Sector Wide Approaches, Accountability and CIDA:

Issues and Recommendations

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Mark Schacter, January 2001

Executive Summary

Effective accountability is central to the achievement of development goals. Citizens of donor countries expect their donor agencies to be accountable to them for sound management of aid budgets, aimed at contributing to meaningful development results. Donor agencies expect recipient country governments to be accountable for using aid resources in line with agreed plans and expectations. Citizens of developing countries expect their own governments to be accountable for using available resources (domestic and well as external aid) in ways that promote agreed social and economic development goals. When all these forms of accountability are working well, the result is healthy, sustained pressure on donor agencies and recipient governments to make effective and efficient use of development assistance.

"Sector Wide Approaches" (SWAps) present important challenges to the design and management of accountability relationships involving donors, developing countries and the people of developing countries who are the ultimate intended beneficiaries of development assistance. This paper describes and analyzes accountability issues arising in SWAps, and recommends responses by CIDA to those issues.

As the opening paragraph suggests, this paper focuses on challenges arising in connection with three kinds of accountability relationships:

- accountability between the donor agency and its own government and public;
- accountability between the donor agency and the developing country government;
- accountability between the developing country government and its citizens.

The shift from project-based delivery of development assistance to SWAps has implications for the accountability relationships between all of these parties. Most obviously, it involves a redrawing of the lines of accountability between donors and the developing country governments to which they provide assistance. But it affects other accountability relationships as well. Involvement in SWAps is, for example, forcing donor agencies to find new ways of accounting for their performance to their home governments and their publics.

SWAps also focus attention on accountability between the developing country government and its own people, who are the ultimate intended beneficiaries of development assistance. This vital relationship has often been masked by the fragmented, project-by-project approach to development assistance which minimized the apparent need to factor the developing country's governance environment into assistance strategies. The SWAp by its very nature makes it more difficult to ignore the impact of governance on development assistance.

Figure 1 (p. 24) provides a hypothesis of how the move from project-based assistance to SWAps is affecting these fundamental accountability relationships. Under the traditional

(project-based) paradigm (upper half of Figure 1), the focal point for accountability is the relationship between the external donor agency and the field-based project agency – the Canadian Executing Agency (CEA), to use CIDA terminology. A project agency such as a CEA has a distinct identity from regular government departments in the developing country. Its reporting and accountability framework is weighted toward the donor's *own project management needs and reporting requirements*, rather than toward the project's intended beneficiaries in the developing country. The result is that in the poorest, most aid-dependent countries, sectors such as health and education are little more than a series of unilateral project interventions, each financed by a different donor, and each with its own unique set of accountability arrangements between individual donors and "their" projects.

Under the accountability paradigm that is intended to occur under a SWAp (see the lower half of Figure 2), the main locus of accountability shifts from a multiplicity of semi-autonomous project agencies to the core government institutions of the developing country. This implies a significant change in both the *direction* and the *quality* of accountability relationships.

If CIDA wishes to adopt the "sector-wide approach" as a central element of the way it does business with developing countries, then it must *re-think the management of accountability relationships among key stakeholders in development assistance*. This implies launching a process of organizational and culture change within CIDA. It will be difficult and risky, but based on what we know now, it would appear to promise a significant payoff in terms of enhancing CIDA's effectiveness as a development agency.

In particular, the Agency must turn its mind to:

- ***holding itself accountable to Parliament and the public in a way that reflects its shared accountability with other development partners***

⇒ There is an important distinction between CIDA *managing for* development results and CIDA being accountable for showing that its inputs have been the *direct cause* of development results.[1] The sector-wide approach, with its emphasis on shared accountability and multi-partner collaboration under the umbrella of developing country leadership, highlights this distinction. The developmental goals of the SWAp are not consistent with attempts by CIDA (or any other donor) to attribute particular development results exclusively to its own inputs. Without departing from the sound underlying principles of Results Based-Management (RBM), CIDA should adjust its use of RBM to the reality that it is often impossible to draw direct causal links between CIDA inputs and development outcomes. CIDA's reporting to Parliament and the public should downplay the attribution to itself of development results, and

[1] This is consistent with the discussion of operational results and development results found in CIDA's "Accountability Framework." See CIDA (1998).

concentrate instead on accountability for the logic of its interventions in light of desired development results. ***(See recommendations at pp. 11 to 14.)***

- ***the way it handles the accountability relationship between itself and the developing country government***

  ⇒ For its own management and accountability purposes, CIDA will always need to hold the developing country government accountable for its use of Canadian development resources. However, CIDA must adopt ways of meeting its own accountability requirements that acknowledge that the primary concern, from a development perspective, *is not* accountability by the developing country government to CIDA. The Agency must strike a balance between its own accountability needs and the issue that *is* of primary developmental importance: the accountability shared by CIDA, the developing country and other stakeholders for the success of the sector program. ***(See recommendations at pp. 18 to 20.)***

- ***incorporating a broad governance perspective into the design and implementation of SWAps***

  ⇒ The success of SWAps depends on the capacity but also the *willingness* of the developing country government to support the design and implementation of effective sector programs. This is unlikely to happen in the absence of a robust accountability relationship between the developing country government and its citizens. No approach to a SWAp can ignore broader questions of accountability and governance in the developing country. CIDA must do a better job of *building governance knowledge and expertise into* the design and implementation of SWAps. A governance perspective must not be viewed as an "add-on" to a SWAp; rather, it is a fundamental constituent. ***(See recommendations at p. 21 to 22).***

1. Introduction

Effective accountability is central to the achievement of development goals. Citizens of donor countries expect their donor agencies to be accountable to them for sound management of aid budgets, aimed at contributing to meaningful development results. Donor agencies expect recipient country governments to be accountable for using aid resources in line with agreed plans and expectations. Citizens of developing countries expect their own governments to be accountable for using available resources (domestic and well as external aid) in ways that promote agreed social and economic development goals. When all these forms of accountability are working well, the result is healthy, sustained pressure on donor agencies and recipient governments to make effective and efficient use of development assistance.

"Sector Wide Approaches" (SWAps) present important challenges to the design and management of accountability relationships involving donors, developing country governments and the people of developing countries who are the ultimate intended beneficiaries of development assistance. This paper describes and analyzes accountability issues arising in SWAps, and recommends responses by CIDA to those issues.

The accountability challenges discussed in this paper are not peculiar to SWAps. Nevertheless, the emergence of SWAps has highlighted the importance of addressing key questions concerning *who* is accountable *for what* and *to whom* in government-to-government development assistance, as well as the *measurement* of performance under these accountability relationships. As the opening paragraph suggests, this paper focuses on challenges arising in connection with three kinds of accountability relationships:

- accountability between the donor agency and its own government and public;
- accountability between the donor agency and the developing country government;
- accountability between the developing country government and its citizens.

Methodology. This paper is based on a review of the literature on SWAps, as well as interviews with officials at CIDA, the Office of the Auditor General (OAG), SIDA, DANIDA, DFID, the Netherlands Ministry of Foreign Affairs, and the Overseas Development Institute (London), and USAID.

2. Background – SWAps

During the 1990s the project form of aid delivery came under severe attack. The project-based approach was seen as contributing to fragmentation of development assistance, as a multiplicity of donor organizations each pursued "their own" interventions, paying insufficient attention to intra- and inter-sectoral issues and to the recipient country's needs and preferences. The negative consequences of the project-based approach have included:

- inadequate local ownership of development programs;
- overloading of local capacity to coordinate a proliferation of donor relationships;
- lack of sustainability and institutional development;
- waste of development resources;
- weak public sector management;
- patchwork management of development assistance.

CIDA and other aid agencies have begun to respond by moving some resources from project funding to program-related assistance. SWAps represent a mechanism that development agencies are using in order to operationalize the new program-oriented thinking.

Persons seeking a hard and fast definition of a SWAp will be disappointed. As the term itself suggests, it is an *approach* to development assistance rather than a set of clearly defined rules and procedures. Nevertheless, because the SWAp reflects growing consensus among donors and developing countries about a new way of delivering development assistance, it is possible to describe its key elements in broad terms. *The central idea of a SWAp is that in a given sector in a given developing country, all significant donor interventions should be consistent with an overall sector strategy and sector budget that have been developed under the leadership of the recipient country.*

A rough working definition that has gained some acceptance among practitioners is that a SWAp covers a situation where

> all significant funding for a sector supports a single sector policy and expenditure programme, under Government leadership, adopting common approaches across the sector, and progressing toward relying on Government procedures to disburse and account for all funds.[2]

In its ideal form, a SWAp is based on a developing country's own sector objectives, sector policy and sector program. Instead of providing support to discrete projects within a given sector, donors support the overall sector program. In short, under the ideal model of a SWAp, donors would give up their right to decide which projects to finance, and focus instead on having a constructive voice in the process of developing and implementing a sector policy and program.

The reality, of course, is that virtually all current SWAps fall far short of this ideal. All are experiencing significant "teething pains." Indeed, at the moment we do not know

[2] Foster, et. al. (2000), p. 1

whether an "ideal" SWAp is an operationally feasible concept. But whether or not the ideal is ever achieved is not the point. The point, rather, is that donors have recognized that *moving in the direction* implied by the ideal SWAp model is a worthwhile undertaking. How far they (and their country partners) are willing and able to move will depend in part upon the factors discussed in this paper.

3. What's Special About Accountability in the Context of a SWAp?

Shifting the Accountability Paradigm.
Four key parties are involved in the design, delivery and use of government-to-government development assistance: (i) donors; (ii) donors' own government and publics; (iii) developing country governments (direct recipients of development assistance); (iv) developing country citizens (the intended beneficiaries of development assistance).

The shift from project-based delivery of development assistance to SWAps has implications for accountability among all of these parties. Most obviously, it involves redrawing the lines of accountability between donors and developing country governments. But it affects other accountability relationships as well. Involvement in SWAps is, for example, forcing donor agencies to find new ways of accounting for their performance to their home governments and publics.

As well, SWAps help focus attention on accountability between the developing country government and its own people, who are the ultimate intended beneficiaries of development assistance. This accountability relationship – which goes to the heart of the quality of governance in the developing country – has of course always been critical to the success of development assistance[3]. However it has often been masked by the fragmented, project-by-project approach which minimized the apparent need to factor the developing country's governance environment into assistance strategies. The SWAp by its very nature makes it more difficult to ignore the impact of governance on development assistance.

Figure 1 (p. 24) provides a hypothesis of how the move from project-based assistance to SWAps is affecting these fundamental accountability relationships. In the poorest, most aid-dependent countries, sectors such as health and education are often little more than a series of unilateral project interventions, each financed by a different donor, and each with its own unique set of accountability arrangements between individual donors and "their" projects. Under the traditional (project-based) paradigm (upper half of Figure 1), the focal point for accountability is the relationship between the external donor agency and the field-based project agency – the Canadian Executing Agency (CEA), to use CIDA terminology. A project agency such as a CEA has a distinct identity from regular government departments in the developing country. Its reporting and accountability framework is weighted toward the donor's *own project management needs and reporting*

[3] Though its importance has only been recognized relatively recently. For example, see World Bank (1997).

requirements, rather than toward the project's intended beneficiaries in the developing country.

From the donor's perspective, this situation has certain advantages. The line of accountability between the donor and the project agency is relatively clear and simple. As well, the donor is able to tell a fairly simple story to its own government about the performance of "its" portfolio of projects in developing countries. It is able in many cases to point to particular achievements that occurred in the developing country as a direct result of its project support.

Despite these advantages, the accountability paradigm resulting from the traditional project-based approach is dysfunctional. Most importantly, when the main line of accountability proceeds from the field-based project agency to the donor to the donor's home government, the developing country government and its citizens *are effectively excluded* from the accountability framework. Under such circumstances, the developing country government could not reasonably be expected to take ownership of, or feel a high level of commitment to, development interventions.

Under the accountability paradigm that is intended to occur under a SWAp (see the lower half of Figure 2), the main locus of accountability shifts from a multiplicity of semi-autonomous project agencies to the core institutions of the developing country. This implies a significant change in both the *direction* and the *quality* of accountability relationships.

- Under the traditional, project-based model (upper half of Figure 1), the main flow of accountability is *outward*, from the developing country to the external donor. A project executing agency in the field (such as a CEA) feels the strongest pull of accountability coming from the donor, who imposes reporting requirements that have been determined, in many cases, with a relatively low degree of participation by local stakeholders. Accountability links to local stakeholders – including intended local beneficiaries – are weak.

- In terms of its *quality*, accountability under the traditional model is highly fragmented. There is a proliferation of bilateral accountability relationships between particular projects and particular donors. Under such circumstances, there is little incentive to link projects' performance indicators and accountability frameworks to the government's own sector objectives and priorities.

The intention is that under a SWAp, the *direction* of accountability would move from being heavily outward, to a more balanced combination of both inward and outward accountability. The developing country government would take responsibility for developing and implementing (in consultation with external donors) a sector strategy, and would therefore hold itself accountable *both* to its own people *and* to its external partners for the quality and performance of its sector strategy.

Similarly, the *quality* of accountability would move from being fragmented to integrated. Donors, instead of focusing separately on the performance of "their own" projects, would act together to assist the government in developing, implementing and monitoring the performance of a rational sector strategy. The sector-wide strategy and program, rather than sub-programs or projects within it, would be seen by the donors as the main point of interaction with the government. The performance of individual projects or programs would be viewed in the light of their contribution to the overall sector program.

The rest of this paper will focus on the implications for a bilateral donor such as CIDA of this shift in accountability paradigm implied by the use of SWAps as opposed to project-based assistance. It will examine the shift from the perspective of the three types of accountability relationships noted above, namely:

- accountability between the donor agency and its own government and public;
- accountability between the donor agency and the developing country government;
- accountability between the developing country government and its people.

4. Accountability: Donor Agency to its Own Government and Public

Two distinct kinds of accountability relationships shape the relationship between the donor agency and its own government: accountability for the agency's program performance (i.e. the efficiency and effectiveness of the agency's operations) and accountability for compliance with the budget law (i.e. assurance that the agency's resources spent are in accordance with budgetary law and provisions).[4] Each type of accountability is necessary, and complements the other. Accountability for compliance is the "traditional" type of accountability that focuses on appropriate use of inputs, and production of outputs. Program performance accountability is associated with the more recent focus on "results", which at CIDA is implemented through RBM.[5]

This section focuses on accountability for performance. Accountability for compliance will be addressed in Section 5.

The accountability relationship between the bilateral donor and its own government is a particularly visible issue at CIDA because the Agency came under criticism in the 1990s on matters related to accountability and performance management. A report by the Auditor General (AG) in 1993 emphasized CIDA's lack of capacity for results

[4] These two kinds of accountability relationships apply not only to aid agencies, but to all public-sector agencies.
[5] CIDA makes a distinction between "development results" and "operational results" (see CIDA (1998)). "Development results" are actual "changes made to human development", for which CIDA shares accountability with development partners. "Operational results" are understood to encompass internal CIDA practices strategies and procedures aimed at achieving development results. They include what is referred to in this paper as the results-based "logic" underlying CIDA interventions, as well as traditional concepts of accountability based on compliance.

management. The report urged CIDA to "manage for results" so that it might provide Canadians with a clearer picture of "what it is trying to achieve and how well it is doing."[6]

CIDA accepted the AG's findings and began work on developing and implementing results-based approaches to accountability and performance management. In 1996 the Agency introduced "Results-Based Management" (RBM) as its primary mechanism both for internal management of program performance and for external reporting on performance to Parliament and the public.

RBM as applied at CIDA is about defining the anticipated results of CIDA-funded projects and programs, measuring progress toward achieving those results, and ultimately, reporting on results finally achieved. At the core of RBM is the "results chain" which articulates the steps by which inputs (human, physical and financial resources) are transformed into activities (project and programs), which in turn produce development results (changes in the state of human development in developing countries). Development results are in turn broken down into three categories: outputs (immediate, visible consequences of projects and programs), outcomes (short or medium-term effects of projects/programs) and impacts (broader, longer-term effects of projects/programs).[7]

An internal RBM guide-book prepared by CIDA for its staff indicates that a key element of the Agency's approach to RBM is identification of *direct, demonstrable links* between inputs provided by CIDA and outcomes or impacts in the country receiving CIDA support. The guide-book states that "development results should always reflect the actual changes in the state of human development that are attributable to a CIDA investment."[8] On the other hand, the Agency's "Accountability Framework"[9] suggests a more nuanced approach, observing that CIDA's accountability for development results "must be put within the context of its all-encompassing mode of operation, that of partnership."[10] The document goes on to observe that:

> The view that CIDA is accountable for actual development results achieved only when it possesses full control of the planning and implementation of the development initiative and the levers of action, does not recognize that CIDA is in partnership with a wide range of development partners ...[11]

The Framework document concludes that in most circumstances it is more reasonable to view CIDA as *sharing accountability* for development results with its development partners (including of course the developing country government itself).

[6] Office of the Auditor General (1993), para. 12.68
[7] CIDA (1999).
[8] *Ibid.*, p. 7.
[9] CIDA (1998).
[10] *Ibid.*, p. 9
[11] *Idem*.

The remaining challenge – not addressed in either the Accountability Framework or CIDA's in-house RBM guide-book – is how to address shared accountability within the context of RBM. Does it make sense, for example, to continue seeking direct causal links between CIDA outputs and development results, arguing that CIDA can "claim" a certain share of responsibility for causing development outcomes? Or would it be more fruitful, given the reality of SWAps and other partnership approaches to development, to focus less on *attributing* responsibility for results, and focus more on the ways in which partners work together to achieve desired results?

Both kinds of approaches are based on a firm belief in linking activities to results, and in the importance of careful and constant monitoring of development results. Both approaches are therefore consistent with RBM principles. The following sections of this paper argue however that the spirit and operational reality of SWAps favors the latter kind of approach over the former. Adapting RBM to SWAps means worrying less about *who caused* a particular result, and worrying more about the quality of the results-based logic or reasoning that underlies a development intervention, as well as the ongoing monitoring, evaluation and operational adjustments that accompany its implementation.

New Paradigm, Old Measures. CIDA, like other bilateral aid agencies, has put steadily decreasing emphasis on "old style" development interventions, a classic example of which would be a "bricks-and-mortar" infrastructure project designed and delivered by external experts, and provided, ready-made, to relatively passive recipients in the developing country. Of much more interest now are projects or programs whose aim is to promote institutional development, capacity development, good governance and participatory processes. SWAps are an example of this, as is much of what one would now find in CIDA's standard project portfolio.[12]

In this newer style of development assistance favored by CIDA, the notion of an external party "delivering a product" to a "recipient" country disappears. The paradigm, rather, is of a group of stakeholders working together via an agreed process to achieve desired results in the developing country. We are witnessing a move, in other words, from the old style to a *networked* style of development assistance.

Although CIDA and other aid agencies have moved a good distance from the old-style project, the mind-set and techniques related to performance measurement have not. Current fashions in RBM and performance measurement – which are dominant in public sectors throughout the world – are best suited to the old rather than the networked mode of development assistance.

RBM has three pillars: results, attribution and annual reporting that is often implemented on the basis of rather tightly defined, quantitative indicators. The central assumption is that a government agency (say, CIDA) produces results (in a developing country) that can

[12] One CIDA officer interviewed for this study observed that "80 to 90 percent of CIDA projects have SWAp-like characteristics." Many projects share important characteristics with SWAps in that they are designed and implemented in the context of an overall sector framework, emphasize the importance of local ownership, place high priority on local institutional development and capacity building, etc.

be directly attributed to it, and that meaningful quantifiable results can be reported on a annual cycle (because governments must report to their legislatures on a annual basis).

Why is this type of measurement technique well-suited to old-style, rather than network-style development assistance? Consider a classic old-style development initiative of the type that CIDA no longer invests in, say a road-building project. Such a project:

- is self-contained, involving a relatively limited and identifiable set of actors, each of which has a relatively clearly defined, complementary role and interest;

- produces tangible outputs;

- deals with discrete and well-defined problems that have a defined physical location;

- progresses from inputs to outputs to outcomes in ways that are predictable and that are relatively easy to observe and quantify;

- progresses from inputs to outcomes over a relatively short period of time;

- has cause and effect relationships that are relatively easy to observe and validate;

- has a design and direction over which CIDA may have a high degree of control or influence.

RBM, when applied in a way that emphasizes attribution of results combined with an expectation that meaningful (and preferably quantifiable) results can be produced on an annual cycle, is well suited to this kind of project (a kind of project that CIDA, however, no longer supports!). There is a relatively straight path from the application of inputs (labor, materials, advice) to the production of outputs (a road), leading in turn to the observation of outcomes (road use, reduced time to market for producers, etc.). One is able to see the progression from inputs to outcomes over a relatively short period (a year or so), and one is able to distinguish quite clearly *who did what*, and *who caused what*.

But this way of using RBM is not well suited to the many "SWAp-like" projects and the few SWAps that one now finds in CIDA's portfolio. Such activities differ significantly from the old-style project because they:

- are not self-contained, but may involve a wide network of actors;

- typically look beyond tangible outputs (e.g. buildings, roads) to broad systemic and institutional results;

- seek high-level outcomes that may only be attainable over a long period of time;

- may involve cause and effect relationships that are difficult to observe directly;

- will in most cases be subject to a limited degree of control or influence by CIDA.

A SWAp[13], in particular, creates measurement and reporting challenges with respect to two of the three pillars of RBM at CIDA, namely (i) annual reporting and (ii) attribution of results.

Annual Results Reporting. A SWAp focuses on higher-level, sector-wide outcomes such as improvements in agricultural productivity, school enrollments, quality of education, or health indicators such as infant mortality. It also aims at achieving intangible but critically important outcomes in areas such as institutional development and local ownership. Many of these outcomes can indeed be measured, but meaningful change is not likely to occur on an annual basis, nor are some of the intangible outcomes easily captured by quantitative measures.

Attribution of Results. This poses challenges on both a technical and a "philosophical" level. The technical challenge concerns a complicated measurement problem. How is one, within the context of a SWAp, to separate out from sector-wide outcomes the results that may be attributable to the inputs or actions of a particular donor? A SWAp, as noted above, represents a networked approach to development assistance. There is no direct path from inputs provided by one particular donor to outputs to outcomes. Instead, donors pool their resources, ideas and influence, and work together with the host country to achieve sector-wide goals. The various components that are applied to a SWAp – donor financing, technical assistance, ideas, advocacy and actions by the recipient country – become transformed into outcomes and impacts, and during the process lose their original identity. At the level of intermediate or final outcomes such as changes in school enrolment, or changes in infant mortality, it will be impossible to state with any reasonable degree of certainty that "CIDA caused *x*" or "DFID caused *y*", etc.

The Swedish aid agency, SIDA, highlighted this fundamental issue in a recent policy paper on SWAps, observing that the

> *transition from project support ... has the effect that direct links between Swedish contributions and individual activities disappear*. The Swedish sector programme support is one contribution among several for the development of a sector. This creates new requirements in respect of an understanding of broad sector issues and of the contribution of the Swedish support to the development of the sector.[14]

Similarly, a recent DFID paper on SWAps observed that "the direct contribution of one donor to achievement of impact will be difficult to disaggregate from the contributions of

[13] For the rest of the paper we focus specifically on SWAps, in line with our Terms of Reference. But the same analysis also applies to the many "SWAp-like" projects that CIDA undertakes.
[14] SIDA (2000), p. 39. Emphasis added.

other partners. "[15] The Canadian AG, though not explicitly discussing SWAps, raised the same point in its 1998 review of CIDA's bilateral programming. It noted donors' increasing tendency to work together, and concluded therefore that "results will likely not be attributable directly to any one donor." It encouraged CIDA to focus its reporting *not* on demonstrating how CIDA inputs may have caused particular outcomes in a developing country, but rather to "show how its projects have contributed to overall results." In an important statement of principle on results reporting in circumstances where donors work collaboratively (as in a SWAp), the AG stated that:

> What is important is that lasting development results be achieved, not that they be attributed directly to the intervention of any particular donor. This type of reporting would reinforce CIDA's move to focus more on development results, and would improve accountability for the effective use of ODA funds.[16]

These published remarks[17] (together with views expressed by senior AG officials in interviews conducted for this paper) confirm that *the AG would welcome a results-reporting approach from CIDA that concentrated less on making claims about direct causal links between CIDA inputs and development results, and more on describing the logic of CIDA's involvement, together with other donors, in an overall sector program*. Once we accept that there is usually no simple cause and effect relationship that can be observed between the actions of a particular donor and the achievement of development outcomes, it becomes clear that a good results-oriented manager must look instead at the *logic* linking a development intervention to the desired result. Instead of asking "did CIDA cause X to happen in Country Y?" – a question that will usually be unanswerable – a results-oriented manager should ask:

"Did CIDA's intervention make sense, under the circumstances? Given the intended development result, was it reasonable for CIDA to have acted as it did?"

The philosophical challenge related to attribution of results concerns the underlying motivation for the SWAp. Direct attribution of development results to individual donors is a logical outgrowth of the project-based approach, but goes against the spirit of the SWAp, which sees donors not as unilateral actors each pursuing their own objectives, but rather as "stakeholders in a joint sector programme."[18] Thus attribution of results to particular SWAp partners is not only difficult or impossible from a methodological point of view, but is also irrelevant and counter-productive from the perspective of a SWAp.

As a former DFID official interviewed for this study observed, "The rhetoric is moving from 'I as a donor did this' to 'we, as a partner with other donors and the host country, helped accomplish sector objectives.' "

[15] Norton and Bird (1998), p. 11
[16] Office of the Auditor General of Canada (1998), para. 53
[17] See also Mayne (1999).
[18] SIDA, *op. cit.*, p. 9.

The challenge for CIDA is to adapt its style of RBM to the realities of the SWAp. It will always remain critically important for CIDA to monitor, report on and analyze country-level development results that are related to CIDA-supported interventions. Actual development results shape the context within which CIDA operates and provide the most meaningful basis for making decisions about the validity of CIDA's approach to development. But there is an important distinction to be made between *managing* for results and *being held directly accountable* for them.[19] The key issue is to move to a style of RBM that (i) favors *program logic* over attribution of results, and (ii) deals with the fact that meaningful results at the sector-wide level may not be observable over a one-year period. It is useful to note that the AG, both in its published material and in interviews conducted for this paper, has indicated that it would be supportive of such a move.

Recommendations

1. ***Program Logic vs. Attribution***. The circumstances of a SWAp are not an excuse for poor performance reporting, but they do require a rethinking of it. So if it is not reasonable, in a SWAp, to hold CIDA accountable for showing direct causal links between particular inputs and particular country-level results, then where and how *should* CIDA be held accountable?

It is reasonable for Parliament and for Canadians to hold CIDA accountable for the *quality of its strategy* with respect to SWAps. It is reasonable for Canadians to expect CIDA to account for its approach to SWAps in general, as well as to particular SWAps in particular sectors and countries.

CIDA should be prepared, in its annual performance reporting, to account to Canadians on matters such as:

What is CIDA's overall strategy for entering into SWAps?

- How does CIDA decide when a SWAp, as opposed to a traditional project, is the appropriate way to deliver development assistance?

- How does CIDA decide which sectors are appropriate for SWAps?

- How does CIDA adapt its administrative and management rules and procedures (e.g. with respect to procurement, financial reporting and performance reporting) to the circumstances of SWAps?

What particular strategies does CIDA employ at the level of individual SWAps, in a given country, in a given sector?

[19] This is consistent with the discussion of operational results and development results found in CIDA's "Accountability Framework." See CIDA (1998).

- Within a given country setting, how does CIDA decide whether to support a SWAp?

- Within a given country setting, how does CIDA make decisions about the appropriateness of the sector strategy and the level of local commitment and ownership?

- Within a given country setting, how does CIDA evaluate the comparative advantage it brings to the SWAp, in relation to the other partners?

What evidence does CIDA have that its strategy with respect to SWAps is being implemented as well as possible?

- For any given SWAp in which CIDA participates:

  ⇒ is there a clear and coherent sector strategy, with a realistic and measurable set of sector-wide performance indicators, that is shared among the donors and the host country?

  ⇒ is there a logical link between CIDA's support and the overall goals of the SWAp?

  ⇒ has CIDA done everything possible, within its authorities and resources, and with maximum efficiency, to support the goals of the SWAp?

  ⇒ has CIDA shown a capacity and willingness to learn from its failures and successes, and adapt its support to the lessons of experience?

What evidence does CIDA have that the SWAps in which it is participating are achieving their objectives?

- How does CIDA measure and monitor the performance of the SWAps that it supports?

  ⇒ Has CIDA satisfied itself, either through its own efforts or the efforts of other SWAp partners, that the country receiving SWAp assistance has adequate financial management systems and procedures? What actions are being taken to address deficiencies in local financial management?

  ⇒ Do the SWAps that CIDA supports have performance frameworks agreed upon by all the donors and the developing country government, and supported by appropriate management information systems?

  ⇒ Is there regular performance reporting, based upon the performance framework?

⇒ If SWAps do not have, at the outset, fully developed performance frameworks and management information systems, is there a credible plan for putting these in place within a reasonable period of time?

2. ***Annual Reporting vs. Meaningful Results.*** Even if CIDA cannot be held directly accountable for sector results, it nevertheless remains necessary for CIDA to *track and report on sector-wide results*. It is only through tracking and analysis of sector-wide results that CIDA, Parliament and the public can make judgements about the quality and performance of SWAps.

The challenge for CIDA is to meet obligations for short-term (annual) performance reporting while doing justice to the "long-term" nature of SWAps. While the public and Parliament demand annual performance information, the developmental outcomes that SWAps aim for will evolve slowly – meaningful change will not be observed over a one-year reporting cycle. Therefore, CIDA must be creative and credible about reporting on short and medium-term results which *do*:

Box 1: Reporting that Links the Short-term with the Long-term

Consider a hypothetical health-sector SWAp that has as one of its goals a significant reduction in the incidence of AIDS. Significant changes in AIDS incidence would not be visible over a 12-month period. It might take 5 years or more for a meaningful trend to emerge. In the meantime, CIDA would be obliged to provide annual performance data. It would be reasonable to provide annual data on distribution and use of condoms, changes in levels of awareness about links between AIDS and unsafe sexual practices, any evidence (e.g. from survey data) on changes in sexual behavior etc. Although these do not represent the overall goal, they do provide evidence that the SWAp is (or is not) moving in the right direction. They provide a basis upon which the public can make judgements about the soundness of the sector strategy, and the quality of CIDA's participation in it.

- show meaningful change over an annual period;
- have a link with the particular interventions that are being funded under the SWAp;
- bear a significant relationship to the longer-term results that are the overall objective of the SWAp.

CIDA must therefore develop the capacity to explain to the public and Parliament, in a clear and credible way, (i) the link between short-term developments (which will show meaningful change on an annual basis) and the longer-term goals; and (ii) the *role that CIDA plays* in supporting the progression from short-term outputs to long-term outcomes (see Box 1).

3. CIDA should launch a dialogue aimed at Parliament and the public about the long-term nature of SWAps, the trade-off between annual reporting and evidence of meaningful results, and the use of intermediate outcomes as a practical and realistic (if

"second-best") indicator of performance. The challenge for CIDA will be to strengthen capacity for reporting on results to the public in a way that carefully articulates (i) the long-term goals of a SWAp, (ii) the intermediate activities that lead to accomplishment of the SWAp's goals, and (iii) a clear and easily understandable "story-line" that links the intermediate activities with the long-term goals.

5. Accountability: Developing Country Government to Donor Agency

As described above, the traditional approach to aid delivery has led to fragmented accountability between donors and developing countries. Each donor-supported project has tended to have a unique accountability regime, meaning that the government of a heavily-aided developing country might face hundreds of distinct accountability arrangements, few (if any) of which are coordinated with one another, or are based on significant input from the developing country government itself. The result has been:

- overloading of developing country public administrations, due to the need to manage a multiplicity of accountability arrangements;
- failure to develop local capacity for public financial management;
- limited ownership of or commitment to development projects.

Accountability involves two aspects of the donor-developing country relationship: (i) "compliance", i.e. ensuring that the developing country government uses donor funds in accordance with the terms of the funding agreement; and (ii) project/program performance.

Compliance
To satisfy themselves and their parliaments about the correct use of project funds, donors have insisted on setting up their own project-based systems for accounting and auditing within the developing country. These service the donors' *own* compliance-accountability obligations with respect to their home governments (see p. 5). Donors involved in SWAps have generally avoided disbursement of project funds directly through the recipient country's budget because they have had little faith in the quality public financial management at the local level. More fundamentally, there continue to be concerns about deeply entrenched public-sector corruption.[20]

Donors recognize that the current proliferation of uncoordinated accountability arrangements bypassing the host-government's own systems is unsustainable and counterproductive. Indeed, one objective of moving from project-based assistance to SWAps is to accelerate the building of local capacity to plan and implement sector

[20] Foster (2000), p. 22; Foster, et. al. (2000a), p. 44; Grindle (1999), p. 4; Sida (2000), p. 33. See also "Report of the Workshop on Donor Harmonisation and Adjustment of Financial Management and Control Procedures Under Sector Programmes," The Hague, 25/26 May, 2000. (Report prepared for the "like-minded" group.)

programs. This critical form of capacity will not be developed as long as donors continue to control key aspects of accounting and auditing related to development assistance. Most donors therefore accept that a defining characteristic of a SWAp is the eventual elimination of fragmented, donor-controlled accountability arrangements. There is consensus is that this may be achieved in two stages: initially, agreement among donors and the recipient country on "common management and reporting procedures" (which may still be outside of regular host-country procedures), followed ultimately by "use of Government procedures to disburse and account for all funds."[21]

Dialogue among donors and developing countries about common approaches to financial management is occurring under the rubric of "harmonization". A group of "like-minded" donors[22] has been meeting regularly to develop consensus on and operational approaches to harmonization. To date, progress has been slow. A recent study concluded that the development of common financial procedures "is the greatest challenge to implementing SWAps"[23] A survey by the Strategic Partnership with Africa (SPA) of 16 SWAp-like sector programs found that 80% were still relying on traditional project disbursement and accounting procedures.[24]

There have however been some signs of progress. The SPA survey found, for example, that a significant number of donors are allocating some portion of their sector-program contribution via direct budget support using Government procedures. As well, there is growing experience with harmonized SWAp review procedures. Although these still occur outside of the regular host-government reporting and accounting regime, they represent an important attempt by all parties to use a common reporting regime. Harmonized procedures eliminate the need for each bilateral donor to impose its own reporting requirements and field monitoring missions on the recipient country. They are an important stepping-stone to the development of standard government reporting and auditing procedures that could win the confidence of donors, allowing them to channel their development assistance through the host government's budget.

CIDA's current involvement in the education SWAp in Uganda, and the health SWAp in Bangladesh, provide promising examples of a functioning joint review process.[25] All of the external participants in these SWAps, together with the government, have agreed on a common performance framework (performance targets and performance indicators). The donors and the government meet at regular intervals – formally and informally – to review progress reports, discuss problems and agree on next steps. A multiplicity of reporting regimes has been replaced by a common system. Some important technical problems remain (e.g. gaps in the management information system that supports the performance framework). Nevertheless, CIDA feels that such joint review processes are

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[21] Foster and Fozzard (2000), p. 56.
[22] The group includes Great Britain, Ireland, The Netherlands, Sweden, Norway, Denmark and the World Bank.
[23] Study cited in Foster and Fozzard (2000), p. 66.
[24] *Idem*.
[25] There are undoubtedly other examples within CIDA's portfolio. This paper was not based on an exhaustive review of SWAps in which CIDA is involved.

a significant step in terms of the quality of the dialogue between donors and the government, as well as government ownership of the sector strategy and sector programs.

Further progress toward harmonization of procedures, and ultimately toward use of the host government's own financial procedures, will depend on the degree to which developing country governments can improve their capacity for public financial management, and address public sector corruption. Low donor confidence in local financial management capacity is the greatest obstacle to achieving the SWAp ideal of reliance "on Government procedures to disburse and account for all funds."[26]

Project/Program Performance

A recent study on SWAps concluded that lessons learned from accountability arrangements in so-called "policy-based" or "structural adjustment" programs are highly relevant to donor/developing country accountability in a SWAp.[27] Although structural adjustment operations are not part of CIDA's repertoire, a brief review of lessons learned from them is warranted here because these lessons have had a profound influence on the way in which bilateral donors are now approaching accountability in SWAps.[28]

Policy-based programs bear significant conceptual similarities to the SWAp model because they: (i) focus on policies rather than physical outputs; (ii) provide budgetary support rather than financing of particular expenditure items; and (iii) often involve consortia of donors.

Donors – especially multilateral agencies such as the World Bank and the International Monetary Fund – have used policy-based programs to encourage (or compel) developing countries to make significant changes to macroeconomic or sectoral policies. Donors provide budgetary support in exchange for agreement by a developing country government to honor a series (often long and detailed) of policy reform conditions. The term "conditionality" has come to be associated with these types of donor-financed programs.

The consensus among development practitioners is that conditionality has largely failed as an instrument for promoting sustainable policy reform. A recent paper by two World Bank economists concluded that "After twenty years of experience, we can say pretty clearly that conditionality has not typically led to successful reform." The authors dismissed as a "big myth" the notion that "donors can use conditionality to ensure that bad governments put good policies into place."[29]

The literature points to two main factors contributing to the failure of conditionality: lack of "ownership" of proposed policy reforms by developing countries, and lack of resolve by donors to enforce policy conditions. Donors were too ready to believe – sometimes

[26] This was the consensus from interviews conducted for this study. The quotation is from Foster, et. al. (2000), p. 7.
[27] Foster, et. al. (2000a), p. 20.
[28] *Idem*.
[29] Collier and Dollar (1999).

for reasons having to do with their own disbursement targets – that formal agreement by a government to implement difficult policy reforms was identical to sincere commitment. Developing country governments, for their part, understood that donors had powerful incentives not to disrupt disbursement schedules, and therefore were unlikely to punish failures to fulfill policy conditions. The history of conditionality is therefore littered with countries having little or no interest in policy reform, making promises they had no intention of keeping, in exchange for which they received considerable donor support that led to little or no development impact. Thus, "conditionality wasted a lot of money that could have been used effectively elsewhere."[30]

Conditionality: Lessons for SWAps. The most important lesson for SWAps from the unhappy history of conditionality is that pre-determined lists of detailed policy conditions are an ineffective and counterproductive approach to accountability between the developing country government and the donor. *No amount of detailed, up-front specification of sector policy reforms can compensate for the absence of firm and sincere government commitment to and ownership of reform.* Any government can easily sign a formal document in which it agrees to be accountable to the donor for implementing reforms. The incentives for a government to enter into such agreements even when it has no intention of honoring them are powerful when it knows that the donor will be reluctant to punish it for reneging on commitments.

A former senior World Bank economist, Ravi Kanbur, summarized the consensus well:

> ... the key issue is whether it is feasible or desirable to force or induce the adoption of policies and strategies [on] a government that does not believe in them or a populace that will not support them. The evidence suggests that such attempts are not sustainable [and that they are] detrimental to the development process.[31]

For accountability to work well between donors and developing countries in a SWAp, *donors need therefore to be selective about the kinds of governments they will support*. If donors will always, to some extent, remain reluctant to "punish" developing countries for non-compliance with commitments, then they should act in ways less likely to put them in the uncomfortable role of "enforcer." How to do this? Focus less on developing long checklists of desired reforms, and more on entering into relationships with developing country partners who have *already* demonstrated commitment to and ownership of reform, and with whom the donors share a broad sector-development vision.[32]

[30] Collier and Dollar, *op. cit.*
[31] Kanbur and Sandler (1999), p. 3. At the time of writing, Kanbur was with the World Bank.
[32] The greater the number and specificity of conditions found in a project agreement, the more the donor has feared that the developing country government was uncommitted to reform. See Foster, et. al. (2000a), p. 23.

Recommendations
We examined donor-developing country accountability from two perspectives: compliance and program performance. Our analysis suggests the following operational implications for CIDA with respect to SWAps.

1. "Harmonization" – common management and reporting procedures, progressing toward the use of Government procedures to disburse and account for all funds – is the direction in which SWAps are moving. If CIDA intends to make SWAps a significant part of the way it does business, then it needs to explore in detail what increased participation in SWAps would mean for its own rules and procedures related to monitoring and evaluation, audit, contracting and procurement. CIDA should seek entry into the "like-minded group" on harmonization (see above) so that it could share its experiences and learn from the experiences of others.

2. CIDA's own experience with SWAps, as well as the experiences of other donors, provide a valuable but under-used knowledge-base with respect to these questions. CIDA should step up its efforts to *promote learning and knowledge-sharing within the Agency* about experiences with accountability arrangements between donors and developing countries in SWAps. There are a variety of ways that CIDA could approach this, including:

- support for efforts to document, in a form useful to program officers, experience emerging from CIDA's and other donors' experiences with accountability arrangements in SWAps; particular attention should be paid to what has worked, what has not worked, and the explanations for success or failure;

- promotion of formal and informal forums within CIDA for the sharing of information on SWAps;

- adoption of management practices that recognize and reward staff behavior that contributes to knowledge-sharing and organizational learning.

3. CIDA should, in parallel with its involvement in SWAps, encourage the development of public financial management capacity in countries where SWAps are active. Lack of public financial management capacity is seen by all donors as a major obstacle to full implementation of the SWAp model.

4. The movement toward SWAps will require CIDA to develop its capacity to work in a "partnership" mode, both with other donors and with developing countries. CIDA, both at the institutional level, and at the level of individual staff, will need to accustom itself to operating in an environment where CIDA's own agenda is of secondary importance in relation to the objectives of a sector strategy "owned" by the host government and developed with its leadership. As the Swedish International Development Agency as observed,

> The basic principle [of a SWAp] is that the support provided by all external parties is subordinated to the objectives of the country's policy and strategy for the development of the sector ...[33]

Working as an effective partner within a SWAp will therefore require CIDA to accept that it is giving up the right to select which individual projects to finance, in exchange for having a voice in the process of developing a sector strategy. *CIDA must therefore strengthen its capacity to exert influence (without exercising control) at the broader sector-wide strategic level, rather than at the detailed project level.* Achieving this may require a combination of:

- supporting a renewed corporate culture through firm leadership from the top of the Agency; in particular, clear signs to staff from senior management that "partnership behavior" (which may cause loss of "visibility" for CIDA) is valued and rewarded;

  ⇒ clear recognition by CIDA senior management that the Agency's need, at home and abroad, for "visibility" is of secondary importance to its shared accountability with other stakeholders for the success of the SWAp.

- internal training and dissemination to strengthen existing staff capacities for sector-wide strategic thinking and negotiation;

- recruitment of new staff who have the mix of sector-oriented skills and attitudes appropriate to the demands of SWAps.

5. SWAps will only be successful if governments receiving SWAp assistance show firm commitment to and ownership of sectoral reform. CIDA must therefore build its capacity to assess country ownership and commitment before entering into SWAps. Set against this, of course, is the reality that the true level of government ownership will only be known *after* the SWAp has been launched. Nevertheless, efforts can be made to try to assess ownership at the outset of a SWAp, and make assumptions about the likelihood that ownership and commitment will be sustained over time.

Assessment of ownership and commitment is not a science. It will vary according to each country situation. However, there are generic indicators that may be used as a starting point[34]:

- degree to which the government appears willing to be the lead manager in the process of designing the SWAp, finding financing for it and securing donor support;

- extent of national policy debate on the sector in question;

[33] Sida (2000), p. 27.
[34] Foster and Fozzard (2000), p.60; Foster, et. al. (2000b), p. 7

- government's track record in confronting difficult policy choices;
- level of endorsement of sector policies by Cabinet, central agencies and other stakeholders with the power to support or frustrate the sector program;
- level of knowledge and understanding of the sector program at the "working level" of the public bureaucracy; informal assessment of working-level professionals of the level of government ownership and commitment;
- level of government commitment to establishing and implementing a strong performance framework for the SWAp.

6. Accountability: Developing Country Government to Its People

In this section we review a form of accountability in which the donor is not directly involved, but to which it is a very interested third party: the accountability of the developing country government *to its own people*.[35]

Development practitioners are paying increasing attention to the link between economic development and the quality of governance in a developing country. World Bank research, for example, has found a strong link between public sector corruption and low levels of investment in developing countries.[36]

Conclusions about the link between governance and development apply to accountability as well, because accountability is, as one Canadian political scientist puts it, "at the heart of governance within democratic societies."[37] Governments that do not feel strong accountability pressure from ordinary citizens are unlikely to pursue strategies aimed at broad-based growth, social progress and poverty reduction. Such governments are likely instead to rule in ways that favor narrow elites and particular social, ethnic or economic classes.[38] The quality of accountability between a developing country government and its people affects, therefore, the environment for economic and social development. Necessarily, then, it also affects prospects for the success of SWAps.

Although donors involved in SWAps may not be in a position to address larger questions of governance or accountability that go beyond immediate sector issues, they must at least be aware of the interaction between governance factors (including accountability) and sector issues. They should be prepared to tailor the objectives and modalities of the SWAp to the realities and limitations of local governance. They should even be prepared, in extreme cases, *to resist involvement in a SWAp when the governance environment is prohibitively poor*. Indeed, a recent study on SWAps argued that they

[35] "Accountability", for the purposes of this section of the paper, concerns the obligation of a government to explain to its people what its is doing and why it is doing it, and to adjust its policies and programs in ways that are responsive to the public good.
[36] World Bank (1997), Ch. 6.
[37] Thomas (1998), p. 348. See also Schacter (2000).
[38] Adam and O'Connell (1997).

should only be supported in countries where there is sufficient "*legitimacy of government structures*, implying the accountability of public institutions".[39]

How might this reasoning play out in practice? Consider a hypothetical health-sector SWAp. Donors are likely to focus on issues related directly to the health sector, e.g. morbidity and mortality, levels of investment in primary healthcare, availability and distribution of health services and infrastructure, gender differences across health indicators and health service delivery, etc. They may overlook the broader governance and accountability environment, at both the local and the central levels, within which health sector policies are designed and implemented. Governance and accountability factors may have a profound impact on matters such as:

- whose views are heard on matters of health-sector policy;

  ⇒ will the views of poor and marginalized groups be acknowledged, or will the policy-making process be captured by local elites?

- the sensitivity of service providers to the poor and marginalized;

  ⇒ the less there is a culture of accountability in the public sector, the less likely that service providers will be responsive to traditionally "voiceless" groups.

- the sustainability of major policy reforms;

  ⇒ sector goals that are important to donors – e.g. more equitable policies and service-delivery practices – may be difficult for the government to sustain because they threaten the position of powerful stakeholders; in the absence of robust and broad-based accountability pressures, the government may be tempted to revert to practices that the SWAp aimed to eradicate.

Over the short term, donors can maintain pressure on the government to honor policy commitments related to poverty-reduction and the needs of disadvantaged groups. But any strategy that relies on continued inputs of external donor pressure will not be sustainable.[40] The only sustainable path to maintaining sound, poverty-focused sector strategies is one where *internal* pressures arising from robust accountability between the government and people compel the government to stay the course.

Recommendations

1. CIDA must move to a holistic approach that allows expertise on cross-cutting matters of governance and accountability to influence sectoral interventions. Sector specialists must be sensitized to governance issues, and open to including governance-related analysis into their decision-making and dialogue with country counterparts. They cannot do this on their own, however. Governance specialists in CIDA with therefore

[39] Gould, et. al. (1998), p. 1. Emphasis in original.
[40] Kanbur and Sandler (1999), p. 3.

need to develop a clearer understanding of linkages between governance issues and particular sectoral issues.

2. CIDA should pursue linkages between sector policy reform in SWAps and broad-based public sector reform, particularly public sector reform leading to greater accountability and participation in the development of policy and the implementation and monitoring of public service delivery.

3. As a partner in SWAps, CIDA should support opportunities for civil society groups to exert accountability pressure on the government. For example, CIDA might consider, together with other donors, urging the government to disseminate widely information shared with the SWAp donor group at formal review meetings: information such as sector objectives, performance indicators and performance data related to the SWAp. This would allow local news media and civic groups to track the performance of the sector program, and hold the government accountable for failures to achieve targets.

7. Conclusion

If CIDA wishes to adopt the "sector wide approach" as a central element of the way it does business with developing countries, then the Agency must *re-think the management of accountability relationships among key stakeholders in development assistance*.

The key lies in understanding how SWAps challenge the old accountability paradigm that has dominated development assistance since the 1950s. The SWAp is an expression of discontent with multiple project-based accountability relationships, each geared to a particular donor's own accountability concerns, that get in the way of a rational sector approach designed, owned and led by the developing country government. Accountability in the emerging, new paradigm therefore focuses on:

- the quality of sector programs that may be supported by many donors; and
- the degree to which sector programs appear likely to contribute to the achievement of long-term sector outcomes.

Two critical implications of this new paradigm are that it:

- ***re-positions the donor in the accountability relationship***;

  ⇒ we move from a situation where the donor is the focus of accountability – the developing country government *reports to* the donor – to one where the donor and the developing country government are joint stakeholders with an interest in the success of the sector program; the new paradigm requires that donors and the developing country government *hold themselves jointly accountable* for the success of the SWAp.

- ***underscores the necessity for developing-country leadership in designing and implementing a sector strategy serving the needs of the peopl***e;

  ⇒ an accountability relationship that has been too often forgotten in development assistance – the accountability of the developing country government *to its own people* – is now thrust into the center of discussion;

CIDA's success in adopting the sector-wide approach will depend in large measure on its success in adapting to these two implications of the new accountability paradigm.

CIDA has already gone a long way, from an operational perspective, toward meeting these challenges. It has made considerable progress in adapting its approaches to project design and implementation to the logic of the sector-wide point of view. Many CIDA staff are quick to point out that even though the SWAp may not formally be at the center of CIDA's way of doing business, a good number of CIDA projects nevertheless have "SWAp-like" characteristics[41].

CIDA lags, however, in adapting its internal "culture" and practices related to accountability. CIDA's has tied its way of handling accountability to a model of development assistance that it no longer supports: a model dominated by "bricks-and-mortar" infrastructure projects delivered by external experts to relatively passive recipients in the developing country. CIDA should therefore consider how it might adjust its approach to RBM to make it more relevant to current operational realities.

CIDA is already in the midst of an internal process of reflection on its own processes, attitudes and approaches. Among other things, CIDA is now thinking about:

- reformulating and rationalizing corporate planning and reporting;
- experimenting with new models for doing business with developing country partners;
- strengthening approaches to sharing knowledge and learning within the Agency;
- adapting CIDA practices and procedures to allow it to do business in ways suggested by the multi-donor Strategic Partnership with Africa (SPA)[42].

A brief round of interviews with CIDA staff involved in these working groups confirmed that management of accountability is or ought to be an important element of each one of them.

The ongoing process of reflection on CIDA's way of doing business opens the door to a rethinking of how the Agency should fulfill its development role. This presents an

[41] See footnote 11.
[42] SPA is the leading donor forum supporting experimentation with and sharing of information about SWAps.

important opportunity concerning the issues raised in this paper. If taken seriously, questions related to SWAps and accountability will demand a remodeling of culture, practices and procedures at CIDA. In particular, and as described in more detail in the preceding sections of this paper, the Agency must turn its mind to:

- ***holding itself accountable to Parliament and the public in a way that reflects its shared accountability with other development partners***

  ⇒ There is an important distinction between CIDA *managing for* development results and CIDA being accountable for showing that its inputs have been the *direct cause* of development results.[43] The sector-wide approach, with its emphasis on shared accountability and multi-partner collaboration under the umbrella of developing country leadership, highlights this distinction. The developmental goals of the SWAp are not consistent with attempts by CIDA (or any other donor) to attribute particular development results exclusively to its own inputs. Without departing from the sound underlying principles of RBM, CIDA should adjust its use of RBM to the reality that it is often impossible to draw direct causal links between CIDA inputs and development outcomes. CIDA's reporting to Parliament and the public should downplay the attribution to itself of development results, and concentrate instead on accountability for the logic of its interventions in light of desired development results. . ***(See recommendations at pp. 11 to 14.)***

- ***the way it handles the accountability relationship between itself and the developing country government***

  ⇒ For its own management and accountability purposes, CIDA will always need to hold the developing country government accountable for the use of Canadian development resources. However, CIDA must adopt ways of meeting its own accountability requirements that acknowledge that the primary concern, from a development perspective, *is not* accountability by the developing country government to CIDA. The Agency must strike a balance between its own accountability needs and the issue that *is* of primary developmental importance: the accountability shared by CIDA, the developing country government and other stakeholders for the success of the sector program. ***(See recommendations at pp. 18 to 20.)***

- ***incorporating a broad governance perspective into the design and implementation of SWAps***

  ⇒ The success of SWAps depends on the capacity but also the *willingness* of the developing country government to support the design and implementation of effective sector programs. This is unlikely to happen in the absence of a

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[43] This is consistent with the discussion of operational results and development results found in CIDA's "Accountability Framework." See CIDA (1998).

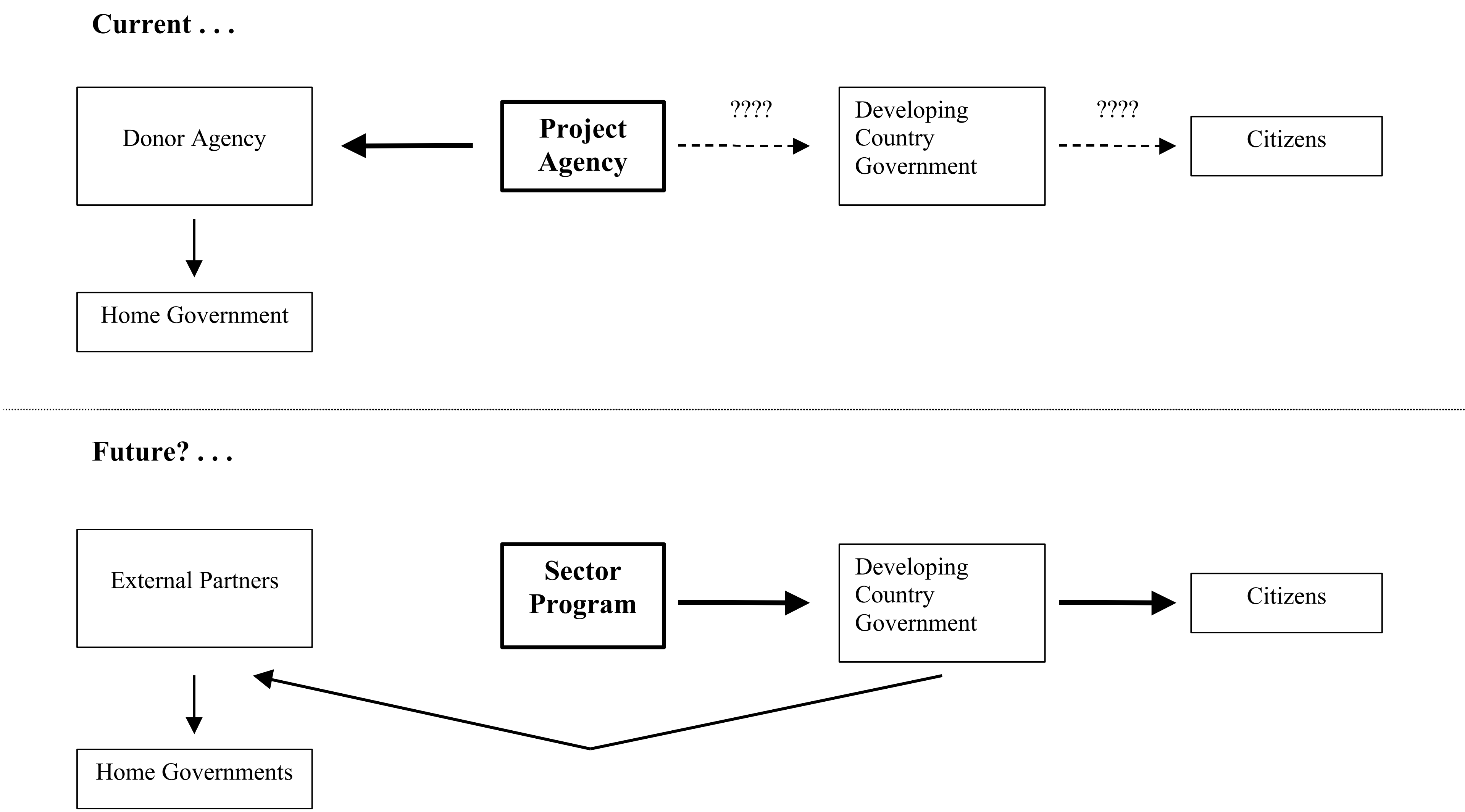
robust accountability relationship between the developing country government and its citizens. No approach to a SWAp can ignore broader questions of accountability and governance in the developing country. CIDA must do a better job of *building governance knowledge and expertise into* the design and implementation of SWAps. A governance perspective must not be viewed as an "add-on" to a SWAp; rather, it is a fundamental constituent. ***(See recommendations at p. 21 to 22).***

Making progress on these three fronts will not be an easy task. They imply not only a culture shift within CIDA, but also a changes in the way that the Agency relates to developing countries, and explains itself to Parliament, the public, and public agencies such as the Auditor General.

The conditions for success, if CIDA seeks to adjust its approach to accountability, are not unlike those faced by developing countries themselves with respect to SWAps. Success requires sustained leadership from the top, firm "ownership" at all levels, a tolerance for experimentation and failure over the short-term, and a constant eye to the long-term goal.

Firm leadership from the top of the Agency is the most important condition of all. At stake is organizational change – a process that often leaves staff feeling disoriented and vulnerable. In order for change to take root, there must be a high level of *organizational trust*. Staff must feel certain that top management is supportive and committed for the long-haul, and that it recognizes that occasional failures are an inevitable element of a healthy change process. In the absence of this, new approaches to accountability under SWAps risk being written off within CIDA as yet another passing development fad.

Figure 1: Shifting the Lines of Accountability



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List of Interviewees

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