



## **MUTUAL ACCOUNTABILITY AND AID EFFECTIVENESS**

### **Notes from the 2006 Africa-Canada Parliamentary Dialogue**

#### **Introduction**

African MPs from eleven Parliaments met with Canadian MPs and Senators in the fourth Africa-Canada Parliamentary Dialogue organized by the Africa-Canada Parliamentary Strengthening Program, over the week of November 6-9, 2006 in Ottawa. The main result expected from the Dialogue was improved knowledge of mutual accountability and aid effectiveness and of the role that stronger parliaments can play in Africa's development. Designed to achieve this result, the agenda for the Dialogue consisted of a variety of interactions, chief among them a session devoted to presentations and discussions that was co-chaired by Haoua Dia Thiam, MP (Senegal)<sup>1</sup> and Senator Raynell Andreychuk (Canada)<sup>2</sup>. Papers were presented by Anne Makinda, MP, Deputy Speaker of the Parliament of Tanzania and Deepak Obhrai, MP, Parliamentary Secretary to the Minister of Foreign Affairs of Canada; both papers are available on the Parliamentary Centre's website. This short document contains: a background note, a selection of African experiences, and a summary of points and recommendations that arose during discussions.

#### **Background**

According to the World Bank and others, achieving the Millennium Development Goals (MDGs) by 2015 will require at least an additional US\$50 billion in aid money to developing countries. This number corresponds to double current aid levels and will require significant commitments from countries in the Organization for Economic Development and Cooperation (OECD), including Canada. Not surprisingly, discussion of more aid has fuelled discussion of aid effectiveness, of how to ensure that substantial increases in aid can be used to scale up progress toward the MDGs. Most OECD countries are looking for ways to increase the effectiveness of their Official Development Assistance (ODA) contributions and ensure that funds are well spent.

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<sup>1</sup> Co-Chair (with Steve Akorli) of the Africa-Canada Parliamentary Strengthening Program

<sup>2</sup> Co-Chair (with Mauril Bélanger) of the Canada-Africa Parliamentary Association, which, with the Parliamentary Centre, co-hosted the day

Prompted in part by such concerns over aid effectiveness, the World Bank and several bilateral donors have recognized the importance of good governance as a core element of development policy. While democratic theory and practice tends to focus on principles of legitimacy, good governance has more to do with matters of effectiveness. This recognition of good governance has meant that aid strategies are undergoing a fundamental review and for many donors, strengthening good governance has become both a condition for, and objective of, development assistance. By promoting good governance and supporting efforts to increase the accountability of recipient governments, donors are de facto developing stronger mechanisms to ensure improved accountability for their ODA.

As more attention is paid to good governance as a prerequisite for aid effectiveness, donors are recognizing that oversight institutions such as parliaments, overlooked in the past, have principal roles to play. Parliaments hold the purse strings. Their duty is to hold governments to account and when they are informed of aid programs in their countries, they can influence how that aid is put to use. More specifically, through the budget process, parliamentary committees can scrutinize whether aid spending is aligned with national priorities, as outlined in Poverty Reduction Strategy Papers (PRSPs), and suitably responds to the needs of all the country's citizens. Committees can also use public hearings and consultations to help them assess whether aid programs are properly implemented, whether there is evidence of corruption or mismanagement of funds, and whether aid is reaching vulnerable populations.

Parliaments in donor countries also have a duty to hold their governments to account. According to the UN and the World Bank, while some poor countries are doing an excellent job of meeting their Millennium pledges, many rich countries are having difficulty respecting theirs. Review of the budget estimates offers MPs the opportunity to find out whether a government is living up to its commitment to the aid target of 0.7% of gross national income. They can also investigate whether ODA is targeting countries most in need and whether ODA respects national ownership by recipient countries and promotes home-grown strategies. In Italy, for example, a Parliamentary Working Group on the MDGs has been created to ensure that the MDGs are central to parliamentary debate and that MPs have access to current and relevant information on aid commitments by the Government of Italy.

In March 2005, several countries and multilateral development institutions met in Paris to discuss mechanisms to improve aid effectiveness. The end result of that meeting was the Paris Declaration on Aid Effectiveness, which proposed an action plan to reform the way aid is delivered and managed to achieve the MDGs. Good governance was a central feature of the Declaration. In its section on mutual accountability, both donor and partner countries agreed to enhance mutual accountability and transparency in the use of development resources. Developing countries committed to strengthening as appropriate the parliamentary role in national development strategies and/or budgets. Donor countries, meanwhile, committed to providing timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive

budget reports to their legislatures and citizens. Donors also committed to strengthening recipient country institutions and strengthening parliaments, in particular.

For legislatures to effectively monitor aid effectiveness, systems and resources are required within the institution to ensure that parliamentarians can tackle issues of accountability. For instance, finance committees require adequate time and resources to scrutinize a national budget and conduct investigations or hearings if they want to review and question elements of the budget adequately. Parliamentarians must also be informed of and involved in the various national programs that benefit from aid, such as PRSPs. If a parliament is sidelined from the development or the monitoring of a national PRSP program, it becomes extremely difficult for MPs to question government authorities and raise issues in parliamentary debate. Finally, as legislatures strive to play a more active and engaged role in monitoring how aid is delivered and managed in their countries, they must also investigate what reforms and improvements are required to strengthen their own accountability to the citizens they represent.

### **Selection of African Experiences**

#### Botswana

It is not easy for money to go unaccounted for in Botswana. For example, when foreign funds enter the country that are earmarked for the fight against HIV/AIDS, recipient organizations are required to arrange to have their accounts audited by the Auditor-General. After the Auditor-General delivers his report, chief executive officers of said organizations are required to appear before Parliament's Public Accounts Committee, which has been strengthened by parliamentary staff with auditing expertise.

#### Burkina Faso

Bilateral aid is very important to Burkina Faso. MPs there have raised concerns, however, that spending controls are limited, published reports are few, and they themselves lack competent research support to help them monitor expenditures. They suggest that all aid should be announced publicly and, where possible, it should be tied to specific programs, as decided by the Government and approved by Parliament. Donors, moreover, should help Parliament increase public awareness of aid provided and of its expected results.

#### Malawi

Ten points regarding aid effectiveness and HIV/AIDS in Malawi:

1. HIV/AIDS is the greatest development challenge to Malawi and other countries. Growth has been reduced by 2-3 percentage points. Gender, sexuality and HIV/AIDS are intertwined.
2. Global contributions to fighting HIV/AIDS have risen by US\$300 million in 1986 to \$200 billion in 2006. Malawi's 2006 budget for HIV/AIDS is \$500 million.

3. The Government is ultimately accountable for health care spending and for how results are compiled and disseminated.
4. Malawi has developed a memorandum of understanding with its funding partners which outlines the specifics of progress reporting and documentation.
5. There is a partnership forum in Malawi on HIV/AIDS which comprises representatives from all constituencies, including Parliament and donors. This forum monitors fiscal responsibility for HIV/AIDS funding.
6. Program reviews and financial reviews are organized every six months. Generally, they are attended by around 400 people over four days. Program management is discussed thoroughly and openly.
7. Financial and procurement audits follow World Bank audit systems. These are submitted every six months.
8. A financial management agency manages all grants regarding HIV/AIDS projects in the country. Currently, the agency is PricewaterhouseCoopers, but it will soon be a national, institutionalized company.
9. Parliamentary committees play a major role in oversight on health and population. Following the discovery of a significant loss of AIDS medication, a report was carried out on medical drugs procurement and management. Several senior officials have been suspended.
10. Requests for funds are too complex and are required to be written in English. Some of these rules should be revised.

### Tanzania

In Tanzania, as discussed in detail in the aforementioned paper, Parliament made a compelling case to be included in the decision-making process and it is now included. In short, in the 1990s, donors came close to pulling out of the country because of poor accountability systems. A study was commissioned and reforms agreed upon. Today, all aid is pulled into a basket fund within the national budget. New systems allow funds to be tracked and results to be monitored with greater efficiency and effectiveness.

### Zimbabwe

Audits alone do not ensure accountability. Work carried out by MPs and civil society actors in Zimbabwe recently uncovered serious inaccuracies in the way in which the Government had accounted for foreign aid expenditures. Frequently, however, such findings have led to reductions in foreign aid, reductions which hurt the people of Zimbabwe, one in four of whom is dying of AIDS, including countless individuals who disagree with the status quo. Donors should maintain more consistent levels of aid and work increasingly with Parliament and civil society to make it effective.

### **Summary of Discussion Points**

1. Foreign aid is not given to a developing country's legislature, but instead to its executive branch, its government. The recipient government normally makes an agreement with the donor government without involving the recipient parliament.

2. In cases where parliament has to approve of the aid agreement, the agreement is usually presented as a fait accompli, without allowing for sufficient time to analyze the terms of the agreement thoroughly. More often than not, parliament will ratify the agreement, as presented, in order to get money flowing to vital social programs – and to meet tight deadlines established by governments.
3. It is more challenging for a recipient-country parliament to ensure that aid is effective when it is not party to the conditions according to which the aid has been given. Ways of involving parliamentarians in donor-recipient negotiations should be considered.
4. Most donor governments continue to overlook recipient-country parliaments as potential partners in aid effectiveness. The capacity of many developing parliaments is low; they lack the research support and expertise necessary to help MPs analyze aid flows and government expenditures carefully.
5. Donor-country parliaments have access to information that could be used more effectively. Parliaments in most developed countries receive reports from Offices of Auditors General, as well as from auditors within aid agencies. Such reports and evaluations made by independent research institutes are publicly available.
6. Donors should do more to strengthen legislative institutions in developing countries and donor-country parliaments should share the information to which they have access with recipient-country parliaments. In this way, parliaments could cooperate in making their respective governments more accountable for development results.
7. Committees in both developed and developing country parliaments could engage more systematically with civil society groups and NGOs that implement programs. Committees could also reach out to citizens and communities more frequently and empower them to make their demands of governments known.
8. In general, corruption remains a problem in many countries. Parliamentarians with integrity need to outnumber those without, and work to develop systems of governance in which transparency becomes the norm.
9. Donors and parliaments have ways of dealing with bad governments. Dealing with failed and fragile states, however, requires an expanded set of tools in order to ensure that aid still gets to those in need in extreme circumstances.
10. Too many donors are sprinkling too little aid into too many different channels. UNAIDS' "3 Ones" (One strategic framework, One monitoring and evaluation mechanism, and One national authority) is an approach that could be adapted to the coordination and delivery of foreign aid.

## **Recommendations for Canada**

- The Government of Canada should follow through on the country's 0.7% pledge (and on its pledge to help get anti-retroviral drugs to where they are needed).
- The Parliament of Canada should give CIDA a legislated mandate whereby Parliament can better measure expectations against outcomes achieved.
- Evaluations of CIDA programs should be made available to recipient countries.
- To the greatest extent possible, aid policy in Canada should be depoliticized, as development is a long-term process that requires consistent funding and multi-party support beyond the lifespan of a typical parliament.
- Canada should offer support to African countries in ratifying and domesticating international conventions, especially those concerning anti-corruption.
- Canada should help disseminate information about good governance practices in Africa, based on its relationships with countries throughout the continent.

## **Recommendations for African Countries**

- African governments and parliaments should demand timely, transparent and comprehensive information on aid flows from all donors.
- African parliaments should defend their role in national development strategies and budget processes and play their role effectively.
- Budget and finance committees in African parliaments should demand adequate time and resources to assess whether budget estimates are aligned with national poverty reduction strategies.
- Committees in African parliaments should increase their outreach to citizens and civil society groups through public hearings and consultations, and evaluate the impact of development programs on the poor and vulnerable.
- African parliaments should ratify and domesticate the African Union Convention on Preventing and Combating Corruption.
- African parliaments should share experiences with one another and be open to considering new accountability systems that allow funds to be tracked and results to be monitored more efficiently and effectively.

## **Conclusion**

In their final words, Madame Thiam and Senator Andreychuk concluded that the Africa-Canada Parliamentary Strengthening Program's series of dialogues has been important in offering space for Canadian and African Parliamentarians to have the sorts of frank exchanges that strengthen partnerships. In terms of mutual accountability and aid effectiveness, it was agreed that better, more specific strategies are needed and that an action plan should bring together African and Canadian Parliamentarians to confirm objectives, share oversight responsibilities, and build on their respective strengths. The Parliamentary Centre will follow-up in this regard in the next phase of its pan-Africa work. The true test of the Africa-Canada partnership, all participants agreed, is in seeing to it that cooperation makes a difference on the ground in the lives of the people of Africa.

## **Participants in the 2006 Africa-Canada Parliamentary Dialogue**

### **Africans**

Abou Soulé Adam, MP (Benin)  
Steve Akorli (Ghana)  
Obed Bapela, MP (South Africa)  
Samson Moyo Guma, MP (Botswana)  
Anne Makinda, MP (Tanzania)  
Justin Malewezi, MP (Malawi)  
Priscilla Misihairabwi-Mushonga, MP (Zimbabwe)  
Justin Muturi, MP (Kenya)  
Augustin Ruzindana (Uganda)  
Haoua Dia Thiam, MP (Senegal)  
Marlène Zebango, MP (Burkina Faso)

### **Canadian MPs and Senators**

Senator Raynell Andreychuk  
Charlie Angus, MP  
Mauril Bélanger, MP  
James Bezan, MP  
Johanne Deschamps, MP  
Paul Dewar, MP  
Peter Goldring, MP  
Maka Kotto, MP  
Senator Rose-Marie Losier-Cool  
Keith Martin, MP  
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