

# Accountability and Risk Management under Program-Based Approaches





# Foreword

The objective of the *Methods Development Unit* is to contribute to enhancing and strengthening the quality of Sida's development work.

The Unit supports the line organisation in developing and applying approaches and methods, for example

- approaches for capacity development,
- transition from a project approach to a programme approach,
- introduction of a rating system,
- efforts to combat corruption,
- etc.

The Unit's main tasks include ensuring that Sida's handbook, "Sida at Work", is kept up to date and is understood by all members of staff.

Thus "Sida at Work" forms the framework of the Unit's activities.

Learning processes and exchanges of experience are essential. This series of "Working Papers" is a contribution to Sida's learning. The Papers are often produced as part of Sida's work on specific methodology issues.

The views and conclusions of the Working Papers do not necessarily coincide with those of Sida.

Hopefully, the Working Papers will stimulate reflection and discussion.

This paper documents a part of an intensive international sharing of experience of Program-Based Approaches. This particular event brought together virtually all multilateral and bilateral agencies that are engaged in these issues. The paper is intended to contribute to the learning process now going on.

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# Report from forum on accountability and risk management under program-based approaches in Ottawa, Canada June 19 to 21, 2002

## **Background**

The forum was organised by the Learning network on program-based approaches, i.e. a group originally consisting of likeminded donors to SWApS from Denmark, Ireland, Norway, Sweden and the UK, but where many other donors nowadays participate (also in the preparation for this forum). The purpose of the learning network is to meet, at least annually, and exchange ideas and experiences, to up date on development and – if possible – reach consensus on continued efforts. Gradually the concept has widened to include not only sector programme support, but also other programme supports, such as general budget support. The Ottawa meeting was a confirmation that there is an understanding that different kinds of programme support are linked and that the purpose of these financial supports are one and the same in relation to poverty strategies and poverty reduction.

## **Setting**

Representation to the forum was extensive. All in all 20 donor countries or multilateral organisations participated (Australia, Belgium, Canada, Denmark, EU, Finland, France, Germany, Ireland, Japan, Netherlands, Norway, OECD, Switzerland, UNDP, UNFPA, UNICEF, UK, USA and the World Bank). In addition 8 partner countries to donors were present (Bolivia, Burkina Faso, Ethiopia, Malawi, Mali, Niger, South Africa and Uganda). All in all around 135 people attended the forum.

Organisation and realisation of the forum was excellent with state-of-the-art techniques (that worked) and admirable preparations. One result of this is that there will be a very comprehensive and full reporting from the forum from the organisers (for instance, a full report on all presentations and general discussions will be distributed). This report therefore concentrate more on reflections on relevance and content in relation to the objective of bringing things one step forward.

## **Subjects**

The theme of the forum was accountability and risk under program approaches, indicating a contradiction between on the one hand the provision of program support and on the other risks of misuse of funds and difficulties to get access to proper accounts. The purpose was to ventilate

ideas on this, including possible redefinition of concepts like “accountability”.

Under this theme, three areas had been chosen, formulating individual sessions under the forum. These areas were financial management, institutional development and monitoring and evaluation. In addition, an individual theme – “Managing the Accountability Challenge” – was organised through one more autonomous session.

The structure represented by the three subjects mentioned above, is more familiar to organisations like the World Bank than for instance Nordic donors. The split between areas e.g. like financial management and monitoring and evaluation, is not necessarily the most natural one (quite the contrary in fact) and does not with certainty represent the most efficient way of approaching these issues, neither as a forum discussion, nor in field operations.

Each subject was thoroughly investigated through a number of presentations under each session, followed by comments from specially appointed commentators, followed by a plenary debate and discussion, followed by individual group discussions for each area, followed by presentation of conclusions from these group discussions.

## **Some conclusions**

Some interesting conclusions from each session are presented below. There is not full consensus between donors on all of these conclusions. A much more extensive presentation of the whole forum discussion will be distributed from CIDA.

### *Financial Instrument and Financial Management:*

- Further system development in this area should compulsory include (human) capacity development. No public finance management projects should be allowed to operate without considering human resources with the concerned organisation.
- Accountability should have a broader definition than approved accounts and consider actual service delivery.
- PFM should always operate from a poverty result perspective.
- Good governance definitions of PFM should be elaborated.
- The point of departure for PFM system improvements should be existing systems in the host country and not state-of-the art imported structures from donor countries.

### *Institutional development:*

- Current concept represent an imbalance between donors and host countries. This has to be adjusted.
- ID has to be given greater attention. It is by nature a more difficult area to change as compared to systems and macro conditions and therefore needs disproportionate resources.
- Intervention should be based on more field studies and field knowledge than today.
- Institutional impact should be considered when SWAs are introduced.

### *Monitoring and evaluation:*

- Structure of M&E should be more practical and concrete.
- Its better to limit information and find it reliable than to operate with substantial information flows that are not trustworthy.
- M&E should by preference be carried out by the host country.
- Imbalance between donors and host countries also in this area.
- Civil society in host countries should be engaged in M&E.

### **Some reflections**

The “new” situation among donors caused by increased donor flows and interest in program support, has created a position of “old” donors and “new” donors (the latter with, in many cases, lots of money), where the new donors bring up issues to discussion that was discussed among the old donors many years ago. Difficulties in communication between old and new donors could be traced to different ways of structuring work and information, but to some extent also to different policy opinions and ways of operating in the field.

Considering the broad span in donors that attended the forum, it would be fair to say that most value-for-money was given to those that as yet have not been involved in channelling program support and formulating policies to work with program support.

Presentations in the forum were in many cases very “fixed” in advance in relation to the subject of the session in question. This resulted in some cases in a gap between what was introduced as overriding themes for each session and what was actually included in the (independently prepared) presentation. In this way some presentations did not add to the intention of bringing things forward.

There was a very broad consensus that presentations and discussions in the next forum and actual work in the field had to become more tangible and more related to actual field conditions. This opinion would also effect for instance structure and content of diagnostic instruments, how policies are applied and how systems are improved and introduced.

With reference to World Bank presentations under the PFM session, it could be stated that there is a clear tendency from the Bank to try to integrate different parameters relating to processes, systems and capacity in its new lending instruments, thereby creating a more integrated and holistic set of instruments for co-operation with host countries in this area. It could also be visualised from this that the revision of different lending instruments (investment lending, adjustment lending, PRSC loans, others) has the intention to complement each other in profile and coverage, thereby being able to take responsibility for all issues concerned by the provision of programme support.

Themes and structure of the forum did not allow for discussions on more profound conflicting areas such as the application of policies aiming at bringing program resources on budget, to what extent implementing resources actually are accessible, structure and content of diagnostic instruments, poverty priorities in system and capacity building and others. The result will probably be that these conflicts instead will surface in field work, a less fruitful situation.

## **Next meeting**

The forum decided to expand the learning network and invite everyone as regular participants. A core group of likeminded donors was however intended to be kept as a working forum. Very tentatively Germany was identified as host for the next meeting of the network.



*Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.*



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