Transparency and accountability in governance: A development project perspective

Prepared by members of
International Development Contractors
idc@hassall.com.au

Do not cite or quote without permission of the authors

Presented at the ACFOA-AusAID-IDC Joint Forum on
Promoting Transparent and Accountable Governance through Overseas Aid Programs
Canberra, 21 May 2003

Introduction

This Joint Forum is one of series convened to enable development professionals working in different roles to exchange experiences and insights outside the frame of specific contracts, projects, or negotiations.

This paper sets out some insights into promoting transparency and accountable governance from the perspective of International Development Contractors as designers and managers of development projects.

The insights have been grouped into three sections:

1 Institutional Change

Development projects are increasingly involved directly with the question of governance. The Australian Government identifies governance as one of four guiding themes for its international development policy. The World Bank’s Comprehensive Development Framework posits good institutions as the cornerstone of development.

In designing and implementing projects that target governance: what is feasible, what is not, and how to best change the institutions of governance?

2 Observing Boundaries

Successful development projects involve working closely and collaboratively with counterpart governments. They require constructive engagement with systems that operate very differently from those in Australia. International development

---

1 This paper was prepared by David Week, Assaí; Robyn Stokes, IDP; Ian Peek, ACIL; and Brendan Crimmins, GRM.
contractors (IDCs) must engage in respectful and constructive criticism and position-taking, without insensitively (and ineffectually) intruding into the very different societies and systems in which they operate.

*How does one push, without pushing too hard?*

3 **Operational Tactics**

Institutional change takes years, if not decades. In the meantime, lack of transparency and accountability inhibits all development projects. This means dealing with these issues at an operational level, as well as at an institutional level.

*How does one keep a development project moving, ethically, in a context in which many processes are non-transparent or unaccountable?*

The views presented below are not intended to provide a comprehensive response to these questions. Rather, they open a dialogue around them, based on what happens at an important interface between Australia and its partners: the development project.

1 **Institutional Change**

Compared to the historical momentum of a counterpart government or society, the influence or enabling force of any development project is small. They should be selected and structured to be effective and sustainable.

The key issues are:

- counterpart ownership and commitment
- understanding history and timeframe
- adaptation to context.

**Ownership and Commitment**

Strategies for developing counterpart ownership and commitment include:

- Far-reaching consultation at project design stage with the key players in the counterpart agency — senior, operational and HR — and with other key stakeholders.

- Incorporation of key counterpart agency suggestions into the design, and acknowledgement of these as such.

- Involvement of counterpart agency staff at senior and operational level in the training needs analysis and in the establishment of transparent systems to identify suitable candidates.
• Involvement of appropriate counterpart agency staff in the training design to ensure relevance and appropriateness for counterpart needs and cultural context.

• Agreeing with the counterpart and implementing effective monitoring mechanisms including termination of assistance if agreed counterpart contributions and support are not being met.

• Taking the approach that aid/assistance will only be directed to ‘winners’ where potentially sustainable institutional change is seen to be occurring.

Understanding history and timeframe

The ability to effect institutional change in many post-colonial nations is often constrained by the legacy of colonial systems and values. Governance projects face a difficult task to effect meaningful institutional reform where counterparts have no real context with which to understand accountable, transparent and corruption free institutions. In such an environment, positive real change can only be effected gradually.

Institutional change projects therefore need to be designed around incremental change over many years, if not decades for initiatives necessitating major shifts in institutional culture. To sustain long-term effort, project design needs to fit with the counterpart’s vision and objectives. If the vision and objectives are not clearly articulated, then a substantial effort must be devoted to developing a clear understanding of the counterpart’s intent prior to implementation.

One threat to such long-term change programs is the difficulty in producing short-term successes in order to account for project activities to the funder. This requires an effort to develop indicators and strategies that facilitate the pursuit of long-term goals, while producing worthwhile interim gains along the way.

One threat to such long-term change programs is the difficulty in producing short-term successes to satisfy the requirements of the funder. This requires an effort to develop indicators and strategies that facilitate the pursuit of long-term goals, while producing worthwhile interim gains along the way.

Adaptation to context

In providing advice and assistance, projects are obliged to foster and promote the enhancement of existing systems or the development of new systems of management and administration that are overtly transparent and accountable. The imposition of systems that work in other places usually do not provide the answers being sought. They can however be used as a model to develop new systems and procedures. The design of new systems requires the involvement of stakeholders and ownership by counterparts.

Key issues to keep in mind during the development and implementation of new systems:
• Change has to be managed. The best way to foster and promote commitment is for counterparts to own, implement and manage the change.

• Counterparts have to roll out the change through their areas of responsibility, and then to the agency, sector, and — hopefully — to the Ministry level. Most projects must work from the bottom up.

• There must be clear understanding on all sides:
  - what the benefits are
  - who benefits from transparency and accountability
  - who suffers without them.

• Change costs money. The changes must be affordable by the partner Government

• Sustainability may well involve a recurrent expense that will not be available on completion of the Project.

• Cross sectoral change where possible should be a desired outcome.

3 Observing Boundaries

Many members of the international community have found transparency, accountability, and anti-corruption as useful tools for ensuring that funds and benefits flow effectively through to the intended communities or institutions. However, in promoting these tools, it’s important that the promotion be done effectively — using the tools of negotiation, sales and change management, rather than the rhetoric of moral campaign.

However, to promote these tools effectively, it is important to recognise their limitations, and the way in which they may have to be adapted in order to be useful to partner countries.

Adapting to local values

Culture and values have considerable influence on governance within developing country institutions. Three key factors that affect the way culture and values shape governance structures and processes:

• the particulars of a country’s history, society, and development

• the way particular values are selected and promoted by the country’s leaders, and

• the international context.2

---

2 Han, S.J. (2000); Changing Values in Asia: Their Impact on Governance and Development, Japan Centre for International Exchange, New York.
For example, the leaders of many Asian countries have emphasised selected aspects of so-called ‘Asian’ values and adapted them to the requirements of modernisation. The implication for projects is that each developing country needs project designs that are individually tailored — there is no ‘one size fits all’ even within narrowly defined sub-regions (such as Southeast Asia).

Other important considerations for dealing with cultural boundaries include:

- taking the time to establish relationships before embarking on major change initiatives,
- move slowly and refrain from criticism, and
- building on existing strategies, structures and processes rather than demolishing and rebuilding them from scratch.

**Respect and mutual learning**

Adaptation to local context and open and dialogue are important for designing governance projects that are locally owned and supported, and enhance local structures rather than attempting to displace them. These are in turn facilitated by an ethos in which:

- the project is seen as an offer of some interesting and useful tools, which may have to be adapted or changed in order to work;
- there is an acknowledgement that Australia too has governance problems, and that concepts of transparency, accountability, and anti-corruption are not panaceae.
- the relationship of counterpart and project staff is therefore one of different but co-equal peers, engaged in joint exploration of difficult problems.
- the process of one is joint and mutual learning, in which not only do the counterpart staff learn about the techniques and processes of transparency, but project staff also learn through attempting to implement them in this new context.

### 3 Operational Tactics

Projects do not have the power or mandate to deal directly with corruption, lack of transparency or lack of accountability. However, they owe a duty to funders, beneficiaries and counterparts not to ignore these issues either.

Three key areas in which project-level activities can promote transparency and accountability:

---

• Project structure
• Open dialogue
• Simplicity and directness

**Project structure**

In all its phases – from inception, through design, implementation, and hand-over — project should be structured to be resistant to non-transparent governance. This goes beyond mere attendance to tender procedures, to a deep risk analysis based on in-country analysis of the structure of the problem. As with most risk-proofing, risk mitigation is best built into the methodology of the project, rather than left to management responses.

Areas for consideration:

• More attention in project design needs to be given to quality of recipient inputs in addition to quality of outputs.

• Project design might require ongoing support to an agency to be conditional on meeting set criteria that address transparency.

• Project personnel need to lead by example even in public service situations that are obviously corrupt and unaccountable. For example, an ethical work environment can be reinforced through an appropriate Code of Conduct and effective supervision of work practices.

• Winning trust and commitment of counterpart personnel can encourage a more transparent working environment, especially when using strategies that indicate project personnel recognise, for example, that individual dignity is an important cultural principle in a particular country. Counterpart personnel need to be seen to be implementing the changes effected by the project and gaining the kudos, not the external project advisers.

• Identify the ongoing benefits from the change process and beneficiaries and facilitate communication of same to the wider community

• Promote stakeholder participation in all change initiatives

• Where existing processes are not transparent and not accountable provide information on and foster the benefits of a change

• Get people to understand what needs to be done and why it needs to be done?

• Support people to make these changes and encourage institutions to support people to carry out these functions fairly
• Be wary of damaging the relationship with counterparts
• Identifying the difference between ‘accounting’ and ‘accountability’
• Identifying the barriers to change and where practicable use existing rules and procedures or foster a new approach
• Consider absorptive capacity — there’s a limit to the rate of change.
• Identifying the gaps in process or procedures that deny accountability and transparency and develop interventions to close them.

Open dialogue

One of the hindrances to dealing with non-transparency, non-accountability, and corruption is a project relationship that makes it difficult to breach these issues openly with the counterpart. Transparency of governance is facilitated by open dialogue about the problem. ‘This decision makes no sense to us’, and ‘Is there the possibility of corruption here’ are questions that should be possible to ask without risk of affront.

Projects must be structured to allow open discussion of problems with counterparts in a way that does not lead to resentment and alienation. The funder should be kept informed, and the approach to the counterpart should be sensitive to culture and issues of ‘face’.

Creating the right relationship for this openness must start at project inception, and in the relationship between funder and the partner country.

Directness, simplicity and flexibility

There are a number of project characteristics that are, by their nature, transparent.

1 Directness

Transparency is enhanced wherever funding is channelled as directly as possible to the beneficiary, in the form of a benefit that they know and understand.) In the East Timor Emergency School Readiness Project, materials, TA and cash were sent direct to schools. Schools were informed of what they were entitled to expect, and had a contracted role in the process. This direct and open channel of benefit flow was highly conducive to public inspection.

2 Simplicity

Simple projects are again more transparent than complex ones. Unless projects are made very simple, it’s difficult to have transparency and accountability in an environment with weak public information systems and low levels of public experience in monitoring government.

3 Flexibility
Most development projects operate on fixed time frames in difficult and high-risk contexts. This in turn puts (intentional) pressure on the project managers to ‘get things out the door’. However, such pressure militates against transparency. Often time is required to negotiate transparent solutions with counterparts, or to better understand counterpart decisions and systems. A middle road, which keeps an overall timeframe while providing the project manager flexibility to put ‘holds’ on parts of the project, is conducive towards managing for transparency. Approaches include:

- portfolio approach, in which slippage of some percentage of milestones is designed into the project at the outset
- risk-sharing, where manager and funder jointly agree to slow or suspend operations without penalty

* * *

There are a number of themes that run through this paper. Among these:

- The importance of joint learning, consultation, design, ownership, and dialogue between project and counterparts.
- The importance of a long-term frame, in which to make short-term wins, coupled with an ability to be flexible in terms of time, and an ability to withdraw and withhold in response to unsuccessful collaborations.
- The importance of treading carefully when operating in other cultures, of being wary of cookie-cutter, ‘one size fits all’ approaches, and a willingness to reflect on the problems our own systems of governance also have in this area.
- The importance of building transparency, accountability and anti-corruption into the structure of projects — not just as management reaction to certain events.