EFFECTING CHANGE THROUGH ACCOUNTABLE CHANNELS

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EXECUTIVE SUMMARY:

In recent history we have witnessed the proliferation of civil society organizations, public-private partnerships, and virtual networks, and their scope and influence have expanded alongside them. In many cases, these initiatives grew and continue to grow in response to governance and accountability gaps on the part of governments and/or multinational corporations, and indeed they are playing an increasingly effective role in monitoring, communicating and in some cases ranking the performance of those institutions. Because these public-private partnerships have demonstrated their ability and potential to supplement, leverage, and occasionally improve the role of government in addressing selected development challenges, they will factor prominently in the future. However, as their role continues to develop, these new multi-sector and multi-participant initiatives face their own governance and accountability challenges. In order to solve the flaws of both of these groups and achieve a constructive future in the realm of international development, both new and traditional players must work proactively together to build accountability mechanisms that are not only compliance-driven, but also led by a commitment to shared learning and responsibility, and a focus on building local capacity, assets and political 'voice' for the poor themselves in developing countries.

Private capital from American citizens, residents and companies accounts for over eighty percent of resource flows from the United States to developing countries.[1] In 1970,

[1] *Guide to the 2005 Resource Flows Analysis: US Total Flows to Developing Countries.* USAID, Global Development Alliance. Washington DC: June 2007.

seventy percent of such resource flows originated from the U.S. Government in the form of Official Development Assistance (ODA). The charts in Appendix I illustrate the shift that has occurred over the past three decades.

These private resources, which increased from $94.4 billion in 2001 to $136.6 billion in 2005, are being channelled to developing countries through a combination of foreign direct and portfolio investment, commercial bank loans, remittances, non-governmental organizations, religious groups, universities and colleges, foundations, and corporate philanthropy.[2] Together with new approaches to ODA they are changing the face of America's engagement in international development. Similar shifts are underway in other countries.

The statistics for the United States and elsewhere mask an even greater shift in terms of the manner in which these resources are being mobilized and deployed for development. They give little sense of the dynamism, diversity and innovation that is characterizing the emergence of new development players and approaches, ranging from new types of activists and funders, to emerging entrepreneurs and technologies, to new sources and models of official donor assistance. Nor do the statistics capture the alliances developing between these new players, or the opportunities and accountability challenges that they are creating, both for themselves and for traditional government-funded development programs.

This paper focuses on the implications new players and models have on accountability in four core areas:

(i) Their impact on increasing the accountability of governments, official donor agencies and large corporations.
(ii) Their response to their own organizational accountability and effectiveness.
(iii) Their role in enhancing accountability of the increasingly complex, multi-stakeholder partnerships and networks in which they participate.
(iv) The accountability implications of 'new' official donors, in particular the re-emergence of China as a major player in Africa.

The paper concludes with some emerging areas of consensus and recommendations for a more collaborative approach to the governance and operations of development initiatives. It calls for an ethos and practice of 'mutual accountability'. For new and traditional development players to work more proactively together to build accountability mechanisms that are not only compliance-driven, but also led by a commitment to shared learning and responsibility, and a focus on building local capacity, assets and political 'voice' for the poor themselves in developing countries.

NEW OPPORTUNITIES AND ACCOUNTABILITY CHALLENGES

New players, models and sources of official assistance represent one of the most fundamental and rapid shifts in the history of international development. They do not, and this paper argues that they should not, replace the responsibility of donor and recipient

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[2] Ibid.

governments in ensuring the security and prosperity of citizens. Yet, they can supplement, leverage, and in certain cases improve the traditional role of government.

Some of these new players, for example, have the potential to fill governance gaps, tackle market failures, improve public accountability frameworks and strengthen public institutions. Others offer potential to mobilize untapped financial, technical and human resources for development, and to seed innovative new products and processes for serving, and in many cases working directly with the world's poor. Furthermore, the focus of a number of these new models on more market-oriented and demand-driven approaches, and on local capacity building and asset accumulation by the poor themselves, offers hope for greater sustainability than has been the case with many development efforts to date. In the case of 'new' official donors, such as China and India, there is also the potential, albeit with clear risks, to increase the amount and variety of official assistance available to developing countries.

At the same time, these new players, models, and sources of development assistance represent unfamiliar challenges related to their own accountability and effectiveness in terms of their governance, integrity, stakeholder participation, legitimacy and scalability.

They may undermine or 'crowd-out' more effective existing development activities, for example, or make less efficient use of scarce resources or increase dependency. Some have been challenged for distorting local market incentives or national development priorities by going around official processes, favouring single issues and vested interests, or focusing on 'quick-win' media-friendly but unsustainable successes. There are concerns in certain quarters about the influential role that individual celebrities and philanthropists are playing in shaping global and national public policy agendas when they are neither elected nor appointed officials. Few of these high-profile new models have achieved national or global scale to date, and in many cases their methodologies are still being tested and their impact evaluated.

To be fair, it is still very early days for the vast majority of these new approaches, and similar criticisms can be made of most longstanding official development assistance programs and humanitarian agencies. Indeed, in many cases it has been the high operating costs, and the growing inability of more traditional approaches to tackle increasingly complex and interdependent global challenges that have spurred the emergence of new models.

A 2007 report by the Hudson Institute, for example, compared the annual costs of a moderately priced development consultant hired by the U.S. government against those of a group of specially trained pediatricians participating in the Pediatric AIDS Corps, which is jointly funded by a corporate foundation and non-profit academic teaching hospital. The latter was one-third the total cost of a government-paid consultant – some \$100,000 versus \$300,000 per year. The report cited other research by Action-Aid on consultant wages that calculated, "…the cost of 740 international advisors in Cambodia exceeded the combined wages of Cambodia's 166,000 civil servants."[3] This is not to suggest that non-governmental

[3] *The Index of Global Philanthropy 2007*. Hudson Institute, Center for Global Posperity. Washington DC: 2007.

and private sector approaches are a panacea or even a better alternative to traditional official development assistance, but illustrates the need to be increasingly rigorous in analyzing the costs and impacts of different development models and funding mechanisms – both new and traditional.

The emergence, or more accurately in some cases, the re-emergence of countries such as China, Russia, India, Venezuela, Iran and Saudi Arabia as official aid donors, trade partners and investors in Africa and parts of Asia, Latin America and the Middle East, raises another set of governance and accountability questions that scholars and policy makers are only just starting to address.

Good or bad, the growing impact, influence and potential of these new players and models, and their relationship to more traditional development actors and approaches cannot be ignored by anyone who is serious about alleviating global poverty. Their implications for better governance and greater accountability for development outcomes can be viewed from four main perspectives:

(i) What, if any, role do they and should they play in advocating for and monitoring accountability of donor governments, developing country governments, and large corporations, all of which continue to have enormous influence on the quality of poor peoples' lives and the nature of development outcomes?

(ii) Given that many non-state and non-corporate actors are increasingly global and influential in their own right, what public responsibility do they have and should they have for their own organizations' governance, operations and impact?

(iii) In the case of increasingly complex and global multi-stakeholder alliances and networks, especially those that are not constituted as independent legal entities and with participants that are usually autonomous actors with their own motives, governance structures and modes of operation, what role should their participants and funders play in ensuring that the 'sum is greater than the parts'? Or at a minimum, what is their responsibility to ensure that the partnership, alliance or network does not waste scarce resources or create more problems or obstacles to alleviating poverty than would have been the case in its absence?

(iv) What are the accountability implications of the emergence of 'new' official donors such as those from China, India and oil-rich nations in the Middle East? And how can OECD donors and recipient governments, as well as NGOs and corporations work with these 'new' donors in a constructive manner that accommodates different approaches, but is able to effectively monitor and sanction the development, environmental and human rights impacts of all official development assistance and major private investments?

Harvard scholar, David Brown, identifies three different, but not mutually exclusive models of accountability that have applicability across the public, private and civil society sectors, and for a range of development challenges and situations:[4]

- ***Agency Accountability*** – which focuses on an agent's accountability to a principal whose goals that agent has been contractually hired and/or funded to accomplish. Examples being corporate board and CEO relations, or NGOs having to account for use of funds and program results to their donors.

- ***Representative Accountability*** – which usually focuses on accountability of elected officials and public bureaucrats to the people who have elected them or whom they claim to represent. It is also relevant for advocacy NGOs and campaigners who seek to influence public policy and corporate standards, and/or who claim to speak on behalf of the poor.

- ***Mutual Accountability*** – which Brown defines as, "accountability among autonomous actors committed to shared values and visions and to relationships of mutual trust and influence that enable renegotiating expectations and capacities to respond to uncertainty and change."[5] This approach is increasingly relevant for the multi-stakeholder alliances and public-private partnerships that are starting to play a prominent role in tackling some of the most complex and multidimensional development challenges. They usually lack hierarchical and clearly defined relationships between participating parties, and often change over time in terms of their goals, participants and activities.

Despite these different approaches and definitions, most comprehensive assessments of institutional or organizational accountability cover the following issues, which are as relevant for public institutions as they are for corporations and civil society organizations:

- Governance of the institution/organization.
- Financial integrity – sources of funds, methods of fundraising, use of funds, book-keeping and auditing systems.
- Administrative reliability, competence and credibility - policies, process, and management systems. Discipline and consistency in implementation.
- Performance effectiveness - level of benefits and types of impacts experienced by targeted beneficiaries and/or the general public. Ability to deliver on commitments made to stakeholders. Relative performance to alternative approaches or competitors.
- Performance Evaluation - quality, independence, integrity, and disclosure of evaluation mechanisms, methods, indicators and results.
- Voice / advocacy credibility - veracity, accuracy, authority, fairness and representative nature of public statements and/or advocacy campaigns.

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[4] David, L. Brown. *Multiparty Social Action and Mutual Accountability*. Prepared for publication in Alnoor Ebrahim and Edward Weisband (editors) (2004) Global Accountability and Moral Community. Cambridge University Press: Cambridge.

[5] Ibid.

- Transparency - access by stakeholders to information about the organization/ institution.
- Complaint, response and dispute resolution mechanisms - responsiveness of organization/institution to stakeholder complaints. Independence, confidentiality and enforceability of dispute resolution mechanisms.
- Level of stakeholder participation in the organization/institution's governance, strategic planning, policy making, implementation, evaluation, and learning processes.

The following section looks at some of these issues in relation to the four questions posed above.

(i) IMPACT OF NEW PLAYERS AND MODELS ON INCREASING THE ACCOUNTABILITY OF GOVERNMENTS, OFFICIAL DONOR AGENCIES AND LARGE CORPORATIONS

From the abolition of slavery 200 years ago to the American civil rights movement, social movements and civil society organizations have long played a vital role in promoting human rights and advocating for better governance and accountability from their governments and other powerful actors and elites. Despite the advent of democracy in many nations, this role is arguably more important and feasible than ever. The emergence of information technology, global media and new activists has the potential to empower many more citizens as well as public and private donors to take action in terms of promoting good governance and greater accountability of key actors.

The following five modes of engagement are worthy of note:

CIVIL SOCIETY MONITORING AND COMMUNICATION OF GOVERNMENT POLICIES, BUDGETS AND PERFORMANCE

Civil society organizations are playing an increasingly effective role in monitoring, communicating and in some cases ranking the performance and accountability of governments. International NGOs and donors, and in a few cases corporations, are also building the capacity of locally based civil society organizations and journalists in developing countries to undertake this role. In some cases these watch-dog, advocacy and capacity building initiatives are also leading to the establishment of new types of on-the-ground collaborative governance and accountability mechanisms (see box 1).

BOX 1. CIVIL SOCIETY MONITORING AND COMMUNICATION OF GOVERNMENT POLICIES, BUDGETS AND PERFORMANCE

Notable examples include ***Transparency International***, which has not only played an essential role in putting the scourge of corruption on the international development agenda through its country rankings and advocacy work, but has also helped to establish industry and project-based mechanisms such as ***Integrity Pacts***, to help address the problem at the local operational level.

The Open Society Institute (OSI) is also playing a crucial leadership role in this area as a private operating and grant-making foundation with the explicit goal of shaping public policy to promote democratic governance, human rights, and economic, legal and social reform. In 2004, working in partnership with national partners and civil society groups, it established the ***Africa Governance Monitoring and Advocacy Project (AfriMAP)*** to monitor the compliance of member states of the African Union with standards of good governance, democracy, human rights and the rule of law. Starting in five countries in 2005, with a focus on the justice sector and rule of law, political representation, and the civil service, AfriMAP is using a standardized framework to compile publicly available country reports on these issues. These will enable comparison and learning between countries, as well as opportunities to publicly highlight both good and bad practice. They also provide a useful framework not only for mobilizing citizen action, but also engaging with governments in a constructive and evidence-based manner.

OSI was also instrumental in creating the ***Revenue Watch Institute***, which was spun-off as an independent operating and grant-making organization in 2006, with the explicit mission of improving democratic accountability in natural resource-rich countries. It does this by building local coalitions and enabling citizens in these countries to become more effective monitors of government revenues and expenditures through providing them with information, training, networks and funding. It also advises governments on best practices in resource revenue management.

In 2002, OSI and the Revenue Watch Institute worked with Global Witness, Oxfam, CAFOD, Save the Children UK, and Transparency International UK to establish the ***Publish What You Pay*** campaign. This has been one of the most effective civil society led campaigns for better governance and accountability in resource-rich developing countries over the past decade. It now involves a worldwide coalition of over 300 NGOs calling for the mandatory disclosure of payments made by oil, gas and mining companies to all governments for the extraction of natural resources. It also calls for resource-rich developing country governments to publicly disclose all details of their natural resource-related public revenues.

Partly in response to the Publish What You Pay campaign and growing public awareness of the 'resource curse', the UK Government spearheaded the establishment of the ***Extractive Industries Transparency Initiative*** in 2002. This is itself an unprecedented new model for improving governance, which aims to build multi-stakeholder accountability mechanisms within resource-rich developing countries between the national governments, donor governments, extractive industry companies and major investors. To date, some twenty countries have committed to implement the principles and criteria developed by EITI. It is still early days and numerous obstacles remain in terms of EITI achieving its ultimate objective of ensuring that oil, gas and mining revenues contribute more effectively to economic growth and poverty reduction instead of exacerbating corruption, conflict and poverty. Yet, the model offers one of the most interesting advances towards a new era of more collaborative governance and mutual accountability. It is financed through a Multi-Donor Trust Fund and governed by an independent International Advisory Group, which has representation from implementing countries, supporting countries, civil society organizations, industry, and investment companies.

The Brookings Institution has joined forces with the Hewlett Foundation to establish the ***Brookings Transparency and Accountability Project***, which is also working to strengthen the mechanisms by which the public can hold governments in developing countries accountable. It is doing this by building the capacity of local civil society organizations to monitor and analyze public expenditure processes and advocate for more effective use of scarce resources that can lead to better development outcomes – similar to the role the Brookings Institution was established to play 90 years ago in the United States.

Two other new entrants to the important work of monitoring, ranking and communicating government performance are the ***International Budget Project*** and the ***Celtel Foundation.*** The

International Budget Project (IBP) was established in 1997 to build the capacity of civil society organizations around the world to analyze and influence government budget processes, institutions and outcomes. In 2002 it developed the ***Open Budget Index***, a survey tool that currently ranks the transparency of central government budgets in 59 countries. The 2006 survey concluded that 90 percent of countries covered do not meet the standard of accurately, timely and comprehensive provision of information during each stage of their budget cycles. Indeed, only six countries surveyed – France, New Zealand, Slovenia, South Africa, the UK and the USA – scored particularly well.[6] It is notable that several of these countries and others that ranked well in the index are developing countries. In short, good governance and accountability are not the preserve of developed nations.

The Celtel Foundation is supporting the development of an independent ranking of the governance performance of African governments, which is being developed by Robert Rotberg at Harvard's Kennedy School of Government with the first results due in late 2007. An annual prize for good governance will also be awarded to the retired African leader who has achieved the best governance performance for his or her citizens as determined by the ranking process and evaluated by an internationally recognized, independent panel chaired by former UN Secretary-General Kofi Annan.

In all of these and similar civic-led initiatives to improve government accountability, the role of the media is essential. It is often seriously undermined by repressive and corrupt governments, and by logistical and financial obstacles faced by the poor in accessing reliable information. The emergence of new media, such as the internet and wireless enabled access to information and bloggers, as well as basic radios that can be operated without batteries, such as the ***Freeplay*** wind-up radios, are playing an important role in getting information to low-income and/or remote communities and raising public awareness about governance and accountability issues.

Emerging networks include ***Afrigator***, ***allAfrica.com,*** and ***Pambazuka News*** focusing on Africa, which between them aggregate hundreds of bloggers and news services, and global user-driven websites such as ***YouTube, MySpace,*** and ***PoliticsOnline***.

BUILDING PUBLIC SECTOR INSTITUTIONAL, ADMINISTRATIVE AND RESEARCH CAPACITY

In a growing number of cases, developing country governments are committed to being more responsive and accountable to their citizens, but despite the best intentions they lack the institutional and administrative capacity to achieve this. In short, their problem is weak governance rather than bad governance. They lack capacity when it comes to gathering and analyzing data, evaluating different public policy options, consulting with key stakeholder groups, assessing development impacts, planning for emergencies, and improving the efficiency and administration of judicial, legislative, regulatory and economic institutions. Even when governments want to provide their citizens with transparent and readily accessible information and with reliable and efficient services, they are all too often constrained by lack of human capital, lack of modern technology, and lack of administrative capability.

Official development assistance, as well as support from foundations, philanthropists, universities and corporations, could play a much greater role in helping to

[6] The International Budget Project. *Open Budget Initiative 2006*. Center on Budget and Policy Priorities, Washington DC: 2006.

strengthen public institutions in such cases. More needs to be done to develop a new generation of scholars, researchers, public policy institutes, universities, research institutes, and evaluation programs within developing countries themselves. Greater efforts are also needed to help developing country governments to harness the benefits of new information technologies, which can also help to leverage the impact and influence of scholars and researchers in these countries (see box 2).

BOX 2. BUILDING PUBLIC SECTOR INSTITUTIONAL, ADMINISTRATIVE AND RESEARCH CAPACITY

The ***Global Development Network*** offers one emerging model that aims to share and apply locally generated and policy-relevant research to promote development. It is a network of public and private research and policy institutes, with a growing number based in developing countries. Launched initially in 1999, with support from the World Bank and a group of donor governments and academic associations, GDN's secretariat is now based in India with an affiliated office in Cairo. While its donors remain mostly governments and multilateral agencies, the Ford Foundation, Bill & Melinda Gates Foundation, and Merck are also supporting GDN.

The ***Business Coalition for Capacity Building*** (BCCB) offers another interesting new model, which aims to promote and support capacity building efforts in developing countries in the following three areas: public policy; economic development; and rule of law. Founded in 2003, with support from major corporations such as AIG, ExxonMobil, Gap, Inc., Limited Brands, Microsoft, Pfizer and Proctor & Gamble, BCCB advocates for capacity building to be integrated into international economic and trade agreements, and leverages the work being undertaken by its corporate members to strengthen economic institutions and trade capacity within selected developing countries.

The ***African Investment Climate Facility*** is a new public-private vehicle aimed at improving investment conditions and economic institutions in Africa. Launched in 2005 as a formal partnership between African and donor governments, and the private sector, ICF is based in and run from Africa, with the aim of applying business principles to create a more attractive investment climate on the continent. Its public-private composition is reflected in its governance, funding and operational structures, and it has set a target of $100 million for its first three year phase with results to be assessed annually by an independent board.

Although still at an early stage, another new 'private' player in the field of building public education, research, science and technology capacity is the ***Mohammed Bin Rashid Al Maktoum Foundation.*** The foundation was launched with a $10 billion personal commitment by the ruler of Dubai at the 2007 Middle East meeting of the World Economic Forum, making it one of the largest charitable donations in history. Its aim is to invest in universities, research institutes, education, and youth development throughout the Middle East region aiming to bridge the knowledge gap between the region and the developed world, tackle the high levels of illiteracy among Arab women and youth, and stimulate innovation and job creation.

Such public-private efforts, and others like them, are playing a unprecedented – and as yet untested - role in strengthening weak economic institutions, as well as public health, education and research systems in a growing number of developing countries.

RAISING PUBLIC AWARENESS AND ADVOCACY FOR DEVELOPMENT IN DONOR COUNTRIES

Within donor countries there has also been a burgeoning of new activists and engagement models over the past five years aimed at mobilizing citizens, voters and consumers in efforts to advocate for greater leadership from their own governments in the areas of aid, trade and debt relief.

Well-know initiatives include the ***Make Poverty History*** and ***ONE*** campaigns, and ***DATA (Debt, AIDS, Trade, Africa),*** which are all aimed at engaging the general public in key donor nations to advocate for greater leadership by their governments on international development issues. They are advocating for both increased aid quantity and improved aid quality from their governments, and also providing citizens with the information, tools, contacts, and networks needed to have a multiplier effect whether it is campaigning on a particular issue or raising financial and in-kind resources. The ***Initiative for Global Development*** was established in Seattle in 2003 to mobilize corporate and civic leaders towards similar goals. Between them, these initiatives have made effective use of the media, internet, social networking websites, and high-profile events to engage millions of citizens and to garner the support of a growing number of celebrities, and civic and corporate leaders in the fight against global poverty.

PROMOTING BETTER CORPORATE RESPONSIBILITY AND GOVERNANCE

Over the past decade an important role has been played by human rights, environmental, labor and development NGOs in both campaigning against, and increasingly working with multinational corporations to improve the rigor, consistency, and industry-wide implementation of corporate codes of conduct and standards.

Examples of civil society activism and engagement in this area are numerous and multifaceted. They range from the sweatshop campaigns that beset the apparel and toy industries in the 1990s to campaigns against the extractive sector, project finance banks, pharmaceutical, and food companies, among others. In many cases, confrontational campaigns have evolved into multi-stakeholder and collective industry-wide initiatives aimed at developing common standards, implementation and auditing processes, and sanctions. Examples include the ***Fair Labor Association*** in the apparel sector, the ***Ethical Trading Initiative*** in the apparel, food and retail sectors, the ***Equator Principles*** for project finance, the ***Forest Stewardship Council***, the ***Partnership for Quality Medical Donations***, and the ***Extractive Industries Transparency Initiative***, to name just a few.

More broadly, the ***United Nations Global Compact*** has become the largest corporate citizenship initiative in the world, with over 3,000 corporate participants from 116 countries, many of them developing economies, committed to adhering to a set of 10 Principles in the areas of human rights, labour rights, environment and anti-corruption, and with a multi-stakeholder governance structure.

Most of these multi-stakeholder governance and accountability mechanisms are less than five years old and it is still too early to judge their efficacy and effectiveness. There are obvious free-rider problems given their voluntary nature and questions relating to independence of auditing and evaluation mechanisms, and the rigor or even existence of sanctions for bad performance. Having said this, however, like other multi-stakeholder initiatives outlined elsewhere in this paper, they suggest one of the most hopeful ways forward to ensuring more accountable and sustainable development outcomes.

NEW GOVERNMENT-LED MODELS TO IMPROVE GOVERNANCE AND ACCOUNTABILITY

Although not a new player *per se*, a new and potentially important government-led approach to greater accountability for development outcomes is the ***African Peer Review Mechanism***. Established in 2002 by African leaders, this aims to serve as a voluntary mechanism for assessing and publicly reporting on the performance of participating governments. While its effectiveness is clearly limited by the fact that nations such as Zimbabwe and the Sudan do not participate, this mechanism is still a model that offers interesting lessons for greater South-South cooperation and capacity building.

Over the past decade several donor governments have also established new mechanisms or approaches aimed at ensuring better governance and more accountable, pro-growth and pro-poor development outcomes. Probably the best-known example has been the establishment of the ***Millennium Challenge Corporation*** (MCC) by the US government in 2004 with the aim to reduce poverty in some of the poorest countries in the world through the promotion of sustainable economic growth.

To become eligible for funds and other forms of assistance from MCC, governments in these countries agree to be assessed against the following set of 16 independent and transparent policy indicators: civil liberties; political rights; voice and accountability; government effectiveness; rule of law; control of corruption; immunization rate; public expenditure on health; girls' primary education completion rate; public expenditure on primary education; costs of starting a business; inflation rate; days to start a business; trade policy; regulatory quality; fiscal policy; and supplemental information on natural resource management and land rights and access.

The countries that qualify for assistance then enter into a mutually agreed and time-limited public Compact with MCC. Others with potential are designated for Threshold Program assistance, to support them in improving their performance against these indicators. As of May 2007, MCC was working with 40 countries and had provided $3 billion in grants to 11 partner countries.

Clearly, the question of establishing conditionality and good governance criteria for the provision of donor funds is a complex and contentious issue beyond the scope of this paper. Apart from longstanding and ongoing debate within the OECD donor nations themselves, there is the rapidly evolving political and operational challenge of 'new' official donors, most obviously China, that do not require the same performance standards from recipient governments. Equally, many southern nations and 'new' official donors would argue that Western donor governments often fail to practice what they preach when it comes to human rights and good governance.

(ii) RESPONSE OF CIVIL SOCIETY ORGANIZATIONS TO ENSURING THEIR OWN ACCOUNTABILITY

As civil society organizations gain influence and extend their global reach, their own accountability has obviously become an emerging issue. Kumi Naidoo, Secretary-General of CIVICUS, the World Alliance for Citizen Participation, which has over 1,000 members in some 100 countries, comments, "The debate over civil society accountability is gaining momentum, and more and more civil society actors are entering the discussion and engaging with accountability challenges head-on. While negative criticism from external actors has helped to fuel the debate, it's important not to underestimate the internally generated drive toward accountability on behalf of many in civil society."[7]

Naidoo lists three key levels of civil society accountability that need to be considered: *upward accountability*, to funders and meeting the formal requirements of regulatory provisions where they exist; *downward accountability*, to the people who are being served or the constituency in whose name the rationale for existence is achieved in the first place; and *horizontal accountability* or peer accountability, failure of which can lead to unnecessary duplication, failure to forge the appropriate synergies, and wastage of resources.[8]

While these are common themes and issues that are relevant for almost all civil society organizations, there are also specific accountability challenges depending on the goals, governance and *modus operandi* of the players in question. Anti-globalization and anti-corporate activists, for example, will face some different accountability challenges to pro-globalization and pro-market philanthropists, although both play generally legitimate roles in the fight against global poverty and both are facing questions about their accountability.

Some of the emerging accountability questions faced by civil society players include issues related to project selection and whether these players are distorting local market incentives, undermining government and public institutional capacity, advancing individual vested interests, or hiring scarce skilled workers from local NGOs and government bodies. There are questions relating to whom advocacy NGOs actually represent, and the level of genuine participation and consultation they have with their stated beneficiaries. Another concern is whether well-intentioned campaigns sometimes harm the most vulnerable rather than helping them. The challenges associated with efforts to eliminate child labor in global supply chains, while ensuring that children are not forced into even less desirable occupations, is one example.

Another area gaining attention is inconsistency and lack of alignment between various programs and policies undertaken by large civil society organizations, foundations, and corporations. Foundations, for example, that are deemed to have inconsistent policies in terms of their program funding and how they invest their endowments. Or NGOs that are undertaking a monitoring or 'watchdog' role, while raising funds from the same organizations they are monitoring. Or corporations that are supporting poverty alleviation efforts through their philanthropic and volunteering programs, but exacerbating poverty or

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[7] *Civil Society Accountability: "Who Guards the Guardians?"* Address delivered by Kumi Naidoo, Secretary General and CEO of CIVICUS. UN Headquarters, New York, April 3, 2003.

[8] Naidoo, Kumi. *The End of Blind Faith? Civil Society and the Challenge of Accountability, Legitimacy and Transparency.* AccountAbility Forum 2: Special Issue on NGO Accountability and Performance. Sheffield, UK: Greenleaf Publishing Ltd, 2004.

undermining sustainable development through their core business operations or lobbying activities. And corporate and private philanthropists that place unduly onerous reporting and accountability requirements on their grantees, without adhering to similar standards of transparency and accountability for their own operations.

The NGOs and for-profit financial and telecoms enterprises that are facilitating the massive and largely beneficial growth in cross-border remittances face some other interesting accountability challenges. According to the World Bank, recorded remittances sent home by migrants from developing countries reached some $199 billion in 2006, more than double the level in 2001. This only reflects transfers through official channels. Econometric analysis and available householder surveys suggest that unrecorded flows through informal channels may add 50 percent or more to recorded flows.[9] While there is strong evidence that these remittances are directly meeting social needs and supporting enterprise development in recipient countries, they raise a variety of accountability challenges. According to the World Bank, these include potential economic downsides, such as currency appreciation and adverse effects on exports, the creation of dependency, and the misuse of remittance channels for money laundering and financing of terror.[10] This raises a growing need for greater disclosure, monitoring, and management of these resource flows, while at the same time reducing their costs and increasing their access and effectiveness in alleviating poverty.

In response to these and other accountability questions a variety of both mandatory and self-regulatory mechanisms are emerging. The following three are of particular note and relevance for most civil society organizations:

LEGAL AND REGULATORY ACCOUNTABILITY MECHANISMS FOR NGOS

Research by the Center for Civil Society Studies at Johns Hopkins University and the International Center for Not-for-Profit Law identify the following legal and regulatory mechanisms as being essential for both enabling an active and open civil society, and calling it to account:[11]

- The basic legal standing of civil society organizations
- Establishment and registration procedures
- Capital, asset and/or membership requirements
- Tax treatment and benefits
- Disclosure and public reporting requirements.

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[9] Migration and development Brief 2. *Remittance Trends 2006*. Development Prospects Group, Migration and remittances Team, The World Bank. Washington DC: 2006.

[10] *Economic Implications of Remittances and Migration.* Presentation by Dilip Ratha, World bank to Global Consumer Money Transfers Conference, London: October 30, 2006.

[11] Salamon, Lester, M. *The Scale of the Nonprofit Sector and the Enabling Legal Environment Required to Contribute to It.* Presentation at the Turkish Third Sector National Conference, June 6, 2001.
See also: *Toward an Enabling Legal Environment for Civil Society.* Statement of the Sixteenth Annual Johns Hopkins International Fellows in Philanthropy Conference, Nairobi, Kenya, 2005. The International Center for Not-for-Profit Law ISSN: 1556 – 5157, 2006.

There is clearly a balance that must be achieved in ensuring that the legal and regulatory framework under which NGOs operate holds them to account without undermining or even destroying them. Recent legal developments in countries such as Russia and Zimbabwe illustrate how draconian restrictions and requirements can have a severe impact not only on specific NGOs, but on the openness and vitality of civil society more generally.

'CIVIC' ACCOUNTABILITY MECHANISMS

A growing number of what Simon Zadek of AccountAbility has termed 'civic' accountability mechanisms are also emerging, with a focus on encouraging, enabling and/or advocating for better NGO performance and accountability. These include independent watchdog organizations, rankings and information providers – usually NGOs themselves – and the media. They can also include participatory and consultative mechanisms through which NGOs are either required or encouraged to include key stakeholders in different aspects of their operations, governance, monitoring, evaluation, and reporting processes (see box 3).

BOX 3. 'CIVIC' ACCOUNTABILITY MECHANISMS

Information provision and watchdog initiatives focused on evaluating the performance and accountability of NGOs in the United States include:

GuideStar – which provides data on more than 1.5 million nonprofit organizations, and claims that its information is accessed by about 20,000 people a day.

Charity Navigator – which has a database of some 5,000 charity rankings, based on a set of 7 indicators relating to organizational efficiency and capacity.

CharityWatch – managed by the American Institute of Philanthropy, which provides grades for about 500 charities.

ForeignAID Ratings LLC – which uses a 5-point patented NGO Star Evaluation system for rating development NGOs based on their socio-economic impact; transparency; self-monitoring and evaluation; institutional development; and financial efficiency and growth.

NGOWatch – established in 2003 by the Federalist Society for Law and Public Policy Studies and the American Enterprise Institute, which highlights issues of transparency and accountability in the operations of non-governmental organizations and international organizations and maintains a database on some 150 NGOs. It is seen by many NGOs as a conservative riposte to ***CorporateWatch***, a website that seeks to achieve the same objectives with respect to corporate performance.

SELF-REGULATORY OR VOLUNTARY MECHANISMS

In a growing number of cases, just as has happened in the corporate world, civil society organizations are voluntarily establishing their own internal codes of conduct and approaches to organizational accountability. Alnoor Ebrahim at Harvard's Hauser Center for Nonprofit Organizations identifies five categories of accountability mechanisms being used by these NGOs: reports and disclosure statements; performance assessments and evaluations; participation; self-regulations; and social audits.[12]

Collective NGO accountability mechanisms are also of growing relevance. These include voluntary certification or accreditation schemes, peer review and learning networks, and collective codes of conduct, ombudsmen mechanisms, and accountability charters. Three notable collective initiatives aimed at defining either principles or standards for NGO accountability are:

- ***The Humanitarian Accountability Partnership (HAP):*** This is the humanitarian sector's first international self-regulatory body. Officially established in 2003, HAP grew out of an inter-agency research initiative in response to lessons learned and accountability gaps identified in the international response to the Rwandan genocide. Its mission is to make humanitarian action more accountable to its intended beneficiaries through an independently governed process of self-regulation, compliance verification, quality assurance certification, research and capacity building of NGOs in developing countries.

- ***International Non Governmental Organizations Accountability Charter:*** In June 2006, a group of eleven international non-government organizations signed a ground-breaking charter based on 9 core principles and aimed at enhancing accountability and transparency, encouraging stakeholder communication, and improving organizational performance and effectiveness. It is the first ever set of international and cross-sector guidelines for the NGO sector, encompassing human rights, environmental and international development NGOs.[13]

- ***InterAction's Private Voluntary Organization Standards:*** These aim to promote responsible standards in the areas of governance, finance, communications with the US public, management practice, human resources, program and public policy. Compliance is a requirement for admission to InterAction, which constitutes the largest alliance of U.S.-based international development and humanitarian nongovernmental organizations, currently numbering over 160 with operations in all developing countries.

(iii) ENHANCING ACCOUNTABILITY OF PUBLIC-PRIVATE PARTNERSHIPS AND MULTI-STAKEHOLDER ALLIANCES AND NETWORKS

The emergence of public-private partnerships and global multi-stakeholder coalitions and networks has been referred to throughout this paper. As has been illustrated, in a number of cases these initiatives are themselves a response to governance and accountability

[12] Ebrahim, Alnoor. *Accountability in Practice: Mechanisms for NGOs.* World Development 31, no. 5. (Great Britain: Elsevier Science Ltd., 2003), 815.

[13] Founder members of INGO Accountability Charter are: ActionAid International; Amnesty International; CIVICUS World Aliance for Citizen Participation; Consumers International; Greenpeace International; Oxfam International; International Save the Children Alliance; Survival International; International Federation Terre des Hommes; Transparency International; and World YWCA.

gaps on the part of governments and/or multinational corporations, the EITI and Fair Labor Association being obvious examples. Others have been established to mobilize new resources, technologies and skills for specific development challenges, the emergence of global public-private health partnerships being a good example. In all cases, these new multi-sector and multi-participant initiatives face their own governance and accountability challenges – over and above the accountability of the individual, often very diverse organizations that participate in them.

Relatively little analysis has been undertaken to date on these 'networked or collaborative' accountability challenges, or indeed even on the development impact of these cross-sector alliances. In part this is due to the fact that most of them simply did not exist 10 years ago. In one of the most comprehensive impact assessments undertaken to date, the World Bank reviewed its portfolio of about 70 global programs, all of which involve a variety of different public, private and civil society participants in their funding, governance, or program delivery activities.[14] It carried out in-depth analysis of 26 of these programs, which represented 90 percent of all the Bank's global program expenditures in 2004. Only six of these 26 programs are more than 10 years old.

The Bank's evaluation concluded that while most of these public-private partnerships have been innovative and responsive to addressing selected development challenges, and several have added measurable value, there are weaknesses that need to be addressed in terms of their governance, management and financing, and particularly the level of participation in decision-making by developing country governments and intended beneficiaries. The establishment by the Bank of a ***Global Programs and Partnership Council*** to address some of these issues illustrates another new approach to improving the impact and accountability of new development players and models.

In another comprehensive study focused on 23 global public-private health partnerships, the Overseas Development Institute also concluded that while these partnerships add significant value in tackling diseases of poverty, this contribution is undermined by some common and soluble accountability challenges.[15] These include insufficient participation in decision-making by recipient countries and beneficiaries, inadequate use of critical governance procedures, failure to compare the costs and benefits of public versus private approaches, high transaction costs for managing the alliances, lack of partnership building skills, and wastage of resources through inadequate use of existing country systems.

The Partnership Governance and Accountability Project (PGA) was initiated by AccountAbility in 2006, in collaboration with a variety of academic, development and civil society organizations.[16] PGA views accountability as consisting of three layers: being held to account (compliance); giving an account (transparency); and taking account (responsiveness

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[14] A*ddressing the Challenges of Globalization: An Independent Evaluation of the World Bank's Approach to Global Programs*. Operations Evaluation Studies, the World Bank, Washington DC: 2005.

[15] *Global Health: Making Partnerships Work*. Briefing Paper 15. Overseas Development Institute, London: January 2007.

[16] *Partnership Governance and Accountability: Reinventing Development Pathways – The PGA Framework*. AccountAbility with support from USAID. London: 2006.

to stakeholders). The project is undertaking a comprehensive governance and accountability analysis of nine diverse multi-sector alliances, some of which are global and others national or local in scale and which address a range of development challenges and sectors. It is also developing and testing a systematic framework, including a diagnostic rating tool to enable better analysis and communication of a partnership's governance and accountability structures, processes and norms. It is envisaged that over time this tool will be helpful to both participants and stakeholders in improving the performance of multi-sector partnerships and coalitions.

(iv) ACCOUNTABILITY IMPLICATIONS OF 'NEW' OFFICIAL RESOURCE FLOWS

Few changes in the flow of resources to developing countries over the past five years have been more dramatic or are more likely to have long-term strategic impact, than the growth in aid, trade and investment between rapidly emerging economies such as the BRICs (Brazil, Russia, India and most notably China) and other developing countries in Asia, Africa and Latin America. There has also been a growth in resource flows from oil-rich nations in the Middle East and OPEC (in particular Venezuela) to neighbouring developing countries.

In many cases these flows are driven by either, a quest for energy assets and other commodities, as is the case of many Chinese activities in Africa, or as a result of high energy and commodity prices, as is the case in the outflow of resources from the oil-rich nations. In most cases they are government driven, although a growing number of companies from these countries are also starting to invest internationally. Numerous commentators have noted that although these resource flows are often referred to as 'new' sources of finance, there is a well-documented history of engagement between China, India, Russia, the Middle East, and other developing countries.[17] The scale of the recent increase in such flows, however, is substantial, and it has major implications for the global economy, international development, and the alleviation of poverty.

In the case of foreign investment, the Chief Economist at Standard Chartered Bank, Gerard Lyons, comments, "State capitalism and resource nationalism are set to become two of the main economic issues of our time. Across Asia, Russia and the Middle East, governments look set to use their countries' currency reserves and savings to acquire overseas assets. The concept of using official savings is not new. …The difference now is that the number of countries pursuing such a strategy has soared, the funds at their disposal are huge and targets are more controversial." [18] As Lyons and others note, this has implications for economic policy and governance even in mature markets, let alone developing countries.

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[17] Articles, speeches and publications that address this question include:
Will "Emerging Donors" Change the Face of International Cooperation? Overseas Development Institute Lecture by Richard Manning. London: March 9, 2006.
Amosu, Akwe. *China in Africa: It's (Still) the Governance, Stupid.* Foreign Policy in Focus Discussion Paper. FPIF, March 9, 2007.
Wild, Leni and Mepham, David (eds). *The New Sinosphere: China in Africa.* Institute for Public Policy Research, London: 2006.
Naidu, Sanusha. *China and Africa's Natural Resource Sector: A View from South Africa.* Centre for Chinese Studies, Stellenbosch University, South Africa: 2006.

[18] Lyons Gerard. How State Capitalism Could Change the World. Financial Times, June 8 2007.

In the case of aid, Richard Manning, Chair of OECD's Development Assistance Committee (DAC), comments, "…we are seeing not so much a sudden or unprecedented fall in the DAC share of aid, but rather the consequences of the much increased range of options that many developing countries now have to finance their development. This has been evident for years in the case of the stronger Middle Income Countries, mainly as a result of increased access to private capital. …The more interesting question may be whether for Low Income Countries the options are not also widening." [19]

Manning identifies four emerging or re-emerging groups of donors: OECD members who are not members of DAC (such as Turkey, Korea and Mexico); new members of the European Union who are not members of the OECD; Middle East and OPEC countries and funds; and others that fall outside these three categories such as China, India, Malaysia, Thailand, Brazil, Chile, Israel, and South Africa.[20]

China is clearly the 'elephant in the room' in terms of aid, trade and investment in developing countries. Opinions vary widely on whether its rapidly emerging role in international development will benefit developing countries and their citizens or not. This is particularly the case in Africa, where Chinese trade has increased from an estimated $12 million in the 1980s to over $50 billion in 2006, and foreign direct investment has increased from less than $5 million a year in 1991 to an estimated $2 – 6 billion in 2006, with some 800 Chinese companies now operating on the continent.[21] As a recent report by the UK's Institute for Public Policy Research (IPPR) stated, "Managed well, China could bring real development benefits to Africans. For example, China could be a major new source of investment and development assistance, and contribute to higher levels of trade and growth. There are also important lessons that Africa might learn from China's remarkable development success of recent years. …Managed badly, however, China's role in Africa may lead to worsening standards of governance, more corruption and less respect for human rights."[22]

The accountability implications are enormous, and the levers to ensure accountability and transparency are limited without the active leadership and commitment of recipient governments and of the 'new' official donors and investors themselves.

Concerns stated by a number of development practitioners, scholars and commentators include the following:[23]

- New resource flows (whether in the form of aid, natural resource exploitation or other investment) that place few or no conditions on recipient governments in terms of good governance, human rights and the environment, will benefit corrupt and

[19] *Will "Emerging Donors" Change the Face of International Cooperation?* Overseas development Institute Lecture by Richard Manning. London: March 9, 2006.
[20] Ibid.
[21] Amosu, Akwe. *China in Africa: It's (Still) the Governance, Stupid.* Foreign Policy in Focus Discussion Paper. FPIF, March 9, 2007.
[22] Wild, Leni and Mepham, David (eds). *The New Sinosphere: China in Africa.* Institute for Public Policy Research, London: 2006.
[23] Drawn from papers cited in footnote 17.

repressive regimes and elites at the expense of ordinary citizens – the Sudan and Zimbabwe being two current examples;

- No conditionality or low-conditionality aid will encourage governments to postpone necessary policy reforms and improvements in governance standards and administrative performance, even if it does not directly exacerbate conflict or worsen existing poor standards of governance and accountability;
- Access to new sources of capital, whether private funds, export credit or low-concession loans, could increase borrowing on inappropriate terms and reverse recent improvements in debt obligations and dependency;
- Large amounts of new resources could usher in another era of inappropriate tied-aid and wasted resources on unproductive or unnecessary projects that have no or little benefits for citizens and do not make any contribution to the Millennium Development Goals;
- Foreign companies, both large and small, that are supported by government funds and guarantees back home, could further displace local enterprises and undermine fragile and fledgling private sectors in Africa.

These issues are obviously not only relevant to 'new' official donors. They continue to be of concern to traditional DAC donors and investors, and the focus of ongoing reform efforts within the OECD donor community, but they are of even greater magnitude when one considers the impact of 'new' official donors.

Growing dialogue and cooperation between the members of DAC and non-DAC donors, both at the global level and between country-level offices and government officials within developing countries themselves, will be essential to ensuring a mutually beneficial and progressive way forward. So too, will be efforts by public-private initiatives such as the EITI and the Equator Principles to engage with major state-owned corporations and financial institutions, as well as government bodies, in countries such as China and Russia. Opportunities also exist for increased dialogue, shared learning, and the development of common standards between export credit agencies, and for programmatic cooperation in areas such as health, training, infrastructure, and local enterprise development.

In the case of China and Africa, there are some particular initiatives, both public and private, that deserve further analysis and engagement by traditional development agencies, NGOs, scholars and investors with interests in Africa (see box 4).

Box 4. **NEW MODELS OF SOUTH-SOUTH COOPERATION**

The China-Africa Development Fund – initiated by the China Development Bank and launched in June 2007, this fund plans to commit $5 billion in several stages. According to Xinhua News Agency, "The business scope of the fund mainly includes equity and quasi-equity investment, fund investments, fund management, investment management and consulting services. The fund will be used to support African countries' agriculture, manufacture, energy sector, transportation, telecommunications, urban infrastructure, resource exploration, and the development of Chinese enterprises in Africa."[24]

[24] *China Approves China-Africa Development Fund*. Xinhua News Agency, Shanghai: June 14, 2007.

China Guangcai Program – established in 1994 by a small group of about 10 Chinese entrepreneurs with support from the government and Chinese Communist Party, the Guangcai program is now coordinated by the All China Federation of Industry and Commerce and supported by over 20,000 enterprises. It has invested over $16 billion in some 15,000 development projects mostly in rural parts of China, and helped to create jobs for an estimated 5 million people.[25] It serves as a key partner of the UN Global Compact in China, and is currently working with UNDP and the Chinese government on business-led development projects in Africa.

The China-Africa Business Council – CABC was launched in 2005 with its joint founders being the China Society for the Promotion of the Guangcai Program, UNDP, and the Chinese Ministry of Commerce and China International Center for Economic and Technical Exchanges. It has been established as an NGO and views non-state owned businesses as its key participants. CABC's stated aim is to build direct business linkages and technical cooperation between Chinese and African companies, including the sharing of business standards embodied in the UN Global Compact's 10 Principles for human rights, labour, the environment and anti-corruption. It is initially focusing on Cameroon, Ghana, Mozambique, Nigeria, Tanzania and Kenya. According to UNDP, "Driven by the private sector with strong public sector support, CABC is believed to be the first public-private partnership initiative between China and Africa under the South-South Cooperation Framework." [26]

The Centre for Chinese Studies, Stellenbosch University – The first institution devoted to the study of China on the African continent housed in South Africa's oldest Afrikaans language university with a charter dating back to the 1880s, may seem like an unlikely combination, but it is symbolic of the emergence of new alliances and models in the international development arena. Established in 2004 as a joint undertaking by the governments of South Africa and China, CCS is becoming a key hub for African and Chinese research institutes and universities, as well as a source of analysis and dialogue for both the public, private and civil society sectors.

It is far too early to tell whether any of these new initiatives will be instrumental in ensuring that China's growing engagement in Africa is beneficial to Africa's citizens or not, but they offer interesting new models of south-south cooperation that are worth watching and engaging with.

CONCLUSION

This paper has attempted to capture some of the dynamism and diversity of new development players, models, and sources of official assistance, some of the opportunities and accountability challenges that they are creating, and examples of the evolving relationships between them that are serving to leverage these opportunities and address accountability challenges.

It is a period of enormous flux and the pros and cons of new approaches to development, especially relative to those of the past, are still being evaluated and debated. There can be little doubt, however, that some of the changes are needed and many of them are irreversible. Achim Steiner, Executive Director of UNEP and former Director General of IUCN sums up the central challenge as follows, "We are struggling, with globalization, in a framework of national governments and international organizations, to define how we create accountability for the big challenges of our time, such as poverty, health, education,

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[25] Speech by Mr. Li Hejun, Chairman FarSighted Group at the UN Global Compact Summit, Geneva: July 5th 2007.

[26] www.undp.org/china (Accessed July 5, 2007)

gender issues or human rights. We are facing a vacuum, as the systems that we have at our disposal are simply unable to cope with a globally-networked society in terms of information, capital, and environmental impacts. How do we establish norms and standards as the baseline of accountability which are more legitimate in today's world? We have to redefine who sits at the table because, without this, these norms and standards lose their legitimacy. Societies, individuals and communities are less and less controlled by government so the emergence of the private sector and civil society in shaping public discourse and creating public pressure has to be reflected." [27]

Many of the multi-stakeholder partnerships, alliances and networks that are starting to emerge at the global, national and even local levels are a response to this challenge, and to the need to redefine how we most legitimately shape governance and accountability frameworks, and how we most effectively mobilize and deploy resources for development and poverty alleviation.

Whether it is multi-sector ranking initiatives such as the Global Accountability Project, learning networks like the UN Global Compact, consultation processes like the UN Secretary-General's Special Representative on Business and Human Rights, dialogue structures such as the Helsinki Process, south-south cooperation such as the China-Africa Business Council, or joint accreditation and accountability mechanisms such as EITI, we are seeing the dawn of a new era of multi-stakeholder institutions and networks. As this paper has outlined, they are not a panacea, and they face their own challenges of governance and accountability. There is an ongoing need, for example, to balance efficient and timely results, with the need for more participatory processes. There is a need to ensure rigorous evidence-based evaluation, while allowing space for innovation, risk-taking and innovation. To be focused on results and measurements, while keeping in mind Einstein's adage that, "Not everything that counts can be measured, and not everything that can be measured counts." And to encourage long-term local capacity building and empowerment, while responding to short-term crises and needs.

There are no easy solutions and no perfect players and models. Simple comparisons of 'old' versus 'new' are often not helpful or insightful. Many 'old' players are adapting creatively to this new world, be they the 94-year old Rockefeller Foundation, the 100-year old Shell corporation, the 36-year old Barefoot College, the 126-year old Stellenbosch University, or the 60-year old UNICEF. And some 'new' players are creating as many governance and accountability challenges as the models they are replacing. Regardless of the types of players or models that are being adopted, however, there does appear to be growing consensus on the following areas:[28]

- ***The centrality of economic growth*** **-** Economic growth, which ensures participation of the poor and takes measures to protect environmental sustainability, is increasingly recognized as an essential and powerful force in the fight against

[27] Steiner, Achim. *Accountability in a Globalized World.* World Conservation magazine. IUCN, Geneva: 2007.
[28] This section draws on: Nelson, Jane. *Building Linkages for Competitive and Responsible Entrepreneurship: Innovative partnerships to foster small enterprise, promote economic growth and reduce poverty in developing countries.* Kennedy School of Government, Harvard University and United Nations Industrial Development Organization. Cambridge and Vienna: 2007.

global poverty – both in terms of its potential to generate direct improvements in standards of living and to support broader social progress.

- ***The foundation of good governance*** **-** There is recognition that good governance, supported by effective institutions, forms another fundamental pillar for sustained development and poverty reduction. Equally, there is recognition that good governance is a challenge that needs to be addressed at the global, national, local and organizational levels.

- ***The shared responsibility of governments as development partners*** **-** There is greater acceptance that both developing country governments and donor governments must share responsibility and take mutual leadership for creating the necessary enabling environment – at both national and global levels – for achieving development goals.

- ***The active participation of the poor*** **-** The assets, capabilities and voices of the poor themselves are now accepted as being essential in creating effective approaches to poverty reduction, with civil society organisations often playing a key role as interlocutors and advocates.

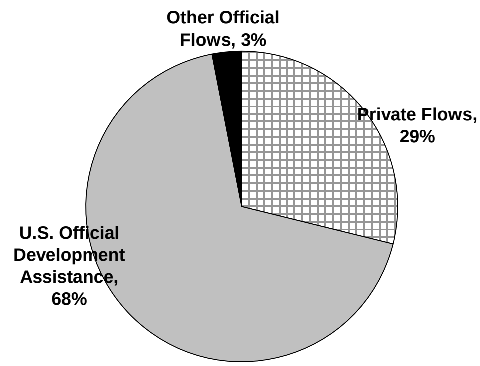
- ***The importance of private sector development, especially small enterprise*** **-** There is now strong evidence of the crucial importance of a diversified, productive, profitable and responsible private sector - ranging from large multinationals and domestic corporations, to small, medium and micro-enterprises in both rural and urban communities. The vital role of small enterprises as key producers, employers, distributors, innovators and wealth creators is especially recognised.

- ***The potential of new types of multi-stakeholder partnership and mutual accountability models*** – There is growing recognition that new and traditional development players need to work proactively together in order to develop more effective, efficient and equitable solutions for complex and interdependent development challenges, and in order to build accountability mechanisms that are not only compliance-driven, but also led by a commitment to shared learning and responsibility, and more participatory and performance-driven approaches to development.

The challenges we face as a global community are daunting, from climate change to high levels of poverty and inequality. And tried and tested solutions remain elusive – especially those that have achieved large-scale impact and sustainability. There is no option but to keep experimenting with new approaches, evaluating and learning from existing models, engaging key stakeholders in decision-making, advocating for greater accountability, and building bridges between different sectors, perspectives and cultures. Above all, we need to recognize that we are all mutually accountable for affecting change and for working towards a more equitable, just, and sustainable world – whether as individual voters, consumers, investors, or as governments, corporations, foundations, universities, and other civil society organizations, or as citizens of developed and developing countries.

APPENDIX I

US Resource Flows to the Developing World in the 1960's: $5.1 Billion
Source: USAID, June 2007



US Total Resource Flows to the Developing World in 2005: $164 Billion
Source: USAID, June 2007