiatives led by independent research institutions which are monitoring donor performance in a number of areas (e.g. the new 'aid quality index' from the Centre for Global Development and Brookings, which includes a particular focus on transparency and accountability in aid).

There are also a number of international civil society networks and organisations advocating for more transparency and accountability in aid. BetterAid brings together over 700 CSOs (northern and southern) to advocate for transparency and accountability (as well as a range of other objectives) in international fourms including the DAC and the DCF. Specifically on transparency, Publish What You Fund takes a global campaigning approach, and works with civil society groups around the world to campaign for greater transparency in aid, while AidInfo has played a key expert role in developing the IATI initiative.

There are also a range of international initiatives seeking to make NGO aid flows more transparent and accountable, including the Open Forum for CSO Development Effectiveness, the Humanitarian Accountability Principles (HAP) certification system for humanitarian aid, the INGO Accountability Charter and the Global Accountability Report (One World Trust). These initiatives build on a long history of NGO donor thinking about accountability relationships with southern partners, but they are less focused on transparency. Their emphasis is also more on improving the accountability of individual organisations: although they are international initiatives, their impacts are felt mostly at the level of individual donors. There is less emphasis on coordination and shared standards in the NGO/private aid discussions of transparency and accountability, which means that these initiatives are not, as yet, delivering on the full potential of transparency in particular. With respect to private foundations, the converse is true: there are some initiatives focusing on transparency (e.g. Grantsfire), but less thinking about accountability. Indeed, there is much less acceptance from private foundations of the need for accountability – this case still needs to be made.

It is worth noting that there are real and legitimate differences in the kinds of transparency and accountability that might be expected from private and charitable donors, compared with government donors. At the donor (or fundraising) end, although private and charitable donors need to be accountable to those who fund their activities, this is a different form of accountability relationship from that which official donors have with taxpayers. At the recipient (or disbursement) end, the kind of transparency and accountability that it is legitimate to expect of private or charitable donors depends in large part on what they are funding. In situations where private or charitable agencies act as 'sub-contractors' for official ODA, they should (and

will increasingly) be expected to meet the same standards of transparency and accountability as official donors (see Section 7). Similarly, when private or charitable donors are delivering essential public services (even if these are privately funded), they might be expected to be more accountable to local authorities than if they are delivering, for example, more 'political' support to local civil society groups.

Although some aspects of the aid transparency and accountability agenda are best progressed at the international level, individual donors can also take action. At the level of *individual* donors, a number of donors have developed their own transparency and accountability initiatives. Multilateral donors such as the World Bank have faced more scrutiny than bilateral or private/ charitable donors in the past and have, as a result, more long-established mechanisms for transparency and accountability (the World Bank Inspection Panel is a good example). More recently, bilateral donors have followed suit with initiatives including the UKaid Transparency Guarantee, SIDA's OpenAid and a recently announced US aid transparency initiative.

As well as these international and donor-led initiatives, there is significant activity at the level of *individual recipient countries*. On the transparency side of the debate, more than 50 recipient countries have established Aid Information Management Systems (AIMS) to collect and analyse data on aid flows. In most cases, the primary objective of such systems is to deliver more effective coordination and planning, rather than accountability of aid per se. They are also strongly focused on accountability between governments and donors: the data are often not publicly available in accessible forms, which limits both the impacts on aid efficiency and effectiveness and the impacts on domestic transparency and accountability between governments and citizens.

On the accountability side of the debate, the 'mutual accountability' agenda that has emerged from the Paris Declaration on aid effectiveness has been successful in generating some accountability of aid at the country level. However, the intrinsic imbalances of power and resources between donors and recipients have limited the extent to which recipient governments and institutions have been willing or able to demand accountability, and there are very few examples of country-level civil society action to hold donors to account.

Where are we now - supply and demand

As discussed in Section 3 above, there are a number of different stories about how transparency and accountability fit together to deliver development outcomes. These debates lead to different views on the relative importance of **supply and demand** – the distinction between transparency and accountability *of* and *to*.

Looking at existing initiatives, it is not too much of a simplification to say that most work on transparency is on the supply side (and often led by donors), while most work on accountability is on the demand side (and more often led by recipients and civil society). To some extent, this makes sense – donors focus on making themselves transparent (to a large extent, this is something that only they can do), and then others hold them to account. But this division also leaves gaps.

A supply-focused approach to transparency can mean that insufficient consideration is given to who transparency is for, and what information they need. This is a key limitation of the DAC CRS database, for example, as noted above, and also applies to initiatives like AidData which (though useful) are constrained by the availability of underlying data. Initiatives such as IATI and AidInfo (which is playing a key role in supporting IATI) are trying to overcome some of these limitations by focusing more explicitly on the information needed by recipients of aid, and by promoting very open data standards that allow for a wide range of uses, but some of those who I spoke to remain concerned that IATI is still paying too little attention to the ways in which donor data and information relate to recipient budget processes in particular, and that recipients have too little influence over the development of IATI standards.

There is already reasonably strong demand for aid transparency and accountability in the north. Effective parliaments, audit institutions and NGOs/CSOs in donor countries form clear constituencies for information about aid and can hold donors to account, often in a wider context of growing demands for transparency and accountability about government spending of all kinds. This has undoubtedly driven both individual donor initiatives (such as the UKaid Transparency Guarantee) and international initiatives (northern CSOs played a key role in the run-up to Accra, for example).

Demand is much more limited in the south, partly due to a lack of capacity among key stakeholders, and partly because transparency and accountability specifically of aid (as opposed to broader resource flows and allocations) are often not a high priority in situations where there are many urgent demands on the time and effort of governments, parliaments, CSOs etc, and where broader arguments for freedom of information and open data have yet to be made or won.

In individual recipient countries, there are emerging examples of effective mutual accountability between donors and recipient governments (see above), but these are few and far between, and huge capacity gaps clearly remain. There are very few examples of capacity building for recipient governments focused specifically on aid or aid management (although initiatives like the HIPC Capacity Building Programme have started to focus on this area).

There is even less capacity outside national executives in recipient countries. Some work is now being taken forward with southern parliaments via the Parliamentary Platform on ODA (facilitated by AWEPA), but this is starting from a very low base – few parliaments (even in the most aid dependent countries) have historically engaged with questions of aid and aid effectiveness. I have not, in the course of this work, come across any initiatives specifically working with sub-national or local governments in recipient countries to engage with donors or questions of aid effectiveness/accountability.

There are a wide range of civil society initiatives which focus on the transparency and accountability of budgets and budget processes in developing countries (e.g. via the International Budget Partnership), but relatively few of these include any specific focus on the transparency and accountability of aid – understandable given the considerable challenges of holding governments and public authorities accountable for their budgets. These initiatives are considered in more detail in the parallel T/A Initiative work on transparency and accountability.

There are civil society-led initiatives at the country level which do focus specifically on aid, some of which have been effective in holding donors to account (e.g. the work of IBON in the Philippines) but, overall, initiatives on the 'demand side' of accountability and transparency are fragmented and patchy – nobody is taking a strategic approach to this in the way that initiatives such as IATI, AidInfo and Publish What You Fund (PYWF) are able to on the 'supply side'. Relatively few initiatives are looking at both sides of the equation, though some (including AidInfo) are starting to do so.

Finally, there are a range of initiatives which seek to fill the 'analysis gap' between supply and demand. Some of these (e.g. AidInfo, AidData) are northern-led, some are based on north-south partnerships (e.g. Reality of Aid) and others are southern-led (e.g. Africa Monitor). There is some strategic donor support for broad policy analytical capacity in developing countries (e.g. the Think Tank Initiative funded by the Hewlett Foundation, the Gates Foundation and the Canadian International Development Research Centre), but in general, there is limited funding available for independent policy analysis (of aid, or of other issues) in developing countries.

6. Challenges and risk

Section 3 set out the vision and the promise of transparency and accountability in aid: the case is compelling, and it is clear why recipients and other stakeholders concerned with development outcomes want to see more transparency and accountability. But the brief survey in Section 5 gives a picture of slow and patchy progress towards transparency and accountability of aid. There are good reasons for this.

Political and administrative challenges

Donors are often reluctant, or find it difficult, to make their aid transparent and accountable. This helps to explain why progress has been slow, and why there is substantive buy-in to the agenda from only a minority of donors.

Transparency and accountability can be technically and administratively difficult to deliver. Transparency in particular is often thought of as a reactive activity (i.e. stop hiding and withholding information), but in fact it is a proactive activity (i.e. start producing and publishing information), which requires the commitment of resources (very few resources in the grand scheme of things, but resources nonetheless). In order for donors to be transparent, they may need to produce and collect information in different ways, invest in new systems (managerial and technological), commit resources to dissemination and stakeholder engagement, etc. This often presents both technical challenges (e.g. data systems) and administrative challenges (e.g. achieving consistent reporting across a decentralised organisation). It also takes time: donors need to remain committed for the medium-long term in order to see results.

Transparency and accountability in the aid system also present political challenges. Donors (at both the political and administrative levels) may be reluctant to make aid transparent because they fear public scrutiny of their actions. They may resist accountability because they wish to retain the freedom to make aid policy and decisions based on their own interests.

More legitimately, there may be genuine trade-offs and contradictions between transparency and accountability at home and transparency and accountability in recipient countries, as the types of information and outcomes required may be very different, and to prioritise one may be to deprioritise another. For example, stronger accountability of donors to taxpayers at home could lead to aid that is 'projectised', focused on sectors that are priorities in donor countries and poorly coordinated with other donors – this would undermine transparency and accountability in recipient countries.

It is also important to note that transparency and accountability in the aid system are not without political risks for donors. For example, support for aid in donor countries is often fragile, and transparency is thought by some to risk undermining this support if it lays open the failings and imperfections of aid. All of this means that transparent and accountable aid can require a political balancing act on the part of donors.

Aid is also characterised by the presence of a very large number of actors in the system, which presents challenges of coordination. On the donor side, questions of transparency and accountability apply to donor governments and their bilateral aid agencies, regional and multilateral aid agencies, as well as NGOs and private aid

foundations. The donor side of the equation also involves international cooperation via forums such as the OECD DAC. On the recipient side, aid involves central government (e.g. ministries of finance), line ministries (e.g. ministries of health), regional and local government, parliaments and councils, and the private sector, as well as NGOs and civil society groups. This multiplicity of actors on both sides means that transparency and accountability in aid and donor finance often involve significant challenges of coordination; this multiplies both administrative and political challenges as multiple actors need to move together.

Although many of the barriers to change sit with donors, it should not be assumed that all actors on the recipient side have incentives to promote transparent and accountable aid. Because transparency and accountability make aid more efficient by reducing corruption and waste in the 'aid chain', actors who benefit from corruption and waste have strong incentives to resist it. Recipients who are resistant to becoming more transparent and accountable themselves are unlikely to be enthusiastic proponents of this agenda, precisely because it removes barriers to their own transparency and accountability. Incentives for aid transparency and accountability vary significantly within recipient governments and institutions: for example, finance ministries seeking more effective and comprehensive budget oversight may be in favour, while line ministries who benefit from donor-led funding allocations may not be if they fear increased control from finance ministries. Outside government, civil society may have legitimate concerns about the transparency of aid that is channelled to non-state actors. There may be good reasons for CSOs not to disclose information to government, particularly in politically difficult contexts.

Different (and difficult) environments

The variation between the contexts where donors work means that there is no 'one size fits all' solution or proposal which will deliver transparency and accountability in all settings. Some parts of the 'supply side' can be consistently applied across a full range of contexts (e.g. open data standards for donors), but how aid transparency and accountability play out on the ground will vary hugely depending on the country context. Much of the discussion of transparency and accountability in aid has an 'ideal type' recipient country in mind – a country with a stable, effective and democratic government, an active civil society and donors aligned around a shared vision of development. Things get considerably more complicated in more challenging environments.

Where donors are operating in fragile states which lack stable or effective government, more aid tends to be channelled via NGOs and civil society groups. As discussed above, there is an emerging body of best practice about accountability in such aid relationships, but challenges of coordination and shared standards of transparency are

particularly acute. There is also a difference between aid channeled to NGOs to supplement government activities and public services (which is often the case in countries with effective governments) and aid channeled to NGOs to take the place of government and public services (which is often the case in fragile states).

In the latter case, serious consideration needs to be given to how aid can build up the effectiveness and accountability of state and public institutions in the medium to long term, and to transitions from one model of aid to another. There are strong arguments in such cases for building systems that facilitate this by using aid to create 'shadow' transparency and accountability systems – for example by collecting and publishing data on aid in formats that can be incorporated into a budget process at a later date and supporting the development of CSOs and intermediaries equipped to hold new and fragile government systems to account from the beginning.

Conflict and post-conflict situations present particular challenges for aid transparency and accountability. There are often mixed motives on both sides of the aid relationships in such circumstances, which may create strong incentives for donors and recipients to resist transparency and accountability. In some cases this resistance may be justified (for example when civil war has made allocations of aid between communities a potential flashpoint for conflict).

Finally, there are real challenges in moving from a humanitarian to a development model of aid in countries emerging from conflict or natural disaster. There are some examples of good practice on transparency and accountability in humanitarian aid, but they are based on different assumptions about transparency and accountability relationships, and on very different models of aid delivery.

The pitfalls of multiple objectives

As set out in Section 3, there are a variety of reasons why different actors might support increased aid transparency and accountability. In many respects this is a strength: that transparency and accountability can be agreed priorities for a donor primarily concerned with the efficiency of aid flows, a recipient government focused on effectiveness and a civil society group whose priority is empowerment is one reason that this agenda has gained momentum in recent years. Similarly, the fact that stakeholders in both north and south have an interest in transparent and accountable aid has been key in allowing the emergence of powerful international movements promoting this agenda. Indeed, it seems a plausible argument that transparency (and to a lesser extent accountability) emerged as a priority issue in Accra precisely because it was an issue upon which a wide variety of actors could agree – the concept is broad enough to accommodate a wide range of objectives.

In some circumstances, the same initiatives can meet the various objectives of different stakeholders, but not necessarily. As noted in Section 3 above, it is easy to imagine forms of transparency and accountability that deliver efficiency or effectiveness without delivering empowerment, or vice versa. Similarly, I have already argued that there may be trade offs between transparency and accountability to taxpayers and stakeholders in the north and beneficiaries and communities in the south. For example, a donor could become highly transparent to its own taxpayers, publish detailed data on all its aid programmes according to the priorities of the public and even give its own citizens a chance to directly shape its programming. Such a system might deliver increased efficiency in aid if it reduced the scope for corruption and waste in the 'aid chain' but it would not necessarily make aid more effective (e.g. if the information published by this donor did not allow comparison or collation with that published by other donors, or if taxpayer priorities turned out to be the wrong ones) and would not empower aid recipients (indeed it might disempower them).

There is a risk that the consensus around transparency and accountability of aid that exists at the moment masks underlying differences of objectives. As initiatives such as IATI move into a detailed implementation stage, these differences will become apparent and will need to be managed. There is already some evidence of different priorities in the IATI process (for example, the different emphasis placed by different actors on alignment of donor information to country budget systems). Donors and others need to work to establish consensus not just that transparency and accountability of aid matter, but also why they matter, and who they are for. It seems clear to me that the priority should be transparency and accountability to citizens in recipient countries (via their governments where appropriate); and that the objective should be to achieve efficiency, effectiveness and empowerment, but that in the medium to long term, empowerment is the most transformative of these objectives. The conclusions and recommendations that follow reflect these priorities.

7. Where will change come from

Gaps in the market and priorities for the future

Having reviewed the case for transparent and accountable aid, briefly mapped current initiatives, and considered some of the challenges and risks for this agenda, this section draws some brief conclusions about how future progress can be made, and about where donors (in the T/A Initiative and more generally) could focus efforts strategically to maximise their impacts on the transparency and accountability of aid.

Finding the right level: action at the international, donor, or recipient country level

Country-level transparency and accountability (of donors and governments) is the most important objective of transparent and accountable aid, but is often limited by factors at the international or donor levels. Initiatives at the international/donor level are necessary (but not sufficient) for work at the country level to succeed. Key aspects of the vision of transparent and accountable aid can only be delivered by donors themselves. This is particularly true with respect to transparency – no amount of independent analysis or civil society activism will generate transparency unless donors collect and publish information.

Transparency is also an area where there is clear value to international action, for two main reasons. The first is that coordination between donors is essential for success – stakeholders in recipient countries need to be able to compare and aggregate data and information from different donors, which requires common international standards. Although these could in principle be agreed between different donors working in particular recipient countries, few donors are decentralised enough to allow this, and they themselves need to be able to compare and aggregate from different parts of their operations. Aid transparency has significant global public good qualities – there are increasing returns to more comprehensive initiatives. For these reasons, individual donor efforts to improve their own transparency are very much second best from a recipient country perspective (they may, of course, be valuable from the point of view of stakeholders in donor countries).

It is also worth noting that, from the point of view of most stakeholders in recipient countries, many of the distinctions between different sources of finance are not relevant: on the 'demand side' there is a clear value in being able to analyse and compare finance and resource flows from a range of sources alongside each other (see Annex 1, Work plan 1). Making international transparency and data standards for aid effective is the immediate priority, but the end goal should be a single comparable open data standard that could apply to all external (international) finance flows that go into budgets (broadly defined to include the resources available for government and public services at national and local levels) in developing countries.

But this is not to say that international initiatives need to be comprehensive in order to be worthwhile. The strategies (political and technical) for achieving transparency in different areas are very different – transparency in aid does need to be negotiated separately from transparency in natural resources, for example. There are also strong arguments in favour of 'coalitions of the willing' taking action in order to move the agenda forward. The hope has to be that initiatives that are initially limited in their coverage demonstrate the power of transparency, encourage more reluctant donors (including 'new' donors)

to join at a later stage, and perhaps provide the basis for broader cross-cutting standards that apply to a wider range of financing in the future.

IATI has taken this approach, and is the great hope for transparency at the international level, but there is a long road still to travel, and some concerns that donors are not investing enough in this initiative to ensure its success. There was broad consensus among those I spoke to in the course of conducting this work that there is 'no Plan B' for international aid transparency standards (at least in the short to medium term) if IATI fails. Donors who are already signatories must invest more resources in the process of developing the IATI standard, and in implementing it quickly to demonstrate results. All donors who are concerned with transparency and accountability should become IATI signatories, or at least implement the IATI standards. Although IATI is an international initiative, its implementation will require political and administrative commitment and change within individual donor agencies and institutions (see Section 7 below).

CSO and private donors should, wherever possible, implement the IATI standards, and official donors should require this of NGOs and other institutions to whom they 'sub-contract' aid delivery. Indeed, international coordination between donors around the IATI standards could help to reduce the burden of reporting and administration on sub-contracting aid agencies by streamlining reporting requirements: This should provide strong incentives for non-official donors to participate in the system, and should be supported by capacity building as required. Where there are genuine reasons for CSO and private donors to operate outside this system (e.g. to preserve the independence of funding relationships with politically-engaged CSO partners in challenging contexts), CSO and private donors should agree a parallel, comparable and interoperable set of standards for their own activities.

If IATI delivers on its promise of transparency at the international level, the next step will be to ensure that it delivers real results on the ground in developing countries. If IATI does not deliver, it will be a strong indication of the limits of international initiatives to deliver accountability, aid effectiveness and wider participation in the development process (see Section 7 below). My conclusion is that, either way, more investment is needed in country-level initiatives to ensure that information can be used productively.

On the accountability side of the discussion, the argument for the necessity of international action is not so strong, although there are some significant 'gaps in the market' here. In particular, aid recipients lack forums in which to collectively hold donors to account, or mechanisms to share experience and best practice in doing so individually. It is important that recipients are able to hold donors to account collectively because key aspects of aid policy and practice are often decided internationally (e.g. via the OECD DAC) – individual recipient engagement with donors at country level is not effective in affecting these processes.

Lesson learning between recipients is important because multiple recipients engage with the same donors, on the same issues, but lack systematic ways to share experiences of doing so. The DCF shows some promise on both counts, but requires more commitment from donors and the investment of resources in support and coordination functions. Similar approaches at a regional level could also be fruitfully explored – building on existing structures such as the African Union.

Similarly, international collaboration between CSOs, parliaments and media is important in delivering transparent and accountable aid. There is the same need for cross-country lesson learning between recipient countries, and there are also significant benefits to north-south partnerships in delivering political action by donors – this is explored further in Section 7 below.

Supply, demand and analysis: Striking the right balance at the country level

At the moment, the 'supply' side of the transparency and accountability debate is moving ahead of the 'demand' side – more progress has been made on transparency and accountability *of* than transparency and accountability *to*. The emphasis of country-level initiatives should be on investing in capacity and systems that allow a range of stakeholders in recipient countries to make use of information from donors in order to demand accountability, deliver increased aid effectiveness and increase participation in the development process.

The first thing to say with respect to this 'demand side' of transparency and accountability is that there are significant limits to what donors can do. While the 'supply side' can, to a large extent, only be delivered by donors themselves, they face a number of challenges in supporting the demand side. First, donors are not well placed to determine or predict what the needs, demands and priorities of stakeholders in recipient countries will be. Second, there is a significant risk of creating conflicts of interest if donors create or fund institutions whose purpose is to hold those same donors to account for their performance and effectiveness. Third, there is a risk that donor-created institutions focused on aid will 'crowd out' domestic institutions focused on other resources and government accountability. So, donors need to be strategic and realistic about interventions on the demand side of aid transparency and accountability.

The demand side needs to involve recipient governments (at all levels), parliaments, audit institutions, media (broadly defined), CSOs and citizens themselves. It is also important to note that the supply (of information) and the demand (for accountability) must be linked by analysis – data and information from donors will rarely be useful to key stakeholders in recipient countries in its raw form.

There is a clear unmet need for independent analysis of data and information about aid in recipient countries. The objective here should be to support effective and independent analysis of donor performance at country level. Such analysis can deliver results on its own (e.g. by helping donors to understand how they can improve their practice) but can also provide resources to, and support effective action by, stakeholders who want to hold donors to account. There is a need both for detailed and technical

analysis (of the kind that academics or think tanks might provide) and simplified and accessible analysis (of the kind that the media might provide). This independent analytical stage is important because it makes information available to the powerless as well as the powerful (e.g. to poor communities as well as international NGOs). There is also a need for focal points and clearing houses where information and analysis can be shared and systematised. Wherever possible, donors should invest directly in southern analytical capacity, rather than relying on northern intermediaries.

There are capacity gaps across the board on the demand side of aid accountability, but this is particularly true with respect to southern parliaments and local and regional government – there seem to be very few examples of effective parliamentary or local/regional government engagement with aid delivery, programming or effectiveness to hold donors to account. Investment in capacity building to help these actors hold donors to account would also support them to hold national executives to account for their use of aid (and resources more generally).

Stakeholders in recipient countries are (quite rightly) focused on wider questions of resource use (and often budget processes in particular) rather than on aid. Indeed, a consistent message from those I spoke to the course of this work was that there is very little demand in recipient countries for information about aid per se outside central governments. This means that efforts to build demand for transparency and accountability in aid (both in analysis and 'end use') must be integrated with wider efforts to demand transparency and accountability in the use of resources from a range of sources, including through budget processes. Demand for accountability and transparency in aid must connect to the wider objectives of stakeholders in recipient countries.

In practice, there will not be a 'one size' fits all' answer to this, but there would be value in ensuring that all stakeholders involved in resource and budget monitoring (including those with a wider concern for freedom of information and open data) have the capacity to engage with questions of aid delivery, programming and effectiveness as an integrated part of their activities. This integrated approach also helps to reduce the risk that aid accountability 'crowds out' domestic accountability relationships. Wherever possible, donors should support and build on existing institutions and capacity.

This said, a number of those I spoke to in the course of this work observed that it can be difficult for one organisation to hold both donors and recipient governments to account: holding governments accountable for budgets and other resources usually requires CSOs and others to operate in a way that is oppositional to government (and often puts them on the same 'side' as donors), while holding donors accountable for aid would often put them on the same side of the argument as recipient governments. This also relates to the second challenge highlighted above – that donor-funded initiatives to hold donors to account can create conflicts of interest. There is no perfect solution to this, but there are two ways in which this risk can be reduced. The first is to support independent analytical capacity, as suggested above. Analysis of donor information is more neutral than the advocacy or campaigning that might be needed to hold donors to account – analysis is therefore less likely to be

inhibited by funding relationships. The second is for private and charitable donors to support CSOs or other stakeholders to hold official donors to account (or vice versa).

There would also be real merit in establishing multi-stakeholder initiatives in recipient countries – forums to bring together different stakeholders (e.g. different parts of government, parliamentarians, and CSOs) to discuss aid delivery, programming and effectiveness.

Finally, donors need to resist the urge to create over-specific initiatives or projects to deliver the demand side of aid transparency and accountability. As noted above, donors are not well-placed to predict the needs of stakeholders in recipient countries – any efforts to closely define the objectives, modalities or outcomes of the demand side will likely fail. Instead, donors should focus on supporting generalised capacity – the ability to monitor aid and hold donors to account should be seen as a skill that needs to be supported in a range of stakeholders. This means that donors need to be brave enough to invest in broadly-defined initiatives whose impact may be hard to define ex ante.

Political and practical initiatives

As set out in Section 6, the barriers to transparency and accountability in aid are both political and practical.

At the moment, the political and campaigning energy behind the aid transparency and accountability movement is mostly northern. There is now a need to mobilise more political action from southern countries in order to encourage donors to make (and sustain) political commitments to transparency and accountability. This is particularly true if donors are to stay the course with transparency and accountability long enough to see results, and if initiatives are to be focused on the needs of aid recipients.

There is an important political role for the kind of country-level initiatives discussed in Section 7 above to monitor donor progress on transparency and accountability in order to ensure that political commitments result in concrete and sustained action on the ground. However, the most effective political voices for change will be those which connect north and south. Too often, the demands of taxpayers and citizens in the north are disconnected from those of recipients and citizens in the south. This both lessens political impacts (e.g. by reducing the scope for southern monitoring to find political purchase in donor capitals) and creates the risk that northern and southern demands are in tension or contradiction. north-south working can help to shift public debate in the north: a legitimate objective here is to bring northern and southern political demands of aid closer together.

north-south partnerships could have political impacts at both the international and donor levels. This is important because many aspects of donor policy and practice are determined at the headquarters or international level, and – it is only through north-south partnerships that CSOs or other stakeholders in recipient countries can have a voice in these decisions. Strategic support for north-south networks of CSOs, parliamentarians and other stakeholders could build on existing international work (e.g. BetterAid, AWEPA), but could also fruitfully focus on more narrowly-defined partnerships to influence individual donors (e.g. 'pairing' CSOs in particular donor and recipient countries to work together to monitor specific aid programmes 'from both ends'). As with support for the 'demand side' at country

level, donors should focus on creating inclusive spaces and processes which can foster this kind of joint political action, rather than trying to 'pick winners'.

There are also key practical and administrative actions that could be taken to ensure that transparency and accountability of aid can be delivered whenever the political will exists. A considerable amount of work is already taking place to develop technology and data systems on the 'supply side' of the problem (although this remains very much work in progress), but much less on the demand side.

Investments could fruitfully be made in technologies that allow analysts and stakeholders in both donor and recipient countries (but particularly in recipient countries) to use the information generated by donor and recipient systems (e.g. innovative online data presentations). There seemed to be consensus among those I spoke to in the course of this work that technological solutions are most effective when they emerge from the bottom up, rather than being 'commissioned'. This raises a question about what donors can do to support the emergence of such bottom up solutions. The best approach here may be to 'let a thousand flowers bloom' by supporting the development of basic open-source technology platforms that could then be adapted and embellished in a distributed way. Institutions to promote these platforms would kick-start the process. In addition, donors could play a role in identifying those in recipient countries with the technological capacity to create systems of this kind and then back them to work with aid specialists (e.g. via the analytical initiatives discussed in Section 7 above). Again though, donors will need to be prepared to make broad commitments to capacity and systems, and avoid the temptation to commission specific projects.

There is also a need for technological systems that connect the 'top-down' information provided by donors with 'bottom-up' information from beneficiaries, identify gaps and reconcile discrepancies, so that information can be improved over time. The first priority here should be to build on the IATI system to link donor systems with recipient country budget processes – this process is being much discussed, but needs to be tested in specific countries as a matter of urgency. A second priority is to develop much more specific and precise data systems that allow transaction-level (and geo-coded) data to be used on the ground and lessons from beneficiaries to be fed back to donors (e.g. applications which allow beneficiaries of aid to feed back to donors and intermediary institutions about successes and failures on the ground). This 'grassroots' vision of transparency in the aid system should, as with the initiatives discussed in Section 7 above, be based on existing initiatives (e.g. Twaweza) wherever possible, and be linked to wider processes of resource tracking and budget transparency – this kind of initiative will only make sense if approached in an integrated way.

Technology is important, and technological solutions could help solve practical problems, but there are also administrative and managerial challenges in implementing aid transparency and accountability. In order for the vision set out in Section 3 to be realised, donors need to make substantial changes in the way that they manage programmes. While there is some good practice from donors who are more advanced on this agenda, there are few systematic and detailed mechanisms for lesson-learning in this area. Investment in capacity-building and training within donor agencies and institutions (official, private and

charitable) could be productive in helping to overcome bureaucratic and administrative obstacles to transparency and accountability.

The implications of 'necessary but not sufficient'

A recurring theme of this analysis has been 'necessary but not sufficient': i.e. international initiatives are necessary but not sufficient without complementary country-level initiatives, and vice versa; supply-side initiatives are necessary but not sufficient without demand-side initiatives and vice versa; political commitment is necessary but not sufficient without practical solutions and vice versa. There is much talk in aid transparency and accountability circles about the need for an 'ecosystem' of different approaches and initiatives, and it is clear that the agenda's underlying 'theories of change' are complex. This creates real challenges for demonstrating results on this agenda – individual initiatives will not often, by themselves, create change.

This has two implications. First, a commitment to investing resources and effort into making aid more transparent and accountable requires donors to take something of a leap of faith and support a wide range of initiatives simultaneously. This will involve committing small amounts of resources to many different initiatives, and being prepared to take risks. Second, a highly strategic approach is needed.

The current pattern is one of many independent initiatives with different timescales, coverage and resources. A more productive way forward would be to concentrate efforts and energies in a few pilot countries in order to create the required 'ecosystem' of mutually-supportive initiatives.

It is tempting to spread resources around, and to focus on 'orphan' countries, but in this case there are strong arguments for focusing on countries which already have parts of the accountability system working effectively. So countries that have effective mutual accountability mechanisms between government and donors, for example, should be supported to develop complementary initiatives with parliament, audit authorities, the media and CSOs. Pilots of this kind could provide an important 'proof of concept' (or test of concept) for the whole model of transparent and accountable aid, and provide the basis for broadening efforts to encompass more donors and more recipient countries. A number of initiatives are already conducting or proposing relevant pilots in specific countries (e.g. AidInfo's proposed pilots in Ghana and Nepal; IATI's planned pilot implementation in a small number of countries; DAC Working Party on Aid Effectiveness focus countries including Ecuador, Indonesia, Ghana and Mali; DAC GOVNET case studies including Mali, Mozambique, Peru and Uganda) and it would make sense to build on these. It would also make sense to build on mutual accountability initiatives and donor databases in countries such as Tanzania, Rwanda and Malawi.

It will also be important to pilot a comprehensive approach to aid transparency and accountability in a range of different country settings (e.g. including some fragile states). As noted in Section 6 above, some country environments pose particular challenges for this agenda, and it will be important that approaches are piloted that can work in such environments – an increasing proportion of aid is likely to be spent in fragile states in the future.

The other aspect of a strategic approach is to invest in initiatives that can 'join the dots' on aid transparency and accountability. At the moment, there is no single organisation or project which systematically assesses the aid transparency and accountability field, although AidInfo and Publish What You Fund have started doing so on the transparency side. This review has barely scratched the surface, and there would be real value in establishing a more systematic and sustained process for monitoring progress and horizon scanning in order to provide timely recommendations about emerging issues and gaps in the market. A systematic overview of the field could also help focus and shape country pilot work.

Future proofing

In Section 1, I highlighted two future shifts in the aid context that will have major implications for transparency and accountability.

The first is climate change. It seems likely that significant resources will be made available to developing countries for the purposes of climate change adaptation and mitigation. It is essential that transparency and accountability be built into such funds from the outset, but the case for the kind of recipient-focused transparency and accountability discussed in this paper still needs to be made with respect to climate change finance. At the moment, discussions of transparency and accountability in climate finance are focused on the question of additionality (i.e. showing that donor spending on climate finance is new and additional to existing aid flows and commitments). This is important, but is nonetheless a top-down form of transparency and accountability (i.e. one focused on donor institutions and macro-level spending commitments, rather than recipient needs). Donors, recipient governments and CSOs involved in the negotiation of new climate finance need to make the case for recipient-focused transparency and accountability, and ensure that the structure of new funds is consistent with this objective (e.g. by building in IATI compliance and comparability).

The second challenge is the rise of new donors, who operate (and may well continue to operate) outside the traditional donor forums that have provided the focus of many existing transparency and accountability initiatives. This concern is part of a wider set of concerns about the impact of new donors on existing efforts and donor priorities (e.g. new donors undermining environmental or human rights standards currently promoted by donors). However, in contrast with environmental or human rights standards (which are not always in the interests of recipient governments) recipient governments should have a strong interest in seeing at least some aspects of aid transparency and accountability delivered by new donors (in particular transparency and accountability from donors to recipient governments themselves).

This underlines the importance of proving that transparency and accountability in aid deliver results for recipients (and in this context, particularly for recipient governments): this should increase the pressure on new donors to participate in existing systems. For example, if IATI succeeds in delivering a transparency standard that allows donor data to be linked to recipient country budgets, recipient governments are more likely to ask that new donors participate in the system. At the international level, donors and recipients who are IATI signatories need

to reach out to new donors and engage them in the process, while being realistic about the timeframes for any systematic new donor implementation of IATI. IATI should also create opportunities for new donors to engage with the IATI standards in particular countries, whether or not they sign up at the headquarters level.

However, in some cases, recipient governments and new donors may have a shared interest in blocking transparency and accountability to citizens. Action by CSOs, parliaments, media and others to create public transparency and accountability from new donors will be best taken forward in particular country contexts. At the moment, so little is known about aid delivery, programming and effectiveness from new donors that it is hard for non-governmental stakeholders to even know what questions to ask. The first priority, therefore, is analysis of aid from new donors at country level: the same institutions or organisations delivering the analysis of donor information discussed in Section 7 above should be scoping the availability of information and data from new donors, highlighting gaps, and providing the analytical resources for other stakeholders to generate political pressure on governments to open up these new aid relationships. This country-level analysis would also provide useful information for 'old' donors and others engaging with new donors on transparency and accountability at the international level.

8. Recommendations

The conclusions above contain a range of recommendations for donors. Some of these (broadly, the supply side) relate to how donors need to work at the international level, or make themselves transparent and accountable. Others (broadly, the demand side) relate to how donors can support civil society and other stakeholders in recipient countries to ensure that transparency and accountability from donors deliver results on the ground.

International initiatives: Shared standards, donor advocacy and collective accountability

- International standards for aid transparency are essential. Donors who are already IATI signatories must invest more resources in the process of developing the IATI standard, to ensure that it can deliver results quickly.

- All donors who are concerned with transparency and accountability should become IATI signatories, or at least implement the IATI standards.

- CSO and private donors should, wherever possible, implement the IATI standards, and donors should also require this of institutions to whom they 'sub-contract' aid.

- Where there are genuine reasons for CSO and private donors to operate outside this system (these circumstances should be very limited), they should agree a parallel, comparable and interoperable set of standards for their own activities.

- Donors and recipients who are IATI signatories need to reach out to new donors and engage them in the process (for example by conducting a comprehensive mapping of new donors data systems), while being realistic about the timeframes for any systematic new donor implementation of IATI.

- Donors, recipient governments and CSOs involved in the negotiation of new climate finance need to make the case for recipient-focused transparency and accountability, and ensure that the structure of new funds is consistent with this objective (e.g. by building in IATI compliance and comparability).

- Making international transparency and data standards for aid effective is the immediate priority, but the end goal should be a single comparable open data standard that could apply to all external (international) finance flows that go into budgets (broadly defined to include the resources available for government and public services at national and local levels) in developing countries.

- Donors need to support (through high-level participation and resourcing) internationalforums that give aid recipients a voice to hold donors to account collectively (e.g. the ECOSOC Development Cooperation Forum).

Donor implementation and reform: Delivering change in donor agencies and institutions

- Transparency and accountability cannot be delivered for free. Donors must invest real resources (human and financial) in implementing international standards (such as IATI) and agreements (e.g. supporting mutual accountability under the Paris Declaration).

- Transparency and accountability require donors to change the way they work. Donors should invest in capacity-building and training within their own agencies and institutions (and those they sub-contract to) to overcome bureaucratic and administrative obstacles to the delivery of transparency and accountability.

Supporting demand in recipient countries:
Taking a strategic approach

- A number of initiatives are already conducting or proposing relevant pilots in specific countries (e.g. AidInfo's proposed pilots in Ghana and Nepal; IATI's planned pilot implementation in a small number of countries; DAC Working Party on Aid Effectiveness focus countries including Ecuador, Indonesia, Ghana and Mali; DAC GOVNET case studies including Mali, Mozambique, Peru and Uganda) and it would make sense to build on these. It would also make sense to build on mutual accountability initiatives and donor databases in countries such as Tanzania, Rwanda and Malawi.

- Donors (such as those in the T/A Initiative) should map their own aid programming against these pilot countries and focus on countries where they can support demand by changing their own practice at country level (e.g. by rapidly implementing IATI standards).

- In pilot countries, donors should:

  o Support institutions which can provide effective and independent analysis of aid – both detailed and technical analysis (of the kind that academics or think tanks might provide) and simplified and accessible analysis (of the kind that the media might provide). This should include analysis of aid from new donors (or at least scoping the availability of information and data from new donors and highlighting gaps). Donors should support such institutions to create focal points and clearing houses where information and analysis can be shared and systematised. Wherever possible, donors should invest directly in southern analytical capacity, rather than relying on northern intermediaries. This could build on existing institutions at the regional level (e.g. African Monitor) and national (e.g. the Civil Society Aid and Development Group in Uganda), and on proposals such as the Reality of Aid's 'Aid Observatorios'.

  o Support (southern-led) capacity building for stakeholders (including CSOs, parliaments and the media) involved in resource and budget monitoring (including those with a wider concern for freedom of information and open data) to ensure that they have the capacity to engage with questions of aid delivery, programming and effectiveness as an integrated part of their activities. The focus should be on supporting generalised capacity: the ability to hold donors to account should be seen as a skill that needs to be supported in a range of stakeholders. This means that donors need to be brave enough to invest in broadly-defined initiatives whose impact may be hard to define *ex ante*.

  o Support multi-stakeholder forums to bring together different stakeholders (e.g. different parts of government, parliamentarians, and CSOs) to discuss aid delivery, programming and effectiveness and to encourage lesson-learning between different stakeholders

  o Invest in the development of basic open-source technology platforms that could then be adapted and embellished in a distributed way to analysts and stakeholders to use the information generated by donor and recipient systems (e.g. innovative online data presentations). Support for institutions to promote these platforms would kick-start the process, and could build on existing initiatives (e.g. Twaweza). In addition, donors could play a role in identifying those in recipient countries with the technological capacity to create systems of this kind and then backing them to work with aid specialists.

  o Support technology and analysis that build on the IATI system to link donor systems with domestic budget processes.

- Donors should invest in ongoing monitoring and analysis across aid transparency and accountability initiatives in different countries (perhaps in the form of an annual report) to 'join the dots' and facilitate lesson learning.

Networks and north-south advocacy

- Donors should provide support for north-south networks of CSOs, parliamentarians and other non-governmental stakeholders in order to provide spaces for joint advocacy at the international level, and for lesson learning between stakeholders from different countries. Such support should, wherever possible build on existing networks (e.g. BetterAid, AWEPA).

- Donors should also support (either within these wider networks, or separately) more specific north-south partnerships to monitor and influence the activities of individual donors (e.g. 'pairing' CSOs in particular donor and recipient countries to work together to monitor specific aid programmes 'from both ends').

- Donors should focus on creating inclusive spaces and processes which can foster this kind of joint political action and engage a wide range of stakeholders, rather than trying to 'pick winners'.

9. Assessing new intiatives: criteria and questions

Building on the analysis above, three priority 'new frontiers' initiatives have been identified and further developed into work plans for discussion with T/A Initiative members (see Annex I). The long-listed ideas above were assessed against a series of key criteria intended to ensure that the final proposals put forward to the collaborative provide the right balance of impact, delivery and innovation.[6]

Impact assessment criteria

- Scale and scope of potential impacts: identification of areas that will have the most impact on efficiency, effectiveness and empowerment; ability to catalyse further action from others; potential for not only contributing to aid objectives but also overall governance and anti-corruption measures.
- Animating new constituencies: ability to reach out to key groups who may not yet be active in the aid debate.
- Linkages and synergies to other areas: Ability for aid initiatives to also help deliver impacts in other areas of the strategic review e.g. climate change, national budgets etc; learning from other initiatives with similar methods and processes.
- Transparency and accountability as tools for empowerment: new frontiers will be prioritised in areas where they play a central and catalytic role in empowering and engaging citizens and civil society (particularly the most vulnerable or disempowered communities and stakeholders) and building trust.

Delivery assessment criteria

- Feasibility and capacity required for implementation.
- Ability to monitor and evaluate outcomes, including the potential for initiatives to contribute to learning and knowledge dissemination.
- The degree to which initiatives build on existing systems and institutions.
- Legitimacy of potential partner organisations.

Innovation assessment criteria

- Giving agency to new audiences and actors: ability of new frontiers to open up new horizons for action and empower new groups.
- Replication and scalability: ability to provide best-practice examples for others to follow, ability to extend and catalyse initiatives into new areas.
- Potential to utilise new technologies: assessment of whether new technology can be deployed, ability to build on existing technologies, assessment of ease of access and use for key actors to utilise new technology.

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[6] These criteria are based on those suggested by E3G as part of their parallel work for the T/A Initiative on climate change.

Annexes

Annex I: Work plans

Work plan 1: Promoting comparable open data
standards for all external financing to developing countries[7]

Goal

A single comparable open data standard is applied to all external (international) finance flows that go into budgets (broadly defined to include the resources available for government and public services at national and local levels) in developing countries. These flows include aid (official and private/charitable, bilateral and multilateral, grants and concessional lending), non-concessional international lending (e.g. through the IBRD), climate finance and natural resource rents. This single data standard allows recipient country governments to develop a comprehensive and accurate view of the resources available to them (ex ante as well as ex post), plan budgets effectively, simplify reporting and hold those providing external finance to account for delivery. It also allows stakeholders and citizens in developing countries to monitor external financial flows from a range of sources and hold government and public authorities accountable for their use.

Theory of change

Problem

Current 'supply side' transparency initiatives such as IATI and the Extractive Industries Transparency Initiative (EITI) view financial flows from the point of view of donors or resource providers, which means that they look separately at different flows (e.g. aid versus natural resource rents). This is true of new and emerging resources like climate finance as well as established resources like aid.

This makes sense because the strategies (political and technical) for achieving transparency in different areas are very different – transparency in aid does need to be negotiated separately from transparency in natural resources, for example.

However, from the point of view of governments and civil society in recipient countries, many of the distinctions between different sources of finance are not relevant: on the 'demand side' there is a clear value in being able to analyse and compare finance and resource flows from a range of sources. Establishing effective international transparency and data standards for aid (and other specific finance flows) is the immediate priority, but the end goal should be to build on initiatives such as IATI to develop a single comparable open data standard that can be applied more broadly.

Intervention

The development of shared and open data standards that can (over time) be applied to all external finance flows that go into budgets (broadly defined to include the resources available for government and public services at national and local levels) in developing countries.

Expected outcome

Recipient country governments can develop a comprehensive and accurate view of the resources available to them (ex ante as well as ex post), plan budgets effectively and hold those providing external finance to account for delivery. Non-governmental stakeholders and citizens in developing countries can monitor external financial flows from a range of sources and hold government and public authorities accountable for their use.

Impact and risk

This would be a high impact, high risk, intervention. The prize is nothing less than a transformation in the transparency of resources in developing countries. The key risk is that such shared open data standards simply prove too complicated to negotiate. It is clear from experience even within a single resource 'sector' (such as aid) that shared standards are difficult to agree, and may be even more challenging to implement. There is also a risk that the financing 'landscape' becomes ever more fragmented and complex as new sources of finance (e.g. climate finance) emerge with new institutions and governance to match.

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[7] This recommendation goes well beyond the scope of this paper – it applies to much more than aid, and should be seen in light of all the 'New Frontiers' work on a range of sectors and sources of financing.

Actions and deliverables

DELIVERABLE 1: DETAILED TECHNICAL ANALYSIS OF EXISTING DATA STANDARDS IN DIFFERENT AREAS

TIME FRAME	SHORT-MEDIUM TERM
Output	Comprehensive and detailed mapping and comparison of data types, sources, formats and accessibility across a full range of external funding sources for developing countries (including aid, non-concessional international lending, climate finance and natural resource rents)
Delivered by	Expert analysts on the 'supply side'
Targets	Those providing resources to developing countries (e.g. donors, lenders)
Other stakeholders	This analysis will need to bring together experts from a range of financing 'sectors'. This analysis should also build on the expertise of the international freedom of information/ open data movement
Opportunities for new technologies	Limited – focus on mapping existing technologies and systems

DELIVERABLE 2: DETAILED TECHNICAL SPECIFICATION OF AN 'IDEAL TYPE' SHARED OPEN DATA STANDARD

TIME FRAME	MEDIUM TERM
Output	A detailed proposal setting out what a shared open data standard should include, for example:
	• Data types and information to be disclosed (e.g. ex ante and ex post information on finance flows, policy and conditions)
	• Data formats (e.g. raw data/documents versus specific forms of analysis)
	• Data compatibility (between sectors and institutions, between finance sources and recipients)
	• Disclosure schedules to ensure timeliness
	• Accessibility and access
	• Technological demands and platforms
	• Specified exceptions and exemptions
Delivered by	Expert analysts on the 'supply side' in partnership with expert analysts on the 'demand side'
Targets	Those providing resources to developing countries (e.g. donors, lenders)
Other stakeholders	The proposed standard will need to be based on consultations (although not negotiations – the aim is to come up with an 'ideal' standard) with those providing resources to developing countries (e.g. donors, lenders), recipient governments, and a full range of stakeholders (e.g. parliaments, audit institutions, CSOs) on the demand side.
Opportunities for new technologies	Some – new platforms and formats will be required to demonstrate the feasibility of an ideal standard

DELIVERABLE 3: A CROSS-SECTORAL CAMPAIGN TO PROMOTE A SHARED STANDARD

TIME FRAME	MEDIUM-LONG TERM
Output	A well-resourced and sustainable international campaign (across north and south) across financing sectors to promote the adoption of shared standards
Delivered by	New 'convening' campaign bringing together sectoral campaigns (e.g. Publish What You Fund (PWYF) Publish What You Pay (PWYP)), freedom of information advocates, financing experts, data experts and end users
Targets	Those providing resources to developing countries (e.g. donors, lenders) Existing transparency initiatives (e.g. IATI).
Other stakeholders	The campaign should work with as wide a range of stakeholders as possible at the international level (e.g. OECD DAC) as well as in particular donor and recipient countries.
Opportunities for new technologies	Some – new platforms and formats will be required to demonstrate the feasibility of an ideal standard

Existing initiatives to build on

- Sectoral transparency initiatives (e.g. IATI, EITI)
- Sectoral transparency campaigns (e.g. PWYF, PWYP)
- Financing and data experts (e.g. Development Finance International, AidInfo)
- Freedom of information and open data campaigns
- Resource and budget monitoring campaigns (international, and in specific countries)

Links to other Transparency and Accountability Initiative Themes

This work plan cuts across all T/A Initiative themes.

Work plan 2: Piloting the country-level aid
transparency and accountability 'ecosystem'

Goal

Demonstrate the value of transparent and accountable aid
by funding the range of mutually-supportive initiatives
that are required to deliver results at country level.
Support demand for the kind of information that will be
provided by existing aid transparency initiatives such as
IATI, and for the much wider range of information that
could be provided by the comparable open data standard
proposed in Work plan 1. Enable stakeholders in recipient
countries to demand accountability, deliver increased aid
effectiveness on the ground, and increase participation in
the development process.

Theory of change

Problem

In order for transparency in international aid (the 'supply side')
to deliver results, information about aid needs to be used
effectively at country level (the 'demand side'). Once donors
provide the right information, the supply (of information) and
the demand (for accountability) must be linked by analysis
– data and information from donors will rarely be useful to
key stakeholders in recipient countries in its raw form. Once
information has been analysed, recipient governments (at
all levels), parliaments, audit institutions, media (broadly
defined), civil society organisations and citizens need to have
the capacity to respond to the information.

Capacity to engage with questions of aid delivery,
programming or effectiveness is often limited in recipient
countries (outside some parts of central government,
and sometimes even there). Also, many interventions are
'necessary but not sufficient' to deliver outcomes, which
means that capacity needs to be built up simultaneously
across a range of sectors and institutions. This creates real
challenges for demonstrating results on this agenda –
individual initiatives will not often, by themselves,
create change.

Intervention

In a few carefully-chosen recipient countries, donors
support a wide range of initiatives simultaneously to create
the required 'ecosystem' of mutually-supportive initiatives.

There are strong arguments for focusing on aid dependent
countries which already have parts of the accountability
system working effectively. So countries that have effective
mutual accountability mechanisms between government
and donors, for example, should be supported to develop
complementary initiatives with parliament, audit authorities,
the media, and CSOs.

A number of initiatives are already conducting or
proposing relevant pilots in specific countries (e.g. AidInfo's
proposed pilots in Ghana and Nepal; IATI's planned
pilot implementation in a small number of countries;
DAC Working Party on Aid Effectiveness focus countries
including Ecuador, Indonesia, Ghana, and Mali; DAC

GOVNET case studies including Mali, Mozambique, Peru
and Uganda) and it would make sense to build on these.
It would also make sense to build on government-led
mutual accountability initiatives and donor databases in
countries such as Tanzania, Rwanda and Malawi. Donors
should also pilot a comprehensive approach to aid
transparency and accountability in at least one fragile
state context (e.g. Afghanistan).

Donors (e.g. in the T/A Initiative) should map their own aid
programming against these pilot countries and focus on
countries where they can support demand by changing their
own practice at country level (e.g. by rapidly implementing
IATI standards).

Expected outcome

A wide range of stakeholders in pilot countries are able to
analyse and use information about aid in order to demand
accountability from donors, governments and other
institutions involved in aid delivery on the ground, feed
information back to donors to improve their policies and
practice, and directly engage citizens and beneficiaries
with aid programming on the ground to improve results.
Ultimately, this should lead to improved aid effectiveness
and increased participation in the development process,
as well as supporting domestic accountability relationships
between governments and citizens.

Impact and risk

This will involve committing small amounts of resources to
many different initiatives, and being prepared to take risks
by investing in broadly-defined initiatives whose impact
may be hard to define *ex ante*. However, the kind of broad-
based capacity building investment suggested here should
have a wide range of positive impacts – for example, even if
real accountability of aid is not achieved, we would expect
to see benefits for domestic accountability. Focusing on
a few carefully-chosen pilot countries which already have
some relevant and effective institutions established will also
help to mitigate risks. In order for the pilot to be successful
in the longer term, evaluation and lesson learning/sharing
mechanisms will need to be built in from the outset.

Actions and deliverables

Please note, that deliverables are deliberately cast in fairly
broad terms: more specific work plans should be developed
when pilot countries are identified.

DELIVERABLE 1: INSTITUTIONS IN AID RECIPIENT COUNTRIES WHICH CAN PROVIDE EFFECTIVE AND INDEPENDENT ANALYSIS OF AID

TIME FRAME	MEDIUM TERM
Output	Detailed and technical analysis (of the kind that academics or think tanks might provide) and simplified and accessible analysis (of the kind that the media might provide) of aid delivery, programming and effectiveness in particular country contexts. Focal points and clearing houses where information and analysis can be shared and systematised.
Delivered by	Specialised institutions or programme with a focus on analysis (separate to advocacy or campaigning). Donors should invest directly in southern analytical capacity (rather than relying on northern intermediaries), although some expert input from northern aid specialists may be necessary at early stages.
Targets	Analysis should look at the delivery, programming and effectiveness of aid from bilateral and multilateral donors, private donors and CSO donors. It should also include analysis of aid from 'new' donors (or at least scoping the availability of information and data from new donors and highlighting gaps) and analysis of sector-specific funds (including climate finance).
Other stakeholders	Analytical institutions should provide resources to, and support effective action by, all stakeholders who want to hold donors to account, including government (at all levels), parliament, audit institutions, media and CSOs (see Deliverable 2 below). Analytical institutions should also help build capacity in other organisations to interpret and use the data and analysis produced.
Opportunities for new technologies	Some – scope for innovative data presentations (e.g. see www.wheredoesmymoneygo.org for examples)

DELIVERABLE 2: AID-FOCUSED CAPACITY BUILDING FOR CIVIL SOCIETY STAKEHOLDERS IN RECIPIENT COUNTRIES INVOLVED IN RESOURCE AND BUDGET MONITORING

TIME FRAME	MEDIUM TERM
Output	Stakeholders (including CSOs, parliaments and the media) who are monitoring resources and budgets at country level have the capacity to engage with questions of aid delivery, programming and effectiveness as an integrated part of their activities.
Delivered by	The emphasis should be on southern-led capacity building, including lesson-learning between countries and sectors. Where appropriate the 'analytical institutions' described in Deliverable 1 could deliver some capacity building.
Targets	All stakeholders involved in resource/budget tracking, including parliament, audit institutions, media and CSOs (national and local).
Other stakeholders	Capacity building should also engage stakeholders at country level with a wider concern for freedom of information and open data.
Opportunities for new technologies	Limited

DELIVERABLE 3: MULTI-STAKEHOLDER INITIATIVES (MSIS) IN RECIPIENT COUNTRIES TO BRING TOGETHER DIFFERENT STAKEHOLDERS TO DISCUSS AID DELIVERY, PROGRAMMING AND EFFECTIVENESS AND TO FORM 'ACCOUNTABILITY COALITIONS'

TIME FRAME	MEDIUM TERM
Output	Annual meeting of stakeholders at the country level, with associated report. Regular communication and lesson-learning between different stakeholders.
Delivered by	MSIs could be convened by different institutions in different countries. For example, in some countries where government is taking an active role in holding donors to account, it would be appropriate for government to convene the MSI; in other countries it would be better convened by CSOs or CSO networks.
Targets	The scope of the MSIs should be defined broadly to include sector-specific finance (e.g. climate finance), humanitarian aid, as well as broader development aid.
Other stakeholders	MSI should include different parts of government (national and local, central and sectoral), parliamentarians, audit institutions, media and CSOs.
Opportunities for new technologies	Limited

DELIVERABLE 4: DEVELOP BASIC OPEN-SOURCE TECHNOLOGY TO USE THE INFORMATION GENERATED BY DONOR AND RECIPIENT SYSTEMS

TIME FRAME	SHORT-MEDIUM TERM
Output	Basic open-source technology that can be adapted and embellished in a distributed way to analysts and stakeholders
Delivered by	The basic technology platform could be developed centrally (either in the north or the south).
Targets	All stakeholders involved in monitoring at the country level, including different parts of government (national and local, central and sectoral), parliamentarians, audit institutions, media and CSOs.
Other stakeholders	Those in recipient countries with the technological capacity to work on systems of this kind (in whatever sector) should be supported to work with aid specialists who know the right questions to ask of the data.
Opportunities for new technologies	High – both in terms of new platforms, their subsequent refinement/embellishment at the country level, and online/accessible presentation of results.

Existing initiatives to build on

Wherever possible, donors should support capacity within existing institutions. Analytical capacity could build on existing institutions at the regional level (e.g. African Monitor) and national level (e.g. the Civil Society Aid and Development Group in Uganda) and on proposals such as Reality of Aid's 'Aid Observatorios'. Wherever possible, capacity to work on aid should be integrated with wider resources/budget tracking capacity. The focus should be on supporting generalised capacity: the ability to hold donors to account should be seen as a skill that needs to be supported in a range of stakeholders. On the technology side, support for institutions to promote new platforms could build on existing technology-focused initiatives (e.g. Twaweza, Ushahidi).

Links to other Transparency and Accountability Initiative Themes

This programme idea links most closely with the New Frontiers work on budget transparency and accountability. This proposal should be seen alongside the recommendations from that work to create a multi-donor fund to ensure secure funding to CSOs that have a proven record of effective budget work; capacity building around aid in pilot countries (Deliverable 2) could be seen as one strand of work within such a fund. Similarly, Deliverable 3 above could potentially be taken forward alongside the recommendation from the budget work for donors to fund collaborative work between parliaments, audit institutions and CSOs.

Work plan 3: North-south advocacy partnerships

Goal

Civil society stakeholders in recipient countries have a voice in decisions about aid policy and practice that are taken in donor headquarters or at the international level. The insights from country-level initiatives such as those proposed in Work plan 2 are brought to bear on international initiatives such as that proposed in Work plan 1.

Theory of change

Problem

Many aspects of donor policy and practice are determined at the headquarters or international level, where stakeholders from recipient countries have limited voice and even fewer levers of influence. Too often, the demands of taxpayers and stakeholders in donor countries are disconnected from those of citizens and stakeholders in recipient countries. This both lessens political impacts (e.g. by reducing the scope for monitoring of aid on the ground to find political or technical purchase in donor capitals) and creates the risk that northern and southern demands are in tension or contradiction.

Intervention

Support political voices for change in the aid system that connect civil society stakeholders in donor and recipient countries. As with support for the 'demand side' at country level Work plan 2), donors should focus on creating inclusive spaces and processes that can foster this kind of joint political action, rather than trying to 'pick winners'.

Expected outcome

North-south partnerships can have political impacts at both the international and donor levels and help to drive the 'supply side' changes that are needed for transparent and accountable aid to be effective. Indeed, the very prominence of transparency and accountability in the aid debate is testament to the impact of stakeholders from donor and recipient countries working together in recent years to put the issues on the agenda of donors. North-south working can also help to shift public debate in the north – a legitimate objective here is to bring northern and southern political demands of aid closer together.

Impact and risk

Advocacy never has certain outcomes, still less when it is based on multiple actors working in different countries. But the impacts of successful north-south advocacy on aid are potentially significant (existing initiatives have already demonstrated results), and advocacy initiatives are relatively low cost.

Actions and deliverables

DELIVERABLE 1: STRATEGIC SUPPORT FOR NORTH-SOUTH NETWORKS OF CSOS AND PARLIAMENTARIANS

TIME FRAME	SHORT-MEDIUM TERM
Output	Sustainable and well-resourced networks
Delivered by	Where possible, this should build on existing international networks (e.g. BetterAid, Reality of Aid, AWEPA)
Targets	Advocacy partnerships should focus on achieving change in donor policies and programming decisions at headquarters, and in international donor forums (e.g. OECD DAC). They should specifically seek to bring country-level experience to bear on donor/international discussions.
Other stakeholders	This support should be for joint working between networks in donor and recipient countries – these networks should in turn engage a range of stakeholders in each country
Opportunities for new technologies	Limited

DELIVERABLE 2: SUPPORT CSO AND/OR PARLIAMENTARY PARTNERSHIPS TO INFLUENCE INDIVIDUAL DONORS

TIME FRAME	SHORT-MEDIUM TERM
Output	CSOs and parliamentarians in particular donor and recipient countries are 'paired' to work together to monitor specific aid programmes from both ends (e.g. UK and Tanzanian advocates work together to improve DFID's Tanzania programme).
Delivered by	Partnerships between named advocacy organisations or networks in each country. There should be no funding relationship between partners (e.g. not a northern NGO working with one of its own country partners).
Targets	These advocacy partnerships should focus on achieving change in individual donor programmes, and on demonstrating the value and impact of transparency and accountability in this context.
Other stakeholders	This support should be for joint working between specific advocates in donor and recipient countries – they should in turn engage a range of stakeholders in each country as appropriate.
Opportunities for new technologies	Limited

Existing initiatives to build on

This work plan is about networks and connections – it should build on the capacity of existing advocacy organisations and advocates, rather than creating any new institutions in donor or recipient countries. The resource and capacity demands of network/partnership working need to be acknowledged. Where north-south networks/partnerships exist already, they should be supported to develop effective and sustainable capacity specifically for network/partnership activities (i.e. not be expected to deliver new network/partnership working from existing and often limited resources).

Links to other Transparency and Accountability Initiative themes

This kind of north-south advocacy should also engage with wider financing issues including climate change finance.

Annex II: Transparency, participation and accountability - definitions

The notes below were developed by the T/A Programme Manager to inform the research undertaken by the T/A Initiative and provide agreed definitions for three key terms used across the work: transparency, participation and accountability.

Transparency

Transparency is a characteristic of governments, companies, organisations and individuals that are open in the clear disclosure of information, rules, plans, processes and actions.[8]

As a principle, public officials, civil servants, the managers and directors of companies and organisations, and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability.

Simply making information available (availability of information) is not sufficient to achieve transparency. Large amounts of raw information in the public domain may breed opacity rather than transparency. In order for that to be achieved a number of qualifying criteria must be added to the definition. Information should be managed and published so that it is:

1. Relevant and accessible: Information should be presented in plain and readily comprehensible language and formats appropriate for different stakeholders, while retaining the detail and disaggregation necessary for analysis, evaluation and participation. Information should be made available in ways appropriate to different audiences.

2. Timely and accurate: Information should be made available in sufficient time to permit analysis, evaluation and engagement by relevant stakeholders. This means that information needs to be provided while planning as well as during and after the implementation of policies and programmes. Information should be managed so that it is up-to-date, accurate, and complete.

Participation

Citizen participation generally is understood either as consultative participation or as empowered participation.

In the case of consultative participation, the government provides citizens and their representatives with a chance to be heard but there is no guarantee that participation will be heeded. Decision makers have the freedom to agree with citizens or not. But they have an obligation to give the reasons for which they agree or disagree. In order for participation to be meaningful, there must be accountability. In the case of empowered participation, the participants are invested with decision making power and influence, as in participatory budgeting processes in some Latin American cities. For example, in Brazil citizens sit on participatory health councils which allocate 40% of the health budget nationwide.

Citizens may participate through local associations, social movements and campaigns, formal participatory governance spaces and multiple approaches, which employ several of these strategies.

Participation is key to making transparency and accountability directly meaningful to citizens. For the purposes of the Transparency and Accountability Initiative's research, citizen participation is relevant in as much as it leads to increased transparency and accountability.

Accountability

Broadly speaking, accountability refers to the process of holding actors responsible for their actions. More specifically, it is the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers according to a certain standard (whether set mutually or not).

Accountability is an institutionalised (i.e. regular, established, accepted) relationship between different actors. One set of people/organisations is held to account ('accountees'), and another set does the holding ('accounters'). There are many ways in which people/organisations might be held to account. It is useful to think of an accountability relationship as having up to four sequential stages:[9]

3. Standard setting: setting out the behaviour expected of the 'accountee' and thus the criteria by which they might validly be judged.

4. Investigation: exploring whether or not accountees have met the standards expected of them.

5. Answerability: a process in which accountees are required to defend their actions, face sceptical questions, and generally explain themselves. This applies both to negative or critical as well as to positive feedback.

6. Sanction: a process in which accountees are in some way punished for falling below the standards expected of them (or perhaps rewarded for achieving or exceeding them).

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[8] Transparency International, 2009.

[9] Moore and Teskey, 2006.

Expressed in that form, the accountability process sounds very formal, and very much like a legal trial. In some cases it is – for example, the actions of an auditor-general's office in investigating the uses of public money by government agencies. But most accountability sequences are not as formal, and/or do not include all these sequences. For example, elections are a very important accountability process, but the only fully-formal part of the sequence that is controlled by an independent authority is the actual polling, i.e. sanctioning process, that determines who will get elected. The other parts of the election process are organised in a decentralised way, and subject to much contestation. No one decrees the standards by which the incumbent government shall be judged. Contestation about those standards is part of the election/accountability process.[10]

Thinking of accountability as 'accountability politics' defined as 'the arena of conflict over whether and how those in power are held publicly responsible for their decisions' helps to highlight that accountability is not only a set of institutional mechanisms or a check list of procedures but an arena of challenge, contestation and transformation.

Accountability can usefully be categorised in terms of horizontal, vertical and diagonal mechanisms (with the proviso however that success is most often found not in one of those approaches alone, but in their interaction).

• Horizontal accountability consists of formal relationships within the state itself, whereby one state actor has the formal authority to demand explanations or impose penalties on another. It thus concerns internal checks and oversight processes. For example, executive agencies must explain their decisions to legislatures, and can in some cases be overruled or sanctioned for procedural violations.

• Vertical forms of accountability are those in which citizens and their associations play direct roles in holding the powerful to account. Elections are the formal institutional channel of vertical accountability. But there are also informal processes through which citizens organise themselves into associations capable of lobbying governments and private service providers, demanding explanations and threatening less formal sanctions, such as negative publicity.

Diagonal accountability operates in a domain between the vertical and horizontal dimensions, and refers to the phenomenon of direct citizen engagement with horizontal accountability institutions in efforts to provoke better oversight of state actions. Citizens by-pass cumbersome or compromised formal accountability systems in order to engage in policy-making, budgeting, expenditure tracking, etc.[11]

Linkages

Transparency, accountability and participation need eachother and can be mutually reinforcing. Together they enable citizens to have a say about issues that matter to them and a chance to influence decision-making. To this end, each concept is part of a strategy deployed for and by citizens to have the means, capabilities and opportunities to influence decision-making and affect development outcomes.

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[10] Ibid.

[11] DFID/GTF, 2008.

Annex III: Interviews conducted, references

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